

**U.S. MASTERS HOLDINGS LIMITED**  
**ARBN 052 123 930**

**Appendix 4E**

**Preliminary Final Report**  
**For the year ending 30 June 2010**

**Results for announcement to the market**

**31 August 2010**

|   |      |     |  |       | <b>30 June 2010</b> | <b>30 June 2009</b> |
|---|------|-----|--|-------|---------------------|---------------------|
|   |      |     |  |       | <b>US\$'000s</b>    | <b>US\$'000s</b>    |
| Revenues from ordinary activities                               | Up   | N/A |  | 40    | (173)               |                     |
| Loss from ordinary activities after tax attributable to members | Down | 51% |  | (118) | (241)               |                     |
| Net loss for the year attributable to members                   | Down | 51% |  | (118) | (241)               |                     |

| Dividends        | Amount per security | Franked amount per security |
|------------------|---------------------|-----------------------------|
| Final dividend   | NIL                 | NIL                         |
| Interim dividend | NIL                 | NIL                         |

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

### **Review of Operations**

**For the year ended 30 June 2010**

Expressed in U.S. Dollars

The net asset value of U. S. Masters Holdings Limited was \$629,545 as at 30 June 2010, \$747,303 30 June 2009.

The net asset value per share was \$0.26 as at 30 June 2010, \$0.31 30 June 2009.

The loss for the year was \$117,758, \$241,268 30 June 2009.

There was no dilution and no share buybacks during the year.

The expenses associated with operating the Fund continued to be the most significant feature contributing to the operating performance.

The Investment Manager continued to convert the Fund from equities into cash during the year so that at 30 June 2010 the Fund was fully invested in cash. 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 intend to continue the current business of the Company including the investment in equities.

The financial reports have been compiled using International Financial Reporting Standards. The financial statements are expressed in U.S. Dollars and have been rounded to the nearest thousand Dollars.

The Preliminary Final Report is based on accounts which are in the process of being audited.

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## U.S. MASTERS HOLDINGS LIMITED

### U.S. MASTERS HOLDINGS LIMITED

#### Statement of Operations and Accumulated Deficit for the year ended 30 June 2010

Expressed in thousand of U.S. Dollars

|   | Note | 2010<br>\$000   | 2009<br>\$000   |
|---|------|-----------------|-----------------|
| <b>Investment income</b>                                |      |                 |                 |
| Net realised gain /(loss) on sale of investments        |      | 82              | (139)           |
| Net change in unrealised gain on investments            | 3    | (44)            | (39)            |
| Interest and dividend income (net of withholding taxes) | 4    | 2               | 5               |
| <b>Total investment income</b>                          |      | <u>40</u>       | <u>(173)</u>    |
| <b>Expenses</b>   |      |                 |                 |
| Directors' fees   |      | 1               | 3               |
| Legal and professional fees                             |      | 156             | 64              |
| Sundry expenses   |      | 1               | 1               |
| <b>Total expenses</b>                                   |      | <u>158</u>      | <u>68</u>       |
| <b>(Loss)/profit for the year</b>                       |      | (118)           | (241)           |
| Opening accumulated deficit                             |      | (12,122)        | (11,881)        |
| Closing accumulated deficit                             |      | <u>(12,240)</u> | <u>(12,122)</u> |
| Profit/(loss) per share (Dollars)                       |      | <u>(0.05)</u>   | <u>(0.10)</u>   |

The Fund has no recognised gains or losses in the year other than those passing through the Statement of Operations and Accumulated Deficit presented above.

## U.S. MASTERS HOLDINGS LIMITED

### Statement of Net Assets and Shareholders' Interests At 30 June 2010

Expressed in thousands of U.S. Dollars

|   | Note | 2010<br>\$000 | 2009<br>\$000 |
|---|------|---------------|---------------|
| <b>Assets</b>   |      |               |               |
| Cash and cash equivalents   |      | 656           | 436           |
| Investments   |      | -             | 329           |
| Other Assets  |      | -             | 4             |
| <b>Total assets</b>   |      | <u>656</u>    | <u>769</u>    |
| <b>Liabilities</b>  |      |               |               |
| Accrued expenses  |      | 26            | 21            |
| <b>Total liabilities</b>  |      | <u>26</u>     | <u>21</u>     |
| <b>Net assets</b>   |      | <u>630</u>    | <u>748</u>    |
| <b>Total shareholders' interests</b>                                |      |               |               |
| 2,429,826 (2009:2,429,826) ordinary shares                          |      |               |               |
| with a par value of \$0.50 per share                                | 5    | 1,215         | 1,215         |
| Share premium reserve   | 6    | 11,655        | 11,655        |
| Accumulated deficit   |      | (12,240)      | (12,122)      |
| <b>Total shareholders' interests</b>                                |      | <u>630</u>    | <u>748</u>    |
| <b>Net asset value per share (Dollars excluding treasury stock)</b> |      | <u>0.26</u>   | <u>0.31</u>   |

**U.S. MASTERS HOLDINGS LIMITED**

**Statement of Cash Flows  
for the year ended 30 June 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                              | (404)        | (2,479)      |
| Proceeds from sale of investments                    | 774          | 2,685        |
| Interest and dividends received                      | 2            | 5            |
| Expenses paid  | (152)        | (84)         |
|  | <u>220</u>   | <u>127</u>   |
| Cash flows from operating activities                 | 220          | 127          |
| Net increase/(decrease) in cash and cash equivalents | 220          | 127          |
| Cash and cash equivalents at beginning of year       | 436          | 309          |
|  | <u>656</u>   | <u>436</u>   |
| Cash and cash equivalents at end of year             | =====        | =====        |
| Cash and cash equivalents comprise:                  |              |              |
| Money market funds                                   | 656          | 436          |
| Cash and cash equivalents                            | <u>656</u>   | <u>436</u>   |
|  | =====        | =====        |

**U.S. MASTERS HOLDINGS LIMITED**

**Statement of Investments**

**At 30 June 2010**

Expressed in thousands of U.S. Dollars

|                           | <b>2010</b>  |
|---------------------------|--------------|
|                           | <b>\$000</b> |
| Equities                  | 0            |
| Cash and Cash Equivalents | 656          |

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## U.S. MASTERS HOLDINGS LIMITED

### Notes to and forming part of the Financial Statements for the year ended 30 June 2010

Expressed in thousands of U.S. Dollars

#### 1. THE FUND

##### (a) General information

U.S. Masters Holdings Limited (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 Fund is a closed-end investment company.

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.

##### (b) Investment advisory fees

Under the terms of an Investment Advisory Agreement dated 1 January 1998, J. Randolph Updyke has agreed to provide investment advisory services to the Fund. This Agreement was terminated effective 1 July 2010.

As compensation for his services, J. Randolph Updyke was contractually entitled to receive from the Fund:

- i) a management fee payable semi-annually equal to 0.5% (1% annualised) of the Fund's Net Asset Value at the end of such semi-annual period; and,
- ii) an incentive fee payable equal to 20% of the appreciation, if any, in Net Asset Value on a fiscal year basis.

However Mr J. Randolph Updyke has agreed to waive his management fees effective 1 July 2004.

#### 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 International Financial Reporting Standards. 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 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 year.

## U.S. MASTERS HOLDINGS LIMITED

### Notes to and forming part of the Financial Statements (continued) for the year ended 30 June 2010

Expressed in thousands of U.S. Dollars

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### (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) Investments

Investments are carried at market value. Any increases or decreases in carrying values are recognised in the statement of operations and accumulated deficit as an unrealised gain or loss.

Investments in securities and securities sold short traded on a United States national 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.

Securities traded in the over-the-counter market are valued at the last sales price if the security is reported by NASDAQ's System, 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 as determined in good faith by the Investment Manager.

##### (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 the 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 Fund's reporting currency are converted at the rate of exchange ruling at the transaction date. Foreign currency monetary assets and liabilities, other than those covered by forward exchange contracts are translated at the rate of exchange ruling at the reporting date. Resulting exchange differences are recognised in the result for the year.



## U.S. MASTERS HOLDINGS LIMITED

### Notes to and forming part of the Financial Statements (continued) for the year ended 30 June 2010

Expressed in thousands of U.S. Dollars

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

|  | <b>2010</b><br><b>\$000</b> | <b>2009</b><br><b>\$000</b> |
|--|-----------------------------|-----------------------------|
| Market value of investments                          | -                           | 329                         |
| Investments at average cost                          | -                           | 285                         |
|  | <hr/>                       | <hr/>                       |
| Closing unrealised gain on investments               | -                           | 44                          |
| Opening unrealised gain on investments               | 44                          | 83                          |
|  | <hr/>                       | <hr/>                       |
| Net change in unrealised (loss)/ gain on investments | (44)                        | (39)                        |
|  | =====                       | =====                       |

#### 4. TAXATION

The Fund is exempt from all forms of taxation in the British Virgin Islands and Australia including income, capital gains and withholding taxes. United States withholding tax has been deducted at source on certain dividends and interest paid, with respect to securities of United States issuers, at the rate of 30% of gross income. There are no other taxes applicable to the Fund.

#### 5. SHARE CAPITAL

|  | <b>2010</b><br><b>\$000</b> | <b>2009</b><br><b>\$000</b> |
|--|-----------------------------|-----------------------------|
| <b>Authorised</b>  |                             |                             |
| 1,000,000,000 ordinary shares of \$0.50 par value each       | 500,000                     | 500,000                     |
|  | =====                       | =====                       |
| <b>Issued and fully paid</b>                                 |                             |                             |
| 53,036,510 (2009: 53,036,510) ordinary shares of \$0.50      | 26,518                      | 26,518                      |
| Treasury stock:  |                             |                             |
| Opening balance (50,606,684 shares, 2009: 50,606,684 shares) | 25,303                      | 25,303                      |
| Acquired during the year (Nil shares, 2009: Nil shares)      | 0                           | 0                           |
|  | <hr/>                       | <hr/>                       |
| Closing balance (50,606,684 shares, 2009: 50,606,684 shares) | 25,303                      | 25,303                      |
|  | <hr/>                       | <hr/>                       |
| Net share capital (2,429,826 shares, 2009: 2,429,826 shares) | 1,215                       | 1,215                       |
|  | =====                       | =====                       |

Each ordinary share carries the right to one vote at annual and general meetings and is entitled to participate in any dividends or other distributions of the Fund.

## U.S. MASTERS HOLDINGS LIMITED

### Notes to and forming part of the Financial Statements (continued) for the year ended 30 June 2010

Expressed in thousands of U.S. Dollars

#### 6. SHARE PREMIUM RESERVE

|  | <b>2010</b><br><b>\$000</b> | <b>2009</b><br><b>\$000</b> |
|--|-----------------------------|-----------------------------|
| Gross premium on issue of shares                       | 37,965                      | 37,965                      |
| Transfer to Redomicile Reserve - 1991                  | (25,000)                    | (25,000)                    |
| Net premium on purchase of treasury stock              | (1,310)                     | (1,310)                     |
|  | <hr/>                       | <hr/>                       |
| Opening balance  | 11,655                      | 11,655                      |
| Discount on purchase of treasury stock during the year | 0                           | 0                           |
|  | <hr/>                       | <hr/>                       |
| Closing balance  | 11,655                      | 11,655                      |
|  | =====                       | =====                       |

#### 7. TREASURY STOCK

The Fund holds treasury stock in itself, which was purchased pursuant to an on-market buy-back scheme on the Australian Stock Exchange.

|  | <b>2010</b><br><b>\$000</b> | <b>2009</b><br><b>\$000</b> |
|--|-----------------------------|-----------------------------|
| 50,606,684 (2009:50,606,684) ordinary shares at cost | 26,613                      | 26,613                      |
|  | =====                       | =====                       |

#### 8. RELATED PARTY TRANSACTIONS

The Fund had the following commercial dealings with its directors and their associates:

- (a) One of the directors earned fees of \$1,250 (2009: \$2,500) during the year.

#### 9. CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities of the Fund at the year-end.

## U.S. MASTERS HOLDINGS LIMITED

### Notes to and forming part of the Financial Statements (continued) for the year ended 30 June 2010

Expressed in thousands of U.S. Dollars

#### 10. FINANCIAL INSTRUMENTS

Financial assets of the Fund include cash and cash equivalents, investments and interest and dividends receivable.

Financial liabilities comprise accrued expenses.

Accounting policies for financial assets and liabilities are set out in note 2.

**(a) Fair values**

The carrying amounts of cash and cash equivalents, interest and dividends receivable and accrued expenses approximate their fair value due to the relatively short period to maturity of these instruments. Investments are carried at market value.

**(b) Credit risk**

Substantially all securities transactions are cleared through, and held in custody by two financial institutions. The Fund is subject to credit risk to the extent that these institutions may be unable to return the Fund's securities or to repay amounts owed.

Securities Insurance Protection Corporation (SIPC) provides insurance on bank and security balances in the event a U.S. Broker files for bankruptcy, but given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

At the year end there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

**(c) Interest rate risk**

The interest rates on the bonds held are disclosed in the statement of investments. There is an inherent risk that during the period to maturity these rates, to the extent that they are fixed, may be lower than the prevailing market rate.

#### 11. SUBSEQUENT EVENTS

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 intend to continue the current business of the Company including the investment in equities.