

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 2014

Results for announcement to the market		31 December 2014	31 December 2013
		\$'000s	\$'000s
Revenue	Down 25%	3	4
Profit /(Loss) after tax for the period attributable to members	Down 27%	(181)	(247)
Net Profit/ (Loss) for the period after tax attributable to members	Down 27%	(181)	(247)

No dividend has been paid or proposed for the six month period to 31 December 2014.

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 2014	As at 31 December 2013
Net tangible assets per security excluding treasury stock (cents)	(0.0)*	1.1

* On 21 August 2014 a facility was put in place whereby the Company can draw down up to \$500,000. The facility is repayable at the Company's option by either repayment of the amount drawn or issue of shares in the Company. \$50,000 was drawn down under this facility in November 2014. Under International Financial Reporting Standards this amount is classified as a liability until such time as the number of shares to repay this facility with equity can be determined. If the number of shares was calculated at \$0.20 per share, the last sale price of the Company's shares on the ASX, at 31 December 2014 the Net Assets would have been \$2,117 and the Net Tangible Asset Backing would have been \$0.0001 per share.

The Appendix 4D should be read in conjunction with the interim financial report and the most recent annual financial report.

U.S. MASTERS HOLDINGS LIMITED

Financial Statements

for the 6 months ended 31 December 2014

**Incorporated in the British Virgin Islands IBC No. 29457
Australian Registered Body Number 052 123 930**

**U.S. MASTERS HOLDINGS LIMITED
HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2014**

**Directors' Report
for the 6 months ended 31 December 2014**

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 2014 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.

In the 6 months to 31 December 2014 the Company's investments in equities resulted in \$2,000 in realized and unrealized gains (31 December 2013: \$1,000 loss). At 31 December 2014 the Company's equity portfolio had a market value of \$4,000 (30 June 2014: \$2,000).

The net asset value of U. S. Masters Holdings Limited was (\$49,000) as at 31 December 2014 compared with \$125,000 at 30 June 2014. The result for the 6 month period was a loss of \$181,000 compared with a loss of \$247,000 for the 6 month period to 31 December 2013.

On 21 August 2014 a facility was put in place whereby the Company can draw down up to \$500,000. The facility is repayable at the Company's option by either repayment of the amount drawn or issue of shares in the Company. \$50,000 was drawn down under this facility in November 2014. Under International Accounting Standards this amount is classified as a liability until such time as the number of shares to repay this facility with equity can be determined.

The performance of specific investments and of the stock market in general and the expenses associated with operating the Company continued to be the most significant features contributing to the operating performance. The expenses of the Company for the period relate primarily to investigating potential long term investments for the Company and maintaining the Company as a listed entity on the ASX.

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 2014

Expressed in Australian Dollars

Result

The operating loss of the Company after income tax for the 6 month period was \$181,000. (31 December 2013: loss \$247,000).

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 apart from:

On 14 January 2015 the Company made a further \$50,000 draw down under a facility agreement with Michael Davies, a director of U.S. Masters Holdings Ltd. This brought the total amount drawn to \$100,000. Refer to Note 5 of the financial statements for more information on this facility.

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 9th day of February 2015

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 2014

Expressed in thousands of Australian Dollars

	Note	6 months ended 31 Dec 2014	6 months ended 31 Dec 2013
		\$000	\$000
Investment income			
Net change in unrealised profit/(loss) on investments	3	2	(1)
Interest and dividend income (net of withholding taxes)		1	5
Total investment income		<u>3</u>	<u>4</u>
Expenses			
Accommodation costs		10	10
Share based payments		7	73
Legal, professional and consulting fees		104	123
Travel costs		2	1
Tender fees		18	-
Sundry expenses		45	48
Foreign exchange (profit)/loss		(2)	(4)
Total expenses		<u>184</u>	<u>251</u>
Loss for the period		<u>(181)</u>	<u>(247)</u>
Other comprehensive income		-	-
Total comprehensive loss for the period		<u>(181)</u>	<u>(247)</u>
Basic and diluted loss cents per share		(0.01)	(0.01)

U.S. MASTERS HOLDINGS LIMITED

**Interim Statement of Financial Position
As at 31 December 2014**

Expressed in thousands of Australian Dollars

	Notes	31 Dec 2014	30 Jun 2014
		\$000	\$000
Assets			
Current assets			
Cash at bank		8	119
Investments	4	4	2
Prepayments		16	20
Total current assets		<u>28</u>	<u>141</u>
Total assets		<u>28</u>	<u>141</u>
Liabilities			
Current liabilities			
Accrued expenses		26	16
Total current liabilities		<u>26</u>	<u>16</u>
Non-current liabilities			
Other financial liabilities	5	51	-
Total non-current liabilities		<u>51</u>	<u>-</u>
Total liabilities		<u>77</u>	<u>16</u>
Net assets		<u>(49)</u>	<u>125</u>
Total shareholders' interests			
24,388,920 (30 June 2014: 24,388,920) ordinary shares with a par value of US\$0.50 per share	6	11,795	11,795
Share premium reserve	7	7,115	7,115
Foreign currency translation reserve		(111)	(111)
Share based payment reserve		33	26
Accumulated deficit		(18,881)	(18,700)
Total shareholders' interests	2(a)	<u>(49)</u>	<u>125</u>
Net asset value cents per share (excluding treasury stock)		(0.0)	0.5

U.S. MASTERS HOLDINGS LIMITED

Statement of changes in equity

For the half-year ended 31 December 2014

Expressed in thousands of Australian Dollars

	Share capital	Share premium reserve	Share based payment reserve	Foreign currency translation reserve	Retained losses	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Balance of equity at 1 July 2013	11,222	7,557	13	(111)	(18,244)	437
Total comprehensive loss for the period	-	-	-	-	(247)	(247)
Share based payments	-	-	73	-	-	73
Balance of equity at 31 December 2013	11,222	7,557	86	(111)	(18,491)	263
Balance of equity at 1 July 2014	11,795	7,115	26	(111)	(18,700)	125
Total comprehensive loss for the period	-	-	-	-	(181)	(181)
Share based payments	-	-	7	-	-	7
Balance of equity at 31 December 2014	11,795	7,115	33	(111)	(18,881)	(49)

U.S. MASTERS HOLDINGS LIMITED

Statement of Cash Flows for the 6 months ended 31 December 2014

Expressed in thousands of Australian Dollars

	6 months ended 31 Dec 2014	6 months ended 31 Dec 2013
	\$000	\$000
Operating Activities		
Interest and dividends received	1	5
Expenses paid	(162)	(169)
Net cash used in operating activities	<u>(161)</u>	<u>(164)</u>
Investing Activities		
Net cash provided in investing activities	<u>-</u>	<u>-</u>
Financing Activities		
Draw down of facility	50	-
Net cash provided in financing activities	<u>50</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	(111)	(164)
Cash and cash equivalents at beginning of period	119	423
Cash and cash equivalents at end of period	<u><u>8</u></u>	<u><u>259</u></u>
Cash at bank	8	14
Deposits	-	245
Cash and cash equivalents	<u><u>8</u></u>	<u><u>259</u></u>

U.S. MASTERS HOLDINGS LIMITED

Notes to and forming part of the Financial Statements for the 6 months ended 31 December 2014

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 Company maintains its Registered Office in the British Virgin Islands.

The financial statements are presented in thousands of Australian Dollars.

The Company has determined that its functional currency is Australian dollars (June 2014: 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 2014.

At 31 December 2014 the Directors believe there is no significant uncertainty surrounding going concern. While the group is in a net liability position as a result of the Facility (refer Note 5), the current cash position, estimated minimum corporate administration costs and the ability of the Group to draw down further funds from its \$500,000 Facility the Directors believe there is sufficient evidence to support the going concern assumption.

U.S. MASTERS HOLDINGS LIMITED

Notes to and forming part of the Financial Statements for the 6 months ended 31 December 2014

(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 fair 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.

(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 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

The Company has assessed that its functional currency is Australian dollars (June 2014: Australian dollars)

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. The foreign currency translation reserve was only used prior to 30 June 2010, when the Company assessed that its functional currency was US Dollars.

U.S. MASTERS HOLDINGS LIMITED

Notes to and forming part of the Financial Statements for the 6 months ended 31 December 2014

3. NET CHANGE IN UNREALISED GAIN ON INVESTMENTS

	6 months ended 31 Dec 2014	6 months ended 31 Dec 2013
	\$000	\$000
Market value of investments	4	5
Investments at average cost	84	84
Closing unrealised loss on investments	(80)	(79)
Opening unrealised loss on investments	(82)	(78)
Net change in unrealised gain/(loss) on investments	<u>2</u>	<u>(1)</u>

4. INVESTMENTS

	As at 31 Dec 2014	As at 30 Jun 2014
	\$000	\$000
Current assets		
Listed investments	<u>4</u>	<u>2</u>

The Company invests in listed investments as part of the normal course of business.

Fair value

The Company has available to it various methods in estimating the fair value of listed investments. The methods comprise:

- Level 1 the fair value is calculated using quoted prices in active markets.
- Level 2 the fair value is estimated using inputs other than quotes prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the listed investments was calculated using the level 1 method.

U.S. MASTERS HOLDINGS LIMITED

Notes to and forming part of the Financial Statements for the 6 months ended 31 December 2014

5. FACILITY

	As at 31 Dec 2014 \$000	As at 30 Jun 2014 \$000
Facility	51	-

On 21 August 2014 a facility was put in place whereby the Company can draw down up to \$500,000. \$50,000 was drawn down under this facility in November 2014. Under International Financial Reporting Standards this amount is classified as a liability until such time as the option to convert to repay the facility with equity is exercised and the number of shares to repay this facility can be determined.

The facility is repayable at the Company's option by either repayment of the amount drawn with an uplift of 10% per annum from the draw down date to the repayment date on amounts drawn, or by issue of shares in the Company. The number of ordinary shares to be issued is calculated by dividing the total amount drawn down by the issue price of the last issue of fully paid ordinary shares to non related parties in the Company after the date of the agreement, uplifted by 25%.

The carrying value of the drawn down facility approximates fair value.

U.S. MASTERS HOLDINGS LIMITED

Notes to and forming part of the Financial Statements for the 6 months ended 31 December 2014

6. SHARE CAPITAL

	As at 31 Dec 2014	As at 30 Jun 2014
	\$000	\$000
Authorised		
1,000,000,000 ordinary shares of US\$0.50 par value each	<u>USD 500,000</u>	<u>USD 500,000</u>
Issued and fully paid		
61,406,937 (30 June 2014: 61,406,937) ordinary shares of US\$0.50	40,511	40,511
Treasury Stock:		
Opening balance 37,018,017 shares (30 June 2014: 43,378,016)	28,716	29,289
Reissued during the period nil (30 June 2014: Reissued during the period as Director shares 879,999 shares)	-	(573)
Closing balance 37,018,017 shares (30 June 2014: 37,018,017)	<u>28,716</u>	<u>28,716</u>
Net share capital 24,388,920 shares (30 June 2014: 24,388,920 shares)	<u>11,795</u>	<u>11,795</u>

7. SHARE PREMIUM RESERVE

	As at 31 Dec 2014	As at 30 Jun 2014
	\$000	\$000
Opening balance	7,115	7,557
Issue of Director Shares at par	-	(440)
Issue Costs	-	(2)
Closing balance	<u>7,115</u>	<u>7,115</u>

U.S. MASTERS HOLDINGS LIMITED

Notes to and forming part of the Financial Statements for the 6 months ended 31 December 2014

8. TREASURY STOCK

The Company holds treasury stock in itself which was purchased pursuant to an on-market buy-back scheme on the Australian Securities Exchange. During the period nil shares (30 June 2014: 5,480,000 shares) were issued by reissuing Treasury Shares.

	As at 31 Dec 2014 \$000	As at 30 Jun 2014 \$000
37,018,017 (30 June 2014: 37,018,017) ordinary shares at cost net of premium on purchase of treasury stock	28,716	28,716

9. 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.

10. RELATED PARTY TRANSACTIONS

During the period the Company paid rent of \$10,345 (2013: \$10,345) and administration fees of \$13,200 (2013: \$13,200) to Taurus SM Holdings Pty Ltd, a company that Michael Davies and Gordon Galt are directors of.

On 21 August 2014 a facility was put in place whereby the Company can draw down up to \$500,000 from Michael Davies. The facility is repayable at the Company's option by either repayment of the amount drawn or issue of shares in the Company. \$50,000 was drawn down under this facility in November 2014. Refer to Note 5 for more details.

11. CONTINGENT LIABILITIES

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

U.S. MASTERS HOLDINGS LIMITED

Notes to and forming part of the Financial Statements for the 6 months ended 31 December 2014

12. SUBSEQUENT EVENTS

The directors are not aware of any significant changes in the state of affairs of the Company occurring between 31 December 2014 and the date of this report apart from:

On 14 January 2015 the Company made a further \$50,000 draw down under a facility agreement with Michael Davies, a director of U.S. Masters Holdings Ltd. This brought the total amount drawn to \$100,000. Refer to Note 5 of the financial statements for more information on this facility.

U.S. MASTERS HOLDINGS LIMITED
Directors' Statement
for the 6 months ended 31 December 2014

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 2014.
- 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 2014.
- 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 9th day of February 2015

Signed in accordance with a resolution of directors.



James Beecher
Director

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 2014, and 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 ASRE 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 134 *Interim Financial Reporting*. As the auditor of US Masters Holdings Limited, ASRE 2410 also requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

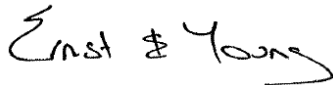
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards 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

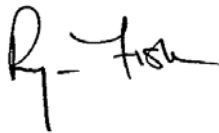
In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

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 2014 and its financial performance and its cash flows for the half-year ended on that date, in accordance with IAS 134 *Interim Financial Reporting*.



Ernst & Young



Ryan Fisk
Partner
Sydney
9 February 2015