

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 2012

Results for announcement to the market		31 December 2012	31 December 2011
		\$'000s	\$'000s
Revenue	Down 83%	4	23
Profit / (Loss) after tax for the period attributable to members	Down 29%	(440)	(342)
Net Profit/ (Loss) for the period after tax attributable to members	Down 29%	(440)	(342)

No dividend has been paid or proposed for the six month period to 31 December 2012.

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 2012	As at 31 December 2011
Net tangible assets per security excluding treasury stock (cents)	3.5	7.8

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 2012

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 2012**

**Directors' Report
for the 6 months ended 31 December 2012**
Expressed in Australian Dollars

The directors present their report together with the financial statements of U.S. Masters Holdings Limited ("the Company") and its subsidiaries ("the Group") for the 6 months ended 31 December 2012 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 Group 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 2012 the Company's investments in equities resulted in \$12,000 in realized and unrealized losses (31 December 2011: gains of \$21,000). At 31 December 2012 the Company's equity portfolio had a market value of \$14,000 (30 June 2012: \$26,000).

In order to preserve cash the Company also agreed to issue 220,000 shares (30 June 2012: 293,333 shares) to each of the directors in lieu of paying directors fees for the financial year.

The net asset value of the Group was \$627,000 as at 31 December 2012 compared with \$977,000 at 30 June 2012. The result for the 6 month period was a loss of \$440,000 compared with a loss of \$342,000 for the 6 month period to 31 December 2011.

The performance of specific investments and of the stock market in general and the expenses associated with operating the Group continued to be the most significant features contributing to the operating performance. The expenses of the Group for the year relate primarily to investigating potential long term investments for the Group 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 2012 Expressed in Australian Dollars

Result

The operating loss of the Group after income tax for the 6 month period was \$440,000.
(31 December 2011: loss \$342,000).

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 3 January 2013 the Company issued 4,600,000 ordinary shares satisfied by the issue of treasury shares held by the Company to the U.S. Masters Executive Share Plan Trust on behalf of personnel to be held in conformity with the Share Plan Rules.
- On 3 January 2013 the Company issued 880,000 ordinary shares satisfied by the issue of treasury shares held by the Company to directors at an issue price of \$0.20 per share in lieu of paying directors fees for the year.

Principal Activity

The principal activity of the Group 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 22nd day of February 2013

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 2012 Expressed in thousands of Australian Dollars

	Note	6 months 31.12.2012 \$000	6 months 31.12.2011 \$000
INVESTMENT INCOME			
Net realised gain/(loss) on sale of investments		-	(15)
Net change in unrealised profit on investments	3	(12)	36
Interest and dividend income		16	2
Total Investment Income		<u>4</u>	<u>23</u>
Expenses			
Consulting fees		180	148
Directors' fees – share based payments		88	111
Legal and professional fees		30	7
Rent		10	10
Share registry and listing fees		24	23
Travel & accommodation		56	26
Other Expenses		56	40
Total Expenses		<u>444</u>	<u>365</u>
Profit/(Loss) for the period		(440)	(342)
Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss) for the Period		<u>(440)</u>	<u>(342)</u>
Basic and diluted gain/(loss) cents per share		<u>(0.02)</u>	<u>(0.04)</u>

U.S. MASTERS HOLDINGS LIMITED

Statement of changes in equity For the half-year ended 31 December 2012 Expressed in thousands of Australian Dollars

	Share Capital	Share Premium Reserve	Share Based Payment Reserve	Foreign Currency Translation Reserve	Retained losses	Total
Equity						
Balance at 1 July 2011	4,357	12,790	-	(111)	(16,755)	281
Total comprehensive loss 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
Balance at 1 July 2012	10,650	7,958	-	(111)	(17,518)	979
Total comprehensive loss for the period	-	-	-	-	(440)	(440)
Director shares	-	-	88	-	-	88
Balance at 31 December 2012	10,650	7,958	88	(111)	(17,958)	627

U.S. MASTERS HOLDINGS LIMITED

Interim Statement of Financial Position

As at 31 December 2012

Expressed in thousands of Australian Dollars

	Notes	31 Dec 2012 \$000	30 June 2012 \$000
Assets			
Cash at bank		660	1,030
Investments		14	26
Prepayments		4	15
Debtors		6	1
Total Assets		<u>684</u>	<u>1,072</u>
Liabilities			
Accrued expenses		<u>57</u>	<u>95</u>
Total Liabilities		<u>57</u>	<u>95</u>
Net Assets		<u>627</u>	<u>977</u>
Total shareholders' interests			
18,028,921 (30 June 2012: 18,028,921) ordinary shares with a par value of US\$0.50 per share	4	10,650	10,650
Share premium reserve	5	7,958	7,958
Share based payment reserve		88	
Foreign currency translation reserve		(111)	(111)
Accumulated deficit		(17,958)	(17,520)
Total shareholders' interests		<u>627</u>	<u>977</u>
Net asset value cents per share (excluding treasury stock)		<u>3.5</u>	<u>5.4</u>

U.S. MASTERS HOLDINGS LIMITED**Statement of Cash Flows****for the 6 months ended 31 December 2012**

Expressed in thousands of Australian Dollars

	2012 \$000	2011 \$000
Operating Activities		
Purchase of investments	-	-
Proceeds from sale of investments	-	263
Interest and dividends received	16	-
Expenses paid	(386)	(269)
Net cash (used)/provided in operating activities	<u>(370)</u>	<u>(6)</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>-</u>	<u>1,283</u>
Net increase/(decrease) in cash and cash equivalents	<u>(370)</u>	<u>1,277</u>
Cash and cash equivalents at beginning of period	1,030	-
Cash and cash equivalents at end of period	<u>660</u>	<u>1,277</u>
Cash and cash equivalents comprise:		
Cash at bank	160	1,277
Deposits	<u>500</u>	<u>-</u>
Cash and cash equivalents	<u>660</u>	<u>1,277</u>

U.S. MASTERS HOLDINGS LIMITED

Notes to and forming part of the Financial Statements for the 6 months ended 31 December 2012

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.

The Company has determined that its functional currency is Australian dollars (June 2012: 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 2012.

U.S. MASTERS HOLDINGS LIMITED

Notes to and forming part of the Financial Statements for the 6 months ended 31 December 2012

(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 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. 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 Group has assessed that its functional currency is Australian dollars (June 2012: 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.

U.S. MASTERS HOLDINGS LIMITED

Notes to and forming part of the Financial Statements for the 6 months ended 31 December 2012

3. NET CHANGE IN UNREALISED GAIN ON INVESTMENTS

	6 months 31.12.2012	6 months 31.12.2011
Market value of investments	13	52
Investments at average cost	83	83
Closing unrealised (loss)/gain on investments	(70)	(31)
Opening unrealised (loss) on investments	(58)	(67)
Net change in unrealised loss on investments	(12)	36

4. SHARE CAPITAL

	31 Dec 2012 \$000	30 June 2012 \$000
Authorised		
1,000,000,000 ordinary shares of US\$0.50 par value each	500,000	500,000
Issued and fully paid		
61,406,937 (30 June 2012: 61,406,937) ordinary shares of \$US0.50	40,511	40,511
Treasury Stock:		
Opening balance 43,378,016 shares (30 June 2012: 44,947,032)	29,861	30,896
Reissued during the period nil (30 June 2012 395,684 as issued shares and as director shares 1,173,332 shares)	-	(1,035)
Closing balance 43,378,016 shares (30 June 2012: 43,378,016)	29,861	29,861
Net share capital 18,028,921 shares (30 June 2012: 18,028,921 shares)	10,650	10,650

U.S. MASTERS HOLDINGS LIMITED

Notes to and forming part of the Financial Statements for the 6 months ended 31 December 2012

5. SHARE PREMIUM RESERVE

	31 Dec 2012 \$000	30 June 2012 \$000
Opening balance	7,958	12,790
Issue of 7,970,427 Entitlement Offer and Shortfall Shares at par	-	(4,062)
Reissue of 395,684 Treasury Stock	-	(202)
Issue of 1,173,332 Director Shares at par	-	(551)
Issue Costs	-	(17)
Closing balance	<u>7,958</u>	<u>7,958</u>

6. 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 2012: 1,173,332 shares) were issued by reissuing Treasury Shares.

	31 Dec 2012 \$000	30 June 2012 \$000
43,378,016 (30 June 2012: 43,378,016) ordinary shares at cost net of premium on purchase of treasury stock	28,133	28,133

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 2012

8. RELATED PARTY TRANSACTIONS

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

- (a) Shareholders in general meeting held on 19 December 2012 agreed to issue to each director 220,000 ordinary fully paid shares (2011: issue of 293,333 ordinary shares to each director in lieu of payment of directors fees in cash) in the Company in lieu of directors fees for the full financial year. As these shares were not issued until 3 January 2013 for the 6 months period ended 31 December 2012 \$88,000 (2011: \$111,000) has been expensed as directors' fees - share based payments and \$88,000 (2011: nil) included in share based payment reserve in equity. On issue of the shares on 3 January 2013 the amount in share based payment reserve will be reclassified to share capital.
- (b) Shareholders in general meeting held on 19 December 2012 agreed to issue to the Share Plan Trustee 1,000,000 ordinary fully paid shares in the Company to be held in trust for each director being 4,000,000 shares in total (2011: nil). These shares were issued on 3 January 2013.
- (c) During the period the Company paid rent of \$10,345 (2011: \$10,345) and administration fees of \$13,200 (2011: \$13,200) to Taurus SM Holdings Pty Ltd, a company that Michael Davies and Gordon Galt are directors of.

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 Group occurring between 31 December 2012 and the date of this report apart from:

- On 3 January 2013 the Company issued 4,600,000 ordinary shares satisfied by the issue of treasury shares held by the Company to the U.S. Masters Executive Share Plan Trust on behalf of personnel to be held in conformity with the Share Plan Rules.
- On 3 January 2013 the Company issued 880,000 ordinary shares satisfied by the issue of treasury shares held by the Company to directors at an issue price of \$0.20 per share in lieu of paying directors fees for the year.

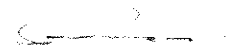
U.S. MASTERS HOLDINGS LIMITED
Directors' Statement
for the 6 months ended 31 December 2012

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 Group for the 6 months ended 31 December 2012.
- 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 Group at 31 December 2012.
- c) at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

Dated this 22nd day of February 2013

Signed in accordance with a resolution of directors.



James Beecher
Director

Independent review report 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 2012, 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.

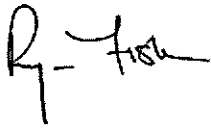
Independence

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 2012 and its financial performance and its cash flows for the half-year ended on that date, in accordance with IAS 34 Interim Financial Reporting.

Ernst & Young

A handwritten signature in black ink, appearing to read 'R. Fisk'.

Ryan Fisk
Partner
Sydney
22 February 2013