

ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2015

ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584

FOR THE YEAR ENDED 30 JUNE 2015

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CHAIRMAN'S LETTER

FOR THE YEAR ENDED 30 JUNE 2015

Overview

Welcome to the Annual Report for the Asian Masters Fund Limited (the **Company**) for the financial year ended 30 June 2015 (**FY15**).

The Company had an excellent year, providing an NTA total return of +42.9% to investors in FY15, comfortably outperforming the MSCI Asia ex Japan Index's 27.0% return. FY15's strong performance adds to the Company's track record of outperformance, with the Company's performance of +66.4% (including dividends) since inception outperforming that of the MSCI Asia ex Japan Index by 40.0%.

At 30 June 2015, the pre-tax net tangible asset value (**NTA**) of the Company was \$1.42 per share and the post-tax NTA was \$1.28 per share. This compares to the pre-tax NTA of \$1.01 per share and the post-tax NTA of \$0.96 per share at 30 June 2014.

During FY15, the Company paid two unfranked dividends of 1 cent per share on 2 October 2014 and 24 March 2015.

The transition of Asian economies, and China in particular, from industrialisation and urbanisation led growth to consumer demand led growth will open up tremendous investment opportunities in the domestic Asian markets. However, at the same time, this transition will create increasing headwinds for the Australian economy, as growth in Asian demand for commodities continues to diminish. Against this backdrop, the Company believes there is a growing need for Australian investors to look to Asia for growth in their investment portfolio.

The Company is committed to providing Australian investors access to leading global fund managers whose investment vehicles are typically only available to institutional investors. Through the experience, knowledge and contacts of the Board of Directors and investment team of the Investment Manager, the Company is invested in what we believe to be the best managers in the region, with local country expertise. In addition, through an extensive network of investment professionals, the Company has access to information and insights into rapidly changing markets and geopolitical events. The Board and Manager continue to follow a disciplined fund screening and investment approach, researching a wide range of investable funds. The Manager is in regular contact with the managers of our target and invested funds, and the Board also regularly visits the region and participates in meetings with underlying managers.

The Company's multi-manager investment approach is designed to provide investors exposure to one of the fastest growing regions in the world, while enabling investors to enhance diversification, reduce risk and access leading global specialist fund managers, with minimal administrative burden.

We would like to take this opportunity to thank you for your continued support of the Asian Masters Fund.

Yours sincerely



John Holland

Chairman

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MANAGER'S REPORT

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Manager's Report

Overview

FY15 was an excellent year for the Asian Masters Fund Limited, generating a total shareholder return of 44.4% (share price return with dividends reinvested).

In FY15, all Asia ex Japan markets, except Malaysia, posted positive returns in local currency terms. The MSCI Asia ex Japan Index (the Index) returned 27.0% in Australian dollar (**AUD**) terms, but increased 3.8% in US dollar (**USD**) terms. The Australian dollar depreciated sharply in FY15, resulting in higher gains in AUD terms. Divergent monetary policies between the United States (**US**) and other developed economies were a powerful driver of exchange rate fluctuations during the year.

During the first half of FY15, equities remained subdued amid uncertainty over the timing of US interest rate hikes after the US Federal Reserve ended its quantitative easing programme in October 2014. Equities performed better in the second half of FY15, aided by accommodative monetary policy implemented by several Asian central banks against a backdrop of easing inflation and lower commodity prices, particularly crude oil.

The stand-out performer in FY15 was China, with China A-Shares gaining an enormous 158.2% and China H-Shares rising 59.8%. Equities rose as Chinese retail investors rotated from property and cash into the stock market, while an increase in margin financing also fuelled the rally. Attractive valuations and expectations of continued market opening following the launch of the Shanghai-Hong Kong Connect programme in November 2014 also supported the market. China's economy continued to slow during FY15, prompting the government to ease monetary policy, which further boosted investor sentiment. The market suffered a sharp correction from mid June with the A-Share market declining 8.0% during the month, but it is still up 35.2% in the 2015 calendar year to 30 June. Hong Kong (+43.5%) also performed strongly largely due to the spill over effect from China.

The Philippines (+33.3%), India (+28.1%) and Vietnam (+28.1%) also outperformed. Indian equities were supported by lower crude oil prices and optimism over prospects of investor friendly reforms by the Narendra Modi led government.

Indonesia (+11.5%) and Malaysia (-2.0%) were the key underperformers in FY15. In Indonesia, equities retreated as reforms took a backseat and political infighting accelerated. Malaysian equities declined amid falling oil prices, a weakening currency and fiscal and political concerns.

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Portfolio positioning

At 30 June 2015, the country allocation of the portfolio was:

Country	AUF weight	MSCI Asia ex Japan Index weight	Active weight**
China	33.1%	29.6%	3.5%
India	18.5%	9.1%	9.4%
Korea	13.4%	17.1%	-3.7%
Taiwan	12.0%	15.1%	-3.0%
Hong Kong	6.7%	12.7%	-5.9%
Singapore	3.3%	5.6%	-2.3%
Philippines	3.0%	1.6%	1.4%
Vietnam	1.8%	-	1.8%
Thailand	1.5%	2.7%	-1.2%
Indonesia	1.1%	2.8%	-1.7%
Pakistan	0.7%	-	0.7%
Malaysia	0.7%	3.7%	-3.2%
Sri Lanka	0.2%	-	0.2%
Other	0.2%	-	0.2%
Cash*	3.8%	-	3.8%
Total**	100.0%	100.0%	-

* Excludes any cash held by underlying investment managers, and includes 2.5% of prefunded investments and cash receivable

**Figures may not reconcile due to rounding

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At 30 June 2015, the sector allocation of the portfolio was:

Sector	AUF weight	MSCI Asia ex Japan Index weight	Active weight**
Consumer	36.8%	13.0%	23.8%
Information technology	18.2%	21.0%	-2.9%
Financials	15.0%	34.7%	-19.7%
Industrials	11.7%	8.9%	2.8%
Health care	5.3%	2.2%	3.1%
Materials	4.3%	4.8%	-0.5%
Telecommunication services	2.3%	6.6%	-4.3%
Utilities	1.7%	4.0%	-2.2%
Energy	1.0%	4.8%	-3.9%
Cash*	3.8%	-	3.8%
Total**	100.0%	100.0%	-

* Excludes any cash held by underlying investment managers, and includes 2.5% of prefunded investments and cash receivable

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At 30 June 2015, the company was 96% invested with positions in 14 investment funds. These investments are presented below:

Manager	Mandate	Weight at 30/06/2015
Arisaig Asia Consumer Fund	Asian consumer specialist	13.9%
APS China A-Share Fund	Country specialist – China	9.0%
CK Absolute Return Fund	Country specialist – Korea	8.9%
Aberdeen Asian Opportunities Fund	Asian region	8.4%
JPMorgan Taiwan Fund	Country specialist – Taiwan	7.8%
Steadview Capital Fund	Country specialist – India	7.5%
NCC China A-Share Fund	Country specialist – China	6.6%
Cephei QFII China Absolute Return Fund	Country specialist – China	6.4%
Macquarie Asia New Stars No.1 Fund	Asian small cap specialist	6.3%
Prusik Asia Fund	Asian region	5.8%
Asian Opportunities Absolute Return Fund	Asian region	5.7%
Prusik Asia Smaller Companies Fund	Asian small cap specialist	5.1%
JPMorgan China Pioneer A-Share Fund	Country specialist – China	3.5%
Aberdeen India Opportunities Fund	Country specialist – India	1.3%
Cash*		3.8%
Total**		100.0%

* Excludes any cash held by underlying investment managers, and includes 2.5% of prefunded investments and cash receivable as at 30 June 2015

**Figures may not reconcile due to rounding

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During the financial year the Manager identified two new China A-Share funds, Cephei QFII China Absolute Return Fund (**Cephei**) and NCC China A-Share Fund (**NCC**). The Company made new investments totalling \$9.7 million in each of the funds, funded with redemptions from JPMorgan China Pioneer A-Share Fund. During FY15, the Company redeemed a total of \$32.5 million from JPMorgan China Pioneer A-Share Fund, partly to fund the new investments in NCC and Cephei, and also to reduce the exposure to China as the Manager took profits following the strong rally in China A-Shares. The Company also redeemed \$4.1 million from APS China A-Share Fund. In total, the fund made net redemptions of approximately \$20 million on its Chinese exposure over the year, while retaining a similar portfolio weight to China. The proceeds from these redemptions were reinvested into other parts of the portfolio. Each of the new China funds we have invested in takes a truly fundamental bottom up approach to investing in domestic Chinese equities, each holds a concentrated portfolio of 20-30 stocks, with a focus on generating absolute returns for investors. We like this approach, and believe it should do well in a market such as China which is inefficient, yet rich in opportunities.

The Company made new investments in Asian Opportunities Absolute Return Fund (\$9.1 million), a long-short Far East Asia ex Japan fund managed by Rays Capital, Macquarie Asia New Stars No.1 Fund (\$11.0 million), an Asia ex Japan small and mid cap fund, and Aberdeen India Opportunities Fund (\$2.1 million).

Pleasingly, each of the new investments initiated by the Company has generated excellent returns to date.

During the year, the Company sold its investment in JPMorgan Korea Fund (\$4.2 million) and invested \$3.6 million in CK Absolute Return Fund, another Korean equities specialist. The CK team are based in Seoul, and we believe they take a more fundamental approach to investing than does the JP Morgan Korea team.

During FY15 the Company made partial redemptions from Prusik Asia Fund (\$6.4 million), Prusik Asia Smaller Companies Fund (\$5.5 million) and Arisaig Asia Consumer Fund (\$3.0 million). While we still rate each of these Managers highly, these redemptions were for the purpose of reducing the concentration of the portfolio to individual Managers. The Company also made a small redemption from Aberdeen Asian Opportunities Fund (\$2.0 million) for the purposes of liquidity provision. The Company added \$0.9 million to its investment in JPMorgan Taiwan Fund.

The Investment Manager has access to the very best managers investing in the Asian region. We believe the funds in the Company's portfolio are the best managers in their fields of investment, a number of which are closed for subscriptions by new investors. We remain excited by the prospects for the region as a whole, but we are particularly excited by what we expect the Company's underlying funds will be able to achieve.

Top 20 holdings

An indicative look-through stock exposure derived from the portfolio of underlying funds:

	Company	Country	Weights (%)
1	Samsung Electronics Co Ltd	Korea	1.9%
2	Page Industries Ltd	India	1.2%
3	Taiwan Semiconductor Manufacturing Co Ltd	Taiwan	1.2%
4	Britannia Industries Ltd	India	1.2%
5	Foshan Haitian Flavouring and Food Co Ltd	China	1.1%

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	Company	Country	Weights (%)
6	Marico Ltd	India	1.1%
7	Flipkart Pvt Ltd	India	1.1%
8	Inner Mongolia Yi Li Industry Co Ltd	China	1.0%
9	GRG Banking Equipment Co Ltd	China	1.0%
10	Godrej Consumer Products Ltd	India	1.0%
11	Nestle India Ltd	India	1.0%
12	China Vanke Co Ltd	China	0.9%
13	Yonghui Superstores Co Ltd	China	0.9%
14	Jiangsu Kangde Xin Composite Material Co Ltd	China	0.9%
15	ANI Technologies Pvt Ltd	India	0.9%
16	Eicher Motors Ltd	India	0.8%
17	Ping An Insurance (Group) Co of China Ltd	China	0.8%
18	Philippine Seven Corp	Philippines	0.8%
19	Universal Robina Corp	Philippines	0.8%
20	Kangmei Pharmaceutical Co Ltd	China	0.8%
	Total		20.4%

Performance review

The Company had an excellent year, providing an NTA total return of +42.9% during the financial year, and outperforming the MSCI Asia ex Japan Index by 16.0%. Since inception, the Company has outperformed the index by 40.0%.

The main contribution to the strong performance in FY15 was the overweight position in China, in particular the exposure to China A-Shares, which are not included in the MSCI Asia ex Japan Index and returned +158.2% in AUD terms during the year. We have been positive on the outlook for Chinese equities for a long time, and we believed Chinese stocks would re-rate at some stage. The A-Share market is dominated by retail investors, and as a result is not very efficient and tends to move quite quickly. For this reason, the Company has had a significant position in China A-Shares for over three years. While this was a drag on performance for a period, it ensured the Company did not miss the rally in Chinese equities. The Company has benefited handsomely over the last year from this position in Chinese A-Shares. We have taken profits in China over FY15 following the enormous gains. The Company currently has investments in four China A-Share funds. They are high quality Managers who take a

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bottom-up approach and invest in high quality Chinese companies. This approach resulted in them slightly lagging the extraordinary gains of the Chinese index, but we take comfort from the fact they did not invest in the speculative elements of the Chinese market, which are often referenced in the financial media, and which have fallen sharply since mid June. We expect that even in a more volatile environment, these Managers will be able to generate excellent returns from a market which we see as being particularly attractive over the medium to long term. Indeed, having now received the performance numbers for July for each of these funds, in aggregate, the Company's Chinese exposure has comfortably outperformed the broader Chinese market, which fell 9.5% in AUD terms.

The Investment Manager has two main levers it can use to drive performance; country allocation, and Manager selection. Pleasingly, both country allocation and Manager selection contributed to the Company's strong performance in FY15.

The countries in which AUF has an overweight position (China, India, Vietnam and the Philippines) outperformed the MSCI Asia ex Japan Index, and countries in which the Company is underweight (Korea, Taiwan, Singapore, Malaysia and Indonesia) underperformed. The only countries where country allocation decisions detracted from relative performance were Hong Kong (which was more than made up for by the China A-Share exposure) and Thailand.

On the Manager selection front, a number of Managers made excellent contributions. Standout performers over the year were Arisaig Asia Consumer Fund and Steadview Capital, both of which performed superbly relative to the markets in which they invest.

Market Outlook

Despite the extraordinary rally in Chinese equities and the recent correction, we remain positive on the outlook for Chinese stocks and this remains a meaningful position in the Company's portfolio. We retain the view that the best way to access the Chinese market is through domestic listed China A-Shares, investing through high quality Managers.

There have been a number of factors behind the rally in China A-Shares, which we believe will continue providing support to the market. Even before the recent correction, valuations of significant elements of the market were not excessive. We are regularly in contact with our Managers in China, and they note they are still able to identify high quality companies on attractive valuations. The valuations of their portfolios certainly do not give us cause for concern. For example, the NCC China A-Share Fund holds a portfolio of high quality Chinese companies with a weighted average price to earnings ratio (P/E ratio) of 11.4x, far from the lofty valuations often referenced in the financial media.

Secondly, monetary easing is expected to continue, resulting in a significant release of liquidity into the domestic Chinese equity market. With four interest rate cuts and three Reserve Requirement Ratio (RRR) cuts in the last six months, the market is gradually pricing in policy easing, and further monetary easing is expected. With still high interest rates, and very high RRR rates, the People's Bank of China has plenty of room to move.

Thirdly, we expect continued market opening, which would ultimately drive foreign investments into the domestic Chinese market. China's domestic stock market was closed to foreign investors until 2002. Since then, it has gradually opened up to qualified foreign institutional investors. November 2014 saw the opening of the Shanghai-Hong Kong Stock Connect programme, which allowed those with a Hong Kong brokerage account to buy shares in a large number of Shanghai listed stocks, and vice versa. The Chinese government has also announced that the Shenzhen-Hong Kong Connect programme will be launched by the end of the year.

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In addition, index provider MSCI has announced it will include China A-Shares in its MSCI China Index and its correspondent composite indices (including MSCI Emerging Markets Index and MSCI Asia ex Japan Index) once certain accessibility criteria are reached. MSCI and the China Securities Regulatory Commission will form a working group to contribute to the successful resolution of these issues. MSCI has indicated it may announce the decision to include China A-Shares in the MSCI China Index as soon as the issues it has outlined are resolved. This may happen outside the regular schedule of its annual Market Classification Review. An inclusion of China A-Shares in the MSCI China Index would force passive Managers to buy the index constituents, regardless of valuations.

It is important to highlight that the domestic Chinese market is dominated by retail investors and for this reason can be very volatile, and daily moves of +/-5% have become common. However, the Chinese government is willing to support a healthy increase in equity prices. Although the official Chinese response to the falling market has not been well handled, with new measures announced almost daily, and at one time nearly half the market suspended from trading, the market has stabilised, and we expect fundamentals to play a greater role in markets from here.

There is likely to be continued volatility in the Chinese market, however, the recent correction could have one important effect – teaching the domestic Chinese investors that the value of investments can also go down. Following this period of volatility, we would expect the Chinese market to be more driven by fundamentals than has been the case to date. And the fundamentals for a great number of Chinese companies are very bright. We see the recent correction as a natural part of a multi-year re-rating in domestic Chinese equities which began in 2014, and which we had been expecting, and had positioned the portfolio to benefit from. We remain excited by the long-term prospects for China, and expect to maintain exposure to China as part of a diversified portfolio of Asian equity investments.

India is another important market for the Company, and one the Investment Manager remains very excited about. A year on from Narendra Modi's historic election win, the reform agenda remains well and truly in place. Modi has targeted India's crony capitalism, and has an enormous reform agenda he intends to implement in coming years. As an example, Modi has already removed India's inefficient fuel subsidies, something which had cost the budget USD43 billion in 2014! The savings from these fuel subsidies are a large contributor to India's planned spending of USD137 billion on its railway network. While some have argued that the steps taken to date have been small, we would disagree, and note that the reform that is yet to come has the potential to change India dramatically, and for the better.

The United States Federal Reserve (Fed) is expected to start raising interest rates in the second half of 2015. Typically, the view among many investors is that higher US rates result in weaker emerging market assets. However, history suggests this is not the case. During previous periods of Fed tightening, equity markets have actually risen rather than fallen. One possible explanation is that higher US rates signal a stronger growth environment. In addition, Asia is expected to be the most resilient emerging market region in an environment of rising US interest rates, as it has more current account surplus economies than the other regions.

As the Chairman noted in his letter, the transition of Asian economies from industrialisation to consumption led growth is one of the major themes and investment opportunities in the region. For this reason, the portfolio is heavily positioned towards consumer exposure. Those underlying Managers which have a bias towards consumption (particularly Arisaig Asia Consumer Fund and Steadview Capital) have performed exceptionally well in FY15, and also over the longer term. We continue to believe that this exposure to the emerging Asian consumer will be one of the dominant drivers of returns over the longer term.

Valuations remain at attractive levels in the Asia ex Japan region. Asian ex Japan equities are currently trading at a P/E ratio of 13 times, compared with 17 times for developed markets.

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We continue to believe in the strong case for investing in Asia ex Japan equities. Economic growth rates remain some of the highest in the world, populations are young and growing and urbanisation continues at a rapid rate, creating a growing middle class of consumers. In addition, the prospects of reforms in countries like China and India will also be positive for Asian equities.

Through the active selection of underlying Managers, the Company is well positioned to benefit from these trends.

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CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015

Asian Masters Fund Limited (**the Company**) is a listed investment company whose shares are traded on the Australian Securities Exchange (**ASX**). The Company has no employees and its day-to-day functions and investment activities are managed by Walsh & Company Asset Management Pty Limited (**the Manager**) in accordance with the Management Agreement. The Manager will be responsible for implementing the Company's strategic objectives and operating within the risk appetite as set out within the Investment Guidelines

The Company's directors and the Manager's directors and senior management recognise the importance of good corporate governance. The Company's corporate governance framework, policies and practices are designed to ensure the effective management and operation of the Company and will remain under regular review.

A description of the Company's practices in respect of the eight Principles and Recommendations from the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Recommendations**) are set out below; all of these practices, unless otherwise stated, were in place for the entire year.

1. Lay Solid Foundations for Management and Oversight

Board Roles and Responsibilities

The Board is responsible for the overall operation, strategic direction, leadership and integrity of the Company and, in particular, is responsible for the Company's growth and success. In meeting its responsibilities, the Board undertakes the following functions:

- Providing and implementing the Company's strategic direction
- Overseeing the Manager's implementation of the Company's strategic objectives and monitoring its performance
- Reviewing and overseeing the operation of systems of risk management ensuring that any significant risks facing the Company are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with
- Overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit
- Ensuring the Board is comprised of individuals who will discharge the responsibilities of directors having regard to the law and the best standards of governance
- Reviewing and overseeing internal compliance and legal regulatory compliance
- Ensuring compliance with the Company's Constitution and with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001*;
- Overseeing the Company's process for making timely and balanced disclosures of all material information concerning the Company; and
- Communicating with and protecting the rights and interests of all security holders

Subject to legal or regulatory requirements and the Company's Constitution, the Board may delegate any of the above powers to individual directors, committees of the Board or the Manager. Any such delegation shall be in compliance with the law and the Company's Constitution.

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Appointment of Directors

The Company has adopted a formal process to ensure that appropriate checks are undertaken before appointing a person, or putting forward to security holders a candidate for election as a director. The Company has outsourced part of this function to an external service provider, which specialises in completing background checks, to verify the candidate's experience, education, criminal record and bankruptcy history.

Upon proposing a candidate for election or re-election as a director, the Company provides security holders with all the relevant material information in its possession to allow security holders to make an informed decision on whether or not to elect or re-elect the candidate. This information will generally include;

- biographical details of the candidate, including their qualifications, experience and skills which may be relevant to the Board of the Company
- details of any current or past directorships held by the candidate

Each Director of the Company receives a formal appointment letter outlining their terms of employment, responsibilities, conditions and expectations of their engagement.

Role of the Company Secretary

The Company Secretary of the Company is directly accountable to the Board, through the Board Chairperson on all matters to do with the proper functioning of the Board. This includes:

- advising the Board on governance matters
- circulating to the Board all board papers in advance of any proposed meeting
- ensuring that the business at board meetings is accurately captured in the minutes
- facilitating the induction and professional development of directors

Diversity

The Company currently does not have any employees and therefore has adopted a Diversity Policy which is applicable only at the Board Level. A copy of the policy setting out its objectives and reporting practices can be found on the Company's website.

As required by the policy, at the commencement of each financial year, the Board is required to set measurable objectives to allow it to achieve diversity on the board. The measurable objectives for gender diversity, agreed by the Company's Board of Directors for FY2014-15, are set out below:

- Commence the process to establish appropriate gender diversity within the Board; and
- At least one female director representation on the Board by the end of financial year 2016

The outcome for the year, as reported by the Board, is set out below:

- The Company has commenced the process and intends to achieve gender diversity on the Board by the end of financial year 2016.
- As at 30 June 2015, there were five male directors.

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2. Structure the Board to Add Value

Board Composition

The Company seeks to maintain a Board of Directors with a broad range of skills. The Company has developed a Skills Matrix below which lists the skills that have been identified as the ideal attributes the Company seeks to achieve across its Board membership:

- Leadership
- Industry Knowledge
- Understanding of the Asian Markets
- Corporate Governance
- Financial & Accounting
- Funds Management
- Risk Based Auditing & Risk Management
- Capital Raising
- Legal.

The composition of the current Board is structured to maintain a mix of directors from different backgrounds with complementary skills and experience. Details of each director at the date of this report are given in the Directors' Report, including the period in office, skills, experience, and expertise relevant to the position of director.

The Directors of the Company at the date of this report are:

Mr John Holland – Independent Non-Executive Chairman
Mr Alexander MacLachlan - Non-Executive Director
Mr Maximilian Walsh- Non-Executive Director
Mr Stuart Nisbett - Independent Non-Executive Director
Mr Christopher Lee - Independent Non-Executive Director

The Company's Constitution provides that there must be a minimum of three and a maximum of 10 directors. Having regard to the size of the Company and the nature of its business, the Board has determined that a Board with five members is the appropriate composition for the Board and will enable it to continue to effectively discharge its responsibilities to the Company. However, the composition of the Board and its independence will be reviewed periodically.

The Board comprises of three independent non-executive directors, John Holland, Stuart Nisbett and Christopher Lee. An independent non-executive director is a non-executive director who is independent of the Manager and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their judgement.

The Company is committed to diversity in the composition of the Board. The current composition is well-balanced in terms of skills, and it remains the Company's objective to increase diversity as well as including members who can further add to the skill set of the Company's Board. The directors will continue to monitor the composition of the Board.

The Company recognises the ASX Recommendations with respect to establishing remuneration and nomination committees as good corporate governance. However, considering the size of the Company, the functions that would be performed by these committees are best undertaken by the Board.

The Board will review its Committees in line with the ASX Recommendations and in light of any changes to the size or nature of the Company and if required may establish Committees to assist it in carrying out its functions. At that time the Board will adopt a charter for such Committees in accordance with the ASX Recommendations and industry best practices.

It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of non-executive directors on a case-by-case basis and in conformity with the requirements of the ASX Listing

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Rules and the *Corporations Act 2001*. In accordance with the corporate governance policy, directors are entitled to seek independent advice at the expense of the Company. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Company.

Performance Evaluation

The Board conducts a review of its collective performance and the performance of its directors annually. This process includes consideration of feedback provided by directors via a questionnaire. The Board and individual directors, including the chairperson, were evaluated during the year to 30 June 2015 in accordance with these processes.

Induction and Ongoing Professional Development

On appointment, the directors are individually briefed by the Fund Manager and the Management team. Directors are entitled to receive appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as directors effectively. The Company's Induction Program is structured to enable a new director to gain an understanding of the Company's Investments, the Company's financial, strategic, operational and risk management position, and their rights, duties and responsibilities.

The Company Secretary is responsible for facilitating the induction and ongoing development of all directors, and where necessary, from time to time, will recommend relevant courses and industry seminars which may assist directors in discharging their duties.

3. Act ethically and responsibly

Code of Conduct

The Company is committed to maintaining ethical standards in the conduct of its business activities. The Company's reputation as an ethical business organisation is important to its ongoing success and it expects all its officers and employees to be familiar with, and have a personal commitment to meeting these standards. In this regard, the directors have adopted a Code of Conduct (**Code**) to define basic principles of business conduct. The Code requires officers and employees to abide by the policies of the Company and the law. The Code is a set of principles giving direction and reflecting the Company's approach to business conduct and is not a prescriptive list of rules for business behaviour. The Code of Conduct covers ethical operations, compliance with laws, dealings with customers and public officials, conflicts of interest, confidential and proprietary information and insider trading.

A copy of the Code of Conduct is available on the Company website in the corporate governance section.

Share Trading Policy

The Board of the Company has established a Share Trading Policy to apply to trading in the Company's shares on the ASX. This policy outlines the permissible dealing of the Company's shares while in possession of price sensitive information and applies to all Directors of the Company.

The Policy places restrictions and notification requirements, including the imposition of blackout periods, trading windows and the need to obtain pre-trade approval.

A copy of the Company's Share Trading Policy is available on the Company's website.

In addition, the Manager has also established its own Share Trading Policy, which is applicable to its staff in the Funds Management division. This Policy places restrictions and notification requirements, including the imposition of blackout periods, trading windows and the need to obtain pre-trade approval.

ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

4. Safeguard Integrity in Corporate Reporting

Audit Committee

The Company recognises the ASX Recommendation with respect to establishing an Audit Committee as part of good corporate governance. However, considering the size of the Company, the functions that would be performed by the Committee are best undertaken by the Board. This is also in line with the ASX Recommendations which recognise that “the ultimate responsibility of the integrity of a company’s financial reporting rests with the full board”. The Board has adopted a policy to independently verify and safeguard the integrity of its corporate reporting including, but not limited to, the appointment or removal of the external auditor and the rotation of the audit engagement partner.

Investment Committee

The Investment Committee of the Company comprises Maximilian Walsh, Alex MacLachlan, John Holland, Stuart Nisbett, and Christopher Lee. John Holland, in his capacity as Chairman of the Investment Committee, has a casting vote.

The primary role of the Investment Committee is to:

- Review information, research and analysis compiled by the Manager with respect to Asian economic conditions, Asian equity markets, and Asian fund Managers and funds
- Determine the allocation of the Company’s capital in terms of the investment in various funds.

The Investment Committee meets regularly. Particulars of committee meetings held during the year ended 30 June 2015 and the attendance of each committee member is set out in the accompanying Directors’ Report.

5. Making Timely and Balanced Disclosure

The Company is committed to complying with its continuous disclosure obligations under the *Corporations Act 2001*, the ASX Listing Rules, releasing relevant information to the market and security holders in a timely and direct manner and to promoting investor confidence in the Company and its securities.

The Board has adopted a Continuous Disclosure Policy to ensure the Company complies with its continuous disclosure obligations under the *Corporations Act 2001* and the Listing Rules.

This policy is administered by the Board of the Company and the Manager as follows:

- the Board is involved in reviewing significant ASX announcements and ensuring and monitoring compliance with this policy
- the Company Secretary is responsible for the overall administration of this policy and all communications with the ASX
- Senior management of the Manager is responsible for reporting any material price sensitive information to the Company Secretary and observing the Company’s no comments policy.

ASIAN MASTERS FUND LIMITED
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CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

6. Respect the Rights of Security holders

Rights of Security holders

The Company promotes effective communication with security holders. The Board of Directors has developed a strategy within its Continuous Disclosure Policy to ensure that security holders are informed of all major developments affecting the Company's performance, governance, activities and state of affairs. This includes using a website to facilitate communication with security holders via electronic methods. Each security holder is also provided online access to the Registry to allow them to receive communication from, and send communication to, the Company and the Registry. Information is communicated to security holders through announcements to the ASX, releases to the media and dispatch of financial reports. Security holders are provided with an opportunity to access such reports and releases electronically; copies of all such ASX announcements are linked to the Company's website at www.asianmastersfund.com.au.

These include:

- monthly net tangible asset backing announcements
- quarterly investment updates
- the half-year report
- the annual report
- the notice of annual general meeting, explanatory memorandum and the Chairman's address
- occasional ASX announcements made to comply with the Company's continuous disclosure requirements, and
- occasional correspondence sent to Security holders on matters of significance to the Company.

The Board encourages full participation of security holders at the general meetings to ensure a high level of accountability and identification with the Company's strategy. Security holders who are unable to attend the Annual General Meeting are given the opportunity to provide questions or comments ahead of the meeting and where appropriate, these questions are answered at the meeting. The external auditor is also invited to attend the annual general meeting of security holders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report.

7. Recognise and Manage Risk

Risk Management

The Board has accepted the role of identification, assessment, monitoring and managing the significant areas of risk applicable to the Company and its operations. It has not established a separate committee to deal with these matters as the directors consider the size of the Company and its operations does not warrant a separate committee at this time. The Board liaises with the Manager to identify and manage risk. The Board also monitors and appraises financial performance, including the approval of annual and half year financial reports and liaising with the Company's auditors.

In order to evaluate and continually improve the effectiveness of its risk management and internal control processes, the Company has adopted a set of Risk Management Guidelines. The Board will annually review the Company's Risk Management Guidelines in the Annual Strategy Meeting to satisfy itself that the Risk Management framework continues to be sound.

The Company does not have a material exposure to sustainability risks.

The Board receives a bi-annual letter from the Company's external auditor regarding their procedures and reporting that the financial records have been properly maintained and the financial statements comply with the Accounting Standards.

The Manager provides declarations required by Section 295A of the *Corporations Act 2001* for all financial periods and confirms that in its opinion the financial records of the Company have been properly maintained and that the financial statements and accompanying notes comply with the Accounting Standards and give a true and fair view of the financial position and performance of the Company, based on its review of the internal control systems, management of risk, the financial statements and the letter from the Company's external auditor.

ASIAN MASTERS FUND LIMITED
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CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

Details of the Company's financial risk management are set out in the notes to the financial statements in the Annual Report.

8. Remunerate Fairly and Responsibly

Remuneration Policies

Due to the relatively small size of the Company and its operations, the Board does not consider it appropriate, at this time, to form a separate committee to deal with the remuneration of the directors.

In accordance with the Company's constitution, each director may be paid remuneration for ordinary services performed as a director. Under ASX Listing Rules, the maximum fees payable to directors may not be increased without the prior approval from security holders at a general meeting of the Company. Directors will seek approval from time to time as deemed appropriate. The Company does not intend to remunerate its directors through an equity based remuneration scheme.

The maximum total remuneration of the directors has been set at \$300,000 per annum. However, Maximilian Walsh and Alexander MacLachlan have agreed not to be remunerated for the services they perform as directors. Total directors' fees for the year ended 30 June 2015 was \$158,476.

Remuneration of the directors during the year ended 30 June 2015 is set out in the Directors' Report and in the notes to the financial statements.

Other Information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's website at www.asianmastersfund.com.au.

ASIAN MASTERS FUND LIMITED
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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2015

Your directors present their report together with the financial report of the Company for the financial year ended 30 June 2015.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Mr John Holland - Independent Non-Executive Chairman (Appointed as Chairman on 25 February 2015)
Mr Maximilian Walsh - Non-Executive Director
Mr Alexander MacLachlan - Non-Executive Director
Mr Stuart Nisbett - Independent Non-Executive Director
Mr Christopher Lee - Independent Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The name of the Company Secretary in office at the date of this report is Ms Hannah Chan.

Principal Activities and Significant Changes in Nature of Activities

The principal activity of the Company during the financial year was to provide Australian investors the opportunity to gain exposure to leading Asian equities fund Managers by investing in managed funds that have a mandate to invest in Asian financial markets.

There were no significant changes in the nature of these activities of the Company that occurred during the year.

Results and Review of Operations

The total comprehensive income of the Company for the financial year after providing for income tax amounted to \$42,841,269 (2014: \$3,487,715). The profit of the Company for the financial year after providing for income tax amounted to \$306,379 (2014: loss of \$676,309). The Company is in a strong position with net assets of \$159,260,529 and no borrowings.

As at 30 June 2015, the Net Asset Value (**NAV**) of the Company was \$1.28 per ordinary share after unrealised gains and adjustment for tax. This compares to the NAV of 96 cents per ordinary share after unrealised gains and adjustment for tax as at 30 June 2014.

The Company's Investment Committee has selected and invested in 14 investment funds that provide exposure across a number of Asian markets. As at 30 June 2015, the Company invested approximately 99% of its total assets (excluding cash retained for working capital as well as non-cash assets).

Further details are included in the Chairman's Letter and Manager's Report which forms part of this report.

Dividends Paid or Recommended

The Company paid two unfranked dividends of one cent per share on 2 October 2014 and 24 March 2015. This amounted to \$2,507,179 of which \$610,160 was reinvested as part of the Company's Dividend Reinvestment Plan.

Significant Changes in State of Affairs

During the year ended 30 June 2015, the Company had an additional 578,201 ordinary shares issued as part of the Company's Dividend Reinvestment Plan amounting to \$610,160.

**ASIAN MASTERS FUND LIMITED
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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Significant Changes in State of Affairs (cont.)

During the year, a total of 3,794,079 ordinary shares were bought back by the Company from shareholders for a total consideration of \$4,207,211

There were no other significant changes in the state of affairs of the Company which occurred during the financial year ended 30 June 2015.

After Balance Date Events

Between the end of the financial year and the date of this report, the Company bought back a further 260,204 ordinary shares for a total consideration of \$350,533.16.

On 21 August 2015, the Company announced an unfranked dividend of \$0.011 per share which is anticipated to be paid to shareholders on, or around, 23 September 2015. The record date for determining entitlement to the dividend is 28 August 2015.

There has not been any other events of a material and unusual nature likely, in the opinion of the directors, to significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company, in future financial years.

Future Developments, Prospects and Business Strategies

The Company will continue to undertake its activities described in this report.

The Chairman's Letter which forms part of this financial report includes details of the outlook for the Asian markets in which the Company invests.

Further details are included in the Chairman's Letter and Manager's Report which forms part of this financial report.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnifying Officers or Auditor

Indemnities have been given and insurance premiums paid, during or since the end of the financial year, for all of the Directors of the Company. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for the auditor of the Company.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

ASIAN MASTERS FUND LIMITED
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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Information on Directors

John Holland BA Hons (Oxford)

Independent Non-Executive Chairman of Directors and Member of the Investment Committee

John commenced his career in 1985 at SG Warburg & Co (now UBS AG) as an Asian equities specialist, where he led UBS's early expansion into Korea, Taiwan, Thailand, and India, before rising to become Global Head of Asian Equities at UBS. During John's tenure as Global Head of Asian Equities, UBS achieved the Number 1 ranking for primary Asian equities distribution and held Number 1 non-local market share positions in all key Asian equity markets, including Hong Kong, Korea and Taiwan. John was also instrumental in UBS's successful drive to become the first foreign investor into and foreign distributor of China A-shares. Most recently, John served as Joint Head of European Prime Broking and was a member of UBS Investment Bank's board.

In addition to his notable achievements at UBS, John has had substantial regulatory experience, including as a member of the European Securities Markets Expert Group advising the European Commission where he was Rapporteur (Chair) for the Subcommittees on Non-Equities Market Transparency and Credit Rating Agencies. Furthermore, John has worked closely over many years with the central banks and regulatory authorities of many Asian countries, such as Korea, Taiwan, India and China, particularly in relation to the opening of their markets to direct foreign investment.

John holds a BA with honours from Oriel College Oxford University, majoring in Philosophy, Politics & Economics.

- Appointed as Independent Non-Executive Chairman on 25 February 2015 (previously a Non-Executive Director)
- Holds no shares in the capital of the Company
- During the past three years has not acted as director of any other Australian listed public company.

Maximilian Walsh AM, BEc

Non-Executive Director and Member of the Investment Committee

Maximilian is regarded as one of Australia's leading economics and business journalists. He has specialised in the areas of business, economics and politics in a journalistic career spanning many decades. He has been editor and managing editor of *The Australian Financial Review* and Editor-in-Chief of *The Bulletin*. He has also served on the board of Northern Star TV (predecessor to Channel Ten).

Max serves as Chairman of the Australian Masters Corporate Bond Fund Series and Australian Masters Yield Fund 1 to 3. Further Max also serves as Non-Executive Chairman of Global Resource Masters Fund Limited and a Non-Executive Director of Australian Governance Masters Index Fund Limited.

- Appointed as Non-Executive Director on 10 October 2007
- Directly holds 1 and beneficially holds 170,000 fully paid ordinary shares in the capital of the Company
- During the past three years, he has acted and is currently a Non-Executive Director or a director of the responsible entity of the following Australian listed public entities:
 - Australian Governance Masters Index Fund Limited (since 2009)
 - Australian Masters Corporate Bond Fund No 4 Limited (since 2008, delisted 14 January 2013)
 - Australian Masters Corporate Bond Fund No 5 Limited (since 2009)
 - Australian Masters Yield Fund No 1 Limited (since 2010)
 - Australian Masters Yield Fund No 2 Limited (since 2010)
 - Australian Masters Yield Fund No 3 Limited (since 2011)
 - Global Resource Masters Fund Limited (since 2008)
 - US Masters Residential Property Fund (since 2008 until 22 June 2015)
 - US Select Private Opportunities Fund (since 2008 until 23 April 2014).

ASIAN MASTERS FUND LIMITED
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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Information on Directors (cont.)

Alexander MacLachlan BA (Cornell), MBA (Wharton)

Non-Executive Director and Member of the Investment Committee

Alex MacLachlan is currently Chairman of the responsible entity for Emerging Markets Masters Fund, Australian Property Opportunities Fund, Australian Property Opportunities Fund II, US Select Private Opportunities Fund and US Select Private Opportunities Fund II, US Masters Residential Property Fund and Managing Director of Australian Governance Masters Index Fund Limited. Alex also serves as a director of the Australian Masters Yield Fund Series and the Australian Masters Corporate Bond Fund Series.

Alex joined Dixon Advisory in 2008 to lead the Funds Management division. Before joining Dixon Advisory, Alex was an investment banker specialising in the natural resources sector, most recently serving as Head of Energy, Australasia, for UBS AG in Sydney and prior to that as an investment banker at Credit Suisse First Boston. During his career as an investment banker, Alex advised many of Australia's and the world's leading natural resources companies, working with over 30 companies on more than \$100 billion in announced mergers and acquisitions and capital markets transactions.

Before specialising in natural resources investment banking, Alex worked in the Japanese Government Bond derivatives markets in London, New York and Sydney.

Alex has a Bachelor of Arts from Cornell University and a Masters of Business Administration from The Wharton School, University of Pennsylvania.

- Appointed as Non-Executive Director on 23 September 2009
- Beneficially holds 30,308 fully paid ordinary shares in the capital of the Company
- During the past three years, he has acted and is currently a Non-Executive Director or a director of the responsible entity of the following Australian listed public entities:
 - Australian Masters Corporate Bond Fund No 4 Limited (since 2009, delisted 14 January 2013)
 - Australian Masters Corporate Bond Fund No 5 Limited (since 2009)
 - Australian Masters Yield Fund No 1 Limited (since 2010)
 - Australian Masters Yield Fund No 2 Limited (since 2010)
 - Australian Masters Yield Fund No 3 Limited (since 2011)
 - Australian Masters Yield Fund No 4 Limited (since 2011)
 - Australian Masters Yield Fund No 5 Limited (since 2012)
 - Global Resource Masters Fund Limited (since 2008)
 - Emerging Markets Masters Fund (since 2012)
 - US Masters Residential Property Fund (since 2011)
 - US Select Private Opportunities Fund (since 2011)
 - US Select Private Opportunities Fund II (since 2012).

ASIAN MASTERS FUND LIMITED
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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Information on Directors (cont.)

Stuart Nisbett BCom, MCom, CA

Independent Non-Executive Director and Member of the Investment Committee

Stuart has more than 25 years experience in property development, property funds management, equity and debt raising, corporate advisory and project finance. He is currently on the Advisory Board for the US Masters Residential Property Fund and is also the Managing Director and Principal at Archerfield Capital Partners, which he established in 2008.

Previously, Stuart was Executive Director, Head of Property Funds at ANZ Investment Bank. He was also the Managing Director, Head of Property Banking & Property Investment Banking at N M Rothschild & Sons (Australia) Limited. Under his leadership, the property banking business grew into the largest business unit within the company. In July 2005, reflecting the growth and increased scope of the property banking business activities under Stuart's guidance, N M Rothschild & Sons established an additional property division to focus on investment banking opportunities in advisory and equity. Stuart has also held multiple senior roles at Macquarie Bank and Lend Lease.

Stuart is also Chairman of the Investment Committee for Australian Property Opportunities Fund I and II.

- Appointed as Independent Non-Executive Director on 28 November 2011
- Holds no shares in the capital of the Company
- During the past three years has not acted as director of any other Australian listed public company.

Christopher Lee BS, MBA (UC Berkeley)

Independent Non-Executive Director and Member of the Investment Committee

Christopher Lee is an international banking and investment professional with a proven track record in building highly profitable businesses through aggressive growth, financial discipline and global expansion. He has 19 years of global financial markets experience, managing derivative product development and marketing activities to financial institutional clients in 10 Asian countries with a focus on Hong Kong, Singapore and China. He has held senior positions since 2005 as a member of management and executive committees.

Under Chris leadership at Deutsche Bank from 2010-12, the Global Markets Investment Products team customised financial solutions and products for sophisticated clients, many Asian financial intermediaries including insurance companies, private banks, retails banks, asset managers and securities brokerage firms.

Chris joined UBS AG, Hong Kong in 2002 and was promoted to Managing Director in 2005 as Head of Risk Management Products Intermediary Sales in Asia. He created a business with revenue of USD 650 million through developing equity derivatives for financial intermediaries. In 2009, he was elevated to the Asia Equity Management Committee.

Chris is also a board director with expertise in financial markets, risk management, governance and leadership development, serving on various for-profit and non-profit boards.

He has been recognised in the professional community for his leadership, product innovation and customer service, having received the "Global Top 100" award by the UK-based publication SRPMagazine.com in 2008 as well as numerous awards in equity, structuring and wealth management categories from industry magazines.

- Appointed as Independent Non-Executive Director on 26 November 2013
- Holds no shares in the capital of the Company
- During the past three years has not acted as director of any other Australian listed public company.

ASIAN MASTERS FUND LIMITED
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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Information on Company Secretary

Hannah Chan BCom, MCom, CA
Company Secretary

Hannah has a Bachelor of Commerce degree in Finance from the University of NSW and a Master of Commerce degree in Accounting from the University of Sydney. She is also a Chartered Accountant with the Institute of Chartered Accountants in Australia. Prior to joining Dixon Advisory, Hannah gained extensive audit experience whilst working with Deloitte Touche Tohmatsu and Ernst & Young. She is also the Company Secretary of Australian Masters Corporate Bond Fund 5 Limited, Australian Masters Yield Fund Series, Australian Governance Masters Index Fund Limited, Global Resource Masters Fund Limited and joint Company Secretary of Walsh & Company Investments Limited.

- Appointed as Company Secretary on 4 December 2009.

Directors' Meetings

Attendance of individual directors at board meetings held during the year ended 30 June 2015 was as follows:

	No. of Meetings Attended	No. of Meetings Eligible
Maximilian Walsh	8	8
Alexander MacLachlan	6	8
John Holland	8	8
Stuart Nisbett	8	8
Christopher Lee	8	8

In addition, meetings of the Investment Committee were attended by directors as follows:

	No. of Meetings Attended	No. of Meetings Eligible
Maximilian Walsh	8	8
Alexander MacLachlan	6	8
John Holland	8	8
Stuart Nisbett	8	8
Christopher Lee	8	8

ASIAN MASTERS FUND LIMITED
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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Remuneration Report

(a) Remuneration Policy

Under ASX Listing Rules, the maximum fees payable to directors may not be increased without the prior approval from the Company in general meeting. Directors will seek approval from time to time as deemed appropriate.

Under the Company's constitution, each director may be paid remuneration for ordinary services performed as a director. However, Maximilian Walsh and Alexander MacLachlan have agreed not to be paid any remuneration for the services they performed as directors from 1 July 2009. Mr Maximilian Walsh and Mr Alexander MacLachlan are also Directors of the Manager.

The independent directors, Christopher Lee and Stuart Nisbett each received \$50,000 during the year ended 30 June 2015. As an independent chairperson from 25 February 2015, John Holland received \$58,476 for the year ended 30 June 2015.

These fees exclude any additional fee for any service-based agreement which may be agreed upon from time to time and also excludes reimbursement of out of pocket expenses. These fees are inclusive of statutory superannuation.

(b) Key Management Personnel Remuneration

Key management personnel include the directors who have authority and responsibility for planning, directing and controlling the activities of the Company. No other executive personnel are employed or remunerated by the Company.

Details of remuneration paid during the year to key management personnel are set out in the table below.

2015

Directors	Salary, fees and Commission \$	Superannuation Contributions \$	Cash bonus \$	Non-cash benefits \$	Other \$	Total \$
Maximilian Walsh	-	-	-	-	-	-
Alexander MacLachlan	-	-	-	-	-	-
John Holland	58,476	-	-	-	-	58,476
Stuart Nisbett	45,662	4,338	-	-	-	50,000
Christopher Lee	50,000	-	-	-	-	50,000
Total	154,138	4,338	-	-	-	158,476

ASIAN MASTERS FUND LIMITED
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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2015

Remuneration Report (cont.)

(b) Key Management Personnel Remuneration (cont.)

2014

Directors	Salary, fees and Commission \$	Superannuation Contributions \$	Cash bonus \$	Non-cash benefits \$	Other \$	Total \$
Maximilian Walsh	-	-	-	-	-	-
Alexander MacLachlan	-	-	-	-	-	-
John Holland	50,000	-	-	-	-	50,000
Stuart Nisbett	45,767	4,233	-	-	-	50,000
Christopher Lee	29,755	-	-	-	-	29,755
Total	125,522	4,233	-	-	-	129,755

(c) Service Agreements

The Company does not presently have formal service agreements or employment contracts with any key management personnel.

(d) Directors' Protection Deeds

The Company has agreed to provide access to board papers and minutes to current and former directors of the Company while they are directors and for a period of 7 years after they cease to be directors.

The Company has agreed to indemnify, to the extent permitted by the *Corporations Act 2001*, each officer in respect of certain liabilities, which the director may incur as a result of, or by reason of (whether solely or in part), being or acting as a Director of the Company. The Company has also agreed to maintain in favour of each director a directors' and officers' policy of insurance for the period that he or she is a director and for a period of 7 years after the officer ceases to be a director.

(e) Beneficial and Relevant Interest of Directors in Shares

As at the date of this report, details of directors who hold shares for their own benefit or who have an interest in holdings through a third party and the total number of such shares held are listed as follows:

Director	No. of shares
Maximilian Walsh	170,001
Alexander MacLachlan	30,308
John Holland	-
Stuart Nisbett	-
Christopher Lee	-

**ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584**

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2015**

Remuneration Report (cont.)

(f) Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated and are as follows:

Walsh & Company Asset Management Pty Limited

Mr Maximilian Walsh and Mr Alexander MacLachlan are Directors of the Company and Directors of the Manager.

(i) Management Fee

The Manager is entitled to receive a management fee of 0.08334% of the pre tax value of the Portfolio at the close of the first Business Day of each month (equating to an annualised management fee of 1%).

Management fees paid or payable for the year ended 30 June 2015 were \$1,665,174 (2014: \$1,405,927), inclusive of GST, and the management fee owed by the Company to Walsh & Company Asset Management Pty Limited at 30 June 2015 was \$172,018 (2014: \$112,572), inclusive of GST.

(ii) Brokerage

Dixon Advisory & Superannuation Services Limited, as broker acting on behalf of the Company, receives brokerage of 0.25% on all transactions undertaken as part of the Company's buy-back program. During the year, total brokerage paid or payable was \$11,570 (2014: \$5,165), inclusive of GST.

**ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584**

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Non-Audit Services

During the year, Deloitte Touche Tohmatsu, the Company's auditor, did not perform any other services in addition to their statutory duties for the Company.

Auditor's Independence Declaration

A copy of the lead auditor's independence declaration for the year ended 30 June 2015 as required under Section 307C of the *Corporations Act 2001* is set out on page 18.

Made in accordance with a resolution of the Board of Directors made pursuant to Section 298(2) of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'John Holland', with a horizontal line extending to the right.

**Mr John Holland
Chairman**

Dated this 21st day of August 2015

The Board of Directors
Asian Masters Fund Limited
Level 15
100 Pacific Highway
NORTH SYDNEY NSW 2060

21 August 2015

Dear Board Members

Asian Masters Fund Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Asian Masters Fund Limited.

As lead audit partner for the audit of the financial statements of Asian Masters Fund Limited for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Michael Kaplan
Partner
Chartered Accountants

ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
Revenue	2	1,984,722	541,039
Net foreign currency exchange gain		835,978	474,854
Auditor's remuneration	3	(38,000)	(41,436)
Directors' fees		(158,476)	(129,755)
Legal and advisory costs		(59,284)	(43,550)
Listing and registry fees		(91,312)	(92,090)
Management fees	18	(1,657,447)	(1,424,552)
Due diligence expense		(155,289)	(103,585)
Other expenses		(190,170)	(158,071)
Profit/(loss) before income tax		470,722	(977,146)
Income tax (expense)/benefit	4	(164,343)	300,837
Profit/(loss) for the year		306,379	(676,309)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on revaluation of investments		60,764,128	5,948,605
Tax expense on the above		(18,229,238)	(1,784,581)
Total other comprehensive income for the year, net of tax		42,534,890	4,164,024
Total comprehensive income for the year		42,841,269	3,487,715
Basic gain/(loss) per share	13	0.24 cents	(0.53) cents
Diluted gain/(loss) per share	13	0.24 cents	(0.53) cents

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Notes	2015 \$	2014 \$
Assets			
<i>Current</i>			
Cash and cash equivalents	5	1,181,558	1,339,974
Receivables	6	3,034,512	49,392
Prepayments		18,814	34,575
Other assets - financial asset prepayment		2,595,043	-
Total Current Assets		6,829,927	1,423,941
<i>Non-current</i>			
Financial assets	8	173,089,819	123,151,391
Total Non-current Assets		173,089,819	123,151,391
Total Assets		179,919,746	124,575,332
Liabilities			
<i>Current</i>			
Trade and other payables	9	478,536	248,730
Current tax liabilities	7	3,109,995	-
Total Current Liabilities		3,588,531	248,730
<i>Non-current</i>			
Deferred tax liabilities	10	17,070,686	1,791,903
Total Non-current Liabilities		17,070,686	1,791,903
Total Liabilities		20,659,217	2,040,633
Net Assets		159,260,529	122,534,699
Equity			
Issued capital	11	117,420,629	121,028,889
Reserves	12	59,379,229	16,844,339
Accumulated losses		(17,539,329)	(15,338,529)
Total Equity		159,260,529	122,534,699

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements

ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Issued Capital \$	Asset Revaluation Reserve \$	Capital Profits Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2013		122,266,291	16,009,013	(3,328,698)	(12,087,310)	122,859,296
Loss for the year		-	-	-	(676,309)	(676,309)
<i>Other comprehensive income</i>						
Net change in fair value of investments, net of tax		-	4,164,024	-	-	4,164,024
Total comprehensive income for the year		-	4,164,024	-	(676,309)	3,487,715
Transfer to Capital Profits Reserve of cumulative realised gain on disposal of investments, net of tax		-	(8,213,189)	8,213,189	-	-
Shares issued	11	647,680	-	-	-	647,680
Shares buyback	11	(1,878,021)	-	-	-	(1,878,021)
Issue and buyback costs (net of tax)	11	(7,061)	-	-	-	(7,061)
Dividends paid	14	-	-	-	(2,574,910)	(2,574,910)
Balance at 30 June 2014		121,028,889	11,959,848	4,884,491	(15,338,529)	122,534,699
Balance at 1 July 2014		121,028,889	11,959,848	4,884,491	(15,338,529)	122,534,699
Profit for the year		-	-	-	306,379	306,379
<i>Other comprehensive income</i>						
Net change in fair value of investments, net of tax		-	42,534,890	-	-	42,534,890
Total comprehensive income for the year		-	42,534,890	-	306,379	42,841,269
Transfer to Capital Profits Reserve of cumulative realised gain on disposal of investments, net of tax		-	(15,696,890)	15,696,890	-	-
Shares issued	11	610,160	-	-	-	610,160
Shares buyback	11	(4,207,211)	-	-	-	(4,207,211)
Issue and buyback costs (net of tax)	11	(11,209)	-	-	-	(11,209)
Dividends paid	14	-	-	-	(2,507,179)	(2,507,179)
Balance at 30 June 2015		117,420,629	38,797,848	20,581,381	(17,539,329)	159,260,529

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Payments to suppliers		(2,239,309)	(2,151,958)
Interest received		31,317	53,939
Other income received		1,497	166,446
Net tax received		133,745	129,801
Net cash flows (used in) operating activities	15(b)	(2,072,750)	(1,801,772)
Cash flows from investing activities			
Payments for purchase of investments		(47,952,393)	(28,497,835)
Proceeds from sale of investments		55,912,491	34,214,168
Net cash flows provided investing activities		7,960,098	5,716,333
Cash flows from financing activities			
Payment for share buybacks	11	(4,207,211)	(1,812,256)
Payments of issue and buyback costs	11	(16,013)	(9,920)
Dividends paid	14	(1,897,019)	(1,927,229)
Net cash flows (used in) financing activities		(6,120,243)	(3,749,405)
Net (decrease)/increase in cash and cash equivalents		(232,895)	165,156
Effects of exchange rate changes on cash and cash equivalents		74,479	106,758
Cash and cash equivalents at beginning of the year		1,339,974	1,068,060
Cash and cash equivalents at end of the year	15(a)	1,181,558	1,339,974

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

The financial report covers Asian Masters Fund Limited (**the Company**) as an individual entity. Asian Masters Fund Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange (**ASX**).

The financial report has been approved for issue in accordance with a resolution of the directors on 21 August 2015.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

1. Summary of Significant Accounting Policies

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. For the purposes of preparing the financial statements, the Company is a for-profit entity.

The comparative period of this report is from 1 July 2013 to 30 June 2014.

Application of new and revised Accounting Standards

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (**AASB**) that are mandatorily effective for an accounting period that begins on or after 1 July 2014, and therefore relevant for the current year end.

- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financials Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 2014-1 'Amendments to Australian Accounting Standards' (Part A: Annual Improvements 2012 – 2012 and 2011 – 2013 Cycles)
- Interpretation 21 'Levies'
- AASB 1031 'Materiality', AASB 2013-9 'Amendments to Australian Accounting Standards' – Conceptual Framework, Materiality and Financial Instruments' (Part B: Materiality), AASB 2014-1 'Amendments to Australian Accounting Standards' (Part C: Materiality)

The adoption of the above standards had no material impact on the financial statements.

ASIAN MASTERS FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. Summary of Significant Accounting Policies (cont.)

Application of new and revised Accounting Standards (cont.)

Standards and Interpretations in issue but not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below. The potential impact of the new or revised Standards and Interpretations has not yet been determined but is not expected to be material.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	30 June 2019
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale of Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016
AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	1 July 2015	30 June 2016
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017

ASIAN MASTERS FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. Summary of Significant Accounting Policies (cont.)

New Accounting Standards and Interpretations (cont.)

(a) Income Tax

The income tax benefit (expense) for the year comprises current income tax income (expense) and deferred tax income (expense).

Current income tax benefit (expense) charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantively enacted, as at the end of the reporting period. Current tax assets (liabilities) are therefore measured at the amounts expected to be recovered from (paid to) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax (expense) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off of current tax assets and liabilities exists and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. Summary of Significant Accounting Policies (cont.)

(b) Financial Instruments

Financial Instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by market place convention.

The Company has early adopted AASB 9 'Financial Instruments', which was issued on 7 December 2009. AASB 9 includes requirements for the classification and measurement of financial assets. The revised standard was adopted from that date. The Company has not early adopted subsequent amendments to AASB 9 issued in 2010 and 2013.

(i) Financial assets

Initial recognition and measurement

When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

The Company determines the classification of its financial assets at initial recognition.

Subsequent measurement

The Company has irrevocably elected to present subsequent changes in fair value of equity instruments in other comprehensive income through the asset revaluation reserve, after deducting a provision for the potential deferred capital gains tax liability as these investments are long term holdings of equity instruments.

Gains and losses on all other financial assets at fair value are recognised in profit or loss.

(ii) De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

When an investment is disposed, the cumulative gain or loss, net of tax thereon, is transferred from the asset revaluation reserve to the capital profits reserve.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as derivative and non-derivative instruments, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

Subsequent Measurement

Non-derivative instruments are subsequently measured at amortised cost using the effective interest rate method.

ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. Summary of Significant Accounting Policies (cont.)

(iv) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined based on the bid price for all quoted investments in an active market.

Fair value is determined as the redemption value for investments. When the redemption price is not available, alternative techniques are applied to determine the fair value of these investments, including recent arm's length transactions, reference to similar instruments and option pricing models.

(c) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of the entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined, being year end date.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in profit or loss.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(e) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income is recognised in profit or loss using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. Summary of Significant Accounting Policies (cont.)

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

In most cases, the Company qualifies for Reduced Input Tax Credits (RITCs) at a rate of 75%; hence listing fees, registry fees and other expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office.

The net amount of GST recoverable from the Australian Taxation Office is included in Other Receivables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(g) Other Receivables

Other receivables are recorded at amounts due less any allowance for impairment.

(h) Trade and Other Payables

Trade payables and other payables are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. The balance is unsecured and is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(i) Provisions

Provisions are recognised where the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(j) Earnings Per Share

Basic earnings per share is determined by dividing the profit/(loss) after income tax excluding any cost of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year. Diluted earnings per share is the same because there are no dilutive potential ordinary shares.

ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. Summary of Significant Accounting Policies (cont.)

(k) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Company.

(m) Key Estimates and Judgements

Fair value of investments

Fair value of investments in equity instruments are determined based on year end published redemption prices of the investments on the basis that the prices reflect the fair value at which the investments could be sold at balance date.

ASIAN MASTERS FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

2. Revenue

	2015	2014
	\$	\$
Operating activities		
Dividend revenue	1,909,419	476,193
Interest revenue	24,481	39,666
Other income	50,822	25,180
Total revenue	1,984,722	541,039
Dividend revenue from:		
Investment funds	1,909,419	476,193
Total dividend revenue	1,909,419	476,193
Interest revenue from:		
Cash at bank	24,481	39,666
Total interest revenue	24,481	39,666

3. Auditor's remuneration

Audit and review of the financial statements	38,000	39,870
Tax advisory services performed by related company of the auditor	-	1,566
	38,000	41,436

The auditor of the Company is Deloitte Touche Tohmatsu.

ASIAN MASTERS FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

4. Income Tax Benefit

	2015	2014
	\$	\$
(a) The components of tax (expense) / benefit comprise:		
Deferred tax (expense)/benefit	(164,343)	300,837
	(164,343)	300,837
(b) Prima facie tax (expense)/benefit on gain/loss from ordinary activities before income tax at 30% (2014: 30%)	(141,217)	293,144
Add/(less) tax effect of:		
(Over) / under statement of deferred tax asset	(3,589)	7,693
Foreign tax credits	(19,537)	-
	(164,343)	300,837
(c) Income tax recognised in other comprehensive income		
Deferred tax		
Fair value movement of equity investments	(18,229,238)	(1,784,581)
	(18,229,238)	(1,784,581)

ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

5. Cash and Cash Equivalents

	2015	2014
	\$	\$
Current		
Cash at bank	1,181,558	1,339,974
	1,181,558	1,339,974

The effective interest rate on short term bank deposits was 2.16% (2014: 2.09%).

6. Other Receivables

Current		
Deposits paid	560	560
GST refundable	41,869	31,342
Interest receivable	1,281	8,117
Unsettled trades	1,946,283	-
Other receivables	1,044,519	9,373
	3,034,512	49,392

7. Current Tax Liabilities

Current		
Current tax liabilities	(3,109,995)	-
	(3,109,995)	-

ASIAN MASTERS FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

8. Financial Assets

	2015	2014
	\$	\$
Non-current		
Equity Investments - at fair value		
Arisaig Asia Consumer Fund	24,928,704	19,348,356
APS China A-Share Fund	16,256,053	9,161,888
CK Absolute Return Fund	16,101,002	10,928,103
Aberdeen Asian Opportunities Fund	15,031,838	14,230,961
JPMorgan Taiwan Fund	14,013,870	10,970,137
Steadview Capital Fund	13,536,503	7,930,829
NCC China A-Share Offshore Feeder Fund	11,862,179	-
Cephei QFII China Absolute Return Offshore Feeder Fund	11,593,093	-
Macquarie Asia New Stars No.1 Fund	11,333,751	-
Prusik Asia Fund	10,382,041	13,915,621
Asian Opportunities Absolute Return Fund	10,219,005	-
Prusik Asia Smaller Companies Fund	9,149,139	12,838,946
JPMorgan China Pioneer A-Share Fund	6,258,216	19,326,143
Aberdeen India Opportunities Fund	2,424,425	-
JPMorgan Korea Fund	-	4,500,407
	173,089,819	123,151,391
Investments at fair value		
Reconciliation		
Carrying amount at the beginning of the year	123,151,391	122,085,926
Additions - cost	46,599,420	56,646,259
Revaluation to fair value	60,764,128	5,948,605
Disposals	(57,425,120)	(61,529,399)
	173,089,819	123,151,391

Financial assets comprise equity investments in the ordinary issued capital of various unlisted funds.

There are no fixed returns or fixed maturity dates attached to these investments.

ASIAN MASTERS FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

8. Financial Assets (cont.)

2015

Investments disposed of during the year

	Fair value at disposal dates	Realised gain on disposals transferred to Capital Profits Reserve
	\$	\$
Equity investments	57,425,120	15,696,890

9. Trade and Other Payables

	2015	2014
	\$	\$
Current		
Other payables	(478,536)	(182,785)
Unsettled buybacks	-	(65,945)
	(478,536)	(248,730)

Trade payables above are unsecured, non-interest bearing and payable on 30 day terms.

10. Deferred Tax Liabilities

Non-current

Deferred tax (liabilities)/assets comprises:

Unrealised fair value adjustments	(17,098,853)	(5,935,755)
Unrealised foreign currency gain	(67,592)	(45,248)
Provisions	7,350	7,140
Transaction costs on equity issue and buybacks	88,792	222,521
Capital losses	-	1,351,212
Revenue losses	-	2,610,661
Interest receivable	(384)	(2,434)
	(17,070,687)	(1,791,903)
Movements:		
Balance at 1 July	(1,791,903)	(311,186)
Charged to the profit and loss	(164,343)	300,837
Charged to equity	(15,114,441)	(1,781,554)
	(17,070,687)	(1,791,903)

ASIAN MASTERS FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

11. Issued Capital

	2015	2014
	\$	\$
124,329,276 fully paid ordinary shares (2014: 127,545,154)	117,420,629	121,028,889
	117,420,629	121,028,889

(a) Issued shares

Balance at beginning of the year	121,028,889	122,266,291
337,377 fully paid ordinary shares of \$0.95 (i)	-	320,508
344,392 fully paid ordinary shares of \$0.95 (ii)	-	327,172
318,704 fully paid ordinary shares of \$0.97 (iii)	309,143	-
259,497 fully paid ordinary shares of \$1.16 (iv)	301,017	-
Share buybacks	(4,207,211)	(1,878,021)
Issue and buyback costs	(16,013)	(10,089)
Tax effect on the above	4,804	3,028
Balance at end of the year	117,420,629	121,028,889

		No.	No.
(b) Movement in ordinary shares			
Date	Details		
1 July	Opening balance	127,545,154	128,697,458
2 December 2013	Ordinary shares issue (i)	-	337,377
25 March 2014	Ordinary shares issue (ii)	-	344,392
2 October 2014	Ordinary shares issue (iii)	318,704	-
24 March 2015	Ordinary shares issue (iv)	259,497	-
30 June 2015	Ordinary share buybacks	(3,794,079)	(1,834,073)
30 June	Closing balance	124,329,276	127,545,154

(i) In respect of the dividend paid on 2 December 2013, 337,377 ordinary shares were issued at \$0.95 per share.

(ii) In respect of the dividend paid on 25 March 2014, 344,392 ordinary shares were issued at \$0.95 per share.

(iii) In respect of the dividend paid on 2 October 2014, 318,704 ordinary shares were issued at \$0.97 per share.

(iv) In respect of the dividend paid on 24 March 2015, 259,497 ordinary shares were issued at \$1.16 per share.

ASIAN MASTERS FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

11. Issued Capital (cont.)

Holders of ordinary shares participate in dividends and the proceeds on a winding up of the Company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have par value.

Capital Management

The Company's objective in managing capital is to continue to provide shareholders with dividends and capital appreciation over the longer term.

The Company's capital may fluctuate with prevailing market movements and it may undertake a buyback of its shares.

The Company's capital consists of shareholders' equity plus financial liabilities. The movement in equity is shown in the Statement of Changes in Equity. At 30 June 2015, financial liabilities were \$478,536 (2014: \$248,730). There are no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

During FY15, the Company raised \$610,160 through the dividend reinvestment plan in October 2014 and March 2015.

During the financial year, the Company announced two buyback programs on 6 August 2014 and 16 October 2014. The buybacks were undertaken as an active capital management tool to provide liquidity to existing shareholders should they seek to exit their investment at, or near, net tangible asset value. During FY15, 3,794,079 shares worth \$4,207,211 were purchased by the Company from shareholders as part of the buyback programs announced on 6 August 2014 and 16 October 2014. The Company remains committed to active capital management to provide liquidity for investors as well as enhancing shareholder returns.

ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

12. Reserves

Nature and Purpose of Reserves

Asset Revaluation Reserve

Increments and decrements on the revaluation of long term investments after provision for deferred tax are recorded in this reserve. When an investment has been sold or de-recognised, realised gains or losses (after tax) are transferred from the asset revaluation reserve to the capital profits reserve.

Capital Profits Reserve

The capital profits reserve records realised gains and losses (after tax) from sale of investments which are transferred from Asset Revaluation Reserve.

	2015	2014
	\$	\$
Asset revaluation reserve		
Balance at the beginning of the year	11,959,848	16,009,013
Gain on investment revaluations	60,764,128	5,948,605
Tax on the above	(18,229,238)	(1,784,581)
Transfer to capital profits reserve	(22,424,128)	(11,733,127)
Tax on the above	6,727,238	3,519,938
Balance at the end of the year	38,797,848	11,959,848
Capital Profits Reserve		
Balance at the beginning of the year	4,884,491	(3,328,698)
Transfers from asset revaluation reserve, net of tax	15,696,890	8,213,189
Balance at the end of the year	20,581,381	4,884,491

ASIAN MASTERS FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

13. Earnings per Share

(a) Calculated earnings per share

	2015	2014
	Cents	Cents
Basic earnings per share	0.24	(0.53)
Diluted earnings per share	0.24	(0.53)

(b) Earnings used in calculating earnings per share

	\$	\$
Gain/(loss) from continuing operations used to calculate basic and diluted earnings per share	306,379	(676,309)

(c) Weighted average number of ordinary shares

	No.	No.
Weighted average number of ordinary shares outstanding during the year used to calculate basic earnings per share	125,202,966	128,718,108
Weighted average number of ordinary shares adjusted for the effect of dilution	125,202,966	128,718,108

There are no instruments that could potentially dilute basic earnings per share in the future.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

14. Dividends Paid

	2015	2014
	\$	\$
Unfranked dividend of 1.0 cent per share paid on 2 December 2013	-	1,285,768
Unfranked dividend of 1.0 cent per share paid on 25 March 2014	-	1,289,142
Unfranked dividend of 1.0 cent per share paid on 2 October 2014	1,263,806	-
Unfranked dividend of 1.0 cent per share paid on 24 March 2015	1,243,373	-
	2,507,179	2,574,910
Total dividends per share for the year	0.02	0.02

Franking credit balance

The amount of franking credits available for the subsequent financial year are:

Franking account balance as at the end of the financial year at 30% (2014: 30%)	134,345	134,345
Franking credit that will arise from payment of income tax as at the end of the financial year	(2,595,043)	-
	(2,460,698)	134,345

ASIAN MASTERS FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

15. Cash Flow Information

(a) Reconciliation of Cash

For the purpose of the statement of cash flows, cash includes:

- (i) cash on hand and at bank, cash on deposit, and
- (ii) investments in money market instruments with 30 days or less maturity.

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2015	2014
	\$	\$
Cash at bank	1,181,558	1,339,974
	1,181,558	1,339,974

(b) Reconciliation Statement

Profit/(loss) after tax	306,379	(676,309)
Add/(less):		
Distribution income reinvested	(914,225)	(468,071)
(Gain) on foreign currency	(835,798)	(471,879)
Changes in assets and liabilities:		
(Decrease)/Increase in receivables	(1,038,837)	135,533
Increase/(Decrease) in prepayments	15,761	(2,914)
Increase in income tax payable	3,109,995	-
Decrease/(Increase) in trade payables and accruals	229,806	(17,295)
(Increase) in deferred tax assets	(2,945,651)	(300,837)
Cash flows (used in) operating activities	(2,072,570)	(1,801,772)

The Company does not have any formal loan facilities in place at the date of these financial statements.

16. Segment Reporting

The Company operates in Australia and has one business segment, that being investing in managed funds that have a mandate to invest in Asian financial markets.

ASIAN MASTERS FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

17. Key Management Personnel

Names and positions held by key management personnel in office at any time during the financial year are:

Mr John Holland - Independent Non-Executive Chairman (Appointed Chairman on 25 February 2015)
 Mr Maximilian Walsh - Non-Executive Director
 Mr Alexander MacLachlan - Non-Executive Director
 Mr Stuart Nisbett - Independent Non-Executive Director
 Mr Christopher Lee - Independent Non-Executive Director

Key Management Personnel Remuneration

	2015	
	Salary, fees and Commission \$	Other \$
John Holland	58,476	-
Maximilian Walsh	-	-
Alexander MacLachlan	-	-
Stuart Nisbett	50,000	-
Christopher Lee	50,000	-
	158,476	-

	2014	
	Salary, fees and Commission \$	Other \$
Maximilian Walsh	-	-
Alexander MacLachlan	-	-
John Holland	50,000	-
Stuart Nisbett	50,000	-
Christopher Lee	29,755	-
	129,755	-

Maximilian Walsh and Alexander MacLachlan have agreed not to be paid any remuneration for the services they performed as directors from 1 July 2009.

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

ASIAN MASTERS FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

17. Key Management Personnel (cont.)

Number of shares held by key management personnel

	Balance at 1 July 2014	Received as remuneration	Net change other	Balance at 30 June 2015
Directors	No.	No.	No.	No.
Maximilian Walsh	170,001	-	-	170,001
Alexander MacLachlan	30,308	-	-	30,308
John Holland	-	-	-	-
Stuart Nisbett	-	-	-	-
Christopher Lee	-	-	-	-
Total	200,309	-	-	200,309

18. Related Party Transactions

The names of the persons who were Directors of the Company at any time during the year and to the date of these financial statements are:

- Mr John Holland - Independent Non-Executive Chairman (Appointed as Chairman on 25 February 2015)
- Mr Maximilian Walsh - Non-Executive Director
- Mr Alexander MacLachlan - Non-Executive Director
- Mr Stuart Nisbett - Independent Non-Executive Director
- Mr Christopher Lee - Independent Non-Executive Director

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated and are as follows:

Walsh & Company Asset Management Pty Limited

Mr Maximilian Walsh and Mr Alexander MacLachlan are Directors of the Company and Directors of the Manager.

(a) Management Fee

The Manager is entitled to receive a management fee of 0.08334% of the pre tax value of the Portfolio at the close of the first Business Day of each month (equating to an annualised management fee of 1%).

Management fees paid or payable for the year ended 30 June 2015 were \$1,665,174 (2014: \$1,405,927), inclusive of GST, and the management fee owed by the Company to Walsh & Company Asset Management Pty Limited at 30 June 2015 was \$172,018 (2014: \$112,572), inclusive of GST.

ASIAN MASTERS FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

18. Related Party Transactions (cont.)

(b) Brokerage

Dixon Advisory & Superannuation Services Limited, as broker acting on behalf of the Company, receives brokerage of 0.25% on all transactions undertaken as part of the Company's buy-back program. During the year, total brokerage paid or payable was \$11,570 (2014: \$5,165), inclusive of GST.

(c) Fund Administration Fee

Australian Fund Accounting Services Pty Limited

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of Dixon Advisory Group Limited, the parent of the Manager, provides fund administration services under an agreement with the Manager consistent with the terms of the existing management agreement with the Company. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation. Total fund administration fees paid or payable for the year was \$120,000 (2014: \$120,000), exclusive of GST.

Key Management Personnel Related Entity Transaction

Key management personnel and their related entities hold directly, indirectly or beneficially as at the reporting date the following interests in the Company:

	2015	
	Ordinary shares	
	Direct	Indirect
Maximilian Walsh	1	170,000
Alexander MacLachlan	-	30,308
John Holland	-	-
Stuart Nisbett	-	-
Christopher Lee	-	-

For key management personnel remuneration, refer to note 17.

ASIAN MASTERS FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

19. Financial Risk Management

(a) Financial Risk Management Policies

The Company's financial instruments consist mainly of deposits with banks and unlisted investments. The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk, foreign exchange risk and market price risk.

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets recognised at reporting date whereby a future change in interest rates will affect future cash flows. Any variation in short and long term interest rates, particularly in Australia and Asia, could affect the operating results of the Company.

The Company's exposure to interest rate risk is minimal. At 30 June 2015, approximately 99% of the financial assets are non interest bearing and 1% of the financial assets are at a floating rate.

(ii) Liquidity risk

Liquidity risk arises from the financial liabilities of the Company and the Company's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due.

The Company's exposure to liquidity risk is minimal. However, to the extent that the underlying funds are invested in illiquid securities that may be difficult to sell at short notice or at desired prices, this can result in diminished redemption prices for the Company, or in declining markets, loss of capital through a decline in the value of the investment in the underlying fund.

(iii) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Company does not have any material credit risk exposure to a single receivable or group of debtors under financial instruments entered into by the Company.

There are no amounts of collateral held as security at 30 June 2015.

(iv) Foreign exchange risk

The Company invests internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency.

The Company does not undertake hedging of its foreign currency exchange risk exposure arising from commercial transactions.

If the currency in which the Company's investments are denominated changes in value relative to the Australian dollar, the Australian dollar value of the investment will change. For example, a rise in Australian dollar relative to other currencies may negatively impact investment value or returns. Conversely, a decline in Australian dollar relative to other currencies may positively impact investment value or returns.

ASIAN MASTERS FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

19. Financial Risk Management (cont.)

(a) Financial Risk Management Policies (cont.)

(iv) Foreign exchange risk (cont.)

The Company's exposure to foreign currency exchange risk at reporting date as followings:

Cash

- US Dollar (USD) \$4,010

Investments

- South Korean Won (KRW) ₩13,899,915,703
- British Pound (GBP) £5,092,806
- US Dollar (USD) \$92,669,883

(v) Market price risk

Market price risk is the risk that changes in market prices such as equity prices will affect the Company's income and the value of its holdings of financial instruments.

Inherently, the Company is exposed to market price risk as it invests its capital in securities whose market prices can fluctuate.

Market risk is moderated by ensuring that the Company's investment portfolio is not overexposed to one company or one particular sector. The relative weightings of the individual funds are reviewed by the Investment Committee frequently.

(b) Financial Instruments

(i) Financial instrument composition and maturity analysis

The Company does not hold any fixed period contractual financial instruments at balance date.

Net Fair Values

The net fair values of:

- Term receivables and fixed interest securities are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.
- Unlisted investments have been valued at the redemption price at balance date. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets of the investments.
- Listed securities included in "investments" are readily traded on foreign exchange in a standardised form. The net fair value of listed securities is determined by valuing them at the last bid price as at balance date. The net fair value of investments is set out in note 8.

ASIAN MASTERS FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

19. Financial Risk Management (cont.)

The aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date are disclosed in the statement of financial position and in the notes to the financial statements.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in valuing the measurements:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- (b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- (c) Level 3: inputs for the asset or liabilities that are not based on observable market data (unobservable inputs).

The following table gives information about how the fair values of these financial assets are determined (in particular the valuation techniques and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key input
	30/06/2015	30/06/2014		
Equity investments - unlisted	\$173,089,819	\$123,151,391	Level 2	The valuation of unlisted investments included in level 2 is based on the redemption price at balance date, which generally reflects the underlying net asset value per unit held.

ASIAN MASTERS FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

19. Financial Risk Management (cont.)

(ii) Sensitivity Analysis

Market Price Risk

The Company has performed sensitivity analysis relating to its exposure to its market price risk at balance date. This sensitivity analysis demonstrates the effect on equity which would result from a change in these risks on financial assets.

At 30 June 2015, the effect on equity as a result of changes in the market value of equity investments, with all other variables remaining constant would be as follows:

	2015	2014
	\$	\$
Change in equity (including tax impact)		
- Increase in market price by 5%	6,058,144	4,288,958
- Decrease in market price by 5%	(6,058,144)	(4,329,607)
Change in NTA per share (including tax impact)		
- Increase in market price by 5%	0.05	0.03
- Decrease in market price by 5%	(0.05)	(0.03)

Interest Rate Risk

The Company has performed sensitivity analysis relating to its exposure to its interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks on financial assets that have a variable interest rate.

At 30 June 2015, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2015	2014
	\$	\$
Change in profit before tax		
Increase in interest rate by 1%		
- Cash at bank	11,961	13,519
Decrease in interest rate by 1%		
- Cash at bank	(11,961)	(13,519)
Change in equity		
Increase in interest rate by 1%		
- Cash at bank	11,961	13,519
Decrease in interest rate by 1%		
- Cash at bank	(11,961)	(13,519)

ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

19. Financial Risk Management (cont.)

Foreign Exchange Risk

The Company has performed sensitivity analysis relating to its exposure to its foreign exchange risk at balance date. This sensitivity analysis demonstrates the effect on the current year profit or loss and equity (including tax impact) which would result from a change in these risks on financial assets.

At 30 June 2015, the effect on profit before tax and equity as a result of changes in the foreign exchange risk, with all other variables remaining constant would be as follows, 10% is the level at which the board monitors foreign exchange risk.

	2015	2014
	\$	\$
Change in profit before tax		
- Appreciation of AUD to USD by 10%	(473)	(27,903)
- Decline of AUD to USD by 10%	578	34,103
- Appreciation of AUD to SGD by 10%	-	(133)
- Decline of AUD to SGD by 10%	-	162
- Appreciation of AUD to GBP by 10%	(1)	-
- Decline of AUD to GBP by 10%	1	-
Change in equity (including tax impact)		
- Appreciation of AUD to USD by 10%	(7,651,712)	(5,348,488)
- Decline of AUD to USD by 10%	9,352,092	6,537,041
- Appreciation of AUD to GBP by 10%	(660,675)	(885,540)
- Decline of AUD to GBP by 10%	807,492	1,082,326
- Appreciation of AUD to KRW by 10%	(1,024,609)	(695,425)
- Decline of AUD to KRW by 10%	1,252,300	849,964

20. Contingent Liabilities

The directors are not aware of any potential liabilities or claims against the Company as at the balance date.

21. Capital Commitments

The Company has no capital commitments at balance date.

22. Events After The Reporting Period

Between the end of the financial year and the date of this report, the Company bought back a further 260,204 ordinary shares for a total consideration of \$350,533.16.

On 21 August 2015, the Company announced an unfranked dividend of \$0.011 per share which is anticipated to be paid to shareholders on, or around, 23 September 2015. The record date for determining entitlement to the dividend is 28 August 2015.

**ASIAN MASTERS FUND LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

22. Events After The Reporting Period (cont.)

There has not been any other events of a material and unusual nature likely in the opinion of the Company, to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

23. Company Details

The registered office of the Company is:

Asian Masters Fund Limited
Level 15, 100 Pacific Highway
North Sydney NSW 2060

The principal place of business is:

Asian Masters Fund Limited
Level 15, 100 Pacific Highway
North Sydney NSW 2060

ASIAN MASTERS FUND LIMITED
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DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2015

The Directors of the Company declare that:

1. The financial report as set out in pages 19 to 49 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 14 to 16, are in accordance with the *Corporations Act 2001*, including:
 - a. Giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance, as represented by the results of the operations and the cash flows, for the financial year ended on that date;
 - b. In compliance with International Financial Reporting Standards as stated in note 1 to the financial statements;
 - c. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - d. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001*.
2. The Directors of the Manager have declared that:
 - a. The financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the *Corporations Act 2001*;
 - b. The financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. The financial statements and notes for the financial year give a true and fair view.
3. As at the date of this declaration, in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to Section 295(5) of the *Corporations Act 2001*.

On behalf of the directors



Mr John Holland
Chairman
21 August 2015

Independent Auditor's Report to the members of Asian Masters Fund Limited

Report on the Financial Report

We have audited the accompanying financial report of Asian Masters Fund Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 19 to 50.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Asian Masters Fund Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Asian Masters Fund Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 16 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Asian Masters Fund Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



Michael Kaplan
Partner
Chartered Accountants
Sydney, 21 August 2015

ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584

ADDITIONAL SECURITIES EXCHANGE DISCLOSURES

Statement of quoted securities as at 31 July 2015

- There are 3,225 shareholders holding a total 124,257,845 ordinary fully paid shares
- The 20 largest shareholders between them hold 5.123% of the total shares on issue
- Voting rights are each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands
- The Company has a current on-market buyback program in place.

Distribution of quoted shares as at 31 July 2015

Distribution of Shareholders Category (size of holding)	Number of Shareholders
1-1,000	70
1,001-5,000	85
5,001-10,000	252
10,001-100,000	2,618
100,001- and over	200
Total	3,225
Less than marketable parcel	13

Substantial shareholdings as at 31 July 2015

There are no substantial shareholders pursuant to the provisions of Section 671B of the *Corporations Act 2001*.

Directors' shareholdings

As at 30 June 2015 Directors of the Company held a relevant interest in the following securities on issue by the Company.

Director	Ordinary shares
John Holland	0 ordinary shares
Maximilian Walsh	170,001 ordinary shares
Alexander MacLachlan	30,308 ordinary shares
Stuart Nisbett	0 ordinary shares
Christopher Lee	0 ordinary shares

Restricted Securities

There are no restricted securities on issue by the Company.

ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584

ADDITIONAL SECURITIES EXCHANGE DISCLOSURES

Top 20 holders of ordinary shares at 31 July 2015

Shareholder Name	Number of Shares Held	% of Total
P S COCKS PRACTICE S/F A/C	665,335	0.535
ROSEBANK STAFF S/FUND A/C	564,000	0.454
VONWILLER SUPER FUND A/C	539,657	0.434
DIXON FAMILY SUPER A/C	520,000	0.418
M & R KEATING SUPER FUND A/C	359,676	0.289
ROSENSHUL S/F A/C	341,397	0.275
JOHN G KING S/F A/C	317,890	0.256
KE DOWNES PROVIDENT FUND A/C	266,878	0.215
HELEN & ROGER ALLNUTT SF A/C	261,722	0.211
THE A & RV DUBS S/F A/C	255,487	0.206
DEVABALINI SUPER FUND A/C	239,800	0.193
AM AND YC THOMSON S/F A/C	238,500	0.192
MC WILLIAM SUPER FUND A/C	232,000	0.187
BLIGH FAMILY S/F A/C	231,086	0.186
DOWJEN SUPER FUND A/C	225,000	0.181
HAWES FAMILY SUPER FUND A/C	225,000	0.181
JM & JE MC KENNA S/F ACCOUNT	225,000	0.181
J & J KRUGER SUPER FUND A/C	224,562	0.181
WHALAN FAMILY SUPER FUND A/C	222,237	0.179
FUTURESHIFT SUPER FUND A/C	210,018	0.169
Total Held by Top 20 Holders of Ordinary Shares	6,365,245	5.123

ASIAN MASTERS FUND LIMITED
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INVESTMENTS AT MARKET VALUE

AS AT 30 JUNE 2015

Investment	Net Market Value	%
Arisaig Asia Consumer Fund	24,928,704	14.4%
APS China A-Share Fund	16,256,053	9.4%
Prusik Asia Smaller Companies Fund	9,149,139	5.3%
JPMorgan China Pioneer A-Share Fund	6,258,216	3.6%
Prusik Asia Fund	10,382,041	6.0%
Aberdeen Asian Opportunities Fund	15,031,838	8.7%
CK Absolute Return Fund	16,101,002	9.3%
Steadview Capital Fund	13,536,503	7.8%
JPMorgan Taiwan Fund	14,013,870	8.1%
Macquarie Asia New Stars No.1 Fund	11,333,751	6.55%
Asian Opportunities Absolute Return Fund	10,219,005	5.90%
Aberdeen India Opportunities Fund	2,424,425	1.40%
NCC China A-Share Offshore Feeder Fund	11,862,179	6.85%
Cephei QFII China Absolute Return Fund	11,593,093	6.70%
Total Portfolio Value	173,089,819	100.0%

Transactions

The total number of transactions in securities during the reporting period was 31.

ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584

ADDITIONAL DISCLOSURES

Management Agreement

The Company's investment activities are managed on an exclusive basis by the Manager. The management agreement is dated 8 December 2014 (**Management Agreement**).

Subject to any applicable regulations, the Company's investment policies and any written guidelines issued by the Company from time to time, the Manager will manage the portfolio and has discretion to acquire, hold and dispose of investments on behalf of the Company.

The term of the Management Agreement is five years expiring on 8 December 2019 (**Initial Term**) with a further term of five years if approved by the board of the Company.

The Manager is entitled to receive an annualised management fee of 1% (plus GST) of the value of the portfolio, payable monthly, calculated on the first business date of each month. The Manager is not entitled to a performance fee.

The Manager is also entitled to be reimbursed by the Company for fees, costs and expenses when properly incurred in connection with the investment and management of the portfolio, the acquisition, disposal or maintenance of any investment or performance of the Manager's obligations under the Management Agreement, including costs of convening and holding a general meeting of the Company, any reasonable travelling costs and expenses incurred by the representatives of the Manager and software licensing or software subscription fees in connection with monitoring and investment research specifically in relation to the portfolio.

The Manager may terminate the Management Agreement at any time by giving to the Company at least six months' written notice.

The Management Agreement gives the Company certain termination rights including the right to immediately terminate the Management Agreement if the Manager:

- a) becomes insolvent; or
- b) materially breaches its obligations and such breach cannot be rectified; or
- c) breaches its obligations and does not remedy that breach within 30 days after the Company has notified the Manager in writing to remedy the breach; or
- d) persistently fails to ensure that investments made on behalf of the Company are consistent with the Company's investment strategy.

The Company may also terminate the Management Agreement if the licence under which the Manager performs its obligations is suspended for a period of one month or more or is cancelled at any time and the Manager fails to maintain an authorisation enabling it to perform its obligations under the Agreement from a third party holder of a licence.

The Company may also terminate the Management Agreement after the expiration of the Initial Term on delivery of three months' prior written notice after an ordinary resolution of members of the Company is passed to terminate the Management Agreement.

A copy of the Management Agreement can be obtained from the Company's website (www.asianmastersfund.com.au)

ASIAN MASTERS FUND LIMITED
ABN 90 127 927 584

CORPORATE DIRECTORY

The Company's shares are quoted on the official list of the Australian Securities Exchange Limited (**ASX**).

ASX Code is AUF.

Directors

Mr John Holland
(Non-Executive Chairman)

Maximilian Walsh
(Non-Executive Director)

Mr Alexander MacLachlan
(Non-Executive Director)

Mr Stuart Nisbett
(Non-Executive Director)

Mr Christopher Lee
(Non-Executive Director)

Company Secretary

Ms Hannah Chan

Registered Office

Level 15
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Telephone Facsimile
1300 454 801 1300 457 349

Principal Office

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Telephone Facsimile
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Website: www.asianmastersfund.com.au

Share Register managed by

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Bankers

Macquarie Bank
ANZ Bank
UBS