

ASIAN MASTERS FUND LIMITED

ABN 90 127 927 584

APPENDIX 4D – HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

(The previous corresponding period is the half-year ended 31 December 2015)

Results for announcement to the market

| | Half-year to 31 December 2016 (\$) | Half-year to 31 December 2015 (\$) | Change from previous period (\$) | Change from previous period (%) |
|---|---|---|---|--|
| Revenue from ordinary activities | 508,999 | 457,087 | Up 51,912 | Up 11% |
| Loss from ordinary activities before tax attributable to shareholders | (801,210) | (462,153) | Down 339,057 | Down 73% |
| Loss from ordinary activities after tax attributable to shareholders | (560,963) | (355,731) | Down 205,232 | Down 58% |
| Net loss for the period attributable to shareholders | (560,963) | (355,731) | Down 205,232 | Down 58% |
| Basic loss per share | (0.43 cents) | (0.29 cents) | Down 0.14 cents | Down 48% |
| Diluted loss per share | (0.43 cents) | (0.29 cents) | Down 0.14 cents | Down 48% |

Significant features of operating performance

After taking into account the net unrealised fair value movements of the investment portfolio, the total comprehensive profit after tax is \$64,622 (31 December 2015: loss of \$4,902,315). Operations over the half-year resulted in an operating loss after tax of \$560,963 (31 December 2015: loss of \$355,731).

During the half-year ended 31 December 2016, 256,874 shares were issued as part of the Company's Dividend Reinvestment Plan.

As part of the Company's buyback program, a total of 872,396 ordinary shares were bought back during the half-year period ending 31 December 2016. The buyback program will continue until close of trade on 22 November 2017.

As at 31 December 2016, the Company has investments in 13 funds.

Dividends

During the half-year ended 31 December 2016, the Company paid a fully franked dividend of 1.1 cent per share on 22 September 2016. This amounted to \$1,443,171 of which \$328,798 was reinvested as part of the Company's Dividend Reinvestment Plan.

On the date of this report, the Company announced a fully franked dividend payment of 1.1 cents per share which is expected to be paid to shareholders on or around 31 March 2017. The record date for determining entitlements to the dividend is 28 February 2017. The Company operates a Dividend Reinvestment Plan (**DRP**). To participate in the DRP, shareholders must elect to participate before the close of business on the following business day after record date.

Results for announcement to the market**(continued)****Net tangible assets**

As at 31 December 2016, the Company had net assets of \$151,339,597 (30 June 2016: \$141,042,477).

| | 31 December 2016 \$/share | 30 June 2016 \$/share |
|--|-------------------------------------|---------------------------------|
| Net Tangible Assets per share <i>(After unrealised fair value movements and adjustments for tax)</i> | 1.16 | 1.16 |

Explanation of operating activities

Revenue from ordinary activities of the Company for the half-year consists entirely of the Company's investment activities and is made up as follows:

| | 31 December 2016 (\$) | 31 December 2015 (\$) |
|-----------------|---------------------------------|---------------------------------|
| Dividend income | 480,798 | 435,960 |
| Interest income | 28,201 | 21,127 |
| Total | 508,999 | 457,087 |


Other information

This report is based on the Half-Year Financial Report which has been subject to review by an independent auditor. The independent auditor's review report forms part of the Half-Year Financial Report.

All documents comprise the information required by Listing Rule 4.2A.3.

Attachments forming part of Appendix 4D

Attachment 1 – Half-Year Financial Report, including Directors' report.



Hannah Chan
Company Secretary
21 February 2017

Asian Masters Fund Limited

ABN 90 127 927 584

Half Year Financial Report - 31 December 2016

Asian Masters Fund Limited

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31 December 2016

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Asian Masters Fund Limited
Directors' report
31 December 2016

The directors present their report together with the condensed financial report of Asian Masters Fund Limited (the **Company**) for the half-year ended 31 December 2016.

Directors

The names of directors who held office during or since the end of the half-year:

Mr John Holland – Independent Non-Executive Chairman
Mr Christopher Lee – Independent Non-Executive Director
Ms June Aitken – Independent Non-Executive Director
Mr Maximilian Walsh – Non-Executive Director
Mr Alexander MacLachlan – Non-Executive Director

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

Results and Review of Operations

The operating loss for the company after providing for income tax amounted to \$560,963 (31 December 2015: \$355,731).

After taking into account the net unrealised fair value movements of the investment portfolio, the total comprehensive income after tax is \$64,622 (31 December 2015: loss of \$4,902,315).

As at 31 December 2016, the Net Asset Value (NAV) of the Company was \$1.16 per ordinary share including unrealised portfolio gains and adjustment for tax. This compares to the NAV per ordinary share including unrealised gains and tax of \$1.16 per ordinary share as at 30 June 2016.

During the half-year ended 31 December 2016, 256,874 shares were issued as part of the Company's Dividend Reinvestment Plan amounting to \$328,798. The Company also bought back 872,396 ordinary shares for a total consideration of \$1,043,546.

During the half-year ended 31 December 2016, the Company paid a fully franked dividend of 1.1 cents per share on 22 September 2016. This amounted to \$1,443,171 of which \$328,798 was reinvested as part of the Company's Dividend Reinvestment Plan.

Events Subsequent to Balance Date

Since 31 December 2016, the Company bought back a further 319,505 fully paid ordinary shares for a total consideration of \$383,406.

On 21 February 2017, the Company announced a fully franked dividend payment of 1.1 cents per share which is expected to be paid to shareholders on or around 31 March 2017. The record date for determining entitlements to the dividend is 28 February 2017.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

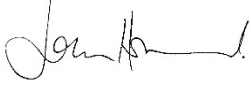
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4 for the half-year ended 31 December 2016.

Asian Masters Fund Limited
Directors' report
31 December 2016

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Mr John Holland
Chairman

21 February 2017

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

21 February 2017

Dear Board Members

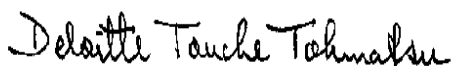
Asian Masters Fund Limited

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 review of the financial statements of Asian Masters Fund Limited for the half-year ended 31 December 2016, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Weng W Ching
Partner
Chartered Accountants

Asian Masters Fund Limited
Condensed statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2016

| | Note | 31 December 2016 \$ | 31 December 2015 \$ |
|---|-------------|------------------------------------|------------------------------------|
| Revenue | 3 | 508,999 | 457,087 |
| Net foreign currency exchange gain | | 29,908 | 290,161 |
| Expenses | | | |
| Auditor's remuneration | | (62,385) | (26,698) |
| Director's fees | | (81,250) | (87,500) |
| Legal and advisory costs | | (68,343) | (3,300) |
| Listing and registry fees | | (81,673) | (75,518) |
| Management and fund administration fees | 10 | (911,944) | (949,724) |
| Due diligence expenses | | (81,472) | (34,380) |
| Other expenses | | (53,050) | (32,281) |
| Loss before income tax benefit | | (801,210) | (462,153) |
| Income tax benefit | 4 | 240,247 | 106,422 |
| Loss after income tax benefit for the half-year attributable to the owners of Asian Masters Fund Limited | | (560,963) | (355,731) |
| Other comprehensive income/(loss) | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Gain/(loss) on revaluation of investments | | 893,694 | (6,495,121) |
| (Expense)/tax benefit on the above | | (268,109) | 1,948,537 |
| Other comprehensive income/(loss) for the half-year, net of tax | | 625,585 | (4,546,584) |
| Total comprehensive income/(loss) for the half-year attributable to the owners of Asian Masters Fund Limited | | <u>64,622</u> | <u>(4,902,315)</u> |
| | | Cents | Cents |
| Basic (loss) per share | | (0.43) | (0.29) |
| Diluted (loss) per share | | (0.43) | (0.29) |

The above condensed statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Asian Masters Fund Limited
Condensed statement of financial position
As at 31 December 2016

| | 31 December | |
|--------------------------------------|--------------------|---------------------|
| | Note | 30 June 2016 |
| | | \$ |
| | | \$ |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | | 2,415,398 |
| Trade and other receivables | | 37,033 |
| Prepayments | | 9,278 |
| Total current assets | | <u>2,461,709</u> |
| Non-current assets | | |
| Financial assets | 6 | 161,069,865 |
| Total non-current assets | | <u>161,069,865</u> |
| Total assets | | <u>163,531,574</u> |
| Liabilities | | |
| Current liabilities | | |
| Income tax | | 4,057,280 |
| Other | | 271,424 |
| Total current liabilities | | <u>4,328,704</u> |
| Non-current liabilities | | |
| Deferred tax | 7 | 7,863,273 |
| Total non-current liabilities | | <u>7,863,273</u> |
| Total liabilities | | <u>12,191,977</u> |
| Net assets | | <u>151,339,597</u> |
| Equity | | |
| Issued capital | 8 | 125,328,257 |
| Reserves | | 49,437,615 |
| Accumulated losses | | (23,426,275) |
| Total equity | | <u>151,339,597</u> |

The above condensed statement of financial position should be read in conjunction with the accompanying notes

Asian Masters Fund Limited
Condensed statement of changes in equity
For the half-year ended 31 December 2016

| | Issued capital \$ | Asset revaluation reserve \$ | Capital profit reserve \$ | Accumulated losses \$ | Total equity \$ |
|---|-------------------------|---------------------------------------|---------------------------------|-----------------------------|--------------------|
| Balance at 1 July 2015 | 117,420,629 | 38,797,848 | 20,581,381 | (17,539,329) | 159,260,529 |
| Loss after income tax benefit for the half-year | - | - | - | (355,731) | (355,731) |
| Other comprehensive (loss) for the half-year, net of tax | - | (4,546,584) | - | - | (4,546,584) |
| Total comprehensive (loss) for the half-year | - | (4,546,584) | - | (355,731) | (4,902,315) |
| Transfer to Capital Profits Reserve of cumulative gain realised gain on disposal of investments, net of tax | - | (3,041,490) | 3,041,490 | - | - |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Shares issued | 321,779 | - | - | - | 321,779 |
| Share buybacks | (3,075,279) | - | - | - | (3,075,279) |
| Issue and buyback costs | (5,426) | - | - | - | (5,426) |
| Dividends paid (note 5) | - | - | - | (1,364,748) | (1,364,748) |
| Balance at 31 December 2015 | <u>114,661,703</u> | <u>31,209,774</u> | <u>23,622,871</u> | <u>(19,259,808)</u> | <u>150,234,540</u> |

| | Issued capital \$ | Asset revaluation reserve \$ | Capital profit reserve \$ | Accumulated losses \$ | Total equity \$ |
|---|-------------------------|---------------------------------------|---------------------------------|-----------------------------|--------------------|
| Balance at 1 July 2016 | 113,652,588 | 22,021,691 | 26,790,339 | (21,422,141) | 141,042,477 |
| Loss after income tax benefit for the half-year | - | - | - | (560,963) | (560,963) |
| Other comprehensive income for the half-year, net of tax | - | 625,585 | - | - | 625,585 |
| Total comprehensive income/(loss) for the half-year | - | 625,585 | - | (560,963) | 64,622 |
| Transfer to Capital Profits Reserve of cumulative gain realised gain on disposal of investments, net of tax | - | (4,177,681) | 4,177,681 | - | - |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Shares issued (note 8) | 13,010,290 | - | - | - | 13,010,290 |
| Share buybacks (note 8) | (1,043,546) | - | - | - | (1,043,546) |
| Issue and buyback costs (net of tax) (note 8) | (291,075) | - | - | - | (291,075) |
| Dividends paid (note 5) | - | - | - | (1,443,171) | (1,443,171) |
| Balance at 31 December 2016 | <u>125,328,257</u> | <u>18,469,595</u> | <u>30,968,020</u> | <u>(23,426,275)</u> | <u>151,339,597</u> |

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes

Asian Masters Fund Limited
Condensed statement of cash flows
For the half-year ended 31 December 2016

| | Note | 31 December 2016 \$ | 31 December 2015 \$ |
|---|-------------|------------------------------------|------------------------------------|
| Cash flows from operating activities | | | |
| Payments to suppliers | | (1,315,071) | (1,261,370) |
| Interest received | | 30,876 | 5,767 |
| Dividends received | | - | 1,042,958 |
| Other income received | | - | 2,100 |
| | | <u>(1,284,195)</u> | <u>(210,545)</u> |
| Realised/unrealised currency gain/(loss) | | (132,274) | - |
| Income taxes refunded | | (7,800) | - |
| | | <u>(1,424,269)</u> | <u>(210,545)</u> |
| Cash flows from investing activities | | | |
| Payments for purchase of investments | | (23,300,799) | (7,377,625) |
| Proceeds from disposal of investments | | 14,010,564 | 12,715,250 |
| | | <u>(9,290,235)</u> | <u>5,337,625</u> |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | 8 | 12,681,492 | - |
| Payments for share buy-backs | | (1,043,546) | (3,053,193) |
| Payment of issue and buyback costs | | (408,864) | (7,690) |
| Dividends paid | | (1,114,371) | (1,042,969) |
| | | <u>10,114,711</u> | <u>(4,103,852)</u> |
| Net cash from/(used in) financing activities | | <u>10,114,711</u> | <u>(4,103,852)</u> |
| Net (decrease)/increase in cash and cash equivalents | | (599,793) | 1,023,228 |
| Cash and cash equivalents at the beginning of the financial half-year | | 2,909,577 | 1,181,558 |
| Effects of exchange rate changes on cash and cash equivalents | | 105,614 | 129,860 |
| | | <u>2,415,398</u> | <u>2,334,646</u> |
| Cash and cash equivalents at the end of the financial half-year | | <u>2,415,398</u> | <u>2,334,646</u> |

The above condensed statement of cash flows should be read in conjunction with the accompanying notes

Asian Masters Fund Limited
Notes to the condensed financial statements
31 December 2016

1. Statement of Significant Accounting

Basis of preparation

These general purpose condensed financial statements for the half-year reporting period ended 31 December 2016 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures that the financial statements and notes also comply with International Financial Reporting Standard IAS 34: Interim Financial Reporting.

This half-year financial report is intended to provide users with an update on the latest annual financial statements of Asian Masters Fund Limited (the Company). It is therefore recommended that this half-year financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2016, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the most recent annual financial statements.

The condensed financial statements have been prepared on an accrual basis and is based on historical costs, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

As at the period end, the Company had total current assets of \$2,461,709 and equity investments of \$161,069,865 against total current liabilities of \$4,328,704. The condensed financial statements have been prepared on a going concern basis as the equity investments can be redeemed on short notice as and when the Company's financial liabilities fall due.

These half-year financial statements were approved by the Board of Directors on 21 February 2017.

New or revised Standards and Interpretations that are first effective in the current reporting period

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

The following new and revised Standards and Interpretations have been adopted in the current period and, where applicable, only affect disclosure and presentation in this financial report.

- AASB 2015-1 'Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'

- AASB 2015-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101'

2. 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. All financial balances shown in the Condensed Statement of Profit or Loss and Other Comprehensive Income and the Condensed Statement of Financial Position relate to this single operating segment.

Asian Masters Fund Limited
Notes to the condensed financial statements
31 December 2016

3. Revenue

| | 31 December 2016 | 31 December 2015 |
|------------------|-----------------------------|-----------------------------|
| | \$ | \$ |
| Dividend revenue | 480,798 | 435,960 |
| Interest revenue | 28,201 | 21,127 |
| Revenue | <u>508,999</u> | <u>457,087</u> |

4. Income tax benefit

| | 31 December 2016 | 31 December 2015 |
|---|-----------------------------|-----------------------------|
| | \$ | \$ |
| The components of tax benefit comprise: | | |
| Deferred tax | <u>240,247</u> | <u>106,422</u> |

5. Equity - dividends

Dividends paid during the financial half-year were as follows:

| | 31 December 2016 | 31 December 2015 |
|---|-----------------------------|-----------------------------|
| | \$ | \$ |
| Unfranked dividend of \$0.011 per share paid on 23 September 2015 | - | 1,364,748 |
| Fully franked dividend of \$0.011 per share paid on 22 September 2016 | 1,443,171 | - |
| | <u>1,443,171</u> | <u>1,364,748</u> |

6. Non-current assets - Financial assets

| | 31 December 2016 | 30 June 2016 |
|---------------------------------|-----------------------------|---------------------|
| | \$ | \$ |
| Equity investment at fair value | <u>161,069,865</u> | <u>150,336,336</u> |

Asian Masters Fund Limited
Notes to the condensed financial statements
31 December 2016

7. Non-current liabilities - deferred tax

| | 31 December | |
|--|--------------------|---------------------|
| | 2016 | 30 June 2016 |
| | \$ | \$ |
| <i>Deferred tax liability comprises temporary differences attributable to:</i> | | |
| Deferred tax liabilities/(assets) comprise: | | |
| Unrealised fair value adjustments | 7,915,542 | 9,437,868 |
| Unrealised foreign currency gains | 69,854 | 38,169 |
| Provisions | (4,932) | (7,560) |
| Transaction costs on equity issue and buybacks | (117,676) | (11,348) |
| Interest receivable | 485 | 1,286 |
| | <u>7,863,273</u> | <u>9,458,415</u> |
| Deferred tax | <u>7,863,273</u> | <u>9,458,415</u> |

8. Equity - issued capital

| | 31 December | | 31 December | |
|------------------------------|--------------------|---------------------|--------------------|---------------------|
| | 2016 | 30 June 2016 | 2016 | 30 June 2016 |
| | Shares | Shares | \$ | \$ |
| Ordinary shares - fully paid | <u>130,581,858</u> | <u>121,442,386</u> | <u>125,328,257</u> | <u>113,652,588</u> |

| Details | Date | Shares | \$ |
|--|-------------------|--------------------|--------------------|
| Balance | 1 July 2016 | 121,442,386 | 113,652,588 |
| (i) 9,754,994 fully paid ordinary shares of \$1.30 | 3 August 2016 | 9,754,994 | 12,681,492 |
| (ii) 256,874 fully paid ordinary shares of \$1.28 | 22 September 2016 | 256,874 | 328,798 |
| Buyback of shares | | (872,396) | (1,043,546) |
| Issue and buyback costs | | - | (291,075) |
| Balance | 31 December 2016 | <u>130,581,858</u> | <u>125,328,257</u> |

| Details | Date | Shares | \$ |
|--|-------------------|--------------------|--------------------|
| Balance | 1 July 2015 | 124,329,276 | 117,420,629 |
| (iii) 251,390 fully paid ordinary shares of \$1.28 | 23 September 2015 | 251,390 | 321,779 |
| (iv) 266,639 fully paid ordinary shares of \$1.17 | 30 March 2016 | 266,639 | 311,968 |
| Share buyback | | (3,404,919) | (4,392,536) |
| Issue and buyback costs | | - | (9,252) |
| Balance | 30 June 2016 | <u>121,442,386</u> | <u>113,652,588</u> |

(i) In respect of the capital raising completed on 3 August 2016, 9,754,994 ordinary shares were issued at \$1.30 per share.

(ii) In respect of the dividend paid on 22 September 2016, 256,874 ordinary shares were issued at \$1.28 per share.

(iii) In respect of the dividend paid on 23 September 2015, 251,390 ordinary shares were issued at \$1.28 per share.

(iv) In respect of the dividend paid on 30 March 2016, 266,639 ordinary shares were issued at \$1.17 per share.

Asian Masters Fund Limited
Notes to the condensed financial statements
31 December 2016

9. Fair value measurement

Fair value hierarchy

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.

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 assets or liabilities, either directly (as price) or indirectly (derived from prices)

(c) Level 3: inputs for the assets 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).

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------|---------|-------------|---------|-------------|
| | \$ | \$ | \$ | \$ |
| 31 December 2016 | | | | |
| <i>Assets</i> | | | | |
| Equity investments - unlisted | - | 161,069,865 | - | 161,069,865 |
| Total assets | - | 161,069,865 | - | 161,069,865 |
| | Level 1 | Level 2 | Level 3 | Total |
| | \$ | \$ | \$ | \$ |
| 30 June 2016 | | | | |
| <i>Assets</i> | | | | |
| Equity investments - unlisted | - | 150,336,336 | - | 150,336,336 |
| Total assets | - | 150,336,336 | - | 150,336,336 |

Valuation techniques and key input for fair value measurements categorised within 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
Notes to the condensed financial statements
31 December 2016

10. Related party transactions

Directors

The names of directors who held office during or since the end of the half-year:

Mr John Holland - Independent Non-Executive Chairman
Mr Christopher Lee - Independent Non-Executive Director
Ms June Aitken - Independent Non-Executive Director
Mr Maximilian Walsh - Non-Executive Director
Mr Alexander MacLachlan - Non-Executive Director

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

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 half-year ended 31 December 2016 were \$825,787 (31 December 2015: \$878,496), exclusive of GST.

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 half-year, total brokerage paid or payable was \$2,609 (31 December 2015: \$7,688), exclusive of GST.

c) Fund Administration Fee

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 half-year was \$60,000 (31 December 2015: \$60,000), exclusive of GST.

11. Contingent liabilities

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

12. Events after the reporting period

Since 31 December 2016, the Company bought back a further [319,505] fully paid ordinary shares for a total consideration of [\$383,406].

On 21 February 2017, the Company announced a fully franked dividend payment of 1.1 cents per share which is expected to be paid to shareholders on or around 31 March 2017. The record date for determining entitlements to the dividend is 28 February 2017.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

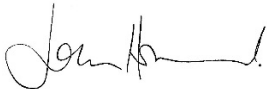
Asian Masters Fund Limited
Directors' declaration
31 December 2016

The directors of the Company declare that:

- in the director's 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; and
- in the director's opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mr John Holland
Chairman

21 February 2017

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

We have reviewed the accompanying half-year financial report of Asian Masters Fund Limited, which comprises the condensed statement of financial position as at 31 December 2016, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-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 5 to 14.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Asian Masters Fund Limited's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Asian Masters Fund Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

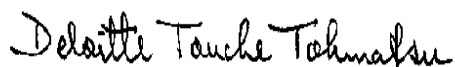
Auditor's Independence Declaration

In conducting our review, 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 review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Asian Masters Fund Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Weng W Ching
Partner
Chartered Accountants
Sydney, 21 February 2017