



**FLAGSHIP**  
INVESTMENTS

**FLAGSHIP INVESTMENTS LIMITED**

ABN 99 080 135 913

INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 December 2023

# Directors' Report

Your Directors submit the Interim Financial Report of Flagship Investments Limited (the "Company") for the half-year ended 31 December 2023.

## DIRECTORS

The following persons were Directors of Flagship Investments Limited since 30 June 2023 and up to the date of this report, unless stated otherwise.

- Mr Dominic M McGann (Chairman)
- Dr Emmanuel C Pohl AM (Managing Director)
- Mrs Angela Obree (Chair of Audit and Risk Committee)

## PRINCIPAL ACTIVITY

The principal activity of the Company is investing in securities listed on the Australian Securities Exchange. There have been no significant changes in the nature of this activity during the period.

## MARKET COMMENT

Over the last twelve months, the investment climate has been marked by significant events and trends shaping investments and the general economic outlook. The ongoing geopolitical tensions, including the escalated conflict between Israel and Hamas have contributed to a climate of political uncertainty. These events have had far-reaching economic impacts, further complicating the investment environment.

Amidst these challenges, we've seen global inflationary pressures prompt aggressive interest rate responses from central banks over the past 24 months. More recently, the rhetoric from central banks has softened, prompting major bank economists in Australia forecasting to see rates reducing by the end of 2024. If interest rates do reduce this will certainly have a positive impact on areas of the economy feeling the impact of cost-of-living pressures.

Over the last 12 months one driver of positive market sentiment has been the widespread adoption of generative artificial intelligence technology. The use cases and future possibilities are certain to transform industries. While at present, some of the applications appear to be superficial, it is expected that over time the hype-cycle will turn into a meaningful industry supporting businesses across the board.

## REVIEW OF OPERATIONS

Investment performance for the six months to December 2023 was positive 16.2%, compared to the ASX All Ordinaries Index increase of 8.0%. The result is an improvement on the prior year six month portfolio performance of positive 8.5% and adds to the 10 year average, currently at positive 12.2%.

Total comprehensive income after the provision of tax increased by \$3,642,518 compared to last year due to the contribution of realised and unrealised gains in the portfolio. Net profit decreased compared to last year by \$546,396. This is due to a reduced level of dividends received (decrease by \$162,868) due to the portfolio mix and reduction in the dividends from companies such as Rio Tinto Ltd and Lovisa Holdings Limited. The provision for performance fee expense has increased year on year by \$453,300 reflecting the performance of the portfolio as described above.

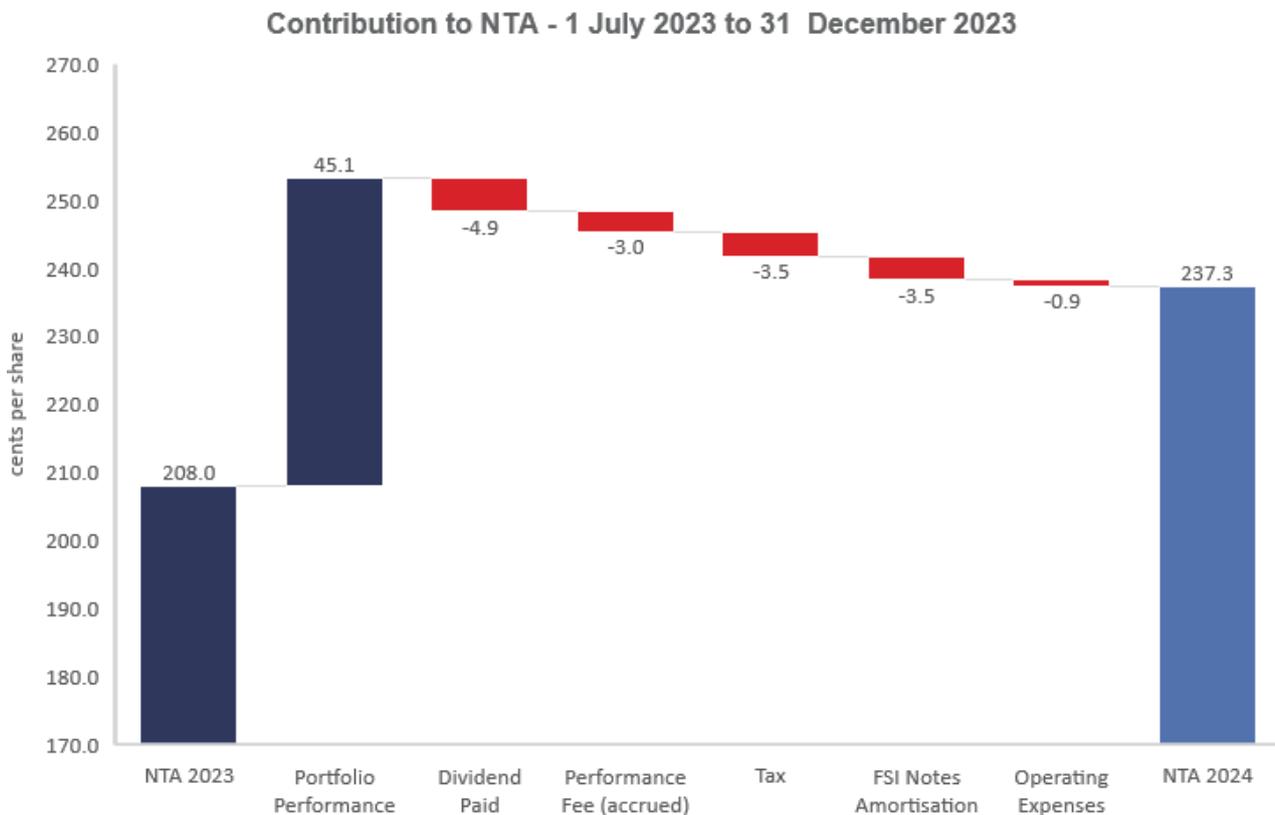
During the six months to December 2023 the company paid the FY2023 Final Dividend of 4.9 cents per share, a 3.16% increase on the prior year. The total dividend paid over the last 12 months was 9.65 cents per share and represents a 5.35% yield on the closing share price on 31 December 2023 of \$1.805.

**Portfolio Performance:**

	6 mths	1 year	5 years	10 years	Since Inception (1 May 1998) p.a.
FSI Portfolio	16.2%	23.6%	15.0%	12.2%	12.3%
ASX All Ordinaries	5.8%	8.4%	6.5%	3.9%	4.1%
ASX Accumulation Index	8.0%	13.0%	10.7%	8.2%	8.4%

**NET TANGIBLE ASSETS**

The NTA per share (before tax on unrealised gains) at 31 December 2023 was 237.3 cents compared with 208.0 cents at 30 June 2023. The chart below depicts the movement in NTA in terms of the contribution of the portfolio performance and outgoings in running the Company.



## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes to the operations of the Company during the last six months.

## DIVIDEND DECLARED

The Board has approved a fully franked interim dividend of 4.9 cents per share in respect to the half-year ended 31 December 2023 to be paid on 22 February 2024. This represents a 3.1% increase on the prior interim dividend paid in February 2023.

In respect to the year ended 30 June 2023, the Board approved a final dividend of 4.9 cents per share, which was paid on 30 August 2023.

## CAPITAL GAINS COMPONENT OF DIVIDEND

The capacity of the Company to continue to facilitate access to the capital gain benefit of the dividend, will depend on the Company's capacity to generate capital profits. The interim dividend will include an LIC capital gain component.

## AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* is set out on page 5 and forms part of the Directors' Report for the half-year ended 31 December 2023.

This report is made in accordance with a resolution of the Directors.



Dr E C Pohl AM  
Managing Director  
BRISBANE  
1 February 2024

**FLAGSHIP INVESTMENTS LIMITED**

**ABN 99 080 135 913**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER  
SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF FLAGSHIP INVESTMENTS LIMITED**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2023, there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

**Augmented Audit Co Pty Ltd**  
Authorised Audit Company No. 541764



**Jessica Johl**  
Director  
1 February 2024

# Condensed Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2023

	Note	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Other Income	2	776	919
Other expenses		<u>(237)</u>	<u>(197)</u>
Profit/(Loss) from operations		539	722
Portfolio Performance Fee Accrued <sup>1</sup>		(774)	(321)
Interest Expense		<u>(900)</u>	<u>(868)</u>
Profit/(Loss) before income tax		(1,135)	(467)
Income tax (expense)/benefit		<u>358</u>	<u>237</u>
<b>Net Profit/(Loss) after income tax for the half year</b>		<u><b>(777)</b></u>	<u><b>(230)</b></u>

## Other Comprehensive Income

Items that will not be reclassified to profit or loss

Changes in fair value of Financial Assets at fair value through Other Comprehensive Income		10,885	4,900
Income tax (expense)/benefit relating to components of Other Comprehensive Income		(3,265)	(1,470)
Other Comprehensive Income/(Loss) for the half-year net of tax		<u>7,620</u>	<u>3,430</u>
<b>Total Comprehensive Income/(Loss) for the half-year<sup>2</sup></b>		<u><b>6,843</b></u>	<u><b>3,200</b></u>

<sup>1</sup> Performance fees are accrued on the portfolio outperformance of the bank bill index.

Portfolio performance includes dividends shown in the Profit or Loss and the realised and unrealised gains or losses in the investment portfolio reported in Other Comprehensive Income.

<sup>2</sup> This is the Company's Net Return for the half-year, which includes the Net Operating Profit plus the net realised and unrealised gains or losses on the Company's investment portfolio.

Earnings per share:	Cents	Cents
Basic earnings per share based on net profit/(loss)	(3.00)	(0.89)
Diluted earnings per share based on net profit/(loss)	(0.05)	(0.89)
Comprehensive earnings/(loss) per share	26.46	12.38

*The above Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Condensed Financial Statements.*

# Condensed Statement of Financial Position

As at 31 December 2023

	Note	31 Dec 2023 \$'000	30 June 2023 \$'000
<b>ASSETS</b>			
Cash and Cash Equivalents		3,497	1,739
Trade Receivables and Other Assets		79	150
Intangible Assets		5	5
Financial Assets at fair value through Other Comprehensive Income	4	78,628	71,770
<b>TOTAL ASSETS</b>		<b>82,209</b>	<b>73,664</b>
<b>LIABILITIES</b>			
Trade and Other Payables		794	1,085
Tax Payable		1,780	879
Deferred Tax Liability		3,244	1,238
Convertible Notes		18,378	18,025
<b>TOTAL LIABILITIES</b>		<b>24,196</b>	<b>21,227</b>
<b>NET ASSETS</b>		<b>58,013</b>	<b>52,437</b>
<b>EQUITY</b>			
Issued Capital	5	36,488	36,488
Other Reserves		19,758	13,405
Option premium on convertible notes		507	507
Retained Earnings		1,260	2,037
<b>TOTAL EQUITY</b>		<b>58,013</b>	<b>52,437</b>

*The above Condensed Statement of Financial Position should be read in conjunction with the Notes to the Condensed Financial Statements.*

# Condensed Statement of Changes in Equity

For the half-year ended 31 December 2023

	Note	Issued Capital	Retained Earnings	Asset Revaluation Reserve	Asset Realisation Reserve	Notes Option Premium	TOTAL
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022		36,488	2,844	554	9,229	507	49,622
<b>Total Comprehensive Income</b>							
Profit/(Loss) for the half-year		-	(230)	-	-	-	(230)
Other Comprehensive Income		-	-	3,430	-	-	3,430
<b>Total Comprehensive Income</b>		-	(230)	3,430	-	-	3,200
<b>Transfer between Reserves</b>							
Transfer to Asset Realisation Reserve		-	-	(1,116)	1,116	-	-
<b>Total Transfer between Reserves</b>		-	-	(1,116)	1,116	-	-
<b>Transactions with Owners in their capacity as owners</b>							
Dividends paid	3	-	-	-	(1,228)	-	(1,228)
<b>Total transactions with Owners</b>		-	-	-	(1,228)	-	(1,228)
<b>Balance at 31 December 2022</b>		<b>36,488</b>	<b>2,614</b>	<b>2,868</b>	<b>9,117</b>	<b>507</b>	<b>51,594</b>

	Note	Issued Capital	Retained Earnings	Asset Revaluation Reserve	Asset Realisation Reserve	Notes Option Premium	TOTAL
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2023		36,488	2,037	3,119	10,286	507	52,437
<b>Total Comprehensive Income</b>							
Profit/(Loss) for the half-year		-	(777)	-	-	-	(777)
Other Comprehensive Income		-	-	7,620	-	-	7,620
<b>Total Comprehensive Income</b>		-	(777)	7,620	-	-	6,843
<b>Transfer between Reserves</b>							
Transfer to Asset Realisation Reserve		-	-	(2,942)	2,942	-	-
<b>Total Transfer between Reserves</b>		-	-	(2,942)	2,942	-	-
<b>Transactions with Owners in their capacity as owners</b>							
Dividends paid	3	-	-	-	(1,267)	-	(1,267)
<b>Total transactions with Owners</b>		-	-	-	(1,267)	-	(1,267)
<b>Balance at 31 December 2023</b>		<b>36,488</b>	<b>1,260</b>	<b>7,797</b>	<b>11,961</b>	<b>507</b>	<b>58,013</b>

The above Condensed Statement of Changes in Equity should be read in conjunction with the Notes to the Condensed Financial Statements.

# Condensed Statement of Cash Flows

For the half-year ended 31 December 2023

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Dividends received	818	1,007
Interest received	54	32
Interest paid on convertible notes	(548)	(551)
Other payments to suppliers and employees	<u>(1,326)</u>	<u>(236)</u>
Net cash provided by/(used in) operating activities	<u>(1,002)</u>	<u>252</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	16,062	8,991
Payment for investments	<u>(12,035)</u>	<u>(9,527)</u>
Net cash provided by/(used in) investing activities	<u>4,027</u>	<u>(536)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	<u>(1,267)</u>	<u>(1,228)</u>
Net cash provided by/(used in) financing activities	<u>(1,267)</u>	<u>(1,228)</u>
Net (decrease)/increase in cash and cash equivalents held	1,758	(1,512)
Cash and cash equivalents at beginning of the financial period	<u>1,739</u>	<u>4,925</u>
Cash and cash equivalents at the end of the financial period	<u><u>3,497</u></u>	<u><u>3,413</u></u>

*The above Condensed Statement of Cash Flows should be read in conjunction with the Notes to the Condensed Financial Statements*

# Notes to the Condensed Financial Statements

For the half-year ended 31 December 2023

## NOTE 1 BASIS OF PREPARATION

These general-purpose Interim Financial Statements for the half-year reporting period ended 31 December 2023 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. Flagship Investments Limited is a for-profit Company for financial reporting purposes under Australian Accounting Standards.

This Interim Financial Report is intended to provide users with an update on the latest Annual Financial Statements of Flagship Investments Limited. As such it does not include all the Notes of the type normally included in an Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

It is recommended that this Interim Financial Report be read in conjunction with the Annual Financial Statements for the year ended 30 June 2023, together with any public announcements made by Flagship Investments Limited during the half-year ended 31 December 2023 in accordance with the continuous disclosure requirements of the ASX listing rules.

The same accounting policies and methods of computation have been followed in this Interim Financial Report as were applied in the most recent Annual Financial Statements.

These Interim Financial Statements were authorised for issue on 1 February 2024.

### Rounding of Amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 (rounding of Financials/Directors' Report). Accordingly, amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars unless otherwise stated.

### Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

### Changes in Accounting Policy

There are no changes in existing accounting policy that apply for the half-year ended 31 December 2023 compared to 30 June 2023.

### New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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.

# Notes to the Condensed Financial Statements

For the half-year ended 31 December 2023

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
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## NOTE 2 OTHER INCOME

Dividends Received	724	887
Interest Received	52	32
Total Other Income	<u>776</u>	<u>919</u>

## NOTE 3 DIVIDENDS

Dividends paid during the half-year		
- final dividend of 4.90 cents per share paid August 2023 – fully franked	1,267	-
- final dividend of 4.75 cents per share paid August 2022 – fully franked	-	1,228
	<u>1,267</u>	<u>1,228</u>

Since the end of the half-year, the Directors have declared an interim dividend of 4.9 cents per share 100% franked which is payable on 22 February 2024.

## NOTE 4 FAIR VALUE MEASUREMENTS

The following assets and liabilities are recognised and measured at fair value on a recurring basis:

- Financial Assets at fair value through Other Comprehensive Income.
- Financial Assets at fair value through Profit or Loss.

AASB13 *fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy, as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 Inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), and

Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets out the Company's assets and liabilities that are measured and recognised at fair value in the financial statements.

Company – at 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	TOTAL \$'000
<b>Assets</b>				
<b>Recurring fair value measurements.</b>				
<i>Financial Assets</i>				
Financial Assets at fair value through Other Comprehensive Income – Listed Equity Securities	71,770	-	-	71,770
<i>Total Financial Assets</i>	<u>71,770</u>	<u>-</u>	<u>-</u>	<u>71,770</u>

## Notes to the Condensed Financial Statements

For the half-year ended 31 December 2023

### NOTE 4 FAIR VALUE MEASUREMENTS *(continued)*

Company – at 31 December 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	TOTAL \$'000
<b>Assets</b>				
<b>Recurring fair value measurements.</b>				
<i>Financial Assets</i>				
Financial Assets at fair value through Other Comprehensive Income – Listed Equity Securities	78,628	-	-	78,628
<i>Total Financial Assets</i>	<b>78,628</b>	-	-	<b>78,628</b>

There were no transfers during the year between the levels in the fair value hierarchy for recurring fair value measurements. The Company's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

Due to their short-term nature, the carrying amount of trade receivables and payables are assumed to approximate their fair values.

The carrying amount of current trade and other payables are assumed to approximate their fair values because the impact of discounting is not significant.

### NOTE 5 MOVEMENTS IN ISSUED CAPITAL

Date	Details	Number of shares	Price \$	\$'000
30 June 2022	Balance	25,857,263		36,488
	Nil Movement*	-	-	-
30 June 2023	Balance	25,857,263		36,488
	Nil Movement*	-	-	-
31 December 2023	Balance	25,857,263		36,488

\* Dividend Reinvestment Plan was satisfied with on-market purchase of shares.

### Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

# Notes to the Condensed Financial Statements

For the half-year ended 31 December 2023

## NOTE 6 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company has no known contingent liabilities or contingent assets.

## NOTE 7 EVENTS OCCURRING AFTER REPORTING DATE

Since the end of the period, the Directors have declared an interim dividend of 4.9 cents per share. The dividend is 100% franked and payable on 22 February 2024.

The Directors are not aware of any other matter or circumstance which has arisen since balance date that has significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

## NOTE 8 OPERATING SEGMENTS

### Segment Information

The Company operates solely in the Investment Industry. Its core business focuses on investing in Australian equities to achieve medium to long-term capital growth and income.

Operating segments have been determined on the basis of the reports reviewed by the Managing Director. The Managing Director is considered to be the chief operating decision maker of the Company. The Managing Director considers the business from both a product and geographic perspective and assesses performance and allocates resources on this basis. The Managing Director considers the business to consist of just one reportable segment.

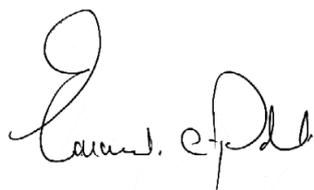
## Directors' Declaration

The Directors declare that the Financial Statements and Notes as set out on pages 6 to 13 are in accordance with the *Corporations Act 2001*, including:

- (a) complying with Accounting Standard AASB134 Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) giving a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the half-year ended on that date.

In the Directors' opinion, there are reasonable grounds to believe that Flagship Investments Limited 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 Directors.



Dr E C Pohl AM  
Managing Director  
BRISBANE  
1 February 2024

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS  
OF FLAGSHIP INVESTMENTS LIMITED**

**Conclusion**

We have reviewed the half-year financial report of Flagship Investments Limited (the company), which comprises the Condensed Statement of Financial Position as at 31 December 2023, the Condensed Statement of Profit or Loss and Other Comprehensive Income, the Condensed Statement of Changes in Equity and the Condensed Statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Flagship Investments Limited does not comply with the Corporations Act 2001, including:

- a) giving a true and fair view of Flagship Investments Limited's financial position as at 31 December 2023 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.

**Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the corporations Act 2001 which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's review report.

**Responsibility of the Directors for the 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. ASRE 2410 requires us to conclude whether 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 the company's financial position as at 31 December 2023 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.

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.

**Augmented Audit Co Pty Ltd**

Authorised Audit Company No. 541764

**Jessica Johl**

Director

1 February 2024



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## SHARE REGISTRY

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