



A.B.N. 99 080 135 913

APPENDIX 4E STATEMENT

Preliminary Final Report

For the year ended 30 June 2016

(Previous corresponding period is year ended 30 June 2015)

CONTENTS

-  **Results for announcement to the market**
-  **Operating and Financial Review**
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RESULTS FOR ANNOUNCEMENT TO THE MARKET

The preliminary results are based on audited financial statements.

The reporting period is the year ended 30 June 2016 with the corresponding period being the year ended 30 June 2015.

The following statutory information is provided:

◆ Investment Portfolio increased by 12.3% compared with the All Ordinaries Index increase of 2.6%		
◆ Revenue from Ordinary Activities (1)	Up 7.8 %	to \$1,583,269
◆ Profit from ordinary activities after Income Tax	Down 28 %	to \$ 740,660
◆ Total Comprehensive Income (after tax) attributable to members	Up 68.8%	to \$3,188,000
◆ Final Dividend per share		3.75 cents

Explanations

1. Other revenue includes dividends and interest.
2. Total Comprehensive Income comprises Profit (after income tax) and realised and unrealised gains/losses (net of income tax) on the investment portfolio.

DIVIDEND

Final Dividend per share

Final Fully Franked Dividend – payable on 16 September 2016: 3.75 cents

Record date to determine entitlements to the final dividend: 31 August 2016

Dividend Reinvestment Plan

The Dividend Reinvestment Plan will apply to the final dividend with the price to be determined, being the 31 August 2016 Net Tangible Asset Value (tax on realised gains only). The last date for the receipt of an election notice for participation in the dividend reinvestment plan will be 1 September 2016. There is no foreign conduit income attributable to the dividend.

Previous corresponding period

Final Fully Franked Dividend – paid on 26 September 2015: 3.75 cents

Capital Gains Components

As previously advised, the capacity of the Company to facilitate access to the capital gain benefit of the dividend will depend on the Company's capacity to generate capital profits. The final dividend will not include any capital gain component.

NET TANGIBLE ASSET BACKING (NTA)

The net tangible asset backing per share (tax on realised gains only) at 30 June 2016 was \$1.817 per share compared with \$1.719 at 30 June 2015.

The net tangible asset backing per share (tax on realised and unrealised gains) at 30 June 2016 was \$1.697 per share compared with \$1.630 at 30 June 2015.

OPERATING AND FINANCIAL REVIEW

Our portfolio outperformed the market, increasing by 12.3% over the twelve months, while the NTA increased by 4.0% after paying a dividend of 7.25 cents per share to Shareholders during the year.

Overall performance of the Australian equity market was driven by a heightened level of uncertainty in the World's major economies and local investors seeking yield. The Australian share market, as represented by the All Ordinaries Index, decreased by 2.6%.

Once again high quality businesses were recognized as such by the market and marked up, while the speculative resource companies remain under pressure.

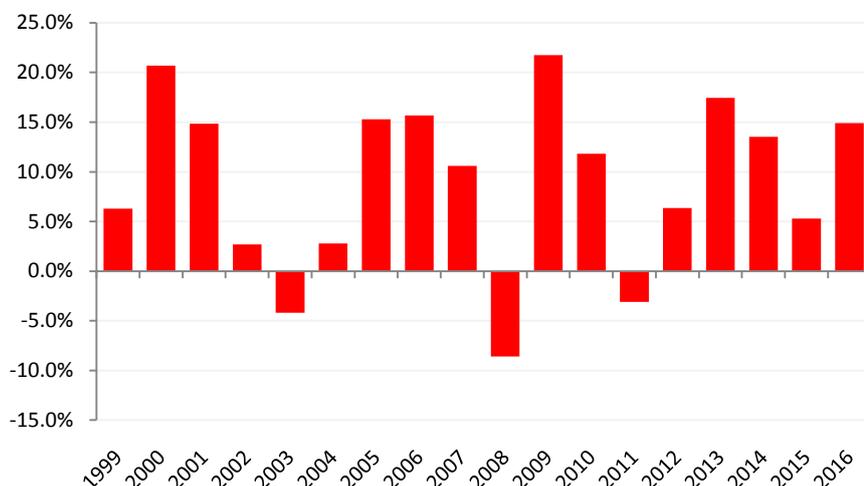
As our investment horizon is three to five years, we believe there is significant capital appreciation potential for the portfolio.

The quarterly updates on the Company's website gives detailed reviews of operations at the end of year quarter.

We believe that in year to come, there is significant potential for capital appreciation for the portfolio.

RELATIVE PERFORMANCE HISTORY

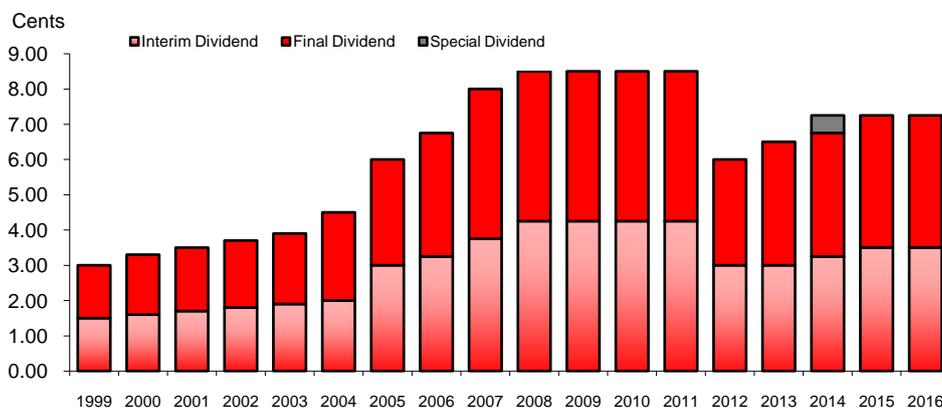
PORTFOLIO PERFORMANCE Vs BENCHMARK



DIVIDENDS PER SHARE – AS DELCARED

COMPOUND ANNUAL GROWTH RATE 5.3% *

* (includes Special Dividend)



OPERATING AND FINANCIAL REVIEW

FLAGSHIP INVESTMENTS PERFORMANCE Vs. THE ALL ORDINARIES INDEX

ANNUAL PERCENTAGE CHANGE				
Year to	Portfolio Return Pre Fees	Portfolio Return After Fees	NTA (on Realised Gains Only)	All Ordinaries Index
June-99	16.4%	14.4%	14.6%	10.1%
June-00	33.6%	30.4%	25.3%	12.9%
June-01	20.0%	15.2%	8.8%	5.1%
June-02	-5.0%	-6.3%	-9.3%	-7.6%
June-03	-9.4%	-10.2%	-14.6%	-5.2%
June-04	20.5%	19.0%	14.4%	17.7%
June-05	35.1%	31.0%	24.1%	19.8%
June 06	34.7%	31.6%	19.8%	19.0%
June-07	35.9%	32.8%	21.6%	25.4%
June-08	-24.1%	-25.8%	-31.3%	-15.5%
June-09	-4.2%	-4.2%	-8.0%	-26.0%
June-10	21.4%	19.6%	6.7%	9.5%
June-11	4.6%	4.6%	-1.7%	7.7%
June-12	-4.9%	-4.9%	-8.2%	-11.3%
June-13	32.9%	29.5%	15.7%	15.5%
June 14	26.2%	23.5%	15.8%	12.7%
June-15	6.6%	6.2%	-1.4%	1.3%
June-16	12.3%	11.0%	5.7%	-2.6%

Note: Fees include Performance Fees.

TOP 10 INVESTMENTS at 30 JUNE 2016

TOP 10 INVESTMENTS		
	June 16	June 15
Macquarie Group	7.3%	9.3%
REA Group	6.6%	4.4%
Commonwealth Bank	5.9%	7.8%
Telstra Corporation	5.6%	9.3%
CSL Limited	5.4%	1.6%
Westpac Banking Corp	4.9%	6.2%
Catapult Group	4.7%	2.8%
IPH Limited	4.5%	2.0%
SEEK	4.5%	4.4%
Carsales.Com Ltd	4.4%	3.9%
TOTAL	53.8%	51.7%

INVESTMENTS

(1) HOLDINGS OF SECURITIES AS AT 30 JUNE 2016

Individual investments at 30 June 2016 are listed below. The list should not, however, be used to evaluate portfolio performance or to determine the net asset backing per share at other dates. Individual holdings in the portfolio may change during the course of the year.

Company		Shares	Market Value \$'000	%
	ORDINARY SHARES			
ACX	Aconex Limited	195,328	1,368.6	2.97
APA	APA Group	185,574	1,714.7	3.72
ARB	ARB Corporation Limited	50,000	837.0	1.82
AUB	AUB Group Limited	74,743	754.9	1.64
BBN	Baby Bunting Group Limited	339,664	815.2	1.77
BGL	BigAir Group Limited	40,987	25.0	0.05
BLA	Blue Sky Alternative Investments Limited	57,859	468.7	1.02
BTT	BT Investment Management Limited	100,000	788.0	1.71
BXB	Brambles Limited	126,524	1,567.6	3.40
CAR	Carsales.Com Limited	165,468	2,038.6	4.42
CAT	Catapult Group International Ltd	709,538	2,185.4	4.74
CBA	Commonwealth Bank of Australia Limited	36,773	2,738.1	5.93
CSL	CSL Limited	22,373	2,509.8	5.45
CVO	Cover-More Group Limited	367,796	445.0	0.97
DMP	Domino's Pizza Enterprises Limited	26,265	1,789.4	3.88
IPH	IPH Limited	324,733	2,084.7	4.52
INV	InvoCare Limited	73,857	970.5	2.11
MAI	Mainstreambpo Limited	850,147	510.1	1.11
MFG	Magellan Financial Group Limited	57,127	1,271.0	2.76
MQG	Macquarie Group Limited	49,159	3,387.0	7.35
PSQ	Pacific Smiles Group Limited	360,632	753.7	1.63
PWH	PWR Holdings Limited	141,801	394.2	0.86
REA	REA Group Ltd	51,055	3,037.2	6.59
RIO	Rio Tinto Limited	24,077	1,095.5	2.38
RWC	Reliance Worldwide Corporation Limited	60,000	185.4	0.40
SEK	SEEK Limited	136,525	2,076.5	4.51
SRX	Sirtex Medical Limited	30,962	791.7	1.72
TLS	Telstra Corporation Limited	462,297	2,570.4	5.58
TME	Trade Me Group Limited	324,710	1,435.2	3.12
WBC	Westpac Banking Corporation Limited	77,683	2,283.9	4.96
WPL	Woodside Petroleum Limited	45,297	1,215.8	2.64
			44,108.8	95.73
	CASH			
	Cash		1,968.6	4.27
	TOTAL		46,077.4	100.0

APPENDIX 4E ACCOUNTS

FINANCIAL REPORT

FLAGSHIP INVESTMENTS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$'000	2015 \$'000
Other Income	5	1,584	1,743
Change in fair value of Financial Assets as at fair value through Profit & Loss	10(b)	-	(275)
Performance Fee	23	(642)	(178)
Other expenses	6	(359)	(445)
Profit before income tax		583	845
Income tax expense	7	(159)	(187)
Profit for the year		742	1,032
Other Comprehensive Income, net of income tax			
Items that will not be reclassified subsequently to profit & loss			
Changes in fair value of Financial Assets at fair value through Other Comprehensive Income		3,308	1,223
Income Tax (Expense)/Benefit relating to components of Other Comprehensive Income		(861)	(367)
Other Comprehensive Income for the year, net of tax		2,447	856
Total Comprehensive Income for the year		3,189	1,888
Earnings per share:			
		Cents	Cents
Basic earnings per share	16	3.0	4.2
Diluted earnings per share	16	3.0	4.2
Comprehensive earnings per share	16	13.0	7.7

The accompanying notes form part of these financial statements.

FLAGSHIP INVESTMENTS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	2016 \$'000	2015 \$'000
ASSETS			
Cash and Cash Equivalents	8	1,969	872
Trade and Other Receivables	9	304	211
Financial Assets at fair value through Other Comprehensive Income	10(a)	44,109	42,208
TOTAL ASSETS		46,382	43,291
LIABILITIES			
Trade and Other Payables	12	711	235
Deferred Tax Liability	11	2,514	1,588
TOTAL LIABILITIES		3,225	1,823
NET ASSETS		43,157	41,468
EQUITY			
Contributed Equity	13	35,518	35,176
Other Reserves	14	7,424	4,977
Retained earnings		215	1,315
TOTAL EQUITY		43,157	41,468

The accompanying notes form part of these financial statements.

FINANCIAL REPORT (continued)

FLAGSHIP INVESTMENTS LIMITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

2015	Note	Ordinary Shares \$'000	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Asset Realisation Reserve \$'000	Total \$'000
Balance at 1 July 2014		33,666	283	5,482	461	39,892
Profit or loss attributable to members		-	1,032	-	-	1,032
Other Comprehensive Income		-	-	856	-	856
Shares issued during the year	13(c)	1,510	-	-	-	1,510
Transfer to Asset revaluation reserve		-	-	(1,678)	1,678	-
Dividends paid or provided for	15	-	-	-	(1,822)	(1,822)
Balance at 30 June 2015		35,176	1,315	4,660	317	41,468

2016	Note	Ordinary Shares \$'000	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Asset Realisation Reserve \$'000	Total \$'000
Balance at 1 July 2015		35,176	1,315	4,660	317	41,468
Profit or loss attributable to members		-	742	-	-	742
Other Comprehensive Income		-	-	2,447	-	2,447
Shares issued during the year	13(c)	342	-	-	-	342
Transfer to Asset revaluation reserve		-	-	(131)	131	-
Dividends paid or provided for	15	-	(1,842)	-	-	(1,842)
Balance at 30 June 2016		35,518	215	6,976	448	43,157

The accompanying notes form part of these financial statements.

FLAGSHIP INVESTMENTS LIMITED
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$'000	2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		1,497	1,634
Interest received		30	50
Payments to suppliers and employees		(565)	(1,744)
Net cash provided by/(used in) operating activities	25	962	(60)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		16,391	9,199
Payments for investments		(14,755)	(8,410)
Net cash provided by/(used in) operating activities		1,636	789
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	15(a)	(1,501)	(1,367)
Share Purchase Plan		-	1,083
Net cash used by financing activities		(1,501)	(284)
Net increase/(decrease) in cash and cash equivalents held		1,097	445
Cash and cash equivalents at the beginning of the year		872	427
Cash and cash equivalents at end of year	8	1,969	872

The accompanying notes form part of these financial statements.

FINANCIAL REPORT (continued)

FLAGSHIP INVESTMENTS LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The functional and presentation currency of Flagship Investments Limited is Australian dollars.

The Company is an entity to which ASIC Corporations Instrument 2016/191 (rounding in Financials / Directors' Report) applies and accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

1. BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

These financial statements and associated notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Balance Sheet Format

The Statement of Financial Position is in a liquidity format. The adoption of a liquidity format results in the removal of the terms "current asset" and "non-current asset" from the Statement of Financial Position, in favour of the general term "assets".

(b) Revenue and Other Income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Interest Revenue

Interest is recognised using the effective interest method

Dividend Revenue

Dividends are recognised when the entity's right to receive payment is established.

(c) Income Tax

The income tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities are measured 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 (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(d) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) Financial Instruments

Financial Assets At Fair Value Through Profit Or Loss

Financial assets at fair value through Profit or Loss are Financial Instruments convertible in to Equity Instruments. A financial asset is classified in this category if it is so designated by management and within the requirement of AASB 9 Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the profit or loss in the period in which they arise.

FLAGSHIP INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(f) Financial Instruments *(continued)*

Financial Assets At Fair Value Through Other Comprehensive Income

The Company is a long-term investor in equity instruments. Under AASB 9, these investments are classified as fair value through Other Comprehensive Income. After initial recognition at fair value (being cost), the Company has elected to present in Other Comprehensive Income changes in fair value of equity instruments investments.

Unrealised gains and losses on investments are recognised in the Asset Revaluation Reserve until the investment is sold or otherwise disposed of, at which time the cumulative gain or loss is transferred to the Asset Realisation Reserve.

The Company derecognises an investment when it is sold or it transfers the investment and the transfer qualifies for derecognition in accordance with AASB 9. Upon derecognition, unrealised gains/losses net of tax relating to the investment are transferred from the revaluation reserve to the realisation reserve.

Available-For-Sale Financial Assets

These investments are measured at fair value.

Unrealised gains and losses arising from changes in the fair value of these assets are taken directly to Other Comprehensive Income and accumulated in Equity.

When these financial Assets are sold, the accumulated fair value adjustments are reclassified from Equity to the profit or loss as gains and losses on sale.

Available-For-Sale Financial assets are assessed at each reporting date to determine whether there is an objective evidence that it is impaired. In the case of Available-For-Sale Financial Instruments, a significant or prolonged decline in the value of the instruments below cost is considered to be evidence of whether or not impairment has arisen.

Any cumulative impairment loss in respect of an Available-For-Sale Financial Asset previously recognised in equity is reclassified to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For Available-For-Sale Financial Assets that are debt securities, the reversal is recognised in profit or loss. For equity securities, the reversal is recognised in Other Comprehensive Income.

Loans and Receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trades receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of loans and receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the different between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the profit or loss in other expenses.

Fair Value Estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and securities) is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current bid price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(g) Trade and Other Payables

Liabilities for trade payables and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

(h) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions for Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(i) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects

FINANCIAL REPORT (continued)

FLAGSHIP INVESTMENTS LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(j) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6	31 July 2016	Changes to the classification and measurement requirements for financial assets and financial liabilities	The impact of AASB 9 did not have a material impact on the Company
AASB 16 Leases	1 January 2019	AASB 16 introduces a single lessee accounting model by eliminating the current requirement to distinguish leases as either operating leases or finance leases depending on the transfer of risks & rewards of ownership. AASB 16 requires recognition of a right to use asset and liability for all leases excluding those with a tenure period of less than 12 months and those relating to low value assets. The assets will be depreciated in line with AASB 116 Property, Plant & Equipment with the unwinding of the liability in principal and interest components.	The Company is assessing the potential impact on its financial statements resulting from the application of AASB 16.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Key Estimates

There are no key assumptions or sources of estimation uncertainty that have a risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period as investments are carried at their market value.

(b) Key Judgements

The preparation of financial reports in conformity with Australian Account Standards require the use of certain critical accounting estimates. This requires the Board to exercise their judgement in the process of applying the Company's accounting policies.

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance with AASB 112 Income Taxes, deferred tax liabilities and deferred tax assets have been recognised for Capital Gains Tax (CGT) on the unrealised gains/losses in the investment portfolio at current tax rates.

As the Directors do not intend to dispose of the portfolio, the tax liability/benefit may not be crystallised at the amount disclosed in Note: 11. In addition, the tax liability/benefit that arises on the disposal of these securities may be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains/losses at the time of disposal.

The Company has an investment process which is anticipated will deliver medium to long-term capital growth - minimum investment period is three to five years.

The deferred tax asset has been carried forward as it believed that this process will deliver growth over this period to utilise the deferred tax asset.

The Company does not hold any securities for short term trading purposes. Therefore the investment portfolio is classified as Financial Assets at fair value through Other Comprehensive Income.

4. OPERATING SEGMENTS

Segment Information

The Company operates 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 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.

FLAGSHIP INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$'000	2015 \$'000
5. REVENUE AND OTHER INCOME			
Dividends Received		1,554	1,693
Interest Received		30	50
		1,584	1,743
6. OTHER EXPENSES			
ASX listing and other fees		42	45
Audit fees		22	27
Directors fees		152	170
Insurance		24	28
Share registry		37	34
Other		82	141
		359	445
7. INCOME TAX EXPENSE			
(a) The major components of tax expense (income) comprise:			
Current tax expenses			
Deferred income tax expense:			
Decrease (increase) in deferred tax assets	11	(193)	(112)
(Decrease) increase in deferred tax liabilities	11	34	(75)
Income tax expense for continuing operations		(159)	(187)
(b) Reconciliation of income tax to accounting profit			
Profit/(Loss) before income tax		583	845
Prima facie tax payable on profit from ordinary activities before income tax rate at 30% (2015 - 30%)		175	253
Adds:			
Tax effect of:			
- Other		157	-
Less:			
Tax effect of:			
- Rebateable fully franked dividends		491	417
- Other		-	15
- Other provision for income tax in prior year		-	8
Income tax expense		(159)	(187)
(c) Amounts recognised directly in Other Comprehensive Income			
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other Comprehensive Income but directly debited or credited to Other Comprehensive Income.			
Net deferred tax		861	367
		861	367

FINANCIAL REPORT (continued)

FLAGSHIP INVESTMENTS LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$'000	2015 \$'000
8. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	1,969	872
	1,969	872
Reconciliation of cash		
Cash and Cash Equivalents reported in the Statement of Cash Flows are reconciled to the equivalent items in the Statement of Financial Position as follows:		
Cash at bank and on hand	1,969	872
Balance as per Statement of Cash Flows	1,969	872
9. TRADE AND OTHER RECEIVABLES		
CURRENT		
Other receivables	253	211
GST receivable	51	-
Total current trade and other receivables	304	211
10. OTHER FINANCIAL ASSETS		
(a) Financial Assets at Fair Value Through Other Comprehensive Income		
At beginning of year	42,208	41,798
Additions (at cost)	14,755	8,410
Revaluation	3,677	(1,450)
Disposals (at fair value)	(16,531)	(6,550)
Australian listed equity securities	44,109	42,208
For listed equity securities, fair value is determined by reference to closing bid prices on the Australian Securities Exchange.		
(b) Financial Assets At Fair Value Through Profit Or Loss		
At beginning of year	-	250
Additions (at cost)	-	25
Revaluation	-	(275)
Australian Convertible Notes	-	-

FLAGSHIP INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$'000	2015 \$'000
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11. TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities		
Net deferred tax liabilities adjusted for deferred tax assets	2,514	1,588

(a) Reconciliations – Deferred Tax Assets

Gross Movements.

The overall movement in deferred tax asset accounts is as follows:

Opening balance	345	952
Credited to the Income Statement	193	112
Credited to Other Comprehensive Income	-	(719)
Closing balance	538	345

The movement in deferred tax assets for each temporary difference during the year is as follows:

(i) Accruals

Opening balance	7	7
Charged directly to Profit or Loss	(7)	-
Closing Balance	0	7

(ii) Tax losses - revenue

Opening balance	338	945
(Charged)/credited directly to profit or loss	200	112
(Charged)/credited directly to Other Comprehensive Income	-	(719)
Closing Balance	538	338

(b) Reconciliations – Deferred Tax Liabilities

Gross Movements:

The overall movement in the deferred tax liability account is as follows:

Opening balance	1,933	2,361
Credited to the Income Statement	34	(75)
Credited to Other Comprehensive Income	1,085	(353)
Closing balance	3,052	1,933

The movement in deferred tax liability for each temporary difference during the year is as follows:

(i) Unrealised gain on Financial Assets on fair value

Opening balance	1,915	2,350
(Charged)/credited directly to Profit or Loss	18	(82)
(Charged)/credited directly to Other Comprehensive Income	1,085	(353)
Closing balance	3,018	1,915

(ii) Unfranked dividend and interest receivable

Opening balance	18	11
(Charged)/credited directly to Profit and Loss	16	7
Closing balance	34	18

FINANCIAL REPORT (continued)

FLAGSHIP INVESTMENTS LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$'000	2015 \$'000
CURRENT		
Accounts payable and accrued expenses	711	235
	711	235

Contractual cash flows from trade and other payables approximate their carrying amount. Trade and other payables are all contractually due within six months of reporting date

13. ISSUED CAPITAL

(a) Share Capital

Ordinary shares Fully Paid 25,426,168 (2015: 25,230,455)	35,518	35,176
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(b) Ordinary Shares

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

At the 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.

(c) Movements in ordinary share capital

Date	Details	Number of shares	Price	\$'000
30 June 2014	Balance	24,219,484		33,666
26 September 2014	Dividend Reinvestment Plan issues	158,714	\$1.585	251
24 March 2015	Share Purchase Plan	717,154	\$1.51	1,083
	Costs of Share Purchase Plan	-	-	(28)
2 April 2015	Dividend Reinvestment Plan issues	135,103	\$1.507	204
30 June 2015	Balance	25,230,455	-	35,176
11 September 2015	Dividend Reinvestment Plan issues	107,583	\$1.774	191
7 April 2016	Dividend Reinvestment Plan issues	88,130	\$1.715	151
		195,713	-	342
30 June 2016	Balance	25,426,168		35,518

(d) Share buy-back

On 16 July 2014 the Company announced to the Australian Securities Exchange that it intended to buy-back up to a maximum of 10% of its issued capital within one year, subject to market conditions. The buy-back ceased 10 July 2015.

The Company announced on 6 July 2015 to the Australian Securities Exchange that the buy-back program had been extended and that it intended to buy-back up to a maximum of 10% of its issued capital during the period 22 July 2015 to 15 July 2016 subject to market conditions. The buy-back ceased 15 July 2016.

FLAGSHIP INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$'000	2015 \$'000
14. RESERVES		
(a) Asset Revaluation Reserve		
The asset revaluation reserve records fair value movements of long-term investments after provision for deferred tax are recorded in the Asset Revaluation Reserve. When an investment has been sold or de-recognised, the realised gains and losses (after tax) are transferred from the revaluation reserve to the Asset Realisation Reserve. .		
(b) Asset Realisation Reserve		
The Asset Realisation Reserve records realised gains and losses from the sale of investments which are transferred from the Asset Revaluation Reserve.		
15. DIVIDENDS		
(a) Dividends and distributions paid		
The following dividends were declared and paid:		
Final fully franked ordinary dividend of 3.7 cents (2015 – 4.0 cents) per share paid on 11 September 2015 (2015 – 26 September 2014)	955	969
Interim fully franked ordinary dividend of 3.5cents (2015 – 3.5 cents) per share paid on 7 April 2016 (2015 – 2 April 2015)	887	853
Total	1,842	1,822
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2016 and 2015 were as follows:		
Paid in cash	1,501	1,367
Satisfied by issue of shares	341	455
	1,842	1,822
(b) Proposed dividends		
Proposed final 2016 fully franked ordinary dividend of 3.75 cents (2015: 3.75 cents) per share to be paid	953	914
The proposed final dividend for 2016 was declared after the end of the reporting period and therefore has not been provided for in the financial statements. There are no income tax consequences arising from this dividend at 30 June 2016		
(c) Franked dividends		
The franking credits available for subsequent financial years at a tax rate of 30%	850	1,149
The above available balance is based on the dividend franking account at year-end adjusted for:		
(a) Franking credits that will arise from the payment of the current tax liabilities;		
(b) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.		
The impact on the franking credit of the dividends proposed after the end of the reporting period is to reduce it by \$ 408 (2015: \$ 392).		
The ability to use the franking credits is dependent upon the Company's future ability to declare dividends.		

FINANCIAL REPORT *(continued)*

FLAGSHIP INVESTMENTS LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$'000	2015 \$'000
15. DIVIDENDS <i>(continued)</i>		
(d) Listed Investment Company capital gain account		
Balance of the Listed Investment Company (LIC) capital gain account	-	-

16. EARNINGS PER SHARE

(a) Earnings used in the calculation of basic and diluted earnings per share.		
(i) Profit/(loss) from continuing operations attributable to the owners of the Company	742	1,032
(ii) Total Comprehensive Income	3,189	1,888
(b) Basic and Diluted earnings per share	Cents	Cents
(i) Profit/(loss) from continuing operations attributable to the owners of the Company	3.0	4.2
(ii) Total Comprehensive Income	13.0	7.7
(c) Weighted average number of ordinary shares used in the calculation of earnings per share		
	25,331,442	24,565,427

Total Comprehensive Income is a more appropriate base for determining earnings per share as it includes profit after income tax and changes in fair value of financial assets

17. AUDITORS REMUNERATION

Remuneration of the auditor of the Company for:

Audit or reviewing the financial statements	25	27
Total remuneration of auditors	25	27

18. LEASING COMMITMENTS

(a) Operating Leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year	35	43
- between one year and five years	-	26
	35	69

The lease relates to premises at Level 12 Corporate Centre One, 2 Corporate Court, Bundall QLD 4217.

A separate Deed of Lease Arrangements & Indemnity has been entered into with EC Pohl & Co Pty Ltd, where EC Pohl & Co Pty Ltd is responsible for the lease arrangements of the Company and must indemnify the Company if the terms of the lease arrangements are not complied with.

FLAGSHIP INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2016

19. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The Company does not speculate in financial assets.

The Company's overall risk management program focuses on the volatility of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk governance is managed through the Board which provides direct oversight on the Company's risk management framework and overall risk management performance.

The Board provides written principles for risk management covering investment portfolio composition. Risk is managed by the professional, disciplined management of the investment portfolio by EC Pohl & Co Pty Ltd (the Manager).

The Company held the following financial instruments:

	2016	2015
	\$'000	\$'000
Financial Assets		
Cash and cash equivalents	1,969	872
Receivables	304	211
Financial Assets at fair value through Other Comprehensive Income.	44,109	42,208
Total Financial Assets	46,382	43,291
Financial Liabilities		
Trade and Other Payables	711	235
Total Financial Liabilities	711	235

(a) Market Risk

Foreign exchange risk

The Company operates entirely within Australia and is not exposed to material foreign exchange risk.

Equity market risk

The Company is exposed to risk of market price movement through its investments in Australian listed equity securities. Equity investments held by the Company are classified on the Statement of Financial Position as Financial Assets at fair value through Other Comprehensive Income and any movement in the listed equity securities is reflected in Other Comprehensive Income.

The risk to Shareholders is that adverse equity securities market movements have the potential to cause losses in Company earnings or the value of its holdings of financial instruments. The Manager's investment strategy centres on the view that investing in proven high quality businesses with growth opportunities arising from their sustainable competitive advantage will outperform over the longer-term. Consistent with this approach, the Manager has an established risk management framework that includes procedures, policies and functions to ensure constant monitoring of the quality of the investee companies. The objective of the risk management framework is to manage and control risk exposures within acceptable parameters while optimising returns.

Equity market risk is measured as a percentage change in the value of equity instruments held in the portfolio, as compared to the total market index for the same period.

At 30 June 2016, the effect of profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2016	2015
Portfolio five year return	13.82%	12.2%
All Ordinaries Index five year return	2.7%	4.7%

(b) Sensitivity Analysis

Increases/decreases in an equity securities price, affect the Company's asset revaluation reserve and Other Comprehensive Income for the year. The analysis is based on the assumption that the Financial Assets at fair value through Other Comprehensive Income had increased/decreased by 5% (2015 - 5%) with all other variables held constant.

Impact on Equity and Other Comprehensive Income for the year:-

2016 +/- \$2,205,450

2015 +/- \$2,110,000

Impact on profit or loss is nil.

(c) Cash Flow Interest Rate Risk

The Company is exposed to cash flow interest rate risk from holding cash and cash equivalents at variable rates. The objective of the Company is to minimise the potential adverse effects of interest rate risk.

In order to minimise the potential adverse effects of this risk, the Manager reviews the interest rate exposure as part of cash flow management and takes into consideration liquidity and yields as part of cash flow management. The cash and cash equivalents held are subject to an insignificant level of risk of changes in value.

As at the reporting date, the Company had the following cash and cash equivalents:

30 June 2016: Balance \$1,969,000

Weighted average interest rate 2.11%

30 June 2015: Balance \$872,000

Weighted average interest rate 2.26%

(d) Relative Performance Risk

The Manager aims to outperform the risk free cash rate over the long-term. However, as the portfolio consists of equity investments these will tend to be more volatile than cash, so there will likely be periods of relative under and over performance compared to the benchmark risk free rate.

Over the long-term the Manager is confident that the portfolio can achieve outperformance through an investment selection process that invests in companies that have a sound business model, display a sustainable competitive advantage and have proven quality management.

FINANCIAL REPORT (continued)

FLAGSHIP INVESTMENTS LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(e) Credit Risk

Credit risk is the risk of a counterparty defaulting on their financial obligations resulting in a loss to the Company. The objective of the Company is to minimise credit risk exposure. Credit risk arises from cash and cash equivalents and Financial Assets at fair value through Other Comprehensive Income. Credit risk is managed by the Manager.

Credit risk arising from cash and cash equivalents is managed by only transacting with counterparties independently rated with a minimum rating of A. The providers of financial services to the Company are rated as AA by Standard and Poor's. Credit risk on cash and cash equivalents is deemed to be low.

Credit risk arising from Financial Assets at fair value through Other Comprehensive Income relates to the risk of counterparties on the ASX defaulting on their financial obligations on transactions for Australian listed equity securities. The credit risk for these transactions is deemed to be low.

The maximum credit risk exposure of the Company at year end is the carrying value of the assets in the Statement of Financial Position.

There is no concentration of credit risk with respect to financial assets in the Statement of Financial Position.

(f) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The objective of the Company is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and distressed conditions.

Prudent liquidity risk management implies maintaining sufficient cash and marketable Australian listed equity securities.

The Manager controls liquidity risk by continuously monitoring the balance between equity securities and cash or cash equivalents and the maturity profiles of assets and liabilities to ensure this risk is minimal.

20. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure of the Company consists of equity attributable to members of the Company. The Board monitors the return on capital, which is defined as net operating income divided by total Shareholders' Equity. The Board also monitors the level of dividends to Shareholders.

The capital of the Company is invested by the Investment Manager in accordance with the investment policy established by the Board. The Company has no borrowings. It is not subject to any externally imposed capital requirements.

The Company has continued the on-market buy-back of its own shares during the year, but did not buy any back during the year.

There were no changes in the Company's approach to capital management during the year.

21. FAIR VALUE MEASUREMENTS

The Company measures the following assets and liabilities 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.
- Available-for-sale Financial Assets.

Fair value hierarchy

AASB 13 *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 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Company:

	Level 1	Level 2	Level 3	TOTAL
30 June 2016	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements.				
Financial Assets				
- Listed Equity Securities	44,109			44,109

	Level 1	Level 2	Level 3	TOTAL
30 June 2015	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements.				
Financial Assets				
- Listed Equity Securities	42,208	-	-	42,208

Transfers between levels of hierarchy

There were no transfers between levels of the fair value hierarchy.

Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

FLAGSHIP INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$'000	2015 \$'000
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22. RELATED PARTY TRANSACTIONS

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with other related parties:

EC Pohl & Co Pty Ltd for Performance Fee

• A Performance Fee was payable in accordance with the Management Services Agreement as detailed in Note 23.		
• Dr E C Pohl has an interest in the transaction as during the year Dr E C Pohl was a Director, employee and Shareholder of EC Pohl & Co Pty Ltd.	642	178
• McCullough Robertson Lawyers for the provision of legal services. D M McGann is a partner of McCullough Robertson Lawyers.	3	4
• Allegiant IRS for insurance advice for D & O Policy. The company is owned by McCullough Robertson Lawyers, of which D M McGann is a partner.	2	-

All related party transactions are made on an arm's length basis using the standard terms and conditions.

23. MANAGEMENT SERVICES AGREEMENT

In accordance with a Management Services Agreement which was signed early in November 2015, the Company has agreed to engage the Manager to provide primary and secondary management services, including:

- 1) managing the investment of the Company's portfolio, including keeping it under review;
- 2) ensuring investments by the Company are only made in authorised investments;
- 3) complying with the investment policy of the Company;
- 4) identifying, evaluating and implementing the acquisition and disposal of authorised investments;
- 5) provide the Company with monthly investment performance reporting;
- 6) manage the Company's public and regulatory announcements and notices;
- 7) promoting investment in the Company by the general investment community;
- 8) providing investor relationship services; and
- 9) provision of accounting, human resources, corporate and information technology services support.

The agreement has a term of five years from the agreement date of 6 November 2015 and can be extended by the Board thereafter.

The agreement may be terminated if:

- a) either party ceases to carry on business, or
- b) either party enters into liquidation voluntarily or otherwise, or
- c) either party passes any resolution for voluntary winding-up, or
- d) a receiver of the property of either party, or any part thereof, is appointed, or
- e) the Shareholders of the Company at an abnormal meeting called in for that purpose, resolve by binding resolution to terminate the operations, or
- f) if the Company provides written notes to the Manager in the event of any material and substantial breach of the agreement by the Manager or if the Manager fails to remedy a breach of this agreement within 14 days following written notice of the breach.
- g) if the Manager provides written notice to the Company in the event of any material and substantial breach of the agreement by the Company or if the Company fails to remedy a breach of this agreement within 14 days following written notice of the breach.
- h) In recognition of the roles and personal expertise of senior executives retained by the Manager for the purpose of providing the primary services described in clause 3 of the Agreement, the parties agree that the agreement may be terminated, at the option of the Company, if there are major changes to senior executives (or their roles) providing the primary services. The Company shall be entitled to give the Manager a written termination notice upon or after the occurrence of a major change of the kind mentioned and such notice, if given, shall be effective at the end of the calendar month next following the giving of such notice unless the Company and the Manager mutually agree upon another date at which this agreement will terminate.

Under the agreement the Manager will receive a performance fee, payable annually in arrears, equal to 15% of the amount by which the Company's net performance before tax (that is, after all costs and outlays but before the calculation of the performance fee) exceeds the interest rate payable on bank bills as represented by the UBS Bank Bill Index for that year. If the Company's net performance in the year is less than the interest rate payable on bank bills as represented by the UBS Bank Bill Index for that year, then no performance fee will be payable. Under the terms of this agreement a performance fee of \$689,468 (incl GST) was paid or payable during the year ended 30 June 2016 (2015 - \$178,000).

FINANCIAL REPORT *(continued)*

FLAGSHIP INVESTMENTS LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$'000	\$'000

24. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Other Key Management Personnel

The Company's Secretary and Chief Financial Officer (Brian Jones) is a partner of Rothsay Chartered Accountants. Brian has not received any form of direct remuneration from the Company. Brian Jones (as Company Secretary and partner of Rothsay Chartered Accountants) is remunerated by EC Pohl & Co Pty Ltd for the provision of these services.

The Company has no other staff and therefore has no Key Management Personnel other than the Directors.

No member of Key Management Personnel held options over shares in the Company during the year.

There have been no other transactions with Key Management Personnel or their related entities other than those disclosed in Note 22.

The totals of remuneration paid to the key management personnel of Flagship Investments Limited during the year are as follows:

Short-term Employment benefits	152	170
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Detailed remuneration disclosures are provided in sections (A) – (F) of the remuneration report on pages 11 and 12.

25. CASH FLOW INFORMATION

Reconciliation of result for the year to cash flows from operating activities

Reconciliation of net income to net cash provided by operating activities:

Profit for the year	742	1,032
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- unrealised (gains)/losses on fair value financial assets	-	275
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
- (increase)/decrease in trade and other receivables	(109)	(59)
- (increase)/decrease in prepayment	14	(4)
- (increase)/(decrease) in deferred tax assets	(163)	(187)
- increase /(decrease) in trade and other payables	478	(1,117)
Cash flow from operations	962	(60)

26 CONTINGENCIES

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2016 (30 June 2015:None).

27 EVENTS OCCURRING AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which 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 future financial years.

FLAGSHIP INVESTMENTS LIMITED
ABN 99 080 135 913

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

Report on the Financial Report

We have audited the accompanying financial report of Flagship Investments Limited (the entity), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

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 is free from material misstatement, whether due to fraud or error.

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 judgment, 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 and fair presentation of the financial report 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.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Flagship Investments Limited for the year ended 30 June 2016, intended to be included on the entity's website. The entity's directors are responsible for the integrity of the entity's website. We have not been engaged to report on the integrity of the entity's website. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the website.

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WPIAS a Limited Partnership

WPIAS Pty Ltd ABN 99 163 915 482
An Authorised Audit Company



Liability limited by a scheme approved under Professional Standards Legislation

**FLAGSHIP INVESTMENTS LIMITED
ABN 99 080 135 913**

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion the financial report of Flagship Investments Limited is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Report on the Remuneration Report

We have audited the remuneration report included in pages 11 to 12 of the directors' report for the year ended 30 June 2016. The directors of the entity are responsible for the preparation and presentation of the remuneration report in accordance with s300A 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.

Auditor's Opinion

In our opinion the remuneration report of Flagship Investments Limited for the year ended 30 June 2016 complies with s300A of the Corporations Act 2001.

Other Matter

The financial report of Flagship Investments Limited for the year ended 30 June 2015 was audited by another auditor who expressed an unmodified opinion on that financial report on 14 August 2015.

WPIAS Pty Ltd
Authorised Audit Company No. 440306



**LEE-ANN DIPPENAAR BCom CA RCA
DIRECTOR**

Dated this 19th day of August 2016

**4 Helensvale Road
Helensvale Qld 4212**