



Flagship Investments Limited

A.B.N. 99 080 135 913

APPENDIX 4D STATEMENT

FOR THE HALF YEAR ENDING 31 DECEMBER 2012

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- **Results for announcement to the market**
- **Appendix 4D Accounts**

Flagship Investments Limited

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the Half Year ended 31 December 2012

SUMMARY

Compared with December 31 December 2011

- Investment Portfolio increased by 19.7% compared with All Ordinaries Index increase of 12.8%	
- Dividends, Interest & Other revenue	Up 2.0% to \$756,000
- Net Profit after tax	Down 47.9% to \$271,000
- Net Profit for the period attributable to shareholder	Down 47.9% to \$271,000
- Total Comprehensive Income	Up 248.0% to \$3,735,000
- Reserves after tax	Up 136.1% to \$834,000
- NTA per share (after tax on realised gains only)	Up 9.6% to \$1.427
- Interim Dividend per share	Steady at 3.0 cents

COMPREHENSIVE INCOME

Comprehensive Income comprises Operating Profits / (Losses) and realised and unrealised gains/losses on the investment portfolio.

Net Operating Profits/(Losses)	Down 47.9% to \$271,000
Other Comprehensive Income (realised & unrealised gains/(losses))	Up 213.8% to \$3,464,000
TOTAL COMPREHENSIVE INCOME	Up 248.0% to \$3,735,000.

The increase is due to unrealised profits on the mark to market of the portfolio.

DIVIDEND

Interim Dividend per share

Interim Dividend - payable on 12 April 2013: 3.0 cents

The record date to determine entitlements to the interim dividend 26 March 2013

The Board has approved a 3 cents per share interim dividend payable on 12 April 2013, fully franked.

The Board has maintained the current dividend amount to assist in restoring reserves to appropriate levels. The Board remains committed to maximising the returns to shareholders and have approved the amount that maximises access to the company's stock of franking credits.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan will apply to this interim dividend with the price determined by the Directors guided by the weighted average market price of ordinary shares of the Company sold on the ASX on the first day on which those shares are quoted ex dividend in relation to the dividend to which the allotment under the Plan relates and the following four business days.

The last date for the receipt of an election notice for participation in the dividend reinvestment plan will be 26 March 2013. There is no foreign conduit income attributable to the dividend.

Previous corresponding period

Interim Fully Franked Dividend paid 10 May 2012: 3.00 cents

Flagship Investments Limited

Capital Gains Components

As advised at the AGM, 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.

Therefore the interim dividend will not include any capital gain component. Future dividends will be dependent on the current capital losses being exhausted and sufficient capital profits being generated.

NET ASSET BACKING

The net asset backing per share (tax on realised gains only) at 31 December 2012 was \$1.427 per share compared with \$1.302 at 30 June 2012.

The net asset backing per share (tax on realised and unrealised gains) at 31 December 2012 was \$1.369 per share compared with \$1.204 at 30 June 2012.

REVIEW OF OPERATIONS

The world equity markets showed some welcome improvement over the past six months after the disappointing performance during the 2012 financial year. The MSCI (as measured in US dollar terms) increased by 8.3% in the six months to December 2012, after increasing by 4.5% in the prior six month period to June 2012. However, when measured in Australian dollar terms, the MSCI increased by only 6.9% over the six months to December 2012 reflecting the continued strengthening of the Australian dollar during this period.

The Australian market, as measured by the All Ordinaries Index, gained 12.8% over the past six months and by 13.5% over the past twelve months. This performance was higher than the 13.2% gain of the MSCI Index in USD and 11.4% in AUD for the same twelve month period.

Clearly the International markets did not perform as well as our domestic markets during the recent six months, which may be attributed to negative market sentiment caused by the economic headwinds, notably the Euro zone debt crisis and U.S. 'fiscal cliff' as compared to the relatively good performance of the Australian economy. The Fiscal Cliff is the popular shorthand term used to describe the challenge that the U.S. government faced at the end of 2012, when the terms of the Budget Control Act of 2011 were scheduled to come into effect. The effect of the Fiscal Cliff would have seen large budget cuts and tax increases come into affect in early 2013. On 1st January 2013, the Senate agreed to a deal to avert the Fiscal Cliff and this deal was approved by the House of Representatives the following day. While the deal avoided a massive negative hit to the US economy, the uncertainty surrounding the Fiscal Cliff delayed many business decisions in hiring and expanding.

The portfolio performed well, increasing by 19.7% for the six months to the end of December 2012 as compared to the All Ordinaries Index which increased by 12.8%. A 3 cent dividend was paid in September and Deferred Tax and other adjustments resulted in the NAV per share increasing by a lower 9.6% over the same six month period. The total return to Shareholders over the six month period was 11.5%.

We expect the companies in the portfolio to continue to report healthy earnings and dividends per share growth over the next twelve months as the world financial situation continues to improve. Our investment focus on high quality companies with earnings certainty and organic growth options, low levels of debt and sustainable competitive advantages means that the portfolio is well positioned to generate above-average returns over a three to five year time horizon for our Shareholders.

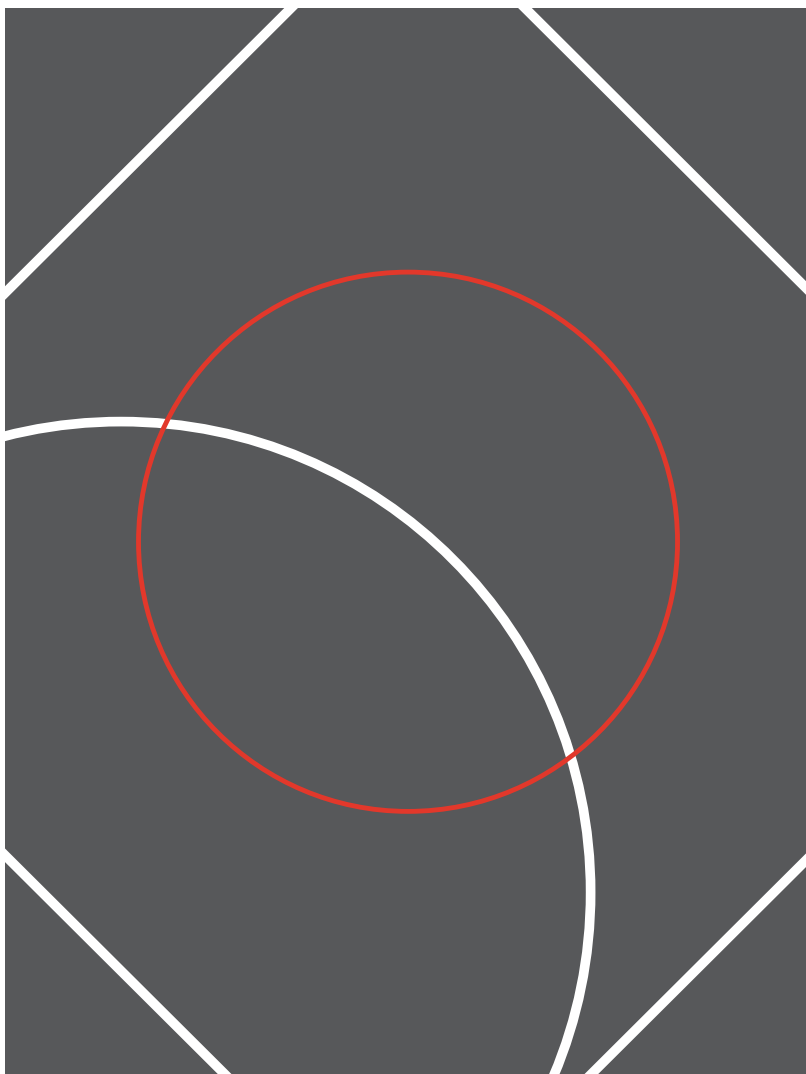
HALF YEAR REPORT

Attached is the half yearly report to be provided to shareholders.



FLAGSHIP
INVESTMENTS

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR
ENDED 31 DECEMBER 2012



Flagship Investments Limited
(Formerly Hyperion Flagship Investments Limited)

ABN 99 080 135 913

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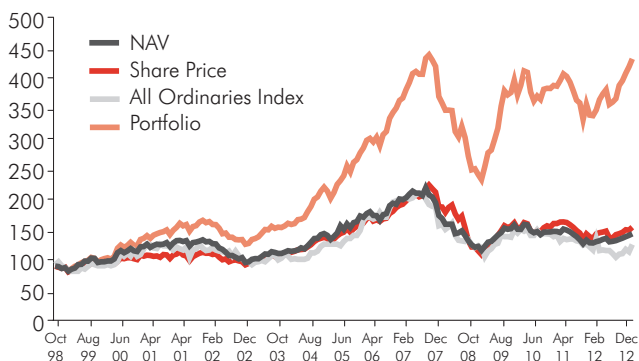
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Independent Auditor's Review Report

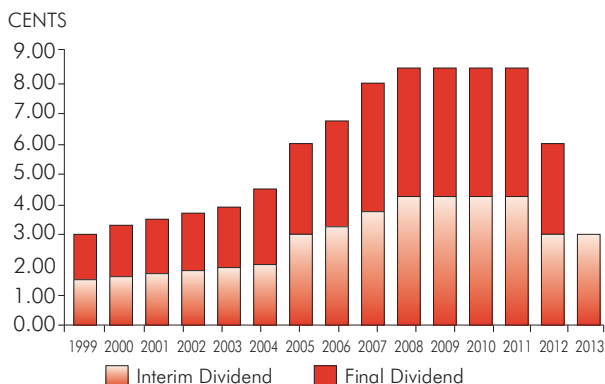
This Interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2012 and any public announcements made by Flagship Investments Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Highlights

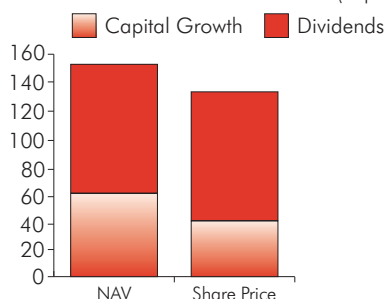
PERFORMANCE HISTORY



DIVIDENDS PER SHARE



RETURNS SINCE INCEPTION (adjusted for rights issue – 2007)



Directors' Report

Your Directors submit the Interim Financial Report of the Company for the half-year ended 31 December 2012.

DIRECTORS

The following persons were Directors of Flagship Investments Limited since 30 June 2012 and up to the date of this report.

- ◆ Mr Henry R Smerdon AM (Chairman)
- ◆ Dr Emmanuel C Pohl (Managing Director)
- ◆ Ms Sophie A Mitchell (Chair of Audit and Compliance Committee)
- ◆ Mr Patrick Corrigan AM
- ◆ Mr Dominic McGann

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.

REVIEW OF OPERATIONS


At the AGM on Thursday 18th October 2012 the Shareholders approved the following:

- ◆ Change of name to Flagship Investments Limited (ASX code FSI)
- ◆ Novation of the Management Services Agreement to EC Pohl & Co Pty Ltd, a company related to E C Pohl.

World equity markets showed some welcome improvement over the past six months after the disappointing performance during the 2012 financial year. The MSCI (as measured in US dollar terms) increased by 8.3% in the six months to December 2012, after increasing by 4.5% in the prior six month period to June 2012. However, when measured in Australian dollar terms, the MSCI increased by only 6.9% over the six months to December 2012 reflecting the continued strengthening of the Australian dollar during this period.

The Australian market, as measured by the All Ordinaries Index, gained 12.8% over the past six months and by 13.5% over the past twelve months. This performance was higher than the 13.2% gain of the MSCI Index in USD and 11.4% in AUD for the same twelve month period.

Clearly the International markets did not perform as well as our domestic markets during the recent six months, which may be attributed to negative market sentiment caused by the economic headwinds, notably the Euro zone debt crisis and U.S. 'Fiscal Cliff' as compared to the relatively good performance of the Australian economy. The Fiscal Cliff is the popular shorthand term used to describe the challenge that the U.S. government faced at the end of 2012, when the terms of the Budget Control Act of 2011 were scheduled to come into effect. The effect of the Fiscal Cliff would have seen large budget cuts and tax increases come into effect in early 2013. On 1 January 2013, the Senate agreed to a deal to avert the Fiscal Cliff and this deal



was approved by the House of Representatives the following day. While the deal avoided a massive negative hit to the US economy, the uncertainty surrounding the Fiscal Cliff delayed many business decisions in hiring and expanding.

The portfolio performed well, increasing by 19.7% for the six months to the end of December 2012 as compared to the All Ordinaries Index which increased by 12.8%. A 3 cent dividend was paid in September and Deferred Tax and other adjustments resulted in the NAV per share increasing by a lower 9.6% over the same six month period. The total return to Shareholders over the six month period was 11.5%.

We expect the companies in the portfolio to continue to report healthy earnings and dividends per share growth over the next twelve months as the world financial situation continues to improve. Our investment focus on high quality companies with earnings certainty and organic growth options, low levels of debt and sustainable competitive advantages means that the portfolio is well positioned to generate above-average returns over a three to five year time horizon for our Shareholders.

The Dividend Reinvestment Plan raised \$134,994 following the allotment of 123,497 and 1,041 shares at \$1.085 per share in October 2012 and November 2012 respectively.

An on-market buy-back facility to acquire up to 2,442,453 of the Company's shares is in place. During the half-year the Company bought back 324,372 shares for a total cost of \$370,887 at an average price of \$1.143 per share.

NET ASSET BACKING

The net asset backing per share (tax on realised gains only) at 31 December 2012 was \$1.427 per share compared with \$1.302 at 30 June 2012.

The net asset backing per share (tax on realised and unrealised gains) at 31 December 2012 was \$1.369 per share compared with \$1.204 at 30 June 2012.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes to the investments were made during the period:

- ◆ A purchase of 20,000 ARB Corporation shares
- ◆ A purchase of 7,000 REA Group shares
- ◆ A purchase of 90,000 Trade Me Group shares
- ◆ A purchase of 227,000 Telstra Corporation shares
- ◆ A purchase of 13,082 SCA Property Group shares
- ◆ The sale of 43,000 Carsales.com Ltd shares
- ◆ The sale of 14,589 Woolworths shares
- ◆ The sale of 176,000 Consolidated Media shares

Directors' Report (Continued)

DIVIDEND DECLARED

A fully franked interim dividend of 3.0 cents per share in respect to the half-year ended 31 December 2012 is to be paid on 12 April 2013.

A final dividend of 3.0 cents per share was declared on 22 August 2012 in respect to the year ended 30 June 2012 and paid on 12 October 2012.

CAPITAL GAINS COMPONENT OF DIVIDEND

As previously advised, 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.

Therefore the interim dividend will not include any capital gain component. The inclusion of a capital gains component in future dividends will be dependent on the current capital losses being offset and sufficient capital profits being generated.

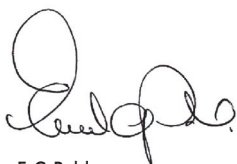
ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* is set out on page 7 and forms part of the Directors' Report for the half-year ended 31 December 2012.

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



E C Pohl

Director

BRISBANE

11 February 2013



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DECLARATION OF INDEPENDENCE BY TIM KENDALL TO THE DIRECTORS OF FLAGSHIP INVESTMENTS LIMITED

As lead auditor for the review of Flagship Investments Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

T J Kendall

Director

BDO Audit Pty Ltd
Brisbane: 11 February 2013

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Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2012

	Note	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Other Revenue	2	756	741
Performance Fee Accrued		(372)	-
Other expenses		(257)	(220)
Profit/(Loss) before income tax		127	521
Income tax (expense)/benefit		144	(1)
Net Profit/(Loss) after income tax for the half-year		271	520

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

4,948 (4,373)

Income tax (expense)/benefit relating to items that will not be reclassified to profit or loss

(1,484) 1,329

Other Comprehensive Income for the half-year net of tax

3,464 (3,044)

Total Comprehensive Income/(Loss) for the half-year¹

3,735 (2,524)

¹ 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)	1.11	2.10
Diluted earnings per share based on net profit/(loss)	1.11	2.10

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

Statement of Financial Position

As at 31 December 2012

	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Assets		
Cash and Cash Equivalents	145	604
Trade and Other Receivables	25	151
Financial Assets at fair value through Other Comprehensive Income	33,838	28,758
Deferred Tax Assets	1,043	2,384
Total Assets	35,051	31,897
Liabilities		
Accruals	410	-
Trade & Other Payables	31	57
Total Liabilities	441	57
Net Assets	34,610	31,840
Equity		
Contributed Equity	33,705	34,941
Other Reserves	834	(2,304)
Retained Earnings	71	203
Total Equity	34,610	31,840

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

Statement of Changes in Equity

For the half-year ended 31 December 2012

	Note	Contributed Equity \$'000	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Asset Realisation Reserve \$'000	TOTAL \$'000
Balance at 1 July 2011		34,293	944	(116)	-	35,121
Total Comprehensive Income						
Profit/(Loss) for the half-year		-	577	-	-	577
Other Comprehensive Income		-	-	(3,101)	-	(3,101)
Total Comprehensive Income		-	577	(3,101)	-	(2,524)
Transactions with Owners in their capacity as owners						
Dividends paid	3	-	(1,047)	-	-	(1,047)
Shares issued during period	4	281	-	-	-	281
Shares bought back on market	4	(405)	-	-	-	(405)
		(124)	(1,047)	-	-	(1,171)
Balance at 1 December 2011		34,169	474	(3,217)	-	31,426
Balance at 1 January 2012		34,169	474	(3,217)	-	31,426
Total Comprehensive Income						
Profit/(Loss) for the half-year		-	461	-	-	461
Other Comprehensive Income		-	-	913	-	913
Total Comprehensive Income		-	461	913	-	1,374
Transfer between Reserves						
Transfer of Asset Realisation Reserve		-	-	(15)	15	-
Total Transfer between Reserves		-	-	(15)	15	-
Transactions with Owners in their capacity as owners						
Dividends paid	3	-	(732)	-	-	(732)
Shares issued during period	4	193	-	-	-	193
Shares bought back on market	4	(421)	-	-	-	(421)
		(228)	(732)	-	-	(960)
Balance at 30 June 2012		33,941	203	(2,319)	15	31,840

Statement of Changes in Equity

For the half-year ended 31 December 2012 (continued)

	Note	Contributed Equity	Retained Earnings	Asset Revaluation Reserve	Asset Realisation Reserve	TOTAL
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2012		33,941	203	(2,319)	15	31,840
Total Comprehensive Income						
Profit/(Loss) for the half-year		-	271	-	-	271
Other Comprehensive Income		-	-	3,153	311	3,464
Total Comprehensive Income		-	271	3,153	311	3,735
Transactions with Owners in their capacity as owners						
Dividends paid	3	-	(403)	-	(326)	(729)
Shares issued during period	4	135	-	-	-	135
Shares bought back on market	4	(371)	-	-	-	(371)
		(236)	(403)	-	(326)	(965)
Balance at 31 December 2012		33,705	71	834	-	34,610

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

Statement of Cash Flows

For the half-year ended 31 December 2012

	31 Dec 2012 \$'000	31 Dec 2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	881	877
Interest received	4	4
Income taxes paid	-	-
Other payments to suppliers	(248)	(217)
Net cash inflows/(outflows) from operating activities	637	664
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,388	1,704
Payments for investments	(1,519)	(1,661)
Net cash inflows/(outflows) from investing activities	(131)	43
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(594)	(766)
Buy-Back of shares	(371)	(405)
Net cash (outflows)/inflows from financing activities	(965)	(1,171)
Net (decrease)/increase in cash and cash equivalents	(459)	(464)
Cash at beginning of the financial period	604	626
Cash at the end of the financial period	145	162

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



Notes to the Financial Statements

For the half-year ended 31 December 2012

NOTE 1 BASIS OF PREPARATION

These general purpose interim financial statements for the half-year reporting period ended 31 December 2012 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 entity 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 entity as the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial statements for the year ended 30 June 2012, together with any public announcements made by Flagship Investments Limited during the half-year ended 31 December 2012 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.

Rounding of Amounts

The Company is of a kind referred to in ASIC Class Order 98/100 and in accordance with that class order; amounts in the 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 accounting policy that apply for the half-year ended 31 December 2012.

Notes to the Financial Statements

For the half-year ended 31 December 2012

	31 Dec 2012 \$'000	31 Dec 2011 \$'000
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NOTE 2 REVENUE

Dividends	752	737
Interest	4	4
	756	741

NOTE 3 DIVIDENDS

Dividends paid during the half-year

– final dividend of 3.0 cents per share paid October 2012 – fully franked	729	-
– final dividend of 4.25 cents per share paid September 2011 – 88% franked	-	1,047
	729	1,047

Since the end of the half-year, the Directors have declared an interim dividend of 3.0 cents per share 100% franked and payable on 12 April 2013.

NOTE 4 MOVEMENTS IN CONTRIBUTED EQUITY

Date	Details	No. of Shares	Price	\$'000
30 June 2011	Balance	24,752,257		34,293
4 July 2011 to 30 December 2011	Cancellation of shares under the buy-back scheme [see note (b)]	(317,452)	\$1.280 (average price)	(405)
9 September 2011	Dividend Reinvestment Plan issue	213,372	\$1.320	281
31 December 2011	Balance	24,648,177		34,169
1 January 2012 to 30 June 2012	Cancellation of shares under the buy-back scheme [see note (b)]	(356,269)	\$1.180 (average price)	(421)
10 May 2012	Dividend Reinvestment Plan issue	163,631	\$1.177	193
30 June 2012	Balance	24,455,539		33,941
10 July 2012 to 31 December 2012	Cancellation of shares under the buy-back scheme [see note (b)]	(324,372)	\$1.140 (average price)	(371)
12 October 2012	Dividend Reinvestment Plan issue	123,497	\$1.085	134
30 November 2012	Dividend Reinvestment Plan issue	1,041	\$1.085	1
31 December 2012	Balance	24,255,705		33,705



Notes to the Financial Statements

For the half-year ended 31 December 2012

NOTE 4 MOVEMENTS IN CONTRIBUTED EQUITY (continued)

(a) 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.

(b) Share Buy-Back

On 24 July 2012 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-backs reflect the Company's focus on maintaining an efficient balance sheet through active capital management.

NOTE 5 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company has no known contingent liabilities or contingent assets.

NOTE 6 EVENTS OCCURRING AFTER REPORTING DATE

The Directors are not aware of any matter or circumstance which has arisen since balance date that has significantly or may significantly affect the operations of the Company other than the volatility in the Australian stock market.

NOTE 7 SEGMENT INFORMATION

Operating Segment

The entity 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.

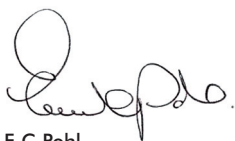
Directors' Declaration

The Directors declare that the Financial Statements and Notes as set out on pages 8 to 15 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 2012 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.



E C Pohl

Director

BRISBANE

11 February 2013



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Independent Auditor's Review Report

To the Members of Flagship Investments Limited.

REPORT ON THE HALF-YEAR FINANCIAL REPORT

We have reviewed the accompanying half-year financial report of Flagship Investments Limited, which comprises the statement of financial position as at 31 December 2012, and the statement of profit or loss and other comprehensive income, statement of changes in equity and 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.

DIRECTORS' RESPONSIBILITY FOR THE HALF-YEAR FINANCIAL REPORT

The directors of the disclosing entity 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 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 the disclosing entity's financial position as at 31 December 2012 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 Flagship Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



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Independent Auditor's Review Report (continued)

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.

INDEPENDENCE

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 Flagship Investments 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 Flagship Investments Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the disclosing entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit Pty Ltd

T J Kendall
Director

Brisbane: 11 February 2013

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Board of Directors

Henry R Smerdon AM
Non-Executive Chairman

Emmanuel ('Manny') C Pohl
Managing Director

Sophie A Mitchell
Non-Executive Director

Patrick Corrigan AM
Non-Executive Director

Dominic McGann
Non-Executive Director

Secretary

Ian W Harrison

Manager

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Flagship Investments Limited **(Formerly Hyperion Flagship Investments Limited)**



ABN 99 080 135 913
Registered in Queensland
on 23 September 1997
Listed on Australian Securities
Exchange Limited
on 20 December 2000.
ASX Code: **FSI**