



FLAGSHIP INVESTMENTS LIMITED

ABN 99 080 135 913

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 December 2022**

Directors' Report

Your Directors submit the Interim Financial Report of Flagship Investments Limited (the "Company") for the half-year ended 31 December 2022.

DIRECTORS

The following persons were Directors of Flagship Investments Limited since 30 June 2022 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 12 months the financial markets have been impacted by global events and macro-economic factors that no-one expected in December 2021. The shock of the Reserve Bank of Australia's interest rate policy shift in response to persistent inflation set off a significant decline in equity values. Ongoing speculation regarding inflation readings and interest rate moves impacted sentiment throughout the year. In the 6 months from 1 July 2022 to 31 December 2022 the ASX All Ordinaries Index has gained 7.0% but the move has not been a straight linear path. Ongoing uncertainty and volatility impacts the market and factors that have been dominating headlines in 2022 are most likely to continue into 2023.

The Flagship Investments' portfolio is comprised of companies that have a sustainable competitive advantage and dynamic capabilities to responded to new competition or other business challenges. These businesses should be well equipped to handle the challenges of today and to out-perform over the long term.

REVIEW OF OPERATIONS

Investment performance for the six months to December 2022 was positive 8.4%, compared to the ASX All Ordinaries Index increase of 7.0%. The result is an improvement on the prior year 6 month portfolio performance of positive 3.8% but is under the 10 year average of 12.7%.

Due to the global macro-economic environment equity valuations have been under pressure, however, pleasingly the investee businesses have generally performed in line with expectations with resultant dividend income increasing year on year by \$84,437. Net profit decreased compared to last year by \$308,910, this is primarily due to the interest costs associated with the convertible notes issued in November 2021 (ASX: FSIGA).

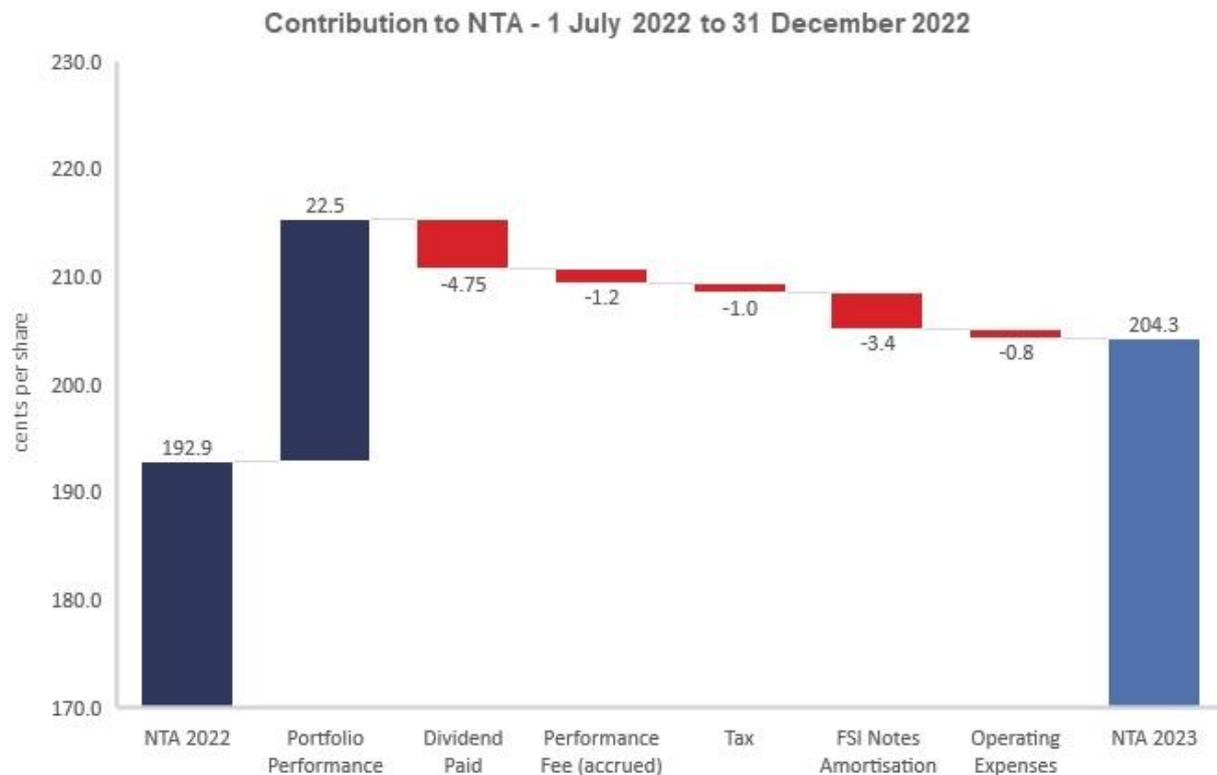
During the six months to December 2022 the company paid the FY2022 Final Dividend of 4.75 cents per share, a total of \$1,228,220.66. At 31 December 2022 the Company maintains sufficient reserves to maintain the annual fully franked dividend of 9.25 cents per share for a further 3.2 years.

Portfolio Performance:

	6 mths	1 year	5 years	10 years	Since Inception (1 May 1998) p.a.
FSI Portfolio	8.4%	-17.6%	10.4%	12.7%	11.9%
ASX All Ordinaries	7.0%	-7.2%	3.2%	4.5%	4.0%
ASX Accumulation Index	9.6%	-3.0%	7.2%	8.8%	9.6%

NET TANGIBLE ASSETS

The NTA per share (before tax on unrealised gains) at 31 December 2022 was 204.3 cents compared with 192.9 cents at 30 June 2022. 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 4.75 cents per share in respect to the half-year ended 31 December 2022 to be paid on 23 February 2023. This represents a 5.6% increase on the prior interim dividend paid in February 2022.

In respect to the year ended 30 June 2022, the Board approved a final dividend of 4.75 cents per share, which was paid on 26 August 2022.

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 4 and forms part of the Directors' Report for the half-year ended 31 December 2022.

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

Dr E C Pohl AM
 Managing Director
 BRISBANE
 2 February 2023

**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 2022, 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.

Connect National Audit Pty Ltd
Authorised Audit Company No. 521888



**GEORGE GEORGIU FCA RCA
MANAGING DIRECTOR**

Dated 2nd of February 2023.

Condensed Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2022

	Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Revenue	2	919	802
Other expenses		(197)	(243)
Profit/(Loss) from operations		722	559
Portfolio Performance Fee Accrued ¹		(321)	(177)
Changes in fair value of derivative liabilities		-	(201)
Interest Expense		(868)	(416)
Profit/(Loss) before income tax		(467)	(235)
Income tax (expense)/benefit		237	314
Net Profit/(Loss) after income tax for the half year		(230)	79
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		4,900	2,174
Income tax (expense)/benefit relating to components of Other Comprehensive Income		(1,470)	(655)
Other Comprehensive Income/(Loss) for the half-year net of tax		3,430	1,519
Total Comprehensive Income/(Loss) for the half-year²		3,200	1,598

¹ 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.

² 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)	(0.89)	0.31
Diluted earnings per share based on net profit/(loss)	(0.89)	0.31
Comprehensive earnings/(loss) per share	12.38	6.20

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 2022

	Note	31 Dec 2022 \$'000	30 June 2022 \$'000
ASSETS			
Cash and Cash Equivalents		3,413	4,925
Trade and Other Receivables		78	175
Intangible Assets		5	5
Financial Assets at fair value through Other Comprehensive Income	4	68,439	63,649
TOTAL ASSETS		71,935	68,754
LIABILITIES			
Trade and Other Payables		339	680
Tax Payable		1,201	953
Deferred Tax Liability		1,097	112
Convertible Notes		17,704	17,387
TOTAL LIABILITIES		20,341	19,132
NET ASSETS		51,594	49,622
EQUITY			
Issued Capital	5	36,488	36,488
Other Reserves		11,985	9,783
Option premium on convertible notes		507	507
Retained Earnings		2,614	2,844
TOTAL EQUITY		51,594	49,622

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 2022

	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 2021		36,179	270	17,869	8,806	-	63,124
Total Comprehensive Income							
Profit/(Loss) for the half-year		-	79	-	-	-	79
Other Comprehensive Income		-	-	1,519	-	-	1,519
Total Comprehensive Income		-	79	1,519	-	-	1,598
Transfer between Reserves							
Transfer to Asset Realisation Reserve		-	-	(1,011)	1,011	-	-
Total Transfer between Reserves		-	-	(1,011)	1,011	-	-
Transactions with Owners in their capacity as owners							
Shares issued via dividend reinvestment plan	5	156	-	-	-	-	156
Dividends paid	3	-	-	-	(1,222)	-	(1,222)
Total transactions with Owners		156	-	-	(1,222)	-	(1,066)
Balance at 31 December 2021		36,335	349	18,377	8,595	-	63,656

	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
Total Comprehensive Income							
Profit/(Loss) for the half-year		-	(230)	-	-	-	(230)
Other Comprehensive Income		-	-	3,430	-	-	3,430
Total Comprehensive Income		-	(230)	3,430	-	-	3,200
Transfer between Reserves							
Transfer to Asset Realisation Reserve		-	-	(1,116)	1,116	-	-
Total Transfer between Reserves		-	-	(1,116)	1,116	-	-
Transactions with Owners in their capacity as owners							
Shares issued via dividend reinvestment plan	5	-	-	-	-	-	-
Dividends paid	3	-	-	-	(1,228)	-	(1,228)
Total transactions with Owners		-	-	-	(1,228)	-	(1,228)
Balance at 31 December 2022		36,488	2,614	2,868	9,117	507	51,594

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 2022

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	1,007	947
Interest received	32	-
Interest paid on convertible notes	(551)	(274)
Other payments to suppliers and employees	(236)	(3,585)
Net cash provided by/(used in) operating activities	252	(2,912)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	8,991	11,011
Income tax instalments paid on gain on sale of investments	-	-
Payment for investments	(9,527)	(22,120)
Net cash provided by/(used in) investing activities	(536)	(11,109)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of convertible notes	-	19,427
Dividend paid	(1,228)	(1,065)
Net cash provided by/(used in) financing activities	(1,228)	18,362
Net (decrease)/increase in cash and cash equivalents held	(1,512)	4,341
Cash and cash equivalents at beginning of the financial period	4,925	3,061
Cash and cash equivalents at the end of the financial period	3,413	7,402

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 2022

NOTE 1 BASIS OF PREPARATION

These general-purpose Interim Financial Statements for the half-year reporting period ended 31 December 2022 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 2022, together with any public announcements made by Flagship Investments Limited during the half-year ended 31 December 2022 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 2 February 2022.

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 2022 compared to 30 June 2022. There was a change to the accounting treatment of the convertible notes compared to 31 December 2021. On 17 June 2022 there was an amendment to the conversion price features of the Note Terms and the conversion option previously classified as a derivative liability at fair value was reclassified as equity.

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 2022

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
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NOTE 2 REVENUE AND OTHER INCOME

Dividends Received	887	802
Interest Received	32	-
Total Revenue	919	802

NOTE 3 DIVIDENDS

Dividends paid during the half-year		
- final dividend of 4.75 cents per share paid August 2022 – fully franked	1,228	-
- final dividend of 4.75 cents per share paid August 2021 – fully franked	-	1,222
	1,228	1,222

Since the end of the half-year, the Directors have declared an interim dividend of 4.75 cents per share 100% franked which is payable on 23 February 2023.

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 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	TOTAL \$'000
Assets				
Recurring fair value measurements.				
<i>Financial Assets</i>				
Financial Assets at fair value through Other Comprehensive Income – Listed Equity Securities	63,649	-	-	63,649
<i>Total Financial Assets</i>	63,649	-	-	63,649

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2022

NOTE 4 FAIR VALUE MEASUREMENTS *(continued)*

Company – at 31 December 2022 Assets	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	TOTAL \$'000
Recurring fair value measurements.				
<i>Financial Assets</i>				
Financial Assets at fair value through Other Comprehensive Income – Listed Equity Securities	68,439	-	-	68,439
Total Financial Assets	68,439	-	-	68,439

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 2021	Balance	25,730,259		36,179
20 August 2021	Ordinary shares issued under a dividend reinvestment plan	62,461	2.5260	158
24 February 2022	Ordinary shares issued under a dividend reinvestment plan	64,543	2.3919	154
	Share Issue Costs			(3)
30 June 2022	Balance	25,857,263		36,488
26 August 2022	Nil Movement*	-	-	-
31 December 2022	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 2022

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 4.75 cents per share. The dividend is 100% franked and payable on 23 February 2023.

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 5 to 12 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 2022 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
 2 February 2023

FLAGSHIP INVESTMENTS LIMITED
ABN 99 080 135 913

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF FLAGSHIP INVESTMENTS LIMITED
(Page 1 of 2)

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 2022, 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 2022 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.

FLAGSHIP INVESTMENTS LIMITED
ABN 99 080 135 913**INDEPENDENT AUDITOR'S REVIEW REPORT**
TO THE MEMBERS OF FLAGSHIP INVESTMENTS LIMITED
(Page 2 of 2)**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 2022 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.

Connect National Audit Pty Ltd
Authorised Audit Company No. 521888



GEORGE GEORGIU FCA RCA
MANAGING DIRECTOR

Dated 2nd of February 2023.



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