



FLAGSHIP INVESTMENTS LIMITED

ABN 99 080 135 913

APPENDIX 4D STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

CONTENTS

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



FLAGSHIP INVESTMENTS LIMITED

ABN 99 080 135 913

APPENDIX 4D STATEMENT

Results for Announcement to the Market Half-year ended 31 December 2018

SUMMARY OF RESULTS

Investment Portfolio decreased by 10.6% and the Company realised gains on the sale of assets of \$1.75 million (pre-tax) in the six months ended 31 December 2018.

	2018	2017	Movement
	\$	\$	%
Revenue from activities	1,850,373	968,144	91.1
Comprehensive Income (after tax) attributable to members	(1,915,456)	3,477,492	(155.1)
Comprehensive Income per share (Cents)	(7.51)	13.63	(155.1)
Net Tangible Asset backing per share (before tax on unrealised gains) (Cents)	178.6	194.4	(8.1)

DIVIDEND

Interim Dividend per share

Interim Dividend - payable on 1 March 2019:

4.0 cents

The record date to determine entitlements to the interim dividend

15 February 2019

Dividend Reinvestment Plan

The Dividend Reinvestment Plan will apply to this interim dividend with the price determined by the Directors. The last date for the receipt of an election notice for participation in the dividend reinvestment plan will be at close of business on Monday 18 February 2019. There is no foreign conduit income attributable to the dividend.

Previous corresponding period

Interim Fully Franked Dividend paid on 13 March 2018:

3.75 cents

Capital Gains Components

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 interim dividend will include a capital gain component.

Flagship Investments Limited

REVIEW OF OPERATIONS

During the last six months, dividends in the amount of \$1,833,966 and interest in the amount of \$16,406 were received. The year on year increase in dividends (\$874,153) is attributed to growing yields from the portfolio and the Rio Tinto share buy-back which contained a deemed dividend component. A similar program occurred in November 2017 generating \$214,805 in deemed dividends, however the Company submitted significantly more shares to the offer in 2018 generating \$1,051,001 in the current period. After accounting for expenses, the Net Profit after Tax amounted to \$1,701,692. The Total Comprehensive Income for the half-year was a loss of \$1,915,456 compared to profit of \$3,477,492 last year. Before tax capital gains of \$1,753,589 have been realised on the portfolio, while the market value of the remaining portfolio has decreased since June 2018, leading to the overall losses in Other Comprehensive Income. The Company maintains an investment horizon of three to five years and believes the current decline in market values will reverse in time.

Portfolio Performance:

	1 st Qtr to Sept 18	2 nd Qtr to Dec 18	6 mths to Dec 2018	Since Inception (1 May 1998) p.a.
Portfolio	6.6%	-12.1%	-6.3%	11.7%
S&P/ASX All Ordinaries	0.6%	-9.7%	-9.2%	3.7%

The Australian share market mirrored global markets with a significant decline in October 2018. This led to portfolio gains in the first quarter being reversed in the second quarter. The portfolio at the end of six months has declined by 6.3% which is ahead of the S&P/ASX All Ordinaries Index (declined 9.2%).

Total Assets of the Company at 31 December 2018 compared to 30 June 2018 have decreased, due to the above-mentioned conditions, from \$53,138,449 to \$47,297,067 and the Net Tangible Assets (NTA) per share (before tax on unrealised gains) reduced from 198.2 cents to 178.6 cents.

MARKET COMMENT

In Australia, continued political, economic, and social upheaval fostered uncertainty throughout the 2018 calendar year and tempered expectations for growth. Further disorder within the Liberal Party has meant continued volatility, despite Prime Minister Scott Morrison's best efforts. The Royal Commission has laid bare gross dissatisfaction with the banks and some of our largest companies. The S&P/ASX All Ordinaries declined by 9.7% for the quarter and 7.4% for the calendar year while the Small Ordinaries was down 14.2% and 11.3%, respectively.

It would be reasonable to expect with a number of factors that created uncertainty in 2018 now diminished, a positive outlook in 2019 would prevail. However, the lag effect of market uncertainty at the end of the year and unresolved trade tensions between China and the US will moderate confidence in the new year.

OTHER DISCLOSURES

This report is based on financial statements which have been subject to independent review by the auditor, WPIAS Pty Ltd.

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

This information should be read in conjunction with the Company's most recent Annual Financial Report.

For any queries, please contact:

Scott Barrett
Company Secretary
Telephone: 1800 352 474