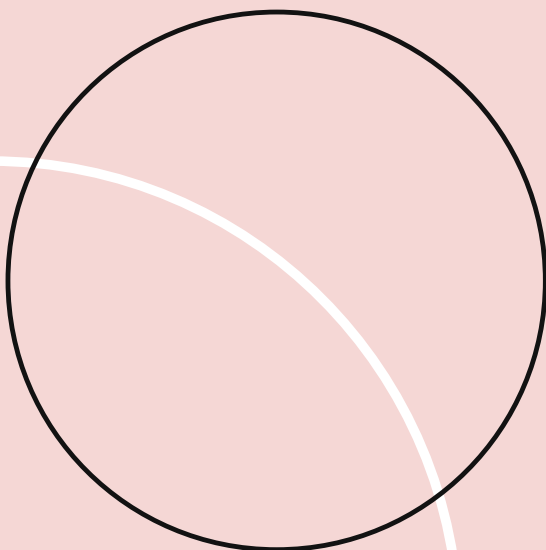




FLAGSHIP  
INVESTMENTS

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR  
ENDED 31 DECEMBER 2014



**Flagship Investments Limited**

ABN 99 080 135 913

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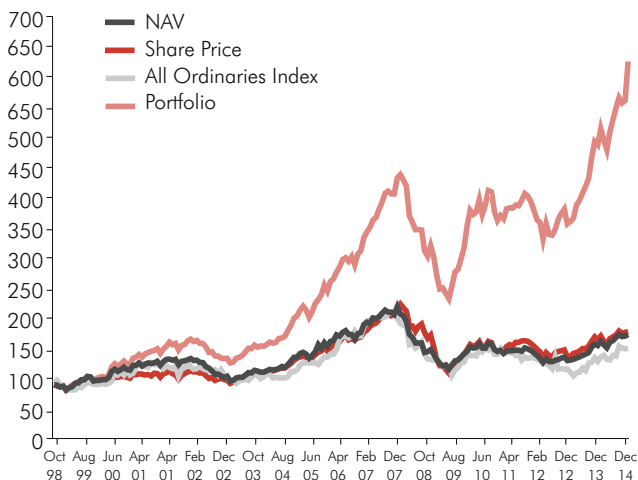
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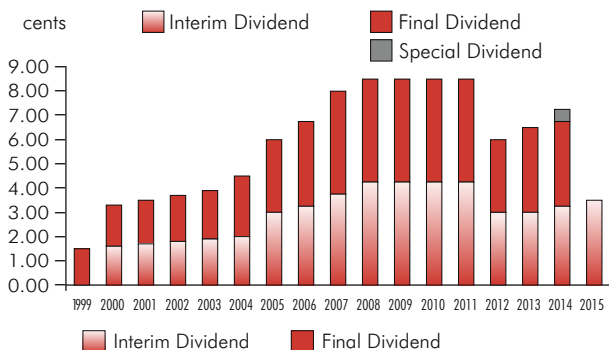
This Interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2014 and any public announcements made by Flagship Investments Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

# Highlights

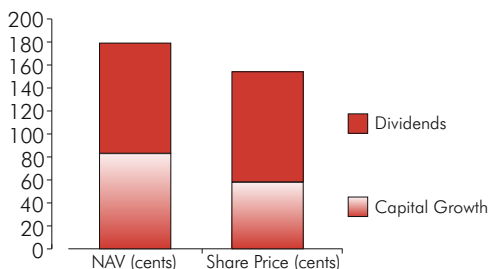
## PERFORMANCE HISTORY



## DIVIDENDS PER SHARE



## TOTAL RETURNS SINCE INCEPTION (NET OF TAX)



# Directors' Report

Your Directors submit the Interim Financial Report of the Company for the half-year ended 31 December 2014.

## DIRECTORS

The following persons were Directors of Flagship Investments Limited since 30 June 2014 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 Risk 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

During the past six months the United States economy has continued to improve with a commensurate improvement in investor confidence. Notwithstanding the fact that the US Federal Reserve announced an end to its quantitative easing (QE) program which began in 2008, the S&P500 performed well over the quarter on the back of lower oil prices that have spurred a consumer-led recovery. By comparison the EU is still fragile with a large divergence in the economic performance of its members and which continues to widen. In Asia, in spite of the release of negative economic data, the Chinese market has posted positive returns in recent months on the back of an interest rate cut which was the first one in over two years. In Japan, the market responded positively to the announcement of further QE by the Bank of Japan. The net effect was that the MSCI (as measured in US dollar terms) declined by 1.9% in the six months to December 2013, after increasing by 5% in the prior six month period to June 2013. However, when measured in Australian dollar terms, the MSCI increased by 13.3% over the six months to December 2014 reflecting the decline in the value of the Australian dollar during this period.

The Australian market, as measured by the All Ordinaries Index, gained a meagre 0.1% over the past six months and by 0.7% over the past twelve months. This performance for the same twelve month period was lower than the 2.9% gain of the MSCI Index in US dollars and a 12.4% in Australian dollars.

Clearly the International markets once again performed better than our domestic markets during the recent six and twelve months in large part due to the poor performance of commodity markets which prevailed during the period. The softening in economic activity in Australia and a decline in the value of the local currency also contributed to Australia's underperformance.

The portfolio has performed exceptionally well, increasing by 3.5% for the six months to the end of December 2014 as compared to the All Ordinaries Index which increased by 0.1%. A 3.5 cent final dividend and a special dividend of 0.5 cents was paid in September.

While the market volatility risk remains, at least in the short to medium term, 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 \$251,408 following the allotment of 158,714 shares at \$1.585 per share in September 2014.

An on-market buy-back facility to acquire up to 2,421,948 (10%) of the Company's shares is in place. During the half-year the buy-back facility was not used by the Company.

## NET ASSET BACKING

The net asset backing per share (tax on realised gains only) at 31 December 2014 was \$1.726 per share compared with \$1.744 at 30 June 2014.

The net asset backing per share (tax on realised and unrealised gains) at 31 December 2014 was \$1.638 per share compared with \$1.608 at 30 June 2014.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

- ◆ A purchase of 676,899 Catapult Group International shares
- ◆ A purchase of 97,798 Telstra Corporation shares
- ◆ A purchase of 26,667 ARB Corporation shares
- ◆ A purchase of 19,945 Woolworths shares
- ◆ A purchase of 15,326 Westpac Banking Corporation shares
- ◆ A purchase of 14,012 RIO Tinto shares
- ◆ The sale of 139,794 Carsales.Com shares
- ◆ The sale of 128,000 Energy Action shares
- ◆ The sale of 57,489 SEEK shares
- ◆ The sale of 36,238 Sirtex Medical shares
- ◆ The sale of 18,547 Domino's Pizza Enterprises shares

## Directors' Report (Continued)

### DIVIDEND DECLARED

A fully franked interim dividend of 3.5 cents per share in respect to the half-year ended 31 December 2014 is to be paid on 2 April 2015.

A final dividend of 3.5 cents per share and a special dividend of 0.5 cents per share was paid on 26 September 2014 in respect to the year ended 30 June 2014.

### 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.

The final dividend will not include any capital gain component.

### 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 2014.

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



Dr E C Pohl

Director

BRISBANE

20 February 2015



Tel: + 61 7 3237 5999  
Fax: + 61 7 3221 9227  
www.bdo.com.au

Level 10, 12 Creek St  
Brisbane QLD 4000  
GPO Box 457 Brisbane QLD 4001  
Australia

## 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 2014, I declare that, to the best of my knowledge and belief, there have been:

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

**T J Kendall**  
Director

**BDO Audit Pty Ltd**  
**Brisbane, 20 February 2015**

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# Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2014

	Note	31 Dec 2014 \$'000	31 Dec 2013 \$'000
Other Revenue	2	872	812
Performance Fee Accrued		(52)	(400)
Other expenses		(231)	(233)
Profit/(Loss) before income tax		589	179
Income tax (expense)/benefit		44	147
<b>Net Profit/(Loss) after income tax for the half-year</b>		<b>633</b>	<b>326</b>

## 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	606	5,187
Income tax (expense) / benefit relating to items that will not be reclassified to profit or loss	(182)	(1,555)
Other Comprehensive Income for the half-year net of tax	424	3,632
<b>Total Comprehensive Income/(Loss) for the half-year<sup>1</sup></b>	<b>1,057</b>	<b>3,958</b>

<sup>1</sup> This is the Company's Net Return for the half-year, which includes the Net Operating Profit plus the net realised and unrealised gains or losses on the Company's investment portfolio.

<b>Earnings per share:</b>	<b>Cents</b>	<b>Cents</b>
Basic earnings per share based on net profit / (loss)	2.60	1.35
Diluted earnings per share based on net profit / (loss)	2.60	1.35

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 2014

	Note	31 Dec 2014 \$'000	30 Jun 2013 \$'000
<b>Assets</b>			
Cash and Cash Equivalents		876	427
Trade and Other Receivables		31	148
Financial Assets at fair value through Other Comprehensive Income	4	40,691	41,798
Financial Assets at fair value through Profit or Loss	4	275	250
<b>Total Assets</b>		<b>41,873</b>	<b>42,623</b>
<b>Liabilities</b>			
Trade & Other Payables		95	1,322
Deferred Tax Liabilities		1,546	1,409
<b>Total Liabilities</b>		<b>1,641</b>	<b>2,731</b>
<b>Net Assets</b>		<b>40,232</b>	<b>39,892</b>
<b>Equity</b>			
Contributed Equity	5	33,918	33,666
Other Reserves		5,398	5,943
Retained Earnings		916	283
<b>Total Equity</b>		<b>40,232</b>	<b>39,892</b>

*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 2014

	Note	Contributed Equity	Retained Earnings	Asset Revaluation Reserve	Asset Realisation Reserve	TOTAL
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2013</b>		33,657	(15)	1,806	421	35,869
<b>Total Comprehensive Income</b>						
Profit/(Loss) for the half-year		-	326	-	-	326
Other Comprehensive Income		-	-	3,632	-	3,632
<b>Total Comprehensive Income</b>		-	326	3,632	-	3,958
<b>Transfer between Reserves</b>						
Transfer to Asset Realisation Reserve		-	-	(172)	172	-
<b>Total Transfer between Reserves</b>		-	-	(172)	172	-
<b>Transactions with Owners in their capacity as owners</b>						
Dividends paid	3	-	(28)	-	(817)	(845)
Shares issued during period	5	238	-	-	-	238
Shares bought back on market	5	(453)	-	-	-	(453)
		(215)	(28)	-	(817)	(1,060)
<b>Balance at 31 December 2013</b>		<b>33,442</b>	<b>283</b>	<b>5,266</b>	<b>(224)</b>	<b>38,767</b>
<b>Balance at 1 January 2014</b>		33,442	283	5,266	(224)	38,767
<b>Total Comprehensive Income</b>						
Profit/(Loss) for the half-year		-	-	-	-	-
Other Comprehensive Income		-	-	1,682	-	1,682
<b>Total Comprehensive Income</b>		-	-	1,682	-	1,682
<b>Transfer between Reserves</b>						
Transfer to Asset Realisation Reserve		-	-	(1,466)	1,466	-
<b>Total Transfer between Reserves</b>		-	-	(1,466)	1,466	-
<b>Transactions with Owners in their capacity as owners</b>						
Dividends paid or provided for		-	-	-	(781)	(781)
Shares issued during period	5	224	-	-	-	224
Shares bought back on market	5	-	-	-	-	-
		224	-	-	(781)	(557)
<b>Balance at 30 June 2014</b>		<b>33,666</b>	<b>283</b>	<b>5,482</b>	<b>461</b>	<b>39,892</b>

# Statement of Changes in Equity (continued)

For the half-year ended 31 December 2014

	Note	Contributed Equity	Retained Earnings	Asset Revaluation Reserve	Asset Realisation Reserve	TOTAL
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2014</b>		33,666	283	5,482	461	39,892
<b>Total Comprehensive Income</b>						
Profit/(Loss) for the half-year		-	633	-	-	633
Other Comprehensive Income		-	-	424	-	424
<b>Total Comprehensive Income</b>		-	<b>633</b>	<b>424</b>	-	<b>1,057</b>
<b>Transfer between Reserves</b>						
Transfer to Asset Realisation Reserve		-	-	(1,576)	1,576	-
<b>Total Transfer between Reserves</b>		-	-	<b>(1,576)</b>	<b>1,576</b>	-
<b>Transactions with Owners in their capacity as owners</b>						
Dividends paid	3	-	-	-	(969)	(969)
Shares issued during period	5	252	-	-	-	252
Shares bought back on market	5	-	-	-	-	-
		252	633	-	(969)	(717)
<b>Balance at 31 December 2014</b>		<b>33,918</b>	<b>916</b>	<b>4,330</b>	<b>1,068</b>	<b>40,232</b>

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 2014

	31 Dec 2014 \$'000	31 Dec 2013 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Dividends received	948	638
Interest received	38	9
Income taxes paid	-	-
Other payments to suppliers	(1,508)	(1,449)
Net cash inflows/(outflows) from operating activities	(522)	(802)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	6,039	6,972
Payments for investments	(4,351)	(7,022)
Net cash inflows/(outflows) from investing activities	1,688	(50)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(717)	(606)
Buy-back of shares	-	(453)
Net cash (outflows)/inflows from financing activities	(717)	(1,059)
Net (decrease)/increase in cash and cash equivalents	449	(1,911)
Cash at beginning of the financial period	427	2,531
Cash at the end of the financial period	876	620

*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 2014

## **NOTE 1 BASIS OF PREPARATION**

These general purpose interim financial statements for the half-year reporting period ended 31 December 2014 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 2014, together with any public announcements made by Flagship Investments Limited during the half-year ended 31 December 2014 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 2014.

# Notes to the Financial Statements

For the half-year ended 31 December 2014

## **NOTE 1 BASIS OF PREPARATION** (continued)

### **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.

Any significant impact on the accounting policies of the Company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

The following Accounting Standards and Interpretations are most relevant to the Company:

#### *AASB 2012-3 Amendments to Australian Accounting Standards — Offsetting Financial Assets and Financial Liabilities*

The Company has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

#### *AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*

The Company has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

# Notes to the Financial Statements

For the half-year ended 31 December 2014

## NOTE 1 BASIS OF PREPARATION (continued)

*AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)*

The Company has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

31 Dec 2014 \$'000	31 Dec 2013 \$'000
--------------------------	--------------------------

## NOTE 2 REVENUE

Dividends	831	806
Interest	41	6
	<b>872</b>	<b>812</b>

# Notes to the Financial Statements

For the half-year ended 31 December 2014

31 Dec 2014 \$'000	31 Dec 2013 \$'000
--------------------------	--------------------------

## NOTE 3 DIVIDENDS

Dividends paid during the half-year

– final dividend of 3.5 cents per share paid September 2014 – fully franked	843	-
– special dividend of 0.5 cents per share paid September 2014 - fully franked (2013 – Nil)	120	-
– final dividend of 3.5 cents per share paid October 2013 – fully franked	-	844
	<b>963</b>	<b>844</b>

Since the end of the half-year, the Directors have declared an interim dividend of 3.5 cents per share 100% franked and payable on 2 April 2015.

## 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.
- Available-for-sale Financial Assets.

Assets classified as held for sale are measured at fair value on a non recurring basis. Assets and liabilities are measured and disclosed using the three level hierarchy:

- 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).



# Notes to the Financial Statements

For the half-year ended 31 December 2014

## NOTE 4 FAIR VALUE MEASUREMENTS (continued)

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 31 December 2014	Level 1	Level 2	Level 3	TOTAL
Assets	\$'000	\$'000	\$'000	\$'000
<b>Recurring fair value measurements.</b>				
<i>Financial Assets</i>				
Financial Assets at fair value through Other Comprehensive Income				
– Listed Equity Securities	40,691	-	-	40,691
Financial Assets at fair value through Profit or Loss				
– Convertible Notes	-	275	-	275
<b>Total Financial Assets</b>	<b>40,691</b>	<b>275</b>	<b>-</b>	<b>40,966</b>

Company – at 30 June 2014	Level 1	Level 2	Level 3	TOTAL
Assets	\$'000	\$'000	\$'000	\$'000
<b>Recurring fair value measurements.</b>				
<i>Financial Assets</i>				
Financial Assets at fair value through Other Comprehensive Income				
– Listed Equity Securities	41,798	-	-	41,798
Financial Assets at fair value through Profit or Loss				
– Convertible Notes	-	250	-	250
<b>Total Financial Assets</b>	<b>41,798</b>	<b>250</b>	<b>-</b>	<b>42,048</b>

There were no transfers during the year between Level 1 and Level 2 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.

# Notes to the Financial Statements

For the half-year ended 31 December 2014

## NOTE 4 FAIR VALUE MEASUREMENTS (continued)

### Disclosed fair values

The Company also has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes to the financial statements.

Valuation techniques used to derive Level 2 and Level 3 fair values recognised in the financial statements.

Description	Valuation approach and inputs used
Convertible Notes	Unquoted investments have been valued using a discounted cash flow model.

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 CONTRIBUTED EQUITY

Date	Details	Number of Shares	Price	\$'000
30 June 2013	Balance	24,226,573		33,657
3 July 2013 to 31 December 2013	Cancellation of shares under the buy-back scheme [see note (b)]	(318,288)	\$1.424 (average price)	(453)
27 September 2013	Dividend Reinvestment Plan issue	172,502	\$1.380	238
31 December 2013	Balance	24,080,787		33,442
11 April 2014	Dividend Reinvestment Plan issue	138,697	\$1.62	224
30 June 2014	Balance	24,219,484		33,666
26 September 2014	Dividend Reinvestment Plan issue	158,714	\$1.585	252
31 December 2014	Balance	24,378,198		33,918

# Notes to the Financial Statements

For the half-year ended 31 December 2014

## **NOTE 5 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 1 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-backs reflect the Company's focus on maintaining an efficient balance sheet through active capital management.

## **NOTE 6 CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Company has no known contingent liabilities or contingent assets.

## **NOTE 7 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 8 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.

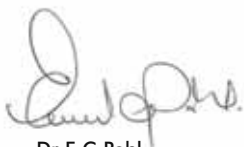
## Directors' Declaration

The Directors declare that the Financial Statements and Notes as set out on pages 8 to 19 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 2014 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**  
Director

**BRISBANE**  
**20 February 2015**



Tel: + 61 7 3237 5999  
Fax: + 61 7 3221 9227  
www.bdo.com.au

Level 10, 12 Creek St  
Brisbane QLD 4000  
GPO Box 457 Brisbane QLD 4001  
Australia

# 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 2014, 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 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 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 company's financial position as at 31 December 2014 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.



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 company's financial position as at 31 December 2014 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, 20 February 2015**

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## Flagship Investments Limited

### Board of Directors

Henry R Smerdon AM  
*Non-Executive Chairman*

Dr 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

EC Pohl & Co Pty Ltd  
ACN 154 399 916  
Level 12  
Corporate Centre One  
2 Corporate Court  
BUNDALL QLD 4217  
Tel: +61 (0) 7 5644 4405  
Fax: +61 (0) 7 5574 1457  
Toll Free: 1800 FLAGSHIP  
1800 352 474

### Solicitors

McCullough Robertson Lawyers  
Level 11  
Central Plaza Two  
66 Eagle Street  
Brisbane QLD 4000  
Tel: +61 (0) 7 3233 8888  
Fax: +61 (0) 7 3229 9949

### Auditors

BDO Audit Pty Ltd  
Level 10  
12 Creek Street  
Brisbane QLD 4000  
GPO Box 457  
Brisbane QLD 4001  
Tel: +61 (0) 7 3237 5999  
Fax: +61 (0) 7 3221 9227  
[www.bdo.com.au](http://www.bdo.com.au)

### Share Register

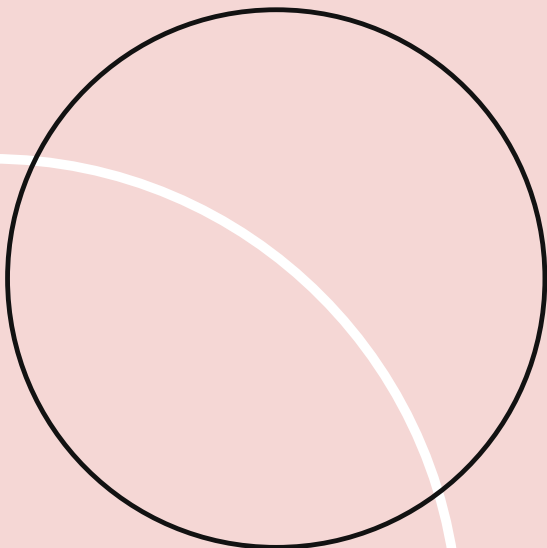
Computershare Investor  
Services Pty Limited  
GPO Box 2975  
Melbourne VIC 3001  
Toll Free: 1300 850 505  
International: +61 (0) 3 9415 4000  
Fax: +61 (0) 3 9473 2500  
[www.investorcentre.com](http://www.investorcentre.com)

### Registered Office

Level 12  
Corporate Centre One  
2 Corporate Court  
BUNDALL QLD 4217  
Tel: +61 (0) 7 5644 4405  
Fax: +61 (0) 7 5574 1457  
Toll Free: 1800 FLAGSHIP  
1800 352 474  
Email: [flagship@ecpohl.com](mailto:flagship@ecpohl.com)

### Website Address

[www.flagshipinvestments.com.au](http://www.flagshipinvestments.com.au)



## Flagship Investments Limited



**FLAGSHIP  
INVESTMENTS**

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**