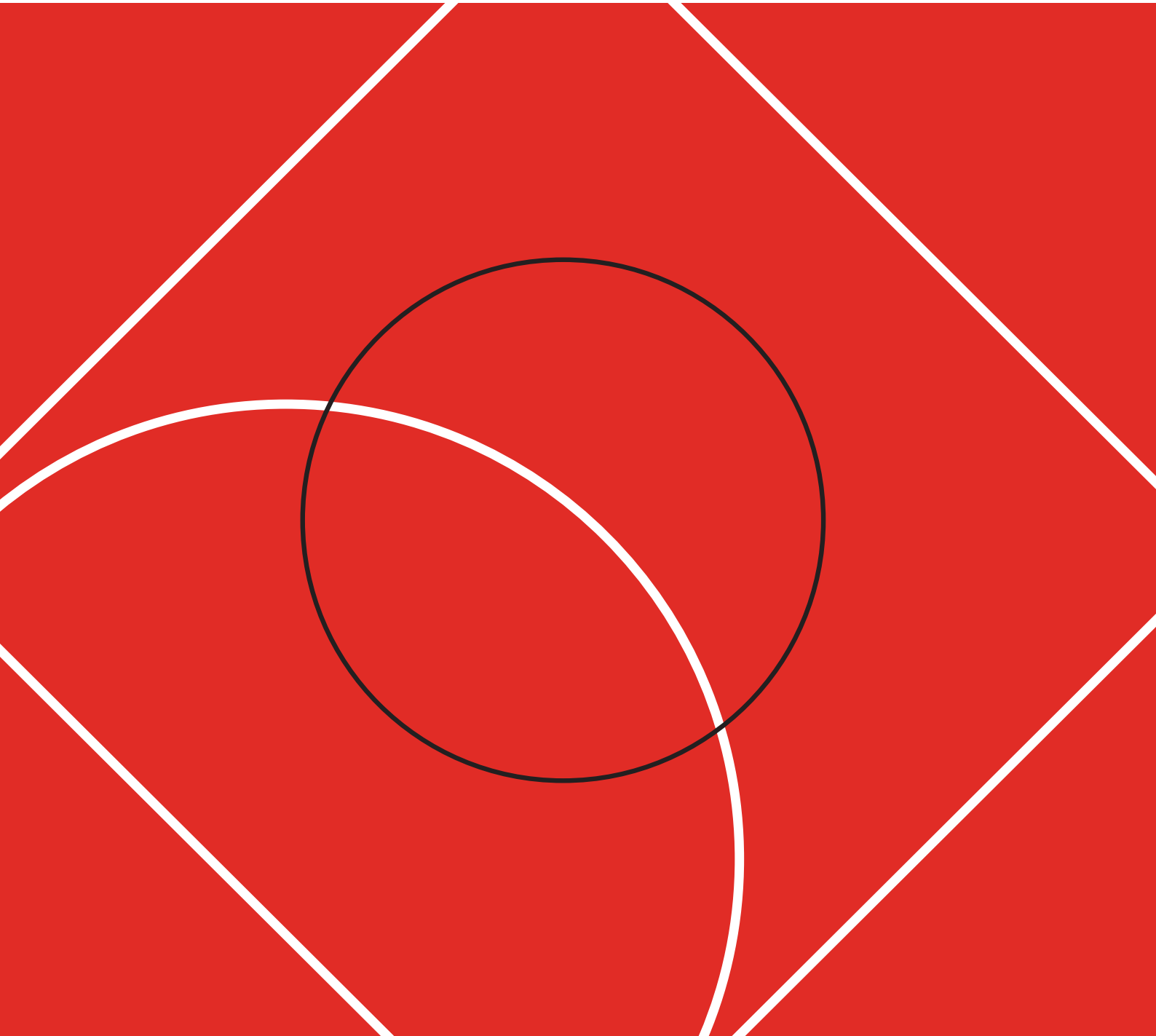




FLAGSHIP  
INVESTMENTS



ANNUAL REPORT 2018

**FINANCIAL CALENDAR**  
**FINANCIAL YEAR END**

30 June 2018

**SHARES TRADED EX DIVIDEND**

20 August 2018

**DIVIDEND BOOKS CLOSE**

21 August 2018

**DIVIDEND PAYMENT**

7 September 2018

**ANNUAL GENERAL MEETING**

The Annual General Meeting of  
Flagship Investments Limited:

**WILL BE HELD AT:**

The office of  
McCullough Robertson Lawyers  
Level 11, Central Plaza Two  
66 Eagle Street  
BRISBANE QLD 4000

**TIME:**

12:00 Noon (QLD Time)

**DATE:**

Friday 2 November 2018

**INVESTING IN FLAGSHIP  
INVESTMENTS LIMITED**

Investors can purchase shares in  
Flagship Investments Limited  
through the Australian Securities  
Exchange.

ASX code: **FSI**

Flagship Investments Limited  
ABN 99 080 135 913  
Registered in Queensland  
23 September 1997



**FLAGSHIP INVESTMENTS LIMITED DIRECTORS** (from left to right)  
Dr Manny Pohl (Managing Director), Sophie Mitchell and Dominic McGann (Chairman)

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## HIGHLIGHTS FOR 2018



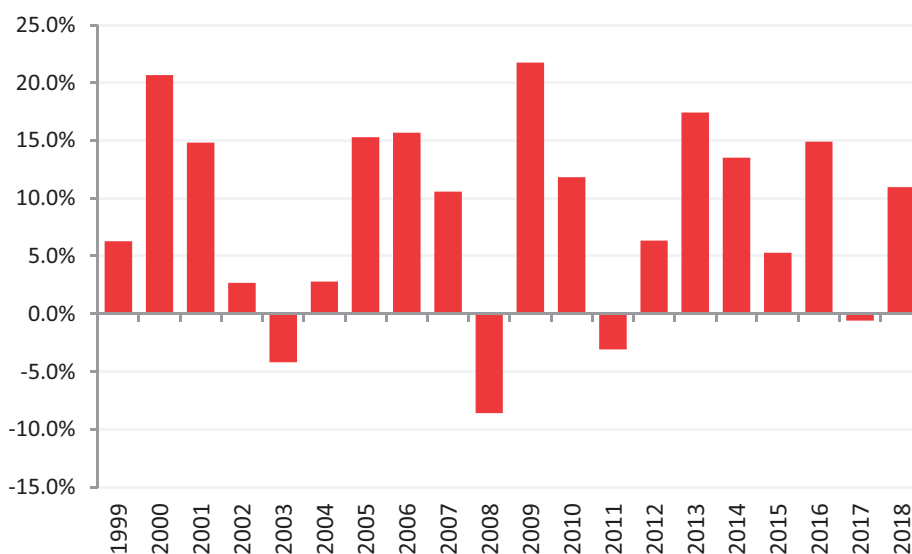
### Highlights for the year ending June 2018

- ♦ The portfolio increased by 20.1% versus an 9.1% increase in the All Ordinaries Index over the twelve-month period.
- ♦ The Net Tangible Assets ("NTA") per share increased by 8.5% after tax (on realised gains only) to \$1.98.
- ♦ Interim dividend (2018) increased 7.1% to 3.75 cents from 3.5 cents in 2017. Final dividend 2018 is 4.0 cents compared to 3.75 cents in 2017. Both dividends were fully franked and were 100% attributable to LIC capital gains.



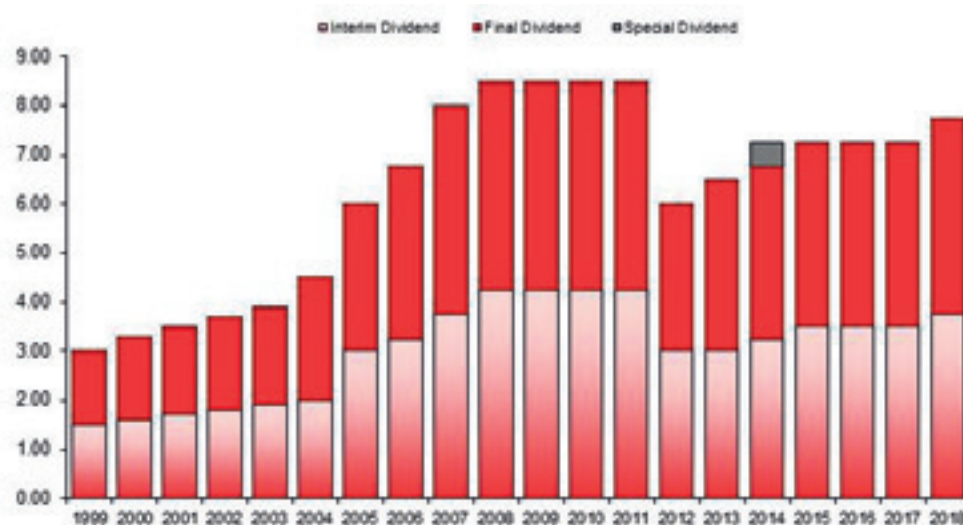
### Relative Performance History

PORTFOLIO OUTPERFORMANCE vs BENCHMARK



### Dividends per share as declared

COMPONENTS OF ANNUAL DIVIDENDS



Compound Annual Growth Rate 5.1% \*

\* (includes Special Dividend)



## Flagship Investments Performance vs. the All Ordinaries Index

### ANNUAL PERCENTAGE CHANGE

Year to	Portfolio Return Pre Fees	Portfolio Return After Fees	NTA (on Realised Gains Only)	All Ordinaries Index
June-99	16.4%	14.4%	14.6%	10.1%
June-00	33.6%	30.4%	25.3%	12.9%
June-01	20.0%	15.2%	8.8%	5.1%
June-02	-5.0%	-6.3%	-9.3%	-7.6%
June-03	-9.4%	-10.2%	-14.6%	-5.2%
June-04	20.5%	19.0%	14.4%	17.7%
June-05	35.1%	31.0%	24.1%	19.8%
June-06	34.7%	31.6%	19.8%	19.0%
June-07	35.9%	32.8%	21.6%	25.4%
June-08	-24.1%	-25.8%	-31.3%	-15.5%
June-09	-4.2%	-4.2%	-8.0%	-26.0%
June-10	21.4%	19.6%	6.7%	9.5%
June-11	4.6%	4.6%	-1.7%	7.7%
June-12	-4.9%	-4.9%	-8.2%	-11.3%
June-13	32.9%	29.5%	15.7%	15.5%
June 14	26.2%	23.5%	15.8%	12.7%
June-15	6.6%	6.2%	-1.4%	1.3%
June-16	12.3%	10.9%	5.7%	-2.6%
June-17	8.0%	7.1%	0.6%	8.5%
June-18	20.1%	17.8%	8.5%	9.1%

Note: Fees include Performance Fees and Underwriting Fees.



## Major Investments June 2018

### TOP 10 INVESTMENTS

	June 18	June 17
Macquarie Group	6.2%	7.5%
Rio Tinto Limited	6.1%	5.0%
Commonwealth Bank	5.5%	7.0%
Domino Pizza Enterprises	5.1%	2.9%
IPH Limited	5.1%	4.9%
Carsales.Com Ltd	4.7%	4.0%
Woodside Petroleum	4.5%	2.9%
CSL Limited	4.4%	6.5%
SEEK	4.0%	4.9%
Magellan Financial Group	3.8%	5.3%
TOTAL	49.4%	50.9%

# OVERVIEW

## COMPANY PROFILE

Flagship Investments Limited (the “Company”) commenced operations in April 1998 and is a Listed Investment Company (LIC) providing investors with access to an expertly crafted quality portfolio of Australian growth companies.

The portfolio is managed by EC Pohl & Co Pty Ltd which has a strong funds management investment team renowned for its stability, track record and sound investment process.

The composition and performance of the investment portfolio is monitored by the Board of Directors, which comprises business people with many years of experience in the business, investment and funds management industries.

There is no fixed management fee. The Manager receives a fee which is performance based and payable annually in arrears if the Company's investments outperform the returns on a cash investment. If the Company's net performance is less than the returns on a cash investment, no performance fee is payable ensuring the Manager is focused on absolute returns to Shareholders (“Shareholders”).

## MISSION

Creating Shareholder wealth through active management of a portfolio of ASX listed quality growth companies.

## OBJECTIVES

The investment objectives of Flagship Investments Limited are:

- ◆ To achieve medium to long-term capital growth and income through investing in a diversified portfolio of Australian companies;
- ◆ To preserve and enhance the NTA backing per share after allowing for inflation; and
- ◆ To provide Company Shareholders with a fully franked dividend, which over time, will grow at a rate in excess of the rate of inflation.

## INVESTOR BENEFITS

The benefits for investors in Flagship Investments Limited are:

- ◆ Reduced share investment risk through a diversified investment portfolio;
- ◆ Professional and disciplined management of an investment portfolio;
- ◆ Fully franked dividend income;
- ◆ Access to tax advantages of Listed Investment Company Capital Gains when available;
- ◆ Access to a Dividend Reinvestment Plan;
- ◆ No fixed management fees - the Investment Manager is remunerated on a performance basis;
- ◆ No entry or exit charges made by the Company; and
- ◆ Easy access to information via the Company's website [www.flagshipinvestments.com.au](http://www.flagshipinvestments.com.au) or head office.

## INVESTMENT MANAGER

The management of the Company's investment portfolio is undertaken by EC Pohl & Co Pty Ltd, which provides administration support even when a performance fee is not paid.

The Manager's investment strategy centres on the view that investing in high quality business franchises with the ability to grow sales and earnings at rates above Gross Domestic Product (GDP) growth, will produce superior investment returns over the long-term.

The Company's portfolio of investments comprises companies whose operations cover a wide spectrum of business activities and the portfolio is constructed from the perspective of a business owner, by investing in well managed companies and not simply by tracking the index weighting of various component stocks.

Dr Manny Pohl is the Managing Director and major shareholder of EC Pohl & Co Pty Ltd.

Information on the Investment Manager is available from [www.ecpohl.com](http://www.ecpohl.com).

## CHAIRMAN'S REPORT

Dear Investor,

I am pleased to present the 21<sup>st</sup> Annual Chairman's Report of Flagship Investments Limited for the 2017/18 financial year.

### THE YEAR IN REVIEW

In spite of the fact that, during the last 12 months, US interest rates increased and political outcomes once again proved to be volatile and unpredictable, the US economy expanded by a respectable 2.8%. Furthermore, over the last 12 months, in spite of the fact that global share markets were dominated by concerns over the growth in the Chinese economy and potential "Trade Wars", the US stock market, as measured by the S&P 500 Index, increased by 12.2% and the Australian share market as measured by the All Ordinaries Index increased by 9.1%. Importantly, the ASX performance was negatively affected by the Royal Commission into the financial services industry and the continued disintermediation of other larger companies by smaller more nimble competitors.

Our portfolio, which has a small to mid-cap bias, performed extremely well and increased by 20.1% over the 12 month period. Furthermore, it is pleasing to note that the portfolio outperformed the All Ordinaries Index in each quarter over the last 12 months.

During this period, discerning investors were once again prepared to pay up for quality growth companies. Small and medium sized stocks dominated active share returns in the market during the year with larger companies under-performing. At a stock level, the major contributors to the portfolio's performance in 2017/18 were A2 Milk, Macquarie Bank, Reliance Worldwide, CSL, Rio Tinto and Netwealth. The largest detractors included Blue Sky, Commonwealth Bank and Magellan.

### THE MARKET OUTLOOK

The portfolio composition has changed in recent months with our investment focussing on businesses with very long duration growth runways (such as Xero, Afterpay Touch, Pushpay, HUB24 and Netwealth to name a few). Notwithstanding these additions, the portfolio retains its exposure to quality growth companies, as was the case during 2017/18. Furthermore, we are comfortable with the long-term fundamental drivers of return in our portfolio and, in our view, companies with strong market positions, strong balance sheets and good management, will continue to perform well and reward patient investors. That said, we expect market returns to be modest in the coming year.

### DIVIDEND

As mentioned in the previous commentary, our portfolio of investments has performed extremely well over the last 12 months and, in keeping with our conservative approach to dividend declaration, the Directors have decided to approve a final dividend for the year of 4.0 cents per share. It represents an overall dividend for the year of 7.75 cents per share, fully franked.

There is an LIC attributable capital gains tax deduction attributable to this dividend. Please refer to Note 15(d).

### THE INVESTMENT MANAGEMENT TEAM

As in previous years, I particularly want to record my appreciation and that of the Board as a whole, to our Investment Manager led by Dr Manny Pohl and his team of professionals at E C Pohl & Co. History confirms that, in only four of the last 21 years, has the Company's portfolio failed to outperform the performance of the All Ordinaries Index. Our continuing success could not have been achieved without the outstanding contribution of these very committed individuals.

### THE BOARD

While particular thanks have already been given to the efforts of our Investment Manager, I also wish to record them for my fellow Board members for their support and input throughout the past year.

Separately, I would like to acknowledge the contribution of the Company Secretary, Mr Scott Barrett, who assumed that role from the previous holder, Mr Brian Jones, in November 2017. Throughout the period of his appointment, Scott has applied himself with enthusiasm and vigour and has allowed the Board to function with great efficiency. Importantly, I should also acknowledge the efforts of some behind the scenes, including Gabrielle Short and Jennifer Mulders.

In conclusion, I want to sincerely thank Shareholders for their on-going support and look forward to another good year ahead.

Yours sincerely



**Dominic McGann**  
Chairman





# DIRECTORS' REPORT

Your Directors present their report on Flagship Investments Limited for the financial year ended 30 June 2018.

## 1. DIRECTORS

The following persons were Directors of Flagship Investments Limited for the entire financial year: D McGann, Dr E Pohl and S Mitchell. S Barrett was appointed an Alternate Director to D McGann and S Mitchell on 3 November 2017, upon the retirement of B Jones.

## 2. INFORMATION ON DIRECTORS



### **Dominic M McGann**

Solicitor of the Supreme Court of Queensland, LLB (QUT),  
LLM (Sydney University), LLM (Bond University)

*Non-Executive Chairman*

*Chairman of Remuneration and Nomination Committee*

*Member of Audit and Risk Committee*

### **Experience and expertise**

Appointed Non-Executive Director on 8 October 2009.

Appointed Chairman on 4 November 2016

Extensive experience as a Partner with McCullough Robertson Lawyers and a Solicitor with the Supreme Court of Queensland.

### **Other current directorships:**

Chair of Australian National Development Index Ltd

Chairman of Partners of McCullough Robertson Lawyers

Director of TRI Foundation Pty Ltd

Director of Ian Frazer Family Foundation Pty Ltd

Governor of the American Chamber of Commerce

Chair of the Queensland Music Festival Limited

Trustee of Committee for Economic Development of Australia

### **Former Listed Company directorships in last 3 years**

None

### **Interest in Shares**

408,496 ordinary shares



### **Dr Emmanuel (Manny) C Pohl**

B.Sc (Eng), MBA, DBA, FAICD, MSAFAA, F Fin

*Managing Director*

*Member of Remuneration and Nomination Committee*

### **Experience and expertise**

Managing Director since the inception of the Company in 1997.

Extensive experience in the funds management industry.

### **Other current directorships**

Managing Director of Global Masters Fund Ltd

Chair of Athelney Trust Plc

Chairman of EC Pohl & Co Pty Ltd

Chairman of ECP Asset Management Pty Ltd

Chairman and President of Bond University Rugby Club

Director of Bond University Limited

Director of Huysamer International Holdings (Pty) Ltd

Trustee of Currumbin Wildlife Hospital Foundation

### **Former Listed Company directorships in last 3 years**

Director of Barrack St Investments Limited (retired June 17).

### **Interest in Shares**

9,634,985 ordinary shares

Has a relevant interest in shares in the Company and he holds a Power of Attorney arrangement with a number of Shareholders.





**Sophia (Sophie) A Mitchell**

B.Econ, GAICD, SF Fin

*Non-Executive Director  
Chairman of Audit and Risk Committee  
Member of Remuneration and Nomination Committee*

***Experience and expertise***

Appointed a Non-Executive Director on 11 June 2008. Management and industry experience as an Executive Director of Morgans, former portfolio Manager Seymour Funds Management (2007), and Head of Research Morgans (1996-2007).

***Other current directorships***

Chairman of Norna Limited  
Director of Silver Chef Limited  
Director of Morgans  
Director of Morgans Foundation  
Board Member of the Australia Council of Arts  
Director of Apollo Tourism & Leisure Ltd

***Former Listed Company directorships in last 3 years***

None

***Interest in Shares***

30,000 ordinary shares



**Scott W Barrett**

B.Com, CA

*Company Secretary  
Alternate Director  
Chief Financial Officer*

***Experience and expertise***

Appointed Alternate Director since 3 November 2017 for Dominic McGann and Sophie Mitchell.

Scott has over 13 years experience in business management and accounting, leading businesses across Australia and New Zealand. He is the CFO for EC Pohl & Co Pty Ltd and two ASX Listed Companies.

***Other current directorships***

No other Directorships

***Former Listed Company directorships in last 3 years***

None

***Interest in Shares***

5,000 ordinary shares

## DIRECTORS' REPORT (Continued)

### 3. PRINCIPAL ACTIVITIES

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 year.

### 4. REVIEW OF OPERATIONS

Revenue for the year increased moderately (8.9%), and overheads before Performance Fee increased by 4.7%. Net increase in Total Assets which includes fair value of investments, cash and dividends receivable was 12.3%.

The After-Tax Profit of the Company (before the Performance Fee) increased by 10.2% and a Performance Fee of \$1,212,781 is payable to the Manager.

As mentioned previously, our portfolio performed better than the market, increasing by 20.1% over the twelve-month period. As a result, the Net Tangible Asset (NTA) per share of the Company increased by 8.5% to 198.2 cents per share at 30 June 2018, after paying dividends of 7.5 cents per share (representing 4.1% of the 2017 NTA).

Our investment process has an investment horizon of three to five years and focuses on quality companies that have the ability to grow their earnings and dividends over this period. This should ensure continued growth in the future dividends we declare and we also believe there is significant capital appreciation potential for the portfolio.

### 5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the financial year were as follows:

- On 3 November 2017 Brian Jones resigned as Company Secretary and Scott Barrett commenced the role of Company Secretary and Alternate Director to Dominic McGann and Sophie Mitchell.

### 6. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Apart from the dividend declared as per item 9, no other matter or circumstance not otherwise dealt with in the Director's Report or Financial Report, which has arisen since the end of the year 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 future financial years.

### 7. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

There are no planned changes to principal activities. Any general decline in equity markets may have an adverse effect on results in future years.

### 8. ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

### 9. DIVIDENDS PAID

Type	Cents per share	Total amount \$'000's	Date of payment
The dividends paid to Shareholders during the financial year were as follows			
Final	3.75	956	September 2017
Interim	3.75	957	March 2018
	<b>7.50</b>	<b>1,913</b>	
Dividends paid by the Company during the preceding year were:			
Final	3.75	953	September 2016
Interim	3.50	893	April 2017
	<b>7.25</b>	<b>1,846</b>	

The final dividend paid in September 2017 and the interim dividend paid on 13 March 2018, were fully franked and had a LIC gain attributable amount.

In addition to the above dividends, since the end of the financial year the Directors have recommended the payment of a fully franked final dividend of \$1,020,109 (4.0 cents per share) to be paid on 7 September 2018. There will be a LIC attributable amount attached to this dividend.

### 10. EARNINGS PER SHARE

Based on profit after income tax.

	2018 Cents	2017 Cents
Basic earnings per share	<b>2.2</b>	3.9
Diluted earnings per share	<b>2.2</b>	3.9

Based on Comprehensive Income after tax

	2018 Cents	2017 Cents
Basic earnings per share	<b>22.2</b>	9.4
Diluted earnings per share	<b>22.2</b>	9.4

See Note 16 of the Financial Report.

### 11. COMPANY SECRETARY

**Scott Barratt B.Com, CA**

Scott is a Chartered Accountant and commenced as Alternate Director and Company Secretary on 3 November 2017. He is the Chief Financial Officer for EC Pohl & Co. Scott has over 13 years business management and accounting experience working in subsidiaries of multinational groups from the hospitality and property industries.

### 12. MEETINGS OF DIRECTORS

The number of Directors' meetings attended by each of the Directors of the Company during the financial year are:

	Board		Audit and Risk Committee		Remuneration and Nomination Committee	
Director	Eligible to attend	Attend	Eligible to attend	Attend	Eligible to attend	Attend
D M McGann	4	4	4	4	1	1
Dr E C Pohl	4	4	-	-	1	1
S A Mitchell	4	4	4	4	1	1

### 13. REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

- (A) Principles used to determine the nature and amount of remuneration
- (B) Details of remuneration
- (C) Service agreements
- (D) Share-based compensation
- (E) Related Party Transactions
- (F) Equity Instrument Disclosure relating to Key Management Personnel

#### (A) Principles used to determine the nature and amount of remuneration

Fees and payments to Directors reflect the demands which are made on, and the responsibilities of, the Directors. The Remuneration and Nomination Committee reviews the remuneration of Directors annually

No remuneration consultants were engaged during the year.

The per annum remuneration of the Directors remained unchanged from previous year:

Chairman	\$45,000
Chairman – Audit and Risk Committee	\$35,000
Other Directors	\$30,000

Remuneration of Directors is determined by the Board within the maximum amount of \$200,000 previously approved by the Shareholders.

There is no performance based remuneration for Directors.

#### (B) Details of remuneration

Details of the remuneration of each Director of Flagship Investments Limited and the executives of the Company are set out in the following table.

#### DETAILS OF REMUNERATION

Director	Year	Short-term Benefits			Post-Employment Super	Equity		Total \$
		Fees \$	Performance Fees \$	Non-monetary Benefits \$		Shares \$	Options \$	
<b>Dominic McGann *</b> <i>Non-executive Chairman</i>	2018	46,125	-	-	-	-	-	46,125
	2017	40,775	-	-	-	-	-	40,775
<b>Dr E C Pohl *</b> <i>Managing Director</i>	2018	30,750	-	-	-	-	-	30,750
	2017	30,750	-	-	-	-	-	30,750
<b>S A Mitchell</b> <i>Non-executive Director</i>	2018	35,000	-	-	-	-	-	35,000
	2017	35,000	-	-	-	-	-	35,000
<b>H R Smerdon AM</b> <i>Non-executive Chairman (Retired)</i>	2018	-	-	-	-	-	-	-
	2017	15,692	-	-	-	-	-	15,692
<b>Total Directors Remuneration</b>	2018	111,875	-	-	-	-	-	111,875
	2017	122,217	-	-	-	-	-	122,217

\* Inclusive of non-claimable GST amount

#### (C) Service agreements

As the Company does not employ any staff, there are no employment service agreements entered into by the Company. The Managing Director and Company Secretary are employed by the Investment Manager – EC Pohl & Co Pty Ltd.

#### (D) Share-based compensation

No share-based compensation exists.

#### (E) Related Party Transactions

The following transactions occurred with other related parties:	2018 \$'000	2017 \$'000
Expenses paid or payable by the Company to:		
– EC Pohl & Co Pty Ltd for Performance Fee	1,213	405
A Performance Fee was payable in accordance with the Management Services Agreement as detailed in Note 22 Dr E C Pohl has an interest in the transaction as during the year Dr E C Pohl was a Director, employee and Shareholder of EC Pohl & Co Pty Ltd.		
– McCullough Robertson Lawyers for the provision of legal services. D M McGann is a partner of McCullough Robertson Lawyers.	-	1
– Allegiant IRS for insurance advice for D & O Policy. The company is owned by McCullough Robertson Lawyers, of which D M McGann is a partner.	2	2
All related party transactions are made on an arm's length basis using the standard terms and conditions.		

## DIRECTORS' REPORT (Continued)

### (F) Equity Instrument Disclosure relating to Key Management Personnel

The number of shares in the Company held during the financial year by each Director of Flagship Investments Limited, including their related parties is set out below. There were no shares granted during the year as compensation.

2018	Balance At The Start Of The Year	Received During The Year By Exercise Of Rights	Other Changes During The Year	Balance At the End Of The Year
D M McGann	382,765	-	25,731	408,496
Dr E C Pohl	9,510,984	-	124,001	9,634,985
S A Mitchell	30,000	-	-	30,000

## END OF REMUNERATION REPORT (AUDITED)

### 14. GENERAL TRANSACTIONS

Other than the Director's remuneration, the Company does not directly contract with any of the Directors.

### 15. LOANS

There are no loans issued to any of the Directors during or since the financial year (30 June 2017 – Nil).

### 16. OPTIONS

No Options have been issued during or since the financial year (30 June 2017 – Nil).

### 17. INSURANCE OF OFFICERS AND/OR AUDITORS

During the financial year the Company insured the Directors and Officers against certain liabilities as permitted by the *Corporations Act 2001*. The insurance policy prohibits disclosure of the nature of the cover, the amount of the premium, the limit of liability and other terms.

The Company has entered into an agreement for the purpose of indemnifying Directors and Officers, to the extent permitted by law, against any liability (including the costs and expenses of defending actions for an actual or alleged liability) incurred in their capacity as a Director and Officer of the Company.

The Company has not during or since the financial year indemnified or paid any insurance premiums to indemnify the auditors.

### 18. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceeding to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the *Corporations Act 2001*.

### 19. NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

There have been no amounts paid or payable to the auditors for non-audit services provided during the year.

The Directors have considered the position and are satisfied that the provision of any non-audit services (if necessary in future) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Audit and Risk Committee is satisfied that the provision of any non-audit services by the auditor, would not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- ♦ All non-audit services would be reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- ♦ None of the services undermine the general principles relating to auditor independence as set out in APES 110, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the Auditors' Independence Declaration as required under section 307C of the *Corporation Act 2001* is set out on page 13.

### 20. ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 (rounding in Financials/ Directors' Report). Accordingly, amounts in the Financial Statements and Directors' Report have been rounded to the nearest \$1,000.

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



Dr Emmanuel (Manny) C Pohl  
Managing Director

10 August 2018

## AUDITOR'S INDEPENDENCE DECLARATION



*For your peace of mind*

**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 year ended 30 June 2018, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**WPIAS Pty Ltd**  
Authorised Audit Company No. 440306

A handwritten signature in black ink, appearing to read 'Lee-Ann Dippenaar'.

**Lee-Ann Dippenaar BCom CPA RCA**  
**Director**

**Dated this 10<sup>th</sup> day of August 2018**

**HEAD OFFICE:**

**t:** +61 (0)7 5580 4700  
**p:** PO Box 1463, Oxenford, Queensland 4210 Australia  
**a:** 4 Helensvale Road, Helensvale, Queensland 4212 Australia  
**e:** info@wpias.com.au  
**w:** www.wpias.com.au

**WPIAS Pty Ltd ABN 99 163 915 482**  
WPIAS is an Authorised Audit Company and a Limited Partnership  
Liability limited by a scheme approved under Professional Standards Legislation

**GOLD COAST • BRISBANE • SYDNEY • MELBOURNE • PERTH • AUCKLAND**



# CORPORATE GOVERNANCE STATEMENT: FOR THE YEAR ENDED 30 June 2018

This statement outlines the main corporate governance practices that were in place for the year ended 30 June 2018. The statement explains the extent to which the Company complies with the ASX Corporate Governance Principles and Recommendations, including explanations of why certain recommendations have not been followed. For ease of comparison with the Principles and Recommendations, this section summarises the Company's compliance with each of the specific recommendations as follows.

## PRINCIPLE 1:

### Lay solid foundations for management and oversight

#### Recommendation 1.1: Respective roles and responsibilities of its Board and Management

##### Compliant

The Board is responsible for the overall corporate governance of the entity and its overriding objective is to protect and increase Shareholder value. The Board guides and monitors the business to ensure that the Company is properly managed in the best interest of Shareholders. The Board is accountable to its Shareholders.

It is responsible for a broad range of matters including:

- ♦ monitoring the Investment Manager and the composition and performance of the investment portfolio;
- ♦ monitoring and assessing the performance of the Managing Director;
- ♦ undertaking Director nomination matters including succession planning for the Board to ensure an appropriate mix of skills, experience, expertise and diversity is maintained;
- ♦ ensuring the Managing Director has an adequate management succession plan;
- ♦ approving and maintaining appropriate risk management and internal control systems to identify, assess, monitor and manage the Company's business risks on an ongoing basis;
- ♦ overseeing the Company's process for disclosure and communications; and
- ♦ developing and approving appropriate Company policies, procedures and codes of behaviour as required to maintain a culture of integrity and a strong framework of corporate governance.

The Board has adopted a formal Board Charter that details the Board's role, authority, responsibilities, membership and operations, and is available on the Company's website [www.flagshipinvestments.com.au](http://www.flagshipinvestments.com.au)

The Charter sets out the matters specifically reserved for the Board and the powers delegated to its Committees and to the Managing Director.

The Board has determined the responsibilities of the Chairman and the Managing Director. A summary of these responsibilities are:

##### Chairman

The Chairman's responsibilities are:

- ♦ The overall leadership of the Board.
- ♦ Communication with Shareholders (jointly with Managing Director).
- ♦ Keeping Directors informed with accurate, timely and relevant information.

- ♦ Evaluating the performance of the Board and individual Directors, including the Managing Director.
- ♦ Managing the business of the Board.
- ♦ Ensuring the effective operation of Board Committees.
- ♦ Ensuring appropriate standards for corporate governance are in place and complied with.
- ♦ Monitoring conflicts of interest.
- ♦ Ensuring effective communication with the Managing Director.

##### In particular, the Chairman will:

- ♦ Be responsible for the efficient organization and conduct of Board business, including chairing meetings, briefing Directors on issues relevant to the Board, establishing appropriate agendas for meetings.
- ♦ Facilitate the effective contribution of all Directors to, at and between meetings.
- ♦ Be the spokesperson for the Company at the Annual General Meeting particularly in regard to policy and strategic issues.
- ♦ Chair the Remuneration and Nomination Committee.
- ♦ Ensure that the performance of the Investment Manager/service provider is formally reviewed by the Audit and Risk Committee at least once per year.
- ♦ Ensure, in conjunction with the Managing Director, that corporate and strategic priorities and objectives for the Company are developed and considered by the Board on an annual basis.

##### Managing Director

The responsibility of the Managing Director is broadly to work with the Board and the Chairman to achieve the Company's corporate and strategic objectives and to undertake those duties not specifically assigned to the Board or the Chairman and generally are:

- ♦ Day to day management of the business.
- ♦ Implementing decisions of the Board and reporting to the Board on progress/outcomes.
- ♦ Providing the Chairman and other Board members with accurate and timely information on all matters relevant to the business and operations of the Company.
- ♦ Ensuring that there is effective communication between himself, the Chairman and other Directors.
- ♦ Ensuring that the services provided to the Company are consistent with the needs of the Company as assessed by the Board and that the service provided is regularly evaluated for efficiency and value for money.
- ♦ Reporting to the Board regularly on the performance of the business against strategic priorities and objectives.
- ♦ Communication with Shareholders (jointly with Chairman).

#### Recommendation 1.2: Information prior to Director election/re-election

##### Compliant

The Remuneration and Nominations Committee assists the Board with the selection and appointment of Directors. Before the Board appoints a new Director or puts forward a candidate for election, the Committee will ensure that appropriate background checks are undertaken. Shareholders are provided with all material information in our possession that is relevant to their decision on whether or not to elect or re-elect a Director through a number of channels, including via the Notice of Meeting, the Director Resumes and other information contained in the Annual Report.



**Recommendation 1.3: Written agreement with each Director and Senior Executive setting out the terms of their appointment**

Compliant

Upon appointment, each Director receives a letter of appointment which sets out the formal terms of their appointment, along with a deed of indemnity, insurance and access.

**Recommendation 1.4: The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.**

Compliant

The Company Secretary is directly accountable to the Board on matters relating to the proper functioning of the Board.

Details regarding the Company Secretary, including experience and qualifications, are set out in the Directors' Report.

**Recommendation 1.5: Gender Diversity**

Compliant

The Company has a Diversity Policy which is available on the website: [www.flagshipinvestments.com.au](http://www.flagshipinvestments.com.au)

The policy includes measurable diversity objectives of 1/3 of the independent Directors. Refer Recommendation 2.3 for details on the independent Directors. There is currently one female Director (1/2 of the independent Directors).

In respect of diversity, the Board considers that diversity includes differences that relate to gender, age, ethnicity and cultural background. It also includes differences in background and life experience, communication styles, interpersonal skills, education and problem solving skills.

The Board seeks to develop a culture of diversity within the Company, whereby a mix of skills and diverse backgrounds are employed by the Company at all levels, through structuring the recruitment processes at all levels so that a diverse range of candidates are considered and there are no excuses or unconscious biases that might discriminate against certain candidates.

**Recommendations 1.6 and 1.7: Board and Senior Executive Evaluation**

To ensure that the responsibility of the Board are upheld and executed to the right level, the Board has established the following Board Committees:

- ♦ Audit and Risk committee; and
- ♦ Remuneration and Nomination Committee.

Compliant

The Board is committed to formally evaluating its performance and the performance of the Audit and Risk Committee and individual Directors, as well as the governance processes supporting the Board. The Board does this through an annual assessment process. Any issues identified are addressed at subsequent Board meetings.

**PRINCIPLE 2:**

**Structure the Board to add value**

**Recommendation 2.1: Establish a Nomination Committee**

Compliant

The Company has a Remuneration and Nomination Committee comprising two independent Directors, Dominic McGann (Chair of the Committee) and Sophie Mitchell and the Managing Director Dr Manny Pohl. The Charter for the Committee is available on the Company's website: [www.flagshipinvestments.com.au](http://www.flagshipinvestments.com.au)

A record of its meetings is set out in the Directors Report.

**Recommendation 2.2: Have and disclose a Board skills matrix**

Compliant

The Company's objective is to have an appropriate mix of expertise and experience on our Board and its Committees so that the Board can effectively discharge its corporate governance and oversight responsibilities. This mix is described in the Board skills matrix below.

Expertise	Experience
♦ Financial knowledge and experience	<b>Industry</b> Finance
♦ Legal, governance and compliance	Superannuation
♦ Commercial acumen	<b>Market</b> Australian Listed
♦ Risk management	Securities
♦ Remuneration and nominations	<b>Geographic</b> Australia

**Recommendation 2.3: Independent Directors**

Compliant

The Board has accepted that an Independent Director is as defined in Box 2.3 of the ASX Corporate Governance Principles and Recommendations (3rd Edition).

Of the current Board members, Mr Dominic McGann and Ms Sophie Mitchell are considered to be independent Directors.

The length of service of each Director is set out in the Directors Report.

**Recommendation 2.4: A majority of the Board of a listed entity should be independent Directors**

Compliant

The structure of the Board does comply with this recommendation in that a majority of the Directors are independent (refer recommendation 2.3)

**Recommendation 2.5: The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.**

Complaint

The Company's Chairman is Dominic McGann, an independent Director.

## CORPORATE GOVERNANCE STATEMENT: FOR THE YEAR ENDED 30 June 2018 (Continued)

### Recommendation 2.6: Director induction and professional development

#### Compliant

New Directors are inducted into the Company's processes and policies in a suite of ways, including the provision of a 'Board manual', interviews with senior management of the Investment Manager and out of session meetings with other Directors. All Directors are encouraged to undertake ongoing professional development both in their area of technical expertise and in the skills required to effectively execute the role of Director.

### PRINCIPLE 3: Act ethically and responsibly

### Recommendation 3.1: Code of Conduct

#### Compliant

The Company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all Directors and officers. The Code is reviewed annually and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity. A summary of the Code is available on the Company's website:

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

The Code sets out the Company's commitment to conducting its business in accordance with all applicable laws and regulations while demonstrating and promoting the highest ethical standards.

### PRINCIPLE 4: Safeguard integrity in corporate reporting

### Recommendation 4.1: Audit Committee

#### Compliant

The Company has an Audit and Risk Committee which comprises two independent Directors.

The composition of the Committee, a record of its meetings, and the relevant experience of each member of the Committee is set out in the Directors Report.

The Audit and Risk Committee charter is available on the Company's website: [www.flagshipinvestments.com.au](http://www.flagshipinvestments.com.au)

### Recommendation 4.2: CEO and CFO declaration on the financial records

#### Compliant

The Board has received a declaration from the CEO and CFO that the Company's financial records have been properly maintained and that the Financial Statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### Recommendation 4.3: The external Auditor should attend the AGM and be available to answer questions from security holders relevant to the audit

#### Compliant

A partner of WPIAS Pty Ltd, the Company's Auditor, was available at the most recent AGM and will be available at the next AGM to answer questions from Shareholders. It is the policy of the Board to always request Auditor presence at AGMs.

### PRINCIPLE 5: Make timely and balanced disclosure

### Recommendation 5.1: Continuous Disclosure Policy

#### Compliant

The Company has a Continuous Disclosure Policy which sets out the obligations of the Company's Directors and officers in relation to continuous disclosure as well as the Company's obligations under the Corporations Act and the ASX Listing Rules. The policy also contains procedures for internal notification and external disclosure, as well as procedures for promoting understanding of compliance with the disclosure requirements and for the monitoring of Company compliance.

The Disclosure Policy is available on the Company's website: [www.flagshipinvestments.com.au](http://www.flagshipinvestments.com.au)

### PRINCIPLE 6: Respect the rights of security holders

### Recommendation 6.1: A listed entity should provide information about itself and its governance to investors via its website

#### Compliant

Investors and other stakeholders can find information about the Company on its website: [www.flagshipinvestments.com.au](http://www.flagshipinvestments.com.au) Information on the Company's corporate governance practices can also be found at [www.flagshipinvestments.com.au](http://www.flagshipinvestments.com.au)

### Recommendation 6.2: A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors

#### Compliant

The Company's Communications Policy sets out how the Company will communicate with Shareholders.

Information is communicated to Shareholders through the distribution of a quarterly report, annual and half-yearly financial reports, announcements through the ASX and the media, on the Company's website and through the Chairman's address at the Annual General Meeting.

If requested, the Company will provide general information by email, facsimile or post.

Through the Company's information email address and phone number, and at AGMs, the Company encourages two-way communication with Shareholders.

The Communication Policy is available on the Company's website: [www.flagshipinvestments.com.au](http://www.flagshipinvestments.com.au)

**Recommendation 6.3: Disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders**

Compliant

The Company facilitates and encourages participation at meetings of security holders by having sections of each meeting dedicated to questions from the floor. Shareholders are given at least 30 days' notice of security holder meetings and those that are unable to attend in person may email or fax questions they would like answered. The Company provides a direct voting facility to allow security holders to vote ahead of AGMs without having to attend or appoint a proxy.

**Recommendation 6.4: Give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically**

Compliant

Quarterly reports and other information required to be sent to Shareholders are sent by email to all persons who have requested their name to be added to the Company's email list. If requested, the Company will provide general information by email, facsimile or post.

**PRINCIPLE 7:  
Recognise and manage risk**

**Recommendation 7.1: Risk Committee**

Compliant

The Audit and Risk Committee monitors the Company's business risks.

The composition of the Committee and a record of its meetings is set out in the Directors Report.

The Audit and Risk Committee charter is available on the Company's website: [www.flagshipinvestments.com.au](http://www.flagshipinvestments.com.au)

**Recommendation 7.2: Annual risk management framework review**

Compliant

Each year, the Audit and Risk Committee, reviews the Company's Risk Management Framework. Ad hoc reviews may also be conducted when the Board perceives that the risk environment has shifted significantly. A review was conducted during the year.

**Recommendation 7.3: Internal audit function**

Non-Compliant

The Company does not have an internal audit function as the Board has deemed it is not necessary, given the size and nature of the Company. Instead, the full Board, through the Audit and Risk Committee, liaises closely with the Company's external auditor to identify potential improvements to the financial risk management and internal control processes.

**Recommendation 7.4: Exposure to economic, environmental and social sustainability risks**

Compliant

The Board monitors the business risk and guides the affairs of the Company in the discharge of its stewardship responsibilities.

The Board meeting agendas and reports advise the Board of current and forthcoming issues relevant to the Company's operations and performance. The Board reviews the investment portfolio at their regular meetings.

Management has designed and implemented a risk management and internal control system through a Risk Management Framework. The Framework is monitored by the Audit and Risk Committee with regular reporting to Committee meetings. The Framework is reviewed yearly by the Committee.

The identified risks are grouped within the Framework under the following headings:

- ◆ Strategic
- ◆ Operational
- ◆ External Macro
- ◆ Environmental

**PRINCIPLE 8:  
Remunerate fairly and responsibly**

**Recommendation 8.1: Remuneration Committee**

Compliant

The Board has a Remuneration and Nomination Committee which monitors the Company's Remuneration matters.

The Committee comprises two independent Directors and the Managing Director. The composition of the Committee and a record of its meetings are set out in the Directors Report.

A Charter setting out the Committees' role, responsibilities and composition is available on the Company's website:

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

The role of the Committee is to assess the skills required on the Board and review remuneration matters. All matters determined by the Committee are submitted to the full Board as recommendations for Board decision.

**Recommendation 8.2: Disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other Senior Executives**

Compliant

The maximum amount of Directors' fees is fixed by Shareholders at the Annual General Meeting and can only be varied by Shareholders in a similar manner. In determining the allocation of fees, the Board takes into account the time demands on each Director, together with the responsibilities undertaken by them and market practices of similar sized businesses in the Listed Investment Company sector.

It is the policy of the Board not to issue Directors incentive shares or options.

The details of the remuneration received by Directors in the 2017/2018 year are included in the Remuneration Report contained within the Directors' Report.

**Recommendation 8.3: Equity-based remuneration**

Not Compliant

As the Company does not have an equity-based remuneration scheme, Recommendation 8.3 is not applicable.

# FINANCIAL REPORT

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This Financial Report covers Flagship Investments Limited as an individual entity. There are no controlled entities.

Flagship Investments Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Flagship Investments Limited  
Level 12  
Corporate Centre One  
2 Corporate Court  
BUNDALL QLD 4217

The Financial Report was authorised for issue by the Directors on 10 August 2018.

A description of the nature of the entity's operations and its principal activities is included in the Operating and Financial Review.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Company. All media releases, Financial Reports and other information are available from the Company at the above address or from our website:

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

FLAGSHIP INVESTMENTS LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$'000	2017 \$'000
Other Income	5	1,720	1,580
Performance Fee	22	(1,213)	(405)
Other expenses	6	(290)	(277)
<b>Profit before income tax</b>		<b>217</b>	<b>898</b>
Income tax credit	7	349	102
<b>Profit for the year</b>		<b>566</b>	<b>1,000</b>
<b>Other Comprehensive Income, net of income tax</b>			
<b>Items that will not be reclassified subsequently to profit &amp; loss</b>			
Changes in fair value of Financial Assets at fair value through Other Comprehensive Income		7,283	1,996
Income Tax (Expense)/Benefit relating to components of Other Comprehensive Income	7	(2,199)	(599)
<b>Other Comprehensive Income for the year, net of tax</b>		<b>5,084</b>	<b>1,397</b>
<b>Total Comprehensive Income for the year</b>		<b>5,650</b>	<b>2,397</b>
<b>Earnings per share:</b>			
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	16	2.2	3.9
Diluted earnings per share	16	2.2	3.9
Comprehensive earnings per share	16	22.2	9.4

*The accompanying Notes form part of these Financial Statements.*

## FINANCIAL REPORT (continued)

### FLAGSHIP INVESTMENTS LIMITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	2018 \$'000	2017 \$'000
<b>ASSETS</b>			
Cash and Cash Equivalents	8	3,716	261
Trade and Other Receivables	9	274	318
Financial Assets at fair value through Other Comprehensive Income	10	49,148	46,732
<b>TOTAL ASSETS</b>		<b>53,138</b>	<b>47,311</b>
<b>LIABILITIES</b>			
Trade and Other Payables	12	1,233	450
Tax Payable	11	1,370	298
Deferred Tax Liability	11	2,949	2,714
<b>TOTAL LIABILITIES</b>		<b>5,552</b>	<b>3,462</b>
<b>NET ASSETS</b>		<b>47,586</b>	<b>43,849</b>
<b>EQUITY</b>			
Issued Capital	13	35,659	35,659
Other Reserves	14	10,751	7,580
Retained Earnings		1,176	610
<b>TOTAL EQUITY</b>		<b>47,586</b>	<b>43,849</b>

*The accompanying Notes form part of these Financial Statements.*



FLAGSHIP INVESTMENTS LIMITED  
**STATEMENT OF CHANGES IN EQUITY**  
 FOR THE YEAR ENDED 30 JUNE 2018

<b>2017</b>	Note	Ordinary Shares \$'000	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Asset Realisation Reserve \$'000	Total \$'000
<b>Balance at 30 June 2016</b>		<b>35,518</b>	<b>215</b>	<b>6,976</b>	<b>448</b>	<b>43,157</b>
Profit or loss attributable to members		-	1,000	-	-	1,000
Other Comprehensive Income		-	-	1,397	-	1,397
Shares issued during the year	13(c)	141	-	-	-	141
Transfer to Asset Realisation Reserve		-	(605)	(2,095)	2,700	-
Dividends paid or provided for	15	-	-	-	(1,846)	(1,846)
<b>Balance at 30 June 2017</b>		<b>35,659</b>	<b>610</b>	<b>6,278</b>	<b>1,302</b>	<b>43,849</b>

<b>2018</b>	Note	Ordinary Shares \$'000	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Asset Realisation Reserve \$'000	Total \$'000
<b>Balance at 30 June 2017</b>		<b>35,659</b>	<b>610</b>	<b>6,278</b>	<b>1,302</b>	<b>43,849</b>
Profit or loss attributable to members		-	566	-	-	566
Other Comprehensive Income		-	-	5,084	-	5,084
Shares issued during the year	13(c)	-	-	-	-	-
Transfer to Asset Realisation Reserve		-	-	(4,563)	4,563	-
Dividends paid or provided for	15	-	-	-	(1,913)	(1,913)
<b>Balance at 30 June 2018</b>		<b>35,659</b>	<b>1,176</b>	<b>6,799</b>	<b>3,952</b>	<b>47,586</b>

*The accompanying Notes form part of these Financial Statements.*

## FINANCIAL REPORT (continued)

FLAGSHIP INVESTMENTS LIMITED

### STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$'000	2017 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Dividends received		1,733	1,503
Interest received		18	27
Payments to suppliers and employees		(707)	(906)
Net cash provided by/(used in) operating activities	24	1,044	624
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investments		24,504	13,260
Income tax paid on gain of sale of investments		(543)	-
Payments for investments		(19,637)	(13,887)
Net cash provided by/(used in) investing activities		4,324	(627)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	15(a)	(1,913)	(1,705)
Net cash used in financing activities		(1,913)	(1,705)
Net increase/(decrease) in cash and cash equivalents held		3,455	(1,708)
Cash and cash equivalents at the beginning of the year		261	1,969
Cash and cash equivalents at end of year	8	3,716	261

*The accompanying Notes form part of these Financial Statements.*

FLAGSHIP INVESTMENTS LIMITED  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2018

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

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

## **1. BASIS OF PREPARATION**

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

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

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

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

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Balance Sheet Format**

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

### **(b) Revenue and Other Income**

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

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

All revenue is stated net of the amount of Goods and Services Tax (GST).

#### **Interest Revenue**

Interest is recognised using the effective interest method.

#### **Dividend Revenue**

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

### **(c) Income Tax**

The income tax expense recognised in the Statement of Profit or Loss and Other Comprehensive Income comprises of current income tax expense plus deferred tax expense.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

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

### **(d) Goods and Services Tax (GST)**

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

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

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

### **(e) Cash and Cash Equivalents**

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

### **(f) Financial Instruments**

#### **Financial Assets At Fair Value Through Profit Or Loss**

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

# FINANCIAL REPORT (continued)

FLAGSHIP INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

### (f) Financial Instruments (continued)

#### Financial Assets At Fair Value Through Other Comprehensive Income

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

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

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

#### Available-For-Sale Financial Assets

These investments are measured at fair value.

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

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

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

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

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

#### Loans and Receivables

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

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

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

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

#### Fair Value Estimation

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

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

### (g) Trade and Other Payables

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

### (h) Provisions

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

#### Provisions for Dividends

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

### (i) Share Capital

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

FLAGSHIP INVESTMENTS LIMITED  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED 30 JUNE 2018

**(j) New Accounting Standards and Interpretations**

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

AASB 9 Financial Instruments and amending standards AASB 2014-7	1 January 2018	Changes to the classification and measurement requirements for financial assets and financial liabilities	The impact of AASB 9 will not have a material impact on the Company
AASB 16 Leases	1 January 2019	AASB 16 introduces a single lessee accounting model by eliminating the current requirement to distinguish leases as either operating leases or finance leases depending on the transfer of risks & rewards of ownership. AASB 16 requires recognition of a right to use asset and liability for all leases excluding those with a tenure period of less than 12 months and those relating to low value assets. The assets will be depreciated in line with AASB 116 Property, Plant & Equipment with the unwinding of the liability in principal and interest components.	The impact of AASB 16 will not have a material impact on the Company.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

**(a) Key Estimates**

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

**(b) Key Judgements**

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

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

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

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

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

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

**4. OPERATING SEGMENTS**

**Segment Information**

The Company operates in the Investment Industry. Its core business focuses on investing in Australian equities to achieve medium to long-term capital growth and income.

Operating segments have been determined on the basis of reports reviewed by the Managing Director. The Managing Director is considered to be the chief operating decision maker of the Company. The Managing Director considers the business from both a product and geographic perspective and assesses performance and allocates resources on this basis. The Managing Director considers the business to consist of just one reportable segment.

# FINANCIAL REPORT (continued)

FLAGSHIP INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$'000	2017 \$'000
<b>5. REVENUE AND OTHER INCOME</b>			
Dividends Received		1,702	1,553
Interest Received		18	27
		<b>1,720</b>	<b>1,580</b>
<b>6. OTHER EXPENSES</b>			
ASX listing and other fees		37	37
Audit fees		26	25
Directors fees		112	122
Insurance		18	15
Marketing		34	27
Share registry		27	28
Other		36	23
		<b>290</b>	<b>277</b>
<b>7. INCOME TAX EXPENSE</b>			
<b>(a) Reconciliation of income tax to accounting profit</b>			
Profit/(Loss) before income tax		217	898
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2017 - 30%)		65	269
Adds:			
Tax effect of:			
- Fully franked dividends received and timing differences		195	125
Less:			
Tax effect of:			
- Rebateable fully franked dividends		602	485
- Other foreign tax credit		7	11
- Other provision for income tax in prior year		-	-
Income tax credit		<b>(349)</b>	<b>(102)</b>
<b>(b) The major components of tax expense/(income) comprise:</b>			
Current tax credit		353	92
Deferred income tax expense:			
(Decrease)/increase in deferred tax assets	11	5	-
Decrease/(increase) in deferred tax liabilities	11	(9)	10
Income tax (expense)/credit for continuing operations		<b>349</b>	<b>102</b>
<b>(c) The major components of tax expense relating to Other Comprehensive Income</b>			
Current Tax (expense)/credit		(1,968)	(389)
Deferred income tax expense:			
(Decrease)/increase in deferred tax assets	11	-	(538)
Decrease/(increase) in deferred tax liabilities	11	(231)	328
		<b>(2,199)</b>	<b>(599)</b>



FLAGSHIP INVESTMENTS LIMITED  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
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## 8. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	3,716	261
	<b>3,716</b>	<b>261</b>

### Reconciliation of cash

Cash and Cash Equivalents reported in the Statement of Cash Flows are reconciled to the equivalent items in the Statement of Financial Position as follows:

Cash at bank and on hand	3,716	261
<b>Balance as per Statement of Cash Flows</b>	<b>3,716</b>	<b>261</b>

## 9. TRADE AND OTHER RECEIVABLES

### CURRENT

Other receivables	269	300
GST receivable	5	18
<b>Total current trade and other receivables</b>	<b>274</b>	<b>318</b>

## 10. OTHER FINANCIAL ASSETS

Financial Assets at Fair Value Through Other Comprehensive Income

At beginning of year	46,732	44,109
Additions (at cost)	19,637	13,886
Revaluation	7,284	1,998
Disposals (at fair value)	(24,505)	(13,261)
<b>Australian listed equity securities</b>	<b>49,148</b>	<b>46,732</b>

For listed equity securities, fair value is determined by reference to closing bid prices on the Australian Securities Exchange.

# FINANCIAL REPORT (continued)

FLAGSHIP INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$'000	2017 \$'000
<b>11. TAX</b>			
Current Tax Payable		<b>1,370</b>	298
Deferred Tax Assets	11.a	(5)	-
Deferred Tax Liabilities	11.b	<b>2,954</b>	2,714
Net deferred tax liabilities adjusted for deferred tax assets		<b>2,949</b>	2,714
<b>(a) Reconciliations – Deferred Tax Assets</b>			
<b>Gross Movements.</b>			
The overall movement in deferred tax asset accounts is as follows:			
Opening balance		-	538
(Charged)/credited to the Income Statement		5	-
(Charged)/credited to Other Comprehensive Income		-	(538)
<b>Closing balance</b>		<b>5</b>	-
The movement in deferred tax assets for each temporary difference during the year is as follows:			
<i>(i) Accruals</i>			
Opening balance		-	-
Charged directly to Profit or Loss		5	-
<b>Closing Balance</b>		<b>5</b>	-
<i>(ii) Tax losses - revenue</i>			
Opening balance		-	538
(Charged)/credited directly to profit or loss		-	-
(Charged)/credited directly to Other Comprehensive Income		-	(538)
<b>Closing Balance</b>		<b>-</b>	-
<b>(b) Reconciliations – Deferred Tax Liabilities</b>			
<b>Gross Movements:</b>			
The overall movement in the deferred tax liability account is as follows:			
Opening balance		<b>2,714</b>	3,052
Charged to the Income Statement		9	(10)
Charged/(credited) to Other Comprehensive Income		<b>231</b>	(328)
<b>Closing balance</b>		<b>2,954</b>	2,714
The movement in deferred tax liability for each temporary difference during the year is as follows:			
<i>(i) Unrealised gain on Financial Assets on fair value</i>			
Opening balance		<b>2,690</b>	3,018
Charged/(credited) directly to Profit or Loss		-	-
Charged/(credited) directly to Other Comprehensive Income		<b>231</b>	(328)
<b>Closing balance</b>		<b>2,921</b>	2,690
<i>(ii) Unfranked dividend and interest receivable</i>			
Opening balance		<b>24</b>	34
Charged/(credited) directly to Profit and Loss		9	(10)
<b>Closing balance</b>		<b>33</b>	24

FLAGSHIP INVESTMENTS LIMITED  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
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## 12. TRADE AND OTHER PAYABLES

### CURRENT

Accounts payable and accrued expenses

1,233	450
<b>1,233</b>	<b>450</b>

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

## 13. ISSUED CAPITAL

### (a) Share Capital

Ordinary shares Fully Paid 25,502,736 (2017: 25,502,736)

35,659	35,659
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### (b) Ordinary Shares

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

At the Shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each Shareholder has one vote on a show of hands.

### (c) Movements in ordinary share capital

Date	Details	Number of shares	Price	\$'000
<b>30 June 2016</b>	<b>Balance</b>	<b>25,426,168</b>		<b>35,518</b>
16 September 2016	Dividend Reinvestment Plan issues	76,568	\$1.85	141
7 April 2017	Dividend Reinvestment Plan issues	-		-
		76,568		141
<b>30 June 2017</b>	<b>Balance</b>	<b>25,502,736</b>		<b>35,659</b>
	Nil Movement *	-		-
<b>30 June 2018</b>	<b>Balance</b>	<b>25,502,736</b>		<b>35,659</b>

\* In FY18 the Dividend Reinvestment Plan was facilitated through on-market purchase of shares.  
 There were no shares issued during the period.

# FINANCIAL REPORT (continued)

FLAGSHIP INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
<b>14. RESERVES</b>		
(a) Asset Revaluation Reserve	6,799	6,278
The Asset Revaluation Reserve records fair value movements of long-term investments after provision for deferred tax. When an investment has been sold or de-recognised, the realised gains and losses (after tax) are transferred from the Asset Revaluation Reserve to the Asset Realisation Reserve.		
(b) Asset Realisation Reserve	3,952	1,302
The Asset Realisation Reserve records realised gains and losses from the sale of investments which are transferred from the Asset Revaluation Reserve, net of dividends paid from reserves.		
<b>15. DIVIDENDS</b>		
(a) Dividends and distributions paid		
The following dividends were declared and paid:		
Final fully franked ordinary dividend of 3.75 cents (2017 – 3.75 cents) per share paid on 13 September 2017 (2017 – 16 September 2016)	956	953
Interim fully franked ordinary dividend of 3.75 cents (2017 – 3.50 cents) per share paid on 13 March 2018 (2017 – 7 April 2017)	957	893
<b>Total</b>	<b>1,913</b>	<b>1,846</b>
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2018 and 2017 were as follows:		
Paid in cash	1,628	1,561
Satisfied by issue of shares	-	141
Purchase of shares on market on behalf of Shareholders in terms of the new DRP rules	285	144
	<b>1,913</b>	<b>1,846</b>
(b) Proposed dividends		
Proposed final 2018 fully franked ordinary dividend of 4.0 cents (2017: 3.75 cents) per share to be paid	1,020	956
The proposed final dividend for 2018 was declared after the end of the reporting period and therefore has not been provided for in the financial statements. There are no income tax consequences arising from this dividend at 30 June 2018		
(c) Franked dividends		
The franking credits available for subsequent financial years at a tax rate of 30%	624	609
The above available balance is based on the dividend franking account at year-end adjusted for		
(a) Franking credits that will arise from the payment of the current tax liabilities;		
(b) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.		
The impact on the franking credit of the dividends proposed after the end of the reporting period is to reduce it by \$437 (2017: \$375).		
The ability to use the franking credits is dependent upon the Company's future ability to declare dividends.		
(d) Listed Investment Company capital gain account		
Balance of the Listed Investment Company (LIC) capital gain account	4,464	992

FLAGSHIP INVESTMENTS LIMITED  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$'000	\$'000

## 16. EARNINGS PER SHARE

(a) Earnings used in the calculation of basic and diluted earnings per share.

(i) Profit/(loss) from continuing operations attributable to the owners of the Company	566	1,000
(ii) Total Comprehensive Income	5,650	2,397

(b) Basic and Diluted earnings per share

	Cents	Cents
(i) Profit/(loss) from continuing operations attributable to the owners of the Company	2.2	3.9
(ii) Total Comprehensive Income	22.2	9.4

(c) Weighted average number of ordinary shares used in the calculation of earnings per share

	25,502,736	25,464,452
Total Comprehensive Income is a more appropriate base for determining earnings per share as it includes profit after income tax and changes in fair value of financial assets		

## 17. AUDITORS REMUNERATION

Remuneration of the auditor of the Company for:

Audit or reviewing the financial statements

26	25
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Total remuneration of auditors

26	25
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## FINANCIAL REPORT (continued)

FLAGSHIP INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

#### 18. FINANCIAL RISK MANAGEMENT

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

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

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

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

The Company held the following financial instruments:

	2018	2017
	\$'000	\$'000
<b>Financial Assets</b>		
Cash and cash equivalents	3,716	261
Receivables	274	318
Financial Assets at fair value through Other Comprehensive Income.	49,148	46,732
<b>Total Financial Assets</b>	<b>53,138</b>	<b>47,311</b>
<b>Financial Liabilities</b>		
Trade and Other Payables	1,233	450
<b>Total Financial Liabilities</b>	<b>1,233</b>	<b>450</b>

##### (a) Market Risk

###### Foreign exchange risk

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

###### Equity market risk

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

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

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

The company's exposure to equity market risk over the manager's investment horizon at the end of the reporting period is:

	2018	2017
Portfolio five year return	14.4%	16.7%
All Ordinaries Index five year return	5.7%	2.8%

##### (b) Sensitivity Analysis

Increases/decreases in an equity securities price, affect the Company's asset revaluation reserve and Other Comprehensive Income for the year. The analysis is based on the assumption that the Financial Assets at fair value through Other Comprehensive Income had increased/decreased by 5% (2017 - 5%) with all other variables held constant.

Impact on Equity and Other Comprehensive Income for the year:

2018 +/- \$2,457,400

2017 +/- \$2,336,600

Impact on profit or loss is nil.

##### (c) Cash Flow Interest Rate Risk

The Company is exposed to cash flow interest rate risk from holding cash and cash equivalents at variable rates. The Company does not enter into financing activities which would expose it to interest rate fluctuations on borrowed capital.

Revenue from interest forms a very minor portion of the Company's income and therefore exposure to interest rate risk is not significant.

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

30 June 2018: Balance \$3,990,000

Weighted average interest rate 0.8%

30 June 2017: Balance \$579,000

Weighted average interest rate 2.3%

##### (d) Relative Performance Risk

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

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



FLAGSHIP INVESTMENTS LIMITED  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED 30 JUNE 2018

**(e) Credit Risk**

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

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

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

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

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

**(f) Liquidity Risk**

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

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

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

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

**19. CAPITAL MANAGEMENT**

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

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

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

**20. FAIR VALUE MEASUREMENTS**

The Company measures the following assets and liabilities at fair value on a recurring basis:

- Financial Assets at fair value through Other Comprehensive Income.
- Financial Assets At fair value through Profit or Loss.
- Available-for-sale Financial Assets.

**Fair value hierarchy**

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

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

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

30 June 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	TOTAL \$'000
<b>Recurring fair value measurements.</b>				
<b>Financial Assets</b>				
- Listed Equity Securities	49,148			49,148
30 June 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	TOTAL \$'000
<b>Recurring fair value measurements.</b>				
<b>Financial Assets</b>				
- Listed Equity Securities	46,732			46,732

**Transfers between levels of hierarchy**

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

**Highest and best use**

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

## FINANCIAL REPORT (continued)

FLAGSHIP INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
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#### 21. RELATED PARTY TRANSACTIONS

Transactions with related parties

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

The following transactions occurred with other related parties:

EC Pohl & Co Pty Ltd for Performance Fee

- A Performance Fee was payable in accordance with the Management Services Agreement as detailed in Note 22.

• Dr E C Pohl has an interest in the transaction as during the year Dr E C Pohl was a Director, employee and Shareholder of EC Pohl & Co Pty Ltd.	1,213	405
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• McCullough Robertson Lawyers for the provision of legal services. D M McGann is a partner of McCullough Robertson Lawyers.	-	1
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• Allegiant IRS for insurance advice for D & O Policy. The company is owned by McCullough Robertson Lawyers, of which D M McGann is a partner.	2	2
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All related party transactions are made on an arm's length basis using the standard terms and conditions.

#### 22. MANAGEMENT SERVICES AGREEMENT

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

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

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

The agreement may be terminated if:

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

Under the agreement the Manager will receive a performance fee, payable annually in arrears, equal to 15% of the amount by which the Company's net performance before tax (that is, after all costs and outlays but before the calculation of the performance fee) exceeds the interest rate payable on bank bills as represented by the UBS Bank Bill Index for that year. If the Company's net performance in the year is less than the interest rate payable on bank bills as represented by the UBS Bank Bill Index for that year, then no performance fee will be payable. Under the terms of this agreement performance fee expense of \$1,212,781 was recognised during the year ended 30 June 2018 (2017 - \$404,839).

FLAGSHIP INVESTMENTS LIMITED  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
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## 23. KEY MANAGEMENT PERSONNEL DISCLOSURES

As per the Management Services Agreement, the Company's Secretary and Chief Financial Officer, Mr Brian Jones (July 2017-November 2017) and Mr Scott Barrett (November 2017 – June 2018) are engaged and remunerated by the Manager, EC Pohl & Co Pty Ltd. These roles do not receive any form of direct remuneration from the Company.

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

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

There have been no other transactions with Key Management Personnel or their related entities other than those disclosed in Note 21.

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

Short-term Employment benefits	112	122
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Detailed remuneration disclosures are provided in sections (A) – (F) of the Remuneration Report on pages 11 and 12.

## 24. CASH FLOW INFORMATION

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

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

Profit for the year	566	1,000
Cash flows excluded from profit attributable to operating activities		
Changes in assets and liabilities		
- (increase)/decrease in trade and other receivables	44	(14)
- increase/(decrease) in current tax liabilities	(352)	298
- increase/(decrease) in net deferred tax assets/liabilities	4	(400)
- increase/(decrease) in trade and other payables	782	(260)
Cash flow from operations	1,044	624

## 25. CONTINGENCIES

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2018 (30 June 2017: None).

## 26. EVENTS OCCURRING AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years. Subsequent to year-end on 10 August 2018, the Directors declared a final 2018 fully franked ordinary share dividend of 4.0 cents per share.

## DIRECTORS' DECLARATION

The Directors of the Company declare that:

- (a) the Financial Statements and Notes set out on pages 18 to 35 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - (ii) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date; and

in the Directors' opinion,

- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) the remuneration disclosures set out on pages 11 and 12 of the Directors' Report (as part of the audited remuneration report) for the year ended 30 June 2018 comply with section 300A of the *Corporations Act 2001*.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors by:



**Dr Emmanuel (Manny) C Pohl**  
Managing Director

10 August 2018

# INDEPENDENT AUDITOR'S REPORT



FLAGSHIP INVESTMENTS LIMITED  
ABN 99 080 135 913

INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF FLAGSHIP INVESTMENTS LIMITED  
(Page 1 of 4)

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Flagship Investments Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit 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 (the Code) that are relevant to our audit of the 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2018. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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# INDEPENDENT AUDITOR'S REPORT (continued)



FLAGSHIP INVESTMENTS LIMITED  
ABN 99 080 135 913

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLAGSHIP INVESTMENTS LIMITED (Page 2 of 4)

KEY AUDIT MATTER	HOW THE KEY AUDIT MATTER WAS ADDRESSED IN OUR AUDIT
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b> Refer to Notes 2(f) and 10 to the financial statements	
<p>As at 30 June 2018 the company's statement of financial position includes financial assets at fair value through other comprehensive income of \$49.148 million.</p> <p>The company is a long-term investor in equity instruments which are classified at fair value through other Comprehensive Income. Initial recognition is at fair value (being cost) with the company electing to present in other Comprehensive Income changes in the fair value of the investments.</p> <p>We focused on this area as a key audit matter due to the amounts involved being material.</p>	<p>Our procedures included, inter alia:</p> <ul style="list-style-type: none"> <li>Inspecting externally prepared documentation to verify the valuation of the portfolio as at 30 June 2018.</li> <li>Randomly and judgementally selecting investments and agreeing dividends and closing market value to third party evidence.</li> <li>Recalculating the movement in fair value for the year.</li> <li>Review of the appropriateness of the company's disclosures in the financial report in accordance with AASB 9.</li> </ul>
<b>Tax and Income Tax Expense</b> Refer to Note 7 and 11 to the financial statements	
<p>The company recognises the deferred tax liability as a net amount adjusted for deferred tax assets. As at 30 June 2018 the net deferred tax liability included in the statement of financial position amounted to \$2.949 million.</p> <p>Current tax payable as at 30 June 2018 included in the statement of financial position amounted to \$1.370 million.</p> <p>We focused on this area as a key audit matter due to the amounts involved being material.</p>	<p>Our procedures included, inter alia:</p> <ul style="list-style-type: none"> <li>Reviewing the company's taxation calculations for accuracy, completeness and compliance with AASB 112.</li> <li>Review of the appropriateness of the company's disclosures in the financial report in accordance with AASB 112.</li> </ul>
KEY AUDIT MATTER	HOW THE KEY AUDIT MATTER WAS ADDRESSED IN OUR AUDIT
<b>Performance fee</b> Refer to Notes 22 and 23 to the financial statements.	
<p>For the year ended 30 June 2018 the company's statement of profit or loss and other comprehensive income includes the performance fee of \$1.213 million.</p> <p>In accordance with a management service agreement the company pays a performance fee to a related party to engage a manager to provide primary and secondary management services.</p> <p>We focused on this area as a key audit matter due to the nature of the relationship and the materiality of the amount.</p>	<p>Our procedures included, inter alia:</p> <ul style="list-style-type: none"> <li>Reviewing the management service agreement</li> <li>Assessing the company's management fee calculation to ensure compliance with the agreement.</li> <li>Review of the appropriateness of the company's disclosures in the financial report in accordance with AASB 124.</li> </ul>

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# INDEPENDENT AUDITOR'S REPORT (continued)



FLAGSHIP INVESTMENTS LIMITED  
ABN 99 080 135 913

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLAGSHIP INVESTMENTS LIMITED (Page 3 of 4)

### Information Other Than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Flagship Investments Limited for the year ended 30 June 2018, intended to be included on the Company's website. The Company's directors are responsible for the integrity of the Company's website. We have not been engaged to report on the integrity of the Company's website. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the website.

### Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

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## INDEPENDENT AUDITOR'S REPORT (continued)



FLAGSHIP INVESTMENTS LIMITED  
ABN 99 080 135 913

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF FLAGSHIP INVESTMENTS LIMITED  
(Page 4 of 4)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors and management.
- Conclude on the appropriateness of directors and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transaction and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on the Remuneration Report

#### Opinion on the Remuneration Report

We have audited the remuneration report included in pages 11 to 12 of the directors' report for the year ended 30 June 2018.

In our opinion the remuneration report of Flagship Investments Limited for the year ended 30 June 2018 complies with s300A of the Corporations Act 2001.

#### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

WPIAS Pty Ltd  
Authorised Audit Company No. 440306

Lee-Ann Dippenaar BCom CA RCA  
Director

Dated this 10<sup>th</sup> day of August 2018

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## SHAREHOLDER INFORMATION

Flagship Investments has only one class of equity security, being Fully Paid Ordinary Shares. The Shareholder information set out below was applicable as at 31 July 2018.

### 1. TWENTY LARGEST SHAREHOLDERS

Shareholders	Ordinary Shares	%
Citicorp Nominees Pty Limited	6,747,295	26.46%
Global Masters Fund Limited	1,310,872	5.14%
Mrs Sylvia Maria Valmadre	932,599	3.66%
Mr Gregory John Burton & Mrs Catherine Beatrice Burton <GJ Burton Personal Super A/C>	500,000	1.96%
Pohl Pty Ltd <Gap Investments Unit A/C>	500,000	1.96%
Mr Cornelius Laubius Visser Laubscher	498,997	1.96%
Cidel Bank & Trust Inc <CBT The Fragrance A/C>	489,201	1.92%
Mr Hank Van Lieshout	420,417	1.65%
Mr Dominic Martin McGann	408,496	1.60%
Quantum Electronics Pty Ltd <Super A/C>	373,417	1.46%
Noonbah Pty Ltd <Noonbah A/C>	372,000	1.46%
Bond Street Custodians Limited <HEF - D63174 A/C>	354,461	1.39%
Mrs Erika Haberfield	307,520	1.21%
Bond Street Custodians Limited <HEF - Q01843 A/C>	304,186	1.19%
Mr Hank Van Lieshout & Mrs Joyce Van Lieshout	260,000	1.02%
Dynasty Peak Pty Ltd <The Avoca Super Fund A/C>	210,148	0.82%
Burton Holdings (Qld) Pty Ltd <The CB A/C>	207,500	0.81%
Mr Edwin Henry Buckland & Mrs Enid Olive Buckland <Buckland Super Fund A/C>	200,000	0.78%
Elgara Pty Ltd <Elgara P/L Super Fund A/C>	196,477	0.77%
Rennin Pty Ltd <Reynard Super Fund A/C>	194,937	0.76%
<b>Total</b>	<b>14,788,523</b>	<b>57.98%</b>

### 2. DISTRIBUTION OF SECURITIES:

Fully Paid Ordinary Shares

Distributions	Number of Shareholders
1 to 1,000	103
1,001 to 5,000	214
5,001 to 10,000	127
10,001 to 100,000	237
100,001 and over	34
<b>Total</b>	<b>715</b>
Holdings of less than a marketable parcel	33

### 3. SUBSTANTIAL SHAREHOLDINGS

The names of the Shareholders who have notified the Company of a substantial holding in accordance with section 671B of the *Corporations Act 2001* are:

Substantial Shareholder	Number of Shares	% of total
Dr E C Pohl *	9,634,985	37.80
Global Masters Fund Limited	1,310,872	5.14

\* Has the power to control voting and/or the disposal of securities in accordance with a Power Of Attorney in relation to 2,427,704 shares.

### 4. VOTING RIGHTS

On a show of hands every Shareholder present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### 5. ON-MARKET BUY BACK

There is no current on-market buy back.

## INVESTMENTS

### (1) HOLDINGS OF SECURITIES AS AT 30 JUNE 2018

Individual investments at 30 June 2018 are listed below. The list should not, however, be used to evaluate portfolio performance or to determine the net asset backing per share at other dates. Individual holdings in the portfolio may change during the course of the year.

Company		Shares	Market Value \$'000	%
	<b>ORDINARY SHARES</b>			
A2M	The A2 Milk Company Limited	55,274	581.5	1.10
APT	Afterpay Touch Group Limited	62,364	583.1	1.10
AUB	AUB Group Limited	97,597	1,325.4	2.50
CAR	Carsales.com Limited	165,468	2,501.9	4.71
CBA	Commonwealth Bank of Australia	40,000	2,914.8	5.49
CL1	Class Limited	234,002	561.6	1.06
COH	Cochlear Limited	7,664	1,534.1	2.89
CSL	CSL Limited	12,000	2,311.4	4.35
CTD	Corporate Travel Management Limited	62,804	1,714.5	3.23
DMP	Domino's Pizza Enterprises Limited	51,823	2,706.2	5.10
HUB	HUB24 Limited	90,537	1,045.7	1.97
IPH	IPH Limited	605,258	2,693.4	5.07
IRI	Integrated Research Limited	382,639	1,190.0	2.24
MFG	Magellan Financial Group Limited	86,881	2,024.3	3.81
MP1	Megaport Limited	193,364	763.8	1.44
MQG	Macquarie Group Limited	26,713	3,303.1	6.22
PDL	Pendal Group Limited	198,796	1,970.1	3.71
PPH	Pushpay Holdings Limited	237,106	910.5	1.71
PWH	PWR Holdings Limited	318,975	864.4	1.63
REA	REA Group Ltd	10,288	934.9	1.76
RIO	Rio Tinto Limited	38,539	3,215.7	6.06
RWC	Reliance Worldwide Corporation Limited	290,887	1,559.2	2.94
SEK	SEEK Limited	96,083	2,095.6	3.95
SM1	Synlait Milk Limited	113,750	1,197.8	2.26
TME	Trade Me Group Limited	196,061	837.2	1.58
TPM	TPG Telecom Limited	312,000	1,613.0	3.04
WBC	Westpac Banking Corporation	63,626	1,864.2	3.51
WPL	Woodside Petroleum Limited	67,375	2,389.1	4.50
WTC	Wisetech Global Limited	77,421	1,212.4	2.28
XRO	Xero Limited	16,200	729.2	1.35
			<b>49,148.1</b>	<b>92.56</b>
	<b>CASH</b>			
	Cash (including dividends receivable)		3,952.6	7.44
	<b>GRAND TOTAL</b>		<b>53,100.7</b>	<b>100.0</b>

### (2) TRANSACTIONS AND BROKERAGE

There were 164 (2017: 64) transactions in securities during the year on which brokerage of \$129,501 (2017: \$74,072) was paid.



## CORPORATE DIRECTORY

### FLAGSHIP INVESTMENTS LIMITED

ABN 99 080 135 913

REGISTERED IN QUEENSLAND ON  
23 SEPTEMBER 1997.

### BOARD OF DIRECTORS

Dominic M McGann

*Non-Executive Chairman*

Dr Emmanuel (Manny) C Pohl

*Managing Director*

Sophie A Mitchell

*Non-Executive Director*

Scott W Barrett

*Alternate Director*

### SECRETARY

Scott W Barrett

### PRINCIPAL PLACE OF BUSINESS

Level 12

Corporate Centre One

2 Corporate Court

BUNDALL QLD 4217

### MANAGER

EC Pohl & Co Pty Ltd

ACN 154 399 916

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### AUDITORS

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### SHARE REGISTRY

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