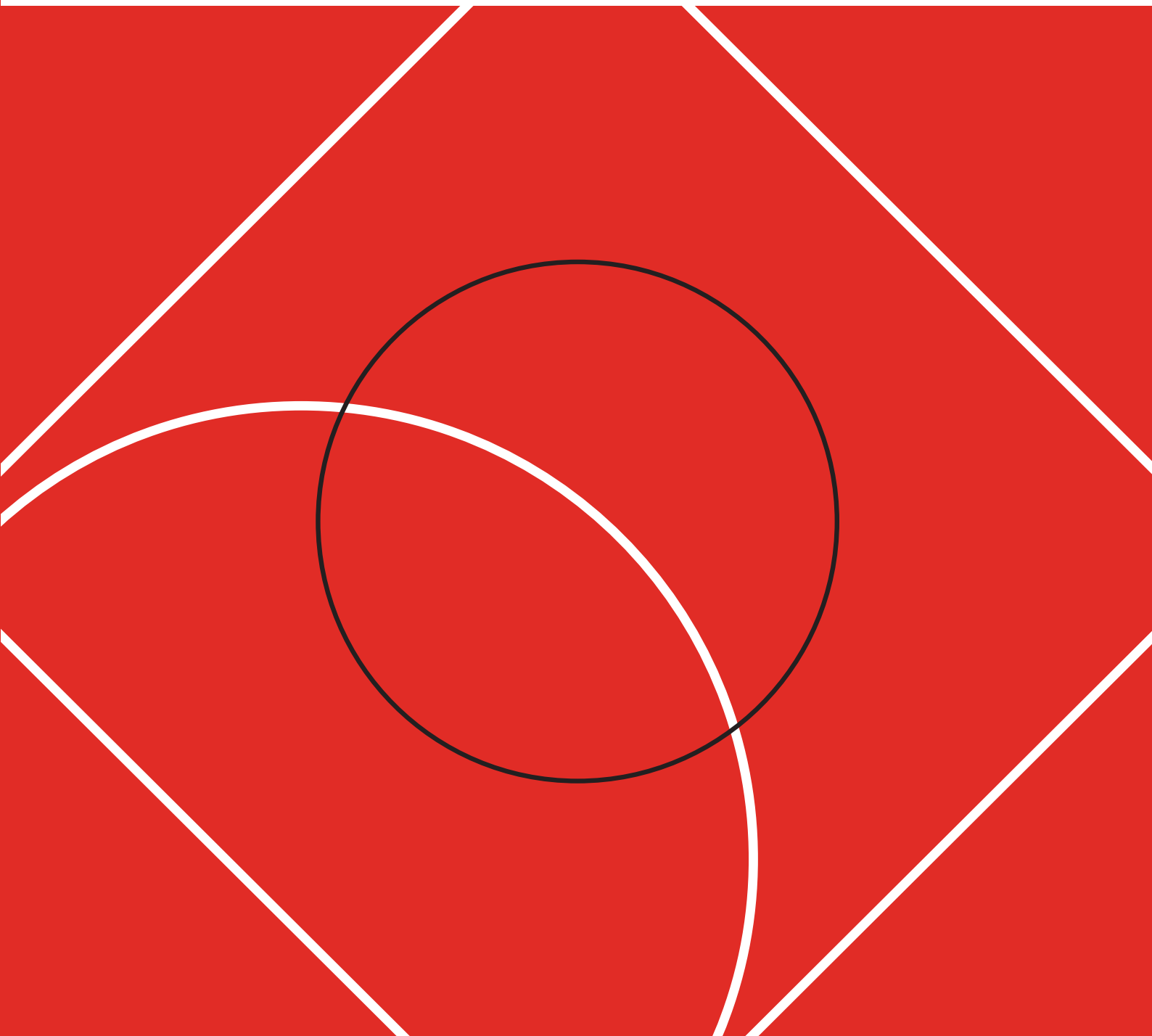




FLAGSHIP
INVESTMENTS



ANNUAL REPORT 2019

FINANCIAL CALENDAR
FINANCIAL YEAR END

30 June 2019

SHARES TRADED EX DIVIDEND

13 August 2019

DIVIDEND BOOKS CLOSE

14 August 2019

DIVIDEND PAYMENT

30 August 2019

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 8 November 2019

**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 AM (Managing Director), Sophie Mitchell and Dominic McGann (Chairman)

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HIGHLIGHTS FOR 2019

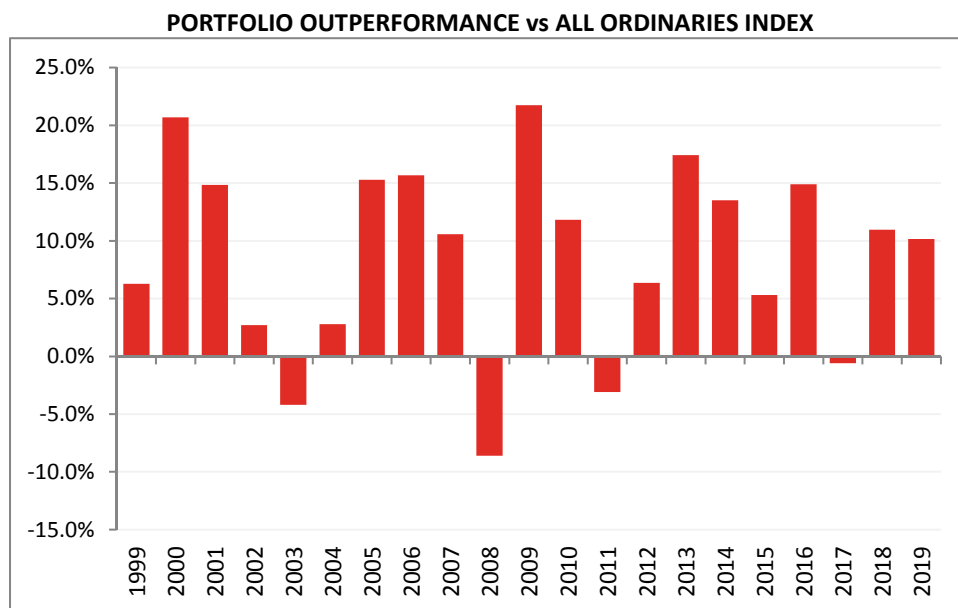


Highlights for the year ending June 2019

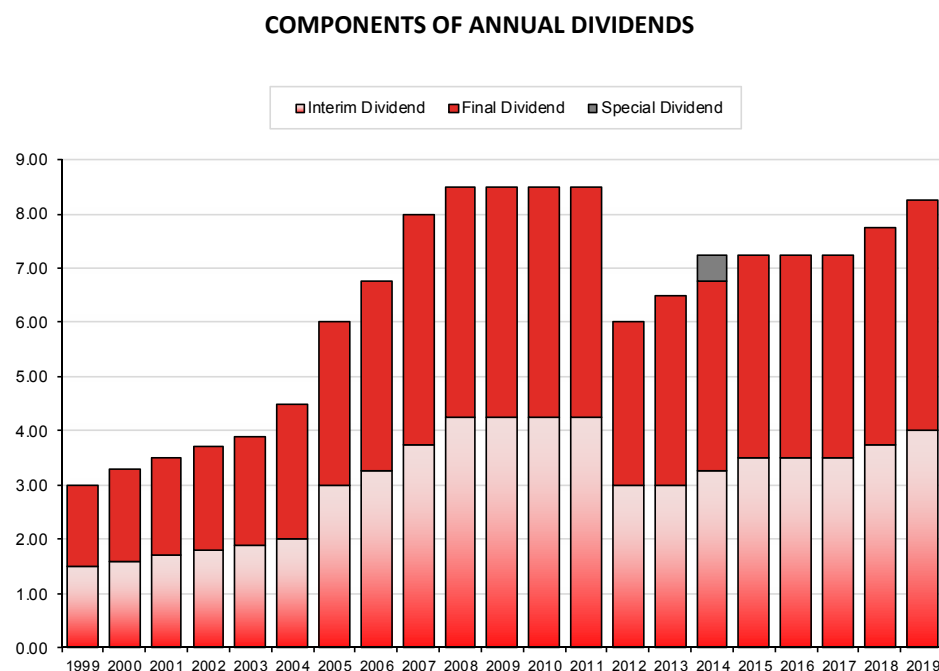
- ◆ The portfolio increased by 16.7% versus a 6.5% increase in the All Ordinaries Index over the twelve-month period. This result is 5.3% higher than the All Ordinaries Accumulation Index which increased 11.4% over the financial year.
- ◆ The Net Tangible Assets ("NTA") per share increased by 6.4% after tax (on realised gains only) to \$2.11.
- ◆ Interim dividend (2019) increased 6.7% to 4.0 cents from 3.75 cents in 2018. Final dividend 2019 is 4.25 cents compared to 4.0 cents in 2018. Both dividends were fully franked and were fully attributable to LIC capital gains.



Relative Performance History



Dividends per share as declared



Compound Annual Growth Rate 5.2% *

** (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 (tax 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%
June-19	16.7%	14.8%	6.4%	6.5%

Note: Fees include Performance Fees and Underwriting Fees.

NTA (Net Tangible Assets) is after all expenses and payment of dividends



Major Investments June 2019

TOP 10 INVESTMENTS

	June 19	June 18
Westpac Banking Corporation	6.7%	3.5%
Macquarie Group	6.4%	6.2%
SEEK	6.3%	3.9%
Commonwealth Bank of Australia	5.1%	5.5%
Rio Tinto Limited	4.7%	6.1%
CSL	4.5%	4.4%
ResMed Inc	4.3%	0.0%
REA Group	4.2%	1.8%
Pendal Group	4.2%	3.7%
Carsales.Com	4.0%	4.7%
TOTAL	50.4%	39.8%

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 Manager’s investment strategy centres on the view that the economics of a business drives long-term investment returns and investing in high quality business franchises that have the ability to generate predictable, above average economic returns will produce superior investment performance.

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;
- ◆ Easy access to information via the Company’s website www.flagshipinvestments.com.au.

INVESTMENT MANAGER

The management of the Company’s investment portfolio is undertaken by EC Pohl & Co Pty Ltd. There is no fixed management fee attached to the investment portfolio or administration of the Company. The Manager receives only a performance-based fee which is 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.

The Company’s portfolio of investments comprises companies with a sustainable competitive advantage whose operations cover a wide spectrum of business activities. 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 AM is the Managing Director and major Shareholder of EC Pohl & Co Pty Ltd.

Information on the Investment Manager is available from www.ecpohl.com.

ENVIRONMENT, SOCIAL, GOVERNANCE

A business can only maintain a sustainable competitive advantage if it adequately respects all stakeholders in the business and environment in which it operates. Companies who are not engaged in sustainable practices, will not be able to generate above average economic returns throughout their life cycle. To this end, the Manager’s investment process scrutinises companies to see if they have the appropriate, and sensible Governance structures in place as well as incorporating sustainable practices into their day to day operations. Companies that do not meet standards of respect and integrity with regard to compensation structures, internal controls, accounting treatment, rules, relationships, systems and process throughout the organisation are not included in the portfolio.

In keeping with this philosophy, the Manager became a signatory to the United Nations-backed Principles for Responsible Investment Initiative in 2016. At the core of these principles is compliance with an investment approach that incorporates Environment, Social and Governance (ESG) factors into the investment decision making process and requires where appropriate, engagement with investee Boards to uphold the best possible ESG outcomes.

CHAIRMAN'S REPORT

Dear Investor,

I am pleased to present the 22nd Annual Chairman's Report of Flagship Investments Limited for the 2018-19 Financial Year.

THE YEAR IN REVIEW

At the commencement of the financial year, we believed that FY19 returns would be modest. Upon reflection, however, we did not anticipate the volatility that has occurred throughout the last 12 months. After a flat start to the financial year, the All Ordinaries Index dropped 9.7% in the second quarter (resulting in a 7.4% decrease over the calendar year), before recovering again by the end of the third quarter. Key themes from FY18 continued throughout the financial year; namely, ongoing trade tensions between the US and China, and the fallout from the Banking Royal Commission (until the report was released in February 2019). The Australian equities market was delicately poised as the Federal Election loomed and then reacted confidently as the country resumed a "business as usual" approach following it.

Our portfolio, which continues to have a small to mid-cap bias, performed well and returned 16.7% over the 12-month period. There is growing rhetoric that the price gap between perceived short-term overperforming stocks versus long-term performing stocks is widening. This does allow for some opportunities but equally devalues our portfolio in the short term.

THE MARKET OUTLOOK

The opportunities in the new financial year remain uncertain. Domestic monetary policy and government tax cuts could fuel the local economy while the New York Fed's indicator on potential recession at 33% is at its highest since the GFC. The optimism or otherwise towards the economic outlook is as long lasting as the latest survey inputs. As business, consumers and markets react to threats - real or imagined - the task at hand requires a disciplined and patient commitment to the investment process.

DIVIDEND

Our portfolio of investments has performed very 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 4.25 cents per share. It represents an overall dividend for the year of 8.25 cents per share.

The FY19 dividends are fully franked and fully attributable to LIC capital gains (please refer to Note 15 of the Financial Statements for additional commentary).

THE INVESTMENT MANAGEMENT TEAM

As noted above, the disciplined execution of the investment process is fundamental to our business. To that end, I want to record my personal appreciation and that of the Board as a whole, to our Investment Manager led by Dr Manny Pohl and his team of professionals at EC Pohl & Co (ECP). Our continuing success could not have been achieved without the outstanding contribution of these very committed individuals.

On an individual level, it was very pleasing to see Manny's contribution to the finance sector and community recognised with an Order of Australia in the 2019 Queen's Birthday Honours. It is a fitting distinction for a very deserving and humble recipient and the Board passes on its congratulations to Manny.

THE BOARD

I wish to record my appreciation for my fellow Board members for their support and input throughout the past year. In a climate of increased focus on Corporate Governance, I am confident that the rigour and commitment from our Board ensures the best interests of Shareholders and other stakeholders are managed and protected. As an example, a particular topic within the investment industry revolves around incorporating ESG (Environmental, Social and Governance) principles into the investment process, this is in fact the case with ECP. For more detail, Shareholders should consider page 6 of the Annual Report which explains the Investment Manager's implementation of the Principles of Responsible Investing (which incorporates an ESG framework). Importantly, at a Board level, we will continue to consider ESG principles to continue to enhance our social licence to operate.

In conclusion, I want to sincerely thank Shareholders for their on-going support, and I acknowledge those who were able to attend the 20 Year celebration held at the NSW Art Gallery in July 2018. We look forward to many more milestones ahead.

Yours sincerely



Dominic McGann
Chairman



DIRECTORS' REPORT

Your Directors present their report on Flagship Investments Limited for the financial year ended 30 June 2019.

1. DIRECTORS

The following persons were Directors of Flagship Investments Limited for the entire financial year: D McGann, Dr E Pohl AM and S Mitchell. S Barrett Alternate Director to D McGann and S Mitchell.

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

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
Director of TRI Foundation Pty Ltd
Director of Ian Frazer Family Foundation Pty Ltd
Chair of Queensland Music Festival Limited
Trustee of Committee for Economic Development of
Australia

Former Listed Company directorships in last 3 years

None

Interest in Shares

427,190 ordinary shares



Dr Emmanuel (Manny) C Pohl AM

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

Managing Director

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
Managing Director 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 2017).

Interest in Shares

9,940,593 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*

Experience and expertise

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

Other current directorships

Director of Silver Chef Limited
Director of Morgans Holdings (Australia) Ltd
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 14 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 Investment 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

In what was a volatile year in the equities market the portfolio outperformed the ASX All Ordinaries Index, returning 16.7% over the twelve-month period (All Ords 6.5% increase). Revenue for the year increased substantially on prior year (59.3% increase). This was due to the Company's increased participation in the Rio Tinto (RIO.ASX) Share Buy-Back program which had a deemed dividend component as well as a realised capital gain. This year the Rio Buy-back generated \$1,051,000 in dividend revenue compared to \$215,000 last financial year, while "natural" dividend revenue increased 11.2%.

The Net Tangible Asset (NTA) per share of the Company increased from the start of the year by 12.7 cents per share (6.4%) to 210.9 cents per share ("cps") at 30 June 2019. This is after paying dividends of 8.0 cps (representing 4.0% of the 2018 NTA), paying tax equivalent to 5.9 cps and operating expenses of 5.9 cps.

The Company's investment focus remains unchanged, selecting quality companies that have the ability to grow their earnings and dividends over three to five years. This should ensure continued growth in the future dividends declared and also capital appreciation potential within the portfolio.

5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the financial year.

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 Directors' 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	4.00	1,020	September 2018
Interim	4.00	1,020	March 2019
	8.00	2,040	
Dividends paid by the Company during the preceding year were:			
Final	3.75	956	September 2017
Interim	3.75	957	March 2018
	7.50	1,913	

The final dividend paid in September 2018 and the interim dividend paid on 1 March 2019, were fully franked and fully attributable to LIC capital gains.

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 \$1,083,866 (4.25 cents per share) to be paid on 30 August 2019. This dividend is fully attributable to LIC capital gains.

10. EARNINGS PER SHARE

Based on profit after income tax.

	2019 Cents	2018 Cents
Basic earnings per share	6.6	2.2
Diluted earnings per share	6.6	2.2

Based on Comprehensive Income after tax

	2019 Cents	2018 Cents
Basic earnings per share	21.2	22.2
Diluted earnings per share	21.2	22.2

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 14 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 **	
	Eligible to attend	Attend	Eligible to attend	Attend	Eligible to attend	Attend
Director						
D M McGann	4	4	4	4	1	1
Dr E C Pohl AM	4	4	-	-	1	1
S A Mitchell	4	4	4	4	1	1

** The Remuneration and Nomination Committee disbanded after the August 2018 meeting.

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 Board reviews the remuneration of Directors annually.

No remuneration consultants were engaged during the year.

The per annum remuneration of the Directors was increased in January 2019:

Chairman	\$45,000
Chairman – Audit and Risk Committee	\$40,000
Other Directors	\$35,000

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 \$	
Dominic McGann * <i>Non-executive Chairman</i>	2019	46,125	-	-	-	-	-	46,125
	2018	46,125	-	-	-	-	-	46,125
Dr E C Pohl AM * <i>Managing Director</i>	2019	33,313	-	-	-	-	-	33,313
	2018	30,750	-	-	-	-	-	30,750
S A Mitchell <i>Non-executive Director</i>	2019	37,500	-	-	-	-	-	37,500
	2018	35,000	-	-	-	-	-	35,000
Total Directors Remuneration	2019	116,938	-	-	-	-	-	116,938
	2018	111,875	-	-	-	-	-	111,875

* 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:	2019 \$'000	2018 \$'000
Expenses paid or payable by the Company to:		
– EC Pohl & Co Pty Ltd for Performance Fee	1,054	1,213
A Performance Fee was payable in accordance with the Management Services Agreement as detailed in Note 22 Dr E C Pohl AM has an interest in the transaction as during the year Dr E C Pohl AM 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.	8	-
– 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.

2019	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	408,496	-	18,694	427,190
Dr E C Pohl AM	9,634,985	-	305,608	9,940,593
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 2018 – Nil).

16. OPTIONS

No Options have been issued during or since the financial year (30 June 2018 – 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:

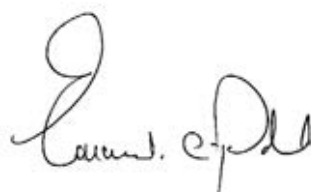
- ◆ All non-audit services would be reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- ◆ None of the services undermine the general principles relating to auditor independence as set out in APES 110, including reviewing or auditing 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 AM
Managing Director

7 August 2019

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 2019, 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', is written over a light blue horizontal line.

Lee-Ann Dippenaar BCom CPA RCA
Director

Dated this 7th day of August 2019

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 SUMMARY: FOR THE YEAR ENDED 30 June 2019

The Directors of Flagship Investments Ltd are committed to excellence in corporate governance. By adopting the ASX Corporate Governance Council's Corporate Governance Principles and incorporating industry best practice, the Company has built a framework that supports our business performance and enhances transparency and accountability which ultimately protects the interests of Shareholders.

Below is a list of the Company's Corporate Governance Framework documents set out against the relevant ASX Governance Principles and Recommendations, the details of which are available on the Company's Website. The full Corporate Governance Statement for the year ending 30 June 2019 is also available on the website, at www.flagshipinvestments.com.au/corporategovernance/

ASX GOVERNANCE PRINCIPLES	RELEVANT DOCUMENT/INFORMATION
Principle 1: Lay solid foundations for management and oversight	Board Charter
Principle 2: Structure the Board to add value	Board Charter
Principle 3: Act ethically and responsibly	Code of Conduct Share Trading Policy Diversity Policy
Principle 4: Safeguard integrity in corporate reporting	Audit and Risk Committee Charter Code of Conduct
Principle 5: Make timely and balanced disclosure	Disclosure Policy Communications Policy
Principle 6: Respect the rights of security-holders	Communications Policy Privacy Policy
Principle 7: Recognise and manage risk	Audit and Risk Committee Charter Risk Management Policy
Principle 8: Remunerate fairly and responsibly	Board Charter

The Corporate Governance Statement explains the extent to which the Company complies with the ASX Corporate Governance Principles and Recommendations including how the policies above support Corporate Governance in the Company. Under the “if not, why not” approach the Board provide explanations as to why a particular recommendation is not appropriate to its circumstances. For clarity, the Board would like to highlight below the recommendations that have not been adopted and the reasons behind the decision:

ASX GOVERNANCE PRINCIPLES	COMPLIANCE STATEMENT
Principle 1: Lay solid foundations for management and oversight	Compliant
Principle 2: Structure the Board to add value	Compliant
Principle 3: Act ethically and responsibly	Compliant
Principle 4: Safeguard integrity in corporate reporting	Compliant
Principle 5: Make timely and balanced disclosure	Compliant
Principle 6: Respect the rights of security-holders	Compliant
Principle 7: Recognise and manage risk Recommendation 7.3: Internal audit function	Compliant except for 7.3: Non-Compliant The Company does not have an internal audit function given the size and nature of the Company. Instead, the 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 process. The Audit and Risk Committee also interrogate the internal compliance and external audit of the Manager.
Principle 8: Remunerate fairly and responsibly Recommendation 8.1 Remuneration Committee Recommendation 8.3: Equity-based remuneration	Compliant except for 8.1 and 8.3 Non-Compliant The Company does not have a Remuneration and Nomination Committee, instead the full Board develops the remuneration policy balancing the need to attract high quality Directors, establishing appropriate incentives and commercial control of expenses. The establishment of a committee would not provide further efficiency to the operation of the Board, given the Board size and the size of the Company. Non-Compliant The Company does not have an equity-based remuneration scheme and does not intend to establish one. 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 7 August 2019.

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

FLAGSHIP INVESTMENTS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$'000	2018 \$'000
Other Income	5	2,741	1,720
Performance Fee	22	(1,054)	(1,213)
Other expenses	6	(285)	(290)
Profit before income tax		1,402	217
Income tax credit	7	274	349
Profit for the year		1,676	566
Other Comprehensive Income, net of income tax			
Items that will not be reclassified subsequently to profit & loss			
Changes in fair value of Financial Assets at fair value through Other Comprehensive Income		5,402	7,283
Income Tax (Expense)/Benefit relating to components of Other Comprehensive Income	7	(1,663)	(2,199)
Other Comprehensive Income for the year, net of tax		3,739	5,084
Total Comprehensive Income for the year		5,415	5,650
Earnings per share:			
		Cents	Cents
Basic earnings per share	16	6.6	2.2
Diluted earnings per share	16	6.6	2.2
Comprehensive earnings per share	16	21.2	22.2

The accompanying Notes form part of these Financial Statements.

FINANCIAL REPORT (continued)

FLAGSHIP INVESTMENTS LIMITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Cash and Cash Equivalents	8	3,763	3,716
Trade and Other Receivables	9	130	274
Financial Assets at fair value through Other Comprehensive Income	10	51,859	49,148
TOTAL ASSETS		55,752	53,138
LIABILITIES			
Trade and Other Payables	12	1,081	1,233
Tax Payable	11	886	1,370
Deferred Tax Liability	11	2,824	2,949
TOTAL LIABILITIES		4,791	5,552
NET ASSETS		50,961	47,586
EQUITY			
Issued Capital	13	35,659	35,659
Other Reserves	14	12,450	10,751
Retained Earnings		2,852	1,176
TOTAL EQUITY		50,961	47,586

The accompanying Notes form part of these Financial Statements.

FLAGSHIP INVESTMENTS LIMITED
STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2019

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

2019	Note	Ordinary Shares \$'000	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Asset Realisation Reserve \$'000	Total \$'000
Balance at 30 June 2018		35,659	1,176	6,799	3,952	47,586
Profit or loss attributable to members		-	1,676	-	-	1,676
Other Comprehensive Income		-	-	3,739	-	3,739
Transfer to Asset Realisation Reserve		-	-	(3,995)	3,995	-
Dividends paid or provided for	15	-	-	-	(2,040)	(2,040)
Balance at 30 June 2019		35,659	2,852	6,543	5,907	50,961

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 2019

	Notes	2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		2,856	1,733
Interest received		36	18
Payments to suppliers and employees		(1,499)	(707)
Net cash provided by/(used in) operating activities	24	1,393	1,044
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		31,777	24,504
Income tax paid on gains on sale of investments		(1,997)	(543)
Payments for investments		(29,086)	(19,637)
Net cash provided by/(used in) investing activities		694	4,324
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	15(a)	(2,040)	(1,913)
Net cash used in financing activities		(2,040)	(1,913)
Net increase/(decrease) in cash and cash equivalents held		47	3,455
Cash and cash equivalents at the beginning of the year		3,716	261
Cash and cash equivalents at end of year	8	3,763	3,716

The accompanying Notes form part of these Financial Statements.

FLAGSHIP INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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 2019

(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 2019

(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 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.
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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 2019

	Notes	2019 \$'000	2018 \$'000
5. REVENUE AND OTHER INCOME			
Dividends Received		2,705	1,702
Interest Received		36	18
		2,741	1,720
6. OTHER EXPENSES			
ASX listing and other fees		38	37
Audit fees		26	26
Directors fees		117	112
Insurance		19	18
Marketing		30	34
Share registry		20	27
Other		35	36
		285	290
7. INCOME TAX EXPENSE			
(a) Reconciliation of income tax to accounting profit			
Profit/(Loss) before income tax		1,402	217
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2018 - 30%)		421	65
Adds:			
Tax effect of:			
- Fully franked dividends received and timing differences		345	195
- Adjustment to income tax in prior year		8	-
Less:			
Tax effect of:			
- Rebateable fully franked dividends		1,045	602
- Other foreign tax credit		3	7
Income tax expense/(credit)		(274)	(349)
(b) The major components of tax (expense)/credit comprise:			
Current tax credit		259	353
Deferred income tax expense:			
(Decrease)/increase in deferred tax assets	11.a	-	5
Decrease/(increase) in deferred tax liabilities	11.b	15	(9)
Income tax (expense)/credit for continuing operations		274	349
(c) The major components of tax expense relating to Other Comprehensive Income			
Current Tax (expense)/credit		(1,773)	(1,968)
Deferred income tax expense:			
(Decrease)/increase in deferred tax assets	11.a	-	-
Decrease/(increase) in deferred tax liabilities	11.b	110	(231)
		(1,663)	(2,199)

FLAGSHIP INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$'000	\$'000

8. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	3,763	3,716
	3,763	3,716

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	3,763	3,716
Balance as per Statement of Cash Flows	3,763	3,716

9. TRADE AND OTHER RECEIVABLES

CURRENT

Other receivables	125	269
GST receivable	5	5
Total current trade and other receivables	130	274

10. OTHER FINANCIAL ASSETS

Financial Assets at Fair Value Through Other Comprehensive Income

At beginning of year	49,148	46,732
Additions (at cost)	29,086	19,637
Revaluation	5,402	7,284
Disposals (at fair value)	(31,777)	(24,505)
Australian listed equity securities	51,859	49,148

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 2019

	Notes	2019 \$'000	2018 \$'000
11. TAX			
Current Tax Payable		886	1,370
Deferred Tax Assets	11.a	(5)	(5)
Deferred Tax Liabilities	11.b	2,829	2,954
Net deferred tax liabilities adjusted for deferred tax assets		2,824	2,949
(a) Reconciliations – Deferred Tax Assets			
Gross Movements.			
The overall movement in deferred tax asset accounts is as follows:			
Opening balance		5	-
(Charged)/credited to the Income Statement		-	5
(Charged)/credited to Other Comprehensive Income		-	-
Closing balance		5	5
The movement in deferred tax assets for each temporary difference during the year is as follows:			
<i>(i) Accruals</i>			
Opening balance		5	-
Charged directly to Profit or Loss		-	5
Closing Balance		5	5
(b) Reconciliations – Deferred Tax Liabilities			
Gross Movements:			
The overall movement in the deferred tax liability account is as follows:			
Opening balance		2,954	2,714
Charged/(credited) to the Income Statement		(15)	9
Charged/(credited) to Other Comprehensive Income		(110)	231
Closing balance		2,829	2,954
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		2,921	2,690
Charged/(credited) directly to Profit or Loss		-	-
Charged/(credited) directly to Other Comprehensive Income		(110)	231
Closing balance		2,811	2,921
<i>(ii) Unfranked dividend and interest receivable</i>			
Opening balance		33	24
Charged/(credited) directly to Profit and Loss		(15)	9
Closing balance		18	33

FLAGSHIP INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$'000	2018 \$'000
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12. TRADE AND OTHER PAYABLES

CURRENT

Accounts payable and accrued expenses

1,081	1,233
1,081	1,233

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 (2018: 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
30 June 2017	Balance	25,502,736		35,659
	Nil Movement *	-		-
30 June 2018	Balance	25,502,736		35,659
	Nil Movement *	-		-
30 June 2019	Balance	25,502,736		35,659

* In FY18 and FY19 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 2019

	2019 \$'000	2018 \$'000
14. RESERVES		
(a) Asset Revaluation Reserve	6,543	6,799
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	5,907	3,952
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.		
15. DIVIDENDS		
(a) Dividends and distributions paid		
The following dividends were declared and paid:		
Final fully franked ordinary dividend of 4.0 cents (2018 – 3.75 cents) per share paid on 7 September 2018 (2018 – 13 September 2017)	1,020	956
Interim fully franked ordinary dividend of 4.0 cents (2018 – 3.75 cents) per share paid on 1 March 2019 (2018 – 13 March 2018)	1,020	957
Total	2,040	1,913
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2019 and 2018 were as follows:		
Paid in cash	1,759	1,628
Satisfied by issue of shares	-	-
Purchase of shares on market on behalf of Shareholders per DRP rules	281	285
	2,040	1,913
(b) Proposed dividends		
Proposed final 2019 fully franked ordinary dividend of 4.25 cents (2018: 4.0 cents) per share to be paid	1,084	1,020
The proposed final dividend for 2019 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 2019.		
(c) Franked dividends		
The franking credits available for subsequent financial years at a tax rate of 30%	3,092	624
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 \$464 (2018: \$437).		
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	4,317	4,464

FLAGSHIP INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$'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	1,676	566
(ii) Total Comprehensive Income	5,415	5,650

(b) Basic and Diluted earnings per share

	Cents	Cents
(i) Profit/(loss) from continuing operations attributable to the owners of the Company	6.6	2.2
(ii) Total Comprehensive Income	21.2	22.2

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

	25,502,736	25,502,736
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. AUDITOR'S REMUNERATION

Remuneration of the auditor of the Company for:

Audit or reviewing the financial statements

26	26
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Total remuneration of auditors

26	26
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FINANCIAL REPORT (continued)

FLAGSHIP INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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 program focuses on the volatility of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company does not speculate in financial assets. 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 as outlined in the Investment Mandate. 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:

	2019	2018
	\$'000	\$'000
Financial Assets		
Cash and cash equivalents	3,763	3,716
Receivables	130	274
Financial Assets at fair value through Other Comprehensive Income.	51,859	49,148
Total Financial Assets	55,752	53,138
Financial Liabilities		
Trade and Other Payables	1,081	1,233
Total Financial Liabilities	1,081	1,233

(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:

	2019	2018
Portfolio five-year return	12.6%	14.4%
All Ordinaries Index five-year return	4.5%	5.7%

(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% (2018 - 5%) with all other variables held constant.

Impact on Equity and Other Comprehensive Income for the year:

2019 +/- \$2,593,000

2018 +/- \$2,457,400

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 2019: Balance \$3,893,000

Weighted average interest rate 0.9%

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

Weighted average interest rate 0.8%

(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 2019

(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 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	TOTAL \$'000
Recurring fair value measurements.				
Financial Assets				
- Listed Equity Securities	51,859			51,859
30 June 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	TOTAL \$'000
Recurring fair value measurements.				
Financial Assets				
- Listed Equity Securities	49,148			49,148

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 2019

	2019 \$'000	2018 \$'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 AM has an interest in the transaction as during the year Dr E C Pohl AM was a Director, employee and Shareholder of EC Pohl & Co Pty Ltd.	1,054	1,213
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• McCullough Robertson Lawyers for the provision of legal services. D M McGann is a partner of McCullough Robertson Lawyers.	8	-
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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 \$1,053,905 was recognised during the year ended 30 June 2019 (2018 - \$1,212,781).

FLAGSHIP INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$'000	2018 \$'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 Scott Barrett is 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	117	112
--------------------------------	-----	-----

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	1,676	566
Cash flows excluded from profit attributable to operating activities		
Changes in assets and liabilities		
- (increase)/decrease in trade and other receivables	144	44
- increase/(decrease) in current tax liabilities	(259)	(352)
- increase/(decrease) in net deferred tax assets/liabilities	(15)	4
- increase/(decrease) in trade and other payables	(153)	782
Cash flow from operations	1,393	1,044

25. CONTINGENCIES

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2019 (30 June 2018: 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 7 August 2019, the Directors declared a final 2019 fully franked ordinary share dividend of 4.25 cents per share.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

- (a) the Financial Statements and Notes set out on pages 16 to 33 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 2019 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 2019 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 AM
Managing Director

7 August 2019

INDEPENDENT AUDITOR'S REPORT



For your peace of mind

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 2019, 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 2019 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 2019. 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
Financial Assets at Fair Value Through Other Comprehensive Income Refer to Notes 2(f) and 10 to the financial statements	
<p>As at 30 June 2019 the Company's statement of financial position includes financial assets at fair value through other comprehensive income of \$51.859 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"> Inspecting externally prepared documentation to verify the valuation of the portfolio as at 30 June 2019. Randomly and judgmentally selecting investments and agreeing dividends and closing market value to third party evidence. Recalculating the movement in fair value for the year. Review of the appropriateness of the Company's disclosures in the financial report in accordance with AASB 9.
Tax and Income Tax Expense 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 2019 the net deferred tax liability included in the statement of financial position amounted to \$2.824 million.</p> <p>Current tax payable as at 30 June 2019 included in the statement of financial position amounted to \$0.886 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"> Reviewing the Company's taxation calculations for accuracy, completeness and compliance with AASB 112. Review of the appropriateness of the Company's disclosures in the financial report in accordance with AASB 112.
KEY AUDIT MATTER	HOW THE KEY AUDIT MATTER WAS ADDRESSED IN OUR AUDIT
Performance fee Refer to Notes 21 and 22 to the financial statements.	
<p>For the year ended 30 June 2019 the Company's statement of profit or loss and other comprehensive income includes the performance fee of \$1.054 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"> Reviewing the management service agreement Assessing the Company's management fee calculation to ensure compliance with the agreement. Review of the appropriateness of the Company's disclosures in the financial report in accordance with AASB 124.

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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 2019 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 2019, 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 2019.

In our opinion the remuneration report of Flagship Investments Limited for the year ended 30 June 2019 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 7th day of August 2019

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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 29 July 2019.

1. TWENTY LARGEST SHAREHOLDERS

Shareholders	Ordinary Shares	%
Citicorp Nominees Pty Limited	6,989,541	27.41%
Global Masters Fund Limited	1,310,872	5.14%
Mrs Sylvia Maria Valmadre	975,156	3.82%
Mr Hank Van Lieshout	572,573	2.25%
Mr Cornelius Laubius Visser Laubscher	512,707	2.01%
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%
Cidel Bank & Trust Inc <CBT The Fragrance A/C>	489,201	1.92%
Mr Dominic Martin McGann	427,190	1.68%
Quantum Electronics Pty Ltd <Quantum Elec PI S/Fund A/C>	390,457	1.53%
Noonbah Pty Ltd <Noonbah A/C>	382,000	1.50%
Bond Street Custodians Limited <HEF - D63174 A/C>	354,461	1.39%
Mrs Erika Haberfield	307,520	1.21%
Primary Community Aged Care Pty Ltd <Ardmillan A/C>	255,067	1.00%
Burton Holdings (Qld) Pty Ltd <The CB A/C>	211,000	0.83%
Dynasty Peak Pty Ltd <The Avoca Super Fund A/C>	210,148	0.82%
Bond Street Custodians Limited <HEF - Q01843 A/C>	210,000	0.82%
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%
Total	15,189,307	59.56%

2. DISTRIBUTION OF SECURITIES:

Fully Paid Ordinary Shares

Distributions	Number of Shareholders
1 to 1,000	105
1,001 to 5,000	195
5,001 to 10,000	134
10,001 to 100,000	234
100,001 and over	35
Total	703
Holdings of less than a marketable parcel	47

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 AM *	9,940,593	38.98
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 2,451,317 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 2019

Individual investments at 30 June 2019 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	%
	ORDINARY SHARES			
A2M	The A2 Milk Company Limited	36,615	507.1	0.91
ALU	Altium Limited	31,000	1,060.2	1.90
APT	Afterpay Touch Group Limited	69,157	1,733.8	3.11
ARB	ARB Corporation Limited	78,941	1,436.7	2.58
CAR	Carsales.com Limited	165,468	2,238.8	4.02
CBA	Commonwealth Bank of Australia	34,000	2,814.5	5.05
CGC	Costa Group Holdings Limited	519,840	2,100.2	3.77
COH	Cochlear Limited	9,895	2,046.7	3.67
CSL	CSL Limited	11,603	2,494.6	4.48
CTD	Corporate Travel Management Limited	90,909	2,045.5	3.67
DMP	Domino's Pizza Enterprises Limited	52,056	1,959.4	3.52
FPH	Fisher & Paykel Healthcare Corporation Limited	38,040	564.1	1.01
HUB	HUB24 Limited	180,000	2,138.4	3.84
IPH	IPH Limited	40,409	301.5	0.54
MP1	Megaport Limited	243,427	1,589.6	2.85
MQG	Macquarie Group Limited	28,645	3,591.8	6.45
PDL	Pendal Group Limited	324,840	2,322.6	4.17
PPH	Pushpay Holdings Limited	247,741	889.6	1.60
REA	REA Group Limited	24,413	2,344.6	4.21
RIO	Rio Tinto Limited	25,481	2,643.9	4.74
RMD	Res Med Inc.	138,218	2,373.2	4.26
SEK	SEEK Limited	164,785	3,486.9	6.26
SM1	Synlait Milk Limited	78,366	699.0	1.25
TPM	TPG Telecom Limited	107,848	694.5	1.25
WBC	Westpac Banking Corporation	131,906	3,740.9	6.71
WPL	Woodside Petroleum Limited	59,592	2,166.8	3.89
WTC	Wisetech Global Limited	34,370	952.3	1.71
XRO	Xero Limited	15,382	922.0	1.65
			51,859.2	93.07
	CASH			
	Cash (including dividends receivable)		3,861.4	6.93
	GRAND TOTAL		55,720.6	100.0

(2) TRANSACTIONS AND BROKERAGE

There were 177 (2018: 164) transactions in securities during the year on which brokerage of \$177,369 (2018: \$129,501) was paid.

NOTES

[illegible]

NOTES

[illegible]

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 AM

Managing Director

Sophie A Mitchell

Non-Executive Director

Scott W Barrett

Alternate Director

COMPANY SECRETARY

Scott W Barrett

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INVESTMENT MANAGER

EC Pohl & Co Pty Ltd

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