



FLAGSHIP INVESTMENTS LIMITED

ABN 99 080 135 913

APPENDIX 4D STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

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APPENDIX 4D STATEMENT

Results for Announcement to the Market

The reporting period is the Half-year ended 31 December 2021, with the corresponding period being 1 July 2020 to 31 December 2020.

SUMMARY OF RESULTS

Investment Portfolio performance was positive 3.8% in the six months ended 31 December 2021. Over the same period, Net Assets increased by \$531,970 after paying the 2021 final dividend of \$1,222,188.

	Dec 2021	Dec 2020	Movement
	\$	\$	%
Revenue from ordinary activities	802,443	457,306	75.5%
Comprehensive Income/(loss) (after tax) attributable to members	1,598,184	9,094,116	(82.4)%
Comprehensive Income/(loss) per share (Cents)	6.20	35.63	(82.6)%
Net Tangible Asset backing per share (before tax on unrealised gains) (Cents)	277.31	255.13	8.7%

DIVIDEND

Interim Dividend per share

Fully Franked Interim Dividend - payable on 24 February 2022: 4.5 cents
 The record date to determine entitlements to the interim dividend 10 February 2022

Dividend Reinvestment Plan

The Dividend Reinvestment Plan will apply to this interim dividend with the price determined by the Directors. The last date for the receipt of an election notice for participation in the dividend reinvestment plan will be at close of business on 11 February 2022. There is no foreign conduit income attributable to the dividend.

Previous corresponding period

Fully Franked Interim Dividend paid on 5 March 2021: 4.25 cents

LIC Capital Gains Components

The capacity of the Company to facilitate access to the capital gain benefit of the dividend will depend on the Company's capacity to generate capital profits. The interim dividend will include a capital gain component.

MARKET COMMENT

In Australia over the past six months the focus has been on the vaccine rollout to provide a buffer to the effects of COVID-19. New variants of the virus including Omicron serve as a reminder that the pandemic is not over yet and therefore an interrupted "normal" is still anticipated. In business news a few key themes have rotated in the headlines, including: supply chain disruption from low inventories, semi-conductor chip shortages or labour shortages, rising inflation also featured and the forecast impact on interest rates.

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MARKET COMMENT *(continued)*

In 2022 it is expected that markets will remain volatile, impacted by the developments in the pandemic and macro-economic conditions. For Flagship Investments Limited the focus remains on creating Shareholder wealth through active management of the investment portfolio. This is executed by the manager, EC Pohl & Co Pty Ltd through the disciplined implementation of the investment process.

REVIEW OF OPERATIONS

On the 1 October 2021 Flagship Investments Limited issued 7,407,407 unsecured, listed convertible notes (FSI Notes). The FSI Notes issued at \$2.70 raised \$20 million for FSI which has been deployed in accordance with FSI's existing investment strategy and investment process. Capital raising via convertible note allows the company to increase the overall size of the investment portfolio without immediately diluting existing FSI Shareholders. The first interest payment in relation to the notes was paid on 31 December 2021 with following payments to be made each quarter- 31 March, 30 June and 30 September.

Due to the issuance of the FSI Notes there are a number of new features in the financial report. Including one off partial recognition of costs \$73,162, the initial recognition of the convertible note debt (balance at 31 December 2021 \$17,088,927), and the initial recognition of a derivative liability associated with the convertible option intrinsic in the notes (balance at 31 December 2021 \$2,754,458). As part of the December reporting and an ongoing accounting requirement the Convertible Note Debt will be amortised over the five year term (amortised interest recognised in the Statement of Profit or Loss of \$416,566 compared to interest paid of \$274,247) and the derivative liability will be adjusted to fair value (expense to the Statement of Profit or Loss of \$200,929).

Investment performance for the 6 months to December 2021 was positive 3.8%, compared to the ASX All Ordinaries Index increase of 2.6%. The result is substantially less than the prior year period between July 2020 to December 2020 (positive 25.4%), and is reflective of overall market conditions where stimulus measures and positive macro conditions created strong performance in equities last year.

During the reporting period there have been significant inflows from dividends (\$802,128). This is an increase of \$358,537 compared to prior period and illustrates the positive results posted by investee companies as at year end, 30 June 2021. The dividends received in the current period also include a deemed dividend from the CBA share buyback of \$69,170 and Rio Tinto's special dividend of \$2.5064 per share, worth \$80,205.

Portfolio Performance:

	6 mths	1 year	5 years	Since Inception (1 May 1998) p.a.
FSI Portfolio	3.8%	16.5%	18.2%	13.3%
ASX All Ordinaries	2.6%	13.6%	6.4%	4.5%
ASX Accumulation Index	4.6%	17.7%	10.4%	8.8%

OTHER DISCLOSURES

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

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

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

Authorised for release by the Board.

For any queries, please contact:
Scott Barrett
Company Secretary