FLAGSHIP INVESTMENTS LIMITED
ABN 99 080 135 913

Appendix 4E Statement

Preliminary Final Report

For the year ended 30 June 2024

(Previous corresponding period is year ended 30 June 2023)

Contents

Results for announcement to the market

The preliminary results are based on audited financial statements.

The reporting period is the year ended 30 June 2024 with the corresponding period being the year ended 30 June 2023.

Summary of results

The investment portfolio performance was positive 29.0% compared with the ASX All Ordinaries Index which increased by 8.3%.

	2024 $'000.	2023 $'000.	Movement.
Revenue from Ordinary Activities	**1,645**	**1,794**	(8.3)%
Profit/(Loss) from Ordinary Activities after income tax[1]	**(2,276)**	**(807)**	(182.0)%
Total Comprehensive Income/(Loss) after income tax[2]	**10,969**	**5,271**	108.1%
Net Tangible Asset Backing per share (Cents) (before tax on unrealized gains)	**251.7**	**208.0**	21.0%

Explanations

1. Profit/(Loss) from Ordinary Activities declined from the prior year primarily due to the increase in the performance fee $2,655,566 (FY23: $1,060,779).
2. Total Comprehensive Income comprises Profit/(Loss) after income tax and the realised and unrealised gains or losses (net of income tax) on the investment portfolio. Portfolio performance in FY2024 was positive 29.0% compared to positive 15.4% in FY2023.

Dividend

Final dividend per share

Final Fully Franked Dividend – payable on 29 August 2024: 5.2 cents

Record date to determine entitlements to the dividends: 15 August 2024

Dividend reinvestment plan

The Dividend Reinvestment Plan will apply to the final dividend with the price to be determined with reference to the market price at the time of buying the shares. The last date for the receipt of an election notice for participation in the dividend reinvestment plan will be 16 August 2024. There is no foreign conduit income attributable to the dividend.

Previous corresponding period

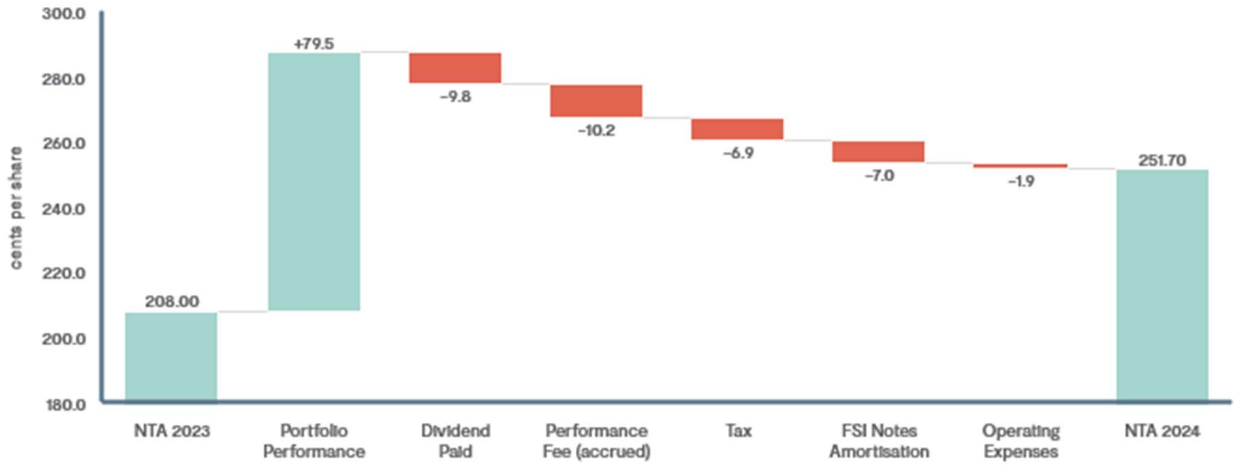
Final Fully Franked Dividend – paid on 30 August 2023: 4.9 cents

Capital gains components

The capacity of the Company to facilitate access to the LIC capital gain benefit of the dividend will depend on the Company's capacity to generate taxable capital profits. The final dividend will be fully attributable to LIC capital gains (see Note 17(d) in the Notes to the Financial Statements).

Net tangible asset (NTA) backing

The NTA backing per share (tax on realised gains only) at 30 June 2024 was 251.7 cents per share compared with 208.0 cents per share at 30 June 2023. The 21.0% increase in NTA is after the payment of dividends, which totaled 9.5 cents per share or 4.6% of the opening NTA value.



Operating review

Portfolio performance during the financial year was positive 29.0% compared to the ASX All Ordinaries Index which increased by 8.3%. The company's portfolio of quality growth stocks performed very well compared to the index. The investee companies have been well-positioned to continue growing earnings despite the challenges of a high interest rate environment, tight labour market and inflationary cost pressures. With the era of cheap money now in the past, it was the quality of growth embedded in the businesses that delivered investor returns.

Total comprehensive income increased by $5,698,000 on the prior year due to the change in fair value after-tax of the investments. A performance fee is payable to the Manager for the outperformance of the portfolio. The Bank Bill Index increased by 4.4% during the year and in accordance with the Management Agreement the performance fee payable is $2,656,000, an increase of $1,595,000 on the prior year. The performance fee has a material impact on the stated Net Profit and EPS of the Company, however, at the Total Comprehensive Income line this expense is put in perspective with the overall performance of the business. Total comprehensive earnings per share doubled from 20.4cps last year to 42.4cps in FY2024.

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.

Portfolio performance

	1 year	3 years p.a.	5 years p.a.	10 years p.a.	Since Inception (1 May 1998) p.a.
Portfolio^	29.0%	5.5%	12.4%	12.5%	12.5%
Bank Bill Index	4.4%	2.4%	1.6%	1.9%	3.9%
ASX All Ordinaries Index	8.3%	1.9%	3.6%	4.1%	4.2%
ASX All Ord Accumulation Index	12.5%	6.1%	7.6%	8.3%	8.4%

^ Source: EC Pohl & Co Pty Ltd

Annual performance

Year to	Portfolio Return Pre Fees	Portfolio Return After Fees^	Net Tangible Assets (NTA)*	All Ordinaries Index	All Ordinaries Accumulation Index
June-99	16.4%	14.4%	14.6%	10.1%	14.1%
June-00	33.6%	30.4%	25.3%	12.9%	16.8%
June-01	20.0%	15.2%	8.8%	5.1%	8.8%
June-02	-5.0%	-6.3%	-9.3%	-7.6%	-4.5%
June-03	-9.4%	-10.2%	-14.6%	-5.2%	-1.1%
June-04	20.5%	19.0%	14.4%	17.7%	22.4%
June-05	35.1%	31.0%	24.1%	19.8%	24.7%
June-06	34.7%	31.6%	19.8%	19.0%	24.2%
June-07	35.9%	32.8%	21.6%	25.4%	30.3%
June-08	-24.1%	-25.8%	-31.3%	-15.5%	-12.1%
June-09	-4.2%	-4.2%	-8.0%	-26.0%	-22.1%
June-10	21.4%	19.6%	6.7%	9.5%	13.8%
June-11	4.6%	4.6%	-1.7%	7.7%	12.2%
June-12	-4.9%	-4.9%	-8.2%	-11.3%	-7.0%
June-13	32.9%	29.5%	15.7%	15.5%	20.7%
June 14	26.2%	23.5%	15.8%	12.7%	17.6%
June-15	6.6%	6.2%	-1.4%	1.3%	5.7%
June-16	12.3%	10.9%	5.7%	-2.6%	2.0%
June-17	8.0%	7.1%	0.6%	8.5%	13.1%
June-18	20.1%	17.8%	8.5%	9.1%	13.7%
June-19	16.7%	14.8%	6.4%	6.5%	11.0%
June-20	8.4%	7.4%	0.9%	-10.4%	-7.2%
June-21	40.7%	36.2%	29.3%	26.4%	30.2%
June-22	-21.1%	-21.1%	-29.9%	-11.1%	-7.4%
June-23	15.4%	13.9%	7.8%	9.7%	14.8%
June-24	29.0%	26.0%	21.0%	8.3%	12.5%

Note:
^ Fees include Performance fees and Underwriting fees.
* NTA (Net Tangible Assets) is after tax on realised gains only and all operating expenses and payment of dividends to Shareholders. It excludes tax provision on unrealised gains.

Investments at 30 June 2024

Code	Company	Shares	Market Value $'000	%
	Ordinary shares			
ARB	ARB Corporation Limited	40,000	1,505.2	1.71
C79	Chrysos Corporation Limited	350,000	1,991.5	2.26
CAR	CAR Group Limited	80,000	2,820.0	3.20
CBA	Commonwealth Bank of Australia	20,000	2,547.6	2.89
COH	Cochlear Limited	6,000	1,992.9	2.26
CSL	CSL Limited	21,915	6,469.5	7.35
CTD	Corporate Travel Management Limited	100,000	1,326.0	1.51
DMP	Domino's Pizza Enterprises Limited	100,000	3,589.0	4.08
FCL	Fineos Corporation Holdings PLC	835,542	1,412.1	1.60
FPH	Fisher & Paykel Healthcare Corporation Limited	40,000	1,110.8	1.26
GQG	GQG Partners Inc.	3,000,000	8,490.0	9.64
GYG	Guzman Y Gomez Limited	30,387	833.2	0.95
HUB	HUB24 Limited	130,403	6,070.3	6.89
IEL	Idp Education Limited	253,084	3,834.2	4.35
JDO	Judo Capital Holdings Limited	1,100,000	1,386.0	1.57
JHX	James Hardie Industries PLC	87,000	4,115.1	4.67
LOV	Lovisa Holdings Limited	100,000	3,287.0	3.73
MP1	Megaport Limited	100,000	1,122.0	1.27
MQG	Macquarie Group Limited	13,000	2,661.0	3.02
NAN	Nanosonics Limited	414,392	1,239.0	1.41
NWL	Netwealth Group Limited	80,000	1,773.6	2.01
NXL	Nuix Limited	600,000	1,848.0	2.10
PWH	Pwr Holdings Limited	90,000	988.2	1.12
REA	REA Group Ltd	5,000	983.3	1.12
RIO	Rio Tinto Limited	29,000	3,451.0	3.92
RMD	ResMed Inc.	170,000	4,947.0	5.62
SEK	Seek Limited	150,000	3,204.0	3.64
SQ2	Block Inc.	55,000	5,289.4	6.01
WTC	Wisetech Global Limited	20,000	2,006.0	2.28
XRO	Xero Limited	30,000	4,092.0	4.66
			86,384.9	98.10
	Cash			
	Cash (including dividends receivable)		1,669.3	1.90
	Grand total		**88,054.2**	**100.0**

Financial report

Financial report

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $'000	2023 $'000
Profit/(Loss) for the year			
Other Income	5	1,645	1,794
Other Expenses	6	(495)	(402)
Operating Profit		**1,150**	**1,392**
Finance Expense	14	(1,806)	(1,737)
Performance Fee	24	(2,656)	(1,061)
Profit/(Loss) before income tax		**(3,312)**	**(1,406)**
Income Tax Credit	7(a)	(1,036)	599
Profit/(Loss) for the year		**(2,276)**	**(807)**
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		18,921	8,683
Income Tax (Expense)/Benefit relating to components of Other Comprehensive Income	7(c)	(5,676)	(2,605)
Other Comprehensive Income for the year, net of tax		**13,245**	**6,078**
Total Comprehensive Income for the year		**10,969**	**5,271**

Earnings per share:		Cents	Cents
Basic earnings per share	18(b)	(8.8)	(3.1)
Diluted earnings per share	18(b)	(2.2)	1.8
Comprehensive earnings per share	18(b)	42.4	20.4

The accompanying Notes form part of these Financial Statements.

Financial report

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	2024 $'000	2023 $'000
Assets			
Cash and Cash Equivalents	8	1,684	1,739
Trade Receivables and Other Assets	9	110	150
Intangible Assets	10	5	5
Financial Assets at Fair Value through Other Comprehensive Income	11	86,385	71,770
Total assets		**88,184**	**73,664**

	Notes	2024 $'000	2023 $'000
Liabilities			
Trade and Other Payables	12	2,696	1,085
Tax Payable	13	1,750	879
Deferred Tax Liability	13	4,131	1,238
Convertible Notes	14	18,735	18,025
Total liabilities		**27,312**	**21,227**
Net assets		**60,872**	**52,437**

	Notes	2024 $'000	2023 $'000
Equity			
Issued Capital	15	36,488	36,488
Other Reserves	16	24,116	13,405
Option Premium on Convertible Notes		507	507
Retained Earnings		(239)	2,037
Total equity		**60,872**	**52,437**

The accompanying Notes form part of these Financial Statements.

Financial report

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

2023	Note	Ordinary Shares	Retained Earnings	Asset Revaluation Reserve	Asset Realisation Reserve	Option Premium on Convertible Notes	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 30 June 2022		**36,488**	**2,844**	**554**	**9,229**	**507**	**49,622**
Profit or loss attributable to members		–	(807)	–	–	–	(807)
Other Comprehensive Income		–	–	6,078	–	–	6,078
Transfer to Asset Realisation Reserve		–	–	(3,513)	3,513	–	–
Dividends paid or provided for	17(a)	–	–	–	(2,456)	–	(2,456)
Balance at 30 June 2023		**36,488**	**2,037**	**3,119**	**10,286**	**507**	**52,437**

2024	Note	Ordinary Shares	Retained Earnings	Asset Revaluation Reserve	Asset Realisation Reserve	Option Premium on Convertible Notes	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 30 June 2023		**36,488**	**2,037**	**3,119**	**10,286**	**507**	**52,437**
Profit or loss attributable to members		–	(2,276)	–	–	–	(2,276)
Other Comprehensive Income		–	–	13,245	–	–	13,245
Transfer to Asset Realisation Reserve		–	–	(6,557)	6,557	–	–
Dividends paid or provided for	17(a)	–	–	–	(2,534)	–	(2,534)
Balance at 30 June 2024		**36,488**	**(239)**	**9,807**	**14,309**	**507**	**60,872**

The accompanying Notes form part of these Financial Statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $'000	2023 $'000
Cash flows from operating activities			
Dividends received		1,555	1,738
Interest received		130	80
Payments to suppliers and employees		(1,540)	(411)
Interest paid on convertible notes		(1,096)	(1,099)
Net cash provided by/(used in) operating activities	**26**	**(951)**	**308**
Cash flows from investing activities			
Proceeds from sale of investments		32,905	22,116
Income tax paid on gains on sale of investments		(876)	(953)
Payments for investments		(28,599)	(22,201)
Net cash provided by/(used in) investing activities		**3,430**	**(1,038)**
Cash flows from financing activities			
Dividends paid	17(a)	(2,534)	(2,456)
Net cash used in financing activities		**(2,534)**	**(2,456)**
Net decrease in cash and cash equivalents		(55)	(3,186)
Cash and cash equivalents at the beginning of the year		1,739	4,925
Cash and cash equivalents at end of year	**8**	**1,684**	**1,739**

The accompanying Notes form part of these Financial Statements.

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.

Material accounting policies adopted in the preparation of these financial statements are presented below. The change from 'significant' to 'material' policies is discussed below in 2(d). Policies are consistent with prior reporting periods unless otherwise stated.

2. Summary of material 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) 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.

(c) Financial Instruments

Financial Assets At Fair Value Through Profit Or Loss

Financial assets at fair value through Profit or Loss are Financial Instruments convertible into 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 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.

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 closing quoted price.

Convertible Notes

On the 1st of October 2021, the Company issued 7,407,407 Convertible Notes. These compound financial instruments are able to be converted to ordinary shares at the option of the noteholder in accordance with the Note Terms. The liability component is initially recognised as the difference between the compound financial instrument as a whole and the component associated with the conversion feature. Initially the conversion option was considered a derivative liability measured at fair value using observable inputs. The attributable transaction costs are allocated to the liability and derivative components in proportion to their carrying amounts, the derivative portion immediately recognised in the statement of profit or loss.

On 17 June 2022 there was an amendment to the conversion price features of the Note Terms and the conversion option was re-classified as equity. Prior to reclassification the conversion option was remeasured to fair value with the change recognised in the statement of profit or loss.

After initial recognition, the liability component of the compound financial instrument is measured at amortised cost using the effective interest method until extinguished on conversion or maturity of the notes. The carrying amount of the equity component is not remeasured in subsequent periods.

(d) Accounting Standards Adopted

The Company adopted the following accounting standards and interpretations during the period.

Material Accounting Policy Information

The Company adopted Disclosure of Accounting Policies (amendments to IAS 1 and IFRS Practice Statement 2). The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments did not result in any changes to the accounting policies themselves, however the customised presentation allows users to focus on entity-specific accounting policies to understand the financial statements.

(e) New Accounting Standards and Interpretations

The IASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The following table highlights the forthcoming standards which have not been early adopted and are not expected to have a significant impact on the Company's financial statements:

1 Jan 2024	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
1 Jan 2024	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7
1 Jan 2024	Classification of Liabilities as Current or Non-Current – Amendments to IAS 1
1 Jan 2025	Lack of Exchangeability – Amendments to IAS 21
1 Jan 2025	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

3. Critical accounting estimates and judgements

(a) Key Estimates

The option feature of the convertible notes was valued using the Black Scholes Method. Key inputs into the calculation include observable data such as dividend yield, share price and exercise price as well as assumptions of stock price volatility (27.5% based on the annualised standard deviation of daily market movement averaged between a three and five year period) and risk free rate of return (based off the five year bond rate at the date of measurement).

There are no other 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: 12.

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.

(b) Key Judgements (Continued)

The Company has an investment process which is anticipated will deliver medium to long-term capital growth.

The Company does not recognise a deferred tax asset when there are net unrealised losses in the portfolio from short term market fluctuations. The Company holds investments with a three to five-year horizon and therefore the short term tax loss is unlikely to be realised.

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.

	Notes	2024 $'000	2023 $'000

5. Revenue and other income

Dividends received		1,517	1,712
Interest received		128	82
Total revenue and other income		**1,645**	**1,794**

6. Other expenses

Administration fee		47	-
ASX listing and other fees		47	47
Audit fees		29	26
Directors fees		127	127
Insurance		41	41
Marketing		75	64
Share registry		28	29
Convertible note trustee		51	51
Other		50	17
Total other expenses		**495**	**402**

7. Income tax expense

(a) Reconciliation of Income Tax to Accounting Profit:

Profit/(Loss) before income tax		(3,312)	(1,406)
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2023 - 30%)		(993)	(422)
Add tax effect of:			
Fully franked dividends received and timing differences		112	158
Amortised convertible note expense		213	191
Less Tax effect of:			
Adjustment to prior year return		2	-
Rebateable fully franked dividends		279	452
Other foreign tax credit		87	74
Income tax credit		**(1,036)**	**(599)**

	Notes	2024 $'000	2023 $'000

7. Income tax expense (continued)

(b) The Major Components of Tax Credit Comprise:

	Notes	2024 $'000	2023 $'000
Current tax credit		1,060	626
Prior year tax adjustment		2	-
Deferred income tax expense:			
Decrease in deferred tax assets	13(a)	(33)	(35)
Decrease in deferred tax liabilities	13(b)	7	8
Income tax credit for continuing operations		**1,036**	**599**

(c) The Major Components of Tax Expense Relating to Other Comprehensive Income:

	Notes	2024 $'000	2023 $'000
Current tax expense		(2,810)	(1,506)
Deferred income tax expense:			
(Decrease)/increase in deferred tax assets	13(a)	-	-
Increase in deferred tax liabilities	13(b)	(2,866)	(1,099)
Income tax expense for Other Comprehensive Income		**(5,676)**	**(2,605)**

8. Cash and cash equivalents

		2024 $'000	2023 $'000
Cash at bank		1,684	1,739
Cash and cash equivalents		**1,684**	**1,739**

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:

		2024 $'000	2023 $'000
Cash at bank		1,684	1,739
Balance as per Statement of Cash Flows		**1,684**	**1,739**

9. Trade receivables and other assets

Current

		2024 $'000	2023 $'000
Receivables		57	97
Prepayments		45	46
GST receivable		8	7
Total current trade and other receivables		**110**	**150**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $'000	2023 $'000
10. Intangible assets			
Trademarks		5	5
Total intangible assets		**5**	**5**
11. Financial assets at fair value through Other Comprehensive Income			
Australian listed equity securities			
At beginning of year		71,770	63,649
Additions (at cost)		28,599	21,554
Revaluation		18,921	8,683
Disposals (at sale value)		(32,905)	(22,116)
Australian listed equity securities		**86,385**	**71,770**

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

12. Trade and other payables

Current

Accounts payable and accrued expenses		2,696	1,085
Total trade and other payables		**2,696**	**1,085**

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

	Notes	2024 $'000	2023 $'000
13. Tax			
Current year tax credit in profit or loss		(1,060)	(627)
Current year tax payable in Other Comprehensive Income		2,810	1,506
Total Tax Payable		**1,750**	**879**
Deferred tax assets	13(a)	(84)	(117)
Deferred tax liabilities	13(b)	4,215	1,355
Net deferred tax liabilities adjusted for deferred tax assets		**4,131**	**1,238**

(a) Reconciliations – Deferred Tax Assets

Gross Movements:

The overall movement in deferred tax asset accounts is as follows:		
Opening balance	117	152
Charged to profit or loss	(33)	(35)
(Charged)/credited to Other Comprehensive Income	–	–
Closing balance	**84**	**117**
The movement in deferred tax assets for each temporary difference during the year is as follows:		
(i) Accruals		
Opening balance	5	5
Credited to profit or loss	1	–
Closing balance	**6**	**5**
(ii) Capital raising costs		
Opening balance	112	147
Charged to profit or loss	(34)	(35)
Closing balance	**78**	**112**

	Notes	2024 $'000	2023 $'000

13. Tax (continued)

(b) Reconciliations – Deferred Tax Liabilities

Gross Movements:

The overall movement in the deferred tax liability account is as follows:

	Notes	2024 $'000	2023 $'000
Opening balance		1,355	264
Credited to profit or loss		(7)	(8)
Charged to Other Comprehensive Income		2,866	1,099
Closing balance		**4,214**	**1,355**

The movement in deferred tax liability for each temporary difference during the year is as follows:

	Notes	2024 $'000	2023 $'000
(i) Unrealised gain on Financial Assets at fair value			
Opening balance		1,337	238
Charged to Other Comprehensive Income		2,866	1,099
Closing balance		**4,203**	**1,337**
(ii) Unfranked dividend receivable			
Opening balance		18	26
Credited to Profit or Loss		(7)	(8)
Closing balance		**11**	**18**

	Notes	2024 $'000	2023 $'000

14. Convertible notes

On the 1st of October 2021, the Company issued 7,407,407 listed, unsecured, redeemable, convertible notes (ASX: FSIGA) at $2.70 per note, raising a total of $20.0 million. The convertible notes carry a fixed interest entitlement of 5.5% per annum paid quarterly with a step-up to 6.5% per annum on 30 September 2024 if the 2-year bank bill swap rate is above 1.2832%. At any time after the second anniversary of the issue date and before 10 days before maturity, the notes can be converted to ordinary shares on a one for one basis - alternatively the note capital will be repaid on the maturity date - 1 October 2026.

	2024 $'000	2023 $'000
Opening balance	18,025	17,387
Finance expense	1,806	1,737
Interest paid to note holders	(1,096)	(1,099)
Total convertible note liability	**18,735**	**18,025**

15. Issued capital

(a) Share Capital

	2024 $'000	2023 $'000
Ordinary shares fully paid 25,857,263 (2023: 25,857,263)	36,488	36,488

(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 $'s	Share Capital $'000
30 June 2022	Balance	25,857,263		36,488
	Nil Movement *	-	-	-
30 June 2023	Balance	25,857,263		36,488
	Nil Movement *	-	-	-
30 June 2024	Balance	25,857,263		36,488

* The Dividend Reinvestment Plan was facilitated through on-market purchase of shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $'000	2023 $'000
16. Reserves			
(a) Asset Revaluation Reserve		9,807	3,119
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		14,309	10,286
The Asset Realisation Reserve records realised gains and losses from the sale of investments after tax which are transferred from the Asset Revaluation Reserve, net of dividends paid from reserves			
17. Dividends			
(a) Dividends Paid			
The following dividends were declared and paid:			
Final fully franked ordinary dividend of 4.9 cents (2023 – 4.75 cents) per share paid on 30 August 2023 (2023 – 26 August 2022)		1,267	1,228
Interim fully franked ordinary dividend of 4.9 cents (2023 – 4.75 cents) per share paid on 22 February 2024 (2023 – 23 February 2023)		1,267	1,228
Total dividends paid		**2,534**	**2,456**
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2024 and 2023 were as follows:			
Paid in cash		2,197	2,139
Satisfied by issue of shares		–	–
Purchase of shares on market on behalf of Shareholders per DRP rules		337	317
Total dividends paid		**2,534**	**2,456**
(b) Proposed Dividends			
Proposed final 2024 fully franked ordinary dividend of 5.2 cents per share to be paid (2023: 4.9 cents)		1,345	1,267
Total proposed dividend		**1,345**	**1,267**

The proposed final dividend for FY2024 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 2024.

	Notes	2024 $'000	2023 $'000

17. Dividends (continued)

(c) Franked Dividends

The franking credits available for subsequent financial years at a tax rate of 30%		**4,050**	**3,981**

The dividend franking account is calculated on a cash basis. It does not take into account:

— Franking credits that will arise from the payment of the current tax liabilities;

— 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 $576,248 (2023: $543,003).
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		**3,855**	**2,306**

LIC Capital Gains are generated from tax paid on the realised gains of assets that have been held for 12 months. LIC Capital Gains are attached or attributed to dividends and enable some Shareholders to claim a deduction in their tax return

The deductions are generally as follows:
(please consult your tax advisor for details)

1. For an individual – 50% of the attributable amount
2. If the beneficiary of a trust or partner of a partnership is an individual – 50% of the attributable amount
3. For a complying superannuation entity (eg SMSF) – 33 1/3% of the attributable amount
4. If you are a company or a company is the beneficiary of a trust or partnership – 0%

	Notes	2024	2023
		$'000	$'000

18. 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		(2,276)	(807)
Adjustment: items in profit or loss relating to convertible notes		1,528	1,408
(ii) Diluted profit/(loss) from continuing operations attributable to the owners of the Company		(747)	601
(iii) Total Comprehensive Income		10,969	5,271

(b) Basic and Diluted Earnings Per Share

		Cents	Cents
(i) Profit/(loss) from continuing operations attributable to the owners of the Company		(8.8)	(3.1)
(ii) Diluted profit/(loss) from continuing operations attributable to the owners of the Company		(2.2)	1.8
(iii) Total Comprehensive Income		42.4	20.4

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.

(c) Weighted Average Number of Ordinary Shares

		#Shares	#Shares
(i) Weighted average number of ordinary shares used in the calculation of earnings per share		25,857,263	25,857,263
Effect of dilution from convertible notes		7,407,407	7,407,407
(ii) Weighted average number of ordinary shares used in the calculation of diluted earnings per share		33,264,670	33,264,670

19. Auditor's remuneration

Remuneration of the auditor of the Company for:			
Audit or reviewing the financial statements		29	26
Total remuneration of auditors		**29**	**26**

20. 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:

	2024	2023
	$'000	$'000
Financial Assets		
Cash and cash equivalents	1,684	1,739
Receivables	65	103
Financial Assets at fair value through Other Comprehensive Income	86,385	71,770
Total Financial Assets	88,134	73,612
Financial Liabilities		
Trade and Other Payables	2,696	1,085
Total Financial Liabilities	2,696	1,085

(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.

	2024	2023
Portfolio five-year return	12.4%	10.1%
All Ordinaries Index five-year return	3.6%	3.3%

(b) Sensitivity Analysis

Increases/decreases in an equity security's prices, 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% (2023 - 5%) with all other variables held constant.

Impact on Equity and Other Comprehensive Income for the year:

2024 +/- $4,319,000

2023 +/- $3,588,000

Impact on profit or loss is nil.

(c) Cash Flow Interest Rate Risk

The convertible notes issued by the Company have a fixed interest rate coupon of 5.5% per annum with a single step up to 6.5% per annum at 30 September 2024 if the 2-year bank bill swap rate is above 1.2832%. At 30 June 2024 the 2-year bank bill swap rate is 4.3177%.

The Company is exposed to cash flow interest rate risk from holding cash and cash equivalents at variable rates. 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 2024: Balance $1,684,000
Weighted average interest rate 7.5%

30 June 2023: Balance $1,739,000
Weighted average interest rate 2.5%

(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.

(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.

21. 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 beyond the convertible notes issued in October 2021. 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.

22. 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 (FVOCI).
- Financial Assets At fair value through Profit or Loss (FVTPL).

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 Company 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.

Recurring fair value measurements:

30 June 2024	Financial Assets FVOCI – Listed Equity Securities
Level 1	86,385
Level 2	-
Level 3	-
Total	86,385

30 June 2023	Financial Assets FVOCI – Listed Equity Securities
Level 1	71,770
Level 2	-
Level 3	-
Total	71,770

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.

	Notes	2024 $'000	2023 $'000

23. Related party transactions

All transactions between related parties are on standard commercial terms and conditions on an arms-length basis.			
The following transactions occurred with related parties:			
EC Pohl & Co Pty Ltd – fees in accordance with the Management Services Agreement as detailed in Note 24.			
— Performance fee		2,656	1,060
— Secondary services administration fee		47	-
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.		15	-
Allegiant IRS for insurance advice for D & O Policy. The company is an associate of McCullough Robertson Lawyers, of which D M McGann is a partner.		2	2

24. Management services agreement

In accordance with a Management Services Agreement as amended on 10 November 2023 and approved by the Shareholders at the AGM, the Company has agreed to engage the Manager to provide primary and secondary management services.

Primary Services

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; and
8. providing investor relationship services

Secondary Services

1. accounting support;
2. internal audit support;
3. office services;
4. human resources support;
5. corporate support;
6. company secretarial;
7. asset custody services; and
8. information technology services support.

24. Management services agreement
(Continued)

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 notice 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 next calendar month 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 secondary service fee equal to 8 basis points per annum of the Portfolio Value calculated and payable monthly in arrears based on the month-end portfolio value, and a performance fee, payable annually in arrears, equal to 15% of the amount by which the Company's portfolio performance before tax (but after payment of the secondary services fee) exceeds the interest rate payable on bank bills as represented by the Bloomberg 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 Bloomberg Bank Bill Index for that year, then no performance fee will be payable.

Under the terms of this agreement fees paid or payable were:

	2024	2023
Performance fee	$2,655,566	$1,060,779
Secondary service fee	$46,672	-

	Notes	2024 $'000	2023 $'000

25. 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 23.

Detailed remuneration disclosures are provided in sections (A) – (F) of the Remuneration Report on pages 18 and 19.

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

	Notes	2024 $'000	2023 $'000
Short-term Employment benefits paid to the Directors		127	127

26. Cash flow information

Reconciliation of net income result for the year to net cash from operating activities:

	Notes	2024 $'000	2023 $'000
Profit for the year		(2,276)	(807)
Cash flows attributed to profit excluded from operating activities			
– Interest expense on convertible notes		710	638
Changes in assets and liabilities			
– decrease in trade and other receivables		40	25
– decrease in current tax liabilities		(1,062)	(626)
– increase/(decrease) in net deferred tax liabilities		26	27
– increase/(decrease) in trade and other payables		1,611	1,051
Cash flow from operations		**(951)**	**308**

27. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2024 (30 June 2023: None).

28. 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 9 August 2024, the Directors declared a final 2024 fully franked ordinary share dividend of 5.2 cents per share.

Independent auditor's report

FLAGSHIP INVESTMENTS LIMITED
ABN 99 080 135 913

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FLAGSHIP INVESTMENTS LIMITED
(Page 1 of 5)

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 2024, the statement of profit and 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 material 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 2024 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 2024. 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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FLAGSHIP INVESTMENTS LIMITED
ABN 99 080 135 913

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FLAGSHIP INVESTMENTS LIMITED
(Page 2 of 5)

KEY AUDIT MATTER	HOW THE KEY AUDIT MATTER WAS ADDRESSED IN OUR AUDIT
Performance fee Refer to Notes 23 and 24 to the financial statements	
For the year ended 30 June 2024 the Company's statement of profit or loss and other comprehensive income includes the performance fee of $2,656,000. 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. This matter is considered a key audit matter due to the risk that if related party transactions are not conducted at arms length, it can significantly impact shareholders in the following ways: • Reduced Profits: Unfair pricing can reduce the company's profitability, impacting dividends and stock prices • Distorted Financial Statements: Misleading financial statements can affect investment decisions and market perceptions.	Our procedures included, inter alia: • Reviewing the management service agreement. • Review of the appropriateness of the Company's disclosures in the financial report in accordance with AASB 124. • Verification that the fees are at arms length by performing a comparative analysis of industry standards.
Convertible Note-Host Debt Subsequent Valuation Refer to Notes 2(c) and 14 to the financial statements	
For the year ended 30 June 2024 the Company's statement of financial position includes the following in relation to convertible notes: • Non-current liabilities: Convertible Note of $18,735,000 • Equity: option premium on convertible notes of $507,000 On the 1/10/2021 the Company issued 7,407,407 Convertible Notes. These compound financial instruments are able to be converted to share capital at the option of the noteholder in accordance with the Note Terms. After initial recognition, the liability component of the compound financial instrument is measured at amortised cost using the effective interest method. This matter is considered a key audit matter for the following reasons: • Complex Valuation: Valuing convertible notes requires significant judgment and estimation, particularly in determining the fair value of the liability and equity components. • Financial Impact: Convertible notes can have a substantial impact on the financial position and performance of the company, influencing both liabilities and equity. • Accounting Treatment: The accounting treatment of convertible notes involves complex considerations, including the allocation between debt and equity, which can affect the financial statements significantly.	Our procedures included, inter alia: • Review the terms and conditions of the convertible notes to understand the conversion features, interest rates, maturity dates, and any other relevant terms. • Verify the initial recognition of the liability component at fair value. • Ensure the proper division of the liability and equity components. • Ensure all calculations, classifications, and measurements comply with AASB 9 requirements. • Review any changes in accounting policies or practices to ensure they are consistent with AASB 9. • Evaluate the effectiveness of internal controls over the recognition, measurement, and disclosure of the liability component.

FLAGSHIP INVESTMENTS LIMITED
ABN 99 080 135 913

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FLAGSHIP INVESTMENTS LIMITED

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 2024 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 2024, intended to be included on the Company's or other websites. The Company's Directors are responsible for the integrity of the Company's or other websites. 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 websites.

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.

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FLAGSHIP INVESTMENTS LIMITED
ABN 99 080 135 913

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FLAGSHIP INVESTMENTS LIMITED

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, omitting, misstating or obscuring them, could reasonably be expected to influence the decisions of primary 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.

- 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.

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FLAGSHIP INVESTMENTS LIMITED
ABN 99 080 135 913

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FLAGSHIP INVESTMENTS LIMITED

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.

We are also required to provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our audit report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report
Opinion on the Remuneration Report

We have audited the remuneration report for the year ended 30 June 2024.

In our opinion the remuneration report of Flagship Investments Limited for the year ended 30 June 2024 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.

AUGMENTED AUDIT CO PTY LTD
Authorised Audit Company No. 541764

JESSICA JOHL RCA
DIRECTOR
8 August 2024

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