

June 2008

Total Net Market Value of Assets

\$40,132,692 or \$1.471c per share

Investment Performance

(These figures are unaudited)

	Quarter	One Year
Portfolio return over the period *	-10.2%	-24.1%
Change in All Ords. over Period	-1.4%	-15.5%
Total return over the period (NAV & div)	-7.2%	-27.8%
Change in Bank Bill Index over the Period	2.0%	7.3%

* This return is before all fees, costs, taxes and dividends while the NAV return is after fees, costs and taxes paid. Past performance is no guide for future performance.

Asset Allocation

Financials	29.8%
Consumer Discretionary	16.4%
Materials	14.9%
Industrials	13.2%
Energy	9.5%
Healthcare	6.8%
Consumer Staples	4.7%
Information Technology	4.0%
Cash and Equivalent	0.6%

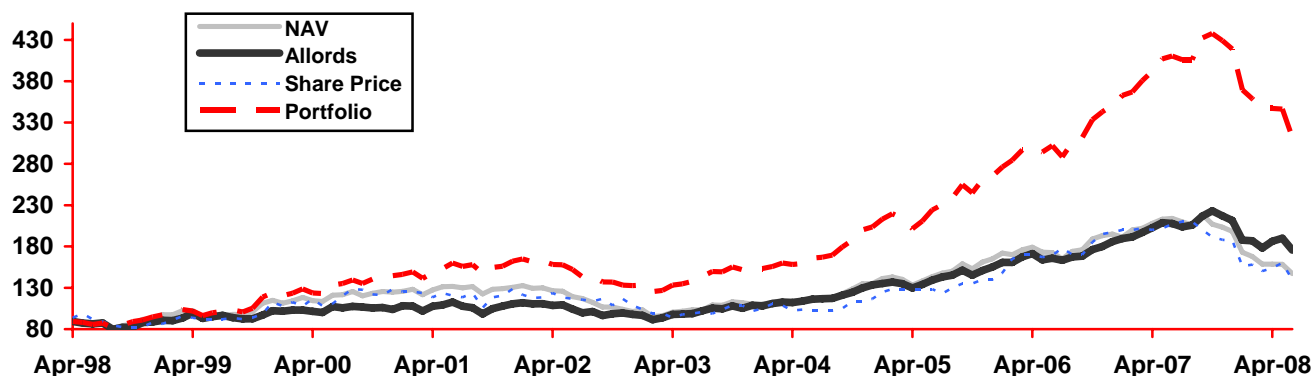
Five Major Investments

(As a % of the portfolio)

	Jun-08	Mar-08
Brambles	7.6%	7.7%
Rio Tinto	7.5%	6.1%
BHP Billiton	7.4%	5.4%
Woodside Petroleum	7.0%	5.0%
Commonwealth Bank	5.8%	5.4%
Total	35.3%	29.6%

Relative Performance

(After adjusting for the rights issues)



Investment Philosophy

Our investment process focuses on investing in companies with talented management that are able to consistently grow their business because they have a sustainable competitive advantage, a sound balance sheet and a proven ability to generate operational cash-flow.

Portfolio Performance

The portfolio has under-performed the market by 8.8% over the quarter and by 8.6% for the twelve months to June 2008. This is our worst period of investment performance relative to the market and due to our under-weight position in resources, the largest sector of the market. Hyperion is under-weight mining companies due to their lack of a competitive advantage (other than through size as is the case with RIO and BHP), the high risk nature of the mining business and the volatility of revenues. Over the past twelve months Shareholders have regrettably seen a decline in the NAV per share of 29.9%. The difference in the performance as compared to the portfolio return is primarily due to the dilutive effect of the large placement undertaken in October 2007 at a 7.25% discount to the NAV.

Investment Activity

During the quarter under review, we increased our exposure to Woolworths, BHP Billiton and Woodside Petroleum. We reduced our exposure to Wotif.com, Cabcharge Australia and Babcock & Brown.

Market facts

- The S&P 500 declined by 9.9% in US\$ over the quarter and declined by 13.7% in A\$ as a result of further strengthening of the A\$ in the quarter.
- The Australian market as measured by the All Ordinaries Index declined by 1.4% over the quarter.
- As at the end of June 2008, the All Ordinaries Index is up 96.6% since April 1998. The NAV (after tax) per share has increased since April 1998 by 64.7%, while the total return including dividends is 117.3%. The portfolio total return since April 1998 was 248.9%.
- At the current market value, the investments in the portfolio have a dividend yield of approximately 4% substantially fully franked.

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