

Managing Director's Quarterly Report



March 2007

Total Net Market Value of Assets

\$34,589,445 or 202c per share

Investment Performance

(These figures are unaudited)

	Quarter	One Year
Portfolio return over the period*	8.6%	28.2%
Change in All Ords. over Period	5.9%	17.5%
Total return over the period (NAV & div)	5.6%	18.9%
Change in Bank Bill Index over the Period	1.6%	6.2%

* 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	31.4%
Consumer Discretionary	17.2%
Industrials	12.9%
Materials	10.3%
Healthcare	9.4%
Consumer Staples	6.3%
Energy	4.9%
Cash and Equivalent	4.9%
Information Technology	2.7%

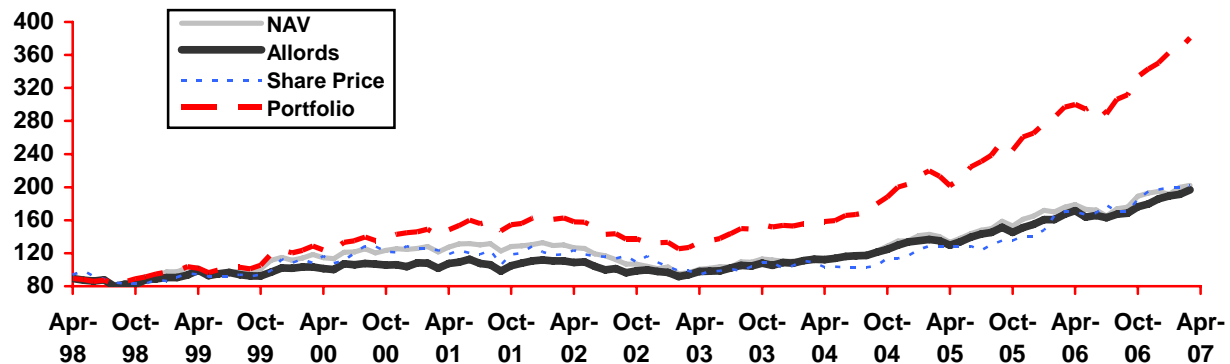
Five Major Investments

(As a % of the portfolio)

	Mar 07	Dec-06
ANZ	6.3%	5.3%
Rio Tinto	5.5%	5.0%
Brambles	5.5%	5.6%
Cochlear	5.2%	3.4%
Woolworths	5.1%	4.8%
Total	27.7%	24.1%

Relative Performance History

(After adjusting for the rights issues)



Portfolio Performance

- The portfolio return (as shown in the chart and table is before all fees, costs, taxes and dividends) was 8.6% over the quarter and 28.2% for the twelve months to the end of March 2007. The return since April 1998 was 326.2%.
- The NAV increased by 5.6% over the quarter as compared to the All Ordinaries Index which increased by 5.9%.
- The NAV per share has increased since April 1998 by 126.2%, while the total return including dividends is 169.2%. The All Ordinaries Index was up 120.4% since April 1998.
- At the current market value, the investments in the portfolio have a dividend yield of 3.1% substantially fully franked.

Investment Activity

- During the quarter under review, we added CDS Technologies to the portfolio and increased our exposure to Cochlear, ANZ and BHP Billiton. We removed Arrow Energy from the portfolio and reduced our exposure to Cabcharge, Westpac and Blackmores.
- Amongst the best performing investments over the quarter were Cochlear and Fantastic Holdings. The worst performing investment was Australis Aquaculture.

Market facts

- The Australian market as measured by the All Ordinaries Index increased by 5.9% over the quarter and by 17.5% over the past twelve months.
- By Comparison, the S&P 500 did not have as good a quarter, increasing in US\$ by 0.2% over the quarter and by 9.7% over the twelve months to the end of March 2007.

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