

Managing Director's Quarterly Report

September 2005

Total Net Market Value of Assets

\$26,841,805 or 158.9c per share

Investment Performance

(These figures are unaudited)

	Quarter	One Year
Portfolio return over the period*	13.5%	41.9%
Change in All Ords. over Period	8.6%	25.0%
Total return over the period (NAV & div)	10.7%	36.7%
Change in Bank Bill Index over the Period	1.4%	5.7%

* This return is before all fees, costs, taxes and dividends while the NAV return is after fees, costs and taxes paid.

Asset Allocation

Financials	41.5%
Materials	16.3%
Consumer Discretionary	13.9%
Industrials	7.9%
Healthcare	7.6%
Consumer Staples	4.6%
Cash and Equivalent	4.5%
Other	3.8%

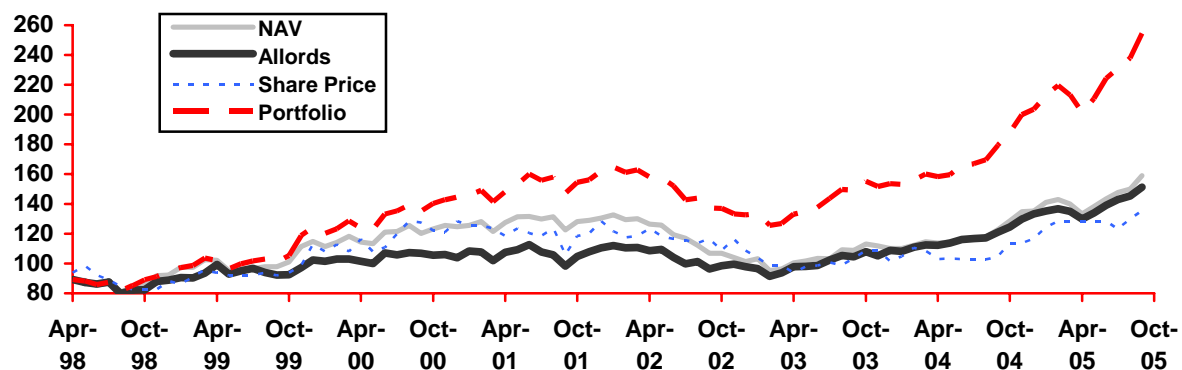
Five Major Investments

(As a % of the portfolio)

	Sep 05	Jun 05
Macquarie Bank	8.3%	8.0%
Rio Tinto	7.9%	6.0%
Perpetual Trustees	6.0%	6.1%
ANZ	5.3%	5.9%
BHP Billiton	5.2%	5.2%
Total	32.7%	31.2%

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 13.5% over the quarter and 41.9% for the twelve months to the end of September 2005. The return since April 1998 was 184.9%.
- Even though the NAV was negatively affected by the costs associated with the rights issue, the 10.7% increase exceeded that of the All Ordinaries Index which was up 8.6% for the quarter and 25.0% for the twelve-months. The All Ordinaries Index was up 69.3% since April 1998.
- The NAV per share of the portfolio has increased since April 1998 by 77.9%, while the total return including dividends is 115.4%
- 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 increased our exposure to Rio Tinto, Orotan, Westpac and the Vision Group. We sold our holding in National Australia Bank and Wesfarmers.
- Amongst the best performing investments over the quarter were Babcock and Brown, and Rio Tinto. The worst performing investments were Great Southern and Billabong.

Market facts

- The Australian market as measured by the All Ordinaries Index increased by 8.6% over the quarter and increased by 25.0% over the past twelve months.
- By Comparison, the S&P 500 increased in US\$ by 3.1% during the quarter and increased by 10.2% over the twelve months to the end of September 2005.

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