



HYPERION
FLAGSHIP
INVESTMENTS

INTERM FINANCIAL REPORT FOR THE HALF-YEAR
ENDED 31 DECEMBER 2005

A different horizon

Hyperion Flagship Investments Limited

ABN 99 080 135 913

Table of Contents

3

Highlights

4

Directors' Report

6

Auditor's Independence
Declaration

7

Condensed Income Statement
for the half-year ended
31 December 2005

8

Condensed Balance Sheet as at
31 December 2005

9

Condensed Statement of
Changes in Equity for the
half-year ended
31 December 2005

10

Condensed Statement of Cash
Flows for the half-year ended
31 December 2005

11–19

Notes to the Condensed
Financial Statement for the
half-year ended
31 December 2005

20

Directors' Declaration

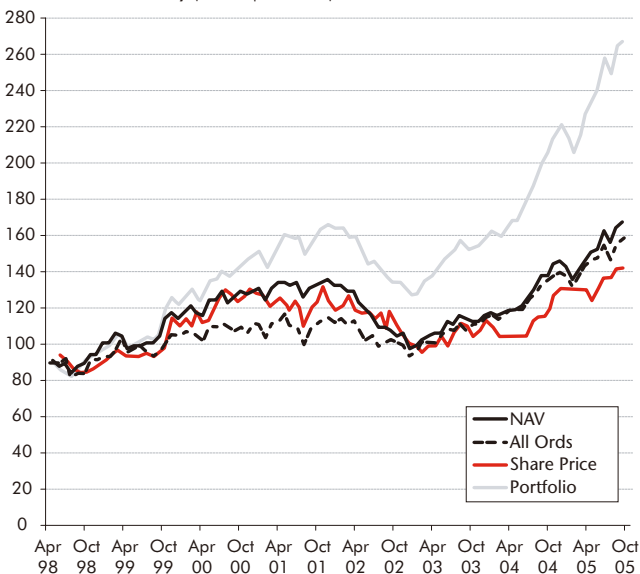
21

Independent Review Report
to the Members

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year-ended 30 June 2005 and any public announcements made by Hyperion Flagship Investments Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

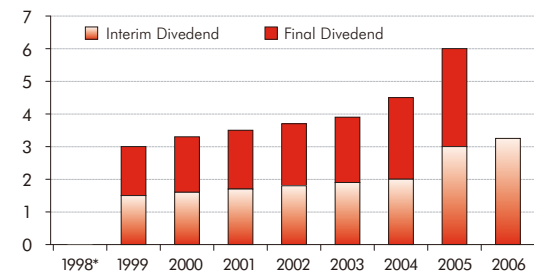
Highlights

Performance History (from April 1998)



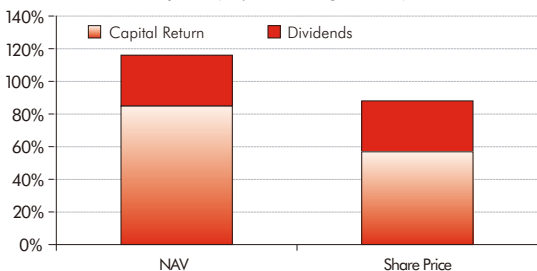
Dividends per share

Cents



* From commencement on 10 March 1998 to 30 June 1998

Returns since Inception (adjusted for rights issue)



Directors' Report

Your directors submit the financial report of the company for the half-year ended 31 December 2005.

Directors

The following persons were directors of Hyperion Flagship Investments Limited since 30 June 2005 and up to the date of this report:

- ☉ Mr Steven M Wilson (Chairman)
- ☉ Mr Russell B McCrory
- ☉ Mr Henry R Smerdon
- ☉ Dr Emmanuel C Pohl
- ☉ Ms Ignazia Grace

The retirement of Mr Deon Huysamer as a director of the Company was announced at the Annual General Meeting held on 9 November 2005.

Principal Activity

The principal activity of the Company is making investments in listed and unlisted companies. No change in this activity took place during the half-year or is likely in the future.

Review of Operations

The investment climate over the past six months has once again been very positive. World equity markets in general have performed well during the first half of this financial year with the MSCI (as measured in US dollar terms) increasing by 9.5% in the six months to December 2005, after declining by 1.8% in the six months to June 2005. In Australian dollar terms the MSCI was up by 13.6% over the same six month period reflecting the slight weakening of the Australian dollar during the period. The US market did not perform as well as the other major markets with the S&P 500 increasing in US\$ by only 4.8% for the six months to the end of December 2005. This lift in world equity prices reflected the continued good growth in company earnings.

The portfolio investment return of 18.2% for the six months to the end of December 2005 exceeded the All Ordinaries Index increase of 11.3%. The after-tax NAV of the portfolio increased by 9.2% for the six months before adjusting the NAV for dividends paid.

As a result of the sound investment performance and continued growth in the dividend receipts from the companies in which we invest, the directors of Hyperion Flagship Investments Limited have pleasure in announcing an interim dividend of 3.25 cents per share fully franked (2005 Interim: 3.0 cents per share fully franked). The 3.25 cent interim dividend will be paid on 31 March 2006, with the books closing on 17 March 2006.

During the half-year the Company issued 2,796,496 shares at \$1.20 per share to raise \$3,355,795 following completion of a 1 for 5 rights issue.

The Dividend Reinvestment Plan raised \$148,837 following the allotment of 117,276 shares at \$1.27 per share.

An on-market buy-back facility for up to 5% of the Company's shares is in place. During the half-year the Company bought back 25,000 shares at \$1.4557 per share for a cost of \$36,399.

Significant Changes in State of Affairs

The following significant changes to the investments were made during the period:

- The purchase of 108,167 Babcock and Brown Environmental Investments
- The purchase of 150,000 Great Southern Plantations
- The purchase of 175,809 Mortgage Choice
- The purchase of 170,000 Seek
- The purchase of 55,000 Vision Group
- The sale of 40,000 Flight Centre
- The sale of 10,000 Wesfarmers

Dividend Declared

A fully franked interim dividend of 3.25 cents per share in respect to the half-year ended 31 December 2005 is to be paid on 31 March 2006.

A final dividend of 3.0 cents per share was declared in August 2005 in respect to the year ended 30 June 2005 and paid in September 2005.

Adoption of Australian Equivalents to IFRS

This interim financial report has been prepared under Australian Equivalents to IFRS. A reconciliation of the differences between previous GAAP and Australian Equivalents to IFRS has been included in Note 8 of this report.

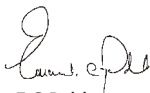
Rounding of Amounts

The company is of a kind referred to in Class Order 98/100 issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Auditors Independence Declaration

The auditors' independence declaration under section 307C of the Corporations Act 2001 is set out on page 6 and forms part of the directors' report for the half-year ended 31 December 2005.

This report is made in accordance with a resolution of the Directors:



E C Pohl

Director

BRISBANE

3 March 2006

3 March 2006

Mr Steven Wilson
Chairman
Hyperion Flagship Investments Limited
Level 38
71 Eagle Street
BRISBANE Qld 4000

Dear Steven

AUDITOR'S INDEPENDENCE DECLARATION

In relation to our review of the Interim Financial Report of Hyperion Flagship Investments Limited for the half-year ended 31 December 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Yours sincerely
BDO Kendalls


T J Kendall
Partner

Condensed Income Statement

For the half-year ended 31 December 2005

	Note	31 Dec 2005 \$'000	31 Dec 2004 \$'000
Realised Profits/(Losses) on investments sold		448	564
Other Revenue from ordinary activities	2	528	488
Management Fees		(554)	(494)
Other expenses from ordinary activities		(170)	(111)
Profit/(Loss) from ordinary activities before income tax		252	447
Income tax expense/(benefit) relating to ordinary activities		(72)	(8)
Net profit from ordinary activities after income tax expense attributable to shareholders of the Company		324	455
		Cents	Cents
Basic earnings per share based on net profit		2.02	3.30
Diluted earnings per share based on net profit		2.02	3.30

The above condensed income statement should be read in conjunction with the notes to the financial statements.

Condensed Balance Sheet

For the half-year ended 31 December 2005

	Note	31 Dec 2005 \$'000	31 Dec 2004 \$'000
Assets			
Cash and Cash Equivalents		743	334
Accrued Receivables		43	1
Other Assets		13	73
Other Financial Assets		27,856	21,876
Deferred Tax Assets		140	6
Total Assets		28,795	22,290
Liabilities			
Payables		624	840
Current Tax Liabilities		226	227
Deferred Tax Liabilities		2,730	1,681
Total Liabilities		3,580	2,748
Net Assets		25,215	19,542
Equity			
Issued Capital	6	18,384	15,063
Reserves		6,371	3,924
Retained profits		460	555
Total Equity		25,215	19,542
Net Tangible Assets per share (tax on realised gains only)		\$1.66	\$1.52
Net Tangible Assets per share (tax on realised and unrealised gains)		\$1.49	\$1.40

The above condensed balance sheet should be read in conjunction with the notes to the financial statements.

Condensed Statement of Changes in Equity

For the half-year ended 31 December 2005

	Note	Share Capital	Retained Earnings	Asset Revaluation Reserve	TOTAL
		\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2004		14,746	9	1,431	16,186
Shares Issued during period		153			153
Profit attributable to members			455		455
Revaluation increment (net of tax)				1,978	1,978
Sub-total		14,899	464	3,409	18,772
Dividends paid or provided for	5		(343)		(343)
Balance at 31 December 2004		14,899	121	3,409	18,429
Balance at January 2005		14,899	121	3,409	18,429
Shares issued during period		164			164
Profit attributable to members			850		850
Revaluation increment (net of tax)				515	515
Sub-total		15,063	971	3,924	19,958
Dividends paid or provided for			(416)		(416)
Balance at 30 June 2005		15,063	555	3,924	19,542
Balance at 1 July 2005		15,063	555	3,924	19,542
Shares Issued during period	6	3,505			3,505
Payment for Share Issue Costs		(148)			(148)
Shares Bought back on market		(36)			(36)
Profit attributable to members			324		324
Revaluation increment (net of tax)				2,447	2,447
Sub-total		18,384	879	6,371	25,634
Dividends paid or provided for	5		(419)		(419)
Balance at 31 December 2005		18,384	460	6,371	25,215

The above condensed Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

Condensed Statement of Cash Flows

For the half-year ended 31 December 2005

	Note	31 Dec 2005 \$'000	31 Dec 2004 \$'000
Net cash flows provided by/(used in)			
operating activities			
Income Tax paid		(1)	(4)
Interest received		30	16
Dividends received		495	471
Other receipts		57	—
Other payments		(976)	(140)
Net cash flows provided by operating activities		<u>(395)</u>	<u>343</u>
Net cash flows provided by/(used in)			
investing activities			
Payments for Bank Bills		365	—
Proceeds from sales of investment securities		2,090	2,372
Payments for investment securities		(4,490)	(2,339)
Net cash flows used in long term investing activities		<u>(2,035)</u>	<u>33</u>
Net cash flows provided by/(used in)			
financing activities			
Dividend paid on ordinary shares		(419)	(190)
Payments for Share Buy-back		(36)	—
Proceeds from share issues		3,356	—
Payments for Share Issue Costs		(62)	—
Net cash flows used in financing activities		<u>2,839</u>	<u>(190)</u>
Net increase/(decrease) in cash held		409	186
Cash at beginning of the financial period		<u>334</u>	<u>754</u>
Cash at the end of the financial period		<u><u>743</u></u>	<u><u>940</u></u>

The above condensed statement of cash flows should be read in conjunction with the notes to the financial statements.

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2005

NOTE 1 Basis of Preparation of Half-Year Interim Financial Report

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Equivalents to International Financial Reporting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year interim financial report does not include all the notes of the type normally included in an annual financial report.

Accordingly, it is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2005 and any public announcements made by Hyperion Flagship Investments Limited during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

As this is the first interim financial report prepared under Australian Equivalents to IFRS, the accounting policies applied are inconsistent with those applied in the 30 June 2005 annual report as this report was presented under previous Australian GAAP. Accordingly, a summary of the significant accounting policies under Australian Equivalents to IFRS has been included below. A reconciliation of equity and profit and loss between previous GAAP and Australian Equivalents to IFRS has been prepared per Note 8.

Compliance with Australian Equivalents to IFRS ensures that the Interim Financial Report comprising of the Financial Statements and Notes, complies with International Financial Reporting Standards.

Accounting Policies

a) Income Tax

The Company adopts the Balance Sheet Liability method of accounting for income tax. The charge for current income tax expense is the tax payable on the current period's taxable income based on the company tax rate adjusted for changes in deferred tax assets and liabilities which arise from items being brought to account in different periods for income tax and accounting purposes. Deferred tax assets and deferred tax liabilities are offset where they are expected to reverse in the same period.

The notional tax on disposal of securities in the investment portfolio is recognised directly in equity in the asset revaluation reserve and as a deferred tax liability. Where the Company disposes of such securities, tax is calculated on net gains made according to the particular parcels allocated to the sale for tax purposes, offset against any capital losses carried forward. The tax recognised directly in equity is then transferred to the Income Statement as income tax expense. The associated deferred tax liability is similarly adjusted and transferred to tax payable.

b) Financial Instruments

Financial Instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2005

NOTE 1 Basis of Preparation of Half-Year Financial Report (Cont'd)

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management and within the requirement of AASB139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Available for sale financial assets — other financial assets

Investments are brought to account at cost or at fair value being Directors' Valuation. The carrying amount of investments recognised at fair value is assessed by Directors regularly to ensure that the carrying value is not materially different from its fair value. The carrying amount of investments is reviewed annually by Directors to ensure that it is not in excess of the recoverable amount of these investments.

When other financial assets are sold or impaired, the accumulated fair value adjustments are transferred from the asset revaluation reserve to the Income Statement as gains and losses on other financial assets.

Unrealised gains and losses arising from changes in the fair value of these assets are taken directly to equity in the asset revaluation reserve.

c) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

d) Revenue

Interest revenue is recognised when received. Dividend revenue is recognised when received.

e) Comparative Figures

When required by Australian Equivalents to International Financial Reporting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

g) Rounding of Amounts

The Company is of a kind referred to in ASIC Class Order 98/100 and in accordance with that class order, amounts in the financial report have been rounded off to the nearest thousand dollars unless otherwise stated.

h) Impairment

At each reporting date, the Company assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial assets, a prolonged decline in the value of the asset is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2005

NOTE 2 Other Revenue From Ordinary Activities

	31 Dec 2005 \$'000	31 Dec 2004 \$'000
Dividends	496	472
Interest	30	16
Other	2	—
	<u>528</u>	<u>488</u>

NOTE 3 Contingent Liabilities & Contingent Assets

There are no contingent liabilities or contingent assets.

NOTE 4 Events Occurring After Reporting Date

The directors are not aware of any matter or circumstance which has arisen since balance date that has significantly or may significantly affect the operations of the company.

NOTE 5 Dividends

	31 Dec 2005 \$'000	31 Dec 2004 \$'000
Dividends provided for or paid during the half-year		
– final dividend of 3.0 cents per share paid September 2005	418	
– final dividend of 2.5 cents per share paid September 2004		343

Since the end of the half-year, the Directors have declared an interim dividend of 3.25c per share fully franked at 30% payable on 31 March 06.

NOTE 6 Movements In Issued Capital

	31 Dec 2005 \$'000	31 Dec 2004 \$'000
Dividends satisfied by the issue of ordinary shares under the Dividend Reinvestment Plan	149	153
1 for 5 rights issue	3,356	—
Capital Raising Costs	(148)	—
On-market buy-back of ordinary shares	(36)	—
	<u>3,321</u>	<u>153</u>

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2005

NOTE 7 Segment Information

Business Segment

The entity operates in the investment industry. Its core business focuses on investing in Australian equities to achieve medium to long-term capital growth and income.

The fund operates solely in one geographical segment being Australia, investing primarily in Australian equities.

NOTE 8 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

(a) Reconciliation of Equity at 1 July 2004

	Note	Previous GAAP at 1/7/04 \$'000	Adjustments on introduction of Australian Equivalents to IFRS \$'000	Australian Equivalents to IFRS at 1/7/04 \$'000
Assets				
Cash and Cash Equivalents		754		754
Accrued Receivables		—		—
Other Assets		21		21
Other Financial Assets		16,103		16,103
Deferred Tax Assets		6		6
Total Assets		16,884		16,884
Liabilities				
Payables		75		75
Current Tax Liabilities		10		10
Deferred Tax Liabilities	8(f)(i)		613	613
Total Liabilities		85		698
Net Assets		16,799	(613)	16,186
Equity				
Issued Capital		14,746		14,746
Reserves	8(f)(i)	2,084	(653)	1,431
Retained profits	8(f)(i) 8(f)(ii)	(31)	40	9
Total Equity		16,799	(613)	16,186

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2005

NOTE 8 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (cont'd)

(b) Reconciliation of Equity at 31 December 2004

	Note	Previous GAAP at 1/7/04	Adjustments on introduction of Australian Equivalents to IFRS	Australian Equivalents to IFRS at 1/7/04
		\$'000	\$'000	\$'000
Assets				
Cash and Cash Equivalents		940		940
Accrued Receivables		1		1
Other Assets		15		15
Other Financial Assets		19,458		19,458
Deferred Tax Assets		12		12
Total Assets		20,426		20,426
Liabilities				
Payables		535		535
Current Tax Liabilities		2		2
Deferred Tax Liabilities	8(f)(i)		1,460	1,460
Total Liabilities		537	1,460	1,997
Net Assets		19,889	(1,460)	18,429
Equity				
Issued Capital		14,899		14,899
Reserves	8(f)(i)	5,011	(1,602)	3,409
Retained profits	8(f)(i) 8(f)(ii)	(21)	142	121
Total Equity		19,889	(1,460)	18,429

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2005

NOTE 8 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (cont'd)

(c) Reconciliation of Equity at 30 June 2005

	Note	Previous GAAP at 1/7/04	Adjustments on introduction of Australian Equivalents to IFRS	Australian Equivalents to IFRS at 1/7/04
		\$'000	\$'000	\$'000
Assets				
Cash and Cash Equivalents		334		334
Accrued Receivables		1		1
Other Assets		73		73
Other Financial Assets		21,876		21,876
Deferred Tax Assets		6		6
Total Assets		22,290		22,290
Liabilities				
Payables		840		840
Current Tax Liabilities		227		227
Deferred Tax Liabilities	8(f)(i)		1,681	1,681
Total Liabilities		1,067	1,681	2,748
Net Assets		21,223	(1,681)	19,542
Equity				
Issued Capital		15,063		15,063
Reserves	8(f)(i)	6,133	(2,209)	3,924
Retained profits	8(f)(i) 8(f)(ii)	27	528	555
Total Equity		21,223	(1,681)	19,542

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2005

NOTE 8 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (cont'd)

(d) Reconciliation of Profit or Loss for the half-year 31 December 2004

	Note	Previous GAAP \$'000	Effect of transition to Australian Equivalents to IFRS \$'000	Australian Equivalents to IFRS \$'000
Realised profits on investments sold		(51)	615	564
Other revenue from ordinary activities	8(f)(i)	488		488
Management Fees		(494)		(494)
Other expenses from ordinary activities		(111)		(111)
Profit/(Loss) from ordinary activities before income tax		(168)	615	447
Income tax expense/(benefit) relating to ordinary activities	8(f)(i)	(176)	168	(8)
Net profit from ordinary activities after income tax expense		8	447	455
Net increase (decrease) in Asset Realisation Reserve	8(f)(i)	105	(143)	(38)
Net increase (decrease) in Asset Revaluation Reserve	8(f)(i)	2,823	(1,460)	1,363
Total changes in equity other than those resulting from transactions with owners as owners		2,936	(1,156)	1,780

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2005

NOTE 8 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (cont'd)

(e) Reconciliation of Profit or Loss for the half-year 30 June 2005

	Note	Previous GAAP \$'000	Effect of transition to Australian Equivalents to IFRS \$'000	Australian Equivalents to IFRS \$'000
Realised profits on investments sold		(76)	1,747	1,671
Other revenue from ordinary activities	8(f)(i)	826		826
Management Fees		(743)		(743)
Other expenses from ordinary activities		(227)		(227)
Profit/(Loss) from ordinary activities before income tax		(220)	1,747	1,527
Income tax expense/(benefit) relating to ordinary activities	8(f)(ii)	(278)	499	221
Net profit from ordinary activities after income tax expense		58	1,248	1,306
Net increase (decrease) in Asset Realisation Reserve	8(f)(i)	488	(526)	(38)
Net increase (decrease) in Asset Revaluation Reserve	8(f)(i)	3,561	(1,682)	1,879
Total changes in equity other than those resulting from transactions with owners as owners		4,107	(960)	3,147

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2005

NOTE 8 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (cont'd)

(f) (i) Other Financial Assets — Available for Sale Financial Assets

Historically, under AGAAP unrealised gains and realised gains with respect to non traded investments were recognised directly as an increase in the asset revaluation reserve and asset realisation reserve respectively, unless they were a prior unrealised loss in which case they were reversed against the expense in the Income Statement.

Under Australian Equivalents to IFRS, realised gains on other financial assets will be included in the Income Statement, rather than treated as a direct equity adjustment. Net unrealised gains on investments will continue to be recognised through the asset revaluation reserve and the asset realisation reserve will cease to exist.

(f) (ii) Taxation

Historically, under AGAAP the Company accounted for income tax under the Profit and Loss Liability method.

Under Australian Equivalents to IFRS, the Company accounts for income tax under the Balance Sheet Liability method.

The effect of this change is that the Company must recognise an additional deferred tax liability amount for the capital gains tax on unrealised capital gains.

This additional deferred tax liability is offset against the unrealised gains on other financial assets recognised in the asset revaluation reserve.

Directors' Declaration

The directors declare that the Financial Statements and Notes as set out on pages 7 to 19:

- (a) comply with Australian Equivalents to International Financial Reporting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
- (b) give a true and fair view of the company's financial position as at 31 December 2005 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Hyperion Flagship Investments Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



E C Pohl
Director

BRISBANE
3 March 2006

Independent Review Report

To the Members of Hyperion Flagship Investments Limited

Scope

We have reviewed the Interim Financial Report of HYPERION FLAGSHIP INVESTMENTS LIMITED for the half-year ended 31 December 2005. The Interim Financial Report includes the Condensed Income Statement, Condensed Balance Sheet, Condensed Statement of Changes in Equity, Condensed Statement of Cash Flows, Notes and Directors' Declaration. The Directors are responsible for the Interim Financial Report. We have performed an independent review of the Interim Financial Report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the Interim Financial Report is not presented fairly in accordance with Australian Equivalents to International Financial Reporting Standard AASB134: Interim Financial Reporting and other mandatory professional reporting requirements in Australia, and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the Interim Financial Report with the Australian Securities and Investment Commission and Australian Stock Exchange.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of personnel from the responsible entity managing the company and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We confirm the independence declaration required by the Corporations Act 2001, provided to the directors of Hyperion Flagship Investments Limited on 3 March 2006, would be in the same terms if provided to the directors as at the date of this review report.

Independent Review Report

To the Members of Hyperion Flagship Investments Limited (cont'd)

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year Interim Financial Report of HYPERION FLAGSHIP INVESTMENTS LIMITED is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Equivalents to International Financial Reporting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements in Australia.


BDO Kendalls
Chartered Accountants


T J Kendall
Partner

BRISBANE
3 March 2006

Board of Directors

Steven M Wilson
Chairman

Emmanuel ('Manny') C Pohl
Managing Director

Russell B McCrory
Non-Executive Director

Ignazia ('Grace') Grace
Non-Executive Director

Henry R Smerdon
Non-Executive Director

Secretary

Ian W Harrison

Manager

Hyperion Asset
Management Limited
ABN 80 080 135 897
Level 38
Riparian Plaza
71 Eagle Street
Brisbane Qld 4000
Tel: (07) 3212 1318
Fax: (07) 3212 1060

Solicitors

McCullough Robertson
Solicitors
Level 11
Central Plaza Two
66 Eagle Street
Brisbane Qld 4000
Tel: (07) 3233 8888
Fax: (07) 3229 9949

Auditors

BDO Kendalls
Chartered Accountants
Level 18
300 Queen Street
Brisbane Qld 4000
Tel: (07) 3237 5999
Fax: (07) 3221 9227

Share Register

Computershare Investor
Services Pty Ltd
Level 19
307 Queen Street
Brisbane Qld 4000
Tel: (07) 3237 2100
Fax: (07) 3229 9860

Registered Office

Level 38
Riparian Plaza
71 Eagle Street
Brisbane Qld 4000
Tel: (07) 3212 1318
Fax: (07) 3212 1060

Website Address

www.hyperionfi.com.au



**HYPERION
FLAGSHIP
INVESTMENTS**

**Hyperion Flagship
Investments Limited**

ABN 99 080 135 913
Registered in Queensland
on 23 September 1997