

September 2009

Total Net Market Value of Assets

\$40,605,408 or \$1.52 per share.

Investment Performance

(These figures are unaudited)

	Quarter	One Year
Portfolio return over the period *	27.0%	25.6%
Change in All Ords. over Period	19.8%	2.1%
Total return over the period (NAV & div)	16.0%	14.8%
Change in Bank Bill Index over the Period	0.8%	4.3%

* 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	31.8%
Consumer Discretionary	24.3%
Industrials	8.9%
Materials	8.5%
Information Technology	7.6%
Energy	6.4%
Consumer Staples	6.0%
Healthcare	4.3%
Cash and Equivalent	2.2%

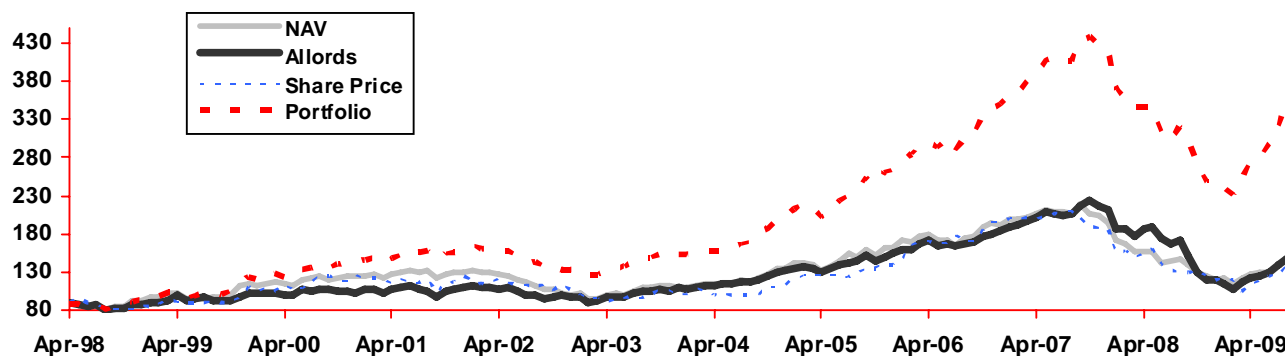
Five Major Investments

(As a % of the portfolio)

	Sept 09	June 09
IRESS	7.1%	7.6%
CBA	6.9%	6.6%
Wotif.com	6.1%	6.6%
Woolworths	6.0%	6.8%
Woodside Petroleum	5.0%	5.2%
Total	31.0%	32.8%

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 performance for the quarter to September 2009 of 27.0% is 36% better than the market return of 19.8%, continuing the good relative performance in the previous quarter. The return for the portfolio over the past twelve months of 25.6% compares with an increase in the market as measured by the All Ordinaries Index of 2.1%. Within the current investment climate, quality businesses continue to be recognised and valued appropriately by the market. Our under-weight position in speculative resource companies has stood us in good stead during the quarter. Hyperion is under-weight resource companies due to their lack of a competitive advantage (other than through size as is the case with RIO Tinto and BHP Billiton), the high risk nature of the mining business and the volatility of revenues.

Investment Activity

Navitas Limited (a provider of pre-university and university pathway programs for domestic and overseas students), REA Group Ltd (Australia's leading online real estate advertiser) and Carsales.Com Limited (offers online access to automotive classifieds) were added to the portfolio during the September quarter. We increased our exposure to Rio Tinto and Macquarie Group, whilst reducing our exposure to JB Hi-Fi, Cochlear and AMP.

Market facts

- ⊙ While the S&P 500 increased over the quarter by 15.0% in US\$, in A\$ it increased by only 5.1% as a result of a substantial increase in the value of the A\$.
- ⊙ The Australian market increased by 2.1% over the past twelve months as compared to an increase of 14.8% in the NAV per share, an after tax return.
- ⊙ As at the end of September 2009, the All Ordinaries Index is up 74.3% since April 1998. The NAV (after tax) per share has increased since April 1998 by 70.2%, while the total return including dividends paid to shareholders is 137.0%. The portfolio total return since April 1998 was 324.6%.
- ⊙ At the current market value, the investments in the portfolio have a dividend yield of approximately 4% substantially fully franked.

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