



A.B.N. 99 080 135 913

APPENDIX 4E STATEMENT

Preliminary Final Report

For the year ended 30 June 2009

(Previous corresponding period is year ended 30 June 2008)

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

The preliminary results are based on un-audited financial statements.

The reporting period is the year ended 30 June 2009 with the corresponding period being the year ended 30 June 2008.

The following statutory information is provided:

- Ⓞ Revenue from ordinary activities is down 131% to (\$1,309,000)
- Ⓞ Dividend and Interest Income down by 5% to \$1,614,000
- Ⓞ Profit from ordinary activities after tax was down 120% to (\$654,000)
- Ⓞ Net Profit (after tax) attributable to members was down 120% to (\$654,000)

The value of the investment portfolio before fees and tax decreased by 4.2% over the twelve month period outperforming the All Ordinaries Index which declined by 26%.

Notwithstanding the slight decline in Dividend and Interest Income, the directors are pleased to announce the following:

- Ⓞ A fully franked final dividend of 4.25c per share (includes an LIC capital gain attributable amount). This is the same amount as the interim dividend paid in April 2009 bringing the full year payment to 8.50 cents per share.
- Ⓞ The fully franked final dividend of 4.25 cents per share is to be paid on 9 October 2009 to Shareholders registered on 28 August 2009 making the full year dividend 8.50 cents. For an individual Shareholder with a marginal tax rate of 45%, this results in a net cash position of 9.41 cents. (See below for how this is calculated.)
- Ⓞ In accordance with the tax treatment of Listed Investment Companies, the capital gain component of the final dividend is the full 4.25 cents per share so that the attributable amount is 6.07 cents per share. Therefore individual taxpayers will be able to claim a deduction of 3.03 cents per share (50%) and superannuation funds will be able to claim a deduction of 2.02 cents per share (33 1/3%). This deduction is in addition to the franking credit that they will receive on the dividend.
- Ⓞ The Company's Dividend Reinvestment Plan (DRP) will apply to this dividend. The last date for the receipt of an election notice for participation in the DRP will be 28 August 2009. The issue price for the DRP is to be calculated based on the weighted average of all transactions on the Australian Stock Exchange in the five days after and including the ex-date. The shares issued will rank equally with the other quoted securities.
- Ⓞ The Company's Net Asset Value per share at 30 June 2009 was \$1.35 per share. The Company's Net Asset Value at 30 June 2008 was \$1.47.
- Ⓞ If the tax on unrealised portfolio gains is deducted, then the Net Asset Value per share at 30 June 2009 was \$1.24 per share as compared to \$1.40 for the previous corresponding period.

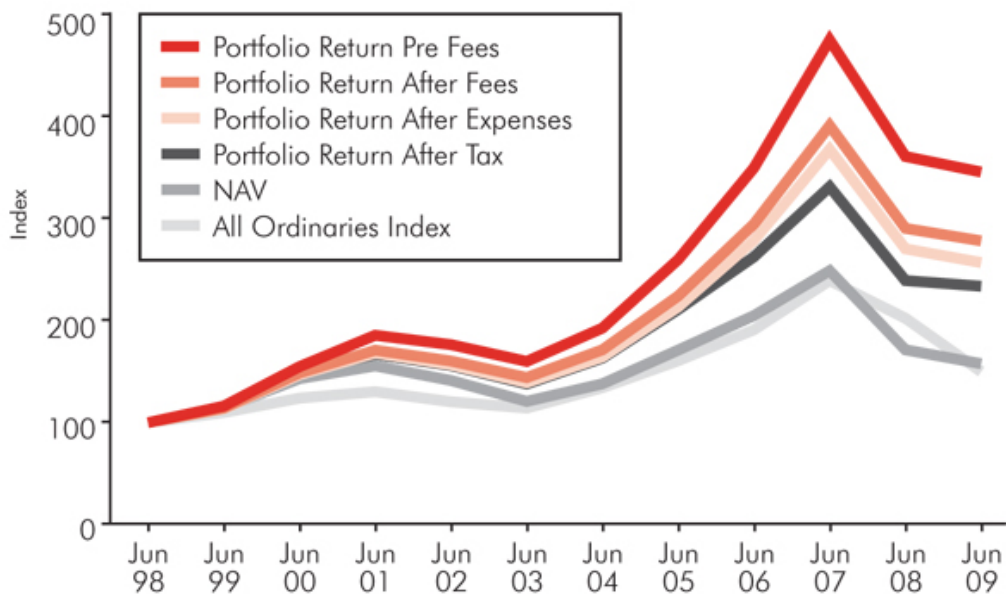
The financial information detailed below is in the process of being audited.

MANAGING DIRECTOR'S COMMENTS

The investment climate over the past year was extremely negative until February 2009 when sentiment started to improve and the market showed some signs of recovery. World equity markets continued to reflect the depressed state of the US housing market and a global economy severely affected by a lack of financial liquidity, reduced international trade and rising unemployment. The MSCI (as measured in US dollar terms) declined by 31.4% for the twelve months to 30 June 2009. In Australian dollar terms, the MSCI declined by 18.5% over the same period, reflecting the decline in the Australian dollar compared to the US dollar over the twelve months. The US market performed relatively better than the other major markets with the S&P 500 declining by 28.2% in US dollar terms for the twelve months to the end of June 2009.

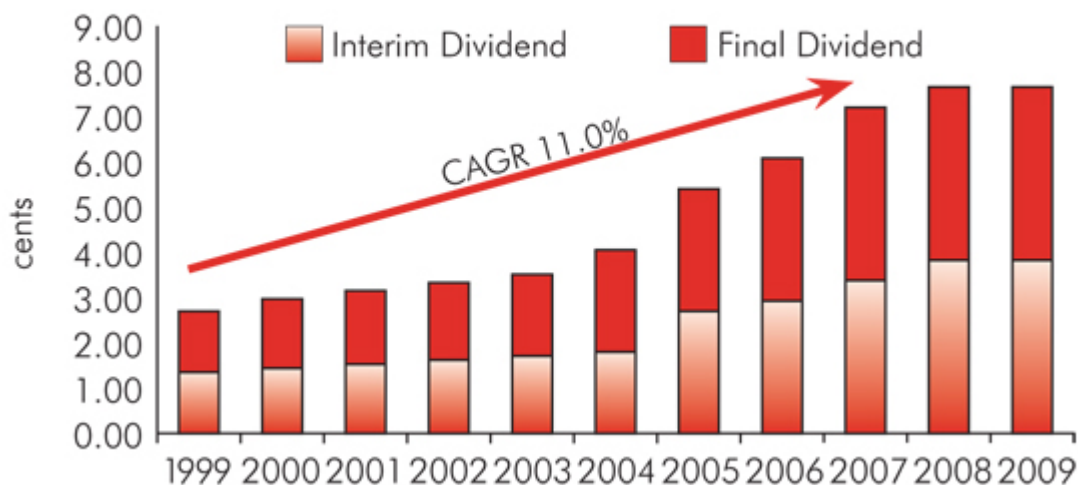
Our portfolio has performed extremely well by comparison, declining by only 4.2% over the past twelve months as compared to a 26% decline in the All Ordinaries Index. While Shareholders have regrettably seen a decline in the NAV per share of 5.3% over the past twelve months, this is nevertheless an outstanding result in these highly depressed markets and time of financial crisis.

INVESTMENT PERFORMANCE



DIVIDENDS PER SHARE

COMPOUND ANNUAL GROWTH RATE 11.0%



FIVE MAJOR INVESTMENTS
June 2009

MAJOR INVESTMENTS % OF PORTFOLIO		
	Jun 09	Jun 08
IRESS	7.6%	4.0%
Woolworths	6.8%	4.7%
Wotif.com	6.6%	3.4%
Commonwealth Bank	6.6%	5.8%
AMP	5.7%	3.7%
TOTAL	33.3%	21.6%

ANNUAL PERCENTAGE CHANGE				
Year to	Portfolio Return Pre Fees	Portfolio Return After Fees	NAV	All Ordinaries Index
Jun-99	16.4%	14.4%	14.6%	10.1%
Jun-00	33.6%	31.3%	25.3%	12.9%
Jun-01	20.0%	15.2%	8.8%	5.1%
Jun-02	-5.0%	-6.3%	-9.3%	-7.6%
Jun-03	-9.4%	-10.2%	-14.6%	-5.2%
Jun-04	20.5%	19.0%	14.4%	17.7%
Jun-05	35.1%	31.0%	24.1%	19.8%
Jun-06	34.7%	31.6%	19.8%	19.0%
Jun-07	35.9%	32.8%	21.6%	25.4%
Jun-08	-24.1%	-25.6%	-31.3%	-15.5%
Jun-09	-4.2%	-4.2%	-8.0%	-26.0%
Overall Gain	248.3%	180.1%	58.4%	50.6%

*Fees include Performance Fees and Under-writing Fees.

MANAGING DIRECTOR'S COMMENTS

Total benefit received by an individual shareholder

For an individual shareholder the total dividend amount received for 2008/2009 will be:

	Interim Payment April 09 Cents per share	Final Payment Oct 09 Cents per share	Total Cents per share
Dividend Payment	4.250	4.250	8.500
Imputation Credits	1.821	1.821	3.642
TOTAL ASSESSABLE INCOME	6.071	6.071	12.142
LIC capital gain deduction (based on attributable amount)	3.035	3.035	6.070
TOTAL TAXABLE INCOME	3.036	3.036	6.072

The total cash amount received by an individual shareholder will be the dividend payment received plus a tax refund which is dependent on the marginal tax rate of the individual.

For example:

If an individual's marginal tax rate is 45% then the following benefits are obtained.

Dividend Payment	4.250	4.250	8.500
Tax refund	0.455	0.455	0.910
TOTAL CASH AMOUNT	4.705	4.705	9.410

INVESTMENTS AS AT 30 JUNE 2009

Company		Shares	Market Value \$'000	%
	ORDINARY SHARES			
AMP	AMP Limited	391,000	1,908.1	5.77
ANZ	ANZ Banking Group Ltd	110,000	1,813.9	5.48
BBG	Billabong International Ltd	118,182	1,034.1	3.12
BHP	BHP Billiton Ltd	43,000	1,493.0	4.51
BXB	Brambles Limited	250,000	1,490.0	4.50
CBA	Commonwealth Bank of Australia	56,000	2,184.0	6.60
CMJ	Consolidated Media Holdings Limited	140,000	317.8	0.96
COH	Cochlear Limited	31,000	1,788.7	5.40
COU	Count Financial Ltd	485,572	684.7	2.07
FAN	Fantastic Holdings Ltd	373,955	1,065.8	3.22
IRE	IRESS Market Technology Limited	350,000	2,537.5	7.67
JBH	JB Hi-Fi Limited	109,000	1,678.6	5.07
MQG	Macquarie Group Ltd	34,490	1,348.5	4.08
PPT	Perpetual Ltd	17,650	503.9	1.52
PTM	Platinum Asset Management Limited	214,958	885.6	2.68
RIO	Rio Tinto Ltd	21,500	1,122.3	3.39
RIOR	Rio Tinto Ltd - Rights	11,287	238.2	0.72
SEK	Seek Limited	312,283	1,302.2	3.93
SKT	Sky Network Television	131,000	448.0	1.35
TRS	The Reject Shop Ltd	60,000	703.2	2.12
WBC	Westpac Banking Corporation Ltd	73,537	1,489.1	4.50
WOR	WorleyParsons Limited	20,000	476.2	1.44
WOW	Woolworths Ltd	86,000	2,267.0	6.85
WPL	Woodside Petroleum Limited	40,000	1,728.4	5.22
WTF	Wotif.com Holdings Limited	466,286	2,191.5	6.62
			32,700.3	98.79
	OPTIONS			
	Options		0.0	0.0
	CASH			
	Cash		399.8	1.21
			33,100.1	100.0

APPENDIX 4E ACCOUNTS

Hyperion Flagship Investments Limited INCOME STATEMENT For the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Realised (Losses)/Profits on investments sold		(2,923)	2,549
Other Revenue	4	1,614	1,709
Other expenses	5	(249)	(312)
Profit before income tax		(1,558)	3,946
Income tax benefit / (expense)	6	904	(751)
Profit attributable to members of Hyperion Flagship Investments Limited		(654)	3,195
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
		Cents	Cents
Basic earnings per share	21	(2.42)	12.98
Diluted earnings per share	21	(2.42)	12.98

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

APPENDIX 4E ACCOUNTS

Hyperion Flagship Investments Limited

BALANCE SHEET

As at 30 June 2009

	Notes	2009 \$'000	2008 \$'000
ASSETS			
Cash and cash equivalents	7	400	258
Trade and other receivables	8	138	17
Other financial assets	9	32,699	38,609
Deferred tax assets	10	3,022	1,974
Total assets		36,259	40,858
LIABILITIES			
Trade and other payables	11	38	40
Current tax liabilities	12	-	685
Deferred tax liabilities	13	2	-
Total liabilities		40	725
Net assets		36,219	40,133
EQUITY			
Issued Capital	14	37,060	37,674
Reserves	15	(4,329)	(3,979)
Retained earnings		3,488	6,438
Total equity		36,219	40,133
NAV (after tax on realised gains only)		\$1.35	\$1.47
NAV (after tax on realised and unrealised gains)		\$1.24	\$1.40

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

APPENDIX 4E ACCOUNTS

Hyperion Flagship Investments Limited STATEMENT OF CHANGES IN EQUITY For the year ended 30 June 2009

	Note	Share Capital	Retained Earnings	Asset Revaluation Reserve	TOTAL
		\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2007		18,834	5,129	8,921	32,884
Shares issued during period	14(b)	19,986			19,986
Share issue costs (net of tax)		(668)			(668)
Shares bought back on market	14(b)	(478)			(478)
Profit attributable to members			3,195		3,195
Revaluation increment (net of tax)				(10,351)	(10,351)
Net (gain) / loss recognised in income statement				(2,549)	(2,549)
Sub-total		37,674	8,324	(3,979)	42,019
Dividends paid or provided for	16(a)		(1,886)		(1,886)
Balance at 30 June 2008		37,674	6,438	(3,979)	40,133
Balance at 1 July 2008		37,674	6,438	(3,979)	40,133
Shares issued during period	14(b)	479			479
Share issue costs (net of tax)					-
Shares bought back on market	14(b)	(1,093)			(1,093)
Profit attributable to members			(654)		(654)
Revaluation increment (net of tax)				(3,273)	(3,273)
Net (gain) / loss recognised in income statement				2,923	2,923
Sub-total		37,060	5,784	(4,329)	38,515
Dividends paid or provided for	16(a)		(2,296)		(2,296)
Balance at 30 June 2009		37,060	3,488	(4,329)	36,219

The above statement of changes in equity should be read in conjunction with the notes to the financial statements.

APPENDIX 4E ACCOUNTS

Hyperion Flagship Investments Limited CASH FLOW STATEMENT For the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Cash flows from operating activities			
Dividends received		1475	1,599
Interest received		23	111
Sub-underwriting fees received		1	-
Income taxes paid		(678)	(1,391)
Other payments		(408)	(1,834)
Net cash inflow / (outflow)from operating activities	20	413	(1,515)
Cash flows from investing activities			
Proceeds from sale of investments		5,867	8,905
Payments for investments		(3,229)	(25,778)
Proceeds from bank bills		-	784
Net cash inflow / (outflow)from investing activities		2,638	(16,089)
Cash flows from financing activities			
Dividends paid to Company's Shareholders	16(a)	(1,816)	(1,886)
Proceeds from share issues		-	19,986
Buy back of shares		(1,093)	(478)
Share issue costs		-	(668)
Net cash outflow) / inflow from financing activities		(2,909)	16,954
Net increase / (decrease) in cash and cash equivalents		142	(653)
Cash and cash equivalents at the beginning of the financial year		258	911
Cash and cash equivalents at end of year	7	400	258

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

APPENDIX 4E ACCOUNTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(A) BASIS OF PREPARATION

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of Hyperion Flagship Investments complies with International Financial Reporting Standards (IFRS).

These financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, which are measured at fair value.

Unless otherwise stated, all amounts are presented in Australian dollars.

(B) BALANCE SHEET FORMAT

The Balance Sheet is in a liquidity format. The adoption of a liquidity format results in the removal of the terms "current asset" and "non-current asset" from the Balance Sheet in favour of the general term "assets".

(C) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable net of the amount of Goods and Services Tax (GST). The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Dividend revenue

Dividend revenue is recognised when the right to receive the dividend has been established. The policy was changed effective from 1 July 2008. In previous years, dividends were recognised as revenue when the dividend was received by the Company. The change in recognition of the dividends has resulted in the recognition of an additional \$115,288 of dividends as at 30 June 2009.

(ii) Interest Income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(D) INCOME TAX

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and tax liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(E) 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.

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.

APPENDIX 4E ACCOUNTS

Available For Sale Financial Assets - other financial assets

Investments are measured at fair value. 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.

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

Available for sale financial assets are assessed at each reporting date to determine whether there is any objective evidence that it is impaired. In the case of available for sale financial instruments, a significant or prolonged decline in the value of the instrument below cost is considered to be evidence of whether or not impairment has arisen. An assessment of the future dividends will determine if the instrument should be impaired and an impairment loss provided. An impairment loss is calculated by reference to its fair value. Impairment losses are recognised in the income statement.

Any cumulative loss in respect of an available for sale financial asset previously recognised in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For available for sale financial assets that are debt securities, the reversal is recognised in profit or loss. For equity securities, the reversal is recognised directly in equity.

Following a review of the investments, the Board has determined that no investment at 30 June 2009 is impaired.

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

Loans and Receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of loans and receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement in other expenses.

Held to Maturity Instruments

Held to Maturity Investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity.

Held to maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(F) CASH AND CASH EQUIVALENTS

For cash flow statement purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(G) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities are measured at amortised cost using the effective interest method.

(H) ISSUED CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(I) DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at balance date.

APPENDIX 4E ACCOUNTS

(J) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(K) ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise stated.

(L) KEY JUDGEMENTS

The preparation of financial reports in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. This requires the Board to exercise their judgement in the process of applying the Company's accounting policies.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance with AASB 112 *Income Taxes*, deferred tax liabilities and deferred tax assets have been recognised for Capital Gains Tax (CGT) on the unrealised gains/losses in the investment portfolio at current tax rates.

As the Directors do not intend to dispose of the portfolio, this tax liability/benefit may not be crystallised at the amount disclosed in Notes 10 and 13. In addition, the tax liability/benefit that arises on disposal of these securities may be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains/losses at the time of disposal.

(M) KEY ASSUMPTIONS AND SOURCES OF ESTIMATION UNCERTAINTY

There are no key assumptions or sources of estimation uncertainty that have a risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period as they are carried at their market value and these values are reviewed to ensure that there is no impairment.

The portfolio construction focuses on investing in high quality growth companies.

A unique investment process is used in constructing the portfolio. A three step process is undertaken using both quantitative filters and fundamental analysis.

- The first filter tests whether a company is growing.
- The second filter tests whether a company's management has been successful in obtaining excellent returns on equity
- The third filter tests for security of clients funds.

The companies that remain after these filters have been applied are growth orientated and are believed to have a sustainable competitive advantage.

These companies are then analysed to determine their five year internal rate of return (IRR). The IRR is used to determine an estimated "future" value or strike price. Where the strike price is below the market price the investment is not acquired or could be sold if it is in the portfolio. If not sold then the investment would be impaired and the portfolio value would reflect the expected future value.

As the estimated 'future value' of strike price of the portfolio investments is in excess of their fair value, there is no prolonged diminution of value. Therefore no investment being impaired.

(N) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been issued that are not mandatory for 30 June 2009 reporting periods. These standards and interpretations have not been adopted in the preparation of the financial report. The Company's assessment of the impact of these new standards and interpretations is set out below.

- (i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 may result in a change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on the financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Company has decided not to early adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different type of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

- (ii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective from 1 January 2009)

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Company, as the Company does not currently hold any qualifying assets.

- (iii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)

APPENDIX 4E ACCOUNTS

(N) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS *(continued)*

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheets (statement of financial position), this one being as at the beginning of the comparative period. The Company will apply the revised standard from 1 July 2009.

(iv) AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective from 1 January 2009)

In July 2008, the AASB issued a number of improvements to existing Australian Accounting Standards. The Company will apply the revised standards from 1 January 2009. On initial application, the entity will need to make some adjustments to disclosures for each of the amendments in future periods.

(iv) AASB Interpretation 17 Distribution of Non-cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 (effective 1 July 2009)

AASB-I 17 applies to situations where an entity pays dividends by distributing non-cash assets to its shareholders. These distributions will need to be measured at fair value and the entity will need to recognise the difference between the fair value and the carrying amount of the distributed assets in the income statements on distribution. The interpretation further clarifies when a liability for the dividend must be recognised and that it is also measured at fair value. The Company will apply the interpretation prospectively from 1 July 2009.

2. FINANCIAL RISK MANAGEMENT

The activities of the Company expose it to a variety of financial risks as discussed below.

The Company's overall risk management program focuses on the volatility of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk governance is managed through the Board which provides direct oversight on the Company's risk management framework and overall risk management performance. The Board provides written principles for risk management covering investment portfolio composition. Risk is managed by the professional, disciplined management of the investment portfolio by Hyperion Asset Management Limited (the Manager).

The Company held the following financial instruments:

	30 June 2009 \$'000	30 June 2008 \$'000
Financial assets		
Cash and cash equivalents	400	258
Available For Sale Financial Assets	32,700	38,609
Total	33,100	38,867

Not all items on the balance sheet carry material financial risk. Trade and other receivables and Trade and other payables were not included in the table due to the immaterial nature of their financial risk.

(A) MARKET RISK

(i) Foreign exchange risk

The Company operates entirely within Australia and is not exposed to material foreign exchange risk.

(ii) Equity market risk

The Company is exposed to risk of market price movement through its investments in Australian listed equity securities. Equity investments held by the Company are classified on the balance sheet as Available For Sale Financial Assets and any movement in the listed equity securities is reflected in the asset revaluation reserve.

The risk to Shareholders is that adverse equity securities market movements have the potential to cause losses in Company earnings or the value of its holdings of financial instruments. The Manager's investment strategy centres on the view that investing in proven high quality businesses with growth opportunities arising from their sustainable competitive advantage will outperform over the longer-term. Consistent with this approach, the Manager has an established risk management framework that includes procedures, policies and functions to ensure constant monitoring of the quality of the investee companies. The objective of the risk management framework is to manage and control risk exposures within acceptable parameters while optimising returns.

Equity market risk is measured as a % change in the value of equity instruments held in the portfolio, as compared to the total market index for the same period.

The Company's exposure to equity market risk over the Manager's investment horizon at reporting date is:

	2009	2008
Portfolio five year return	12.5%	17.7%
All Ordinaries Index five year return	2.3%	12.2%

APPENDIX 4E ACCOUNTS

Sensitivity Analysis

Increases/decreases in an equity securities price, affect the Company's asset revaluation reserve and after tax profit for the year. The analysis is based on the assumption that the Available For Sale Financial Assets had increased/decreased by 5% (2008 - 5%) with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index.

Impact on Equity for the year:-

2009 \$1,635,000

2008 \$1,930,450

Impact on profit or loss is nil.

(iii) Cash flow interest rate risk

The Company is exposed to cash flow interest rate risk from holding cash and cash equivalents at variable rates. The objective of the Company is to minimise the potential adverse effects of interest rate risk.

In order to minimise the potential adverse effects of this risk, the Manager reviews the interest rate exposure as part of cash flow management and takes into consideration liquidity and yields as part of cash flow management. The cash and cash equivalents held are subject to an insignificant level of risk of changes in value.

As at the reporting date, the Company had the following cash and cash equivalents:

30 June 2009: Balance \$400,000
Weighted average interest rate 4.68%

30 June 2008: Balance \$258,000
Weighted average interest rate 6.70%

(B) RELATIVE PERFORMANCE RISK

The Manager aims to outperform the risk free cash rate over the long-term. However, as the portfolio consists of equity investments these will tend to be more volatile than cash, so there will likely be periods of relative under and over performance compared to the benchmark risk free rate.

Over the long-term the Manager is confident that the portfolio can achieve outperformance through an investment selection process that invests in companies that have a sound business model, display a sustainable competitive advantage and have proven quality management.

(C) CREDIT RISK

Credit risk is the risk of a counterparty defaulting on their financial obligations resulting in a loss to the Company. The objective of the Company is to minimise credit risk exposure. Credit risk arises from cash and cash equivalents, Available For Sale Financial Assets and Held to Maturity Investments. Credit risk is managed by the Manager.

Credit risk arising from cash and cash equivalents is managed by only transacting with counterparties independently rated with a minimum rating of A. The providers of financial services to the Company are rated as AA by Standard and Poor's. Credit risk on cash and cash equivalents is deemed to be low.

Credit risk arising from Available For Sale Financial Assets relates to the risk of counterparties on the ASX defaulting on their financial obligations on transactions for Australian listed equity securities. The credit risk for these transactions is deemed to be low.

Credit risk arising from Held to Maturity Investments is managed by only transacting with counterparties independently rated with a minimum rating of A.

The maximum credit risk exposure of the Company at year end is the carrying value of the assets in the Balance Sheet.

There is no concentration of credit risk with respect to financial assets in the Balance Sheet.

(D) LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The objective of the Company is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and distressed conditions.

Prudent liquidity risk management implies maintaining sufficient cash and marketable Australian listed equity securities.

The Manager controls liquidity risk by continuously monitoring the balance between equity securities and cash or cash equivalents and the maturity profiles of assets and liabilities to ensure this risk is minimal.

(E) NET FAIR VALUES

Net fair values of all assets and liabilities approximate their carrying value.

(F) CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure of the Company consists of cash and cash equivalents and equity attributable to members of the Company, comprising issued capital, reserves and retained earnings as discussed in Notes 7, 14 and 15 respectively. The Board monitors the return on capital, which is defined as net operating income divided by total Shareholders' equity. The Board also monitors the level of dividends to Shareholders.

The capital of the Company is invested by the Investment Manager in accordance with the investment policy established by the Board. The Company has no borrowings. It is not subject to any externally imposed capital requirements.

As detailed in the Annual Report the Company has maintained the on-market buyback of its own shares during the year. This assists in maintaining the alignment between the market price and the Net Tangible Assets of the Company.

There were no changes in the Company's approach to capital management during the year.

3. SEGMENT INFORMATION DESCRIPTION OF SEGMENTS

(A) BUSINESS SEGMENTS

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.

(B) GEOGRAPHICAL SEGMENTS

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

APPENDIX 4E ACCOUNTS

Hyperion Flagship Investments Limited
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
4. OTHER REVENUE			
Dividends		1,590	1,599
Interest on cash		23	107
Interest on Held to Maturity Investments		-	3
Sub-underwriting		1	-
		1,614	1,709
5. EXPENSES			
Profit before income tax includes the following specific expenses:			
ASX listing and other fees		27	72
Audit fees		20	35
Directors fees		80	69
Insurance		24	25
Share registry		30	22
Other		68	89
		249	312
6. INCOME TAX EXPENSE			
(a) Income tax expense			
Current tax		-	685
Deferred tax		(896)	63
Under / (over) provided in prior years		(8)	3
		(904)	751
Deferred income tax (revenue) expense included in income tax expense comprises:			
Decrease (increase) in deferred tax assets	10	(898)	63
(Decrease) increase in deferred tax liabilities	13	2	-
		(896)	63
(b) Reconciliation of income tax expense to prima facie tax payable			
Profit / (loss) before income tax expense		(1,558)	3,946
Tax at the Australian tax rate of 30% (2008 - 30%)		(467)	1,184
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Dividend franking credits		(393)	(433)
Foreign dividends		(2)	-
Fully franked dividends receivable		(33)	-
		(895)	751
Under (over) provision in prior years		(9)	-
Income tax expense (benefit)		(904)	751
Total income tax expense		(904)	751
(c) Amounts recognised directly in equity			
Aggregate current and deferred tax arising in the reporting period and not Recognised in net profit or loss but directly debited or credited to equity			
Net deferred tax – debited (credited) directly to equity	10 & 13	(150)	(5,815)
		(150)	(5,815)

APPENDIX 4E ACCOUNTS

Hyperion Flagship Investments Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
7. CASH AND CASH EQUIVALENTS		
Bank balances	400	258
	<u>400</u>	<u>258</u>
(a) Cash at bank and on hand		
The deposits are bearing floating interest rates between 2.90% and 7.20%. These deposits are available at call.		
(b) Fair value		
The carrying amount for cash and cash equivalents equals the fair value.		
8. TRADE AND OTHER RECEIVABLES		
Net other receivables		
GST receivable	-	1
Other receivables	138	16
	<u>138</u>	<u>17</u>
9. OTHER FINANCIAL ASSETS		
Listed Investments, at fair value		
At beginning of year	38,609	37,614
Additions (at cost)	3,229	25,778
Revaluation	(500)	(18,428)
Disposals (at cost)	(8,639)	(6,355)
Closing Balance at 30 June	<u>32,699</u>	<u>38,609</u>
Australian listed equity securities	<u><u>32,699</u></u>	<u><u>38,609</u></u>

If investments had been sold at balance date a net capital gains tax liability of not more than NIL (2008: NIL) would have arisen.

APPENDIX 4E ACCOUNTS

Hyperion Flagship Investments Limited
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2009

2009	2008
\$'000	\$'000

10. DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

Amounts recognised in profit or loss

Amortisation of share issue expense	(162)	(94)
Accruals	11	12
Website development costs	-	1
Tax losses incurred	91	-
Capital losses incurred	877	-
	817	(81)

Amounts recognised directly in equity

Share issue expenses	350	350
Unrealised loss on Available For Sale Investments	1,855	1,705
	2,205	2,055

Net deferred tax assets

	3,022	1,974
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Reconciliations

(i) **Gross Movements:**

The overall movement in deferred tax asset accounts is as follows:

Opening balance	1,974	45
(Credited)/charged to the income statement	898	(63)
(Credited)/charged to equity	150	1,992
Closing balance at 30 June	3,022	1,974

(ii) **The movement in deferred tax assets for each temporary difference during the year is as follows:**

Share issue expenses

Opening balance	256	38
(Charged)/credited directly to the income statement	(68)	(69)
(Charged)/credited directly to the equity	-	287
Closing balance	188	256

Accruals

Opening balance	12	7
(Charged)/credited directly to the income statement	(1)	5
Closing Balance	11	12

Website development costs

Opening balance	1	-
(Charged)/credited directly to the income statement	(1)	1
Closing Balance	-	1

Tax losses incurred

Opening balance	-	-
(Charged)/credited directly to the income statement	91	-
Closing Balance	91	-

APPENDIX 4E ACCOUNTS

Hyperion Flagship Investments Limited
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 For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
<i>Capital losses incurred</i>		
Opening balance	-	-
(Charged)/credited directly to the income statement	877	-
Closing Balance	877	-
<i>Available For Sale Investments</i>		
Opening balance	1,705	-
(Charged)/credited directly to the income statement	-	-
(Charged)/credited directly to the equity	150	1,705
Closing Balance	1,855	1,705

11. TRADE AND OTHER PAYABLES

Accrued expenses	38	40
	38	40

Contractual cash flows from trade and other payables approximate their carrying amount. Trade and other payables are all contractually due within six months of reporting date.

12. CURRENT TAX LIABILITIES

Income tax	-	685
	-	685

13. DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:

<i>Amounts recognised directly in equity</i>		
Tax on unrealised gain on Available For Sale Investments	2	-
Net deferred tax liabilities	2	-

Reconciliations

(i) Gross Movements:

The overall movement in the deferred tax liability account is as follows:

Opening balance	-	3,823
Charged/(credited) to the income	2	-
Charged/(credited) to equity	-	(3,823)
Closing balance	2	-

(ii) The movement in deferred tax liability for each temporary difference during the year is as follows:

<i>Unrealised gain on investments</i>		
Opening balance	-	3,823
Charged/(credited) directly to the equity	-	(3,823)
Closing balance	-	-

<i>Unfranked dividends receivable</i>		
Opening balance	-	-
Charged/(credited) directly to the equity	2	-
Closing balance	2	-

APPENDIX 4E ACCOUNTS

Hyperion Flagship Investments Limited
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 For the year ended 30 June 2009

	2009 Shares	2008 Shares	2009 \$'000	2008 \$'000
14. ISSUED CAPITAL				
(a) Issued Capital				
Ordinary shares				
Fully paid	26,779,551	27,283,650	37,060	37,674
Total Issued Capital	26,779,551	27,283,650	37,060	37,674

The Company does not have an authorised capital value or par value in respect of its issued shares.

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Price	\$'000
30 June 2007	Balance	17,129,810		18,834
07 September 2007	Dividend Reinvestment Plan	134,759	\$1.94	261
16 October 2007	Capital Raising	10,120,626	\$1.92	19,432
31 October 2007	Share buy-back	(1,000)	\$1.92	(2)
01 November 2007	Share buy-back	(10,000)	\$1.92	(19)
02 November 2007	Share buy-back	(15,000)	\$1.92	(29)
05 November 2007	Share buy-back	(19,000)	\$1.91	(36)
07 November 2007	Share buy-back	(3,007)	\$1.90	(6)
12 November 2007	Share buy-back	(5,000)	\$1.91	(10)
16 November 2007	Share buy-back	(1,753)	\$1.92	(3)
22 November 2007	Share buy-back	(10,000)	\$1.90	(19)
26 November 2007	Share buy-back	(5,801)	\$1.90	(11)
27 November 2007	Share buy-back	(27,000)	\$1.90	(51)
28 November 2007	Share buy-back	(1,000)	\$1.90	(2)
31 January 2008	Share buy-back	(1,000)	\$1.56	(2)
05 February 2008	Share buy-back	(2,000)	\$1.66	(3)
07 February 2008	Share buy-back	(3,000)	\$1.63	(5)
11 February 2008	Share buy-back	(2,000)	\$1.63	(3)
13 February 2008	Share buy-back	(1,000)	\$1.60	(2)
14 February 2008	Share buy-back	(191)	\$1.60	(0)
15 February 2008	Share buy-back	(1,000)	\$1.63	(2)
20 February 2008	Share buy-back	(1,809)	\$1.61	(3)
21 February 2008	Share buy-back	(191)	\$1.56	(0)
22 February 2008	Share buy-back	(14,309)	\$1.60	(23)
25 February 2008	Share buy-back	(2,500)	\$1.60	(4)
26 February 2008	Share buy-back	(4,000)	\$1.60	(6)
27 February 2008	Share buy-back	(2,000)	\$1.58	(3)
28 February 2008	Share buy-back	(1,000)	\$1.58	(2)
03 March 2008	Share buy-back	(2,000)	\$1.58	(3)
04 March 2008	Share buy-back	(16,000)	\$1.57	(25)
05 March 2008	Share buy-back	(12,251)	\$1.58	(19)
07 March 2008	Share buy-back	(6,000)	\$1.55	(9)
10 March 2008	Share buy-back	(10,000)	\$1.54	(15)

APPENDIX 4E ACCOUNTS

(b) Movements in ordinary share capital: (continued)

Date	Details	Number of shares	Price	\$'000
11 March 2008	Share buy-back	(2,321)	\$1.55	(4)
13 March 2008	Share buy-back	(7,750)	\$1.44	(11)
14 March 2008	Share buy-back	(11,000)	\$1.33	(15)
15 March 2008	Share buy-back	(4,250)	\$1.33	(6)
18 March 2008	Share buy-back	(1,665)	\$1.35	(2)
19 March 2008	Dividend Reinvestment Plan	185,616	\$1.58	293
26 March 2008	Share buy-back	(3,000)	\$1.41	(4)
27 March 2008	Share buy-back	(1,250)	\$1.40	(2)
02 April 2008	Share buy-back	(2,210)	\$1.40	(3)
11 April 2008	Share buy-back	(6,521)	\$1.55	(10)
14 April 2008	Share buy-back	(7,000)	\$1.54	(11)
15 April 2008	Share buy-back	(2,000)	\$1.55	(3)
16 April 2008	Share buy-back	(4,000)	\$1.55	(6)
17 April 2008	Share buy-back	(4,285)	\$1.55	(7)
18 April 2008	Share buy-back	(4,000)	\$1.55	(6)
21 April 2008	Share buy-back	(1,602)	\$1.55	(2)
22 April 2008	Share buy-back	(1,220)	\$1.55	(2)
23 April 2008	Share buy-back	(1,071)	\$1.55	(2)
29 April 2008	Share buy-back	(16,107)	\$1.50	(24)
30 April 2008	Share buy-back	(1,600)	\$1.54	(3)
01 May 2008	Share buy-back	(2,000)	\$1.54	(3)
20 May 2008	Share buy-back	(2,911)	\$1.56	(5)
21 May 2008	Share buy-back	(3,000)	\$1.60	(5)
22 May 2008	Share buy-back	(511)	\$1.60	(1)
23 May 2008	Share buy-back	(2,000)	\$1.60	(3)
26 May 2008	Share buy-back	(193)	\$1.60	(0)
27 May 2008	Share buy-back	(10,000)	\$1.60	(16)
29 May 2008	Share buy-back	(1,000)	\$1.60	(2)
30 May 2008	Share buy-back	(1,882)	\$1.51	(3)
	Less: Transaction costs arising on share issue			(955)
	Deferred tax credit recognised directly in equity			286
30 June 2008	Balance	27,283,650		37,674
15 July 2008	Share buy-back	(5,676)	\$1.30	(7)
18 July 2008	Share buy-back	(5,879)	\$1.30	(8)
21 July 2008	Share buy-back	(2,300)	\$1.30	(3)
29 July 2008	Share buy-back	(6,721)	\$1.32	(9)
31 July 2008	Share buy-back	(2,300)	\$1.32	(3)
1 August 2008	Share buy-back	(1,000)	\$1.32	(1)
4 August 2008	Share buy-back	(1,000)	\$1.32	(1)
7 August 2008	Share buy-back	(3,300)	\$1.35	(4)
8 August 2008	Share buy-back	(2,900)	\$1.35	(4)
12 August 2008	Share buy-back	(7,000)	\$1.35	(9)
13 August 2008	Share buy-back	(6,000)	\$1.35	(8)
14 August 2008	Share buy-back	(6,000)	\$1.35	(8)
15 August 2008	Share buy-back	(22,598)	\$1.35	(30)
18 August 2008	Share buy-back	(16,900)	\$1.35	(23)

APPENDIX 4E ACCOUNTS

Hyperion Flagship Investments Limited
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(b) Movements in ordinary share capital: (continued)

Date	Details	Number of shares	Price	\$'000
26 August 2008	Share buy-back	(8,500)	\$1.31	(11)
27 August 2008	Share buy-back	(20,000)	\$1.31	(26)
1 September 2008	Share buy-back	(5,500)	\$1.31	(7)
5 September 2008	Share buy-back	(12,200)	\$1.29	(16)
9 September 2008	Share buy-back	(16,569)	\$1.30	(22)
10 September 2008	Share buy-back	(13,700)	\$1.25	(17)
11 September 2008	Share buy-back	(7,488)	\$1.25	(9)
12 September 2008	Share buy-back	(21,200)	\$1.25	(27)
16 September 2008	Share buy-back	(9,850)	\$1.27	(13)
17 September 2008	Share buy-back	(23,485)	\$1.23	(29)
18 September 2008	Share buy-back	(6,500)	\$1.27	(8)
19 September 2008	Share buy-back	221,478	\$1.31	290
19 September 2008	Share buy-back	(11,000)	\$1.27	(14)
29 September 2008	Share buy-back	(7,610)	\$1.27	(10)
30 September 2008	Share buy-back	(10,000)	\$1.22	(12)
1 October 2008	Share buy-back	(10,000)	\$1.27	(13)
2 October 2008	Share buy-back	(11,603)	\$1.27	(15)
6 October 2008	Share buy-back	(5,263)	\$1.27	(7)
7 October 2008	Share buy-back	(21,876)	\$1.27	(28)
8 October 2008	Share buy-back	(4,370)	\$1.25	(5)
9 October 2008	Share buy-back	(310)	\$1.25	(0)
10 October 2008	Share buy-back	(11,400)	\$1.25	(14)
13 October 2008	Share buy-back	(19,872)	\$1.20	(24)
14 October 2008	Share buy-back	(14,400)	\$1.25	(18)
15 October 2008	Share buy-back	(1,200)	\$1.25	(2)
28 October 2008	Share buy-back	(9,561)	\$1.25	(12)
29 October 2008	Share buy-back	(4,800)	\$1.25	(6)
30 October 2008	Share buy-back	(500)	\$1.25	(1)
7 November 2008	Share buy-back	(650)	\$1.25	(1)
11 November 2008	Share buy-back	(3,000)	\$1.25	(4)
12 November 2008	Share buy-back	(3,000)	\$1.25	(4)
13 November 2008	Share buy-back	(3,000)	\$1.25	(4)
14 November 2008	Share buy-back	(19,100)	\$1.22	(23)
17 November 2008	Share buy-back	(12,500)	\$1.24	(16)
18 November 2008	Share buy-back	(13,967)	\$1.25	(17)
19 November 2008	Share buy-back	(8,101)	\$1.25	(10)
20 November 2008	Share buy-back	(22,000)	\$1.25	(28)
21 November 2008	Share buy-back	(13,700)	\$1.24	(17)
26 November 2008	Share buy-back	(12,471)	\$1.25	(16)
27 November 2008	Share buy-back	(5,639)	\$1.25	(7)
28 November 2008	Share buy-back	(3,000)	\$1.25	(4)
1 December 2008	Share buy-back	(3,000)	\$1.25	(4)
2 December 2008	Share buy-back	(7,725)	\$1.25	(10)
3 December 2008	Share buy-back	(15,000)	\$1.25	(19)
4 December 2008	Share buy-back	(10,000)	\$1.24	(12)
5 December 2008	Share buy-back	(1,600)	\$1.24	(2)
10 December 2008	Share buy-back	(2,930)	\$1.24	(4)
11 December 2008	Share buy-back	(28,047)	\$1.24	(35)

APPENDIX 4E ACCOUNTS

(b) Movements in ordinary share capital: (continued)

Date	Details	Number of shares	Price	\$'000
12 December 2008	Share buy-back	(16,010)	\$1.21	(19)
15 December 2008	Share buy-back	(13,505)	\$1.23	(17)
16 December 2008	Share buy-back	(14,250)	\$1.23	(18)
17 December 2008	Share buy-back	(5,050)	\$1.21	(6)
18 December 2008	Share buy-back	(240)	\$1.21	(0)
19 December 2008	Share buy-back	(5,800)	\$1.21	(7)
22 December 2009	Share buy-back	(3,500)	\$1.20	(4)
6 January 2009	Share buy-back	(6,061)	\$1.17	(7)
20 January 2009	Share buy-back	(14,034)	\$1.23	(17)
23 January 2009	Share buy-back	(5,832)	\$1.22	(7)
27 January 2009	Share buy-back	(19,066)	\$1.22	(23)
28 January 2009	Share buy-back	(2,000)	\$1.22	(2)
2 February 2009	Share buy-back	(155)	\$1.10	(0)
4 February 2009	Share buy-back	(500)	\$1.10	(1)
9 February 2009	Share buy-back	(4,700)	\$1.10	(5)
12 February 2009	Share buy-back	(5,700)	\$1.18	(7)
13 February 2009	Share buy-back	(4,872)	\$1.18	(6)
16 February 2009	Share buy-back	(2,128)	\$1.18	(3)
20 February 2009	Share buy-back	(7,725)	\$1.20	(9)
23 February 2009	Share buy-back	(10,147)	\$1.20	(12)
9 April 2009	Share buy-back	158,932	\$1.19	189
9 April 2009	Share buy-back	(2,700)	\$1.10	(3)
15 April 2009	Share buy-back	(5,337)	\$1.10	(6)
16 April 2009	Share buy-back	(3,616)	\$1.12	(4)
23 April 2009	Share buy-back	(5,000)	\$1.14	(6)
27 April 2009	Share buy-back	(2,158)	\$1.14	(2)
30 April 2009	Share buy-back	(14,900)	\$1.14	(17)
5 May 2009	Share buy-back	(6,000)	\$1.14	(7)
8 May 2009	Share buy-back	(30,000)	\$1.14	(34)
12 May 2009	Share buy-back	(1,416)	\$1.14	(2)
14 May 2009	Share buy-back	(1,000)	\$1.14	(1)
18 May 2009	Share buy-back	(8,000)	\$1.14	(9)
19 May 2009	Share buy-back	(4,925)	\$1.13	(5)
20 May 2009	Share buy-back	(1,000)	\$1.10	(1)
21 May 2009	Share buy-back	(7,278)	\$1.10	(8)
25 May 2009	Share buy-back	(14,000)	\$1.10	(15)
27 May 2009	Share buy-back	(2,900)	\$1.13	(3)
4 June 2009	Share buy-back	(8,800)	\$1.21	(11)
9 June 2009	Share buy-back	(4,000)	\$1.21	(5)
10 June 2009	Share buy-back	(721)	\$1.21	(1)
16 June 2009	Share buy-back	(2,800)	\$1.21	(3)
18 June 2009	Share buy-back	(20,000)	\$1.18	(24)
19 June 2009	Share buy-back	(5,543)	\$1.21	(7)
25 June 2009	Share buy-back	(15,100)	\$1.19	(18)
30 June 2009	Balance	26,779,551		37,060

APPENDIX 4E ACCOUNTS

Hyperion Flagship Investments Limited NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
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(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

15. RESERVES

Available for sale asset revaluation reserve	(4,329)	(3,979)
	<u>(4,329)</u>	<u>(3,979)</u>

The reserve is used to record increments and decrements or the revaluation of Available For Sale Financial Assets.

16. DIVIDENDS

(a) Dividends paid

Final dividend of 4.25 cents (2008 – 4.25 cents) per fully paid share paid on 19 September 2008 (2008 - 07 September 2007)

Fully franked based on tax paid @ 30% - 4.25 cents per share	1,156	728
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Interim dividend of 4.25 cents (2008 – 4.25 cents) per fully paid share paid on 9 April 2009 (2008 - 17 March 2008)

Fully franked based on tax paid @ 30% - 4.25 cents per share	1,139	1,158
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Total dividends provided for or paid

Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2009 and 2008 were as follows:

Paid in cash	1,816	1,332
Satisfied by issue of shares	479	554
	<u>2,295</u>	<u>1,886</u>

APPENDIX 4E ACCOUNTS

Hyperion Flagship Investments Limited
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
16. DIVIDENDS (continued)		
(b) Listed Investment Company capital gain account		
Balance of the Listed Investment Company (LIC) capital gain account	4,127	7,405
Distributed LIC capital gains may entitle certain Shareholders to a special deduction in their tax return, as set out in the statement.		
LIC capital gains available for distribution are dependent upon:		
(i) the disposal of investment portfolio holdings which qualify for LIC capital gains or		
(ii) the receipt of LIC distributions from LIC securities held in the portfolio		
(c) Franked dividends		
The franked portions of the final dividends recommended after 30 June 2009 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2009.		
Balance as at 30 June 2009 on the franking account after allowing for tax payable in respect of the current year's profits, the receipt of dividends recognised as receivables and the payment of dividends recognised as a liability at the reporting date.		
	2,644	3,062
(d) Dividends not recognised at year end		
In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 4.25 cents per fully paid ordinary share, (2008 – 4.25 cents) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend to be paid on 9 October 2009 out of retained profits at 30 June 2009, but not recognised as a liability at year end, is		
	1,137	1,158
	2009	2008
	\$	\$

17. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Other Key Management Personnel

The Company's Secretary and Chief Financial Officer (Ian Harrison) is employed by Wilson HTM Investment Group and does not receive any form of direct remuneration from the Company. Instead Wilson HTM Investment Group receives fees from Hyperion Asset Management Limited designed to cover the cost of provision of these services. Hyperion Asset Management Limited as the Manager receives a performance fee from the Company as detailed in Note 22. The Company has no other staff and therefore has no key management personnel other than the Directors.

No member of key management personnel held options over shares in the Company during the year.

There have been no other transactions with key management personnel or their related entities other than those disclosed in Note 19.

(b) Key Management Personnel Compensation

Short-term Employment benefits	79,530	69,485
Post-Employment Benefits	-	-
Long-term Benefits	-	-
Total remuneration	79,530	69,485

Detailed remuneration disclosures are provided in sections (A)–(D) of the remuneration report.

APPENDIX 4E ACCOUNTS

Hyperion Flagship Investments Limited
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2009

17. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(c) Equity Instrument Disclosure relating to Key Management Personnel

The number of shares in the Company held during the financial year by each Director of Hyperion Flagship Investments Limited, including their related parties is set out below. There were no shares granted during the year as compensation.

2009	Balance At The Start Of The Year	Received During The Year By Allocation Of Rights	Other Changes During The Year	Balance At the End Of The Year
H R Smerdon	42,922	-	2,978	45,900
E C Pohl	6,182,429	-	913,495	7,095,924
P Corrigan AM	870,300	-	-	870,300
J S Hickey	49,000	-	-	49,000
S A Mitchell	10,000	-	-	10,000

2008	Balance At The Start Of The Year	Received During The Year By Allocation Of Rights	Other Changes During The Year	Balance At the End Of The Year
H R Smerdon	20,839	-	22,083	42,922
E C Pohl	3,536,510	-	2,645,919	6,182,429
J S Hickey	13,000	-	36,000	49,000
S A Mitchell	-	-	10,000	10,000
S M Wilson	1,820,685	-	564,315	2,385,000

	2009	2008
	\$	\$

18. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor, its related practices and non-related audit firms:

(a) Assurance services

<i>Audit services</i>		
<i>Audit and review of financial reports and other audit work under the Corporations Act 2001</i>	20,300	34,755
	20,300	34,755
Total remuneration of auditors	20,300	34,755

APPENDIX 4E ACCOUNTS

Hyperion Flagship Investments Limited NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2009

	2009	2008
	\$'000	\$'000

19. RELATED PARTY TRANSACTIONS

The following transactions occurred with other related parties:

Expenses paid or payable by the Company to:

Wilson HTM Ltd for broking expenses	1	8
Wilson HTM Corporate Finance Ltd for advisory services	-	414
Amounts remaining payable at balance date	-	-

S M Wilson has an interest in the above transactions as a director and substantial shareholder of Wilson HTM Investment Group Ltd.

E C Pohl has an interest in the above transactions as a shareholder, director and employee of Hyperion Asset Management Limited and as a shareholder of Wilson HTM Investment Group Ltd.

H R Smerdon and J S Hickey are interested in the above transactions as shareholders of Wilson HTM Investment Group Ltd.

Wilson HTM Ltd is a wholly owned subsidiary of Wilson HTM Investment Group Ltd. Hyperion Asset Management Limited is indirectly owned 42.75% by Wilson HTM Investment Group Ltd.

All related party transactions are made on an arms length basis using the standard terms and conditions.

20. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

(Loss)/Profit after income tax expense	(654)	3,195
Less Non-Cash flows		
Loss/(Profit) on financial Assets	2,922	(2,549)
Income Tax Benefit from current year	-	-
Changes in Assets/Liabilities		
(Increase)/decrease in trade and other receivables	(121)	98
(Increase) in deferred tax assets	(1049)	(224)
(Decrease) in trade and other payables	(2)	(1,332)
(Decrease) in current tax liabilities	(685)	(704)
Increase in deferred tax liabilities	2	-
Net cash inflow /(outflow) from operating activities	413	(1,515)

APPENDIX 4E ACCOUNTS

Hyperion Flagship Investments Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
21. EARNINGS PER SHARE		
(a) Earnings used in the calculation of basic and diluted earnings per share.		
(Loss) / profit from continuing operations attributable to the ordinary equity holders of the Company	(654)	3,195
	Cents	Cents
(b) Basic and Diluted earnings per share	(2.42)	12.98
	Number	Number
(c) Weighted average number of ordinary shares used in the calculation of earnings per share	27,006,896	24,618,894

22. MANAGEMENT AGREEMENT

In accordance with a management agreement dated 14 March 2006, the Company has agreed to engage the Manager (Hyperion Asset Management Limited) from 1 July 2005 to provide primary and secondary management services, including:

- (i) managing the investment of the Company's portfolio (including keeping it under review);
- (ii) ensuring investments by the Company are only made in authorised investments;
- (iii) complying with the investment policy of the Company;
- (iv) identifying, evaluating and implementing the acquisition and disposal of authorised investments; and
- (v) the provision of accounting, human resources, corporate and information technology services support.

The agreement has a term of five years from 1 July 2005.

Under the agreement the Manager will receive a performance fee, payable annually in arrears, equal to 15% of the amount by which the Company's net performance before tax (that is, after all costs and outlays but before the calculation of the performance fee) exceeds the interest rate payable on bank bills as represented by the UBS Bank Bill Index for that year. If the Company's net performance in the year is less than the interest rate payable on bank bills as represented by the UBS Bank Bill Index for that year, then no performance fee will be payable.

Under the terms of this agreement a performance fee of \$0.00 (excl GST) was paid or payable during the year ended 30 June 2009 (2008 - NIL). While no specific costing of the services provided by Hyperion Asset Management Limited in accordance with (v) above is obtainable, the Company has determined that to obtain these services from another third party would have a value in excess of \$165,000.

23. SUBSEQUENT EVENTS

No events have arisen, subsequent to balance date that would require amendment of, or disclosure of, in the financial statements.

24. CONTINGENT ASSETS AND LIABILITIES

The Company has no known contingent assets or liabilities.

25. COMMITMENTS

The Company has no commitments.