



Hyperion Flagship Investments Limited

A.B.N. 99 080 135 913

APPENDIX 4D STATEMENT

FOR THE HALF YEAR ENDING 31 DECEMBER 2011

CONTENTS

- **Results for announcement to the market**
- **Appendix 4D Accounts**

Hyperion Flagship Investments Limited

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the Half Year ended 31 December 2011

SUMMARY

Compared with December 31 December 2010

- Investment Portfolio decreased by 10.9% compared with All Ordinaries Index decrease of 11.2%	
- Dividends, Interest & Other revenue	Down 3.4% to \$741,000
- Profit after tax and after realised gains on long term investments	Up 266.7% to \$577,000
- Net Profit for the period attributable to shareholders	Up 266.7% to \$577,000
- Reserves after tax	Down 339.4% to (\$3,217,000)
- NTA per share (after tax on realised gains only)	Down 13.1% to \$1.27
- Interim Dividend per share	Down 29% to 3.0 cents

COMPREHENSIVE INCOME

Comprehensive Income comprises Operating Profits / (Losses) and unrealised gains/losses on the investment portfolio.

Compared to the previous corresponding period, Comprehensive Income is down 249.4% to (\$2,524,000). This is primarily due to unrealised losses on the mark to market of the portfolio.

DIVIDEND

Interim Dividend per share

Interim Dividend - payable on 10 May 2012: 3.0 cents

The record date to determine entitlements to the interim dividend 26 April 2012

The Board has approved a 3 cents per share interim dividend payable on 10 May 2012, fully franked. Reflecting recent difficult market conditions, it is less than the 2011 final dividend of 4.25 cents per share, partially franked. The Board remains committed to maximising the returns to shareholders and have approved the amount that maximises access to the company's stock of franking credits.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan will apply to this interim dividend with the price determined by the Directors guided by the weighted average market price of ordinary shares of the Company sold on the ASX on the first day on which those shares are quoted ex dividend in relation to the dividend to which the allotment under the Plan relates and the following four business days.

The last date for the receipt of an election notice for participation in the dividend reinvestment plan will be 26 April 2012. There is no foreign conduit income attributable to the dividend.

Previous corresponding period

Interim Fully Franked Dividend paid 11 March 2011: 4.25 cents

Hyperion Flagship Investments Limited

Capital Gains Components

As advised at the AGM, the capacity of the Company to facilitate access to the capital gain benefit of the dividend will depend on the Company's capacity to generate capital profits. Currently, the market is constraining our ability to generate capital profits.

Therefore the interim dividend will not include any capital gain component. Future dividends will be dependent on the current capital losses being exhausted and sufficient capital profits being generated.

NET ASSET BACKING

The net asset backing per share (tax on realised gains only) at 31 December 2011 was \$1.275 per share compared with \$1.419 at 30 June 2011.

The net asset backing per share (tax on realised and unrealised gains) at 31 December 2011 was \$1.164 per share compared with \$1.361 at 30 June 2011.

REVIEW OF OPERATIONS

The world equity markets were under pressure during the first half of this financial year with the MSCI (as measured in US dollar terms) declining by 11.2% in the six months to December 2011, after increasing by 4.0% in the prior six month period to June 2011. However, when measured in Australian dollar terms, the MSCI declined by only 6.8% over the six months to December 2011 reflecting the slight weakening of the Australian dollar during this period.

In spite of the fact that companies reported improved earnings during reporting season and continued to strengthen their balance sheets, the Australian market continued to decline, reflecting the negative investor sentiment that prevailed across the globe. Furthermore, in local currency, the Australian market under-performed the international markets with the All Ordinaries Index declining by 11.8% over the six month period to the end of December 2011.

The portfolio decline of 10.9% for the six months to the end of December 2011 was less than that of the All Ordinaries Index which declined by 11.8%. Deferred Tax and other adjustments resulted in the NAV per share declining by a lower 10.1% over the same six month period.

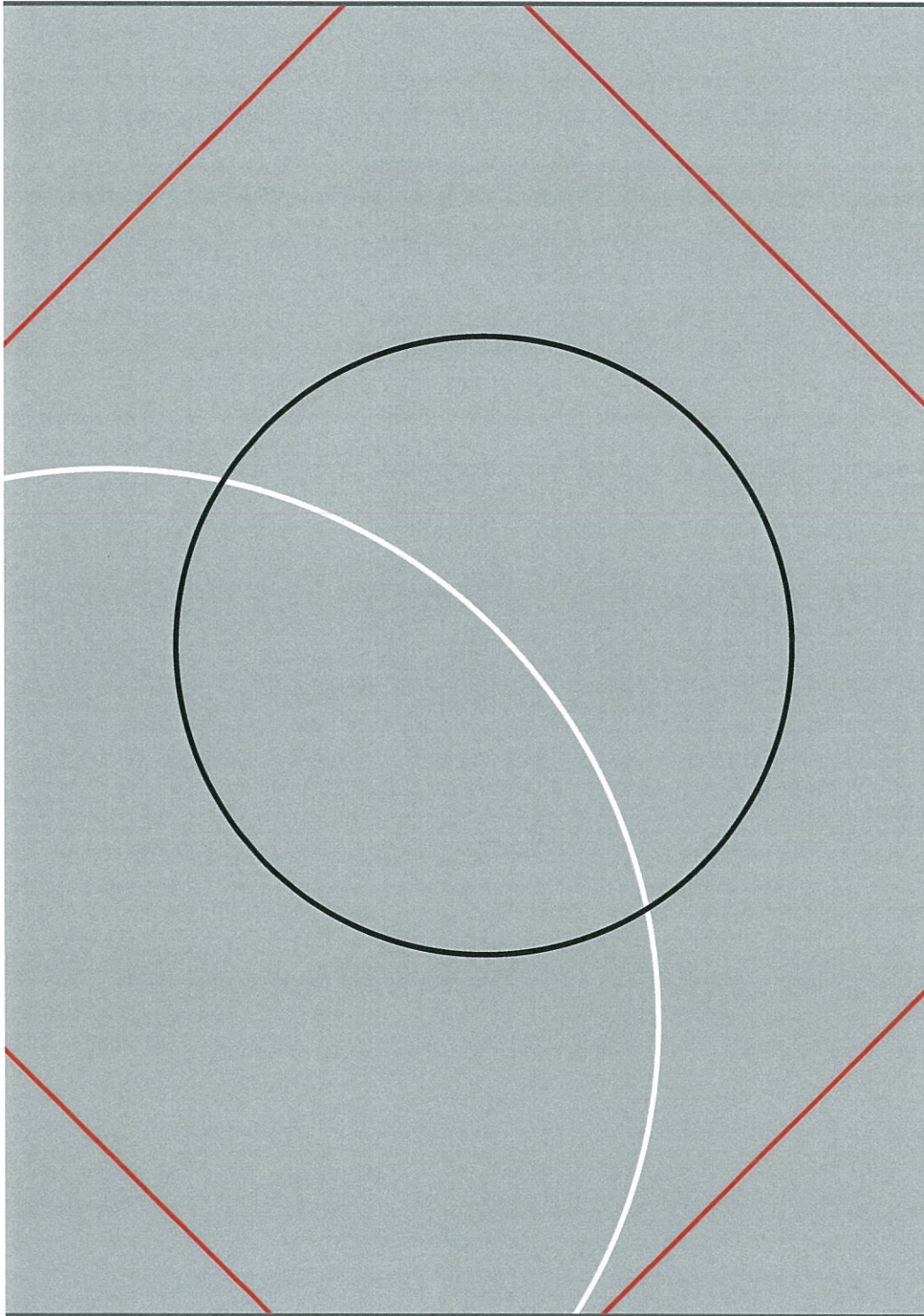
We expect the companies in the portfolio to continue to report healthy earnings and dividends per share growth over the next twelve months. Looking further out, the five year expected return from the portfolio is 25% per annum. This is below the all time high of 30% in March 2009, but substantially above the long-term average of 15% and suggests good value. Hyperion's investment focus on high quality companies with earnings certainty and organic growth options, low levels of debt and sustainable competitive advantages means that the portfolio is well positioned to generate above-average returns over a three to five year time horizon for our shareholders.

Attached is the half yearly report to be provided to shareholders.



HYPERION
FLAGSHIP
INVESTMENTS

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR
ENDED 31 DECEMBER 2011



Hyperion Flagship Investments Limited

ABN 99 080 135 913

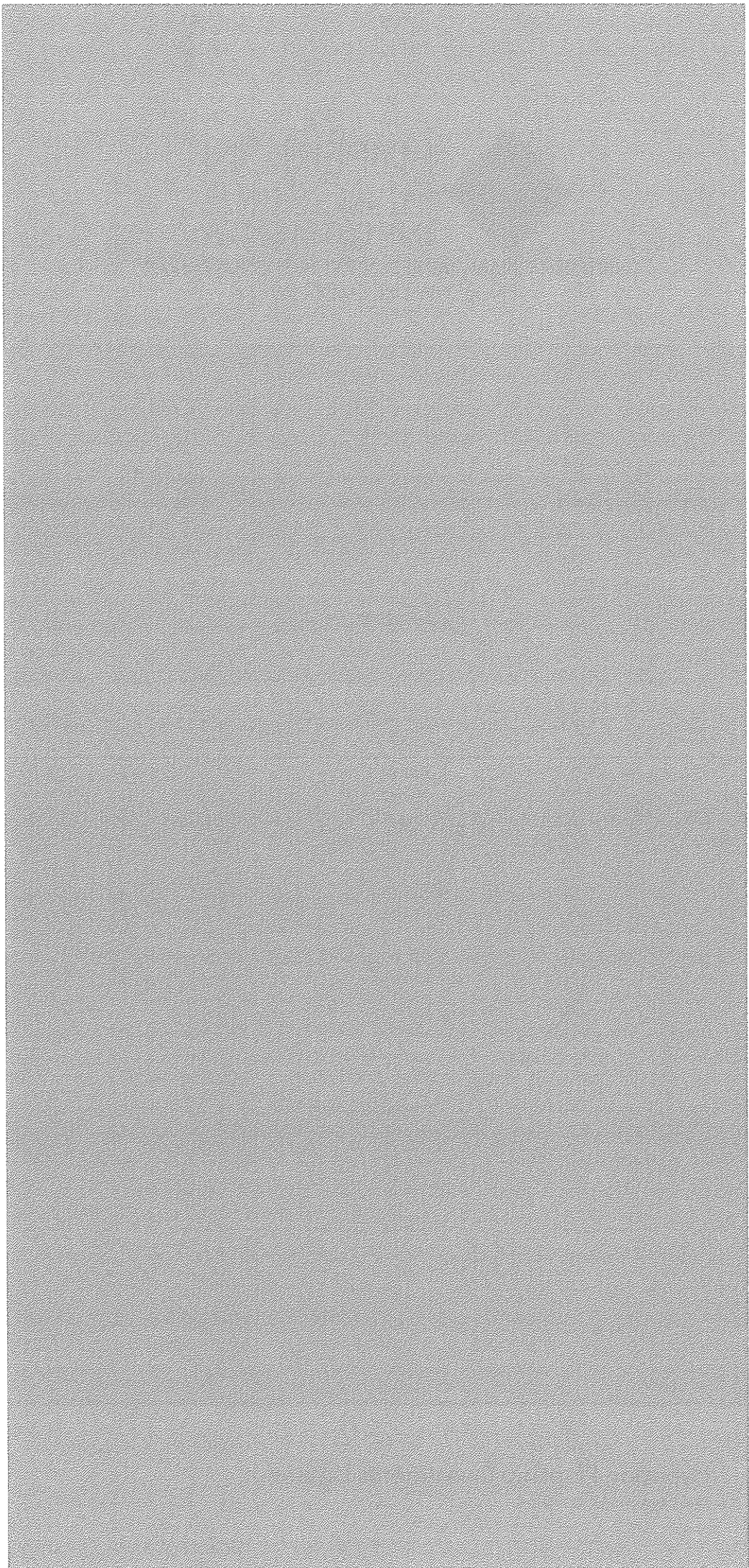




Table of Contents

4

Highlights

5-6

Directors' Report

7

Auditor's Declaration of Independence

8

Condensed Statement of Comprehensive Income for the half-year ended 31 December 2011

9

Condensed Statement of Financial Position as at 31 December 2011

10-11

Condensed Statement of Changes in Equity for the half-year ended 31 December 2011

12

Condensed Statement of Cash Flows for the half-year ended 31 December 2011

13-15

Notes to the Interim Financial Statements for the half-year ended 31 December 2011

16

Directors' Declaration

17-18

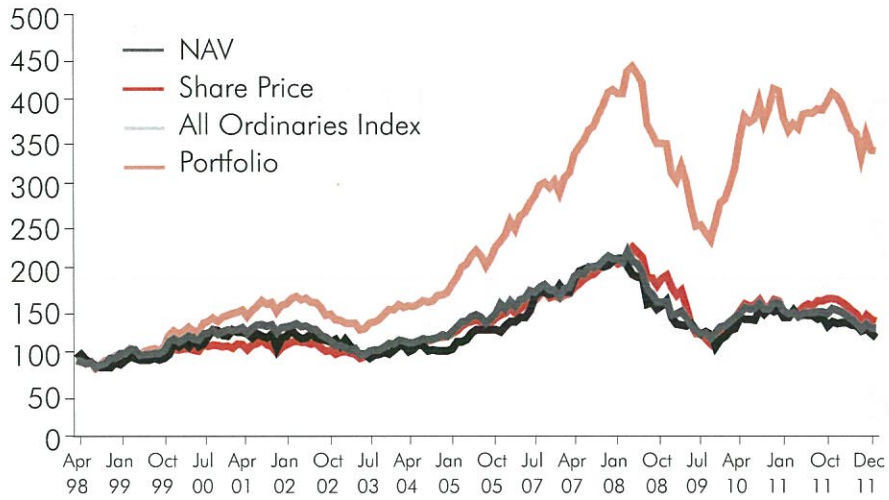
Independent Auditor's Review Report

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 2011 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*.

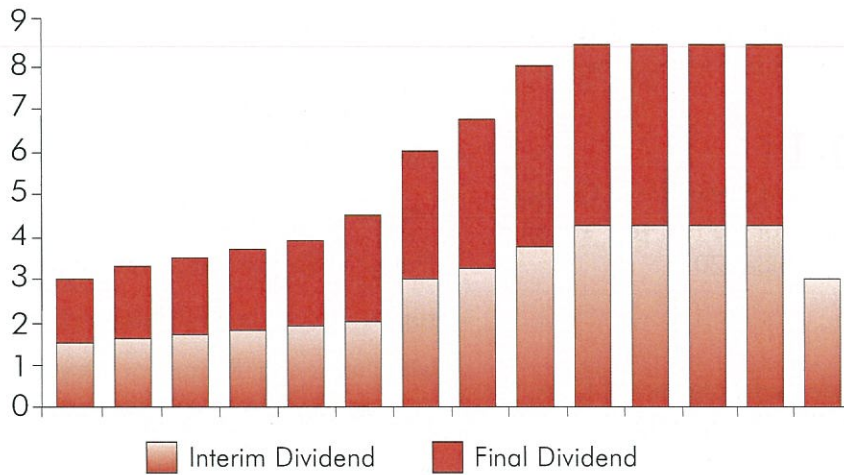


Highlights

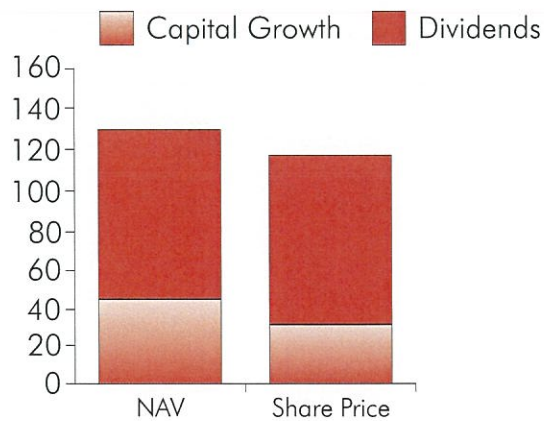
PERFORMANCE HISTORY



DIVIDENDS PER SHARE



RETURNS SINCE INCEPTION (adjusted for rights issue-2007)





Directors' Report

Your Directors submit the Interim Financial Report of the Company for the half-year ended 31 December 2011.

DIRECTORS

The following persons were Directors of Hyperion Flagship Investments Limited since 30 June 2011 and up to the date of this report.

- ☉ Mr Henry R Smerdon AM (Chairman)
- ☉ Dr Emmanuel C Pohl (Managing Director)
- ☉ Ms Sophie A Mitchell (Chair of Audit and Compliance Committee)
- ☉ Mr Patrick Corrigan AM
- ☉ Mr Dominic McGann

PRINCIPAL ACTIVITY

The principal activity of the Company is investing in securities listed on the Australian Securities Exchange. There have been no significant changes in the nature of this activity during the period.

REVIEW OF OPERATIONS

The world equity markets were under pressure during the first half of this financial year with the MSCI (as measured in US dollar terms) declining by 11.2% in the six months to December 2011, after increasing by 4.0% in the prior six month period to June 2011. However, when measured in Australian dollar terms, the MSCI declined by only 6.8% over the six months to December 2011 reflecting the slight weakening of the Australian dollar during this period.

In spite of the fact that companies reported improved earnings during reporting season and continued to strengthen their balance sheets, the Australian market continued to decline, reflecting the negative investor sentiment that prevailed across the globe. Furthermore, in local currency, the Australian market underperformed the international markets with the All Ordinaries Index declining by 11.8% over the six month period to the end of December 2011.

The portfolio decline of 10.9% for the six months to the end of December 2011 was less than that of the All Ordinaries Index which declined by 11.8%. Deferred Tax and other adjustments resulted in the NAV per share declining by a lower 10.1% over the same six month period.

We expect the companies in the portfolio to continue to report healthy earnings and dividends per share growth over the next twelve months. Looking further out, the five year expected return from the portfolio is 25% per annum. This is below the all time high of 30% in March 2009, but substantially above the long-term average of 15% and suggests good value. Hyperion's investment focus on high quality companies with earnings certainty and organic growth options, low levels of debt and sustainable competitive advantages means that the portfolio is well positioned to generate above-average returns over a three to five year time horizon for our shareholders.

The Dividend Reinvestment Plan raised \$281,053 following the allotment of 213,372 shares at \$1.318 per share in September 2011.

An on-market buy-back facility to acquire up to 2,473,156 of the Company's shares is in place. During the half-year the Company bought back 317,452 shares for a total cost of \$405,362 at an average price of \$1.277 per share.

NET ASSET BACKING

The net asset backing per share (tax on realised gains only) at 31 December 2011 was \$1.275 per share compared with \$1.419 at 30 June 2011.

The net asset backing per share (tax on realised and unrealised gains) at 31 December 2011 was \$1.164 per share compared with \$1.361 at 30 June 2011.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

- A purchase of 56,000 Domino Pizza Enterprises
- A purchase of 12,998 ANZ shares
- A purchase of 8,867 BHP shares
- A purchase of 70,464 Navitas shares
- A purchase of 44,027 AMP shares
- The sale of 485,572 Count Financial shares
- The sale of 90,923 Platinum Asset Management shares
- The sale of 5,845 Woodside Petroleum shares
- The sale of 10,000 WorleyParsons shares

DIVIDEND DECLARED

The Board has approved a 3.0 cents per share interim dividend payable on 10 May 2012, fully franked. Reflecting recent difficult market conditions, it is less than the 2011 final dividend of 4.25 cents per share, partially franked. The Board remains committed to maximising the returns to Shareholders and has approved the amount that maximises access to the Company's stock of franking credits.

The Dividend Reinvestment Plan will apply to this interim dividend with the price determined by the Directors guided by the weighted average market price of ordinary shares of the Company sold on the ASX on the first day on which those shares are quoted ex dividend in relation to the dividend to which the allotment under the plan relates and following four business days.

CAPITAL GAINS COMPONENT OF DIVIDEND

As previously advised, the capacity of the Company to continue to facilitate access to the capital gain benefit of the dividend will depend on the Company's capacity to continue to generate capital profits.

Therefore the interim dividend will not include any capital gain component. The inclusion of a capital gains component in future dividends will be dependent on the current capital losses being exhausted and sufficient capital profits being generated.

ROUNDING OF AMOUNTS

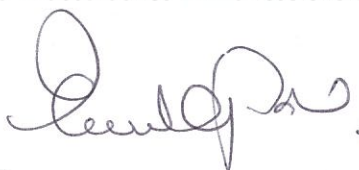
The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand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

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* is set out on page 7 and forms part of the Directors' Report for the half-year ended 31 December 2011.

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

E C Pohl
Director
BRISBANE
7 February 2012





Tel: + 61 7 3237 5999
Fax: + 61 7 3221 9227
www.bdo.com.au

Level 18, 300 Queen St
Brisbane QLD 4000,
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY TIMOTHY KENDALL TO THE DIRECTORS OF HYPERION FLAGSHIP INVESTMENTS LIMITED

As lead auditor for the review of Hyperion Flagship Investments Limited for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

Timothy Kendall
Director
BDO Audit (Qld) PTY LTD.
Brisbane
7 February 2012

Condensed Statement of Comprehensive Income

For the half-year ended 31 December 2011

	Note	31 Dec 2011 \$'000	31 Dec 2010 \$'000
Revenue	2	741	767
Net gain/(loss) on sale of Available-for-Sale Financial Assets		57	(1,069)
Performance fee		-	(220)
Other expenses		(220)	(247)
Profit/(Loss) before income tax		578	(769)
Income tax (expense)/benefit		(1)	423
Net Profit/(Loss) after income tax attributable to shareholders of the Company		577	(346)
Other Comprehensive Income			
Changes in fair value of Available-for-Sale Financial Assets		(4,430)	2,908
Income Tax (expense)/benefit relating to components of Other Comprehensive Income		1,329	(873)
Total Other Comprehensive Income for the half-year		(3,101)	2,035
Total Comprehensive Income/(Loss) for the half-year attributable to Shareholders of the Company ¹		(2,524)	1,689

¹ This is the Company's Net Return for the half-year, which includes the Net Operating Profit plus the net realised and unrealised gains or losses on the Company's investment portfolio.

	Cents	Cents
Basic earnings per share based on net profit/(loss)	2.34	(1.30)
Diluted earnings per share based on net profit/(loss)	2.34	(1.30)

The above Condensed Statement of Comprehensive Income should be read in conjunction with the Notes to the Condensed Financial Statements.

Condensed Statement of Financial Position

As at 31 December 2011

	31 Dec 2011 \$'000	30 Jun 2011 \$'000
Assets		
Cash and Cash Equivalents	162	626
Trade and Other Receivables	25	162
Available-for-Sale Financial Assets	28,545	32,961
Deferred Tax Assets	2,737	1,409
Total Assets	31,469	35,158
Liabilities		
Trade & Other Payables	43	37
Total Liabilities	43	37
Net Assets	31,426	35,121
Equity		
Contributed Equity	34,169	34,293
Reserves	(3,217)	(116)
Retained Earnings	474	944
Total Equity	31,426	35,121

The above Condensed Statement of Financial Position should be read in conjunction with the Notes to the Condensed Financial Statements.

Condensed Statement of Changes in Equity

For the half-year ended 31 December 2011

	Note	Contributed Equity \$'000	Retained Earnings \$'000	Available- for-Sale Reserves \$'000	TOTAL \$'000
Balance at 1 July 2010		37,110	2,311	(691)	38,730
Comprehensive Income for the half-year					
Profit/(Loss) for the half-year		-	(346)	-	(346)
Other Comprehensive Income		-	-	2,035	2,035
Total Comprehensive Income for the half-year		-	(346)	2,035	1,689
Dividends paid	3	-	(1,119)	-	(1,119)
Shares issued during period	4	216	-	-	216
Shares bought back on market	4	(818)	-	-	(818)
		(602)	(1,465)	2,035	(32)
Balance at 31 December 2010		36,508	846	1,344	38,698
Balance at 1 January 2011		36,508	846	1,344	38,698
Comprehensive Income for the half-year					
Profit/(Loss) for the half-year		-	1,218	-	1,218
Other Comprehensive Income		-	-	(1,460)	(1,460)
Total Comprehensive Income for the half-year		-	1,218	(1,460)	(242)
Dividends paid		-	(1,120)	-	(1,120)
Shares issued during period	4	263	-	-	263
Shares bought back on market	4	(2,478)	-	-	(2,478)
		(2,215)	98	(1,460)	(3,577)
Balance at 30 June 2011		34,293	944	(116)	35,121

Condensed Statement of Changes in Equity

For the half-year ended 31 December 2011 (continued)

	Note	Contributed Equity \$'000	Retained Earnings \$'000	Available- for-Sale Reserves \$'000	TOTAL \$'000
Balance at 1 July 2011		34,293	944	(116)	35,121
Comprehensive Income for the half-year					
Profit/(Loss) for the half-year		-	577	-	577
Other Comprehensive Income		-	-	(3,101)	(3,101)
Total Comprehensive Income for the half-year		-	577	(3,101)	(2,542)
Dividends paid	3	-	(1,047)	-	(1,047)
Shares issued during period	4	281	-	-	281
Shares bought back on market	4	(405)	-	-	(405)
		(124)	(470)	(3,101)	(3,695)
Balance at 31 December 2011		34,169	474	(3,217)	31,426

The above Condensed Statement of Changes in Equity should be read in conjunction with the Notes to the Condensed Financial Statements.

Condensed Statement of Cash Flows

For the half-year ended 31 December 2011

	31 Dec 2011 \$'000	31 Dec 2010 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	877	888
Interest received	4	7
Other payments to suppliers	(217)	(973)
Net cash inflows/(outflows) from operating activities	<u>664</u>	<u>(78)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,704	2,682
Payments for investments	(1,661)	(1,227)
Net cash inflows/(outflows) from investing activities	<u>43</u>	<u>1,455</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(766)	(903)
Buy-Back of shares	(405)	(818)
Net cash (outflows)/inflows from financing activities	<u>(1,171)</u>	<u>(1,721)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(464)</u>	<u>(344)</u>
Cash at beginning of the financial period	<u>626</u>	<u>516</u>
Cash at the end of the financial period	<u><u>162</u></u>	<u><u>172</u></u>

The above Condensed Statement of Cash Flows should be read in conjunction with the Notes to the Condensed Financial Statements.



Notes to the Interim Financial Statements

For the half-year ended 31 December 2011

NOTE 1 BASIS OF PREPARATION

These general purpose interim financial statements for the half-year reporting period ended 31 December 2011 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

This interim financial report does not include all the notes of the type normally included in an Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial statements for the year ended 30 June 2011, together with any public announcements made by Hyperion Flagship Investments Limited during the half-year ended 31 December 2011 in accordance with the continuous disclosure requirements of the ASX listing rules.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

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.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

Changes in Accounting Policy

There are no changes in accounting policy that apply for the half-year ended 31 December 2011.

Notes to the Interim Financial Statements

For the half-year ended 31 December 2011

	31 Dec 2011 \$'000	31 Dec 2010 \$'000
--	--------------------------	--------------------------

NOTE 2 REVENUE

Dividends	737	755
Interest	4	7
Other	-	5
	741	767

NOTE 3 DIVIDENDS

Dividends paid during the half-year

– final dividend of 4.25 cents per share paid September 2011 - 88% franked	1,047	-
– final dividend of 4.25 cents per share paid September 2010 - 100% franked	-	1,119
	1,047	1,119

Since the end of the half-year, the Directors have approved an interim dividend of 3.0 cents per share fully franked and payable on 10 May 2012.

NOTE 4 MOVEMENTS IN CONTRIBUTED EQUITY

Date	Details	No. of Shares	Price	\$'000
30 June 2010	Balance	26,818,549		37,110
12/08/10 to 24/12/10	Cancellation of shares under the buy-back scheme (see note (b) below)	(581,937)	\$1.40 (average price)	(818)
28/09/10	Dividend Reinvestment Plan issue	149,929	\$1.44	216
31 December 2010	Balance	26,386,541		36,508
04/01/11 to 29/06/11	Cancellation of shares under the buy-back scheme (see note (b) below)	(1,834,719)	\$1.35 (average price)	(2,478)
11/03/11	Dividend Reinvestment Plan issue	200,435	\$1.31	263
30 June 2011	Balance	24,752,257		34,293

Notes to the Interim Financial Statements

For the half-year ended 31 December 2011

NOTE 4 MOVEMENTS IN CONTRIBUTED EQUITY (continued)

Date	Details	No. of Shares	Price	\$'000
04/07/11 to 30/12/11	Cancellation of shares under the buy-back scheme (see note (b) below)	(317,452)	\$1.28 (average price)	(405)
09/09/11	Dividend Reinvestment Plan issue	213,372	\$1.32	281
31 December 2011	Balance	24,648,177		34,169

(a) 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 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.

(b) Share Buy-Back

On 18 July 2011 the Company announced to the Australian Securities Exchange that it intended to buy-back up to a maximum of 10% of its issued capital within one year, subject to market conditions. The buy-backs reflect the Company's focus on maintaining an efficient balance sheet through active capital management.

NOTE 5 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company has no known contingent liabilities or contingent assets.

NOTE 6 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 other than the volatility in the Australian stock market.

NOTE 7 SEGMENT INFORMATION

Operating Segment

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

Operating segments have been determined on the basis of the reports reviewed by the Managing Director. The Managing Director is considered to be the chief operating decision maker of the Company. The Managing Director considers the business from both a product and geographic perspective and assesses performance and allocates resources on this basis. The Managing Director considers the business to consist of just one reportable segment.



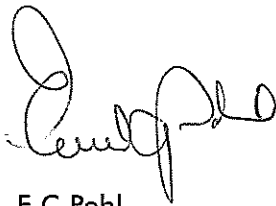
Directors' Declaration

The Directors declare that the Financial Statements and Notes as set out on pages 8 to 15 are in accordance with the *Corporations Act 2001*, including:

- (a) Complying with Accounting Standard AASB134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) Giving a true and fair view of the Company's financial position as at 31 December 2011 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 Directors.



E C Pohl

Director

BRISBANE

7 February 2012



Tel: + 61 7 3237 5999
Fax: + 61 7 3221 9227
www.bdo.com.au

Level 18, 300 Queen St
Brisbane QLD 4000,
GPO Box 457 Brisbane QLD 4001
Australia.

Independent Auditor's Review Report

To the Members of Hyperion Flagship Investments Limited.

REPORT ON THE HALF-YEAR FINANCIAL REPORT

We have reviewed the accompanying half-year financial report of Hyperion Flagship Investments Limited, which comprises the condensed statement of financial position as at 31 December 2011, and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

DIRECTORS' RESPONSIBILITY FOR THE HALF-YEAR FINANCIAL REPORT

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Hyperion Flagship Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

BDO Audit (QLD) Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (QLD) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.



Independent Auditor's Review Report

(continued)

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENCE

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Hyperion Flagship Investments Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

CONCLUSION

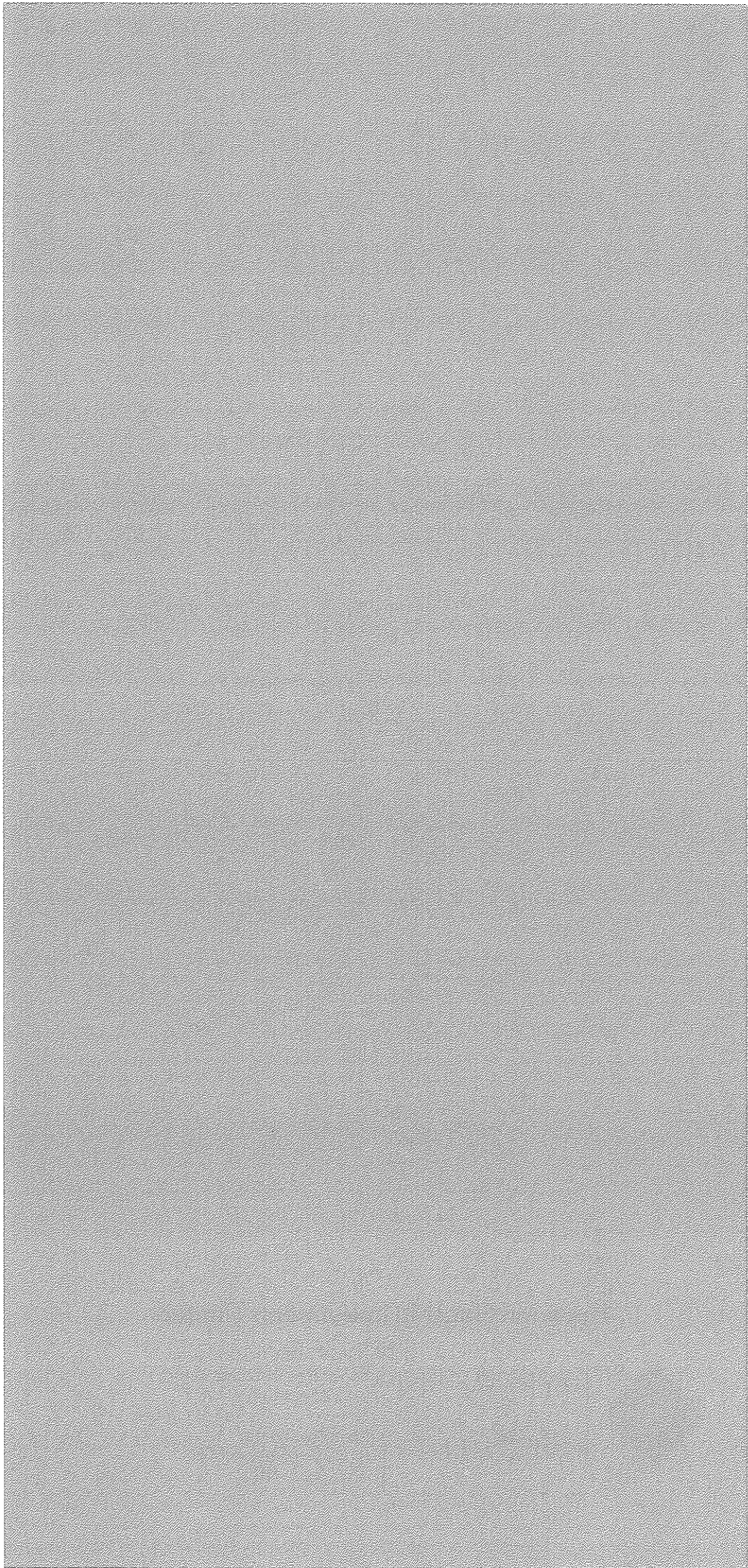
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hyperion Flagship Investments Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the disclosing entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (QLD) PTY LTD.

Timothy Kendall
Director
Brisbane
7 February 2012

BDO Audit (QLD) Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (QLD) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.



Board of Directors

Henry R Smerdon AM
Non-Executive Chairman

Emmanuel ('Manny') C Pohl
Managing Director

Sophie A Mitchell
Non-Executive Director

Patrick Corrigan AM
Non-Executive Director

Dominic McGann
Non-Executive Director

Secretary

Ian W Harrison

Manager

Hyperion Asset
Management Limited
ABN 80 080 135 897
Level 22
307 Queen Street
Brisbane QLD 4000
Tel: +61 (0) 7 3020 3718
Fax: +61 (0) 7 3020 3701
Toll Free: 1300 550 293

Solicitors

McCullough Robertson
Lawyers
Level 11
Central Plaza Two
66 Eagle Street
Brisbane QLD 4000
Tel: +61 (0) 7 3233 8888
Fax: +61 (0) 7 3229 9949

Auditors

BDO Audit (QLD) Pty Ltd
Level 18
300 Queen Street
Brisbane QLD 4000
GPO Box 457
Brisbane QLD 4001
Tel: +61 (0) 7 3237 5999
Fax: +61 (0) 7 3221 9227
www.bdo.com.au

Share Register

Computershare Investor
Services Pty Limited
GPO Box 2975
Melbourne VIC 3001
Toll Free: 1300 850 505
International: +61 (0) 3 9415 4000
Fax: +61 (0) 3 9473 2500
www.investorcentre.com

Registered Office

Level 22
307 Queen Street
Brisbane Qld 4000
Tel: +61 (0) 7 3020 3718
Fax: +61 (0) 7 3020 3701
Toll Free: 1300 HYPERION
1300 497 374

Website Address

www.hyperionfi.com.au

Hyperion Flagship Investments Limited

HYPERION
FLAGSHIP
INVESTMENTS

ABN 99 080 135 913
Registered in Queensland
on 23 September 1997
Listed on Australian Securities
Exchange Limited
on 20 December 2000.
ASX Code: **HIP**