

## March 2008

### Total Net Market Value of Assets

\$43,360,952 or \$1.585c per share.

### Investment Performance

(These figures are unaudited)

	Quarter	One Year
Portfolio return over the period*	-17.3%	-8.8%
Change in All Ords. over Period	-15.7%	-9.5%
Total return over the period (NAV & div)	-18.3%	-17.3%
Change in Bank Bill Index over the Period	1.8%	7.0%

\* This return is before all fees, costs, taxes and dividends while the NAV return is after fees, costs and taxes paid. Past performance is no guide for future performance.

### Asset Allocation

Financials	33.0%
Consumer Discretionary	18.9%
Industrials	14.5%
Materials	11.5%
Healthcare	7.4%
Energy	6.6%
Information Technology	3.9%
Consumer Staples	2.6%
Cash and Equivalent	1.6%

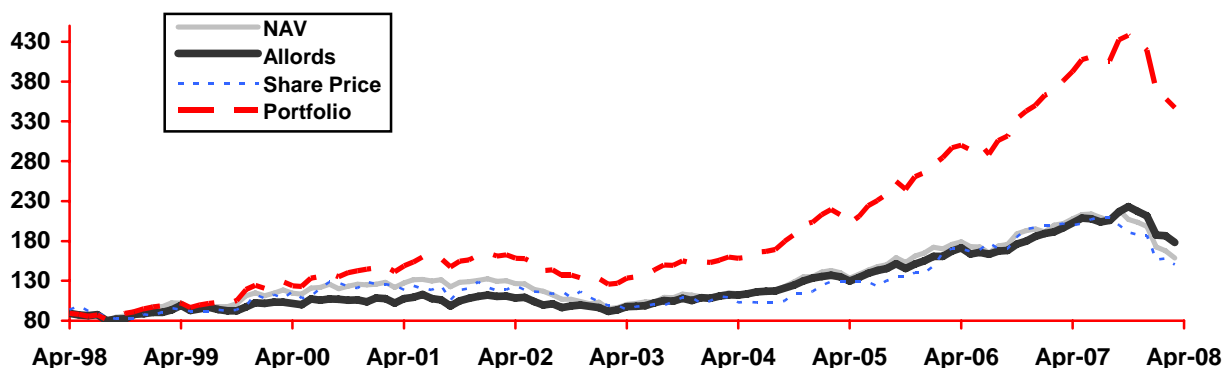
### Five Major Investments

(As a % of the portfolio)

	Mar-08	Dec-07
Brambles	7.7%	6.0%
Rio Tinto	6.1%	5.2%
ANZ	5.7%	6.0%
BHP Billiton	5.4%	4.7%
Commonwealth Bank	5.4%	5.0%
<b>Total</b>	<b>30.3%</b>	<b>26.9%</b>

### Relative Performance

(After adjusting for the rights issues)



### Portfolio Performance

- The substantial PE compression that has occurred in the market as a result of the world financial crisis has caused our portfolio to under-perform the market by 1.6% over the quarter. The portfolio has out-performed the market by 0.7% for the twelve months to March 2008. The return since April 1998 was 288.5%.
- Shareholders have seen a decline in the NAV per share of 17.3% over the past twelve months. The difference in the performance as compared to the portfolio return is primarily due to the dilutive effect of the large placement undertaken in October 2007 at \$1.92, a 7.25% discount to the October NAV of \$2.07.
- The NAV per share has increased since April 1998 by 77.5%, while the total return including dividends is 130.0%. As at the end of March 2008, the All Ordinaries Index is up 99.4% since April 1998.
- At the current market value, the investments in the portfolio have a dividend yield of approximately 4% substantially fully franked.

### Investment Activity

- During the quarter under review, we increased our exposure to Brambles, Platinum Asset Management and Rio Tinto. We sold our holding in Primary Healthcare and Sydney Attractions, whilst reducing our exposure to Cochlear, JB Hi-Fi and Billabong.
- Amongst the best performing investments over the quarter were Woodside Petroleum, Platinum Asset Management and Queensland Gas Company. The worst performing investments included JB Hi-Fi, Babcock & Brown and Seek.

### Market facts

- The Australian market as measured by the All Ordinaries Index declined by 15.7% over the quarter.
- The S&P 500 declined by 9.9% in US\$ over the quarter and declined by 13.7% in A\$ as a result of further strengthening of the A\$ in the quarter.

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