



Magellan Flagship Fund Limited
ABN 32 121 977 844

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9 February 2012

ASX Market Announcements
Australian Securities Exchange Limited
Level 4, Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

**CONDENSED FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

Magellan Flagship Fund Limited (**MFF**) hereby lodges:

1. Appendix 4D Statement for the half year ended 31 December 2011; and
2. Condensed Financial Report for the half year ended 31 December 2011.

Yours sincerely,

Magellan Flagship Fund Limited

A handwritten signature in black ink, appearing to read 'Leo Quintana', is written in a cursive style.

Leo Quintana
Legal Counsel and Company Secretary

Appendix 4D
Magellan Flagship Fund Limited
Half Year Report Ended 31 December 2011

Details of Reporting Periods

Current: 1 July 2011 to 31 December 2011
 Comparative: 1 July 2010 to 31 December 2010

Results for Announcement to the Market	Change from the Comparative Period* \$'000	31 Dec 2011 \$'000
Total investment income <i>("revenue from ordinary activities")</i>	Up by 28,375 to	24,859
Net operating profit after income tax <i>("Profit / (loss) from ordinary activities after tax attributable to members" and "Net profit / (loss) for the period attributable to members")</i>	Up by 19,346 to	14,108

*The percentage changes from the previous comparative period 31 December 2010 are not meaningful.

Dividends

The Company does not propose to pay any dividend for the half year ended 31 December 2011 at this stage. Please see the Half Year Financial Report for additional information in relation to dividends.

Net tangible assets per share

31/12/2011. \$0.82 excluding net deferred tax assets of \$0.06
 31/12/2010. \$0.74 excluding net deferred tax assets of \$0.09

Commentary on Results

The Company recorded a net profit after income tax for the half year ended 31 December 2011 of \$14.11 million (2010: loss \$5.24 million) principally reflecting the impact of changes in the market value of investments and exchange rate movements. During the half year ended 31 December 2011, net increases in the market value of the portfolio and net movements in foreign exchange benefitted the Company by approximately \$0.06 per share.

The Company's net tangible assets (NTA) per share (excluding deferred tax assets) at 31 December 2011 was \$0.82 (30 June 2011: \$0.76). Overall, net increases in the market value of the portfolio in base currencies benefitted the Company by about \$0.02 per share; net movements in foreign exchange benefitted the Company by approximately \$0.04 per share.

Directors remain pleased with the Company's portfolio of excellent companies. In aggregate, the businesses of the Company's portfolio companies continue to perform strongly and improve their competitive advantages. Further details are included in the Investment Manager's Report.

The Company continued its on market buyback during the six months and acquired approximately 2.95 million shares at an average price of approximately \$0.64 per share. Further details of the buyback are provided in note 8 to the financial statements.

Financial Report

The Company's independent auditor Ernst & Young has completed a review of the Company's 31 December 2011 Condensed Financial Report on which this report is based and has provided an unqualified review report. A copy of the Company's Financial Report inclusive of the review report is attached.

MAGELLAN FLAGSHIP FUND LIMITED

ABN 32 121 977 884

CONDENSED FINANCIAL REPORT

**FOR THE HALF YEAR ENDED
31 DECEMBER 2011**

MAGELLAN FLAGSHIP FUND LIMITED
FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

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MAGELLAN FLAGSHIP FUND LIMITED

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2011

The Directors of Magellan Flagship Fund Limited (the "Company") submit their report in respect of the half year ended 31 December 2011.

Directors

The following persons were Directors of the Company during the half year and up to the date of this report unless otherwise noted.

Name	Directorship	Appointed
Richard Warburton AO	Chairman & Independent Non-executive Director.	19 October 2006
John Ballard	Independent Non-executive Director.	19 October 2006
Andy Hogendijk	Independent Non-executive Director.	19 October 2006
Chris Mackay	Non-executive Director.	29 September 2006
Hamish Douglass	Non-executive Director.	29 September 2006

Chris Mackay is the Chairman and Hamish Douglass is the Managing Director and Chief Executive Officer of Magellan Financial Group (ASX Code: MFG), the parent company of the Investment Manager for the Company.

Review of Results and Operations

The Company recorded a net profit after income tax for the half year ended 31 December 2011 of \$14.11 million (2010: loss \$5.24 million) principally reflecting the impact of changes in the market value of investments and exchange rate movements. During the half year ended 31 December 2011, net increases in the market value of the portfolio and net movements in foreign exchange benefitted the Company by approximately \$0.06 per share.

The Company's net tangible assets (NTA) per share (excluding deferred tax assets) at 31 December 2011 was \$0.82 (30 June 2011: \$0.76). Overall, net increases in the market value of the portfolio in base currencies benefitted the Company by about \$0.02 per share; net movements in foreign exchange benefitted the Company by approximately \$0.04 per share.

Directors remain pleased with the Company's portfolio of excellent companies. In aggregate, the businesses of the Company's portfolio companies continue to perform strongly and improve their competitive advantages. Further details are included in the Investment Manager's Report.

The Company continued its on market buyback during the six months and acquired approximately 2.95 million shares at an average price of approximately \$0.64 per share. Further details of the buyback are provided in note 8 to the financial statements.

Dividends

The Directors will consider whether to declare a partially franked dividend of 1 cent per share after the ATO finalises its position in relation to Draft Taxation Ruling TR2011/D8 dealing with the franking of dividends out of current year profits for companies with accumulated losses.

The Company has available franking credits to frank partially a 1 cent per share dividend to approximately 26%. However the interaction of recent Corporations Law changes and the ATO's position in relation to other companies, have the effect that the Directors believe that it is prudent to await the final Ruling from the ATO to clarify the tax and accounting treatment. The public comment period for the Taxation Ruling ends 24 February 2012.

MAGELLAN FLAGSHIP FUND LIMITED

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

Likely Developments and Expected Result of Operations

The Company's investment portfolio is concentrated in securities in high quality businesses and this focus will continue. Refer to the Investment Manager's Report for a more detailed discussion.

Events Subsequent to the end of the Half Year

The Company reports its Net Tangible Assets (NTA) per share to the Australian Securities Exchange each week. In the latest release on 6 February 2012 the Company advised that the NTA per share as at 3 February 2012 was \$0.82 excluding deferred tax assets of \$0.06 (\$0.82 as at 31 December 2011 excluding deferred tax assets of \$0.06).

Since the end of the half year, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report or financial statements that has significantly or may significantly affect the operations of the Company, the result of those operations or the state of affairs of the Company in subsequent financial periods.

Rounding Off of Amounts

The Company is an entity to which the Australian Securities & Investments Commission's Class Order 98/0100 (as amended) applies and as a consequence amounts in the Directors' Report and financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Auditors' Independence Declaration

A copy of the Auditors' Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

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



Richard Warburton AO

Chairman

Sydney
9 February 2012

MAGELLAN FLAGSHIP FUND LIMITED AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's Independence Declaration to the Directors of Magellan Flagship Fund Limited

In relation to our review of the financial report of Magellan Flagship Fund Limited for the half-year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A stylized signature of the Ernst & Young logo, written in a cursive script.

Ernst & Young

A handwritten signature in cursive script, appearing to read 'Rita Da Silva'.

Rita Da Silva
Partner
Sydney
9 February 2012

Liability limited by a scheme approved
under Professional Standards Legislation

MAGELLAN FLAGSHIP FUND LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	31 December 2011	31 December 2010
Note	\$ '000	\$ '000
Investment income		
Dividend income	2,426	2,423
Interest income	17	17
Net change in fair value of investments	22,340	(4,602)
Net losses on foreign currency borrowings	(986)	(1,396)
Net gains on foreign exchange contracts	1,062	42
	24,859	(3,516)
Expenses		
Management fees	1,749	1,646
Finance costs – interest expense	2,639	2,054
Directors' fees	111	111
Employment related taxes	56	-
Auditors' remuneration	22	23
Transaction costs	15	19
Registry fees	30	29
Fund administration fees	22	27
ASX listing, clearing and settlement fees	24	25
Other expenses	35	32
	4,703	3,966
Profit / (loss) before income tax	20,156	(7,482)
Income tax (expense) / benefit	(6,048)	2,244
Net profit / (loss) after income tax	14,108	(5,238)
Total comprehensive income / (loss) for the period	14,108	(5,238)
Basic earnings / (loss) per share (cents per share)	4.05	(1.50)
Diluted earnings / (loss) per share (cents per share)	4.05	(1.50)

The notes on pages 8 to 12 are an integral part of these condensed financial statements

MAGELLAN FLAGSHIP FUND LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

		31 December 2011 \$ '000	30 June 2011 \$ '000
	Note		
Current assets			
Cash and cash equivalents		1	43
Investments at market value	3	329,848	327,287
Receivables		173	893
Prepayments		49	12
Total current assets		330,071	328,235
Non-current assets			
Deferred tax assets	2(a)	22,684	28,453
Total non-current assets		22,684	28,453
Total assets		352,755	356,688
Current liabilities			
Borrowings	7	44,773	61,535
Payables		1,462	858
Total current liabilities		46,235	62,393
Total liabilities		46,235	62,393
Net assets		306,520	294,295
Equity			
Contributed equity		355,206	357,089
Accumulated loss		(48,686)	(62,794)
Total equity		306,520	294,295

The notes on pages 8 to 12 are an integral part of these condensed financial statements

MAGELLAN FLAGSHIP FUND LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

		31 December 2011 \$ '000	31 December 2010 \$ '000
Contributed equity			
Balance at beginning of the half year		357,089	359,913
Shares acquired under buy-back	8	(1,880)	(2,822)
Transaction costs on share buy-back		(5)	(3)
Transaction costs on share buy-back – tax effect	2(b)	2	1
Balance at end of the half year		<u>355,206</u>	<u>357,089</u>
Accumulated loss			
Balance at beginning of the half year		(62,794)	(62,774)
Net profit / (loss) after income tax		14,108	(5,238)
Balance at end of the half year		<u>(48,686)</u>	<u>(68,012)</u>
Total equity		<u>306,520</u>	<u>289,077</u>

The notes on pages 8 to 12 are an integral part of these condensed financial statements

MAGELLAN FLAGSHIP FUND LIMITED

STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	31 December 2011 \$ '000	31 December 2010 \$ '000
Cash flows from operating activities		
Dividends received	2,796	2,753
Interest received	17	17
Payments for purchase of investments	(15,140)	(27,803)
Proceeds from sale of investments	36,157	36,141
Management fees paid	(1,693)	(1,660)
Other expenses paid	(304)	(272)
Net cash inflow from operating activities	21,833	9,176
Cash flows from financing activities		
Net repayment of borrowings	(17,351)	(4,312)
Interest paid	(2,639)	(2,054)
Payment for shares under buy-back	(1,880)	(2,822)
Payment of share buy-back costs	(5)	(3)
Net cash outflow from financing activities	(21,875)	(9,191)
Net decrease in cash and cash equivalents	(42)	(15)
Cash and cash equivalents at the beginning of the half year	43	67
Cash and cash equivalents at the end of the half year	1	52

The notes on pages 8 to 12 are an integral part of these condensed financial statements

MAGELLAN FLAGSHIP FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

1. Summary of Significant Accounting Policies

(a) Basis of Preparation

This general purpose condensed financial report for the half year ended 31 December 2011 has been prepared in accordance with AASB 134: *Interim Financial Reporting*, and the *Corporations Act 2001*.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

The half year financial report does not include all the notes of the type normally included in the 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 Company, as the annual financial report. Accordingly, it is recommended that this report be read in conjunction with the annual report for the year ended 30 June 2011, and any public announcements made by Magellan Flagship Fund Limited during the half year ended 31 December 2011 in accordance with the continuous disclosure requirements of the *ASX Listing Rules*.

Certain prior year amounts have been reclassified to confirm to the current year's presentation.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards applicable to interim reporting as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) applicable to interim reporting as issued by the International Accounting Standard Board.

(c) New Accounting Standards and Interpretations

The accounting policies applied by the Company in this interim financial period are the same as those applied by the Company for the year ended 30 June 2011.

2. Income Tax

	31 December 2011 \$ '000	30 June 2011 \$ '000
(a) Deferred tax assets relate to the following:		
Tax losses carried forward	2,880	3,195
Capital losses carried forward	14,169	14,169
Unrealised loss on investments	4,246	10,081
Allowable tax credits	1,398	1,120
Other temporary differences	(9)	(112)
	<u>22,684</u>	<u>28,453</u>
(b) Income tax expense charged directly to equity:		
Costs associated with the issue / buy-back of shares	2	1
	<u>2</u>	<u>1</u>

MAGELLAN FLAGSHIP FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

3. Investments at Market Value

	Domicile of Principal Exchange Listing	31 December 2011 \$ '000	30 June 2011 \$ '000
American Express *	United States	62,776	66,023
Yum! Brands *	United States	48,739	43,409
eBay *	United States	32,053	32,688
Google *	United States	30,834	19,399
Coca-Cola *	United States	24,089	23,808
China Mobile Limited	Hong Kong	22,082	18,276
Wells Fargo and Co	United States	18,208	15,804
Nestlé *	Switzerland	17,630	35,722
Visa Inc *	United States	16,201	11,638
McDonald's *	United States	15,576	16,894
US Bancorp	United States	11,197	8,703
Procter & Gamble *	United States	10,966	10,004
WalMart Stores *	United States	7,173	6,107
MasterCard Inc *	United States	5,943	2,447
Lowe's	United States	2,739	2,408
Bank of America*	United States	2,429	4,589
Tesco *	United Kingdom	995	2,668
Macquarie Atlas Roads*	Australia	166	209
BlackRock Inc*	United States	15	-
Unilever *	Netherlands	9	-
Total top 20 holdings		329,820	320,796
Other companies		28	6,491
Total listed securities		329,848	327,287

* Entities that generate 50% or more of their revenue and / or have material operations in 15 or more countries outside of the country of domicile of their primary securities exchange

The following table illustrates changes in Australian dollar exchange rates against the following currencies (London 4.00pm rates):

	31 December 2011 \$	30 June 2011 \$
United States Dollar	1.0252	1.0706
Eurodollar	0.7897	0.7384
British Pound	0.6597	0.6669
Swiss Franc	0.9587	0.9014
Hong Kong Dollar	7.9623	8.3306
Singapore Dollar	1.3293	1.3143

MAGELLAN FLAGSHIP FUND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

4. Statement of Net Asset Value

	31 December 2011	30 June 2011
<i>Reconciliation of Net Asset Value with that Reported to the ASX</i>		
Net Asset Value per Balance Sheet - \$'000	306,520	294,295
Divided by:		
Number of shares on issue	346,395,899	349,348,689
Net Asset Value – cents per share	88	84
Net Asset Value – ASX - cents per share	88	84

The above Net Asset Value is inclusive of net deferred tax assets

5. Contingent Assets, Liabilities and Commitments for Expenditure

No contingent assets or liabilities exist as at 31 December 2011 (30 June 2011: nil).

The Company has no commitments for uncalled share capital on investments (30 June 2011: nil).

6. Segment Information

While the Company operates from Australia only (the geographical segment), it has global investment exposures due to its investments in many truly multinational entities and specific exposure to some countries from investments in other entities that generate revenues and operate predominantly within those countries.

The geographical locations are determined by the nature of the investment entity's business:

- International Companies are defined by the Company as being entities that generate 50% or more of their revenue and / or have material operations in 15 or more countries outside of the country of domicile of their primary securities exchange
- Entities that do not meet the Company's definition of International Companies are categorised by the country or region from which they predominantly operate in and derive their revenue from.

Note 3 provides further domicile information.

7. Borrowings

During the half year ended 31 December 2011 the Company continued to be provided with a borrowing facility by Merrill Lynch International (Australia) Limited (MLIA), a wholly owned subsidiary of Bank of America. The facility is associated with the International Prime Brokerage Agreements (IPBA) entered into by the Company and Merrill Lynch International (MLI). The Company has granted MLI a fixed charge over the Company's right, title and interest in the assets held in custody with MLI, as security for the performance of its obligations under the IPBA. The credit quality of Bank of America /Merrill Lynch's senior debt is rated by Standard & Poor's as being A- and by Moody's as being Baa1.

MAGELLAN FLAGSHIP FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

7. Borrowings (continued)

As at 31 December 2011 the borrowing facility, repayable on demand was \$44.8 million (30 June 2011:\$61.5 million). In the unlikely event that Merrill Lynch required repayment upon short notice, the Directors are confident that the borrowings could be refinanced via an alternative lender or the borrowings could be repaid via settlement proceeds from the sale of part of the Company's investment portfolio, having regard to the high quality and liquidity of the Company's investments.

Under the Company's borrowing policy, total borrowings by the Company on the date of any acquisition of additional securities must not exceed 20% of the Company's investments at market value. MLIA may lend up to a multiple well above the Company's own borrowing limits, having regard to the high quality and liquidity of the Company's investments.

Net interest bearing borrowings	31 December 2011 \$ '000	30 June 2011 \$ '000
Borrowings – denominated in Australian Dollars	(89,693)	(84,495)
Borrowings – denominated in US Dollars	30,047	7,708
Borrowings – denominated in Euros	(5,029)	(389)
Borrowings – denominated in British Pounds	20	657
Borrowings – denominated in Swiss Francs	(5,625)	6,153
Borrowings – denominated in Hong Kong Dollars	9,810	1,908
Borrowings – denominated in Singapore Dollars	15,697	6,923
	<u>(44,773)</u>	<u>(61,535)</u>

Foreign currency cash balances held with MLIA are netted against foreign currency borrowings.

8. Share buy-back

The Company completed an on-market share buy-back of 20 million shares at a total cost of approximately \$11.2 million on 30 July 2009. On 26 August 2009, the Company announced a further on-market share buy-back programme of 20 million shares. At 31 December 2011 the Company had bought back approximately 31.6 million shares under these programmes.

During the six month period to 31 December 2011, the Company acquired 2,952,790 shares for consideration of \$1.88 million, reducing shares on issue to 346,395,899. Shares bought back by the Company are cancelled on settlement.

9. Events Subsequent to Reporting Date

The Company reports its Net Tangible Assets (NTA) per share to the Australian Securities Exchange each week. In the latest release on 6 February 2012 the Company advised that the NTA per share as at 3 February 2012 was \$0.82 excluding deferred tax assets of \$0.06 (\$0.82 as at 31 December 2011 excluding deferred tax assets of \$0.06).

No other significant events have occurred since the end of the reporting year which would impact the Balance Sheet of the Company as at 31 December 2011 or the results for the half year ended on that date.

MAGELLAN FLAGSHIP FUND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

10. Dividends

The Directors will consider whether to declare a partially franked dividend of 1 cent per share after the ATO finalises its position in relation to Draft Taxation Ruling TR2011/D8 dealing with the franking of dividends out of current year profits for companies with accumulated losses.

The Company has available franking credits to frank partially a 1 cent per share dividend to approximately 26%. However the interaction of recent Corporations Law changes and the ATO's position in relation to other companies, have the effect that the Directors believe that it is prudent to await the final Ruling from the ATO to clarify the tax and accounting treatment. The public comment period for the Taxation Ruling ends 24 February 2012.

The Company's franking credit balance as at 31 December 2011 was \$388,277.

MAGELLAN FLAGSHIP FUND LIMITED

**DIRECTOR'S DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

In accordance with a resolution by the directors of Magellan Flagship Fund Limited I state that, in the opinion of the Directors,

(a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position of the Company as at 31 December 2011 and of its performance for the half year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Richard Warburton AO
Chairman

Sydney
9 February 2012

MAGELLAN FLAGSHIP FUND LIMITED

INDEPENDENT REVIEW REPORT



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To the members of Magellan Flagship Fund Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Magellan Flagship Fund Limited, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and 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 company 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 controls that the directors determine are necessary to enable the preparation of the condensed 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 Interim and other Financial Reports 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company'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 Magellan Flagship Fund Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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 have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is attached to the Directors' Report.

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MAGELLAN FLAGSHIP FUND LIMITED
INDEPENDENT REVIEW REPORT



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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 Magellan Flagship Fund Limited is not in accordance with the *Corporations Act 2001*, including:

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

A handwritten signature in cursive script that reads "Ernst & Young".

Ernst & Young

A handwritten signature in cursive script that reads "Rita Da Silva".

Rita Da Silva
Partner
Sydney
9 February 2012

MAGELLAN FLAGSHIP FUND LIMITED

CORPORATE DIRECTORY

Directors

Richard Warburton AO
John Ballard
Andy Hogendijk
Chris Mackay
Hamish Douglass

Company Secretaries

Leo Quintana
Nerida Campbell

Registered Office

Level 7, 1 Castlereagh Street
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Investment Manager

Magellan Asset Management Limited
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Email: info@magellangroup.com.au
Fax: +61 2 8114 1800

Auditor

Ernst & Young
680 George Street
Sydney NSW 2000

Share Registrar

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000
Telephone: +61 2 9290 9600
Fax: +61 2 9279 0664
Email: enquiries@boardroomlimited.com.au

Securities Exchange Listing

Australian Securities Exchange (ASX)
ASX code: MFF

Website

<http://www.magellangroup.com.au/mff>