

**Magellan Flagship Fund Limited ("MFF")
Net Tangible Assets ("NTA") per share for August 2010**

MFF advises that its monthly NTA per share as at 31 August 2010 was \$0.753 excluding net deferred tax assets of \$0.09. These figures are unaudited.

Once again there were very few changes to the portfolio in August. August was a weak month for global equity markets and we believe that valuations appear very attractive for MFF's portfolio.

Reported short term results for MFF's portfolio companies in the month were more positive than we expected in the difficult economic conditions.

Nestlé recorded a 13.5% increase in earnings per share and after tax earnings of CHF 5.5 billion for the half year. They also completed the sale of Alcon during the month and received in excess of US \$41 billion after tax on their US \$280 million 1977 acquisition price. Nestlé is proceeding with its current CHF 10 billion share buyback resulting in approximately CHF 40 billion of share buybacks by 2011.

Wal-Mart achieved an after tax profit of US \$3.6 billion and a 10% earnings per share increase in the ongoing weak consumer market, particularly for lower income consumers. Wal-Mart's international operations continue to grow. In the US they are undertaking some new merchandising initiatives which we expect to be positive and they have been approved for major urban expansion, with entry into cities such as Chicago.

Our concerns about Sovereign Risk continue to increase. Economic conditions remain subdued, even for our companies, which continue to gain market share and increase their competitive advantages.

More than 90% of MFF's total investment assets by market value continue to be in global multinationals (being entities that generate 50% or more of their revenue and/or have material operations in 15 or more countries outside the domicile of their primary securities exchange), with a majority of the balance being predominantly North American focused. The revenue and earnings split for the multinationals average about 40% USA, 30% Europe and 30% ROW. The emerging markets proportion of underlying revenue and earnings continues to rise.

As at 31 August, MFF had net borrowings of approximately 20% of total investment assets. The borrowings are denominated in AUD.

Key currency rates for AUD as at 31 August 2010 were 0.8900 (USD), 0.7003 (EUR), 0.5791 (GBP) and 0.9025 (CHF) which compares with 31 July 2010 rates which were 0.9053 (USD), 0.6949 (EUR), 0.5780 (GBP) and 0.9471 (CHF).



Nerida Campbell
Company Secretary
02 September 2010