

# Annual Report

Year Ended 30 June 2009

Hyperion Small Growth Companies Fund

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ARSN 089 548 943

## **Annual financial report for the year ended 30 June 2009**

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This annual financial report covers the Hyperion Small Growth Companies Fund as an individual entity.

The Responsible Entity of the Hyperion Small Growth Companies Fund is WHTM Capital Management Limited (ABN 29 082 494 362). The Responsible Entity's registered office is Level 38, 71 Eagle Street, Brisbane, QLD 4000.

## Directors' report

The Directors of WHTM Capital Management Limited (a wholly owned subsidiary of Wilson HTM Investment Group Ltd), the Responsible Entity of the Hyperion Small Growth Companies Fund, present their report together with the financial report of the Hyperion Small Growth Companies Fund (the "Fund") for the year ended 30 June 2009.

### Principal activities

The Fund is a registered managed investment Fund domiciled in Australia.

The Fund aims to generate significant medium to long-term capital growth and income by investing in quality Australian companies listed outside the S&P/ASX 100.

The Fund did not have any employees during the year.

There were no significant changes in the nature of the Fund's activities during the year.

### Directors

The following persons held office as directors of WHTM Capital Management Limited during the year or since the end of the year and up to the date of this report:

Mr A Ihlenfeldt (Resigned 26 March 2009)  
 Mr G Lowrey  
 Mr N McCulloch  
 Mr A Sweeney (Appointed 26 March 2009)

The Responsible Entity also has a Compliance Committee consisting of the General Manager and two independent persons. This committee's role is to oversee the compliance requirements of the Fund operated by the Responsible Entity. This Committee met 5 times during the financial year under review.

### Review and results of operations

There have been no significant changes to the operations of the Fund since the previous financial period. The Fund continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund Constitution.

The performance of the Fund, as represented by the results of its operations, was as follows:

	Year ended	
	30 June 2009	30 June 2008
Net operating profit/(loss) before financing costs attributable to unitholders	418,051	(2,568,910)
Distribution paid and payable	<u>130,289</u>	<u>109,906</u>
Distribution (cents per unit)	<u>5.083</u>	<u>3.757</u>

### Significant changes in state of affairs

During the financial year under review, the Responsible Entity of the Fund appointed a new Fund Administrator, beginning 1 May 2009.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the financial year under review.

## Directors' report (continued)

### Matters subsequent to the end of the financial year

Except as disclosed in Note 16 in the financial report, no other matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

### Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of WHTM Capital Management Limited or the auditors of the Fund. So long as the officers of WHTM Capital Management Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

### Fees paid to and interests held in the Fund by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 13 on page 23 of the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the year.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 13 on page 23 of the financial statements.

### Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 6 of the financial statements.

The value of the Fund's assets and liabilities is disclosed on the balance sheet and derived using the basis set out in Note 2 of the financial statements.

### Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

### Rounding of amounts

The Fund is an entity of a kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities and 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 to the nearest dollar in accordance with that Class Order, unless otherwise indicated.

### Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

**Directors' report (continued)**

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



Mr N McCulloch  
Chairman, WHTM Capital Management Limited

Brisbane  
28 September 2009

PricewaterhouseCoopers  
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### Auditor's independence declaration

As lead auditor for the audit of the Hyperion Small Growth Companies Fund for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of the Hyperion Small Growth Companies Fund during the year.



Craig Thomason  
Partner  
PricewaterhouseCoopers

Brisbane  
30 September 2009

## Income statement

		Year ended	
		30 June 2009	30 June 2008
	Notes	\$	\$
<b>Investment income</b>			
Interest income from financial assets not held at fair value through profit or loss		2,482	15,959
Dividend/Trust Distribution income	3	195,499	208,851
Net gains/(losses) on financial instruments held at fair value through profit or loss	4	295,251	(2,654,202)
Other income		22,447	-
<b>Total investment income/(loss)</b>		<u>515,679</u>	<u>(2,429,392)</u>
<b>Expenses</b>			
Management fees	13	14,312	27,342
Responsible Entity's fees	13	3,491	5,878
Custody fees		63,315	51,002
Auditor's remuneration	5	1,500	20,327
Transaction costs		13,714	25,565
Other operating expenses		1,296	9,404
<b>Total operating expenses</b>		<u>97,628</u>	<u>139,518</u>
<b>Operating profit/(loss)</b>		<u>418,051</u>	<u>(2,568,910)</u>
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders	7	(130,289)	(109,906)
(Increase)/decrease in net assets attributable to unitholders	6	(287,762)	2,678,816
<b>Profit/(loss) for the year</b>		<u>-</u>	<u>-</u>

The above income statement should be read in conjunction with the accompanying notes.

**Balance sheet**

		30 June 2009	As at	30 June 2008
	Notes	\$		\$
<b>Assets</b>				
Cash and cash equivalents	8	66,242		70,521
Receivables	10	6,454		76,416
Financial assets held at fair value through profit or loss	9	<u>4,392,445</u>		<u>4,043,850</u>
<b>Total assets</b>		<u><b>4,465,141</b></u>		<u><b>4,190,787</b></u>
<b>Liabilities</b>				
Distributions payable	7	15,123		25,539
Payables	11	<u>24,494</u>		<u>61,064</u>
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<u><b>39,617</b></u>		<u><b>86,603</b></u>
<b>Net assets attributable to unitholders - liability</b>	6	<u><b>4,425,524</b></u>		<u><b>4,104,184</b></u>

The above balance sheet should be read in conjunction with the accompanying notes.

## Statement of recognised income and expenses

	Year ended	
	30 June 2009	30 June 2008
	\$	\$
Profit/(loss) for the year	-	-
Net income recognised directly in equity	-	-
<b>Total recognised income and expense for the year</b>	<b>-</b>	<b>-</b>

In accordance with AASB 132 'Financial Instruments: Presentation', net assets attributable to unitholders is classified as a liability rather than equity. As a result there was no equity at the start or end of the year.

Changes in net assets attributable to unitholders are disclosed in Note 6.

The above statement of recognised income and expenses should be read in conjunction with the accompanying notes.

## Cash flow statement

		Year ended	
		30 June 2009	30 June 2008
Notes		\$	\$
<b><i>Cash flows from operating activities</i></b>			
	Proceeds from sale of financial instruments held at fair value through profit or loss	2,723,755	4,361,029
	Purchase of financial instruments held at fair value through profit or loss	(2,710,359)	(5,156,411)
	Transaction costs on financial instruments held at fair value through profit or loss	(13,714)	(25,399)
	Dividends received	192,446	207,901
	Interest received	2,482	15,959
	RITC received	5,209	6,260
	Other income	22,447	-
	Responsible entity's fee paid	(3,526)	(5,909)
	Management fees paid	(14,459)	(41,647)
	Custody fees paid	(66,925)	(60,966)
	Payment of other expenses	(26,796)	(23,413)
	<b>Net cash inflow/(outflow) from operating activities</b>	<b>14(a) 110,560</b>	<b>(722,596)</b>
<b><i>Cash flows from financing activities</i></b>			
	Proceeds from applications by unitholders	695,323	1,886,440
	Payments for redemptions by unitholders	(756,529)	(1,439,433)
	Distributions paid	(53,403)	(106,617)
	Other cash inflows / (outflow) from financing activities	(230)	8,978
	<b>Net cash (outflow)/inflow from financing activities</b>	<b>(114,839)</b>	<b>349,368</b>
	<b>Net decrease in cash and cash equivalents</b>	<b>(4,279)</b>	<b>(373,228)</b>
	Cash and cash equivalents at beginning of the year	70,521	443,749
	<b>Cash and cash equivalents at the end of the year</b>	<b>14(b),8 66,242</b>	<b>70,521</b>

The above cash flow statement should be read in conjunction with the accompanying notes.

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## 1 General information

This financial report covers the Hyperion Small Growth Companies Fund (the "Fund") as an individual entity and the financial report is presented in the Australian currency. The Fund was constituted on 9 September 1999.

The Responsible Entity of the Fund is WHTM Capital Management Limited (the "Responsible Entity"). The Responsible Entity's registered office is Level 38, 71 Eagle Street, Brisbane, QLD 4000.

The Responsible Entity is incorporated and domiciled in Australia.

The Custodian of the Fund is National Australia Bank.

The Fund aims to generate significant medium to long term capital growth and income by investing in quality Australian companies listed outside the S&P/ASX 100.

The financial statements were authorised for issue by the directors on 28 September 2009. The directors of the Responsible Entity have the power to amend the financial statements after they have been issued.

## 2 Summary of significant accounting policies

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

### (a) Basis of preparation

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

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The balance sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled in relation to these balances cannot be reliably determined. The maturity analysis for financial liabilities at fair value through profit or loss is disclosed in the Financial Risk Management Note.

#### *Compliance with International Financial Reporting Standards (IFRS)*

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of the Fund, comprising the financial statements and notes thereto, complies with IFRS.

### (b) Financial instruments

#### (i) Classification

The Fund's investments are categorised as at fair value through profit or loss. They comprise:

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded equity instruments, unlisted trusts and commercial paper.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (i) Classification (continued)

The information on the fair value basis is provided internally to the Fund's key management personnel. In addition, the designation of financial assets and financial liabilities at fair value through profit or loss will reduce any measurement or recognition inconsistencies and any accounting mismatch that would otherwise arise.

#### (ii) Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Fund retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' agreement; or
- the Fund has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset; or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Any gains or losses arising on derecognition of the asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised as realised gains or losses on financial instruments.

#### (iii) Measurement

##### (a) Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the income statement.

- Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

##### (b) Loans and receivables

Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment for example when there has been a significant or prolonged decline in the fair value below cost.

If any such indication of impairment exists, an impairment loss is recognised in the income statement as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the income statement.

## 2 Summary of significant accounting policies (continued)

### (iv) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### (c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance sheet date if unitholders exercised their right to put the units back to the Fund.

### (d) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, high 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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

### (e) Investment income

Interest income and expenses are recognised in the income statement for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b).

Dividend income is recognised on the ex-dividend date net of any related foreign withholding tax.

Trust distributions are recognised on an entitlements basis.

Net gains/(losses) on financial assets and financial liabilities held at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at year end and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend income.

### (f) Expenses

All expenses, including manager's fees and custodian fees, are recognised in the income statement on an accruals basis.

### (g) Income tax

Under current legislation, the Fund is not subject to income tax provided the taxable income of the Fund is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Fund).

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefits of imputation credits and foreign tax paid are passed on to unitholders.

## 2 Summary of significant accounting policies (continued)

### (h) Distributions

In accordance with the Fund Constitution, the Fund distributes its distributable (taxable) income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the income statement as finance costs attributable to unitholders.

### (i) Increase/(decrease) in net assets attributable to unitholders

Movements in net assets attributable to unitholders are recognised in the income statement as part of finance costs. The movements include undistributable income which may consist of undistributable unrealised changes in fair value of financial instruments held at fair value through profit or loss; accrued income not yet assessable; expenses provided or accrued for which are not yet deductible; net capital losses; and tax free or tax deferred income. Net capital gains on the realisation of any financial instruments (including any adjustments for tax deferred income previously taken directly to net assets attributable to unitholders) and accrued income not yet assessable will be included in the determination of distributable income in the same year in which it becomes assessable for tax.

### (j) Due from/to brokers

Amounts due from/to brokers represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered by the end of the year. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from brokers is impaired.

### (k) Receivables

Receivables may include amounts for dividends, interest, trust distributions and securities sold where settlement has not yet occurred. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in Note 2(e) above. Amounts are generally received within 30 days of being recorded as receivables.

Receivables include such items as Reduced Input Tax Credits (RITC) and application monies receivable from unitholders.

### (l) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at balance date.

Trades are recorded on trade date, and normally settled within three business days. Purchases of securities and investments that are unsettled at reporting date are included in payables.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the balance sheet as unitholders are presently entitled to the distributable income as at 30 June 2009 under the Fund's Constitution.

### (m) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

Unit redemption prices are determined by reference to the net assets of the Fund divided by the number of units on issue.

## 2 Summary of significant accounting policies (continued)

### (n) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as audit fees, custodial services and investment management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of 75% hence investment management fees, custodial fees and other expenses have been recognised in the income statement net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the cash flow statement on a gross basis.

### (o) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the responsible entity, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

### (p) New accounting standards and interpretations

#### *(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 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on 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 Fund will adopt AASB 8 from 1 July 2009. The Fund is organised into one main segment which operates solely in the business of investment management within Australia. Consequently, no detailed segment reporting is provided in the Fund's financial statements.

#### *(ii) 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)*

The 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 sheet (statement of financial position), this one being as at the beginning of the comparative period. The Fund will apply the revised standard from 1 July 2009.

## 2 Summary of significant accounting policies (continued)

### (p) New accounting standards and interpretations (continued)

*(iii) Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)*

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed.

*(iv) AASB 132 Financial Instruments: Presentation and AASB 2008-2 Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations Arising on Liquidation (Revised AASB 132)*

Revised AASB 132 is applicable for reporting periods beginning on or after 1 January 2009. The Fund has not adopted this standard early. Application of this standard will not affect any of the amounts recognised in the financial statements as the Fund is obligated to distribute all of its taxable income in accordance with the Fund's Constitution. Accordingly, there will be no change to classification of unitholders' funds as a liability and therefore no impact on profit or loss and equity.

*(v) Improvements to Australian Accounting Standards: AASB 2008-5 and AASB 2008-6*

In July 2008, the AASB issued a number of improvements to existing Australian Accounting Standards. The amendments will generally apply to financial reporting periods commencing on or after 1 January 2009, except for some changes to AASB 5 Non-current Assets Held for Sale and Discontinued Operations regarding the sale of the controlling interest in a subsidiary which will apply from 1 July 2009. The Fund does not expect that any adjustments will be necessary as the result of applying the revised rules.

*(vi) Amendment to IAS 39 Financial Instruments: Recognition and Measurement*

On 31 July 2008 the IASB issued an amendment to IAS 39, Eligible Hedged Items. It is effective for accounting periods beginning on or after 1 July 2009 and must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Fund will apply the amended standard from 1 July 2009. It is currently reviewing its hedging transactions to determine whether there will be an impact on the financial report when the standard is first applied.

*(vii) 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 from 1 January 2009)*

AASB Interpretation 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 statement on distribution. This is different to the Fund's current policy which is to measure distributions of non-cash assets at their carrying amounts. The interpretation further clarifies when a liability for the dividend must be recognised and that it is also measured at fair value. The Fund will apply the interpretation prospectively from 1 July 2009.

*(viii) AASB 2009-2 Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments (effective from 1 January 2009).*

In April 2009, the AASB published amendments to AASB 7 Financial Instruments: Disclosure to improve the information that entities report about their liquidity risk and the fair value of their financial instruments. The amendments require fair value measurement disclosures to be classified into a new three-level hierarchy and additional disclosures for items whose fair value is determined by valuation techniques rather than observable market values. The AASB also clarified and enhanced the existing requirements for the disclosure of liquidity risk of derivatives. The Fund has not early adopted the amendments. The amendments will not affect any of the amounts recognised in the financial statements but may affect certain disclosures.

## 2 Summary of significant accounting policies (continued)

### (q) Rounding of amounts

The Fund is an entity of the kind referred to in Class Order 98/0100 (as amended), 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 dollar, unless otherwise indicated.

### (r) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

## 3 Dividend/Trust Distribution income

	Year ended	
	30 June 2009 \$	30 June 2008 \$
Dividends - domestic	<b>195,499</b>	208,851
	<b>195,499</b>	208,851

## 4 Net gains/(losses) on financial assets held at fair value through profit or loss

	Year ended	
	30 June 2009 \$	30 June 2008 \$
Total net gains/(losses) on financial assets held at fair value through profit or loss	<b>295,251</b>	(2,654,202)

## 5 Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Fund:

	Year ended	
	30 June 2009 \$	30 June 2008 \$
<b>(a) Audit services</b>		
Audit of financial reports	1,500	12,124
Compliance Plan Audit	-	3,143
<b>Total remuneration for audit services</b>	<b>1,500</b>	<b>15,267</b>
<b>(b) Non-audit services</b>		
Tax Compliance Services	-	5,060
<b>Total remuneration for non-audit services</b>	<b>-</b>	<b>5,060</b>

Fees for audit and non-audit services in excess of the above are paid by the Investment Manager out of the management fees that they earn.

## 6 Net assets attributable to unitholders

**Movements in number of units and net assets attributable to unitholders during the year were as follows:**

As stipulated within the Fund Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

	Year Ended			
	30 June 2009 No.	30 June 2008 No.	30 June 2009 \$	30 June 2008 \$
<b>Net assets attributable to unitholders</b>				
Opening balance	2,833,376	2,666,469	4,104,184	6,128,454
Applications	476,149	856,969	695,323	1,886,440
Redemptions	(569,541)	(788,815)	(749,047)	(1,446,915)
Units issued upon reinvestment of distributions	65,999	98,753	87,302	215,021
Increase/(decrease) in net assets attributable to unitholders	-	-	287,762	(2,678,816)
<b>Closing balance</b>	<b>2,805,983</b>	<b>2,833,376</b>	<b>4,425,524</b>	<b>4,104,184</b>

### Capital risk management

The Fund manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

The Fund monitors the level of daily applications and redemptions relative to the liquid assets in the Fund. The Fund's strategy was to hold a certain portion of the net assets attributable to unitholders in liquid investments. Liquid assets include cash and cash equivalents and listed equities. Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units, if the exercise of such discretion is in the best interests of unitholders.

## 7 Distributions to unitholders

### Timing of distributions

The distributions were paid/payable as follows:

	Year ended			
	30 June 2009 \$	30 June 2009 CPU	30 June 2008 \$	30 June 2008 CPU
<b>Distributions</b>				
30 September	11,964	0.4237	13,062	0.473
31 December	73,931	2.9777	4,196	0.133
31 March	29,271	1.1426	67,109	2.250
30 June (payable)	<u>15,123</u>	<u>0.539</u>	<u>25,539</u>	<u>0.901</u>
	<u>130,289</u>		<u>109,906</u>	

## 8 Cash and cash equivalents

	As at	
	30 June 2009 \$	30 June 2008 \$
Cash at bank	<u>66,242</u>	<u>70,521</u>
	<u>66,242</u>	<u>70,521</u>

## 9 Financial assets held at fair value through profit or loss

	As at	
	30 June 2009 \$	30 June 2008 \$
<b>Designated at fair value through profit or loss</b>		
Listed equities	2,750,783	4,043,850
Listed unit trusts	<u>1,641,662</u>	<u>-</u>
<b>Total financial assets held at fair value through profit or loss</b>	<u>4,392,445</u>	<u>4,043,850</u>

## 10 Receivables

	30 June 2009 \$	As at 30 June 2008 \$
Trade receivables	-	66,510
Accrued income	4,914	1,861
Sundry debtor	-	320
GST receivable	1,540	7,725
	<u>6,454</u>	<u>76,416</u>

## 11 Payables

	30 June 2009 \$	As at 30 June 2008 \$
Accrued expenses	24,494	37,229
Unsettled redemption	-	7,482
Trade payables	-	-
Withholding tax	-	16,353
	<u>24,494</u>	<u>61,064</u>

## 12 Financial risk management

### (a) Objectives, strategies, policies and processes

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management program focuses on ensuring compliance with the Fund's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by an Investment Manager under policies approved by the Board of Directors of the Responsible Entity (the Board).

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of price risk.

### (b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises price risk, foreign currency risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

The market risk disclosures are prepared on the basis of the Fund's direct investments and not on a look through basis for investments held in the Fund.

The sensitivity of the Fund's net assets attributable to unitholders (and net operating profit/(loss)) to price risk and interest rate risk is measured by the reasonably possible movements approach. This approach is determined based on management's best estimate, having regard to a number of factors, including the historical correlation of the Fund's investments with the relevant benchmarks and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in the risk variables are not a definitive indicator of future variations in the risk variables.

## 12 Financial risk management (continued)

### (b) Market risk (continued)

#### (i) Price risk

Equity price risk is the risk that the fair value of equities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk exposure arises from the Fund's investment portfolio. The investments are classified on the balance sheet as at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Investment Manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Board.

The Fund's overall market positions are monitored on a daily basis by the Fund's Investment Manager and are reviewed on a bi-monthly basis by the Board of Directors.

Compliance with the Fund's Product Disclosure Statement is reported to the Board on a bi-monthly basis.

Net assets attributable to unitholders include investments in equity securities. At 30 June 2009 and 30 June 2008, the overall market exposures were as follows:

	<b>30 June 2009</b>	<b>As at 30 June 2008</b>
	\$	\$
Securities designated at fair value through profit or loss	<u><b>4,392,445</b></u>	<u>4,043,850</u>

At 30 June 2009, if equity prices had increased by 10% (2008 :10%) with all other variables held constant, this would have increased net assets attributable to unitholders (and net operating profit/(loss)) by approximately \$439,244 (2008: \$404,385). Conversely, if equity prices had decreased by 10% (2008 :10%), this would have decreased net assets attributable to unitholders (and net operating profit/(loss)) by approximately \$439,244 (2008 : \$404,385). The analysis is performed on the same basis for 2008.

#### (ii) Foreign currency risk

The Fund is not exposed to significant risks from movements in foreign exchange rates as there are no financial assets and liabilities denominated in foreign currencies.

#### (iii) Interest rate risk

The majority of the Fund's financial assets are non-interest-bearing. Interest-bearing financial assets and interest-bearing financial liabilities mature or reprice in the short-term, no longer than twelve months. As a result, the Fund is subject to limited exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

### (c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Fund holds no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired.

There are no material concentrations of credit risk at 30 June 2009 or 30 June 2008 and credit risk is not considered to be material to the Fund.

## 12 Financial risk management (continued)

### (d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Fund's investment in financial instruments, which under normal market conditions are readily convertible to cash as the majority are listed on the ASX. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Fund's Constitution provides for the daily application and redemptions of units and it is therefore exposed to the liquidity risk of meeting unitholder redemptions at any time.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis, and the Board of Directors reviews it on a bi-monthly basis. Compliance with the Fund's policy is reported to the Board on a bi-monthly basis.

#### **Maturity analysis for financial liabilities**

The table below analyses the Fund's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month	1-3 months	3-12 months	12-60 months
<b>At 30 June 2009</b>				
Withholding tax	-	-	-	-
Accrued expenses	24,494	-	-	-
Unsettled redemption	-	-	-	-
Distributions payable	15,123	-	-	-
Net assets attributable to unitholders	4,425,524	-	-	-
<b>Total financial liabilities</b>	<b>4,465,141</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Less than 1 month	1-3 months	3-12 months	12-60 months
<b>At 30 June 2008</b>				
Withholding tax	16,353	-	-	-
Accrued expenses	37,229	-	-	-
Unsettled redemption	7,482	-	-	-
Distributions payable	25,539	-	-	-
Net assets attributable to unitholders	4,104,184	-	-	-
<b>Total financial liabilities</b>	<b>4,190,787</b>	<b>-</b>	<b>-</b>	<b>-</b>

### (e) Fair values of financial assets and financial liabilities

The carrying amounts of all the Fund's financial assets and financial liabilities at the balance sheet date approximate their fair values.

For the years ended 30 June 2009 and 30 June 2008, the Fund did not include financial assets and financial liabilities that were determined using valuation techniques. The fair values of the Fund's financial assets and liabilities for the years then ended were determined directly, in full or in part, by reference to quoted prices that were available from various sources, such as exchanges, dealers, brokers, industry groups and pricing services, as on the balance sheet date without any deduction for estimated selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

## 13 Related parties

### Responsible Entity

The Responsible Entity of the Hyperion Small Growth Companies Fund is WHTM Capital Management Limited.

Hyperion Asset Management Limited is the Investment Manager of the Fund.

Wilson HTM Investment Group Ltd is the ultimate holding company of WHTM Capital Management Limited and has a financial interest in Hyperion Asset Management Limited.

### Key management personnel

#### (a) Directors

Key management personnel includes persons who were directors of WHTM Capital Management Limited at any time during the financial year as follows:

Mr A Ihlenfeldt (Resigned 26 March 2009)  
Mr G Lowrey  
Mr N McCulloch  
Mr A Sweeney (Appointed 26 March 2009)

### Responsible Entity's fees and other transactions

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Fund and the Responsible Entity were as follows:

	Year ended	
	30 June 2009 \$	30 June 2008 \$
Management fees for the year paid/payable by the Fund	14,312	27,342
Responsible Entity fees for the year paid/payable by the Fund	3,491	5,878
Aggregate amounts payable to Responsible Entity at reporting date	364	399
Aggregate amounts payable to Manager at reporting date	1,491	1,638

\* Where the Fund invests into other Funds managed by the Responsible Entity, the Responsible Entity's fee is calculated after rebating fees charged in the underlying Funds.

### Key management personnel compensation

Key management personnel are paid by Wilson HTM Services Pty Ltd. Payments made from the Fund to WHTM Capital Management Limited do not include any amounts directly attributable to key management personnel remuneration.

### Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

### Other transactions within the Fund

From time to time directors of WHTM Capital Management Limited, or their director related entities, may invest in or withdraw from the Fund. These investments or withdrawals are on the same terms and conditions as those entered into by other Fund investors and are trivial in nature.

### 13 Related parties (continued)

Apart from those details disclosed in this note, no key management personnel of the Responsible Entity have entered into a material contract with the Fund since the end of the previous financial year and there were no material contracts involving director's interests subsisting at year end.

### 14 Reconciliation of net profit/(loss) to net cash inflow/(outflow) from operating activities

	Year Ended	
	30 June 2009 \$	30 June 2008 \$
<b>(a) Reconciliation of net profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Profit/(loss) for the year	-	-
Increase/(decrease) in net assets attributable to unitholders	287,762	(2,678,816)
Proceeds from sale of financial instruments held at fair value through profit or loss	2,723,755	4,361,029
Purchase of financial instruments held at fair value through profit or loss	(2,769,387)	(5,156,411)
Net losses/(gains) on financial instruments held at fair value through profit or loss	(295,251)	2,654,202
Distributions to unitholders	130,289	109,906
Net change in receivables and accrued income	69,962	(3,880)
Net change in accounts payable and other liabilities	(36,570)	(8,626)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>110,560</b>	<b>(722,596)</b>
<b>(b) Components of cash and cash equivalents</b>		
Cash as at the end of the financial year as shown in the cash flow statement is reconciled to the balance sheet as follows		
Cash and cash equivalents	<u>66,242</u>	<u>70,521</u>
	<b>66,242</b>	<b>70,521</b>
<b>(c) Non-cash financing and investing activities</b>		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan		
	<u>87,302</u>	215,021
	<b>87,302</b>	<b>215,021</b>

### 15 Segment information

The Fund is organised into one main segment which operates solely in the business of investment management within Australia.

### 16 Events occurring after the balance date

No significant events have occurred since balance date which would impact on the financial position of the Fund disclosed in the balance sheet as at 30 June 2009 or on the results and cash flows of the Fund for the year ended on that date.

### 17 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2009 and 30 June 2008.

## Directors' declaration

In the opinion of the Directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 24 are in accordance with the *Corporations Act 2001*, including
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2009 and of its performance for the financial year ended on that date and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
- (c) the financial statements are in accordance with the Fund Constitution.

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



Mr N McCulloch  
Chairman, WHTM Capital Management Limited

Brisbane  
28 September 2009

## Independent auditor's report to the unitholders of Hyperion Small Growth Companies Fund

### Report on the financial report

We have audited the accompanying financial statements of the Hyperion Small Growth Companies Fund (the "Fund"), which comprise the balance sheet as at 30 June 2009, and the income statement, statement of recognised income and expenses and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Hyperion Small Growth Companies Fund.

#### *Directors' responsibility for the financial report*

The directors of the Responsible Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

**Independent auditor's report to the unitholders of Hyperion Small Growth Companies Fund (continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Auditor's opinion*

In our opinion:

- (a) the financial report of the Hyperion Small Growth Companies Fund is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Fund's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

PriceWaterhouseCoopers

PricewaterhouseCoopers



Craig Thomason  
Partner

Brisbane  
30 September 2009

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