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# Annual Report

Year Ended 30 June 2007

Hyperion Small Growth Companies Fund

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# **Hyperion Small Growth Companies Fund**

ARSN 089 548 943

## **Annual financial report for the year ended 30 June 2007**

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## Annual financial report for the year ended 30 June 2007

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

The responsible entity of 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, the Responsible Entity of Hyperion Small Growth Companies Fund, present their report together with the financial report of Hyperion Small Growth Companies Fund ("the Scheme") for the year ended 30 June 2007.

### Responsible Entity

The Responsible Entity of 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.

### Principal activities

The Scheme is a registered managed investment scheme domiciled in Australia.

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

The Scheme did not have any employees during the year.

There were no significant changes in the nature of the Scheme'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 (Appointed 8 October 2004)  
 Mr I Harrison (Appointed 8 October 2004)  
 Mr B Usasz (Appointed 8 October 2004)  
 Mr G Lowrey (Appointed 8 March 2006)

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 schemes 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 Scheme since the previous financial period. The Scheme continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme Constitution.

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

	Year ended	
	30 June 2007	30 June 2006
Net operating profit/(loss) before financing costs attributable to unitholders	<b>2,131,328</b>	2,958,047
Distribution paid and payable	<b>283,307</b>	277,395
Distribution (cents per unit)	<b>10.501</b>	4.069

### Significant changes in state of affairs

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

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

No matter or circumstance has arisen since 30 June 2007 that has significantly affected, or may significantly affect:

- (i) the operations of the Scheme in future financial years, or
- (ii) the results of those operations in future financial years, or

## Directors' report (continued)

(iii) the state of affairs of the Scheme in future financial years.

### Likely developments and expected results of operations

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

The results of the Scheme's operations will be affected by a number of factors, including the performance of investment markets in which the Scheme invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

### Indemnification and insurance of officers and auditors

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

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

Fees paid to the Responsible Entity and its associates out of Scheme property during the year are disclosed in note 16 on page 19 of the financial statements.

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

The number of interests in the Scheme held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 16 on page 19 of the financial statements.

### Interests in the Scheme

The movement in units on issue in the Scheme during the year is disclosed in note 8 of the financial statements.

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

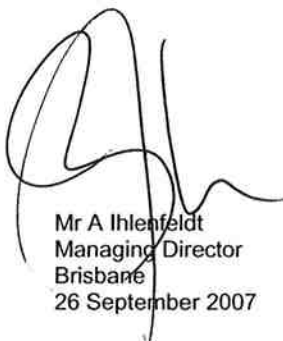
### Environmental regulation

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

### 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 4.

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



Mr A Ihlenfeldt  
Managing Director  
Brisbane  
26 September 2007

PricewaterhouseCoopers  
ABN 52 780 433 757

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## Auditor's Independence Declaration

As lead auditor for the audit of Hyperion Small Growth Companies Fund for the year ended 30 June 2007, 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 Hyperion Small Growth Companies Fund during the period.



Timothy J Allman  
Partner  
PricewaterhouseCoopers

Brisbane  
26 September 2007

## Income statement

	Notes	Year ended	
		30 June 2007 \$	30 June 2006 \$
<b>Investment income</b>			
Interest income	3	15,462	26,375
Dividend/Trust Distribution income	4	161,125	366,269
Net gains/(losses) on financial instruments held at fair value through profit or loss	5	2,108,456	2,755,596
Other income		-	2,000
<b>Total investment income</b>		<u>2,285,043</u>	<u>3,150,240</u>
<b>Expenses</b>			
Management fees	16	44,116	55,912
Responsible entity's fees		5,743	10,329
Custody fees		42,736	38,891
Auditor's remuneration	6	33,654	19,186
Transaction costs	7	18,864	67,184
Other operating expenses		8,602	691
<b>Total expenses</b>		<u>153,715</u>	<u>192,193</u>
<b>Net operating profit/(loss)</b>		<u>2,131,328</u>	<u>2,958,047</u>
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders	9	283,307	277,395
Increase/(decrease) in net assets attributable to unitholders	8	1,848,021	2,680,652
<b>Net 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**

		As at	
	Notes	30 June 2007 \$	30 June 2006 \$
<b>Assets</b>			
Cash and cash equivalents		443,749	225,204
Receivables	12	6,026	29,400
Financial assets held at fair value through profit or loss	10	5,981,943	4,495,389
<b>Total assets</b>		<b>6,431,718</b>	<b>4,749,993</b>
<b>Liabilities</b>			
Distributions payable	9,14	237,271	-
Payables	13	65,993	27,113
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>303,264</b>	<b>27,113</b>
<b>Net assets attributable to unitholders - liability</b>	8	<b>6,128,454</b>	<b>4,722,880</b>

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

**Statement of recognised income and expenses**

	Year ended	
	30 June 2007	30 June 2006
	\$	\$
Net 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: Disclosure and Presentation', net assets attributable to unitholders is classified as a liability rather than equity.

Changes in net assets attributable to unitholders are disclosed in note 8.

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

## Cash flow statement

	Notes	Year ended	
		30 June 2007 \$	30 June 2006 \$
<b><i>Cash flows from operating activities</i></b>			
Proceeds from sale of financial instruments held at fair value through profit or loss		3,437,678	61,972,752
Purchase of financial instruments held at fair value through profit or loss		(2,803,013)	(52,182,791)
Transaction costs on financial instruments held at fair value through profit or loss		(20,209)	(67,184)
Dividends received		160,806	367,949
Interest received		15,462	26,375
Other income received		-	2,000
Operating expenses paid		(95,277)	(77,292)
Payment of other expenses		(14,548)	(61,505)
<b>Net cash inflow/(outflow) from operating activities</b>	17(a)	<u>680,899</u>	<u>9,980,304</u>
<b><i>Cash flows from financing activities</i></b>			
Proceeds from applications by unitholders		669,308	1,706,874
Payments for redemptions by unitholders		(1,121,363)	(11,995,096)
Distributions paid		(11,429)	(35,962)
Other cash inflows / (outflow) from financing activities		1,130	5,217
<b>Net cash inflow/(outflow) from financing activities</b>		<u>(462,354)</u>	<u>(10,318,967)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>218,545</b>	<b>(338,663)</b>
Cash and cash equivalents at beginning of the year		<u>225,204</u>	<u>563,867</u>
<b>Cash and cash equivalents at the end of the year</b>	17(b)	<u>443,749</u>	<u>225,204</u>

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 Hyperion Small Growth Companies Fund (the "Scheme") as an individual entity and the financial report is presented in the Australian currency.

The responsible entity of the Scheme 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 Scheme is National Australia Bank.

The financial statements were authorised for issue by the directors on 26 September 2007. The directors 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 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.

#### *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 Scheme, comprising the financial statements and notes thereto, complies with IFRS.

### (b) Financial instruments

#### (i) *Classification*

The Scheme'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 debt and equity instruments, unlisted trusts, unlisted equity instruments 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 Scheme's documented investment strategy. The Scheme'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.

The information on the fair value basis is provided internally to the Scheme'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.

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (ii) Recognition/derecognition

The Scheme 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 Scheme 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 Scheme 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.

##### (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 Scheme at any time for cash equal to a proportionate share of the Scheme'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 Scheme.

### (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.

## 2 Summary of significant accounting policies (continued)

### (d) Cash and cash equivalents (continued)

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 Scheme's main income generating activity.

### (e) Investment income

Interest income and expenses are recognised in the income statement for all debt instruments 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).

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Scheme estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Trust distributions are recognised on an entitlements basis as the Scheme is presently entitled to the distributable income of its investee trusts.

### (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 Scheme is not subject to income tax provided the taxable income of the Scheme is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Scheme).

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 Scheme is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Scheme 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.

### (h) Distributions

In accordance with the Scheme Constitution, the Scheme 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.

## 2 Summary of significant accounting policies (continued)

### (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 and derivative financial instruments; 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) 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.

### (k) Payables

Payables includes liabilities and accrued expenses owing by the Scheme 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 2007 under the Scheme Constitution.

### (l) Applications and redemptions

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

Unit redemption prices are determined by reference to unit pricing accounting outlined in the Scheme constitution and product disclosure statement

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

The GST incurred on the costs of various services provided to the Scheme by third parties such as audit fees, custodial services and investment management fees have been passed onto the Scheme. The Scheme 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.

### (n) Use of estimates and estimation of fair values

The Scheme 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.

## 2 Summary of significant accounting policies (continued)

### (o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The directors' assessment of the impact of these new standards (to the extent relevant to the Scheme) and interpretations is set below:

(i) AASB 7 *Financial Instruments: Disclosures* and AASB 2005-10 *Amendments to Australian Accounting Standards* [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB1023 & AASB 1038]

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Scheme has not adopted these standards early. Application of these standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Scheme's financial instruments.

(ii) Revised AASB 101 *Presentation of Financial Statements* (issued in October 2006)

The Revised AASB 101 is applicable to annual reporting periods beginning on or after 1 January 2007. The Scheme has not adopted this standard early. Application of this standard will not have any impact on the information presented in the financial statements.

(iii) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]

AASB 8 and AASB 2007-3 are applicable to annual reporting periods beginning on or after 1 January 2009. The Scheme has not adopted these standards early. These standards specify changes to the requirements of segment disclosures. Application of these standards will not affect any of the amounts recognised in the financial statements. No significant impact to the existing segment disclosures is anticipated.

(iv) AASB 2007-4 *Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments* [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038]

AASB 2007-4 is applicable to annual reporting periods beginning on or after 1 July 2007. The Scheme has not adopted this standard early. The amendments arising from the standard reflect the AASB's decision that all options that currently exist under IFRSs should be included in the AIFRS and additional Australian disclosures should be eliminated, other than those now considered particularly relevant in the Australian reporting environment. A number of editorial changes were also made. Application of this standard will not affect any of the amounts recognised in the financial statements. No significant impact to the existing disclosures is anticipated.

### 3 Interest income

	30 June 2007		Year ended		30 June 2006	
	Average balance \$	Interest \$	Average rate %	Average balance \$	Interest \$	Average rate %
Cash and deposits - domestic	<u>264,530</u>	<u>15,462</u> <u>15,462</u>	<u>5.85</u>	<u>504,006</u>	<u>26,375</u> <u>26,375</u>	<u>5.23</u>

This table shows the average balance for each of the major categories of interest bearing assets (excluding interest bearing assets held at fair value through profit or loss), the amount of interest revenue and the average interest rate. The average balances are calculated using daily balances.

### 4 Dividend income

	Year ended	
	30 June 2007 \$	30 June 2006 \$
Dividends - domestic	<u>161,125</u> <u>161,125</u>	<u>366,269</u> <u>366,269</u>

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

	Year ended	
	30 June 2007 \$	30 June 2006 \$
<b>Net unrealised gain/(loss) on financial instruments designated at fair value through profit or loss</b>		
Shares in companies listed on a prescribed stock exchange	<u>1,448,133</u>	<u>784,554</u>
<b>Net realised gain/(loss) on financial instruments designated as at fair value through profit or loss</b>		
Shares in companies listed on a prescribed stock exchange	<u>660,323</u>	<u>1,971,042</u>
Total net gains/(losses) on financial instruments held at fair value through profit or loss	<u>2,108,456</u>	<u>2,755,596</u>

## 6 Auditor's remuneration

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

	Year ended	
	30 June 2007 \$	30 June 2006 \$
<b>(a) Assurance services</b>		
<i>Audit services</i>		
Audit of financial reports	20,570	12,586
Compliance Plan Audit	<u>5,256</u>	<u>2,200</u>
<b>Total remuneration for audit services</b>	<u><b>25,826</b></u>	<u><b>14,786</b></u>
<b>(b) Non-audit services</b>		
Tax Compliance Services	<u>7,828</u>	<u>4,400</u>
<b>Total remuneration for audit-related services</b>	<u><b>7,828</b></u>	<u><b>4,400</b></u>

## 7 Transaction costs

	Year ended	
	30 June 2007 \$	30 June 2006 \$
Transaction expenses	<u>18,864</u>	<u>67,184</u>
	<u><b>18,864</b></u>	<u><b>67,184</b></u>

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

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

	Year Ended			
	30 June 2007 No.	30 June 2006 No.	30 June 2007 \$	30 June 2006 \$
<b>Net assets attributable to unitholders</b>				
Opening balance	2,876,246	9,446,117	4,722,880	11,913,373
Applications	335,194	1,235,412	644,309	1,731,874
Redemptions	(563,641)	(8,086,539)	(1,121,363)	(11,995,096)
Units issued upon reinvestment of distributions	18,670	281,256	34,607	392,077
Increase/(decrease) in net assets attributable to unitholders	-	-	<u>1,848,021</u>	<u>2,680,652</u>
Closing balance	<u>2,666,469</u>	<u>2,876,246</u>	<u>6,128,454</u>	<u>4,722,880</u>

## 9 Distributions to unitholders

### Timing of distributions

The distributions were paid/payable as follows:

	30 June 2007 \$	Year ended		30 June 2006 \$	30 June 2006 CPU
		30 June 2007 CPU			
<b>Distributions</b>					
30 September	25,249	0.872		93,221	0.954
30 November	-	-		101,818	1.044
31 December	14,303	0.480		23,928	0.274
31 March	6,484	0.251		58,428	1.797
30 June payable	<u>237,271</u>	<u>8.898</u>		-	-
	<u>283,307</u>			<u>277,395</u>	

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

	As at	
	30 June 2007 Fair value \$	30 June 2006 Fair value \$
<b>Designated at fair value through profit or loss</b>		
Listed shares	<u>5,981,943</u>	<u>4,495,389</u>
<b>Total financial assets held at fair value through profit or loss</b>	<u>5,981,943</u>	<u>4,495,389</u>

## 11 Segment information

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

Consequently, no segment reporting is provided in the Scheme's Financial statements.

## 12 Receivables

	As at	
	30 June 2007 \$	30 June 2006 \$
Accrued income	911	592
Sundry Debtor	320	-
GST receivable	4,795	3,808
Unsettled applications	-	25,000
	<u>6,026</u>	<u>29,400</u>

### 13 Payables

	As at	
	30 June 2007	30 June 2006
	\$	\$
Accrued expenses	45,855	20,868
GST payable	12,763	-
Withholding tax payable	7,375	6,245
	65,993	27,113

### 14 Distributions payable

	As at	
	30 June 2007	30 June 2006
	\$	\$
Distributions payable	237,271	-
	237,271	-

### 15 Financial risk management

The Scheme is exposed to credit risk, foreign exchange risk, interest rate risk, market price risk, and liquidity risk arising from the financial instruments it holds. The risk management policies employed by the Scheme to manage these risks are discussed below.

#### (a) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract. Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. This relates also to financial assets carried at amortised cost, as they have a short-term to maturity.

There were no significant concentrations of credit risk to counterparties at 30 June 2007 or 30 June 2006.

#### (b) Foreign exchange risk

There is no significant direct foreign exchange risk in this Scheme.

#### (c) Interest rate risk

There is no significant direct interest rate risk in this Scheme.

#### (d) Market price risk

Market price risk is the risk that the value of the Scheme's investment portfolio will fluctuate as a result of changes in market prices. This risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Market price risk analysis is conducted regularly on a total portfolio basis which includes the effect of derivatives.

## 15 Financial risk management (continued)

### (e) Liquidity and cash flow risk

Liquidity risk is the risk that the Scheme will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments. Cash flow risk is the risk that the future cash flows derived from holding financial instruments will fluctuate. The risk management guidelines adopted are designed to minimise liquidity and cash flow risk through:

- ensuring that there is no significant exposure to illiquid or thinly traded financial instruments, and
- applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

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

All financial assets and financial liabilities included in the balance sheet at 30 June 2007, are carried at fair value.

## 16 Related parties

### Responsible Entity

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

Hyperion Asset Management Limited is the investment manager of the Scheme.

Wilson HTM Investment Group Ltd is the ultimate holding company of WHTM Capital Management Limited and has a substantial 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 (Appointed 8 October 2004)  
Mr I Harrison (Appointed 8 October 2004)  
Mr B Usasz (Appointed 8 October 2004)  
Mr G Lowrey (Appointed 8 March 2006)

### Manager'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 Scheme and the Responsible Entity were as follows:

	Period ended	
	30 June 2007	30 June 2006
	\$	\$
Fees for the year paid by the Scheme	44,116	55,912

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

## 16 Related parties (continued)

### Related party schemes' unitholdings

Parties related to the Scheme (including WHTM Capital Management Limited, its related parties and other schemes managed by WHTM Capital Management Limited), held units in the Scheme as follows:

#### 2007

Unitholder	Interest held (%)	Number of units held - Opening (Units)	Number of units acquired (Units)	Number of units disposed (Units)	Number of units held - Closing (Units)	Distributions paid/payable by the Scheme (\$)
Hyperion Australian Growth Companies Fund	-	-	-	-	-	-

#### 2006

Unitholder	Interest held (%)	Number of units held - Opening (Units)	Number of units acquired (Units)	Number of units disposed (Units)	Number of units held - Closing (Units)	Distributions paid/payable by the Scheme (\$)
Hyperion Australian Growth Companies Fund	-	6,604,490	545,484	7,149,974	-	150,664

### Key management personnel compensation

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

### Key management personnel loan disclosures

The Scheme 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 Scheme

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

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

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

	Year Ended	
Notes	30 June 2007 \$	30 June 2006 \$
<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	1,848,021	2,680,652
Proceeds from sale of financial instruments held at fair value through profit or loss	3,437,678	61,972,752
Purchase of financial instruments held at fair value through profit or loss	(2,803,013)	(52,182,791)
Net (gains)/losses on financial instruments held at fair value through profit or loss	(2,108,456)	(2,755,596)
Distributions to unitholders	283,307	277,395
Net change in receivables and accrued income	(1,626)	2,661
Net change in accounts payable and other liabilities	24,987	(14,769)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>680,899</b>	<b>9,980,304</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	443,749	225,204
	443,749	225,204
<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		
	34,607	392,077
	34,607	392,077

## 18 Events occurring after the balance date

No significant events have occurred since balance date which would impact on the financial position of the Scheme disclosed in the balance sheet as at 30 June 2007 or on the results and cash flows of the Scheme for the year ended on that date.

## 19 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2007 and 30 June 2006.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 5 to 21 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 view of the Scheme's financial position as at 30 June 2007 and of its performance, as represented by the results of their operations and cash flows for the year ended on that date.
- (b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.
- (c) the financial statements are in accordance with the Scheme Constitution.

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



Mr A Ihlenfeldt  
Managing Director

Brisbane  
26 September 2007

**Independent auditor's report to the members of  
Hyperion Small Growth Companies Fund**

**Report on the financial report**

We have audited the accompanying financial report of Hyperion Small Growth Companies Fund (registered scheme), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended 30 June 2007, a summary of significant accounting policies, other explanatory notes and the directors' declaration for 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 control 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, 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.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

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

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

*Matters relating to the electronic presentation of the audited financial report*

This audit report relates to the financial report of Hyperion Small Growth Companies Fund (registered scheme) for the financial year ended 30 June 2007 included on the Hyperion web site. The registered scheme's directors are responsible for the integrity of the Hyperion web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

*Independence*

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

*Auditor's opinion on the financial report*

In our opinion:

- (a) the financial report of Hyperion Small Growth Companies Fund is in accordance with the *Corporation Act 2001*, including:
  - (i) giving a true and fair view of the registered scheme's financial position as at 30 June 2007 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*;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

*PricewaterhouseCoopers*  
PricewaterhouseCoopers

  
Timothy J Allman  
Partner

Brisbane  
26 September 2007

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