Hepburn Wind Annual Report

2014/15 Generating Results

Generating results

Hepburn Wind is the owner and operator of Australia's first community-owned wind farm, at Leonards Hill, about 100km north-west of Melbourne, just south of Daylesford Victoria. The 4.1 MW wind farm hosts two turbines called Gale and Gusto, who produce enough clean energy for over 2000 homes.

Hepburn Wind is the trading name of Hepburn Community Wind Park Co-operative Ltd, a co-operative registered in Victoria, Australia. Hepburn Wind was established in 2007 by the Hepburn Renewable Energy Association, now known as SHARE. Despite many challenges, overwhelming support from the community has made it happen – inspiring similar projects to explore the community enterprise model for renewable energy projects.

Contents

A message from the board

On behalf of the board of directors we are pleased to present Hepburn Wind's annual report for the 2014/15 financial year.

This financial year we continued to focus on riding out the impacts of the least favourable energy policy environment since our project was conceived. Similar to last year, the board's priority was to pay down debt and reduce operating expenses, whilst ensuring that we had sufficient reserves to manage any unplanned mechanical issues. This strategy proved very successful, with the co-operative successfully navigating a year of very challenging market conditions.

The fracturing of 16 years of bipartisan support for renewable energy was finally resolved in June this year when the Federal Government and Opposition finally agreed on a reduced Renewable Energy Target. The resulting uplift in renewable energy certificate prices since then has been a welcome relief. We continue to watch the market closely.

The year has seen a number of farewells but also warm welcomes. In May we said goodbye to Founding Chair and longstanding director Simon Holmes à Court. Simon first became involved in Hepburn Wind in May 2007, just prior to the formation of the co-operative. At the foundation meeting in July of that year he was appointed Founding Chair and contributed tirelessly in that role for five years, overseeing our membership increase from 23 to almost 2000 members and the realisation of our dream to own and operate our two turbines at Leonards Hill.

Our co-operative continues to inspire communities both in Australia and around the world. Simon's vision, wisdom and hard work through both Hepburn Wind and Embark — the not-for-profit he established to assist other communities to adapt the 'Hepburn Model' — have been instrumental to the development of Australia's community energy sector.

After eight years of significant service on the board, it came time for Simon to focus on his other commitments. The board is immensely grateful for Simon's commitment over our formative years and know that he will continue to be a champion for our project.

Other changes to the board this year include farewelling both Daniel Magasanik and Tony Gill. Both contributed a great deal to the development of our co-operative. We thank Daniel, who left at the 2014 AGM, for his dedication to our co-operative since 2010 and Tony, who left the board in May, particularly for his contribution to our knowledge of the regulatory landscape applying to co-operatives.

Over the past 12 months we have welcomed three new and highly skilled board members to the team — Kathy Richardson, Bronwyn Baird and Graham White. They come to us with significant skills in business, community organisational governance, infrastructure and engineering.

We have piloted the co-operative through what we hope will turn out to have been the toughest two years our project will experience. We are now looking forward to prioritising a financial return to members as soon as is prudent and possible.

The year in numbers

11,051 MWh

Generation for the year was similar to that of 2013-14 with a total of 11,051 MWh

-23%

Total income reduced by $217,626 (23%) primarily due to the loss of the carbon price in July and weak renewable energy certificate pricing early in the year.

-19%

Total expenses were tightly managed being 19% lower than in 2014

$215,111

Reduction of bank debt by $215,111, resulting in interest cost savings of $16,090

	FY2015	FY2014	Variance	Variance %
Revenue and income				
Electricity sales	$316,362	$590,667	-$274,305	-46%
Renewable energy certificate sales	$429,612	$329,107	$100,505	31%
Combined generation revenue	$745,974	$919,774	-$173,800	-19%
Co-marketed product revenue	$22,942	$21,650	$1,292	6%
Market value				
Electricity generated (per MWh)	$28.63	$52.35	-$23.72	-45%
Certificates created	$41.64	$31.40	$10.24	33%
All-in value	$67.50	$83.75	-$16.25	-19%
Outgoings				
Operating expenses (1,2)	$363,761	$448,169	-$84,408	-19%
Community fund, sponsorships and local benefits (3)	$20,859	$27,382	-$6,523	-24%
Finance expenses	$77,893	$93,983	-$16,090	-17%
Total outgoings (1,2)	$493,401	$569,534	-$76,133	-13%
Financial performance				
Group EBITDA	$369,490	$495,224	-$125,734	-25%
EBITDA per share	3.71¢	4.99¢	-1.28¢	-26%
Loan outstanding	$1,299,889	$1,515,000	-$215,111	-14%
Group earnings before depreciation (1,4)	$291,597	$401,241	-109,644	-27%
Depreciation	$458,165	$418,527	$39,638	9%
Net profit	($166,568)	($17,286)	$149,282	-86%
Operations				
Wind farm availability (5)	95.7%	95.7%	0%	0%
Wind farm unscheduled outage (hours)	342	291	51	18%
Wind speed average both turbines (m/s)	7.0	7.3	-0.3	-4%
Wind farm generation (MWh)	11,051	11,300	-249	-2%
Capacity factor	30.8%	31.5%	-0.7	-2%

Footnotes

1. Does not include contributions to the Community Fund..
2. Does not include Sleep Under the Stars event.
3. Includes contribution from Red Energy and wind farm tours.
4. Group earnings represent earnings before depreciation, amortisation and after accounting for finance expenses. Net profit shows the position after accounting for these items. Refer to the audited financial statements contained at the back of this report for further details.
5. Proportion of the year that the grid was available and the turbines were capable of generation. Periods were wind farm operated at a reduced capacity are weighted accordingly. Identical values for FY14 and FY15 are co-incidental.

Operations

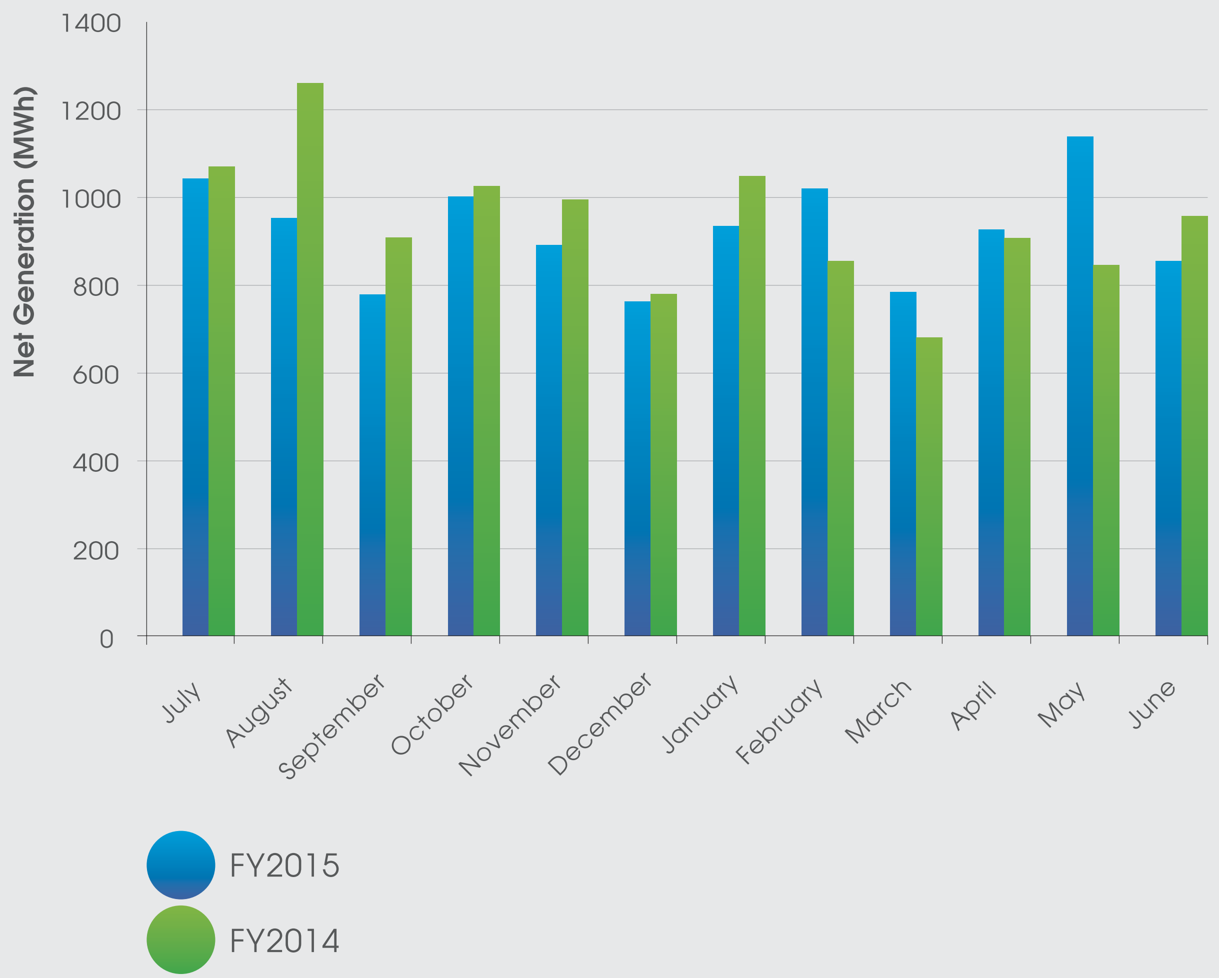
This year we were sad to farewell Tracy Anthony. Tracy led our operations throughout construction, commissioning and our first three years of operation, and has left a solid foundation for our future. Maintenance of infrastructure other than the turbines (known as 'balance of plant') and response to outages is currently handled by local contractors. Turbine maintenance continues to be handled our turbine manufacturer, Senvion (formerly REpower Australia).

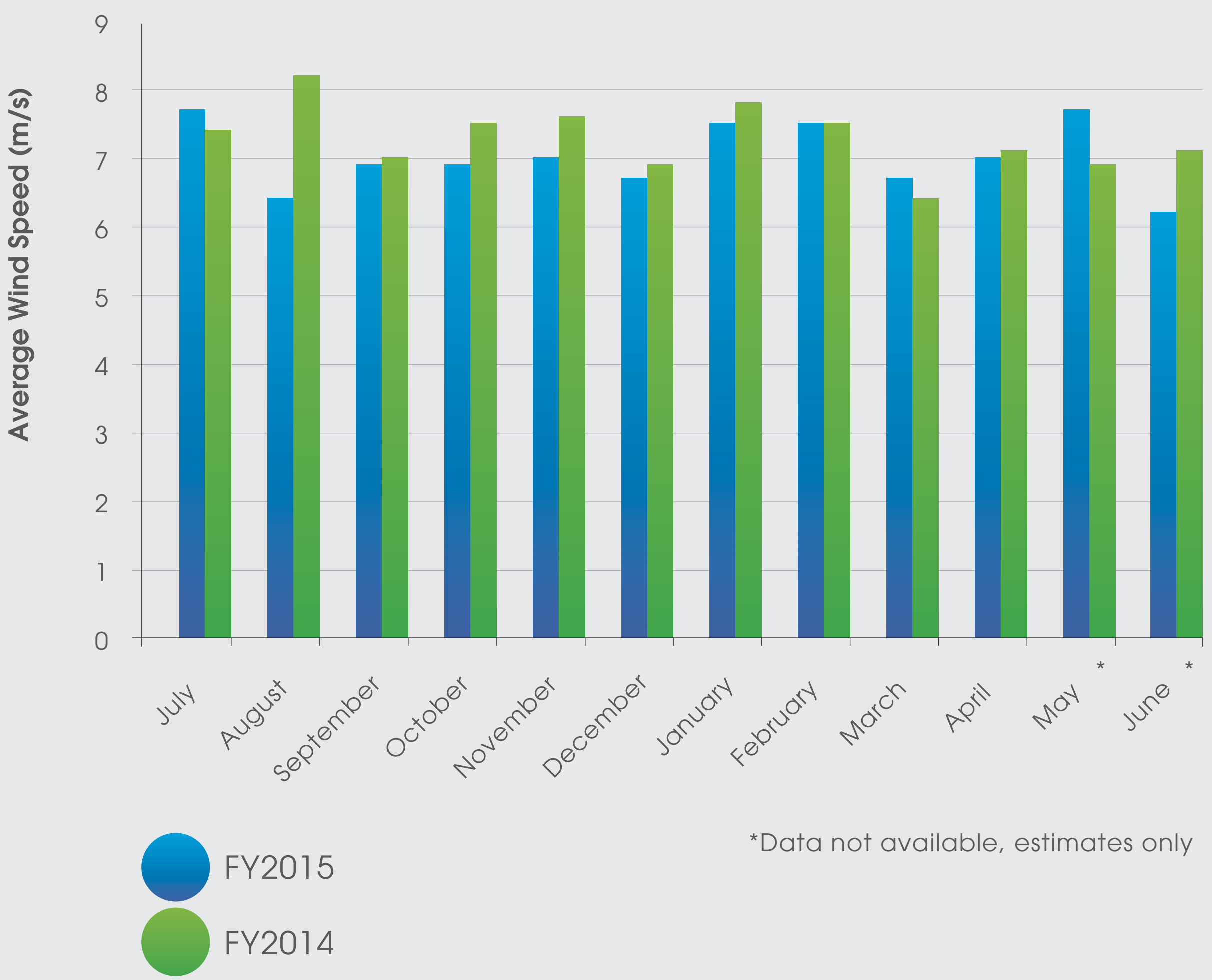
The health and safety of our staff, contractors, volunteers and visitors remains one of our highest priorities. We are always striving to improve our policies and procedures, ensuring they accord with industry best practice and are appropriate to the size of our organisation.

We strive to achieve zero unresolved complaints related to the wind farm and we are pleased to report that during the year no complaints were received.

FY2015, the wind farm sent out 11,051 MWh into the local grid, slightly down on last year (11,300 MWh), but in line with expectations given the average wind speed was lower (7.0 vs 7.3 m/s). As usual, Gale (T1) performed slightly better than Gusto (T2), being closer to the peak of Leonards Hill.

The wind farm was offline for a total of 374 hours in FY2015, slightly less than the year before (379 hours). Most of this downtime was due to unscheduled outages (342 hours), with around half of that caused by turbine faults, and the remainder network outages. Network outages commonly result from disturbances to the local distribution network (such as tree branches hitting power lines) and vary with weather and season. While we cannot control the weather or market conditions, there are things we can do to improve availability. We are working with Powercor to find ways to 'ride through' or automatically recover from faults where possible.





*Data not available, estimates only

Negotiating the winds of change

The Renewable Energy Target (RET) — Australia's market-based mechanism to drive investment in clean energy generation — was under attack most of the past two financial years. To the great relief of many, the Federal Government and Opposition finally ended the impasse in June this year.

With the RET in grave danger early in the financial year, renewable energy certificate prices fell to seven-year lows of around $25/MWh. By the end of the financial year, as the prospects for the scheme firmed up, albeit at a significantly reduced level, certificate prices inched up above $50/MWh, close to their historical high.

The new RET is significantly less ambitious than the target legislated in 2010 and will result in a one-third reduction in the renewable energy developments that would have been built under the old target. However, on the positive side, the end to the uncertainty means Australia is now set to build as much renewable energy infrastructure in the next five years as has been built in the last 15.

At the time of writing, it is still too early to predict the true impact of the political truce over the RET. However, for a small generator exposed to the market like Hepburn Wind, the significant increase in market prices, which have continued to rise above $60/MWh, is very welcome.

Separately, the Victorian Government has signalled it is pursuing strategies to attract greater renewable energy investment to Victoria that would deliver a better outcome than relying just on the RET alone. Victoria effectively saved Australia's renewables industry back in 2006 when it first introduced the VRET and we welcome their interest in re-establishing leadership in this area.

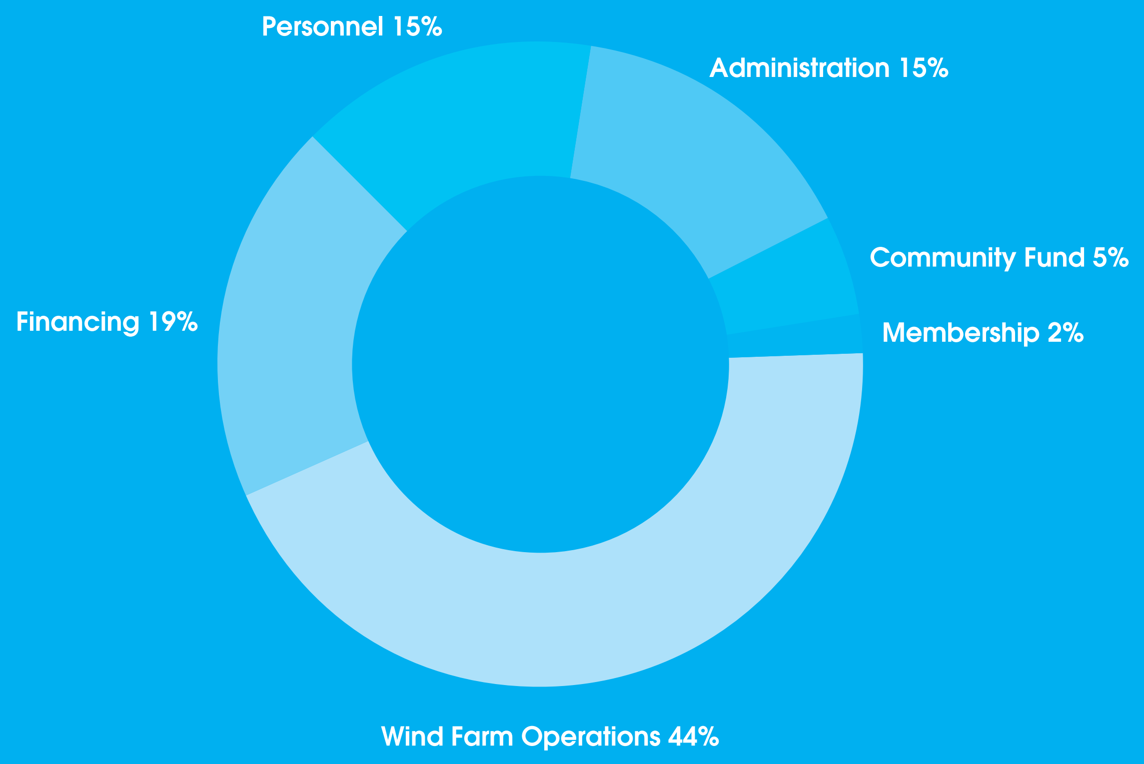
We continue to prioritise strong political engagement around key challenges to our wind farm and the emergent community renewables energy sector. This included taking a seat on the advisory committee for the State Government's Renewable Energy Roadmap development.

Expense and debt management

No recommendation for payment of dividends has been made for the 2015 financial year. The directors continue to direct surplus funds to pay down debt and position Hepburn Wind for unpredictable market conditions. Operating expenses were reduced by $84,408 (19%) on FY2014, demonstrating the effectiveness of our cost control efforts.

The continuing efforts to reduce our loan in conjunction with lower interest rates saved $16,090 in interest compared to FY2014.

During the year $215,111 (2014: $430,000) was applied against Hepburn Wind's loan facility and our total debt now stands at 42% of the total original loan of $3.1 million. In addition, our debt management has enabled the release of security bonds requested by a our key stakeholders. We are grateful to Red Energy for the return of $50,000 from term deposit, which we paid back into our loan at the time of writing. In this way our debt reduction strategy has paid multiple returns to Hepburn Wind, which is in the interests of all member shareholders.



Community Green

As was signalled at our 2014 AGM, we have developed a new product for those looking to offset the carbon footprint of their residence or business, or offset activities such as travel, events, products, services and gifts.

Our new product, called 'Community Green', was launched in May at the site of the Daylesford and Hepburn Mineral Water Company's new headquarters. The local mineral water company is a recognised sustainability leader in the bottled water sector and we are proud to have it as the first customer of our new product.

By purchasing our Community Green product, customers receive GreenPower accredited renewable energy certificates generated from Hepburn Wind. We are excited to be able to leverage the value of our hard-won brand and community-energy credentials into value for our members and new customers.

A marketing campaign is planned to run throughout 2016 to promote the product. Find out more at makemegreen.com.au

Brylie Rankine, Candy Broad, Taryn Lane, Mary-Anne Thomas and Mitch Watson at the Community Green launch event.

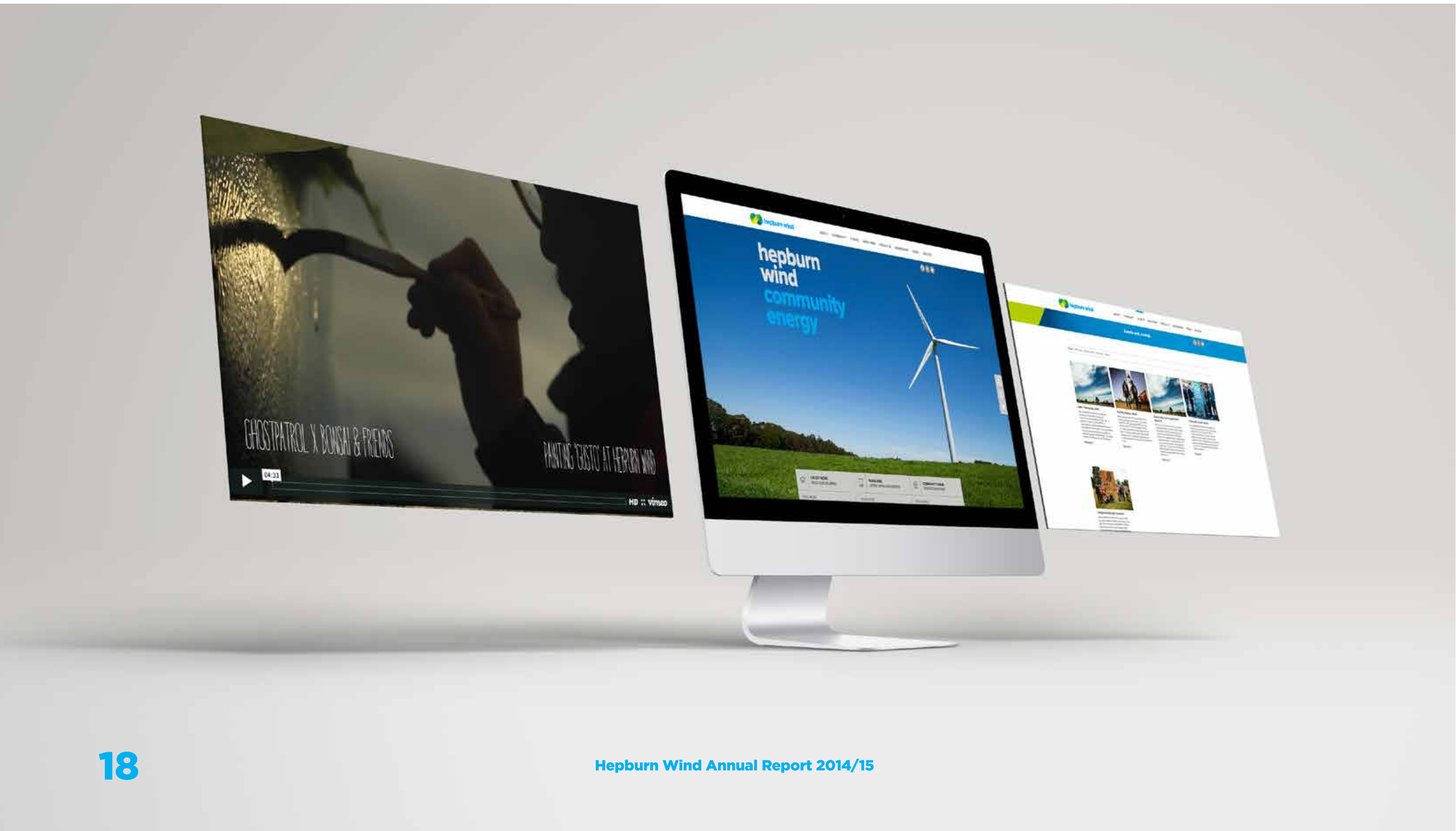
Our stakeholders

Engaging with our membership

Hepburn Wind membership stood at 1999 at 30 June. During the year we facilitated 18 share transfers and produced four member-only e-newsletters.

On Saturday, 15 November 2014, around 70 members gathered at the Daylesford Town Hall for our seventh AGM. Guest speaker David Green, former CEO of the Clean Energy Council, shared his perspective from the UK and Australia on co-operatively owned community energy projects. The board presented the 2013/14 annual report and answered questions from members. Members passed a special resolution for a minor amendment to the Rules and Prowse Perrin & Twomey was again appointed as the group's auditor.

In August we launched our new website, which is the first step in providing online tools that will enable greater administrative efficiencies. We are most grateful to Latitude Group for their skilled services in designing and implementing our new website.



Engaging with our community

During the 2014/15 financial year we sent nine e-newsletters to the 5635 supporters on our mailing list. We continue to be active in social media with 2929 Twitter followers and 1720 Facebook 'likes'.

We love showing off our wind farm and this year we were pleased to host 15 wind farm tours for schools, various interest groups and politicians.

During the year we presented at six conferences — all at no cost to the co-operative. Of note, Community Officer Taryn Lane hosted seminars for 1000 Japanese participants on the Peace Boat throughout Northern Europe.

In March we made a submission to the Select Committee on Wind Turbines. In April we contributed to the GreenPower Program Review Public Consultation advocating strongly for better access to the GreenPower program for the community energy sector.

Our submissions are available on our website under hepburnwind.com.au/media

Hepburn Wind also participated in the ARENA funded National Community Energy Strategy research project which aims to develop a shared agenda, vision, set of objectives and initiatives in order to grow a vibrant Australian community energy sector.

We continue to respond to many requests for participation in University projects where appropriate and possible. This year we assisted with two PhD and five Masters projects in addition to many undergraduate projects.

After their widely acclaimed 2013 mural on the first turbine 'Gale', Ghostpatrol, Bonsai and friends returned to paint 'Gusto' in November. The project was crowd-funded by 82 supporters and received significant in-kind support from the artists and dozens of local businesses. In particular we would like to thank Coates Hire and Hempel Paint for their support.

The final touches were placed on the mural in time to co-incide with 'Sleep under the Stars', a family-friendly camping event that was held on Saturday, 15 November. Around 200 supporters braved the weather to camp underneath Gusto.

David Booth (Ghostpatrol) shared this message with us:

'I think that painting Gale and Gusto will be one of the things I am most proud of for a long time to come. Pitching our tents below the blades and giving a face to such an amazing community project was an incredibly humbling experience, and a wonderful thing to give as an artist to a community.'

Hepburn Wind would like to thank the mural team — David, Scottie, Andre and Felix — for giving Gusto a personality and crafting a mural for our community and visitors to enjoy for years to come.

You can enjoy a short film and images of both the Painting of Gale and the Painting of Gusto at paintinghepburnwind.com

5635 supporters

2929 followers

1720 likes

Red Energy partnership

This year we are particularly grateful to Red Energy — our energy retail partner — for the return of a $50,000 bond that was tied to our off-take agreement. This has allowed us to accelerate our loan repayments.

We are also grateful to our supporters who have signed up to our jointly-marketed Community Saver product as our Community Fund is significantly underwritten by their support. Red Energy buys 100% of the energy output from our wind farm. When customers switch their electricity to Red on the Community Saver offer, Red contributes $12.50 to the Community Fund for each quarterly bill paid on time.

We also thank Red Energy for their major sponsorship of our Sleep Under the Stars event held in November.

Launch of our live-generation sign with the makers, Hepburn Wind and Red Energy representatives.

Community Fund

In April we announced the successful recipients of Round IV of our Community Fund grants programme. To date, we have shared almost $90,000 with 45 community projects.

The Community Fund committee selected eight projects to share in a total of $17,923. The successful local projects were:

- **Daylesford Community Theatre Inc — Cinema Speakers $5000**
- **Clayspace Community Ceramics — Studio Equipment $2600**
- **Ballan District Health and Care Ballan Child Care — Sustainability and Educational Program $1200**
- **Wombat Forestcare — Arboreal Mammal Research Project in the Wombat Forest $1423**
- **Hepburn Community Radio — Hepburn Community Radio Internet Broadcasting $1000**
- **Daylesford Secondary College — Project Garlic $2000**
- **Melbourne Chamber Orchestra — Daylesford Chamber Music Weekend $2750**
- **Trentham Food Hub — Purchase of a Mobile Coolroom $2000**

We continue to sponsor the Leonards Hill Hall and CFA as well as the Daylesford NYE Parade on an annual basis and this year we also supported the Trentham Food Hub Grower's Dinner.

This year we launched a 'rolling' fund for renewable energy projects, which complements our community grants programme. The $15,000 fund welcomes inquiries throughout the year from local renewable energy projects that aim to provide opportunities for wide community participation.

We are most grateful to the members of our Community Fund committee who have again given so generously of their time to ensure a robust and fair process for distribution of these precious funds.

Significant items subsequent to preparation of the Statutory Accounts

In July 2015 the wind farm began experiencing intermittent faults with the STATCOM, a large device which acts to match the quality of electricity from the wind farm to the tight specifications of the local electricity grid.

At the time of writing, the STATCOM is offline while investigation and repair is carried out. While the STATCOM is offline, the wind farm is forced to operate at reduced capacity. This has reduced average output and thereby lowered revenue by an estimated 15%. LHWO is working with ABB, manufacturer of the STATCOM, to resolve the fault as quickly as possible.

Resolution

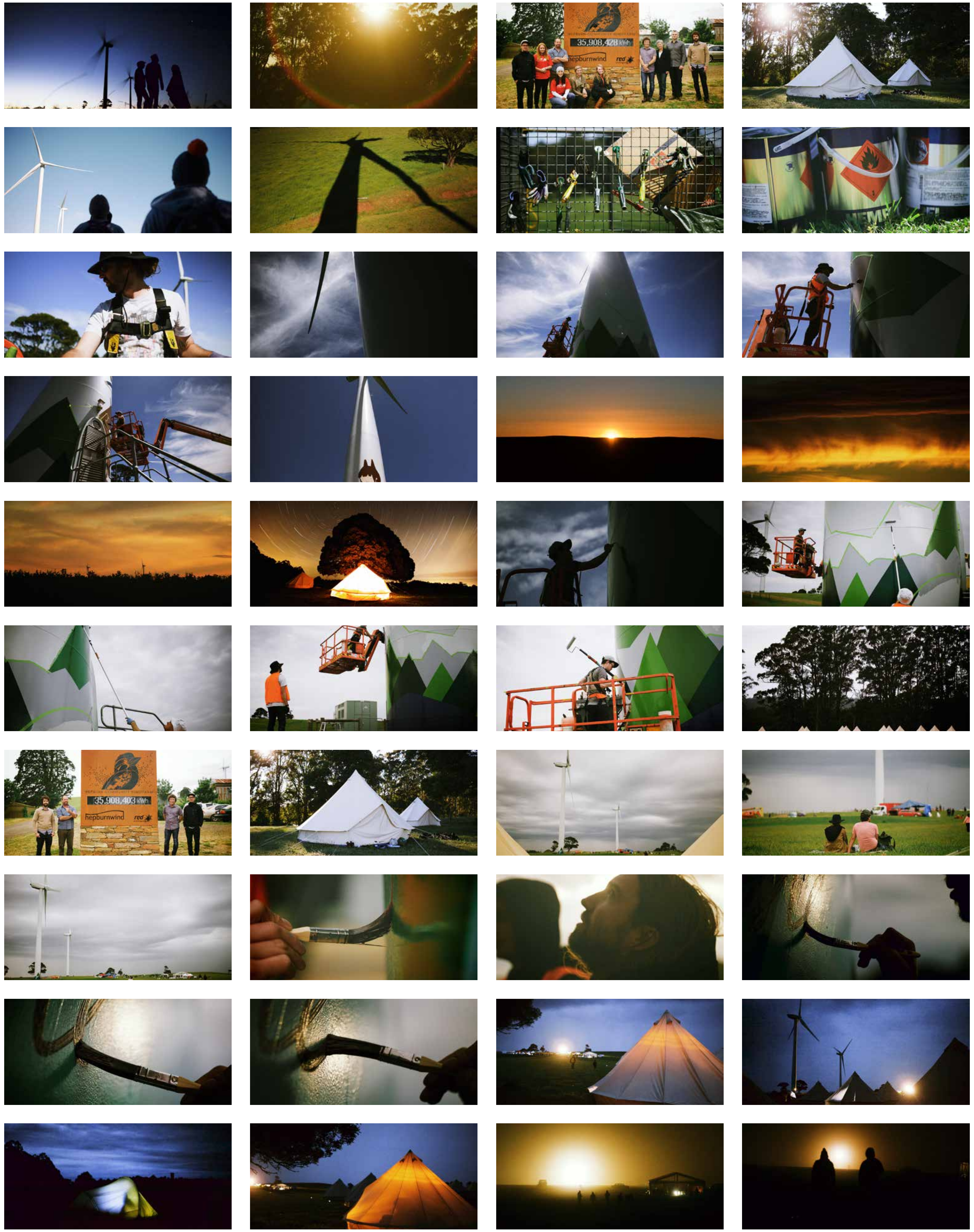
On 25 August 2014, REI Pty Ltd, formerly known as Future Energy Services, a company owned and operated by David Shapero, commenced court proceedings against Hepburn Wind in relation to the Project Transfer Agreement executed by the parties in June 2008.

Hepburn Wind is pleased to have reached a resolution with REI whereby both parties agreed to drop their respective claims against the other. The total cost of defending the claim was $22,437, which has been applied to the project development costs.

Acknowledgements

Hepburn Wind benefits greatly from our relationships with many organisations.

We are particularly grateful to Ron and Nathalie Liversidge, Red Energy, Consolidated Power Projects, Green Button Electrical & Tech Services, Senvion Australia (formerly REpower Australia), Bendigo and Adelaide Bank, Bleyer Lawyers, Powercor, Montimedia, Laser Electrical, Prowse, Perrin & Twomey Accountants, Heinz & Partners Lawyers, Ghostpatrol, Marsh Insurance Brokers, Embark, Clean Energy Council, Australian Wind Alliance, Yes2Renewables, Coalition for Community Energy, Latitude Group, Studio Aton, Security Transfer Registrars, and Designscope. We are also indebted to countless others who have provided advice, reduced fees or support in other ways.




HEPBURN WIND FARM

01

2014/15 Financials
Hepburn Community Wind Park Co-Operative Ltd

Directors' Report
30 June 2015

Your directors present their report, together with the financial statements of the Group, being the Co-operative and its controlled entities, for the financial year ended 30 June 2015.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Position	Elected/Resigned
David Perry	Chairperson	Elected 6 November 2011 Re-elected 15 November 2014
Bronwyn Baird	Independent Director	Appointed 21 July 2015
Candy Broad	Director	Elected 23 November 2013
John Edgoose	Director	Elected 23 March 2013
Anthony Gill	Director	Appointed 14 September 2012 Elected 23 March 2013 Retired 19 May 2015
Simon Holmes Court	Director	Elected 18 July 2007 Re-elected 6 November 2011 Re-elected 15 November 2014 Retired 8 May 2015
Daniel Magasanik	Director	Elected 28 April 2010 Re-elected 23 November 2013 Retired 15 November 2014
Kathy Richardson	Casual Director	Appointed 12 December 2014
Mitch Watson	Director	Elected 23 March 2013
Graham White	Casual Director	Appointed 19 May 2015

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Staff

At 30 June 2015, the Group employed two staff:
- Taryn Lane (Community Officer)
- Jessica Beavis (Administration Officer)

Principal activities

The principal activities of the Group over the course of the financial year were to:

- operate the wind farm, and
- optimise wind farm operations and the Co-operative functions.

No significant change in the nature of these activities occurred during the year.

Directors' Report
30 June 2015

Operating results and review of operations

The Group's earnings before interest, taxes, depreciation and amortisation (EBITDA) were $367,877 (2014: EBITDA of $485,650).

After allowing for significant depreciation of capital items and interest expenses the Group's result was a consolidated loss for the year of $166,568 (2014: consolidated loss of $17,286).

The table below summarises the operating result of the Group.

	2015	2014
	$	$
Income	**784,998**	970,775
Expenses	**(417,121)**	(485,125)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**367,877**	485,650
Interest	**(77,893)**	(93,983)
Operating profit (loss) before depreciation, amortisation and income tax	**289,984**	391,667
Depreciation and amortisation	**(456,552)**	(408,953)
Operating profit (loss) before income tax	**(166,568)**	(17,286)
Income tax expense	**-**	-
Consolidated profit (loss) for the year	**(166,568)**	(17,286)

The group made earnings before interest, taxes, depreciation and amortisation of $367,877 (2014: $485,650) representing earnings of 3.69 cents per share (2014: 4.90 cents per share).

The group made an operating profit before depreciation, amortisation and income tax of $289,984 (2014: $391,667) representing earnings of 2.91 cents per share (2014: 3.94 cents per share). During the year $215,111 (2014: $430,000) was applied against the Group s loan facility.

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made for the 2015 financial year.

Significant changes in state of affairs

The following significant changes in the state of affairs of the Group occurred during the financial year:

On 17 July 2014 the carbon pricing framework implemented on 1 July 2012 was abolished. This change resulted in an immediate reduction in the spot wholesale electricity price in Victoria by an average of $25 per MWh. As a result the revenue received by the group from selling into the wholesale electricity market was significantly reduced.

On 28 August 2014 the Federal Government released the report from its non-statutory review of the Renewable Energy Target (RET), the 'Warburton Review'. The review's recommendations were generally unfavourable to the RET. The inferred negative stance by the Government towards renewables has been a significant contributor to depressed and volatile renewable energy certificate prices throughout the financial year.

On 23 June 2015 the Australian Parliament amended the existing RET legislation, reducing the 2020 Renewable Energy Target from 41,000 GWh to 33,000 GWh. The reduced target is expected to result in a one-third reduction in the construction of large scale renewable energy assets that were planned to be built under the previous legislation, however, with the level of uncertainty greatly reduced and the immediate future of the RET secured, the renewable energy certificate market has subsequently recovered to new heights.

The company has continued to pay down the Bendigo and Adelaide Bank loan at an accelerated rate.

Directors' Report
30 June 2015

After balance date events

In July 2015 the wind farm began experiencing intermittent faults with the STATCOM, a large device which acts to match the quality of electricity from the wind farm to the tight specifications of the local electricity grid. At the time of this report, the STATCOM is offline while investigation and repairs are carried out. While the STATCOM is offline, the wind farm is required to operate at reduced capacity. This reduces the average output and is expected to negatively impact on revenues by an estimated 15%. The company is working with ABB, the STATCOM manufacturer, to resolve the fault as quickly as possible.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which have significantly affected or are anticipated to significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future developments and results

Wind farm performance is dependent upon market and weather factors that are inherently unpredictable.

Reduced demand and additional supply in the energy markets have resulted in an oversupplied electricity market. This is expected to translate to lower market prices and a likely shakeout of the generation sector as participants withdraw capacity.

While the Renewable Energy Target review has been completed and market prices for renewable energy certificates has stabilised, there is still significant unpredictability in the market.

Developments other than those discussed in this report and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental issues

The Group's operations are subject to various environmental regulations under the laws of the Commonwealth and the State of Victoria. As a condition of the wind farm's planning permit, the Group has implemented the following plans:

(i) Environmental Management Plan
(ii) Bird and Bat Monitoring Plan
(iii) Preliminary Off-site Landscaping and Visual Screening Plan
(iv) On-site Landscape and Visual Screening Plan
(v) Heritage Management Protection Plan
(vi) Fire Management Plan
(vii) Noise Compliance Plan

Where applicable, these plans (available at hepburnwind.com.au/planning) have been endorsed by Hepburn Shire Council as the reponsible planning authority. The plans have been implemented by the Group to the satisfaction of the responsible authority.

Indemnification and insurance of officers and auditors

Insurance premiums were paid during the financial year for indemnity insurance for directors and officers of the Co-operative and its controlled entities.

Directors' Report
30 June 2015

Proceedings on behalf of the Co-operative

No person has applied for leave of court to bring proceedings on behalf of the Co-operative or its controlled entities or intervene in any proceedings to which the Co-operative or its controlled entities is a party for the purpose of taking responsibility on behalf of the Co-operative or its controlled entities for all or any part of those proceedings.

The Co-operative or its controlled entities were not a party to any such proceedings during the year.

Information on Directors

Director	Experience	Elected
David Perry	David holds a PhD in auditory neuroscience, and a bachelor degree in electrical engineering, both from The University of Melbourne. He previously worked on Australia's first bionic eye, and was Research and Program Manager at The Climate Group, a global solutions-focused NGO. He is currently working as a Systems Engineer for AgTech company Observant. David and his partner live in Macedon.	Elected 6 November 2011
Bronwyn Baird	Bronwyn is the Managing Director of B cubed Management Consultants Pty Ltd (a certified B Corp) which provides individually tailored management accounting services to NFP and SME businesses. Her experience includes 10 years as a CFO and management accountant, and more than 15 years tax and compliance experience. Bronwyn is also a Director of Auchmeddan Pty Ltd.	Appointed 21 July 2015
Candy Broad	Candy is a former Victorian Minister for Energy and Resources, a Graduate of the Australian Institute of Company Directors and holds a Bachelor of Commerce (UWA). Candy was, until recently, the Member for Northern Victoria in the Victorian Parliament. In 2002 Candy delivered a Greenhouse Strategy for Victoria which included increasing the development and use of renewable energy as a priority action. She was founding chair of the National Electricity Market Ministers forum, responsible for introducing retail contestability into energy markets in Victoria and responsible for establishing the Essential Services Commission to ensure compliance with energy consumer protection laws.	Elected 23 November 2013
John Edgoose	John currently runs JWE Renewables an energy consultancy specialising in medium-scale renewable energy solutions for businesses and community groups. Previously, for 14 years he managed a variety of energy efficiency and renewable energy programs for the Victorian Government. Prior to working in the sustainable energy sector John worked for 15 years in the education sector teaching physics, energy and environmental studies including four years as Deputy Director and Director of the remote MLC Marshmead campus near Mallacoota. John holds qualifications in science, education and management, including a Masters of Science in Renewable Energy. He has significant experience undertaking project, financial analysis, due diligence and risk analysis.	Elected 23 March 2013

Directors' Report
30 June 2015

Information on Directors continued

Director	Experience	Elected
Kathy Richardson	Kathy is Executive Director and Chief Chaos Controller at Our Community, a pioneering Australian B Corp that works to educate and empower not-for-profit organisations and grant makers. Kathy oversees the Our Community's communications activities as well as helping to develop and embed technology reforms and new business directions.	Appointed 12 December 2014
Mitch Watson	Mitch is a permanent Daylesford resident and local business-owner, with tertiary qualifications in Applied Science and business management. Mitch operates two businesses in the local region, Daylesford Heirloom Farms, which grows and markets rare and old fruit and vegetable seedlings, and Daylesford and Hepburn Mineral Springs Company, which provides customers with a locally produced alternative to imported bottled mineral water, with a focus on sustainability and minimised environmental impact.	Elected 23 March 2013
Graham White	Graham is a Mechanical Engineer and has worked in the aerospace and energy industries for over 40 years. He has a Bachelor of Engineering (Thermodynamics and Aeronautics) from Carlton University in Ottawa and a Masters in Engineering Science (Solar) from the University of Western Australia. Graham has worked extensively in a number of countries including significant periods in Canada, Australia, Papua New Guinea, New Zealand and India. Graham was the Managing Director of Garrad Hassan (Australasia), a renewable energy consultancy company for 15 years. During this period he was involved in many wind farm and solar projects, including tasks for the development of the Hepburn Wind project. Graham has recently retired and lives in Woodend.	Appointed 19 May 2015

Directors' Report
30 June 2015

Meetings of directors

During the financial year, 13 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Meetings attended	Meetings eligible to attend
David Perry	13	13
Bronwyn Baird	-	-
Candy Broad	12	13
John Edgoose	12	13
Anthony Gill	5	12
Simon Holmes Court	11	11
Daniel Magasanik	5	6
Kathy Richardson	6	6
Mitch Watson	12	13
Graham White	1	2

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2015, in accordance with section 307C of the *Corporations Act 2001*, has been received and can be found on page 7 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:.. David Perry

Director: .... John Edgoose

Dated 28 October 2015

PPT AUDIT

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Hepburn Community Wind Park Co-operative Ltd
ABN 87 572 206 200

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Hepburn Community Wind Park Co-operative Ltd and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

PPT Audit Pty Ltd
....
PPT Audit Pty Ltd

....
Jason D. Hargreaves
Director

20 Lydiard Street South, Ballarat, VIC 3350

Dated: 27 October 2015

Statement of Comprehensive Income
For the Year Ended 30 June 2015

		Consolidated		Parent	
		2015	2014	2015	2014
	Note	$	$	$	$
Revenue	2	**784,998**	970,775	**57,826**	28,976
Admininstrative expenses	3(a)	**(46,770)**	(62,199)	**(24,404)**	(31,555)
Communications, public meetings & events	3(b)	**(30,257)**	(4,311)	**(29,957)**	(4,218)
Personnel expenses	3(c)	**(74,962)**	(154,497)	**(49,003)**	(99,365)
Depreciation & amortisation	3(d)	**(456,552)**	(408,953)	**-**	-
Interest	3(e)	**(77,893)**	(93,983)	**-**	-
Other operating expenses	3(f)	**(244,273)**	(236,736)	**(8,929)**	(7,884)
Community contributions	3(g)	**(20,859)**	(27,382)	**(20,859)**	(27,382)
Profit (loss) before income tax		**(166,568)**	(17,286)	**(75,326)**	(141,428)
Income tax expense	16	**-**	-	**-**	-
Profit (loss) for the year		**(166,568)**	(17,286)	**(75,326)**	(141,428)
Other comprehensive income:					
Other comprehensive income for the year, net of tax		**-**	-	**-**	-
Total comprehensive income for the year		**(166,568)**	(17,286)	**(75,326)**	(141,428)

The accompanying notes form part of these financial statements.

Hepburn Community Wind Park Co-operative Ltd
ABN 87 572 206 200

Statement of Financial Position
As At 30 June 2015

		Consolidated		Parent	
		2015	2014	2015	2014
	Note	$	$	$	$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4	**170,301**	99,461	**36,220**	22,733
Trade and other receivables	5	**97,388**	134,717	**5,834**	16,707
Inventories	6	**47,997**	67,576	**6,338**	4,843
TOTAL CURRENT ASSETS		**315,686**	301,754	**48,392**	44,283
NON-CURRENT ASSETS					
Investments in subsidiaries	7	**-**	-	**20**	20
Other financial assets	8	**-**	-	**8,871,571**	8,915,210
Property, plant and equipment	9	**9,385,145**	9,699,569	**-**	-
Intangible assets	10	**-**	1,016	**-**	-
TOTAL NON-CURRENT ASSETS		**9,385,145**	9,700,585	**8,871,591**	8,915,230
TOTAL ASSETS		**9,700,831**	10,002,339	**8,919,983**	8,959,513
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	11	**108,073**	73,875	**48,416**	58,593
Provisions	12	**1,545**	969	**1,545**	969
TOTAL CURRENT LIABILITIES		**109,618**	74,844	**49,961**	59,562
NON-CURRENT LIABILITIES					
Borrowings	13	**1,299,889**	1,515,000	**-**	-
TOTAL NON-CURRENT LIABILITIES		**1,299,889**	1,515,000	**-**	-
TOTAL LIABILITIES		**1,409,507**	1,589,844	**49,961**	59,562
NET ASSETS		**8,291,324**	8,412,495	**8,870,022**	8,899,951
EQUITY					
Issued capital	14	**9,976,064**	9,930,667	**9,976,064**	9,930,667
Retained earnings		**(1,684,740)**	(1,518,172)	**(1,106,042)**	(1,030,716)
TOTAL EQUITY		**8,291,324**	8,412,495	**8,870,022**	8,899,951

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 30 June 2015

Parent

2015

	Members Capital	Applications Pending	Share Premium Reserve	Retained Earnings	Total
	$	$	$	$	$
Balance at 1 July 2014	**9,919,348**	**5,400**	**5,919**	**(1,030,716)**	**8,899,951**
Profit or loss attributable to members of the parent entity	**-**	**-**	**-**	**(75,326)**	**(75,326)**
Applications written off	**-**	**(5,400)**	**-**	**-**	**(5,400)**
Issue of shares	**50,677**	**-**	**120**	**-**	**50,797**
Balance at 30 June 2015	**9,970,025**	**-**	**6,039**	**(1,106,042)**	**8,870,022**

2014

	Members Capital	Applications Pending	Share Premium Reserve	Retained Earnings	Total
	$	$	$	$	$
Balance at 1 July 2013	9,905,948	5,400	5,879	(889,288)	9,027,939
Profit or loss attributable to members of the parent entity	-	-	-	(141,428)	(141,428)
Issue of shares	13,400	-	40	-	13,440
Balance at 30 June 2014	9,919,348	5,400	5,919	(1,030,716)	8,899,951

The accompanying notes form part of these financial statements.

Hepburn Community Wind Park Co-operative Ltd
ABN 87 572 206 200

Statement of Changes in Equity
For the Year Ended 30 June 2015

Consolidated

2015

	Members Capital	Applications Pending	Share Premium Reserve	Retained Earnings	Total
	$	$	$	$	$
Balance at 1 July 2014	9,919,348	5,400	5,919	(1,518,172)	8,412,495
Profit or loss attributable to members of the parent entity	-	-	-	(166,568)	(166,568)
Applications written off	-	(5,400)	-	-	(5,400)
Issue of shares	50,677	-	120	-	50,797
Balance at 30 June 2015	9,970,025	-	6,039	(1,684,740)	8,291,324

2014

	Members Capital	Applications Pending	Share Premium Reserve	Retained Earnings	Total
	$	$	$	$	$
Balance at 1 July 2013	9,905,948	5,400	5,879	(1,500,886)	8,416,341
Profit attributable to members of the parent entity	-	-	-	(17,286)	(17,286)
Issue of shares	13,400	-	40	-	13,440
Balance at 30 June 2014	9,919,348	5,400	5,919	(1,518,172)	8,412,495

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $	Parent 2015 $	Parent 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers		**836,754**	968,504	**64,323**	23,117
Payments to suppliers and employees		**(380,736)**	(517,475)	**(182,465)**	(170,087)
Interest received		**2,328**	2,599	**58**	34
Finance costs		**(77,893)**	(93,983)	**-**	-
Net cash provided by (used in) operating activities	18	**380,453**	359,645	**(118,084)**	(146,936)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale of plant and equipment		**-**	16,887	**-**	-
Purchase of property, plant and equipment		**(94,723)**	(3,767)	**-**	-
Loans repaid (made to) related parties		**-**	-	**131,351**	132,460
Net cash provided by (used in) investing activities		**(94,723)**	13,120	**131,351**	132,460
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds (refunds) from share applications		**220**	440	**220**	440
Repayment of borrowings		**(215,111)**	(430,000)	**-**	-
Net cash provided by (used in) financing activities		**(214,891)**	(429,560)	**220**	440
Net increase (decrease) in cash and cash equivalents held		**70,839**	(56,795)	**13,487**	(14,036)
Cash and cash equivalents at beginning of year		**99,462**	156,257	**22,733**	36,769
Cash and cash equivalents at end of financial year	4	**170,301**	99,462	**36,220**	22,733

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2015

The financial report includes the consolidated financial statements and notes of Hepburn Community Wind Park Co-operative Ltd and controlled entities (the Group) and the separate financial statements and notes of Hepburn Community Wind Park Co-operative Ltd as an individual parent entity (Parent), incorporated and domiciled in Australia.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Hepburn Community Wind Park Co-operative Ltd at the end of the reporting period. A controlled entity is any entity over which Hepburn Community Wind Park Co-operative Ltd has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period that they were controlled. A list of controlled entities is contained in Note 22 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(d) Inventories

A controlled company of the Co-operative receives Large-scale Generation Certificates (LGCs) arising from its generation of renewable energy, which it holds available for sale. The Co-operative also holds an inventory of LGCs which are available for sale. The LGCs have been valued using the offer price from Green Energy Trading at which the LGCs could be sold immediately following the balance date.

All other items of inventory are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Notes to the Financial Statements
For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies continued

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Land and buildings are measured at cost less accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a prime cost or diminishing value basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

Plant and grid connection assets are depreciated at a rate of 4% - prime cost basis.
Office equipment assets are depreciated at a rate of 66.66% - diminishing value basis.

Plant and grid connection assets were depreciated on a diminishing value basis (4%) up until 30 June 2014. From 1 July 2014 plant and grid connection assets are being depreciated on a prime cost basis to more accurately reflect the expected useful lives of these assets. The change in depreciation method has resulted in an increase in the amount of the depreciation expense during the year.

The asset's residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount.

(f) Intangibles and amortisation

Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Hepburn Community Wind Park Co-operative Ltd
ABN 87 572 206 200

Notes to the Financial Statements
For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies continued

(g) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

(d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

1 **Summary of Significant Accounting Policies continued**

(g) Financial instruments continued

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which are classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which are classified as current assets.

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

The Group did not hold any held-to-maturity investments in the current or comparative financial year.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as intangible assets and are amortised over the lesser of the term of the loan or five years.

1 **Summary of Significant Accounting Policies continued**

(g) Financial instruments continued

Borrowings are classified as current liabilities except for those where the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, which are classified as non-current liabilities.

Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss. However, any reversal in the value of an impaired available for sale asset is taken through other comprehensive income rather than profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

When available-for-sale investments are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

(h) Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment includes considering external sources of information and internal sources of information and dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit (CGU) at a pre-tax discount rate reflecting the specific risks in the asset or CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the Financial Statements

For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies continued

(h) Impairment of non-financial assets continued

Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of goodwill to nil and then to the other assets in the unit in proportion to their carrying amount.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Assets, other than goodwill, that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

(i) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(j) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

(k) Income tax

Hepburn Community Wind Park Co-operative Ltd and its wholly owned Australian subsidiaries have formed an income tax consolidated group. All members of the income tax consolidated group are taxed as a single entity.

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Each entity in the income tax consolidated group reports its contribution to the income tax expense (income) of the consolidated group. Tax losses incurred by members of the income tax consolidated group are applied to reduce any tax payable by the other entities in the income tax group prior to giving rise to deferred tax assets.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

1 Summary of Significant Accounting Policies continued

(k) Income tax continued

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

(l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the Financial Statements
For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies continued

(m) Revenue and other income

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as discussed below.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Sale of goods

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Provision of services

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

(n) Borrowing costs

Borrowing costs are recorded as intangible assets and are amortised over the life of the related borrowings.

(o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Hepburn Community Wind Park Co-operative Ltd
ABN 87 572 206 200

Notes to the Financial Statements
For the Year Ended 30 June 2015

2 Revenue and Other Income

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
Operating revenue				
Electricity	**316,362**	590,667	**-**	-
Large-scale Generation Certificates	**429,612**	329,107	**-**	-
Movement in inventory of Large-scale Generation Certificates	**(19,579)**	21,328	**1,495**	1,869
	726,395	941,102	**1,495**	1,869
Other revenue				
Interest income	**2,328**	2,599	**56**	34
Merchandise sales	**-**	213	**-**	213
Site tours	**1,900**	853	**1,900**	853
Community fund contribution from Red Energy	**22,942**	21,650	**22,942**	21,650
Event income	**27,509**	-	**27,509**	-
Other income	**3,924**	4,358	**3,924**	4,357
	58,603	29,673	**56,331**	27,107
	784,998	970,775	**57,826**	28,976

3 Operating expenses

(a) Administration expenses	2015	2014	2015	2014
Accounting fees	**12,800**	14,850	**6,400**	7,890
Audit fees	**4,750**	5,245	**2,375**	2,605
Bank charges	**7,604**	13,197	**56**	61
Bookkeeping	**10,511**	9,467	**5,311**	5,147
Legal services	**415**	3,497	**-**	1,552
Printing, postage & stationary	**2,522**	3,605	**2,502**	3,605
Fines & penalties	**167**	591	**167**	591
Secretarial fees	**316**	1,208	**73**	45
Share registry	**5,356**	6,293	**5,356**	6,293
Telephone & internet	**2,329**	4,246	**2,164**	3,766
	46,770	62,199	**24,404**	31,555

Notes to the Financial Statements
For the Year Ended 30 June 2015

3 Operating expenses continued

(b) Communications, public meetings & events

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
Advertising	**500**	-	**500**	-
Annual General Meeting	**127**	208	**127**	208
Meals & entertainment	**500**	1,888	**500**	1,889
Public events & meetings	**29,130**	2,215	**28,830**	2,121
	30,257	4,311	**29,957**	4,218

(c) Personnel expenses

	Consolidated 2015 $	Consolidated 2014 $	Parent 2015 $	Parent 2014 $
Human resources	**-**	2,889	**-**	2,889
Staff training & welfare	**1,050**	140	**-**	-
Superannuation contributions	**6,197**	12,507	**6,197**	12,507
Wages, salaries and contractors	**66,018**	140,045	**41,109**	81,724
Workcover	**1,122**	1,326	**1,122**	1,276
Movement in leave provisions	**575**	(2,410)	**575**	969
	74,962	154,497	**49,003**	99,365

(d) Depreciation and amortisation

	Consolidated 2015 $	Consolidated 2014 $	Parent 2015 $	Parent 2014 $
Amortisation	**1,016**	3,985	**-**	-
Depreciation	**455,536**	404,967	**-**	-
	456,552	408,952	**-**	-

Hepburn Community Wind Park Co-operative Ltd
ABN 87 572 206 200

Notes to the Financial Statements
For the Year Ended 30 June 2015

3 Operating expenses continued

(e) Interest

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
Interest paid	**77,893**	93,983	**-**	-
	77,893	93,983	**-**	-

(f) Other operating expenses

	Consolidated 2015 $	Consolidated 2014 $	Parent 2015 $	Parent 2014 $
Doubtful debts	**-**	(1,125)	**-**	(1,125)
Insurance	**30,369**	35,593	**6,368**	4,218
Licence fees	**1,270**	1,274	**45**	49
Loss on disposal of fixed assets	**1,613**	9,575	**-**	-
Municipal payment in lieu of rates	**24,246**	5,833	**-**	178
Office rent	**4,636**	7,564	**2,516**	4,564
Wind farm construction	**1,212**	-	**-**	-
Wind farm rent	**24,442**	23,727	**-**	-
Wind farm operation	**156,485**	154,296	**-**	-
	244,273	236,737	**8,929**	7,884

(g) Community contributions

	Consolidated 2015 $	Consolidated 2014 $	Parent 2015 $	Parent 2014 $
Community fund grants	**17,973**	24,500	**17,973**	24,500
Local benefit program	**1,386**	1,382	**1,386**	1,382
Sponsorships	**1,500**	1,500	**1,500**	1,500
	20,859	27,382	**20,859**	27,382

Notes to the Financial Statements
For the Year Ended 30 June 2015

4 Cash and Cash Equivalents

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
Operating accounts	**170,301**	99,461	**36,220**	22,733
	170,301	99,461	**36,220**	22,733

5 Trade and Other Receivables

	Consolidated 2015 $	Consolidated 2014 $	Parent 2015 $	Parent 2014 $
Trade receivables	**92,094**	134,449	**552**	16,451
Other trade receivables	**5,239**	213	**5,239**	213
	97,333	134,662	**5,791**	16,664
Other receivables	**55**	55	**43**	43
	97,388	134,717	**5,834**	16,707

6 Inventories

	Consolidated 2015 $	Consolidated 2014 $	Parent 2015 $	Parent 2014 $
Merchandise	**2,974**	2,974	**2,974**	2,974
Large-scale Generation Certificates	**45,023**	64,602	**3,364**	1,869
	47,997	67,576	**6,338**	4,843

7 Investments in subsidaries

	Consolidated 2015 $	Consolidated 2014 $	Parent 2015 $	Parent 2014 $
Leonards Hill Wind Operations Pty Ltd	**-**	-	**20**	20
	-	-	**20**	20

8 Other Financial Assets

	Consolidated 2015 $	Consolidated 2014 $	Parent 2015 $	Parent 2014 $
LOANS TO RELATED ENTITIES				
Leonards Hill Wind Operations Pty Ltd	**-**	-	**8,871,571**	8,915,210
	-	-	**8,871,571**	8,915,210

Notes to the Financial Statements
For the Year Ended 30 June 2015

9 Property, Plant and Equipment

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
PLANT AND GRID CONNECTION				
Wind Farm Development				
At cost	**180,988**	38,552	**-**	-
Accumulated depreciation	**(9,675)**	(4,884)	**-**	-
	171,313	33,668	**-**	-
Wind Farm Construction				
At cost	**11,114,484**	11,114,196	**-**	-
Accumulated depreciation	**(2,024,333)**	(1,579,756)	**-**	-
	9,090,151	9,534,440	**-**	-
Wind Farm Compliance				
At cost	**127,370**	129,270	**-**	-
Accumulated depreciation	**(19,415)**	(14,572)	**-**	-
	107,957	114,698	**-**	-
Wind Farm Project Management				
At cost	**18,512**	18,512	**-**	-
Accumulated depreciation	**(2,939)**	(2,199)	**-**	-
	15,573	16,313	**-**	-
OFFICE EQUIPMENT				
Computer Equipment				
At cost	**803**	803	**-**	-
Accumulated depreciation	**(652)**	(353)	**-**	-
Total office equipment	**151**	450	**-**	-
Total property, plant and equipment	**9,385,145**	9,699,569	**-**	-

Notes to the Financial Statements

For the Year Ended 30 June 2015

9 Property, Plant and Equipment continued

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Wind Farm Development	Wind Farm Construction	Wind Farm Compliance	Wind Farm Project Management	Computer Equipment	Total
	$	$	$	$	$	$
Balance at the beginning of year	33,668	9,534,440	114,698	16,313	450	9,699,569
Additions	142,436	287	-	-	-	142,723
Disposals - written down value	-	-	(1,611)	-	-	(1,611)
Depreciation expense	(4,791)	(444,576)	(5,130)	(740)	(299)	(455,536)
Balance at 30 June 2015	171,313	9,090,151	107,957	15,573	151	9,385,145

10 Intangible Assets

	Consolidated 2015	Consolidated 2014	Parent 2015	Parent 2014
	$	$	$	$
Formation costs				
At cost	-	400	-	-
Accumulated amortisation	-	(358)	-	-
	-	42	-	-
Borrowing costs				
At cost	-	11,718	-	-
Accumulated depreciation	-	(10,744)	-	-
	-	974	-	-
	-	1,016	-	-

11 Trade and Other Payables

	Consolidated 2015	Consolidated 2014	Parent 2015	Parent 2014
Trade payables	73,397	43,927	45,078	37,787
GST payable	31,509	21,631	171	12,558
PAYG withholding payable	2,122	5,808	2,122	5,808
Superannuation payable	1,041	2,309	1,041	2,309
Other payables	4	200	4	131
	108,073	73,875	48,416	58,593

Notes to the Financial Statements

For the Year Ended 30 June 2015

12 Provisions

	Consolidated 2015	Consolidated 2014	Parent 2015	Parent 2014
	$	$	$	$
Provision for annual leave	1,545	969	1,545	969
	1,545	969	1,545	969

13 Borrowings

	Consolidated 2015	Consolidated 2014	Parent 2015	Parent 2014
Bank loans:				
Bendigo and Adelaide Bank	1,299,889	1,515,000	-	-
	1,299,889	1,515,000	-	-

The limit of the bank loan facility from Bendigo and Adelaide Bank was reduced by agreement during the year from $3,030,000 to $2,504,858 at 30 June 2015.

The Bendigo and Adelaide Bank holds the following securities in relation to the bank loan:
- Registered Mortgage Debenture over Leonards Hill Wind Operations Pty Ltd.
- Unlimited Guarantee and Indemnity from Hepburn Community Wind Park Co-operative Ltd and Embark Australia Ltd.
- Mortgage of Lease incorporating right of access over property situated at Leonards Hill, Victoria in the name of Leonards Hill Wind Operations Pty Ltd.
- Registered Charge over Hepburn Community Wind Park Co-operative Ltd.
- Set Off Agreement against Fixed Term Deposit of $500,000 held with Bendigo and Adelaide Bank and being in the name of Embark Australia Ltd.

14 Issued Capital

	Consolidated 2015	Consolidated 2014	Parent 2015	Parent 2014
	$	$	$	$
9,970,025 ordinary shares (2014: 9,919,348)	9,970,025	9,919,348	9,970,025	9,919,348
Applications pending	-	5,400	-	5,400
Share premium reserve	6,039	5,919	6,039	5,919
	9,976,064	9,930,667	9,976,064	9,930,667

Ordinary shares participate in dividends and the proceeds on winding up of the Co-operative in proportion to the number of shares held. At a meeting of shareholders of the Co-operative each member is entitled to one vote when a poll is called, regardless of the number of shares held.

Issued capital may be required to be treated as a liability if there is a right for members to request redemption, or if a member's funds must be repaid, for example as a result of the member not meeting the active member test. The rules of the Co-operative do not provide for members to request redemption, however, repayment of issued capital may be required within twelve months after a member has been inactive or uncontactable for three years. No issued capital is currently repayable and, accordingly, issued capital has been treated as equity.

Ordinary shares for which application was made after 1 July 2011 have been issued at a premium to the nominal value of $1.00 per share. Any premium paid for shares issued are allocated to the share premium reserve.

Notes to the Financial Statements
For the Year Ended 30 June 2015

15 Contingent Liabilities

In the opinion of the Directors, the Co-operative did not have any contingent assets or liabilities at 30 June 2015. During the year the company has met obligations under a contract related to the development and construction of the wind farm and for payments in lieu of council rates that had previously been recorded as contingent liabilities at 30 June 2014. These amounts have been accounted for in the 2015 financial year results.

16 Income Tax Expense

(a) The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
Prima facie tax on profit before income tax at 30% (2014: 30%)	**(77,343)**	(5,185)	**(49,970)**	(42,429)
Add tax effect of:				
- Tax loss not booked	**345,432**	455,985	**44,786**	34,869
- Timing differences	**-**	-	**5,184**	7,560
Less tax effect of:				
- Timing differences	**(268,089)**	(450,800)	**-**	-
Income tax expense	**-**	-	**-**	-

(b) Tax assets are not recognised until it is probable that future profits will be available against which the benefits of the deferred tax asset can be utilised.

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
Deferred tax assets that have not been recorded in the financial statements are comprised as follows:				
Tax losses	**2,359,977**	2,014,545	**485,096**	440,310
	2,359,977	2,014,545	**485,096**	440,310

17 Dividends

There were no dividends declared or paid in the current or previous financial year.

Hepburn Community Wind Park Co-operative Ltd
ABN 87 572 206 200

Notes to the Financial Statements
For the Year Ended 30 June 2015

18 Cash Flow Information

Reconciliation of net result for the year to cash flows provided by operating activities:

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
Profit (loss) for the year	**(166,568)**	(17,286)	**(75,326)**	(141,428)
Non-cash flows in profit:				
Depreciation and amortisation	**456,552**	408,953	**-**	-
Loss on sale of property, plant & equipment	**1,613**	9,575	**-**	-
Write back of share applications pending	**(3,923)**	-	**(3,923)**	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:				
(Increase)/decrease in trade and other receivables	**38,429**	20,341	**11,973**	(5,082)
(Increase)/decrease in related party loans	**-**	-	**(39,712)**	-
(Increase)/decrease in inventories	**19,579**	(21,150)	**(1,495)**	(1,691)
(Increase)/decrease in other assets	**-**	2,171	**-**	2,171
Increase/(decrease) in trade and other payables	**34,195**	(40,548)	**(10,177)**	(1,875)
(Increase)/decrease in provisions	**576**	(2,410)	**576**	969
Cashflow from operations	**380,453**	359,646	**(118,084)**	(146,936)

19 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, bank loans and overdrafts, loans to and from subsidiaries and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
Financial Assets				
Cash and cash equivalents	**170,301**	99,461	**36,220**	22,733
Trade and other receivables	**97,388**	134,717	**5,834**	16,707
Loans to related parties	**-**	-	**8,871,571**	8,915,210
Total financial assets	**267,689**	234,178	**8,913,625**	8,954,650
Financial Liabilities				
Trade and other payables	**108,073**	73,875	**48,416**	58,593
Borrowings	**1,299,889**	1,515,000	**-**	-
Total financial liabilities	**1,407,962**	1,588,875	**48,416**	58,593

20 Key Management Personnel Compensation

The total remuneration paid to key management personnel of the Co-operative and its controlled entities was $62,646 (2014: $134,020).

21 Related Party Transactions

Related Parties

The Group's main related parties are as follows:

Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 20: Key Management Personnel Compensation.

Other related parties

Other related parties include immediate family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their immediate family members.

Transactions with related parties

The following transactions occurred with related parties during the financial year.

Payments to related parties

The controlled entity of the Co-operative has paid a fee to Embark Australia Ltd, a non-profit company limited by guarantee, of which Simon Holmes Court is a director, for the provision of a guarantee and use of a term deposit held in the name of Embark Australia Ltd as security for the bank loan of the controlled entity.

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
Loan security fee	5,000	10,000	-	-
	5,000	10,000	-	-

21 Related Party Transactions continued

Receipts from related parties

In the prior year the controlled entity of the Co-operative has received income from the sale of LGCs to a director, Daniel Magasanik. The proceeds from the sale of LGCs to related parties was more than would otherwise have been realised by the controlled entity.

	Consolidated		Parent	
	2015	2014	2015	2014
	$	$	$	$
Proceeds from LGCs	-	225	-	-
	-	225	-	-

22 Controlled Entities

	Country of Incorporation	2015 Percentage Owned (%)*	2014 Percentage Owned (%)*
Leonards Hill Wind Operations Pty Ltd	Australia	100	100
Leonards Hill Wind Farm Pty Ltd	Australia	0	0

* Percentage of voting power is in proportion to ownership

Notes to the Financial Statements
For the Year Ended 30 June 2015

23 Community Fund

The Co-operative operates a Community Fund for the purpose of making contributions to local community groups.

The Co-operative maintains a separate bank account on behalf of the Community Fund. The balance of the Community Fund account and transactions during the year are included in the statement of financial position and statement of comprehensive income of the Co-operative. The amounts applied to (by) the Community Fund and the balance of funds available for use by the Community Fund are set out below:

	Consolidated		Parent	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Opening Community Fund balance	**5,290**	6,250	**5,290**	6,250
Contribution by Co-operative	**12,558**	7,500	**12,558**	7,500
Contribution by Red Energy	**17,442**	21,650	**17,442**	21,650
Site tours	**259**	208	**259**	208
Interest income	**56**	34	**56**	34
Grants to community groups	**(17,973)**	(24,500)	**(17,973)**	(24,500)
Sponsorships to community groups	**(1,500)**	(1,500)	**(1,500)**	(1,500)
Local benefit sharing	**(1,386)**	(1,382)	**(1,386)**	(1,382)
Management fee	**(2,616)**	(2,960)	**(2,616)**	(2,960)
Bank charges	**(4)**	(10)	**(4)**	(10)
Closing Community Fund balance	**12,126**	5,290	**12,126**	5,290

24 Co-operative Details

The registered office and principal place of business of the Co-operative is:

Hepburn Community Wind Park Co-operative Ltd
13 Knox Street
Daylesford Victoria 3460

Directors' Declaration

The directors of the Co-operative declare that:

1. The financial statements and notes, as set out on pages 8 to 32, are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards - Reduced Disclosure Requirements; and

   b. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the Co-operative and its controlled entities.

2. In the directors' opinion, there are reasonable grounds to believe that the Co-operative and its controlled entities will be able to pay its debts as and when they become due and payable.

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

Director: ....
David Perry

Director: ....
John Edgoose

Dated 28 October 2015

PPT
AUDIT

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Hepburn Community Wind Park Co-operative Ltd
ABN 87 572 206 200

Independent Audit Report to the members of Hepburn Community Wind Park Co-operative Ltd

We have audited the accompanying financial report of Hepburn Community Wind Park Co-operative Ltd, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Co-operative and the consolidated entity.

Directors' Responsibility for the Financial Report

The directors of the Co-operative and its controlled entities are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine are necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 Co-operative s preparation of the financial report that gives a true and fair view 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 Co-operative 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.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Hepburn Community Wind Park Co-operative Ltd, would be in the same terms if given to the directors as at the time of this auditor s report.

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Hepburn Community Wind Park Co-operative Ltd
ABN 87 572 206 200

Independent Audit Report to the members of Hepburn Community Wind Park Co-operative Ltd

Opinion

In our opinion the financial report of Hepburn Community Wind Park Co-operative Ltd is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Co-operative s and the consolidated entity s financial position as at 30 June 2015 and of their performance for the year ended on that date; and

(b) complying with Australian Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Intertpretations)and the *Corporations Regulations 2001*.

PPT Audit Pty Ltd
....
PPT Audit Pty Ltd

....
Jason D. Hargreaves
Director

20 Lydiard Street South, Ballarat, VIC, 3350

Dated 29 October 2015

02

2014/15 Financials

Leonards Hill Wind Operations Pty Ltd Ltd

Leonards Hill Wind Operations Pty Ltd

ABN 86 141 239 894

Financial Statements

For the Year Ended 30 June 2015

Contents
30 June 2015

Directors' Report
30 June 2015

Your directors present their report on Leonards Hill Wind Operations Pty Ltd for the financial year ended 30 June 2015.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

John Edgoose	Appointed as a director 8 May 2015
Simon Holmes Court	Retired as a director 8 May 2015
Daniel Magasanik	Retired as a director 14 November 2014
David Perry	Appointed as a director 14 November 2014

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activities of Leonards Hill Wind Operations Pty Ltd over the course of the financial year were to:

- operate the wind farm, and
- optimise wind farm operations.

No significant change in the nature of the entity's activities occurred during the year.

Operating results

The loss of the Company after providing for income tax amounted to $91,242 (2014: profit of $124,141).

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Significant changes in state of affairs

The following significant changes in the state of affairs of the Company occurred during the financial year:

On 17 July 2014 the carbon pricing framework implemented on 1 July 2012 was abolished. This change resulted in an immediate reduction in the spot wholesale electricity price in Victoria by an average of $25 per MWh. As a result the revenue received by the company from selling into the wholesale electricity market was significantly reduced.

On 28 August 2014 the Federal Government released the report from its non-statutory review of the Renewable Energy Target (RET), the 'Warburton Review'. The review's recommendations were generally unfavourable to the RET. The inferred negative stance by the Government towards renewables has been a significant contributor to depressed and volatile renewable energy certificate prices throughout the financial year.

On 23 June 2015 the Australian Parliament amended the existing RET legislation, reducing the 2020 Renewable Energy Target from 41,000 GWh to 33,000 GWh. The reduced target is expected to result in a one-third reduction in the contruction of large scale renewable energy assets that were planned to be built under the previous legislation, however, with the level of uncertainty greatly reduced and the immediate future of the RET secured, the renewable energy certificate market has subsequently recovered to new heights.

The company has continued to pay down the Bendigo and Adelaide Bank loan at an accelerated rate.

Directors' Report
30 June 2015

After balance date events

In July 2015 the wind farm began experiencing intermittent faults with the STATCOM, a large device which acts to match the quality of the electricity from the wind farm to the tight specifications of the local electricity grid. At the time of this report, the STATCOM is offline while investigation and repairs are carried out. While the STATCOM is offline, the wind farm is required to operate at reduced capacity. This reduces average output and is expected to negatively impact on revenues by an estimated 15%. The company is working with ABB, the STATCOM manufacturer, to resolve the fault as quickly as possible.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Future developments and results

Wind farm performance is dependent upon market and weather factors that are inherently unpredictable.

Reduced demand and additional supply in the energy markets have resulted in an oversupplied electricity market. This is expected to translate to lower market prices and a likely shakeout of the generation sector as participants withdraw capacity.

While the Renewable Energy Target review has been completed and market prices for renewable energy certificates has stabilised, there is still significant unpredictability in the market.

Developments other than those discussed in this report and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental issues

The Company's operations are subject to various environmental regulations under the laws of the Commonwealth and the State of Victoria. As a condition of the wind farm's planning permit, the company has developed the following plans:

(i) Environmental Management Plan
(ii) Bird and Bat Monitoring Plan
(iii) Preliminary Off-Site Landscaping and Visual Screening Plan
(iv) On-site Landscape and Visual Screening Plan
(v) Heritage Management Protection Plan
(vi) Fire Management Plan
(vii) Noise Compliance Plan

Where applicable, these plans (available at hepburnwind.com.au/planning) have been endorsed by Hepburn Shire Council as the responsible planning authority. The plans have been implemented by the company to the satisfaction of the responsible authority.

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Directors' Report
30 June 2015

Indemnification and insurance of officers and auditors

Insurance premiums were paid during the financial year for indemnity insurance for directors and officeholders of Leonards Hill Wind Operations Pty Ltd.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2015 has been received and can be found on page 4 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

John Edgoose

Director: .... Director: ....
John Edgoose David Perry

Dated 28 October 2015

PPT AUDIT

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Leonards Hill Wind Operations Pty Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

PPT Audit Pty Ltd
....
PPT Audit Pty Ltd

....
Jason D. Hargreaves
Director

20 Lydiard Street South, Ballarat, VIC 3350

Dated 27 October 2015

Statement of Comprehensive Income
For the Year Ended 30 June 2015

	Note	2015 $	2014 $
Revenue	2	**727,172**	941,798
Administrative expenses	3(a)	**(22,366)**	(30,644)
Travel and accommodation	3(b)	**(300)**	(94)
Personnel expenses	3(c)	**(25,959)**	(55,131)
Depreciation and amortisation	3(d)	**(456,552)**	(408,953)
Interest	3(e)	**(77,893)**	(93,983)
Other operating expenses	3(f)	**(235,344)**	(228,852)
Profit before income tax		**(91,242)**	124,141
Income tax expense	13	**-**	-
Profit for the year		**(91,242)**	124,141
Other comprehensive income:			
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**(91,242)**	124,141

The accompanying notes form part of these financial statements.

Statement of Financial Position
As At 30 June 2015

	Note	2015 $	2014 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**134,081**	76,729
Trade and other receivables	5	**91,554**	118,009
Inventories	6	**41,659**	62,733
TOTAL CURRENT ASSETS		**267,294**	257,471
NON-CURRENT ASSETS			
Property, plant and equipment	7	**9,385,143**	9,699,569
Intangible assets	8	**-**	1,016
TOTAL NON-CURRENT ASSETS		**9,385,143**	9,700,585
TOTAL ASSETS		**9,652,437**	9,958,056
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	**59,658**	15,285
TOTAL CURRENT LIABILITIES		**59,658**	15,285
NON-CURRENT LIABILITIES			
Borrowings	10	**10,171,460**	10,430,210
TOTAL NON-CURRENT LIABILITIES		**10,171,460**	10,430,210
TOTAL LIABILITIES		**10,231,118**	10,445,495
NET ASSETS		**(578,681)**	(487,439)
EQUITY			
Issued capital	11	**20**	20
Retained earnings		**(578,701)**	(487,459)
TOTAL EQUITY		**(578,681)**	(487,439)

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 30 June 2015

2015

	Ordinary Shares $	Retained Earnings $	Total $
Balance at 1 July 2014	**20**	**(487,459)**	**(487,439)**
Loss attributable to members of the entity	**-**	**(91,242)**	**(91,242)**
Balance at 30 June 2015	**20**	**(578,701)**	**(578,681)**

2014

	Ordinary Shares $	Retained Earnings $	Total $
Balance at 1 July 2013	20	(611,600)	(611,580)
Profit attributable to members of the entity	-	124,141	124,141
Balance at 30 June 2014	20	(487,459)	(487,439)

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the Year Ended 30 June 2015

	Note	2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**772,431**	945,211
Payments to suppliers and employees		**(198,271)**	(347,212)
Interest received		**2,270**	2,565
Interest paid		**(77,893)**	(93,983)
Net cash provided by operating activities	14	**498,537**	506,581
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		**-**	16,887
Payments for plant and equipment		**(94,723)**	(3,767)
Net cash provided by/(used in) investing activities		**(94,723)**	13,120
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds (repayments) of related entity loans		**(131,351)**	(132,460)
Net proceeds (repayments) of bank loans		**(215,111)**	(430,000)
Net cash used in financing activities		**(346,462)**	(562,460)
Net increase/(decrease) in cash and cash equivalents held		**57,352**	(42,759)
Cash and cash equivalents at beginning of year		**76,729**	119,488
Cash and cash equivalents at end of financial year	4	**134,081**	76,729

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

(c) Inventories

The company receives Large-scale Generation Certificates (LGCs) arising from its generation of renewable energy, which it holds available for sale. The company has valued LGCs held using the offer price from Green Energy Trading at which it could sell the LGCs immediately following the balance date.

All other items of inventory are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis. Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a prime cost or diminishing value basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

Plant and grid connection assets are depreciated at a rate of 4% - prime cost basis.
Office equipment assets are depreciate at a rate of 66.66% - diminishing value basis.

1 Summary of Significant Accounting Policies

(d) Property, plant and equipment

Plant and grid connection assets were depreciated on a diminishing value basis (4%) up until 30 June 2014. From 1 July 2014 plant and grid connection assets are being depreciated on a prime cost basis to more accurately reflect the expected useful lives of these assets. The change in depreciation method has resulted in an increase in the amount of the depreciation expense during the year.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount.

(e) Intangibles and amortisation

Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

1 Summary of Significant Accounting Policies

(f) Financial instruments

(d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

The Company does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

The Company did not hold financial assets at fair value through profit or loss either in the current or comparative financial years.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost .

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which are classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which are classified as current assets.

If during the period the Company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

The Company did not hold any held-to-maturity investments in the current or comparative financial year.

1 Summary of Significant Accounting Policies

(f) Financial instruments

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which are classifed as current assets.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities except for those where the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, which are classified as non-current liabilities.

Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss. However, any reversal in the value of an impaired available for sale asset is taken through other comprehensive income rather than profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

When available-for-sale investments are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

1 Summary of Significant Accounting Policies

(g) Impairment of non-financial assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment includes considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit (CGU) at a pre-tax discout rate reflecting the specific risks in the asset or CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of goodwill to nil and then to the other assets in the unit in proportion to their carrying amount. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

Assets, other than goodwill, that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

(h) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid.

(i) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

(j) Income tax

The company is a member of the Hepburn Wind Park Co-operative Ltd income tax consolidated group. All members of the income tax consolidated group are taxed as a single entity.

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Each entity in the income tax consolidated group reports its contribution to the income tax expense (income) of the consolidated group. Tax losses incurred by members of the income tax consolidated group are applied to reduce any tax payable by the other entities in the income tax group prior to giving rise to deferred tax assets.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period.

Notes to the Financial Statements
For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies

(j) Income tax

Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

(k) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the Financial Statements
For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies

(l) Revenue and other income

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Leonards Hill Wind Operations Pty Ltd's activities as discussed below.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Sale of goods

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Provision of services

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

(m) Borrowing costs

Borrowing costs are recorded as intangible assets and amortised over the lives of the related borrowings.

(n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Going concern

Notwithstanding the Company's deficiency in net assets, the financial report has been prepared on the going concern basis. Included as a liability of the company at 30 June 2015 is a loan payable to its parent entity, Hepburn Wind Park Co-operative Ltd, of $8,871,571 (2014: $8,915,210). This loan, which has been provided on an interest free basis, does not have any set repayment terms and would not be requested to be repaid until the company is in a position to do so. On the basis that the company continues to receive the financial support of its parent entity, the Directors are of the opinion that it is appropriate to prepare the financial statements on the going concern basis.

(p) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to the Financial Statements
For the Year Ended 30 June 2015

2 Revenue and Other Income

	2015 $	2014 $
Operating revenue		
Electricity	**316,364**	590,667
Large-scale Generation Certificates	**429,612**	329,107
Movement in inventory of Large-scale Generation Certificates	**(21,074)**	19,459
	724,902	939,233
Other revenue		
Interest income	**2,270**	2,565
	727,172	941,798

3 Operating expenses

	2015 $	2014 $
(a) Administration expenses		
Accounting fees	**6,400**	6,960
Audit fees	**2,375**	2,640
Bank charges	**7,548**	13,136
Bookkeeping	**5,200**	4,320
Legal services	**415**	1,945
Office and information technology supplies	**185**	-
Secretarial services	**243**	1,163
Telephone, mobile and internet	**-**	480
	22,366	30,644
(b) Travel and accommodation		
Travel	**300**	94
	300	94
(c) Personnel expenses		
Wages, salaries and contractors	**24,909**	58,320
Staff training	**1,050**	140
Workcover	**-**	50
Movement in leave provisions	**-**	(3,379)
	25,959	55,131

Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

Notes to the Financial Statements
For the Year Ended 30 June 2015

3 Operating expenses

	2015 $	2014 $
(d) Depreciation and amortisation		
Amortisation	**1,016**	3,986
Depreciation	**455,536**	404,967
	456,552	408,953
(e) Interest		
Interest paid	**77,893**	93,983
	77,893	93,983
(f) Other operating expenses		
Insurance	**24,002**	31,375
Licence fees	**1,225**	1,225
Loss on disposal of fixed assets	**1,613**	9,574
Office rent	**2,120**	3,000
Municipal payment in lieu of rates	**24,246**	5,655
Wind farm rent	**24,442**	23,727
Wind farm operations	**157,696**	154,296
	235,344	228,852

4 Cash and Cash Equivalents

	2015 $	2014 $
Operating accounts	**134,081**	76,729
	134,081	76,729

5 Trade and Other Receivables

	2015 $	2014 $
Trade receivables	**91,542**	117,997
Other receivables	**12**	12
	91,554	118,009

6 Inventories

	2015 $	2014 $
Large-scale Generation Certificates	**41,659**	62,733
	41,659	62,733

Notes to the Financial Statements

For the Year Ended 30 June 2015

7 Property, Plant and Equipment

	2015 $	2014 $
PLANT AND GRID CONNECTION		
Wind Farm Development		
At cost	**180,988**	38,552
Accumulated depreciation	**(9,675)**	(4,884)
	171,313	33,668
Wind Farm Construction		
At cost	**11,114,484**	11,114,196
Accumulated depreciation	**(2,024,333)**	(1,579,756)
	9,090,151	9,534,440
Wind Farm Compliance		
At cost	**127,369**	129,270
Accumulated depreciation	**(19,414)**	(14,572)
	107,955	114,698
Wind Farm Project Management		
At cost	**18,512**	18,512
Accumulated depreciation	**(2,939)**	(2,199)
	15,573	16,313
OFFICE EQUIPMENT		
Computer Equipment		
At cost	**803**	803
Accumulated depreciation	**(652)**	(353)
Total office equipment	**151**	450
	9,385,143	9,699,569

Leonards Hill Wind Operations Pty Ltd
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Notes to the Financial Statements
For the Year Ended 30 June 2015

7 Property, Plant and Equipment

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Wind Farm Development $	Wind Farm Construction $	Wind Farm Compliance $	Wind Farm Project Management $	Office Equipment $	Total $
Balance at the beginning of year	**33,668**	**9,534,440**	**114,698**	**16,313**	**450**	**9,699,569**
Additions	**142,436**	**287**	**-**	**-**	**-**	**142,723**
Disposals - written down value	**-**	**-**	**(1,613)**	**-**	**-**	**(1,613)**
Depreciation expense	**(4,791)**	**(444,576)**	**(5,130)**	**(740)**	**(299)**	**(455,536)**
Balance at 30 June 2015	**171,313**	**9,090,151**	**107,955**	**15,573**	**151**	**9,385,143**

8 Intangible Assets

	2015 $	2014 $
Formation costs		
Cost	-	400
Accumulated amortisation and impairment	-	(358)
	-	42
Borrowing costs		
Cost	-	11,718
Accumulated amortisation and impairment	-	(10,744)
	-	974
	-	1,016

9 Trade and Other Payables

	2015	2014
Trade payables	**28,320**	6,140
GST payable	**31,338**	9,073
Other payables	**-**	72
	59,658	15,285

Notes to the Financial Statements
For the Year Ended 30 June 2015

10 Borrowings

	2015 $	2014 $
Loan from related entities:		
Hepburn Community Wind Park Co-operative Ltd	**8,871,571**	8,915,210
Bank loans:		
Bendigo Bank	**1,299,889**	1,515,000
	10,171,460	10,430,210

The limit of the bank loan facility from the Bendigo and Adelaide Bank was reduced by agreement during the year from $3,030,000 to $2,504,858 at 30 June 2015.

The Bendigo and Adelaide Bank holds the following securities in relation to the bank loan:
- Registered Mortgage Debenture over Leonards Hill Wind Operations Pty Ltd.
- Unlimited Guarantee and Indemnity from Hepburn Community Wind Park Co-operative Ltd and Embark Australia Ltd.
- Mortgage of Lease incorporating right of access over property situated at Leonards Hill, Victoria in the name of Leonards Hill Wind Operations Pty Ltd.
- Registered Charge over Hepburn Community Wind Park Co-operative Ltd.
- Set Off Agreement against Fixed Term Deposit of $500,000 held with Bendigo and Adelaide Bank and being in the name of Embark Australia Ltd.

11 Issued Capital

	2015 $	2014 $
20 ordinary shares (2014: 20)	**20**	20
	20	20

12 Contingent Assets & Liabilities

The company did not have any contingent assets or liabilities at 30 June 2015. During the year the company has met obligations under a contract related to the development and construction of the wind farm and for payments in lieu of council rates that had previously been recorded as contingent liabilities at 30 June 2014. These amounts have been accounted for in the 2015 financial year figures.

Notes to the Financial Statements
For the Year Ended 30 June 2015

13 Income Tax Expense

(a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2015 $	2014 $
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2014: 30%)	**(27,372)**	37,242
Add tax effect of:		
- Tax losses not brought to account	**300,646**	420,938
Less tax effect of:		
- Timing differences	**(273,274)**	(458,180)
Income tax expense	**-**	-

(b) Tax assets are not recognised until it is probable that future profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets that have not been recorded in the financial statements are comprised as follows:

	2015	2014
Tax losses	**1,874,880**	1,574,234
	1,874,880	1,574,234

14 Cash Flow Information

Reconciliation of operating loss to net cash provided by operating activities:

	2015	2014
Profit (Loss) for the year	**(91,242)**	124,141
Non-cash flows in profit:		
Depreciation and amortisation	**456,552**	408,953
Loss on disposal of property, plant and equipment	**1,613**	9,574
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
Decrease in trade and other receivables	**26,455**	25,425
(Increase)/decrease in inventories	**21,074**	(19,459)
Increase in related party loans	**39,712**	-
Increase/(decrease) in trade and other payables	**44,373**	(38,674)
Increase/(decrease) in employee entitlements	**-**	(3,379)
Cashflow from operations	**498,537**	506,581

Notes to the Financial Statements
For the Year Ended 30 June 2015

15 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, bank loans and overdrafts and loans to and from related parties.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2015	2014
	$	$
Financial Assets		
Cash and cash equivalents	**134,081**	76,729
Trade and other receivables	**91,554**	118,009
Total financial assets	**225,635**	194,738
Financial Liabilities		
Trade and other payables	**59,658**	15,285
Borrowings	**10,171,460**	10,430,210
Total financial liabilities	**10,231,118**	10,445,495

16 Key Management Personnel Compensation

The company paid management fees totalling $24,909 (2014: $58,320) to its parent entity to reimburse the parent entity for remuneration paid to key management personnel of the Company during the year.

17 Related Party Transactions

The Company's main related parties are as follows:

Shareholder

Hepburn Community Wind Park Co-operative Ltd holds 100% of the shares in the company.

Related entities

Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 16: Key Management Personnel Compensation.

Other related parties

Other related parties include immediate family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their immediate family members.

Notes to the Financial Statements
For the Year Ended 30 June 2015

17 Related Party Transactions

Transactions with related parties

The following transactions occurred with related parties:

Payments to related parties

The company has paid a fee to Embark Australia Ltd, a non-profit company limited by guarantee, of which Simon Holmes Court is a director, for the provision of a guarantee and use of a term deposit held in the name of Embark Australia Ltd as security for the bank loan of the company.

	2015	2014
	$	$
Loan security fee	**5,000**	10,000
	5,000	10,000

Receipts from related parties

In the prior year the company received income form the sale of LGCs to a director, Daniel Magasanik. The proceeds from the sale of LGCs to related parties was more than would otherwise have been realised by the company.

	2015	2014
	$	$
Proceeds from LGCs	-	225
	-	225

Loans to/from related parties

Unsecured loans have been received from Hepburn Community Wind Park Co-operative Ltd. The amount owing at the balance date is dislosed in Note 11. No repayment terms have been set for the loan from Hepburn Community Wind Park Co-operative Ltd, which has been provided on an interest free basis.

Notes to the Financial Statements
For the Year Ended 30 June 2015

18 Company Details

The registered office of and principal place of business of the company is:
Leonards Hill Wind Operations Pty Ltd
13 Knox Street
Daylesford Victoria 3460

Directors' Declaration
The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 24, are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards - Reduced Disclosure Requirements; and

    b. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the Company.

2. After considering the information contained in Note 1(m) Going Concern, in the Directors opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director: .... John Edgoose

Director: .... David Perry

Dated 28 October 2015

PPT AUDIT

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Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

Independent Audit Report to the members of Leonards Hill Wind Operations Pty Ltd

We have audited the accompanying financial report of Leonards Hill Wind Operations Pty Ltd, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income , statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 Company s preparation of the financial report that gives a true and fair view 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 Company 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.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Leonards Hill Wind Operations Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor s report.

PPT AUDIT

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Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

Independent Audit Report to the members of Leonards Hill Wind Operations Pty Ltd

Opinion

In our opinion the financial report of Leonards Hill Wind Operations Pty Ltd is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company s financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Interpretations)and the *Corporations Regulations 2001*.

Inherent uncertainty regarding Going Concern

Without qualification to the opinion expressed above, we draw attention to Note 1(o) Going Concern. Notwithstanding the Company's deficiency in net assets, the financial report has been prepared on the going concern basis. Included as a liability of the company at 30 June 2015 is a loan payable to its parent entity, Hepburn Wind Park Co-operative Ltd, of $8,871,571 (2014: $8,915,210). This loan, which has been provided on an interest free basis, does not have any set repayment terms and would not be requested to be repaid until the company is in a position to do so. On the basis that the company continues to receive the financial support of its parent entity, the Directors are of the opinion that it is appropriate to prepare the financial statements on the going concern basis.

PPT Audit Pty Ltd
....
PPT Audit Pty Ltd

....
Jason D. Hargreaves
Director

20 Lydiard Street South, Ballarat, VIC 3350

Dated 29 October 2015