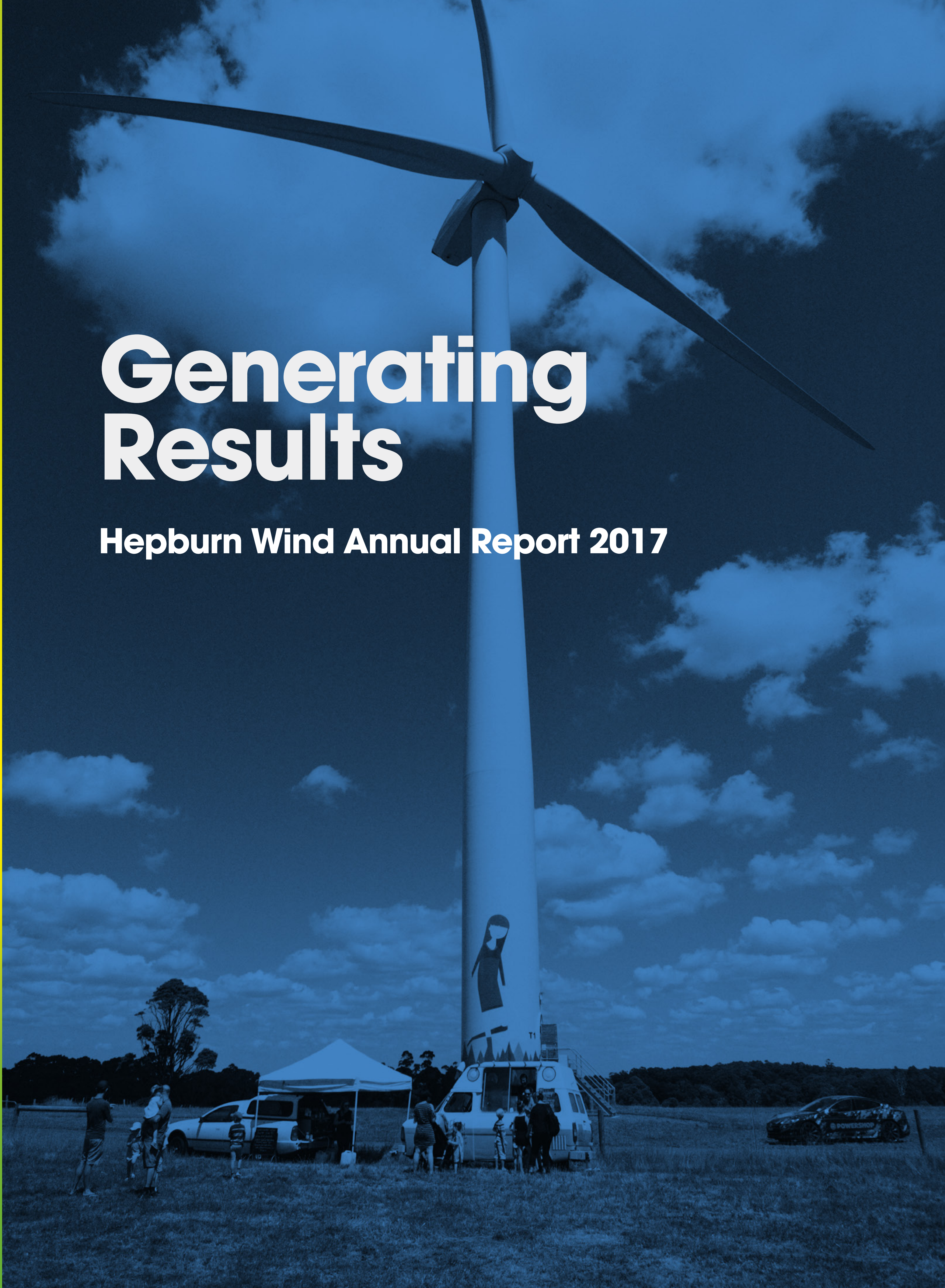


Generating Results

Hepburn Wind Annual Report 2017

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 4.1MW wind farm hosts two turbines, called Gale and Gusto, which produce enough clean energy to power 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 allowed the venture to flourish – inspiring similar projects to explore the community enterprise model for renewable energy projects.

Our Mission: Hepburn Wind owns and operates Australia's first community-owned wind farm. We create environmental, economic and social benefits for our members, neighbours and our local community. Together with our local community, we are leading the transition to a clean energy future, and work to showcase to other communities a successful community energy model.

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 2016/17 financial year.

This was a year of partnerships and of ensuring the delivery of our first return to members. Pivotal to this was the repayment of our loan to Bendigo Bank, which we have managed 10 years ahead of schedule.

In October, Hepburn Wind entered a multi-level partnership with Powershop and its parent company, Meridian Energy. Powershop has co-developed multiple electricity products for Hepburn Wind's members and supporters, including retail and business products, and Meridian is now managing our wind farm operations. We are very satisfied with the high level of asset management our wind farm now enjoys, an arrangement that will enable us to have a greater focus on growth.

This year also marked the initiation of a new global partnership between Hepburn Wind and a collection of international community energy organisations. One of the key organisations in this partnership is the Samsø Energy Academy. Enabled by a grant from KR Foundation in Copenhagen, the aim of this partnership is to share knowledge and grow the global presence of community energy and community involvement in planning, implementation and investment.

We also worked with the University of Melbourne's Sustainability Law Clinic, where we were profiled throughout a semester and had a team of skilled students, with law firm oversight, provide advice on several issues for which there is no Australian precedent. This pro-bono work has been a significant cost saver for our co-operative. We also cooperated with the Monash Industry and Technology Initiative for a community energy data project.

Our energy yield was low this year, the lowest on record. This was due to a combination of unfavourable weather patterns and electrical plant issues. We have stabilised the plant issues and the low generation was offset by high energy prices, resulting in an uplift in income to $1,375,798 (compared with $1,153,476 in the previous year).

We are watching the ongoing discussions of changes in energy policies and continue to assess how they may impact us in the mid-term; however, we are also actively exploring growth and diversification of our generation portfolio. Solar projects, both utility-scale and roof-top (behind-the-meter) solar, and the Daylesford Lake micro-hydro project are initiatives we will be developing over the coming twelve months.

Performance highlights
The year in numbers

First return to members scheduled

'All-in' price of $145.13, up 24%

Reduction of bank debt by $598,027, down to only $88,208

Operations at the wind farm are now managed by Meridian

Delivery of Daylesford's first electric vehicle charging station, on Vincent Street

	FY2017	FY2016	Variance	Variance %
Revenue and income				
Electricity sales	$617,990	$437,210	$180,780	41%
Renewable energy certificate sales	$625,015	$743,674	($118,658)	(16%)
Movement in LGCs on hand	$132,793	($27,407)	$160,200	-
Combined generation revenue	$1,375,798	$1,153,476	$222,322	19%
Co-marketed product revenue	$16,137	$18,375	($2,238)	(12%)
Other revenue	$16,326	$27,634	($11,308)	(41%)
Market value				
Electricity generated (per MWh)	$59.67	$42.73	$16.94	39%
Certificates created	$85.46	$74.54	$10.92	15%
All-in value	$145.13	$117.24	$27.89	24%
Outgoings				
Operating expenses	$518,491	$329,604	$188,887	57%
Community fund, sponsorships and local benefits (1)	$46,998	$16,755	$30,243	181%
Finance expenses	$15,778	$60,656	($44,878)	(72%)
Total outgoings	$581,267	$407,015	$172,452	42%
Financial performance				
Group EBITDA	$875,446	$820,610	$54,836	7%
EBITDA cents per share	8.77	8.23	0.54	7%
Group earnings before depreciation (2)	$859,668	$764,953	$94,715	12%
Depreciation	$459,662	$458,738	$924	-
Net profit before tax	$400,006	$306,215	$93,791	31%
Income tax benefit	$234,074	-	$234,074	-
Net profit after tax	$634,080	$306,215	$327,865	107%
Loan outstanding	$88,208	$686,235	($598,027)	(87%)
Operations				
Wind farm availability (3)	94.5%	95.0%	(0.5%)	-
Wind farm unscheduled outage (hours)	365	397	(32)	(8.1%)
Wind speed average both turbines (m/s)	6.8	7.0	(0.2)	(2.9%)
Wind farm generation (MWh)	9,710	9,873	(163)	(1.7%)
Capacity factor	27.5%	27.0%	(0.5%)	(1.8%)

Footnotes

1. Community fund in the statutory accounts includes movement in provision for community grants of -$19,874 (2016: $32,516) and excludes community fund asset purchases of $12,800. Includes contribution from Meridian Powershop, Red Energy and wind farm tours.
2. 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.
3. Proportion of the year that the grid was available and the turbines were capable of generation. Periods when one turbine was out of service or wind farm operated at a reduced capacity are weighted accordingly.

Our Performance: Operations

The STATCOM is a part of the wind farm's electrical componentry that helps maintain power quality in the local electricity network, which enables the wind farm to stay connected to the network during periods of peak generation. From late November to late March there were several periods where the STATCOM was out of service due to faults or while awaiting parts, resulting in the wind farm being curtailed to 2,200kW for 42 days of this period. There were approximately 80 hours during this period where the wind farm was disconnected from the network due to this issue.

The STATCOM is now operating in a stable condition and we continue to discuss these issues with the manufacturer, ABB, with the aim of strengthening fault response and maintenance support agreements. It has not been possible to source a viable alternative to date.

In September 2016 we engaged Meridian Energy Australia to help us manage the operation of the wind farm. Meridian owns and operates the nearby Mt Mercer Wind Farm and has considerable experience with Senvion turbines and electrical balance of plant.

The other key contractual milestone this year was the extension of Senvion's turbine maintenance and service agreement for a second term of five years, recognising the competent manner of their work to date. We would like to recognise and thank Westgarth Corrs for their contract advice throughout the establishment of this relationship.

A major area of improvement this year was the total duration of unscheduled wind farm outages (365 hours). The wind farm is prone to regular network outages as a result of disturbances on and fragility of the local distribution network.

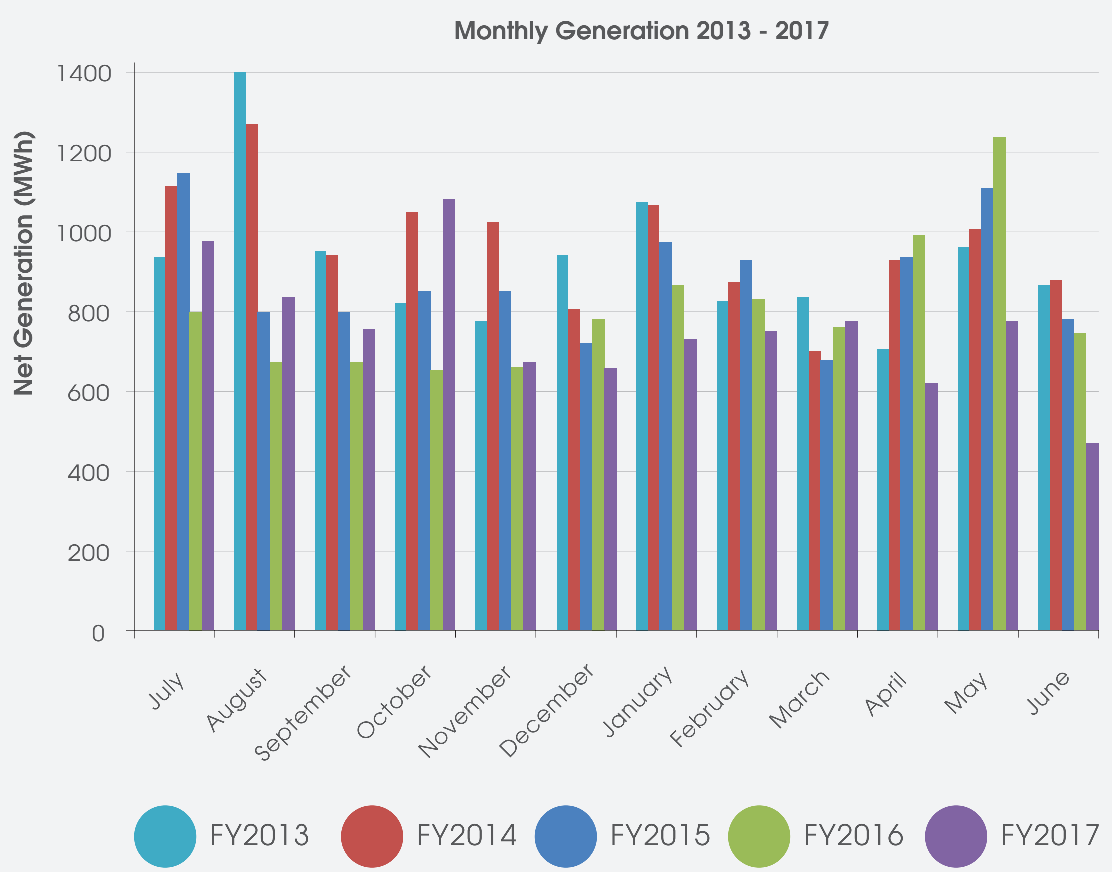
In June 2016 an upgrade was added to the the wind farm control system to allow the wind farm to automatically reconnect back onto the network (when safe to do so). This has significantly reduced the need to manually reconnect the wind farm following an outage and in doing so has reduced lost generation and labour costs.

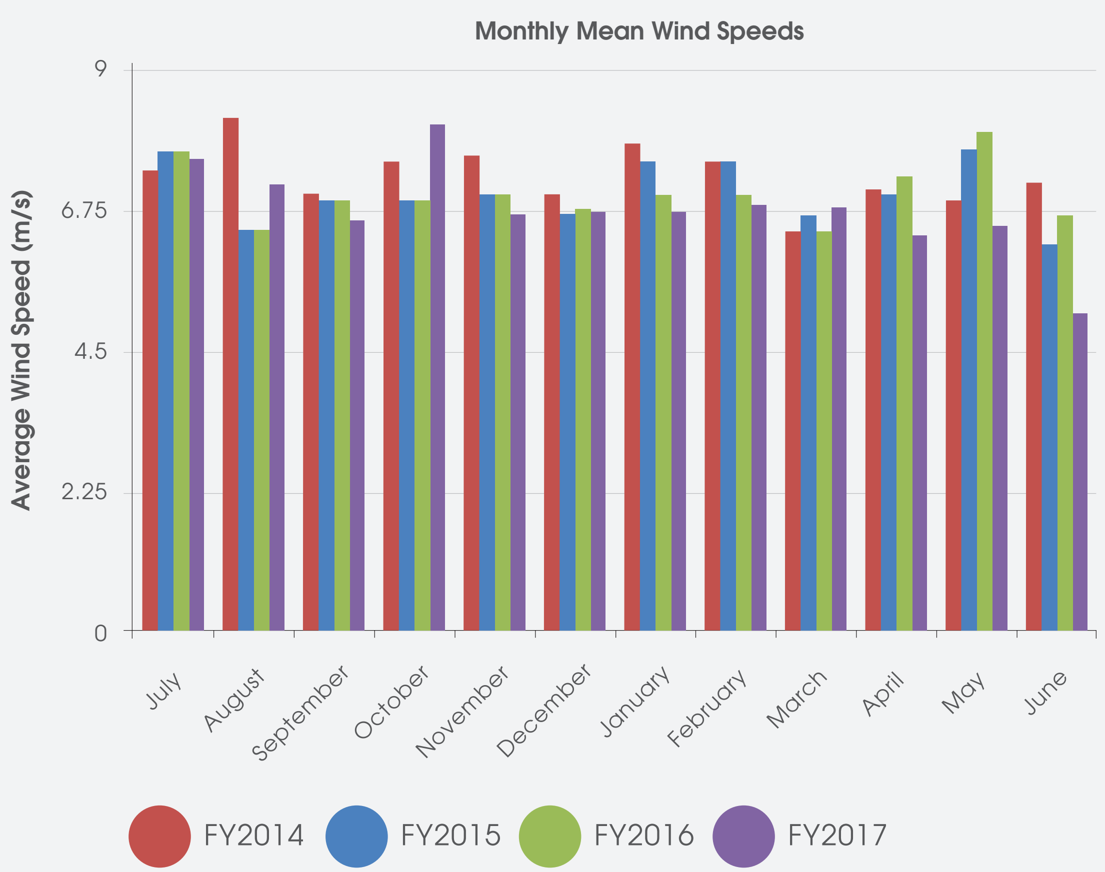
Blade repair works on Gale were completed by Altitec in June. The scope of these repairs was agreed following a review of the Braendler Engineering inspections completed in September 2016, and Senvion's five-yearly inspections completed in February 2017. Overall, all blades remain in good working condition.

Gale's production was constrained to 1200kW from the evening of 2 August until the morning of 13 October, 2016. This constraint was inadvertently applied due to a parameter change following the completion of converter works. As required under the Integrated Service Package agreement, Senvion provided Hepburn Wind with compensation for the associated generation losses.

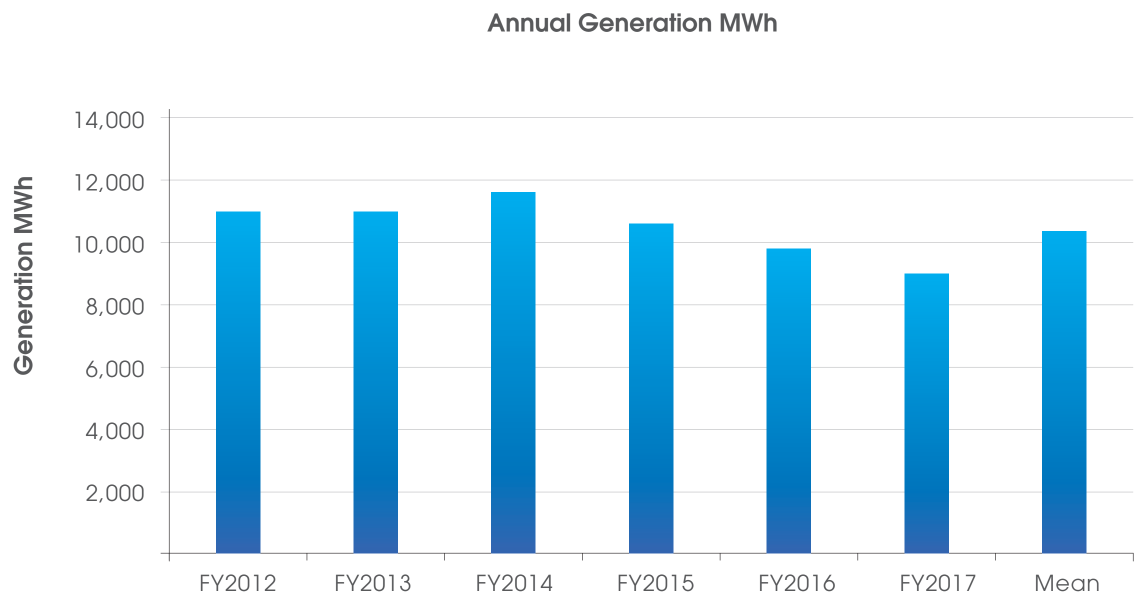
From a health and safety perspective, the operation of the wind farm resulted in no significant incidents - which is testament to the priority we place on keeping our staff, contractors, volunteers and visitors safe. We also had no complaints registered for the year.

The following graphs show monthly generation and wind speeds for the first five years of operation.





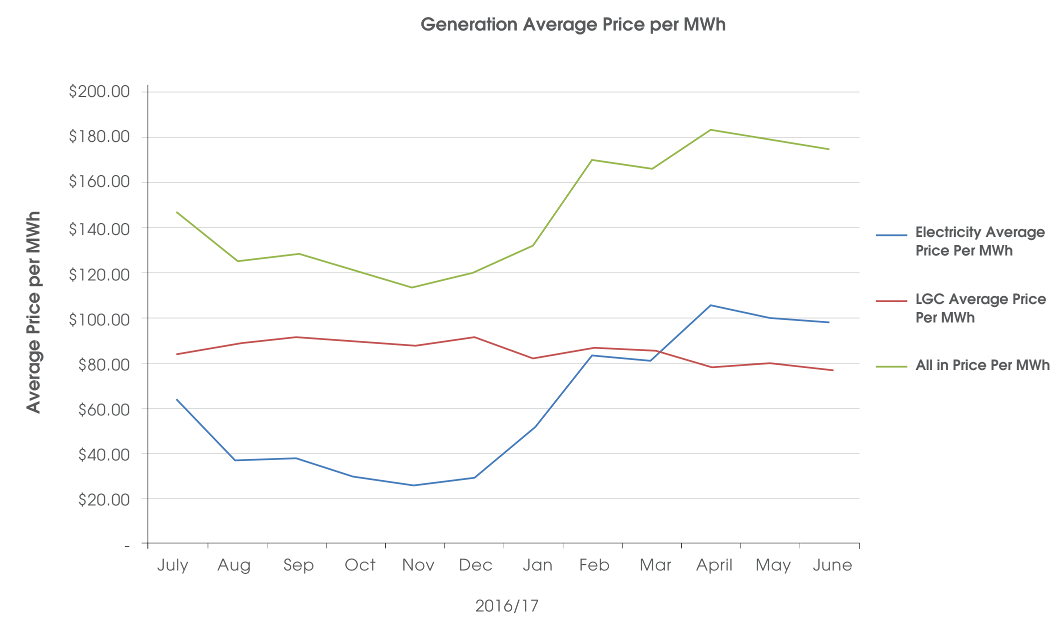
The following chart provides a view of generation since 2012.



The last few months of the financial year saw lower than average generation due to fine weather produced by a series of high pressure systems passing over Victoria. June was the lowest performing month we have experienced - with an output of only 470MWh.

Expenses, debt management and member return

Despite the low winds, we were bolstered by high prices. The average electricity price was $59.67 per MWh, up 39% on the previous financial year; and the renewable energy certificate price was up 15% to $85.46. This resulted in an all-in price of $145.13, up 24% on the previous financial year, which resulted in an increase in total income of 19% to $1,375,798. The following graph depicts the fluctuating price over the past financial year.

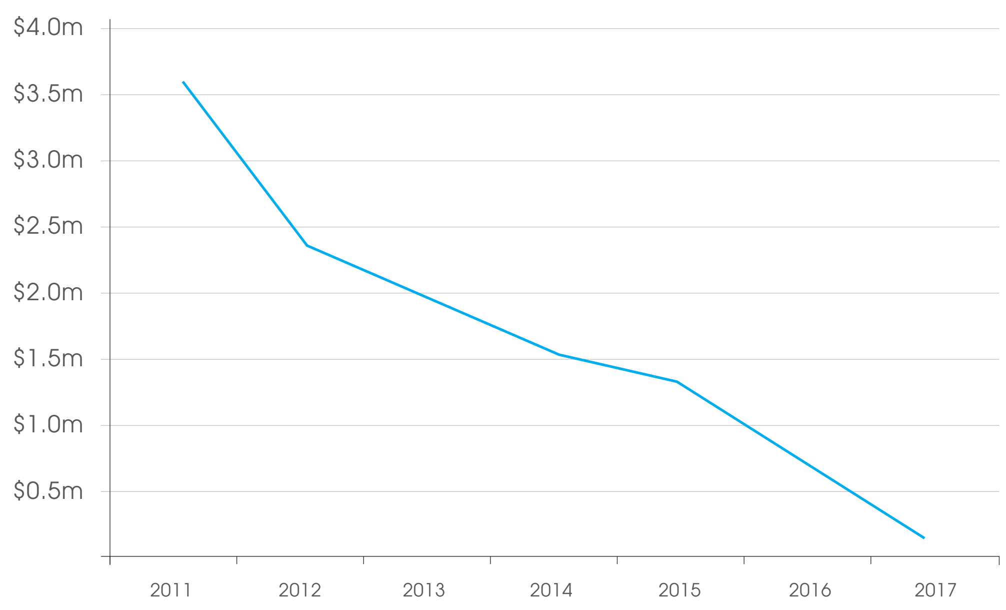


Having achieved a profit in each of the last two financial years it is now sufficiently certain that the co-operative will be able to utilise the tax benefits from the tax losses that have been previously incurred. As a result at 30 June the co-operative has for the first time recognised the deferred tax assets and liabilities in the financial statements which has resulted in an income tax benefit for the year of $234,074 (compared to no income tax expense or benefit in the prior year).

The co-operative continued the strong trend of being ahead of schedule (around a decade ahead, in fact) in regards to debt repayment. The debt paydown during the year was a total of $598,027, bringing the loan balance at the end of the financial year to just $88,208. The board has decided to keep the loan facility open with a small balance to help insulate us against equipment and maintenance upgrades or cash flow issues.

Subsequent to the end of financial year, due to the co-operative having generated surplus cash from the FY2017 financial year, an optional capital return for members in the form of a repurchase of shares (share buyback) was being implemented. A capital return is a commonplace, tax-effective mechanism for shareholder funds to members who would like to participate.

Loan paydown from 2011 - 2017



The board of Hepburn Wind has taken a conservative approach to the capital return due to the downward trend in prices for Renewable Energy Certificates that is forecast to occur towards 2020. All unclaimed capital that isn't taken up by members will be put to use by the co-operative to develop ongoing sustainability and profitability.

The capital return details are as follows:

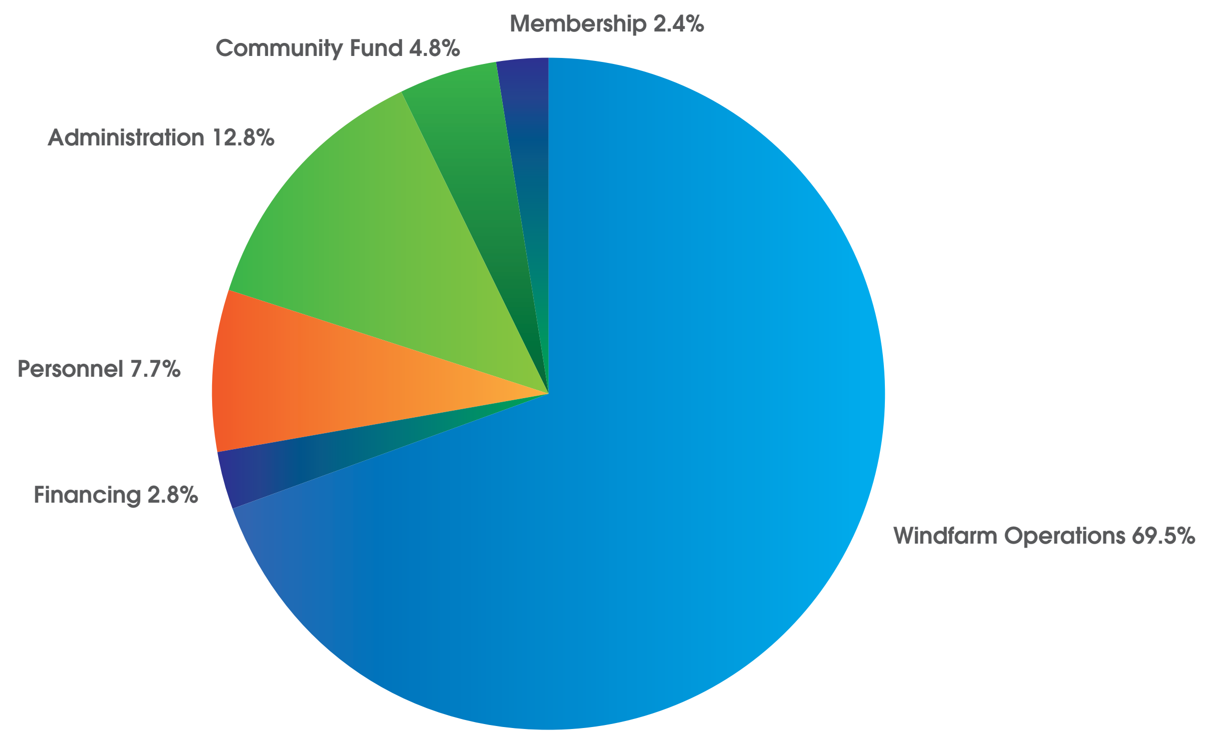
- The Board allocated to the capital return a maximum total sum of $500,000, equivalent to approximately 5% of members' shareholdings.
- Shares will be repaid at $1.00 per standard share, up to a maximum of 5% of any member's shareholding.
- To participate in the repurchase of shares each shareholder must make the choice to have their shares repurchased (up to the offer limit).

In regards to expenses, administration expenses were up $14,084 with the main changes being accounting expenses up $2,050; bank fees down $5,079 (principally the Embark loan guarantee fee no longer being paid); employment of CFO/Management Accountants from the end of June 2016 expense up to $19,325; legal fees paid $4,500 and share registry services up $5,349.

Personnel expenses remain steady, however there was a switch in service provision for our CFO role with the engagement of PPT as management accountants. Finance costs were down $39,878 as the interest paid decreased as the loan was paid down.

Other operating expenses increased by $173,535, inclusive of insurance, which increased by $14,315, and wind farm operations which increased by $157,263. This was mainly due to: proactive maintenance and repairs to equipment $46,812 which were one off charges; scheduled charges with our Integrated Service Provider Senvion increasing by $56,760 as we entered a new maintenance contract for a five year term; and Meridian coming on board as operations managers $61,042.

The following chart depicts the expenses breakdown for the financial year.



Our stakeholders

Engaging with our membership

On 11 November we held the Annual General Meeting at the Daylesford Town Hall where around 100 members attended. The AGM included a discussion of the intended return of capital, which at the time of writing is being implemented. The formal proceedings ran smoothly, with a proposed rule change being passed. The rule amendment enables people who want to support the co-operative in an informal way to make financial contributions and become an 'Associate of Hepburn Wind (non-shareholding)' without qualifying for voting rights or a return on their financial contribution. The keynote speaker at the AGM was Chris Murphy from Powershop, who discussed Hepburn Wind's new partnership with Powershop and Meridian.

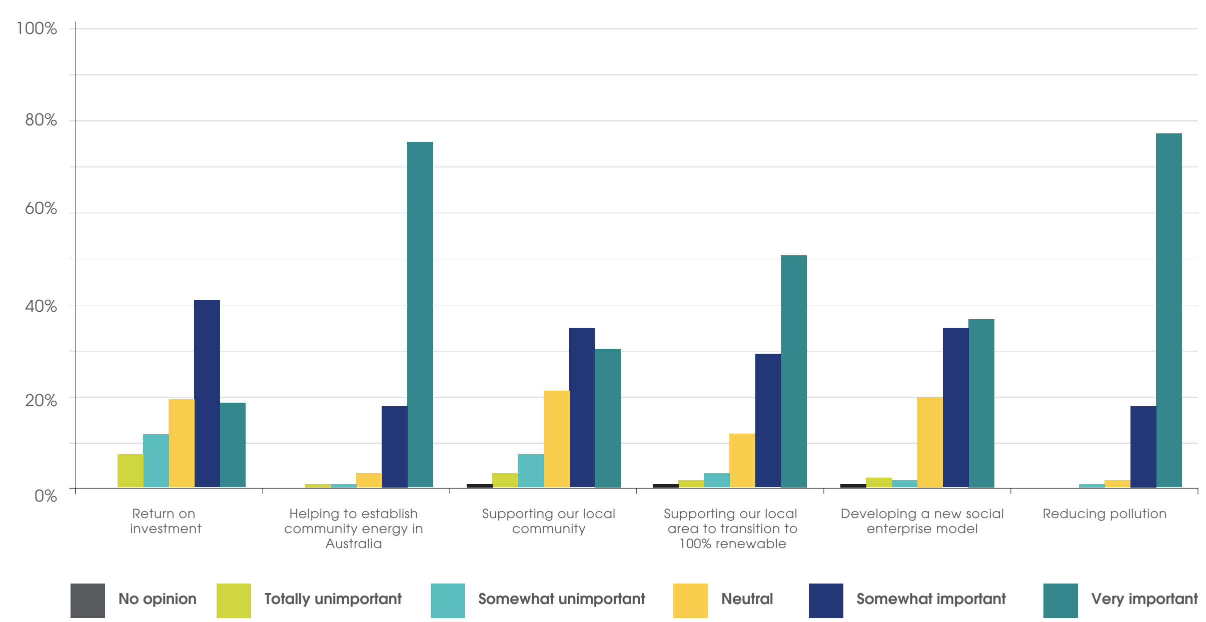
In October, Hepburn Wind launched the Member Perspectives Survey #2. The survey received 368 responses, providing a sample size of 27% of members who provided valuable insight into their current perspectives and gave new insight into directions for future growth opportunities. We still hold a high level of member satisfaction from 97% in 2012 to 84% in 2016. Return on investment was rated as important by 60% of participants. Helping our shire transition to 100% renewable rated as the second highest motivator for our members to invest, behind helping establish community energy in Australia.

Importantly, members signalled that they are are keen to support future projects. Of note:

- 70% perceive further generation projects as a good/great idea.
- 73% support solar as a good or great idea.
- 70% support battery storage as a good or great idea.
- 70% support partnership projects with other local organisations as good or great idea.
- 68% support energy efficiency as a good or great idea.
- 57% support electric vehicle charging stations as a good or great idea.
- 58% stated they would be interested in investing in new local energy projects.
- 21% stated they would be interested in gifting their dividends in the future to renewable energy projects.

The full results of the Hepburn Member Perspectives Survey #2 are at **hepburnwind.com.au/membership/members/**

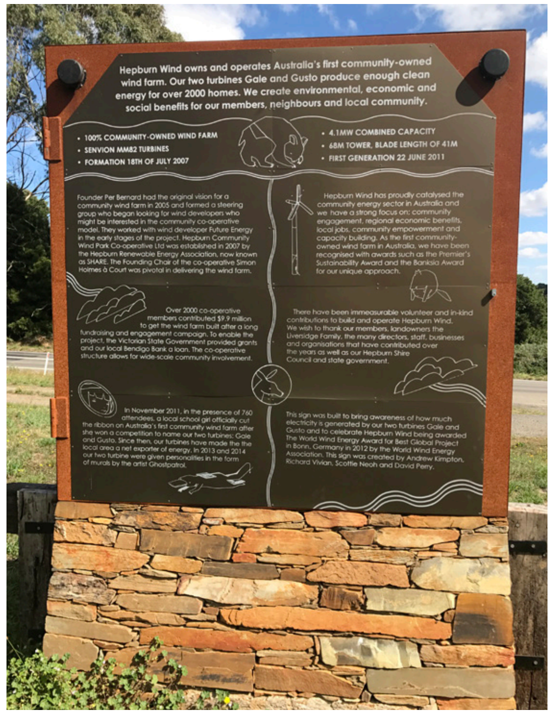
For members and future buyers who wish to sell their shareholdings, we were able to find a solution and implement it this year. Hepburn Wind enlisted pro bono advice from the University of Melbourne's Law Faculty, and based on their recommendations, we worked with an external provider to create a vendor site for share sales. Share Connect now provides a secure independent platform that introduces sellers and buyers of unlisted and issuer sponsored securities (Shares & Options) to transact via an off market transfer (**shareconnect.com.au**).



Engaging with our community

In February Hepburn Wind hosted 250 community members at our Celebrating Pioneering Communities event. Our keynote speaker was Søren Hermansen, founder of the Samsø Energy Academy, who helped transition Samsø Island to 100% renewable energy. Ed McManus from Powershop, Hepburn Wind's founding chair Simon Holmes à Court and ACT Commissioner for Sustainability and Environment Kate Auty all contributed to the discussion as panelists. We also hosted a smaller community workshop with Søren, local community leaders and government representatives to discuss how the Hepburn Shire can transition to zero-net energy. You can view a short clip of the event here vimeo.com/213090797.

We continue to host tours out the wind farm and had more than 400 attendees over the year, including an international government delegate group hosted by the United Nations and university groups. In February we worked with Tailfeather and Ghostpatrol to deliver a story board on the rear of our live generation sign out the front of the wind farm. It now shares our narrative with members of the public that visit the wind farm, along with key statistics and milestone dates.



Community Manager Taryn Lane was invited to Japan to present at the World Wind Energy Conference in Tokyo and the first Global Community Power Conference in Fukushima in October. With over 650 attendees at the Global Community Power Conference from all continents, the global movement is flourishing.

This year we began a partnership with Daylesford and Macedon Ranges Tourism. The aim of this partnership is to work together to promote carbon neutrality in the region and market our product offerings to both residential and business markets.

We received significant media this year including this feature by Guardian Australia which included a short film. www.theguardian.com/environment/2017/mar/15/renewables-roadshow-community-owned-windfarm-daylesford-hepburn-australia

Our social media presence continued to rise to 1,800 followers on Facebook. On Twitter our followers jumped to 3,174 and our Instagram account @hepburn_wind has over 500 followers reached in only one year.

5635 supporters

3174 followers

1800 followers

589 followers

Political engagement

Since the announcement of the Victorian Renewable Energy Target, Hepburn Wind has been a strong advocate for a localised shire-based target to help our region transition to zero-net energy. In February, we collaborated with our five local sustainability groups in a letter to Hepburn Shire Council advocating for a whole of shire zero-net energy target.

In October the Victorian State Government initiated a Parliamentary Inquiry into Community Energy. As part of the Parliamentary Inquiry process, the committee visited our wind farm to discuss the benefits, successes and challenges of community energy projects and also held a public hearing in Daylesford.

We made a submission to the Victorian Government's Discussion Paper on Community Energy. Our key recommendations for the discussion paper were to advocate for a clear set of characteristics to define community renewable energy projects, waive the $40,000 payment in lieu of rates fee, and remove the blanket ban zones from wind farm planning laws for community wind projects. We worked with Friends of the Earth and the Coalition for Community Energy to gather submissions for the discussion paper on community renewables.

We also had the pleasure of showing the Governor of Victoria, Her Excellency the Hon. Linda Dessau AC, the Hepburn Wind farm and discussing the contributions our work has provided, and continues to provide, to the Hepburn Shire.

Community Fund

Our benefit sharing model, which is delivered through our Community Fund, continued its focus on community grants, our energy fund, local neighbourhood support and event sponsorship. Through our sponsorship program we supported the Daylesford New Year Parade again this year and teamed up with Words in Winter to make their event carbon neutral.

The community grants program has now funded 52 projects in the past six years, worth $102,730 in total. This year seven projects were funded from the Round V total pool of $13,730.

The successful projects for Round V were:

- Tripwire Theatre Inc — Hollow
- Daylesford Secondary College — Spark
- Glenlyon Upper Loddon Landcare Group — What's in Our Backyard at Glenlyon?
- Cornish Hill Committee of Management — Safeguarding the Scascighini Puddler
- Hepburn Wholefoods Collective — Fitout for new premises
- Trentham Food Hub - Trentham Food Hub — Distribution Hub
- Trentham Neighbourhood Centre Inc. — Trentham Food Co-op and Community Garden

In addition, we continued to deliver benefits to the Leonards Hill neighbourhood with the donation of a defibrillator to the Country Fire Authority.

Our Energy Fund completed its first project in October when we installed Daylesford's first electric vehicle charging station - with support from the Hepburn Shire Council, our provider Chargepoint and our retailer Powershop. The charge station is supplied with carbon neutral electricity from our business product with Powershop. The Chargepoint station has two charging plugs that fit level 2 SAE J1772 connectors with the balance able to access with adaptors. Our designer Latitude put together fantastic labelling for us and it is fast becoming an icon on the main street of Daylesford. We had over 100 charges in the first six months and look forward to this increasing rapidly over the coming years.

Our second project occurred in April this year when we worked with Fulcrum3D to custom build and deliver a solar monitoring device for our wind farm site. This will ensure we have a sophisticated level of bankable data with which to assess the merits of grid connected solar at the wind farm site.

We are unlocking more projects through our partnership with Powershop. Powershop's Your Community Energy initiative has contributed $10,000 towards our refurbishment of Daylesford Lake's antique hydro station. We are currently working with Tamar Hydro and the Shire to progress this in the coming year.

Significant items subsequent to preparation of the Statutory Accounts

No items to report

Acknowledgements

Hepburn Wind benefits greatly from our relationships with many organisations whom we gratefully thank.

We are particularly grateful to Ron and Nathalie Liversidge, Powershop, Meridian Energy, The University of Melbourne, Fulcrum3D, Westgarth Corrs, Consolidated Power Projects, Green Button Electrical & Tech Services, Senvion Australia (formerly REpower Australia), Bendigo and Adelaide Bank, Bleyer Lawyers, Emily Wood, Powercor, Laser Electrical, Monash University, PPT Accounting, Heinz & Partners Lawyers, Marsh Insurance Brokers, Embark, Clean Energy Council, Australian Wind Alliance, Yes2Renewables, Melbourne University, Coalition for Community Energy, Latitude Group, Studio Aton, Ghostpatrol, Tailfeather, Security Transfer Registrars, Søren Hermanssen, Samsø Energy Academy, Hepburn Shire Council, Chargepoint, Powercor, Tamar Hydro, Plus One Accounting, Simon Holmes à Court and Designscope. We are also indebted to countless others who have provided advice, reduced fees or support in other ways.

Image credits: Studio Aton, Blanche Wheeler & Julian Meehan.

01

2017 Financials

Hepburn Community Wind Park Co-Operative Ltd

Hepburn Community Wind Park Co-operative Ltd

ABN 87 572 206 200

Financial Statements

For the Year Ended 30 June 2017

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

Contents
For the Year Ended30 June 2017

Directors' Report
For the Year Ended 30 June 2017

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 2017.

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	Director	Elected 7 November 2015
Candy Broad	Director	Elected 23 November 2013 Re-elected 11 November 2016
Kathy Richardson	Director	Elected 7 November 2015
Ross Ulman	Director	Elected 7 November 2015
Mitch Watson	Director	Elected 23 March 2013 Re-elected 7 November 2015
Graham White	Director	Elected 7 November 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 2017, the Group employed three part time staff:
- Taryn Lane (Community Officer)
- Jessica Beavis (Administration Officer)
- Marie Lakey (Communications Assistant)

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
For the Year Ended 30 June 2017

Operating results and review of operations

The Group's earnings before interest, taxes, depreciation and amortisation (EBITDA) were $875,446 (2016: EBITDA of $820,610).

After allowing for significant depreciation of capital items and interest expenses the Group's result was a consolidated profit after tax for the year of $634,080 (2016: consolidated profit of $306,215).

The table below summarises the operating result of the Group.

	2017	2016
	$	$
Income	**1,408,261**	1,199,485
Expenses	**(532,816)**	(378,875)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**875,445**	820,610
Interest	**(15,778)**	(55,657)
Operating profit before depreciation, amortisation and income tax	**859,667**	764,953
Depreciation and amortisation	**(459,661)**	(458,738)
Operating profit (loss) before income tax	**400,006**	306,215
Income tax benefit (expense)	**234,074**	-
Consolidated profit (loss) for the year	**634,080**	306,215

The group made earnings before interest, taxes, depreciation and amortisation of $875,445 (2016: $820,610) representing earnings of 8.77 cents per share (2016: 8.23 cents per share).

The group made an operating profit before depreciation, amortisation and income tax of $859,667 (2016: $764,953) representing earnings of 8.62 cents per share (2016: 7.67 cents per share). During the year $598,027 (2016: $613,654) 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 2017 financial year.

At the date of the report the board has allocated a maximum total sum of $500,000 to a voluntary repurchase of shares from the members, equivalent to approximately 5% of members' total shareholdings. Shares will be repurchased from the members at $1.00 per standard share with members able to accept the repurchase of 5% of the members shareholding.

Significant changes in state of affairs

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

On 8 September 2016 the Group has signed a range of partnership contracts with Meridian Energy and Powershop including a Service Agreement for operations of the wind farm.

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

From late-November to late-March there were several periods during which the STATCOM, a large device that acts to maintain power quality in the local electricity network by adjusting the output of the wind farm when required, remained out of service due to faults or while awaiting parts, resulting in the wind farm generation being restricted to 2,200kW for 42 days of this period. There were approximately 80 hours during this period where the wind farm was disconnected from the network due to this issue. The STATCOM is now operating in a stable condition.

Directors' Report
For the Year Ended 30 June 2017

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may 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.

The market price for renewable energy certificates continued to be stable and high during the financial year and continues to be back in line with the original forecasts prepared by the Group.

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 responsible 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-perative and its controlled entities.

Directors' Report
For the Year Ended 30 June 2017

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, was Research and Program Manager at The Climate Group, and Systems Engineer for AgTech company Observant. He currently splits his time between The University of Melbourne as Compute Integration Specialist, and as CTO of energy software startup, Boom Power. David and his family live in Malmsbury.	Elected 6 November 2011 Re-elected 15 November 2014
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.	Elected 7 November 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 Re-elected 11 November 2016
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.	Elected 7 November 2015
Ross Ulman	Ross is a consultant physician who has, among other post graduate qualifications, a PHD in health services research/medical epidemiology. He has been an academic in the University of Melbourne's Department of Medicine (Royal Melbourne Hospital), Acting Medical Director of Alfred Hospital in Melbourne, and CEO and Medical Director of Hampton Rehabilitation Hospital in Melbourne. Latterly he has been self-employed, and currently he is semi-retired. Ross is a committed environmentalist - since 2002 living off the grid in eco-houses in Tasmania and then Musk Vale, and currently driving an electric car.	Elected 7 November 2015

Directors' Report
For the Year Ended 30 June 2017

Information on Directors

Director	Experience	Elected
Mitch Watson	Mitch is a permanent Daylesford resident and local business-owner, with tertiary qualifications in Applied Science and business management, and is currently completing an EMBA at RMIT. 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 is in transition to be a zero net emission company.	Elected 23 March 2013 Re-elected 7 November 2015
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 Carleton 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.	Elected 7 November 2015

Meetings of directors

During the financial year, 10 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Finance and Risk Committee Meetings	
	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend
David Perry	9	10	-	-
Bronwyn Baird	9	10	5	6
Candy Broad	8	10	5	6
Kathy Richardson	8	10	1	1
Mitch Watson	8	10	6	6
Ross Ulman	10	10	-	-
Graham White	7	10	-	-

Directors' Report
For the Year Ended 30 June 2017

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2017, 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: .... Mitch Watson

Dated: 4 October 2017

PPT AUDIT

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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 2017, 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: 3 October 2017

Statement of Comprehensive Income
For the Year Ended 30 June 2017

	Note	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
Revenue	2	**1,408,261**	1,199,485	**23,706**	47,655
Administrative expenses	3(a)	**(71,612)**	(57,528)	**(48,441)**	(36,453)
Communications, public meetings & events	3(b)	**(13,421)**	(11,599)	**(13,421)**	(11,599)
Personnel expenses	3(c)	**(43,291)**	(43,845)	**(43,291)**	(43,845)
Depreciation & amortisation	3(d)	**(459,661)**	(458,738)	**(281)**	-
Interest	3(e)	**(15,778)**	(55,657)	**-**	(1)
Other operating expenses	3(f)	**(390,168)**	(216,632)	**(13,681)**	(9,609)
Community contributions	3(g)	**(14,324)**	(49,271)	**(14,324)**	(49,271)
Profit/(loss) before income tax		**400,006**	306,215	**(109,733)**	(103,123)
Income tax benefit (expense)	4	**234,074**	-	**478,312**	-
Profit/(loss) for the year		**634,080**	306,215	**368,579**	(103,123)
Other comprehensive income:					
Other comprehensive income for the year, net of tax		**-**	-	**-**	-
Total comprehensive income for the year		**634,080**	306,215	**368,579**	(103,123)

The accompanying notes form part of these financial statements.

Statement of Financial Position
As At 30 June 2017

	Note	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	**404,403**	172,471	**259,703**	44,720
Trade and other receivables	6	**201,314**	384,133	**5,263**	5,944
Inventories	7	**150,409**	17,616	**5,111**	5,473
TOTAL CURRENT ASSETS		**756,126**	574,220	**270,077**	56,137
NON-CURRENT ASSETS					
Investments in subsidiaries	8	**-**	-	**20**	20
Other financial assets	9	**-**	-	**8,425,372**	8,778,356
Property, plant and equipment	10	**8,523,917**	8,966,724	**12,519**	-
Deferred tax assets	11	**234,074**	-	**478,312**	-
TOTAL NON-CURRENT ASSETS		**8,757,991**	8,966,724	**8,916,223**	8,778,376
TOTAL ASSETS		**9,514,117**	9,540,944	**9,186,300**	8,834,513
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	12	**78,574**	126,275	**31,310**	32,923
Provisions	13	**25,588**	46,377	**25,588**	46,377
TOTAL CURRENT LIABILITIES		**104,162**	172,652	**56,898**	79,300
NON-CURRENT LIABILITIES					
Borrowings	14	**88,208**	686,235	**-**	-
TOTAL NON-CURRENT LIABILITIES		**88,208**	686,235	**-**	-
TOTAL LIABILITIES		**192,370**	858,887	**56,898**	79,300
NET ASSETS		**9,321,747**	8,682,057	**9,129,402**	8,755,213
EQUITY					
Issued capital	15	**9,982,114**	9,976,504	**9,982,114**	9,976,504
Accumulated losses		**(660,367)**	(1,294,447)	**(852,712)**	(1,221,291)
TOTAL EQUITY		**9,321,747**	8,682,057	**9,129,402**	8,755,213

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 30 June 2017

Parent

2017

	Members Capital $	Share Premium Reserve $	Retained Earnings $	Total $
Balance at 1 July 2016	**9,970,425**	**6,079**	**(1,221,291)**	**8,755,213**
Profit attributable to members of the parent entity	**-**	**-**	**368,579**	**368,579**
Issue of shares	**5,100**	**510**	**-**	**5,610**
Balance at 30 June 2017	**9,975,525**	**6,589**	**(852,712)**	**9,129,402**

2016

	Members Capital $	Share Premium Reserve $	Retained Earnings $	Total $
Balance at 1 July 2015	9,970,025	6,039	(1,118,168)	8,857,896
Loss attributable to members of the parent entity	-	-	(103,123)	(103,123)
Issue of shares	400	40	-	440
Balance at 30 June 2016	9,970,425	6,079	(1,221,291)	8,755,213

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 2017

Consolidated

2017

	Members Capital $	Share Premium Reserve $	Retained Earnings $	Total $
Balance at 1 July 2016	9,970,425	6,079	(1,294,447)	8,682,057
Profit attributable to members of the consolidated entity	-	-	634,080	634,080
Issue of shares	5,100	510	-	5,610
Balance at 30 June 2017	9,975,525	6,589	(660,367)	9,321,747

2016

	Members Capital $	Share Premium Reserve $	Retained Earnings $	Total $
Balance at 1 July 2015	9,970,025	6,039	(1,600,662)	8,375,402
Profit attributable to members of the consolidated entity	-	-	306,215	306,215
Issue of shares	400	40	-	440
Balance at 30 June 2016	9,970,425	6,079	(1,294,447)	8,682,057

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2017

	Note	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers		**1,464,270**	1,043,641	**24,842**	27,875
Payments to suppliers and employees		**(607,688)**	(332,825)	**(174,548)**	(120,154)
Interest received		**399**	542	**79**	79
Finance costs		**(15,778)**	(55,657)	**-**	(1)
Net cash provided by/(used in) operating activities	18	**841,203**	655,701	**(149,627)**	(92,201)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of property, plant and equipment		**(16,854)**	(40,317)	**(12,800)**	-
Loan repayments to related parties		**-**	-	**371,800**	100,261
Net cash provided by/(used in) investing activities		**(16,854)**	(40,317)	**359,000**	100,261
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from share applications		**5,610**	440	**5,610**	440
Repayment of borrowings		**(598,027)**	(613,654)	**-**	-
Net cash provided by/(used in) financing activities		**(592,417)**	(613,214)	**5,610**	440
Net increase/(decrease) in cash and cash equivalents held		**231,932**	2,170	**214,983**	8,500
Cash and cash equivalents at beginning of year		**172,471**	170,301	**44,720**	36,220
Cash and cash equivalents at end of financial year	5	**404,403**	172,471	**259,703**	44,720

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2017

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 Mercari Mid Point Index Spot Price 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.

1 Summary of Significant Accounting Policies

(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.

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 2017

1 Summary of Significant Accounting Policies

(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

(g) 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.

(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

(g) Financial instruments

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 2017

1 Summary of Significant Accounting Policies

(h) Impairment of non-financial assets

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.

Notes to the Financial Statements
For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies

(k) Income tax

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 2017

1 Summary of Significant Accounting Policies

(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

Comparative figures are consistent with prior years unless otherwise stated in the notes.

Notes to the Financial Statements
For the Year Ended 30 June 2017

2 Revenue and Other Income

	Consolidated		Parent	
	2017	2016	2017	2016
	$	$	$	$
Operating revenue				
Electricity	**571,630**	417,863	**-**	-
Large-scale Generation Certificates	**625,015**	743,673	**929**	-
Loss of generation compensation received	**25,668**	-	**-**	-
Transmission use of system income	**20,692**	19,347	**-**	-
Movement in inventory of Large-scale Generation Certificates	**132,793**	(27,407)	**(362)**	2,109
	1,375,798	1,153,476	**567**	2,109
Other revenue				
Interest income	**399**	542	**79**	79
Site tours	**350**	946	**350**	946
Community fund contributions from retailers	**16,137**	18,375	**13,337**	18,375
Prior year grant creditor reversal	**-**	24,500	**-**	24,500
Event sponsorship & income	**8,274**	-	**8,274**	-
Other income	**7,303**	1,646	**1,099**	1,646
	32,463	46,009	**23,139**	45,546
	1,408,261	1,199,485	**23,706**	47,655

3 Operating expenses

(a) Administration expenses

	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
Accounting fees	**14,080**	12,030	**10,844**	6,540
Audit fees	**5,100**	4,950	**2,100**	2,475
Bank charges	**1,731**	6,810	**159**	91
Bookkeeping	**9,282**	8,470	**4,482**	3,570
CFO & management accounting expense	**20,575**	1,250	**10,288**	625
Legal services	**4,500**	-	**4,500**	-
Office supplies & information technology	**3,363**	3,140	**3,336**	2,520
Secretarial fees	**326**	321	**77**	75
Share registry	**11,104**	5,755	**11,104**	5,755
Website expenses	**1,551**	14,802	**1,551**	14,802
	71,612	57,528	**48,441**	36,453

Notes to the Financial Statements
For the Year Ended 30 June 2017

3 Operating expenses

(b) Communications, public meetings & events

	Consolidated		Parent	
	2017	2016	2017	2016
	$	$	$	$
Advertising	**2,696**	5,000	**2,696**	5,000
Contributions to landowner	**605**	1,301	**605**	1,301
Merchandise written off	**-**	2,974	**-**	2,974
Meals & entertainment	**-**	24	**-**	24
Public events & meetings	**10,120**	2,300	**10,120**	2,300
	13,421	11,599	**13,421**	11,599

(c) Personnel expenses

	Consolidated 2017	Consolidated 2016	Parent 2017	Parent 2016
Staff training & welfare	**-**	70	**-**	70
Superannuation contributions	**3,602**	3,697	**3,602**	3,697
Wages, salaries & contractors	**40,404**	39,888	**40,404**	39,888
Workcover	**200**	-	**200**	-
Movement in leave provisions	**(915)**	190	**(915)**	190
	43,291	43,845	**43,291**	43,845

(d) Depreciation and amortisation

	Consolidated 2017	Consolidated 2016	Parent 2017	Parent 2016
Depreciation	**459,661**	458,738	**281**	-
	459,661	458,738	**281**	-

(e) Interest

	Consolidated 2017	Consolidated 2016	Parent 2017	Parent 2016
Interest paid	**15,778**	55,657	**-**	1
	15,778	55,657	**-**	1

(f) Other operating expenses

	Consolidated 2017	Consolidated 2016	Parent 2017	Parent 2016
Insurance	**37,616**	23,301	**10,037**	6,323
Licence fees	**3,036**	1,618	**1,404**	1,393
Municipal payment in lieu of rates	**15,600**	15,599	**-**	-
Office rent	**4,160**	3,813	**2,240**	1,893
Wind farm rent	**25,002**	24,811	**-**	-
Wind farm operation	**304,754**	147,490	**-**	-
	390,168	216,632	**13,681**	9,609

Notes to the Financial Statements
For the Year Ended 30 June 2017

3 Operating expenses

(g) Community contributions

	Consolidated		Parent	
	2017	2016	2017	2016
	$	$	$	$
Community fund grants	**13,730**	-	**13,730**	-
Local benefit program	**4,448**	900	**4,448**	900
Energy fund	**14,620**	15,000	**14,620**	15,000
Sponsorships	**1,400**	855	**1,400**	855
Provision for community fund programme	**(19,874)**	32,516	**(19,874)**	32,516
	14,324	49,271	**14,324**	49,271

4 Income Tax Expense

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

	Consolidated 2017	Consolidated 2016	Parent 2017	Parent 2016
Prima facie tax expense (benefit) on profit (loss) before income tax at 27.5% (2016: 30%)	**110,002**	91,864	**(30,176)**	(30,937)
Add tax effect of:				
- Movement in tax losses not booked	**-**	63,516	**-**	28,482
- Timing differences	**-**	-	**-**	2,455
- Non-deductible expenses	**3,776**	-	**3,776**	-
- Deferred tax liabilities recognised for the first time	**1,828,358**	-	**-**	-
Less tax effect of:				
- Timing differences	**-**	(155,380)	**-**	-
- Deferred tax assets recognised for the first time	**(2,170,744)**	-	**(446,446)**	-
- Movement in non deductible provisions	**(5,466)**	-	**(5,466)**	-
Income tax (benefit) expense	**(234,074)**	-	**(478,312)**	-

Notes to the Financial Statements
For the Year Ended 30 June 2017

5 Cash and Cash Equivalents

	Consolidated		Parent	
	2017	2016	2017	2016
	$	$	$	$
Operating accounts	**146,047**	132,306	**1,347**	4,555
Short-term bank deposits	**250,049**	-	**250,049**	-
Community fund accounts	**8,307**	40,165	**8,307**	40,165
	404,403	172,471	**259,703**	44,720

6 Trade and Other Receivables

	Consolidated 2017	Consolidated 2016	Parent 2017	Parent 2016
Trade receivables and accrued income	**172,997**	361,344	**-**	-
Other trade receivables	**1,086**	1,499	**1,086**	1,499
	174,083	362,843	**1,086**	1,499
Prepayments	**26,131**	19,752	**-**	2,108
GST receivable	**-**	-	**3,077**	797
Other receivables	**1,100**	1,538	**1,100**	1,540
	201,314	384,133	**5,263**	5,944

7 Inventories

	Consolidated 2017	Consolidated 2016	Parent 2017	Parent 2016
Large-scale Generation Certificates	**150,409**	17,616	**5,111**	5,473
	150,409	17,616	**5,111**	5,473

8 Investments in subsidiaries

	Consolidated 2017	Consolidated 2016	Parent 2017	Parent 2016
Leonards Hill Wind Operations Pty Ltd	**-**	-	**20**	20
	-	-	**20**	20

9 Other Financial Assets

	Consolidated 2017	Consolidated 2016	Parent 2017	Parent 2016
LOANS TO RELATED ENTITIES				
Leonards Hill Wind Operations Pty Ltd	**-**	-	**8,425,372**	8,778,356
	-	-	**8,425,372**	8,778,356

Notes to the Financial Statements
For the Year Ended 30 June 2017

10 Property, Plant and Equipment

	Consolidated		Parent	
	2017	2016	2017	2016
	$	$	$	$
Wind Farm Development, Compliance & Project Management				
At cost	**326,870**	326,870	**-**	-
Accumulated depreciation	**(58,216)**	(45,141)	**-**	-
	268,654	281,729	**-**	-
Wind Farm Construction				
At cost	**11,154,801**	11,154,801	**-**	-
Accumulated depreciation	**(2,915,895)**	(2,469,857)	**-**	-
	8,238,906	8,684,944	**-**	-
Office and other equipment				
At cost	**4,857**	803	**-**	-
Accumulated depreciation	**(1,019)**	(752)	**-**	-
	3,838	51	**-**	-
Other Community Energy Projects				
At cost	**12,800**	-	**12,800**	-
Accumulated depreciation	**(281)**	-	**(281)**	-
	12,519	-	**12,519**	-
Total property, plant and equipment	**8,523,917**	8,966,724	**12,519**	-

(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, Compliance & Project Management	Wind Farm Construction	Office and other equipment	Other Community Energy Projects	Total
	$	$	$	$	$
Balance at the beginning of year	281,729	8,684,944	51	-	8,966,724
Additions	-	-	4,054	12,800	16,854
Depreciation expense	(13,075)	(446,038)	(267)	(281)	(459,661)
Balance at 30 June 2017	268,654	8,238,906	3,838	12,519	8,523,917

Notes to the Financial Statements
For the Year Ended 30 June 2017

11 Tax assets and liabilities

	Consolidated		Parent	
	2017	2016	2017	2016
	$	$	$	$
Deferred Tax Assets and Liabilities				
Deferred tax assets comprise:				
- Expenses not deductible until paid	**429**	-	**429**	-
- Tax losses available to set off against future taxable income	**2,131,478**	-	**481,326**	-
- Differences in accounting and tax depreciation rates	**(1,897,833)**	-	**(3,443)**	-
	234,074	-	**478,312**	-

(a) Unrecognised deferred tax assets

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. Deferred taxes have been recognised by the Group for the first time at 30 June 2017 as it is now considered probable that future profits will be available against which the benfits of the deferred tax assets are able to be obtained.

Deferred tax assets and liabilities that have not been recognised in the financial statements comprise as follows:

	Consolidated		Parent	
	2017	2016	2017	2016
	$	$	$	$
Tax losses	**-**	2,367,258	**-**	486,205
Expenses not deductible until paid	**-**	826	**-**	826
Differences in accounting and tax depreciation rates	**-**	(1,994,572)	**-**	-
	-	373,512	**-**	487,031

12 Trade and Other Payables

	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
Trade payables	**38,958**	74,423	**29,293**	29,906
Accrued expense	**15,600**	6,203	**-**	-
GST payable	**21,984**	42,521	**-**	-
PAYG withholding payable	**1,236**	1,990	**1,236**	1,990
Superannuation payable	**740**	1,019	**740**	1,019
Other payables	**56**	119	**41**	8
	78,574	126,275	**31,310**	32,923

Notes to the Financial Statements
For the Year Ended 30 June 2017

13 Provisions

	Consolidated		Parent	
	2017	2016	2017	2016
	$	$	$	$
Provision for annual leave	**820**	1,735	**820**	1,735
Provision for community fund programme (i)	**24,768**	44,642	**24,768**	44,642
	25,588	46,377	**25,588**	46,377

(i) 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 provision for the balance of funds available for use by the Community Fund are set out below:

	Consolidated		Parent	
	2017	2016	2017	2016
	$	$	$	$
Opening community fund balance	**44,642**	12,126	**44,642**	12,126
Contribution by Co-operative	**13,863**	11,625	**13,863**	11,625
Contributions by energy retailers	**16,137**	18,375	**16,137**	18,375
Prior year grant creditor reversal	**-**	24,500	**-**	24,500
Site tours	**100**	238	**100**	238
Interest income	**30**	79	**30**	79
Grants to community groups	**(13,730)**	-	**(13,730)**	-
Sponsorships to community groups	**(1,900)**	(855)	**(1,900)**	(855)
Local benefit program	**(3,949)**	(900)	**(3,949)**	(900)
Energy fund	**(14,620)**	(15,000)	**(14,620)**	(15,000)
Energy fund asset purchases	**(12,800)**	-	**(12,800)**	-
Management fee	**(3,000)**	(5,540)	**(3,000)**	(5,540)
Bank charges	**(5)**	(6)	**(5)**	(6)
	24,768	44,642	**24,768**	44,642

Notes to the Financial Statements

For the Year Ended 30 June 2017

14 Borrowings

	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
Bank Loans				
Bendigo and Adelaide Bank	**88,208**	686,235	**-**	-
	88,208	686,235	**-**	-

The limit of the bank loan facility from Bendigo and Adelaide Bank at 30 June 2017 was $1,500,000 (30 June 2016: $1,500,000). The directors have requested that the limit be reduced to $500,000.

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.

15 Issued Capital

	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
9,975,525 ordinary shares (2016: 9,970,425)	**9,975,525**	9,970,425	**9,975,525**	9,970,425
Share premium reserve	**6,589**	6,079	**6,589**	6,079
	9,982,114	9,976,504	**9,982,114**	9,976,504

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.

16 Contingent Liabilities

In the opinion of the Directors, the Co-operative did not have any contingent assets or liabilities at 30 June 2017.

17 Dividends

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

18 Cash Flow Information

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

	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
Profit/(loss) for the year	**634,080**	306,215	**368,579**	(103,123)
Non-cash flows in profit:				
Depreciation and amortisation	**459,661**	458,738	**281**	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:				
(Increase)/decrease in trade and other receivables	**182,819**	(180,933)	**2,961**	686
(Increase)/decrease in related party loans	**-**	-	**(18,816)**	(7,046)
(Increase)/decrease in inventories	**(132,793)**	30,381	**362**	865
- (increase)/decrease in deferred tax receivable	**(234,074)**	-	**(478,312)**	-
Increase/(decrease) in trade and other payables	**(54,101)**	8,594	**(10,293)**	(16,289)
(Increase)/decrease in provision for employee entitlements	**(915)**	190	**(915)**	190
(Increase)/decrease in provision for community fund grants	**(13,474)**	32,516	**(13,474)**	32,516
Cashflow from operations	**841,203**	655,701	**(149,627)**	(92,201)

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 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
Financial Assets				
Cash and cash equivalents	**404,403**	172,471	**259,703**	44,720
Trade and other receivables	**201,314**	384,133	**5,263**	5,944
Loans to related parties	**-**	-	**8,425,372**	8,778,356
Total financial assets	**605,717**	556,604	**8,690,338**	8,829,020
Financial Liabilities				
Trade and other payables	**78,574**	126,275	**31,310**	32,923
Borrowings	**88,208**	686,235	**-**	-
Total financial liabilities	**166,782**	812,510	**31,310**	32,923

Notes to the Financial Statements
For the Year Ended 30 June 2017

20 Key Management Personnel Compensation

The total remuneration paid to key management personnel of the Co-operative and its controlled entities was $34,129 (2016: $36,108).

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

There were no transactions with related parties during the financial year.

22 Controlled Entities

	Country of Incorporation	2017 Percentage Owned (%)*	2016 Percentage Owned (%)*
Leonards Hill Wind Operations Pty Ltd	Australia	**100**	100

* Percentage of voting power is in proportion to ownership

23 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 30, 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 2017 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: .... Mitch Watson

Dated: 4 October 2017

PPT AUDIT

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Hepburn Community Wind Park Co-operative Ltd

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

Opinion

We have audited the financial report of Hepburn Community Wind Park Co-operative Ltd (the Co-operative) and its controlled entities (the Group), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Co-operative, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of Directors for the Financial Report

The directors of the Co-operative are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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.

In preparing the financial report, the directors are responsible for assessing the the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

PPT AUDIT

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

....
Jason D. Hargreaves
Director

20 Lydiard Street South, Ballarat, VIC 3350

Dated: 4 October 2017

02

2017 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 2017

Leonards Hill Wind Operations Pty Ltd

ABN 86 141 239 894

Contents

For the Year Ended 30 June 2017

Directors' Report

For the Year Ended 30 June 2017

Your directors present their report on Leonards Hill Wind Operations Pty Ltd for the financial year ended 30 June 2017.

Information on directors

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

David Perry	Appointed as a director 14 November 2014
Graham White	Appointed as a director 7 November 2015

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 profit of the Company after providing for income tax amounted to $265,501 (2016: profit of $409,341).

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 8 September 2016 the Company has signed a range of partnership contracts with Meridian Energy and Powershop including a Service Agreement for operations of the wind farm.

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

From late-November to late-March there were several periods during which the STATCOM, a large device that acts to maintain power quality in the local electricity network by adjusting the output of the wind farm when required, remained out of service due to faults or while awaiting parts, resulting in the wind farm generation being restricted to 2,200kW for 42 days of this period. There were approximately 80 hours during this period where the wind farm was disconnected from the network due to this issue. The STATCOM is now operating in a stable condition.

Directors' Report
For the Year Ended 30 June 2017

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may 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.

The market price for renewable energy certificates continued to be stable and high during the financial year and continues to be back in line with the original forecasts prepared by the Company.

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
For the Year Ended 30 June 2017

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 2017 has been received and can be found on page of the financial report.

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

Director: .... David Perry

Director: .... Graham White

Dated: 4 October 2017

PPT AUDIT

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Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

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 2017, 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: 3 October 2017

Statement of Comprehensive Income
For the Year Ended 30 June 2017

	Note	2017 $	2016 $
Revenue	2	**1,384,555**	1,151,830
Administrative expenses	3(a)	**(23,171)**	(21,075)
Depreciation and amortisation	3(b)	**(459,380)**	(458,738)
Interest	3(c)	**(15,778)**	(55,656)
Other operating expenses	3(d)	**(376,487)**	(207,020)
Profit before income tax		**509,739**	409,341
Income tax expense	4	**(244,238)**	-
Profit for the year		**265,501**	409,341
Other comprehensive income:			
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**265,501**	409,341

The accompanying notes form part of these financial statements.

Statement of Financial Position
As At 30 June 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**144,699**	127,751
Trade and other receivables	6	**199,132**	378,990
Inventories	7	**145,299**	12,143
TOTAL CURRENT ASSETS		**489,130**	518,884
NON-CURRENT ASSETS			
Property, plant and equipment	8	**8,511,397**	8,966,724
TOTAL NON-CURRENT ASSETS		**8,511,397**	8,966,724
TOTAL ASSETS		**9,000,527**	9,485,608
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	**50,342**	94,151
TOTAL CURRENT LIABILITIES		**50,342**	94,151
NON-CURRENT LIABILITIES			
Borrowings	10	**8,513,580**	9,464,591
Deferred tax liabilities	11	**244,238**	-
TOTAL NON-CURRENT LIABILITIES		**8,757,818**	9,464,591
TOTAL LIABILITIES		**8,808,160**	9,558,742
NET ASSETS		**192,367**	(73,134)
EQUITY			
Issued capital	12	**20**	20
Retained earnings		**192,347**	(73,154)
TOTAL EQUITY		**192,367**	(73,134)

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 30 June 2017

2017

	Ordinary Shares $	Retained Earnings $	Total $
Balance at 1 July 2016	**20**	**(73,154)**	**(73,134)**
Profit attributable to members of the entity	-	**265,501**	**265,501**
Balance at 30 June 2017	**20**	**192,347**	**192,367**

2016

	Ordinary Shares $	Retained Earnings $	Total $
Balance at 1 July 2015	20	(482,495)	(482,475)
Profit attributable to members of the entity	-	409,341	409,341
Balance at 30 June 2016	20	(73,154)	(73,134)

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**1,439,428**	1,015,765
Payments to suppliers and employees		**(433,140)**	(212,670)
Interest received		**320**	463
Interest paid		**(15,778)**	(55,656)
Net cash provided by operating activities	13	**990,830**	747,902
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for plant and equipment		**(4,054)**	(40,317)
Net cash provided by/(used in) investing activities		**(4,054)**	(40,317)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds (repayments) of related entity loans		**(371,800)**	(100,261)
Net proceeds (repayments) of bank loans		**(598,028)**	(613,654)
Net cash used in financing activities		**(969,828)**	(713,915)
Net increase/(decrease) in cash and cash equivalents held		**16,948**	(6,330)
Cash and cash equivalents at beginning of year		**127,751**	134,081
Cash and cash equivalents at end of financial year	5	**144,699**	127,751

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2017

The financial report covers Leonards Hill Wind Operations Pty Ltd as an individual entity. Leonards Hill Wind Operations Pty Ltd is a for-profit proprietary Company, incorporated and domiciled in Australia.

The functional and presentation currency of Leonards Hill Wind Operations Pty Ltd is Australian dollars.

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 LGC's have been valued using the Mercari Mid Point Index Spot Price 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.

(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.

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.

1 Summary of Significant Accounting Policies

(d) Property, plant and equipment

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. 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 depreciate at a rate of 66.66% - diminishing value basis.

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.

1 Summary of Significant Accounting Policies

(f) Financial instruments

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 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.

1 Summary of Significant Accounting Policies

(f) Financial instruments

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.

(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 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.

1 Summary of Significant Accounting Policies

(f) Financial instruments

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.

(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 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 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.

1 Summary of Significant Accounting Policies

(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. 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.

1 Summary of Significant Accounting Policies

(k) Leases

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.

(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) Comparative figures

Comparative figures are consisted with prior years unless otherwise state in the notes.

Notes to the Financial Statements
For the Year Ended 30 June 2017

2 Revenue and Other Income

	2017 $	2016 $
Operating revenue		
Electricity	**571,629**	417,863
Large-scale Generation Certificates	**624,086**	743,673
Loss of generation compensation received	**25,668**	-
Transmission use of system income	**20,692**	19,347
Movement in inventory of Large-scale Generation Certificates	**133,156**	(29,516)
	1,375,231	1,151,367
Other revenue		
Interest income	**321**	463
Commissions	**2,800**	-
Other income	**6,203**	-
	1,384,555	1,151,830

3 Operating expenses

(a) Administration expenses

Accounting fees	**3,235**	5,490
Audit fees	**3,000**	2,475
Bank charges	**1,572**	6,719
Bookkeeping	**4,800**	4,900
CFO expenses	**10,288**	625
Office supplies & information technology	**27**	620
Secretarial fees	**249**	246
	23,171	21,075

(b) Depreciation and amortisation

Depreciation	**459,380**	458,738
	459,380	458,738

Notes to the Financial Statements
For the Year Ended 30 June 2017

3 Operating expenses

(c) Interest

	2017 $	2016 $
Interest paid	**15,778**	55,656
	15,778	55,656

(d) Other operating expenses

Insurance	**27,579**	16,979
Licence fees	**1,632**	225
Office rent	**1,920**	1,920
Municipal payment in lieu of rates	**15,600**	15,599
Wind farm rent	**25,002**	24,811
Wind farm operations	**304,754**	147,486
	376,487	207,020

4 Income Tax Expense

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

Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2016: 30%)	**140,178**	122,802
Add tax effect of:		
- Movement in tax losses not booked	**-**	35,034
- Deferred tax liabilities recognised for the first time	**1,828,358**	-
Less tax effect of:		
- Timing differences	**-**	(157,836)
- Deferred tax assets recognised for the first time	**(1,724,298)**	-
Income tax expense	**244,238**	-

5 Cash and Cash Equivalents

Operating accounts	**144,699**	127,751
	144,699	127,751

6 Trade and Other Receivables

	2017	2016
	$	$
Trade receivables and accrued income	**173,001**	361,345
Prepayments	**26,131**	17,645
	199,132	378,990

7 Inventories

	2017	2016
Large-scale Generation Certificates	**145,299**	12,143
	145,299	12,143

8 Property, Plant and Equipment

	2017	2016
PLANT AND GRID CONNECTION		
Wind Farm Development, Compliance and Project Management		
At cost	**326,870**	326,870
Accumulated depreciation	**(58,216)**	(45,141)
	268,654	281,729
Wind Farm Construction		
At cost	**11,154,801**	11,154,801
Accumulated depreciation	**(2,915,895)**	(2,469,857)
	8,238,906	8,684,944
Office and other equipment		
At cost	**4,856**	803
Accumulated depreciation	**(1,019)**	(752)
Total office equipment	**3,837**	51
	8,511,397	8,966,724

(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, Compliance & Project Management	Wind Farm Construction	Office & Other Equipment	Total
	$	$	$	$
Balance at the beginning of year	281,729	8,684,944	51	8,966,724
Additions	-	-	4,053	4,053
Depreciation expense	(13,075)	(446,038)	(267)	(459,380)
Balance at 30 June 2017	268,654	8,238,906	3,837	8,511,397

9 Trade and Other Payables

	2017	2016
	$	$
Trade payables	**9,665**	44,519
Accrued expenses	**15,600**	6,203
GST payable	**25,062**	43,318
Other payables	**15**	111
	50,342	94,151

10 Borrowings

	2017	2016
Loan from related entities:		
Hepburn Community Wind Park Co-operative Ltd	**8,425,372**	8,778,356
Bank loans:		
Bendigo Bank	**88,208**	686,235
	8,513,580	9,464,591

The limit of the bank loan facility from the Bendigo and Adelaide Bank Limited at 30 June 2017 was $1,500,000 (30 June 2016: $1,500,000). The directors have requested that the limit be reduced to $500,000.

The Bendigo and Adelaide Bank Limited 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.

Notes to the Financial Statements
For the Year Ended 30 June 2017

11 Tax assets and liabilities

	2017 $	2016 $
Deferred Tax Assets and Liabilities		
Deferred tax liabilities comprise:		
- Tax losses available to set off against future taxable income	**(1,650,152)**	-
- Differences in accounting and tax depreciaton rates	**1,894,390**	-
	244,238	-

(a) Unrecognised deferred tax assets

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. Deferred taxes have been recognised by the Company for the first time at 30 June 2017 as it is now considered probable that future profits will be available against which the benefits of the deferred tax assets are able to be obtained.

Deferred tax assets and liabilities that have not been recognised in the financial statements comprise as follows:

	2017 $	2016 $
Tax losses available to set off against future taxable income	**-**	1,881,052
	-	1,881,052

12 Issued Capital

20 ordinary shares (2016: 20)	**20**	20
	20	20

13 Cash Flow Information

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

Profit for the year	**265,501**	409,341
Non-cash flows in profit:		
Depreciation and amortisation	**459,380**	458,738
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
(Increase)/decrease in trade and other receivables	**198,677**	(175,006)
(Increase)/decrease in inventories	**(133,155)**	29,516
Increase in related party loans	**-**	7,046
Increase/(decrease) in trade and other payables	**(43,811)**	18,267
Increase/(decrease) in deferred taxes payable	**244,238**	-
Cashflow from operations	**990,830**	747,902

Notes to the Financial Statements
For the Year Ended 30 June 2017

14 Contingent Assets & Liabilities

The company did not have any contingent assets or liabilities at 30 June 2017 or 30 June 2016.

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:

Financial Assets		
Cash and cash equivalents	**144,699**	127,751
Trade and other receivables	**199,132**	378,990
Total financial assets	**343,831**	506,741
Financial Liabilities		
Trade and other payables	**50,342**	94,151
Borrowings	**8,513,580**	9,464,591
Total financial liabilities	**8,563,922**	9,558,742

16 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.

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 2017

16 Related Party Transactions

Transactions with related parties

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 disclosed in Note 10. 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.

17 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 22, 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 2017 and of the performance for the year ended on that date of the Company.

2. 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: ....
David Perry

Director: ....
Graham White

Dated: 4 October 2017

PPT
AUDIT

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Leonards Hill Wind Operations Pty Ltd

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

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Leonards Hill Wind Operations Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended; and

(ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements to the extent described in Note and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of Directors 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 and have determined that the basis of preparation described in Note to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

....
Jason D. Hargreaves
Director

20 Lydiard Street South, Ballarat, VIC 3350

Dated: 4 October 2017