



HEPBURN COMMUNITY WIND PARK CO-OPERATIVE LTD

ABN: 87 572 206 200

Reg. No: G0003442Y

Financial Report for the year ended 30 June 2009

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Directors' Report

The directors present their report on the Co-operative for the year ended **30 June 2009**.

Directors

The following persons were directors of the Co-operative during the whole of the financial year and up to the date of this report, unless otherwise stated:

	Appointed	Resigned
Per Bernard	18 July 2007	28 April 2009
Mim Dineen	18 July 2007	
Brett Dutton	5 March 2008	
Phillip Hanson	18 July 2007	
Simon Holmes à Court	18 July 2007	
Koos Hulst	18 July 2007	
Scott Kinnear	18 July 2007	
David Wait	18 July 2007	
Vicki Horigan	28 April 2009	
Martin May	28 April 2009	

Principal Activities

During the year the principal activities have been to raise capital through the offer document, to seek potential debt funding, and to continue planning for the construction of the wind farm. There was no significant change in the nature of the principal activities during the year.

Results

	2009	2008
	\$	\$
Operating profit / (loss)	<u>(9,100)</u>	<u>(3,793)</u>

Review of Operations

During the year ended 30 June 2009 operations of Hepburn Wind included capital raising, establishing relationships with turbine suppliers, electricity industry and bankers, and preparing for construction of the wind farm.

Significant Changes in State of Affairs

No significant changes in the entity's state of affairs occurred during the financial year.

Dividends

No dividends were declared or paid during the year.

Directors' Report (cont.)

Matters Subsequent to the End of the Financial Year

Other than the items following, no matters or circumstances have arisen since 30 June 2009 which significantly affected or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

As a major portion of the turbine costs will be invoiced in Euros, and considering the AUD has been appreciating in value against the Euro since December 2008 the board has wanted to avoid an increase in project cost due to exchange variations. As the formal cost of currency hedging was prohibitively expensive the Board decided on a natural hedge achieved by purchasing Euros whilst the rate has been strong. Since August 2.75m Euros have been purchased towards the 3.5m required.

In December 2009, the Board of Hepburn Wind established a company wholly owned by the Co-operative called Leonards Hill Wind Operations Pty. Ltd. (ACN 141 239 894) to act as a special purposes vehicle to own and manage the proposed wind farm.

On 31 December 2009, Leonards Hill Wind Operations signed a purchase order for the supply and installation of two MM82 wind turbines with REpower Systems AG of Germany.

Since 30 June significant additional investment has been received. At 31 January 2010 the Co-operative had accepted \$7,085,591 of share capital from 1071 members and held an additional \$297,750 of application funds comprising recent Victorian applicants plus pending interstate applications.

Likely Developments and Expected Results of Operations

At the date of this report, there are no likely developments in the operations of the Co-operative required to be reported in accordance with sub-section 299(1)(e) of the Corporations Act, 2001.

Environmental Issues

The Co-operative's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Meetings of Directors

The number of meetings of the Co-operative's directors held during the year ended 30 June 2009, and the number of meetings attended by each director was:

Director	Number Eligible to Attend	Number Attended
Per Bernard	17	12
Mim Dineen	21	14
Brett Dutton	21	17
Phillip Hanson	21	17
Simon Holmes à Court	21	17
Vicki Horrigan	4	3
Koos Hulst	21	17
Scott Kinnear	21	17
Martin May	4	2
David Wait	21	15

Directors' Report (cont.)

Information on Directors

Director	Experience	Special Responsibility
Per Bernard	Per was President of the Hepburn Renewable Energy Association Inc. between 2005 and 2007, and was Vice President in 2007 and 2008. He owns and operates Unicorn House, a high profile sustainable architectural and building firm in Daylesford. Per was raised in Denmark and has extensive knowledge of the wind industry.	
Mim Dineen	Mim is an Occupational Therapist, with experience in the health and aged care industry. Mim has been involved in numerous community programs in the Hepburn region. She has been both Secretary and Treasurer of the Glenlyon Music Festival (Glenfest) and a member and convener of several professional working parties and committees. Mim was also a member of the Co-operative Steering Committee that established the Rules and drafted the initial disclosure statement for Hepburn Wind.	Secretary
Brett Dutton	Brett has 20 years management and engineering skills gained in the Royal Australian Navy. Over the last five years he has had several roles with renewable energy companies and has project managed the installation of over 200 MW of wind projects in Australia and New Zealand.	
Phillip Hanson	As a Director and senior financial manager Phil has been responsible for the financial management and welfare of organisations ranging in size from \$8 million to \$150 million in turnover. Phil qualified as a CPA in 1984, an FCPA in 2004 and graduated from the Australian Institute of Company Directors in 2005.	Treasurer
Simon Holmes à Court	Simon has qualifications in Cognitive and Computer Science and Applied Finance and Investment from US and Australian institutions. He has a broad range of commercial experience, ranging from 'dot com' businesses in Silicon Valley to remote cattle stations in the Northern Territory. Simon has previously been director of Heytesbury Pty Ltd, one of Australia's largest private companies, and is the Chairman of Melbourne based Observant Pty Ltd, which designs and manufactures highly-scalable infrastructure monitoring and automation solutions for urban and remote areas.	Chairman
Vicki Horrigan	Vicki has lived in Daylesford and Hepburn Springs since 1991. Vicki has extensive involvement in local community activities through the Daylesford primary and secondary schools and a number of local sporting groups. Vicki has an Arts/Law degree and has practised law since 1987 working in the community sector. For the past 8 years Vicki has worked in the Victorian public service and in her most recent role has focused on effective and accountable governance and management of complex projects within the health and welfare area.	

Director	Experience	Special Responsibility
Koos Hulst	Koos has a Bachelors degree in mechanical engineering and a Masters degree in process engineering from Delft University in the Netherlands. Koos is also a graduate of the Permaculture Design Course from the Permaculture Institute at Melbourne University. Throughout his engineering career, Koos has worked for both large and small engineering firms in the Netherlands and the Philippines, designing and constructing biological treatment facilities for industrial wastewater, and he currently works in Australia as an environmental engineer.	Deputy Chairman
Scott Kinnear	Scott has a long involvement in community organisations as the former Chair of the Centre for Education and Research in Environmental Strategies (CERES), former and founding Chair of the Organic Federation of Australia (OFA), former Board Member of Biological Farmers of Australia (BFA) and current Chair of GeneEthics Network. Scott holds qualifications in Agricultural Science and Process Communications Model (PCM). Scott also owns and manages Organic Wholefoods, a Melbourne food retailer, and is farming organically at Blampied, 10km from Daylesford. He has lived in the area for 10 years.	
Martin May	Martin has extensive experience in the finance industry, both local and international, over the last 30 years. Currently the CEO of Affinity Funds Management, a specialist manager in the field of commercial lending, Martin is particularly involved in developing innovative investment solutions for institutional and wholesale investors. Martin has held positions on the Board and Investment Committee of a major Life Insurance company and holds a BA in Economics from The University of Melbourne.	
David Wait	David is an IT manager with over 20 years experience in the area of IT infrastructure. For the past five years he has specialised in managing data centre electrical and mechanical systems and he currently leads an IT sustainability team. David's other expertise includes providing advice on the IT requirements for major construction projects, including a 5 Star Green Star office building and a world class data centre, and being a leader of carbon neutral strategy within his profession.	

No officer of the Co-operative has ever been a partner or director of the Co-operative's current audit firm, Elliott Accounting.

Insurance of Officers

During the 12 months, premiums amounting to \$4,616 were paid to insure officers of the Co-operative.

Proceedings on Behalf of Co-operative

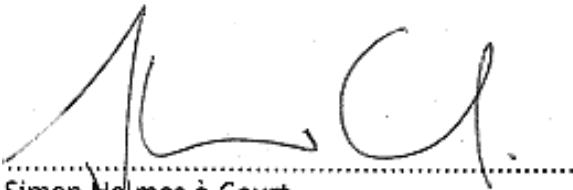
The Co-operative was not a party to any proceedings during the year.

Directors' Report (cont.)

Auditor Independence

A copy of the auditor independence declaration, as required under Section 307C of the Corporations Act 2001, is set out with the audit report on the following page.

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



Simon Holmes à Court
Chairman



Phillip Hanson FCPA
Treasurer

Daylesford

Dated this 12th day of February 2010

Auditor's Report and Independence Statement



Business + Taxation Consultants

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AUDIT REPORT – Period 1st July 2008 to 30th June 2009

HEPBURN COMMUNITY WIND PARK COOPERATIVE LTD.

(Referred to in this report as Hepburn Wind)

TO :- THE MEMBERS OF HEPBURN WIND.

Report on the financial report

I have audited the accompanying financial report of Hepburn Wind which comprises the balance sheet as at 30th June 2009 and the income statement and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors declaration

The responsibility of the directors for the financial report.

The Directors of Hepburn Wind are responsible for the preparation and fair representation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Act 2001 and the Victorian Co-operatives Act 1996. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors responsibility.

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian auditing standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance that the financial report is free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



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approved under Professional
Standards Legislation.

Independence.

In conducting my audit I have complied with the independence requirements of the Australian professional accounting bodies and the Corporations Act 2001.

I confirm that the independence declaration required by the Corporations Act 2001 provided to the directors of Hepburn Wind on 2nd April 2009, would be in the same terms if provided to the directors as at the date of this auditor's report.

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

The auditor's report relates to the financial report of Hepburn Wind for the year ended 30th June 2009 included on Hepburn Wind website. The directors are responsible for the integrity of Hepburn Wind website. I have not been engaged to report on the integrity of the Hepburn Wind website. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to / from these statements. If users of this report are concerned with inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this website.

Auditors opinion

In my opinion, the financial report, of Hepburn Wind is in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the company's financial position as at the 30th June 2009 and of its performance for the year ended on that date; and
- complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.



.....
Graeme Bruce Wallis
Elliott Accounting

Dated this 15th day of February 2010



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Income Statement

for the 12 months ended 30 June 2009

	Notes	2009 \$	2008 \$
Grant Income		0	50,000
Interest Income		96,347	0
Other revenue		0	100
		<u>96,347</u>	<u>50,100</u>
Expenses	2		
Administration expenses		56,890	5,029
Audit Fees		3,085	0
Legal expenses		15,472	8,864
Project Establishment expenses		30,000	40,000
		<u>105,447</u>	<u>53,893</u>
Profit / (Loss) before income tax		(9,100)	(3,793)
Income tax expense		-	-
		<u>-</u>	<u>-</u>
Profit / (Loss) for year		<u>(9,100)</u>	<u>(3,793)</u>

The above Income Statement should be read in conjunction with the accompanying notes.

Balance Sheet

as at 30 June 2009

	Notes	2009 \$	2008 \$
Current Assets			
Cash and cash equivalents	3	4,765,007	49,578
Total Current Assets		<u>4,765,007</u>	<u>49,578</u>
Total Assets		<u>4,765,007</u>	<u>49,578</u>
Current Liabilities			
Trade and other payables	5	12,803	40,000
Tax Payable (GST)		(9,871)	3,871
Accrued Income Tax		0	0
Applications Pending	6	1,160,862	0
Total Current Liabilities		<u>1,163,794</u>	<u>43,871</u>
Total Liabilities		<u>1,163,794</u>	<u>43,871</u>
Net Assets		<u>3,601,213</u>	<u>5,707</u>
Equity			
Foundation & Members shares		3,614,106	9,500
Retained Profits	4	(12,893)	(3,793)
		<u>3,601,213</u>	<u>5,707</u>

The above Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Recognised Income and Expenditure for the 12 months ended 30 June 2009

	2009 \$	2008 \$
Total equity at the beginning of the financial year	(3,793)	0
Net income recognised directly in equity	-	-
Profit / (Loss) for the year	(9,100)	(3,793)
Total recognised income and expense for the year	<u>(12,893)</u>	<u>(3,793)</u>

The above Statement of Recognised Income and Expenditure should be read in conjunction with the accompanying notes.

Cash Flow Statement

for the year ended 30 June 2009

	Notes	2009 \$	2008 \$
Cash Flows from Operating Activities			
Receipts from government grant (inclusive of goods and services tax)		0	55,000
Donations		0	100
Interest received		96,347	0
Payments to suppliers and employees (inclusive of goods and services tax)		(146,386)	(10,022)
Net cash inflow / (outflow) from operating activities		<u>(50,039)</u>	<u>40,078</u>
Cash Flows from Investing Activities			
Net cash inflow / (outflow) from Investing Activities		<u>nil</u>	<u>nil</u>
Cash Flow from Financing Activities			
Membership and Share Applications		4,765,468	9,500
		<u>4,765,468</u>	<u>9,500</u>
Net increase / (decrease) in cash held		4,715,429	49,578
Cash at the beginning of the financial year		49,578	0
Cash at the End of the Reporting Period	3	<u><u>4,765,007</u></u>	<u><u>49,578</u></u>

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Accounting Interpretations and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

The financial report is for Hepburn Community Wind Park Co-operative Ltd, as an individual entity, incorporated in Victoria and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report.

(b) Revenue Recognition

Grant revenue

Revenue from grants is recognised once the entity has control of the funds.

Interest Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(c) Income Tax

No income tax was payable by Hepburn Wind as at 30 June 2009.

(d) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(e) Property, Plant and Equipment

All property, plant and equipment are valued at cost, where applicable, less any accumulated depreciation.

(f) Depreciation

Depreciation is calculated on a straight line basis to write off the cost of each item of property, plant and equipment over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. At the date of this report the Co-operative has no depreciable assets.

(g) Trade and Other Creditors

Trade and Other Creditors are recognised when the Co-operative becomes obliged to make future payments resulting from the purchase of goods and services.

Notes to the Financial Statements (cont.)

Note 1. Summary of Significant Accounting Policies (cont.)

(h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are presented on a gross basis.

(i) Comparatives

Comparative amounts for the current year are for the 12 months to June 2008.

Note 2. Expenses

	2009	2008
	\$	\$
Profit before income tax includes the following specific expenses:		
Depreciation of non current assets		
Plant and equipment	0	0
Software	0	0
	0	0
Remuneration of auditor		
Audit of the financial report	3,085	0
Other services	0	0
	3,085	0

Note 3. Current Assets - Cash and Cash Equivalents

	2009	2008
	\$	\$
Cash at bank and on hand	6,457	49,488
Share Offer Trust Account	527,896	90
High Interest Share Offer Account	4,182	0
Guaranteed Deposit Account*	100,190	0
Term Deposit Guaranteed*	4,126,282	0
	4,765,007	49,578

* Government Guaranteed Deposits

Notes to the Financial Statements (cont.)

Note 4. Retained Profits

Movements in retained profits were as follows:

	2009	2008
	\$	\$
Balance 1 July	(3,793)	0
Net profit / (loss) for the year	(9,100)	(3,793)
Transferred out to reserve		
Balance 30 June	(12,893)	(3,793)

Note 5. Financial Instruments

(a) Accounting Policy, Terms and Conditions

The accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument at reporting date, are as follows:

	Note	Amount	Accounting Policy	Terms and Conditions
Financial Assets		2009	2008	
Cash and cash equivalents - cash at bank	3	635,735	49,578	Cash at Bank is carried at the nominal amount.
Cash and cash equivalents - term deposits	3	4,126,282	0	Term deposits are carried at their nominal amounts. Interest revenue is recognised in the operating statement when it is earned. Term deposits have an average maturity of 60 days and effective interest rates of 2.12% to 4.75%
Financial Liabilities		2009	2008	
Trade and other payables		12,803	40,000	Trade and other payables are recognised for amounts to be paid in the future for goods and services received. Payables are normally settled within 30 days in accordance with vendor terms.

(b) Market Risk

The Co-operative is not exposed to any variable interest rate risk for either 2008 or 2009.

(c) Credit Risk

Credit risk arises from cash and cash equivalents and outstanding receivables.

To minimise any potential credit risk the cash, and in particular surplus funds, the Board ensures that the funds are deposited only in reputable banking institutions.

Notes to the Financial Statements (cont.)

Note 5. Financial Instruments (cont.)

(d) Liquidity Risk

Liquidity risk is the risk of being unable to meet financial obligations as they fall due.

The Co-operative manages liquidity risk by monitoring cash flows and ensuring that maximum funds are available for investment and payment of financial liabilities.

There has been no significant change in the Co-operative's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

Note 6. Applications Pending

This consists of Victorian applications which had not been accepted at 30 June but have since been accepted and some Interstate applications, the bulk of which have since been accepted although some are still pending.

Note 7. Subsequent Events

No circumstances have arisen since the end of the period which have significantly affected or may significantly affect the operations, the results of those operations or the state of affairs of the Co-operative in future financial years.

Note 8. Limitation of Members' liability

Hepburn Wind is a co-operative registered in Victoria under the Co-operatives Act 1996 (Vic) and the limit of liability is the amount, if any, unpaid on the shares of the member.

Note 9. Co-operative Details

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

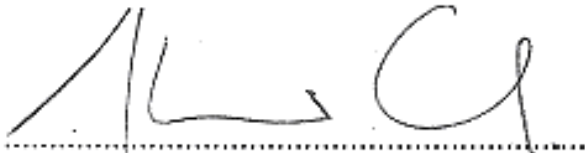
C/- LiMA Accounting + Consulting
20 Albert Street
Daylesford VIC 3460

Directors' Declaration

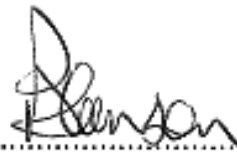
In the directors' opinion:

- (a) the financial statements and notes set out on pages 2 to 15 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Co-operative's financial position as at 30 June 2009 and of its performance for the reporting period ended on that date.
- (b) there are reasonable grounds to believe that the Co-operative 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.



Simon Holmes à Court
Chairman



Phillip Hanson FCPA
Treasurer

Daylesford

Dated this 12th day of February 2010