SUZLON ENERGY AUSTRALIA PTY LTD
A.B.N. 55 107 631 176
FINANCIAL REPORT
FOR THE YEAR ENDED
31 MARCH 2018

SUZLON ENERGY AUSTRALIA PTY LTD
A.B.N. 55 107 631 176
DIRECTOR'S REPORT

Your directors present their report on the Company of Suzlon Energy Australia Pty Ltd (the Company) at the end, or during, the year ended 31 March 2018.

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

Frans Visscher
Mukesh Kolhe
Rakesh Sarin (Resigned 28 Aug 2017)
Paulo Soares (Appointed 28 Aug 2017)

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

The loss of the Company for the financial year amounted to $42,726,803 (2017: a profit of $2,707,052). The Company had significant once-off intercompany write-off of $42,238,353 and a forex loss of $2,578,652 due to foreign currency movement on outstanding intercompany balances. The Company made an operating profit of $2,090,202 before these two significant expenses.

The principal activity of the Company during the financial year was the service and maintenance of wind farms within Australia. While the Company expects to continue with the current service and maintenance contracts in the future, management intends to engage in new widfarm related business. The Company actively participated at the Annual Clean Energy Conference showcasing new products and during the year restarted Sales/Business development activity. Also a revised market strategy was drafted facilitating inputs to the new products development process and the company participated in new Tenders issued by various Clients/ developers with existing and new products.

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.

No dividends were paid during the year and no recommendation is made as to dividends.

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.

The financial statements have been prepared on a going concern basis. Having regard to the letter of support from Suzlon Energy Limited, the ultimate parent, to Suzlon Energy A/S and its subsidiaries, the direct parent, and the going concern uncertainty disclosed in Note 1, we consider that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Indemnification of auditors
To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under Section 307c of the *Corporations Act 2001* is attached.

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

Mukesh Kolhe
11 May 2018

SUZLON ENERGY AUSTRALIA PTY LTD
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	Year Ended 31 March 2018 ($'000's)	Year Ended 31 March 2017 ($'000's)
Revenue		24,775	25,772
Cost of sales		16,482	16,245
GROSS PROFIT / (LOSS)		8,293	9,527
Other Income / (loss)			
Finance income		112	615
Finance costs		(31)	(207)
Foreign exchange gain / (loss)		(2,579)	1,215
Other income		-	56
Gain on assets sold / discarded		3	27
Expenditure			
Administration and other expenses	3	48,525	8,526
TOTAL EXPENDITURE		48,525	8,526
NET PROFIT/(LOSS) BEFORE INCOME TAX		(42,727)	2,707
Income tax expense	2	-	-
NET PROFIT/(LOSS) AFTER INCOME TAX		(42,727)	2,707

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

SUZLON ENERGY AUSTRALIA PTY LTD
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	Year Ended 31 March 2018 ($'000's)	Year Ended 31 March 2017 ($'000's)
CURRENT ASSETS			
Cash and cash equivalents		2,367	2,438
Trade and other receivables	4	10,996	59,800
Inventories	5	8,143	9,575
Other current assets	5	159	784
TOTAL CURRENT ASSETS		21,665	72,597
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,016	988
TOTAL NON-CURRENT ASSETS		1,016	988
TOTAL ASSETS		22,681	73,585
CURRENT LIABILITIES			
Trade and other payables	7	16,986	23,108
Provisions	8 (a)	2,155	2,279
Other liabilities	9	2,722	4,462
TOTAL CURRENT LIABILITIES		21,863	29,849
NON-CURRENT LIABILITIES			
Provisions	8 (b)	115	306
TOTAL NON CURRENT LIABILITIES		115	306
TOTAL LIABILITIES		21,978	30,155
NET ASSETS / (LIABILITIES)		703	43,430
EQUITY			
Contributed equity	11	107,778	107,778
Other reserves		(374)	(374)
Accumulated losses	12	(106,701)	(63,974)
TOTAL EQUITY / (DEFICIENCY)		703	43,430

The above statement of financial position should be read in conjunction with the accompanying notes.

SUZLON ENERGY AUSTRALIA PTY LTD
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Contributed equity ($'000's)	Other reserves ($'000's)	Accumulated losses ($'000's)	Total ($'000's)
Balance at 1 April 2016	107,778	(354)	(66,681)	40,743
Profit for the year ended 31 March 2017	-	-	2,707	2,707
Loss on acquisition	-	(20)	-	(20)
Balance at 31 March 2017	107,778	(374)	(63,974)	43,430
Balance at 1 April 2017	107,778	(374)	(63,974)	43,430
Loss for the year ended 31 March 2018	-	-	(42,727)	(42,727)
Adjustment to loss on acquisition	-		-	0
Balance at 31 March 2018	107,778	(374)	(106,701)	703

The above statement of changes in equity should be read in conjunction with the accompanying notes.

SUZLON ENERGY AUSTRALIA PTY LTD
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	Note	Year Ended 31 March 2018 ($'000's)	Year Ended 31 March 2017 ($'000's)
Cash Flow from Operating Activities			
Receipts from Customers		35,235	29,718
Payments to suppliers and employees		(34,939)	(28,195)
Interest (paid)/received		(8)	(139)
Net cash from operating activities	13	288	1,384
Cash Flow from Investing Activities			
Payment for property, plant & equipment		(363)	(369)
Proceeds from sale of property, plant & equipment		3	67
Net cash (used in)/from investment activities		(360)	(301)
Cash Flow from Financing Activities			
Repayment of borrowings		-	253
Issuance of capital		-	0
Net advance to related entities		-	(1,208)
Net cash used in financing activities		-	(955)
Net increase / (decrease) in cash held		(72)	127
Cash at beginning of the financial year		2,438	2,310
Cash at the end of the financial year		2,366	2,438
Cash and cash equivalents comprises:			
Cash at Bank		2,367	2,438
Cash and cash equivalents at end of financial year		2,367	2,438

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

Note

1 Significant accounting policies

(a) Reporting entity

Suzlon Energy Australia Pty Ltd ("the Company) is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is: Level 1, 182 Stawell Street, Burnley, VIC 3121.

This financial report is a special purpose financial report prepared in order to satisfy the financial report preparation requirements of the *Corporations Act 2001*. The financial statements are for 12 months ended 31 March 2018 and the comparative period is for the 12 months ended 31 March 2017.

The financial report was authorized for issue by the directors on 11 May 2018. The directors have determined that the Company is not a reporting Company.

(b) Basis of preparation

This special purpose financial report has been prepared for distribution to the members to fulfil the director's financial reporting requirements under the Corporations Act 2001. The accounting policies used in the preparation of this financial report, as described below, are consistent with the financial reporting requirements of the Corporations Act 2001, and are, in the opinion of the directors, appropriate to meet the needs of members:

I. The financial report has been prepared on an accrual basis of accounting including the historical cost convention and going concern assumption
II. The company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs.

The financial report has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. It contains only those disclosures considered necessary by the directors to meet the needs of the members.

The amounts contained in this report are presented in Australian dollars (AUD). The Company is an entity to which ASIC Class Order 2016/191 applies and, accordingly the amounts contained in the financial report have been rounded to the nearest $1'000.

(c) Basis of measurement

The financial report is prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

(d) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(e) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected.

Note

1 Significant accounting policies

(e) Use of estimates and judgments (continued)

(i) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying of amounts of assets and liabilities within the next financial year are discussed below.

Warranty Provision

In determining the level of provision required for warranties the Company has made judgements in respect of the expected performance of the wind turbines, and the costs of fulfilling the performance of the warranty. Historical experience from overseas wind farms and current knowledge of the performance of the wind turbines has been used in determining the provision.

(ii) Critical judgements in applying the Company's accounting policies

Taxation

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from unrecognised tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits and reputation of retained earnings depend on management's estimate of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liability recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustments, resulting in a corresponding credit or charge to the statement of comprehensive income.

(f) Accounting policies

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(g) Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The directors have sought and obtained a letter of support from Suzlon Energy Limited, the ultimate parent, which states:

Suzlon Energy Limited will, subject to applicable Indian Law, endeavour to continue to provide financial support to Suzlon Energy Limited (Mauritius) and its subsidiaries to enable it to continue operations through at least until 31 March 2019, and obligations under this letter ceases once the Company ceases to be a subsidiary. Suzlon Energy Limited (Mauritius) is the Company's parent. Accordingly, the financial report has been prepared on the basis that the Company is a going concern.

Note

1 Significant accounting policies

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(i) Trade and other receivables

Trade and other receivables are recognised at invoiced or to be invoiced amounts.

(j) Investment in wind farms

Preliminary development costs are incurred on initial feasibility and planning permit applications for potential wind farm sites. Such costs are expensed as incurred. When costs are reimbursable under the contract if the project fails to proceed, these costs will be capitalised.

(k) Property, plant and equipment

(i) Recognition and measurement
Each class of property, plant and equipment is carried at cost, independent or director's valuation less, where applicable, any accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Costs also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currently purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition, construction or production of qualifying assets are recognised in profit or loss as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and gains are recognised net within "other income" in profit or loss.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Note

1 Significant accounting policies

(k) Property, plant and equipment (continued)
(ii) Depreciation

Depreciation of all fixed assets, excluding freehold land and buildings are recognised in profit or loss using either the prime cost or diminishing value method over the estimated useful lives of the specific assets.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Asset Class	Estimated Useful Life	Estimated Useful Life
	2018	**2017**
Motor vehicles	5 - 20 years	5 - 20 years
Office furniture and fittings	6 - 10 years	6 - 10 years
Computer equipment	2 - 5 years	2 - 5 years
Computer software	2 - 5 years	2 - 5 years
Installation Tools	2 - 5 years	2 - 5 years

Asset's depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at each balance date. 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.

(l) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(m) Employee benefits

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, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made to employee superannuation funds and are charged as expenses when incurred. There is no legal obligation to cover any shortfall in the funds obligation to provide benefits to employees on retirement.

Provision is made in respect of annual leave and long service leave at balance date.

(n) Trade and other payables

Trade and other payables are carried at amortised cost due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Note

1 Significant accounting policies

(p) Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for a least 12 months after the balance sheet date.

Borrowing costs are recognised as an expense when incurred.

(q) Revenue recognition

Revenue from the construction of wind farms is recognised by reference to the stage of completion of a contract or contracts in progress at balance date or at the time of completion of the contract and billing to the customer.

Stage of completion is measured by reference to costs incurred to date as a percentage of total estimated costs for each contract.

When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenue from the sale of wind turbine generators is measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and revenue can be reliably measured.

Revenue from the maintenance of wind farms is recognised by reference to the stage of completion of a contract or contracts in progress at balance date or at the time of completion of the contract and billing to the customer.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Construction work in progress
Costs associated with individual wind farm projects are held as Project WIP in the balance sheet until the revenue recognition criteria is met, at which time they are expensed.

(r) Finance income and expenses

Finance income comprises interest income on intercompany transactions and on funds invested. Interest income is recognised as it accrued in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings and bank interest. All borrowing costs are recognised in profit or loss using the effective interest method.

(s) Income tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding business combination, where there is no effect on accounting or taxable profit or loss.

Note

1 Significant accounting policies

(s) Income tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited to the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(t) 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 Taxation Office. In these circumstances the GST is recognised as part of an asset cost or as part of expenses incurred. Receivables and payables in the balance sheet are shown inclusive of GST.

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

(u) Inventory

Inventory primarily relates to spares and consumable which are used in maintenance activities, or sold to customers.

(v) Foreign currency

Foreign currency transactions
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair values was determined.

(w) Financial instruments

Non-derivative financial instruments
Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

(x) Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

Note

1 Significant accounting policies

(y) New Accounting standards and interpretations

New accounting standards and interpretations issued and effective period

From 1 January 2017, the Company has adopted the relevant standards and interpretations mandatory for annual reports beginning on or after 1 January 2017. Adoption of the standards and interpretations did not have any material effect on the financial position or performance of the Company.

New accounting standards and interpretations issued but not yet effective

The list of standards issued not yet effective includes three issued standards which are likely to have some impact on future financial reports – AASB 9 Financial Instruments (effective 1 April 2018), AASB 15 Revenue from Contracts with Customers (effective 1 April 2018) and AASB 16 Leases (effective 1 April 2019). Management has not yet completed a full assessment of the impact of these standards and is therefore unable to comment on the impact on future financial reports.

Note		Year Ended 31 March 2018 ($'000's)	Year Ended 31 March 2017 ($'000's)
2	**INCOME TAX EXPENSE**		

Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate

Accounting (loss)/ profit before tax	(42,727)	2,707
Prima facie income tax at 30% (2017: 30%)	(12,818)	(812)
Non-deductible expenses	12,672	-
Temporary differences not recognised	1,107	-
Benefit of prior year losses not recognised	(961)	812
Aggregate income tax expense	-	-

In the recent periods, the Company is under a review by Australian Tax Office (ATO) for transfer price. Suzlon and ATO principally agreed to forgo some of the carry forward tax losses related to 2009 to 2016. However, a final agreement it yet to signed at the date of these financial statements. As at the reporting date the Company estimated to have carried forward losses of $32.5 million which could be available to utilised against future profits. There are no deferred tax assets recognised on these losses and temporary differences. Based upon management's view it is not considered probable that sufficient future taxable income will arise to enable utilisation of existing tax temporary differences and carried forward tax losses.

		Year Ended 31 March 2018 ($'000's)	Year ended 31 March 2017 ($'000's)
3	**ADMINISTRATIVE AND OTHER EXPENSES**		

Administration expenses include following significant expenses;

Intercompany receivables write-off	42,238	2,520
Employee benefits	3,544	3,828
Others	2,743	2,178
	48,525	8,526

The write-off of intercompany receivables is in relation to amounts due from Suzlon Energia Eolica do Brasil Ltd and Suzlon Energy RFWD in 2018 and 2017, respectively.

4 **TRADE AND OTHER RECEIVABLES**

Receivables from Suzlon Group companies	10,246	61,581
Provision for doubtful debts	-	(2,520)
Uninvoiced revenue	659	649
Others	91	90
	10,996	59,800

5 **OTHER ASSETS**

Inventory at cost	9,208	9,575
Provision for inventory obsolescence	(1,065)	-
	8,143	9,575
Prepaid expenses & advances	159	784
	8,302	10,359

Note		Year Ended 31 March 2018 ($'000's)	Year Ended 31 March 2017 ($'000's)
6	**PROPERTY, PLANT AND EQUIPMENT**		
	Plant & equipment	1,838	1,662
	Less: Accumulated depreciation	(1,233)	(1,010)
		605	652
	Fixtures & equipment	479	319
	Less: Accumulated depreciation	(252)	(171)
		227	148
	Land & building	194	194
	Less: Accumulated depreciation	(10)	(6)
		184	188
	Total property, plant and equipment	1,016	988

Movements in carrying amounts for each class of property, plant and equipment for the year ended 31 March 2018.

	Plant and Equipment ($'000's)	Fixtures and Equipment ($'000's)	Land and Building ($'000's)	Total ($'000's)
Year ended 31 March 2018				
Carrying amount at 1 April 2017	652	148	188	988
Additions	220	160	0	380
Disposals	(16)	0	0	(16)
Depreciation for the year	(251)	(82)	(3)	(336)
Carrying amount as at 31 March 2018	605	226	185	1,016

Impairment of property plant and equipment
There are no other indicators of impairment related to plant and equipment assets.

		Year Ended 31 March 2018 ($'000's)	Year Ended 31 March 2017 ($'000's)
7	**TRADE AND OTHER PAYABLES**		
	Trade creditors	2,935	1,398
	GST Payable	102	256
	Intercompany payable	13,949	21,454
		16,986	23,108

SUZLON ENERGY AUSTRALIA PTY LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Note		Year Ended 31 March 2018 ($'000's)	Year Ended 31 March 2017 ($'000's)
8	**PROVISIONS**		
	a) Current provision		
	Provision for warranty	101	124
	Provision for project completion costs	341	367
	Other employee liabilities	689	768
	Other provisions	1,024	1,020
	Total current provisions	2,155	2,279
	b) Non-current provision		
	Provision for LSL	115	306
	Total non-current provisions	115	306
9	**OTHER LIABILITIES**		
	Accruals	1,731	1,755
	Deferred revenue	991	2,707
		2,722	4,462

10 CONTINGENT LIABILITIES

a) The following bank guarantees are entered into on behalf of Suzlon Energy Australia Pty Ltd by parent and related entities of Suzlon Energy Australia Pty Ltd.

	Bank	Expiry	($'000's)
Contract Security for AGL	SBI Sydney	30/09/2018	208
Contract Security for AGL	SBI Sydney	30/09/2018	267
Contract Security for AGL	ANZ	30/09/2018	525
Contract Security for Infigen	ANZ	17/10/2018	1,600
Contract Security for Pacific Hydro	ANZ	30/09/2018	2,424
Contract Security for Pacific Hydro	ANZ	30/09/2018	2,000
Contract Security for Trustpower	ANZ	31/03/2021	2,500
Total			**9,524**

		Year Ended 31 March 2018 ($'000's)	Year Ended 31 March 2017 ($'000's)
11	**CONTRIBUTED EQUITY**		
	Opening balance ($)	107,778	107,778
	Issued during year ($)	-	-
	Closing balance ($)	107,778	107,778
	Opening balance (shares)	107,778	107,778
	Issued during year (shares)	-	-
	Closing balance (shares)	107,778	107,778
12	**ACCUMULATED LOSSES**		
	Opening accumulated losses 1 April 2017	(63,974)	(66,681)
	Profit/(loss) for the year	(42,727)	2,707
	Closing accumulated losses 31 March 2018	(106,701)	(63,974)

Note		Year Ended 31 March 2018 ($'000's)	Year Ended 31 March 2017 ($'000's)
13	**CASH FLOW FROM OPERATIONS**		
	Reconciliation of cash flow from operations		
	Net profit/(loss) after income tax	(42,727)	2,707
	Non-cash items		
	Depreciation	336	314
	Intercompany receivables write-off	42,238	-
	Unrealised FX loss	2,021	(1,112)
	Interest receivable on related party advances	(89)	(547)
	Movement in provisions and deferred income	2,847	(2,917)
	Changes in assets and liabilities		
	Decrease / (increase) in receivables	6,654	3,957
	(Increase) / decrease in other assets	2,058	(2,089)
	(Decrease) / increase in payables	(8,137)	531
	Increase / (decrease) in provisions	(1,458)	2,424
	(Decrease) / increase in other liabilities	(3,455)	(1,884)
	Net Cash Used in Operating Activities	288	1,384
14	**AUDITOR'S REMUNERATION**		
	Ernst & Young Australia		
	Audit fees	36	35

15 COMPANY DETAILS

The Company's registered office and principal place of business is located at Level 1, 182 Stawell Street, Burnley, VIC 3121.

16 SUBSEQUENT EVENTS

In recent periods, the Company has been subjected to a tax audit by the Australian Tax Office (ATO) relating to transfer price and utilization of carried forward losses. The Company and ATO have principally agreed to forgo 50% of accumulated losses until FY16 and carry forward the reminder of losses to utilize against the profits in the subsequent tax years. The Company and ATO is currently drafting a deed of settlement, which not yet finalised at the date of these financial statements. The settlement has no significant impact to the Company's financial statements.

SUZLON ENERGY AUSTRALIA PTY LTD
DIRECTORS DECLARATION

In accordance with a resolution of the directors of Suzlon Energy Australia Pty Ltd, I state that:

(a) The Company is not a reporting entity as defined in the Australian Accounting Standards;

(b) The financial statements and notes are in accordance with the *Corporations Act 2001* , including:
(i) complying with the Australian Accounting Standards to the extent described in note 1, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Company's financial position as at 31 March 2018 and of its performance, as represented by the results of its operations, changes in equity and its cash flows for the financial year ended on that date; and

(c) Having regard to the letter of support received from the ultimate parent, Suzlon Energy Limited, and the going concern uncertainty disclosed in Note 1, we consider that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

Mukesh Kolhe
Director
11 May 2018

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Independent Auditor's Report to the Members of Suzlon Energy Australia Pty Ltd

Opinion

We have audited the financial report, being a special purpose financial report, of Suzlon Energy Australia Pty Ltd, which comprises:

- the Company statements of financial position as at 31 March 2018;
- the Company statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended ;
- notes to the financial statements, including a summary of significant accounting policies; and
- the directors' declaration.

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

(a) giving a true and fair view of the Company's financial position as at 31 March 2018 and of their financial performance for the year ended on that date; and

(b) complying with Australian Accounting Standards to the extent described in Note 1(b), 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1(b) to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the 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 1(b) to the financial statements 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 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 Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

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 the 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 this 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 Company'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 the directors’ 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 Company’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 Company 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

Ernst & Young

Ernst & Young

K Brown

Kester Brown
Partner

Melbourne
11 May 2018

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Auditor's Independence Declaration to the Directors of Suzlon Energy Australia Pty Ltd

As lead auditor for the audit of Suzlon Energy Australia Pty Limited for the financial year ended 31 March 2018, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

This declaration is in respect of Suzlon Energy Australia Pty Ltd for the financial year.

Ernst & Young

Kester Brown
Partner
11 May 2018

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation