

SUZLON ENERGY AUSTRALIA PTY LTD
A.B.N. 55 107 631 176
FINANCIAL REPORT
FOR THE YEAR ENDED
31 MARCH 2010

SUZLON ENERGY AUSTRALIA PTY LTD

A.B.N. 55 107 631 176

DIRECTOR'S REPORT

Four directors present their report on the consolidated entity consisting of Suzlon Energy Australia Pty Ltd (the company) and the entity, Suzlon Energy Solica do Brasil (together referred to as "the Group") controlled at the end, or during, the year ended 31 March 2010.

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

Dan Koford Hansen
Simon Ting Man Chan
Sumant Sinha

Company Secretary
Barry John Robert Greig

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

On 15 January 2010 Suzlon Energy Australia Pty Ltd purchased a controlling interest in Suzlon Energy Solica do Brasil and has prepared financial statements on a consolidated basis, adopting the pooling of interest method.

The loss of the Group for the financial year, after carrying forward income tax losses, amounted to (\$6.152m) (2009: a profit of \$10.807m).

During the year the Group was successful in securing an additional three contracts: two to develop major wind farms sites at Oaklands Hill and The Bluff, the other an agreement to sell 20 WTGs. During the year the company achieved final handover for Trust Power's Snowtown, AGL's Hallett Hill, Infigen's Capital and Pacific Hydro's Clements Gap wind farms, delivered all WTGs to the North Brown Hill, Oaklands Hill projects and began service and maintenance activities at Capital, Hallett Hill and Clements Gap. Additionally, the company has grown significantly during the year to meet its commitment to current and future contracts.

The principal activity of the Group during the financial year was the construction of wind farms, and the sale of and servicing of wind turbines. No significant change in the nature of this activity occurred during the year, except as noted above.

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.

The Group expects to continue its present wind farm development activities and to seek new tender opportunities for wind farm development projects within Australia and the South West Pacific region.

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

No options over issued shares or interests in the Group 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 as the Group has made profits in two of the last three years and expects to make profits in future years. Additionally, the directors have received guarantees of financial support from the Group's parent entities and the directors believe that support will continue to be made available if needed.

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.

Dated this 17th day of July, 2010

Dan Koford Hansen
Director

SUZLON ENERGY AUSTRALIA PTY LTD
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2010

	Note	Consolidated		Parent	
		Year Ended 31 March 2010 (\$'000's)	Year Ended 31 March 2009 (\$'000's)	Year Ended 31 March 2010 (\$'000's)	Year Ended 31 March 2009 (\$'000's)
Contract Revenue		453,252	1,027,057	295,217	692,983
Contract Cost of Sales		421,689	948,343	297,553	642,928
Gross profit/(loss)		31,563	78,714	(2,336)	50,055
Other Income					
Finance Income		1,609	2,631	1,609	2,631
Foreign exchange Gain		15,930	-	15,930	-
EXPENDITURE					
Administration		27,672	38,466	12,037	11,511
Project Management		14,218	6,617	13,829	6,617
Sales & Sales Support		3,426	2,941	2,987	2,941
Project Development		928	422	528	422
Service		5,385	10,101	4,813	8,567
Foreign exchange loss		-	5,044	-	2,438
Finance Costs		4,620	2,520	1,009	654
TOTAL EXPENDITURE	3	56,259	66,110	35,603	33,150
NET PROFIT/(LOSS) BEFORE INCOME TAX		(7,157)	15,235	(20,400)	19,536
Income tax expense/(benefit) attributable to operating profit	2	(1,025)	4,428	(6,417)	5,890
NET PROFIT/(LOSS) AFTER INCOME TAX		(6,132)	10,607	(13,983)	13,646
OTHER COMPREHENSIVE INCOME					
Foreign currency translation		626	(289)	-	-
TOTAL COMPREHENSIVE INCOME		(5,506)	10,518	(13,983)	13,646
Profit/(loss) after income tax attributable to:					
Suzlon Energy Australia Pty Ltd		(8,409)	9,192		
Non controlling interests		2,277	(823)		
		(6,132)	8,369		
Comprehensive income attributable to:					
Suzlon Energy Australia Pty Ltd		(7,964)	8,987		
Non controlling interests		2,458	(907)		
		(5,506)	8,080		

SUZLON ENERGY AUSTRALIA PTY LTD
BALANCE SHEET AS AT 31 MARCH 2010

		Consolidated		Parent	
	Note	Year Ended 31 March 2010 (\$'000's)	Year Ended 31 March 2009 (\$'000's)	Year Ended 31 March 2010 (\$'000's)	Year Ended 31 March 2009 (\$'000's)
CURRENT ASSETS					
Cash and cash equivalents	4	60,747	112,352	28,441	112,213
Trade and other receivables	5	251,774	560,145	199,631	234,664
Other current assets	6	38,636	41,264	12,810	3,949
TOTAL CURRENT ASSETS		351,157	713,761	240,882	350,826
NON-CURRENT ASSETS					
Deferred Tax Asset	7	9,665	-	8,720	3,456
Receivables	8	1,500	-	1,500	-
Investments	9	-	-	165	-
Intangible assets	10	317	280	241	233
Property, plant and equipment	11	23,641	20,531	18,432	18,025
TOTAL NON-CURRENT ASSETS		35,124	21,111	31,061	21,712
TOTAL ASSETS		386,281	734,872	271,943	372,538
CURRENT LIABILITIES					
Trade and other payables	12	197,770	522,401	177,948	317,898
Borrowings	13	27,693	1,349	2,148	1,240
Provisions	14	82,395	27,840	42,146	15,129
Other liabilities	15	38,581	12,580	37,977	12,560
TOTAL CURRENT LIABILITIES		346,439	664,170	260,219	346,827
NON-CURRENT LIABILITIES					
Deferred Tax Liability	7	-	7,556	-	-
Provisions	16	148	86	148	86
Other non-current liabilities	17	1,016	16,594	1,015	435
Borrowings	18	10,173	10,480	9,797	10,444
TOTAL NON CURRENT LIABILITIES		11,339	34,716	10,961	10,965
TOTAL LIABILITIES		357,778	698,886	271,180	357,792
NET ASSETS		28,503	35,986	763	14,746
EQUITY					
Contributed equity	20	5,550	5,550	5,550	5,550
Accumulated profit / (loss)	21	13,097	23,537	(4,787)	9,196
Foreign currency translation reserve	21	(626)	289	-	-
Non-controlling interest	22	9,045	6,142	-	-
TOTAL EQUITY		26,066	33,488	763	14,746

SUZLON ENERGY AUSTRALIA PTY LTD
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

		Consolidated		Parent	
	Note	Year Ended 31 March 2010 (\$'000's)	Year Ended 31 March 2009 (\$'000's)	Year Ended 31 March 2010 (\$'000's)	Year Ended 31 March 2009 (\$'000's)
Cash Flow from Operating Activities					
Receipts from Customers		762,984	514,056	341,890	494,806
Payments to suppliers and employees		(859,399)	(467,739)	(436,718)	(496,819)
Income Tax Paid		(15,148)	10,376	(7,875)	95
Interest received		1,609	2,631	1,609	2,631
Net cash provided by / (used in) operating activities	23	(89,954)	59,320	(100,294)	108,815
Cash Flow from Investing Activities					
Payment for property, plant & equipment		(7,292)	(21,207)	(5,427)	(18,220)
Proceeds from sale of property, plant & equipment		1,609	528	1,616	-
Investment in subsidiaries		-	-	(168)	-
Net cash used in / (from) investment activities		(5,593)	(20,679)	(3,979)	(18,220)
Cash Flow from Financing Activities					
Proceeds/(Repayment) of Borrowings		24,878	10,479	262	11,684
Loans to third parties		(1,509)	-	(1,509)	-
Net Advance (from) / to parent entity		22,292	(16,900)	22,273	(18,160)
Finance leases		(534)	-	(534)	(90)
Derivative gains/(losses)		-	(2,140)	-	-
Net cash used in / (from) financing activities		45,226	(8,561)	20,500	(6,566)
Foreign Exchange impact on cashflows		(1,285)	(341)	-	-
Net increase/(decrease) in cash held		(50,321)	30,080	(83,772)	84,029
Cash at beginning of the financial year		112,352	82,613	112,213	36,194
Cash at the end of the financial year		60,747	112,352	26,441	112,213
Cash and cash equivalents comprises:					
Cash at Bank		60,666	3,203	26,441	3,148
Term Deposits		81	109,149	-	109,065
Cash and cash equivalents at end of financial year		60,747	112,352	26,441	112,213

SUZLON ENERGY AUSTRALIA PTY LTD
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2010

Consolidated	Contributed equity (\$'000's)	Retained earnings (\$'000's)	Hedge reserve (\$'000's)	Foreign Currency Translation Reserve (\$'000's)	Non Controlling Interest (\$'000's)	Total (\$'000's)
Balance at 1 April 2008	5,550	12,315	(1,497)	-	6,846	23,216
Profit/(Loss) for the year ended 31 March 2009	-	9,192	-	-	(923)	8,369
FX Hedge timing revaluation	-	-	1,497	-	-	1,497
Foreign Currency Movement	-	-	-	289	117	406
Balance at 31 March 2009	5,550	21,507	-	289	6,142	33,487
Balance at 1 April 2009	5,550	21,507	-	289	6,142	33,487
Profit/(Loss) for the year ended 31 March 2010	-	(8,409)	-	-	2,277	(6,132)
Foreign Currency Movement	-	-	-	(915)	(374)	(1,289)
Balance at 31 March 2010	5,550	13,098	-	(626)	8,045	26,066

Parent	Contributed equity (\$'000's)	Retained earnings (\$'000's)	Hedge reserve (\$'000's)	Total (\$'000's)
Balance at 1 April 2008	5,550	(4,450)	(1,497)	(397)
Profit/(Loss) for the year ended 31 March 2009	-	11,207	-	11,207
FX Hedge timing revaluation	-	-	1,497	1,497
Balance at 31 March 2009	5,550	6,758	-	12,308
Balance at 1 April 2009	5,550	6,758	-	12,308
Profit/(Loss) for the year ended 31 March 2010	-	(10,903)	-	(10,903)
FX Hedge timing revaluation	-	-	-	-
Balance at 31 March 2010	5,550	(7,225)	-	(1,675)

Note

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 directors have determined that the Group is not a reporting entity.

Suzlon Energy Australia Pty Limited is a company limited by shares, incorporated and domiciled in Australia.

Basis of preparation

The financial report has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, with the exception of some of the disclosure requirements of the following:

AASB 7	Financial Instruments: Disclosures
AASB102	Inventories
AASB 111	Construction Contracts
AASB 112	Income Taxes
AASB 116	Property, Plant & Equipment
AASB 117	Leases
AASB 124	Related Party Disclosures
AASB 136	Impairment of Assets
AASB 137	Provisions, Contingent Liabilities and Contingent Assets

The amounts contained in this report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC CO 98/0100 and have been presented in Australian dollars (AUD).

Reporting Basis and Conventions

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

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.

Accounting Policies

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 group 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.

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.

Trade and other receivables

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

Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Finished goods - cost of direct materials and labour and a proportion of variable and fixed overheads. Costs are assigned on the basis of moving average costs.

Notes

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

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 capitalized.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost, independent of director's valuation less, where applicable, any accumulated depreciation.

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.

Depreciation

All fixed assets, excluding freehold land and buildings are depreciated over their useful lives. Asset residual values and lives 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.

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).

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.

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.

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 Group 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.

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 Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are recognised as an expense when incurred.

SUZLON ENERGY AUSTRALIA PTY LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

Note

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Provisions

Provisions are recognized when the Group has a 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.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational activities. The Group does not speculatively trade in derivative financial instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Cash flow hedge

Hedging is undertaken in order to avoid or minimise possible adverse financial effects of movements in exchange rates.

Cash flow hedging is undertaken using USD/AUD forward exchange contracts in connection with wind turbine purchases from India.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity.

The ineffective part of any gain or loss is recognised immediately in the statement of comprehensive income

Foreign currency translation

(i) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

(ii) Transactions

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are recognised in determining the profit or loss for the year except where hedging specific anticipated transactions.

Employee benefits

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

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.

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.

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.

Going Concern

The financial report has been prepared on a going concern basis, which assumes the economic entity will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

As at 31 March 2010, the financial statements disclose accumulated profits of \$15.536m and net assets of \$28.405m.

As at 31 March 2010 the Group has signed contracts to build two new wind farm for AGL and expects to shortly sign contracts to build additional wind farms. These new wind farms are expected to contribute significant profits to the Group in future years as these projects are completed.

As at 31 March 2010 Suzlon Energy Australia Pty Ltd continues to hold guarantees for the ongoing financial support of the Group from the direct parent of the Group, Suzlon Energy A/S.

Based on the above, the directors believe that the Group will be able to meet its debts as and when they fall due and therefore consider that the going concern basis is appropriate for the preparation of the financial statements.

Note

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

New standards and interpretations not yet operative

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 31 March 2010. These are outlined in the table below. It is estimated that their impact to the Group would be immaterial unless specified.

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 3 (Revised)	Business Combinations	The revised Standard introduces a number of changes to the accounting for business combinations, the most significant of which includes the requirement to have to expense transaction costs and a choice (for each business combination entered into) to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1-Jul-09	1-Apr-10
AASB 127 (Revised)	Consolidated and Separate Financial Statements	There are a number of changes arising from the revision to AASB 127 relating to changes in ownership interest in a subsidiary without loss of control, allocation of losses of a subsidiary and accounting for the loss of control of a subsidiary. Specifically in relation to a change in the ownership interest of a subsidiary (that does not result in loss of control) - such a transaction will be accounted for as an equity transaction.	1-Jul-09	1-Apr-10
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending Standard issued as a consequence of revisions to AASB 3 and AASB 127. Refer above.	1-Jul-09	1-Apr-10
AASB 2009-12	Amendments to Australian Accounting Standards	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations.	1-Jan-11	1-Apr-11
	(AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1022 & 1031 and Interpretations 2, 4, 16, 1039 & 1052)	The amendment to AASB 124 clarifies and simplifies the definition of a related party as well as providing some relief for government-related entities (as defined in the amended standard) to disclose details of all transactions with other government-related entities (as well as with the government itself)		

* Designates the beginning of the applicable annual reporting period.

Critical accounting estimates and judgements

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.

(a) Critical accounting estimates and assumptions

The Group 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.

(1) Warranty Provision

In determining the level of provision required for warranties the Group 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.

SUZLON ENERGY AUSTRALIA PTY LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

Note

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(b) Critical judgements in applying the Group's accounting policies

(i) Taxation

The entities accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also 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 unrecouped 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 repatriation of retained earnings depend on management's estimates 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 subjects 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 circumstance, 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.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Suzlon Energy Australia Pty Ltd and its subsidiary, Suzlon Energy Eolica de Brasil Ltd, as at and for the period ended 31 March each year (the Group).

A Subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiary is prepared for the same reporting period as the parent company and uses consistent accounting policies as dictated by the ultimate parent Suzlon Energy Limited.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intragroup transactions have been eliminated in full. Non controlling interests in the results and equity are shown separately in the Statement of Comprehensive Income and the Balance Sheet respectively. Non controlling interests are those interests in partly owned subsidiaries which are not held directly or indirectly by Suzlon Energy Australia Pty Ltd.

Suzlon Energy Australia Pty Ltd has adopted the pooling of interest method in its consolidated statutory accounts in relation to the acquisition of Suzlon Energy Eolica de Brasil Ltd, which consists of the following:

- Assets and liabilities reflected and their carrying amounts
- No goodwill recognised as a result of the combination
- Statement of Comprehensive Income reflects the results of the combining entities for the full year, irrespective of when the combination took place
- Comparatives are presented as if the entities have always been combined

Where control of an entity under common control is obtained during a financial period, its results are included in the statement of comprehensive income for the entire current period, and prior comparative period. Where control of an entity ceases during a financial period, its results are included for that part of the period during which control existed.

SUZLON ENERGY AUSTRALIA PTY LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

Note	Consolidated		Parent	
	Year Ended 31 March 2010 (\$'000's)	Year Ended 31 March 2009 (\$'000's)	Year Ended 31 March 2010 (\$'000's)	Year Ended 31 March 2009 (\$'000's)
2 INCOME TAX EXPENSE				
(a) Income tax expense				
Income Statement:				
Current income tax	12,199	8,902	(2,954)	8,902
Deferred income tax	(13,197)	(4,474)	(3,537)	(3,032)
Deferred income tax charge	(27)	-	(27)	-
Recognised from prior years	(1,025)	4,428	(6,417)	5,890
Income tax expense reported in income statement				
(b) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate				
Accounting profit/(loss) before tax	(7,157)	15,235	(20,406)	19,536
Prima facie income tax at 30% (2009: 30%)	(1,617)	4,398	(6,120)	5,861
Adjustments to income tax expense in respect of prior years	-	-	-	-
Non-deductible expenses	891	30	1	29
Investment Allowance deduction	(272)	-	(272)	-
Recognised from prior years	(27)	-	(27)	-
Aggregate income tax expense	(1,025)	4,428	(6,417)	5,890
Recognised in balance sheet:				
Deferred tax asset - tax losses	2,854	5,565	2,854	-
Deferred tax asset/(loss) - temporary differences	6,812	(13,121)	6,866	3,454
	9,666	(7,556)	9,720	3,454

A deferred tax asset has been recognised in respect of temporary timing differences. Based upon budgeted profits expected to arise from wind farm development projects presently in progress, it is considered probable that sufficient future taxable income will arise to enable utilisation of existing tax temporary differences.

3 EXPENDITURE

Depreciation	2,942	1,681	2,396	1,457
Wages & employee benefits	19,829	15,790	18,397	14,721
Foreign exchange (gains)/losses	(19,307)	5,044	(16,655)	2,438
Liquidated Damages	11,698	25,922	-	-
Other expenditures	40,897	17,663	31,465	14,534
Total	56,259	66,110	35,603	33,150

SUZLON ENERGY AUSTRALIA PTY LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

Note	Consolidated		Parent	
	Year Ended 31 March 2010 (\$'000's)	Year ended 31 March 2009 (\$'000's)	Year Ended 31 March 2010 (\$'000's)	Year ended 31 March 2009 (\$'000's)
4 CASH AND CASH EQUIVALENTS				
Cash at bank	60,666	3,204	28,441	3,148
Term deposits	61	109,148	-	109,065
	<u>60,747</u>	<u>112,352</u>	<u>28,441</u>	<u>112,213</u>
5 TRADE AND OTHER RECEIVABLES				
CURRENT				
Trade receivables	21,934	39,412	20,451	39,259
Suzlon Energy A/S Denmark	13,420	35,693	13,420	35,693
Receivables from Suzlon Group companies	60,009	20,836	60,034	20,270
Other taxes receivable	19,866	35,259	2,494	2,471
Uninvoiced revenue	136,545	428,945	103,232	136,991
	<u>251,774</u>	<u>560,145</u>	<u>198,631</u>	<u>234,684</u>
6 OTHER ASSETS				
CURRENT				
Project WIP	7,262	7,444	1,015	111
Prepaid expenses & Advances	1,777	152	340	87
Inventory	29,599	33,608	11,455	3,751
	<u>38,638</u>	<u>41,204</u>	<u>12,810</u>	<u>3,949</u>
7 DEFERRED TAX ASSET/LIABILITY				
Deferred tax asset - losses	2,854	5,565	2,854	-
Deferred tax asset - temporary differences	6,812	-	6,866	3,454
Deferred tax liabilities	-	(13,121)	-	-
	<u>9,666</u>	<u>(7,556)</u>	<u>9,720</u>	<u>3,454</u>
8 LOANS TO THIRD PARTIES				
Loans to third parties	1,500	-	1,500	-
9 INVESTMENTS IN SUBSIDIARIES				
Suzlon Energy Eolica do Brasil	-	-	168	-
10 INTANGIBLE ASSETS				
Software	752	493	657	441
Less: Accumulated depreciation	435	213	416	208
	<u>317</u>	<u>280</u>	<u>241</u>	<u>233</u>

	Consolidated Software (\$'000's)	Parent Software (\$'000's)
Year ended 31 March 2010		
Carrying amount at 1 April 2009	280	233
Additions	263	216
Depreciation for the year	(226)	(208)
Carrying amount as at 31 March 2010	<u>317</u>	<u>241</u>

The valuation, impairment and depreciation policies applied to property, plant and equipment listed in note 1 and note 10 are also applied to software.

SUZLON ENERGY AUSTRALIA PTY LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

Note	Consolidated		Parent	
	Year Ended 31 March 2010 (\$'000's)	Year Ended 31 March 2009 (\$'000's)	Year Ended 31 March 2010 (\$'000's)	Year Ended 31 March 2009 (\$'000's)
11 PROPERTY, PLANT & EQUIPMENT				
Plant & Equipment	24,442	19,413	20,086	16,899
Less: Accumulated depreciation	3,540	1,345	2,909	1,447
	20,902	18,068	17,177	15,452
Fixtures & Equipment	3,241	2,766	2,661	2,242
Less: Accumulated depreciation	755	412	659	368
	2,486	2,354	2,002	1,874
Total Property, Plant & Equipment	23,388	20,422	19,179	17,326
Fixed Asset Clearing Account	-	106	-	106
Assets under construction	252	301	253	301
Total Property, Plant & Equipment (incl assets under construction)	23,640	20,831	19,432	17,733

Movements in carrying amounts for each class of property, plant and equipment for the year ended 31 March 2010.

	Plant & Equipment (\$'000's)	Consolidated Fixtures & Equipment (\$'000's)	Total (\$'000's)	Plant & Equipment (\$'000's)	Parent Fixtures & Equipment (\$'000's)	Total (\$'000's)
Year ended 31 March 2010						
Carrying amount at 1 April 2009	18,068	2,354	20,422	15,742	1,874	17,616
Additions	5,670	1,584	7,254	4,245	866	5,113
Disposals	(1,090)	(494)	(1,584)	(1,049)	(450)	(1,499)
Foreign exchange differences	514	(546)	(32)	-	-	-
Depreciation written back on sale of assets	129	21	150	117	19	136
Depreciation for the year	(2,389)	(533)	(2,922)	(1,978)	(309)	(2,287)
Depreciation Subtotal	(2,260)	(512)	(2,772)	(1,761)	(290)	(2,051)
Carrying amount as at 31 March 2010	20,902	2,486	23,388	17,177	2,002	19,179

Impairment of property plant and equipment

As there are no indications of impairment of asset carrying values of property, plant and equipment, no impairment loss has been brought to account.

Useful Life

Depreciation is calculated using either the prime cost or diminishing value method over the following estimated useful life of the specific assets, as follows:

Asset Class	Estimated Useful Life
	2010
Motor vehicles	5 - 8 years
Office furniture and fittings	5 - 10 years
Computer equipment	2 - 5 years
Computer software	2 - 5 years
Installation Tools	2 - 5 years

SUZLON ENERGY AUSTRALIA PTY LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

Note	Consolidated		Parent	
	Year Ended 31 March 2010 (\$'000's)	Year Ended 31 March 2009 (\$'000's)	Year Ended 31 March 2010 (\$'000's)	Year Ended 31 March 2009 (\$'000's)
12 TRADE AND OTHER PAYABLES				
Trade payables	19,615	58,514	13,615	16,285
Other taxes payable	15,709	19,151	4,425	14,059
Other debts and payables	162,455	544,736	159,908	267,554
	<u>197,779</u>	<u>622,401</u>	<u>177,948</u>	<u>317,898</u>
13 BORROWINGS				
Current Loan	27,693	1,349	2,148	1,240
	<u>27,693</u>	<u>1,349</u>	<u>2,148</u>	<u>1,240</u>
14 PROVISIONS				
Provision for Annual Leave	1,386	1,154	1,386	1,154
Provision for Income Tax	15,523	7,226	-	7,226
Provision for Warranty	41,898	17,619	24,986	5,107
Provision for project completion costs	13,909	-	13,909	-
Other Employee Liabilities	9,679	1,841	1,865	1,642
	<u>82,395</u>	<u>27,840</u>	<u>42,146</u>	<u>15,129</u>
15 OTHER LIABILITIES				
Finance lease liabilities	324	128	325	128
Accruals	11,754	4,440	11,754	4,440
Deferred revenue	26,503	6,012	25,898	8,012
	<u>38,581</u>	<u>12,580</u>	<u>37,977</u>	<u>12,580</u>
16 LONG TERM PROVISIONS				
Provision for Long Service Leave	148	86	148	86
17 OTHER NON-CURRENT LIABILITIES				
Finance lease liabilities	1,016	435	1,016	435
Payables to group companies	-	16,159	-	-
	<u>1,016</u>	<u>16,594</u>	<u>1,016</u>	<u>435</u>
18 OTHER NON-CURRENT LIABILITIES				
Non-current Loan	10,175	10,480	9,797	10,444
19 CONTINGENT LIABILITIES				

Suzlon Energy Australia Pty Ltd currently has in place the following bank guarantees:

	Bank	Expiry	(\$'000's)
Contract security for AGL	Citigroup	16 July 2010	5,487
Contract security for AGL	Citigroup	16 July 2010	5,487
Contract security for AGL	Citigroup	16 July 2010	5,487
Contract security for AGL	ANZ	21 August 2010	16,025
Contract security for AGL	ANZ	21 August 2010	16,025
Contract security for AGL	ANZ	01 March 2014	500
Contract security for AGL	ANZ	22 December 2013	500
Contract security for AGL	ANZ	31 March 2010	13,810
Contract security for AGL	ANZ	01 September 2010	13,829
Contract security for AGL	Citigroup	12 May 2010	4,000
Contract security for AGL	Citigroup	12 May 2012	11,572
Contract security for AGL	Citigroup	12 May 2010	3,689
Contract security for AGL	ANZ	30 July 2010	500
Contract security for AGL	ANZ	30 July 2010	500
Contract security for AGL	ANZ	06 August 2011	7,961
Contract security for AGL	ANZ	06 August 2011	7,961
Contract security for AGL	ANZ	06 August 2011	7,961
Contract security for Infigen	Citigroup	01 December 2009	2,125
Contract security for Pacific Hydro	ANZ	31 March 2011	4,848
Contract security for Pacific Hydro	ANZ	06 January 2012	2,424
Contract security for Pacific Hydro	ANZ	06 January 2015	2,424
Contract security for RPV	Citigroup	12 May 2010	27,051
Contract security for RPV	Citigroup	17 August 2010	1,497
Contract security for Trust Power	ANZ	23 September 2010	4,392
Contract security for Trust Power	ANZ	23 September 2013	4,392
Lease security 80 Collins St Level 42	ANZ	30 September 2013	553
Lease security 80 Collins St Level 29	ANZ	26 February 2016	525
Total			172,325

SUZLON ENERGY AUSTRALIA PTY LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

Note	Consolidated		Parent	
	Year Ended 31 March 2010 (\$'000's)	FY ended 31 March 2009 (\$'000's)	Year Ended 31 March 2010 (\$'000's)	FY ended 31 March 2009 (\$'000's)
20 CONTRIBUTED EQUITY				
Opening balance (\$)	5,550	5,550	5,550	5,550
Issued during year (\$)	-	-	-	-
Closing balance (\$)	5,550	5,550	5,550	5,550
Opening balance (shares)	5,550	5,550	5,550	5,550
Issued during year (shares)	-	-	-	-
Closing balance (shares)	5,550	5,550	5,550	5,550
21 RETAINED EARNINGS AND RESERVES				
Retained Earnings				
Opening Accumulated Profits/(Losses) April 1 2009	21,507	12,315	9,196	(4,450)
Net Profit after Tax FY 2009/10	(8,409)	9,192	(13,983)	13,646
Closing Accumulated Profits/(Losses) 31 March 2010	13,097	21,507	(4,787)	9,196
Foreign Currency Translation Reserve				
Opening Foreign Currency Translation Reserve	289	-	-	-
Foreign currency translation	(915)	289	-	-
Closing Foreign Currency Translation Reserve	(626)	289	-	-
22 NON CONTROLLING INTEREST				
Retained Earnings	8,301	6,025		
Foreign Currency Translation Reserve	(256)	117		
	8,045	6,142		
23 CASH FLOW FROM OPERATIONS				
Reconciliation of Cash Flow from Operations Net Profit after Tax				
Net Profit/(Loss) after Income Tax	(6,132)	10,607	(13,983)	13,646
Non-cash flows in Net Profit/(loss) after Tax				
Amortisation & Depreciation	2,942	1,691	2,396	1,457
Foreign Exchange Differences	(1,285)	(341)	-	-
Changes in Assets & Liabilities				
(Increase)/Decrease in receivables	311,669	(350,244)	35,053	(137,006)
(Increase)/Decrease in DTA	(8,947)	5,300	(6,961)	(41)
(Increase)/Decrease in other assets	3,786	3,415	(6,266)	14,565
(Increase)/Decrease in payables	(455,993)	532,528	(153,598)	25
(Increase)/Decrease in provisions	51,723	9,080	34,154	322,209
(Increase)/Decrease in other liabilities	18,464	(157,987)	17,886	(6,060)
(Increase)/Decrease in income tax payable	(6,201)	5,071	(7,075)	
Net Cash Provided by Operating Activities	(89,954)	59,320	(100,294)	108,815
24 COMPANY DETAILS				
Incorporated in Australia, the company's registered office is:				
Level 42				
80 Collins St				
MELBOURNE, VIC 3000				
The company's principal place of business is:				
Level 42				
80 Collins Street				
MELBOURNE, VIC 3000				
25 AUDITOR				
Ernst & Young				
8 Exhibition St				
Melbourne-Vic 3000				
Audit fee disclosure				
Audit fees				
- Suzlon Energy Australia Pty Ltd (Ernst & Young Australia)	214,525	214,525		
- Suzlon Energy Eolica do Brasil (Ernst & Young Brazil)	153,986			
Other assurance services				
- Suzlon Energy Australia Pty Ltd (Ernst & Young Australia)	239,668	239,668		
- Suzlon Energy Eolica do Brasil (Ernst & Young Brazil)				

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 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 Group's financial position as at 31 March 2010 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

- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable

On behalf of the board

- Dan Kofoed Hansen
Director
12 July 2010

Independent auditor's report to the members of Suzlon Energy Australia Pty Ltd

We have audited the accompanying special purpose financial report of Suzlon Energy Australia Pty Ltd, which comprises the balance sheet as at 31 March 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the financial reporting requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. This responsibility includes establishing and maintaining internal controls 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

The financial report has been prepared for distribution to the members for the purpose of fulfilling the directors' financial reporting requirements under the *Corporations Act 2001*. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion the financial report of Suzlon Energy Australia Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the financial position of Suzlon Energy Australia Pty Ltd and the consolidated entity as at 31 March 2010 and of their performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
- b. complying with Australian Accounting Standards to the extent described in Note 1 to the financial statements and complying with the *Corporations Regulations 2001*.

Ernst & Young

Kester Brown
Partner

Melbourne
12 July 2010



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

In relation to our audit of the financial report of Suzlon Energy Australia Pty Ltd for the financial year ended 31 March 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Kester Brown
Partner

12 July 2010