

**SUZLON ENERGY AUSTRALIA PTY LTD
A.B.N. 55 107 631 176
FINANCIAL REPORT
FOR THE YEAR ENDED
31 MARCH 2015**

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 2015.

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

Kirti Jaswantlal Vagadia	Resigned 30 November 2014
Frans Visscher	
Dan Kofoed Hansen	
Rohit Modi	Appointed 30 November 2014
Amit Ajaikrishna Agarwal	Appointed 30 November 2014
Mukesh Kolhe	Appointed 05 March 2015

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 (\$2,390,055) (2014: a loss of \$9,635,663).

The principal activity of the Company during the financial year was the service and maintenance of wind farms within Australia.

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.

The Company expects to continue with the current service and maintenance contracts in the future.

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.

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
15 July 2015

SUZLON ENERGY AUSTRALIA PTY LTD
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	Note	Year Ended 31 March 2015 (\$'000's)	Year Ended 31 March 2014 (\$'000's)
Revenue		20,887	17,585
Cost of sales		27,132	22,924
GROSS PROFIT / (LOSS)		(6,245)	(5,339)
Other Income / (loss)			
Finance income		1,612	2,520
Finance costs		(294)	(385)
Foreign exchange gain / (loss)		6,610	1,650
Other income		206	633
Loss on assets sold / discarded		(122)	(3,077)
EXPENDITURE			
Administration		3,608	4,466
Project management		440	493
Project development		108	679
TOTAL EXPENDITURE		4,156	5,638
NET LOSS BEFORE INCOME TAX		(2,390)	(9,636)
Income tax expense	2	-	-
NET LOSS AFTER INCOME TAX		(2,390)	(9,636)

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 2015

	Note	Year Ended 31 March 2015 (\$'000's)	Year Ended 31 March 2014 (\$'000's)
CURRENT ASSETS			
Cash and cash equivalents	3	26,074	1,152
Trade and other receivables	4	113,797	133,800
Other current assets	5	2,745	2,453
Inventories	5	6,079	1,465
Loans to third parties		445	843
TOTAL CURRENT ASSETS		149,140	138,517
NON-CURRENT ASSETS			
Property, plant and equipment	6	459	2,850
Land & Building		190	-
TOTAL NON-CURRENT ASSETS		648	2,850
TOTAL ASSETS		149,788	141,367
CURRENT LIABILITIES			
Trade and other payables	7	191,651	181,966
Borrowings	8	1,989	1,614
Provisions	9	1,914	5,225
Other liabilities	10	8,400	2,611
TOTAL CURRENT LIABILITIES		203,953	191,416
NON-CURRENT LIABILITIES			
Borrowings	11	-	1,350
TOTAL NON CURRENT LIABILITIES		-	1,350
TOTAL LIABILITIES		203,953	192,766
NET LIABILITIES		(54,164)	(51,399)
EQUITY			
Contributed equity	13	5,550	5,550
Other reserves		(375)	-
Accumulated losses	14	(59,339)	(56,949)
TOTAL DEFICIENCY IN TOTAL EQUITY		(54,164)	(51,399)

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 2015

	Contributed equity (\$'000's)	Other reserves (\$'000's)	Accumulated losses (\$'000's)	Total (\$'000's)
Balance at 1 April 2013	5,550	-	(47,313)	(41,763)
Loss for the year ended 31 March 2014	-	-	(9,636)	(9,636)
Balance at 31 March 2014	5,550	-	(56,949)	(51,399)
Balance at 1 April 2014	5,550	-	(56,949)	(51,399)
Loss for the year ended 31 March 2015	-	-	(2,390)	(2,390)
Loss on acquisition		(375)	-	(375)
Balance at 31 March 2015	5,550	(375)	(59,339)	(54,164)

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 2015

	Note	Year Ended 31 March 2015 (\$'000's)	Year Ended 31 March 2014 (\$'000's)
<u>Cash Flow from Operating Activities</u>			
Receipts from Customers		28,472	17,459
Payments to suppliers and employees		(32,768)	(19,613)
Interest paid		(294)	(385)
Net cash used in operating activities	15	<u>(4,590)</u>	<u>(2,539)</u>
<u>Cash Flow from Investing Activities</u>			
Payment for property, plant & equipment		(37)	(79)
Proceeds from sale of property, plant & equipment		90	2,363
Net cash from investment activities		<u>53</u>	<u>2,285</u>
<u>Cash Flow from Financing Activities</u>			
Repayment of finance lease principal		(975)	(3,408)
Net advance from / (to) related entities		30,434	4,124
Net cash from / (used in) financing activities		<u>29,459</u>	<u>715</u>
Net increase / (decrease) in cash held		24,922	461
Cash at beginning of the financial year		1,152	691
Cash at the end of the financial year		<u>26,074</u>	<u>1,152</u>
Cash and cash equivalents comprises:			
Cash at Bank		26,074	1,152
Cash and cash equivalents at end of financial year		<u>26,074</u>	<u>1,152</u>

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

SUZLON ENERGY AUSTRALIA PTY LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Note

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Suzlon Energy Australia Pty Ltd is a Company limited by shares, incorporated and domiciled in Australia. 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 Suzlon Energy Australia Pty Ltd (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 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).

c) 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.

d) Going concern

As at 31 March 2015 the Company had a deficiency in equity of \$54,164,458 (2014: \$51,399,457). The major liabilities of the Company are related party payables of \$189,029,141 (2014: \$179,445,118).

Given this deficiency in equity, 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 A/S and its subsidiaries to enable it to continue operations through up to 30 June 2016
Suzlon Energy A/S is the Company's direct parent. Accordingly, the financial report has been prepared on the basis that the Company is a going concern.

As the Suzlon Energy Limited Group (the "Group") has defaulted on certain debt repayments and also has overdue amounts payable to creditors and certain lenders, there is a material uncertainty whether the Group will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the Group financial report. As such there is uncertainty as to whether the ultimate parent will be in a position to provide ongoing support to Suzlon Energy Australia Pty Ltd.

Should Suzlon Energy Australia Pty Ltd not continue as a going concern it may be required to realise assets other than in the ordinary course of operations and at amounts other than those recorded in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

SUZLON ENERGY AUSTRALIA PTY LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Note

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

e) 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.

f) 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.

g) Trade and other receivables

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

h) 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.

i) 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.

SUZLON ENERGY AUSTRALIA PTY LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Note

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

j) Property, plant and equipment

Each class of property, plant and equipment is carried at cost, independent or 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.

k) 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.

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) 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.

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.

SUZLON ENERGY AUSTRALIA PTY LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Note

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

o) 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.

p) Provisions

Provisions are recognised when the Company 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.

q) 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.

r) 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.

s) 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.

SUZLON ENERGY AUSTRALIA PTY LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Note

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

t) New standards and interpretations not yet operative

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 31 March 2015 are outlined in the table below:

Summary	Application date of standard	Application date for Company
<p>AASB 9 (December 2014) - Financial Instruments: is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The Company reviewing the changes to the standard. No material impacts on the Company's financial statements.</p>	1/01/2018	1/04/2018
<p>AASB 15 - Revenue from Contracts with Customers</p> <p>In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services). The Company reviewing the changes to the standard. No material impacts on the Company's financial statements.</p>	1/01/2017	1/04/2017
<p>AASB 2015-4 - Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent</p> <p>The amendment aligns the relief available in AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures in respect of the financial reporting requirements for Australian groups with a foreign parent.</p> <p>These amendments did not have a material impact on the Company.</p>	1/07/2015	1/04/2016

SUZLON ENERGY AUSTRALIA PTY LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Note

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

u) 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.

(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.

SUZLON ENERGY AUSTRALIA PTY LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Note	Year Ended 31 March 2015 (\$'000's)	Year Ended 31 March 2014 (\$'000's)
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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 before tax	(2,390)	(9,636)
Prima facie income tax at 30% (2014: 30%)	717	2,891
Adjustments to income tax expense in respect of prior years		
Benefit of current year losses not recognised	(717)	(2,891)
Aggregate income tax expense	-	-

A deferred tax asset has not been recognised in respect of temporary timing 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.

	Year Ended 31 March 2015 (\$'000's)	Year ended 31 March 2014 (\$'000's)
3 CASH AND CASH EQUIVALENTS		
Cash at bank	26,074	1,152
	26,074	1,152

On 29 March 2015 the Company received \$29 Mn from Suzlon Energy Limited against other receivables.

4 TRADE AND OTHER RECEIVABLES

Receivables from Suzlon Group companies	106,465	128,573
Trade receivables	5,425	801
Provision for doubtful debts	(337)	(269)
Uninvoiced revenue	1,142	733
Other	1,103	3,962
	113,797	133,800

5 OTHER ASSETS

Inventory	6,079	1,465
Prepaid expenses & advances	579	948
Crane - Asset held for sale	2,126	-
Other	40	40
	8,824	2,453

SUZLON ENERGY AUSTRALIA PTY LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Note	Year Ended 31 March 2015 (\$'000's)	Year Ended 31 March 2014 (\$'000's)
6 PROPERTY, PLANT AND EQUIPMENT		
Plant & Equipment	5,614	5,429
Less: Accumulated depreciation	(3,179)	(2,592)
	2,434	2,837
Fixtures & Equipment	154	14
Less: Accumulated depreciation	(4)	(1)
	150	13
Land & Building	190	0
Less: Accumulated depreciation	0	0
	190	0
Total property, plant and equipment	2,773	2,850

Movements in carrying amounts for each class of property, plant and equipment for the year ended 31 March 2015.

	Plant and Equipment (\$'000's)	Fixtures and Equipment (\$'000's)	Land and Building (\$'000's)	Total (\$'000's)
Year ended 31 March 2015				
Carrying amount at 1 April 2014	2,837	13	-	2,850
Additions	500	140	190	829
Disposals	(204)	-	-	(204)
Impairment losses	(504)	-	-	(504)
Depreciation for the year	(195)	(3)	-	(197)
Assets held for disposal	(2,126)	-	-	(2,126)
	309	150	190	648
Carrying amount as at 31 March 2015	309	150	190	648

Impairment of property plant and equipment

An impairment loss has been recognised for certain assets during the year. There are no other indicators of impairment related to the other plant and equipment assets.

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:

<u>Asset Class</u>	<u>Estimated Useful Life</u>	<u>Estimated Useful Life</u>
	2015	2014
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

SUZLON ENERGY AUSTRALIA PTY LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Note	Year Ended 31 March 2015 (\$'000's)	Year Ended 31 March 2014 (\$'000's)
7 TRADE AND OTHER PAYABLES		
Others Creditors	2,324	2,179
GST Payable	276	324
Intercompany Payable	189,029	179,445
Other payable	18	18
	<u>191,646</u>	<u>181,966</u>
8 BORROWINGS		
Current loan	1,989	1,614
	<u>1,989</u>	<u>1,614</u>
9 PROVISIONS		
Provision for warranty	1,133	3,771
Provision for project completion costs	758	1,175
Other employee liabilities	12	9
Other provisions	11	270
	<u>1,914</u>	<u>5,225</u>
10 OTHER LIABILITIES		
Accruals	5,935	1,055
Deferred revenue	2,465	1,556
	<u>8,400</u>	<u>2,611</u>
11 BORROWINGS		
Non-current loan - external	-	1,350

12 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	ANZ	30/09/2015	1,000
Contract Security for AGL	ANZ	17/06/2015	10,000
Contract Security for AGL	RBS Australia	17/06/2015	1,158
Contract Security for AGL	SBI Sydney	30/09/2015	1,500
Contract Security for AGL	SBI Sydney	30/04/2015	500
Contract Security for AGL	SBI Sydney	30/09/2015	3,000
Contract Security for AGL	SBI Sydney	15/01/2016	467
Contract Security for AGL	SBI Sydney	31/01/2016	1,055
Contract Security for AGL	SBI Sydney	30/04/2016	500
Contract Security for Infigen	RBS Australia	17/06/2015	2,797
Contract Security for Pacific Hydro	ANZ	30/09/2015	4,848
Contract Security for Trustpower	ANZ	30/09/2015	4,392
Total			<u>31,217</u>

- b) Since balance date, the ATO has advised that the Australian Tax Office (ATO) will undertake an audit of the Company. No date has been provided for when this audit will commence. The Company has written-off tax losses in previous years. On this basis, the Company believes no adverse impact will result from this audit.

SUZLON ENERGY AUSTRALIA PTY LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Note	Year Ended 31 March 2015 (\$'000's)	Year Ended 31 March 2014 (\$'000's)
13 CONTRIBUTED EQUITY		
Opening balance (\$)	5,550	5,550
Issued during year (\$)	-	-
Closing balance (\$)	5,550	5,550
Opening balance (shares)	5,550	5,550
Issued during year (shares)	-	-
Closing balance (shares)	5,550	5,550
14 ACCUMULATED LOSSES		
Opening accumulated losses 1 April 2014	(56,949)	(47,313)
Loss for the year	(2,390)	(9,636)
Closing accumulated losses 31 March 2015	<u>(59,339)</u>	<u>(56,949)</u>
15 CASH FLOW FROM OPERATIONS		
Reconciliation of cash flow from operations		
Net loss after income tax	(2,390)	(9,636)
Non-cash items		
Depreciation	210	659
Unrealised FX Gain	(179)	(2,429)
Interest receivable on related party advances	(1,596)	(2,512)
Fixed asset impairment	504	3,106
Movement in provisions and deferred income	(3,046)	(10,218)
Changes in assets and liabilities		
Decrease / (increase) in receivables	(14,069)	(13,772)
(Increase) / Decrease in other assets	767	2,602
Decrease / (increase) in payables	9,685	28,670
Decrease in provisions	(266)	818
Decrease in other liabilities	5,789	173
Net Cash Used in Operating Activities	<u>(4,590)</u>	<u>(2,539)</u>
16 AUDITOR'S REMUNERATION		
<i>Ernst & Young Australia</i>		
Audit fees	25	40
Other assurance services	2	5
Other tax services	-	185
17 ACQUISITION OF BUSINESS		
On 31 March 2015, the Company acquired the assets and employees associated with the operation and maintenance of Suzlon Energy Australia's wind farms from Servion Australia Pty Ltd, a related company. Purchase price agreed between parties has been determined as follows:		
		(\$'000's)
Assets acquired		
Inventory of spare parts		4,917
Land, property, plant and equipment		792
Total assets acquired		<u>5,709</u>
Liabilities assumed		
Employee entitlements		(1,249)
Net assets acquired		<u>4,460</u>

The Company paid \$4,834,874 as purchase consideration. The difference of \$374,796 between the consideration and the value of the net assets acquired is recorded in other reserves under equity on the basis that the transaction is a common control transaction which has been accounted for using the book value acquisition method.

SUZLON ENERGY AUSTRALIA PTY LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Note

18 COMPANY DETAILS

The Company's registered office and principal place of business is located at Level 29, 80 Collins Street, Melbourne, Vic 3000.

19 SUBSEQUENT EVENTS

Since balance date, the ATO has advised that the Australian Tax Office (ATO) will undertake an audit of the Company. No date has been provided for when this audit will commence. The Company has written-off tax losses in previous years. On this basis, the Company believes no adverse impact will result from this audit.

On 27 May 2015, the Company paid \$34,501,190 to Servion Australia Pty Ltd as settlement of trade and other payables, including the proceeds for the acquisition of maintenance services business.

**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 2015 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
15 July 2015

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

We have audited the accompanying financial report, being a special purpose financial report of Suzlon Energy Australia Pty Ltd, which comprises the statement of financial position as at 31 March 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal controls as the directors determine are necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.



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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 company's financial position as at 31 March 2015 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Material uncertainty regarding continuation as a going concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of matters described in Note 1 (d) 'Going Concern' to the financial statements, there is material uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Basis of accounting

Without modifying our opinion, we draw attention to Note 1(b) to the financial report, which describes the basis of preparation. The financial statement has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial statement may not be suitable for another purpose.


Ernst & Young



Kester Brown
Partner

Melbourne
15 July 2015