New Energy Solar

Annual Financial Report

For the period 19 November 2015
(date of registration) to 31 December 2016

Consisting of:

New Energy Solar Limited
ACN 609 396 983

New Energy Solar Fund
ARSN 609 154 298

Contents

Report to stapled securityholders

For the period 19 November 2015 to 31 December 2016

Dear Securityholders,

It is my pleasure to present to you the first Annual Report for New Energy Solar (**NES** or **the Fund**), for the financial period ended 31 December 2016 (**FY16**).

New Energy Solar is a sustainable investment fund initially focused on investing in large-scale solar plants. The Fund was established in November 2015 to help investors generate positive social impact alongside attractive financial returns, through the combination of distributions from producing solar assets and growth through new acquisitions and developments in the solar and renewable sectors. New Energy Solar is focused on acquiring and maintaining a diversified portfolio of solar assets across the globe, with an initial focus on the United States (US), Australia and select Asian markets.

As at 31 December 2016, the Fund's net assets were $302.1 million or $1.59 per stapled security. Over the period, the Fund recorded a statutory profit of $7.0 million, which was primarily driven by interest income earned on loans receivable and cash at bank, foreign exchange gains on US dollar denominated loan receivables, and fair value gains on US dollar denominated investments, also largely attributable to foreign exchange gains. The foreign exchange gains noted were driven by the strengthening of the US dollar against the Australian dollar over the period. The Fund has not yet paid any distributions.

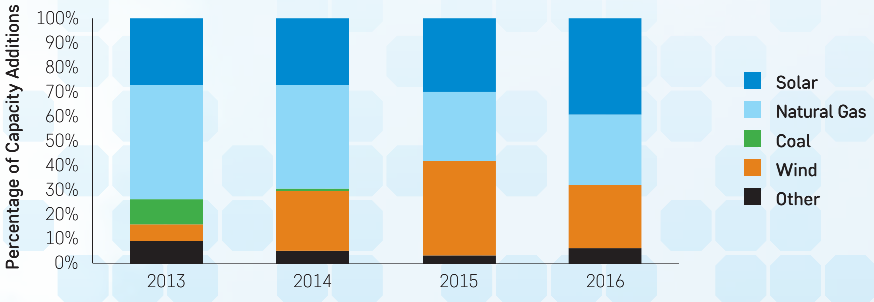
The Fund's first year has been a successful one, including securing substantial majority investments in four large scale solar projects in the US and completion of the Fund's second capital raising.

The Fund believes these investments will generate stable long term returns for securityholders, with each of the projects having executed long-term power purchase agreements (**PPAs**) that provide contracted cash flows from highly creditworthy counterparties including Stanford University, Turlock Irrigation District and Duke Energy Progress. The Fund's Californian projects are generating electricity as at the date of this annual report and the construction of its North Carolina assets is well-progressed ahead of their respective expected commercial operations date during the first half of 2017.

The Fund's investments in the US reflect our views on the attractiveness and number of opportunities in the large US solar market relative to opportunities reviewed in Australia and other markets during 2016. The Fund continues to explore and evaluate opportunities in Australia and the US.

2016 marked a record year for solar installations globally, with approximately 76GW of new capacity additions, an increase of 49% on the 51GW (the previous record for installations) added in 2015. Solar installations in the US during 2016 were the largest contributor to new generation capacity as shown in the graph below.

US Generation Capacity Additions (2013 – 2016)



Source: GTM Research/ SEIA U.S. Solar Market Insight report

We believe the growth in global solar market will continue, as solar rapidly continues to become cost competitive with other forms of thermal and renewable energy generation in more markets, leading to further investment opportunities for the Fund.

Global support for efforts to combat climate change is broad, with governments in excess of 130 countries, including the Australian Commonwealth Government, ratifying the Paris Agreement during 2016. The Paris Agreement came into force during November 2016 and commits countries to keeping global temperature rises this century to below two degrees Celsius above pre-industrial levels.

Through the Fund's investment in zero emission solar projects that may displace fossil-fuel burning power generation, securityholders are contributing to a reduction in the energy sector's reliance on fossil-fuels, which are a significant contributor to global carbon emissions. Including the North Carolina assets, the Fund's portfolio is expected to generate enough energy annually to power 52,000 houses on an emissions-free basis, reducing CO_2 emissions by 244,000 tonnes– translating to over 75 tonnes of annual CO_2 emissions saved for each securityholder.

My thanks go to my fellow board members of the Company and Responsible Entity, and the Investment Management team for their dedicated efforts towards this highly successful first year for the Fund. I also thank our securityholders for their continued support as we look to build NES into the leading Australian sustainable investment fund.

Yours faithfully,

Alex MacLachlan
Chairman of New Energy Solar Limited and Walsh & Company Investments Limited
9 March 2017

FY16 business highlights

For the period 19 November 2015 to 31 December 2016

Four solar investments and counting

The Fund's portfolio currently comprises two operating projects in California and commitments to acquire two projects in North Carolina (whose operations are expected to commence in the first half of 2017)

225MW$_{DC}$ portfolio with a weighted average PPA term of 17 years

2nd Capital raising completed oversubscribed and 100% of the equity has been deployed

In just over 12 months since its inception, New Energy Solar has established itself as an Australian sustainable investment fund with over 3,000 securityholders

All funds raised have been deployed in acquiring majority interests in four state-of-the-art utility scale solar projects in the US

Positive social impact alongside financial return

The Fund seeks to generate stable financial returns in addition to making investments aimed at reducing global emissions. The generation of electricity is one of the largest contributors to emissions and NES is investing in assets that reduce the energy sector's reliance on fossil fuels

Manager's report

For the period 19 November 2015 to 31 December 2016

Update on NES' Portfolio

In August and October 2016 the Fund executed binding commitments to acquire significant majority interests in two solar projects under construction in North Carolina (with capacities of 43MW$_{DC}$ and 47MW$_{DC}$), and in December 2016 acquired substantial majority interests in two Californian large scale US solar projects (each with a generating capacity of 67.4MW$_{DC}$).

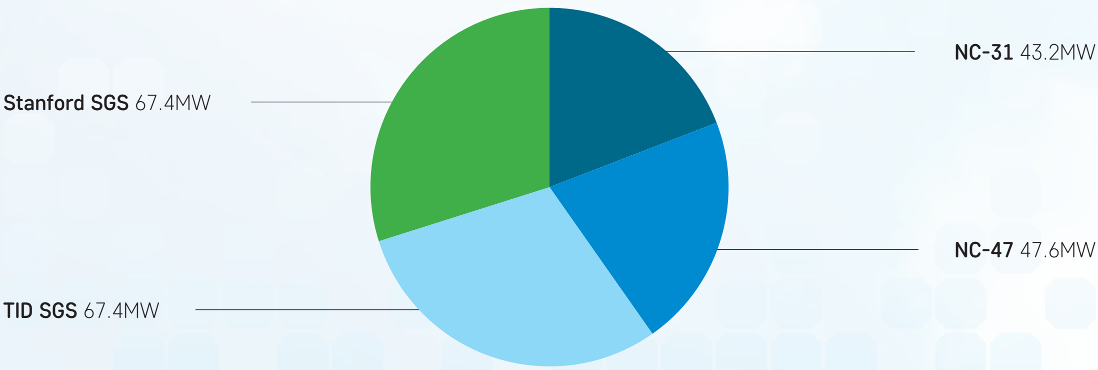
After the North Carolina assets commence commercial operations (expected during the first half of 2017), the Fund will have an operating portfolio with a capacity of more than 225MW$_{DC}$, with strong cash flow generative characteristics underpinned by a portfolio weighted average PPA term of more than 17 years.

Each of the North Carolina projects will be acquired from VivoPower USA LLC once they reach commercial operations date, at which time they begin selling power to North Carolina utility Duke Energy Progress, Inc (**Duke**). Both of the projects have executed 10-year PPAs with Duke.

The Fund's Californian projects, namely the Stanford Solar Generating Station (**Stanford SGS**) and the Turlock Irrigation District Solar Generating Station (**TID SGS**), located adjacent to one another in Kern County, were acquired from international solar project developer, SunPower, and commenced commercial operations in December 2016. Both projects have executed PPAs with highly creditworthy counterparties, Stanford University and Turlock Irrigation District, for 25-year and 20-year terms respectively.

The Fund's investments were made following detailed due diligence on the projects, and detailed review of the North Carolina and Californian electricity marketplaces.

New Energy Solar's Portfolio – 225MW$_{DC}$ Production Capacity (MW$_{DC}$)

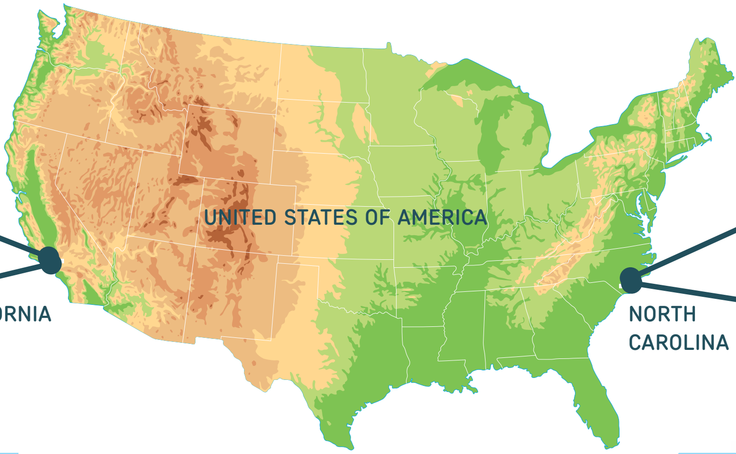


Note: Expected NES portfolio following NC-31 and NC-47's commencement of commercial operations during the first half of 2017.

NES Investment Portfolio: Geographic Locations

STANFORD SGS
67.4MW$_{DC}$

NC-31
43.2 MW$_{DC}$



TID SGS
67.4MW$_{DC}$

NC-47
47.6 MW$_{DC}$

NES' Portfolio – Positive Social Impact[1]

Generates energy to power[2]

52,000 homes

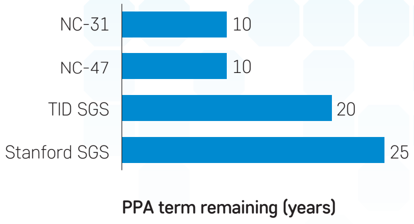
Tonnes of CO_2 emissions displaced p.a.[3]

244,000

Equivalent number of average sized cars removed from the road[4]

57,500

Long Project PPA terms



1 – Estimated annual environmental impact following NC-31 and NC-47's commencement of commercial operations during the first half of 2017.

2 – Based upon an average house utilising approximately 8,375KWh per annum.

3 – Solar energy plant CO_2 emission reduction calculated using the US Environmental Protection Agency's AVoided Emissions and geneRation Tool (AVERT). AVERT calculates CO_2 emissions displacement over specified US energy markets (comprised of multiple states). Emissions displaced is calculated as the emissions that would be produced annually if the same amount of energy in the selected AVERT region was produced by a solar project instead of the region's generation mix.

4 – Based upon an average of 4.2 tonnes of CO_2 emissions per car per annum. Equivalent number of cars is calculated as the number of cars per annum that produce an equivalent amount of CO_2 emission to what is estimated to have been displaced.

Investment Outlook

Following a successful first year in 2016, the Fund is continuing to engage with highly regarded developers, contractors, manufacturers, utilities and other stakeholders to identify quality acquisition and partnership prospects. In particular, an increasing number of US investment opportunities have been presented to the Fund as a result of its expanding market presence and credibility from transactions completed during 2016.

With the completion of the latest ARENA funding round, the Fund expects opportunities for investment in Australia to increase through 2017 and 2018. The Fund is also continuing to assess further investment opportunities globally, with the Investment Manager remaining optimistic of the opportunity to continue acquiring attractive assets.

Stanford Solar Generating Station (Stanford SGS)

Location	Rosamond, Kern County, California, USA
Generating Capacity	67.4MWDC / 54MWAC
Project Status	Operational
Commercial Operations Date	December 2016
PPA Term	25 years
PPA Offtaker	Stanford University
Panels	SunPower
O&M Service Provider: SunPower Corporation, Systems	The Stanford SGS is located on a 242 acre leased site in Rosamond, Kern County, California which is approximately 220 kilometres north of Los Angeles. The Stanford SGS is located immediately adjacent to the TID SGS and commenced operations in December 2016. NES acquired a substantial majority interest in the project in December 2016.

Turlock Irrigation District Generating Station (TID SGS)

Location	Rosamond, Kern County, California, USA
Generating Capacity	67.4MWDC / 54MWAC
Project Status	Operational
Commercial Operations Date	December 2016
PPA Term	20 years
PPA Offtaker	Turlock Irrigation District
Panels	SunPower
O&M Service Provider: SunPower Corporation, Systems	The TID SGS is located on a 262 acre leased site in Rosamond, Kern County, California, which is approximately 220 kilometres north of Los Angeles. The TID SGS is located immediately adjacent to the Stanford SGS and commenced operations in December 2016. NES acquired a substantial majority interest in the project in December 2016.

North Carolina 43MW Project (NC-31)

Location	Bladenboro, Bladen County, North Carolina, USA
Generating Capacity	43.2MWDC / 34.2MWAC
Project Status	Under construction
Commercial Operations Date	1st quarter of 2017
PPA Term	10 years from commercial operations date
PPA Offtaker	Duke Energy Progress, Inc
Panels	Canadian Solar
O&M Service Provider: Grupo GranSolar, LLC	NC-31 is located on a 196 acre leased site in Bladenboro, Bladen County, North Carolina, which is approximately 232 kilometres south-east of Charlotte. The plant is expected to commence commercial operations during the first quarter of 2017. NES committed to acquiring a majority interest in the project in August 2016.

North Carolina 48MW Project (NC-47)

Location	Maxton, Robeson County, North Carolina, USA
Generating Capacity	47.6MWDC / 33.8MWAC
Project Status	Under construction
Commercial Operations Date	2nd quarter of 2017
PPA Term	10 years from commercial operations date
PPA Offtaker	Duke Energy Progress, Inc
Panels	Canadian Solar
O&M Service Provider: DEPCOM Power, Inc.	NC-47 is located on a 260 acre leased site in Maxton, Robeson County, North Carolina, which is approximately 166 kilometres south-east of Charlotte. The plant is expected to commence commercial operations during the second quarter of 2017. NES committed to acquiring a majority interest in the project in October 2016.

Directors' report

For the period 19 November 2015 to 31 December 2016

The directors of New Energy Solar Limited (the **Company**) and Walsh & Company Investments Limited, as Responsible Entity of New Energy Solar Fund (the **Trust**), together forming New Energy Solar, an unlisted stapled group, present their report together with the annual financial report for New Energy Solar Limited and the entities it controlled and New Energy Solar Fund and the entities it controlled, (collectively referred to as the **Fund**), for the period 19 November 2015 (date of registration) to 31 December 2016.

The directors of New Energy Solar Limited at any time during or since the end of the financial period are listed below:

Alex MacLachlan
Tristan O'Connell (resigned 30 June 2016)
Tom Kline
Warwick Keneally (appointed 30 June 2016)

The directors of Walsh & Company Investments Limited at any time during or since the end of the financial period are listed below:

Alex MacLachlan
Tristan O'Connell
Tom Kline

Directors were in office from 19 November 2015 to the date of this report, unless otherwise stated.

Information on the directors

ALEX MACLACHLAN

Alex is currently the Chairman of the Responsible Entity for US Select Private Opportunities Fund Series, Australian Property Opportunities Fund Series, Emerging Markets Masters Fund, New Energy Solar Fund and US Masters Residential Property Fund. Alex is also the Chairman of New Energy Solar Limited, and a director of Fort Street Real Estate Capital, the Australian Masters Yield Fund Series and Asian Masters Fund Limited.

Alex joined Dixon Advisory in 2008 to lead the then newly formed Funds Management division of Dixon Advisory, and is currently the CEO and Chairman of Walsh & Company Investments Limited.

Before joining Dixon Advisory, Alex was a senior investment banker specialising in the natural resources sector, most recently serving as head of energy, Australasia, for UBS AG in Sydney and prior to that as an investment banker at Credit Suisse First Boston. During his career as an investment banker, Alex advised many of Australia's and the world's leading natural resources companies, working with over 30 companies on more than $100 billion in announced mergers and acquisitions and capital markets transactions. Before specialising in natural resources investment banking, Alex worked in the Japanese Government Bond derivatives markets in London, New York and Sydney.

Alex has a Bachelor of Arts from Cornell University and a Master of Business Administration from The Wharton School, University of Pennsylvania.

During the past three years Alex has acted as a non-executive director or director of the responsible entity of the following Australian listed public entities:

- Asian Masters Fund Limited (since 2009)
- Australian Masters Corporate Bond Fund No 5 Limited (since 2009, delisted 26 August 2016)
- Australian Masters Yield Fund No 1 Limited (since 2010)
- Australian Masters Yield Fund No 2 Limited (since 2010)
- Australian Masters Yield Fund No 3 Limited (since 2011)
- Australian Masters Yield Fund No 4 Limited (since 2011)
- Australian Masters Yield Fund No 5 Limited (since 2012)
- Emerging Markets Masters Fund (since 2012)
- Global Resource Masters Fund Limited (since 2008, delisted 11 March 2016)
- US Masters Residential Property Fund (since 2011)
- US Select Private Opportunities Fund (since 2012)
- US Select Private Opportunities Fund II (since 2013)
- US Select Private Opportunities Fund III (since 2016)

TRISTAN O'CONNELL

Tristan joined Dixon Advisory in 2005 after more than 10 years' experience in corporate financial and management roles within the wholesale markets industry. Tristan oversees the finance and accounting function of Dixon Advisory Group, incorporating funds management accounting for fifteen funds, which manage more than $3 billion for 15,000 shareholders. Tristan is currently a director of Walsh & Company Investments Limited, the Responsible Entity of Australian Property Opportunities Fund Series, US Select Private Opportunities Fund Series, Emerging Markets Masters Fund, and New Energy Solar. Tristan is also a trustee of the US REIT.

Among Tristan's previous roles were Financial Controller of Tullet Prebon in Australia, one of the world's leading inter-dealer broker firms, specialising in over-the-counter interest rate, foreign exchange, energy and credit derivatives. He subsequently held senior finance roles for Tullet Prebon in Singapore and London and returned to Australia to be responsible for the financial management and growth of Dixon Advisory.

Tristan has a Bachelor of Commerce from the Australian National University, is a member of CPA Australia and is a Fellow of the Financial Services Institute of Australasia.

During the past three years Tristan has acted as a non-executive director or director of the responsible entity of the following Australian listed public entities:

- Emerging Markets Masters Fund (since 2012)
- US Masters Residential Property Fund (since 2011)
- US Select Private Opportunities Fund (since 2012)
- US Select Private Opportunities Fund II (since 2013)
- US Select Private Opportunities Fund III (since 2016)

TOM KLINE

Tom Kline is the Managing Director and CEO of New Energy Solar, and previously the Chief Operating Officer of Walsh & Company Investments Limited, the Funds Management division of Dixon Advisory.

Tom is chairman of Australian Masters Yield Fund No 4 Limited, Australian Masters Yield Fund No 5 Limited and a director of Fort Street Real Estate Capital Pty Limited and Walsh & Company Investments Limited, the responsible entity for Emerging Markets Masters Fund, US Select Private Opportunities Fund Series, US Masters Residential Property Fund and Australian Property Opportunities Fund Series.

Before Dixon Advisory, Tom worked at UBS AG in Sydney. During his time at UBS, he was a member of the Power, Utilities and Infrastructure team and advised on a wide range of public and private mergers and acquisitions and capital market transactions. Tom advised some of Australia's leading energy generators and infrastructure players including Energy Australia and Transurban. Tom also advised energy and utility companies on the proposed introduction of Australia's federal carbon trading scheme (Carbon Pollution Reduction Scheme) and implications for fossil fuel and renewable energy generation.

Prior to joining UBS AG, Tom served in the Corporate Finance division of Deloitte. While at Deloitte, he worked in the Transaction Services, Business Modelling and Valuations Teams.

Tom has a Bachelor of Commerce and Bachelor of Laws (with honours) from Australian National University.

During the past three years Tom has acted as a non-executive director or director of the responsible entity of the following Australian listed public entities:

- Australian Masters Yield Fund No 4 Limited (since 2011)
- Australian Masters Yield Fund No 5 Limited (since 2012)
- Emerging Markets Masters Fund (since 2012)
- US Masters Residential Property Fund (since 2015)
- US Select Private Opportunities Fund (since 2012)
- US Select Private Opportunities Fund II (since 2013)
- US Select Private Opportunities Fund III (since 2016)

WARWICK KENEALLY

Warwick is currently Head of Finance at Walsh & Company, the funds management division of Dixon Advisory. Before joining Walsh & Company, Warwick worked in chartered accounting firms specialising in turnaround and restructuring. Warwick started his career with KPMG, working in their Canberra, Sydney and London offices and has undertaken a range of complex restructuring and insolvency engagements across Europe, UK and Australia, for a range of Australian, UK, European and US banks.

Warwick has worked with companies and lenders to develop and implement strategic business options, provide advice in relation to continuous disclosure requirements, develop cash forecasting training for national firms, and lectured on cash management. Among his former roles, Warwick worked on the initial stages of the HIH insolvency – as part of the key management group tasked with the wind-down of the global estate.

Warwick has a Bachelor of Economics and Bachelor of Commerce from Australian National University and is a Member of the Institute of Chartered Accountants in Australia.

Principal activities and significant changes in nature of activities

The Fund was established in November 2015 and raised gross proceeds of $179 million through an initial capital raising in January 2016 (gross proceeds were split as $9 million and $170 million between the Company and the Trust respectively). A further $123 million in gross proceeds was raised in a second capital raising in December 2016 (split as $6 million and $117 million between the Company and the Trust respectively).

The principal activities of the Company and the Trust during the year were pursuing and investing in large-scale solar plants that generate emissions-free power. There were no significant changes in the nature of these activities during the period.

Distributions

No distributions were paid or declared during, or since the end of, the year by either the Company or the Trust.

Review and results of operations

For the period 19 November 2015 to 31 December 2016, on a combined basis, the Fund's profit was $7,017,771. The Company reported a profit of $2,752,226 and the Trust reported a profit of $4,265,545. This was predominantly related to interest income earned on loans receivable and cash at bank, foreign exchange gains on US dollar denominated loan receivables, and fair value gains on US dollar denominated investments, also largely attributable to foreign exchange gains. The foreign exchange gains noted were driven by the strengthening of the US dollar against the Australian dollar over the period.

At 31 December 2016, on a combined basis, the Fund's net assets are $302,092,362, representing a net asset value per stapled security of $1.59. The Company's net assets are $17,503,380, representing a net asset value per share of $0.09 and the Trust's net assets are $284,588,982 representing a net asset value per unit of $1.50.

During the period, the Fund provided total cash funding of $283 million to its wholly owned subsidiary New Energy Solar US Corp to enable the investment in US solar assets. This was split as equity funding of $111 million from the Company and debt funding of $172 million from the Trust.

Further details are included in the report to stapled securityholders which forms part of this report.

Significant changes in state of affairs

During the financial period, the Company and the Trust raised capital totalling $15 million and $287 million respectively and commenced their principal investment activities as described above in the report.

Events subsequent to the reporting period

No matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Company or the Trust's operations, the results of those operations, or the Company or the Trust's state of affairs in future financial years.

Future developments and expected results of operations

The Company and the Trust will continue to undertake its activities described in this report. The Report to Stapled Securityholders which forms part of this financial report includes details of the outlook for solar markets in which the Company and the Trust invests. Further details are included in the Report to Stapled Securityholders and Manager's Report which forms part of this financial report.

Environmental regulation

The Company and the Trust are not subject to any particular and significant environmental regulations under a law of the Commonwealth or a State or Territory.

Other relevant information

The following lists other relevant information required under the Corporations Act 2001:

- details of fees paid to the Responsible Entity during the financial year – refer to note 17 to the financial statements
- the Responsible Entity did not hold any interests in the Company or the Trust at the end of the financial year
- details of issued interests in the Company and the Trust during the financial year – refer to note 6 to the financial statements.

Indemnity and insurance

Under the Trust's constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Trust's assets for any loss, damage expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Trust.

Insurance premiums have been paid, during or since the end of the financial year, for all of the directors of the Responsible Entity of the Trust. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for the auditor of the Company and the Trust.

Non-audit services

Details of the amounts paid or payable to the auditor, Deloitte Touche Tohmatsu, for non-audit services are outlined in note 18 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 18 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services are reviewed and approved prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES110: Code of Ethics for Professional Accountants set by the Accounting Professionals Ethical Standards Board.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Alex MacLachlan
Director

9 March 2017

Auditor's independence declaration

Deloitte.

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Sydney, NSW, 2000
Australia

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www.deloitte.com.au

The Board of Directors
New Energy Solar Limited and
Walsh & Company Investments Limited
As Responsible Entity for
New Energy Solar Fund
Level 15, 100 Pacific Highway
North Sydney NSW 2060

9 March 2017

Dear Board Members

New Energy Solar Limited and New Energy Solar Fund

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of New Energy Solar Limited and to the directors of the Responsible Entity of New Energy Solar Fund.

As lead audit partner for the audit of the financial statements of New Energy Solar Limited and New Energy Solar Fund for the financial period from 19 November 2015 to 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants

Statement of profit or loss and other comprehensive income

For the period 19 November 2015 to 31 December 2016

	Notes	New Energy Solar Limited (Company) 19 November 2015 to 31 December 2016 $	New Energy Solar Fund (Trust) 19 November 2015 to 31 December 2016 $	Fund (combined Company and Trust) 19 November 2015 to 31 December 2016 $
Income				
Fair value movement of financial assets at fair value through profit or loss	9	2,643,456	-	2,643,456
Foreign exchange gain		336,060	2,711,676	3,047,736
Finance income	3	137,295	3,469,324	3,606,619
Total net income		**3,116,811**	**6,181,000**	**9,297,811**
Expenses				
Finance expenses		(375)	(547)	(922)
Responsible entity fees	17	-	(137,539)	(137,539)
Investment management fees	17	(209,098)	(1,033,740)	(1,242,838)
Accounting and audit fees		(8,531)	(165,642)	(174,173)
Tax and other advisory consultant fees		(32,413)	(240,446)	(272,859)
Legal fees		(5,524)	(99,699)	(105,223)
Due diligence expenses		(5,483)	(102,584)	(108,067)
Other operating expenses		(17,518)	(135,258)	(152,776)
Total expenses		**(278,942)**	**(1,915,455)**	**(2,194,397)**
Profit before tax		**2,837,869**	**4,265,545**	**7,103,414**
Income tax expense	4	(85,643)	-	(85,643)
Profit after tax for the period		**2,752,226**	**4,265,545**	**7,017,771**
Other comprehensive income, net of income tax		**-**	**-**	**-**
Total comprehensive income for the period		**2,752,226**	**4,265,545**	**7,017,771**
Earnings per security				
Basic and diluted earnings (cents per security)	5	2.74	4.24	6.98

The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of financial position

As at 31 December 2016

	Notes	New Energy Solar Limited (Company) 31-Dec-16 $	New Energy Solar Fund (Trust) 31-Dec-16 $	Fund (combined Company and Trust) 31-Dec-16 $
ASSETS				
Current assets				
Cash and cash equivalents	7	5,938,759	1,286,068	7,224,827
Trade and other receivables	8	2,568,543	2,395,197	4,963,740
Total current assets		**8,507,302**	**3,681,265**	**12,188,567**
Non-current assets				
Investments held at fair value through profit or loss	9	113,353,558	-	113,353,558
Loans receivable	10	-	281,277,239	179,635,241
Total non-current assets		**113,353,558**	**281,277,239**	**292,988,799**
Total assets		**121,860,860**	**284,958,504**	**305,177,366**
LIABILITIES				
Current liabilities				
Trade and other payables	11	2,629,839	369,522	2,999,361
Current tax payable		85,643	-	85,643
Loans payable	12	101,641,998	-	-
Total current liabilities		**104,357,480**	**369,522**	**3,085,004**
Total liabilities		**104,357,480**	**369,522**	**3,085,004**
Net assets		**17,503,380**	**284,588,982**	**302,092,362**
EQUITY				
Issued capital	6	14,751,154	280,323,437	295,074,591
Retained earnings		2,752,226	4,265,545	7,017,771
Total equity		**17,503,380**	**284,588,982**	**302,092,362**

The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of changes in equity

For the period 19 November 2015 to 31 December 2016

New Energy Solar Limited (Company)	Issued capital $	Retained earnings $	Total $
Balance at 19 November 2015 (date of registration)	-	-	-
Profit after tax for the period	-	2,752,226	2,752,226
Other comprehensive income, net of income tax	-	-	-
Total comprehensive income for the period	**-**	**2,752,226**	**2,752,226**
Issue of securities	15,106,981	-	15,106,981
Capitalised issue costs	(355,827)	-	(355,827)
Balance at 31 December 2016	**14,751,154**	**2,752,226**	**17,503,380**

New Energy Solar Fund (Trust)	Issued capital $	Retained earnings $	Total $
Balance at 19 November 2015 (date of registration)	-	-	-
Profit after tax for the period	-	4,265,545	4,265,545
Other comprehensive income, net of income tax	-	-	-
Total comprehensive income for the period	**-**	**4,265,545**	**4,265,545**
Issue of securities	287,032,631	-	287,032,631
Capitalised issue costs	(6,709,194)	-	(6,709,194)
Balance at 31 December 2016	**280,323,437**	**4,265,545**	**284,588,982**

Fund (combined Company and Trust)	Issued capital $	Retained earnings $	Total $
Balance at 19 November 2015 (date of registration)	-	-	-
Profit after tax for the period	-	7,017,771	7,017,771
Other comprehensive income, net of income tax	-	-	-
Total comprehensive income for the period	**-**	**7,017,771**	**7,017,771**
Issue of securities	302,139,612	-	302,139,612
Capitalised issue costs	(7,065,021)	-	(7,065,021)
Balance at 31 December 2016	**295,074,591**	**7,017,771**	**302,092,362**

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

Statement of cash flows

For the period 19 November 2015 to 31 December 2016

		New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
	Notes	19 November 2015 to 31 December 2016	19 November 2015 to 31 December 2016	19 November 2015 to 31 December 2016
		$	$	$
Cash flows from operating activities				
Interest income received		130,097	1,364,256	1,494,353
Payments to suppliers		(211,192)	(1,757,672)	(1,968,864)
Net cash flow from operating activities	7	**(81,095)**	**(393,416)**	**(474,511)**
Cash flows from investing activities				
Payments for investments	9	(110,710,102)	-	(110,710,102)
Net cash flow from investing activities		**(110,710,102)**	**-**	**(110,710,102)**
Cash flows from financing activities				
Proceeds from issue of securities	6	15,106,981	287,032,631	302,139,612
Payment of issue costs	6	(355,827)	(6,709,194)	(7,065,021)
Loans to subsidiary of New Energy Solar Limited		-	(172,161,661)	(172,161,661)
Loans from New Energy Solar Fund to New Energy Solar Limited	10, 12	101,641,998	(101,641,998)	-
Distributions paid		-	-	-
Net cash flow from financing activities		**116,393,152**	**6,519,778**	**122,912,930**
Net increase in cash and cash equivalents		**5,601,955**	**6,126,362**	**11,728,317**
Cash at the beginning of the period		-	-	-
Effect of exchange rate changes		336,804	(4,840,294)	(4,503,490)
Cash and cash equivalents at the end of the period	7	**5,938,759**	**1,286,068**	**7,224,827**

Notes to the financial statements

For the period 19 November 2015 to 31 December 2016

1. General information

The financial statements comprise:

- New Energy Solar Limited (**Company**), an unlisted public company incorporated in Australia, and its controlled entities;
- New Energy Solar Fund (**Trust**), an unlisted managed investment scheme registered and domiciled in Australia, with Walsh & Company Investments Limited acting as Responsible Entity, and its controlled entities;

on a combined basis referred to as New Energy Solar (the **Fund**).

One share in the Company and one unit in the Trust have been stapled together to form an unlisted single stapled security.

The Company and the Trust were registered on 19 November 2015. Accordingly, the financial statements cover the reporting period from the date of their registration to 31 December 2016.

The principal activity of the Company and the Trust is indirectly investing (via underlying investment entities) in large-scale solar plants that generate emissions-free power.

Basis of preparation

The financial statements have been prepared on an accrual basis and are based on historical cost with the exception of investments held at fair value through profit or loss, which are measured at fair value. All amounts are presented in Australian dollars unless otherwise noted.

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (**AASB**) and the Corporations Act 2001. Compliance with Australian Accounting Standards ensures the financial statements and notes to the financial statements of the Company and the Trust comply with the International Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**).

The financial statements were authorised for issue by the directors of the Company and the Responsible Entity of the Trust, Walsh & Company Investments Limited, on 9 March 2017. For the purposes of preparing the financial statements, the Company and the Trust are for-profit entities.

Adoption of new and revised Accounting Standards

The Company and the Trust have adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current period.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company and the Trust include:

- AASB 1057 'Application of Australian Accounting Standards' and AASB 2015-9 'Amendments to Australian Accounting Standards – Scope and Application Paragraphs'
- AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'
- AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'
- AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'
- AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'
- AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'

Accounting Standards and Interpretations issued but not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The potential impact of the new or revised Standards and Interpretations has not yet been determined.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective Date of AASB 15' and AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15'	1 January 2018	31 December 2018
AASB 16 Leases	1 January 2019	31 December 2019
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' and AASB 2015-10 'Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128'	1 January 2018	31 December 2018
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	31 December 2017
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	31 December 2017
AASB 2016-5 'Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions'	1 January 2018	31 December 2018
AASB 2016-6 'Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts'	1 January 2018	31 December 2018
AASB 2017-1 'Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments'	1 January 2018	31 December 2018
AASB 2017-2 'Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle'	1 January 2017	31 December 2017
Interpretation 22 'Foreign Currency Transactions and Advance Consideration'	1 January 2018	31 December 2018

2. Summary of significant accounting policies

The following accounting policies have been adopted in the preparation and presentation of the financial report.

a) Basis for non-consolidation

New Energy Solar (or the **Fund**) comprises New Energy Solar Limited (the **Company**) and its controlled entities and New Energy Solar Fund (the **Trust**) and its controlled entities. The equity securities of the Company and the Trust are stapled and cannot be traded separately.

The parent entity of the stapled group has been determined to be the Company. The Company holds investments, directly or indirectly, through subsidiaries or other underlying entities including the Trust which is considered to be a subsidiary of the Company under the accounting standards.

The Company and the Trust are considered to meet the definition of an 'Investment Entity' as described in AASB 10 'Consolidated Financial Statements' (refer below). Under AASB 10 an Investment Entity is required to hold its subsidiaries at fair value through the profit and loss rather than consolidate them. Subsidiaries are entities over which control is exercised. Control exists when the entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

As noted above the Trust is considered to be a subsidiary of the Company under accounting standards and is therefore required to be recorded by the Company at its fair value. However, the fair value of the Company's investment in the Trust as reflected in the Company's financial statements is considered to be nil as a result of the Company holding no direct interest in this subsidiary. The Company financial statements therefore include all of its own direct and indirect interest in subsidiaries at fair value but do not reflect any value attributable to the Trust except for loans made between the Company and the Trust.

The financial statements of the Trust, including its own subsidiaries, are shown separately under the heading "New Energy Solar Fund (Trust)". As noted above because the Trust is considered to be an investment entity, its financial statements reflect its investment in its direct and indirect subsidiaries at fair value.

The column headed "**Fund**" has been shown to reflect the combined financial statements of the Company and its subsidiaries and the Trust and its subsidiaries, representing the Fund, and has been prepared to reflect the stapled securityholders' combined interest in the Company and the Trust by combining the Company and the Trust financial information after eliminating transactions and balances between the Company and the Trust. Furthermore, in consideration of the fact that the combined accounts reflect the net investment of the Company and the Trust in the underlying subsidiaries via the investment and the loan receivable, the loan receivable has been shown at fair value in the combined accounts rather than at amortised cost as it is presented in the Trust accounts.

INVESTMENT ENTITY CLASSIFICATION

Under the definition of an Investment Entity, as set out in AASB 10, an entity must satisfy all of the following three tests:

- Obtains funds from one or more investors for the purpose of providing those investors with investment management services; and
- Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company and the Trust satisfy the above three tests in consideration of the following factors:

- The Company and the Trust have multiple investors, having obtained funds from a diverse group of securityholders that would not otherwise have access individually to invest in renewable power generation assets;
- The business purpose of the Company and the Trust, is to invest funds for investment income and potential capital growth. The intended underlying assets, including those held directly or indirectly by the Company and the Trust, will have limited operational lives and therefore minimal residual value and so will not be expected to be held indefinitely; and
- The Company and Trust measure and evaluate performance of their existing and intended future underlying investments on a fair value basis which is most relevant for its securityholders.

The directors have also assessed that the Company meets the typical characteristics of an Investment Entity described in AASB 10 in that:

- It is a separate legal entity;
- Ownership interests in the entity are held by a wide pool of investors who are not related parties; and
- Through its subsidiary, New Energy Solar US Corp, it holds a portfolio of investments.

In respect of the Trust, the directors have assessed that whilst the first two characterisitics above are met, since it presently does not hold any investments, it therefore does not meet all the typical characteristics described in the accounting standard. Notwithstanding this, the directors have concluded based on the structure and purpose of the stapled Trust, that it is appropriately classified as an Investment Entity in consideration of having the same investment business purpose consistent with that of the Company and it being in a relatively early stage of its investment cycle with asset acquisitions being actively sought. It is noted further that the funding and capital structure of the Company and the Trust are expected to evolve and potentially be rebalanced over time as the Fund's overall investment portfolio takes shape.

b) Functional and presentation currency

The functional and presentation currency of the Company and the Trust is Australian dollars. All amounts are rounded to the nearest thousand dollars unless otherwise noted.

Transactions in foreign currencies are initially recorded in Australian dollars by applying the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies that are outstanding at the reporting date are retranslated at the rate of exchange at the Statement of Financial Position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

c) Financial instruments

Financial Instruments, incorporating financial assets and financial liabilities, are recognised when the Company and the Trust become a party to the contractual provisions of the instrument. The Company and the Trust have early adopted AASB 9 *Financial Instruments* which was issued in December 2014.

I. FINANCIAL ASSETS

When financial assets are recognised initially, they are measured at fair value, plus in the case of financial assets not measured at fair value through profit and loss, directly attributable transaction costs.

Financial assets are subsequently measured at amortised cost using the effective interest rate method only if the following conditions are met, otherwise they are measured at fair value:

- where a financial asset is held within a business model for the objective to collect contractual cash flows; and
- contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Gains and losses on all other financial assets at fair value are recognised in profit or loss.

Being investment entities, both the Company and the Trust recognise their subsidiary investments on an ongoing basis at fair value through profit or loss.

II. FINANCIAL LIABILITIES

Financial liabilities are classified as derivative and non-derivative instruments as appropriate. The Company and the Trust determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

Non-derivative instruments are subsequently measured at amortised cost using the effective interest rate method. Derivative instruments are subsequently measured at fair value, with movements recorded through profit or loss.

III. DERECOGNITION

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged or cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

IV. FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants under current market conditions at the measurement date. The Responsible Entity of the Trust and the directors of the Company determine the fair value of subsidiary investments based on underlying assets information received from the Investment Manager. The Investment Manager's assessment of fair value of underlying asset investments is determined in accordance with "AASB 13 – Fair Value Measurement", using discounted cash flow principles unless a more appropriate methodology is applied. The Investment Manager may at its discretion source independent valuers to undertake these valuations.

d) Impairment of assets

The directors of the Company and Responsible Entity assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, an estimate is made of the expected loss which is recognised in profit or loss.

No impairment assessment is performed in respect of financial assets where fair value changes are recorded in profit or loss.

e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

f) Receivables

Receivables are financial assets with a contractual right to receive fixed or determinable payments. Receivables are recorded at amounts due less any impairment losses. Balances are written off when the probability of recovery is assessed as being remote.

g) Interests in associates and joint ventures

An associate is an entity over which the Company or the Trust has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

As permitted by "AASB 128 Investments in Associates and Joint Ventures" the Company and the Trust have elected to measure investments in associates and joint ventures at fair value through profit or loss.

h) Trade and other payables

Trade and other payables are recognised when the Company and the Trust becomes obliged to make payments resulting from the purchase of goods or services. The balance is unsecured and is recognised as a current liability with the amount being normally paid within 30 days of the recognition of the liability.

i) Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

j) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

k) Taxes

I. INCOME TAX

Australian Trust

Under current Australian income tax laws, the Responsible Entity (as trustee of the Trust) is not liable to pay income tax on the net (taxable) income of the Trust, provided the Trust is not a corporate unit trust or a public trading trust and its distributable income (taxable income) for each income year is fully distributed to securityholders, by way of cash or reinvestment.

Australian Company

Under current Australian income tax laws, the Company is liable to pay income tax at the prevailing corporate tax rate, currently 30%.

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

II. GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except to the extent the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the unrecoverable GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Where fees are stated to be exclusive of GST and GST is payable on any fee, the fee will be increased by an amount equal to the GST payable. Cash flows are included in the Statement of Cash Flows on a gross basis, except for the GST component of cash flows arising from investing and financing activities which are disclosed as operating cash flows.

The Trust qualifies for reduced input tax credits at a minimum rate of 55% as a recognised trust scheme under specific provisions in the GST legislation.

l) Revenue recognition

Revenue is recognised and 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 the Trust and the revenue can be reliably measured. All revenue is stated net of goods and services tax (**GST**).

I. INTEREST INCOME

Interest income is recognised in profit or loss 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.

II. DIVIDEND/DISTRIBUTION INCOME

Dividend/distribution income is recognised on the date that the Company and the Trust's right to receive the dividend/distribution is established.

m) Earnings per security

Basic earnings per security is calculated by dividing the profit or loss attributable to securityholders by the weighted average number of securities outstanding during the financial year. Diluted earnings per security is the same as there are no potential dilutive ordinary securities.

n) Share/unit capital

I. ORDINARY SHARES/UNITS

Ordinary shares/units are classified as equity. Issued capital is recognised at the fair value of consideration received by the Company and the Trust. Incremental costs directly attributable to the issue of ordinary shares/units are recognised as a deduction from equity.

II. DIVIDEND/DISTRIBUTION TO SECURITYHOLDERS

Dividends/distributions are recognised in the reporting period in which they are declared, determined, or publicly recommended by the board of the Company and/or the Responsible Entity.

o) Critical accounting estimates and judgements

In the application of the Company and the Trust's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

Estimates and judgements are continually evaluated and based on historic experience and other factors believed to be reasonable under the circumstances.

INVESTMENT ENTITY CLASSIFICATION

The directors have assessed that both the Company and the Trust meet the definition of an Investment Entity. This assessment includes significant judgement of the factors supporting Investment Entity classification as set out in note 2(a).

FAIR VALUE RECOGNITION

As the definition of an 'investment entity' under AASB 10 is met, the Company and the Trust account for their subsidiaries at fair value through profit or loss, rather than consolidating them. In performing this fair value assessment underlying investments are therefore measured at fair value for financial reporting purposes. Once an underlying asset has been owned for a period of no more than twelve months, the Board and the Responsible Entity will appoint the Investment Manager to produce investment valuations on an appropriate basis which will include projected future cash flows of the solar plant assets. Such valuations will be performed at least annually thereafter. As these assets are expected to be illiquid in nature, these ongoing valuations will include unobservable inputs and will therefore be categorised as Level 3 investments. The Investment Manager may at its discretion source independent valuers to undertake these valuations.

Refer note 9(i) for a description of the fair value basis adopted at 31 December 2016 in respect of investments which had been acquired within a short time proximity to balance date.

3. Finance income

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
	31-Dec-16	**31-Dec-16**	**31-Dec-16**
	$	**$**	**$**
Interest income on cash at bank	137,295	1,372,900	1,510,195
Interest income on loan to New Energy Solar US Corp (subsidiary of the Company)	-	2,096,424	2,096,424
	137,295	**3,469,324**	**3,606,619**

4. Income tax expense

	New Energy Solar Limited (Company)
	31-Dec-16
	$
Income tax expense	
Current tax	85,643
Aggregate income tax expense	85,643
Numerical reconciliation of income tax expense and tax at the statutory rate	
Profit before income tax expense	2,837,869
Tax at the statutory Australian tax rate of 30%	851,361
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	
Fair value gains not assessable	(793,037)
Unrealised foreign exchange gains	(6)
Non-deductible expenses	36,729
Deferred Tax Assets not recognised	(9,404)
Income tax expense	85,643

5. Earnings per security

(I) CALCULATED EARNINGS PER SECURITY

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
	19 November 2015 to 31 December 2016	19 November 2015 to 31 December 2016	19 November 2015 to 31 December 2016
	cents	cents	cents
Basic and diluted earnings per security	2.74	4.24	6.98

(II) EARNINGS USED TO CALCULATE EARNINGS PER SECURITY

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
	19 November 2015 to 31 December 2016	19 November 2015 to 31 December 2016	19 November 2015 to 31 December 2016
	$	$	$
Profit from continued operations used to calculate basic and diluted earnings per security	2,752,226	4,265,545	7,017,771

(III) WEIGHTED AVERAGE NUMBER OF SECURITIES

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
	19 November 2015 to 31 December 2016	19 November 2015 to 31 December 2016	19 November 2015 to 31 December 2016
	No.	No.	No.
Weighted average number of units outstanding used to calculate basic and diluted earnings per security	100,514,417	100,514,417	100,514,417
Effect of dilution	-	-	-
	100,514,417	**100,514,417**	**100,514,417**

There are no transactions that would significantly change the number of securities at the end of the reporting period.

6. Equity – issued capital

(I) MOVEMENTS IN ISSUED CAPITAL

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
	31-Dec-16	31-Dec-16	31-Dec-16
	$	$	$
Balance as at 19 November 2015	-	-	-
Issue of securities	15,106,981	287,032,631	302,139,612
Less: Issue costs	(355,827)	(6,709,194)	(7,065,021)
Balance as at 31 December 2016	**14,751,154**	**280,323,437**	**295,074,591**

(II) MOVEMENTS IN STAPLED SECURITIES

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
	31-Dec-16	31-Dec-16	31-Dec-16
	No.	No.	No.
Balance as at 19 November 2015	-	-	-
Issue of securities - January 2016	113,764,408	113,764,408	113,764,408
Issue of securities - December 2016	75,996,144	75,996,144	75,996,144
Balance as at 31 December 2016	**189,760,552**	**189,760,552**	**189,760,552**

All issued stapled securities are fully paid. The holders of securities are entitled to one vote per security at meetings of the Company and the Trust and are entitled to receive dividends/distributions declared from time to time by the Company and the Trust.

7. Current assets - cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
	31-Dec-16	31-Dec-16	31-Dec-16
	$	$	$
Cash and bank balances	5,938,759	1,286,068	7,224,827
	5,938,759	**1,286,068**	**7,224,827**

Reconciliation of profit after income tax to net cash used in operating activities:

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
	19 November 2015 to 31 December 2016	19 November 2015 to 31 December 2016	19 November 2015 to 31 December 2016
	$	$	$
Profit after income tax expense for the period	2,752,226	4,265,545	7,017,771
Adjustments for:			
Fair value movement of financial assets at fair value through profit or loss	(2,643,456)	-	(2,643,456)
Net foreign exchange gains	(336,804)	(2,633,286)	(2,970,090)
Change in operating assets and liabilities:			
(Increase) in receivables	(2,568,543)	(2,395,197)	(4,963,740)
Increase in payables	2,629,839	369,522	2,999,361
Increase in provision for income tax	85,643	-	85,643
Net cash flow from operating activities	**(81,095)**	**(393,416)**	**(474,511)**

8. Current assets – trade and other receivables

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
	31-Dec-16	**31-Dec-16**	**31-Dec-16**
	$	**$**	**$**
Interest receivable	7,199	2,183,457	2,190,656
GST receivable	22,498	211,740	234,238
Other receivables - subsidiary entity, New Energy Solar US Corp	2,538,846	-	2,538,846
	2,568,543	**2,395,197**	**4,963,740**

There are no balances included in receivables that contain assets that are impaired. No receivable amounts are overdue. The receivables are recorded at carrying amounts that are reasonable approximations of fair value.

9. Non-current assets – investments held at fair value through profit or loss

The Company owns its underlying solar asset investment portfolio through its direct investment in its immediate subsidiary company, New Energy Solar US Corp. As an 'investment entity' the Company records its investment in New Energy Solar US Corp at fair value, which comprises the assessed fair value of the underlying solar asset portfolio and the residual net assets of the company and its controlled entities.

At 31 December the fair value of the Company's investment in New Energy Solar US Corp comprises the following:

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
	31-Dec-16	**31-Dec-16**	**31-Dec-16**
	$	**$**	**$**
Fair value of underlying solar asset interests held (i)	176,531,447	-	176,531,447
Residual value of net assets of New Energy Solar US Corp and its controlled entities (ii)	(63,177,889)	-	(63,177,889)
	113,353,558	**-**	**113,353,558**

(i) At 31 December 2016, two underlying solar assets had been acquired within one month of the year end balance date. Given the short proximity of these acquisition dates to year end, together with the directors assessment as to the absence of any significant changes in market factors impacting the value of such assets in the interim period, the fair value of the assets at balance date is considered to materially reflect their denominated currency purchase price paid inclusive of direct acquisition costs. This represents the value at which the directors consider the assets could be sold in an orderly transaction between market participants at balance date. The balance recorded at 31 December 2016 relates to the Company's interest in the SunPower Stanford and SunPower TID solar asset projects, which were acquired after reaching commercial operation dates during December 2016.

(ii) The residual net assets of New Energy Solar US Corp and its subsidiaries is comprised as follows:

	31-Dec-16 $
Funds held in an escrow account to settle the NC-31 and NC-47 solar asset projects (settlement expected first half 2017)	123,395,278
Fund on deposit as security for guarantees	19,712,290
Loan funding provided by New Energy Solar Fund	(179,635,241)
3rd party loan funding provided	(23,924,117)
Other net working capital assets/liabilities	(2,726,099)
	(63,177,889)

The movement in investments at fair value through profit or loss is as follows:

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
	31-Dec-16	31-Dec-16	31-Dec-16
	No.	No.	No.
Total funds invested during the period in New Energy Solar US Corp	110,710,102	-	110,710,102
Unrealised movement in fair value through profit or loss*	2,643,456	-	2,643,456
Investment in financial assets held at fair value through profit or loss at 31 December 2016	**113,353,558**	**-**	**113,353,558**

*The 'movement in fair value' amount of $2,643,456 is comprised of an unrealised foreign exchange translation gain component of $4,342,265, offset by a $1,698,809 decline in New Energy Solar US Corp net asset value. The net asset value decline is mainly associated with interest expense incurred on loans provided by New Energy Solar Fund to New Energy Solar US Corp, and other sundry operating expenses of the company and its subsidiaries.

10. Non-current assets – loans receivable

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
	31-Dec-16	31-Dec-16	31-Dec-16
	$	$	$
Loan receivable from New Energy Solar Limited (i)	-	101,641,998	-
Loan receivable from New Energy Solar US Corp. (ii)	-	179,635,241	179,635,241
	-	**281,277,239**	**179,635,241**

(I) LOAN RECEIVABLE FROM NEW ENERGY SOLAR LIMITED

Effective 5 July 2016, a loan agreement between New Energy Solar Fund and New Energy Solar Limited was entered into to advance loans to each other from time to time. Any advances under this loan agreement are unsecured non-interest bearing and are repayable no later than 10 years from the commencement of the loan agreement but are immediately callable by the lending party. As at 31 December 2016, New Energy Solar Fund has advanced $101,641,998 to New Energy Solar Limited under this agreement. New Energy Solar Fund has as at 31 December 2016 provided an undertaking to New Energy Solar Limited that it will not call amounts advanced at this date until at least 31 January 2018, if so doing would cause the Company not to be able to settle its other obligations as and when they fall due in the normal course of operations.

(II) LOAN RECEIVABLE FROM NEW ENERGY SOLAR US CORP

Effective 9 December 2016, New Energy Solar Fund invested into a Note Purchase Agreement with NES US Corp in the order of USD$130,559,142. The loan to New Energy Solar US Corp has a 7 year loan term and a fixed interest rate of 6%. At balance date, the value of this loan has been converted to Australian dollars at the prevailing USD:AUD spot rate of 0.7208. This loan is unsecured.

11. Current liabilities - trade and other payables

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
	31-Dec-16	**31-Dec-16**	**31-Dec-16**
	$	**$**	**$**
Trade payables	1,201	14,637	15,838
Accrued liabilities	2,628,638	354,885	2,983,523
	2,629,839	**369,522**	**2,999,361**

Refer to note 14 for further information on financial instruments.

The average credit period for trade payables is generally 30 days. No interest is charged on trade payables from the date of invoice. The Company and the Trust have risk management policies to ensure payables are paid within credit terms.

12. Current liabilities – loans payable

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
	31-Dec-16	**31-Dec-16**	**31-Dec-16**
	$	**$**	**$**
Loan payable to New Energy Solar Fund	101,641,998	-	-

The loan payable relates to the loan agreement between New Energy Solar Fund and New Energy Solar Limited. Refer to note 10(i) for details.

13. Distributions

No distributions were paid or declared to securityholders during or since the end of the period.

14. Financial instruments

CAPITAL MANAGEMENT

The Company and the Trust manages their capital to ensure that they will be able to continue as going concerns, while maximising the return to securityholders. The Company and the Trust's principal use of cash raised is to fund investments as well as ongoing operational expenses.

The directors monitor and review the broad structure of the Company and the Trust's capital on an ongoing basis. At balance date, the capital structure consists of equity only. There are no externally imposed capital requirements.

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company and the Trust are exposed to the following risks from its use of financial instruments:

- market risk (market price risk, foreign exchange risk and interest rate risk)
- credit risk
- liquidity risk.

The directors of the Company and the Responsible Entity of the Trust have overall responsibility for the establishment and oversight of the risk management framework, including developing and monitoring risk management policies.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices. The Company and the Trust are primarily exposed to market risks arising from fluctuations in market prices, foreign currency and interest rates. Refer to note 15 for further details of market price risk relating to the Company's investment portfolio.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Foreign exchange risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency. Foreign exchange rate movements will impact on the Australian dollar value of the Company's and the Trust's financial assets and liabilities denominated in a currency that is not the Company's or Trust's functional currency.

The Company and the Trust are exposed to USD foreign exchange risk through their USD denominated cash balances, their investment activities and income derived from these activities.

The table below details the carrying amounts of the Company's and the Trust's foreign currency denominated assets and liabilities at the reporting date that are denominated in a currency different to the functional currency. This represents the Australian dollar exposure, converted at an exchange rate of 0.7208.

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
	31-Dec-16	**31-Dec-16**	**31-Dec-16**
	$	**$**	**$**
Cash and cash equivalents	481	501	982
Financial assets (equity investments)	113,353,558	-	113,353,558
Financial assets (loan receivables)	-	179,635,241	179,635,241
Financial assets (other receivables)	-	2,174,813	2,174,813
	113,354,039	**181,810,555**	**295,164,594**

Sensitivity Analysis

The effect of the foreign exchange risk relating to equity investments (investment in New Energy Solar US Corp) is recorded in profit or loss as part of the overall fair value movement in the financial asset (refer to note 9). The effect of foreign exchange risk relating to cash and cash equivalents, loans receivable and other receivables is recorded in profit or loss as a foreign exchange gain or loss.

The Company and the Trust considers a 10% movement in the AUD against USD as at 31 December 2016 to be a reasonable possibility at the end of the reporting period. The impact of the strengthening and weakening of AUD against USD in profit or loss is shown by the amounts below as it relates to cash and cash equivalents, equity investments, debt investments and other receivables. This analysis assumes that all other variables remain constant.

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
AUD stengthened +10%	**Effect on profit before tax**	**Effect on profit before tax**	**Effect on profit before tax**
	$	**$**	**$**
Cash and cash equivalents	(44)	(46)	(90)
Financial assets (equity investments)	(10,304,869)	-	(10,304,869)
Financial assets (loan receivables)	-	(16,330,476)	(16,330,476)
Financial assets (other receivables)	-	(197,710)	(197,710)
	(10,304,913)	**(16,528,232)**	**(26,833,145)**

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
AUD weakened -10%	**Effect on profit before tax**	**Effect on profit before tax**	**Effect on profit before tax**
	$	**$**	**$**
Cash and cash equivalents	53	56	109
Financial assets (equity investments)	12,594,840	-	12,594,840
Financial assets (loan receivables)	-	19,959,471	19,959,471
Financial assets (other receivables)	-	241,646	241,646
	12,594,893	**20,201,173**	**32,796,066**

In managements' opinion the above sensitivity analysis is not representative of the inherent foreign exchange risk, as the period end exposure does not necessarily reflect the exposure during the course of the entire period.

Interest rate risk

Interest rate risk is the risk that cash flows associated with financial instruments will fluctuate due to changes in market interest rates.

The Company and the Trust are exposed to interest rate risk on their variable rate bank deposits and currently do not hedge against this exposure.

Sensitivity analysis

The Company and the Trust considers a 50 basis point increase or decrease to be a reasonably possible change in interest rates. The impact of a 50 basis point movement in interest rates on profit or loss and equity is shown in the table below.

		New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
		Effect on profit before tax	Effect on profit before tax	Effect on profit before tax
		$	$	$
Variable rate deposits	+50 basis points	29,694	6,430	36,124
Variable rate deposits	-50 basis points	(29,694)	(6,430)	(36,124)

b) Credit risk

Credit risk is the risk that contracting parties to a financial instrument will cause a financial loss for the Company or the Trust by failing to discharge an obligation. The Company and the Trust manages credit risk by ensuring deposits are made with reputable financial institutions. The majority of funds of the Company and the Trust at reporting date were deposited with Australia and New Zealand Banking Group Limited and Macquarie Bank Limited (Australia).

There were no impairment losses recognised on financial assets at 31 December 2016.

The carrying amount of financial assets that represents the maximum credit risk exposure at the end of reporting period are detailed below:

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
Summary of exposure	**31-Dec-16**	**31-Dec-16**	**31-Dec-16**
	$	$	$
Cash and cash equivalents	5,938,759	1,286,068	7,224,827
Loans receivable*	-	281,277,239	179,635,241
Interest receivable	7,199	2,183,457	2,190,656
GST receivable	22,498	211,740	234,238
Other receivables - related party	2,538,846	-	2,538,846
	8,507,302	**284,958,504**	**191,823,808**

*Loans receivable represent loans to New Energy Solar limited and New Energy Solar US Corp.

c) Liquidity risk

Liquidity risk is the risk that the Company or the Trust will encounter difficulty in meeting the obligations associated with their financial liabilities that are settled by delivering cash or another financial asset. The Company's and the Trust's approach to managing liquidity is to ensure, as far as possible, that they will always have sufficient liquidity to meet their liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's and the Trust's reputation.

The Company's and the Trust's liquidity primarily comprises cash at bank totalling $5,938,759 and $1,286,068 respectively at 31 December 2016 which is held to cover their day-to-day running costs and expenditures.

The following is the contractual maturity of financial liabilities. The table has been drawn based on the undiscounted cash flows of liabilities based on the earliest date on which the Company and the Trust can be required to settle the liability.

New Energy Solar Limited (Company)	On call	Less than 12 months	Remaining contractual maturities
	$	$	$
Trade and other payables	-	2,629,839	-
Loans payable (i)	101,641,998	-	-

New Energy Solar Fund (Trust)	On call	Less than 12 months	Remaining contractual maturities
	$	$	$
Trade and other payables	-	369,522	-

Fund (combined Company and Trust)	On call	Less than 12 months	Remaining contractual maturities
	$	$	$
Trade and other payables	-	2,999,361	-

(i) The Company has received an undertaking from New Energy Solar Fund to the effect that it will not call the advanced funds for repayment until at least 31 January 2018, if so doing would cause the Company not to be able to settle its other obligations as and when they fall due in the normal course of operations.

15. Fair value measurement

FAIR VALUE

The fair value of financial assets and financial liabilities approximate their carrying values at the reporting date.

The table below analyses recurring fair value measurements for financial assets and financial liabilities. The fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation techniques used. The different levels are defined as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

New Energy Solar Limited (Company)	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets (investments) held at fair value through profit or loss	-	113,353,558	-	113,353,558

New Energy Solar Fund (Trust)	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets (investments) held at fair value through profit or loss	-	-	-	-

Fund (combined Company and Trust)	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets (investments) held at fair value through profit or loss	-	113,353,558	-	113,353,558
Loans receivable	-	179,635,241	-	179,635,241

Refer note 9(i) for a description of the valuation basis adopted for underlying solar assets at balance date. This valuation basis is considered to represent a level 2 hierarchy, being based on observable market based transactions in close proximity to balance date. The loan advance to New Energy Solar US Corp was made in close proximity to balance date on arms length terms based on comparable market pricing, and is thus considered to represent a level 2 hierarchy.

If there were a change in market factors resulting in a fair value change of 2% in the underlying solar asset values at balance date, the impact on the profit or loss would be as follows:

	$
2% increase in asset values	2,267,071
2% decrease in asset values	(2,267,071)

The Company and the Trust recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the transfer has occurred. There were no transfers between levels during the financial period.

The Company and the Trust have established a control framework with respect to measurement and assessment of fair values. The Board of Directors of the Company and the responsible entity of the Trust have overall responsibility for analysing the performance and fair value movements of underlying US investments during each reporting period.

16. Controlled and jointly controlled entities

The following subsidiary companies have not been consolidated as a result of the adoption of AASB 10 'Consolidated Financial Statements' and AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'. Below is the legal entity name for the Holding Company and the remaining legal entities owned and controlled indirectly through the investment in the holding company at 31 December 2016.

Name of entity	Place of registration and operation	Direct or Indirect Holding	Principal Activity	Total
Company				
New Energy Solar US Corp.	United States of America	Direct	HoldCo	100.00%
NES Rosamond 1S, LLC	United States of America	Indirect	SPV	100.00%
SSCA XLI Class B Member HoldCo, LLC	United States of America	Indirect	SPV	99.90%
SSCA XLI Class B Member, LLC	United States of America	Indirect	SPV	100.00%
NES Rosamond 2T, LLC	United States of America	Indirect	SPV	100.00%
GFS I Class B Member HoldCo, LLC	United States of America	Indirect	SPV	99.90%
GFS I Class B Member, LLC	United States of America	Indirect	SPV	100.00%
NES US NC-31 LLC	United States of America	Indirect	SPV	100.00%
NES US NC-47 LLC	United States of America	Indirect	SPV	100.00%
Trust				
-	N/A	N/A	N/A	N/A

The Company's interest in underlying solar assets is held through companies which are under joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Below are the legal entities jointly controlled indirectly through the investment in the holding company.

Name of entity	Place of registration and operation	Direct or Indirect Holding	Principal Activity
Company			
SSCA XLI Holding Company, LLC (i)	United States of America	Indirect	SPV
GFS I Holding Company, LLC (i)	United States of America	Indirect	SPV
US-NC-31 Sponsor Partner, LLC (ii)	United States of America	Indirect	SPV
US-NC-47 Sponsor Partner, LLC (ii)	United States of America	Indirect	SPV
Trust			
-	N/A	N/A	N/A

(i) The economic interest percentage held is not readily determinable since the joint venture parties have different classes of shares with entitlements which change over time, including preferential entitlements and entitlements to tax losses.

(ii) The joint venture entities have been established in connection with the NC-31 and NC-47 projects. The investments have not been completed at year-end and therefore the companies have no direct economic interest in either the joint venture entity or the underlying project asset as at 31 December 2016.

All SPV activities relate to ownership and operation of solar energy assets.

17. Related party disclosures

KEY MANAGEMENT PERSONNEL

Alex MacLachlan, Tom Kline and Warwick Keneally are directors of New Energy Solar Limited (**Company**), and Alex MacLachlan, Tristan O'Connell and Tom Kline are directors of the Responsible Entity of New Energy Solar Fund (**Trust**), Walsh & Company Investments Limited, and are deemed to be key management personnel.

Alex and Tom are also directors of the Investment Manager, New Energy Solar Manager Pty Limited.

In addition to the directors, Liam Thomas in the role of 'Director – Investments' is deemed to be key management personnel.

Key management personnel are not compensated by the Company, Trust or by the Responsible Entity directly for the management function provided to the Company and the Trust.

RELATED PARTY INVESTMENTS IN THE SCHEME

The Responsible Entity or its associates does not hold any investments in the Company or the Trust.

RESPONSIBLE ENTITY FEE

Walsh & Company Investments Limited, as Responsible Entity of the Trust is entitled to receive a Responsible Entity Fee for the performance of its duties under the constitution of the Trust. The Responsible Entity Fee is 0.08% per annum (exclusive of GST) calculated on the gross asset value of the Trust and payable monthly in arrears by the Trust.

For the period 19 November 2015 to 31 December 2016, $132,450, exclusive of GST, was paid or payable to the Responsible Entity. Total Responsible Entity fee included in trade and other payables of the Trust at 31 December 2016 is $19,362.

INVESTMENT MANAGER FEE

New Energy Solar Manager Pty Limited, as Investment Manager of the Fund is entitled to receive an Investment Manager Fee of 0.7% per annum (exclusive of GST) calculated on the gross asset value of the combined Company and Trust, payable monthly in arrears.

For the period 19 November 2015 to 31 December 2016, $205,705, exclusive of GST, was paid or payable to the Investment Manager by the Company and $1,011,184, exclusive of GST, was paid or payable by the Trust. Total Investment Manager fee included in trade and other payables at 31 December 2016 is $69,983 for the Company and $108,989 for the Trust.

STRUCTURING FEE

In respect of the Offers by the Fund, the Responsible Entity was entitled to receive a Structuring Fee of 1.5% (excluding GST) of the gross proceeds raised by the Fund under the Offers, payable after the close of the Offers. The component of the Structuring Fee payable by the Trust falls under the Trust Constitution. The component of the Structuring Fee payable by the Company falls under an agreement between the Responsible Entity and the Company.

For the period 19 November 2015 to 31 December 2016, $226,605, exclusive of GST, was paid to the Responsible Entity by the Company and $4,305,489, exclusive of GST, was paid by the Trust. There were no outstanding Structuring fees as at 31 December 2016.

HANDLING FEE

In respect of the Offers by the Fund, Dixon Advisory Superannuation Services, a related party of the Responsible Entity, was entitled to receive a Handling Fee of 1.5% (excluding GST) of the gross proceeds raised by the Fund under the Offers, payable after the close of the Offers. The Handling Fee payable is set out under the Product Disclosure Statements for capital raisings undertaken.

For the period 19 November 2015 to 31 December 2016, $227,840, exclusive of GST, was paid to Dixon Advisory Superannuation Services by the Company and $4,328,956, exclusive of GST, was paid by the Trust. In respect of the Handling Fee payments made, for the first capital raising in January 2016, the Handling Fee was deducted from the gross proceeds raised by the Fund with the Company and Trust receiving the net proceeds, and for the second capital raising in December 2016, the Fund received the gross proceeds and the Company and Trust paid the Handling Fee to Dixon Advisory Superannuation Services. There were no outstanding Handling fees as at 31 December 2016.

ACQUISITION AND DISPOSAL FEE

New Energy Solar Manager Pty Limited, in its capacity as Investment Manager, is responsible for sourcing, undertaking due diligence investigations, recommending solar energy asset acquisitions as well as advising, providing recommendations, and executing investment exit strategies to the Fund.

The Investment Manager receives an Acquisition Fee of 1.5% (excluding GST) of the purchase price (excluding acquisition costs) of assets acquired by the Company and the Trust. The Acquisition Fee is payable to the Investment Manager upon completion of the acquisition of any asset by the Company and the Trust, and prorated fee payment in the case of an acquisition by instalments/part-payments.

The Investment Manager receives a Disposal Fee of 1.5% (excluding GST) of the net proceeds of the sale of any asset of the Company and the Trust. The Disposal Fee is payable to the Investment Manager upon completion of sale of any asset disposed of by the Company and the Trust.

For the period 19 November 2015 to 31 December 2016, acquisition fees of $2,538,846, exclusive of GST, was paid or payable to the Investment Manager by the Company. Total Acquisition Entity fee included in trade and other payables of the Company at 31 December 2016 is $2,538,846.

There were no disposal fees paid to the Investment Manager for the period 19 November 2015 to 31 December 2016.

FUND ADMINISTRATION FEES

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of Dixon Advisory Group Limited, the parent of the Responsible Entity, provides fund administration services to the Company and the Trust under an agreement with the Investment Manager. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation. Total fund administration fees paid or payable for the year ended 31 December 2016 were $3,000, exclusive of GST, by the Company and $57,000, exclusive of GST, by the Trust. Total fund administration fees included in trade and other payables at 31 December 2016 is $3,000 for the Company and $57,000 for the Trust.

18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company and the Trust:

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)
	31-Dec-16	31-Dec-16
	$	$
Auditors of the Company and the Trust		
Deloitte Touche Tohmatsu		
Audit and review of the Company and the Trust financial statements	4,750	90,250
Audit and review of subsidiary financial statements	20,000	-
Other advisory services	3,275	62,225
Taxation services	12,824	243,657
	40,849	**396,132**
Other Audit Firms		
Deloitte Tax LLP		
Taxation services	**4,697**	**89,250**

19. Capital commitments

As at 31 December 2016, the Company and the Trust do not have any outstanding capital commitments. Note that funds totalling USD$88,943,316 are held in escrow by subsidiaries of the Company to fund the acquisition of NC-31 and NC-47, which are expected to complete in first half of 2017.

20. Contingent liabilities

The directors of the Company and Responsible Entity are not aware of any potential liabilities or claims against the Company or the Trust as at the end of the reporting period.

The Company and the Trust act as guarantors in respect of a loan facility held by the Company's subsidiary, New Energy Solar US Corp, in the amount of USD $21,000,000. The loan was drawn to $24,445,061 (USD $17,620,000) as at 31 December 2016 and is repayable no later than 15 May 2017. The loan is secured by a first-priority interest in all New Energy Solar US Corp assets and property.

21. Events after the reporting period

No matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the operations of the Company or the Trust, the results of those operations, or the state of affairs in future financial years.

Directors' declaration

The directors of the Company and directors of the Responsible Entity of the Trust declare that, in the directors' opinion:

- the financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- the financial statements are in compliance with International Financial Reporting Standards as stated in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company and the Trust's financial position as at 31 December 2016 and of their performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Company and the Trust will be able to pay their debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

Alex MacLachlan
Chairman of New Energy Solar Limited and Walsh & Company Investments Limited

9 March 2017

Independent auditor's report

Deloitte.

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Independent Auditor's Report
to the Stapled Security Holders of New Energy Solar Limited and New Energy Solar Fund

Opinion

We have audited the financial report comprising the financial statements of New Energy Solar Limited (the "Company") and New Energy Solar Fund (the "Trust"), which comprise the statements of financial position as at 31 December 2016, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the period from 19 November 2015 to 31 December 2016, and notes to the financial statements, including a summary of accounting policies, and the declaration by the directors as set out on pages 7 to 34 for the Company and the Trust. The financial statements of the Company comprises the Company and the entities it controlled at the end of the year or from time to time for the period from 19 November 2015 to 31 December 2016 and the financial statements of the Trust comprises the Trust and the entities it controlled at the end of the year or from time to time for the period from 19 November 2015 to 31 December 2016.

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

(i) giving a true and fair view of the Company and Trust's financial position as at 31 December 2016 and of their financial performance for the period from 19 November 2015 to 31 December 2016; and

(ii) complying with Australian Accounting Standards 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 and the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company and the directors of Walsh & Company Investments Limited, the Responsible Entity of the Trust ("the directors"), would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the Report to Stapled Securityholders, the FY16 Business Highlights, the Manager's Report and the Directors' Report for the period from 19 November 2015 to 31 December 2016, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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.

Independent auditor's report

Deloitte.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company and the Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and the Trust 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 and the Trust'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 and the Trust's ability to continue as going concerns. 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 and the Trust to cease to continue as going concerns.

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

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants
Sydney, 9 March 2017

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