SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.A. (formerly SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.L.)

Auditor's Report and Abridged Annual Accounts
as at December 31, 2004

PRICEWATERHOUSECOOPERS

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A free translation of the report on the abridged annual accounts originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain. In the event of a discrepancy, the Spanish language version prevails

AUDITOR'S REPORT ON THE ABRIDGED ANNUAL ACCOUNTS

To the Shareholders of Solaria Energía y Medio Ambiente, S.A. (formerly Solaria Energía y Medio Ambiente, S.L.) at the request of the Sole Administrator

We have audited the abridged annual accounts of Solaria Energía y Medio Ambiente, S.A. consisting of the abridged balance sheet as at 31 December 2004, the abridged income statement and the related notes to the abridged annual accounts for the year then ended, the preparation of which is the responsibility of the Sole Administrator of the Company. Our responsibility is to express an opinion on the abridged annual accounts taken as a whole, based on the work carried out in accordance with auditing standards generally accepted in Spain which require the examination, on a test basis, of evidence supporting the abridged annual accounts and an evaluation of their overall presentation, the accounting principles applied and the estimates made.

In accordance with Spanish Corporate Law, the Sole Administrator has presented, for comparative purposes only, for each item of the abridged balance sheet, the abridged income statement and statement of source and application of funds, the corresponding amounts for the previous year as well as the amounts for 2004. Our opinion refers exclusively to the abridged annual accounts for 2004.

As indicated in Note 2.c) of the accompanying abridged annual accounts, the Sole Administrator has restated the abridged annual accounts for the year 2004, which were approved by the General Shareholders Meeting on June 30, 2005, and the modifications that are shown in the abovementioned Note 2.c) have been incorporated on the abridged annual accounts.

On 18 May 2007, the transformation of the Company from private to public limited liability company was registered in the Madrid Mercantile Registry.

In our opinion, the accompanying abridged annual accounts for the year 2004 present fairly, in all material respects, the financial position of Solaria Energía y Medio Ambiente, S.A. as at December 31, 2004 and the results of its operations and its source and application of funds for the year then ended, and contain all the information necessary for their interpretation and comprehension in accordance with generally accepted accounting principles in Spain, applied on a basis consistent with that of the preceding year.

PricewaterhouseCoopers Auditores, S.L.

Originally in Spanish signed by
Francisco J. Martínez Pérez
Audit Partner

May 21, 2007

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Solaria

SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.L.

ABRIDGED BALANCE SHEETS AT 31 DECEMBER 2004 AND 2003

(In Euros)

ASSETS	31.12.04	31.12.03 (*)	LIABILITIES	31.12.04	31.12.03 (*)
FIXED ASSETS			**EQUITY**		
Start-up costs	-	1,050	Share capital	242,330	92,300
Tangible fixed assets	290,642	33,545	Reserves	35,227	-
Data-processing equipment	606	606	Profit for the year	48,348	35,227
Vehicles	33,233	33,233		325,905	127,527
Prepayments	263,113	-			
Accumulated depreciation	(6,310)	(294)	**DEFERRED INCOME**		
Investments	59,550	-	Government grants related to assets	123,748	-
Loans to group companies	41,550	-	Other deferred income	28,801	-
Other loans	18,000	-		152,549	-
Total fixed assets	350,192	34,595	**NON-CURRENT LIABILITIES**		
			Borrowings with financial institutions	510,575	-
				510,575	-
CURRENT ASSETS			**CURRENT LIABILITIES**		
Inventories	-	43,661	**Borrowings with financial institutions**	35,318	-
Raw materials and other supplies	-	43,661	Loans and other liabilities	35,318	-
Debtors	223,547	276,616	**Trade creditors**	64,140	211,426
Trade debtors for sales and services rendered	194,746	169,349	**Other creditors**	23,834	26,881
Sundry debtors	28,801	72,999	Taxes payable	23,834	17,953
Taxes refundable	-	34,268	Other creditors	-	8,928
Current investments	478,668	-			
Deposits with financial institutions	460,000	-			
Fixed income securities	642	-			
Other short-term loans	18,026	-			
Cash and cash equivalents	59,914	10,962			
Total current assets	762,129	331,239	**Total current liabilities**	123,292	238,307
TOTAL ASSETS	1,112,321	365,834	**TOTAL LIABILITIES**	1,112,321	365,834

(*) Not audited

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SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.L.

ABRIDGED INCOME STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003
(In Euros)

DEBIT	Year 2004	Year 2003 (*)	CREDIT	Year 2004	Year 2003 (*)
EXPENSES:			INCOME:		
Raw materials and supplies	**143,755**	**201,389**	**Net revenue**	**408,864**	**287,720**
Consumption of raw materials and other consumables	116,845	181,074	Services rendered	408,864	287,720
Other external expenses	26,910	20,315	**Other operating income**	**5,694**	-
Personnel costs	**101,842**	**23,975**	Government grants related to income	5,694	
Wages, salaries and similar remuneration	86,968	17,444			
Staff welfare expenses	11,088	6,531			
Other social welfare expenses	3,786	-			
Depreciation and amortization expense	**7,066**	**484**			
Other operating expenses	**47,573**	**11,692**			
External services	47,573	11,687			
Taxes and duties	-	5			
OPERATING PROFIT	114,322	50,180	OPERATING LOSSES	-	-
Financial expense	**5,229**	**41**	**Other interest and similar income**	**3,637**	-
			From financial institutions	1,007	-
			From group companies	2,630	-
NET FINANCIAL INCOME	-	-	NET FINANCIAL EXPENSE	1,592	41
PROFIT ON ORDINARY ACTIVITIES	112,730	50,139	LOSS ON ORDINARY ACTIVITIES	-	-
Extraordinary expenses	**43,661**	-	**Extraordinary income**	-	186
Prior year expenses and losses	43,661	-	Profit on disposal of fixed assets	-	186
NET EXTRAORDINARY PROFITS	-	186	NET EXTRAORDINARY LOSSES	43,661	-
PROFIT BEFORE TAXES	69,069	50,325	LOSS BEFORE TAXES	-	-
Corporate income tax expense	20,721	15,098			
PROFIT FOR THE YEAR	48,348	35,227	LOSS FOR THE YEAR	-	-

(*) Not audited

NOTES TO THE ABRIDGED ANNUAL ACCOUNTS FOR FOR THE YEAR ENDED 31 DECEMBER 2004
(Expressed in Euros)

1. Activity

Solaria Energía y Medio Ambiente, S.L. (hereinafter the Company) was incorporated on 27 November 2002. Its corporate objectives are as follows:

- Installation and repair of solar, thermal, wind and any other type of renewable energy plants.
- Installation and repair of plumbing, gas, electricity, heating and air conditioning equipment.
- Performance and execution of technical projects relating to the above matters.
- Maintenance and repair services relating to plant constructed either by the Company or by third parties.
- Manufacture of modules, cells and components relating to solar, thermal, photovoltaic, wind and other renewable energy sources.

In 2004 the Company's registered address was located in Galapagar, Called Escuelas 102 (Madrid). In 2006 the Company changed its registered address to Madrid, Calle Núñez de Balboa 120.

2. Basis of presentation

a) True and fair view

The abridged annual accounts (hereinafter the annual accounts) have been prepared based on the Company's accounting records and are presented in compliance with current Spanish Company Law and the Spanish General Accounting Plan, so as to provide a true and fair view of the Company's equity, its financial position and the results of its operations.

The figures contained in the abridged balance sheet, income statement and in these abridged notes to the annual accounts are stated in euros, unless otherwise indicated.

b) Abridged annual accounts

As the Company meets the conditions established under Article 181.1 of the Spanish Companies Act, the Sole Administrator presents abridged annual accounts.

c) Restatement of the abridged annual accounts

The Sole Administrator decided to appoint Company auditors in 2006 in order to achieve maximum compliance with transparency requirements in the light of the Company's public offering, which is planned for 2007.

As a result of the audit performed, certain issues were identified that have led to the modification of the abridged annual accounts for 2005, which were approved by shareholders at a General Meeting on 30 June 2006, and these modifications have been incorporated into the annual accounts by the Sole Administrator.

The most significant modifications are set out in Appendix I, which forms an integral part of Note 2.

3. Accounting policies

a) Start-up costs

Formation, start-up and share capital issue expenses have been capitalized at acquisition cost and are amortized on a straight-line basis over a maximum period of 5 years.

b) Tangible fixed assets

Tangible fixed assets are recorded at acquisition or production cost. These assets are depreciated on a straight-line basis over their estimated useful lives as follows:

	Years
Data-processing equipment	4
Vehicles	6

The costs of renewing, extending or improving these assets are capitalized only when they increase the capacity or productivity of the asset or extend its useful life. Where appropriate, the net book value of replaced assets is derecognized.

Repair and maintenance costs are expensed in the year in which they are incurred.

c) Investments

Equities that are not officially listed on a stock market are stated at acquisition cost less, where appropriate, any provisions necessary to reflect devaluations based on market prices.

d) Trade and non-trade debtors and creditors

Debtors and creditors, whether resulting from the Company's normal business or not, are recognized at their nominal value and classified as current or non-current in accordance with whether or not they fall due within one financial year. Any implicit interest included in the nominal or redemption value that falls due in more than one year is recorded as deferred income and recognized in income in accordance with the effective interest method.

The relevant provisions for impairment are made to cover the risk of bad debts.

Loan accounts are recognized based on at the amount of credit drawn down.

e) Transactions and balances denominated in foreign currency

The translation to euros of debtors and creditors expressed in foreign currency is realized by applying the prevailing exchange rate at the time the relevant transaction is carried out and is restated at the year end in accordance with the exchange rate applicable at that time.

Exchange differences that arise as a result of the year end valuation of debtors and creditors denominated in foreign currency are recorded as follows:

- Gains arising from exchange differences are recognized as deferred income and are recognized in income in the year in which they are realized.

- Losses arising from exchange differences are immediately recognized in the income statement.

f) Severance payments

Severance payments which can be reasonably quantified are expensed in the year in which the related decision is taken, which requires consensus among the parties concerned.

g) Corporate income tax

The income tax expense for the year is calculated based on profit before taxes as stated in the annual accounts, adjusted for any permanent differences arising from differences between accounting and tax criteria, bearing in mind any tax credits or deductions that are deemed applicable. Deferred tax assets and liabilities arising from timing differences in the recognition of income and expenses for accounting and tax purposes are recorded in the balance sheet until the underlying timing differences reverse.

The Company provides in full for all its deferred tax liabilities even though they may not be expected to reverse in the foreseeable future. Deferred tax assets are only recorded to the extent that it is reasonably certain that they will be realized within a maximum period of ten years, and beyond that period, only to the extent that there are compensating deferred tax liabilities

Where the recovery of any unutilized tax losses is not considered to be certain, such tax losses are offset against taxable income in the year in which taxable profits exist. Unutilized tax losses are only recognized as a deferred tax asset if there is clear evidence that the Company will earn sufficient profits to ensure the recovery of the tax losses carried forward.

Deductible temporary differences are recognized as a deferred tax asset only if there are no doubts as to their recovery, provided that the maximum period for their application does not exceed 10 years.

h) Deferred income

Government grants related to assets

Government grants related to assets that do not have to be reimbursed are accounted for when they are officially granted and are recorded as deferred income. These government grants are recognized in the income statement over the period in which the related assets are depreciated.

Other deferred income

Subsidies relating to interest on loans obtained by the Company are recorded when officially granted and are recorded as deferred income. Such subsidies are recognized in the income statement over the term of the loan, in accordance with the effective interest method.

i) Income and expenses

Income and expenses are recognized on an accrual basis, that is, in the period in which the income or expense is earned or incurred, rather than the period in which the cash is actually received or disbursed.

For reasons of prudence, however, the Company only accounts for realized profits at the year end, while foreseeable risks and potential losses arising in the year or in prior years are recorded as soon as their existence is known.

j) Environmental matters

Expenses arising from operations intended to protect and improve the environment are recorded as an expense in the year incurred. When these expenses relate to additions to tangible fixed assets intended to minimize the environmental impact of the asset and the protection and improvement of the environment, such expenses are capitalized as part of fixed assets.

4. Start-up costs

Amounts and movements in the items included under this heading during the year are as follows:

				Euros
	Balance at 01.01.04	Additions	Amortization	Balance at 31.12.04
Start-up costs	1,050	-	1,050	-
	1,050	-	1,050	-

Start-up costs mainly consist of notary and registry fees, bulletin and share printing expenses, taxes and commissions arising from the incorporation of the Company, and the costs of issuing share capital that have taken place since incorporation.

During the year, all start-up expenses capitalized in prior years were amortised.

5. Tangible fixed assets

Amounts and movements in the items included under this heading during the year are as follows:

				Euros
	Balance at 01.01.04	Additions	Disposals	Balance at 31.12.04
Cost				
Data-processing equipment	606	-	-	606
Vehicles	33,233	-	-	33,233
Advance payments	-	263,113	-	263,113
	33,839	**263,113**	**-**	**296,952**
Depreciation				
Data-processing equipment	32	167	-	199
Vehicles	262	5,849	-	6,111
	294	**6,016**	**-**	**6,310**
	33,545			**290,642**

Additions during the year relate to advance payments made to the supplier Spire Corporation, involving the acquisition of the machinery necessary to construct the photovoltaic module assembly line.

On 6 September 2004, the municipality of Puertollano agreed to provide the Company with various plots of land situated in the La Nava II industrial estate, with a total area of 41,291 square metres and at a cost of 1 euro per square metre, in line with the agreement entered into between the Company and Fundescop, and in application of the Municipal Regulation for investment incentives and creation of employment in Puertollano. The purchase of these plots of land took place during the first quarter of the 2005 financial year.

The Company has taken out a number of insurance policies to cover risks relating to tangible fixed assets. The coverage provided by these policies is considered to be sufficient.

6. Investments

Amounts and movements in the items included under this heading during the year are as follows:

				Euros
	Balance at 01.01.04	Additions	Disposals	Balance at 31.12.04
Loans to group companies	-	38,920	-	38,920
Interest on loans to group companies	-	2,630	-	2,630
Investment funds	-	18,000	-	18,000
	-	**59,550**	**-**	**59,550**

The balance of Loans to group companies relates to the amount drawn down by Instalaciones Díaz Tejeiro, S.L, (group company), in accordance with the current account agreement concluded with Solaria Energía y Medio Ambiente, S.L. on 1 January 2004. The maximum amount available is 1 million euros. The capital drawn down bears interest at a market-related rate, being the Euribor rate plus 0.5%, and will be settled when the agreement terminates, expected to occur in 2007.

The balance recorded under Investment funds consists of holdings in two indefinite-term investment funds. The investments are covered by a guarantee ensuring that the amount invested will be recovered if the market value of the funds held falls below the amount invested. This guarantee terminates on 31 December 2006.

7. Debtors

The breakdown of the heading Debtors at the year end is as follows:

	Euros
Trade debtors for sales and services rendered	194,746
Sundry debtors	28,801
Total	**223,547**

The balance recorded under Trade debtors for sales and services rendered relates to customers for whom the Company has performed installations on behalf of the group company, Instalaciones Díaz Tejeiro, S.L.

The line item Sundry debtors consists of a government grant to subsidize interest on loan repayments to Caja Duero (Note 11) conceded by the Energy Savings and Diversification Institute (Instituto para la Diversificación y Ahorro de Energía (IDAE)), which had not yet been received in cash at year end.

8. Current investments

At the year end, this heading can be broken down as follows:

	Euros
Deposits with financial institutions	460,000
Fixed income securities	642
Other short-term loans	18,026
Total	**478,668**

At 31 December 2004, the Company had two fixed-term deposits on hand totalling 410,000 euros and 50,000 euros, respectively, which accrued interest at an average rate of 2.15% during the year.

The 50,000 euro deposit is pledged to secure the loan totalling 412,496 euros (Note 11) granted to the Company by Caja Duero.

The line item Other short term loans relates to a loan granted to the company Brumale, S.L. on 29 December 2004, which will be repaid on maturity on 29 December 2005 by means of a 0.47% holding in the share capital of Brumale, S.L.

9. Equity

Amounts and movements in the items included under this heading during the year are as follows:

	Balance at 01.01.04	Issue of share capital	Distribution profit 2003	Profit for the year 2004	Balance at 31.12.04
Share capital	92,300	150,030	-	-	242,330
Legal reserve	-	-	3,523	-	3,523
Voluntary reserves	-	-	31,704	-	31,704
Profit and losses	35,227	-	(35,227)	48,348	48,348
Total	**127,527**	**150,030**	**-**	**48,348**	**325,905**

Share capital

Share capital consists of 24,233 fully paid-up shares with a par value of 10 euros each.

In accordance with the Resolutions adopted at the Extraordinary Shareholders Meeting held on 19 August 2004, the Company increased its share capital by 90,000 euros by issuing 9,000 shares with a par value of 10 euros each, payable at the time of subscription. All shares issued were paid for in cash.

On 28 December 2004, in accordance with the Resolution adopted at the Extraordinary Shareholders Meeting, the Company's share capital was increased by 60,030 euros by means of the issue of 6,003 new shares with a par value of 10 euros each, fully subscribed and paid for by the shareholders.

At 31 December 2004 the distribution of share capital among shareholders was as follows:

	Number of shares	% shareholding
Enrique Díaz-Tejeiro Gutiérrez	4,727	19.51
Mª Dolores Larrañaga Horna	4,727	19.51
Enrique Díaz-Tejeiro Larrañaga	4,727	19.51
Arturo Díaz-Tejeiro Larrañaga	4,727	19.51
Miguel Díaz-Tejeiro Larrañaga	4,727	19.51
Other	598	2.45
Total	**24,233**	**100**

Legal reserve

In accordance with the Spanish Companies Act, 10% of profits for the year must be transferred to the legal reserve each year until it represents at least 20% of share capital.

The legal reserve may be used to increase share capital, provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Except for the aforementioned purpose, until the legal reserve exceeds 20% of share capital, this reserve may only be used to set off losses, and only if other available reserves are insufficient for this purpose.

Voluntary reserves

These reserves are available for distribution.

Profit for the year

The proposal to be presented to the General Meeting of Shareholders regarding the distribution of profits for the 2004 year is as follows:

	Euros
Available for distribution	
Profit for the year	48,348
	48,348
Distribution	
Legal reserve	4,835
Voluntary reserves	43,513
	48,348

10. Deferred income

Amounts and movements in the items included under this heading during the year are as follows:

				Euros
	Balance at 01.01.04	Additions	Recognized in income statement	Balance at 31.12.04
IDAE (Note 11)	-	123,748	-	123,748
IDAE (Note 11)	-	28,801	-	28,801
	-	152,549	-	152,549

The breakdown of government grants received for interest and accelerated loan repayments is as follows:

Grantor	Euros	Purpose	Date granted
IDAE (Note 11)	123,748	Accelerated repayment of loan	26.10.2004
IDAE (Note 11)	28,801	Assistance relating to loan interest payments	26.10.2004
	152,549		

11. Borrowings with financial institutions

Set out below is a breakdown of borrowings with banks and other financial institutions at the year end:

						Euros
Company	Original amount	Type of transaction	Maturity date	Current	Non-current	Total
Caja Duero	412,496	Loan	12-11-2011	33,976	251,772	285,748
CDTI-Santander	260,760	Loan	30-09-2006	-	258,803	258,803
Accrued interest not paid				1,342	-	1,342
	673,256			**35,318**	**510,575**	**545,893**

Non-current liabilities fall due as follows:

	Euros
Maturing in	
2006	321,197
2007	31,344
2008	24,732
2009	42,493
Thereafter	90,809
Total	**510,575**

Caja Duero loan

On 12 November 2004, a loan was obtained from Caja Duero within the scope of the Finance Agreement "Financing of Investments in Renewable Energies and Energy Efficiency" concluded between Caja Duero and the Official Credit Institute (ICO). This loan is the result of the collaboration between ICO and the Ministry of Science and Technology through the Energy Savings and Diversification Institute ("Instituto para la Diversificación y Ahorro de Energía (IDAE)"). The original amount of the loan amounts to 412,496 euros. The interest rate applicable to this loan is 3.246% during the first six months and Euribor plus 1% thereafter.

When obtaining this loan, the Company committed to using the financing received exclusively to finance the investment project presented, "Instalación Térmica de A.C.S. Uso Industrial" and maintain the financed investment on its balance sheet for at least five years from the date on which the agreement was concluded.

As a guarantee for this loan, the Company has pledged a fixed-term deposit amounting to 50,000 euros (Note 8) to Caja Duero.

As a result of the financing facilities agreed between IDAE-ICO and financial institutions, IDAE granted the Company a subsidy to cover the initial repayment on the loan, amounting to 123,748 euros (Note 10). In addition, IDAE granted the Company a subsidy for the interest accruing on this loan, amounting to 28,801 euros (Note 10).

CDTI-Santander Loan

On 29 September 2004, the Industrial Technological Development Centre ("Centro para el Desarrollo Tecnológico Industrial (CDTI)") informed the Company of its participation in the Technological Innovation project named "Development of a Photovoltaic Panel Assembly Line", consisting of a repayable, interest-free loan that may be co-financed by FEDER Funds, amounting to 347,680 euros, based on the total investment accepted by CDTI, which amounts to 869,200 euros. This approval is subject to the following conditions:

- A share capital increase, or increase plus premium, totalling 347,680 euros and contributed by the shareholders in cash.

- Security for the CDTI loan or provision, at the discretion of CDTI, of sufficient guarantees for the loan.

According to the agreement established between CDTI and the Company, the latter opted to obtain a pre-financing line of credit relating to CDTI R&D 2004 projects from a financial institution in order to facilitate the financing of the Project under consideration, until the amount loaned by CDTI becomes available. This line of credit allows companies that have gained approval for CDTI R&D projects to choose between obtaining the amount granted through a traditional milestone completion certification system (partial payments) or in advance (lump sum) through a bank loan of up to 75% or 60% of the amount granted.

According to the Pre-financing Agreement (the Agreement) concluded between CDTI and Santander Central Hispano, on 30 November 2004, pre-financing relating to the CDTI R+D project was formalized, such that the Company obtained a loan amounting to 260,760 euros from Santander Central Hispano.

The interest rate applicable to this loan is 2.71% up until 31 May 2005, and Euribor plus 0.5% thereafter.

The amount lent by CDTI will be paid to the Company upon verification of compliance with the obligations established in the agreement.

12. Current liabilities

At the year end, this heading can be broken down as follows:

	Euros
Borrowings with financial institutions (Note 11)	33,976
Interest payable (Note 11)	1,342
Trade creditors	64,140
Taxes payable (Note 13)	23,834
Total	**123,292**

13. Taxation

The reconciliation between profits for the year and taxable income is set out below:

	Euros
Profit before taxes and taxable income	**69,069**
Initial 90,151.81 euros at 30% (small and medium sized business rate)	20,721
Corporate income tax expense: tax payable	**20,721**
Withholdings and interim payments made	(5,435)
Amount payable	**15,286**

In compliance with the provisions established by Article 108 of the Corporate Income Tax Act, which establishes the requirements that must be met by a company to benefit from the tax incentives for small companies, and in application of Article 114 of that Law, current tax is calculated by applying a 30% rate to taxable income up to 90,151.81 euros and a 35% rate to remaining taxable income.

The Company's tax returns for all relevant taxes incurred from the date of its incorporation are open to inspection by the tax authorities.

At the year end, there are no unutilized tax losses available for compensation.

As a result, of the different interpretations to which Spanish tax legislation lends itself, additional tax liabilities may arise in the event of tax inspections. The Sole Administrator considers, however, that any additional liabilities that may exist would not significantly affect these annual accounts.

The breakdown of taxes payable at the year end is as follows:

	Euros
Value Added Tax	5,307
Employee tax withholdings	3,241
Corporate income tax	15,286
Total	**23,834**

14. Income and expenses

a) Analysis of net revenue

The Company's net revenue arising from ordinary activities was generated in Spain.

b) Transactions with group companies

	Euros	
	Expenses	**Income**
Interest on loans to group companies	-	2,630
Services rendered	16,790	269,727

c) Transactions carried out in foreign currency are set out below:

	Euros
Advance payments relating to fixed assets (US dollars)	263,113

d) Personnel costs

The breakdown of the heading Personnel costs at the year end is as follows:

	Euros
Wages, salaries and similar remuneration	85,128
Severance payments	1,840
Staff welfare expenses	11,088
Other social welfare expenses	3,786
Total	**101,842**

At the year end, the Company had 2 employees.

The Company has no commitments for pensions or similar items with its personnel.

e) Other operating expenses

This heading can be broken down as follows at the year end:

	Euros
Repairs and maintenance	4,195
Independent professional services	3,870
Insurance premiums	4,065
Advertising expenses	18,898
Supplies	3,004
Other expenses	13,541
Total	**47,573**

f) Extraordinary expenses

Extraordinary expenses of 43,661 euros relate to the write-down of opening inventories as they are considered to have a net realizable value of zero.

15. Other information

a) Remuneration paid to the Sole Administrator

The Company's Sole Administrator did not accrue or receive any remuneration during the 2004 financial year. The company has not granted the Sole Administrator any advance payments, loans or pension commitments, retirement awards, life insurance or special indemnities.

b) Audit fees

The fees charged by the Company's auditor or for audit services rendered amounted to 14,000 euros.

16. Environmental matters

The Company takes into account environmental protection laws when carrying out its operations. The Company considers that it substantially complies with these laws and maintains procedures designed to encourage and guarantee compliance with such legislation.

The Company has adopted all appropriate measures with respect to the protection and improvement of the environment and the minimization of any environmental impact of its activities and complies with current legislation in this respect. During the year the Company did not make any investments of an environmental nature, and did not incur any expenses relating to the protection and improvement of the environment. Therefore, it was not considered necessary to make any provision for environmental risks or expenses, since there are no contingencies relating to the protection and improvement of the environment or any environmental liabilities.

17. Statement of source and application of funds

APPLICATION OF FUNDS	Euros 2004	Euros 2003 (*)	SOURCE OF FUNDS	Euros 2004	Euros 2003 (*)
Start-up costs	-	1,050	Funds generated from operations	55,414	35,711
Acquisition of fixed assets			Interest on long-term borrowings with financial institutions	510,575	-
Tangible fixed assets	263,113	34,027			
Investments	59,550	-	Government grants related to assets	152,549	-
			Issues of share capital	150,030	86,280
TOTAL APPLICATIONS	**322,663**	**35,077**	**TOTAL SOURCE OF FUNDS**	**868,568**	**121,991**
Surplus of source over application of funds (increase in working capital)	**545,905**	**86,914**	**Surplus of application over source of funds (decrease in working capital)**		
TOTAL	**868,568**	**121,991**	**TOTAL**	**868,568**	**121,991**

	Euros 2004	Euros 2003 (*)
Inventories	(43,661)	43,661
Debtors	(53,069)	276,617
Creditors	115,015	(238,307)
Current investments	478,668	-
Cash and cash equivalents	48,952	4,943
CHANGE IN WORKING CAPITAL	**545,905**	**86,914**

The reconciliation between profits for the year and funds generated from operations is as follows:

	Euros 2004	Euros 2003 (*)
Profit for the year	48,348	35,227
Amortization expense	7,066	484
Total	**55,414**	**35.711**

(*) Not audited

18. Events after the balance sheet date

On 1 January 2007, the shareholders of Solaria Energía y Medio Ambiente, S.L. in general meeting approved the transformation of the status of the Company into a public limited liability company, as well as a share split of the issued share capital, by means of the exchange of 1,000 new shares with a par value of 0.01 euros each for every previously issued share with a par value of 10 euros each, thereby increasing the number of issued shares from 77,760 shares to 77,760,000 shares, but with no effect on the amount of share capital issued by the Company. The shares are owned by the same shareholders in the same proportion as their previous holdings before the adoption of the agreement to transform the status of the Company.

On 21 March 2007, the Company filed an application with the Madrid Mercantile Registry to transform its status from a private limited liability company to a public limited liability company, in accordance with a Resolution approved by a General Meeting of the Company's shareholders held on 1 January 2007.

On 26 March 2007, the Mercantile Registrar appointed an independent expert to issue the Company with the required non-monetary equity report. This report will be furnished within one month from the date of acceptance of the appointment.

The Company's Management is not aware of any other significant events after the balance sheet date which would affect these annual accounts.

Solaria

2004

Appendix I (*)

ABRIDGED BALANCE SHEET

ASSETS

	Abridged annual accounts approved by shareholders on 30 June 2005	Restated abridged annual accounts	Difference (**)
Tangible fixed assets	289,082	290,642	1,560
Investments	0	59,550	59,550
Debtors	205,020	223,547	18,527
Current investments	496,025	478,668	(17,357)
Cash and cash equivalents	88,560	59,914	(28,646)

LIABILITIES

	Abridged annual accounts approved by shareholders on 30 June 2005	Restated abridged annual accounts	Difference (**)
Equity	350,414	325,905	(24,509)
Deferred income	-	152,549	152,549
Non-current liabilities	545,726	510,575	(35,151)
Current liabilities	182,549	123,292	(59,257)

ABRIDGED INCOME STATEMENT

EXPENSE

	Abridged annual accounts approved by shareholders on 30 June 2005	Restated abridged annual accounts	Difference (**)
Purchase of raw materials and other consumables	270,415	143,755	(126,660)
Personnel costs	101,842	101,842	-
Depreciation and amortization expense	8,625	7,066	(1,559)
Other operating expenses	47,573	47,573	-
Financial expenses	3,105	5,229	2,124
Extraordinary expenses	-	43.661	43,661
Corporate income tax expense	32,296	20,721	(11,575)
Profit for the year	72,857	48,348	(24,509)

INCOME

	Abridged annual accounts approved by shareholders on 30 June 2005	Restated abridged annual accounts	Difference (**)
Net revenue	408,864	408,864	-
Other operating income	127,485	5,694	(121,791)
Other interest and similar income	364	3,637	3,273

(*) This Appendix forms an integral part of Note 2.c)

(**) The identified differences are effectively due to accrual problems related to cut-off of operations

Solaria Energía y Medio Ambiente, S.L.

PREPARATION OF THE ABRIDGED ANNUAL ACCOUNTS FOR 2004

On 28 March 2007, the Sole Administrator of the company Solaria Energía y Medio Ambiente, S.L., in compliance with the provisions of Article 171 of the Spanish Companies Act and Article 37 of the Spanish Code of Commerce, prepared the abridged annual accounts for the financial year ended 31 December 2004, which were approved by the shareholders in a General Meeting held on 30 June 2005, consisting of the preceding documents.

SIGNATORIES: **SIGNATURE**

Sole Administrator:
Name