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

Special Review Report on interim condensed financial information

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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

SPECIAL REVIEW REPORT ON INTERIM CONDENSED FINANCIAL INFORMATION

1. We have reviewed the accompanying condensed balance sheet of Solaria Energía y Medio Ambiente, S.A. (formerly Solaria Energía y Medio Ambiente, S.L.) as of March 31, 2007 and the related condensed statements of income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

2. We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standards adopted by the European Union.

4. On 18 May 2007, the transformation of the Company from private to public limited liability company was registered in the Madrid Mercantile Registry, as described in Note 1 to the accompanying interim condensed financial statements.

5. This report has been prepared at the request of Solaria Energía y Medio Ambiente, S.A. in relation to the process of issuance of the International Offering Memorandum and verification and registration of the Spanish offering documentation Prospectus (Folleto Informativo de Oferta Pública de Suscripción de Acciones) on the Automated Quotation System of the shares of Solaria Energía y Medio Ambiente, S.A. in the Spanish stock exchanges of Madrid, Barcelona, Bilbao and Valencia and, accordingly, should not be used for any other purpose or published in any other offering documentation other than the aforementioned documents, without our previous written consent. We will not accept any responsibility to parties other than the addressee of this report.

PricewaterhouseCoopers Auditores, S.L.

Originally in Spanish signed by
Francisco J. Martínez Pérez
Partner

May 21, 2007

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Solaria

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SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.A. (PREVIOUSLY SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.L.)
CONDENSED BALANCE SHEETS
AT 31 MARCH 2007 AND 31 DECEMBER 2006
(In Euros)

	Note	31 March 2007	31 December 2006
ASSETS			
Non-current assets			
Property, plant and equipment	5	11,043,989	7,219,437
Intangible assets		10,831	12,104
Available-for-sale and other financial assets	6	23,270	20,270
Deferred tax assets	14	17,385	9,180
		11,095,475	7,260,991
Current assets			
Inventories	7	21,441,217	17,655,387
Trade and other receivables	8	16,579,543	8,987,103
Loans to related parties		611,114	591,194
Derivative financial instruments	16	2,828	11,966
Current income tax assets	14	35,174	31,102
Prepaid expenses		20,135	-
Available-for-sale and other financial assets	6	600,000	600,000
Cash and cash equivalents	9	4,571,728	4,227,789
		43,861,739	32,104,541
Total assets		**54,957,214**	**39,365,532**
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		777,600	777,600
Reserves		5,689,347	46,588
Interim dividend		(2,410,000)	-
Profit for the year		2,830,001	5,642,759
Total equity	**10**	**6,886,948**	**6,466,947**
LIABILITIES			
Non-current liabilities			
Borrowings with financial institutions	11	9,171,345	8,770,100
Deferred income	12	4,938,706	4,909,792
Deferred tax liabilities	14	159,956	165,859
		14,270,007	13,845,751
Current liabilities			
Borrowings with financial institutions	11	15,126,269	7,615,194
Trade and other payables	13	14,310,506	8,563,334
Deferred income	12	146,082	58,544
Derivative financial instruments	16	53,800	30,600
Current income tax liabilities	14	4,163,602	2,785,162
		33,800,259	19,052,834
Total liabilities		**48,070,266**	**32,898,585**
Total equity and liabilities		**54,957,214**	**39,365,532**

Notes 1 to 22 attached are an integral part of these condensed interim financial statements.

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

CONDENSED INCOME STATEMENTS

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007 AND 31 MARCH 2006

(In Euros)

		Three month period ended 31 March	
	Note	**2007**	**2006**
Revenue	4	12,968,017	1,004,728
Deferred income transferred to the income statement	12	10,980	11,834
Other income		2,731	-
Consumption of raw materials and other consumables	15(a)	(7,022,083)	241,777
Other external expenses	15(b)	(300,000)	-
Employee benefits expense	15(c)	(454,261)	(170,420)
Depreciation and amortization expense		(64,228)	(48,427)
Operating expenses	15(d)	(703,277)	(76,125)
Other expenses		(11,679)	(1,667)
Operating profit		**4,426,200**	**961,700**
Finance income		59,329	29,567
Finance costs		(291,196)	(20,826)
Profit before income tax		**4,194,333**	**970,441**
Income tax expense	14	(1,364,332)	(335,147)
Profit for the year		**2,830,001**	**635,294**
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in euros per share)			
- Basic and diluted	20	0.04	0.01

Notes 1 to 22 attached are an integral part of these condensed interim financial statements.

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SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.A. (PREVIOUSLY SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.L.)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007
(In Euros)

	Attributable to equity holders of the Company						TOTAL EQUITY
	Share capital	Legal reserve	Voluntary reserves	Undistributed profits	Interim dividend	Profit for the period	
Balance at 1 January 2007	777,600	10,658	35,930	-	-	5,642,759	6,466,947
Profit for the period	-	-	-	-	-	2,830,001	2,830,001
Total income recognized for the three months ended 31 March 2007	-	-	-	-	-	2,830,001	2,830,001
Distribution of profit 2006	-	-	-	5,642,759	(2,410,000)	(5,642,759)	(2,410,000)
Balance at 31 March 2007	**777,600**	**10,658**	**35,930**	**5,642,759**	**(2,410,000)**	**2,830,001**	**6,886,948**

Notes 1 to 22 attached are an integral part of these condensed interim financial statements.

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SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.A. (PREVIOUSLY SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.L.)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2006
(In Euros)

	Attributable to equity holders of the Company				TOTAL EQUITY
	Share capital	Legal reserve	Voluntary reserves	Profit for the period	
Balance at 1 January 2006	777,600	8,358	15,227	23,003	824,188
Profit for the period	-	-	-	635,294	635,294
Total income recognized for the three months ended 31 March 2006	-	-	-	635,294	635,294
Distribution of profit 2005	-	2,300	20,703	(23,003)	-
Balance at 31 March 2006	**777,600**	**10,658**	**35,930**	**635,294**	**1,459,482**

Notes 1 to 22 attached are an integral part of these condensed interim financial statements.

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SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.A. (PREVIOUSLY SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.L.)
CONDENSED CASH FLOW STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007 AND 31 MARCH 2006
(In Euros)

	Three month period ended 31 March	
	2007	2006
Cash flows from operating activities:		
Cash (utilized in)/ generated from operations	(1,171,785)	2,330,819
Interest paid	(153,423)	(10,360)
Income taxes paid	(4,080)	-
Net cash (utilized in)/ generated from operating activities	**(1,329,288)**	**2,320,459**
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(3,837,687)	(282,837)
Acquisition of intangible assets	-	(14,200)
Cash outflow on constitution of deposits	(3,000)	(300,000)
Cash outflows on loans granted to related parties	-	(136,744)
Repayments received on loans granted to related parties	1,607	-
Interest received	34,852	6,078
Net cash utilized in investing activities	**(3,804,228)**	**(727,703)**
Cash flows from financing activities:		
Interim dividends paid	(2,410,000)	-
Proceeds from borrowings with financial institutions	5,916,391	-
Repayment of borrowings with financial institutions	(19,773)	(19,821)
Net proceeds from current accounts held with financial institutions	1,998,801	19,288
Repayment of finance lease liabilities	(7,964)	(6,493)
Net cash generated from/ (utilized in) financing activities	**5,477,455**	**(7,026)**
Net increase in cash and cash equivalents	**343,939**	**1,585,730**
Cash and cash equivalents at the beginning of the period	4,227,789	1,267,110
Cash and cash equivalents at the end of the period	**4,571,728**	**2,852,840**

Notes 1 to 22 attached are an integral part of these condensed interim financial statements.

SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.A. (PREVIOUSLY SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.L.)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007
(In Euros)

1. General information

Solaria Energía y Medio Ambiente, S.A. (previously Solaria Energía y Medio Ambiente, S.L.) (hereinafter the Company) was incorporated on 27 November 2002 as a limited liability 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 (note 10).

On 26 March 2007, the Mercantile Registrar appointed an independent expert to issue the Company with the required non-monetary equity report. This report was furnished on 10 May 2007 with a favourable outcome regarding the transformation of the status of the Company.

On 18 May 2007, the Company was registered in the Mercantile Registry as a public limited liability company.

The Company's main corporate objectives are as follows:

- Installation and repair of solar, thermal, photovoltaic and wind energy plants, as well as installations and repairs relating to any other type of renewable energy.
- 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.

On 21 September 2006, the Company changed its registered address to Madrid, Calle Núñez de Balboa, 120. Its main offices are located at the same address. The production plant for manufacturing thermal and photovoltaic modules is located in Puertollano (Ciudad Real).

The Company is controlled by Solaria DTL Corporación, S.L., which holds a 97.55% stake in the Company.

The Company's activity, from the time it was incorporated until 2005, consisted of supplying and installing solar energy plants, either for its own account or on behalf of the related party, Instalaciones Díaz Tejeiro, S.L.

As from the second half of 2005, the Company started its expansion by building a photovoltaic and thermal module production plant on the land it owns in Puertollano (Ciudad Real). The construction of the photovoltaic module production line was completed in the first quarter of 2006, from which time the Company commenced production of photovoltaic modules for use in the following lines of business:

a) Photovoltaic modules for sale to third parties.

b) Photovoltaic modules for use in turnkey projects, consisting of the design, planning and execution of photovoltaic solar energy projects in terms of agreements covering the construction, installation and launch of photovoltaic solar plants. The Company assumes responsibility for all stages of the process, from obtaining administrative permits to the launch of the operation.

In addition, during the final quarter of 2006, the Company started to design, produce and install thermal solar modules in buildings.

To facilitate its expansion in the future, the Company plans to integrate vertically throughout the value chain, eliminating dependence on suppliers and reducing costs, while increasing control over the design and production quality of the photovoltaic modules. In this regard, the outlook for the following two years fundamentally depends on the following:

a) Construction of a photovoltaic cell production line, initiated during the first quarter of 2007, and which is expected to enter into production at the end of the third quarter of 2007.

b) Construction of a silicon wafer production plant that is expected to enter into production in 2008.

In addition, the Company expects to increase production capacity of both photovoltaic and thermal modules, thereby generating economies of scale.

Since incorporation, the Company's expansion has mainly been financed through loans and government grants granted by several financial institutions and public entities, respectively.

In order to finance the above-mentioned investments, the Company is currently in the process of making an Initial Public Offering (IPO), with the intention of completing this process during the first half of 2007.

The figures set out in the condensed interim financial statements are stated in euros, unless otherwise indicated.

2. Basis of preparation

These interim financial statements relating to the three month period ended 31 March 2007 have been prepared in accordance with IAS 34 "Interim Financial Reporting". These interim financial statements should be read in conjunction with annual financial statements for the year ended 31 December 2006.

3. Accounting policies

The accounting policies adopted are consistent with those utilized in the annual financial statements for the year ended 31 December 2006 and set out in those annual financial statements, except for the following standards and interpretations which are effective for the Company as from 1 January 2007:

- IFRS 7, "Financial Instruments: Disclosures".
- IFRIC 7, "Applying the Restatement Approach under IAS 29 - Financial Reporting in Hyperinflationary Economies".
- IFRIC 8, "Scope of IFRS 2".
- IFRIC 9, "Reassessment of Embedded Derivatives".
- IFRIC 10, "Interim Financial Reporting and Impairment" (not yet approved by the European Union).

None of these new standards and interpretations would have an effect on the measurement of the amounts included in these condensed interim financial statements. While IFRIC 7, IFRIC 8 and IFRIC 9 are not relevant to the Company's operations, IFRS 7 will affect information disclosed regarding financial instruments in the annual financial statements for the year ended 31 December 2007. Although up until the present date the Company has not experienced an impairment loss relating to its investments in equity instruments or financial assets carried at cost, IFRIC 10 could have an effect in future accounting periods, once this interpretation has been approved by the European Union.

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4. Segment reporting

Segment results for the three month period ended 31 March 2007 were as follows:

				Euros
	Photovoltaic	**Thermal**	**Projects**	**Company**
Total external sales	10,119,493	140,160	2,708,364	12,968,017
Inter-segment sales	1,408,900	-	(1,408,900)	-
Segment revenue	**11,528,393**	**140,160**	**1,299,464**	**12,968,017**
Other operating income	5,824	7,887	-	**13,711**
Segment expense	(8,462,099)	(65,821)	(27,608)	**(8,555,528)**
Segment result	**3,072,118**	**82,226**	**1,271,856**	**4,426,200**
Finance income				59,329
Finance costs				(291,196)
Profit before income tax				**4,194,333**
Income tax expense				(1,364,332)
Profit for the year				**2,830,001**

Segment results for the three month period ended 31 March 2006 were as follows:

				Euros
	Photovoltaic	**Thermal**	**Projects**	**Company**
Total external sales	-	-	1,004,728	1,004,728
Inter-segment sales	456,250	-	(456,250)	-
Segment revenue	**456,250**	-	**548,478**	**1,004,728**
Other operating income	11,834			**11.834**
Segment expense	16,076	-	(70,938)	**(54,862)**
Segment result	**484,160**	-	**477,540**	**961,700**
Finance income				29,567
Finance costs				(20,826)
Profit before income tax				**970,441**
Income tax expense				(335,147)
Profit for the year				**635,294**

5. Property, plant and equipment

Amounts and movements in the items included under this heading for the three month period ended 31 March 2007 were as follows:

					Euros
	Balance at 31.12.06	Additions	Disposals	Transfers	Balance at 31.03.07
Cost					
Land	112,485	-	-	-	112,485
Buildings	1,100,309	7,076	-	-	1,107,385
Machinery	1,014,012	166,874	-	1,863,854	3,044,740
Plant and equipment	294,943	19,167	-	-	314,110
Data-processing equipment	22,809	210	-	-	23,019
Fixtures and fittings	51,324	40,332	-	-	91,656
Vehicles	162,034	53,540	-	-	215,574
Property, plant and equipment under construction	4,743,228	3,604,031		(1,863,854)	6,483,405
	7,501,144	**3,891,230**	-	-	**11,392,374**
Depreciation					
Buildings	37,146	8,173	-	-	45,319
Machinery	190,574	39,639	-	-	230,213
Plant and equipment	27,967	7,802	-	-	35,769
Data-processing equipment	3,674	1,232	-	-	4,906
Fixtures and fittings	2,646	1,572	-	-	4,218
Vehicles	19,700	8,260	-	-	27,960
	281,707	**66,678**	-	-	**348,385**
	7,219,437				**11,043,989**

Solaria

Amounts and movements in the items included under this heading for the three month period ended 31 March 2006 were as follows:

					Euros
	Balance at 31.12.05	**Additions**	**Disposals**	**Transfers**	**Balance at 31.03.06**
Cost					
Land	112,485	-	-	-	112,485
Buildings	869,978	155,588	-	-	1,025,566
Machinery	1,005,592	-	-	-	1,005,592
Plant and equipment	187,890	-	-	-	187,890
Data-processing equipment	1,295	9,376	-	-	10,671
Fixtures and fittings	-	7,997	-	-	7,997
Vehicles	142,399	15,517	-	-	157,916
Office materials	-	10,844	-	-	10,844
Property, plant and equipment under construction	-	83,515	-	-	83,515
	2,319,639	**282,837**	**-**	**-**	**2,602,476**
Depreciation					
Buildings	8,482	6,525	-	-	15,007
Machinery	69,322	30,168	-	-	99,490
Plant and equipment	1,986	4,697	-	-	6,683
Data-processing equipment	451	466	-	-	917
Fixtures and fittings	-	123	-	-	123
Vehicles	23,035	5,829	-	-	28,864
Office materials	-	33	-	-	33
	103,276	**47,841**	**-**	**-**	**151,117**
	2,216,363				**2,451,359**

During the three month period ended 31 March 2007, the Company expanded its operations into three production lines relating to the manufacture of photovoltaic modules, while at 31 December 2006, only one such production line was in existence.

In addition, property, plant and equipment under construction has increased significantly, relating to the construction of a production line for the manufacture of photovoltaic cells, the construction of new production lines for the manufacture of photovoltaic modules, and relating to the latest certifications of work performed on the various buildings situated in the new industrial complex owned by the Company, located in Puertollano (Ciudad Real).

The line item "Property, plant and equipment under construction" includes the following projects which are in the course of construction:

- Construction of the new factory building on the industrial estate La Nava II in Puertollano for the manufacture of thermal modules.
- Construction of the office building on the industrial estate La Nava II in Puertollano.
- Installation of machinery for the manufacture of cells.
- Solar simulator.
- Construction of a de-ionization plant.
- Geothermal and engineering studies for the future construction of several additional warehouses.

The Company has also transferred the following items to the line item "Machinery" that at 31 December 2006 were in the course of construction, and that at 31 March 2007 have entered into use and whose amortization has commenced:

- The production line for the manufacture and assembly of thermal modules.
- The expansion of the production line for the manufacture of photovoltaic modules contracted with Spire Corporation.

At 31 December 2006, the Company had signed agreements for the purchase of property, plant and equipment with Spire Corporation, which continue to be of force and effect at 31 March 2007, consisting of:

- Installation of the production line for the manufacture of photovoltaic cells, which is still under development.
- Acquisition of 5 laminators and 6 assemblers, of which an amount of 420 thousand euros has been accounted for as part of Property, plant and equipment under construction.

6. Available-for-sale and other financial assets

Amounts and movements in the items included under this heading during the three month period ended 31 March 2007 were as follows:

	Balance at 31.12.06	Additions	Transfers	Euros Balance at 31.03.07
Non-current financial assets				
Available-for-sale financial assets:				
- Investment funds	18,000	-	-	18,000
Sundry deposits	2,270	3,000	-	5,270
	20,270	**3,000**	**-**	**23,270**
Current financial assets				
Deposits with financial institutions	600,000	-	-	600,000
	600,000	**-**	**-**	**600,000**

The deposit of 600,000 euros contracted with Banco Gallego on 31 December 2006 has a maturity date of 24 April 2007.

Amounts and movements in the items included under this heading during the three month period ended 31 March 2006 were as follows:

	Balance at 31.12.05	Additions	Euros Balance at 31.03.06
Current financial assets			
Available-for-sale financial assets:			
- Investment funds	18,000	-	18,000
- Investment in Brumale, S.L.	18,026	-	18,026
	36,026	**-**	**36,026**

7. Inventories

At 31 March 2007, this heading can be broken down as follows:

	Thermal	Photovoltaic	Euros Total
Raw materials	733,488	17,842,007	18,575,495
Finished goods	260,363	2,605,359	2,865,722
	993,851	**20,447,366**	**21,441,217**

At 31 December 2006, this heading can be broken down as follows:

	Euros		
	Thermal	**Photovoltaic**	**Total**
Raw materials	331,221	12,592,665	12,923,886
Finished goods	280,389	4,451,112	4,731,501
	611,610	**17,043,777**	**17,655,387**

8. Trade and other receivables

At 31 March 2007 and 31 December 2006, this heading can be broken down as follows:

	Euros	
	31.03.07	**31.12.06**
Trade receivables	9,124,379	1,902,263
Sundry debtors	158,770	64,405
Government grants receivable	4,546,364	4,546,364
Taxes refundable (Note 14)	2,764,251	2,488,291
Impairment of trade receivables	(14,220)	(14,220)
	16,579,544	**8,987,103**

Details of "Trade receivables" are as follows:

	Euros	
	31.03.07	**31.12.06**
Trade receivables for invoices yet to be issued	1,746,280	1,205,640
Receivables for retentions on contracts	504,900	504,900
Sundry trade receivables	6,873,199	191,723
	9,124,379	**1,902,263**

9. Cash and cash equivalents

At 31 March 2007 and 31 December 2006 this heading can be broken down as follows:

	Euros	
	31.03.07	**31.12.06**
Cash at bank and on hand	2,571,800	4,227,789
Europagaré with Banco Popular	1,999,928	-
	4,571,728	**4,227,789**

At 31 March 2007, the Company contracted a Europagaré with Banco Popular amounting to 1,999,928 euros that accrued interest at an annual rate of 3.990% and matured on 4 April 2007. On maturity, the Company made periodic reinvestments of the funds with three-day maturity periods.

10. Equity

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.

At 31 March 2007 share capital consists of 77,760,000 fully paid-up shares, with a par value of 0.01 euros each.

At 31 March 2007, the distribution of share capital among shareholders was as follows:

	31 March 2007	
	Number of shares	% interest
Solaria DTL Corporación, S.L.	75.860.000	97,56
Enrique Díaz-Tejeiro Gutiérrez	380.000	0,488
Mª Dolores Larrañaga Horna	380.000	0,488
Enrique Díaz-Tejeiro Larrañaga	380.000	0,488
Arturo Díaz-Tejeiro Larrañaga	380.000	0,488
Miguel Díaz-Tejeiro Larrañaga	380.000	0,488
Otros	-	-
	77.760.000	100

Solaria

11. Borrowings with financial institutions

At 31 March 2007, balances with banks and other financial institutions were as follows:

							Euros
Entity	Original amount	Type of transaction	Maturity date	Effective interest rate	Current	Non-current	Total
Caja Duero	412,496	Loan	12-11-2011	5.18%	33,600	146,655	180,255
Caja Duero	546,557	Loan	14-04-2012	5.18%	44,400	213,991	258,391
CDTI	347,680	Loan	30-06-2013	4.45%	40,181	258,680	298,861
Ministry of Industry	400,000	Loan	30-11-2015	4.45%	-	311,818	311,818
Ministry of Industry	861,053	Loan	15-12-2015	4.45%	-	671,231	671,231
Caja Rural	1,500,000	Loan	10-06-2013	4.54%	21,284	1,178,127	1,392,411
Caja Rural	4,500,000	Loan	15-06-2016	4.79%	-	4,500,000	4,500,000
Caja Madrid	1,800,000	Loan	23-10-2011	4.72%	402,612	1,397,388	1,800,000
Ministry of Industry	500,000	Loan	30-09-2016	4.45%	-	372,988	372,988
Accrued interest not paid					109,463	-	109,463
					844,540	**9,050,878**	**9,895,418**
Barclays Bank	53,540	Finance lease	17-01-2012	3.25%	11,801	39,193	50,994
Barclays Bank	51,063	Finance lease	29-12-2011	3.25%	11,211	36,487	47,698
Barclays Bank	62,668	Finance lease	29-12-2011	3.25%	13,752	44,787	58,539
					36,764	**120,467**	**157,231**
	Credit limit						
Caja Rural	2,000,000	Line of credit	25-05-2007	4.93%	1,805,452	-	1,805,452
Caja Rural	-	Line of credit	02-03-2007	0%	(77)	-	(77)
Caja Madrid	1,150,000	Line of credit	22-03-2008	5.43%	949,966	-	949,966
Caja Rural	150,000	High yield	-	-	74,919	-	74,919
Caja Rural	10.000.000	Importation facilities	-	-	5,833,000	-	5,833,000
Banesto	6.500.000	Importation facilities	14-12-2007	-	5,564,132	-	5,564,132
Accrued interest not paid					17,573	-	17,573
					14,244,965	**-**	**14,244,965**
					15,126,269	**9,171,345**	**24,297,614**

At 31 December 2006, balances with banks and other financial institutions were as follows:

Entity	Original amount	Type of transaction	Maturity date	Effective interest rate	Current	Non-current	Euros Total
Caja Duero	412,496	Loan	12-11-2011	4.27%	33,600	155,213	188,813
Caja Duero	546,557	Loan	14-04-2012	4.17%	44,400	224,771	269,171
CDTI	347,680	Loan	30-06-2013	4.55%	40,181	255,355	295,536
Ministry of Industry	400,000	Loan	30-11-2015	4.45%	-	308,349	308,349
Ministry of Industry	861,053	Loan	15-12-2015	4.45%	-	663,764	663,764
Caja Rural	1,500,000	Loan	10-06-2013	3.56%	214,284	1,178,564	1,392,848
Caja Rural	4,500,000	Loan	15-06-2016	3.82%	-	4,500,000	4,500,000
Caja Madrid	1,800,000	Loan	23-10-2011	4.175%	402,612	1,397,388	1,800,000
Accrued interest not paid					25,389	-	25,389
					760,466	**8,683,404**	**9,443,870**
Barclays Bank	51,063	Finance lease	29-12-2011	3.25%	11,208	38,921	50,129
Barclays Bank	62,668	Finance lease	29-12-2011	3.25%	13,747	47,775	61,522
					24,955	**86,696**	**111,651**
	Credit limit						
Caja Rural	2,000,000	Line of credit	25-05-2007	4.31%	720,592	-	720,592
Caja Rural	2,000,000	Line of credit	02-03-2007	4.61%	1,995,777	-	1,995,777
Banco Gallego	600,000	Line of credit	22-03-2007	5%	494,580	-	494,580
Caja Madrid	1,150,000	Line of credit	22-03-2007	4.625%	949,776	-	949,776
Caja Rural	150,000	High yield	-	-	44,670	-	44,670
Caja Rural	3,400,000	Importation facilities	22-06-2007	4.928%	26,064	-	26,064
Banesto	3,000,000	Letter of credit	14-12-2007	-	2,580,741	-	2,580,741
Accrued interest not paid					17,573	-	17,573
					6,829,773	-	6,829,773
					7,615,194	8,770,100	16,385,294

During the first quarter of the 2007 financial year, the Ministry of Industry granted the Company a repayable interest-free loan amounting to 500,000 euros, with a 3 year grace period for repayment of the principal, repayable over a period of 10 years (Note 12).

During the first quarter of the 2007 financial year, the both non-current and current amounts outstanding with banks and other financial institutions have increased compared with the previous financial year end. This is because new lines of credit and letters of credit were obtained to enable the Company to make payments to its suppliers of raw materials, consumables and property, plant and equipment, brought about by the expansion activities being carried out by the Company, as mentioned in Note 1.

12. Deferred income

Amounts and movements in the items included under this heading for the three month period ended 31 March 2007 were as follows:

				Euros
	Balance at 31.12.06	Additions	Recognized in income statement	Balance at 31.03.07
IDAE	20,572	-	1,048	19,524
IDAE	27,144	-	1,376	25,768
Ministry of Industry loan	-	131,161	-	131,161
Government grants related to income	**47,716**	**131,161**	**2,424**	**176,453**
IDAE	105,631	-	3,619	102,012
IDAE	144,291	-	4,937	139,354
Ministry of Industry	4,546,364	-	-	4,546,364
Ministry of Industry loan (i)	81,314	-	2,438	78,876
Ministry of Industry loan (i)	43,020	-	1,291	41,729
Government grants related to assets	**4,920,620**	**-**	**12,285**	**4,908,335**
	4,968,336	**131,161**	**14,709**	**5,084,788**

Amounts and movements in the items included under this heading for the three month period ended 31 March 2006 were as follows:

				Euros
	Balance at 31.12.05	Additions	Recognized in income statement	Balance at 31.03.06
IDAE	24,687	-	1,029	23,658
IDAE	32,573	-	1,357	31,216
Ministry of Industry loan	144,558	-	-	144,558
Ministry of Industry loan	61,909	-	-	61,909
Government grants related to income	**263,727**	**-**	**2,386**	**261,341**
IDAE	123,748	-	4,529	119,219
IDAE	163,967	-	4,919	159,048
Ministry of Industry	-	4,546,364	-	4,546,364
Ministry of Industry loan	81,314	-	-	81,314
Ministry of Industry loan	43,020	-	-	43,020
Government grants related to assets	**412,049**	**4,546,364**	**9,448**	**4,948,965**
	675,776	**4,546,364**	**11,834**	**5,210,306**

(i) The amount recognized in the income statement pertaining to these "government grants related to assets", which relate to interest-free loans (3,729 euros), has been accounted for in the line item "Depreciation and amortization expense" at 31 March 2007, that is, set off against the depreciation expense relating to assets financed with the loans granted.

During the first quarter of the 2007 financial year, the Company received an interest-free loan from the Ministry of Industry, which consists of a loan amounting to 500,000 euros to be repaid over 10 years, with a 3 year grace period, and without the obligation to pay interest (Note 11). This loan is subject to various conditions, including the obligation to make the investments and incur the expenses for which loan has been granted. An amount of 131,161 euros has been reflected as an addition to deferred income arising from "government grants related to income" during the three month period ended 31 March 2007, relating to the difference between the amount of the loan to be reimbursed and its present value, calculated using a market-related interest rate for similar loans, estimated with reference to the Euribor rate plus a margin. The Company recognizes this deferred income in the income statement based on when the underlying subsidized expenses are incurred. The implicit interest inherent in the loan is accounted for as part of finance costs in the income statement and credited to the loan, using the effective interest method.

13. Trade and other payables

At 31 March 2007 and 31 December 2006, this heading can be broken down as follows:

	Euros	
	31.03.07	**31 .12.06**
Suppliers and trade creditors	3,593,341	3,519,952
Prepayments from customers	3,318,692	2,565,348
Taxes payable (Note 14)	79,324	52,036
Fixed asset suppliers	7,319,026	2,424,826
Other current liabilities	123	1,172
	14,310,506	**8,563,334**

The line item "Prepayments from customers" relates to turnkey projects, where the amounts invoiced by the Company exceed the actual percentage of completion of the projects at the period end.

14. Taxation

The calculation of the provision for income tax expense at 31 March 2007 has been made by applying a tax rate of 32.5% to profit before income tax.

	Euros	
	31.03.2007	31.03.2006
Current tax for the year	1,378,440	338,810
Deferred tax charge for the year		
- Deferred income	(4,407)	(3,663)
- Derivative financial instruments	(9,701)	-
	1,364,332	335,147

Movements in deferred tax assets and liabilities during the three month period ended 31 March 2007 were as follows:

	Euros	
	Assets	Liabilities
31 December 2006	9,180	(165,859)
Derivative financial instruments	6,960	2,741
Deferred income	1,245	3,162
31 March 2007	17,385	(159,956)

Movements in deferred tax assets and liabilities during the three month period ended 31 March 2006 were as follows:

	Euros	
	Assets	Liabilities
31 December 2005	-	-
Deferred income	3,663	-
31 March 2006	3,663	-

Deferred tax assets and liabilities are made up as follows:

	Euros	
	31.03.07	31.12.06
Deferred tax liabilities		
Unrestricted depreciation	97,245	97,245
Derivative financial instruments	848	3,590
Deferred income	61,863	65,024
	159,956	**165,859**
Deferred tax assets		
Unrestricted depreciation	16,140	9,180
Deferred income	1,245	-
	17,385	**9,180**

The breakdown of income taxes receivable and payable at 31 March 2007 and 31 December 2006 is as follows:

				Euros
		31.03.07		31.12.06
	Receivable	Payable	Receivable	Payable
Provision for tax at 31 March 2007	-	1,378,440	-	-
Withholding tax relating to interest	4,072	-	-	-
2006 income taxes	-	2,785,162	-	2,785,162
2005 income taxes	19,527	-	19,527	-
2004 income taxes	11,575	-	11,575	-
Current income tax assets and liabilities	**35,174**	**4,163,602**	**31,102**	**2,785,162**

Other taxes receivable and payable included under "Trade and other receivables" (Note 8) or "Trade and other payables" (Note 13):

				Euros
		31.03.07		31.12.06
	Receivable	Payable	Receivable	Payable
Value Added Tax	2,764,251	-	2,488,291	-
Employee tax withholdings	-	9,594	-	15,243
Social Security contributions	-	68,093	-	34,035
Capital withholding taxes	-	1,637	-	2,758
	2,764,251	**79,324**	**2,488,291**	**52,036**

15. Income and expenses

a) Consumption of raw materials and other consumables

This line item can be broken down as follows:

	Euros	
	31.03.07	31.03.06
Purchase of raw materials and other consumables	10,807,912	479,702
Difference between opening and closing inventories	(3,785,829)	(721,479)
	7,022,083	**(241,777)**

b) Other external expenses

This line item can be broken down as follows:

	Euros	
	31.03.07	31.03.06
Management fee for administration services rendered	300,000	-
	300,000	-

The management fee for administration services rendered relates to amounts invoiced by Solaria DTL Corporación, S.L. according to the management services agreement signed between the Company and its parent company, mentioned in Note 17.

c) Employee benefits expense

This line item can be broken down as follows:

	Euros	
	31.03.07	31.03.06
Wages, salaries and similar remuneration	350,698	151,702
Social Security expenses	103,563	18,718
	454,261	**170,420**

The average number of employees for the three month period ended 31 March 2007 amounted to 117 employees (20 employees for the three month period ended 31 March 2006).

The Company plans to continue with its intensive hiring of employees.

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

d) Operating expenses

This line item can be broken down as follows:

	Euros	
	31.03.07	31.03.06
Lease and rental expenses	28,010	(4,161)
Repairs and maintenance	28,116	5,218
Independent professional services	158,705	7,544
Transport costs	34,663	656
Bank charges	76,929	10,799
Insurance premiums	8,437	7,614
Advertising expenses	120,437	-
Supplies	28,176	12,195
Security expenses	34,419	29,786
Certificates relating to solar projects	93,405	-
Other expenses	91,980	6,474
	703,277	**76,125**

16. Derivative financial instruments

In addition to the interest and exchange rate derivative hedging instruments in existence at 31 December 2006, that continue to be of force and effect at 31 March 2007, the Company has entered into a new interest rate hedging transaction with Caja Madrid, with the objective of covering fluctuations in the interest rate applicable to a loan formalized with the same bank on 25 April 2007 amounting to 6,000,000 euros. The principal characteristics of the transaction are as follows:

Initial nominal amount: 5,000,000 euros (with half-yearly repayments)

Transaction date: 22 March 2007

Commencement date: 29 March 2007

Maturity date: 29 September 2010

Settlement reference: 12 month Euribor rate

Payer Caja Madrid

Tranche A

Commencement date: 29 March 2007
Maturity date: 29 March 2008
Cap rate: 5.10%

Tranche B
Commencement date: 29 March 2008
Maturity date: 29 March 2009
Cap rate: 5.10%

Tranche C
Commencement date: 29 March 2009
Maturity date: 29 September 2010
Cap rate: 5.10%

Payer Solaria Energía y Medio Ambiente, S.L

Tranche A
Commencement date: 29 March 2007
Maturity date: 29 March 2008
Cap rate: 4.05%

Tranche B
Commencement date: 29 March 2008
Maturity date: 29 March 2009
Cap rate: : 4.25%

Tranche C
Commencement date: 29 March 2009
Maturity date: 29 September 2010
Cap rate: : 4.45%

17. Related party transactions

Details relating to transactions carried out with related parties during the three month period ended 31 March 2007 were as follows:

	Euros	
	Expenses	Income
Solaria DTL Corporación, S.L	300,000	-
Instalaciones Díaz Tejeiro, S.L.	1,029,012	21,527
	1,329,012	**21,527**

Details relating to transactions carried out with related parties during the three month period ended 31 March 2006 were as follows:

	Euros	
	Expenses	Income
Solaria DTL Corporación, S.L	-	-
Instalaciones Díaz Tejeiro, S.L.	-	23,489
	-	23,489

The expenses incurred by the Company with Solaria DTL Corporación, S.L. consist of management fees for administration services rendered by Solaria DTL Corporación, S.L., in terms of a contract entered into between the parties on 1 April 2006. The expenses incurred with Instalaciones Díaz Tejeiro, S.L. relate to commercial transactions between the companies, which commenced in the second quarter of 2006.

The income from Instalaciones Díaz Tejeiro, S.L. consists of interest income relating to a loan granted to the related party, in accordance with the current account agreement concluded between that company and Solaria Energía y Medio Ambiente, S.A. (previously Solaria Energía y Medio Ambiente, S.L.). Capital drawn down accrues interest at a market-related rate, being the Euribor rate plus 0.5%, which will be settled when the agreement terminates. On 7 May 2007, the amount owed to the Company by Instalaciones Díaz Tejeiro, S.L., amounting to 590,944 euros, was settled.

18. Dividends

During February 2007, the Company paid a dividend out of the profits for the 2006 year amounting to 2,410,000 euros. This distribution was approved by the Sole Administrator on 15 January 2007.

19. Guarantees

The breakdown of bank guarantees provided by the Company in existence at 31 March 2007 is as follows:

Beneficiary	Item	Euros
Municipality of Puertollano	Construction at La Nava II industrial estate	6,000
Municipality of Puertollano	Construction in Puertollano	6,000
Banco Cooperativo Español	Interest rate swap	300,000
Instituto de Crédito Oficial	Counter guarantee for guarantees granted to CDTI	347,680
Ministry of Industry (Note 11)	Loan obligations	500,000
CDTI	Repayable loan (1 guarantee)	26,800
CDTI	Repayable loan (12 guarantees – 26,740 euros)	320,880
Ministry of Industry	Repayable loan	400,000
Ministry of Industry	Repayable loan	861,052
Foreign commercial transactions	Foreign letter of credit	1,768,200

20. Earnings per share

a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the Company's equity holders by the weighted average number of ordinary shares outstanding during the period.

	31.03.2007	31.03.2006
Profit attributable to the Company's equity holders (euros)	2,830,001	635,294
Weighted average number of ordinary shares outstanding during the period	77,760,000	77,760,000
Basic earnings per share (euros per share)	0.04	0,01

As it is explained in Nota 10, on 1 January 2007, the shareholders of Solaria Energía y Medio Ambiente, S.L. in general meeting approved 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. Therefore, the share split has been treated as if the transaction took place on 1 January 2006, in accordance with the requirements of IAS 33 Earnings per Share.

b) Diluted

Diluted earnings per share is calculated by adjusting the profit attributable to the Company's equity holders and the weighted average number of ordinary shares outstanding, to reflect the conversion of all dilutive potential ordinary shares.

At 31 March 2007 and 2006 there were no instruments issued capable of conversion to potentially dilutive ordinary shares. Therefore, basic earnings per share is identical to diluted earnings per share.

21. Commitments

- On 2 April 2007, the Company signed a contract with the construction company Rayet Construcción, S.A., to carry out construction and installation services, including the supply of materials, relating to two industrial buildings for the production of photovoltaic cells on the industrial estate "La Nava II". The contract's fixed price, which is not subject to revision, amounts to 14,469,138.31 euros. Rayet is obliged to constitute and deliver to Solaria a bank guarantee amounting to 723,456.92 euros, which constitutes 5% of the budgeted expenditure on the project. This guarantee had been constituted at the date of preparation of these interim financial statements.

- On 14 March 2007, the Ministry of Industry and Technology of Castilla La Mancha informed the Company of its appointment as Key Manager for the connection of Photovoltaic and Thermosolar projects to the electricity network in La Paloma (Ciudad Real).

22. Events after the balance sheet date

On 12 April 2007, an agreement was signed with the Foundation for the Development of Puertollano (la Fundación para el Desarrollo de Puertollano(FUNDESCOP)), in terms of which FUNDESCOP is obliged to provide the professional technical assistance required by the Company relating to the construction of a factory for the manufacture of silicone wafers and cells in Puertollano, which will give rise to the creation of 120 jobs. As a result of this agreement and in line with the Municipal Regulation for investment incentives and creation of employment in Puertollano, as well as the coincidental disposal of certain land (with offers to purchase open to public tender) by the Puertollano Municipality, Solaria will be able to rely on the support of FUNDESCOP (by means of the issue of a favourable report) relating to the acquisition of this industrial land, with a total surface area of 62,722 m2 owned by the Municipality, situated on the Industrial Estate "La Nava III", at a price of 5 euros/m2. This benefit is obtainable on compliance with the following requirements:

- The construction of industrial plant with an estimated surface area of 30,000 m2;
- The creation of 120 jobs.

On 18 April 2007, Solaria entered into a contract with Gintech for the supply of monocrystaline and multicrystaline solar cells with a capacity of up to 14MW, for a predetermined period ending on 31 December 2007. The contract is automatically renewable on a year-by-year basis until 31 December 2010, unless either of the parties decides to terminate the agreement, giving notice prior to 31 December 2007 (or on an annual basis on 31 December up to 31 December 2010). The contract stipulates the intention of both parties to renew the contract during 2008, 2009 and 2010, although the particular terms and conditions for the supply of the cells during these years requires the express agreement of both parties. Prices are determined and revised on an quarterly basis. If the parties cannot reach agreement, either of the parties may cancel the contract, and neither party may claim damages for any losses arising from the cancelation of the contract.

On 7 and 8 May 2007, respectively, the Company signed two separate non-binding heads of agreement with two clients, which demonstrate the intention of the parties to enter into contracts in terms of which Solaria will carry out turnkey projects for the development of five photovoltaic solar instalations for each client, with a nominal installed capacity of 10 MW (11 Mwp), with a connection point in the la Paloma network, which is managed by the Company. As consideration for the development of each of the projects mentioned in the heads of agreement, Solaria will receive payment amounting to 330,000,000 euros, to be received in tranches, as the various phases of the project are completed, as from the date on which the contracts are formalized, likely to occur in the last quarter of 2007. As a result, the Company would receive an amount of 660,000,000 euros relating to these two contracts, subject to the signing of these contracts and on execution of the aforementioned projects, for a total of 110 Mwp.