

MEGAIRA LIMITED

Directors' Report and Financial Statements

for the period from 25 October 2006 to 31 December 2007

Company number: 5977591

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MEGAIRA LIMITED

Directors' report

for the period from 25 October 2006 to 31 December 2007

The Directors of the Company present their report to the Members, together with the financial statements for the period from 25 October 2006 to 31 December 2007

Incorporation

The Company was incorporated in the United Kingdom and registered in England and Wales on 25 October 2006

Principal activities and results

The principal activity of the Company is that of holding investments in companies engaged in solar generation of electricity in Spain

Dividends

The Directors are unable to recommend the payment of a dividend

Directors and their interests

The Directors of the Company who held office during the period, and subsequently, were -

Nigel Anthony Le Quesne (appointed 25 October 2006, resigned 19 December 2007)

Paul Gerard Barnett (appointed 16 February 2007, resigned 21 May 2007)

Philip Edward Leslie (appointed 16 February 2007, resigned 21 May 2007)

Richard David William Stokes (appointed 16 November 2006, resigned 19 December 2007)

Daniel Brian Cusack (appointed 16 November 2006, resigned 19 December 2007)

Tracey Michelle McFarlane (appointed 19 December 2007)

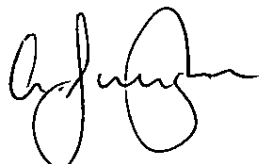
Kenneth Rae (appointed 19 December 2007)

The Directors in office at the end of the period had no interests in the share capital of the Company at any time during the period

Secretary

The Secretary of the Company who held office during the period, and subsequently, was JTC (UK) Limited

By order of the Board



For and on behalf of
JTC (UK) Limited
Secretary

Registered office

6th Floor
63 Curzon Street
London
W1J 8PD

MEGAIRA LIMITED

Directors' responsibilities statement for the period from 25 October 2006 to 31 December 2007

Company Law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss for the period then ended. In preparing those financial statements the directors are required to

- * select suitable accounting policies and then apply them consistently,
- * make judgements and estimates that are reasonable and prudent,
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

MEGAIRA LIMITED

Balance sheet as at 31 December 2007

		31 December 2007	
	Notes	€	€
Fixed assets			
Investment in subsidiary undertaking	2		19,323
Long-term loans	3		935,207
			954,530
Current assets			
Cash at bank		609	
Creditors amounts falling due within one year			
Owed to immediate parent company		50,336	
Owed to subsidiary		8,610	
Other creditors		645	
		59,591	
Net current liabilities			(58,982)
Total assets less current liabilities			895,548
Creditors amounts falling due after more than one year			
Long-term loans	4		932,574
Total assets less total liabilities			(37,026)
Capital and reserves			
Called up share capital	5		1
Profit and loss account	6		(37,027)
Equity shareholders' funds	6		(37,026)

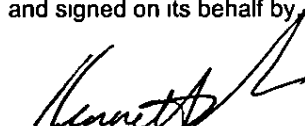
For the period from 25 October 2006 to 31 December 2007, the Company was entitled to exemption under section 249a(1) of the Companies Act 1985. No members have required the Company to obtain an audit of its accounts for the period in question in accordance with section 249b(2).

The Directors acknowledge their responsibility for (i) Ensuring that the Company keeps accounting records which comply with section 221, and (ii) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial period, and of its profit and loss for the financial period in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.

The accounts are prepared in accordance with the special provisions of Part VII of the Companies Act relating to small/medium companies.

The financial statements on pages 3 to 7 were approved by the Board of Directors on
and signed on its behalf by

21/8/08


Director

MEGAIRA LIMITED

Profit and loss account for the period from 25 October 2006 to 31 December 2007

		31 December 2007	
	Notes	€	€
Income			
Management charges			7,478
Total income			7,478
Expenses			
Legal and professional		40,537	
Service charges		7,103	
Total operating expenses			47,640
Loss from operating activities			(40,162)
Interest receivable from subsidiary undertaking	3		56,791
Interest payable to immediate parent undertaking	4		(53,693)
Bank interest received			37
Net finance income			3,135
Loss before tax			(37,027)
Corporate income tax expense			-
Loss for the period	6		(37,027)

Continuing operations all items dealt with in arriving at the net loss for the period ended 31 December 2007 relate to continuing operations

The Company has no recognised gains and losses other than those included in the net loss above, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the net loss from ordinary activities and its historical cost equivalent

MEGAIRA LIMITED

Notes to the accounts for the period from 25 October 2006 to 31 December 2007

1 Principal accounting policies

These financial statements have been prepared under the historical cost convention, and in accordance with the applicable accounting standards in the United Kingdom. A summary of the more important accounting policies is set out below.

Consolidation

The financial statements contain information about the Company as an individual company and do not contain consolidated information as an immediate holding company within a group. The Company is exempt under Financial Reporting Standard No 2 'Accounting for Subsidiary Undertakings' from the requirement to prepare consolidated financial statements as the group qualifies as a small-sized group. Investments in subsidiaries are shown in the Company balance sheet at cost.

Foreign exchange

Transactions undertaken in foreign currencies are translated into euros at the rate ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated to euros at the rate ruling on the balance sheet date. Profits and losses on exchange are dealt with in the capital account.

Cash flow statement

The company has made use of the small company exemption available under FRS 1 (Revised) 'Cash Flow Statement' and has not prepared a cash flow statement.

2 Investment in subsidiary undertaking

	€
At 25 October 2006	-
Equity subscribed	3,145
Expenses of acquisition	16,178
At 31 December 2007	19,323

During the period, the Company subscribed for the whole of the share capital of Villanueva Solar VIII S.L., a company incorporated in Spain which operates in that country as a solar electricity generating company.

3 Loans receivable

	€
Interest-bearing loan to subsidiary company	688,760
Non-interest-bearing loan to subsidiary company	246,447
	935,207

The interest-bearing loan is repayable no later than 16 February 2022 and is unsecured. Interest is charged quarterly. The rate of interest during each quarter is set at the ruling LIBOR 3 month rate applicable to the Euro on the first day of the quarter, plus 5.25%.

MEGAIRA LIMITED

Notes to the accounts (continued) for the period from 25 October 2006 to 31 December 2007

4 Loans payable

	€
Interest-bearing loan from parent undertaking	686,127
Non-interest-bearing loan from parent undertaking	246,447
	<u>932,574</u>

The interest-bearing loan from the parent undertaking, Alternative Energy Investments (Spain) Limited, is repayable no later than 16 February 2022 and is unsecured. However, under a security interest agreement between the Company and Barclays Private Clients International Limited ("Barclays") entered into on 16 February 2007, the rights of the parent undertaking to the interest-bearing loan have been assigned to Barclays as security for a loan from Barclays to the parent undertaking.

Interest is charged quarterly. The rate of interest during each quarter is set at the ruling LIBOR 3 month rate applicable to the Euro on the first day of the quarter, plus 4.75%.

5. Share capital

Authorised	
1,000 ordinary shares of £1 each	<u>£1,000</u>
Issued and fully paid	
1 ordinary share of £1	<u>€1</u>

One ordinary share of £1 was subscribed upon incorporation at an exchange rate of €1.48992 per £1.

6 Reconciliation of shareholders' funds and movement on reserves

	Share capital €	Profit and loss account €	Total €
At 25 October 2006	-	-	-
Issue of share capital	1	-	1
Loss for the year	-	(37,027)	(37,027)
At 31 December 2007	1	(37,027)	(37,026)

MEGAIRA LIMITED

Notes to the accounts (continued) for the period from 25 October 2006 to 31 December 2007

7 Related parties

During the period, there were a number of transactions between related parties. These are set out below.

Transactions with immediate parent undertaking

Profit and loss account

Interest payable	€53,693
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Balance sheet

Loans advanced from parent	€932,574
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Transactions with subsidiary undertaking

Profit and loss account

Management charges receivable	€7,478
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Interest receivable	€56,791
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Balance sheet

Loans advanced to subsidiary	€935,207
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Transactions with company owned by Directors

Nigel Anthony Le Quesne, Paul Gerard Barnett, Philip Edward Leslie, Richard David William Stokes and Daniel Brian Cusack, who served as directors at various times during the period, are indirect shareholders of SOL Energy Management Limited ("SOL"), a company incorporated in Jersey, Channel Islands.

During the period, SOL charged the following for services to the Company:

Advice on taxation and restructuring	€40,537
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Service charges	€7,103
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8 Parent undertaking and controlling party

The immediate parent undertaking is Alternative Energy Investments (Spain) Limited, a company incorporated in the British Virgin Islands.

The ultimate controlling party is Capricorn Renewables Limited, a company incorporated in the British Virgin Islands.

9 Going concern

As at the end of the financial period, 31 December 2007, the balance sheet of the Company shows a deficiency of assets over liabilities of €37,026. The Directors of the immediate parent undertaking have given assurances to the Directors of the Company that they will continue to provide the Company with adequate financial support for the foreseeable future to ensure that the Company is able to continue trading normally. For this reason, the Directors have prepared these financial statements under the assumption that the Company is a going concern.