MEGAIRA LIMITED

Directors' report and financial statements

For the year ended 31 December 2009

Company number 5977591

MEGAIRA LIMITED

Directors' report
For the year ended 31 December 2009

The directors of the company present their report to the members together with the financial statements for the year ended 31 December 2009

Incorporation
The company was incorporated in the United Kingdom and registered in England and Wales on 25 October 2006, Company number 5977591

Activities and results
The principal activity of the company is that of holding investments in companies engaged in solar generation of electricity in Spain

The Company acts as a holding company and as an intermediary in the provision of finance to its subsidiary

Dividends
The directors do not recommend the payment of a dividend for the year

Directors
The directors of the company who held office during the year, and subsequently, were -

Tracey Michelle McFarlane	(resigned 4 March 2009)
Kenneth Rae	
Donald James Moir	(appointed 4 March 2009)

The directors in office at the end of the year had no interests in the share capital of the company at any time during the year

Secretary
The secretary of the company who held office during the year, and subsequently, was JTC Management Limited

By order of the Board

Kenneth Rae
For and on behalf of
JTC Management Limited
Secretary

Registered office
6th floor
63 Curzon Street
London
W1J 8PD

MEGAIRA LIMITED

Directors' statement of responsibilities
For the year ended 31 December 2009

Company Law requires the directors to prepare financial statements 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, and
* 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 2006 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 2009

	Notes	2009 €	2009 €	2008 €	2008 €
Fixed assets					
Investment in subsidiary undertaking	2		**19,323**		19,323
Long-term loans	3		**928,349**		941,240
			947,672		960,563
Current assets					
Debtors	4	**44,918**		41,724	
Cash at bank		**14,190**		1,391	
		59,108		43,115	
Creditors amounts falling due within one year	5	**117,608**		101,484	
Net current liabilities			**(58,500)**		(58,369)
Total assets less current liabilities			**889,172**		902,194
Creditors amounts falling due after more than one year					
Loans payable	6		**917,721**		934,670
			(28,549)		(32,476)
Capital and reserves					
Share capital	7		**1**		1
Profit and loss account	8		**(28,550)**		(32 477)
			(28,549)		(32,476)

For the year ending 31 December 2009 the company was entitled to exemption from audit under section 477 (2) of the Companies Act 2006

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006

The directors acknowledge their responsibility for (i) ensuring the company keeps accounting records which comply with section 386, 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 year, and of its profit and loss for the financial year in accordance with section 393, 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 15 of the Companies Act 2006 relating to small companies

The financial statements were approved by the board of directors on 7 Sept 2010
and signed on its behalf by -

Kenneth Rae

MEGAIRA LIMITED

Profit and loss account
For the year ended 31 December 2009

	Notes	Year to 31 December 2009 €	€	Year to 31 December 2008 €	€
Income					
Management charges			-		6,856
Payment to terminate management agreement			-		33,333
			-		40,189
Expenses					
Service charges		-		6,513	
Payment to terminate service agreement		-		33,333	
Bank charges		17		20	
Foreign exchange differences		142		21	
			159		39,887
(Loss)/profit from operating activities			(159)		302
Interest receivable from subsidiary undertaking	3		48,385		69,866
Interest payable to immediate parent undertaking	5		(44,348)		(65,908)
Bank interest received			49		290
Net finance income			4,086		4,248
Profit on ordinary activities			3,927		4,550
Corporate income tax expense			-		-
Profit for the year	8		3,927		4,550

Continuing operations all items dealt with in arriving at the net profit for 2009 and 2008 relate to continuing operations

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

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

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Notes to the accounts
For the year ended 31 December 2009

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 subsidiary undertakings 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 into 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 FRS1 (Revised) 'Cash flow statements' and has not prepared a cash flow statement

2 Investment in subsidiary undertaking

	2009	2008
	€	€
At the start of year	**19,323**	19,323
At the end of year	**19,323**	19,323

The company has one subsidiary undertaking, Villanueva Solar VIII S L , a company incorporated in Spain which operates in that country as a solar electricity generating company

3 Long-term loans receivable

	2009	2008
	€	€
Interest-bearing loan to subsidiary undertaking	**681,902**	694,793
Non-interest-bearing loan to subsidiary undertaking	**246,447**	246,447
	928,349	941,240

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%

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Notes to the accounts (continued)
For the year ended 31 December 2009

4 Debtors

	2009	2008
	€	€
Owed by immediate parent undertaking	**44,918**	41,724
	44,918	41,724

The balance owed by the immediate parent undertaking is interest-free and repayable on demand See also note 10

5 Creditors amounts falling due within one year

	2009	2008
	€	€
Owed to subsidiary undertaking	**116,963**	100,839
Other creditors	**645**	645
	117,608	101,484

6 Long-term loans payable

	2009	2008
	€	€
Interest-bearing loan from parent undertaking	**671,274**	688,223
Non-interest-bearing loan from parent undertaking	**246,447**	246,447
	917,721	934,670

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%

7 Share capital

	2009	2008
	£	£
Authorised		
1,000 ordinary shares of £1 each	**1,000**	1,000
	€	€
Issued and fully paid		
1 ordinary share of £1	**1**	1

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Notes to the accounts (continued)
For the year ended 31 December 2009

8 Reconciliation of movements in shareholders' funds

	Share capital €	Profit and loss account €	Total €
At the start of year	1	(32,477)	(32,476)
Profit for the year	-	3,927	3,927
At the end of year	**1**	**(28,550)**	**(28,549)**

9 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

10 Going concern

As at the end of the financial year, 31 December 2009, the balance sheet of the company shows a deficiency of assets over liabilities of €28,549 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

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Notes to the accounts (continued)
For the year ended 31 December 2009

11 Related party transactions

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

	Year to 31 December 2009 €	Year to 31 December 2008 €
Transactions with immediate parent undertaking		
Profit and loss account		
Interest payable	**44,348**	65,908
Balance sheet		
Loans (repaid to)/advanced from parent	**(16,949)**	2,096
Transactions with subsidiary undertaking		
Profit and loss account		
Management charges receivable	-	6,856
Payment to terminate management agreement	-	33,333
Interest receivable	**48,385**	69,866
Balance sheet		
Loans (repaid by)/advanced to subsidiary	**(12,891)**	6,033

Transactions with company under common ownership

During the prior year, the company was charged for services by SOL Energy Management Limited ("SOL"), a company incorporated in Jersey, Channel Islands

Nigel Anthony Le Quesne, Paul Gerard Barnett, and Philip Edward Leslie, who served as directors at various times during the prior year, are shareholders of Capricorn Renewables Limited, the ultimate controlling party of the company, and were directors and indirect shareholders of SOL Mr Barnett and Mr Leslie are also directors of Capricorn Renewables Limited

During the prior year, SOL charged the following for services to the company

Service charges	-	6,513