

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 10-QSB/A**

*(Mark One)*

- ☒ Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **June 30, 2005**.
- ☐ Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number: **001-14791**

**SOLAR ENERGY LIMITED**

(Exact name of small business issuer as specified in its charter)

**DELAWARE**

(State or other jurisdiction of  
incorporation or organization)

**76-0418364**

(I.R.S. Employer  
Identification No.)

**145-925 West Georgia Street, Vancouver, British Columbia, Canada V6C 3L2**

(Address of principal executive office) (Zip Code)

**(604) 669-4771**

(Issuer's telephone number)

Check whether the registrant: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes   X  

No       

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes       

No   X  

The number of outstanding shares of the registrant's common stock, \$0.0001 par value (the only class of voting stock), as of January 25, 2006 was 13,921,275.

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### Explanatory Note

This Form 10-QSB/A has been amended to restate the registrant's un-audited financial information for the period ended June 30, 2005. The financial statements filed with the initial Form 10-QSB by the registrant included a prior reported gain on the sale of a subsidiary that should have been deferred as unrealized and a prior reported receivable that has since been adjusted to zero. The restated financial statements filed hereby reflect these corrections.

## **PART I**

### **ITEM 1. FINANCIAL STATEMENTS**

As used herein, the term “Company” refers to Solar Energy Limited, a Delaware corporation and its subsidiaries, unless otherwise indicated. In the opinion of management, the accompanying unaudited financial statements included in this Form 10-QSB/A reflect all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the results of operations for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

**SOLAR ENERGY LIMITED**  
**(A DEVELOPMENT STAGE COMPANY)**

**INTERIM CONSOLIDATED BALANCE SHEETS**

	June 30, 2005	December 31, 2004
	(Unaudited) (Restated)	(Restated)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 166,199	\$ 32
Prepaid expenses	33,049	707
Other receivables	154,900	-
	354,148	739
<b>FURNITURE AND EQUIPMENT</b> , net of depreciation	2,669	2,965
<b>OTHER ASSETS</b>		
Deposits	25,300	300
Investment in Mining and Mineral Rights	-	50,000
	25,300	50,300
	\$ 382,117	\$ 54,004
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (CAPITAL DEFICIENCY)</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 83,942	\$ 75,258
Accrued liabilities	175,608	173,909
Notes payable – related party (Note 8)	206,470	46,785
	466,020	295,952
<b>STOCKHOLDERS' EQUITY (CAPITAL DEFICIENCY)</b>		
Capital stock (Note 5)		
Common stock, \$0.0001 par value, 50,000,000 shares authorized		
9,296,275 (2004 – 7,521,275) shares issued and outstanding	930	752
Shares to be issued	44,000	-
Additional paid-in capital	4,048,942	3,660,620
Deficit accumulated during the development stage	(4,177,775)	(3,903,320)
	(83,903)	(241,948)
	\$ 382,117	\$ 54,004

The accompanying notes are an integral part of these consolidated financial statements

**SOLAR ENERGY LIMITED**  
**(A DEVELOPMENT STAGE COMPANY)**

**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

	Three Months Ended June 30, 2005	Three Months Ended June 30, 2004	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004	January 5, 1994 (inception) to June 30, 2005
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
<b>SALES</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>COST OF SALES</b>	-	-	-	-	-
<b>GROSS PROFIT</b>	-	-	-	-	-
<b>OPERATING EXPENSES</b>					
General and administrative	127,964	33,656	274,555	75,668	2,170,787
Research and development	-	17,939	-	40,673	2,238,132
<b>TOTAL OPERATING EXPENSES</b>	127,964	51,595	274,555	116,341	4,408,919
<b>OPERATING LOSS</b>	127,964	51,595	274,555	116,341	4,408,919
<b>OTHER INCOME (EXPENSE)</b>					
Minority interest	-	-	-	1,850	123,856
Gain (loss) on investments	-	150,499	-	150,499	161,773
Loss on sale of assets	-	-	-	-	(2,575)
Write off patents	-	-	-	-	(39,648)
Write off goodwill	-	-	-	-	(14,118)
Interest income (expense)	76	-	100	(593)	(54,282)
Gain (loss) on sale of subsidiary	-	-	-	-	56,138
<b>TOTAL OTHER INCOME (EXPENSE)</b>	76	150,499	100	151,756	231,144
<b>NET INCOME (LOSS)</b>	\$ (127,888)	\$ 98,904	\$ (274,455)	\$ 35,415	\$ (4,177,775)

<b>BASIC NET LOSS PER SHARE</b>	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)
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<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>	8,719,351	7,521,275	8,332,049	7,521,275
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The accompanying notes are an integral part of these consolidated financial statements

**SOLAR ENERGY LIMITED**  
**(A DEVELOPMENT STAGE COMPANY)**

**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004	January 5, 1994 (inception) to June 30, 2005
	(restated)	(restated)	(Note 1) (restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the period	\$ (274,455)	\$ 35,415	\$ (4,177,775)
Adjustments to reconcile net loss to net cash from operating activities:			
- depreciation	296	9,730	197,301
- bad debt	-	-	225,000
- stock issued for services	143,500	-	395,515
- stock issued for r&d expenses	-	-	439,900
- loss on sale of assets	-	-	2,575
- gain on investments	-	-	(161,773)
- gain on sale of subsidiary	-	(150,499)	(56,137)
- write off patents	-	-	39,648
- write off goodwill	-	-	14,118
- minority interest	-	(40,182)	(123,856)
- deposits	-	-	4,537
- prepaid expenses	(32,342)	23,058	(10,549)
- accounts receivable	-	-	39
- accounts payable	8,684	(15,430)	132,140
- accrued expenses	1,699	(7,253)	226,657
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(132,618)</b>	<b>(145,161)</b>	<b>(2,832,660)</b>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>			
Cash received on sale of investment	-	-	10,000
Cash acquired from sale of subsidiary	-	-	180,000
Cash acquired (sold) from sale of subsidiary	-	-	247,512
Cash paid to subsidiary	-	-	(107,568)
Cash paid to RECO and Sunspring	-	-	(2,076)
Cash paid for patent costs	-	-	(106,318)
Cash paid for property and equipment	-	-	(59,880)
Cash for deposits	-	-	(4,837)
Cash received on sale of assets	-	-	23,000
Cash received on forfeited deposit	-	-	50,000
Cash for other receivable	(174,900)	-	(429,900)
Cash received for recission of /(paid for) mining agreement	25,000	-	(25,000)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(149,900)</b>	<b>-</b>	<b>(245,067)</b>

The accompanying notes are an integral part of these interim consolidated financial statements

**SOLAR ENERGY LIMITED**  
**(A DEVELOPMENT STAGE COMPANY)**

**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004	January 5, 1994 (inception) to June 30, 2005
	(restated)		(Note 1) (restated)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issued stock for cash	245,000	140,000	1,885,913
Cash received for subscription proceeds	44,000	-	44,000
Cash received for notes payable	159,685	-	658,092
Cash received from advances by shareholders	-	-	2,044,099
Cash paid on debt financing	-	(4,000)	(1,388,178)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>448,685</b>	<b>136,000</b>	<b>3,243,926</b>
<b>INCREASE IN CASH</b>	<b>166,167</b>	<b>(9,161)</b>	<b>166,199</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>32</b>	<b>14,033</b>	<b>-</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 166,199</b>	<b>\$ 4,872</b>	<b>\$ 166,199</b>

Non-cash transactions: Refer to Notes 3 and 8.

**SUPPLEMENTARY DISCLOSURE:**

Interest paid	\$ -	\$ -	\$ 17,195
Income taxes paid	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these interim consolidated financial statements

**SOLAR ENERGY LIMITED**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
**(Unaudited)**

**NOTE 1 - Summary of Significant Accounting Policies**

**a. Organization**

Solar Energy Limited ("the Company") was incorporated as Taurus Enterprises, Inc. under the laws of the State of Delaware on January 5, 1994. The Company was organized primarily for the purpose of operating a used automobile brokerage firm. The Company did not become operational and abandoned its attempts to establish the brokerage operation.

In August of 1996 its shareholders decided to reactivate the Company, merge the Company with Salvage World, Inc., a private company, change the name to Salvage World, Inc. and reincorporate in the state of Nevada.

On December 17, 1997 the Company merged with Solar Energy Limited (Solar) a Delaware corporation organized on July 24, 1997 and changed the name to Solar Energy Limited. The surviving corporation is the Delaware corporation and the authorized shares were changed to 50,000,000 par value \$.0001. Solar's headquarters are located in Los Alamos, New Mexico.

On January 1, 1998 the Company issued the initial 170,400 shares of stock and on October 21, 1998 an additional 530,000 share were issued for the acquisition of 100% of Hydro-Air Technologies, Inc. (Hydro) a New Mexico corporation organized June 18, 1997. Hydro owns various rights to patented intellectual property called Hydro-Air Renewable Power System ("HARPS"), and has developed a prototype system to generate electricity from the evaporation of water. Hydro's headquarters are located in Los Alamos, New Mexico. This business combination was accounted using the purchase method. Operations of Hydro have been included in the consolidated statement of operations since January 1, 1998. The Company valued the acquisition at \$83,346, the amount of goodwill recorded for the acquisition.

In January 1999 the Company issued 350,000 shares of stock for the acquisition of 100% of Renewable Energy Corporation (RECO) a New Mexico corporation organized November 30, 1998. RECO owns various rights to patented intellectual property associated with the solar recycling of CO<sub>2</sub> to fuel. RECO's headquarters are located in Los Alamos, New Mexico. The Company valued the acquisition at \$440,000 consisting of cash paid of \$20,000 and stock valued at \$420,000. The Company acquired RECO assets of \$49,500 and assumed liabilities of \$49,400. The acquisition was recorded using the purchase method of a business combination. The statement of operations of RECO has been included in the consolidated statements of operation for the year ended December 31, 1999. RECO had no operations in 1998 therefore no proforma information is presented. The Company recorded \$439,900 of Research & Development expenses in connection with this acquisition.



**SOLAR ENERGY LIMITED**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
**(Unaudited)**

**NOTE 1 - Summary of Significant Accounting Policies (continued)**

On June 30, 2000, the Company sold 100% of its interest in RECO to Jade Electronic, Inc., who changed their name to Renewable Energy Limited (REEL) for 63% of the outstanding stock of REEL and cash of \$180,000. At the point of sale REEL had no assets and no liabilities, thus RECO became its only assets, liabilities and operations at June 30, 2000. Because the Company essentially sold 37% of its interest in RECO for cash of \$180,000, the Company recorded minority of interest of \$162,800 and a gain of \$17,200. This acquisition was recorded by Jade as a reverse acquisition with RECO being the accounting acquirer, therefore no goodwill was recorded in the acquisition and REEL recorded the assets and liabilities of RECO at predecessor cost. The Company has consolidated its books with REEL as of December 31, 2000.

In April 2000, the Company acquired all of the outstanding common stock of Sunspring, Inc.(Sunspring) for \$14,500. Sunspring was incorporated in April 2000 as Holisticom.com Limited and subsequently changed its name to Sunspring in August 2000. Sunspring is a development stage company and has directed its efforts towards development of new technology.

On November 26, 2001, the Company exchanged all of its shares of common stock in its wholly owned subsidiary, Sunspring, Inc. (Sunspring), for 2,000,000 shares of restricted common stock and 8,000,000 shares of preferred stock of Sun Power Corporation (Sun). During the period November 26, 2001 to November 26, 2002, both Sun and the Company had the right to cancel this agreement. If either cancels, the 8,000,000 shares of preferred will be returned to SunPower and Sunspring will be returned to the Company. The Company uses the equity method to account for its investments and recognized a gain on the exchange. The restricted common stock and preferred stock of Sun were recorded at a basis of \$0.

On November 26, 2001, the Company exchanged all of its common stock in its 63% owned subsidiary, Renewable Energy Corporation (RECO), for 2,000,000 shares of restricted common stock and 8,000,000 shares of preferred stock of Sun Power Corporation (Sun). During the period November 26, 2001 to November 26, 2002, both Sun and the Company had the right to cancel this agreement. If either canceled, the 8,000,000 preferred shares would be returned to SunPower and Sunspring would be returned to the Company. The restricted common stock and preferred stock of Sun were recorded at a basis of \$0.

On December 30, 2002, the Company was returned all of its stock in its 63% owned subsidiary, Renewable Energy Corporation (RECO), and gave back 8,000,000 shares of preferred stock of Sun Power Corporation. In addition, on December 30, 2002, the Company was returned all of its stock in its 100% owned subsidiary, Sunspring, Inc., and gave back 8,000,000 shares of preferred stock to Sun Power Corporation. The Company kept the 2,000,000 shares of restricted common stock of Sun Power and recorded a basis of \$0. On October 18, 2004, the Company entered into an agreement to sell all of the shares of Sun Power for \$186,667. In December 2004, the Company wrote off the amount of \$176,667 as uncollectible.

**SOLAR ENERGY LIMITED**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
**(Unaudited)**

**NOTE 1 - Summary of Significant Accounting Policies (continued)**

On April 27, 2004, the Company entered into a stock purchase agreement for Renewable Energy Corp. (RECO) with Los Alamos Renewable Energy, LLC, (LARE) a limited liability company for which two of the Company's former Officers and Directors act as managing members. Pursuant to the Agreement, an additional 99,900 shares of common stock of RECO were issued to the Company and an additional 200,000 shares of RECO were issued to LARE. In effect, the Company now has a 33% interest in RECO and will use the equity method of accounting instead of the consolidation method. The Company has also forgiven debt due from RECO. At June 30, 2005, a gain of \$56,138 has been recognized due to the recapture of prior year losses.

The Company is in the development stage according to Financial Accounting Standards Board Statement No. 7 and is currently focusing its attention on raising capital in order to pursue its goals.

**b. Accounting Method**

The Company recognizes income and expenses on the accrual basis of accounting.

**c. Earnings (Loss) Per Share**

The computation of earnings per share of common stock is based on the weighted average number of shares outstanding at the date of the financial statements. Fully diluted earnings per share are not presented because it is anti-dilutive.

**d. Cash and Cash Equivalents**

The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents.

**e. Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. In these financial statements, assets involve extensive reliance on management's estimates. Actual results could differ from those estimates.

**f. Principles of Consolidation**

The June 30, 2005 financial statements include the accounts of Solar Energy Limited and its wholly owned subsidiaries Hydro-Air Technologies, Inc., Sunspring Inc., and Renewable Energy Ltd. All intercompany accounts and transactions have been eliminated in the consolidation.

**SOLAR ENERGY LIMITED**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
**(Unaudited)**

**NOTE 2 - Going Concern**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has had recurring operating losses for the past several years and is dependent upon financing to continue operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. It is management's plan includes the following: (1) obtaining funding from private placement sources; (2) obtaining additional funding from the sale of the Company's securities; (3) establishing revenues from commercializing of its project; and (4) obtaining loans and grants from various financial institutions, where possible. Although management believes that it will be able to obtain the necessary funding to allow the Company to remain a going concern through the methods discussed above, there can be no assurances that such methods will prove successful.

**NOTE 3 - Development Stage Company**

The Company is a development stage company as defined in Financial Accounting Standards Board Statement No. 7. It is concentrating substantially all of its efforts in raising capital and developing its business operations in order to generate significant revenues.

**NOTE 4 - Stockholders' Equity Transactions**

During the six months ending June 30, 2005, the Company issued 600,000 shares of common stock for services at \$ .21 per share, 50,000 shares of common stock for services at \$ .35 and 1,125,000 shares of common stock for cash of \$245,000.

During 2004, the Company issued 650,000 shares of common stock for cash of \$140,000.

During 2003, the following shares of common stock were issued:

<u>Month</u>	<u>Shares</u>	<u>Per Share</u>	<u>Exchange</u>
January, 2003	23,000	\$ .30	Cash
February, 2003	60,000	\$ .30	Cash
September, 2003	2,734,954	\$ .30	Debt
October, 2003	150,000	\$ .30	Cash
October, 2003	200,000	\$ .20	Service

Pursuant to the plan or reorganization and merger agreement dated August 20, 1996, the Company merged Taurus Enterprises, Inc. (a public company) with Salvage World, Inc. (a private company). The shareholders of Taurus returned their stock and received stock in the new combined entity named Salvage World, Inc. The Company changed the par value of its common stock from \$.0001 to \$.001.

**SOLAR ENERGY LIMITED**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
**(Unaudited)**

**NOTE 4 - Stockholders' Equity Transactions (continued)**

Pursuant to the merger agreement dated December 17, 1997, the Company merged with Solar Energy Limited and the shareholders of Salvage received shares in the new combined Solar entity. The Company then changed the par back to \$.0001 and the new authorized capital became 50,000,000. The Board then authorized a 1 for 20 reverse stock split. These financial statements have been retroactively restated to reflect the split.

The Company has issued 70,040 shares of stock to acquire 100% of the stock of Hydro-Air Technologies. The acquisition agreement between the Company and Hydro-Air Technologies provides an initial issuance of stock at the beginning of phase one, and additional issuances throughout the development process to arrive at no less than 4,000,000 shares or 40% of the outstanding stock. Because Hydro had a negative equity position goodwill was recorded and no value was assigned to the stock issued.

The Company issued 7,800,000 shares of common stock at \$.10 and 2,000,000 shares of common stock at \$.10 for cash and services in an exempt 504 offering which raised \$800,000 during 1998.

The Company also issued 125,000 shares of common stock for \$125,000 in a 505 exempt offering.

During January 1999, the Company issued 350,000 shares of its common stock to acquire 100% of the stock of Renewable Energy Corporation. The shares were valued at \$1.20 each net of a 40% discount due on their restricted nature based on the trading value of the stock at the time.

During May 1999, the Company issued 100,000 shares of its common stock for cash of \$100,000.

During November 1999, the Company issued 800,000 shares of its common stock for cash of \$144,000.

**NOTE 5 - Property & Equipment**

Property and equipment consists of the following at June 30, 2005 and December 31, 2004:

	June 30 2005	December 31 2004
Office Equipment & Furniture	\$ 28,695	\$ 28,695
Tools	<u>2,264</u>	<u>2,264</u>
	30,959	30,959
Accumulated Depreciation	<u>(28,290)</u>	<u>(27,994)</u>
Net Property & Equipment	<u>\$ 2,669</u>	<u>\$ 2,965</u>

**SOLAR ENERGY LIMITED**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
**(Unaudited)**

**NOTE 6 - Patent Costs**

The Company has incurred legal costs in connection with the Patent process which the Company has rights to, and has therefore capitalized those costs and was amortizing them over a five year period. Amortization expense attributable to patents during 2004, 2003 and 2002 is \$7,367, \$24,591 and \$7,200, respectively. At December 31, 2004, the patent costs were deemed impaired and the remaining balance of \$39,648 was written off.

**NOTE 7 - Goodwill**

The Company recorded Goodwill in connection with the acquisition of Hydro, due to the negative equity position of Hydro. A total of \$83,346 was recorded upon acquisition and was being amortized over a 5 year period, until the adoption by the company on January 1, 2002 of SFAS 142 (See Note 12). The Company is now required to perform an impairment test on goodwill and other intangible assets annually. The realization of this asset is contingent upon Hydra's ability to generate revenues from the HARPS process. Then, in December 2002, the Company recorded Goodwill in connection with the return of RECO and Sunspring from Sun Power Corporation. A total of \$54,125 was recorded from this event. In April 2004, the Company sold 42% of its interest in RECO and no longer uses the consolidation method of accounting. Therefore, goodwill is \$0 at December 31, 2004.

**NOTE 8 - Notes Payable - Related Party**

Bay Cove Investments, Ltd., a shareholder, loaned the Company \$159,685 during the six months ending June 30, 2005. The loans bear interest at 6% per annum and are due upon demand. The balance of the loans at June 30, 2005 are \$209,852 which includes \$3,382 of accrued interest owing.

**NOTE 9 – Mining & Mineral Rights**

On November 17, 2004, the Company entered into an agreement with Manhattan Minerals Corp. (Manhattan) to purchase certain mining and mineral rights located in the vicinity of Tambogrande, Peru. These mining and mineral rights consist of the following:

Tambogrande property which is comprised of 8,000 ha that surrounds and includes the city of Tambogrande. This property is currently under arbitration.

Lancones property (including the Perla concession comprising of approximately 1,900 ha) comprising of approximately 33,000 ha that surrounds the Tambogrande property. This property is in good standing other than certain work assessments are in arrears.

Option Agreement with Empresa Mineranda Centro del Peru, S.A. to acquire up to 100% of seven concessions aggregating approximately 3,200 ha known as the Papayo Joint Venture. This option agreement may not be in effect and is in dispute.

**SOLAR ENERGY LIMITED**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
**(Unaudited)**

**NOTE 9 – Mining & Mineral Rights (continued)**

Pursuant to the purchase agreement, the Company must pay cash of \$600,000 of which \$50,000 has been paid as of June 30, 2005. In addition to cash, the Company must assume the liabilities and obligations pertaining to the properties, including the \$2,367,000 convertible redeemable notes issued by Manhattan and secured by the Lancone and Papayo properties.

Manhattan will retain a 2% net smelter royalty (NSR) with respect to the Peruvian properties. The Company will retain a right of first refusal to purchase the NSR and will have the option to buy down the NSR for \$100,000 for each 1/10 of 1% acquired (aggregating \$2,000,000 for the full 2% NSR) in cash or shares of the Company. The Company and Manhattan, by mutual consent, terminated the agreement in May 2005, with the \$50,000 paid pursuant to the purchase agreement refunding back to the company. As of June 30, 2005, \$25,000 has been repaid and \$25,000 remains owing and has been reclassified to Deposits.

**NOTE 10 - Commitments**

The founder of the HARPS technology has granted Hydro an exclusive license to develop, manufacture and market the same. For the license Hydro is committed to a 1% royalty on gross sales of the units and 1/2% royalty on the sale of the electrical power generated by any power plants owned by Hydro.

On February 4, 2005, the Company entered into an agreement to acquire Planktos, Inc., (Planktos) a private California company. Pursuant to the agreement, the Company will acquire 100% of the common stock of Planktos for a purchase price of \$1,500,000. The \$1,500,000 is deemed paid by the Company upon issuance of a \$1,500,000 convertible debenture with the following terms: 5 year term, bears interest at 5% and convertible into the Company shares at 10% below market. It is the intent of the Company to take Planktos public within six months of the closing date. The Company further commits to raising an additional \$1,000,000 for Planktos prior to the completion of taking Planktos public. If Planktos is not public within six months, the shareholders of Planktos have the right to redeem their shares of Planktos by canceling the \$1,500,000 debenture payable by the Company.

**NOTE 11 - Fair Value of Financial Instruments**

Unless otherwise indicated, the fair values of all reported assets and liabilities which represent financial instruments approximate the carrying values of such amounts.

**NOTE 12 – Stock Options**

In October 2001, the company granted stock options to employees. The stock options vested in October 2003.

The Company has adopted only the disclosure provisions for FAS No. 123 “Accounting for Stock-Based Compensation”. Therefore, the Company accounts for stock-based compensation under the Accounting Principles Board Opinion No. 25.

**SOLAR ENERGY LIMITED**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
**(Unaudited)**

**NOTE 12 – Stock Options (continued)**

Information with respect to the Company's stock options at June 30, 2005 is as follows:

	Stock Options	Exercise Price	Weighted Average Exercise
Outstanding at January 1, 2003	500,000	\$ .33	\$ .33
Granted	-	-	-
Exercised	-	-	-
Forfeited	-	-	-
Outstanding at December 31, 2003	500,000	\$ .33	\$ .33
Granted	-	-	-
Exercised	-	-	-
Forfeited	-	-	-
Outstanding at June 30, 2005	<u>500,000</u>	<u>\$ .33</u>	<u>\$ .33</u>

**NOTE 13 – Subsequent Event**

Subsequent to June 30, 2005, the Company issued 180,000 commons shares for the exercise of stock options granted to a consultant at \$ .20 per share.

**NOTE 14 – Restated Financial Statements**

During a regulatory review it was discovered that the cash flow statement for the six months ended June 30, 2005 contained a non-cash flow entry relative to the deposits that should have been shown as an investing activity relative to the mining & mineral rights. The error has been corrected, the net cash was unchanged. Also during this review it was discovered that the receivable outstanding at December 31, 2004 for the sale of the Sun Power shares was uncollectible, and has been written off in 2004, thus adjusting the retained earnings and notes receivable in these financials in the amount of \$176,667.

**SOLAR ENERGY LIMITED**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
**(Unaudited)**

The quarterly information for 2004 was also restated due to a restatement made on the December 31, 2004 audit as follows:

During a regulatory review, it was discovered that the gain reported on the sale of RECO and Sunspring to Sun Power in 2001, should have been deferred as unrealized due to the mutual cancellation provision in the agreement. The gain of \$64,573 was therefore deferred in 2001, and in 2002 when RECO and Sunspring were returned to the Company, the goodwill and fixed assets recorded from this transaction were removed and offset against other comprehensive income (a contra equity account). On the statement of operations, the inception column has a decrease in the gain/(loss) on Investment of \$64,573 and an increase in gain/(loss) on sale of subsidiary in the same amount. The statement of operations for 2004 has been restated by increasing the gain/(loss) on sale of subsidiary by \$64,573. The statement of stockholder's equity reflects an increased loss in 2001 of \$64,573 and decreased loss in 2004 in the same amount. The statement of cashflow has similar changes as the statement of operations. A summary of the changes in each period presented in these financial statements are as follows:

		Original file 12/31/03		Restate Filing 12/31/03		Original file 12/31/04		Restate Filing 12/31/04
Cash	\$	14,033	\$	14,033	\$	32	\$	32
Prepaid Expenses		22,500		22,500		707		707
Other Receivables		-		-		176,667		-
Property & Equipment		13,466		3,018		2,965		2,965
Patent Cost		57,406		57,406		-		-
Goodwill		68,243		14,118		-		-
Deposits		4,837		4,837		300		300
Investment in Mining Rights		-		-		50,000		50,000
Total Assets	\$	180,485	\$	115,912	\$	230,671	\$	54,004
Accounts Payable	\$	74,170	\$	74,170	\$	75,258	\$	75,258
Accrued Liabilities		288,058		288,058		173,909		173,909
Notes Payable		4,000		4,000		46,785		46,785
Minority Interest		40,182		40,182		-		-
Common Stock		687		687		752		752
Paid In Capital		3,520,685		3,520,685		3,660,620		3,660,620
Accumulated Deficit		(3,747,297)		(3,811,870)		(3,726,653)		(3,903,320)
Total Liabilities & Stockholders' Equity	\$	180,485	\$	115,912	\$	230,671	\$	54,004



**SOLAR ENERGY LIMITED**  
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**(Unaudited)**

NOTE 14 – Restatement of Financial Statements (Continued)

		Original File 12/31/04		Restated Filing 12/31/04		Original File 12/31/03		Restated Filing 12/31/03		Original File 12/31/02		Restated Filing 12/31/02
Revenue	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Operating Expenses		167,908		167,908		385,002		385,002		176,848		176,848
Operating (Loss)		(167,908)		(167,908)		(385,002)		(385,002)		(176,848)		(176,848)
Minority Interest		1,238		1,238		66,969		66,969		-		-
Other Income		-		10,000		-		70,000		-		-
Gain (Loss) on Investment		186,667		-		70,000		-		-		-
Interest Income (Expense)		(1,725)		(1,725)		(33,891)		(33,891)		(36,197)		(36,197)
Write Off of Patents		(39,648)		(39,648)		-		-		-		-
Write off of Goodwill		(14,118)		(14,118)		-		-		-		-
Gain (Loss) on Sale of Subsidiary		56,138		120,711		-		-		-		-
Net Income	\$	20,644	\$	(91,450)	\$	(281,904)	\$	(281,904)	\$	(213,045)	\$	(213,045)
EPS	\$	.00	\$	(.01)	\$	(.06)	\$	(.06)	\$	(.06)	\$	(.06)

Effect of Restatement on Quarterly 10-Qs in 2004:

		Q1 2004 Original		Q1 2004 Restated		Q2 2004 Original		Q2 2004 Restated		Q3 2004 Original		Q3 2004 Restated
Revenues	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Operating Expenses		64,746		64,746		(51,595)		(51,959)		(2,473)		(2,473)
Other Expenses		1,265		1,265		85,926		150,499		3		3
Net Income (Loss)	\$	(63,481)	\$	(63,481)	\$	34,331	\$	98,904	\$	(2,470)	\$	(2,470)
EPS	\$	(.01)	\$	(.01)	\$	.00	\$	.01	\$	(.00)	\$	(.00)

## **ITEM 2.**

### **MANAGEMENT'S PLAN OF OPERATION**

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the financial statements and accompanying notes and the other financial information appearing elsewhere in this Form 10-QSB/A. The Company's fiscal year end is December 31.

This report and the exhibits attached hereto contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements include, without limitation, statements as to management's good faith expectations and beliefs, which are subject to inherent uncertainties which are difficult to predict and may be beyond the ability of the Company to control. Forward-looking statements are made based upon management's expectations and belief concerning future developments and their potential effect upon the Company. There can be no assurance that future developments will be in accordance with management's expectations or that the effect of future developments on the Company will be those anticipated by management.

The words "believes," "expects," "intends," "plans," "anticipates," "hopes," "likely," "will," and similar expressions identify such forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company, or industry results, to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements.

These risks and uncertainties, many of which are beyond our control, include (i) the sufficiency of existing capital resources and the Company's ability to raise additional capital to fund cash requirements for future operations; (ii) uncertainties as to whether any of the Company's projects will ever be commercialized; (iii) the ability of the Company to achieve sufficient revenues through the commercialization of its projects to fund and maintain operations; (iv) volatility of the stock market; and (v) general economic conditions. Although the Company believes the expectations reflected in these forward-looking statements are reasonable, such expectations may prove to be incorrect.

Readers are cautioned not to place undue reliance on these forward-looking statements which reflect management's view only as of the date of this report. The Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, conditions or circumstances. For additional information about risks and uncertainties that could adversely affect the Company's forward-looking statements, please refer to the Company's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-KSB/A for the fiscal year ended December 31, 2004.

### **Business**

The Company is a research and development company involved in a variety of projects with no revenues from operations and no immediate source or expectation of revenue generation. The Company has been funded since inception from public or private debt or equity placements or by major shareholders in the form of loans. Virtually all of the capital raised to date has been allocated for research and the development activities and for administrative costs. All projects under development by the Company are experimental in nature and are recorded as research and development expenses with related general and administrative expenses.

### *Hydro-Air Technologies, Inc.*

The Company is the owner of intellectual property rights related to the acquisition of Hydro-Air Technologies, Inc. ("HAT") from Dr. Melvin Prueitt. HAT has certain intellectual property rights which the Company had intended to develop for the purpose of generating commercially viable electrical power using the energy generated by the heat of evaporation of water. Unfortunately, these projects proved difficult to develop into working prototypes which caused the Company to abandon research and development specific to these technologies. However, preliminary work, experiments completed and test results generated from the projects did prove useful to derivative projects that the Company expect to become commercially viable.

### *Renewable Energy Limited*

The Company is the owner of a 33% interest in Renewable Energy Limited ("RECO"). The primary asset of RECO is a project called SOLAREC (Solar Reduction of Carbon Dioxide.) This project, lead by Dr. Reed Jensen, involves the task of recycling carbon dioxide (CO<sub>2</sub>) into fuel using focused ultraviolet and visible light from the sun. One of the goals of the SOLAREC project is to use solar energy and carbon dioxide (CO<sub>2</sub>) to produce a clean usable fuel (gasoline, diesel, etc.) with electricity and oxygen as the only by-products. RECO has also developed three solar driven methods for the environmentally friendly production of hydrogen, utilizing atmospheric or industrially produced CO<sub>2</sub> or coal. The Company believes that the SOLAREC project has the potential to significantly address today's global energy and pollution problems.

### *Planktos, Inc.*

On August 10, 2005, the Company acquired Planktos, Inc. ("Planktos"), as a wholly owned subsidiary in exchange for a five (5) year convertible debenture in the amount of one million five hundred thousand dollars (\$1,500,000) and an agreement to advance up to \$1,500,000 in the form of loans over the next twelve (12) months to capitalize Planktos' initial business plan. The stock purchase agreement further commits the Company to assist Planktos in the process of becoming a public company within the next six (6) months either by reverse acquisition into an existing public entity or through an initial public offering of Planktos' common stock.

Planktos' business is primarily concerned with the commercial opportunities attendant to the Kyoto Protocol. The Kyoto Protocol enables companies and governments to offset regulated greenhouse emission restrictions by investing in CO<sub>2</sub> reduction programs in exchange for certified emission reduction (CER) credits. CER credits are traded much like commodities with a current value of approximately twenty five dollars per CER (which represents one ton of CO<sub>2</sub> or equivalent). The Kyoto Protocol became law effective February 16, 2005, the result of which will be a rapidly expanding multi-billion-dollar market for CER credits.

Planktos' near term commercial objective is to produce CER credits at a cost of less than one dollar (\$1.00) per tonne utilizing proprietary technology designed to stimulate plankton growth in the world's oceans as a means by which to sequester CO<sub>2</sub>. Specifically, Planktos expects to implement its program of "iron fertilization" of the ocean to sequester tonnes of CO<sub>2</sub>.

Should the Company fail to arrange the required financing within 12 months of the agreement, the Planktos shareholder has the right to redeem the shares of Planktos in exchange for canceling any amounts due to the Planktos shareholder pursuant to the debenture and the Company has the right to redeem the debenture in exchange for returning the Planktos shares.

### *D2Fusion Inc.*

On August 18, 2005, the Company acquired D2Fusion Inc. ("D2Fusion"), as a wholly owned subsidiary in exchange for a five (5) year convertible debenture in the amount of two million dollars (\$2,000,000) and an agreement to advance up to two million two hundred thousand (\$2,200,000) in the form of loans over the next twelve (12) months to capitalize D2Fusion's initial business plan. The stock purchase agreement further commits the Company to assist D2Fusion to have direct access to public markets within the next six (6) months for the purpose of raising additional funds in excess of those committed by the Company.

D2Fusion is a research and development company staffed by scientists and engineers working toward the delivery of proprietary solid-state fusion aimed at entry level heat and energy applications for homes and industry.

Solid-state fusion is a technology more widely recognized under the name "cold-fusion." Unlike the reactions in "cold-fusion," D2Fusion technology uses much simpler and more reliable solid state processes more akin to high temperature super-conductor physics to produce and control radiation-free fusion reactions. In this simplest form of fusion two deuterium atoms which are contained and constrained under solid state conditions fuse to form a single helium atom. Each new helium atom created is accompanied by an enormous energy release. Under ideal conditions, one gram of hydrogen fuel is equivalent to billions of watts of energy.

Russ George and Dr. Tom Passell, who head the Palo Alto based company, have been involved with solid state fusion research since 1989. Successful experimental prototypes have been tested at Stanford Research Institute. The immediate intention of D2Fusion is to produce kilowatt scale thermal prototypes which will be further tested and refined by collaborating research groups in the Silicon Valley, Los Alamos, the US Navy, and Frascati, Italy. D2Fusion's ultimate goal is to produce heat and electricity at a fraction of today's cost with no emissions.

The Company is well aware of the controversy surrounding "cold fusion" technology. However, the Company believes that there is sufficient global evidence that the risk/reward ratio merits investment. Should D2Fusion's prototype technology be scaled to commercial size it will help solve much of the world's energy, water, and pollution problems.

Should the Company fail to arrange the required financing within 12 months of the agreement, the D2Fusion shareholder has the right to redeem the shares of D2Fusion in exchange for canceling any amounts due to the D2Fusion shareholder pursuant to the debenture and the Company has the right to redeem the debenture in exchange for returning the D2Fusion shares.

### **Results of Operations**

During the six month period ended June 30, 2005, the Company was involved in identifying favorable business opportunities, capital raising, negotiations with respect to both D2Fusion and Planktos and funding of both D2Fusion and Planktos in anticipation of acquiring these companies. The Company is now focused on completing the specific post-closing covenants of both acquisition agreements.

The Company does not expect to receive revenues within the next twelve months of operation as both D2Fusion and Planktos remain in the research and development stage with no significant revenues. Further, the Company has suspended research and development related to Hydro-Air Technologies, Inc. and has no near term expectation of revenue from the operations of Renewable Energy Limited.

## **Net Losses**

For the period from January 5, 1994 to June 30, 2005, the Company recorded accumulated net losses of \$4,177,775. The Company's operating losses are attributable to general and administrative expenses and to research and development expenses. The general and administrative expenses include incorporation costs, accounting expenses, professional fees consulting fees and costs associated with the preparation of disclosure documentation in connection with registration pursuant to the Exchange Act of 1934. The research and development expenses to date have included the pursuit of numerous non-fossil fuel energy technologies including solar power. The Company did not generate any revenues from operations during this period.

The Company expects to continue to operate at a loss through fiscal 2005 due to the nature of research and development activities.

## **Capital Expenditures**

The Company has spent nothing on capital expenditures for the period from January 5, 1994 (inception) to June 30, 2005.

## **Liquidity and Capital Resources**

As of June 30, 2005, the Company had current assets totaling \$354,148 and a working capital deficiency of \$111,872. The Company will require new debt or equity transactions to satisfy cash needs over the next twelve months to satisfy conditions attendant to the acquisition of Planktos and D2Fusion, in addition to general operating expenses. Management believes that the Company can realize these minimum funding needs through at least the calendar year ending December 31, 2005 based upon the belief that sufficient funding can be obtained from public or private debt or equity placements. However, there can be no assurances to that effect. Further, the Company has no revenues and has a substantial need for significant capital to build its businesses. Should the Company be unable to obtain needed funds, it may be forced to curtail or cease its activities.

Cash flow provided from financing activities was \$448,685 for the six month period ended June 30, 2005 as compared to cash flow provided from financing activities of \$136,000 for the six month period ended June 30, 2004. Funds realized from financing activities in the current six month period were primarily from the sale of common equity and subscription proceeds in the amount of \$289,000 and a loan from Bay Cove Investments, Ltd., a shareholder, in the amount of \$159,685.

Cash flow used in operating activities was \$132,618 for the six month period ended June 30, 2005 as compared to cash flow used in operating activities of \$145,161 for the six month period ended June 30, 2004. Cash flow was used in operating activities was due in large part to an increase in net losses over the comparative six month periods from an increase in general and administrative expenses.

Cash flow used in investing activities was \$149,900 for the six month period ended June 30, 2005 as compared to cash flow used in investing activities of \$0 for the six month period ended June 30, 2004. Cash flow used in investing activities can be attributed to monies advanced to Planktos and D2Fusion of \$174,900 and cash flow provided by investing activities can be attributed to \$25,000 that has been refunded to the Company in connection with the termination of certain mining and mineral rights to develop properties located in Peru.

On December 3, 2004, the Company adopted the 2004 Benefit Plan of Solar Energy Limited (the “Plan”) pursuant to which the Company may issue up to 1,250,000 shares of its common stock through stock issuances, or the grant of stock options to acquire the Company's common stock, to employees, consultants or advisors, who contribute to the success of the Company provided that bona fide services are rendered to the Company and that such services are not in connection with the offer or sale of securities in a capital-raising transaction. Further, no stock may be issued, or option granted under the Company's benefit plan to consultants, advisors, or other persons who directly or indirectly promote or maintain a market for the Company's securities. The Plan was registered under Form S-8 with the Securities and Exchange Commission on December 13, 2004. As of June 30, 2005 the Company had issued 700,000 shares pursuant to the Plan to consultants for legal and general consulting services. On July 6, 2005, the Company issued 50,000 shares to a consultant for services valued at \$17,500.

The Company has no current plans for the purchase or sale of any plant or equipment.

The Company has no current plans to make any changes in the number of employees.

### **Critical Accounting Policies**

In the notes to the audited consolidated financial statements for the year ended December 31, 2004 included in the Company's Form 10-KSB/A, the Company discusses those accounting policies that are considered to be significant in determining the results of operations and its financial position. The Company believes that the accounting principles utilized by it conform to accounting principles generally accepted in the United States of America.

The preparation of financial statements requires management to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. By their nature, these judgments are subject to an inherent degree of uncertainty. On an on-going basis, the Company evaluates its estimates, including those related to bad debts, inventories, intangible assets, warranty obligations, product liability, revenue, and income taxes. The Company bases its estimates on historical experience and other facts and circumstances that are believed to be reasonable, and the results form the basis for making judgments about the carrying value of assets and liabilities. The actual results may differ from these estimates under different assumptions or conditions.

### **ITEM 3. CONTROLS AND PROCEDURES**

The Company's president acts both as the Company's chief executive officer and chief financial officer and is responsible for establishing and maintaining disclosure controls and procedures for the Company.

#### **(a) Evaluation of Disclosure Controls and Procedures**

Under the supervision and with the participation of management, acting as our principal executive officer and principal financial officer, he evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (“Exchange Act”), as of June 30, 2005. Based on this original evaluation, our principal executive officer and our principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective and adequately designed to ensure that the information required to be disclosed by us in the reports we submit under the Exchange Act was recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms and that such information was accumulated and communicated to our chief executive officer and chief financial officer, in a manner that allowed for timely decisions regarding required disclosure.

However, subsequent to the filing of the Company's annual report our chief executive officer and chief financial officer concluded that certain financial information previously disclosed by the Company was inaccurate and warranted a restatement. The determination to restate the Company's financial statements was reached in connection with comments made by the U.S. Securities and Exchange Commission pertaining to the Company's Form 10-KSB filing for the period ended December 31, 2004 and Forms 10-QSB filings for the periods ended March 31, 2005 and June 30, 2005. Our principal executive officer and chief financial officer determined that a restatement was warranted due to a prior reported gain on the sale of a subsidiary that should have been deferred as unrealized due to a mutual cancellation provision made part of that transaction and a prior reported receivable that has since been adjusted to zero. Accordingly, the principal executive officer and chief financial officer determined that its disclosure controls and procedures for the periods ended December 31, 2004, March 31, 2005 and June 30, 2005 were ineffective and not adequately designed.

The auditors did not test the effectiveness of nor relied on the internal controls of the Company for the periods ended June 30, 2005 and 2004.

**(b) Changes in Internal Controls**

During the period ended June 30, 2005, there was no change in internal control over financial reporting that materially affected, or was reasonably likely to materially affect the Company's internal control over financial reporting.

However, subsequent to the filing of the Company's annual report our principal executive officer and chief financial officer concluded that changes will be made to internal controls over financial reporting which may materially affect our financial reporting. Our principal executive officer and chief financial officer will make certain proposals to the Company's board of directors to implement changes to safeguard against future errors in financial disclosure. The proposals include a segregation of the duties of principal executive officer and chief financial officer, and the formation of an audit committee. Our principal executive officer and chief financial officer believes that the segregation of a chief executive officer's duties from that of a chief financial officer and the formation of an audit committee would cause the Company to better evaluate the effectiveness of the design and operation of the Company's disclosure controls and procedures on a constant basis with the intention of discovering any potential misstatements prior to erroneous disclosure.

**PART II**

**ITEM 1. LEGAL PROCEEDINGS**

None.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES**

On August 3, 2005, the Company authorized the issuance of 100,000 shares of common stock valued at \$0.20 per share to Global Asset Products AG for cash consideration in the amount of \$20,000 pursuant to the exemptions from registration provided by Regulation S and Section 4(2) of the Securities Act of 1933, as amended ("Securities Act").

The Company made this offering based on the following factors: (1) the issuance was an isolated private transaction by the Company which did not involve a public offering; (2) there was only one offeree who was issued the Company's stock for cash; (3) the offeree stated an intention not to resell the stock; (4) there were no subsequent or contemporaneous public offerings of the stock; (5) the stock was not broken down into smaller denominations; and (6) the negotiations that lead to the issuance of the stock took place directly between the offeree and the Company.

Regulation S provides generally that any offer or sale that occurs outside of the United States is exempt from the registration requirements of the Securities Act, provided that certain conditions are met. Regulation S has two safe harbors. One safe harbor applies to offers and sales by issuers, securities professionals involved in the distribution process pursuant to contract, their respective affiliates, and persons acting on behalf of any of the foregoing (the "issuer safe harbor"), and the other applies to resales by persons other than the issuer, securities professionals involved in the distribution process pursuant to contract, their respective affiliates (except certain officers and directors), and persons acting on behalf of any of the foregoing (the "resale safe harbor"). An offer, sale or resale of securities that satisfied all conditions of the applicable safe harbor is deemed to be outside the United States as required by Regulation S. The distribution compliance period for shares sold in reliance on Regulation S is one year.

The Company complied with the requirements of Regulation S by having no directed selling efforts made in the United States, by selling only to an offeree who was outside the United States at the time the subscription agreement originated, and ensuring that the entity to whom the stock was issued was a non-U.S. person with an address in a foreign country.

On July 27, 2005, the Company authorized the issuance of 180,000 shares of common stock valued at \$0.20 a share to Robert Fisher for cash consideration in the amount of \$36,000 pursuant to the exemptions from registration provided by Regulation S and Section 4(2) of the Securities Act.

The Company made this offering based on the following factors: (1) the issuance was an isolated private transaction by the Company which did not involve a public offering; (2) there was only one offeree who was issued the Company's stock for cash consideration; (3) the offeree stated an intention not to resell the stock; (4) there were no subsequent or contemporaneous public offerings of the stock; (5) the stock was not broken down into smaller denominations; and (6) the negotiations that lead to the issuance of the stock took place directly between the offeree and the Company.

The Company complied with the requirements of Regulation S by having no directed selling efforts made in the United States, by selling only to an offeree who was outside the United States at the time the subscription agreement originated, and ensuring that the entity to whom the stock was issued was a non-U.S. person with an address in a foreign country.

On May 27, 2005, the Company authorized the issuance of 200,000 shares of common stock valued at \$0.20 per share to Global Asset Products AG for cash consideration in the amount of \$40,000 pursuant to the exemptions from registration provided by Regulation S and Section 4(2) of the Securities Act.

The Company made this offering based on the following factors: (1) the issuance was an isolated private transaction by the Company which did not involve a public offering; (2) there was only one offeree who was issued the Company's stock for cash consideration; (3) the offeree stated an intention not to resell the stock; (4) there were no subsequent or contemporaneous public offerings of the stock; (5) the stock was not broken down into smaller denominations; and (6) the negotiations that lead to the issuance of the stock took place directly between the offeree and the Company.



The Company complied with the requirements of Regulation S by having no directed selling efforts made in the United States, by selling only to an offeree who was outside the United States at the time the subscription agreement originated, and ensuring that the entity to whom the stock was issued was a non-U.S. person with an address in a foreign country.

On May 27, 2005, the Company authorized the issuance of 250,000 shares of common stock valued at \$0.20 per share to Supreme Gold Holding Limited for cash consideration in the amount of \$50,000 pursuant to the exemptions from registration provided by Regulation S and Section 4(2) of the Securities Act.

The Company made this offering based on the following factors: (1) the issuance was an isolated private transaction by the Company which did not involve a public offering; (2) there was only one offeree who was issued the Company's stock for cash consideration; (3) the offeree stated an intention not to resell the stock; (4) there were no subsequent or contemporaneous public offerings of the stock; (5) the stock was not broken down into smaller denominations; and (6) the negotiations that lead to the issuance of the stock took place directly between the offeree and the Company.

The Company complied with the requirements of Regulation S by having no directed selling efforts made in the United States, by selling only to an offeree who was outside the United States at the time the subscription agreement originated, and ensuring that the entity to whom the stock was issued was a non-U.S. person with an address in a foreign country.

On May 27, 2005, the Company authorized the issuance of 250,000 shares of common stock valued at \$0.20 per share to Netone Enterprise Limited for cash consideration in the amount of \$50,000 pursuant to the exemptions from registration provided by Regulation S and Section 4(2) of the Securities Act.

The Company made this offering based on the following factors: (1) the issuance was an isolated private transaction by the Company which did not involve a public offering; (2) there was only one offeree who was issued the Company's stock for cash consideration; (3) the offeree stated an intention not to resell the stock; (4) there were no subsequent or contemporaneous public offerings of the stock; (5) the stock was not broken down into smaller denominations; and (6) the negotiations that lead to the issuance of the stock took place directly between the offeree and the Company.

The Company complied with the requirements of Regulation S by having no directed selling efforts made in the United States, by selling only to an offeree who was outside the United States at the time the subscription agreement originated, and ensuring that the entity to whom the stock was issued was a non-U.S. person with an address in a foreign country.

On May 6, 2005, the Company authorized the issuance of 400,000 shares of common stock valued at \$0.25 per share to Brian Lovig for cash consideration in the amount of \$100,000 pursuant to the exemptions from registration provided by Regulation S and Section 4(2) of the Securities Act.

The Company made this offering based on the following factors: (1) the issuance was an isolated private transaction by the Company which did not involve a public offering; (2) there was only one offeree who was issued the Company's stock for cash consideration; (3) the offeree stated an intention not to resell the stock; (4) there were no subsequent or contemporaneous public offerings of the stock; (5) the stock was not broken down into smaller denominations; and (6) the negotiations that lead to the issuance of the stock took place directly between the offeree and the Company.

The Company complied with the requirements of Regulation S by having no directed selling efforts made in the United States, by selling only to an offeree who was outside the United States at the time the subscription agreement originated, and ensuring that the entity to whom the stock was issued was a non-U.S. person with an address in a foreign country.

**ITEM 3.        DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4.        SUBMISSION OF MATTERS TO A VOTE OF SECURITIES HOLDERS**

None.

**ITEM 5.        OTHER INFORMATION**

None.

**ITEM 6.        EXHIBITS**

Exhibits required to be attached by Item 601 of Regulation SB are listed in the Index to Exhibits on page 28 of this Form 10-QSB/A, and are incorporated herein by this reference.

## **SIGNATURES**

In accordance with the requirements of the Securities Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, hereunto duly authorized, this 25<sup>th</sup> day of January, 2006.

### **SOLAR ENERGY LIMITED**

/s/ Andrew Wallace

By: Andrew Wallace

Its: Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer and Director

## EXHIBITS

<u>EXHIBIT NO.</u>	<u>PAGE NO.</u>	<u>DESCRIPTION</u>
3(i)	*	Articles of Incorporation (incorporated by reference to the Company's Form 10-SB filed with the Securities and Exchange Commission ("Commission") on January 28, 1999)
3(ii)	*	By-laws (incorporated by reference to the Company's Form 10-SB filed with the Commission on January 28, 1999)
10(i)	*	Debt Settlement Agreement dated August 27, 2003 between the Company and Bay Cove Capital Corporation (incorporated by reference to the Company's Form 10-KSB filed with the Commission on April 1, 2004)
10(ii)	*	Stock Purchase Agreement dated April 27, 2004 between Renewable Energy Limited, Los Alamos Renewable Energy , LLC, Renewable Energy Corporation and the Company (incorporated by reference to the Company's Form 10-QSB filed with the Securities and Exchange Commission on August 24, 2004)
10(iii)	*	Acquisition Agreement with Planktos, Inc., dated August 10, 2005 (incorporated by reference to the Company's Form 8-K filed with the Commission on August 19, 2005)
10(iv)	*	Acquisition Agreement with D2Fusion Inc., dated August 18, 2005 (incorporated by reference to the Company's Form 8-K filed with the Commission on August 19, 2005)
14	*	Code of Ethics adopted March 30, 2004 (incorporated by reference to the Company's Form 10-KSB filed with the Securities and Exchange Commission on April 1, 2004)
23	*	Chisholm, Bierwolf & Nilson, LLC.'s consent to the incorporation by reference on Form S-8 (incorporated by reference to the Company's Form 10-KSB/A filed with the SEC on December 15, 2005).
31	29	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-15(e) and 15d-15(e) of the Securities and Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	30	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*	Incorporated by reference to prior filings with the Securities and Exchange Commission.	

EXHIBIT 31

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER  
PURSUANT RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS  
ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Andrew Wallace, chief executive officer and chief financial officer of Solar Energy Limited.  
("Registrant") certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB/A ("Report") of Registrant;
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the period presented in this Report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the Registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this Report is being prepared;
  - b) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
  - c) Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the registrants fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls over financial reporting.

Date: January 25, 2006

/s/ Andrew Wallace

Andrew Wallace, Chief Executive Officer and Chief Financial Officer

EXHIBIT 32

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE  
SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-QSB/A of Solar Energy Limited (“Registrant”) for the period ended June 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (“Report”), I, Andrew Wallace, chief executive officer and chief financial officer, do hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) This Report complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in this Report fairly represents, in all material respects, the financial condition of Registrant at the end of the period covered by this Report and results of operations of Registrant for the period covered by this Report.

/s/ Andrew Wallace

Andrew Wallace

Chief Executive Officer and Chief Financial Officer

January 25, 2006

This certification accompanies this Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by Registrant for the purposes of §18 of the Securities Exchange Act of 1934, as amended. This certification shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of this Report), irrespective of any general incorporation language contained in such filing.

A signed original of this written statement required by §906 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.