



ANNUAL REPORT 2005



AT A GLANCE: KEY FIGURES 2005

P&C

Turnover	million EUR	52.58
EBIT	million EUR	4.34
EBITDA	million EUR	4.41
EBIT-Margin	%	8.26
Annual net profit	million EUR	2.62
Operating margin	%	5.00

Balance

Total assets	million EUR	44.83
Equity capital	million EUR	35.59
Equity ratio	%	79.40
Capital stock	million EUR	4.65
Goodwill	million EUR	19.93

Number of employees (annual average 2005)	absolute	25
Number of employees (end of period 12/31/2005)	absolute	50

Share

Earnings per share		
▪ diluted (basis 4.65 million share)	EUR	0.56
▪ undiluted accordingly IAS 33 (basis 3.01 million share)	EUR	0.87
Stock price January 3, 2005 (closing price, Düsseldorf)	EUR	4.75
Stock price December 30, 2005 (closing price, Düsseldorf)	EUR	13.06
Number of shares	million	4.65

CONTENTS

2005 at a Glance	Page 04
Newsletter to the Shareholders	Page 07
Interview with the Executive Board	Page 09
The Share	Page 12
Supervisory Board Report	Page 16
Corporate Governance	Page 20
Group Management Report	
1. Business and Conditions	Page 21
2. Financial Position	Page 25
3. Review	Page 31
4. Supplementary report	Page 32
5. Risk Report	Page 33
6. Forecast report	Page 34
Consolidated Financial Statement	
▪ Balance Sheet	Page 38
▪ Profit and Loss Statement	Page 40
▪ Change of Equity	Page 41
▪ Cash Flow Statement	Page 42
▪ Explanatory Notes to the Consolidated Financial Statement	Page 43
Financial Calendar	Page 72
Imprint	Page 72

REVIEW OF THE YEAR 2005

- February**
- Preparation of the Annual General Meeting for the Resolution of Continuation: Reorientation of BK Grundbesitz & Beteiligungs AG in the field of solar energy
 - Appointment of VEM Aktienbank AG as a Designated Sponsor
 - Closing of the transfer contract for "Meridian Solare Energieprojekte GmbH"
- March**
- Take over of 12.9 percent of the Company by FM Fund Management Ltd.
 - Annual General Meeting on March 18 2005:
Resolution of Continuation of BK Grundbesitz & Beteiligungs AG as well as the change of name to "Reinecke + Pohl Sun Energy AG" and relocation of headquarters to Hamburg.
Re-election of the Supervisory Board and new Articles of Association.
- April**
- Successful private placement of 240.000 shares through VEM Aktienbank AG
 - Master Agreement for 2005 to 2007 between Reinecke + Pohl Solare Energien GmbH and the American solar module manufacturer First Solar
 - Integration of Reinecke + Pohl Solare Energien GmbH into BK Grundbesitz & Beteiligungs AG after the recording of the Resolution of Continuation in the Commercial Registry;
First Consolidation on April 1, 2005
- May**
- Registration in Hamburg's Commercial Registry as Reinecke + Pohl Sun Energy AG and thus successfully concluding the restructuring
 - Takeover of Nastro-Umwelttechnik GmbH, supplementing of the service spectrum in the field of middle-sized photovoltaic facilities; first consolidation on May 24, 2005
- June**
- Semi-Annual Financial Statement of Reinecke + Pohl Sun Energy AG:
Turnover: 11.28 million EUR / EBIT: 1.09 million EUR

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- July**
- Sales of several projects in Spain with a total capacity of 300 kWp.
 - Annual General Meeting on July 7, 2005;
Creation of new authorized capital of up to 1.55 million EUR
Creation of conditional capital for the issuance of convertible bonds with a total nominal amount of up to 15.5 million EUR.
Submission of the financial statements of the former BK Grundbesitz & Beteiligungs AG from 2002 to 2004.
Election of a new Supervisory Board member, Mr. Gerd-Jürgen Pohl.
- August**
- Supervisory Board's non-approval of the transfer of Meridian Solare Energieprojekte GmbH
 - 100 percent takeover of Maass Regenerative Energien GmbH und thus, expanding of the module supply capacity for Reinecke + Pohl Sun Energy AG; first consolidation on September 8.
 - Increase of the target figure
 - Introduction of the Chinese Joint-Venture Shanghai Maass-Prim Renewable Co., Ltd.
- September**
- Quarterly Statement for the third quarter: Turnover: 27.1 million EUR / EBIT: 2.0 million EUR
- October**
- Successful closure of the second increase in share capital and emissions revenue of 11.1 million EUR (gross).
 - New registered capital of Reinecke + Pohl Sun Energy AG in the amount of 4.65 million EUR
 - Contract for the erection of the largest photovoltaic rooftop facility worldwide with First-Solar thin film modules (Investment volume 6 million EUR)
 - Mandate for Close Brothers Seydler AG as a Designated Sponsor
 - Successful integration of the subsidiary companies and consequent orientation of Reinecke + Pohl Sun Energy AG as a Holding company.
 - Reorganization of the Executive Board:
Sebastian Bovensiepen retires from his position as an Executive Board member as of October 31 2005.
- November**
- Announcement of an order for the construction of a 3.4 megawatt-sized photovoltaic plant in Zwickau (Investment volume: 14.9 million EUR)
- December**
- Formation of the Spanish subsidiary of Reinecke + Pohl Sun Energy España, S.L., Madrid, Spain



DEAR SHAREHOLDERS, LADIES AND GENTLEMEN,

With this document, we are proud to present you Reinecke + Pohl Sun Energy AG's first Annual Report.

The year 2005 was characterized by a very high level of dynamic and was particularly challenging for all persons involved. Upon the foundation of consequent restructuring of the former BK Grundbesitz & Beteiligungs AG through the introduction of the Reinecke + Pohl Solare Energien GmbH, the company "Reinecke + Pohl Sun Energy AG" was created as of April 1, 2005. As a new company in the photovoltaic market, the company achieved consolidated sales of 53.5 million EUR with earnings before interest and taxes (EBIT) of 4.5 million EUR. This resulted in an EBIT-Margin of 8.4 percent. Thus, Reinecke + Pohl Sun Energy AG exceeded the given forecasts by around 13 percent during fiscal year 2005. Meanwhile, the fully integrated subsidiary companies were first able to contribute to the aforementioned annual result in accord with their date of purchase. Therefore, the figures can only incompletely reflect our Group's successful course of business. In a fully consolidated fiscal year, a proforma-turnover of over 70.0 million EUR could have been achieved.

Within the framework of our internationalization activities, we were additionally able to set important milestones: through new foundations and joint ventures, we have strategically been able to position ourselves well in Spain, China, and the USA.

The stock market reacted to our company's positive development: With a stock growth of 226 percent, our company's shares were clearly able to outperform all comparable indices during the past year. At the end of February 2006, the rate of Reinecke + Pohl Sun Energy AG shares was at 24.15 EUR and thus has gained a further 84.9 percent since the beginning of the year.

The foundation for further success has been laid: With a successfully completed integration of subsidiary companies, an excellent order situation, and attractive general conditions at home and abroad, we are well equipped for the future. Against this backdrop, we assume that turnover this year will be more than doubled.

We would like to take this opportunity to thank all of our shareholders and business partners for their trust in Reinecke + Pohl Sun Energy AG. Furthermore, our thanks go to our company's staff members, whose engagement and extraordinary commitment have made this success possible in the first place.

With best regards,

Martin Schulz-Colmant
Spokesman of the Executive Board

Patrick Arndt
Executive Board



EXECUTIVE BOARD INTERVIEW

Mr. Arndt, Mr. Schulz-Colmant, an extremely eventful year lies behind both of you. Reinecke + Pohl Sun Energy AG just turned one year old in May and at the same time, exceeded the forecasts for 2005. Are you satisfied?

Schulz-Colmant: Yes, you're right; much has occurred. One year ago, the company went public as a part of BK Grundbesitz & Beteiligungs AG and the name change to Reinecke + Pohl Sun Energy AG was recorded in the commercial registry at the end of May, whilst already operative. We are more than satisfied. Our success has proven us right.

You're moving within a very dynamic market: the German photovoltaic market is growing rapidly. What role does Reinecke + Pohl Sun Energy AG play there?

Schulz-Colmant: Reinecke + Pohl Sun Energy AG is one of the market leading companies for the installation of photovoltaic facilities both industrial and agricultural markets. As a manufacturer-independent system provider, the company plans and constructs photovoltaic plants and sells these turnkey-ready plants to institutional or private investors.

For this reason, you have specialized in middle-sized companies and agricultural enterprises. What are the reasons that helped you decide to concentrate on these target groups?

Arndt: The branch's roots lie in the construction of single-family houses. However, we concentrate on large facilities, which is driven from the fact that all stages, from project engineering through to construction, can be completed more cost efficiently. Let me list a few arguments in favor of our strategy: Economies of scale, product standardization, optimization of material usage and effective marketing - all of these themes are essential to the success of an expanding company and can best be implemented in our strong margins and growing market segment.

Mr. Arndt, due to the fact that your major projects are exclusively sold to yield-oriented investors, you are not affected by last year's amendment concerning the end of the so-called tax saving model. In this connection, can it be assumed that your competitors will be operating in exactly the same manner? Could this sustainably encroach upon the acquisitions of yield-oriented investors?

Arndt: A good portion of the competition is still oriented towards the area of small-sized single-family homes. Beyond that, very few system integrators, can be found in Europe that have the suitable expertise, such as Reinecke + Pohl Sun Energy AG, and also bring along the module volume required for major projects. To be able to fulfill the investors' yield expectations as well as our own demands of reasonable margins, we must also generate cost advantages. We achieve these advantages, in contrast to the competition, through the over-proportionate implementation of thin film modules.

Which listed companies can be compared to Reinecke + Pohl Sun Energy AG?

Arndt: With its clearly focused business model, Reinecke + Pohl Sun Energy AG is not directly comparable. However, in regard to its market significance and business model, it may best be compared to Phönix SonnenStrom AG, SAG Solarstrom AG and Sunline AG.

How are you planning on standing out from the crowd of competitors in the photovoltaic market?

Schulz-Colmant: In only a short time, we have earned an excellent position within the narrow and hard-fought procurement market for solar module capacities. On the one side, we have good contacts in the Asian procurement markets and on the other side, we increasingly rely on thin film technology. This year, we are planning to install around ten percent of the entire world market's manufacture of thin film module. Within the coming years, we would continually like to increase this share.

Another advantage is surely your lean management; compared to the competition, you achieve cost advantages through efficient delegation. However, will you be able to maintain this in the face of your expected business activities expansion?

Arndt: Our business model has been created in a manner, that also allows us to remain efficient during intense growth. In addition, we will concentrate on our core competences abroad: the procurement of modules and the projection of turnkey-ready photovoltaic facilities.



Let's talk about the acquisitions in 2005. First of all, the contribution of Reinecke + Pohl Solare Energien GmbH happened in March, and then later the purchase of both companies, Nastro-Umwelttechnik GmbH and Maass Regenerative Energien GmbH, took place. What is the status of the integration activities?

Arndt: The integration of the subsidiary companies has been successfully completed. Maass Regenerative Energien GmbH carries the responsibility for the procurement of components and international expansion. Nastro-Umwelttechnik GmbH, together with Reinecke + Pohl Solare Energien GmbH is responsible for the installation and maintenance of the photovoltaic facilities.

In February 2005, you had announced the take over of Meridian Solare Energieprojekte GmbH in the course of expansion. A few months later, you decided to cancel those plans. What caused that decision?

Arndt: The take over of Meridian Solare Energieprojekte GmbH was mainly intended to bring us completely deve-

loped projects. However, the Meridian-Group was having difficulties during the transfer of activities. Amongst other things, our quality demands, which we had contractually agreed upon, could not be fulfilled. Thus, our Supervisory Board did not give its approval to the company's contribution.

In September 2005, you conducted an increase of capital. What are you planning on doing with these newly taken assets?

Arndt: Primarily, the assets will be invested into the operative business, particularly for the purchase of module contingents.

Let's take a look into the future: Besides the common shortage of raw material, internationalization in the photovoltaic market is one of the most important challenges that individual companies are confronted with. Which countries have your top priority?

Schulz-Colmant: The future growth markets are Europe, Asia, and the USA. Germany, with an anticipated installed performance of approx. 440 MW in 2005, is at the forefront worldwide, closely followed by Japan. Spain will certainly play an increasing role in Europe, followed by fringe markets such as Italy, Greece, Belgium and Portugal. In Asia, China and Japan are particularly intriguing; however, Japan's entrance hurdles, are still too high for us. Our goal is to approach the interesting photovoltaic markets systematically, allowing our company to exploit the high potential of growth in the middle term. Based on market volume, Spain is the first country on our list, followed not long after by Asia and the USA.

What are you planning on doing to be able to optimally profit from the Spanish market's high potential?

Schulz-Colmant: We will proceed exactly as we did in the German market. To begin with, we will be carrying out pilot projects to get a feeling for the market and the administrative procedures. Together with our competent on-site partners, we will then implement our strategic growth concept.

Which specific activities are you currently pursuing in Spain?

Arndt: We have several projects running through our local subsidiary and we are currently examining various inquiries concerning their realization possibilities. We assume that we will carry out further projects in Spain this year as well.

With the take over of Maass Regenerative Energien GmbH, you have added a second string to your bow in Asia. How far are you planning to use this to boost the development of the Asian market?

Schulz-Colmant: Our presence in China allows us to expand our current strategic advantages within the framework of module procurement. We assume that in the future, 50 percent of the world market production of solar modules will be coming from China. In the middle term, Asia (particularly China) will crystallize itself as one of the most significant selling markets in the field of solar system integration. We are currently discussing leadoff pilot projects that we will implement there. In 2008 at the latest, a significant share of our foreign turnover will be originating from the Asian region.

Could you imagine further company acquisitions, allowing you to tap the resources of attractive foreign markets more quickly?

Arndt: This path definitely makes sense in that it allows us to grow quickly in the core foreign markets. However, acquisitions must generally be developed so that they increase the company's value on a long-term basis. Above all, we must keep in mind the fact, that the companies to be acquired must fit into our company structure.

The shortage on raw silicon material sustainably handicaps growth within the photovoltaic market. How are you reacting to this situation?

Schulz-Colmant: Long ago, we decided to increase the implementation of innovative thin film technology. In addition, we are anticipating long-term master agreements.

In which field do you see the greatest potential of growth in the future, thin film technology or classical silicon modules?

Schulz-Colmant: Due to worldwide demand on solar modules, growth in the field of silicon-based modules will initially continue. We are expecting an over-proportionate growth rate in thin film technology, because the production is generally more economical.

The learning curve with crystalline modules is practically exhausted, however. Even under the assumption that there will be no shortage of silicon on the procurement market, the manufacturing prices of silicon-based solar module technology can no longer arbitrarily be reduced. We are convinced that this market mechanism will contribute to a fast and enduring implementation of thin film technology.

Analysts are counting on an increased turnover of more than 116 million EUR for your company's current fiscal year of 2006. Do you find these objectives realistic? What are your target figures for the fiscal year of 2006?

Schulz-Colmant: Against the backdrop of the positive order situation, we are assuming that the forecast will be surpassed. During the past year, we have positioned ourselves well at home and abroad and are sure that this position will be expanded during the current business year.

MASTER DATA OF THE SHARES

WKN / ISIN	525070 / DE0005250708
Member Code	HRP
Common Code	022356658
Segment	General Standard, Regulated Market in Frankfurt Regulated Market in Düsseldorf
Number of Shares	4.650.000
Type of Shares	no par shares
Designated Sponsors	VEM Aktienbank AG, Munich Close Brothers Seydler AG, Frankfurt on the Main
Opening Month	December 2000
High / Low 2005	20.60 EUR / 4.75 EUR

MILESTONES IN 2005

Reinecke + Pohl Sun Energy AG looks back upon a very successful year in 2005. The news of the consequent re-orientation of the former BK Grundbesitz & Beteiligungs AG through the integration of Reinecke + Pohl Solare Energien GmbH into the Reinecke + Pohl Sun Energy AG was met with great interest by the stock exchange, which was clearly reflected in the course of quotation (see below). Additional outstanding topics, aside from the items already mentioned, were the company acquisitions of Nastro-Umwelttechnik GmbH and Maass Regenerative Energien GmbH, as well as the executed increases of capital in April and September. A detailed annual statement can be found on pages 4 and 5.

INVESTOR RELATIONS

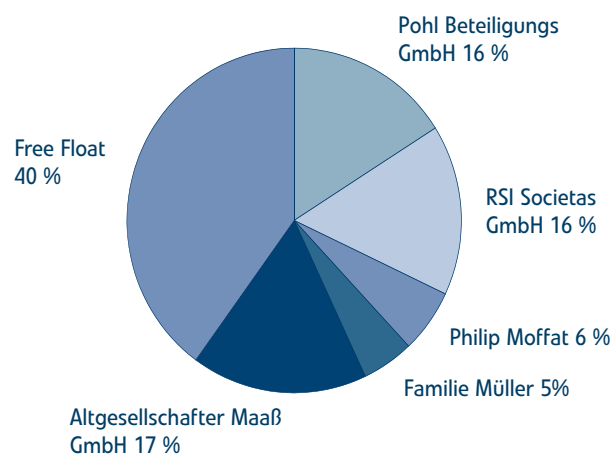
Within the context of the re-orientation, the Executive Board of Reinecke + Pohl Sun Energy AG gradually expanded the Company's Investor Relations activities. From the beginning, public relations with shareholders, potential investors, analysts and journalists played an important role.

The positive growth of our shares was responsible for garnering enormous attention, not only from analysts but also from representatives of the financial press. This is evident in the increasing number of exchange transactions, and the open and fair press coverage as well as the analysts' opinions. In particular, public relations with analysts increased during the course of the year. We were accompanied from the beginning by SES Research GmbH in Hamburg and Performaxx Research GmbH in Munich. Up to the present day, our share has been clearly categorized as "buy" (Outperformer). In November, we presented our company at the German Equity Forum in Frankfurt, which generated great interest. We are in close contact with a number of other analysts as well.

At the end of the year, the Investor Relations area on our corporate website www.rpse.de was completely revised. Information about current developments and important company information will continue to be available in real time. In addition to compulsory publications such as ad hoc-announcements, Corporate Governance or securities transactions reports (Directors' Dealings) subject to registration, you will also find downloads of company reports, studies and press articles, financial calendar and a contact form with which you can send your individual inquiries directly to us.

STRUCTURE OF SHAREHOLDERS

(STATUS: 12/31/2005)



Reinecke + Pohl Sun Energy AG / Düsseldorf from 01/01/2005 to 02/28/2006



MARKET VALUE TRENDS AND TURNOVER

In 2005 companies in the solar industry were a focus of investors, with backdrop of a generally positive spirit on the stock exchange. As the German stock index DAX climbed 27 percent during the course of the year, the branch index Prime IG Renewable Energies (an Index of the German Stock Exchange, which covers the fields of solar and wind energy) gained almost 143 percent. During the same period, the PHOTON Photovoltaic Stock Index (PPVX) gained 148 percent.

With a rate increase of 226 percent, Reinecke + Pohl Sun Energy AG's shares have clearly been able to exceed all of the comparative indices within this genial environment. It should be taken into consideration here that several increases in capital during the course of the year have distorted the picture. The actual value increase is much more clearly expressed and comprehended from the changes in market capitalization. Thus, the market capitalization i.e. the stock exchange value of our com-

pany amounted to 11.4 million EUR at the beginning of 2005. At the end of the year, Reinecke + Pohl Sun Energy AG's stock market value amounted to 60.7 million EUR, and increased to 112.3 million EUR at the end of February 2006.

Reinecke + Pohl Sun Energy AG's share turnover has also clearly grown. With a considerable increase in liquidity during the year, we have met with growing interest from institutional investors. In addition, Reinecke + Pohl Sun Energy AG has appointed two Designated Sponsors to tighten margins as much as possible. These measures encourage share liquidity. Whereas the quarterly turnover of our shares during the first quarter was under 300.000, in the second quarter over 1.3 million shares were being traded, in the third quarter this rose to over 2.7 million and in the last quarter of 2005 almost 3.2 million shares were being traded.



A PHOTOVOLTAIC FACILITY UNDER CONSTRUCTION

As a manufacturer independent system provider, Reinecke + Pohl Sun Energy AG plans and constructs large-scaled photovoltaic facilities and sells these turn-key-ready to institutional or private investors. It is in these major projects that we concentrate, projects in the area of 30 kWp. Innovative technologies, such as thin film technology (also see P. 19) play a growing role.

One of our largest thin film module plants to date is being completed. Last year, Nastro-Umwelttechnik GmbH (our subsidiary company in Meppen) finalized the contracts with Entsorgungsgesellschaft Westmünsterland mbH (EGW) concerning the construction of a solar power plant on the roof of the township of Borken's communal disposal company of the in Gescher. Construction and start of operation of the solar power plant is to be carried out in three construction phases. In the first two construction phases, we installed 13,444 Type FS-60 solar modules originating from module manufacturer First Solar on a rooftop enclosing 10.000m². The solar power plant's last phase will be completed in the second quarter of 2006 and inaugurated in Gescher. The project, with an order size of over 6 million EUR and peak capacity of 1.4 megawatts, represents the largest photovoltaic rooftop facility worldwide with First Solar-thin film modules. The expected annual yield of electricity from the project amounts to about the production of 1,240,000 kilowatt-hours of environmentally friendly electricity. That amount is sufficient to cover the annual power consumption of approximately 500 homes. Equivalent to an annual savings of more than 400,000 liters of oil.

EXCELLENT PREPARATION IS ESSENTIAL

During the installation of a photovoltaic plant, it is important that the solar modules be aligned to the south and at a tilted angle that has been precalculated. Furthermore, an optimized calibration of individual components is indispensable: Roof, mounting system, photovoltaic-modules and inverter must fit together exactly in terms of future effectiveness. For many customers, an appealing look plays a great role. Thus, the scrutinization and preparation of a project takes a considerable amount of time.



The solar power plant in Gescher

When construction starts, a lot of work lies behind us already. In comparison, the installation of a photovoltaic plant is accomplished in a relatively short period. During this time, the individual solar modules, protected by either glass or synthetic panes, are mounted in rows on a special mounting system. These mounting systems are designed to conform to the particular type of roof and accordingly the subsurface. In general, the substructures of a facility mostly consist of aluminum as well as stainless steel, both of which guarantee a long lifespan.

The inverter that belongs to the entire system makes sure that the photovoltaic plant can convert the produced direct current (DC) to alternating current (AC). Only then can the electricity be fed into the power system of the appropriate electric power company. Beyond that, the power system as well as the operation of the photovoltaic plant is monitored through the inverter. Maintenance as well as system monitoring are possible via remote diagnostics.

This is also the case in Gescher. We were able to put the first 800 kWp of the solar power plant into operation. The completion of the overall plant will take place in the second quarter of 2006. In total, approx. 24,000 solar modules will be installed in an area of over 17,000 square meters.

DEAR SHAREHOLDERS,

Reinecke + Pohl Sun Energy AG looks back on a very successful and eventful 2005. Within the framework of the re-organization of the former company BK Grundbesitz & Beteiligungs AG to become Reinecke + Pohl Sun Energy AG, the Supervisory Board convened six meetings in the fiscal year of 2005: on March 18, April 18, May 19, in August 5, August 18 and December 15. In addition, urgent resolutions had been decided upon in written form in a circulation process. Beyond that, during the business year and apart from formal meetings and discussions, the Supervisory Board was also continuously kept informed by the Executive Board's written and oral reports concerning the development of both market and business.

All members of the Supervisory Board have taken part in the meetings and conference calls. There, the Supervisory Board was informed in detail of the company's situation and their subsidiary companies, the business development, and the business policy, and according to the law and articles of association, the Supervisory Board has consulted on and monitored the company's management upon this said foundation. With regard to meetings, the Supervisory Board regularly received interim financial statements and the financial statement, which always included a profit and loss calculation as well as a cash flow statement. Corporate planning for the fiscal year 2005 as well as the company's risk management has been introduced to the Supervisory Board and discussed in detail. A Supervisory Board Statement concluded the individual subjects.

Furthermore, the Supervisory Board dealt with basic questions concerning the re-organization of the former BK Grundbesitz & Beteiligungs AG through the integration of the Reinecke + Pohl Solare Energien GmbH into the Reinecke + Pohl Sun Energy AG, as well as with all connecting inquiries concerning corporate planning. Transactions in need of the Supervisory Board's approval have been submitted in the meetings as well as in detailed conference calls held by the Supervisory Board. In these meetings, the Supervisory Board was convinced, that the Executive Board has managed business in an orderly manner and has completed all required measures timely and efficiently. Besides the aforementioned items, the Supervisory Board's outstanding achieve-

ments in 2005 were the company acquisitions of Nastro-Umwelttechnik GmbH and Maass Regenerative Energien GmbH, as well as the conducted increases of capital in April and September. Furthermore, the take over of Meridian Solare Energieprojekte GmbH in Hildburg-hausen was exhaustively clarified, discussed and resolved during several meetings. The Executive Board reported that, contrary to expectations, the quality demands as already contractually agreed upon by the Meridian Solare Energieprojekte GmbH could not be fulfilled. Thus, after detailed consultation with the Executive Board, the Supervisory Board decided not to approve the integration of company.

The Supervisory and Executive Board have repeatedly debated the recommendations and proposals of the German Corporate Governance Code and have submitted the Declaration of Conformity pursuant to §161 of the German Stock Corporation Act. The explanations concerning the Declaration of Conformity can be found on the company's website. Further information concerning Reinecke + Pohl Sun Energy AG's Corporate Governance can be found in the Supervisory and Executive Board's mutual report on page 20. In addition to the Corporate Governance principles required so-named efficiency control system, the Supervisory Board has agreed to strive for further formalization concerning their duties. For this reason, the individual status of the Supervisory Board recommendation lists is a customary topic during regular meetings. Accordingly, an evaluation of the Supervisory Board's activities is conducted through internal written surveys.

Annual Financial Statement 2005

The "Treuökonom" Beratungs-, Revisions- und Treuhandgesellschaft mbH, Wirtschaftsprüfungsgesellschaft in Hamburg, was elected by the Shareholders at the Annual General Meeting held on July 7, 2004 as the Certified Public Accountant for the fiscal year of 2005. The issuance of the audit assignment through the Supervisory Board was subsequently affected under particular consideration of the regulations enclosed in the Corporate Governance Code regarding the collaboration between the Supervisory Board and the Certified Public Accountant. At the beginning of 2006, Reinecke + Pohl Sun Energy AG's annual financial statement, manage-

ment report (pursuant to IFRS/IAS) consolidated financial statement, and summarized management report (pursuant to IFRS/IAS) for the fiscal year of 2005, including the basic accounting, was audited and provided with an independent auditors report by the "Treuökonom" Beratungs-, Revisions- und Treuhandgesellschaft mbH, Wirtschaftsprüfungsgesellschaft in Hamburg.

All financial statements and related documents as well as the audit reports were submitted to the Supervisory Board members in due time prior to the balance sheet-confirming Supervisory Board meeting on March 28, 2006. The Certified Public Accountant who signed the Annual Financial Statement participated in this meeting to report the fundamental results. Questions at issue were posed and answered; the audit results were discussed and debated in detail. The Supervisory Board has taken note of the Certified Public Accountant's result of the examination. The Supervisory Board examined the annual financial statement, the management report, the consolidated financial statement as well as the group management report according to the legal regulations and raises no objections hereof. In its meeting on March 28, 2006, the Supervisory Board accepted the annual financial statement prepared by Reinecke + Pohl Sun Energy AG and the consolidated financial statement for the fiscal year of 2005. Thus, the Annual Financial Statement has been arbitrated.

Supervisory Board Members

During the course of the establishment of Reinecke + Pohl Sun Energy AG, the Supervisory Board Members of the former BK Grundbesitz & Beteiligungs AG Mr. Helmut Bückle, Tax-Advisor, Mr. Frank A Schultz, Merchant, Mr. Gebhard Reusch, Merchant, Mr. Jürgen Greiner, Tax-Advisor and Mr. Frank Gutbrod, Technician have retired from their positions in February 2005, with effect of the Annual General Meeting on March 18, 2005.

Pursuant to §8, Sec. 1 of the March 18 2005 resolved Articles of Association, Reinecke + Pohl Sun Energy AG's Supervisory Board is comprised of three members. In this situation, we have waived the creation of committees. The Chairman of the Supervisory Board, Dr. Axel Holtz, Lawyer; Mr. Thomas Bartling, CPA and Mr. Thorsten Krause, Lawyer, have been appointed through the Annual General Meeting's resolution from March 18

2005 for a term ending with Annual General Meeting, which resolves the granting of discharge the fiscal year of 2009. Mr. Thorsten Krause, Lawyer, retired from his office on May 19, 2005 with affect of the Annual General Meeting on July 7. Mr. Gerd-Jürgen Pohl, Merchant, was elected in the same meeting for the same term.

We would like to take this opportunity of again thanking the retired Members of the Supervisory Board for their performance in this board. The Executive Board and all staff members are cordially thanked and acknowledged by the Supervisory Board for their services and high commitment during the past years.

Hamburg, in March 2006

Dr. Axel Holtz

Chair of the Supervisory Board.



THIN FILM - TECHNOLOGY OF THE FUTURE

Rapid growth continues within the photovoltaic market. The world market is to grow at an annual average rate (CAGR) of 24 percent to (Sarasin 2005) 26 percent (LBBW: 2005) from 2004 to 2010, and for the following decade (2011 to 2020) from 18 percent (Sarasin: 2005) respectively 20 percent (LBBW: 2005). However, since the beginning of 2004, the worldwide demand of photovoltaic plants has by far exceeded the corresponding available supply. The reason for the temporary shortage is the increasing, but still not adequate supply of silicon to be able to produce at full capacity.

We assume, that in the next years, the market growth in the photovoltaic field will be restricted by, if anything, the availability and thus the deliverability of crystalline silicon modules, rather than by the demand for photovoltaic plants. Manufacturer independence, a strong presence in the most important procurement markets and the simultaneous concentration on innovative technologies therefore all play a significant role in Reinecke + Pohl Sun Energy AG's strategic orientation.

In the innovation arena, Reinecke + Pohl Sun Energy AG set on a new technology for photovoltaic modules, the thin film-technology. For the past few years, thin film modules have reached an sufficient level of technological maturity. Large scale series production facilities have already been built. Besides the aforementioned solar plant in Gescher (see P. 15), we are deploying thin film modules, especially in the agricultural area.

INNOVATION FOR MAJOR PROJECTS

Preferably, thin film modules are used in larger spaces. The reason: the degree of efficiency with thin film modules amounts to around 6 percent to 9 percent, whereas mono- and poly-crystalline modules display an efficiency degree of between 12 percent and 15 percent respectively. Thus, more space is required, to install a thin



Major Project Gescher, Township of Borken

film photovoltaic plant with the same performance. Our customers however, usually have very large spaces available, so this is not disadvantageous for us. The innovative thin film technology offers distinct advantages in sun-deficient areas, e.g. in Northern Germany, since it achieves better yields in times of low or diffuse solarization.

Thin film modules are produced in a highly developed semi-conductor coating process. The basis of the technology is the direct deposition of a micrometer-thin functional coating on economical carrier material. In comparison to today's crystalline cells in general use, the 100-fold lower silicon consumption is one of the most significant changes. A higher degree of automation in production, lower module manufacturing costs, economical basic raw materials and a better material availability therefore results in a greater independence from the narrow silicon procurement market as well as to lower costs for solar electricity. It is evident that the use of thin film modules in the coming years will probably be more competitive in the electricity market than conventional silicon-based solar solutions.

CORPORATE GOVERNANCE

The Corporate Governance Code describes essential regulations for the guidance and monitoring of German-listed companies and contains internationally and nationally recognized standards of good and responsible management. The Executive Board and the Supervisory Board of a company listed in Germany are legally obligated, pursuant to §161 of the German Stock Corporation Act (AktG), to annually state whether they have corresponded to the German Corporate Governance Code in its valid and individual version, if deviations do exist and which recommendations have not been fulfilled.

Reinecke + Pohl Sun Energy AG welcome the current Corporate Governance Code and thus, its objective to promote the confidence of international and national investors, customers, coworkers and the public in the management and monitoring of German-listed companies.

In the year under report, both the Executive and Supervisory Boards were intensively occupied with the Corporate Governance Code. They have determined where deviations between the Government Commission's behavioral recommendations for the German Corporate Governance Code exist. On April 27, 2005, the Executive and Supervisory Board of Reinecke + Pohl Sun Energy AG have submitted their mutual Declaration of Conformity concerning the recommendations of the Code for the financial year of 2005 in accordance with §161 German Stock Corporation Act (AktG). The following statement was made permanently accessible to the shareholders and the public on the company's Website www.rpse.de.

This said, the Executive and Supervisory Boards of Reinecke + Pohl Sun Energy AG declare that in the future it shall be corresponded to the behavior recommendations of the Code Commission deployed by the German Federal Government regarding management and monitoring under the following conditions:

Deviations:

The German Corporate Governance Code recommends the creation of Supervisory Board committees. Due to the size of the company and the fact that the Supervisory Board only consists of three members, Reinecke + Pohl Sun Energy AG refrain from forming special Supervisory Board committees.

The German Corporate Governance Code recommends that the members of the Supervisory Board should receive performance-oriented remuneration, besides a fixed remuneration. The Annual General Meeting has come to a resolution concerning the remuneration of the Supervisory Board, which has been published on the company's website. A performance-oriented remuneration is not intended.

Hamburg, April 27 2005

The Executive Board

The Supervisory Board

DECLARATION OF CONFORMITY PURSUANT TO §161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The Executive and Supervisory Boards of Reinecke + Pohl Sun Energy AG fundamentally welcome the intention of the Government Commission's German Corporate Governance Code, giving transparent guidelines as a valuable guide and action assistance for normal management. In future, we will disclose and elucidate any individual deviations to the recommendations of the Code through our Declarations of Conformity.

1. BUSINESS AND CONDITIONS

OVERALL ECONOMY

In 2005, despite the great rise of crude oil prices, the world economy powerfully expanded further. China was again a strong driving force within world economics, where the speed of growth moved at an invariably high level. During the course of the year, the economic situation only slowed down slightly in most of the important industrialized countries. However, distinct regional differences had been registered: Whilst in the first half year in Japan, thanks to a steady increase of domestic demand, a strong upsurge could be registered which lost momentum after the midyear, the opposite view was seen in the Eurozone. Here, the first half of the year was marked by almost stagnating domestic demand and thus, conditional economic weakness; whereas since the summer of 2005, the signals of vitalization increased. In turn in the USA, the real gross domestic product increased briskly, faster than the manufacturing potential. In the past year, the German economy grew, according to preliminary calculations (source: FAZ January 13 2006) by only 0.9 percent (2004: 1.6 percent). In Germany in 2005, a GDP of 2,244 billion EUR was earned in nominal calculation. The German economic growth was based, as in the previous year of 2005, in foreign trade and payments, whereas the domestic economy again lagged behind.

INDUSTRY

Photovoltaics

With its focused business model, Reinecke + Pohl Sun Energy AG exclusively operate in the photovoltaic market. Photovoltaic technology uses the sun's energy to create electricity. Technologies, that are based on other types of sun energy utilization, such as the transfer and storage of warmth for the heating of drinking water and support of the heating system, form their own market segment within the solar industry.

In the photovoltaic market, the rapid growth of the previous year has continued in 2005. Final figures for the entire year are not yet available; however, for 2005, the European Photovoltaic Industrial Association (EPIA) assumed a total worldwide newly installed performance of

approx. 1.150 MWp (Source: EPIA: Presentation on December 22 2005 "Capacity and Market Potential for Grid-Connected Systems by 2010"). In 2005, a newly installed performance in Germany of approx. 440 MWp (Source: Sarasin & Cie AG in November 2005: Solarenergie 2005 - Im Spannungsfeld zwischen Rohstoffengpass und Nachfrageboom, "Sarasin-Studie 2005") is expected. In the build up achieved in 2005, a LBBW publicized study assumes the performance of approx. 450 MWp, which is equivalent to a 25 percent growth compared to the previous year. Therefore, in 2005 it is expected (as already achieved in 2004), that Germany will remain in front of Japan in regard to newly installed performance and thus, be "Solar World Champion" in 2005 as well.

Germany

The most important sales market by far for Reinecke + Pohl Sun Energy AG is Germany. In 2005, the Company Group achieved 98 percent of the sales profits within the German market.

REGULATORY ENVIRONMENT

In the meantime, solar energy is state-aided across the world. The Renewable Energy Law (EEG), which was passed with great support by the Lower House in German Parliament in 2004, counts as one of the most successful aid-models and serves as a model in more than twenty countries for their own laws. A similar aid-model, for example, was introduced in Spain.

In Germany, the economic concept of the construction of a photovoltaic facility is primarily based on the fact that in accordance with the EEG, the electricity generated by the facility must be bought by the network operator for a legally set minimum remuneration, the so-called feeder remuneration. The payments, which have been calculated for twenty years plus the year of commissioning for the feeding of solar electricity, offer Reinecke + Pohl Sun Energy AG's customers a safe basis of calculation for the future yields of such a facility.

In the interest of climate protection, the objective of the German EEG is nature conservation, environmentalism, reduced use of fossil fuels and sustainable promotion of the generation of electricity with renewable energies. In this case, the renewable energy share of current consumption, according to the legislative background,

should increase to at least 12.5 percent up to 2010 and to at least 20 percent up to 2020. Even after the change of government, the German market environment is further estimated as very stable. The new German government has recently affirmed their support for the EEG (Press release Nr. 302/05 from the Federal Ministry for Environment, Nature Protection and Reactor Safety dated November 26, 2005). Currently, the German solar industry assumes that the planning safety for renewable energy sources expansion is given, even under a coalition led by the CDU (Christian Democratic Union party). As of December 31, 2007, the EEG envisions a field report from the Federal Environment Ministry about the status of electricity generation from regenerative energy as well as concerning the development of power generation costs. The field report should be submitted every four years.

MARKET ENVIRONMENT

The photovoltaic market is subdivided into the fields of photovoltaic modules and components manufacture, trade, technical planning, delivery and installation of photovoltaic facilities and project development and financing. Reinecke + Pohl Sun Energy AG concentrates on the technical planning, delivery and installation of photovoltaic facilities and trade. Furthermore, the market for photovoltaic facilities can be subdivided into the user areas of grid-coupled facilities and island facilities (Off-Grid). Grid-coupled photovoltaic facilities are connected to the mains supply. Island facilities in turn exclusively produce for local supply by the facility operators. In its project development business, Reinecke + Pohl Sun Energy AG operates solely in the field of grid-coupled facilities and plans no additional activities in the field of island facilities.

CORPORATE STRUCTURE AND BUSINESS ACTIVITIES

Short Profile

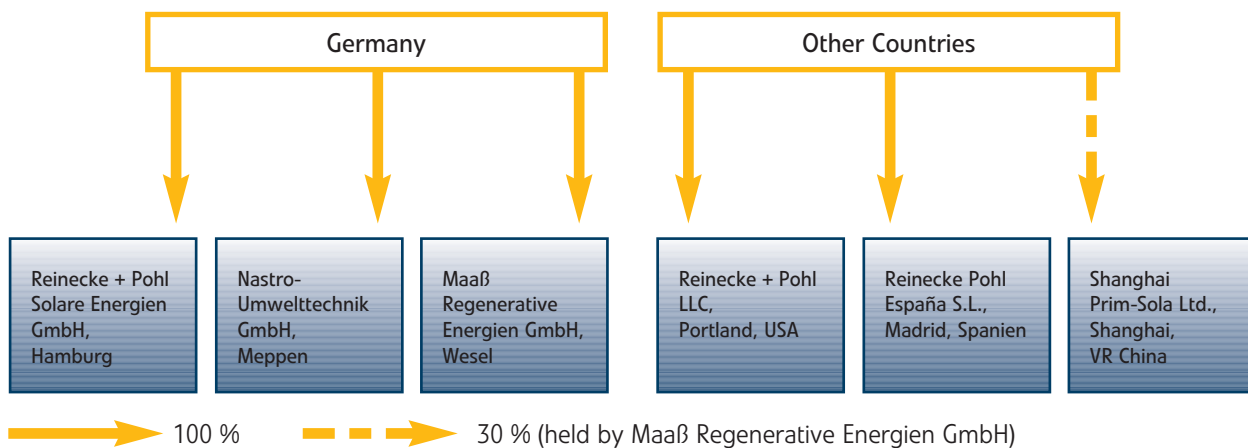
Reinecke + Pohl Sun Energy AG (abbreviated: RPSE AG) with its headquarters in Hamburg, Germany, was established last year through the integration of Reinecke + Pohl Solare Energien GmbH into the former BK Grundbesitz & Beteiligungs AG (renamed to Reinecke + Pohl Sun Energy AG). As a manufacturer-independent system

provider, the company plans and constructs photovoltaic facilities and sells these turnkey-ready plants to institutional or private investors. Today, the company is one of the market leaders for photovoltaic facilities within the fields of industry and agriculture.

Corporate Structure

Reinecke + Pohl Sun Energy AG is the sole shareholder of Reinecke + Pohl Solare Energien GmbH in Hamburg, of Nastro-Umwelttechnik GmbH in Meppen, of Maass Regenerative Energien GmbH in Wesel, of Envinyatar S.L. (in the future: Reinecke Pohl Sun Energy España S.L.) in Madrid/Spain and Reinecke + Pohl Sun Energy LLC in Portland/USA. The company holds a 10 percent share of the capital stock of the BK Bau und Grund GmbH i.L.

In the Consolidated Financial Statement of December 31, 2005, besides the parent company Reinecke + Pohl Sun Energy AG, Reinecke + Pohl Solare Energien GmbH, Nastro-Umwelttechnik GmbH and Maass Regenerative Energien GmbH have been included in the course of full consolidation.



Corporate Structure Reinecke + Pohl Sun Energy; Status 31.12.2005 (without BK Bau und Grund GmbH i.L.)

Business Model

As a manufacture-independent system provider, Reinecke + Pohl Sun Energy AG plans and constructs photovoltaic facilities and sells these turnkey ready plants to institutional and private investors. According to the respective customer agreement, the company performs the following services: Examination of the project's operational efficiency and the technical suitability of installation areas, obtainment of legal permission requirements for the erection and operation of facilities on the respective surfaces, conduction of the flat roof static examinations, and the preparation of yield appraisals. Furthermore, Reinecke + Pohl Sun Energy AG, as a project developer, also erect photovoltaic facilities for private and institutional investors. In this respect, the company initially identifies the suitable facility locations, offers these to investors and arranges the required agreements between the space owner and the investor (lease contracts respectively land use contracts). As soon as the prerequisites for the erection of a photovoltaic facility have been established, the company performs its services as a system provider for the investor.

Corresponding to individual location requirements, the company plans the technical arrangement of the facility

and commissions a third party with the installation. In this case, it primarily concerns major facilities with output usually over 20 kWp. In individual cases, projects also feature output of several MWp. For the buyer of the photovoltaic facility, Reinecke + Pohl Sun Energy AG then takes over the delivery and ready-for-use installation of the facility and the creation of the mains connection, generally at a fixed price. The payment of the fixed price to Reinecke + Pohl Sun Energy AG by the buyer, usually takes place in phases (order placement, commencement of construction, final inspection). Whereas the company itself takes over the implementation planning, the erection of the facility is commissioned to subcontractors. In each individual case, the company also takes over the technical operational management for the buyer for a fee.

Reinecke + Pohl Sun Energy AG does not manufacture photovoltaic modules itself. The company procures these through closed delivery agreements required, and through long-term procurement contracts from various suppliers. System components are usually procured short-term on the market. Since Reinecke + Pohl Sun Energy AG does not manufacture photovoltaic modules

or other components itself, the company group owns neither its own manufacturing plants nor operates in the field of research and development.

Besides the system provider business and project business, the trade of photovoltaic and components represents a significant portion of Reinecke + Pohl Sun Energy AG's business activities.

The implementation of the company's business activities is primarily affected by the operative subsidiaries in Germany. Together with Reinecke + Pohl Solare Energien GmbH, Nastro-Umwelttechnik GmbH as an operative subsidiary is responsible for project installation and monitoring, whereas Maass Regenerative Energien GmbH is responsible for the module and component trade as well as the internationalization. Thus, the company has excellent access possibilities to the Asian procurement market, amongst others, through a joint venture with the Chinese solar module factory Prim-Sola. Furthermore, international expansion of the existing branch offices in Spain and in the USA are planned.

Segments

The company's segment-reporting follows internal control and reporting. In this respect, the company is subdivided into the segments "Projects" and "Trade". The "Projects" segment includes the activities of Reinecke + Pohl Sun Energy AG as a system provider of photovoltaic facilities and as a project developer. The business activities of Reinecke + Pohl Solare Energien GmbH and Nastro-Umwelttechnik GmbH are assigned to the segment of "Trade".

In the segment of "Trade", the company's purchasing and buying businesses of photovoltaic modules and components are featured. These activities are primarily carried out by Maass Regenerative Energien GmbH. At home and abroad, Maass Regenerative Energien GmbH coordinates the procurement of photovoltaic modules for the entire company. In this case, the modules are procured through brokers and directly from the manufacturers. Nastro-Umwelttechnik GmbH is involved in trade with photovoltaic modules and components, where Nastro-Umwelttechnik GmbH is assigned to Reinecke + Pohl Sun Energy AG's segment of "Projects", due to internal controlling and reporting. The most significant key figures concerning the business development

of the individual segments can be found in the management report starting on page 26.

Personnel

At the end of the fiscal year, Reinecke + Pohl Sun Energy AG employed 50 permanent full-time staff members (excluding the members of the Executive Board and Management). Currently, 14 employees work at the company's Hamburg location. These staff members are primarily responsible for corporate administrative and marketing activities. As of December 31, 2005, 24 employees were located in Meppen and 12 employees in Wesel, who were engaged in the planning, realization and marketing of photovoltaic facilities as well as the purchasing and trade of components. The remuneration of staff members employed with RPSE-Group is predominantly based on fixed salaries. In addition, employees in various functions (management, marketing, administration) have variable salaries that have been agreed upon, based on the employee's achievement of personal job objectives as well as corporate objectives.

The remuneration of the Executive Board contains both fix and variable salary components. For the fiscal year of 2005, the individual variable salary compensation amounted to 25 TEUR, based on the total overall performance in MWp of photovoltaic facilities sold by the company during the fiscal year. The variable salary is due upon the determination of the annual financial statement.

Objectives and Strategy

In the middle term, Reinecke + Pohl Sun Energy AG wants to establish itself as one of the leading European system providers of large-scale photovoltaic facilities. The company observes interesting markets, particularly in those countries where public conditions, comparable to the German EEG, either exist or are expected soon. Diversification into other areas of business will not be pursued: in the future, the company will concentrate on the photovoltaic market.

To realize these objectives, Reinecke + Pohl Sun Energy AG employ the following strategies:

- Implementation of innovative photovoltaic technology (e.g. thin film technology)

- Assurance of the availability of modules at economic conditions through the build-up of long-term delivery relationships with a multitude of module suppliers and presence in the Asian procurement market
- Take over of or investment in other enterprises with synergetic potential
- Consolidation of assignment areas within the Reinecke + Pohl Sun Energy-Group (e.g. procurement of modules, accounting, marketing)
- Outsourcing of installation activities to third party companies
- Expansion and consolidation of customer base, in particular by gaining institutional investors in PV plants in Germany and abroad.

Competitive Strengths

It is the company's opinion that the following primary strengths will contribute to future growth of the company:

- Experience in major facilities projection:
Before the establishment of the company, the management of Reinecke + Pohl Sun Energy AG collected many years of experience in the projection of major facilities in the field of regenerative energy. Beyond that, a great majority of the Company's employees have relevant specialized knowledge.
- Concentration on the core competences:
Reinecke + Pohl Sun Energy AG does not consider constructional services as one of the company's core competences. Therefore, the installation of photovoltaic-facilities is commissioned to chosen third party-companies. The outsourcing of constructional services allows for the retention of lean personnel structures and offers flexibility during the completion of orders as well.
- Quick reactions to market changes:
Due to its business model, Reinecke + Pohl Sun Energy AG is able to react quickly and flexibly to market changes. The company is not tied to any specific photovoltaic technology, because they do not produce photovoltaic modules themselves but instead pro-

cure them on the market. Therefore, they can directly adjust to new technological developments and orient their procurement strategy to the appropriate market conditions.

- Transferability of the business model to foreign markets:
Due to comparable public conditions in other countries as they exist or are shortly expected e.g. in Spain, Belgium, Portugal or in the USA, the company sees the possibility of fundamentally transferring their business model to new geographic markets and realizing the aspired growth abroad as well.
- Access to the capital market:
The procurement of photovoltaic modules must be financed intermediately. A profitable growth of noteworthy amplitude therefore requires a significant investment of capital. In contrast to the majority of competitors in Germany, Reinecke + Pohl Sun Energy AG has direct access to the capital market, due to the company being listed on the stock exchange. This offers the company a large spectrum of financing possibilities. They are also in the position to borrow larger amounts of capital. In addition, Reinecke + Pohl Sun Energy AG can set their shares as cash for growth and thus, implement company takeovers in a liquid savings manner.

2. FINANCIAL POSITION

OVERVIEW

The RPSE AG was founded on January 22 1999 (at that time still named "B & K Beteiligungs AG", later signing with the firm name "BK Grundbesitz & Beteiligungs AG") and initially operated as a real estate firm. On November 12, 2003, insolvency proceedings were instituted against the assets of the company. The insolvency proceedings were canceled on December 07 2004.

The following previous year figures as of December 31, 2004 concern the annual financial statement of the former "BK Grundbesitz & Beteiligungs AG". The company did not yet exist, insofar as the company's annual financial statement and the Consolidated Financial Statement

are concerned. The company conducted practically no business activities in the fiscal years 2002 to 2004. In fiscal year 2005, an economical new foundation began for the first time with the present business activities as a system provider and dealer in the field of photovoltaic. Therefore, comparisons to the previous year's figures have only conditional explanatory power.

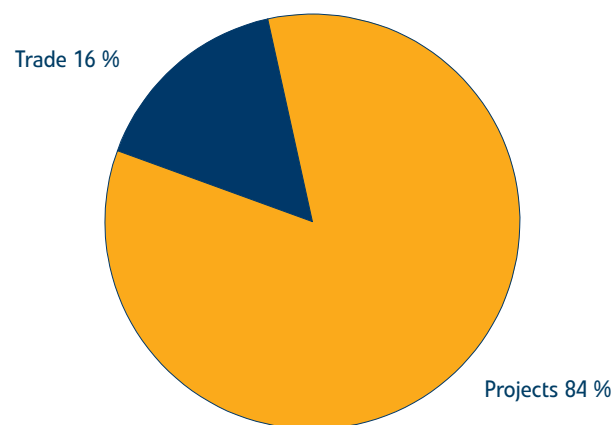
Until December 31, 2004, the accounting was solely affected in accordance with the German Commercial Code (HGB) under supplementary observance of the regulations of the German Stock Corporation Act (AktG). Beginning with the fiscal year of 2005, the Consolidated Financial Statements were prepared in accordance with IFRS. The accounting in the annual financial statement was further affected with accordance to the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). Fiscal year 2005 concerns a 12-month period from January 1 to December 31, 2005. The previous year period also included a full fiscal year from January 1 to December 31, 2004.

After the company's foundation in the fiscal years 1999 to 2001, it initially operated as a real estate firm. In the fiscal years 2002 to 2004 no further operative activity took place and the last sales profit was realized at the beginning of fiscal year 2002. On July 8, 2003, the company applied for the opening of insolvency proceedings against the assets of the company. The insolvency proceedings were opened on November 12, 2003 and closed on December 07, 2004. At the Annual General Meeting on March 18, 2004, the continuation of the company was resolved. The present business activities in the field of photovoltaics were taken up in the fiscal year of 2005.

PROFITABILITY

Compared to the previous year, the turnovers of the RPSE-Group have increased strongly in the period from January 1 to December 31, 2005. The IFRS-Statement of the previous year shows no turnovers, since the RPSE AG, still signing as the firm "BK Grundbesitz & Beteiligungs AG" was still in the process of insolvency and after closing insolvency was in development. Through the company integrations respectively acquisitions in the course of fiscal year 2005, in accordance with the version of the resolution of continuance at the company's

Annual General Meeting on March 18, 2005, the first consolidation-compatible turnovers for the company were given. Up to December 31, 2005, the Consolidated Financial Statement shows turnovers of 52.582 TEUR. Corporate planning, which intended a turnover of 46.500 TEUR for the fiscal year of 2005, was thus exceeded by 6.082 TEUR or 13.1 percent.

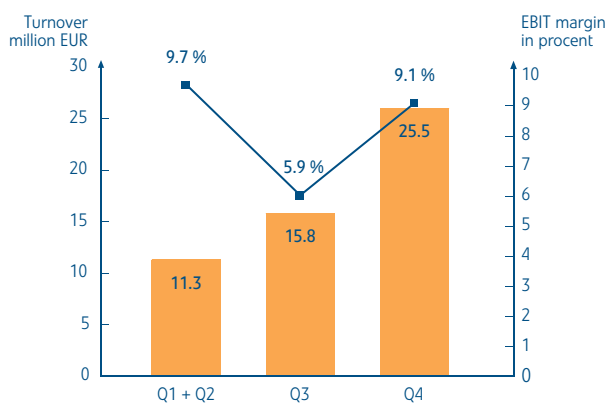


Turnover by Segments 2005

The "Projects" segment was able to contribute a positive result to fiscal year with turnovers of 44.349 TEUR and in the "Trade" segment, 8.309 TEUR were earned.

In the segment of "Projects", Reinecke + Pohl Solare Energien GmbH contributed 3,318 TEUR to the group turnover in the period from April 1, 2005. Reinecke + Pohl Solare Energien GmbH was able to achieve the turnover primarily due to the sales of several large-scale photovoltaic facilities of up to 100 kWp to private investors. The sales of photovoltaic facilities to institutional investors by Reinecke + Pohl Solare Energien GmbH fell short of the expectations in 2005, since the module capacity of the company, after the acquisition of Nastro-Umwelttechnik GmbH, was used up earlier for the realization of Nastro-Umwelttechnik GmbH orders. Nastro-Umwelttechnik contributed 31,029 TEUR to the group turnover in the period from May 23 to December 31, 2005. This was primarily due to the improved situation concerning financing and module deliveries after the

acquisition through RPSE AG. In the third and fourth quarters of fiscal year 2005, Nastro-Umwelttechnik GmbH was able to obtain several major orders for facilities of over 300 kWp, which were installed by December 31, 2005. Numerically, the largest part of the installed facilities by Nastro-Umwelttechnik GmbH had peak capacities of between 20 and 100 kWp. Nastro-Umwelttechnik was able to realize turnover predominantly in the sales of photovoltaic facilities to buyers from the agricultural, commercial and public sectors, which generally were proprietors of flat roofs upon which the facilities were to be operated. Nastro-Umwelttechnik GmbH received orders for the planning and installation of facilities with peak capacities, from small kWp up to large-scale facilities with more than one MWp. Besides that, Nastro-Umwelttechnik GmbH was able to achieve trade turnover of 2,861 TEUR in the mentioned period through the trade with photovoltaic modules and components. Maass Regenerative Energien GmbH was able to contribute 8,231 TEUR to the group turnover and the segment of "trade" within the consolidation period from September 8 to December 31, 2005. Maass Regenerative Energien GmbH realized these turnovers with the trade of photovoltaic modules. The company had profited from an improved procurement situation, which was primarily connected to the contractual agreement concerning the acquisition of a joint venture with a Chinese module manufacturer and the direct supply through a further Asian supplier.



Quarterly 2005

RPSE AG's individual financial statement showed turnovers of 1,561 TEUR in fiscal year 2005, which resulted from consultancy services for the subsidiary companies.

Due to the business industry-specific seasonality as well as the effects of acquisitions and dispositions through the first consolidation of Maass Regenerative Energien GmbH as of September 08, 2005, the fourth quarter of 2005 developed more strongly with regard to group turnover than in the individual previous quarters of fiscal year 2005. In the last quarter of the fiscal year, turnovers of 25,530 TEUR were realized, compared to 15,775 TEUR in the third quarter of 2005 and 11,277 TEUR for the period of January 1 to June 30, 2005. The seasonal fluctuations result from, amongst other things, the aspiration of completing photovoltaic facilities, if possible, by the end of the calendar year to profit from the higher feeder remuneration, compared to the following year.

For purchased goods and services, the company had expenditures of 40,665 TEUR in the period of January 1 to December 31, 2005. The company had no such corresponding expenditures in the previous period. As of December 31, 2005, a company gross profit of 7,616 TEUR with a profit margin of 14.5 percent was achieved for the lapsed fiscal year. Reinecke + Pohl Solare Energien GmbH contributed 677 TEUR, Nastro-Umwelttechnik GmbH contributed 5,742 TEUR and Maass Regenerative Energien GmbH contributed 1,216 TEUR to this gross profit; 2 TEUR went to RPSE AG, which solely concerned miscellaneous operational proceeds from personnel payment in kind. Reinecke + Pohl Solare Energien GmbH, with an unadjusted margin of 20.4 percent proved itself as the subsidiary with the strongest margins within the Company. With an unadjusted margin of 14.0 percent, Nastro-Umwelttechnik GmbH achieved the expected value. Maass Regenerative Energien GmbH was able to achieve a margin of 14.8 percent within the consolidation period with module trade.

Compared to the subsidiary companies' individual financial statements from fiscal year 2004 it is shown, that with the expansion of turnover in fiscal year 2005, the unadjusted margin could be increased accordingly. Furthermore, the unadjusted margin in fiscal year 2005 with 14.5 percent could be held at the previous year's level, despite increasing purchasing prices and declining remuneration rates for photovoltaic electrical service drops.

The company's low personnel expenditure ratio (person-

nel expenditure divided by the turnover) in fiscal year 2005 of 2.6 percent, makes clear that the company buys external providers for the completion of the photovoltaic facilities. As of the key date December 31, 2005, the RPSE-Group employed 50 staff members. Management is anxious to increase the number of employees proportionally to the growth of turnover. As of the closing date, RPSE AG engages no other employees besides the Executive Board members.

The company's write offs in fiscal year 2005 concern the scheduled depreciation and amortization of intangible assets and material assets. In the previous year, the company had to write off the former subsidiary companies' accounts receivable.

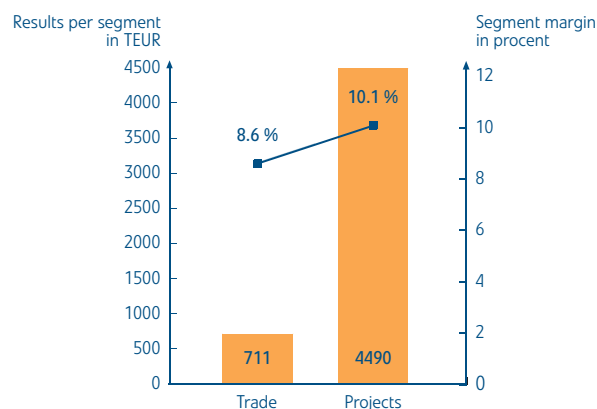
Expenditures for advisory, consulting and examination costs have particularly increased due to the increased consultancy effort caused by the capital market requirements of the RPSE AG during the business year. Selling expenses have also greatly increased because of increased sales commissions.

The write-offs on financial assets concern the 30 percent investment in the Shanghai Prim-Sola Energy Technology Co. Ltd., Shanghai in China, whose valuation of 130 TEUR of the current value which can be settled has been written off, since the legal effect of the contractually justified investment document is still outstanding.

The company's interest payable in the fiscal year amounted to 106 TEUR and primarily concerned short term granted loans from close persons, these loans were made available to RPSE AG to finance the company's business activities before a sufficient amount of the company's own money through capital increase for cash was available.

The company tax on profit expenditure for the fiscal year amounted to 1,524 TEUR. Included in the amount is an actual tax expenditure of 2225 TEUR and deferred taxes of 1,298 TEUR, which have been calculated based on a tax rate of 39.4 percent. In RPSE AG's individual financial statement, no tax expenditure was accrued, due to the net loss for the year.

The company's profitability presents itself very positive-



Results per segment 2005

ly with an EBIT of 4,343 TEUR and a net income for the year of 2,623 TEUR. Thus, the group planning was able to excel the EBIT-yield by 643 TEUR or 17.4 percent. From the company's view, an EBIT-yield of 8.3 percent respectively a turnover yield of 5.0 percent could be achieved based on the profit for the year. In the previous year, an annual deficit of 62 TEUR was achieved before the company's re-orientation took place. When dividing the company result by the number of shares (4,650,000) issued on the company closing date, it equals the diluted result per share of 0.56 EUR, shown in the profit and loss statement. The results per share in the sense of IAS 33, even 0, 87 EUR were achieved. The "Projects" segment contributed with a segment result of 4,490 TEUR to the company result, 711 TEUR were achieved in the "Trade" segment.

RPSE AG displayed an annual deficit of 125 TEUR in its individual financial statement, which primarily results from running expenditures for advisory, consulting and examination costs in connection with the acquisitions of company and the running requirements of the capital market.

FINANCIAL AND ASSETS POSITION

In the framework of the first consolidation of the shares of Reinecke + Pohl Solare Energien GmbH, Nastro-Umwelttechnik GmbH and Maass Regenerative Energien GmbH, the active debit differences, e.g. the amounts, that exceed the purchase costs of the company acquisition, as appraised at value time of own capital funds relating to the balance of the respective company, have

been proven in the full amount as goodwill. As of December 31, 2004, in accordance with the actual situation that, no company yet existed, no goodwill existed to be entered in the balance sheet. In accordance with the new regulations of IFRS, goodwill will no longer be written off on schedule. Instead, at least once a year, an Impairment Test will take place to determine, if necessary, if any unplanned write offs have taken place.

	12/31/2005	12/31/2004
	TEUR	TEUR
RPSE GmbH	2,414	0.00
Nastro GmbH	4,946	0.00
Maass GmbH	12,568	0.00
Goodwill	19,928	0.00

In comparison to the previous year (0 TEUR), the goodwill has increased to 19,928 TEUR, due to the first consolidation of the subsidiary companies Reinecke + Pohl Solare Energien GmbH (2,414 TEUR), Nastro-Umwelttechnik GmbH (4,946 TEUR) and Maass Regenerative Energien GmbH (12,568 TEUR). The Impairment Test showed no unplanned depreciation demand.

Within the framework of the share acquisition of Nastro-Umwelttechnik GmbH, result guarantees were submitted by the existing shareholders for the fiscal year of 2005 and 2006.

Due to this agreement, RPSE AG has entered the reduced amount of 3,355 TEUR (purchase date) in the balance sheet for fiscal year 2005 as the belated purchase price. However, since Nastro-Umwelttechnik GmbH did not achieve its target result in fiscal year 2005, the business value was reduced accordingly.

The other intangible assets primarily concern IT software, the machinery and equipment, motor vehicles, office equipment and IT hardware. From the corporate view however, the proven values are of minor significance.

As of December 31, 2005, the company's financial assets concern Maass Regenerative Energien GmbH's 30 percent share of the Shanghai Prim-Sola Energy Technology Co. Ltd., Shanghai, China (Prima-Sola), which is contractually justified, but under company law not yet effective. The beginning of the investment is affected on the cor-

porate closing date with the current value of 181 TEUR. Besides that, RPSE AG holds shares in the amount of 100 percent of Envinyatar S.L., Madrid, Spain (in the future: Reinecke Pohl Sun Energy España S.L.) and the Reinecke + Pohl Sun Energy LLC, Portland, Oregon, USA,, as shelf company and restructuring respectively new foundations, have proven no operative business during the fiscal year.

RPSE AG shows acquisition costs of 4,610 TEUR for the subsidiary companies Reinecke + Pohl Solare Energien GmbH, Nastro-Umwelttechnik GmbH, Maass Regenerative Energien GmbH and the foreign investments.

The work in progress and incomplete services as well as finished products and goods concern those assessed stocks of the company's calculated acquisition and manufacturing costs, which primarily concern photovoltaic modules and the connected services performed during the projection. Compared to the previous year, all companies have increased their supply stock through clearly increased turnovers in 2005, to be able to work off the increasing volume of projects and trade goods.

	12/31/2005	12/31/2004
	TEUR	TEUR
Receivables from goods and services	8,578	0.00
Future receivables		
From production orders	3,646	0.00
Receivables	12,224	0.00

As of the closing date, the stock of receivables from goods and services as well as future receivables amount to 12,224 TEUR. The amount of the receivables stock results from the strong turnover increase towards the end of the year. In the framework of production orders, the future receivables contain realized partial profits from projection orders less the collected prepayments for these orders. The information shown for 3,646 TEUR solely concerns the projection orders of Nastro-Umwelttechnik GmbH as of December 31, 2005.

The segment assets belonging to the field of "Projects" amount to 16,301 TEUR as of the closing date; the "Trade" segment has assets totaling 8,440 TEUR availa-

ble at the end of the reporting years. As of December 31, 2005, the total value of the company's assets amounts to 44,959 TEUR.

RPSE AG's subscribed capital amounted to 2,400 TEUR as of the closing date of December 31, 2004. As of December 31, 2005, the capital stock was increased to 4,650 TEUR through the conducted capital increases for cash in fiscal year 2005 of 240 TEUR and 750 TEUR (entry in the commercial registry on June 7, 2005 respectively October 19, 2005) and special capital increases of 460 TEUR respectively 800 TEUR (entry in the commercial registry on June 29, 2005 respectively November 22, 2005).

As of December 31, 2005, the capital reserve resulted from the miscellaneous extra payment (2,500 TEUR) through a deposit of Reinecke + Pohl Solare Energien GmbH less the settlement with the net loss (in accordance with commercial law) of 2,412 as of December 31, 2004 as well as the agio of the aforementioned capital increases for cash and the special capital increases.

The disclosure of the long-term debt greatly affects long-term obligations with a maturity of more than one year after the purchase of Nastro-Umwelttechnik GmbH (discounted remainder purchase price liability). The deferred accrued taxes primarily result from the application of the partial profit realization of production orders. The actual tax on profits obligation contains the expected additional payment for the corporate income tax and excise tax of fiscal year 2005 in accordance with the conditions of December 31, 2005. In connection with the acquisitions of companies and the running requirements of the capital market, an increase of legal, consultancy and examination costs took place. As of December 31, 2005, 338 TEUR have been reserved for the expected expenditures. The reserves for the guarantees primarily concern the subsequent improvement demands from sales through Maass Regenerative Energien GmbH and Nastro-Umwelttechnik GmbH. The remaining reserves are mainly comprised of personnel costs, such as emoluments, redundancy payments and holiday entitlements. In the RPSE Company, financial liabilities, as of the closing dates of December 31, 2005 and December 31, 2004, only exist in the form of open account liabilities with credit institutes. Received progress payments were collected into the company by Maass Regenerative Energien

GmbH and concern customer advances for photovoltaic modules to be delivered. The liabilities from trade receivables initially include liabilities from the purchase of photovoltaic modules and services within the framework of the system provider and project businesses.

The segment liabilities belonging to the field of "Projects" amount to 15,962 TEUR as of the closing date; the "Trade" segment has liabilities totaling 7,224 TEUR. As of December 31, 2005, the total value of the company's liabilities amounts to 8,103 TEUR.

FINANCIAL POSITION

Principles and objectives of RPSE AG's financial business management are oriented toward the financing of the company's operative business concerns as well as ensuring immediate solvency. The company's equity capital amounts to 35,594 as of December 31, 2005. The capital structure of the company has developed itself in a very positive manner in fiscal year 2005. The equity ratio in the financial statement as of December 31, 2005 amounts to 79.4 percent. The long-term investments will be covered completely and short-term investments will be covered up to 60 percent through equity capital. With the deduction of goodwill entered in the balance sheet as of December 31, 2005, a calculative equity capital of 15,666 TEUR remains. This is a demonstration of the successful re-structuring of the company after the end of the insolvency proceedings in the fiscal year of 2004, where in the end, the balance did not show yet through equity capital covered shortfall of 13 TEUR as of December 31, 2004. In consequence of the company's history and the recent development of the photovoltaic market after amendment of the Renewable Energy Law (EEG), financing through bonded capital remained largely closed to the company in fiscal year 2005. Only short-term open account overdraft limits of 1,200 TEUR for bonded capital financing of the running business were made available, which were assessed as of the closing date at the amount of 587 TEUR. Through the conducted capital increase for cash in fiscal year 2005, liquid assets of 12,828 TEUR were generated, which besides the utilization of open account liabilities led to a cash flow from financial activities of 13.528 TEUR. As of the closing date, financing reserves of 1,994 TEUR have been fixed as time deposits.

In the business year 2005, a positive group result of

2,623 TEUR was achieved by the company, taking the first consolidation terms of the subsidiary companies within periods of less than a year into consideration, however in whole, a negative cash flow of 8,775 TEUR was raised from the usual operational activities. The outflow of funds was primarily caused by the increase of receivables from goods and service as well as the reduction of short-term liabilities.

in fiscal year 2005, investments through RPSE AG were made in intangible fixed assets and tangible assets, whose volume were of minor significance. In regard to the contractually justified, but not yet in legal effect of 30 percent of the Prim-Sola, Maas Regenerative Energien GmbH laid out 145 TEUR in fiscal year 2005 before the acquisition through RPSE AG. Up to the date of preparation of the Annual Financial Statement, no further significant investments were made. Due to RPSE's model of business, no further noteworthy investments in intangible assets or tangible assets are required or planned.

The company acquisitions in fiscal year 2005 (Nastro-Umwelttechnik GmbH and Maass Regenerative Energien GmbH) were solely effected towards the issuance of shares. However, cash payments of up to 500 TEUR to the former partners of Nastro-Umwelttechnik GmbH could take place, provided that certain objective results for the fiscal year 2006 could be achieved. For fiscal year 2005, objective results had also been agreed upon, which would have justified the cash payments of up to 3,500 TEUR. Since Nastro-Umwelttechnik GmbH did not achieve the results objective, no payments became due.

3. REVIEW

February

- Preparation of the Annual General Meeting for the Resolution of Continuation: Reorientation of BK Grundbesitz & Beteiligungs AG in the field of solar energy
- Appointment of the VEM Aktienbank AG as a Designated Sponsor
- Closing of the transfer contract for "Meridian Solare Energieprojekte GmbH"

March

- Take over of 12.9 percent of the company by FM Fund Management Ltd.
- Annual General Meeting on March 18 2005: Resolution of Continuation of BK Grundbesitz & Beteiligungs AG as well as the renaming to "Reinecke + Pohl Sun Energy AG" and relocation of headquarters to Hamburg. Re-election of the Supervisory Board and introduction of the new Articles of Association.

April

- Successful private placement of 240.000 shares through VEM Aktienbank AG
- Master Agreement for 2005 to 2007 between Reinecke + Pohl Solare Energien GmbH and the American solar module manufacturer First Solar
- Contribution of Reinecke + Pohl Solare Energien GmbH into BK Grundbesitz & Beteiligungs AG after registration of the Resolution of Continuation in the Commercial Registry. First Consolidation on April 01 2005

May

- Registration in Hamburg's Commercial Registry as Reinecke + Pohl Sun Energy AG and thus a successful conclusion of the restructuring
- Takeover of Nastro-Umwelttechnik GmbH, thus, supplementing of the service spectrum in the field of middle-sized photovoltaic-facilities; first consolidation on May 24, 2005

June

- Semi-Annual Financial Statement of Reinecke + Pohl Sun Energy AG: Turnover: 11.28 million EUR / EBIT: 1.09 million EUR

July

- Sales of several projects in Spain with a total output of 300 kWp
- Annual General Meeting on July 7, 2005; Creation of new authorized capital of up to 1.55 million EUR
- Creation of conditional capital for the issuance of convertible bonds with a total nominal amount of up to 15.5 million EUR.
- Submission of the financial statements of the former BK Grundbesitz & Beteiligungs AG from 2002 to 2004.
- Election of the new Supervisory Board member, Mr. Gerd-Jürgen Pohl.

August

- Supervisory Board's non-approval of the transfer of Meridian Solare Energieprojekte GmbH
- 100 percent Takeover of Maass Regenerative Energien GmbH thus, expansion of the module supply capacity for Reinecke + Pohl Sun Energy AG; first consolidation on September 08
- Increase of the target figure
- Introduction of the Chinese Joint-Venture Shanghai Maass-Prim Renewable Co., Ltd.

September

- Quarterly Statement for the third quarter: Turnover: 27.1 million EUR / EBIT: 2.0 million EUR

October

- Successful closing of the second increase in share capital and emission proceeds of 11.1 million EUR (gross)
- New registered capital of Reinecke + Pohl Sun Energy AG amounts to 4.65 million EUR
- Contract for the erection of the largest photovoltaic rooftop facility worldwide with First-Solar thin film modules (Investment volume 6 million EUR)
- Mandate for Close Brothers Seydler AG as a Designated Sponsor
- Successful integration of the subsidiary companies and consequent orientation of Reinecke + Pohl Sun Energy AG as a Holding company
- Reorganization of the Executive Board: Sebastian Bovensiepen retires from his position as an Executive Board member as of October 31, 2005

November

- Announcement of an order for the construction of a 3.4 megawatt-sized photovoltaic plant in Zwickau (Investment volume 14.9 million EUR)

December

- Formation of the Spanish subsidiary of Reinecke + Pohl Sun Energy España, S.L., Madrid, Spain

4. SUPPLEMENTARY REPORT

The following events can be mentioned as occurrences of special significance after the conclusion of fiscal year 2005:

Admission in the General Standard

Reinecke + Pohl Sun Energy AG was admitted to the General Standard on the Frankfurt Stock Exchange on February 14 2006. The company is listed through a so-called "Dual Listing", on the regulated market in Frankfurt as well as in Düsseldorf.

Memorandum of Understanding with Baoding Yingli

At the beginning of March 2006, Maass Regenerative Energien GmbH (wholly owned subsidiary of Reinecke + Pohl Sun Energy AG) concluded a Memorandum of Understanding with the largest photovoltaic manufacturer in China, Baoding Tianwei Yingli. The existing supply contract between both companies should be expanded up to 2010. Baoding Tianwei Yingli intends to deliver 162 megawatts of module capacity to Reinecke + Pohl Sun Energy AG Company within the next five years.

Relocation of the company's headquarters

During the course of the intended relocation of RPSE AG's headquarters, replacement and expansion investments in the machinery and equipment and office equipment will be made. For this, management assumes a total volume of approx. 100,000 EUR.

5. RISK REPORT

In accordance with Reinecke + Pohl Sun Energy AG's entrepreneurial objectives, the company is anxious not to take any unreasonable risks. However, within the course of its business activities, the company and its subsidiary companies are exposed to various risks, not only in connection with current operative business but also in the changes of the environment within the market and business, these either are justified or may become so.

Therefore, Reinecke + Pohl Sun Energy AG has developed a broad risk management system in the year under review, in order to master these risks as well as utilizing the simultaneously arising chances for the company. To this effects, the company's Executive Board prepared a risk manual, in which, based upon a so-called "risk map"; the primary risks have been identified and classified. In the extended Management Circle, risk officers have been appointed for individual risks and are responsible for the ongoing monitoring thereof. With this, the newly developed risk monitoring presents the Executive Board with an important management and controlling instrument. In whole, the risk management system should, that possible risks can be identified, classified and continuously monitored. It is particularly important to minimize or avoid risks, and only take risks that are unavoidable within the framework of value enhancement.

Thus, Reinecke + Pohl Sun Energy AG's Executive Board is convinced that the company has a comprehensive and comprehensible system available which, based upon defined risk strategy, allows for and ensures a systematic and permanent procedure. The existing risk management system is being field-tested and gradually customized in accordance with new cognitions and changes from the operational business.

In fiscal year 2005, the Executive Board extensively discussed the company's individual risks with the extended Management Circle during the respective meetings and made various decisions concerning the handling of possible risks. During the year, the Management Circle was particularly engaged with general market risks, which may emerge from the declining feeder regulations of the Renewable Energy Act (EEG), the then lower yield expecta-

tations of the investors and the concurrently increasing costs for the crystalline photovoltaic module (based on the raw material silicon). In this case, Reinecke + Pohl Sun Energy AG treats with its strategy to rely increasingly on the innovative and economical thin film technology to achieve their desired margins. At the same time, the company plans to expand its presence further in the Asian procurement market.

A risk for the company's business activities is that the public aid for renewable energy sources could be restricted. In Germany, The Renewable Energy Act (EEG = Erneuerbare-Energien-Gesetz) currently promotes photovoltaics, which comprises the focal point of RPSE AG's business activities. Only with publicly granted financial support of electricity generated through photovoltaics, is this form of power generation competitive in foreseeable time within the field of grid-coupled facilities compared to other energy sources in Germany. These public supporting measures, particularly in Germany, are prerequisites for RPSE AG's business success. Therefore, the Executive Board of RPSE AG is anxious to enter foreign markets enabling them to reduce their dependency on the German market. In this case, first steps, particularly in Spain, have already been made in fiscal year 2005. A further risk to be observed and discussed lies in supply shortfalls, delayed deliveries or deliveries of defective modules. Since the company does not manufacture photovoltaic modules nor other facility parts for photovoltaic facilities, but rather procures these on the market, they are relatively dependent on timely and qualitative high-grade deliveries. RPSE AG faces this dependency with a wide diversification of supplier relationships and manufacturer independence based upon the latter.

In addition, risks could also arise within the competitive surroundings, for example through technological improvements or through consolidation within the photovoltaic industry. RPSE AG faces these possible risks in the market and surroundings by consequently positioning the company as a manufacturer-independent system provider with a clearly focused business model and continuous observation of the competition.

Beyond that, another possible risk could be sales financing through local customers. Since their pre-financing periods are significantly longer than those of private investors, a higher demand on liquidity exists with the

contracting authorities. In this case, the Company has reacted by attempting to set up short term additional lines of credit with banks, to cover the financing requirements of defined projects.

A quantification of the risk categories of financial instruments as well as the respective sensitivity analysis, as required by the IFRS 7.36-42, is waived under the aspect of materiality in accordance with IAS 1.31. The receivables from goods and services will be continuously assessed concerning their viability and upon conspicuities, adjustments of value will be conducted.

Owing to sufficient funding, the finance management, and access to bond as well as equity capital, no liquidity risk exists for the Company. Risks from existing customer contracts or those yet to be closed shall be permanently observed and assessed.

In the area of legal risks or amendments resulting from regularizing requirements adverse effects to the business curtailing could be encountered. As a listed public company, the RPSE group also carries increasing risks, which could possibly result if a company is no longer able to observe the numerous rules and increasing legal regulations. RPSE AG faces these risks with respective amendments and the definition of processes within the company's organization.

Business, funding and development of results could be impaired by the aforementioned or by other risks. In addition to those risks, there are also other risks that are presently unknown or have remained unrecognized and which could instigate negative impacts to the company. Therefore, RPSE AG will continuously observe the risks and evaluate the efficiency of individual countermeasures. Despite constant adjustments to the Risk Management System, the identified risks cannot be completely quantified in regard to their occurrence probability as well as their impact in accordance with amount.

6. FORECAST REPORT

In 2006, the leading German economic research institutes expect a distinct upward trend for Germany. For the increase of the gross domestic product (GDP), their estimations run from 1.4 percent up to 1.7 percent, whereas the Federal Government with their cautious estimate

of 1.4 percent lie on the lower edge of expectations.

A strong growth of the worldwide photovoltaic market is expected in the coming years as well. The world market growth in 2004 until 2010 shall be forecasted with a compound annual growth rate (CAGR) of 24 percent (Sarasin 2005) and 26 percent (LBBW 2005) respectively. The achieved installed total performance of the international photovoltaic markets in 2010 will lie, in accordance with an estimate of the European Photovoltaic Industrial Association (Source: announcement of the EPIA on January 09 2006), between 3.2 GWp (conservative estimate) and 5.4 GWp (optimistic estimate). For the following decade from 2011 to 2020, studies assume an annual growth rate of 18 percent (Sarasin-Study 2005) to 20 percent (LBBW-Study 2005). As of 2005 and during the coming years, it is expected that the currently dominating German, Japanese and U.S. markets will lose relative significance, due to the fact that their bases are already very high. Other markets, such as Spain in Europe or China, India, Thailand and South Korea in Asia will become relatively more important. In Germany, which is still the most important sales market for Reinecke + Pohl Sun Energy, a relaxation of the extreme upward surges from 2004 and 2005 is expected in 2006: The market forecasts of the LBBW amount to a grow rate of 11 percent, which would be equivalent to a newly added capacity of 500 MwP. The future market growth in Germany from 2004 to 2010 is appraised with a CAGR of 10.8 percent (Source: Sarasin 2005).

Whilst pursuing its internationalization strategy, RPSE AG established a subsidiary in Spain in the fourth quarter of 2005, which should be able to implement photovoltaic projects as early as the first half of 2006. In addition, further success-promising markets are currently being examined, particularly in countries where EEG-comparable federal conditions exist or are being expected short term such as Belgium, Portugal, or the USA.

After 2005 was marked by very strong market growth in the field of photovoltaics, Management expects that market growth to continue undiminished in 2006. Although the leading suppliers of photovoltaic modules have strongly expanded their capacities in 2004 and 2005, it is expected, however, that the overhang of demand will continue in 2006. The main reason for this is still the existing shortage of silicon, which is required during manufacture for the predominantly used crystal-

line photovoltaic modules. Therefore, manufacturing capacities are currently being strongly expanded in the field of the alternative thin film technology. However, this will not be sufficient to compensate for the module shortage in 2006. Therefore, the company is not ruling out that the purchasing prices for photovoltaic modules in 2006, compared to 2005, could moderately increase. The assurance of photovoltaic module supply is of further great significance to the company. Therefore, RPSE AG is anxious to assure the existing capacities of supply as well as constantly increasing them.

Due to the weather, the turnover and expenditures in fiscal year 2006 up to the compilation of annual accounts have developed more weakly than in the preceding months, which was expected. Given the expected increased market volume for photovoltaic facilities and photovoltaic modules as well as its national and international growth strategy in 2006, the RPSE group is nevertheless expecting an increase in turnover in the fiscal year compared to the preceding year. From the side of the deliverables, particularly the planned increase of the share of facilities in thin film technology, RPSE is awaiting an increase of margin. Besides that, the strengthened use of economies of scale will, compared to the turnover growth, contribute to an over proportionate increase of the company results.

Despite moderate price increases in the field of silicon-based modules, management is expecting that the segment of business "Projects" will increase its margin in the fiscal year 2006, due to the increased share on thin film modules. For the business segment of "Trade", RPSE awaits higher turnovers in comparison to the preceding year, whereas the margins will be lying under the previous year's level and thus, below that of the business segment "Projects".

Hamburg, in March 2006

The Executive Board



CHINA

EXPANSION OF OUR PRESENCE IN CHINA

Experts from the photovoltaic industry agree: In the medium basis, China will play an important role in the field of photovoltaic, as both a procurement and a sales market. For Reinecke + Pohl Sun Energy AG, the presence in China is fundamental to its success in the upcoming years. Based on current studies, it is assumed that 50 percent of the future world market production of solar modules will be coming from China. Therefore, as a company it makes sense to position ourselves as early as possible in this significant procurement market. We place great emphasis on the security of module capacities procurement in addition to the associated good contacts in Asia.

With the acquisition of the subsidiary company Maass Regenerative Energien GmbH in September 2005, Reinecke + Pohl Sun Energy AG acquired direct access to the Chinese procurement market. Within a short period, long-term supply contracts were closed with various renowned suppliers. We established the Chinese solar module factory Shanghai Maass-Prim Renewable Co. Ltd. a Joint Venture last year and hold 30 percent of the company.

In not too long, Asia (and particularly China) will crystallize itself as one of the most important selling markets in the field of solar system integration. In China, where 10.5 MWp were newly installed in 2003, photovoltaic technologies will be increasingly used, particularly due to the rapid increase of energy requirements. The Chinese government intensively supports this development through several programs for solar-based power supply for cities and villages. The installation of an additional photovoltaic performance of 450MWp is planned through to 2010. In March 2005, a further bill was passed, that obligates the facilities-based carrier as of 2006 to pay a feed-in tariff for photovoltaic electricity (Source: LBBW 2005).



Appearance at the Fair PV-Sec in Shanghai, 2005

Therefore, all companies will realize the importance of one goal: it will be critical to appear not only as a customer in Asia, but to position one's self as a highly qualified provider of excellent expertise. Various marketing measures of our subsidiary Maass Regenerative Energien GmbH have already achieved great success and have awakened a strong interest of the Asian experts and companies. Amongst other things, Maass Regenerative Energien GmbH was introduced at the International Fair and Conference PV-Sec in Shanghai in October 2005. Publications in Chinese trade magazines provided additional attention. We are presently in discussions about the first pilot project that we would like to carry out in China. Furthermore, Reinecke + Pohl Sun Energy AG's presence in the Asian market, particularly in China, stands in the foreground as well as intensifying good contacts and existing networks. A significant share of our turnover should be coming from this region in 2008, at the latest.

REINECKE + POHL SUN ENERGY AG
CONSOLIDATED ACCOUNTS AS OF DECEMBER 31, 2005
BALANCE SHEET

ASSETS	31. December 2005 EUR	31. December 2004 EUR
A. Long-term Assets		
I. Goodwill	19.927.732,80	0,00
II. Other intangible assets	20.630,00	0,00
III. Tangible assets		
Other equipment, factory and office equipment	282.139,00	0,00
IV. Financial assets		
Investments	207.101,25	0,00
Total of Long-term Assets	20.437.603,05	0,00
B. Short-term Assets		
I. Stock value		
1. Work in process	40.375,01	0,00
2. Finished goods and merchandise	4.900.845,35	0,00
3. Advances paid	2.460.753,96	0,00
II. Trade receivables	8.577.885,03	0,00
III. Receivables from production orders	3.646.232,70	0,00
IV. Medium of exchange	4.224.889,60	17.786,78
V. Other assets	540.524,11	9.764,91
VI. Long-term assets available for sale	0,10	0,10
Total of Short-term Assets	24.391.505,86	27.551,79
Cumulative losses not covered by equity	0,00	12.862,05
C. Balance Sheet Total	44.829.108,91	40.413,84

REINECKE + POHL SUN ENERGY AG
CONSOLIDATED ACCOUNTS AS OF DECEMBER 31, 2005
BALANCE SHEET

EQUITY AND LIABILITIES	31. December 2005 EUR	31. December 2004 EUR
A. Equity		
I. Subscribed capital	4.650.000,00	2.400.000,00
II. Capital reserves	28.195.483,19	0,00
III. Company Balance Profit (previous year: Company Balance Loss)	2.748.354,49	-2.412.862,05
IV. Cumulative losses not covered by equity	0,00	12.862,05
Total Equity	35.593.837,68	0,00
B. Liabilities		
I. Long-term liabilities	472.500,00	0,00
Total long-term liabilities	472.500,00	0,00
II. Short-term liabilities		
1. Reserves	2.613.095,87	28.646,80
2. Financial liability	587.379,87	0,00
3. Customer advances	617.698,11	0,00
4. Trade payables	3.762.495,22	11.767,04
5. Other liabilities	1.182.102,16	0,00
Total of short-term liabilities	8.762.771,23	40.413,84
Total Liabilities	9.235.271,23	40.413,84
C. Balance Sheet Total	44.829.108,91	40.413,84

REINECKE + POHL SUN ENERGY AG
CONSOLIDATED ACCOUNTS AS OF DECEMBER 31, 2005
PROFIT AND LOSS STATEMENT

	01.01.-31.12.2005 EUR	01.01.-31.12.2004 EUR
1. Sales	52.581.604,64	0,00
2. Other operating income	17.910,74	54.625,70
3. Decrease in finished goods and work in progress	-2.603.784,20	0,00
4. Cost of raw materials, supplies and merchandise	-41.160.431,46	0,00
5. Cost of purchased services	-1.219.034,60	0,00
6. Gross Profit or Loss	7.616.265,12	54.625,70
7. Personnel expenses	-1.382.728,46	0,00
8. Amortization and depreciation	-71.020,29	-46.554,00
9. Other operating expenses	-1.819.974,89	-69.980,24
10. Earnings before Interest and Taxes (EBIT)	4.342.541,48	-61.908,54
11. Interest and other similar income	41.643,29	449,56
12. Write-offs of long-term financial assets	-130.000,00	0,00
13. Other Interest and similar expenses	-106.021,84	0,00
14. Investment- and Financial-Results	-194.378,55	449,56
15. Taxes on income	-1.523.412,39	-81,58
16. Other taxes	-1.624,44	0,00
17. Net income/Net loss for the year	2.623.126,10	-61.540,56
18. Cumulative losses brought forward	0,00	-4.606.321,49
19. Withdrawals from capital reserves	125.228,39	2.255.000,00
20. Amount of Balance Sheet Profit (previous year: loss)	2.748.354,49	-2.412.862,05
Results per Share		
Diluted (Basis 4.65 million shares)	0,56	-0,01
Undiluted in accordance with IAS 33 (Basis 3.01 million Shares; previous year: 2,4 million)	0,87	-0,03

REINECKE + POHL SUN ENERGY AG
CONSOLIDATED ACCOUNTS AS OF DECEMBER 31, 2005
CHANGE OF EQUITY

	Capital Stock EUR	Capital Reserve EUR	accumulated Results EUR	Total EUR
I. Status as of December 31, 2004	2.400.000,00	0,00	-2.412.862,05	-12.862,05
1. Contribution of RPSE GmbH as an additional payment in the equity		2.500.000,00		2.500.000,00
2. Loss offset towards capital reserves		-2.412.862,05	2.412.862,05	0,00
3. Increase of capital against cash contributions I	240.000,00			240.000,00
4. Agio		2.157.734,48		2.157.734,48
5. Increase of capital against contributions of the property Nastro-Umwelttechnik GmbH	460.000,00			460.000,00
6. Agio		4.090.156,20		4.090.156,20
7. Increase of capital against cash contributions II	750.000,00			750.000,00
8. Agio		9.871.152,65		9.871.152,65
9. Increase of capital against contributions of the property Maass Regenerative Energien GmbH	800.000,00			800.000,00
10. Agio		12.114.530,30		12.114.530,30
11. Net Income / Net Loss for the year			2.623.126,10	2.623.126,10
12. Withdrawal from the capital reserves for the transfer to the balance sheet		-125.228,39	125.228,39	0,00
II. Status as of December 31, 2004	4.650.000,00	28.195.483,19	2.748.354,49	35.593.837,68

REINECKE + POHL SUN ENERGY AG
CONSOLIDATED ACCOUNTS AS OF DECEMBER 31, 2005
COMPANY EQUITY CASH FLOW STATEMENT

	01.01.-31.12.2005 EUR	01.01.-31.12.2004 EUR
Net Income for the year (previous year: loss)	2.623.126,10	-61.540,56
+ Write-off on fixed assets	201.020,29	0,00
- Profit from the disposal of fixed assets	0,00	-2.997,10
+ Increase of reserves	706.360,41	-6.000,00
- Increase of stock	-174.669,16	0,00
- Increase of trade receivables	-10.594.687,33	0,00
+ Reduction of other fixed assets	162.528,93	35.279,99
- Increase of active deferred income	-47.372,19	0,00
- Reduction of short-term liabilities	-1.651.341,62	10.108,18
Cash Flow from normal operational activities	-8.775.034,57	-25.149,49
- Purchase of fixed intangible assets	-17.871,55	0,00
- Purchase of tangible assets	-202.643,40	0,00
- Purchase of financial assets	-323.332,99	0,00
+ Sales of financial assets items	0,00	2.997,10
Cash Flow from Investment Activities	-543.847,94	2.997,10
+ Deposits from capital increases	12.827.573,63	0,00
+ Increase of bank liabilities	429.987,40	0,00
Cash Flow from Financing Activities	13.257.561,03	0,00
Stock of cash and cash equivalents at beginning of period	17.786,78	39.939,17
+ Take over of stock of cash and cash equivalents from subsidiary companies	268.424,30	0,00
+ Alteration of the stock of cash and cash equivalents	3.938.678,52	-22.152,39
= Stock of cash and cash equivalents at end of period	4.224.889,60	17.786,78

REINECKE + POHL SUN ENERGY AG, HAMBURG EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF DECEMBER 31, 2005

ACCOUNTING PRINCIPLES

1. THE BASIC PRINCIPLES OF THE ITEMIZATION OF THE CONSOLIDATED FINANCIAL STATEMENT

As of December 31, 2005, the Consolidated Financial Statement (CFS) of Reinecke + Pohl Sun Energy AG in Hamburg (hereafter abbreviated as "RPSE AG" or in connection with the Group "RPSE group") has been adopted and publicized in congruence with the International Account Standard Board (IASB) and prepared to the closing date, pursuant to the International Financial Reporting Standards (IFRS) as well as its interpretation by the International Financial Reporting Interpretations Committee (IFRIC). The requirements of the applied standards have been fulfilled and lead to the procurement of actual relations of the RPSE group's financial position.

The statement in hand concerns a fully-fledged CFS for the Period between January 1 and December 31, 2005 with comparative figures for the period between January 1 and December 31, 2004.

The previous year's figures, as of December 31, 2004, concern the annual financial statement of the BK Grundbesitz & Beteiligungs AG in Munich. A company did not exist at that point in time and in this respect, the Annual and Consolidated Financial Statements concurred. BK Grundbesitz & Beteiligungs AG was in development up to December 31, 2004. In the Annual General Meeting on March 18, 2005, a Resolution of Continuance was decided upon for the company. Simultaneously, Reinecke + Pohl Sun Energy was re-named and the company's headquarters relocated to Hamburg.

The submitted fiscal year concerns a twelve-month period from January 1 to December 31, 2005. The previous year's period also includes a full fiscal year from January 1 to December 31, 2004. Through the implemented restructuring of the company in 2005, the preceding year's figures are only very limitedly comparable, if at all, with the current fiscal year.

Up to December 31, 2004, the company's accountancy was affected pursuant to the principles of German Commercial Code (HGB) under observation of the supplementary regulations of the German Stock Corporation Act (AktG). The first CFS was prepared in accordance with IFRS as of December 31, 2005.

Reinecke + Pohl Sun Energy AG, entered in the Commercial Registry of the District Court of Hamburg under the Commercial Registry Number (HRB) 93828, has its headquarters in 20354 Hamburg, in the ABC-Strasse 19. In accordance with the Articles of Association, the company's purpose is the activity of a managerial holding, i.e., particularly the purchase, sales, the holding, and administration of holdings of companies, primarily in the field of solar energy and their consolidation under uniform management.

The consolidated accounts are outlined in accordance with maturities. The cost-categories-oriented form was chosen for the company profit and loss statement. The group reporting currency is the Euro (EUR). For the reason of simplification, thousand Euros are reported as TEUR.

2. INDIVIDUAL PRINCIPLES OF BALANCE AND EVALUATION

Goodwill

Asset debit differences, resulting from the consolidation of investments, will be accounted as Goodwill. Goodwill, pursuant to the Principles of IFRS 3 in contrast to IAS 36 and IAS 38, will not be written off according to schedule. At least once a year it will be examined, within the framework of an Impairment Test, to which extent unscheduled depreciations shall take place.

Other intangible assets

Other intangible assets will be put to acquisition costs, reduced by scheduled, use-conditional and if necessary, unscheduled write-offs. The scheduled write-offs take place in accordance with the linear method for a usual use-duration of three to five years.

Tangible Assets (other equipment, factory and office equipment)

Tangible assets of the tangible fixed assets are activated by the procurement costs and cost of manufacture, and depreciated by scheduled, linear write-off in accordance with anticipated useful economic life. As far as necessary, unscheduled write-offs will also be implemented. The scheduled write-offs of tangible fixed assets are primarily based on a useful economic life of between 3 and 15 years.

Financial Assets

In accordance with IAS 39, other investments as well as securities, stocks and bonds shall be entered in the balance sheet as assets available for sale with the correlative current value of the closing date. Profits and losses resulting from the alteration of the current value will be set off from the equity, resulting in neither profit nor loss. Depreciation through unscheduled write-offs and a realized profit or loss through sales will be directly entered into the period result.

Stocks

Stocks will be entered into the balance sheet in accordance with IAS 2, at their cost of procurement or manufacture or with the anticipated lower net sales value. The evaluation of stocks will take place under the aspect of materiality with the direct attributable expenses.

Production Orders

Production orders will be entered into the balance sheet in accordance with IAS 11 within the framework of partial realization of profits and pursuant to the Percentage of Completion Method. Anticipated loss of orders in the full amount will be taken into immediate consideration. Profit will only then be realized, if the results of the production orders may be dependably estimated.

The degree of completion to be set will therefore be determined upon the completion of and in accordance with the fixed defined project milestone method. According to this degree of completion, sales and expenditures will be entered and realized as partial profits. As far as the cumulative (order sales and expenditures) exceed the customer advances in individual cases, the production orders will be shown on the asset-side under the future receivables from production orders. Should a negative balance remain after deduction of the customer advances, these will be shown on the liability-side as a liability from production orders.

Receivables and other short-term assets

Receivables and other short-term assets will be entered into the balance sheet with par value respectively with the acquisition costs after deduction adequate cumulative value adjustments.

Medium of Exchange

The accounting of current cash in banks and cash balance (means of payment liquid assets respectively) takes place at the respective nominal value.

Long-term assets available-for-sale

In accordance with IFRS 5, long-term assets available-for-sale are to be set at a lower value from the book value and current value that can be settled less the sales costs.

Reserves

In accordance with IAS 37, reserves are to be set aside, if legal or factual obligations exist from past occurrences and the outflow of resources for the fulfillment and a dependable estimation is possible. Reserves are set at the amount that present the best possible estimation of the expenditure required for the fulfillment of the current obligation as of the balance sheet key date.

Other liabilities

The remaining liabilities (long-term liabilities, financial payables, received customer advances, trade payables and other payables) are set at their redemption amount.

Deferred Taxes

For the temporary differences between IFRS and Tax Balance Sheets, deferred taxes are formed through the reversal of the differences presumably arising valid tax rates. This also applies for temporary differences from consolidation entries affecting income.

Currency Conversion

All transaction in foreign currency will be set at the exchange rate of the current value of the accounting transaction. On the respective balance sheet key date, an evaluation takes place according to the period-end exchange rate. Conversion differences will be entered income-statement related into the company's profit and loss calculation.

Use of Assumptions and Estimations

Within the framework of the preparation of the CFS, assumptions are made and estimations form a basis that influence the approach, the information shown, the evaluation of assets entered in the balance sheet, liabilities, profits and expenditures. The assumptions and estimates that have been used as a foundation are primarily based on the specification of normal operating utilization durations of long-term assets, the determination of degree of a project's completion and the evaluation of reserves. In individual cases, the actual values of the made assumptions and estimations could deviate.

3. BASIS AND PRINCIPLES OF CONSOLIDATION

In the CFS as of December 31, 2005, all companies are included, of which RPSE AG has the direct or indirect majority of votes. The companies have been included in the CFS in the period where RPSE AG achieved the possibility of control. From the company's point of view, the subsidiary companies are of minor significance and will be balanced as financial instruments in accordance with IAS 39.

Besides the parent company RPSE AG, the following subsidiary companies have been included in the CFS as of December 31, 2005, in the course of the full consolidation:

	Share %
Reinecke + Pohl Solare Energien GmbH in Hamburg	100
Nastro-Umwelttechnik GmbH in Meppen	100
Maass Regenerative Energien GmbH in Wesel	100

The subsidiaries, Reinecke + Pohl Solar Verwaltungs GmbH in Hamburg, Reinecke + Pohl Solar Betriebsführung GmbH in Hamburg and Solar Bauregie GmbH in Hamburg were sold in fiscal year 2005. Thus an inclusion in the CFS, up to the point in time of shares sales has been waived.

In addition, the wholly owned subsidiary companies Reinecke + Pohl Sun Energy LLC in Portland/OR, USA, and Envinyatar S.L. (in the future: Reinecke + Pohl Sun Energy España S.L.) in Madrid, Spain, and the contractually justified but under corporate law not yet legal holding of 30 percent of the capital share of Shanghai Prim-Sola Energy Technology Co. Ltd. in Shanghai, China, have been included neither as affiliated company in the CFS nor in course of full consolidation, due to minor significance.

As of December 31, 2005, a 10 percent-share of BK Bau und Grund GmbH i.L. in Munich also exists. Due to the intended sale of the shares, which have already been completely written-off, the information is shown under long-term assets available-for-sale.

The Annual Statement of Accounts of the companies included in RPSE AG's CFS, shall be consolidated in accordance with the uniform company balance and evaluation methods. The balance sheet key date for all consolidated companies is the same, as the parent company's date.

The capital consolidation shall be conducted in accordance with the procurement methods pursuant to IFRS 3. Investment book value of the subsidiary companies at the time of their purchase, are set off with their share of newly evaluated equity. Accrued debit differences will be shown as goodwill.

Income and expenditure, receivables and payables, and reserves between the fully consolidated companies will be eliminated. Interim results from company internal trade payables, which have not been realized through sales to third parties, will be counted out, as long as they are not of minor significance.

4. COMPANY ACQUISITIONS

In the fiscal year 2005, the following company acquisitions through RPSE AG took place:

Reinecke + Pohl Solare Energien GmbH

With the contribution contract dated February 1, 2005, the partners of Reinecke + Pohl Solare Energien GmbH have contributed all shares of this company, in the course of an advanced payment into the capital reserves in accordance with §272 Sec. 2 Nr. 4 of the German Commercial Code (HGB) of RPSE AG.

The date of the first consolidation is the transfer closing date determined in the contribution contract. According to the contribution contract, this is the day on which the Annual General Meeting resolved the

continuation of the BK Grundbesitz & Beteiligungs AG and had this entered into the commercial registry. Date of purchase is therefore April 7, 2005. For the sake of simplification and under the aspect of materiality, the date for the first consolidation is April 1, 2005.

The acquisition costs of the company's purchase are subdivided as follows between the acquired assets and liabilities:

	<u>04/01/2005</u> TEUR
Stock Assets	932
+ Trade Receivables	142
+ Other assets	135
+ Medium of exchange	8
+ Long-term assets available for sale	76
- Reserves and Liabilities	-1.198
+ Goodwill	2.414
Acquisition Costs	<u>2.509</u>

Nastro-Umwelttechnik GmbH

With the contribution contract dated May 18, 2005, RPSE AG acquired 100 percent of the shares of Nastro-Umwelttechnik GmbH. The transfer of shares was carried out during the course of a capital increase towards tangible assets through the contribution of two company shares of the Nastro-Umwelttechnik GmbH. As a service in return, the partners of Nastro-Umwelttechnik GmbH were transferred 460.000 new shares of RPSE AG.

The inclusion in the CFS takes place on the date when control over the newly acquired company, through the transfer of shares, takes place. According to the contribution contract, this is the day that the Executive Board and Supervisory Board of RPSE approved the contribution. This occurred on May 23, 2005. Due to the low sales turnover of the share at that point in time, the acquisition costs of shares for periods of less than a year, were contractually agreed upon at 8,600 TEUR plus the expenses of acquisition. In accordance with this, the purchase price agreed upon in shares amounted to 4,600 TEUR (10.00 EUR/share). The stock exchange's opening call from May 23, 2005 amounted to 10.30 EUR/share. A cash payment was agreed upon for the remaining purchase price of the shares of up to 4,000 TEUR. In the course of the shares acquisition of Nastro-Umwelttechnik GmbH, result guarantees were given for the fiscal years of 2005 and 2006. Due to this agreement, RPSE AG had to enter the interim financial statements for periods of less than a fiscal year after deduction of accrued interest, a belated remittance in the amount of 3,355 TEUR as a cash purchase price for the fiscal year of 2005 in the balance sheet. However, the result objective for the fiscal year 2005 was not achieved by Nastro-Umwelttechnik GmbH; the acquisition costs were respectively reduced. In later fiscal years, further belated alterations of the purchase price could arise.

The acquisition costs of the company's purchase are subdivided as follows between the acquired assets and liabilities:

	05/23/2005 TEUR
Intangible fixed assets	1
Tangible assets	111
+ Stock Assets	3.527
+ Trade Receivables	814
+ Other assets	159
+ Medium of exchange	95
- Reserves and Liabilities	-4.425
+ Goodwill	4.946
Acquisition Costs	5.228

Maass Regenerative Energien GmbH

With a contribution contract dated August 18, 2005, RPSE AG acquired 100 percent of the shares of Maass Regenerative Energien GmbH. The transfer of the shares was carried out during the course of a capital increase towards tangible assets through issuance of 800,000 new RPSE AG-shares

The admission took place as of the acquisition date. According to the contribution contract, this is the day on which the Executive and Supervisory Boards of RPSE AG decided to increase the capital towards the tangible assets from the authorized capital. The Supervisory Board approved the contribution contract and the resolutions were adopted on September 8 and 12 in 2005. The acquisition date was set on September 8, 2005.

The expenses of acquisition for the shares are evaluated with the stock exchange rate at the time of take over. Due to the share's narrowness on the market, the averaged stock exchange rate of the last five trading days before takeover date (16.32 EUR/share) was drawn upon.

The acquisition costs of the company's purchase are subdivided as follows between the acquired assets and liabilities:

	09/08/2005 TEUR
Intangible assets and tangible assets	69
+ Financial investments	300
+ Stock assets	2.768
+ Trade Receivables	674
+ Other assets	263
+ Medium of exchange	165
- Reserves and Liabilities	-3.612
+ Goodwill	12.568
Acquisition Costs	13.195

Since guaranteed results were included within the framework of the shares acquisition of Maass Regenerative Energien GmbH, belated alterations of the purchase price could take place due to these agreements.

Effects of the company acquisition upon the company annual account as of December 31, 2005

The correlative partial results of the subsidiary companies are comprised as follows on the individual acquisition dates up to December 31, 2005:

	TEUR
Reinecke + Pohl Solare Energien GmbH (April 1 - December 31)	241
Nastro-Umwelttechnik GmbH (May 23 - December 31)	2.969
Maass Regenerative Energien GmbH (September 8 - December 31)	459
Total effect upon the company result	3.669

By assuming that the aforementioned company acquisitions had already taken place as of January 1, 2005, the following affects would have taken place in the company's net sales:

	TEUR
RPSE AG	1.561
Reinecke + Pohl Solare Energien GmbH	12.202
Nastro-Umwelttechnik GmbH	47.809
Maass Regenerative Energien GmbH	21.868
Company internal net sales	-12.846
Fictive net sales	70.594
Real net sales	-52.582
Increase of the net sales during first consolidation as of January 1, 2005	18.012

By assuming that the first consolidation of all participants had already taken place as of January 1, 2005, the following affects would have taken place in the company result:

	TEUR
RPSE AG	551
Reinecke + Pohl Solare Energien GmbH	6
Nastro-Umwelttechnik GmbH	2.137
Maass Regenerative Energien GmbH	424
Consolidation measures	-142
Fictive company result	2.976
Real company result	-2.623
Increase of the company results during first consolidation as of January 1, 2005	353

5. SIGNIFICANT DIFFERENCES BETWEEN GERMAN COMMERCIAL CODE (HGB) AND INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Through accountancy adjustments from the recent balance sheet entries in accordance with German Commercial Code (HGB) to IFRS, significant differences could take place in the following areas:

Goodwill (IFRS 3)

Goodwill, resulting from the acquisition of consolidation-obligated subsidiary companies, is to be activated with the acquisition costs on the date of the company's acquisition. In accordance with the IFRS, no scheduled write-offs shall take place.

Instead, an Impairment Test of goodwill will take place at least once a year and if necessary, written-off on schedule. In contrast, in accordance with the regulations of the German Commercial Code (HGB), goodwill is to be regularly written-off or openly charged against the reserves.

Long-term assets available for sale (IFRS 5)

Long-term assets available for sale will be set at the lower value from book value and current value to be settled less the sales costs. In accordance with commercial law, no special valuation regulations exist; general principles apply.

Production Orders (IAS 11)

If the results of a production order were estimated as dependable, then the order's sales profits and expenditures, in connection with this production order, are to be entered in the balance sheet key date as assets and liabilities respectively, according to the performance rate. In accordance with the HGB, partial profit realization is generally not permitted.

Deferred Taxes (IAS 12)

For the temporary differences between IFRS and Tax Balance Sheets, deferred taxes will be formed. Tax rates will be used that will probably rise during the period of difference reversal.

Equity transactions (IAS 32 compared to SIC 17)

Costs of equity transactions, reduced by all connected tax on profits advantages, will be entered in the balance sheet as a deduction from equity and charged against the equity reserves. In accordance with commercial law, the costs will be entered as fully expenditure-effective.

Other Investments and Long-term Securities (IAS 39)

Other investments and long-term securities shall be entered in the balance sheet as long-term assets available-for-sale with the correlative current value as of the balance sheet key date. Profits and losses through the alteration of the current value will be accounted as success neutral within the equity. Depreciation through unscheduled write-offs and through sales realized profit or loss would be directly entered in the period's results. In accordance with commercial law, the accounting of acquisition costs takes place less the required unscheduled write-offs.

6. IMPACT OF THE TRANSITION TO IFRS AS OF JANUARY 1 2004

The transition from HGB (German Commercial Code) to IFRS (International Financial Reporting Standards) takes place retrospectively, with effect to January 1, 2004 (point of transition period).

Equity in accordance with the HGB, as of December 31, 2003, can be transferred to equity in accordance with IFRS as follows:

	<u>12/31/2003</u> TEUR
Company equity in accordance with HGB	49
Adjustment entries in transition to IFRS	0
Company equity in accordance with IFRS	<u>49</u>

The company result 2004, in accordance with IFRS, differentiates from the annual result 2004 in accordance with HGB as follows:

	<u>2004</u> TEUR
Company result in accordance with HGB	-61
Deviations of IFRS	0
Company result pursuant to IFRS	<u>-61</u>

Both the company equity in accordance with HGB as of December 31, 2003 and the company equity in accordance with HGB as of the fiscal year 2004 do not differentiate from the company equity and the company result in accordance with IFRS.

In the fiscal years 2003 and 2004, the former "BK Grundbesitz & Beteiligungs AG", now signing as RPSE AG, was in the proceedings of insolvency and after the closing thereof, was involved with its development. Thus, during this time they unfolded barely any activities. Only through the restructuring, which was conducted at the beginning of the fiscal year 2005, did the current business activities commence.

EXPLANATION REPORT TO THE FINANCIAL STATEMENT

7. DEVELOPMENT OF THE LONG-TERM ASSETS

The development of the long-term assets, which were all initially acquired during the course of fiscal year 2005, can be seen according to the following assets analysis. The assets taken over during the company acquisitions are presented separately in the column "Consolidation Additions".

Acquisition and Manufacture Expenses

	Status Begin of fiscal year TEUR	Additions TEUR	Cons. TEUR	Disposals TEUR	Status End of fiscal year TEUR
Goodwill	0	23.283	0	-3.355	19.928
Other intangible assets	0	18	6	0	24
Factory and office equipment	0	203	227	-66	364
Investments		191	146	0	337
	0	23.695	379	-3.421	20.653

Write-Offs

	Status Begin of fiscal year TEUR	Additions TEUR	Cons. TEUR	Disposals TEUR	Status End of fiscal year TEUR	Book Value End of fiscal year TEUR
Goodwill	0	0	0	0	0	19.928
Other intangible assets	0	2	1	0	3	21
Factory and office equipment	0	69	50	-37	82	282
Investments	0	130	0	0	130	207
	0	201	51	-37	215	20.438

8. GOODWILL AND OTHER INTANGIBLE ASSETS

Compared to the previous year (TEUR 0), goodwill increased to TEUR 19.928, due to the first consolidation of the subsidiary companies Reinecke + Pohl Solare Energien GmbH (TEUR 2.414), Nastro-Umwelttechnik GmbH (TEUR 4.946), and Maass Regenerative Energien GmbH (TEUR 12.568).

Within the framework of the Nastro-Umwelttechnik GmbH share acquisition, result guarantees were submitted for fiscal years 2005 and 2006.

In accordance with this agreement, RPSE AG entered the reduced amount of 3,355 TEUR in the balance sheet for the fiscal year of 2005 as the belated purchase price. However, since Nastro-Umwelttechnik GmbH did not achieve its target result in the fiscal year 2005, the business value was reduced accordingly.

The other intangible assets primarily concern IT-software, other assets, the machinery and equipment, motor vehicles, office equipment, and IT hardware. However, from the company's view, the proven values are of minor significance.

Goodwill was not written off in the fiscal year 2005. Scheduled write-offs exclusively took place upon the other tangible assets, which primarily concerned IT software.

At least once a year, within the framework of an Impairment Test, it shall be examined to which extent an unscheduled write-off of goodwill should take place. For this, cash-generating units have identified within the company, which follow internal controlling and reporting. Therefore, the cash-generating units correlate to the "Projects" and "Trade" segments, which are described in detail in the explanatory notes to the segment report. The book value of the allocated goodwill for the "Projects" segment amounts to 7.360 TEUR, for the "Trade" segment, the book value of goodwill amounts to 12,568 TEUR.

The foundation of the use-value statement for the "Projects" and "Trade" segments are assumptions concerning market development, module availability, financing and company development, which result from the company's long-term corporate planning. In this case, a 5-year plan for each cash-generating unit has been prepared up to 2011, which is based on the Executive Board's market and company estimations, which are partially supported by market studies.

Sales profit, cost of raw materials, supplies, merchandise and purchased services as well as personnel and other expenses are also derived from this. Besides that, investment expenditures have been determined from the investment plan for the respective area. The rates of growth determined for the individual areas within the planning period, have been separately determined for the individual years of the planning period. The calculation of the use-value for the "Projects" and "Trade" segments were effected solely upon the respective discounting of the remittance flows with a discount rate that is equivalent to the average cost of capital rate. In addition, the impacts of a variety of market developments on the use-value were determined in various scenarios. No write-off necessity for goodwill was identified from the Impairment Test.

9. TANGIBLE ASSETS

The tangible assets primarily concern motor vehicles, factory and office equipment and IT hardware. In the fiscal year 2005, only scheduled write-offs took place.

10. FINANCIAL ASSETS

The financial assets concern the following listed items:

	12/31/2005 TEUR	12/31/2004 TEUR
Prim-Sola Energy Technology Co. Ltd., Shanghai, China	181	0
Envinyatar S.L. (in the future Reinecke Pohl Sun Energy España S.L.), Madrid, Spain	24	0
Reinecke + Pohl Sun Energy LLC, Portland, Oregon, USA	2	0
Total Financial Assets	207	0

Besides the company's financial assets concerning Maass Regenerative Energien GmbH's 30 percent-share of the Shanghai Prim-Sola Energy Technology Co. Ltd., Shanghai, China (Prima-Sola), which is contractually justified, but under company law not yet effective, the investment (as of the balance sheet key date) of 100 percent of Envinyatar S.L., Madrid in Spain as well as Reinecke + Pohl Sun Energy LLC, Portland, in Oregon, USA, as shelf companies respectively new foundations, have proven no operative business in the fiscal year. These investments, in accordance with IAS 39, are entered in the balance sheet as long-term assets available-for-sale with the value to be settled according to the balance sheet key date. The investment in Shanghai Prim-Sola Energy Technology Co. Ltd. In Shanghai/China, was value-adjusted by 130 TEUR to the current value to be settled, since the closed contracts are not yet effective under company law. In comparison to the acquisition respectively foundation dates, no alterations of the current values to be settled have been made for the rest of the financial investments.

11. STOCK ASSETS

The unfinished goods, merchandise and work in process as well as finished goods and merchandise are concerned with those acquisition and manufacture costs valued company stocks, which are primarily photo-voltaic modules and services connected to the projection.

Those entered into the company's profit and loss calculation as expenditures under the items of entered stock listed as alteration of goods in stock and costs for raw materials, supplies, merchandise and purchased material and services amount to 40,686 TEUR in fiscal year 2005 (previous year: TEUR 0). In connection with the acquisition of stock assets, the currency exchange rate profits and losses achieved the balance of 19 TEUR (previous year TEUR 0).

In the fiscal year 2005, the depreciation of stocks was expenditure effectively entered as 192 TEUR (previous year TEUR 0).

12. TRADE RECEIVABLES

All receivables and other assets have maturity of up to one year. In the fiscal year 2005, depreciations of 195 TEUR (previous year TEUR 0) were carried out on the trade receivables.

13. FUTURE RECEIVABLES FROM PRODUCTION ORDERS

This item includes those realized profits resulting from the application of the partial profit realization for production orders less those customer advances that are included in this connection.

The significant factors that have an impact on the financial situation and position as well as the results situation (without deferred tax effects) from long-term production orders, can be seen from the following statement:

	12/31/2005	12/31/2004
	TEUR	TEUR
Order income	16.587	0
Order expenses	-12.795	0
Realized Profits	3.792	0
Included customer advances	-146	0
Future receivables from production orders	3.646	0

14. MEDIUM OF EXCHANGE

The item includes the bank balances of 4,192 TEUR (previous year 18 TEUR) and cash balance of 32 TEUR (previous year 0 TEUR).

15. OTHER ASSETS

Other assets all have maturity of up to one year and are comprised as follows:

	12/31/2005	12/31/2004
	TEUR	TEUR
Short-term liabilities	282	0
Active deferred income	99	0
Demands for value added tax	22	0
Demands for tax on profit	32	0
Remaining	106	10
	541	10

In the fiscal year 2005, unscheduled write-offs on other short-term assets took place for 51 TEUR (previous year 0 TEUR).

16. EQUITY

The separately presented equity development can be seen in the in the equity change calculation:

The company's subscribed capital (authorized capital), as of the company's balance sheet key date, amounts to 4,650 TEUR (previous year 2,400 TEUR) and is divided amongst 4,650,000 no par shares (previous year 2,400,000 no par shares). The stock concerns bearer shares. The subscribed capital has developed as follows:

	12/31/2005	12/31/2004
	TEUR	TEUR
Stand as of 01/01/2005	2.400	2.400
Capital increase against cash investments from 04/13 + 14/2005	240	0
Capital increase against tangible assets from 05/23 +24/2005	460	0
Capital increase against cash investments from 09/09, 09/13, 09/30/2005	750	0
Capital increase against tangible assets from 09/08, 09/12/2005	800	0
	4.650	2.400

17. LONG-TERM LIABILITIES

The company acquisition information shown concerns the long-term liabilities in full (discounted remainder purchase price liabilities) with maturity of more than one year.

18. RESERVES

The stated reserves concern the provision for taxation of 1,599 TEUR (previous year 21 TEUR) and other reserves of 1,014 TEUR (previous year 8 TEUR).

The provision for taxation is comprised as follows:

	12/31/2005	12/31/2004
	TEUR	TEUR
Actual tax liabilities	301	21
Deferred tax liabilities	1.298	0
	1.599	21

The deferred tax liabilities primarily result from the application of the partial profit realization in accordance with IAS 11.

The development of the provision for taxation is presented as follows:

	12/31/2005	12/31/2004
	TEUR	TEUR
Stand as of 01/01/2005	21	21
Dissolution	0	0
Consumption	0	0
Allocation (incl. acquisition through first consolidation)	1.578	0
	1.599	21

All other reserves have maturities of up to one year, comprised as follows:

	12/31/2005	12/31/2004
	TEUR	TEUR
Advising and Consulting costs security brochure	200	0
Redundancy payments	197	0
Guarantees	169	0
Outstanding invoices	108	0
Costs for financial statements and auditing	105	0
Vacation not taken	70	0
Emoluments	59	0
Legal and consultancy expenses	33	8
Others	73	0
	1.014	8

The development of the other reserves is as follows:

	12/31/2005	12/31/2004
	TEUR	TEUR
Stand as of 01/01/2005	8	14
Dissolution	0	0
Consumption	-8	-14
Allocation (incl. Acquisition through first consolidation)	1.014	8
	1.014	8

19. FINANCIAL LIABILITIES

All financial liabilities (liabilities towards credit institutes) have maturities of up to one year. Liabilities with maturity of up to one year are presented as short-term liabilities.

The liabilities concerning current accounts and toward credit-institutes are not secured.

20. RECEIVED CUSTOMER ADVANCES

Effectuated customer advances on orders that are not connected to production orders, up to the balance sheet key date are listed under this item.

21. TRADE PAYABLES

All trade payables have maturities from up to one year.

22. OTHER LIABILITIES

All other short-term liabilities have maturities of one year. The items are comprised as follows:

	12/31/2005	12/31/2004
	TEUR	TEUR
Short-term loans	259	0
Others	923	0
	1.182	0

23. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

No contingent liabilities exist as of the company balance sheet key date (previous year 0 TEUR).

Other financial obligations exist in the form, amongst other things, of module supply contracts with maturities of up to one year of 42,613 TEUR (previous year 0 TEUR) and with maturities of more than one and up to five years at 238 TEUR (previous year 0 TEUR).

EXPLANATIONS CONCERNING THE PROFITS AND LOSSES STATEMENT

24. SALES PROFITS

Concerning the composition of the sales profits, we refer to the company's segment reporting.

25. OTHER OPERATIONAL INCOME

Other operational incomes are comprised in the primary position as follows:

	12/31/2005 TEUR	12/31/2004 TEUR
Insurance remunerations	15	0
Sales of Investments and Securities	0	3
Deposits by Investors	0	51
Others	3	0
	18	54

26. CHANGE OF THE GOODS ON STOCK, COSTS FOR PURCHASED MATERIAL AND SERVICES

The material expenditure concerns the material deployment of sold good and balanced goods on stock in the fiscal year as well as the services rendered in this connection by the RPSE group.

27. PERSONNEL EXPENDITURES

The personnel expenditures are subdivided as follows:

	12/31/2005	12/31/2004
	TEUR	TEUR
Wages and salaries	1.231	0
Social contributions and expenditures for retirement pension plans	148	0
Expenditures for retirement pension plans	4	0
	1.383	0

28. WRITE OFFS

The fiscal year's write offs account to the scheduled write offs on other intangible assets and tangible assets.

29. OTHER OPERATIONAL EXPENDITURES

Other operational expenditures are comprised within the primary items as follows:

	12/31/2005	12/31/2004
	TEUR	TEUR
Legal-, consultancy- and examination expenses	578	65
Advertising and traveling expenses	348	0
Distribution costs	263	0
Space costs	214	0
Motor vehicle expenses	175	0
Depreciation on liabilities	138	0
Annual General Meeting expenses	39	0
Others	65	5
	1.820	70

The expenses of 107 TEUR for the auditor are included in the legal-, consultancy- and examination expenses. Of these, 88 TEUR are to the account of audits as well as 19 TEUR to other service performances through the auditor.

30. INTEREST AND OTHER INCOMES

This item primarily concerns interest of cash in banks.

31. WRITE OFFS OF FINANCIAL ASSETS

This item concerns the write offs of the current value to be settled on the contractually justified but in accordance with commercial law not yet effective investment of 30 percent of the capital of Shanghai Prim-Sola Energy Technology Co. Ltd. In Shanghai/China.

32. OTHER INTEREST AND SIMILAR EXPENSES

The interest and similar expenses primarily result from the interest calculation of the current bank accounts.

33. TAX ON PROFITS

Taxes on income and profits are comprised as follows:

	12/31/2005	12/31/2004
	TEUR	TEUR
Actual tax obligation for the current fiscal year	-225	0
Actual tax obligation for the previous year	0	-2
Deferred taxes	-1.298	0
	-1.523	-2

The offsetting and reconciliation from theoretical to the actual tax result is displayed as follows. The theoretical tax result is calculated as a product from the earnings before tax on profit of 4,277 TEUR (previous year -19 TEUR) valued with the theoretical tax rate of 39.4 percent.

	09/30/2005	12/31/2004
	TEUR	TEUR
Theoretical tax results	-1.638	8
Non-consideration of fiscal losses brought forward	0	-8
Tax expenses for previous years	0	-2
Others	115	0
Actual Tax Result	-1.523	-2

The national theoretical tax rate is calculated as follows:

	12/31/2005	12/31/2004
	%	%
Corporate Income Tax (effective)	22,27	22,27
Solidarity Surcharge (effective)	1,22	1,22
Excise Tax	15,91	15,91
Total	39,40	39,40

34. OTHER TAXES

Other taxes primarily concern motor vehicle taxes.

35. RESULTS PER SHARE

The results per share are calculated by the division of the company interim results by the weighted number of issued shares. The undiluted result per share in accordance with IAS 33 is presented as follows:

	12/31/2005	12/31/2004
Company result (in EUR)	2.623.126,10	-61.540,56
Weighted number of shares (in pieces)	3.005.222	2.400.000
Undiluted result per share (in EUR)	0,87	-0,03

The weighted number of shares is calculated as follows:

	Days	12/31/2005	12/31/2004
	Number	Pc.	Pc.
Stand as of January 1 2005	157	2.400.000	2.400.000
Stand as of June 7 2005	22	2.640.000	
Stand as of June 29 2005	112	3.100.000	
Stand as of October 19 2005	34	3.850.000	
Stand as of November 22 2005	40	4.650.000	
	365	3.005.222	2.400.000

By dividing the company results by the number of shares (4,650,000 pieces), issued on the company balance sheet key date, the sum is the diluted result per share of 0.56 EUR, shown in the profits and losses calculation. Further potential shares (e.g. options, conversion rights) do not exist.

EXPLANATION REPORT TO THE CASH FLOW STATEMENT

In accordance with IAS 7, the cash flow statement shows the changes of RPSE AG's funding during the course of the reported year. It is differentiated between cash flow from usual operational activities, cash flow from investment activities, and cash flow from the financing activities.

The following cash flows are included in the cash flow statement:

	12/31/2005	12/31/2004
	TEUR	TEUR
Received interest	42	1
Paid interest	-85	0
Paid tax on profits	-59	-2

EXPLANATION REPORT TO THE SEGMENT REPORTING

The segment report of the RPSE group follows internal controlling and reporting. Therefore, the company is subdivided into the "Projects" and "Trade" segments.

The "Projects" segment includes the activities as a system provider of photovoltaic facilities as well as project developer. As a system provider, the RPSE group plans, delivers, and installs large-scale photovoltaic facilities, particularly on commercial, public, or agricultural rooftops. In accordance with individual agreements with the respective customers, the following services shall be taken over:

- Examination of the project's operational efficiency as well as the technical suitability of the installation space (usually roof space on buildings in the fields of commercial, public or agricultural),
- The obtaining of the legally permissible requirements for the erection and operation of the facilities upon respective spaces,
- The statistical examination of roof spaces,
- Preparation of profit appraisals.

The RPSE group also erects photovoltaic facilities as a project developer for private and institutional investors. In this case, suitable facility locations are identified, offered to investors and the required agreement between the space owner and the investor (lease and/or land use contracts) mediated. As soon as the prerequisites for the erection of a photovoltaic facility have been created, the RPSE group performs their services as a system provider for the investor. The segment has been allocated to the business activities of Reinecke + Pohl Solare Energien GmbH and Nastro-Umwelttechnik GmbH.

The company's purchasing and sales businesses of photovoltaic modules as well as photovoltaic components are represented in the "Trade" segment. These activities are particularly carried out by Maass Regenerative Energien GmbH. The company coordinates the procurement of photovoltaic modules for the entire company, at home and abroad. In this case, the modules are procured through intermediaries as well

as directly from the manufacturer. Nastro-Umwelttechnik GmbH is also active in the trade of photovoltaic modules and components, whereas this company is allocated to the segment of "Projects", due to its internal controlling and reporting.

The segment reporting as of December 31, 2005 is presented in the following table. We abstain from stating the previous year's figures, since the company was economically newly founded at the beginning of the fiscal year. Under the aspects of materiality, no subdivision to primary and secondary segments shall take place. The secondary segment (geographical region) is currently of minor significance. The net sales are almost exclusively achieved on the home market.

	Segment Projects TEUR	Segment Trade TEUR	Transition TEUR	Company TEUR
External sales	44.349	8.231	2	52.582
Intercompany sales	0	78	-78	0
Net sales	44.349	8.309	-76	52.582
Segment Results	4.490	711	-2.578	2.623
- thereof interest payable	-141	-80	115	-106
- thereof interest earned	4	12	26	42
- thereof write offs	-53	-11	-137	-201
Segment Assets	16.301	8.440	20.207	44.829
Segment Liabilities	15.962	7.724	-15.583	8.103
Segment Investments	135	44	365	544

The column "Transition" includes intercompany transactions, holding expenditures as well as non-considerable tax on profit items in accordance with IAS 14. The segment result is the result stated before profit on taxes.

OTHER INFORMATION

36. RELATIONSHIPS TO CLOSE-STANDING PERSONS

Besides the subsidiary companies included in the CFS, RPSE AG, whilst exercising their normal business activities, stands directly or indirectly in close relationship with persons and companies.

Within the framework of usual business activities, all delivery and service relations that took place with the following companies and persons were conducted on usual market terms and conditions, as is generally done with third parties outside of the group.

Fiscal Year 2004

- With a contract closed in February 2004, the company's assets including all business shares of BK Beteiligungs- und Geschäftsführungs GmbH, former subsidiary of RPSE AG, were sold by the insolvency administrator to the former member of the Supervisory Board, Mr. Helmut Bückle, for a purchase price of 1TEUR.
- With a contract closed in February 2004, the company's assets including all business shares of BK ENDECON GmbH, a former subsidiary of RPSE AG, were sold to the former member of the Executive Board, Mr. Bernd Kocher, for a purchase price of 1TEUR.
- Also with a contract closed in February 2004, Mr. Bernd Kocher purchased the assets of the company from the insolvency administrator for 89 percent of the registered capital of BK Bau und Grund GmbH, a former subsidiary company of RPSE AG for the purchase price of 1TEUR.
- The sale of a ready-for-use photovoltaic facility was agreed upon in 2004 between Reinecke + Pohl Solare Energien GmbH and Mr. Gerd-Jürgen Pohl, member of the Supervisory Board and principle shareholder of the company. The order volume amounted to 480 TEUR. The facility was turned over in December 2005.
- The sale of a ready-for-use photovoltaic facility was agreed upon in 2004 between Reinecke + Pohl Solare Energien GmbH and Mr. Jörn Reinecke, a principle shareholder of the company. The order volume amounted to 443 TEUR. The facility was turned over in December 2005.
- The delivery of a ready-for-use photovoltaic facility was agreed upon in 2004 between Reinecke + Pohl Solare Energien GmbH and Reinecke + Pohl Grundbesitz GmbH in Hamburg, a company in which Mr. Gerd-Jürgen Pohl and Mr. Jörn Reinecke were involved. The order volume amounted to 287 TEUR. The facility was turned over in December 2005.
- In the fiscal year 2004, Reinecke + Pohl Solare Energien GmbH commissioned Reinecke + Pohl Neue Energien AG, in which Mr. Gerd-Jürgen Pohl and Mr. Jörn Reinecke were involved, with the delivery of the three aforementioned ready-to-use photovoltaic facilities. The order volume amounted to 1,086 TEUR.
- In October 2004 and within the framework of the insolvency plan procedure, Mr. Philip Moffat, a principle shareholder of the company, made a payment of 50 TEUR to increase the insolvency plan ratio.

Fiscal Year 2005

- With the contract from February 2005, the principle shareholder RSI Societas GmbH, whose sole partners were Mr. Jörn Reinecke, Mr. Philip Moffat and at that time the Pohl Vermögensverwaltungsgesellschaft mbH signing for Pohl Beteiligungs GmbH, whose sole partner was Mr. Gerd-Jürgen Pohl, brought all shares of the Reinecke + Pohl Solare GmbH business into the company free of charge.
- In May 2005, the company closed a contract with the sole partners of Nastro-Umwelttechnik GmbH, Ms. Monika Müller and Mr. Philip Moffat concerning the contribution of all their shares of the Nastro-Umwelttechnik GmbH business into the company. In turn, both of the contributors were each granted 230,000 stock shares. These newly issued shares were created through the company's special capital increase, which was recorded in the commercial registry on June 29, 2005. At the time of contribution, Nastro-Umwelttechnik GmbH's capital stock amounted to 50,000.00 EUR. Mr. Moffat brought in his share of business at a nominal value of 20,000.00 EUR. Ms. Müller brought in her share of business at a nominal value of 30,000.00 EUR. In dependence of Nastro-Umwelttechnik GmbH's achieved results during the fiscal years of 2005 and 2006, which can be calculated from the financial statements in accordance with commercial law, the company is obligated to reimburse Ms. Müller an additional amount of up to 4,000,000.00 EUR. In the fiscal year of 2005, the agreed minimum EBIT of Nastro-Umwelttechnik GmbH, which would have led to a payment to Ms. Müller, was not achieved. In this case, Ms. Müller would have received a payment of 3,500,000.00 EUR, if the Nastro-Umwelttechnik GmbH's EBIT would have achieved or surmounted 2,050,000.00 EUR. If Nastro-Umwelttechnik GmbH's EBIT had reached 1,537,000.00 EUR in fiscal year 2005, then the payment would have been reduced to 1,500,000.00 EUR. If the EBIT had lain between the aforementioned amounts in the fiscal year 2005, Ms. Müller would have received an appropriate proportionate payment. Ms. Müller is entitled to a further payment of 500,000.00 EUR, if Nastro-Umwelttechnik GmbH's EBIT achieves or surmounts 4,190,000.00 EUR in the fiscal year of 2006.
- In August 2005, the company closed contribution contracts with all partners of Maass Regenerative Energien GmbH thereunder, the HMB Beteiligungs- und Verwaltungsgesellschaft in Meppen, a principle shareholder of the company in which Mr. Hermann Müller (principle shareholder of the company and Managing Director of Nastro-Umwelttechnik GmbH) is involved in, concerning their business shares. Maass Regenerative Energien GmbH's stock capital amounted to 66,750.00 at the time of contribution. The HMB Beteiligungs- und Verwaltungsgesellschaft mbH brought in business shares of the nominal amount of 24,750.00 EUR into the company against the grant of 467,000 stock shares. Mr. Thorsten Preugschas brought in business shares amounting to nominal 16,750.00 EUR into the company, against granting of 177,000 stock shares. Mr. Stefan Maass brought in a business share in the nominal amount of 25,250.00 EUR into the company, against granting of 156,000 stock shares. In this connection, these newly issued shares were created through the company's special capital increase, which were recorded in the commercial registry on November 22, 2005.
In dependence of Maass Regenerative Energien GmbH's achieved results during fiscal years of 2005 and 2006, which in accordance with commercial law can be calculated from the financial statements, Mr. Preugschas and Mr. Maass are obligated to pay a compensation balance of up to 400,000.00 EUR per respective fiscal year to the company.
- In the fiscal year 2005, Reinecke + Pohl Neue Energien AG granted the company a loan in the amount of 40 TEUR with an interest rate of 6 percent p.a. As of September 30, 2005, the loan was paid in full. In addition, since 2005, Reinecke + Pohl Neue Energien AG have made office space available including office equipment and a company vehicle to the RPSE group, upon reimbursement of costs. The proportionate costs amounted to 185 TEUR in the period from January 1 to December 31, 2005.

- In 2005, the company was granted many loans by Pohl Beteiligungs GmbH, which amounted to 1,154 TEUR at an interest rate of 6 percent p.a. As of December 31, 2005, all loans were paid in full.
- In 2005, the company was granted many loans by RSI Societas GmbH, which amounted to 990 TEUR at an interest rate of 6 percent p.a. As of December 31, 2005, all loans were paid in full.
- In 2005, the company was granted a loan by Reinecke + Pohl Grundbesitz GmbH, which amounted to 15 TEUR at an interest rate of 6 percent p.a. As of December 31, 2005, this amount was paid in full.
- In 2005, Maass Regenerative Energien GmbH was granted a loan by Mr. Stefan Maass (Managing Director of Maass Regenerative Energien GmbH) for 200 TEUR at an interest rate of 8 percent p.a. As of December 31, 2005, the loan was partially paid. A valued amount of 50 TEUR remains.
- In 2005, Mr. Thorsten Preugschas, Managing Director of Maass Regenerative Energien GmbH granted Maass Regenerative Energien GmbH a loan for 200 TEUR at an interest rate of 8 percent p.a. As of December 31, 2005, a loan liability of 200 TEUR still existed.
- In 2004, Mr. Stefan Maass was granted a loan by Maass Regenerative Energien GmbH for 67 TEUR at a graduated interest rate of 3 percent to 5 percent per annum. As of December 31, 2005, a loan liability of 67 TEUR still existed.
- In the context of a management contract, Ms. Monika Müller (wife of Mr. Hermann Müller) has relinquished Nastro-Umwelttechnik GmbH to Mr. Hermann Müller for the practice of management activities. In this case, an annual remuneration of 160 TEUR has been agreed upon.
- In 2005, Reinecke + Pohl Neue Energien AG, in which Mr. Gerd-Jürgen Pohl and Mr. Jörn Reinecke are involved, commissioned Nastro-Umwelttechnik GmbH with the delivery of the three ready-to-use photovoltaic facilities sold by Reinecke + Pohl Solare Energien GmbH to Mr. Jörn Reinecke, Mr. Gerd-Jürgen Pohl and the Reinecke + Pohl Grundbesitz GmbH in 2004 (see above). The order volume amounted to 1,164 TEUR. The facilities were turned over to the buyers in December 2005.
- In 2005, the sale of a ready-to-use photovoltaic facility was agreed upon between Nastro-Umwelttechnik GmbH and a civil law association, in which Mr. Jörn Reinecke is involved. The order volume amounted to 450 TEUR. The facility was turned over in December 2005.
- In 2005, the sale of a ready-to-use photovoltaic facility was agreed upon between Nastro-Umwelttechnik GmbH and a civil law association, in which Mr. Gerd-Jürgen Pohl is involved. The order volume amounted to 408 TEUR. The facility was turned over in December 2005.
- The company has closed a mutual sublease with RSI Societas GmbH, Pohl Beteiligung GmbH as well as the aforementioned principle shareholders of RUPAG Grundbesitz & Beteiligungen AG for premises in Hamburg, which they have rented as of May 1, 2006. The sublet space amounts to approx. 360m²; the monthly rent including service charges amount to around 11 TEUR.

37. PERSONNEL STATUS

As of December 31, 2005, 50 employees (previous year: 0) were on the company's payroll.

38. SUPERVISORY BOARD

In accordance with §8 of the Articles of Association, the company's Supervisory Board includes three members that, as of December 31, 2005, are comprised as follows:

- Dr. Axel Holtz, Hamburg, Attorney (Chairman),
Supervisory Board mandates and memberships in comparable control committee in accordance with §285 Nr. 10 of the German Commercial Code (HGB): none
- Mr. Thomas Bartling, Hamburg, Certified Public Accountant (Vice-Chairman)
Supervisory Board mandates and memberships in comparable control committee in accordance with §285 Nr. 10 of the German Commercial Code (HGB): none
- Mr. Gerd-Jürgen Pohl, Hamburg, Merchant
Supervisory Board mandates and memberships in comparable control committee in accordance with §285 Nr. 10 of the German Commercial Code (HGB): Mr. Pohl is a member of the Supervisory Board of Hanseatischen Immobilien Invest AG in Hamburg, Carthago Biotech AG in Bremen and KIMON Life Ventures AG in Munich

The company's Articles of Association grant the members of the Supervisory Board a remuneration of 15,750.00 EUR (previous year: 0 TEUR), which will be proportionately paid to the Supervisory Board members for fiscal year 2005.

39. EXECUTIVE BOARD

The following members were appointed to the Executive Board during the fiscal year.

- Mr. Martin Schulz-Colmant, Graduate Economist, Hamburg
- Mr. Patrick Arndt, Graduate Economist, Hamburg
- Mr. Sebastian Bovensiepen, Jurist, Oldenburg (retired on October 31, 2005)

In accordance with §6 of the Articles of Association, the company shall be represented by two members of the Executive Board or by one member of the Executive Board together with an authorized signatory ("Prokurist"). The Supervisory Board may determine that members of the Executive Board be given individual power of representation.

The members of the Executive Board are entitled to remuneration for the period from March 18 to December 31, 2005 of the following amounts, respectively:

	Patrick Arndt TEUR	Sebastian Bovensiepen TEUR	Martin Schulz-Colmant TEUR	Total TEUR
Fixed remuneration	57	90	67	213
Emolument entitlement for 2005	25	0	25	50
Compensation entitlement	0	197	0	197
Total	82	287	92	460

40. DECLARATION OF CONFORMITY

The submission of the statement, pursuant to §161, of to which extent the recommendation of the "Governmental Commission on the German Corporate Governance Code" have been conformed to, will be publicized on the company's website and made accessible for the shareholders.

Hamburg, in March 2006
(The Executive Board)

THE CERTIFICATION NOTIFICATION FROM THE COMPANY CERTIFIED PUBLIC ACCOUNTANT

We have audited the Consolidated Financial Statements prepared by Reinecke + Pohl Sun Energy AG in Hamburg, comprising the balance sheet, profit and loss calculations, accumulated other comprehensive income statement, cash flow statement and notes, and the Group Management Report for the fiscal year from January 1, 2005 to December 31, 2005. The preparation of the Consolidated Financial Statement and Group Management Report in accordance with the IFRS, as applied by the E.U. and the additional requirements of German commercial law pursuant to §315a, section 1 of the HGB ("Handelsgesetzbuch": German Commercial Code) as well as the supplementary regulations of the Articles of Association, lie with the responsibility of the company's legal representative. Our responsibility is to express our opinion on the Consolidated Financial Statements and on the Group Management Report, based on our audit.

We conducted our audit of the Consolidated Financial Statements in accordance with §317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany ("IDW": Institut der Wirtschaftsprüfer). Those standards require that audit is planned and performed such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the Consolidated Financial Statements in accordance with the applicable financial reporting framework and in the Group Management Report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of the audit process. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the Consolidated Financial Statements and the Group Management Report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in the consolidation, the accounting and consolidation principles used and significant estimates made by the company's legal representatives, and evaluating the overall presentation of the Consolidated Financial Statements and the Group Management Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the Consolidated Financial Statements comply with the IFRS as adopted by the E.U., the additional requirements of German commercial law pursuant to §315a, section 1 of the HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group Management Report is consistent with the Consolidated Financial Statements, as a whole, provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, March 17, 2006

Treuökonom

Beratungs-, Revisions- und Treuhandgesellschaft mbH, Wirtschaftsprüfungsgesellschaft

by:

Dierk Lemmermann
Certified Public Accountant

Emmerich Kretzenbacher
Certified Public Accountant

Publicizing and/or forwarding of the annual financial statement and/or the management report in a form deviating from the original version requires our renewed statement, in the case that our certification notification is quoted or our examination is referred to, we particularly refer to §328 of the HGB.

SPAIN - THE NEW SOLAR MARKET

Spain counts as one of the most attractive markets worldwide in the photovoltaic industry. On the one hand, the country is of course interesting due to its high solarization rate. On the other hand, the Spanish government passed new objectives in August 2005 for the expansion of regenerative energy in the form of a worked-over "Plan de Energias Renovables 2005-2010" and thus, sent a clear signal. The government in Madrid wants to increase the regenerative energy share of the power generation through the year 2010 from a current 19.8 percent up to 30.3 percent. At the same time, the total solar capacities will be increased from 11.4 ME at the end of 2004 up to 105 MW in 2010. (Source: Export Initiative Regenerative Energy: Practice Report Solar Market Spain, Berlin - 2nd Edition 2005).

Spain provides an excellent foundation for Reinecke + Pohl Sun Energy AG's expansion into other European countries. After the initial marketing success in the growing Spanish market, the company established the Reinecke + Pohl sun Energy España, S.L. in Madrid in December 2005. Our subsidiary in Spain will transfer our business model to the Spanish market as well as other European markets. We also clearly concentrate on our core competences in other countries within Europe. At this stage, we are collaborating with local partners. Larger projects in these regions are currently being examined for the future and will be decided upon within the next few months.



FINANCIAL CALENDAR

04. till 05. April 2006	Close Brothers Seydler AG: Small & Mid Cap Conference, Frankfurt a.M.
05. Mai 2006	Deutsche Börse: 2nd General Standard Conference, Frankfurt a.M.
May 19 2006	Annual General Meeting in Hamburg, "Haus der Wirtschaft"
End of May 2006	Quarterly Report for the First Quarter of 2006
End of August 2006	Quarterly Report for the Second Quarter of 2006
End of November 2006	Quarterly Report for the Third Quarter of 2006

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This report is available as a download on our website in both the German and English languages. Further copies as well as additional information about Reinecke + Pohl Sun Energy AG can be sent to you upon request. Should you be interested, we would be more than pleased to add you to our shareholders distribution list, which ensures the regular receipt of our updated news via email.

DISCLAIMER

The report in hand includes future directive statements, based on the beliefs of the Executive Board of Reinecke + Pohl Sun Energy AG and reflects their actual assumptions and estimates. These forward-looking statements are subject to risks and uncertainties. The unpredictability of factors presented could result in different actual performance and results of Reinecke + Pohl Sun Energy AG. Possible causes could include, amongst other things, the non-acceptance of newly introduced products or services, changes in the general economic or business situation, shortfall of efficiency or expenditure reduction targets or an alteration of the business strategy.

The Executive Board is confident, that the expectations of these projected statements are sound and realistic. Should however, the aforementioned or any other unexpected conditions arise, Reinecke + Pohl Sun Energy AG cannot guarantee that the expressed forecasts will be proven correct.

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