



QUARTERLY REPORT II / 2006

AT A GLANCE: KEY DATA FROM THE 2ND QUARTER 2006

Profit and Loss		H1 2006	H1 2005
Turnover	Million EUR	32.68	11.28
Gross profit and loss	Million EUR	5.50	1.79
EBIT	Million EUR	1.04	1.09
EBITDA	Million EUR	1.13	1.09
Result for the period	Million EUR	0.33	0.67
Financial statement			
Total assets	Million EUR	59.65	24.14
Equity	Million EUR	37.18	10.05
Equity ratio	%	62.33	41.6
Subscribed capital	Million EUR	4.65	3.10
Balanced goodwill	Million EUR	19.93	10.54
Cash flow			
Cash flow from operating activities	Million EUR	-3.69	-2.04
Cash flow from investing activities	Million EUR	-0.48	-0.82
Cash flow from financing activities	Million EUR	12.54	2.57
Cash and cash equivalents as of 30th June	Million EUR	12.59	0.57
Number of employees (cut-off date 30th June)	absolute	66	24
Share			
Result per share (undiluted) ^{*1}	EUR	0.07	0.21
Result per share (diluted) ^{*2}	EUR	0.08	0.17
Share price at start of January (closing price)	EUR	14.00	4.00
Share price at end of June (closing price)	EUR	21.44	13.50
Number of shares	Million	4.65	3.10

^{*1} Base 2006: 4.65 million shares; Base 2005: 3.1 million shares

^{*2} Base 2006: 4.79 million shares; Base 2005: 3.9 million shares

KEY DATA OF THE SHARE

WKN / ISIN	525070 / DE0005250708	Type of shares	No-par-value shares
Trading symbol	HRP	Designated Sponsors	VEM Aktienbank AG, München
Common Code	022356658		Close Brothers Seydler AG, Frankfurt am Main
Segment, trade	Prime Standard, Regulated Market in Frankfurt Regulated Market in Düsseldorf	Opening price	December 2000
Number of shares	4,650,000		

CONTENTS

Newsletter to the Shareholders	Page 04
The Share	Page 05
Business development	
1. Business and General Conditions	Page 09
2. Business development in the first half of 2006	Page 10
3. Future outlook	Page 12
Consolidated Interim Financial Statement	
▪ Balance Sheet	Page 14
▪ Profit and Loss Statement	Page 16
▪ Change of Equity	Page 17
▪ Cash Flow Statement	Page 18
▪ Explanations on the Group Interim Financial Statement	Page 20
▪ Explanations about the segment information	Page 29
Finalncial Calendar	Page 31
Imprint	Page 32

DEAR SHAREHOLDERS,
DEAR SIR / MADAM,

The oil prices have increased and there is no end to this development in sight. There are many reasons for this. The maximum outputs in many oil fields have been exceeded. Warlike hostilities in the Middle East and ailing pipelines of large refineries are constantly raising the price of the finite raw material, oil. On the other hand, energy from regenerative systems is becoming more and more affordable. This strengthens our determination in our endeavours to increasingly focus on solar modules from innovative thin-film technology, which are increasingly able to compete with traditional resources as a result of the technical and monetary advantages. The faster this development proceeds, the larger the future growth and profit potentials for us, as system integrators, will be both in European and global competition. But we are also politically demonstrating that, as a result of new technologies and efficiency increases, the demands of the legislators are being complied with: as a result of appropriately lower prices for photovoltaic systems, the annual reduction of feed-in tariffs is balanced out and electricity generation from solar energy is becoming increasingly competitive.

Against this backdrop, we consider the current weaknesses in the capital markets in the field of regenerative energies as a temporary development. The global outlook for renewable energies and the demand for decentralised, safe and ecological energy supplies is still more than positive. The solar market became a global market long ago. In this way, we are going to consistently implement our clearly formulated growth strategies in the second half of 2006. On this note, we would like to thank our shareholders for their trust.

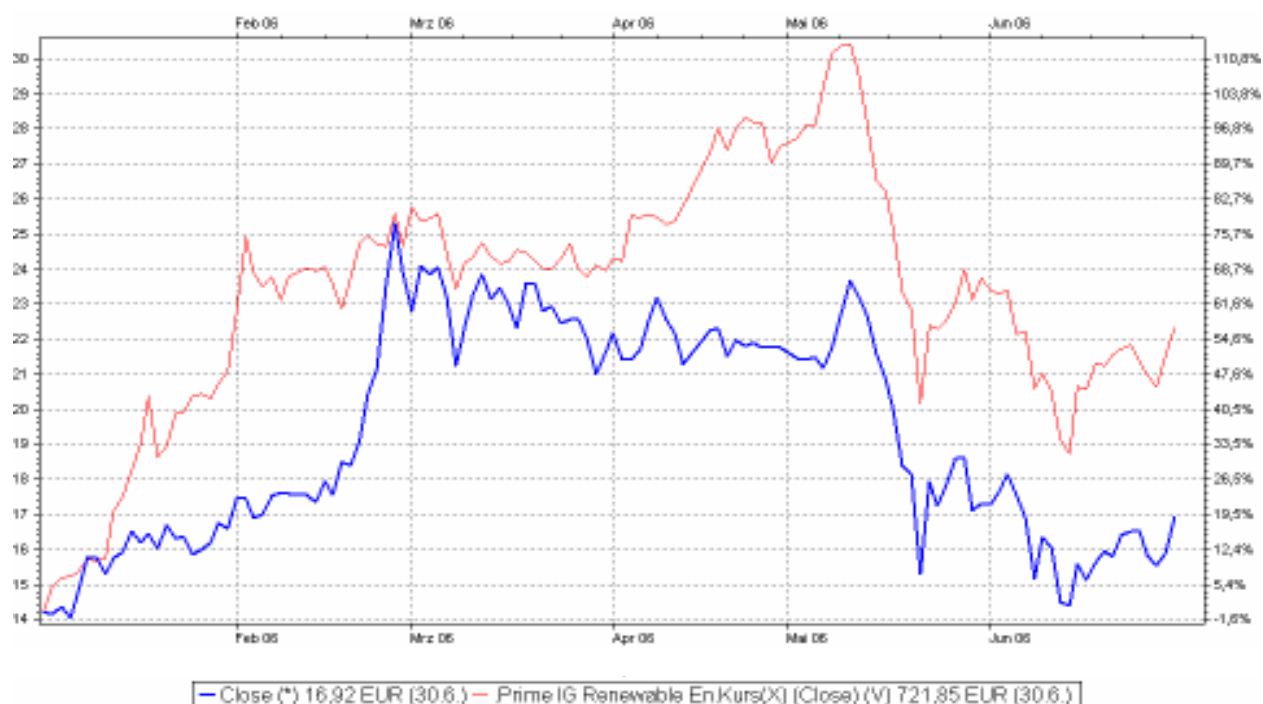
Yours sincerely,

Martin Schulz-Colmant
Speaker of the board

Patrick Arndt
Executive board



Reinecke + Pohl Sun Energy AG / Frankfurt from 01/02/2006 to 06/30/2006



CONTINUED POSITIVE PERFORMANCE DESPITE MARKET PRICE WEAKNESSES IN THE 2ND QUARTER

The shares of Reinecke + Pohl Sun Energy AG initially showed a very positive development against the backdrop of the general market trend during the reporting period. Within just two months, the market price clearly increased from EUR 14.23 at the start of the year to EUR 25.30. After subsequent consolidation, the general market weakness, which suddenly appeared, then affected our shares as well. From prices of almost EUR 24 on 10th May, the market prices then degenerated to EUR 14.38 and, on 30th June, stood at almost EUR 17.

The international markets were under pressure, particularly in the 2nd quarter of the year and had to accept heavy market price losses. Factors for this pressure

include the renewed high oil prices, concerns regarding ever-increasing interest rates and, predominantly, the escalated conflict in the Middle East. At the moment, a large number of German companies are suffering from a weak stock market. In addition, in the 2nd quarter of 2006, increased profit takings were registered in the solar market, while the successful market data to-date has barely generated any interest in purchasing on the stock market.

Despite this, Reinecke + Pohl Sun Energy AG shows stock price gains of up to 78 percent for the time period between 1st January 2006 and 30th June 2006. On the cut-off date of 30th June, 19 percent of this still remained.

This shows that the performance clearly exceeds the development of different indices such as the Dax or TecDax, but continues to be under Prime IG Renewable Energy. If one considers the long-term development since the publication of the first indices concerning the planned refocusing of the company towards the solar industry, the stock price gain of 180 percent exceeds all conceivable benchmarks. In comparison to the previous year, it must also be taken into consideration that the number of outstanding shares has noticeably increased as a result of different corporate actions. For this reason, it is interesting to examine market capitalisation. This amounted to about EUR 79 million on 30th June in comparison to EUR 41 million in the previous year and, at its peak in the 1st half of the year, achieved almost EUR 118 million.

CONVERTIBLE BONDS

In the 2nd quarter of 2006, Reinecke + Pohl Sun Energy AG sold convertible bonds making an issuance revenue of EUR 10.4 million. On 6th April 2006, the convertible bond issuance was published along with subscription rights. On 26th May 2006, the issuance was completed. In a difficult market environment, this meant that the necessary liquidity to finance important long-term module supply contracts (see also p. 11) could be delivered.

The issuance was carried out with help from VEM Aktienbank AG, München. Within the framework of the placement, various conversations took place with selected qualified institutional investors. All in all, 474,886 partial debentures were issued, which, after complete conversion, would lead to an increase in the company's capital stock from EUR 4.65 million to EUR 5.15 million. Of the 474,886 partial debentures, 113,797 were applied for using the subscription rights of shareholders. This means that subscription rights were exercised for 444,913 shares. When converted, this means that around 9.6 percent of the capital stock made use of its subscription rights. A further 361,089 partial debentures were subsequently applied for within the framework of the private placement of qualified institutional investors. Of these, about 65 percent of the partial debentures were placed with institutional investors abroad.

The debenture applicants will have the opportunity to convert into shares for the first time in January 2007, and then in the first month of each quarter up until the end of maturity on 7th May 2009.

PRIME STANDARD

Since 21st April 2006, the shares of the company have been listed on the Frankfurt stock exchange in Prime Standard. This quality criterion provides increased attention and attractiveness and improves the chances of the company being accepted into other important stock exchange indices in the future. The prerequisite for admission into Prime Standard is fulfilment of high publicity requirements, which clearly exceed the legal minimum requirements and increase both the transparency and frequency of company information. This segment is predominantly tailored to companies who want to position themselves also with international investors.

RESEARCH

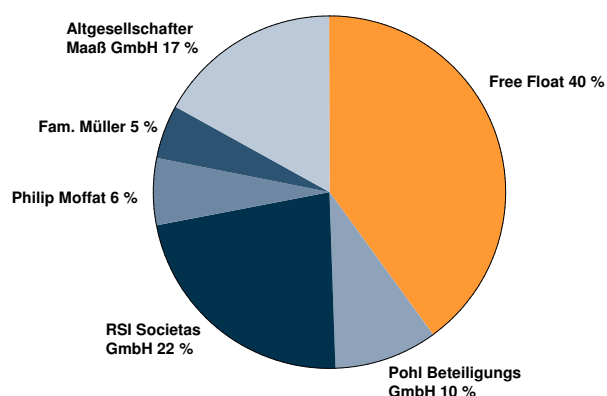
In view of the evaluations of distributors, the shares' high potential becomes clear. From this view, incorporation into Prime Standard was an important milestone in further increasing the recognition of the company in the market. Analysts see a market price potential of between EUR 27.80 (SES Research from 1st June 2006) and EUR 30 (AlsterResearch from 23rd June 2006), which was confirmed once more after the publication of the provisional mid-year figures of the company in the most recent studies (SES Research from 1st August and AlsterResearch from 7th August 2006).

SHAREHOLDERS' MEETING

The executive board and supervisory board of Reinecke + Pohl Sun Energy AG are very happy about the increased number of shareholders: At the time of the ordinary shareholders' meeting on 19th May 2006, the company shares were in about 8,700 (30th June 2005: approx. 1,300) portfolios of securities. The proportion of free floats is currently about 40 percent. On 30th June 2005, only 17 percent of shares were included in free float.

SHAREHOLDER STRUCTURE

(As at: 06/30/2006)



Around 120 shareholders came to the ordinary shareholders' meeting in Hamburg. As well as the successful annual financial statement for 2005, the speaker of the board, Martin Schulz-Colmant, could also present the consistent growth strategy and outstanding prospects for the future of Reinecke + Pohl Sun Energy AG. With 1,582,684 shares, 34.04 percent of the capital stock with voting entitlements were represented for decision-making. The executive board and supervisory board were almost unanimously discharged. The other agenda items, including the creation of new authorised capital, were each adopted with more than 99 percent of the represented capital stock. The shareholders endorsed Treuökonom Beratungs-, Revisions- und Treuhandgesellschaft mbH as the annual auditor once again. The articles of Reinecke + Pohl Sun Energy AG can be downloaded from Investor Relations/ Corporate Governance on the company's website www.rpse.de.

The details of the voting on the agenda items was as follows:

- ITEM 2 Discharge of the members of the executive board for the 2005 fiscal year: 99.99 percent
- ITEM 3 Discharge of the members of the supervisory board for the 2005 fiscal year: 100 percent
- ITEM 4 Election of the annual auditor for the 2006 fiscal year: 100 percent
- ITEM 5 Creation of new authorised capital, change in articles: 99.88 percent
- ITEM 6 Authorisation to acquire and use own shares in accordance with § 72 paragraph 1 no. 8 of the German Stock Corporation Act and to exclude the subscription rights: 100 percent
- ITEM 7 Adjustment of the supervisory board members' remuneration, change in articles: 99.97 percent

INVESTOR RELATIONS/OUTLOOK

In the 2nd half of 2006, the Investor Relations activities will continue. Reinecke + Pohl Sun Energy AG will make presentations at, among other occasions, selected Investor Relations conferences:

IR-Konferenz/Hamburg

September 8, 2006

German Equity Forum/Frankfurt

November 28, 2006

Quarterly Report 3rd Quarter of 2006

End of November 2006

Further information about current developments and important company information will continue to be available on our corporate website www.rpse.de (investor relations, press)



1. BUSINESS AND GENERAL CONDITIONS

Market development in Germany

The German photovoltaic market has achieved a record level: in 2005, solar energy systems were installed in Germany with a total operating output of about 600 megawatts, which represents a 20 percent increase in comparison with the previous year. For the current fiscal year, a slow-down of the to-date rapid growth is anticipated in the German photovoltaic market (sources: Handelsblatt, 07/14/2006 and EuPD Research: business climate index "Solar", 07/13/2006). At the same time, the significance of solar energy is increasing in the energy mix. While the prices of conventional energies are continuously increasing, solar energy is becoming increasingly competitive. Through the extremely hot summer of 2006 to date, cooling water problems in some nuclear and coal-fired power stations, as well as the increased need for electricity as a result of intensified use of air conditioning units, have led to a shortage in electricity trade. At times, the prices for peak load electricity exploded. However, as the approximately 200,000 photovoltaic systems in Germany are working flat out exactly when some large-scale power plants are running out of cooling water, they could then increasingly close the provision shortfall. At the end of July, solar energy was, for the first time, more cost-effective than conventional power station energy on the Leipzig Energy Exchange (source: BSW, 07/27/2006).

International market development

For German solar companies, the expansion of the export business and the expansion into foreign markets is becoming more and more important in order to realise their ambitious growth plans. The indications for this are better than ever before: Spain, Italy, France and Greece are now offering outstanding export opportunities for German photovoltaic companies as a result of the introduction of feed-in tariffs with attractive delivery rates similar to those in Germany. For Southern Europe alone, the German Solar Industry Association (Bundesverband Solarwirtschaft (BSW)) is expecting a tenfold increase in the photovoltaic market before 2010. Another important step for the expansion of regenerative energies took place last month: in the middle of July, the seven leading industrial nations and Russia (G8) committed themselves to an "action plan" for global energy security, which includes the promotion of renewable energies.

Price decrease in crystalline modules

There seems to be a trend reversal in the 2nd quarter of this year on the procurement market for crystalline modules which has been determined by a shortage of offers to date. Initially, the module prices increased in the first quarter of the year, as in the previous months, again by 5 to 10 percent (source: Handelsblatt 07/14/2006). As a result of the long and harsh winter, the demand for modules was, however, clearly lower than expected in the first quarter due to the weather. Added to this, the profitability of PV- systems is in some cases no longer attractive as a result of the high price level of modules combined with the degression of feed-in tariffs determined annually by the legislator. The high prices of crystalline modules cannot be forwarded completely to the final customers, and the pressure on margins further increases. In June, the first German manufacturers announced price reductions. According to experts, further companies will follow this trend.

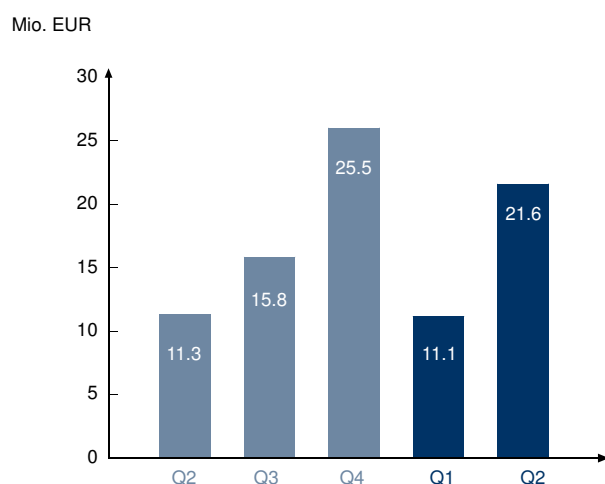
Thin-film in further demand

For this reason, the demand for modules made from the innovative thin-film technology is particularly high at present. Thin-film modules are produced in more cost-effective manufacturing processes, in which a significantly lower proportion of silicon is required. These modules are particularly suitable for use in larger projects, as they are more cost-effective to procure, thus achieve a higher rate of return in the long term. However, they have a somewhat lower degree of efficiency (of approx. 8 percent in comparison with 12 to 15 percent in conventional crystalline modules), but unlike crystalline modules they maintain this even with diffuse solar radiation. Therefore, they are especially suitable for use in Northern Europe. As thin-film modules also have a more constant heating behaviour, they are also more intensely in demand in hotter regions. Due to these advantages, the demand for thin-film modules is currently still high. They are not affected by the general price reductions. Experts anticipate a further increase in efficiency in thin-film technology next year, both in terms of the degree of efficiency and the manufacturing costs. In Germany alone, ten production sites will be built over the next two years with a total operating performance of 290 megawatts. Reinecke + Pohl Sun Energy AG uses thin-film modules predominantly in higher margin project work.

2. BUSINESS DEVELOPMENT IN THE FIRST HALF OF 2006

Development of turnover and revenue

Reinecke + Pohl Sun Energy AG (abbreviated to: RPSE) was able to realise a Group turnover of EUR 32.7 million in accordance with IFRS in the 1st half of the 2006 fiscal year. Of this, the 2nd quarter accounted for turnover of EUR 21.6 million, as the 1st quarter produced EUR 11.1 million. The increase in turnover in the 2nd quarter illustrates both the strong seasonal deviations in the business development of the Group as well as the effects of the particularly adverse weather conditions in Germany in spring of this year. As already mentioned in our report concerning the 1st quarter, snow and frost impeded the assembly of photovoltaic systems until March. In the 1st half of the previous year, EUR 11.3 million was made in turnover. However, as a result of the economical new foundation of the company in April 2006, it is only partially useful to make a comparison with the figures of the current fiscal year.



Turnover 2005/2006

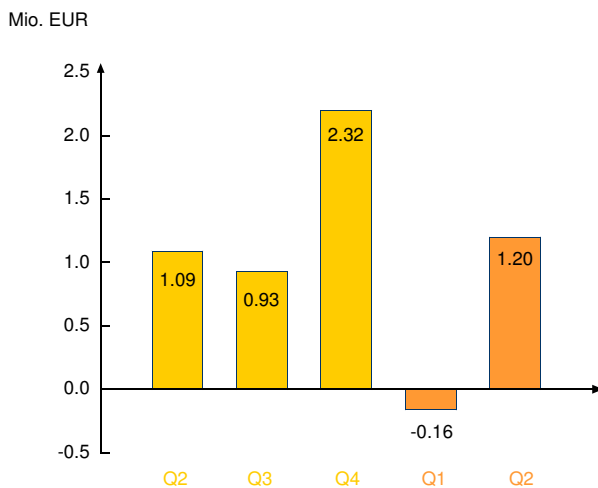
The start of building activity after the long winter this year can also be seen in the turnover of the "Projects" segment of our company which increased from EUR 7.7 million in the 1st quarter to EUR 16.1 million in the 2nd quarter. The "Trade" section accounted for EUR 5.5 million of the total turnover, after EUR 3.4 million in the 1st

quarter 2006. The proportion of turnover of project work increased from 69 percent in the first quarter to 75 percent in the second quarter of 2006. Abroad, RPSE AG was able to generate turnover of EUR 2.9 million in the period of reporting, which corresponds to a share of 8.9 percent of the total revenue. The turnover results from trade activities in Spain.

In comparison to the turnover plan for the fiscal year, the achieved value of total turnover is slightly over the RPSE planned figures as at 30th June 2006. However, the significant part of the planned turnover for 2006 is anticipated for the second half of the fiscal year.

The development of the gross revenue margin in the 2nd quarter reflects the movement of business shares into project work. RPSE AG achieved higher margins in the project planning of photovoltaic systems than in pure trade with modules and components. For this reason, among other things, the gross margin improved throughout the course of the fiscal year and lays at 16.8 percent for the RPSE Group in this half-year. In addition, a higher proportion of thin-film projects contributed to improving the gross margin. The EBIT could be increased as well. In the time between 1st April and 30th June 2006, an EBIT of EUR 1.2 million could be generated, after a negative EBIT of EUR -0.2 million in the 1st quarter of the year. The increased turnover volumes were decisive in improving the EBIT margin together with the higher gross margin. The EBIT was debited by EUR 0.2 million as a result of the depreciation of project inputs, which had been shown as future receivables from production contracts. This depreciation was necessary because project realisation is no longer probable by the customer. The RPSE company solicitors are currently implementing the arising claims for compensation.

The issue of a convertible bond, which has provided the company with liquid assets of EUR 10.4 million, led to commission costs and interest charges, which debited the period result by about EUR 0.5 million. Nevertheless, RPSE AG was able to increase the period result in comparison with the 1st quarter and, with EUR 0.5 million in the 2nd quarter, shows a positive quarterly profit.



EBIT 2005/2006

The development of profits in both segments of "Projects" and "Trade" was different. While the project area was able to catch up during the 2nd quarter and contributed to the overall result of the Group in the 1st half of the year with a profit of EUR 1.4 million, the trade area did not make a positive contribution. Here, the relatively high price level of crystalline photovoltaic modules was noticeable, which adversely affected the profitability of the systems and thus the demand, particularly in trade activities. In the course of the 2nd quarter, some manufacturers of crystalline modules have decreased their prices due to the high level of module supply. RPSE AG reacted to this by reducing the storage amounts of crystalline modules and increasingly selling the modules off abroad. In addition, price agreements with suppliers of crystalline modules have become more short term in order to be able to participate in these price reductions.

Long-term general supply agreements

In the 1st half of 2006, Reinecke + Pohl Sun Energy AG consistently expanded its existing supply contacts in the USA and Asia, and thus sustainably strengthened its position in the procurement market. The contract with the Thai thin-film module manufacturer, Bangkok Solar, using more than 150 MW was concluded in March. Further contracts were signed in the 2nd quarter 2006:

Reinecke + Pohl Sun Energy AG met with the Chinese photovoltaic manufacturer Baoding Tianwei Yingli at the world's largest solar exhibition, Intersolar in Freiburg, to implement the Memorandum of Understanding (MOU) announced in the 1st quarter of 2006. The module supply contract signed in Freiburg with over 162 MW offers a turnover potential of EUR 650 million. With these extensive module deliveries, the existing cooperation between the two companies will be continued until 2010.

Reinecke + Pohl Sun Energy AG concluded a framework agreement on 10th April 2006 with the large US thin-film module manufacturer First Solar. In the beginning of August, the delivery of at least 140 megawatts until 2011 was agreed on the basis of the existing contractual relationship. Through this alone, the company generates a turnover potential of over EUR 500 million until 2011. This means that Reinecke + Pohl Sun Energy AG is one of the most important European customers of the US Group. This contract obligates both sides to deliver or accept annually determined quantities and prices. The price per watt is clearly under today's market price and contains an annual degression, which is oriented on the price degression in the Law on Renewable Energies (EEG). This allows for market price changes in the coming years. The contract includes annually increasing delivery amounts, which means the volume ramp-up will occur mainly from 2008. For Reinecke + Pohl Sun Energy AG, this is the guarantee of long-term planning reliability. As security of this extensive volume, a bank guarantee was agreed, for which a part of the revenue of the convertible bond is being used.

On the basis of these supply contracts, Reinecke + Pohl Sun Energy AG has an additional delivery volume of over 300 MW until 2011. This means that a further turnover potential of over EUR 900 million could be generated for the coming years.

Spanish sales

Besides Germany, the Spanish market is one of the most important growth markets in Europe and the world. With 44 ct per kwh guaranteed for 25 years, similarly attractive feed-in tariffs exist here as in the German Law on Renewable Energies (EEG). These incentives are creating a stampede for solar projects, which exceeds all expectation. According to press announcements by the

Spanish association for regenerative energies (Asociación de Productores de Energías Renovables, APPA), applications of over 6,000 megawatts already existed in April (source: Photon 7/2006). However, the implementation of many projects is being delayed by the Spanish authorities, who are barely able to deal with the influx of applications at the moment.

Reinecke + Pohl Sun Energy AG has also benefited from the boom in Spain. Through its Spanish subsidiary Reinecke + Pohl Sun Energy España S.L, whose office is in Malaga, success could be achieved in different fields. Important contacts were established and the first extensive trade agreements have already been signed. In the 1st half of the year, the turnover of RPSE AG in the Spanish market was EUR 2.9 million. Further agreements are about to be finalised in the near future. The aim is to expand the position in the Spanish market through trade agreements and to acquire the first big projects this year. On the basis of the current trade agreements alone, Reinecke + Pohl Sun Energy AG has already doubled the sales plans in Spain from an original 2 to 4 megawatts for 2006.

Meridian complaint

At the middle of April 2006, a lawsuit was brought against Reinecke + Pohl Sun Energy AG at the district court of Hamburg. The plaintiff is Meridian Solare Energieprojekte GmbH, Suhe. From assigned rights, they are claiming costs of EUR 100,000 against Reinecke + Pohl Sun Energy AG. According to the bill of complaint, this is a partial amount of an alleged claim for compensation of about EUR 8.45 million. The compensation claim is deduced from a lost market profit of the shares of Reinecke + Pohl Sun Energy AG. The bill of complaint was answered in detail on 31st May 2006 by the company solicitors and, at the same time, an application was made to reject the lawsuit. The first oral court hearing at the district court of Hamburg took place on 21st July 2006. The continuation is arranged for 29th August 2006. The executive board and supervisory board continue to represent the opinion that the lawsuit is unwarranted.

3. FUTURE OUTLOOK

The development of the German market is very heavily dependent on the further price development of crystalline modules in the 2nd half of the year. The German Law on Renewable Energies (EEG), with its annual five-percent degression of feed-in tariff, focuses on a reduction in the costs of manufacturing and procurement of PV systems on the basis of technical advances and optimised manufacturing costs for series-ready production processes. The manufacturers must meet this economically very sensible approach by accordingly adjusting the prices for PV modules so that solar systems are profitable on all levels of the value-added chain. At the moment, experts are anticipating a stagnation of the rapid market growth in Germany, which will, however, remain at a very high level with 20 percent.

The demand in European neighbouring states is becoming more noticeable. Besides the Spanish boom market, attractive state incentive systems exist for solar energy in Italy, Greece and, most recently, France (where the feed-in tariff was doubled from 15.2 to 30.5 ct per kWh). These conditions are creating an enormous demand. The BSW anticipates a tenfold increase in the photovoltaic market in Southern Europe by 2010.

Reinecke + Pohl Sun Energy AG assumes that its own plans abroad will be clearly exceeded. For Spain, the turnover plan was doubled from a previous 2 to 4 megawatts. Also because of the fact that the company focuses mainly on thin-film projects, which makes it less dependent on the price development of crystalline modules in Germany, the outlook for turnover and profit development remains positive.



REINECKE + POHL SUN ENERGY AG
CONSOLIDATED INTERIM ACCOUNTS AS OF JUNE 30, 2006
BALANCE SHEET

ASSETS	30. June 2006 EUR	31. December 2005 EUR
A. Long-term Assets		
I. Goodwill	19,927,732.80	19,927,732.80
II. Other intangible assets	49,888.79	20,630.00
III. Tangible assets		
Other equipment, factory and office equipment	641,858.20	282,139.00
IV. Financial assets		
Investments	207,101.25	207,101.25
Total of Long-term Assets	20,826,581.04	20,437,603.05
B. Short-term Assets		
I. Stock value		
1. Work in process	34,357.91	40,375.01
2. Finished goods and merchandise	10,884,391.04	4,900,845.35
3. Advances paid	3,068,329.90	2,460,753.96
II. Trade receivables	4,691,050.97	8,577,885.03
III. Receivables from production orders	4,965,947.71	3,646,232.70
IV. Medium of exchange	12,588,327.26	4,224,889.60
V. Other assets	2,586,078.93	540,524.11
VI. Long-term assets available for sale	0.10	0.10
Total of Short-term Assets	38,818,483.82	24,391,505.86
C. Balance Sheet Total	59,645,064.86	44,829,108.91

REINECKE + POHL SUN ENERGY AG
 CONSOLIDATED INTERIM ACCOUNTS AS OF JUNE 30, 2006
 BALANCE SHEET

EQUITY AND LIABILITIES	30. Juni 2006 EUR	31. December 2005 EUR
A. Equity		
I. Subscribed capital	4,650,000.00	4,650,000.00
II. Capital reserves	29,449,046.06	28,195,483.19
III. Retained earnings	2,748,354.49	0.00
IV. Result of Period (previous year: Balance Sheet Profit)	327,883.36	2,748,354.49
Total Equity	37,175,283.91	35,593,837.68
B. Liabilities		
I. Long-term liabilities	9,173,029.15	472,500.00
Total long-term liabilities	9,173,029.15	472,500.00
II. Short-term liabilities		
1. Reserves	2,364,038.54	2,613,095.87
2. Financial liability	2,761,977.84	587,379.87
3. Customer advances	311,202.03	617,698.11
4. Trade payables	6,975,771.07	3,762,495.22
5. Other liabilities	883,762.32	1,182,102.16
Total of short-term liabilities	13,296,751.79	8,762,771.23
Total Liabilities	22,469,780.94	9,235,271.23
C. Balance Sheet Total	59,645,064.86	44,829,108.91

REINECKE + POHL SUN ENERGY AG
CONSOLIDATED INTERIM ACCOUNTS AS OF JUNE 30, 2006
PROFIT AND LOSS STATEMENT

	H1 2006	H1 2005	Q2 2006	Q2 2005
	01.01.- 30.06.2006 EUR	01.01.- 30.06.2005 EUR	01.04.- 30.06.2006 EUR	01.04.- 30.06.2005 EUR
1. Sales	32,676,293.46	11,276,789.74	21,556,839.81	11,276,789.74
2. Other operating income	698,552.42	5,998.24	486,475.53	5,998.24
3. Decrease in finished goods and work in progress	3,288.30	-2,426,695.09	-238,339.45	-2,426,695.09
4. Cost of raw materials, supplies and merchandise	-26,772,837.97	-6,999,201.16	-17,263,695.70	-6,999,201.16
5. Cost of purchased services	-1,101,150.84	-70,069.87	-527,757.13	-70,069.87
6. Gross Profit or Loss	5,504,145.37	1,786,821.86	4,013,523.06	1,786,821.86
7. Personnel expenses	-1,634,330.24	-188,939.39	-910,314.92	-188,939.39
8. Amortization and depreciation	-94,374.20	-6,727.34	-57,128.18	-6,727.34
9. Other operating expenses	-2,735,017.00	-502,927.50	-1,848,767.11	-474,675.08
10. Earnings before Interest and Taxes (EBIT)	1,040,423.93	1,088,227.63	1,197,312.85	1,116,480.05
11. Interest and other similar income	41,554.70	1,759.93	30,351.17	1,759.93
12. Other Interest and similar expenses	-533,980.66	-26,637.97	-509,919.03	-26,637.97
13. Investment- and Financial-Results	-492,425.96	-24,878.04	-479,567.86	-24,878.04
14. Taxes on income	-211,771.64	-397,400.47	-224,672.59	-397,400.47
15. Other taxes	-8,342.96	-462.86	-2,423.97	-462.86
16. Net income / Net loss	327,883.36	665,486.26	490,648.42	693,738.68
Results per Share in acc. with IAS 33 (undiluted) (30.06.2006: Basis 4.65 Mio.; 30.06.2005: 3.1 Mio. Aktien)	0.07	0.21	0.11	0.22

REINECKE + POHL SUN ENERGY AG
CONSOLIDATED INTERIM ACCOUNTS AS OF JUNE 30, 2006

CHANGE OF EQUITY
FROM 1ST JANUARY TO 30TH JUNE 2006

	Capital Stock EUR	Capital Reserve EUR	Retained earnings 2005 EUR	acc. Results EUR	Total EUR
I. Status December 31, 2005	4,650,000.00	28,195,483.19	2,748,354.49	0.00	35,593,837.68
1. Equity proportion of convertible bond in acc. with IAS 32		1,253,562.87			1,253,562.87
2. Result for the period				327,883.36	327,883.36
II. Status March 31, 2006	4,650,000.00	29,449,046.06	2,748,354.49	327,883.36	37,175,283.91
I. Status December 31, 2004	2,400,000.00	0.00	-2,412,862.05	0.00	-12,862.05
1. Investment of RPSE GmbH as extra payment in 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 in capital against cash investments	240,000.00				240,000.00
4. Agio		2,056,400.00			2,056,400.00
5. Increase in capital against investment in kind	460,000.00				460,000.00
6. Agio		4,140,000.00			4,140,000.00
7. Result for the period				665,486.26	665,486.26
II. Status as of June 30, 2005	3,100,000.00	6,283,537.95	0.00	665,486.26	10,049,024.21

REINECKE + POHL SUN ENERGY AG
CONSOLIDATED INTERIM ACCOUNTS AS OF JUNE 30, 2006
COMPANY EQUITY CASH FLOW STATEMENT

	01.01.-30.06.2006 EUR	01.01.-30.06.2005 EUR
Net Income for the period	327,883.36	665,486.26
+ Write-off on fixed assets	94,374.20	6,727.34
- Increase of reserves	-249,057.33	420,191.49
- Increase of stock	-6,585,104.53	1,949,876.22
+ Reduction of trade receivables	2,567,119.05	-5,224,166.80
- Increase of other fixed assets	-1,849,391.22	-622,295.18
- Increase of active deferred income	-196,163.60	-15,000.90
+ Increase of short-term liabilities	2,196,431.35	778,836.20
Cash Flow from normal operational activities	-3,693,908.71	-2,040,345.37
- Purchase of fixed intangible assets	-34,543.52	0.00
- Purchase of tangible assets	-459,919.22	-81,951.14
+ Sales of financial assets items	10,160.61	0.00
Cash Flow from Investment Activities	-484,302.13	-81,951.14
+ Payments-in from issuance of convertible bond	10,367,050.53	0.00
+ Payments-in from increase in capital	0.00	2,266,400.00
+ Payments-in from shareholder's loan	0.00	300,300.00
+ Increase in bank liabilities	2,174,597.97	44.53
Cash flow from financing activities	12,541,648.50	2,566,744.53
Cash and cash equivalents at beginning of period	4,224,889.60	17,786.78
+ Assumed Cash and cash equivalents from subsidiaries	0.00	103,304.93
+ Change in Cash and cash equivalents	8,363,437.66	444,448.02
= Cash and cash equivalents at end of period	12,588,327.26	565,539.73



REINECKE + POHL SUN ENERGY AG, HAMBURG

EXPLANATIONS ON THE GROUP INTERIM FINANCIAL STATEMENT

AS AT 30TH JUNE 2006

ACCOUNTING STANDARDS

1. FUNDAMENTALS OF THE STATEMENT OF THE GROUP INTERIM FINANCIAL STATEMENT

The Group interim financial statement as at 30th June 2006 of Reinecke + Pohl Sun Energy AG, Hamburg (subsequently referred to as "RPSE AG" or as "RPSE Group" in relation to the Group), was created in accordance with the International Financial Reporting Standards (IFRS) obligatorily applicable on the day of the financial statement which have been adopted and published by the International Accounting Standards Board (IASB) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). The requirements of the standards applied were fulfilled and lead to an accurate, up-to-date and appropriate representation of the assets, finance and profitability of the RPSE Group. The financial statement submitted is a Group interim financial statement in the sense of IAS 34.

The previous year's figures from 30th June 2005 can only be partially compared with the figures from 30th June 2006. The company only took up its current business activity after the continuation decision by the shareholder's meeting on 18th March 2005. The subsidiaries Reinecke + Pohl Solare Energien GmbH, Hamburg, Nastro-Umwelttechnik GmbH, Meppen, and Maaß Regenerative Energien GmbH, Wesel, were acquired in the course of the 2005 fiscal year and incorporated into the Group financial statement.

2. PRINCIPLES OF ACCOUNTING AND ASSESSMENT

The methods of accounting, assessment and consolidation remain mainly unchanged in comparison with the Group financial statement as of 31st December 2005.

One exception to this is a convertible bond issued on 8th May 2006. The convertible bond fractionalised in accordance with IAS 32 as a composite financial tool into an equity and a borrowings component. The borrowings component corresponds to the cash value of a similar bond without an option for conversion, assessed with a normal market interest rate, which was fixed at 8 percent p.a. The equity component is calculated as the remaining quantity from the current market value of the convertible bond at the time of issuance (whole cash inflow), minus the determined borrowings component.

The equity component remains unchanged as at 30th June 2006, as no option to convert could be exercised. The market interest was added to the borrowings component. The cost of issuing the convertible bond was separated proportionally between the equity and borrowings components. In as much as the costs accounted for the equity components, these were, net of the incorporated profit tax benefits, deducted from the injection of funds in the capital reserves. The costs accounted to the borrowings component were included as incurred.

The Group financial statement is divided up according to maturities. The total expenditure format was chosen for the Group profit and loss statement. The Group reporting currency is Euros (EUR). The information is, in parts, in thousands of Euro (TEUR) for simplification reasons, as well as in millions of Euro (million EUR).

The cash flow statement of the previous year was adjusted to show the liquid funds acquired as a result of the acquisition of subsidiaries throughout the course of the 2005 fiscal year.

3. BASIS OF CONSOLIDATION

The basis of consolidation remains unchanged in comparison to 31st December 2005. As well as RPSE AG itself, the 100-percent subsidiaries Reinecke + Pohl Solare Energien GmbH (date of acquisition: 7th April 2005), Nastro-Umwelttechnik GmbH (date of acquisition: 23rd May 2005) and Maaß Regenerative Energien GmbH (date of acquisition: 8th September 2005) were also incorporated into the full consolidation.

As far as subsidiaries are of subordinate significance from the Group's point of view, these are accounted in accordance with IAS 39 as a financial tool. The two 100-percent subsidiaries R + P Sun Energy LLC, Portland/OR, USA, and Reinecke Pohl Sun Energy España, Madrid, Spain, as well as a legally justified share of 30 percent of the capital stock of Shanghai Prim-Sola Energy Technology Co. Ltd., Shanghai, PR China, which is not yet effective under company law, were not included in the complete consolidation nor as associated companies in the Group interim financial statement as a result of their subordinate significance.

EXPLANATIONS ABOUT THE DIFFERENT FINANCIAL STATEMENT ITEMS

4. DEVELOPMENT OF LONG-TERM ASSETS

The development of long-term assets can be seen in the following assets analysis.

	Procurement and manufacturing costs			
	Status Begin of fiscal year	Additions	Disposals	Status 06/30/06
	TEUR	TEUR	TEUR	TEUR
Goodwill	19,928	0	0	19,928
Other intangible assets	24	35	0	59
Factory and office equipment	364	460	70	754
Investments	337	0	0	337
	20,653	495	70	21,078

	Write-Offs				
	Status Begin of fiscal year	Additions	Disposals	Status 06/30/06	Book Value 06/30/06
	TEUR	TEUR	TEUR	TEUR	TEUR
Goodwill	0	0	0	0	19,928
Other intangible assets	4	5	0	9	50
Factory and office equipment	82	89	59	112	642
Investments	130	0	0	130	207
	216	94	59	251	20,827

5. GOODWILL AND OTHER INTANGIBLE ASSETS

Compared to record date of previous year December 31, 2005 (19,928 TEUR), goodwill has not changed.

Upon the other intangible assets, which primarily concerned IT-Software, only scheduled write-offs took place.

6. TANGIBLE ASSETS

The tangible assets primarily concern motor vehicles, factory and office equipment and IT hardware. In the financial year 2006, only scheduled write-offs took place.

7. FINANCIAL ASSETS

The financial assets concern the following listed items:

	06/30/2006	12/31/2005
	TEUR	TEUR
Prim-Sola Energy Technology Co. Ltd., Shanghai, China	181	181
Reinecke Pohl Sun Energy España S.L., Madrid, Spanien	24	24
Reinecke + Pohl Sun Energy LLC, Portland, Oregon, USA	2	2
Total Financial Assets	207	207

8. STOCK VALUE

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

Floating goods to the value of TEUR 3,930 are contained in finished products and merchandise.

9. TRADE RECEIVABLES

All receivables and other assets have maturity of up to one year. In the fiscal year 2006, no depreciations were carried out on the trade receivables.

10. FUTURE RECEIVABLES FROM PRODUCTION ORDERS

This item contains the order revenue accounts resulting from the use of partial realisation of profits for production orders, minus future order costs, decreased by payments already received.

In the period of reporting, depreciations of this financial statement item were necessary to the amount of TEUR 199 as a result of non-realisation of a project by a customer.

11. MEDIUM OF EXCHANGE

The item includes the bank balances of 12,561 TEUR (December 31, 2005: 4,192 TEUR) and cash balance of 27 TEUR (December 31, 2005: 32 TEUR).

12. OTHER ASSETS

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

	06/30/2006	12/31/2005
	TEUR	TEUR
Receivables from shareholders	858	0
Demands for value added tax	386	22
Short-term liabilities	307	282
Active deferred income	295	99
Claims for damages	207	0
Demands for tax on profit	194	32
Security deposits	111	0
Receivables from associated companies	26	0
Remaining	202	106
	2,586	541

13. 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 (December 31, 2005: 4,650 TEUR) and is divided amongst 4,650,000 no par shares. The stock concerns bearer shares.

14. LONG-TERM LIABILITIES

RPSE AG issued a convertible bond in May 2006. All in all, 474,886 partial debentures were issued at a price of EUR 21.90 each. This meant the RPSE AG accrued liquid funds of EUR 10.4 million. The maturity of the convertible bonds is three years (8th May 2006 to 7th May 2009), the return is 3.5 percent p.a. based on the issue price. There is a right of conversion for the holders of these convertible bonds between 1st January 2007 and 7th May 2009. Each partial debenture can be converted into a new share in the company. Appropriately conditional capital is available for this. If the right to convert is not exercised, the convertible bond is paid back on 7th May 2009 at the price of issue. The borrowings component which is entered in the financial statement under long-term liabilities, (see above, under "2. Methods of accounting and assessment") amounts to TEUR 9,113.

15. RESERVES

The stated reserves concern the provision for taxation of 1,623 TEUR (December 31, 2005: 1,599 TEUR) and other reserves of 741 TEUR (December 31, 2005: 1,014 TEUR).

The tax provisions are made up as follows:

	06/30/2006	12/31/2005
	TEUR	TEUR
Actual accrued tax liabilities	144	301
Deferred tax liabilities	1,479	1,298
	1,623	1,599

The deferred tax liabilities are made up mainly from the use of partial realisation in accordance with IAS 11.

The other provisions have a total maturity of up to one year and are made up as follows:

	06/30/2006	12/31/2005
	TEUR	TEUR
Guarantees	181	169
Outstanding invoices	148	108
Legal and consultancy expenses	98	33
Vacation not taken	97	70
Costs for financial statements and auditing	95	105
Emoluments	25	59
Payment of supervisory board	23	0
Advising and Consulting costs security brochure	0	200
Redundancy payments	0	197
Others	74	73
	741	1,014

16. 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 toward credit-institutes concern current accounts and are not secured.

17. RECEIVED CUSTOMER ADVANCES

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

18. TRADE PAYABLES AND OTHER LIABILITIES

All trade payables and other short-term liabilities have maturities from up to one year.

EXPLANATIONS CONCERNING THE PROFIT AND LOSS STATEMENT

19. SALES PROFITS

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

20. OTHER OPERATING INCOME

The other operating income is made up fundamentally as follows:

	06/30/2006 TEUR	06/30/2005 TEUR
Reimbursements/compensation	341	0
Cost transfers	219	0
Income from the dissolution of provisions	65	0
Settlement of payments-in-kind	56	0
Others	18	6
	699	6

21. PERSONNEL EXPENDITURES

The personnel expenditures are subdivided as follows:

	06/30/2006 TEUR	06/30/2005 TEUR
Wages and salaries	1,381	166
Social contributions and expenditures for retirement pension plans	253	23
	1,634	189

22. WRITE OFFS

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

23. OTHER OPERATING EXPENDITURE

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

	06/30/2006	06/30/2005
	TEUR	TEUR
Legal, consultation and auditing costs	572	147
Advertising and travel costs	481	44
Depreciations on receivables	225	111
Vehicle costs	210	19
Office and occupancy costs	203	76
Insurance	175	13
Repairs and maintenance	169	1
Sales costs	167	16
Exchange rate losses	139	0
One-off and ongoing costs for stock market valuations	109	11
Items in transit	69	0
Costs of shareholders' meeting	33	50
Payment of supervisory board	23	4
Others	160	11
	2,735	503

24. OTHER INTEREST AND SIMILAR EXPENDITURE

	06/30/2006	12/31/2005
	TEUR	TEUR
Costs of convertible bonds	385	0
Interest for short-term liabilities	72	27
Interest payable on convertible bonds	60	0
Addition of accrued interest for long-term receivables	14	0
Other costs of financing	3	0
	534	27

25. PROFIT PER SHARE

The profit per share is calculated by dividing the Group interim result by the number of issued shares. The profit per share in terms of IAS 33 is as follows:

	<u>06/30/2006</u>
Group profit (in EUR)	327,883.36
Weighted number of shares (in units)	4,650,000
Profit per share, undiluted (in EUR)	<u>0.07</u>

In addition to the undiluted profit per share, the so-called diluted profit per share must also be determined as a result of the convertible bonds issued on 8th May 2006 in accordance with IAS 33.33 et sqq. Acting on the assumption that all potential shares are actually converted, this profit is made up as follows:

	<u>06/30/2006</u>
Number of potential shares (in units)	474,886
Days in circulation as per 06/30/2006	53
Weighted as per 06/30/2006 (in units)	<u>137,912</u>
Actual shares (in units)	4,650,000
Weighted potential shares (in units)	137,912
Total number of shares (in units)	<u>4,787,912</u>
Profit as per 06/30/2006 (in EUR)	327,883.36
Interest paid on convertible bond (in EUR)	59,541.49
Basic profit per share (in EUR)	<u>387,424.85</u>
Profit as per 06/30/2006 (in EUR)	387,424.85
Number of shares (in units)	4,787,912
Profit per share, diluted (in EUR)	<u>0.08</u>

EXPLANATIONS ABOUT THE SEGMENT INFORMATION

The segment information of the RPSE Group follows internal regulations and reporting. In this respect, the Group is divided up into the segments of "Projects" and "Trade".

The "Projects" segment comprises activity as a system provider of photovoltaic systems as well as a project developer. As a system provider, the RPSE Group plants, delivers and installs large-scale photovoltaic systems, especially on the roof areas of commercial, public or agriculturally employed buildings. The business activities of Reinecke + Pohl Solare Energien GmbH and Nastro-Umwelttechnik GmbH are assigned to this segment.

The purchasing and sales business of the Group with photovoltaic modules and photovoltaic components are represented in the "Trade" segment. These activities are predominantly carried out by Maaß Regenerative Energien GmbH. Nastro-Umwelttechnik GmbH is also active in trading with photovoltaic modules and components. However, due to internal regulations and reporting, this company is assigned to the "Projects" segment.

The segment information for the six-month time period up to 30th June 2006 is shown below. No reference is made to the previous year's figures as the current business activities were only taken up in the appropriate previous year's period. There is no sub-division into primary and secondary segments under fundamentality aspects. The secondary segment (geographical region) is still currently of subordinate significance. In the 2006 fiscal year, a total of TEUR 32,676 was achieved, of which turnover of TEUR 2,902 relates to abroad (Spain). The foreign turnover was solely collected in the "Trade" segment.

	Segment Projects TEUR	Segment Trade TEUR	Transition TEUR	Company TEUR
External sales	23,808	8,865	3	32,676
Intercompany sales	39	1,837	240	2,116
Net sales	23,847	10,702	243	34,792
Segment Results	1,413	-251	-835	327
- thereof interest payable	-187	-191	-156	-534
- thereof interest earned	2	5	35	42
- thereof write offs	-52	-22	-20	-94
Segment Assets	19,432	12,818	27,395	59,645
Segment Liabilities	16,200	12,356	-6,086	22,470
Segment Investments	239	40	216	495

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

26. CONTINGENT LIABILITIES AND OTHER FINANCIAL LIABILITIES

No contingent liabilities existed on the day of the Group financial statement (31st December 2005: TEUR 0).

Other financial liabilities mainly result from module supplier contracts with a maturity of up to one year to the amount of EUR 36.6 million (31st December 2005: EUR 42.61 million) and with a maturity of more than one and up to five years to the amount of EUR 201 million (31st December 2005: TEUR 238).

27. PERSONNEL STATUS

As of June 30, 2006, 66 employees (March 31, 2006: 56, December 31, 2005: 50) were on the company's payroll.

28. EXECUTIVE AND SUPERVISORY BOARDS

In the financial year 2006, no changes in the formation of the executive and supervisory bodies took place.

29. SIGNIFICANT RESULTS AFTER THE CLOSE OF THE INTERIM REPORTING PERIOD AND FUTURE PROSPECTS FOR THE ONGOING FISCAL YEAR

Significant results after the close of the interim reporting period up to the date of this Group interim financial statement were not noticed. Due to the outstanding order situation and the good supplier performance, the executive board assumes that there will also be positive development of the company in the 2006 fiscal year.

Hamburg, August 28, 2006
(The Executive Board)

FINANCIAL CALENDAR

End of August 2006	Quarterly Report for the Second Quarter of 2006
September 8, 2006	IR-Konference 2006, Hamburg
November 28, 2006	German Equity Forum, Frankfurt
End of November 2006	Quarterly Report for the Third Quarter of 2006

IMPRINT

Publisher

Reinecke + Pohl Sun Energy AG
Große Elbstraße 45
D- 22767 Hamburg
www.rpse.de/english

Investor Relations/Press

Susanne Kistorz
Tel: +49 40 696528-134
Fax: +49 40 696528-59
E-Mail: kistorz@rpse.de

Layout

Kim Jana Gerdes

Photography

www.christiangeisler.de
www.paul-langrock.de

Print

Dynamik Druck, Hamburg

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.

Reinecke + Pohl Sun Energy AG
Große Elbstraße 45 ▪ D-22767 Hamburg

Tel.: +49 40 696528-0
Fax: +49 40 696528-159

E-Mail: info@rpse.de
Internet: www.rpse.de