



QUARTERLY REPORT III / 2006

AT A GLANCE: KEY DATA FROM THE 3RD QUARTER 2006

| Profit and Loss | | Q1-Q3 2006 | Q1-Q3 2005 |
|---|-------------|------------|------------|
| Turnover | Million EUR | 38.83 | 27.05 |
| Gross profit and loss | Million EUR | 5.46 | 3.69 |
| EBIT | Million EUR | -3.79 | 2.02 |
| EBITDA | Million EUR | -3.04 | 1.99 |
| Result for the period | Million EUR | -2.31 | 1.17 |
| Financial statement | | | |
| Total assets | Million EUR | 57.99 | 38.82 |
| Equity | Million EUR | 34.18 | 10.56 |
| Equity ratio | % | 58.93 | 27.10 |
| Subscribed capital | Million EUR | 4.65 | 3.10 |
| Balanced goodwill | Million EUR | 19.63 | 23.35 |
| Cash flow | | | |
| Cash flow from operating activities | Million EUR | -5.58 | -1.42 |
| Cash flow from investing activities | Million EUR | -0.63 | -0.13 |
| Cash flow from financing activities | Million EUR | 11.96 | 2.15 |
| Cash and cash equivalents as of 30th September | Million EUR | 9.97 | 0.90 |
| Number of employees (cut-off date 30th September) | absolute | 74 | 36 |
| Share | | | |
| Result per share (undiluted) * ¹ | EUR | -0.57 | 0.38 |
| Result per share (diluted) * ² | EUR | -0.51 | 0.25 |
| Share price at start of January (closing price) | EUR | 14.00 | 4.00 |
| Share price at end of September (closing price) | EUR | 12.03 | 18.92 |
| Number of shares | Million | 4.65 | 3.1 |

*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 | | |

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DEAR SHAREHOLDERS,
DEAR SIR / MADAM,

The business data and news emanating from Reinecke + Pohl Sun Energy AG during the past few weeks will certainly not have given you any pleasure. A development of the domestic market which was considerably below expectations, unforeseen events within the company and write-offs, inter alia of non-realisable projects, have compelled us to make considerable changes to our sales and profit forecasts for the current financial year. We must in the meantime also anticipate that the group results for the total financial year 2006 will be negative.

We will due to a number of special circumstances deal particularly in this report with events which occurred after the end of the third quarter. Our intention in doing this is to give you a summary of the company's current situation and of the measures which still have to be taken.

We can only emphasise how we regret recent developments. We assure that we are doing everything possible to steer the company back into calmer waters as quickly and as effectively as possible, and to put it once more on a firm basis in order to enable a sustained development of the business. The company's financial foundations still remain absolutely solid and, following

the successful implementation of the restructuring measures, we anticipate positive results again in 2007.

The prospects for the whole industry and also for our company remain positive. Within Europe, Spain, Italy and Greece are markets which promise excellent sales, whilst in the USA awareness of the importance of regenerative energy sources is increasing steadily. We are involved to varying degrees in all of these markets. A recovery is also forecast in the domestic market in 2007, a trend on which we intend to capitalise with considerably increased selling efforts. We are about to set a new course.

We hope that we can regain your trust and thank you for your continued interest in our company.

Yours sincerely,

Patrick Arndt
Executive board

Thorsten Preugschas
Executive board



1. THE BUSINESS AND THE GENERAL ENVIRONMENT

Sluggish growth in Germany

The rapid growth of the German photovoltaic industry has slackened considerably during the last few months. Following a record year in 2005 with a newly-installed volume of 600 MWp, a decline in newly-installed output of approximately 10 percent is anticipated for 2006.

Price changes for crystalline modules

Experts attribute this slowing-down to the considerable increases in the prices of crystalline modules during the first few months of this year. Higher prices for solar modules reduced achievable returns on investments in the photovoltaic business, which was reflected in turn in considerably reduced demand. The first German suppliers reacted to this trend in June 2006 already and reduced their prices. Manufacturers and wholesalers followed in the third quarter. Since that time the German solar energy business has reported price reductions on silicon modules of up to 10 percent. A further reduction of 10 percent is anticipated by the summer of 2007. Whilst these price reductions have improved returns for users, they have barely stimulated the demand for solar equipment. Customers are also made uneasy by speculations in the specialised press about the extent of price reductions on future system prices, whilst recommendations to delay purchases make the situation even worse.

Pressure on margins

In the short term these considerable price changes put pressure on the solar companies further up the line, above all in the trade and in the systems business. These companies only benefit from manufacturers' price reductions with a certain time lag.

Prospects of a recovery in 2007

The German Federal Association for the Solar Energy Industry (BSW) is forecasting an upward trend in 2007 already. This opinion is also shared by Reinecke + Pohl Sun Energy AG. The company continues to rely on the innovative thin-film technology, which considerably increases the return on photovoltaic equipment. Reinecke + Pohl Sun Energy AG plans in 2007 to increase still further the share of thin-film equipment.

Continued political support for renewable energy sources

The energy summit conference called by German chancellor Merkel on 9th October 2006 reinforced this optimistic mood. This meeting emphasised once more the opportunities which this industry holds for German companies. By 2020 some 20 percent of electricity in Germany is to come from renewable energy sources.

Export growth

But German companies not only lead the field in the domestic market: the German renewable energy industry already exports equipment and components with a value of EUR 4.5 billion per year. An export volume of more than EUR 15 billion is anticipated by 2020 - this would approximate to the size of the German car industry (source: press announcement by the German Renewable Energy Association (BEE): "The Energy Summit gives Renewable Energy Sources the Go-Ahead", 9th October 2006).

2. THE DEVELOPMENT OF THE INTERNATIONAL MARKET - SPAIN

Support for solar energy confirmed in Spain

Spain is and will remain one of the most important export markets in Europe. During the last few months, however, reports of a draft law from the Spanish Ministry of Industry created some anxiety with respect to the attractiveness of the Spanish photovoltaic market. According to these reports, the prices paid for electricity fed into the network from photovoltaic equipment with a peak performance of up to 100 kWp was to be reduced from its current level of approximately EUR 44 Cent/kWh to EUR 33.43 Cent/kWh, which would lead to a considerable contraction of the photovoltaic market.

Revised draft law in preparation

In the meantime, however, the ministry was able to remove most of these uncertainties: government support for photovoltaic projects in Spain is no longer in doubt, explained the secretary of state responsible for energy matters in the Ministry of Industry, Ingnasi Nieto, in a hearing on 10th October 2006. Spanish industrial circles anticipate that a new draft will be issued in November or December 2006. This had however not been issued as we went to print.

Adjustment of prices for feeding in supplies

According to this draft law, adjustments are to be made to the current laws relating to electricity fed into the network. As already planned, it foresees an end to the nexus between payment for solar energy and general electricity pricing and government support for a maximum period of 25 years. In addition, a more rational payment system for equipment generating between 100 kWp and 5 Mw is anticipated as well as a simplification and standardisation of the approval procedure for photovoltaic projects in the 17 Spanish regions.

Forecast market size

Experts at the German Energy Agency assume a total volume for the Spanish photovoltaic market of 37 MWp in 2007 and 58 MWp in 2008 (source: German energy Agency/DENA Practical Report on the Solar Market in 2006, issued in October 2006). According to the Spanish government's plans, the accumulated electrical output in the photovoltaic field is to increase to 400 MWp by 2010.

3. DEVELOPMENT OF THE BUSINESS IN THE THIRD QUARTER OF 2006

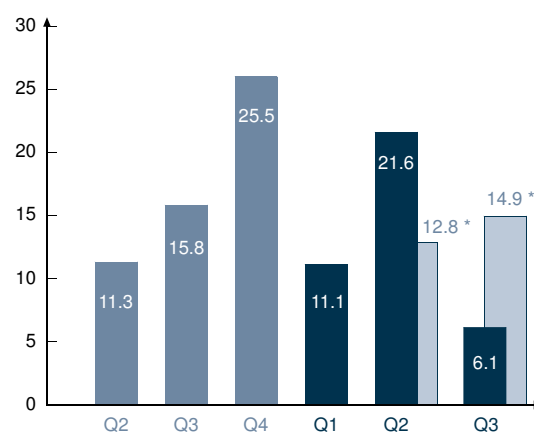
Sales and profit development

In the period up to 30th September Reinecke + Pohl Sun Energy AG (abbreviated to RPSE AG) had achieved group sales in the financial year calculated in accordance with IFRS of EUR 38.8 million. This was considerably below the company's budget which foresaw sales up to this point of EUR 65 million. A number of factors led to this situation. On the one hand, as explained above, the growth of the market slowed considerably in 2006, which particularly affected the area of photovoltaic equipment with crystalline modules. Demand in this area contracted dramatically during the reporting period, since, due to producers' price increases for modules, the costs of manufacturing photovoltaic equipment no longer allowed potential buyers to achieve an acceptable return. This particularly affected RPSE AG since customers in agricultural areas, who have so far represented the company's main customers, reacted to this development in the market by considerably reducing their demand. Given this market environment, the company's sales efforts were unable to offset the decline in demand for crystalline photovoltaic equipment.

On the other hand, demand for thin-film equipment remained strong and it is in this area where RPSE AG will in future concentrate its activities. During the current year, however, delivery problems caused by an unforeseeable delay in the commissioning of a new manufacturing line of an important supplier, Bangkok Solar in Thailand, meant that planned contingents of module deliveries were not achieved. As a result, the planned sales could not be achieved.

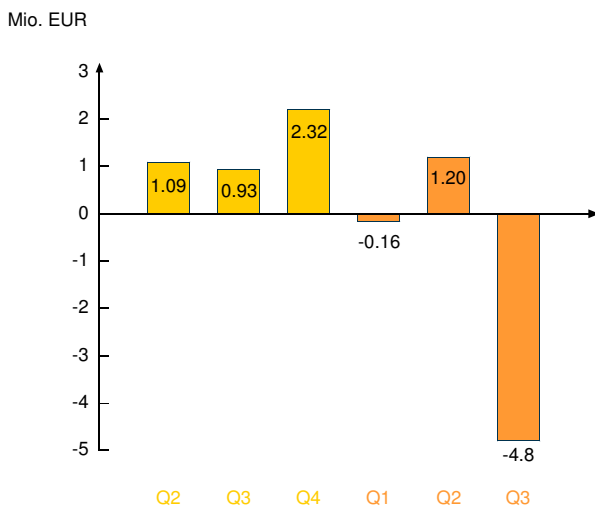
The company was also affected by project cancellations: Nastro-Umwelttechnik GmbH, for example, was forced to abandon the implementation of two projects with a total volume of over EUR 15 million because the customer was unable to secure the required financing pledges. The write-off of project start-up costs which this gave rise too and which had been shown as future accounts receivable from production orders had to be increased once more in comparison with the half-yearly financial statements. Delays in realising other projects due to bottlenecks in the supply of thin-film modules and project delays by other customers amounting to approximately EUR 12 million led to further shortfalls in sales planned up to that time. Finally, an audit of the sales booked for Nastro-Umwelttechnik GmbH resulted in errors in the cut-off of sales having to be corrected which led to further sales shortfalls up to the balance sheet cut-off date. We refer to the notes to the financial statements and in the appropriate section in this report for further details.

Mio. EUR



Turnover 2005/2006

(*after correction of turnover in the respective quarter)



EBIT 2005/2006

The need to correct previously-reported sales only affects the subsidiary company Nastro-Umwelttechnik GmbH and accordingly the "projects" division. Sales of EUR 25.2 million had been achieved in this division up to 30th September 2006. Since this division was not only affected by the corrections to reported sales but also by the project write-offs of EUR 1.3 million described above, it was not possible with a loss of EUR 1.9 million to achieve a positive divisional result by the end of the third quarter. The projects division's share of total group sales on the cut-off date was 65 percent.

Following sales of EUR 5.5 million in the second quarter and EUR 3.4 million in the first quarter, the "trade" division achieved sales of EUR 4.8 million in the third quarter of the financial year. The decline in sales in the trade division in comparison with the previous quarter is due to reduced domestic demand for crystalline modules. Moreover, deliveries of crystalline modules destined for Spain were delayed into the fourth quarter. The trade division's results were again negative in the third quarter and on a cumulative basis are minus EUR 0.6 million for the whole reporting period. The decline in demand resulting from price changes already described and the pressure on margins were particularly noticeable in this division and so far it has not been possible to compensate them by a reduction in fixed costs.

Up to 30th September 2006 RPSE AG had achieved sales outside Germany of EUR 4.7 million and thereby increased the sales share achieved abroad to 12 percent. These sales were derived from trading activities in Spain.

In spite of increased price pressure in the industry, the gross margin of the total group was held constant in comparison with the prior year at 14 percent. RPSE AG succeeded in this area in reacting to the decline in prices for photovoltaic equipment and modules from the second quarter by securing favourable purchasing conditions. As already mentioned in the report dealing with the previous quarter, RPSE AG reacted early to these price changes by making short-term pricing agreements with the suppliers of crystalline modules. Wherever this was not possible, the company preferred to accept lower sales rather reduce its own margin. Further customer orders will be shipped from this inventory during the fourth quarter.

The profitability situation continues to develop highly favourably on thin-film projects where above-average returns were achieved. The gross margin in the trade division was held more or less constant chiefly through an increased share of sales achieved in Spain. Inventories on 30th September 2006 increased once more in comparison with the previous quarter.

The company's loss situation results primarily from a cost base which is too high, especially in the area of other operating expenses, as well as one-time effects such as the write-offs on projects already mentioned. The number of employees increased in the third quarter to 74.

As already mentioned, the company reported in the third quarter under other costs write-offs of EUR 1.7 million, especially in the value of accounts receivable. Provisions will be established because, in addition to project cancellations, payment defaults in the "projects" division appear likely. In addition, the company posted a further write-down of EUR 0.6 million on inventories of modules supplied by a German thin-film manufacturer, since, due to quality problems on the part of the manufacturer, sale at the normal consumer price can no longer be assumed.

Further cost burdens arose in the area of legal and consultancy costs which, due to necessary reserves for the costs of preparing the quarterly final statements and legal advice, increased considerably in the third quarter. The increase of advertising and selling costs in the third quarter is related to the opening of a sales office in Meppen and increased marketing. As a result of the circumstances described, by the end of the third quarter of the financial year the company had generated a negative EBIT of EUR 3.8 million.

Commission expenses already reported in the previous quarter resulting from convertible loan stock issued in May 2006 of EUR 0.4 million plus accumulated interest of EUR 0.2 million up to 30th September 2006 were charged to the accounting period's results. The loss situation gives rise to deferred tax claims which produce a positive tax result of EUR 1.7 million. The company therefore reports a loss of EUR 2.7 million for the accounting period up to 30th September 2006.

4. UNFORESEEN EVENTS AFTER THE END OF THE THIRD QUARTER OF 2006 - CORRECTION OF THE 2006 HALF-YEARLY FIGURES

The company has suffered a number of setbacks during the financial year so far: in addition to changes in the market which occurred more quickly and earlier than anticipated and led to the goals set not being reached, unexpected internal problems were disclosed. These included the resignation of an important managing director and errors in the financial statements of a subsidiary company which led to a considerable loss of confidence. Necessary steps have however been taken in the form of improvements in the system of internal control and radical restructuring measures in order to avoid problems of this nature in the future.

EVENTS AFTER THE END OF THE THIRD QUARTER 2006:

12/10/2006

Reinecke + Pohl Sun Energy AG was informed during the evening by Mr Hermann Müller's lawyer that he had resigned his office as managing director of Nastro-Umwelttechnik AG for urgent personal reasons.

Ad hoc report of Mr Müller's resignation as the managing director of Nastro-Umwelttechnik GmbH. The company did not give any further details of the reasons for the resignation due to the need to protect personality rights.

16/10/2006

Ad hoc report of the imminent transfer of Mr Gerd-Jürgen Pohl from his position as member of the supervisory board to the post of managing director of Nastro-Umwelttechnik GmbH. Ms Britta Horney, a lawyer from Hamburg, is appointed by resolution of the District Court as a new member of Reinecke + Pohl Sun Energy AG's supervisory board.

The background to the personal reasons for Mr Müller's decision to resign was explained in a press announcement issued also by Reinecke + Pohl Sun Energy AG after these had been released to the public from other sources.

20/10/2006

Ad hoc announcement of a considerable correction to the sales and profit forecast for 2006 due to the changed market situation and the events which had occurred at Nastro-Umwelttechnik GmbH.

11/11/2006

Ad hoc announcement announcing provisional figures for the first three quarters of 2006 and the changes made in the company's board of management. It was announced that, subject to an examination by an auditing company, the published financial data for the period up to 30/06/2006 required correction. The company now forecast sales of EUR 58.1 million and an EBIT of minus EUR 3.8 million for

the financial year 2006. The reasons for these adjustments are irregularities in the sales reporting of the subsidiary company Nastro-Umwelttechnik GmbH.

Against a background of this unsatisfactory business development, the board spokesman, Mr Martin Schulz-Colmant, resigned his position by mutual agreement with the supervisory board, this resignation to take effect immediately. Mr Thorsten Preugschas, managing director of the subsidiary company Maaß Regenerative Energien GmbH, is appointed to the company's board of management.

A.) EXPLANATION OF THESE EVENTS

The surprising resignation of the managing director of Nastro-Umwelttechnik GmbH

Mr Hermann Müller's resignation as managing director of Nastro-Umwelttechnik GmbH on 12th October 2006 was a complete surprise to the management of Reinecke + Pohl Sun Energy AG. As has become publicly known in the meantime, Mr Müller's resignation from his position of managing director is linked to the beginning of a prison sentence. The board of management of Reinecke + Pohl Sun Energy AG, which had no knowledge of this before being informed by Mr Müller's lawyer on 12th October 2006, makes clear that the reasons for Mr Müller's arrest date back to a time long before the beginning of his work with Nastro-Umwelttechnik GmbH and the RPSE-Group. It is emphasised that the reason for the arrest has absolutely no connection with the company.

Assumption of the management of Nastro

Operational management of the subsidiary company in Meppen was thereupon taken over by the two co-managing directors and board members of RPSE AG, Martin Schulz-Colmant and Patrick Arndt.

Mr Gerd-Jürgen Pohl also joined the board of management of Nastro-Umwelttechnik GmbH and for this reason resigned his position as member of the supervisory board of RPSE AG. Mr Pohl has many years of experience in the field of regenerative energy sources. Since company law in Germany does not allow a board member or

managing director of a subsidiary company to serve simultaneously on the supervisory board of the parent company, he was obliged to resign from the supervisory board.

The lawyer Ms Britta Horney was appointed the new member of RPSE AG's supervisory board. In her capacity as a member of the supervisory board Ms Horney will in future make her many years of experience with an auditing and tax consultancy company available to the company.

Commissioning of an internal audit by a company of auditors

Following an analysis of the development of the business at the subsidiary company Nastro-Umwelttechnik GmbH, the two board members decided to ask a company of auditors to examine the processes which lead to the reporting of sales. This examination revealed that internal procedures were either not observed or were evaded by employees. These irregularities led amongst other things to an overstatement of the sales reported in the 2006 half-yearly financial statements by an amount of EUR 4.1 million. The board received the auditors' written report on 10th November 2006. After calculating the implications of the necessary corrections in the quarterly financial statements for the period ending 30th September 2006, provisional figures for the third quarter were issued on the same evening.

The sales and project development departments were not involved in these irregularities, i.e. customers did not suffer any disadvantages in this connection.

The board is currently examining together with the company's lawyers what further measures need to be taken.

Correction of the sales and profit forecast for 2006

As is typical in the industry, the seasonal split of the company's business activities is subject to extreme fluctuations. The original business plan for the financial year 2006 foresaw that more than 70 percent of total sales were to be achieved in the second half-year. The sales reported in the first half-year of 2006 lay within the company's budget. The board had however already reported in its commentary on the previous quarter that the major part of the sales planned for the total year still had to be achieved. The development of the third quarter initially gave no reason to believe that the budget for the whole year could not be achieved. The considerably

under-budget development of sales and the sobering prospects for the year as a whole in comparison with the figures aimed for could not be recognised until the sales data and an initial analysis of the project backlog were complete. Moreover, events within Nastro-Umwelttechnik GmbH forced the board to realise that, in spite of the necessary reorganisation, a recovery in the last quarter was no longer possible. The profit warning was issued after it had become obvious that neither existing customer orders nor promising new projects were realisable in the financial year 2006. Previously there existed no cause for such a profit warning.

Changes in RPSE AG's board of management

Due to the unsatisfactory sales and profit situation in the financial year, the spokesman of the company's board of management, Mr Schulz-Colmant, resigned his position on the board on 10th November 2006 by mutual agreement with the supervisory board. At the same time Mr Thorsten Preugschas, managing director of the RPSE subsidiary company Maaß Regenerative Energien GmbH in Wesel, was appointed by the supervisory board as a new member of the company's board of management. Mr Preugschas has responsibility on the board for the operative business and for international expansion; this area thus receives increased weight at board level. Mr Arndt is the board member responsible for finance and human resources and assumes in addition responsibility for investor and public relations.

B.) CORRECTIVE MEASURES

Examination of the quarterly financial statements by the auditing companies

Based on the results of the examination carried out by an auditing company of the processes involved in reporting sales, measures have been introduced in order to ensure correct accounting by the company in future.

In addition to the financial statements for the first and second quarters in 2006, all quarterly group financial statements so far prepared between year-ends were subjected to a thorough examination by the auditing company appointed by the general shareholders' meeting. The annual financial statements of the company and the group were subjected to an annual audit by the auditors. In 2006 an examination by the auditors of the

quarterly financial statements was dispensed with, since this is required neither by the German stock exchange nor by German law and would have meant additional costs for the company.

In future, all the company's quarterly and interim financial statements will be subjected to examination by the auditors appointed to audit the company's accounts.

Improvement of the risk control system and the introduction of an ERP (enterprise resource planning) System

Following the acquisition of the subsidiary companies Nastro-Umwelttechnik GmbH and Maaß Regenerative Energien GmbH last year, the company's management concentrated initially on the integration of operational processes and systems. Parallel to this, a risk control system was introduced and appropriate procedures issued. The internal control system will now be refined still further as a result of infringements of these operating procedures. But even the best of systems cannot completely eliminate infringements against them, particularly when these are deliberate.

The continued integration of accounting processes and systems will remain at the centre of our next efforts to integrate operations. The introduction of a uniform ERP system, which, in accordance with the recommendations of the auditing company commissioned to conduct a special investigation, will result in further improvements and increases in efficiency in the accounting system, was already in the planning stage. The board of management will now press on with this project with increased energy.

The restructuring of the company

In order to bring the company's cost structure into line with sales expectations, it is planned to continue the consolidation of the operations of the German subsidiary companies. This includes the amalgamation of warehousing operations, increased centralisation of purchasing activities and a considerable increase in the efficiency of selling processes. Financial control in the sales area will also be expanded. These measures will be implemented soon and are already planned to take effect before the end of the year already. A further task of the board of management is a considerable improvement and strengthening of distribution both at home and abroad.

Amalgamation of the companies

A first step was taken towards slimming down the company structure with the decision made at the end of August 2006 to amalgamate the operating subsidiary Reinecke + Pohl Solare Energien GmbH with the parent company. This was a logical step following the almost complete relocation of RPSE GmbH's operations into those of Nastro-Umwelttechnik GmbH. The Commercial Registry was notified of the amalgamation at the end of August but its registration has not yet taken place. A further step towards simplifying the company structure is the amalgamation of Maaß Regenerative Energien GmbH and Nastro-Umwelttechnik GmbH which is planned to take place in the spring of 2007.



Thorsten Preugschas, board member responsible for operations (born in 1965, graduate in engineering and assessor in mining surveying)

Mr Thorsten Preugschas obtained his engineering degree in the specialist field of mining surveying from the Rhine-Westphalian Technical University of Aachen. Having passed his second state examinations, he acquired the title of "assessor in mining surveying". Mr Preugschas then spent three years in an engineering and planning consultancy working on the restoration of derelict industrial sites before transferring to a company involved in redevelopment projects quoted on the stock exchange where he was responsible for technical engineering matters. During the next three years Mr Preugschas was part of the senior management team of an international group working on the expansion of the UMTS mobile telephone network. In 2003 Mr Preugschas founded as principle shareholder Maaß Regenerative Energien GmbH of which he was also managing director and which in September 2005 he sold completely to Reinecke + Pohl Sun Energy AG. As operative board member of Reinecke + Pohl Sun Energy AG, Mr Preugschas is responsible for the areas of purchasing, sales, project implementation and business development.

5. OUTLOOK

The company will concentrate during the next few months on the implementation of the following key strategic measures.

1. Restructuring of the company and the consolidation of the German subsidiary companies

A number of processes in the company will be made more efficient as a result of the planned amalgamation of the subsidiary companies Nastro-Umwelttechnik GmbH and Maaß Regenerative Energien GmbH, which will already lead to a reduction of fixed costs next year, amongst other things as a result of savings in personnel. These relate on the one hand to the optimisation of the warehousing function and the whole logistical chain. On the other hand, the centralisation of purchasing and the introduction of an ERP system are planned.

2. Increased concentration on sales of thin-film photovoltaic energy

The company remains convinced that the thin-film technology will acquire an ever increasing share of the international photovoltaic market over the next few years. Experts predict by 2010 a share of 20 percent of the total solar energy market. The company has ensured considerable supplies of thin-film modules over the next few years from reputable manufacturers such as First Solar und Bangkok Solar which promise considerable sales and profit potential.

3. Strengthening of domestic selling through the continued expansion of regional sales offices in Germany

National selling activities have to date taken place chiefly from the Meppen office. It is planned in order to expand activities throughout Germany to increase the local presence through regional offices and thereby to considerably enhance distribution in Germany.

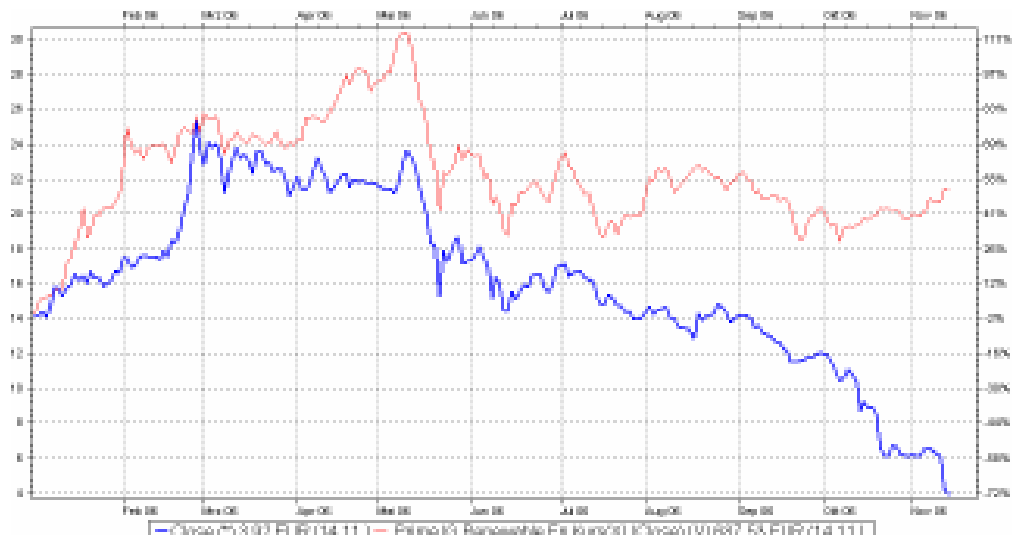
4. Strengthening of the organisation of the local foreign companies and thereby an expansion of international activities

Further expansion of activities outside Germany will play an important role in the company next year. Several major projects are in the planning stage in Spain, such that a strengthening of our company locally is an important objective. We also wish to strengthen our presence in USA, Greece, Italy and France.

Following the correction made to the budget for the financial year 2006 and an appropriate reduction of the planned sales to EUR 58.1 million, the new board of management is currently heavily engaged in the preparation of a revised budget for the financial year 2007 and a medium-range plan for the years thereafter. The board of management is convinced that, backed by the company's sound financing structure and its excellent business prospects, it will be possible to generate positive results next year already.



Reinecke + Pohl Sun Energy AG / Frankfurt from 02/01/2006 to 15/11/2006



DEVELOPMENT OF THE MARKET AND THE SHARE PRICE

The shares of large companies well established in the market were again sought in the third quarter of 2006 - the DAX increased accordingly by a further 5 percentage points - whilst the prices of most secondary stocks reported losses. The Prime IG Renewable Energies Index where shares of the solar industry are chiefly traded lost approximately 12 percent.

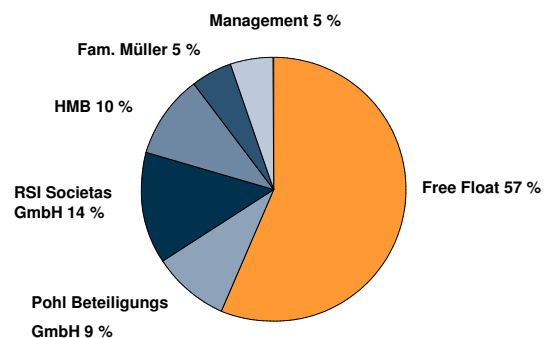
The Reinecke + Pohl Sun Energy AG share was not immune from this development. The share lost almost 29 percent over the period July to September 2006. Trading in the share was also considerably below that of the same period last year and than during the first two quarters of the current year.

In view of the development of the share price over the whole of 2006 and given a loss in value of 16 percent over the period up to 15th November 2006, one can hardly say that the Reinecke + Pohl Sun Energy AG share turned in a satisfactory performance, even though certain other solar shares recorded considerably higher losses.

On 30th September 2006 the company's market capitalisation was approximately EUR 55 million compared with EUR 66 million at the beginning of the year and peaks of EUR 118 million reached during the first half-year.

The events which occurred after 30th September 2006, accompanied at times by considerable stock exchange trading, then led to a severe drop in the share price. The Reinecke + Pohl Sun Energy AG share fell to below EUR 4. Accordingly, the current market capitalisation is only EUR 18 million.

SHAREHOLDER STRUCTURE (As at: 30/09/2006)*



* as per legal WpHG notice

CONVERTIBLE BONDS

The price of the convertible bond has also recorded a highly negative development since the beginning of the third quarter. The conversion price which, seen from today's perspective, appears very high has understandably had a major influence on the price of the bond. There is however a considerable gap between the current price of EUR 8 and the amount repayable which will be due on maturity in 2009 (EUR 21.9).



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

| ASSETS | 30. September 2006 EUR | 31. December 2005 EUR |
|---|---------------------------|--------------------------|
| A. Long-term Assets | | |
| I. Goodwill | 19,627,732.80 | 19,927,732.80 |
| II. Other intangible assets | 50,471.05 | 20,630.00 |
| III. Tangible assets | | |
| Other equipment, factory and office equipment | 722,881.02 | 282,139.00 |
| IV. Financial assets | | |
| Investments | 215,652.25 | 207,101.25 |
| Total of Long-term Assets | 20,616,737.12 | 20,437,603.05 |
| B. Short-term Assets | | |
| I. Stock value | | |
| 1. Work in process | 160,723.79 | 40,375.01 |
| 2. Finished goods and merchandise | 15,899,899.49 | 4,900,845.35 |
| 3. Advances paid | 980,485.27 | 2,460,753.96 |
| II. Trade receivables | 4,306,011.65 | 8,577,885.03 |
| III. Receivables from production orders | 2,880,963.31 | 3,646,232.70 |
| IV. Medium of exchange | 9,966,430.38 | 4,224,889.60 |
| V. Other assets | 2,129,801.29 | 540,524.11 |
| VI. Long-term assets available for sale | 0.10 | 0.10 |
| VII. Deferred tax assets | 1,047,724.65 | 0.00 |
| Total of Short-term Assets | 37,372,039.93 | 24,391,505.86 |
| C. Balance Sheet Total | 57,988,777.05 | 44,829,108.91 |

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

| EQUITY AND LIABILITIES | 30. September 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) | -2,672,396.24 | 2,748,354.49 |
| Total Equity | 34,175,004.31 | 35,593,837.68 |
| B. Liabilities | | |
| I. Long-term liabilities | 9,274,249.02 | 472,500.00 |
| Total long-term liabilities | 9,274,249.02 | 472,500.00 |
| II. Short-term liabilities | | |
| 1. Reserves | 1,604,443.24 | 2,613,095.87 |
| 2. Financial liability | 2,175,332.52 | 587,379.87 |
| 3. Customer advances | 1,549,641.35 | 617,698.11 |
| 4. Trade payables | 7,989,601.75 | 3,762,495.22 |
| 5. Other liabilities | 1,220,504.87 | 1,182,102.16 |
| Total of short-term liabilities | 14,539,523.72 | 8,762,771.23 |
| Total Liabilities | 23,813,772.74 | 9,235,271.23 |
| C. Balance Sheet Total | 57,988,777.05 | 44,829,108.91 |

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

| | Q1-Q3 2006 | Q1-Q3 2005 | Q3 2006 | Q3 2005 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | 01.01.- 30.09.2006 EUR | 01.01.- 30.09.2005 EUR | 01.07.- 30.09.2006 EUR | 01.07.- 30.09.2005 EUR |
| 1. Sales | 38,831,979.25 | 27,051,371.76 | 6,155,685.79 | 15,774,582.03 |
| 2. Other operating income | 531,829.47 | 12,245.73 | -166,722.95 | 6,247.49 |
| 3. Increase in inventories | 129,654.18 | -1,976,073.17 | 126,365.88 | 450,621.92 |
| 4. Cost of raw materials, supplies and merchandise | -32,249,917.86 | -20,839,907.83 | -5,477,079.89 | -13,840,706.67 |
| 5. Cost of purchased services | -1,784,896.01 | -559,166.67 | -683,745.17 | -489,096.80 |
| 6. Gross Profit or Loss | 5,458,649.03 | 3,688,469.82 | -45,496.33 | 1,901,647.97 |
| 7. Personnel expenses | -2,579,828.35 | -568,507.48 | -945,498.11 | -379,568.09 |
| 8. Amortization and depreciation | -751,720.44 | -31,917.88 | -657,346.24 | -25,190.54 |
| 9. Other operating expenses | -5,915,517.27 | -1,067,101.27 | -3,180,500.27 | -564,173.77 |
| 10. Earnings before Interest and Taxes (EBIT) | -3,788,417.03 | 2,020,943.19 | -4,828,840.96 | 932,715.57 |
| 11. Interest and other similar income | 99,562.54 | 8,684.44 | 58,007.84 | 6,924.51 |
| 12. Other Interest and similar expenses | -678,623.85 | -89,246.51 | -144,643.19 | -62,608.54 |
| 13. Investment- and Financial-Results | -579,061.31 | -80,562.07 | -86,635.35 | -55,684.03 |
| 14. Taxes on income | 1,706,646.41 | -765,041.51 | 1,918,418.05 | -367,641.04 |
| 15. Other taxes | -11,564.31 | -1,194.86 | -3,221.35 | -732.00 |
| 16. Net income / Net loss | -2,672,396.24 | 1,174,144.75 | -3,000,279.46 | 508,658.50 |
| Results per Share in acc. with IAS 33 (undiluted) (30.09.2006: Basis 4.65 Mio.; 30.09.2005: 3.1 Mio. Aktien) | -0.57 | 0.25 | | |

REINECKE + POHL SUN ENERGY AG
CONSOLIDATED INTERIM ACCOUNTS AS OF SEPTEMBER 30, 2006
CHANGE OF EQUITY
FROM 1ST JANUARY TO 30TH SEPTEMBER 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 | | | -2,672,396.24 | -2,672,396.24 | |
| II. Status September 30, 2006 | 4,650,000.00 | 29,449,046.06 | 2,748,354.49 | -2,672,396.24 | 34,175,004.31 |
| 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 | | -2,412,862.5 | 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 | | | 1,174,144.75 | 1,174,144.75 | |
| II. Status September 30, 2005 | 3,100,000.00 | 6,283,537.95 | 0.00 | 1,174,144.75 | 10,557,682.70 |

REINECKE + POHL SUN ENERGY AG
CONSOLIDATED INTERIM ACCOUNTS AS OF SEPTEMBER 30, 2006
COMPANY EQUITY CASH FLOW STATEMENT
FROM 1ST JANUARY TO 30TH SEPTEMBER 2006

| | 01.01.-30.09.2006 EUR | 01.01.-30.09.2005 EUR |
|---|--------------------------|--------------------------|
| Net Income for the period | -2,672,396.24 | 1,174,144.75 |
| + Write-off on fixed assets | 451,720.44 | 31,917.88 |
| - Reduction of reserves | -1,008,652.63 | -120,582.07 |
| - Increase of stock | -9,639,134.23 | -1,351,722.10 |
| + Reduction of trade receivables | 5,037,142.77 | -3,416,565.13 |
| - Increase of other fixed assets | -2,395,809.26 | 285,949.96 |
| - Increase of active deferred income | -241,192.57 | -23,283.06 |
| + Increase of short-term liabilities | 4,886,663.77 | 2,004,994.96 |
| Cash Flow from normal operational activities | -5,581,657.95 | -1,415,144.81 |
| | | |
| - Purchase of fixed intangible assets | -47,696.24 | -15,337.43 |
| - Purchase of tangible assets | -625,904.76 | -111,972.26 |
| + Sales of financial assets items | 41,796.55 | 0.00 |
| Cash Flow from Investment Activities | -631,804.45 | -127,309.69 |
| | | |
| + 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 | 0.00 |
| + Increase in bank liabilities | 1,587,952.65 | -113,990.46 |
| Cash flow from financing activities | 11,955,003.18 | 2,152,409.54 |
| | | |
| Cash and cash equivalents at beginning of period | 4,224,889.60 | 17,786.78 |
| + Assumed Cash and cash equivalents from subsidiaries | 0.00 | 268,429.30 |
| + Change in Cash and cash equivalents | 5,741,540.78 | 609,955.04 |
| = Cash and cash equivalents at end of period | 9,966,430.38 | 896,171.12 |



CHINA SHIPPING LINE

REINECKE + POHL SUN ENERGY AG, HAMBURG
EXPLANATIONS ON THE GROUP INTERIM FINANCIAL STATEMENT
AS AT 30TH SEPTEMBER 2006

ACCOUNTING STANDARDS

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

The Group interim financial statement as at 30th September 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 September 2005 can only be partially compared with the figures from 30th September 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

An examination of sales by an auditing company carried out in connection with the preparation of the quarterly financial statements on 30th September 2006 revealed that major errors in compliance with the requirements of IAS 8.5 had been made in preparing the half-yearly financial statements on 30th June 2006. According to IAS 8.46, such errors must be corrected, without impacting current income, in the quarter in which they are discovered.

The following errors were corrected: firstly, sales to a value of EUR 1.7 million were booked on 30th June 2006 in spite of the fact that the relevant orders had not been granted. Secondly, due to errors in the cut-off of sales reporting on June 30th 2006, a further correction to sales of EUR 3.2 million had to be made.

The effects of these corrections are reported in section 20.

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 September 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.

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 30/09/06 |
| | TEUR | TEUR | TEUR | TEUR |
| Goodwill | 19,928 | -300 | 0 | 19,628 |
| Other intangible assets | 24 | 39 | 0 | 63 |
| External installation | 0 | 52 | 0 | 52 |
| Factory and office equipment | 364 | 574 | 113 | 825 |
| Investments | 337 | 9 | 0 | 346 |
| | 20,653 | 374 | 113 | 20,914 |

| | Write-Offs | | | Book Value | |
|------------------------------|-----------------------------------|------------|-----------|--------------------|--------------------|
| | Status Begin of fiscal year | Additions | Disposals | Status 30/09/06 | Status 30/09/06 |
| | TEUR | TEUR | TEUR | TEUR | TEUR |
| Goodwill | 0 | 0 | 0 | 0 | 19,628 |
| Other intangible assets | 4 | 9 | 0 | 13 | 50 |
| External installation | 0 | 4 | 0 | 4 | 48 |
| Factory and office equipment | 83 | 139 | 72 | 150 | 675 |
| Investments | 130 | 0 | 0 | 130 | 216 |
| | 217 | 152 | 72 | 297 | 20,617 |

5. GOODWILL AND OTHER INTANGIBLE ASSETS

Due to subsequent changes in the acquisition price of the shares of Maaß Regenerative Energien GmbH and Nastro-Umwelttechnik GmbH, the value of goodwill was adjusted by TEUR 300 versus the value at the end of the prior year on 31st December 2005 (TEUR 19,928).

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:

| | 30/09/2006 | 31/12/2005 |
|---|------------|------------|
| | TEUR | TEUR |
| Prim-Sola Energy Technology Co. Ltd., Shanghai, China | 181 | 181 |
| Reinecke Pohl Sun Energy España S.L., Madrid, Spanien | 33 | 24 |
| R+P Sun Energy LLC, Portland, Oregon, USA | 2 | 2 |
| Total Financial Assets | 216 | 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. These are essentially photo-voltaic modules and services performed in connection with the planning of projects.

Finished goods and products contain goods on consignment to the value of TEUR 7,142.

9. TRADE RECEIVABLES

All receivables and other assets have maturity of up to one year. Value reductions to the value of TEUR 685 were made on accounts receivable trade during the financial year 2006.

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.

Due to the cancellation of two customers' projects, these items had to be written-down in the reporting period by an amount of TEUR 1,267. These write-downs relate to portions of profit which have already been realised but which are probably not recoverable.

11. MEDIUM OF EXCHANGE

The item includes the bank balances of TEUR 9,923 (December 31, 2005: TEUR 4,192) and cash balance of TEUR 43 (December 31, 2005: TEUR 32).

12. OTHER ASSETS

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

| | 30/09/2006 | 31/12/2005 |
|---------------------------------------|--------------|------------|
| | TEUR | TEUR |
| Receivables from shareholders | 819 | 0 |
| Short-term liabilities | 404 | 282 |
| Active deferred income | 341 | 99 |
| Demands for tax on profit | 201 | 32 |
| Security deposits | 116 | 0 |
| Receivables from associated companies | 45 | 0 |
| Demands for value added tax | 11 | 22 |
| Claims for damages | 0 | 0 |
| Remaining | 193 | 106 |
| | 2,130 | 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 TEUR 733 (December 31, 2005: TEUR 1,599) and other reserves of TEUR 871 (December 31, 2005: TEUR 1,014).

The tax provisions are made up as follows:

| | 30/09/2006 | 31/12/2005 |
|--------------------------------|------------|--------------|
| | TEUR | TEUR |
| Deferred tax liabilities | 597 | 1,298 |
| Actual accrued tax liabilities | 136 | 301 |
| | 733 | 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:

| | 30/09/2006 | 31/12/2005 |
|---|------------|--------------|
| | TEUR | TEUR |
| Guarantees | 188 | 169 |
| Legal and consultancy expenses | 177 | 33 |
| Outstanding invoices | 133 | 108 |
| Costs for financial statements and auditing | 116 | 105 |
| Vacation not taken | 98 | 70 |
| Emoluments | 38 | 59 |
| Payment of supervisory board | 34 | 0 |
| Advising and Consulting costs security brochure | 0 | 200 |
| Redundancy payments | 0 | 197 |
| Others | 87 | 73 |
| | 871 | 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

Following an examination of reported sales carried out by an auditing company commissioned by the board of management in the fourth quarter of 2006, the following corrections of the sales reported on 30th June 2006 were necessary:

| Type of error | Facts of the matter | Sales correction |
|---------------------|---|------------------|
| | | TEUR |
| Sales cut-off | Contract with customer legally still subject to Proviso | -2,000 |
| Sales cut-off | Plant not yet accepted on balance sheet cut-off date | -395 |
| Sales cut-off | Contract with customer legally still subject to Proviso | -193 |
| Sales cut-off | Contract with customer legally still subject to Proviso | -190 |
| Sales cut-off | Contract with customer legally still subject to Proviso | -190 |
| Sales cut-off | Contract with customer legally still subject to Proviso | -63 |
| Sales cut-off | Contract with customer legally still subject to Proviso | -60 |
| Sales cut-off | Contract with customer legally still subject to Proviso | -59 |
| Sales cut-off | Contract with customer legally still subject to Proviso | -59 |
| Revenue recognition | Application of realisation of part of profit not possible | -40 |
| Amount | | -3,248 |

Moreover, of two orders with a total volume of TEUR 1,768 (TEUR 1,118 and TEUR 650) sales to the value of TEUR 884 had to be reversed, since the appropriate orders had not been granted at the time of the financial statements on 30th June 2006.

IAS 8.42 requires that these errors be corrected in the current financial statements. The reporting period for the current financial statements is the accumulated third quarter (1st January - 30th September 2006). Since the errors occurred during this period, a correction of the second quarter financial statements is not necessary but only an adjustment in the current reporting quarter. The corrections in sales were therefore allocated to the third quarter and shown in the column "Q3 - 01/07/ - 30/09/2006" of the relevant statement of income. A reduction in sales of the above amount to be corrected is therefore made in the third quarter.

The corrections mentioned above give rise to a profit impact of minus TEUR 1.277 on the EBIT reported on 30th September 2006 and of minus TEUR 774 the results for the accounting period reported on 30th June 2006.

The overwhelming majority of the customers listed had not concluded legally binding or enforceable contracts by the time of the report.

Moreover, on two contracts for which a portion of the profit had already been reported in the previous quarter, the estimates of the degree of realisation were reduced on the balance sheet cut-off date. This entailed sales to the value of TEUR 4,609 no longer being reported on 30th September 2006.

Had all the effects described above been shown in the interim financial statements on 30th June 2006, this would have resulted in sales of TEUR 23,936 for the period 1st January - 30th June 2006 instead of the reported sales of TEUR 32.676.

20. OTHER OPERATING INCOME

The other operating income is made up fundamentally as follows:

| | 30/09/2006 | 30/09/2005 |
|--|------------|------------|
| | TEUR | TEUR |
| Cost transfers | 266 | 0 |
| Settlement of payments-in-kind | 96 | 10 |
| Income from the dissolution of provisions | 67 | 0 |
| Reimbursements/compensation | 43 | 0 |
| Income from the reduction of bad debt provisions | 32 | 0 |
| Others | 28 | 2 |
| | 532 | 12 |

21. PERSONNEL EXPENDITURES

The personnel expenditures are subdivided as follows:

| | 30/09/2006 | 30/09/2005 |
|--|--------------|------------|
| | TEUR | TEUR |
| Wages and salaries | 2,184 | 499 |
| Social contributions and expenditures for retirement pension plans | 396 | 70 |
| | 2,580 | 569 |

22. WRITE OFFS

The depreciation in the financial year results from scheduled depreciation of other intangible assets and property, plant and equipment. Moreover, adjustments of TEUR 600 were made to the value of defective modules in inventory.

23. OTHER OPERATING EXPENDITURE

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

| | 30/09/2006 | 30/09/2005 |
|---|--------------|--------------|
| | TEUR | TEUR |
| Depreciations on receivables | 1,952 | 51 |
| Legal, consultation and auditing costs | 907 | 285 |
| Sales costs | 663 | 63 |
| Advertising and travel costs | 600 | 126 |
| Vehicle costs | 344 | 66 |
| Office and occupancy costs | 326 | 38 |
| Insurance | 284 | 0 |
| Exchange rate losses | 166 | 0 |
| Repairs and maintenance | 127 | 0 |
| One-off and ongoing costs for stock market valuations | 124 | 0 |
| Items in transit | 106 | 0 |
| Costs of shareholders' meeting | 35 | 76 |
| Payment of supervisory board | 34 | 0 |
| Others | 248 | 362 |
| | 5,916 | 1,067 |

24. OTHER INTEREST AND SIMILAR EXPENDITURE

| | 30/09/2006 | 30/09/2005 |
|--|------------|------------|
| | TEUR | TEUR |
| Costs of convertible bonds | 385 | 0 |
| Interest for short-term liabilities | 105 | 25 |
| Interest payable on convertible bonds | 161 | 0 |
| Addition of accrued interest for long-term receivables | 21 | 64 |
| Other costs of financing | 7 | 0 |
| | 679 | 89 |

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:

| | 30/09/2006 | 30/09/2005 |
|---|---------------|--------------|
| Group profit (in EUR) | -2,672,396.24 | 1,174,144.75 |
| Weighted number of shares (in units) | 4,650,000 | 3,100,000 |
| Profit per share, undiluted (in EUR) | -0.57 | 0.38 |

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 33.30. Acting on the assumption that all potential shares are actually converted, this profit is made up as follows:

| | 30/09/2006 |
|--|-------------------|
| Number of potential shares (in units) | 474,886 |
| Days in circulation as per 09/30/2006 | 145 |
| Weighted as per 09/30/2006 (in units) | 252,229 |
| Actual shares (in units) | 4,650,000 |
| Potential number of shares (in units) | 252,229 |
| Total number of shares (in units) | 4,902,229 |
| Profit as per 09/30/2006 (in EUR)) | -2,672,396 |
| Interest paid on convertible bond (in EUR) | 160,761 |
| Basic profit per share (in EUR) | -2,511,635 |
| Profit as per 09/30/2006 (in EUR) | -2,511,635 |
| Number of shares (in units) | 4,902,229 |
| Profit per share, diluted (in EUR) | -0.51 |

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 nine months' period up to 30th September 2006 is shown below. 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 38,832 was achieved, of which turnover of TEUR 4,746 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 | 25,174 | 13,655 | 3 | 38,832 |
| previous year | 26,128 | 923 | 0 | 27,051 |
| Intercompany sales | 218 | 1,806 | 360 | 2,385 |
| previous year | 5,748 | 0 | -5,748 | 0 |
| Net sales | 25,393 | 15,461 | 363 | 41,217 |
| previous year | 31,876 | 923 | -5,748 | 27,051 |
| Segment Results | -2,513 | -615 | 456 | -2,672 |
| previous year | 2,559 | -27 | -1,358 | 1,174 |
| - thereof interest payable | -282 | -313 | -84 | -679 |
| previous year | -52 | -7 | -30 | -89 |
| - thereof interest earned | 3 | 7 | 90 | 100 |
| previous year | 4 | 0 | 5 | 9 |
| - thereof write offs | -687 | -34 | -31 | -752 |
| previous year | -26 | -1 | -5 | -32 |
| Segment Assets | 15,971 | 15,291 | 26,727 | 57,989 |
| previous year (09/30/2005) | 33,951 | 4,052 | 823 | 38,826 |
| Segment Liabilities | 14,865 | 15,193 | -6,244 | 23,814 |
| previous year (09/30/2005) | 9,069 | 4,263 | 1,910 | 15,242 |
| Segment Investments | 344 | 112 | -82 | 374 |
| previous year (09/30/2005) | 71 | 7 | 50 | 127 |

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 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 EUR 31.9 million (December 31, 2005 EUR 42.6 million) and with maturities of more than one and up to five years at EUR 194 million (December 31, 2005: EUR 0.2 million).

27. PERSONNEL STATUS

As of September 30, 2006, 74 employees (June 30, 2006: 66, March 31, 2006: 56, December 31, 2005: 50) were on the company's payroll.

28. EXECUTIVE AND SUPERVISORY BOARDS

On 10th November 2006 Mr Martin Schulz-Colmant resigned his position as a member of the board with immediate effect. On the same date the supervisory board appointed Mr Thorsten Preugschas as the new board member.

On 16th October 2006 Mr Gerd-Jürgen Pohl resigned his position as member of the company's supervisory board to take effect on 24th October 2006. Ms Britta Horney was appointed a member of the company's supervisory board by a decision of the District Court in Hamburg made on 24th October.

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

On 13th October 2006 the company had to report that Mr Hermann Müller, until then managing director of the subsidiary company Nastro-Umwelttechnik GmbH, had resigned his post with immediate effect.

An auditing company appointed by the board of management established that the interim financial statements for the second quarter of 2006 require to be corrected: on the one hand, sales of EUR 1.7 million had been booked even though the relevant orders had not been granted. On the other hand, TEUR 3.2 which had until then been reported as sales, had to be corrected as a consequence of accounting errors. Against the background of the company's unsatisfactory sales and profit situation, the board of management resolved a restructuring programme intended to lead to cost reductions and improvements in internal processes.

Hamburg, November 22, 2006
(The Executive Board)

FINANCIAL CALENDAR

| | |
|-------------------|-----------------------------------|
| November 28, 2006 | German Equity Forum, Frankfurt |
| End of March 2006 | Annual Report of 2006 |
| End of May 2006 | Annual General Meeting in Hamburg |

IMPRINT

Publisher

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

Investor Relations/Press

Heike Oelze
Tel: +49 40 696528-0
Fax: +49 40 696528-59
E-Mail: info@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