



## QUARTERLY REPORT III / 2007

## AT A GLANCE:

## THE GROUP ON SEPTEMBER 30, 2007

	Q1 - Q3 2007		Q1 - Q3 2006	
FINANCIAL STATEMENT	MIO.EUR	%	MIO.EUR	%
Total assets	53.33		57.99	
Equity	35.60		34.18	
Equity ratio		66.75		58.93
Subscribed capital	4.94		4.65	
Balanced goodwill	18.84		19.93	
PROFIT AND LOSS	MIO.EUR	%	MIO.EUR	%
Turnover	51.34	100.00	38.83	100.00
Gross profit and loss	9.46	18.43	5.46	14.06
EBIT	1.51	2.94	-3.79	-9.76
EBITDA	1.70	3.30	-3.04	-7.82
Result for the period	0.80	1.55	-2.67	-6.88
CASHFLOW	MIO.EUR		MIO.EUR	
Cashflow from operating activities	-0.14		-5.61	
Cashflow from investing activities	-0.30		0.63	
Cashflow from financing activities	-1.63		11.99	
Cash and cash equivalents as of September 30, 2007	12.23		9.97	
EMPLOYEES	NUMBER		NUMBER	
	62		74	
SHARE	EUR		EUR	
Base (calculated) 4.76 mio.	0.17		-0.56	
Share price at start of January in EUR (closing price)	7.41		14.00	
Share price at end of September in EUR (closing price)	9.20		12.03	

## 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	December 2000
Number of shares	4,937,000		

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## EXECUTIVE BOARD

## LETTER TO THE SHAREHOLDERS



EXECUTIVE BOARD\_ from left: Thorsten Preugschas and Patrick Arndt

## DEAR SHAREHOLDERS, DEAR SIR OR MADAM.

There have been a lot of changes in the company during the third quarter. We have completed on schedule in less than four months a showcase project in Ramstein which is currently the world's largest roof-top project made out of thin-film modules with 2.5 MW and in so doing have created a milestone in the company's history. This is also further evidence of the turnaround on the operational side.

We were also able to convince our new strategic partner, the Danish company DKA Consult ApS, of the positive outlook. DKA Consult has taken up the shares of Jörn Reinecke, after whom the company was named, and is planning in the long-term to implement extensive solar power plants projects in collaboration with us. From our point of view this strategic prospect will have a positive and lasting effect on our company.

As one of the next steps we are planning to strengthen further the COLEXON brand, as the operational subsidiaries are already named, and also to rename RPSE AG accordingly at the next opportunity. By doing this we can also establish these fundamental changes in the company on the capital market. We assume that you, our shareholders, will welcome and support this strategy.

The current financial statement for the third quarter of the year has also, as promised, been audited by the commissioned auditor. With these results, we see ourselves

as being on the right path, on the basis of the orders received and outstanding large-scale projects, to achieve the targets for this year of 75 million euros turnover and 5 million euros EBIT. For 2008, we are expecting growth of around 30 percent and are planning a turnover of over 100 million euros with an EBIT margin of five to seven percent.

Yours sincerely,

**Patrick Arndt**  
Executive Board

**Thorsten Preugschas**  
Executive Board

## REINECKE + POHL SUN ENERGY AG - Q3/2007

### THE SHARE



REINECKE + POHL SUN ENERGY AG (XETRA)\_Xetra from May 2007 until October 2007

SOURCE: OnVista Group

### THE SHARE AT A GLANCE

In the third quarter the Reinecke + Pohl Sun Energy AG share benefited from freeing itself from the development of the overall market. This was caused by the publication of the half-year figures. These proved that the restructuring has been successful and demonstrate the potential for growth in the future. Between July 1, 2007 and September 30, 2007 the share price (Xetra) rose from EUR 7.85 by 16.6 % to EUR 9.15. At the end of the quarter this corresponded to a market capitalisation of EUR 45.2 m. With this the share's development was better than the shares of the Prime IG Renewable Energy Index, which in this period improved from 1,128 points to 1,243 points, or by 10.2 %.

Considerable increases in the share price were recorded in particular after the end of the reporting period. The share price rose to EUR 16.30 by October 31, an increase of around 78 % within one month. The share was sustained above all by the news that a new strategic investor, the DKA Consult ApS, was acquired at the end of September. DKA took over a block of shares from the previous major shareholder Jörn Reinecke, after whom the company was partly named, and subscribed a capital increase from authorised capital. This allowed fresh funds to flow into Reinecke + Pohl Sun Energy amounting to around EUR 1.9 m which are to be invested in new large-scale projects. New opportunities for growth will occur in

particular by working more closely with the new investor, and these may also provide a positive impulse for the share price.

### CONVERTIBLE BOND

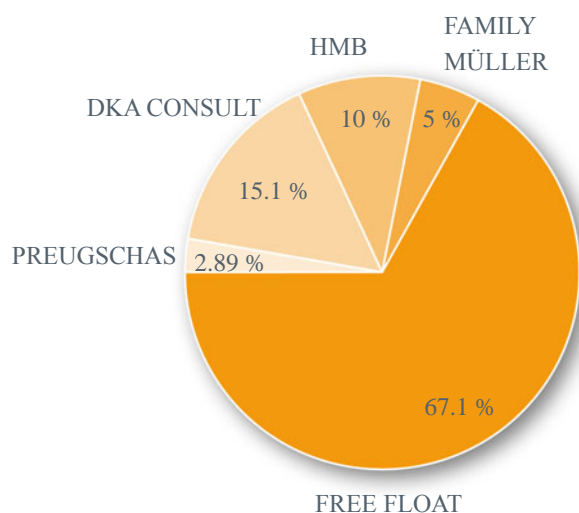
The price of the convertible bond was almost unchanged in the third quarter. After fluctuating between EUR 15.20 and EUR 18.00 during the reporting period, the closing price on September 28 of EUR 16.10 was only slightly over the price of July 1, 2007. Due to the subsequent positive development in the share price, at the beginning of October the partial debenture price climbed to over EUR 20.00. On October 31, 2007 the convertible bond, which is due for repayment at an amount of EUR 21.90 on May 8, 2009 and provides an interest rate of 7.665 %, traded at EUR 19.10.





## SHAREHOLDERSTRUCTURE (STATUS October 31, 2007)

The composition of RPSE shareholders, according to the WpHG (Securities Trading Act) notices, is as follows:



## UPCOMING DATES:

- **NOVEMBER 13, 2007**  
Analyst conference - equity capital forum Deutsche Börse AG, Frankfurt a.M.
- **DECEMBER 18, 2007**  
Extraordinary General Meeting
- **END OF MARCH 2008**  
Financial Report 2007



# REINECKE + POHL SUN ENERGY AG

## COURSE OF BUSINESS

### 1. BUSINESS AND GENERAL CONDITIONS

The demand for solar power plants has again increased considerably in 2007 after the temporary caution in 2006. After the slight fall in 2006 and a weak first half year in 2007, the forecasts for the German photovoltaic market expect a considerable increase in the installed capacity which can be added by the end of the year. The end of the silicon shortage which had been forecasted for the summer of 2007 in a trend analysis by the German Solar Industry Association (BSW) has therefore not yet taken place or has not yet had an effect on the prices of crystalline modules. The prices for solar power plants will nevertheless fall this year in accordance with the aims of the REA. Besides the increased use of cheap thin-film modules, developments in the exchange rate are also contributing to this pleasing situation for customers. Nevertheless, a further lowering of the degression rate for payment is being discussed. The expected REA amendment has however not yet been adopted. In accordance with the outcome of this discussion the German photovoltaic industry will in future have to continue to lower the investment costs for constructing a solar power facility disproportionately to the reduced feed-in tariffs.

### 2. ASSET, FINANCIAL AND EARNINGS SITUATION

#### 2.1. EARNINGS SITUATION

Reinecke + Pohl Sun Energy AG significantly increased its turnover again in the third quarter of the business year. In the period from January to the end of September the Group generated sales revenue in accordance with IFRS of TEUR 51,337. With this the company increased sales revenue compared with the same period last year by TEUR 12,505 or 32 %. The comparison of the quarterly turnover shows an even better picture. In the third quarter of current business year 2007 the company earned TEUR 21,701, a year-on-year increase of TEUR 6,804, and hence a rise of over 45 % year-on-year. By September 30 of the business year 2007, RPSE AG has already installed and sold over 17 MWp of solar modules and has thus al-

ready reached the amount for the whole of the previous year. The company is therefore determinedly pursuing its planned path of growth.

The earnings situation of Reinecke + Pohl Sun Energy developed just as positively in the current business year. With an EBIT of TEUR 1,510, the company confirmed the growing profitability of the business in first three quarters. In an industry which is strongly affected by seasonal fluctuations, the Executive Board also considers its defined aims to have been proven to be right here as well. The development in the company's gross margin has at the same time been particularly pleasing and, with a gross profit to the end of the reporting period of TEUR 9,460, is 18.4 %. Compared with the same period of the previous year the margin increased by over 4 %.

Against the background of the further fall in the level of market prices in the current business year as mapped out in the REA, the Executive Board considers its procurement strategy and its concentration on thin-film technology to have been proven to be right. The manufacturers of crystalline modules are still not prepared to pass on the cost benefits which have resulted in production and purchasing with the increases in capacity. Cost reductions are currently being realised when purchasing crystalline modules primarily due to changes in the exchange rate. The close supplier relationships RPSE AG has with Asian module manufacturers are paying off here, with business to a large extent being settled in US dollars.

The Group's divisions developed more or less on par in the third quarter. The Projects division generated revenues of TEUR 10,742 and in so doing contributed to approximately half of the total sales. In the "Trade" segment, revenues of TEUR 10,915 were generated. Following strong development of trade in the first half year, the distribution of turnover as at September 30 continued towards a fifty-fifty split. The outstanding event in the Projects division was the completion in the third quarter of the world's largest thin-film rooftop solar facility in Ramstein with a capacity of 2.5 MWp. The facility was officially opened in October. The facility is proof of the Projects division's capabilities and the successful restructuring of the company.

There have been increased regional sales this year

in the construction of solar power plants with over 1 MWp and this will also be an important mainstay in the company's Projects business in future. In this context the construction of PV systems of up to 5.4 MWp agreed in August for a Danish investor represent a further milestone. A considerable portion of these facilities will be completed by the end of the business year and will be available for delivery.

Due to concentrating on the reorganisation of distribution and the restructuring of the company, but also partly due to the complex situation regarding approvals in Spain for large-scale projects, the company's foreign turnover stagnated in the third quarter as well. The expan-

sion of foreign activities therefore represents an important challenge for the remaining quarter. By increasing the personnel for Spain, Greece and South Korea an improved basis for the future success of the business has been created.

The Group's cost situation in the current business year continues to be characterised above all by high expenditure in the area of other operating expenses. It has been possible to reduce these costs in relation to total sales compared with same quarter last year; however, the level has remained high due to special expenditure. There has been a heavy rise in above all legal and consultancy costs as a result of the cost of restructuring the company





in the first half year.

The Group's earnings before interest and taxes (EBIT) in the current business year as at September 30 amounts to TEUR 1,510 and is therefore TEUR 5,299 over the value for the same period last year. EBIT also increased in the third quarter and has now reached 2.9 % in the nine-month period.

## 2.2. ASSET AND FINANCIAL SITUATION

Compared with the end of the 2006 business year, at the end of the third quarter of the current year an increase in inventory receivables existed for facilities that have yet to be settled as well as a fall in stock. Compared with the same quarter last year the changes in inventory are the result above all of the completion of the large-scale project in Ramstein in the third quarter. Working capital was reduced as a result, and this was also reflected in the company's improved operational cash flow, which at TEUR 137 was only slightly negative in the reporting period. Liquidity fell during the business year in spite of an increase in capital in May, and as at 30 September amounts to TEUR 12,226. Within the scope of this increase in capital, 237,000 new shares were placed at a subscription price of 8.70 euros per share with institutional investors. The company thereby accrued liquid funds in the amount of TEUR 2,497. The company's share capital after this capital increase is 4,937,000 euros. Towards the end of the reporting period the Executive Board decided on a further capital increase for cash from authorised capital amounting to 178,000 shares. The increase in capital was not completed by the reporting date. The liquid funds which the company has accrued from these increases in capital will be used in the interim financing of large-scale projects.

Holders of convertible bonds issued in the business year 2006 have this year not yet exercised their entitlement to convert into shares.

## 3. SUPPLEMENTARY REPORT

In October 2007, the increase in capital by 178,000 shares decided at the end of September was completed. After the very positive movement in the share price compared with

the issue price which had originally been decided, the issue price was increased again by the Executive Board to EUR 10.75. Admitted to the subscription was DKA Consult ApS, which also in October became a shareholder by taking over a block of shares from the previous main shareholder RSI Societas GmbH, a company owned by Jörn Reinecke. Also in October a solar power facility in Ramstein which had already been completed in the third quarter was officially opened by Rhineland-Palatinate's Environment Minister. The facility is currently the largest thin-film rooftop solar facility with a capacity of 2.5 MWp.

## 4. RISK REPORT

### 4.1 RISKS

Avoiding unnecessary exposure to risk is integral to the business objectives of RPSE AG. The Company and its subsidiaries are subject to certain risks however, both in connection with their business operations and in consequence of potential changes in the market and business environment. The risk management system currently in place is optimised on an ongoing basis in order to better meet the risks encountered by our organisation. The Company has identified the following primary risks with regard to business over the remaining course of fiscal year 2007:

Rising interest rates over the last several months have had a direct impact on the profitability of photovoltaic systems. Interest rate changes can have a large impact on the investment behaviour of our institutional customers in funding large-scale projects. Further interest rate increases could thus negatively impact sales of large systems.

Expanding our international business is a major priority for RPSE AG. Our business model is transferable to foreign markets, although a greater amount of risk is involved than with domestic growth. Differing laws and approval procedures can cause delays and inflate costs, thus compromising Company earnings.

Expanding our regional distribution structure will be instrumental to increasing our business in the Projects segment. Success will hinge upon our ability to gain market share at the expense of local competitors, as the market growth projected will not be sufficient in and of itself.

There is a risk of sales and earnings being unfavourably affected if these plans should fail to materialise in the desired manner.

The RPSE Group engages in the construction of large-scale photovoltaic systems. This business involves risks of going over budget, and of insufficient liquidity, in the event of customer payment default or inadequate financing.

Risks including, but not limited to, those outlined above can have a negative impact on our business, financial situation and earnings. Reinecke + Pohl Sun Energy AG thus monitors risks at all times and evaluates the effectiveness of potential response measures. The risks we have identified appear manageable, and do not evidently pose a risk to the Company as a going concern within the time horizon analysed.

#### **4.2. OPPORTUNITIES**

The Company has been receiving an increasing number of orders from institutional investors for large-scale domestic and international projects. RPSE is currently in discussion with a number of potential partners for such projects. Closing such project contracts and framework agreements can have a positive impact on sales and earnings.

Investments in distribution and marketing are geared towards increasing market share, particularly in the Southern Germany region. Having acknowledged the attendant risks, these investments could likewise generate earnings earlier than or beyond the level projected.

With the participation of a new main shareholder the company has acquired a strategic investor as a partner. In this context accelerated business expansion is possible by completing further orders for large-scale projects.

## **5. FORECAST REPORT**

The company expects for the last quarter of the business year a further increase in demand compared with the previous quarter. For the whole year 2007, the Executive Board is planning to generate a sales volume of 75 million euros and an EBIT of 5 million euros. It is the aim of the Executive Board to achieve a considerable increase in the share of foreign business by the end of the year.



## REINECKE + POHL SUN ENERGY AG

# CONSOLIDATED INTERIM ACCOUNTS AS OF SEPTEMBER 30, 2007

## BALANCE SHEET

ASSETS		(annex)	30. September 2007 EUR	31. December 2006 EUR
<b>A. Long-term Assets</b>				
I. Goodwill	5, 6		18,838,765.63	18,838,765.63
II. Other intangible assets	5, 6		259,775.02	53,072.44
III. Tangible assets				
Other equipment, factory and office equipment	5, 7		598,977.42	706,309.37
IV. Financial assets, Investments	5, 8		2,475.66	2,475.66
V. Other long-term assets	9		105,984.18	105,984.18
VI. Deferred tax assets	10		1,658,424.99	1,330,416.42
<b>Total of Long-term Assets</b>			<b>21,464,402.90</b>	<b>21,037,023.70</b>
<b>B. Short-term Assets</b>				
I. Stock value	11			
1. Work in process			384,321.07	381,346.06
2. Finished goods and merchandise			10,916,562.69	13,067,480.28
3. Advances paid			753,145.83	385,034.42
II. Trade receivables	12		2,408,026.63	5,261,050.84
III. Receivables from production orders	13		2,025,333.81	139,459.83
IV. Cost accruals on unfinished production orders	14		658,482.44	0.00
V. Cash and Cash equivalents	15		12,226,247.32	14,289,798.15
VI. Other assets	16		2,194,522.29	1,929,754.81
VII. Claims for tax refund	17		294,999.34	383,519.61
<b>Total of Short-term Assets</b>			<b>31,861,641.43</b>	<b>35,837,444.00</b>
<b>C. Balance Sheet Total</b>			<b>53,326,044.33</b>	<b>56,874,467.70</b>

<b>EQUITY AND LIABILITIES</b>		30. September 2007 EUR	31. December 2006 EUR
(annex)			
<b>A. Equity</b>			
I. Subscribed capital	18	4,937,000.00	4,650,000.00
II. Capital reserves	18	26,616,144.84	24,495,900.27
III. Retained earnings		3,246,585.84	0.00
IV. Result for the period (previous year: Balance Sheet Profit)		797.699,08	3,246,585.84
<b>Total Equity</b>		<b>35,597,429.76</b>	<b>32,392,486.11</b>
<b>B. Liabilities</b>			
<b>I. Long-term liabilities</b>			
1. Convertible Bond	19	9.327.590,11	9.377.716,63
2. Deferred Taxes	19	244.532,75	31.553,37
3. Other long-term liabilities	19	30.661,20	255.661,20
<b>Total long-term liabilities</b>		<b>9.602.784,06</b>	<b>9.664.931,20</b>
<b>II. Short-term liabilities</b>			
1. Provisions for taxation	20	547,006.14	157,875.30
2. Other Reserves	21	1,918,010.42	1,041,418.34
3. Financial liabilities	22	169,362.98	4,296,810.04
4. Customer advances	23	583,162.96	194,573.66
5. Liabilities from production orders	24	4,385,802.80	8,100,644.47
6. Other liabilities	25	522,485.20	1,025,728.58
<b>Total short-term liabilities</b>		<b>8,125,830.50</b>	<b>14,817,050.39</b>
<b>Total liabilities</b>		<b>17,728,614.56</b>	<b>24,481,981.59</b>
<b>C. Balance Sheet Total</b>		<b>53.326.044,33</b>	<b>56.874.467,70</b>



## REINECKE + POHL SUN ENERGY AG

# CONSOLIDATED INTERIM ACCOUNTS AS OF SEPTEMBER 30, 2007

## PROFIT AND LOSS STATEMENT

		Q1-Q3 2007 01.01.-30.09.07 EUR	Q1-Q3 2006 01.01.-30.09.06 EUR	Q3 2007 01.07.-30.09.07 EUR	Q3 2006 01.07.-30.09.06 EUR
	(annex)				
1. Sales	27	<b>51,337,394.57</b>	<b>38,831,979.25</b>	<b>21,700,794.88</b>	<b>14,896,340.32</b>
2. Other operating income	28	372,998.97	531,829.47	70,260.64	-166,772.95
3. Increase in inventories		661,457.45	129,654.18	-1,067,063.22	126,365.88
4. Cost of raw materials, supplies and merchandise	29	-38,208,360.10	-32,249,917.86	-15,245,115.42	-12,070,976.14
5. Cost of purchased services	29	-4,703,505.96	-1,784,896.01	-1,870,168.80	-683,745.17
<b>6. Gross Profit or Loss</b>		<b>9,459,984.94</b>	<b>5,458,649.03</b>	<b>3,588,708.08</b>	<b>2,101,261.94</b>
7. Personnel expenses	30	-2,545,058.20	-2,579,828.35	-933,907.31	-945,498.11
8. Amortization and depreciation	31	-184,878.60	-751,720.44	-76,134.58	-657,346.24
9. Other operating expenses	32	-5,219,779.35	-5,915,517.27	-1,815,473.53	-3,180,500.27
<b>10. Earnings before Interest and Taxes (EBIT)</b>		<b>1,510,268.79</b>	<b>-3,788,417.03</b>	<b>763,192.66</b>	<b>-2,682,082.68</b>
11. Interest and other similar income	33	165,046.65	99,562.54	58,766.03	58,007.84
12. Other Interest and similar expenses	34	-394,135.57	-678,623.85	-126,127.48	-144,643.19
13. Investment- and Financial-Results		-229,088.92	-579,061.31	-67,361.45	-86,635.35
14. Taxes on income	35	-477,455.79	1,706,646.41	-251,834.90	1,072,595.29
15. Other taxes	36	-6,025.00	-11,564.31	-1,237.00	-3,221.35
<b>16. Result for the period</b>		<b>797,699.08</b>	<b>-2,672,396.24</b>	<b>442,759.31</b>	<b>-1,699,344.09</b>
<b>Results per Share (undiluted)</b>	37	<b>0.17</b>	<b>-0.56</b>		
Base 4,76 mio. shares acc. to IAS 33					

# CONSOLIDATED INTERIM ACCOUNTS AS OF SEPTEMBER 30, 2007

## CASHFLOW STATEMENT

	(annex)	01.01.-30.09.2007 EUR	01.01.-30.09.2006 EUR
<b>Net result of period</b>		797,699.08	-2,672,396.24
+ Depreciation and amortisation fixed assets	31	184,329.00	151,720.44
+ Loss from the disposal of fixed assets	5, 6	11,889.88	27,396.55
- Reclassification into capital reserves not cash relevant		-89,655.43	-54,377.67
+ Adjustment of goodwill		0.00	300,000.00
+/- Increase/Reduction of reserves	19-21	1,478,702.30	-1,008,652.63
+/- Reduction/Increase of stock	11	1,779,831.17	-9,639,134.23
+ Reduction of trade receivables	12-14	308,667.78	5,037,142.77
- Increase of other fixed assets	9, 10, 16, 17	-504,255.78	-2,637,001.83
-/+ Reduction/Increase of liabilities	19, 23-25	-4,104,622.27	4,882,953.40
<b>Cashflow from operating activities</b>		<b>-137,414.26</b>	<b>-5,612,349.44</b>
- Payments for fixed intangible assets	5, 6	-248,922.27	-47,696.24
- Payments for tangible assets	5	-86,240.36	-625,904.76
+ Proceeds on disposal of non-current assets	5	39,573.12	39,535.17
<b>Cashflow from investing activities</b>		<b>-295,589.51</b>	<b>-634,065.83</b>
+ Income from issue of convertible bonds		0.00	10,400,003.40
+ Income from share capital increase		2,496,900.00	0,00
- Reduction in bank liabilities	22	-4,127,447.06	1,587,952.65
<b>Cashflow from financial activities</b>		<b>-1,630,547.06</b>	<b>11,987,956.05</b>
Cash and cash equivalents at beginning of period		14,289,798.15	4,224,889.60
+ Change in cash and cash equivalents		-2,063,550.83	5,741,540.78
<b>= Cash and cash equivalents at end of period</b>	<b>15</b>	<b>12,226,247.32</b>	<b>9,966,430.38</b>

## REINECKE + POHL SUN ENERGY AG

# CONSOLIDATED INTERIM ACCOUNTS AS OF SEPTEMBER 30, 2007

## CHANGE OF EQUITY

	(annex)	Subscribed capital EUR	Capital reserve EUR	Retained earnings EUR	Acc. results EUR	Total EUR
<b>I Status December 31, 2006</b>		<b>4,650,000.00</b>	<b>24,495,900.27</b>	<b>3,246,585.84</b>	<b>0.00</b>	<b>32,392,486.11</b>
1 Capital increase for cash	18	287,000.00				287,000.00
2 Agio	18		2,209,900.00			2,209,900.00
3. Reclassification of costs for share capital increase	18		-89,655.43			-89,655.43
4. Result for the period	37			797,699.08		797,699.08
<b>II. Status September 30, 2007</b>		<b>4,937,000.00</b>	<b>26,616,144.84</b>	<b>3,246,585.84</b>	<b>797,699.08</b>	<b>35,597,429.76</b>
<b>I. Status December 31, 2005 35,593,837.68</b>		<b>4,650,000.00</b>	<b>28,195,483.19</b>	<b>2,748,354.49</b>	<b>0.00</b>	
1. Equity capital from convertible bonds acc. to IAS 32			1,253,562.87			1,253,562.87
2. Result for the period				-2,672,396.24		-2,672,396.24
<b>II. Status September 30, 2006</b>		<b>4,650,000.00</b>	<b>29,449,046.06</b>	<b>2,748,354.49</b>	<b>-2,672,396.24</b>	<b>34,175,004.31</b>



# EXPLANATORY NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENT AS OF SEPTEMBER 30, 2007

## ACCOUNTING PRINCIPLES

### 1. BASIC PRINCIPLES OF ITEMISATION OF THE CONSOLIDATED FINANCIAL STATEMENT

As of September 30, 2007, the interim Consolidated Financial Statement (CFS) of Reinecke + Pohl Sun Energy AG in Hamburg (hereafter abbreviated as “RPSE AG” or in connection with the Group “RPSE Group”) has been adopted and publicised in accordance with Regulation (EC) No 1606/2002 of the European Parliament and Council of 19 July 2002 and prepared to the closing date, as regards the International Financial Reporting Standards (IFRS) as well as its interpretation by the International Financial Reporting Interpretations Committee (IFRIC). The requirements of the applied standards have been fulfilled and lead to the procurement of actual relations of the RPSE Group’s financial position. The statement in hand concerns a fully fledged interim CFS for the period between January 1 and September 30, 2007 in the sense of IAS 34.

Reinecke + Pohl Sun Energy AG, entered in the Commercial Registry of the District Court of Hamburg under the Commercial Registry Number (HRB) 93828, is domiciled in 22767 Hamburg, in the Grosse Elbstrasse 45, Germany. In accordance with the Articles of Association, the company’s purpose is the activity of a managerial holding, i.e. particularly the purchase, sales, the holding and administration of holdings of companies, primarily in the field of solar energy and their consolidation under uniform management.

The submitted CFS concerns an interim period from January 1 to September 30, 2007 with corrected comparative figures for the period between January 1 and September 30, 2006 or with comparative figures of the balance sheet for the full fiscal year from January 1 to December 31, 2006.

The Consolidated Balance Sheet is outlined in accordance with maturities. The cost of production method form was chosen for the Consolidated Balance Sheet. The Group reporting currency is the euro (EUR). For simplifi-

cation purposes, thousand euro is reported as TEUR.

### 2. INDIVIDUAL PRINCIPLES OF REPORTING AND VALUATION

#### GOODWILL

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

#### OTHER INTANGIBLE ASSETS

Other intangible assets will be put to acquisition costs, reduced by scheduled, depreciable asset life and if necessary, unscheduled depreciation. The scheduled depreciation takes place in accordance with the linear method for a usual useful life of three to five years.

#### TANGIBLE ASSETS (OTHER EQUIPMENT, FACTORY AND OFFICE EQUIPMENT)

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

#### FINANCIAL ASSETS

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



## STOCKS

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

## PRODUCTION ORDERS

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

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

## RECEIVABLES AND OTHER SHORT-TERM ASSETS

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

## MEDIUM OF EXCHANGE

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

## LONG-TERM ASSETS AVAILABLE-FOR-SALE

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

## LONG-TERM LIABILITIES

Convertible bonds are broken down into composite financial instruments in accordance with IAS 32 comprised of equity and outside capital components. The outside capital component corresponds to the cash value of a similar bond without a conversion right, evaluated with a standard interest rate, set at 8 % p.a. The equity capital component is determined as the residual from the market value of the conversion bond at the time of issue (total inflow of funds) minus the calculated outside capital component.

As of September 30, 2007, the equity capital component remained unchanged, as no conversion rights were able to be exercised. The market interest rate was added to the outside capital component. The costs associated with the issuing of the conversion bond were split according to the ratio of the equity capital to the outside capital component. If the costs were attributed to the equity capital component, they were reduced in order to deduct related income tax advantages from the cash inflow in capital provisions. The costs attributed to the outside capital component were recorded as expenses.

The interest payments for the convertible bond decrease the outside capital component.

## PROVISIONS

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

## OTHER LIABILITIES

The remaining liabilities (financial obligations, received advance payments, accounts payable and other obligations) are set at their redemption amount.

## DEFERRED TAXES

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

consolidation entries affecting income. Deferred tax assets are balanced as loss carryovers not yet realised if it is likely, that future taxable earnings accrue in the corresponding amount.

### CURRENCY CONVERSION

All transactions in foreign currency will be set at the exchange rate of the current value of the accounting transaction. On the respective balance sheet key date, an evaluation takes place according to the exchange rate on reporting date. Conversion differences will be recognised as income in the Consolidated Income Statement.

### USE OF ASSUMPTIONS AND ESTIMATES

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

estimations may differ.

## 3. SCOPE AND PRINCIPLES OF CONSOLIDATION

In the interim CFS as of September 30, 2007, all companies are included, of which RPSE AG has the direct or indirect majority of voting rights. The companies have been included in the CFS in the period where RPSE AG achieved the possibility of control. From the company's point of view, the subsidiary companies are of minor significance and will be balanced as financial instruments in accordance with IAS 39.

In addition to the parent company RPSE AG, the following subsidiary companies have been included in the interim CFS as of September 30, 2007, in the course of the full consolidation:

	Stake %
COLEXON GmbH, Sites Wesel and Meppen	100
Reinecke Pohl Sun Energy España S.L., Madrid	100

On August 28, 2007 the consolidation and renaming of the subsidiaries - Nastro - Umwelttechnik GmbH and Maaß Regenerative-Energien GmbH - to COLEXON GmbH legally took place.

The wholly-owned subsidiaries R+P Sun Energy LLC, Portland/OR, USA, had been included neither as affiliated company in the CFS nor in course of full consolidation, due to minor significance.

As of September 30, 2007, a 10 % share of BK Bau und Grund GmbH i.L. in Munich also exists. Due to the intended sale of the shares, which have already been completely written-off, the information is shown under long-term assets available-for-sale.

The interim financial statements of the companies included in RPSE AG's interim CFS are consolidated in

accordance with the uniform company balance and evaluation methods. The balance sheet date for all consolidated companies is the same as the parent company's date.

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

Income and expenditure, receivables and payables and provisions between the fully consolidated companies will be eliminated. Interim results from company internal account payables, which have not been realised through sales to third parties, are calculated separately, as long as they are not of minor significance.

#### **4. SIGNIFICANT DIFFERENCES BETWEEN THE GERMAN COMMERCIAL CODE (HGB) AND INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

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

##### **GOODWILL (IFRS 3)**

Goodwill, resulting from the acquisition of subsidiary companies liable to consolidation, is to be reported as assets with the acquisition costs on the date of the company's acquisition. In accordance with the IFRS, no scheduled amortisation shall take place. Instead, an Impairment Test of goodwill will take place at least once a year and if necessary, amortised on schedule. In contrast, in accordance with the regulations of the German Commercial Code (HGB), goodwill is to be regularly amortised or openly charged against the reserves.

##### **LONG-TERM ASSETS AVAILABLE FOR SALE (IFRS 5)**

Long-term assets available for sale will be set at the lower

value from book value and current value to be settled less the sales costs. In accordance with commercial law, no special valuation regulations exist; general principles apply.

##### **PRODUCTION ORDERS (IAS 11)**

If the result of a production cost is estimated as dependable, then revenues from the order including order expenses in connection with this production cost are to be entered as income and expenses respectively according to the performance rate, on the balance sheet date. In accordance with the HGB, partial profit realisation is generally not permitted.

##### **DEFERRED TAXES (IAS 12)**

For the temporary differences between IFRS and Tax Balance Sheets, deferred taxes are calculated by which those tax rates are used which probably arise during the period of difference reversal.

##### **EQUITY TRANSACTIONS (IAS 32 COMPARED TO SIC 17)**

Costs of equity transactions, reduced by all connected income tax advantages, will be entered in the balance sheet as a deduction from equity and charged against the equity reserves. In accordance with commercial law, the costs will be entered as full expenditures.

##### **OTHER INVESTMENTS AND LONG-TERM SECURITIES (IAS 39)**

Other investments and long-term securities are entered in the balance sheet as long-term assets available-for-sale with the correlative current value as of the balance sheet date. Profits and losses through the alteration of the market value will be accounted as resulting in neither profit nor loss within the equity. Depreciation through unscheduled depreciation and through sales realised as profit or loss would be directly entered in the period's results. In accordance with commercial law, the accounting of acquisition costs takes place less the required unscheduled depreciation.

## NOTES TO THE BALANCE SHEET

### 5. DEVELOPMENT OF LONG-TERM ASSETS

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

	Acquisition and manufacture costs			Status 30.09.07 T€
	Status Beginning of fiscal year T€	Additions T€	Disposals T€	
Goodwill	18,839	0	0	18,839
Other intangible assets	70	249	0	319
Other equipment	55	0	0	55
Factory and office equipment	839	86	118	807
Investments	2	0	0	2
	19,805	335	118	20,022

	Write-offs			Status 30.09.07 T€	Book value 30.09.07 T€
	Stand Beginning of fiscal year T€	Additions T€	Disposals T€		
Goodwill	0	0	0	0	18,839
Other intangible assets	18	42	0	60	259
Other equipment	6	8	0	14	41
Factory and office equipment	181	134	67	248	559
Investments	0	0	0	0	2
	205	184	67	322	19,700

## 6. GOODWILL AND OTHER INTANGIBLE ASSETS

Compared with 31 December 2006 the goodwill did not change.

For other intangible assets, which comprise primarily IT software, there were only scheduled write-offs.

## 7. TANGIBLE ASSETS

Tangible assets primarily concern motor vehicles, plant and equipment and IT hardware. In the fiscal year 2007, only scheduled depreciation took place.

## 8. FINANCIAL ASSETS

The financial assets concern the following listed items:

	30.09.2007 T€	31.12.2006 T€
R+P Sun Energy LLC, Portland, Oregon, USA	2	2
Financial assets	2	2

As of reporting date, the company holds a 100 % stake in R+P Sun Energy LLC, Portland, Oregon, USA, which did not show a significant operating income. This share is balanced in accordance with IAS 39 as "assets available for sale" along with the attached value on the consolidated balance sheet reporting date.

## 9. OTHER LONG-TERMS ASSETS

Other long-term assets consist primarily of deposits for rented office space.

## 10. DEFERRED TAX ASSETS

Deferred tax assets result for the most part from the capitalisation of tax claims for losses.

## 11. INVENTORY ASSETS

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

Those inventories listed as expenses in the Consolidated Income Statement under the items changes to inventory and expenses for purchased goods and non-cash benefits and services, amount to TEUR 42,912 in fiscal year 2007 (previous year: TEUR 34,035). In connection with the acquisition of inventory assets, currency gains and losses were achieved making up -TEUR 7 (previous year TEUR 64).

In the fiscal year 2007, depreciation of inventories amounting to TEUR 106 (previous year TEUR 0) was entered under expenditures.

The finished goods and merchandise comprise afloats amounting to TEUR 4,586.

## 12. ACCOUNTS RECEIVABLE

All accounts receivable have maturity of up to one year. In the fiscal year 2007, depreciation of accounts receivable amounting to TEUR 68 (previous year: -TEUR 203) was carried out.



### 13. FUTURE RECEIVABLES FROM PRODUCTION ORDERS

This item includes realised earnings resulting from the application of the partial realisation of earnings for production orders less related advance payments received.

The significant factors which have an impact on the financial situation and position as well as the results situation (excluding deferred tax effects) from long-term production orders can be seen from the following overview:

	30.09.2007 T€	31.12.2006 T€
Earnings from orders	2,401	395
Order expenses	-1,781	-315
Realised earnings	620	80
Goods delivered	1,781	315
Advance payments received	-376	-256
Further receivables from production orders	2,025	139

### 14. COST ACCRUALS FROM UNFINISHED PRODUCTION ORDERS

If the actual production order costs exceed the production order costs calculated in consideration of the degree of completion, these costs occur under the item unfinished production orders

### 15. CASH AND CASH EQUIVALENTS

The item includes the bank balances of 9,832 TEUR (31.12.2006: 14,285 TEUR) and cash balance of 10 TEUR (31.12.2006: 5 TEUR).

### 16. OTHER ASSETS

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

	30.09.2007 T€	31.12.2006 T€
Turnover tax receivables	882	30
Receivables from shareholders	528	968
Short-term loans	134	624
Deferred income	236	163
Suppliers with debit balances	43	0
Deposits	15	10
Other	357	135
	2,195	1,930

Receivables from shareholders exist in the amount of TEUR 131 against one member of the Executive Board. Receivables in the amount of TEUR 96 are charged with an interest of 5 % above the current base rate (2.7 %) as of 1st June 2007. The other amount of TEUR 35 are interest-free short-term accounts receivables.

Based on a compromise settlement of one of the members of the Executive Board and the Supervisory Board receivables of TEUR 314 entered in the balance sheet of December 31, 2006 were written down. These receivables were based on the failure of earnings guarantee given in the scope of the contribution of assets of Maaß Regenerative-Energien GmbH. According to the agreement, the remaining amount will be lodged with securities until complete payment.

### 17. CLAIMS FOR REFUND ON INCOME TAX

Claims for refund on income tax result from income tax deposits for the year 2006 as well as from a tax loss carry-back of Maaß Regenerative-Energien GmbH.

## 18. EQUITY

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

The company's subscribed capital (authorised capital), as of the company's balance sheet date amounts to TEUR 4,937 (previous year TEUR 4,650) and is divided amongst 4,937,000 no-par shares. The stock concerns bearer shares.

In the fiscal year, a capital increase was placed successfully. 287,000 new no-par bearer shares have been issued. The subscribed capital increase by 287,000 to EUR 4,937,000.

The Executive Board is authorised pursuant to the proviso of the resolution from the AGM on May 19, 2006, to increase the authorised capital by up to TEUR 2,325 for the period up to May 18, 2011 with consent of the Supervisory Board in accordance with § 4 para. 6 of the Articles of Association through one-off or repeated issue of new shares made out to the bearer against cash or material capital invested (authorised capital). On May 14, 2007 Executive and Supervisory Board have decided a capital increase by partial utilisation of the authorised capital. The authorised capital is at EUR 2,038,000.00 on September 30, 2007.

In addition, pursuant to the proviso of the resolution from the AGM on May 7, 2006, the company has contingent capital. The authorised capital of the company has been contingently increased by TEUR 1,550 through the issue of 1,550,000 new individual share certificates issued to the bearer in accordance with § 4 para. 7 (contingent capital).

The capital reserve were increased by EUR 2,209,900 according to § 272 para. 2 N.1 HGB.

According to IAS 32.37, costs for the capital increase deducted by income tax amounting to TEUR 90 were set off against the capital reserve.

## 19. LONG-TERM LIABILITIES

RPSE AG issued a convertible bond in May 2006. In total, 474,886 bonds at a price of EUR 21.90 per unit were issued. In this connection liquid funds amounting

to TEUR 10,400 flowed to RPSE AG. The maturity of the convertible bond is three years (May 8, 2006 until May 7, 2009), the interest is 3.5 % p.a. on the issue price. The bearers are entitled to a conversion right in the period from January 1, 2007 to May 7, 2009. Each bond may be converted in a new share in the company. Therefor commensurate contingent capital is available. As long as the conversion right is not exercised, the conversion bond is to be repurchased at the issue price on 7 May 2009. Outside capital components balanced under long-term liabilities amount to TEUR 9,328 (please see "2. Individual Principles of Reporting and Valuation"). On May 8, 2007 TEUR 364 interests for the convertible bond were disbursed, which directly were subtracted from the outside capital components.

Deferred tax obligations are determined by the use of realisation of partial earnings in accordance with IAS 11.

Other long-term liabilities are on the one hand related to the obligation from the settlement agreement with Meridian Solare Energieprojekte GmbH and deposits for sublet office space on the other hand.

## 20. PROVISIONS

The development of provisions for taxes is shown as follows:

	30.09.2007 T€	31.12.2006 T€
Status Januar 1	158	301
Release	8	50
USE	123	115
Addition	520	22
	<b>547</b>	<b>158</b>

## 21. OTHER PROVISIONS

All other provisions have a maturity period of up to one year and are comprised as follows:

	30.09.2007 T€	31.12.2006 T€
Outstanding invoices	729	102
Warranties	671	319
Legal and consultant costs	131	284
Costs of financial statements and audits	136	108
Remaining leave	70	91
Rental charges	69	69
Costs of vacancies	45	0
Bonuses	20	10
Other	47	58
	<b>1,918</b>	<b>1,041</b>

The development of other provisions is shown as follows:

	30.09.2007 T€	31.12.2006 T€
Status January 1	1,041	1,014
Release	6	53
Use	3,748	943
Addition	4,631	1,023
	<b>1,918</b>	<b>1,041</b>

## 22. FINANCIAL LIABILITIES

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

Liabilities due to credit institutes concern current accounts. RPSE has secured liabilities by Maaß Regenera-

tive-Energien GmbH due to credit institutes by comfort letters and subordination statements.

## 23. ADVANCE PAYMENTS RECEIVED

Effected advance payments for orders, which are not connected to production orders up to the balance sheet date, are listed under this item..

## 24. ACCOUNTS PAYABLE

All accounts payable have a maturity of up to one year. Trade liabilities are secured by bank guarantees of TEUR 5.000.

## 25. OTHER LIABILITIES

All other liabilities have a maturity of up to one year. This item is comprised as follows:

	30.09.2007 T€	31.12.2006 T€
Obligations from settlements	338	225
Turnover tax on imports	0	486
Income tax	80	44
Salaries and wages	21	10
Turnover tax current year	1	0
Accruals	0	20
Compensation	0	66
Other	82	175
	<b>522</b>	<b>1,026</b>

## 26. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

No contingent liabilities exist as of the Consolidated Balance Sheet reporting date (previous year TEUR 0).

Other financial obligations exist mainly in the form of module supply contracts with maturities of up to one year of TEUR 42,064 (December 31, 2006: TEUR 27,456) and

with maturities of more than one and up to five years at TEUR 217,469 (December 31, 2006: EUR 252,678).

## NOTES TO THE CONSOLIDATED IN-COME STATEMENT

### 27. SALES REVENUE

Please refer to the Group Segment Report for the composition of sales revenue.

### 28. OTHER OPERATING EARNINGS

Other operating earnings are comprised in the majority of items as follows:

	30.09.2007 T€	30.09.2006 T€
Charges from non-cash remuneration	213	32
Earnings from write-downs of value adjustments	98	96
Earnings from release of provisions	6	67
Insurance compensation	3	43
Cost transfers	16	266
Other	37	28
	373	532

### 29. CHANGES TO INVENTORY, EXPENSES FOR PURCHASED GOODS AND NON-CASH BENEFITS AND SERVICES

Material expenditure concerns the use of inventory, sold goods and balanced inventories in the fiscal year as well as services rendered by the RPSE Group in this connection.

### 30. PERSONNEL EXPENSES

Personnel expenses are subdivided as follows:

	30.09.2007 T€	30.09.2006 T€
Salaries and wages	2,210	2,184
Social Security contributions	322	366
Expenses for pension schemes	13	30
	2,545	2,580

### 31. DEPRECIATION

Depreciation in the fiscal year is attributed to planned depreciation of other intangible assets and tangible assets (TEUR 184) as well as the unusually high depreciation of inventories (TEUR 1 ).

## 32. OTHER OPERATING EXPENSES

Other operating expenses are comprised in the majority of items as follows:

	30.09.2007 T€	30.09.2006 T€
Legal, consultancy and audit expenses	1.149	907
Costs of sales (incl. warranty costs)	1.257	663
Write-offs on receivables	631	1.952
Office- and other space costs	489	326
Insurances	177	284
Motor vehicle expenses	334	344
Advertising and travel expenses	311	600
Repairs/Maintenance	108	127
Cost transfers	102	106
Stock exchange quotation costs	205	124
Costs for representative office in Shanghai	52	24
Cost for annual general meeting	39	35
Costs for training	57	7
Supervisory board compensation	34	34
Costs for industrial/waste reclamations	21	21
Exhibition costs	14	7
Exchange rate losses	31	166
Rent of facilities	14	10
Other	195	179
	<b>5,220</b>	<b>5,916</b>

The expenses of TEUR 125 for the auditor are included in the legal, consultancy and examination expenses. Of these, TEUR 120 are attributable to audits. Write-offs on receivables include those on receivables from a member of the Executive Board based on a compromise settlement

with the Supervisory Board (ref. 16).

## 33. INTEREST AND SIMILAR INCOME

This item primarily concerns interest of cash in banks.

## 34. OTHER INTEREST AND SIMILAR EXPENSES

Other interest and similar expenses are subdivided as follows:

	30.09.2007 T€	30.09.2006 T€
Interest expenses of the convertible bond	314	161
Interest on long-term liabilities	56	7
Interest on short-term liabilities	24	98
Compounding long-term receivables	0	21
Costs of the convertible bond	0	385
Other financing costs	0	7
	<b>394</b>	<b>679</b>

## 35. TAX ON INCOME

Taxes on income and earnings are comprised of the following:

	30.09.2007 T€	30.09.2006 T€
Actual tax obligation	-534	-21
Deferred taxes	-57	1.727
	<b>-477</b>	<b>1,706</b>



### 36. OTHER TAXES

Other taxes primarily concern motor vehicle taxes.

### 37. EARNINGS PER SHARE

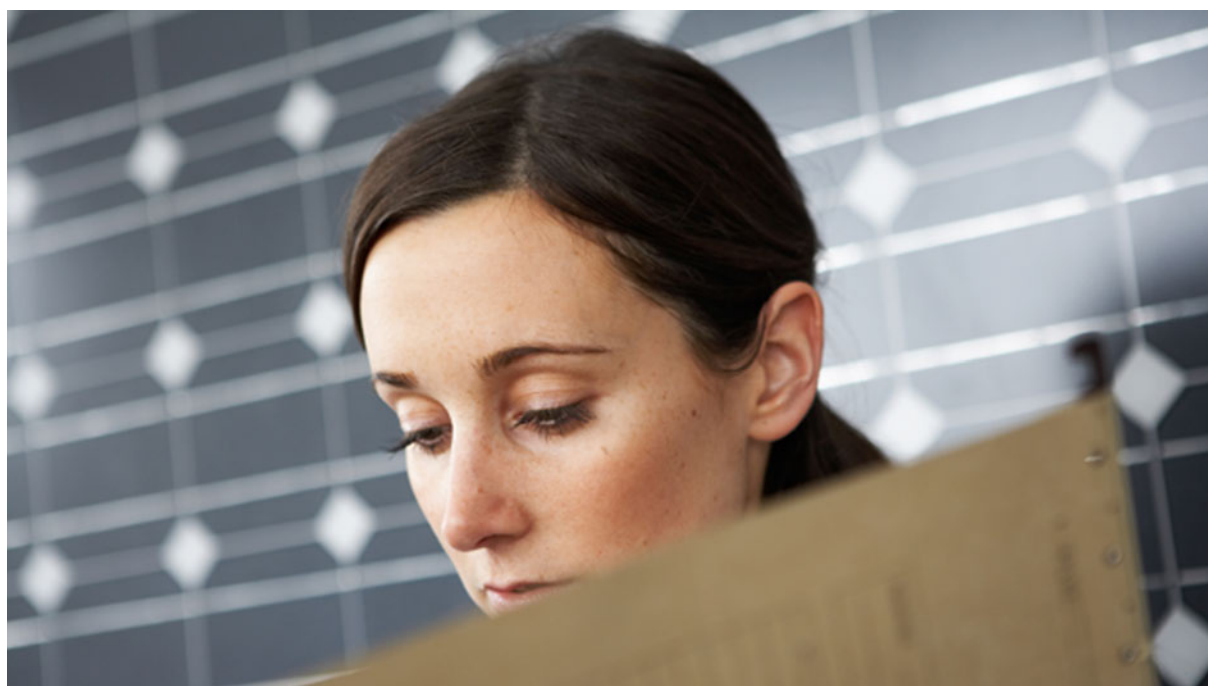
Earnings per share are calculated by the division of the company interim results by the weighted number of issued shares. The undiluted result per share in accordance with IAS 33 is presented as follows:

	30.09.2007	30.09.2006
Group result (in €)	797,699.08	-2,672,396.24
Weighted number of shares (in units)	4,764,590	4,650,000
Undiluted earnings per share (in €)	0.17	-0.57

The number of shares is calculated as follows:

	Days Number	30.09.2007 Shares	30.09.2006 Shares
Status January 1, 2007	164	4,650,000	4,650,000
Status September 30, 2007	109	4,937,000	
	273	4,764,590	4,650,000

A quotation for diluted earnings per share did not take place due to the convertible bond issued on 8 May 2006 in accordance with IAS 33.41. Potential ordinary shares can be considered diluted if their conversion in ordinary shares decreases the earning per share or the loss per share is increased.



## NOTES TO THE CASHFLOW STATEMENT

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

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

	30.09.2007 T€	30.09.2006 T€
Received interest	477	67
Paid interest	431	98
Received taxes on income	150	0
Paid taxes on income	184	291



## NOTES ON SEGMENT REPORTING

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

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

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

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

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

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

The segment reporting as of September 30, 2007 is presented in the following table:

The Column “Transition” includes Group-wide transactions, holding expenses as well as tax on income items which pursuant to IAS 14 are not to be considered. The figure for earnings before taxes on income (EBIT) is given as the earnings for the segment.

Primary Segment information	Segment Projects T€	Segment Trade T€	Transition T€	Group T€
<b>External sales</b>	<b>23,756</b>	<b>27,467</b>	<b>114</b>	<b>51,337</b>
Previous year	15,174	13,655	3	38,832
<b>Intercompany sales</b>	<b>20,622</b>	<b>5,820</b>	<b>-26,442</b>	<b>0</b>
Previous year	219	1,806	-2,025	0
<b>Net sales</b>	<b>44,378</b>	<b>33,287</b>	<b>-26,328</b>	<b>51,337</b>
Previous year	25,393	15,461	-2,022	38,832
<b>Segment results</b>	<b>1,283</b>	<b>1,834</b>	<b>-2,320</b>	<b>797</b>
Previous year	-2,513	-615	456	-2,672
• thereof interest payable	-164	-230	-0	-394
Previous year	-282	-314	-83	-679
• thereof interest earned	3	19	143	165
Previous year	3	7	90	100
• thereof write-offs	-82	-27	-76	-185
Previous year	-687	-34	-31	-752
<b>Segment assets</b>	<b>15,798</b>	<b>19,901</b>	<b>17,627</b>	<b>53,326</b>
Previous year	15,971	15,291	26,727	57,989
<b>Segment liabilities</b>	<b>18,234</b>	<b>14,746</b>	<b>-15,251</b>	<b>17,729</b>
Previous year	14,865	15,193	-6,244	23,814
<b>Segment investments</b>	<b>49</b>	<b>13</b>	<b>273</b>	<b>335</b>
Previous year	344	112	-83	373

With secondary segments (geographical region) external revenues are based on the domicile of the customer. According to internal controlling, the regions Germany, Spain and other regions have been defined. The distribution of sales revenue for the secondary segments is a materiality point of view.

Segment information by regions	Germany T€	Spain T€	Other regions T€	Group T€
External sales	48,988	2,113	236	51,337
Previous years	34,086	4,711	35	38,832

## OTHER INFORMATION

### 38. RELATIONSHIPS TO CLOSE-STANDING PERSONS

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

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



Relationships to close-standing persons are as follows:

	Member of the Executive Board	Member of the Supervisory Board
Goods and Services	268 T€	
Previous year	0 T€	
Receivables	131 T€	
Previous year	0 T€	
Write-offs on receivables	314 T€	
Previous year	0 T€	
Interest rate p.a.	7,70 %	
Previous year	0 T€	
Goods and services received		151 T€
Previous year		87 T€
Liabilities		0 T€
Previous year		0 T€

The goods and services provided are the supply of modules and components for a PV-system. Goods and services received are consulting fees.

Based on a compromise settlement of one of the members of the Executive Board and the Supervisory Board receivables of TEUR 314 entered in the balance sheet of December 31, 2006 were written down. These

receivables were based on the failure of an earnings guarantee given in the scope of the contribution of assets of Maaß Regenerative-Energien GmbH. According to the agreement, the remaining amount will be lodged with securities until complete payment.

### 39. WORKFORCE

As of September 30, 2007, 62 persons (December 31, 2006 : 71) were employed.

### 40. SUPERVISORY BOARD

In accordance with Section 8 of the Articles of Association, the company's Supervisory Board includes three members that, as of December 31, 2006, are comprised as follows:

- Mr Thomas Bartling, Hamburg, Certified Public Accountant (Chairman since May 24, 2007)  
Supervisory Board mandates and memberships in comparable control committee in accordance with Section 285 No. 10 of the German Commercial Code (HGB): RUPAG Grundbesitz und Beteiligungen AG, Hamburg
- Ms Britta Horney, Tangstedt, Attorney (since May 24, 2006)  
Supervisory Board mandates and memberships in comparable control committee in accordance with Section 285 No. 10 of the German Commercial Code (HGB): none
- Mr Peter Flebbe, Hamburg, Attorney (since May 24, 2007)  
Supervisory Board mandates and memberships in comparable control committee in accordance with Section 285 No. 10 of the German Commercial Code (HGB): RUPAG Grundbesitz und Beteiligungen AG, Hamburg
- Dr. Axel Holtz, Hamburg, Attorney was Chairman of the Supervisory Board until May 24, 2007.  
Supervisory Board mandates and memberships in comparable control committee in accordance with Section 285 No. 10 of the German Commercial Code (HGB): none

The company's Articles of Association grant the members of the Supervisory Board a remuneration of TEUR 45 (previous year: TEUR 16).

### 41. EXECUTIVE BOARD

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

- Mr Patrick Arndt, Graduate Economist, Hamburg
- Mr Thorsten Preugschas, Graduate Engineer, Kamp-Lintfort

### 42. COMPLIANCE STATEMENT

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

Hamburg, October 31, 2007

(Executive Board)

# FINANCIAL CALENDAR 2007 / GLOSSARY

## FINANCIAL CALENDAR 2007

<b>NOVEMBER 13, 2007</b>	Analyst conference - equity capital forum Deutsche Börse AG Frankfurt a. M.
<b>DECEMBER 18, 2007</b>	Extraordinary General Meeting
<b>END OF MARCH 2008</b>	Financial Report 2007

## GLOSSARY

<b>BSW</b>	Bundesverband Solarwirtschaft
<b>EEG</b>	“Energieeinspeisegesetz” / German Renewable Energies Act
<b>IASB</b>	International Accounting Standards Board
<b>IFRS</b>	International Financial Reporting Standards
<b>IFRIC</b>	International Financial Reporting Interpretations Committee
<b>MAAß</b>	Maaß Regenerative-Energien GmbH (subsidiary acquired at 100 percent in 2005)
<b>MW / MWp</b>	Megawatt / Megawatt-peak
<b>NASTRO</b>	Nastro-Umwelttechnik GmbH (subsidiary acquired at 100 percent in 2005)
<b>PV</b>	Photovoltaics (Use of solar energy to generate electricity)
<b>RPSE</b>	Reinecke + Pohl Sun Energy AG



## LEGAL NOTICE

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