COLEXON ENERGY AG

ANNUAL REPORT 2007

KEY FIGURES OF THE COMPANY: THE GROUP AS OF DECEMBER 31, 2007

PROFIT AND LOSS		Q1-Q4 2007	Q1-Q4 2006
TURNOVER	MIO. EUR	85.37	62.21
GROSS PROFIT AND LOSS	MIO. EUR	13.21	7.90
EBIT	MIO. EUR	0.22	-6.42
EBITDA	MIO. EUR	0.46	-5.29
ANNUAL DEFICIT	MIO. EUR	-0.28	-4.43
FINANCIAL STATEMENT			
TOTAL ASSETS	MIO. EUR	57.70	56.87
EQUITY	MIO. EUR	36.42	32.39
EQUITY RATIO	%	63.10	56.95
SUBSCRIBED CAPITAL	MIO. EUR	5.12	4.65
BALANCED GOODWILL	MIO. EUR	18.84	18.84
CASHFLOW			
CASHFLOW FROM OPERATING ACTIVITIES	MIO. EUR	-12.50	-3.32
CASHFLOW FROM INVESTING ACTIVITIES	MIO. EUR	-0.37	-0.68
CASHFLOW FROM FINANCING ACTIVITIES	MIO. EUR	3.31	14.05
CASH AND CASH EQUIVALENTS AS OF DECEMBER 31	MIO. EUR	4.74	14.29
NUMBER OF EMPLOYEES (CUT-OFF DATE DECEMBER 31)	ABSOLUTE	78	71
SHARE			
RESULT PER SHARE (UNDILUTED)*	EUR	-0.06	-0.95
SHARE PRICE AT START OF JANUARY (CLOSING PRICE)	EUR	7.41	14.00
SHARE PRICE AT END OF DECEMBER (CLOSING PRICE)	EUR	12.88	6.70
NUMBER OF SHARES	MIO.	5.12	4.65

** Base 2007: 5.12 mio. shares; base 2006: 4.65 mio. shares*

KEY DATA OF THE SHARE	
WKN / ISIN	525070 / DE0005250708
TRADING SYMBOL	HRP
COMMON CODE	022356658
SEGMENT, TRADE	PRIME STANDARD, REGULATED MARKET IN FRANKFURT
NUMBER OF SHARES	5,115,000
TYPE OF SHARES	NO-PAR-VALUE SHARES
DESIGNATED SPONSOR	VEM AKTIENBANK AG, MUNICH
OPENING PRICE	DECEMBER 2000

TABLE OF CONTENTS

ANNUAL REVIEW 2007

FEBRUARY

- Introduction of the brand COLEXON. The operational business of the subsidiaries Nastro-Umwelttechnik GmbH and Maaß Regenerative-Energien GmbH is to be carried out in future under the integrative brand identity on the market.

MARCH

- Publication of the annual financial statements for 2006.
- Strategic company decision not to exercise the option, agreed upon in December 2006, to take over the Spanish developer of photovoltaic projects.

APRIL

- Start of construction of the world-wide largest roof-top solar power plant with thin-film modules (2.5 MWp) for a british investor in Ramstein/Germany.
- Preliminary figures for the first quarter confirm „turnaround“.
- Participation in the Analyst Conference Close Brothers Seydler, Frankfurt a.M./Germany.

MAY

- Principal shareholder Gerd-Jürgen Pohl announces the sale of his shares in the Reinecke + Pohl Sun Energy AG.
- Decision of an increase of share capital amounting to 287,000 new no-par bearer stocks that will be offered to institutional investors in Germany and across Europe, excluding subscription rights.
- Conclusion of an exclusive framework agreement amounting to USD 9 mio. on building-integrated PV with the South-Korean company LG Chem for the next four years.
- Annual General Meeting on May 24th.
- Publication of the report for the first quarter 2007.

JUNE

- Successful placement of the increase of share capital with institutional investors, decided upon in May. The inflow of cash to the company amounts to almost EUR 2.5 mio. The equity capital increases to EUR 4,937,000.

JULY

- Official inauguration of an open-field solar power plant with a total capacity of 600 kWp at the site of a former hazardous waste landfill in Malsch by the Minister for the Environment of the ‘Land’ Baden-Württemberg in Germany, Tanja Gönner.

AUGUST

- Commissioning of 2.5 MWp roof-top thin-film solar power plant in Ramstein/Germany.
- Publication of the halfyear report.
- Participation in the DVFA Small Cap Analysts Conference in Frankfurt a.M./Germany

SEPTEMBER

- Cooperation with the american solar module manufacturer First Solar intensified. Conclusion of a contract for the delivery of additional volume of thin-film modules until 2012. The volume allows for additional project revenue of EUR 200 mio.
- DKA Consult ApS signs contract to take over the shares in the Reinecke + Pohl Sun Energy AG of RSI Societas GmbH, a company of the eponym and principal shareholder Jörn Reinecke.
- Renaming and merger of the operational subidiaries Maaß Regenerative-Energien GmbH and Nastro-Umwelttechnik GmbH into COLEXON GmbH effective from September 10th.
- Decision of an increase of share capital amounting to 178,000 new no-par bearer stocks that will be offered to the new strategic investor DKA Consult ApS for a price of EUR 9.50 per share, excluding subscription rights.

OCTOBER

- Price increase of the 178,000 new shares from EUR 9.50 to EUR 10.75 per share, due to the increase in share price since September 27, the day of the decision to increase the share capital. This generated liquid funds for COLEXON Energy AG amounting to at least EUR 1.9 mio. (instead of EUR 1.7 mio. previously).
- DKA Consult ApS announces to have obtained the shares of the former shareholder and 15.1 percent of voting rights of the company.
- Official inauguration of thin-film roofop solar power plant with a total capacity of 2.5 MWp in Ramstein by the Minister for the Environment of Rhineland-Palatinate, Margit Conrad.

NOVEMBER

- Publication of the report for the third quarter 2007.
- Holding of the analysts' conference within the scope of participation in the Shareholders' Equity Forum of Deutsche Börse AG in Frankfurt a.M.
- Dr. Volker Wingefeld has been appointed as new Chief Financial Officer of the company. Dr. Volker Wingefeld takes over CFO position of Patrick Arndt on November 15th.

DECEMBER

- Renewagy A/S takes over the shares of DKA Consult ApS. DKA Consult is the biggest shareholder of Renewagy A/S.
- Extraordinary shareholders' meeting on December 18th. Decision of the company's renaming to COLEXON Energy AG and election of new Supervisory Board.

LETTER OF THE EXECUTIVE BOARD TO THE SHAREHOLDERS

Dr. Volker Wingefeld and Thorsten Preugschas

Dear Shareholders
Dear Sir / Madam.

2007 was once again a very eventful year for the company, which still went by the name Reinecke + Pohl Sun Energy AG until January 2008. Whereas the first six months of the year were still marked by restructuring measures, the establishment of the sales division and the turnaround, the focus of our activities during the second half of the year was on large-scale projects for institutional investors – encouraged by the involvement of the strategic investor Renewagy A/S.

In the course of this change in strategy there was a change of CFO in November 2007 and the extraordinary general meeting in December 2007 saw the appointment of a new Supervisory Board. Furthermore, with the renaming of operational subsidiaries as COLEXON in the summer of 2007, the decision was made to rename the company COLEXON Energy AG, operational business having already been conducted under this brand name since the spring of 2007.

In addition, business during the fiscal year just ended was marked by impressive large-scale projects, such as the showcase project in Ramstein/Germany, which is currently the world's largest roof-top project made out of thin-film modules with 2.5 MWp.

We thus recorded a dynamic growth in sales of more than 37 percent to EUR 85.4 mio. in 2007. However, with earnings before interest and taxes (EBIT) of TEUR 216, we were unable to meet the target we had set. Once again, this was due to extraordinary financial burdens such as, for example, the very high legal and consulting costs for restructuring, as well as for the auditing of the financial statements, the expansion of the regional sales division in southern Germany, the settlement of different legal disputes and the introduction of the ERP system, which had been considerably delayed.

Corresponding corrective measures for increasing profitability have already been initiated. Thus, among other things, various consultancy agreements are being reviewed, in-company processes and procedures are being analysed and adapted to the new strategic alignment to large-scale projects. The bulk of the expenses incurred are, however, one-time effects caused by the extraordinary restructuring measures. We are therefore confident that we will be able to significantly improve profit margins in future.

With the successful completion of restructuring measures, the evaluation of possible risks and opportunities and the development of a new strategy, to which the organisation is currently being adapted, we have now created a healthy basis for the planned corporate growth.

We are planning to focus on the implementation of large-scale project agreements with institutional investors for plants in Germany in the current 2008 fiscal year. Parallel to this, we are planning to press ahead with the internationalisation, in particular the entry into the US and Greek markets, as well as the expansion of our business activity in Spain and South Korea.

We expect 2008 to be a boom year in Germany, since the planned increase of the degression in feed-in tariffs by 9.2 percent in 2009 is likely to give rise to considerable pre-emptive effects. Starting from next year, competitive pressure in Germany is set to increase considerably, due to falling demand. Only companies boasting significant cost-reduction potential and the ability to operate in international markets will have any chance of being able to position themselves as important market participants in the long term.

We consider ourselves to be well-prepared for future challenges – not least due to our focus on thin-film technology and large-scale projects. In the course of implementing the strategic goals, heightened cost awareness and the continual improvement of our organisation will remain important corner stones.

This is because we are still well positioned in one of the world's most attractive growth markets. Renewable energies – first and foremost solar energy – represent a huge opportunity to counter the effects of climate change. This understanding is meanwhile firmly embedded at all important decision-making levels, meaning that we can expect long-term and sustainable growth for our company.

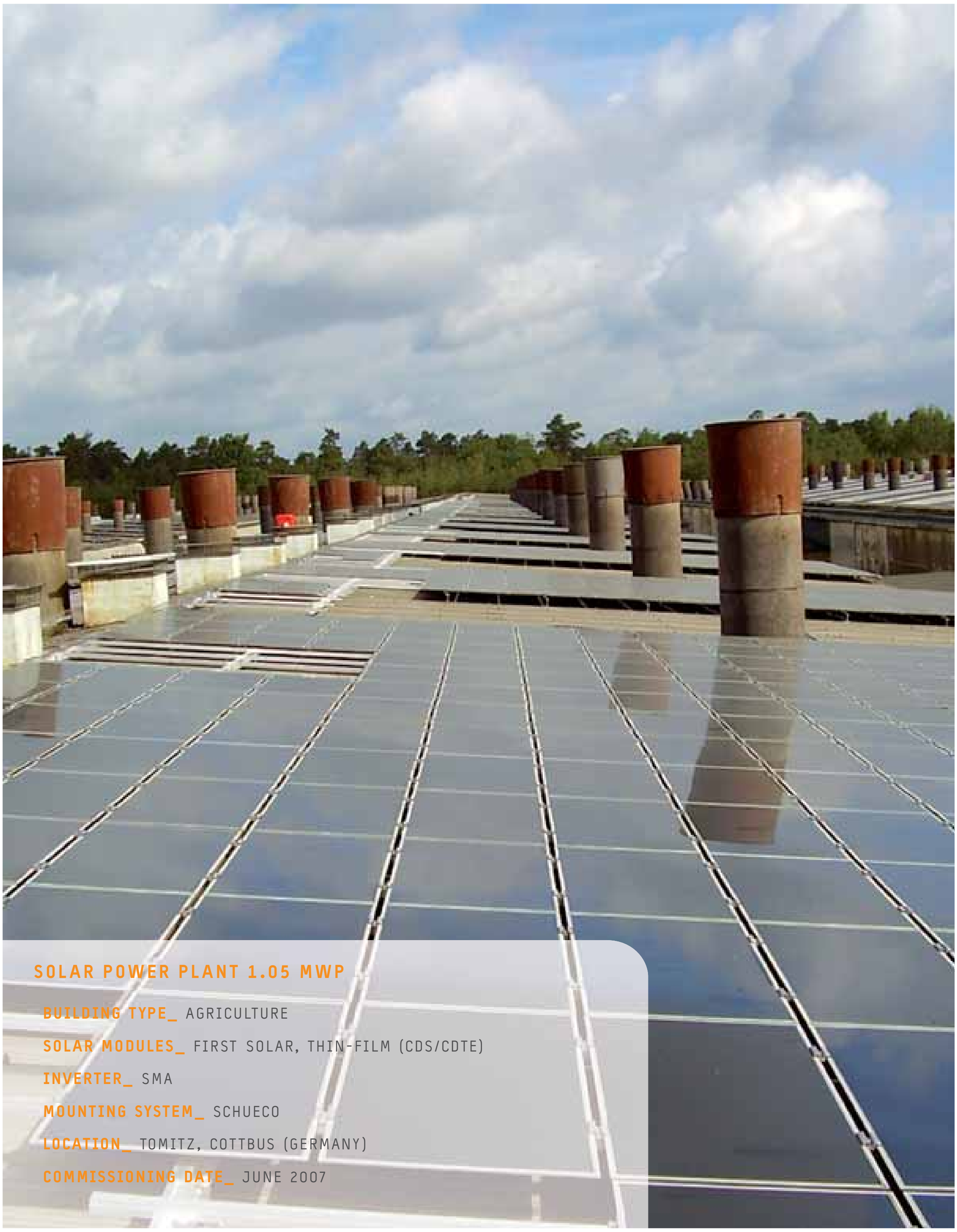
Yours sincerely,

Thorsten Preugschas

Dr. Volker Wingefeld

PROJECT-HIGHLIGHTS

BOLART 1.05 MWP



SOLAR POWER PLANT 1.05 MWP

BUILDING TYPE_ AGRICULTURE

SOLAR MODULES_ FIRST SOLAR, THIN-FILM (CDS/CDTE)

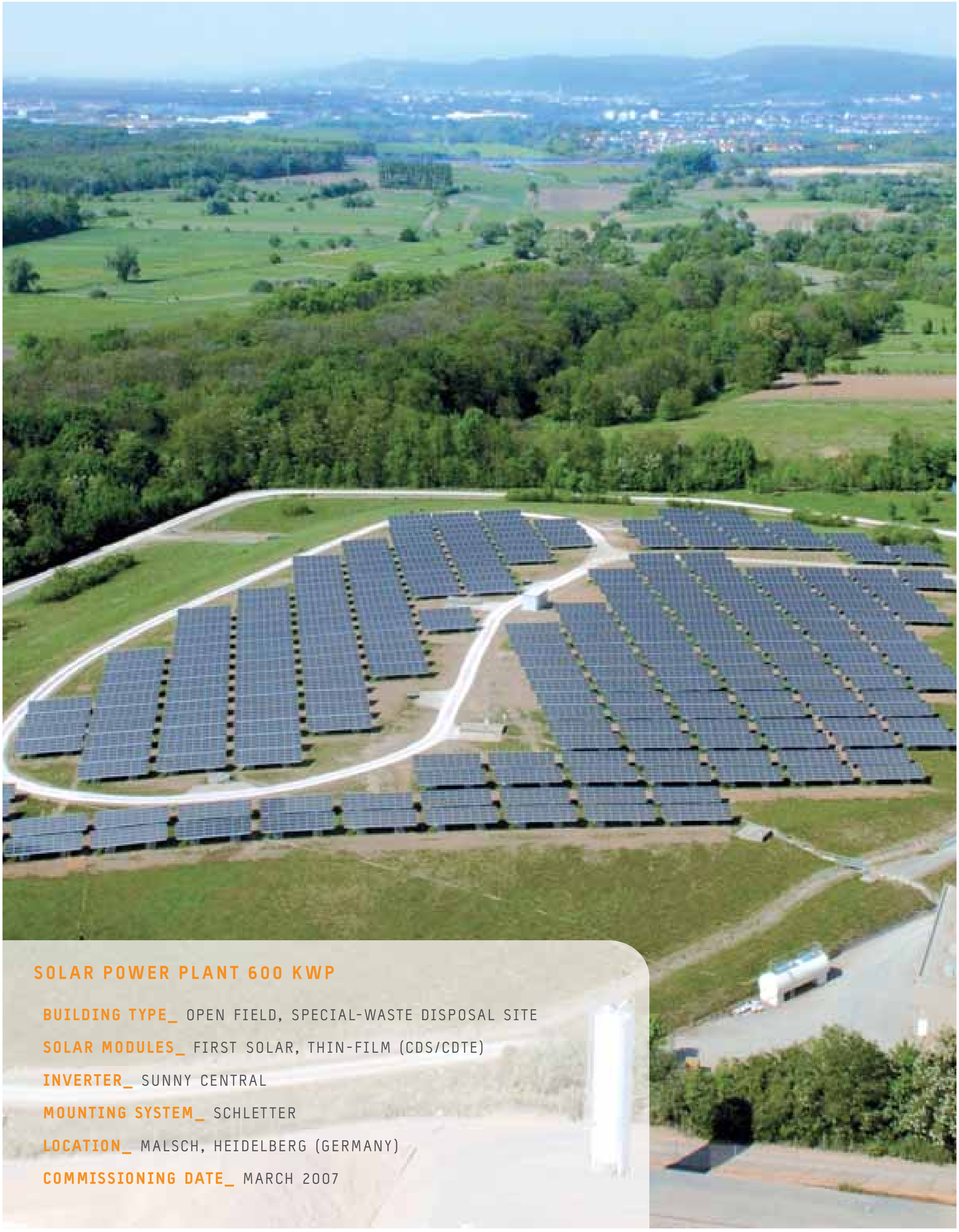
INVERTER_ SMA

MOUNTING SYSTEM_ SCHUECO

LOCATION_ TOMITZ, COTTBUS (GERMANY)

COMMISSIONING DATE_ JUNE 2007

SAD MALSCH 600 KWP



SOLAR POWER PLANT 600 KWP

BUILDING TYPE_ OPEN FIELD, SPECIAL-WASTE DISPOSAL SITE

SOLAR MODULES_ FIRST SOLAR, THIN-FILM (CDS/CDTE)

INVERTER_ SUNNY CENTRAL

MOUNTING SYSTEM_ SCHLETTER

LOCATION_ MALSCH, HEIDELBERG (GERMANY)

COMMISSIONING DATE_ MARCH 2007

DONG NAM 360 KWP

SOLAR POWER PLANT 360 KWP

BUILDING TYPE_ SHOPPING MALL

SOLAR MODULES_ SCHUECO BIPV, POLYCRYSTALLINE SILICON, GLAS-TEDLAR

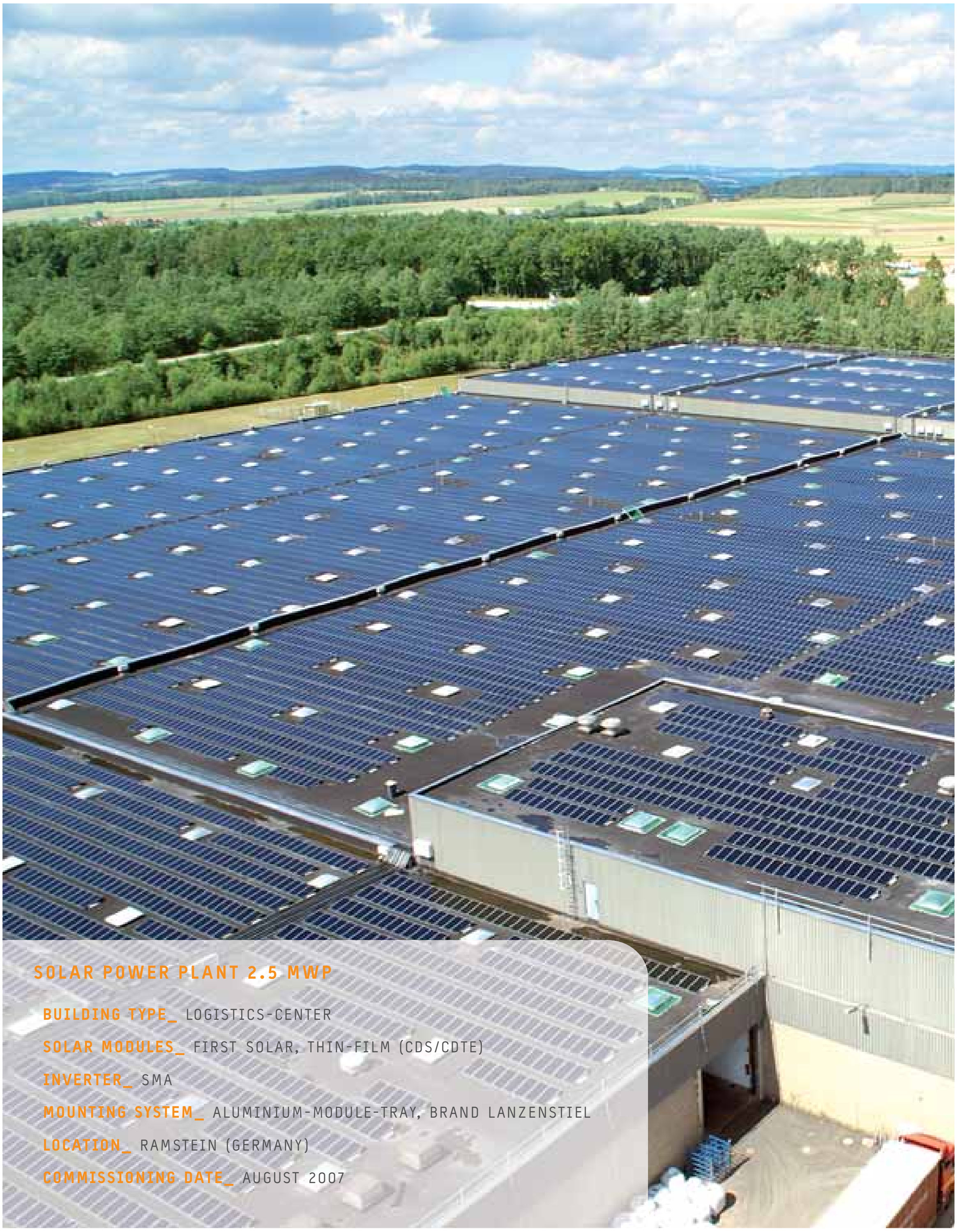
INVERTER_ SMA

MOUNTING SYSTEM_ LG CHEM

LOCATION_ SEOUL (SOUTH KOREA)

COMMISSIONING DATE_ SCHEDULED END OF 2008

RAMSTEIN 2.5 MWP



SOLAR POWER PLANT 2.5 MWP

BUILDING TYPE_ LOGISTICS-CENTER

SOLAR MODULES_ FIRST SOLAR, THIN-FILM (CDS/CDTE)

INVERTER_ SMA

MOUNTING SYSTEM_ ALUMINIUM-MODULE-TRAY, BRAND LANZENSTIEL

LOCATION_ RAMSTEIN (GERMANY)

COMMISSIONING DATE_ AUGUST 2007

RAMSTEIN UNDER CONSTRUCTION

THE NEW BRAND COLEXON

colexon

SOLAR POWER PLANTS

The formerly Reinecke + Pohl Sun Energy AG as well as the subsidiaries are now called COLEXON. At the beginning of 2007, the group started trading under the standardised brand COLEXON. The uniform market presence will allow to take advantage of synergy effects while at the same time supporting the increasingly international activities of the company. The foundation for the uniform brand was laid by the restructuring and consolidation of the operating business.

The COLEXON brand is derived from the phrase 'collect sun', which means that a brand has been developed that will be easy to remember and simple to understand even on the international markets. The COLEXON word mark and logo is protected in the EU and other key international markets.

The operating subsidiaries have all be trading under the COLEXON brand since the beginning of 2007. The official renaming and merger of subsidiaries Maaß Regenerative-Energien GmbH, Wesel, and Nastro-Umwelttechnik GmbH, Meppen, in COLEXON GmbH took place in August 2007. At approximately the same time, the Spanish subsidiary was renamed COLEXON Iberia S.L.

In October 2007, major shareholders Jörn Reincke and Gerd-Jürgen Pohl, after whom the company was originally named, cashed in their holdings, the majority of shares being taken over by the Danish company Renewagy A/S (formerly DKA Consult ApS). As a logical consequence of this strategic development, the resolution was passed at an extraordinary general meeting on December 18, 2007 to rename the holding company Reinecke + Pohl Sun Energy AG as COLEXON Energy AG.

The renaming became legally effective following its entry in the commercial register on January 25, 2008. The renaming of the representative office in Shanghai, China is currently underway.

In addition to the new name and logo, a new, modern Corporate Design was also developed. Thus, the company not only received a new name, but also a completely new look.

THE SHARE

SHARE VALUE AND SHAREHOLDERS' STRUCTURE

MARKET TRENDS AND SHARE VALUE

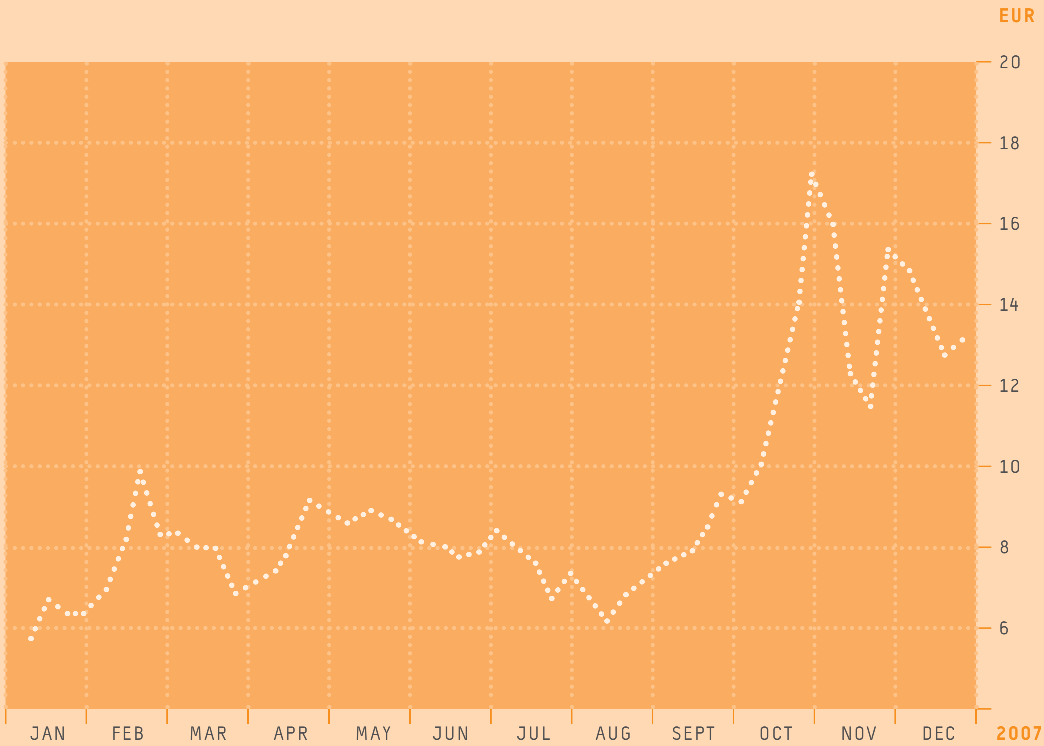
In 2007, the German stock market was able to post significant gains. The first six months of the year in particular saw significant price advances driven by a positive economic environment and rising corporate profits. After the German stock index (DAX) posted gains in January and February 2007, a short slump in March put an end to the soaring prices. Among other things this was triggered by growing fears in China, causing the DAX to close at its annual low of 6,340 points. This was followed by a dramatic rise in the market lasting until the summer and an annual high of around 8,150 index points. However, from July 2007 on, the first signs of the mortgage crises in the USA became noticeable, which in particular gave rise to gloomy news among financial stocks. This also caused price losses across the market as a whole, resulting in the index briefly falling to below the 7,200 level in August 2007. Until the end of the year, the market was characterised by growing nervousness and hence volatility not least due to the mortgage crisis. By the end of the year, the German stock index (DAX) once again reached the erstwhile high seen during the summer before closing at around 8,100 points. In the course of the year, the share price barometer therefore gained approx. 22 percent.

The Prime IG Renewable Energy Index, which climbed by some 75 percent from 744 points to 1,305 points, posted a significantly higher price hike. The decisive factor here was above all the positive growth forecast in the industry. The share of COLEXON Energy AG was able to increase to the same extent. The COLEXON share reached its annual high of 19.97 euros in November 2007. As a result, the price of the share more than tripled in the space of only three months. The reason for the significant rise in the price of the share was in particular purchases by institutional investors both in Germany and overseas, who were able to convince themselves of the positive operating development of COLEXON and assessed the turnaround as successful. Towards the end of the year the share price fell slightly, not least due to an overall market that was susceptible to fluctuations. During the course of the year, the share nevertheless climbed from EUR 6.70 to EUR 12.88 which represented a 92 percent price increase for shareholders.

CONVERTIBLE BOND

The price of the convertible bond was shaping well. After quoting around EUR 13.00 at the beginning of the reporting year, the price climbed to over EUR 20.00 in September 2007. At the end of the year, the price settled down around EUR 18.00.

Interests on partial debentures shall be paid with 3.5 percent on the subscribed price of EUR 21.90. The interest rate amounts to 7.665 percent, based on the nominal amount of the convertible bond of EUR 10.00. Each partial debenture on a nominal value of EUR 10.00 entitles to acquire one share in COLEXON Energy AG. Coupon date is on May 8. Due date of the convertible bond is on May 8, 2009. On this date, bearers, who do not exercise the conversion right during the period of conversion, get a repayment sum of EUR 21.90. Therewith, on the current course level arises a double digit return potential for bearers.



Share value of the COLEXON-share

KEY DATA OF THE SHARE	
WKN / ISIN	525070 / DE0005250708
TRADING SYMBOL	HRP
COMMON CODE	022356658
SEGMENT, TRADE	PRIME STANDARD, REGULATED MARKET IN FRANKFURT
NUMBER OF SHARES	5,115,000
TYPE OF SHARES	NO-PAR-VALUE SHARES
DESIGNATED SPONSOR	VEM AKTIENBANK AG, MUNICH
OPENING PRICE	DECEMBER 2000

CAPITAL MEASURES

During the 2007 fiscal year, COLEXON Energy AG carried out two capital increases, both of which using authorised capital. The aim of the capital measures was primarily to secure interim financing for large-scale projects. During the first capital increase COLEXON Energy AG placed a total of 287,000 new no-par bearer shares on the market in June 2007 at an issue price of 8.70 euros. This enabled the company to free up new equity totalling 2.5 million euros. In the course of this transaction capital stock increased to 4,937,000.00 euros.

The second capital increase followed in October 2007. In the course of this capital measure, 178,000 new shares were issued with an absolute share in capital stock in the amount of 1.00 euro. The sole subscriber was the new strategic investor DKA Consult that had previously purchased a larger block of shares from the former principal shareholder Reinecke. The issue price for the new shares was ultimately fixed at 10.75 euros, which generated liquid funds for COLEXON Energy AG amounting to at least 1.9 million euros. The capital stock thus increased to 5,115,000.00 euros.

The shareholder structure also underwent considerable changes in the 2007 fiscal year. Thus, in September 2007, the Danish group DKA Consult ApS and RSI Societas GmbH, owned by major investor Jörn Reinecke, after whom the company is named, agreed to take over a block of at least 650,000 shares in COLEXON Energy AG. In the further course of the year, a subsidiary of DKA Consult ApS took over the shares in COLEXON Energy AG, with the result that the Danish Renewagy AS meanwhile holds a total of 19.43 percent of the shares in the company. The free float increased during the course of the year from 59 percent to 74.74 percent.

SHAREHOLDERS' STRUCTURE

The shareholders structure had changed considerably in the business year 2007. For instance, the Danish group DKA Consult ApS in September 2007 agreed with RSI Societas GmbH, a company of the eponym and principal shareholder Jörn Reinecke, to take over the equity stake of around 650,000 shares in COLEXON Energy AG. In the following an associated company of DKA Consult ApS took over the shares in COLEXON Energy AG, so that the Danish Renewagy A/S now holds 19.43 percent share in the company‘s capital stock. The free float increases in the course of the year from 59 percent to 74.74 percent.

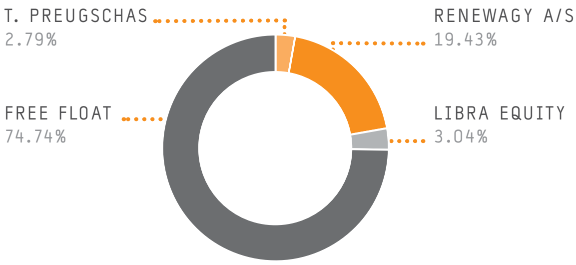


Figure 1: Shareholders structure 2007, December 31, 2007 (pursuant to WpHG announcements)

INVESTOR RELATIONS

During the 2007 fiscal year, the key task of Investor Relations was to convince shareholders of the new course of COLEXON Energy AG, to allow them to trust in the company once again. However, the successful restructuring and strategic realignment incurred considerable costs in the course of the year, which encumbered the performance of the company on a one-time basis. But this expenditure will enable COLEXON AG to significantly improve its sales and earnings position in future. Communicating this development transparently, while at the same time illustrating the opportunities for growth by focusing on large-scale projects in the years to come, was therefore of decisive importance for Investor Relations.

In particular during the second half of the year, in-depth talks were conducted at board level with investors both in Germany and overseas. In addition, the company intensified communication with the financial press in order to report on the development of COLEXON AG. The presentation at the Shareholder's Equity Forum in November 2007 in Frankfurt was also used for this purpose. This resulted in a significantly more positive development of the share price. The highlight during the second half of the year was the entry of a new strategic investor. This and the positive growth opportunities led to a renewed interest of financial analysts and hence the coverage of the analysts can be expected to increase in the 2008 fiscal year.

SHAREHOLDERS' MEETINGS

ANNUAL GENERAL MEETING ON MAY 24, 2007

This year's annual general meeting of COLEXON Energy AG (at the time still trading under the name Reinecke + Pohl Sun Energy) was held on May 24, 2007 in the conference centre 'MesseHalle' in Hamburg-Schnelsen. With 38 shareholders attending in person and eleven representatives, some 27.85 percent of the capital stock was represented. The following items were on the agenda:

1. Presentation of the adopted annual financial statement and the management report of Reinecke + Pohl Sun Energy AG as of December 31, 2006, presentation of the approved consolidated financial statement and the group management report as of December 31, 2006, presentation of the report of the Supervisory Board.
2. Discharge of the members of the Executive Board for the 2006 fiscal year.
3. Discharge of the members of the Supervisory Board for the 2006 fiscal year.
4. Selection of the auditor for the 2007 fiscal year.
5. Authorisation to acquire and utilise treasury shares pursuant to §71 para. 1 no. 8 German Companies Act (AktG) and to preclude the subscription right upon sale.
6. Election of new members for the Supervisory Board.
7. Decision concerning an amendment of §3 of the articles of association to comply with the Transparency Directive Implementation Act.

On presentation of the annual financial statement, the former CFO Patrick Arndt (Mr. Arndt left the company on November 15, 2007) presented in detail the course of business in 2006 as well as the restructuring measures introduced and provided details of the capital increase performed in June 2007. Afterwards, Thorsten Preugschas, new operational CEO, introduced himself and outlined the strategy and forecast for the current fiscal year. Items 2 to 7 on the agenda which were to be voted on were passed by the meeting with at least 98 percent of the votes cast.

After shareholders Klaus E. Zapf and Peter Zetsche put their objection on the record after the meeting and filed an action for rescission before the Hamburg Regional Court in 2007, the action was withdrawn following the first hearing and the suit dropped with the resolution of the Regional Court dated November 11, 2007. The basis for the abandonment of the action was an amicable settlement between COLEXON Energy AG and the plaintiffs in which COLEXON Energy AG declared itself willing to bear the costs incurred by the plaintiffs. This decision was reached mainly in order to avoid a protracted and costly lawsuit.

EXTRAORDINARY GENERAL MEETING ON DECEMBER 18, 2007

On December 18, 2008, the company convened an extraordinary general meeting in order to decide on the change in company name, amend the articles of association accordingly and to elect new members of the Supervisory Board. With 24 shareholders attending in person and 14 representatives, some 26.52 percent of the capital stock was represented.

The Executive Board and Supervisory Board proposed renaming the company ‘COLEXON Energy AG’. This change in name was passed by a large majority of the shareholders (93.38 percent). The operational subsidiaries have already been trading under the brand COLEXON as providers of turnkey solar power plants since the summer of this year. The change in name became effective following entry in the commercial register on January 25, 2008.

As a result of the change in the ratio of representation in the shareholder structure of the company, the erstwhile members of the Supervisory Board, Mr. Thomas Bartling (chairman), Mr. Peter Flebbe and Ms. Britta Horney, resigned their offices with effect from the conclusion of the extraordinary general meeting on December 18, 2007. This necessitated the replacement of the three-strong Supervisory Board. The new members are Dr. Karl Freiherr von Hahn, partner in the Hamburg law firm Huth Dietrich Hahn, Michael Brag, at that time CEO of Renewagy A/S and Tom Larsen, CEO of DKA Consult ApS, all of whom were elected with more than 99 percent of the votes cast. At the subsequent constituent meeting of the Supervisory Board, Dr. Freiherr von Hahn was appointed chairman of the Supervisory Board and Michael Brag his deputy.

NEW SUPERVISORY BOARD

NEW SUPERVISORY BOARD

Since December 18, 2007 the company has a new Supervisory Board, consisting of Dr. Karl Freiherr von Hahn (Chairman), Mr. Michael Brag (Vice-Chairman) and Mr. Tom Larsen.

Dr. Karl Freiherr von Hahn, born in 1945, Attorney at Law, Senior Partner of Huth Dietrich Hahn in Hamburg. After his Law studies in Heidelberg, Hamburg, Paris und London, Dr. Karl Freiherr von Hahn earned his PhD in 1970. In 1974 he obtained a Master's degree in Business Administration. Since 1990 he is co-founder and Senior Partner of Huth Dietrich Hahn in Hamburg/Germany. His expertise is in mergers and acquisitions, private investments and in consulting of small and medium-sized businesses in Germany and abroad.

Michael Brag, born in 1966, Managing Director of the consultancy Be-Advised. Until January 2008 he was CEO of the danish Renewagy A/S (formerly ITH A/S). After obtaining the Master's degree in Economics, Michael Brag was in various Management positions in the financial sector and industrial services sector within Scandinavia and the Baltic countries. He held CEO positions in entities of the Danske Bank Group, Nordea Group and lately in the SAS Group (Scandinavian Airlines) before joining Renewagy A/S as CEO in August 2007. Renewagy A/S is a listed company on the OMX Nordic Exchange Copenhagen. Since February 2008 Michael Brag is Managing Director of the consultancy Be-Advised.

Tom Larsen, born in 1970, CEO of DKA Consult ApS and DKA Renewable Energy A/S, CFO of Renewagy A/S. After his studies of Business Administration (Financial and Managing Accounting), Tom Larsen obtained a Master's degree in Business and Auditing. Since 1990 he worked self employed as an independent consultant regarding diverse financial issues and as accountant in Deloitte and in the local Danish accounting firm Andersen Hübertz Kirkhoff. Afterwards Toms Larsen was CFO of AntibodyShop A/S & BioPorto A/S and CFO of Capinordic A/S, both listed on Copenhagen Stock Exchange, before he became CEO of DKA Consult ApS in 2004. Since 2005 he additionally became CEO of DKA Renewable Energy A/S. Until today, he helds both positions. Furthermore, since January 2008 Tom Larsen is CFO of Renewagy A/S.

SUPERVISORY BOARD REPORT

SUPERVISORY BOARD REPORT

Dear shareholders.

In the financial year 2007 the Supervisory Board has carried out all functions they are incumbent on within the framework prescribed by law and the articles of association of the company. They have supervised the management by the Executive Board and also supported it in an advisory capacity. Thus, the Supervisory Board of COLEXON Energy AG met on a total of twelve occasions in 2007. Urgent resolutions were also adopted in writing in lieu of a live meeting.

All the members of the Supervisory Board were present at the meetings and various telephone conferences. The Executive Board of COLEXON Energy AG informed us at these meetings and telephone conferences on all important business transactions, the state of the company and key financial figures as well as about the risk management and compliance. Also outside the formal meetings and discussions the Executive Board kept us up to date on market and business trends by means of written and also verbal reports. Furthermore, the Chairman of the Supervisory Board was in constant contact with the Executive Board. In spite of staff changes, cooperation with the Executive Board has invariably been smooth and constructive. The Supervisory Board consulted on all issues that need their consent within the framework prescribed by law and the articles of association or Rules of Procedure for the Executive Board. The Executive Board also agreed the company's strategic orientation with the Supervisory Board. The main issues for consultancy and review in this period included the following points:

- The restructuring of the Group principally in the first half of 2007,
- the takeover of the Spanish company Ennovate not effected,
- the introduction of the new COLEXON brand as subsequent company name,
- the merging and renaming of operational subsidiaries,
- the authorisation of various consultancy mandates,
- capital measures (capital increases from authorised capital),
- various legal matters, including the lawsuit against Mr. Herrmann Müller, the former Managing Director of Nastro-Umwelttechnik GmbH as well as
- the changes to the Executive Board.

In detail, the following main resolutions have been passed:

- In the legal dispute against Mr. Hermann Müller, the former Managing Director of Nastro-Umwelttechnik, the company's lawyers anticipated a complicated and lengthy lawsuit because the body of evidence was said to be complicated and the compensation claims for damages were to be furnished one by one in great detail by the company. Hence, the Executive Board was authorised to reach an appropriate settlement with Mr. Hermann Müller.
- In response to the company's claims against board member Thorsten Preugschas arising from the integration of Maaß Regenerativen-Energien GmbH into the then RPSE Group in 2005, an agreement was reached between the Supervisory Board and Mr. Preugschas.
- In October 2007, Renewagy A/S (formerly DKA Consult ApS) initially took over 15.1 percent (now 19.4 percent) of shares in the company. The former main shareholders, after whom the company was named, Jörn Reinecke and Gerd-Jürgen Pohl, have thereby backed out of the company. Due to the change in shareholder structure, there were changes to the position of Chief Financial Officer and also to the Supervisory Board. In addition, it was the intention

to work towards a speedy renaming of the company. It was for this reason that an extraordinary general meeting was convened on December 18, 2007.

STAFF CHANGES TO THE EXECUTIVE AND SUPERVISORY BOARDS

Executive Board
The Supervisory Board appointed Dr. Volker Wingefeld as the company's new Chief Financial Officer with effect from November 15, 2007. He thereby succeeds Mr. Patrick Arndt, with whom a termination agreement has been concluded. After welcoming the new strategic investor, Renewagy A/S, this change to the Executive Board was part of the strategic reorientation of the company.

Supervisory Board
As of the end of the annual general meeting on May 24, 2007, Chairman of the Supervisory Board, Dr. Axel Holtz, resigned for personal reasons. Mr. Peter Flebbe was newly elected to the Supervisory Board; Mr. Thomas Bartling took over the Chair of the Supervisory Board as of May 24, 2007.

In the context of the change in shareholder structure, the entire Supervisory Board, consisting of Mr. Thomas Bartling, Ms. Britta Horney and Mr. Peter Flebbe, resigned at the end of the extraordinary general meeting on December 18, 2007. The shareholders elected Dr. Karl Freiherr von Hahn, Mr. Michael Brag and Mr. Tom Larsen as new members of the Supervisory Board. In the following constituent meeting of the Supervisory Board, Dr. Freiherr von Hahn was elected as Chairman of the Supervisory Board and Mr. Michael Brag as his Vice-Chairman.

CORPORATE GOVERNANCE CODE

The Executive Board and the Supervisory Board again dealt with the recommendations and suggestions of the German Corporate Governance Code in the year under review. A declaration of conformity according to §161 AktG was submitted on February 25, 2008 and published on the company's website.

As regards the so-called efficiency monitoring system required according to the German principles of corporate governance, the Supervisory Board decided not to aspire to any further formalisation in terms of its own function. As planned, in the business year 2007 the current status of recommendation lists, drawn up by the Supervisory Board, were on the agenda at the individual ordinary meetings. Thus, the evaluation of the work of the Supervisory Board will continue to be carried out through its own internal written investigations.

EXPLANATION TO THE GROUP MANAGEMENT REPORT

The Executive Board informed in accordance with § 289 section 4 and §315 section 4 HGB in the management report as well as in the group management report, which were subject to the Supervisory Bord's audit. According to §171 section 2 clause 2 AktG, the Supervisory Board explains this information as follows: The information concerns in particular the composition of the subscribed capital, the authorisation of the Executive Board to increase the registered capital (authorised capital), the authorisation of the Executive Board to issue and acquire company shares and rules regarding the amendment of the articles of association the appointment and revocation of members of the Executive Board.

The Supervisory Board considers the information according to § 289 section 4 and § 315 section 4 HGB to be correct. In particular, the rules presented concerning the authorisation of the Executive Board to increase the registered capital (authorised capital), the authorisation of the Executive Board to acquire company shares and rules regarding the amendment of the articles of association the appointment and revocation of members of the Executive Board are rules which are customary at listed companies similar to COLEXON Energy AG and do not serve the purpose to hamper eventual take-over trials.

ANNUAL FINANCIAL STATEMENTS 2007

At the ordinary general meeting on May 24, 2007 in Hamburg the shareholders elected „Treuökonom“ Beratungs-, Revisions- und Treuhandgesellschaft mbH, Wirtschaftsprüfungsgesellschaft Hamburg as the auditors for the financial year 2007. The Supervisory Board then granted the audit mandate with special reference to the regulations contained in the Corporate Governance Standards relating to the cooperation of the Supervisory Board with the auditors.

The annual financial statements of COLEXON Energy AG, the management report of COLEXON Energy AG as well as the consolidated annual financial statements and the summarised management report, including the accounting for the financial year 2007 on which they are based, were audited by „Treuökonom“ Beratungs-, Revisions- und Treuhandgesellschaft mbH, Wirtschaftsprüfungsgesellschaft, Hamburg, and certified without qualification. The documents of the financial statements and the audit reports were made available to the Supervisory Board on time. The auditors took part in the balance sheet adoption meeting of the Supervisory Board on March 27, 2008. They reported at length on the key events of the audit and answered numerous questions posed by the Supervisory Board. At the meeting the result of the audit was discussed and debated in detail. The Supervisory Board acknowledged the result arrived at by the auditors, checked the annual financial statements and the management report, the consolidated annual financial statements and the Group management report for its part within the scope of the statutory provisions and in conclusion did not raise any objections. At its meeting on March 27, 2008 the Supervisory Board approved the annual financial statements and the consolidated annual financial statements prepared by the Executive Board. The annual financial statements were thereby adopted.

Hamburg, March 2008

Dr. Karl Frhr. von Hahn
Chairman of the Supervisory Board

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Corporate governance stands for corporate management and control that is responsible and geared to long-term added value. In doing so, the requirements for openness and transparency of corporate communication were emphasised.

The German Corporate Governance Code formulates this claim in order to encourage the trust of investors, customers, staff and the general public in the management and supervision of stock market-listed companies. It has been in force since 2002. The Code comprises statutory requirements as well as nationally and internationally recognised standards for the management of stock market-listed companies. They regulate the collaboration of the Executive Board, Supervisory Board and Annual General Meting according to balanced and transparent specifications. In addition, the Code includes requirements for transparency, accounting and auditing.

Within the scope of Compliance the management aspires to take all reasonable measures, which establish/constitute a code of conduct in the company, its institutions and its employees compliant to legal rules. In this context, the conformity of business conduct with all legal and administrative rules, values of society as well as ethics and moral is to be provided for and to be expressed and integrated in the company's organisation and culture to an increasing degree.

GENERAL DECLARATION BY THE EXECUTIVE BOARD AND SUPERVISORY BOARD OF COLEXON ENERGY AG WITH REGARD TO THE CORPORATE GOVERNANCE CODE

(Declaration of Conformity pursuant to § 161 AktG)
The Executive and Supervisory Boards of COLEXON Energy AG fundamentally welcome the intention of the Government Commission's German Corporate Governance Code, giving transparent guidelines as a valuable guide and action assistance for normal management. In future, we will disclose and elucidate any individual deviations to the recommendations of the Code through our Declarations of Conformity.

This said, the Executive and Supervisory Boards of COLEXON Energy AG declare that in the future it shall be corresponded to the behaviour recommendations of the Code Commission deployed by the German Federal Government regarding management and monitoring under the following conditions.

Deviations from the German Corporate Governance Code version of June 14, 2007:
The company considers the electronic transmission of the invitation to the General Meeting to be sufficiently carried out by its publication on the company's website.

The German Corporate Governance Code recommends for Directors and Officers Liability Insurances (D&O) which the company contracts for its members of the Executive and Supervisory Board to include an excess. The COLEXON Energy AG is not of the opinion that such a measure would improve dedication and responsibility of the members of the Executive and Supervisory Board. The D&O Insurance contract therefore does not carry such a provision.

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

Hamburg, February 25, 2008

The Executive Board | The Supervisory Board

GROUP MANAGEMENT REPORT

1. GENERAL CONDITIONS

PURPOSE OF THE COMPANY

As a manufacturer-independent system integrator, COLEXON Energy AG, plans and constructs solar power plants and sells these turnkey plants to institutional and private investors. The company is one of the market's leading manufacturers of commercial solar power plants.

GENERAL MARKET AND BUSINESS ENVIRONMENT

Global growth market - renewable energies

Renewable energies, hence also solar energy, are meanwhile state-subsidised worldwide. In this regard, the German Renewable Energy Sources Act (EEG), which was passed by the Bundestag with a broad majority in 2004, is considered as the most successful promotion model and already serves as a standard for legislation in more than 20 nations. Thus, for example, similar models have meanwhile been introduced in Spain, Greece, Italy, France and South Korea. According to industry experts, the worldwide photovoltaic market has shown annual growth of between 20 to 25 percent since 2004.

State funding through the EEG

The objective of the German EEG is to sustainably promote the generation of electricity using renewable energies in the interest of climate protection, conservation and environmental protection as well as to reduce the utilisation of fossil fuels. Thus, according to the preamble of the law, the aim is to increase the share of renewable energies to at least 12.5 percent by 2010 and to at least 20 percent by 2020. Since 2004, the German market has grown annually by approximately 20 percent. (Source: Bundesverband Solarwirtschaft, BSW) The rapid development of the PV market has also created an increase of employment.

EEG ensures the cost effectiveness of the solar power plants

In Germany, the economic concept for constructing a solar power plant is based essentially on the fact that, according to the EEG, the electricity generated by the plant must be purchased by the network operators at a legally stipulated minimum remuneration, the so-called feed-in tariff. The payment of the feed-in of solar energy, which is fixed for a period of 20 years including the year of commissioning, offers COLEXON Energy AG's customers a sound basis for calculating future yields of such a plant.

2. MARKET POSITIONING AND BUSINESS MODEL

MARKET POSITIONING

Concentration on the photovoltaic market
COLEXON Energy AG (hereinafter also referred to as the ‘company’ or ‘group’) focuses on its activity as system integrator in the photovoltaic market. Photovoltaic technology utilises solar energy to generate electricity. Technologies, based on other forms of solar energy utilisation, for instance the transmission and storage of thermal energy for heating drinking water and to back up domestic heating systems are a further market segment within the solar industry, one in which the company is not active.

Planning turnkey solar power plants
The photovoltaic market can be subdivided into the segments photovoltaic modules (at various levels of the value chain, see figure 3) and components production (Inverters), trade, technical planning, delivery and installation of photovoltaic plants as well as project development and financing. COLEXON focuses on technical planning, delivery and installation of photovoltaic plants and the wholesale trading with components and systems as well as, to an increasing extent, the development of major projects.

Grid-connected facilities
Furthermore, the market for photovoltaic plants can be subdivided into the fields of grid-connected and off-grid facilities. Grid-connected photovoltaic plants are connected to the mains supply. Off-grid plants, on the other hand, only produce electricity for the system operator’s local use. In terms of its project development business, COLEXON Energy AG is active exclusively in the field of grid-connected plants and is not planning any major activities in the field of off-grid plants.

BUSINESS MODEL

Distribution, planning, construction and delivery of turnkey solar power plants
As a manufacturer-independent system integrator, COLEXON Energy AG, plans and constructs solar power plants and sells these turnkey plants to institutional and private investors. The main part is large-scale installations with outputs generally exceeding 30 kWp. In individual cases, projects can even have outputs of several MWp. In this regard, COLEXON assumes the entire project implementation for institutional investors including the acquisition of suitable locations; in the case of owners of roof areas, the solar power plants are turnkey installed on the roof. In this context, the company offers the following services depending on the agreement with the respective customer (see figure 2):

1. Preliminary work for institutional investors:
- Identification of suitable locations for solar power plants
- Marketing of the locations to investors
- Mediation of the necessary agreements between the owners of idle areas and investors (lease contracts or contracts for area usage)

2. Examination of the structural and contractual requirements:
- Evaluation of the cost-effectiveness of the project as well as the technical suitability of the installation sites
- Guaranteeing the legal requirements for the construction and operation of the plants on the respective areas
- Organisation of the static test of roof areas
- Preparation of yield appraisals
-

3. Planning, design and turnkey installation of the solar power plant
- Planning the technical design of the plant in accordance with the requirements of the individual location
- Site management and commissioning of third parties with the installation of the plant
- Delivery and turnkey installation of the plant
- Arrangement of the connection to the grid

4. Monitoring, service and maintenance

As system integrator, the company generally offers these services at a fixed price. The fixed price normally is subdivided into instalments (order placement, commencement of construction, final inspection). While the company is responsible for the detailed design, it commissions subcontractors with the construction of the plant. In individual cases, COLEXON also takes over the technical management of the plant on behalf of the buyer for a corresponding fee.

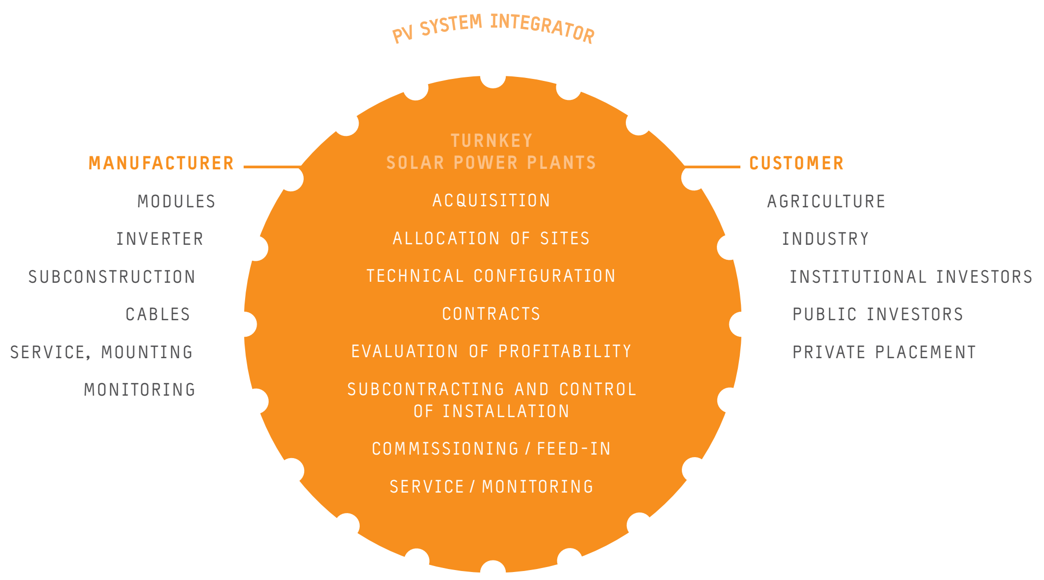


Figure 2: Business model

Wholesale

Besides the system integration and project business, the trade of photovoltaic modules and components represents a significant area of COLEXON Energy AG's business activity. The trade business ensures ongoing and constant placement of orders with manufacturers, thereby affording the company a higher degree of planning reliability by compensation of sales fluctuations from the project business.

Procurement / R&D

COLEXON Energy AG does not manufacture photovoltaic modules itself. The company buys these through ad-hoc supply agreements as well as through long-term procurement agreements from various suppliers. With one of those suppliers COLEXON concluded fixed delivered quantities of thin-film modules until 2012. System components are mainly purchased on the open market at short notice. Since COLEXON Energy AG does not manufacture photovoltaic modules or other components itself, the group does not have its own production plants, nor does it conduct any R&D activities.

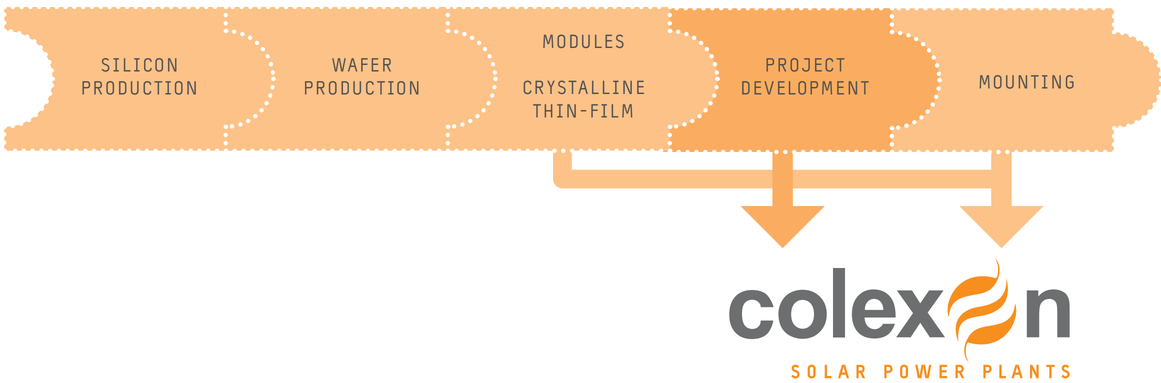


Figure 3: Value chain of the solar industry

3. COMPETITIVE STRENGTHS AND STRATEGY

COMPETITIVE STRENGTHS

From the company's point of view the following main strengths will contribute to the future growth of the COLEXON Group:

Expertise in planning large-scale solar systems:
The management and a large portion of the technical staff at COLEXON Energy AG have profound expertise and many years' experience of planning large-scale projects in the field of renewable energy. Last year in particular, this competence in managing large-scale projects was decisively expanded in all relevant divisions (Project Planning, Procurement, Logistics, Distribution, Marketing, and Controlling) and thus constitutes an important competitive advantage. Hence, in 2007 the company installed the world's currently largest thin-film rooftop solar power plant with a performance of 2.5 MWp for an institutional Investor on a rooftop of a logistic centre in Ramstein, Germany.

Focusing on core competencies:
COLEXON Energy AG sees its core competence in the project planning of yield-optimised solar power plants. This is based on technical expertise in optimised plant configuration, contract management and the handling of large-scale technical projects. To keep a lean personnel and cost structure and secure the project business highly flexible, selected subcontractors are instructed to install the photovoltaic plants. Contrary to other companies, COLEXON does not sell financial products based on solar power plants (e.g. Fund constructions).

Rapid response to market shifts:
Thanks to its business model, COLEXON Energy AG is able to respond quickly and flexibly to market shifts. Thus, for example, the company is not committed to any specific photovoltaic technology, since the photovoltaic modules are not produced in-house but purchased on the open market. This enables the company to adapt to new technical developments and align its procurement strategy to prevailing market conditions.

Thin-film expertise:
The company expects that within the next few years especially thin-film technology will play an important role and will offer considerable market potential. Thanks to a long-term framework agreement with market leader First Solar, COLEXON Energy AG is in an excellent position to tap and develop this potential.

Applicability of the business model to international markets:
Due to comparable institutional and regulatory frameworks in other countries, the company sees itself in a position to apply its business model to new geographical markets, and hence to realise the planned growth overseas, too.

Access to the capital market:
On principle the procurement of photovoltaic modules requires interim financing. Profitable growth of any appreciable scope thus requires considerable capital investment. Unlike the vast majority of its competitors in Germany, COLEXON Energy AG has direct access to the capital market owing to its stock market listing. This affords the company a greater scope of financing options, thus enabling to implement large-scale projects, too.

OBJECTIVE AND STRATEGY

COLEXON Energy AG's medium-term goal is to establish itself as one of the leading international system integrator of large-scale photovoltaic plants for commercial customers. Countries in which institutional and regulatory frameworks exist or are to be expected in the short-term, which are comparable to the EEG in Germany, are of particular interest to the company. Currently the company is not planning to diversify into other business segments. On principle the company shall continue to focus on the photovoltaic market in future.

In order to achieve these goals, COLEXON Energy AG is pursuing the following strategies:

- Expansion and strengthening of the customer base, in particular by gaining institutional investors for professional solar power plants both in Germany and abroad.
- Use of innovative and for investors yield-optimised photovoltaic technologies (e.g. thin-film).
- Guaranteeing the availability of photovoltaic modules on economic terms.
- Consistent focus on core competencies: Increasing efficiency and optimising processes within the COLEXON Group, outsourcing of installation activities to subcontractors.
- Acquisition of or investment in further companies offering synergy potential.

4. ORGANISATION, STRUCTURE AND CONTROL

CORPORATE STRUCTURE

COLEXON Energy AG is the sole shareholder of COLEXON GmbH, of COLEXON Iberia S.L. (formerly Reinecke Pohl Sun Energy España S.L.) in Madrid/Spain and Reinecke + Pohl Sun Energy LLC in Portland/OR, USA. COLEXON GmbH emerges from the merger of the Nastro-Umwelttechnik GmbH in Meppen to the Maaß Regenerative-Energien GmbH in Wesel and the renaming of the company, effective from August 28, 2007. COLEXON GmbH represent the operative business activities at home. COLEXON Energy AG holds a 10 percent share of the capital stock of the BK Bau und Grund GmbH i.L.

In the consolidated financial statement as of December 31, 2007 besides the parent company COLEXON Energy AG, COLEXON GmbH as well as COLEXON Iberia S.L. have been included in the course of full consolidation. The 100 percent subsidiary Reinecke + Pohl Sun Energy LLC in Portland/OR, USA have not been included in the consolidated financial statement neither by full consolidation nor as associated company due to its minor importantance.

ORGANISATION

Te implementation of the company's business activities is primarily carried out by the operative subsidiary COLEXON GmbH. The office in Meppen (the former Nastro-Umwelttechnik GmbH) is responsible for project installation and monitoring, whereas the office in Wesel (the former Maaß Regenerative-Energien GmbH) is responsible for the module and component distribution as well as for the internationalisation, in collaboration with COLEXON Iberia S.L. COLEXON Energy AG as company sells the modules purchased in the scope of long-term delivery contracts only to its group-internal subsidiaries. The company has a representative office in Shanghai/China.

SEGMENTS

The company's segment-reporting follows internal control and reporting. In this respect, the company is subdivided into the segments *Projects* and *Distribution*. The *Projects* segment includes the activities of COLEXON Energy AG as a system provider of solar power plants and as project developer. The business activities of the office in Meppen, the former Nastro-Umwelttechnik GmbH, are assigned to this segment.

In the *Distribution* segment, the company's purchasing and buying businesses of photovoltaic modules and components are featured. These activities are primarily carried out by the office in Wesel, the former Maaß Regenerative-Energien GmbH.

PERSONNEL

At the end of the fiscal year, COLEXON Energy AG employed 78 (previous year: 71) permanent full-time staff members. Currently, 21 employees (previous year: 12) work in Hamburg. These staff members are primarily responsible for corporate administrative and marketing activities. As of December 31, 2007, the COLEXON GmbH employed 56 (previous year: 55) staff members in Meppen and Wesel. These last-mentioned employees are primarily engaged in planning, realisation and sales of solar power plants as well as the purchasing and distribution of components. Abroard, the company had one employee (previous year: 4) as of December 31, 2007.

REMUNERATION

The remuneration of staff members employed with COLEXON Group is predominantly based on fixed salaries. In addition, employees in various functions (management, sales, administration) have variable salaries that have been agreed upon, based on the employee's achievement of personal job objectives as well as corporate objectives.

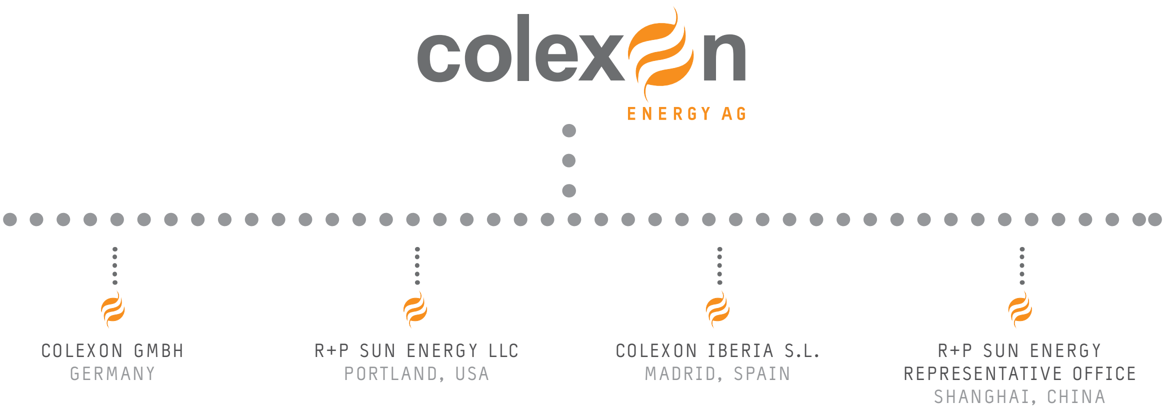


Figure 4: Corporate structure

5. DISCLOSURE OF OBSTACLES PREVENTING TAKEOVERS PURSUANT TO §289 (4) AND §315 (4) GERMAN COMMERCIAL CODE (HGB)

1. The company's subscribed capital as of the end of the 2007 fiscal year amounted to EUR 5,115,000.00. It is divided into 5,115,000 no-par bearer shares. The rights and obligations connected with these common stocks are derived in particular from §§ 12, 53a ff, 118 ff, 186 Stock Corporation Act (AktG). Since the company only issued one stock category, no voting right disadvantages or restrictions arise for individual shareholders.

2. Direct or indirect shares in the capital stock which exceed a 10 percent stake are held by Renewagy A/S, Virum, Denmark (19.43 percent share in the company's capital stock). To the company's knowledge, there are no other direct or indirect shares in capital that exceed more than 10 percent of the voting rights. The shareholders disclosed to the company on the basis of notifications pursuant to §§ 21 ff. Securities Trading Act (WpHG) each only have shares of the voting rights of below 25 percent of the total voting rights.

3. Rules concerning the appointment and dismissal of the Executive Board are stipulated in the Stock Corporation Act (§ 84), as well as the company's articles of association. The Executive Board shall consist of at least two members. Apart from this, the Supervisory Board shall approve the number of members on the Executive Board. The Supervisory Board can appoint a Chairman and Vice Chairman of the Executive Board. Deputy Executive Board members may also be appointed. The Supervisory Board can issue rules of procedure for the Executive Board. The schedule of responsibilities for the Executive Board is subject to its approval. So-called 'Golden Parachute' rules that impede the dismissal or replacement of the Executive Board do not exist.

4. In accordance with the resolutions passed at the annual general meeting on May 19, 2006, the Executive Board is authorised with the approval of the Supervisory Board to increase the capital stock in accordance with § 4 (6) of the articles of association by May 18, 2001 by a total of up to EUR 2,325,000.00 by means of a one-time or multiple issue of new bearer shares in exchange for cash or non-cash contribution (authorised capital). By creating authorised capital, the company is to be put in the position to respond quickly and flexibly to opportunities for growth and opportunities on the capital market. In 2007, there were two capital increases partly utilising authorised capital in the total amount of EUR 465,000.00 against cash contribution. As a consequence, the remaining authorised capital amounts to EUR 1,860,000.00.

In addition, in accordance with the resolutions passed at the annual general meeting of May 7, 2005, conditional capital exists. The company's capital stock is conditionally increased in accordance with § 4 (7) by as much as EUR 1,550,000.00, by means of issuing as many as 1,550,000 new bearer shares (conditional capital).

The Executive Board is further authorised, in accordance with the resolution passed at the annual general meeting on May 24, 2007, to acquire company shares between May 25, 2007 and the end of November 23, 2008 amounting to as much as 10 percent of the capital stock existing at the time of the resolution. In doing so, at no point in time may the stake in the company's existing capital stock exceed 10 percent as a result of the shares purchased under this authorisation combined with other shares already acquired and still held by the company. The company may exercise this authorisation in whole or in part, in a one-time transaction or as part of several transactions. The authorisation to purchase and dispose of treasury stock allows the company to offer in particular institutional and other investors stock in the company and/or to expand the company's circle of shareholders and to issue the purchased treasury stock in return for the purchase of companies, participations or within the frameworks of mergers. These rules are common to comparable listed companies and do not serve to impede any takeover bids that may be made.

5. In accordance with §§ 133 and 179 AktG, the articles of association of COLEXON Energy AG may only be altered by a resolution passed at the annual general meeting. Resolutions of the annual general meeting shall be passed with a simple majority of votes, provided no contradictory provisions are prescribed in the articles of association or by any other mandatory provision of the law. In the event that the law prescribes a capital majority in addition to the majority vote, then in such a case it shall be a simple majority of the share capital represented at the time that the resolution was passed. The authority to alter the articles of association, which only pertains to the wording, has been assigned to the Supervisory Board in accordance with § 14 of the articles of association, in compliance with § 179 (1) item 2 AktG.

6. REMUNERATION REPORT

This remuneration report explains the basis for stipulating the remuneration of the Executive Board and the Supervisory Board of COLEXON Energy AG as well as the size of the income of the individual Executive and Supervisory Board members. The remuneration report conforms to the recommendations of the German Corporate Governance Code.

REMUNERATION OF THE EXECUTIVE BOARD IN THE FINANCIAL YEAR 2007

The remuneration of the Executive Board is stipulated by Supervisory Board. The remuneration of the Executive Board of COLEXON Energy AG is geared to the size of the company, its economic situation and the size and structure of the remuneration of the Executive Board at comparable companies. The tasks and contribution of each member of the Executive Board is also taken into account. The individual remuneration of the Executive Board is made up of he following key components:

- A fixed basic annual salary, of which a partial amount is paid on a monthly basis after deducting the statutory levies.
- An annual bonus as a variable performance-based component. In the financial year 2006 the annual bonus was linked to the attainment of the turnover and performance targets for the financial year 2007 pursuant to the corporate plan approved by the Executive Board and the Supervisory Board. Thus, it is guaranteed that a bonus is only earned in the case of a positive business result. An annual bonus will be authorised for payment by the Supervisory Board after fiscal year-end and acceptance of the consolidated financial statement.

In the financial year 2007 the members of the Executive Board received a remuneration (gross, without statutory deductions) as follows:

MEMBER	PAYMENT IN 12 MONTHLY INSTALMENTS (EUR)	BONUS FOR THE FINANCIAL YEAR 2007 (EUR)	COMPENSATION (EUR)	TOTAL REMUNERATION (EUR)
PATRICK ARNDT	124,362.84	0	250,000.00	374,362.84
THORSTEN PREUGSCHAS	148,795.62	96.000,00		244,795.62
DR. VOLKER WINGEFELD*	31,944.45			31,944.45

**Member of the Executive Board since November 15, 2007*

The members of the Executive Board did not receive any additional payments apart from the stated remuneration components.

The company maintains Group third-party consequential loss insurance for officers of the Group. The insurance covers the personal liability risk in the event that claims are asserted against officers when carrying out their tasks. An excess was not agreed.

REMUNERATION OF THE SUPERVISORY BOARD IN THE FINANCIAL YEAR 2007

The remuneration of the Supervisory Board is stipulated in § 13 of the company's Articles of Association. According to these Articles of Association, members of the Supervisory Board receive a fixed payment of EUR 10,000.00 plus statutory value added tax for each full financial year payable at the end of the financial year. The remuneration increases to double this amount for the Chairman of the Supervisory Board and to one and a half times this amount for his or her deputy. Members of the supervisory Board who have only belonged to the Supervisory Board for part of the financial year receive a pro rata payment according to the duration of their time spent on the Supervisory Board. The members of the Supervisory Board also receive reimbursement of all cash expenses and any value added tax accrued thereon. The individual members of the Supervisory Board receive the following net remuneration (plus any value added tax accrued thereon) for the financial year 2007:

NAME	FUNCTION	ENTRY / RESIGN	NET AMOUNT (EUR)
DR. AXEL HOLTZ	CHAIRMAN	UNTIL MAY 24, 07	7,943.65
THOMAS BARTLING	VICE-CHAIRMAN AFTERWARDS CHAIRMAN	UNTIL MAY 24, 2007 UNTIL DEC 18, 07	17,328.76
BRITTA HORNEY	MEMBER AFTERWARDS VICE-CHAIRMAN	UNTIL MAY 24, 2007 UNTIL 18 DEC 07	12,506.85
PETER FLEBBE	MEMBER	FROM MAY 24, 2007 TO DEC 24, 2007	5,966.20
DR. KARL FRHR. VON HAHN	CHAIRMAN	FROM DEC 18, 07	712.33
MICHAEL BRAG	VICE-CHAIRMAN	FROM DEC 18, 07	534.25
TOM LARSEN	MEMBER	FROM DEC 18, 07	356.16

7. MARKET DEVELOPMENT DURING THE REPORTING YEAR

MACROECONOMIC DEVELOPMENT

At 5.2 percent, the world economy once again expanded very healthily in 2007. However, cyclical risks have meanwhile increased tangibly due to turbulences on the international financial markets. As a consequence, the global economic climate looked considerably gloomier in the fourth quarter of 2007. The deterioration of the global economic climate affects all three major global regions, i.e. Western Europe, North America and Asia. In this context, the largest downturn occurred in the USA, where only minor GDP growth was achieved in the fourth quarter of 2007.

Despite the massive VAT hike, the German economy continued its meanwhile two-year boom, albeit at a decreasing rate. The economic drive peaked in the winter of 2006 and has meanwhile slowed considerably again. The buoyant force in the domestic and overseas economy were however strong enough to counteract the restrictive effects of the financial policy. Exports, which remained at a high level due to the vigorous global economy despite the massive gains made by the euro against the US dollar, continued to drive the economy. On average, real GDP growth stood at 2.5 percent in 2007 after 2.9 percent in the previous year. (Source: ifo Institute for Economic Research, Munich, December 2007)

DEVELOPMENT OF THE PHOTOVOLTAIC SECTOR

Rapid growth in excess of 20 percent has sent the tone on the global photovoltaic market since 2004. At the same time, Germany continues to lead the market, accounting for over 50 percent of the global market, followed by Japan, the USA and Spain. Following the introduction of corresponding funding models, South Korea, Greece, Italy and to some extent France have also been developing into growth markets since 2006.

Since 2006 contrary to expectations the demand especially in Germany stagnated due to extremely rising prices, the market was moving in a positive direction again in 2007 with prices some 20 percent below their 2006 highs, it is estimated that newly installed output for 2007 will total some 2.3 gigawatts world-wide.

SUPPLY MARKET

Due to considerable increases in capacity world-wide, the supply of crystalline solar modules in 2007 was able to keep pace with demand, meaning that modules were available at reasonable prices. Demand for thin-film modules of the partner First Solar far exceeded the supply in 2007 again due to the more favourable price-performance ratio. Experts assume that thin-film modules accounted for approximately 9 percent of the market in 2007.

THE GERMAN MARKET

In 2007, there was a clear trend towards larger solar power plants with outputs of in excess of 200 kWp. This market segment has been doubling in size annually since 2005, while demand among the traditional customer group, the agricultural sector, has been stagnating. According to estimates of the German Federal Association of the Solar Industry (Bundesverband Solarwirtschaft - BSW), solar plant capacity increased in 2007 by 1.1 gigawatts, amounting to an increase of more than 25 percent after estimated newly installed output of 850 MW in 2006.

THE INTERNATIONAL MARKET

Spain

The Spanish solar energy market has been booming since 2005 owing to the excellent irradiance values and a high feed-in tariff that promises a return of 8 - 12 percent over a 25 year period. According to estimates, newly installed output trebled in Spain in 2007 to a volume of 300 megawatts, which was achieved almost exclusively by means of large open-field facilities. Thus, Spain is home to the world's currently largest solar power plants (the so-called "huertas solares") with a nominal capacity of 20 MW each. However, a revision of the 'Real Decreto' in June 2007 placed a capacity limit of 371 MW on newly installed output. The higher feed-in tariff will apply until September 2008, after which they are expected to fall. Thus, in 2007, international investors surged into the market in their droves in order to secure 25-year higher feed-in tariffs granted before this capacity limit was reached, as a result of which the market in Spain has to be described as having exploded and overheated in 2007. Owing to the exaggerated demand, a price structure has emerged in this market along the entire project value-added chain that in the eyes of COLEXON is no longer economically attractive.

Greece

A new Electricity Supply Act has been in force in Greece since June 2006, on the basis of which the PV capacity is to be expanded to 700 MWp by 2020. The feed-in tariff of 0.40 - 0.55 EUR/kWh fed into the grid for 20 years, the high solar radiation as well as potential investment grants of up to 40 percent of the total investment amount make Greece an attractive solar energy market for investors. To date, the responsible energy regulatory authority has received scores of applications for the installation. However, it would appear that the approval procedure is complex and lengthy, which is currently still resulting in especially major projects being blocked unnecessarily.

South Korea

In October 2006, the regulations, governing the feed-in tariffs of electricity generated through PV systems, were revised. According to the new law, and subject to a total nationwide capacity limit of 100 MWp, this amounts to 711.25 RW/kWh for plants smaller than 30 kWp and 677.38 KRW/kWh for plants larger than 30 kWp and is payable for 15 years. According to the currently applicable law, the abovementioned feed-in tariffs will be reduced by 4 percent per year starting from October 2009.

At the end of 2007, the total installed output in South Korea stood at an estimated 45 MWp, with newly installed output in 2007 running to approx. 30 MWp. The majority of the installed plants are medium-sized to large open-field facilities with crystalline modules.

It is generally anticipated that the remaining 55 MWp to achieve the 100-MWp limit mentioned above will be installed by summer or early autumn of 2008. For the following period, the Korean government has already announced changes to the statutory regulations on feed-in tariffs. These revisions will therefore pre-empt the planned adjustment of the feed-in tariffs scheduled for autumn 2009.

According to industry experts, the government has already suggested that in future the feed-in tariff will be paid for 20 and no longer 15 years and that no new capacity limit will be set. A marginal downward correction is also expected to the feed-in tariffs, although the general consensus is that it will not fall below the international average.

This is why the general opinion is that South Korea will continue to develop into a substantial and sustainable PV market, in which systems with thin-film modules are expected to play a significantly more important role in future than until now. In addition, the South Korean government has abandoned its previous restrictive stance on systems on factory and similar roofs, which has resulted in a considerable increase in the amount of space available for solar power plants which is giving rise to demand for medium-sized and large rooftop solar facilities. In addition, building integrated systems will continue to represent an attractive market segment.

China

With the slogan "good and rapid development", the Chinese government officially redefined the focus of its development policy in 2007. In terms of renewable energies, this new development motto is reflected the "Medium to Long-term Renewable Energy Development Plan for China" drafted by the National Development and Reform Commission in September 2007.

Based on an installed total output of 70 MWp at the start of 2007, which largely comprises off-grid facilities in remote regions, the development plan provides for a total photovoltaic installation capacity of 220 MWp by the year 2010 and 1.5 GWp by the year 2020, of which 50 MWp (2010) or 1 GWp (2020) will be building integrated systems.

It is expected that the first projects will be initiated by the state and largely financed by public authorities or by means of state-owned enterprises. In this regard, rumours are rife that 2008 will see the adoption of legislation on feed-in tariffs. This would satisfy the Chinese law on renewable energies which came into force at the start of 2006 and fill the currently existing regulatory gap.

Other countries in the Asia / Pacific region

In Singapore, the government is pursuing a plan to establish a national photovoltaic industry that also provides for state-initiated projects for the utilisation of photovoltaic systems for electricity generation. Owing to the geographic characteristics of the city state, these would involve rooftop and building integrated systems.

Due to the recent change of government and the signing of the Kyoto protocol as the first official act of the new government, Australia has now moved into the limelight as a potential market for photovoltaic systems. Internationally active photovoltaic enterprises are beginning to gain a foothold in the country or are starting to sound out the available business opportunities.

USA

Especially in the USA, the public debate on climate change is beginning to encourage rising environmental awareness and energy consciousness. Nevertheless, incentives to invest in solar energy are currently few and far between. To date, only California has assumed a pioneering role as regards the subsidising of renewable energies. The calls for a single US-wide Electricity Supply Act modelled on the German EEG are becoming increasingly vehement. Fundamental legislation changes are unlikely prior to the US presidential election in November 2008. However, due to its vast potential, the market is in the starting blocks and leading European providers are currently in the process of positioning themselves there.

8. BUSINESS PERFORMANCE 2007

For the company, fiscal year 2007 was marked by restructuring and the turnaround. In this regard it is quite remarkable that following the events of the second half of 2006 the company was able to generate a positive result in first quarter of 2007 – traditionally the slowest time of the year. The significantly higher quota of thin-film modules throughout the year proved to be a favourable condition for this.

At the same time, a vital element of our marketing activities was the homogenous presentation of our services under the brand name COLEXON. The accompanying higher brand awareness and the more professional perceived image are important success factors for the further development of the company.

However, up-scaling the regional sales throughout Germany in the second quarter did not produce the desired results. This is also attributable to changes in demand. Thus, the market in the agricultural segment and for small commercial plants stagnated, whereas demand for plants in excess of 200 kWp increased significantly. This customer group of increasingly institutional investors is looked after by Key Account Management, respectively on board level.

The company observed this market development and during the second half of the year focused increasingly on cooperation with institutional investors and the development of major projects. Thus, boasting an output of 2.5 MW, the project in Ramstein is currently the world's largest thin-film rooftop solar power plant. The partnership with Renewagy A/S (initially with the parent company DKA Consult ApS) and their enlistment as a strategic major shareholder of the company in October 2007 emerged in this connection.

The company's limited financial scope proved to be a considerable obstacle to growth when implementing major projects. Due to the events of 2006, the banks showed considerable caution with regard to corporate or project financing. As a consequence, the company either had to pre-finance projects entirely using own funds or saw itself forced to request advance payments from its customers, which, however, had a negative impact on the sales price and hence the project margin.

Therefore, although it has been possible to outstrip the communicated sales target of 75 million euros since March 21, 2007, the company was not able to meet the EBIT target of 5 million euros. In addition to poorer project planning margins caused by the financing situation, this was also due to consultancy costs for restructuring and the realignment, which remain considerable. At the same time, however, the Executive Board is sure of having laid a sound basis for profitable company growth.

9. FINANCIAL POSITION

EARNINGS POSITION

The COLEXON Group's sales revenue in the period from January 1 to December 31, 2007 increased by TEUR 23,162 compared to the previous year, to a total of TEUR 85,370. Thus, sales revenue could be increased by 37 percent compared to the previous year. At approx. 21 MWp we were able to clearly outstrip the 2006 sales volume with approx. 17 MWp.

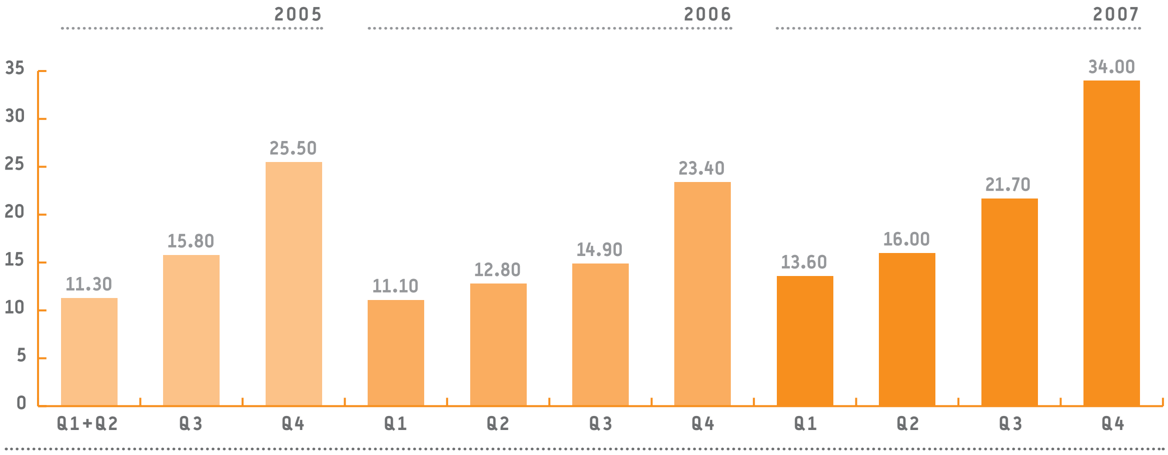


Figure 5: Group sales 2005, 2006, 2007

In the *Projects* segment, sales revenue totalled TEUR 39,937 for the 2007 fiscal year, which is TEUR 5,100 more than in the previous year.

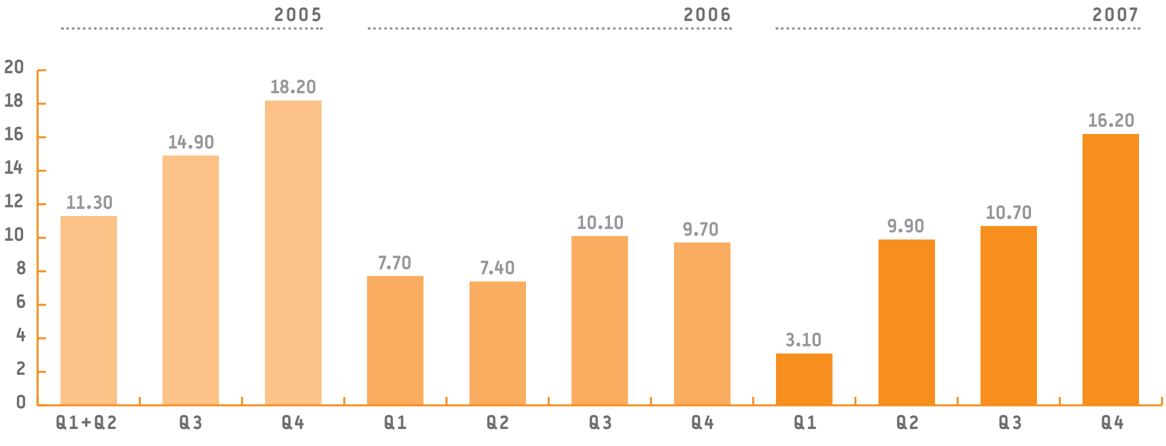


Figure 6: Sales of Projects segment 2005, 2006, 2007

In the *Distribution* segment, sales of modules and components totalled TEUR 45,281 in fiscal year 2007. Thus, sales revenue in this segment could be increased by TEUR 18,100 compared to the previous year. When implementing projects, the installation of thin-film capacities takes priority throughout the Group.

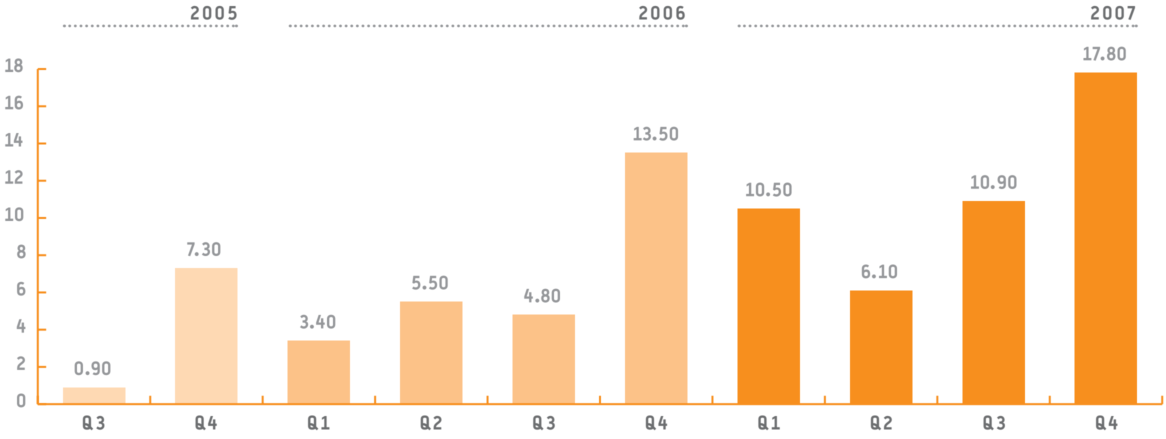


Figure 7: Sales of Distribution segment 2005, 2006, 2007

Foreign sales totalled TEUR 6,098, which means that its share in the Group‘s overall sales amounts to nearly 7.1 percent. Apart from earnings from project planning in South Korea, the sales were generated as the result of business in Spain.

In the period from January 1, to December 31, 2007, the Group’s expenditures for purchased goods and services totalled TEUR 72,518 (previous year: TEUR 55,108). In fiscal year 2007, gross profit – which is made up of sales revenue and other operating income less stock movement and expenditures for goods and services – could be increased to TEUR 13,212 (previous year: TEUR 7,899). At 15.5 percent (previous year: 12.7 percent), the gross profit margin in relation to sales increased significantly compared to the previous year.

The Group‘s personnel expenditure quota (personnel expenditure divided by sales revenue) fell to 5.1 percent in 2007 (previous year: 5.9 percent). Despite an increase in the size of the workforce to 78 on the reporting date, compared to 71 in the previous year, the disproportionate rise in sales revenue had a very positive impact here.

The Group‘s amortisation and depreciation involve scheduled amortisation for intangible assets and scheduled depreciation for tangible assets amounting to TEUR 243.

Other operating expenses for the fiscal year fell to TEUR 8,426 compared to the previous year (TEUR 9,507). The investment and financial results for the fiscal year totalled TEUR -308.

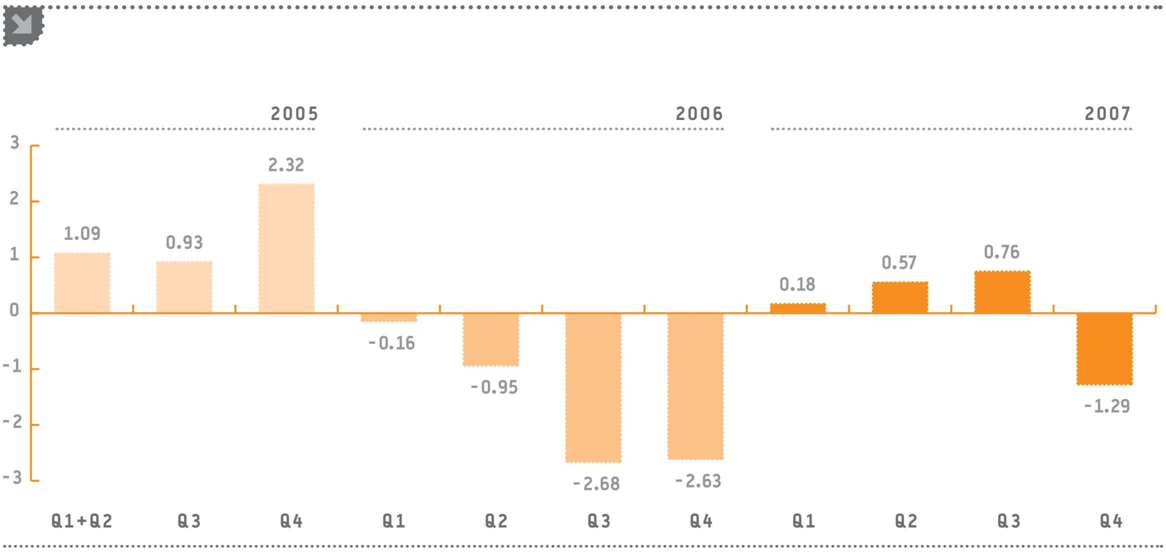


Figure 8: Group EBIT per quarter 2005, 2006, 2007

At the Group level, there was an annual deficit of TEUR 276 for the 2007 fiscal year compared with the deficit of TEUR 4,433 for the previous year. The *Distribution* segment was able to conclude the 2007 fiscal year with a positive result. The *Projects* segment concluded with a negative result. The *Projects* segment posted a result of TEUR -520 (previous year: TEUR -2,519). The earnings for the *Distribution* segment amounted to TEUR 2,396 in fiscal year 2007 (previous year: TEUR -1,363). The comparability is limited, as in the course of the consolidation of the subsidiaries Nastro-Umwelttechnik GmbH and Maaß Regenerative-Energien GmbH the allocation of expenditures had been changed within the segment-reporting.

FINANCIAL STATUS

As part of the first consolidation of subsidiary shares, the active balances, i.e. the amounts by which the acquisition costs exceed the financial equity of the particular company appraised at fair value, were reported in full as goodwill. In accordance with IFRS regulations, goodwill is not systematically written off. Instead, a test (impairment test) to determine depreciation in value is carried out at least once a year so that any necessary, unscheduled depreciation may be identified.

The goodwill shown in the balance sheet of TEUR 18,839 remained unchanged year-on-year. The impairment test indicated no need for unscheduled depreciation.

	31.12.2007 TEUR	31.12.2006 TEUR
PROJECTS	6,758	6,758
DISTRIBUTION	12,081	12,081
GOODWILL	**18,839**	**18,839**

The other intangible assets primarily concern IT software, other equipment, fixtures, fittings and equipment, vehicles, office equipment and IT hardware. From the Group‘s perspective, the values reported are of minor significance.

As of December 31, 2007, the Group‘s financial assets include the subsidiary R+P Sun Energy LLC, Portland/OR, USA, which has not been consolidated for materiality reasons.

Work and services in progress as well as finished products and goods include the inventories of the companies assessed at acquisition or production costs that essentially relate to photovoltaic modules and services rendered in connection with project development. Balance sheet stock totalling TEUR 7,844 (previous year: TEUR 13,448) primarily refers to module stocks held on December 31, 2007.

	31.12.2007 TEUR	31.12.2006 TEUR
ACCOUNTS RECEIVABLE FROM TRADING	2,423	5,261
RECEIVABLES FROM PRODUCTION	10,385	0,139
ACCOUNTS RECEIVABLE (TOTAL)	**12,808**	**5,400**

As of the reporting date, accounts receivable from trading and receivables from production totalled TEUR 12,808.

Deferred tax assets in the amount of TEUR 1,776 (previous year: TEUR 1,330) are entered on the assets side as tax loss carry forward.

The assets of the *Projects* segment amount to TEUR 26,488 as of the reporting date (previous year: TEUR 10,673) and the *Distribution* segment reported assets totalling TEUR 15,350 (previous year: TEUR 18,716) as of the year-end closing. The comparability is limited, as aforementioned. A considerable effect results from the fact, that contrary to previous year the goodwill is allocated to both segments. The value of Group‘s total assets was TEUR 57,705 as of December 31, 2007 (previous year: TEUR 56,874).

COLEXON Energy AG’s subscribed capital amounts to TEUR 5,115 as of 31 December 2007 (previous year: TEUR: 6,874).

Capital surplus increased to TEUR 28,338 compared to the previous year owing to capital increases. The Group’s retained earnings for 2006 in the amount of TEUR 3,247 was carried forward to 2007. As of the reporting date, equity totalled TEUR 36,424 or 63.1 percent of the balance sheet total.

The long-term liabilities include outstanding liabilities in the amount of TEUR 9.436 incurred in connection with the convertible bond issued in the 2006 fiscal year. The bond is due for repayment in May 2009 in accordance with the loan conditions. The partial debentures have thus far not been converted into shares.

The deferred tax liabilities in the amount of TEUR 462, resulting essentially from the application of the percentage-of-completion method in the case of production orders, are reported as long-term liabilities.

Accrued taxes were formed in the amount of TEUR 27 (previous year: TEUR 158). Other provisions totalling TEUR 1,018 (previous year: TEUR 1,041) relate to legal and consulting fees and costs related to preparing the annual financial statement and audit.

On the reporting date, the COLEXON Group had financial liabilities totalling TEUR 3,298 (previous year: TEUR 4,297) in the form of current account liabilities with credit institutions and interim project financing with a credit institution through the short-term use of an import line of credit. Down payments received include, for the most part, payments by customers of the *Distribution* segment for collateralisation of orders. Trade accounts payable primarily refer to obligations arising from the purchase of photovoltaic modules and services within the context of system provider and project business. Other liabilities totalled TEUR 1,960 (previous year: TEUR 11,026) and essentially related to import sales tax for importing modules.

The segment liabilities for the *Projects* segment amounted to TEUR 8,020 as of the reporting date (previous year: TEUR 10,456). Liabilities for the *Distribution* segment amount to TEUR 2,647 (previous year: TEUR 18,523). As of December 31, 2007, the Group‘s total liabilities amounted to TEUR 21,281.

FINANCIAL POSITION

Principles and objectives of COLEXON Energy AG‘s financial business management are oriented toward ensuring the financing of the Group‘s operational business and solvency at all times. Group equity totalled TEUR 36,424 as of December 31, 2007 (previous year: TEUR 32,392), and the equity ratio stood at 63 percent (previous year: 57 percent). The fixed assets are completely covered by equity; the short-range assets are covered to an extent of 24 percent. After deducting the goodwill shown on the balance sheet as of December 31, 2007, a calculated equity of TEUR 17,585 remains (previous year: TEUR 13,554). A convertible bond was taken out in 2006. The holders of the convertible bond have the option to convert it into shares proportional to a partial debenture during the period of January 1, 2007 to May 7, 2009. A corresponding amount of conditional capital is available for this purpose. So far, the conversion option has not been exercised. In the event that the conversion option is not exercised for the partial debenture, the unit issue price of the convertible debenture of EUR 21.90 is to be repaid on May 7, 2009. 474,886 partial debentures have been issued. Further financing with borrowed funds was available to the company in the form of short-term current account lines of credit for the current business and interim project financing valued at TEUR 3,298 as of the reporting date. At end of the year, the company had cash and cash equivalents amounting to TEUR 4,736 (previous year: 14,290).

The cash flow from ordinary business activity during the 2007 fiscal year stood at TEUR -12,496 (previous year: TEUR -3,315).

The reduction of liquidity and cash flow from business activities are to a large extent due on the transition of cash in banks of TEUR 5,308 to long-term assets. This concerns cash in banks which has been put as guarantees.

In fiscal year 2007, COLEXON Energy AG made investments in property, plant and equipment, and intangible assets, the volume of which was of minor significance. As of the date on which the annual financial statement was prepared, no further major investments were made. On the basis of the COLEXON business model, no significant investments in property, plant and equipment and intangible assets will be necessary, nor are any planned.

10. OPPORTUNITIES AND RISK REPORT

RISK MANAGEMENT SYSTEM

The aim of the risk management system (RMS) of the COLEXON Group is to identify, record, analyse, and evaluate all existing risks and take corresponding decisions in order to effectively steer them. Thereby, the RMS satisfies the external requirements pursuant to the Supervision and Transparency Act, The German Corporate Governance Code, The German Accounting Standards and the auditing standards of the Institute of Public Auditors in Germany in addition to further statutory requirements.

The economic benefit of a RMS does not lie only in the fact that it provides transparency and ensures an early-warning function, but also in that it increases planning reliability and reduces risk-associated costs.

COLEXON Energy AG and its subsidiaries do not accept unreasonable risks within the framework of their business activities. However, the COLEXON Group consciously exposes itself to a variety of risks in the context of its business decisions, which can impact operating business.

The risk management system is based on the risk manual. The risk management guidelines, which among other things form the basis of communication at all corporate levels, are derived from the corporate objectives. In the context of risk management, the Executive Board is responsible for the following tasks:

- Setting the corporate objectives and strategies as well as thereof deriving risk management objectives
- Promoting risk awareness within the company (establishment of a culture of risk awareness)
- Creation of a risk management system
- Specification of standards and rules for analysing, evaluating and steering risks
- Keeping the Supervisory Board informed of the risk map at regular intervals

RISK MANAGEMENT 2007

In each of its meetings during the 2007 business year the Executive Board discussed in detail the company‘s individual risks within the expanded management circle, and the Board made various decisions about how to handle potential risks.

In 2007, the Group’s risk management continued to be influenced by the events of the previous business year: negative business development, resignation of the Managing Director of one of the subsidiaries as well as irregularities on the balance sheet. This has hampered the acceptance of the COLEXON Group in the market considerably. But also the more difficult access to adequate outside financing as a result, has prevented us from being able to exploit all arising business opportunities. In addition, there were several personnel changes that have not been conducive to the stability of the company’s development.

The adoption of the IT system Navision caused substantial teething troubles, because of an insufficient preparation and due to the fact that the date of adoption at the end of the business year meant considerable extra effort for the annual accounts. The quality of the data base for steering the business was definitely affected.

IDENTIFIED INDIVIDUAL RISKS

General market situation and corporate strategy

The feed-in tariffs governed by the EEG was the decisive incentive for the development of the PV industry in Germany. That is why the planned reduction of the feed-in tariffs starting from 2009 is likely to have consequences for the German market, which in 2007 represented in excess of 90 percent of the company's turnover. This gives rise to three principle challenges, the implementation of which the Executive Board believes will be decisive to the success of the ongoing development of the company:

- Increasing competitiveness

The price pressure on the German market that is predicted to set in starting from 2009 particularly needs to be countered by increasing profitability at all ranks. When sourcing projects, greater value should be attached to their profitability and on consistent project controlling. Efficient project management is absolutely essential when it comes to implementing the projects. Cost-optimisation potential when procuring modules and components needs to be exploited sustainably. Experts assume that starting from 2009 thin-film technology will have a decisive price advantage in the German market. The company has secured itself extensive quotas by means of long-term supply agreements with the market leader First Solar, which it hopes will garner it a distinct competitive advantage in the German market, especially from 2009 onwards.

- Reduction of the dependency on the German market through internationalisation

By increasing the overseas share of the company turnover, dependency on the German market is to be reduced. The company has already initiated corresponding steps in order to expand activities in Spain, Greece, South Korea and the USA. In addition, further overseas markets are constantly being monitored, in order to be able to respond to business potential. Because of the size of the company, the management here aims at keeping expenditure commensurate to the success potential. The entry into identified markets is possible at relatively short notice owing to the streamlined business model, particularly since it would be possible to generate sales there through trade and to make corresponding contacts with relatively little effort and expense.

- Financing planned growth

Safeguarding the financing of the working capital and the interim financing of projects will remain a critical factor for the success of the company in the future also. Furthermore, in 2009 additional capital demand is expected to arise once the convertible bond becomes due.

Risks and opportunities resulting from the operating business

Supply problems and the non-adherence to the required product quality by suppliers pose a risk in terms of the ongoing business. Because the company itself does not produce photovoltaic modules or any other system parts for solar power plants, but instead procures them on the market, it is dependent on the service and product quality of its business partners. Such defects may result in customers asserting warranty claims against the company. COLEXON hedges against this risk by means of regular monitoring and audits of its partners.

Risks from current or new customer agreements to be concluded are permanently monitored and assessed. Non-payment risks are almost exclusively limited to the scope of project business. In trade business payments are effected in the form of down or advance payments.

In future, the credit standing of the customers will be checked and active receivables management performed, comprising dunning and collection activities.

A framework agreement with fixed delivered quantities and prices relating to in excess of 280 MW by 2012, which constitutes a purchase commitment for the company, has been concluded with the current market leader for thin-film modules. The market prices for these modules may fall more than expected or be replaced by other technologies, meaning that it may only be possible to sell the modules with insufficient margins. However, the agreement is at present judged by the Executive Board and industry experts to be an important asset for the company, since it ensures a sufficient and predictable supply of thin-film modules. The contractual pricing reflects the forecast market development and margins for the company that range from comfortable to adequate. Since the market entry barriers for module manufacturers of these or similar technologies are very high due to the costly production process, we do not anticipate any significant competing products in the module segment developed by other providers for the foreseeable terms of the contract. Framework agreements with other, in particular Asian, suppliers do not involve purchase commitments, but merely available quotas and in this respect do not represent any risk.

The risk of price change affects not only the purchasing side but also the sales side, especially in the case of large-scale projects, if technical and legal acceptance does not take place according to contractually-agreed deadlines. Furthermore, the planned project profitability can also be considerably impaired by cost overruns for materials and installation services.

The currency risk resulting from the invoicing of purchases and sales in currencies other than the euro is at present manageable.

The company is negotiating with banks with a view to agreeing corporate financing agreements to limit liquidity risk. The corporate financing involves interim project financing and working capital financing. In December 2007, interim project financing was agreed with a bank for a major project in 2007. Further such financing will be necessary. If progress and final payments have been agreed for projects, any advance payments for the procurement of materials and installation services need to be financed in advance. The risk associated with cash flow fluctuations can be intensified even further if the customer delays payment for the project.

The international expansion shall initially take place primarily via commercial business in order to facilitate financing. Risks associated with international business are in particular management and financial risks, but also include contract risks.

Measures taken to cover the risks

The introduction of an integrated IT system (ERP system) in autumn of the past business year will improve the efficiency of the Group's RMS in the medium term. The introduction did, however, also involve some teething problems. The system will be upgraded to include reporting and document management tools. This will optimise work processes and process reliability. The introduction of the new IT system represents a significant improvement of the risk management in the area of IT. The IT risks are very unlikely, but could have a distinctly negative effect on earnings should they occur.

The establishment of an in-house legal department creates a sounder basis for the management and controlling of agreements. The aim for 2008, besides establishing an inventory of agreements, is to prepare and implement standard agreements in many areas.

A number of legal proceedings are pending against the Group, respectively may become so. In the opinion of the Executive Board these are in the main legal disputes that are common to the industry and business in general. COLEXON forms provisions for legal disputes once the resulting obligations become likely and their amount sufficiently calculable.

Owing to restructuring measures in the Finance and Accounts department in 2007 with corresponding effects on the years to come, the performance of the Controlling department was limited. This division is to be restaffed and professionalised even further at the start of the 2008 business year. The controlling system currently implemented at COLEXON does not yet provide any adequate, up-to-date and decision-relevant information in segment and project-specific results. In future, there will be monthly target-actual comparisons and top-down and bottom-up business planning. During the fiscal year, we are conducting rolling planning that takes into consideration the implementation of a package of measures, including countermeasures, and monitors its achievement.

With the aid of an external consultancy, the organisational structure has been undergoing modifications since the beginning of 2008, in the course of which the processes are being made more efficient and the competences newly regulated.

As a listed public company, the COLEXON Group is also subject to growing risks, which could result from the fact that the company is no longer in the position to observe the numerous regulations and increasing legal amendments. COLEXON Energy AG is countering this risk by setting up its own legal department, by continually training employees in key positions and by regularly consulting external experts.

The Group has sufficient insurance cover to the insurable business risks. Such business insurance policies are managed centrally for the Group.

Other identifiable risks are covered by means of the assets and liabilities valuation methods in the balance sheets, in particular by forming provisions. On the basis of the share price, we do not anticipate the convertible bond to be converted in May 2009. We are currently looking into alternative forms of financing.

Risks, which on their own or in combination with other risks could jeopardise the continued existence of the company as a going concern, are not recognisable at present. Since large-scale projects will in future account for a significantly larger share of our business, the risk structure will change, as the diversification of risks will decline as the result of the decreasing proportion of smaller and medium-sized projects. It is assumed that sufficient funds will be available to finance projects. Should this not be the case, the *Distribution* business will receive a larger share of business, due to its financing function.

11. SUPPLEMENTARY REPORT

In January 2008, the Executive Board opted to dissolve regional sales activities in Southern Germany. The reason for this is that gaining market shares with smaller commercial plants by means of regional sales departments is very cost intensive especially in Southern Germany and is relatively insufficient promising. The sales department will focus on the acquisition of larger commercial projects through the Key Account team as well as on internationalisation.

On 3 March 2008, an agreement was concluded between COLEXON and Renewagy A/S with a volume of 5.6 MWp. The sales volume totals 21.8 million euros.

No other events occurred after the reporting date that had a material impact on the earnings, financial and liquidity position of COLEXON Energy AG.

12. FORECAST REPORT

The forecasts for the macroeconomic development for 2008 have taken a turn for the worse due to the financial crisis in the USA. However, economic drive outside of the industrialised nations remains very robust. Thus, leading economic research institutes anticipate growth of 4.5 percent for the global economy and 1.9 percent (previously 2.4 percent) in Germany in 2008.

The global debate on climate change caused by increasing CO2 emissions is improving environmental awareness especially in industrialised nations, but increasingly also in emerging nations. The growing importance of renewable energies, in particular solar energy, for future energy supply is raising awareness, even among political decision makers. Thus, in many countries the foundations are being laid and reinforced through legislative changes for the expansion of solar power generation. Experts anticipate the global solar market to grow to 8.25 gigawatts (50 percent CAGR) by 2010.

In Germany, however, the latest White Paper on the revision of the Renewable Energy Sources Act (EEG) starting from 2009 is likely to have an opposite effect. If the bill is coming into effect, the planned higher decrease in the feed-in compensation for solar energy plants will lead to a decline in growth potential. This is why the market is expected to boom significantly in 2008 and slow down considerably in 2009.

German PV companies are therefore facing the challenge of having to meet the rapidly increasing price pressure in 2009 through a corresponding reduction of their cost structure and the exploitation of international markets.

According to estimates by market experts, adequate yields both at the suppliers' and customers' end will only be possible within the next few years on the German market using thin-film technology. The market share of this module technology is set to expand from approx. 13 percent in 2007 to at least 24 percent in 2010. (Source: LBBW Sector Report, February 27, 2007)

COLEXON Energy AG positioned itself as a specialist for thin-film plants early on and, through long-term supply agreements for thin-film modules, especially with the market leader First Solar, has secured quotas of at least 280 MW until 2012. Since, however, thin-film resources are relatively limited in 2008, the company is planning to increase the portion of projects this year in which the use of crystalline technology offers greater technical and economic benefits.

In doing so, COLEXON will focus increasingly on cooperation with institutional investors in major projects exceeding 300 kWp. An agreement was thus concluded with Renewagy A/S in March 2008 for 5.6 MWp, with a sales volume of EUR 21.4 mio.; other project agreements are in the pipeline. Other important target groups for major projects include large individual customers such as for example real estate companies, corporations or chains of stores. The company is positioning itself here as a professional partner for yield-optimised solar power plants. The company's organisation is currently being adapted to take account of the new objective: the technical management is being reinforced, the legal department expanded and the project controlling optimised with regard to major projects.

The next most important strategic goal for 2008 is the expansion of the international activities of COLEXON, with the main goal this year being to lay the foundations for sustainable international business successes for the period following 2009:

- In preparation for the market entrance in the USA, new staff has been employed and the offices relocated to Phoenix/Arizona, not least due to the geographical position that is much more attractive for realising solar projects.
- The Spanish market will in future be serviced more efficiently through cooperation with institutional investors.
- Following initial steps in Greece in 2007, sales and marketing activities will be stepped up, although no major contributions towards sales are expected here for 2008.
- By means of the framework agreement with LG Chem, COLEXON plans to implement projects with building integrated photovoltaics in South Korea. This expertise in particular could also be promising in future in countries such as France.

In total, the company is planning to generate approx. 15 percent of its sales abroad in 2008. The main growth is expected as from 2009, meaning that the overseas business could account for up to 50 percent of sales by 2010.

At the same time the Trading segment will continue to play an important role in the years to come, because the immediate goal will be to exploit the international markets by means of commercial projects. Furthermore, long-term framework agreements in the wholesale segment secure the company's planning reliability, whereas short-term commercial business from case to case can compensate the considerable sales fluctuations resulting from project business. For this reason, we expect sales in 2008 being generated approx. 55 percent from the Projects segment and about 45 percent of the Trading segment.

For the current business year 2008, the Executive Board expects sales of EUR 110 million and an EBIT of between EUR six and eight million. Next year, the Executive Board expects growth rates of 35 percent and an EBIT margin of 5 percent.

Owing to the dynamic nature of the photovoltaic market, with which we are familiar, it is quite possible that future developments and results will deviate from our current expectations.

AFFILIATED COMPANY REPORT

A dependent company report pursuant to § 319 section 3 AktG had been prepared. The Executive Board declare according to § 312 section 3 AktG the follwing:

Our company has received an adequate return in all transactions subject to the report on relations to affiliated companies according to the circumstances which has been known to us at the time of the transaction. Neither in the interest nor upon request of the affiliated company measures have been taken or refrained to the detriment of the company.

RESPONSABILITY DECLARATION

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial and earnings position of the Group, and the consolidated management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hamburg, March 26, 2008

The Executive Board

Thorsten Preugschas

Dr. Volker Wingefeld

CONSOLIDATED FINANCIAL STATEMENT AS OF DECEMBER 31, 2007

BALANCE SHEET

CONSOLIDATED FINANCIAL STATEMENT AS OF DECEMBER 31, 2007

ASSETS

	ANNEX	31.12.2007 EUR	31.12.2006 EUR
A. LONG-TERM ASSETS			
I. GOODWILL	5, 6	18,838,765.63	18,838,765.63
II. OTHER INTANGIBLE ASSETS	5, 6	282,818.73	53,072.44
III. TANGIBLE ASSETS OTHER EQUIPMENT, FIXTURES, FITTINGS AND EQUIPMENT	5, 7	583,435.62	706,309.37
IV. FINANCIAL ASSETS INVESTMENTS	5, 8	2,475.66	2,475.66
V. OTHER LONG-TERM ASSETS	9	6,077,211.20	105,984.18
VI. DEFERRED TAX ASSETS	10	1,775,789.27	1,330,416.42
TOTAL LONG-TERM ASSETS		**27,560,496.11**	**21,037,023.70**
B. SHORT-TERM ASSETS			
I. INVENTORIES	11		
1. WORK IN PROCESS		0.00	381,346.06
2. FINISHED GOODS		7,844,093.07	13,067,480.28
3. ADVANCED PAYMENTS		1,311,622.83	385,034.42
II. ACCOUNTS RECEIVABLE FROM TRADING	12	2,423,200.00	5,261,050.84
III. RECEIVABLES FROM PRODUCTION ORDERS	13	10,385,134.63	139,459.83
IV. CASH AND CASH EQUIVALENTS	14	4,735,866.37	14,289,798.15
V. OTHER ASSETS	15	3,060,580.95	1,929,754.81
VI. CLAIMS FOR TAX REFUND	16	383,936.84	383,519.61
TOTAL OF SHORT-TERM ASSETS		**30,144,434.69**	**35,837,444.00**
C. BALANCE SHEET TOTAL		**57,704,930.80**	**56,874,467.70**

EQUITY AND LIABILITIES

	ANHANG	31.12.2007 EUR	31.12.2006 EUR
A. EQUITY			
I. SHARE CAPITAL	17	5.115.000,00	4.650.000,00
II. CAPITAL RESERVES	17	28.338.658,02	24.495.900,27
III. RETAINED EARNINGS		3.246.585,84	0,00
IV. NET INCOME		-276.143,09	3.246.585,84
TOTAL EQUITY		36.424.100,77	32.392.486,11
B. LIABILITIES			
I. LONG-TERM LIABILITIES			
1. CONVERTIBLE BOND	18	9.435.713,77	9.377.716,63
2. DEFERRED TAXES	18	461.794,58	31.553,37
3. OTHER LONG-TERM LIABILITIES	18	30.661,20	255.661,20
TOTAL LONG-TERM LIABILITIES		9.928.169,55	9.664.931,20
B. LIABILITIES			
II. SHORT-TERM LIABILITIES			
1. ACCRUED TAXES	19	27.106,30	157.875,30
2. PROVISIONS AND ACCRUED LIABILITIES	20	1.018.104,70	1.041.418,34
3. FINANCIAL LIABILITIES	21	3.298.356,52	4.296.810,04
4. ADVANCES	22	1.446.181,68	194.573,66
5. TRADE ACCOUNTS PAYABLE	23	3.602.858,12	8.100.644,47
6. OTHER LIABILITIES	24	1.960.053,17	1.025.728,58
TOTAL SHORT-TERM LIABILITIES		11.352.660,49	14.817.050,39
TOTAL LIABILITIES		21.280.830,04	24.481.981,59
C. BALANCE SHEET TOTAL		57.704.930,80	56.874.467,70

PROFIT AND LOSS STATEMENT

CONSOLIDATED FINANCIAL STATEMENT AS OF DECEMBER 31, 2007

	ANNEX
1. SALES	26
2. OTHER OPERATING INCOME	27
3. INCREASE IN WORK IN PROGRESS	
4. COST OF RAW MATERIALS AND SUPPLIES	28
5. COST OF PURCHASED SERVICES	28
6. GROSS PROFIT OR LOSS	
7. PERSONNEL EXPENSES	29
8. AMORTISATION AND DEPRECIATION	30
9. OTHER OPERATING EXPENSES	31
10. EARNINGS BEFORE INTEREST AND TAXES (EBIT)	
11. INTEREST AND SIMILAR INCOME	32
12. OTHER INTEREST AND SIMILAR EXPENSES	33
13. WRITE-OFFS OF FINANCIAL ASSETS	
14. INVESTMENT AND FINANCIAL RESULT	
15. TAX ON INCOME	34
16. OTHER TAXES	35
17. NET RESULT	
RESULTS PER SHARE IN ACCORDANCE WITH IAS 33 (UNDILUTED) BASE 4.76 MIO. SHARES IAS 33	**36**

	Q1-Q4 2007 01.01.-31.12.2007 EUR	Q1-Q4 2006 01.01.-31.12.2006 EUR	Q4 2007 01.10.-31.12.2007 EUR	Q4 2006 01.10.-31.12.2006 EUR
	85,370,257.27	62,208,161.79	34,032,862.70	23,376,182.54
	655,664.03	446,918.80	282,665.06	-84,910.67
	-296,346.06	350,276.45	-957,803.51	220,622.27
	-65,360,254.82	-52,299,751.68	-27,151,894.72	-20,049,833.82
	-7,157,535.45	-2,806,932.28	-2,454,029.49	-1,022,036.27
	13,211,784.98	**7,898,673.08**	**3,751,800.05**	**2,101,261.94**
	-4,325,559.24	-3,685,496.04	-1,780,501.04	-1,105,667.69
	-244,360.67	-1,124,722.92	-59,482.07	-373,002.48
	-8,425,642.08	-9,506,679.15	-3,205,862.73	-3,591,161.88
	216,222.99	**-6,418,225.03**	**-1,294,045.79**	**-2,968,570.11**
	224,359.97	155,126.93	59,313.32	55,564.39
	-532,199.99	-848,708.82	-138,064.42	-170,084.97
	0.00	-23,717.76	0.00	-23,717.76
	-307,840.02	**-717,299.65**	**-78,751.10**	**-138,238.34**
	-176,799.06	2,716,746.63	300,656.73	1,010,100.22
	-7,727.00	-14,711.59	-1,702.00	-3,147.28
	-276,143.09	**-4,433,489.64**	**-1,073,842.16**	**-1,699,344.09**
	-0.06	**-0.95**		

CHANGE OF EQUITY

CONSOLIDATED FINANCIAL STATEMENT AS OF DECEMBER 31, 2007

	ANNEX	SUBSCRIBED CAPITAL EUR
I. STATUS DECEMBER 31, 2007		4,650,000.00
1. CAPITAL INCREASE FOR CASH	17	465,000.00
2. AGIO	17	
3. RECLASSIFICATION OF COSTS FOR SHARE CAPITAL INCREASE	17	
4. NET RESULT		
II. STATUS DECEMBER 31, 2007		5,115,000.00

I. STAND DECEMBER 31, 2005		4,650,000.00
1. EQUITY FROM CONVERTIBLE BOND ACC. TO IAS 32		
2. NET RESULT		
3. TRANSFER FROM CAPITAL RESERVE FOR APPROPRIATION TO BALANCE SHEET PROFIT		
II. STATUS DECEMBER 31, 2006		4,650,000.00

	CAPITAL RESERVE EUR	RETAINED EARNINGS EUR	ACC. RESULTS EUR	TOTAL EUR
	24,495,900.27	3,246,585.84	0.00	32,392,486.11
				465,000.00
	3,945,400.00			3,945,400.00
	-102,642.25			-102,642.25
			-276,143.09	-276,143.09
	28,338,658.02	3,246,585.84	-276,143.09	36,424,100.77
	28,195,483.19	2,748,354.49	0.00	35,593,837.68
	1,232,138.07			1,232,138.07
			-4,433,489.64	-4,433,489.64
	-4,931,720.99	498,231.35	-4,433,489.64	
	24,495,900.27	3,246,585.84	-8,866,979.28	32,392,486.11

CASH FLOW STATEMENT

CONSOLIDATED FINANCIAL STATEMENT AS OF DECEMBER 31, 2007

	NET RESULT
+	DEPRECIATION AND AMORTISATION OF FIXED ASSETS
+	LOSS FROM THE DISPOSAL OF FIXED ASSETS
-	RECLASSIFICATION INTO CAPITAL RESERVE (NON CASH RELEVANT)
+	GOODWILL AMORTISATION
-	REDUCTION OF PROVISIONS
+/-	REDUCTION / INCREASE OF INVENTORIES
-/+	INCREASE / REDUCTION OF TRADE RECEIVABLES
-	INCREASE OF OTHER FIXED ASSETS
-/+	REDUCTION / INCREASE OF LIABILITIES
	CASH FLOW FROM OPERATING ACTIVITIES
-	PAYMENTS FOR FIXED INTANGIBLE ASSETS
-	PAYMENTS FOR TANGIBLE ASSETS
+	PROCEEDS OF DISPOSAL OF NON-CURRENT ASSETS
	CASH FLOW FROM INVESTING ACTIVITIES
+	PROCEEDS FROM CONVERTIBLE BOND
+	PROCEEDS FROM SHARE CAPITAL INCREASE
-/+	REDUCTION / INCREASE IN BANK LIABILITIES
	CASH FLOW FROM FINANCING ACTIVITIES
	CASH AND CASH EQIVALENTS AT BEGINNING OF PERIOD
+	CHANGE IN CASH AND CASH EQUIVALENTS
=	**CASH AND CASH EQUIVALENTS AT END OF YEAR**

ANHANG	01.01.-31.12.2007 EUR	01.01.-31.12.2006 EUR
	-276,143.09	-4,433,489.64
30	243,526.77	231,515.60
5-7	16,532.74	191,555.81
	0.00	1,088,967.17
19-20	-154,082.64	-1,382,248.86
11	4,678,144.86	-6,431,886.44
12, 13	-7,407,823.96	6,823,607.06
9, 10, 15, 16	-7,547,843.24	-3,209,150.81
18, 21-24	-2,048,615.39	3,806,041.39
	-12,496,303.96	**-3,315,088.72**
5, 6	-290,756.97	-46,163.68
5, 7	-111,218.09	-675,210.12
5-7	35,043.01	46,315.17
	-366,932.05	**-675,058.63**
	0.00	10,345,625.73
	4,307,757.75	0.00
21	-998,453.52	3,709,430.17
	3,309,304.23	**14,055,055.90**
	14,289,798.15	4,224,889.60
	-9,553,931.78	10,064,908.55
14	**4,735,866.37**	**14,289,798.15**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

NOTES

ACCOUNTING PRINCIPLES

At the extraordinary shareholders' meeting on December 18, 2007 the shareholders of Reinecke + Pohl Sun Energy AG have decided to change the name of the company to COLEXON Energy AG. The registration of the new name in the Commercial Register was made on January 25, 2008.

1. BASIC PRINCIPLES OF ITEMISATION OF THE CONSOLIDATED FINANCIAL STATEMENT

As of December 31, 2007, the Consolidated Financial Statement (CFS) of COLEXON Energy AG in Hamburg (hereafter abbreviated as 'COLEXON AG' or in connection with the Group 'COLEXON Group') has been prepared to the closing date in accordance with the International Financial Reporting Standards (IFRS) that has been adopted and publicised by the International Accounting Standards Board (IASB) 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 COLEXON Group's financial position.

COLEXON 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 statement in hand concerns a fully fledged CFS for the period between January 1 and December 31, 2007 with comparative figures for the period between January 1 and 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 simplification purposes, thousand euro is reported as TEUR.

The CFS at hand will be approved for publication subsequent to the plenary session of the Supervisory Board scheduled to take place on March 27, 2008.

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 lAS 36 and lAS 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 lAS 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 lAS 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 lAS 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
The 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 December 31, 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 convertible 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 lAS 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.

Fair value of financial assets and liabilities balanced at amortised costs
Due to the short-term nature of the receivables and liabilities reported in the balance sheet, their carrying amount approximately corresponds to the fair value on the reporting date.

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 at the time 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 CFS as of December 31, 2007, all companies are included, of which COLEXON AG has the direct or indirect majority of voting rights. The companies have been included in the CFS in the period where COLEXON AG achieved the possibility of control. Those subsidiary companies, which are from the company's point of view of minor significance, will be balanced as financial instruments in accordance with IAS 39.

In addition to the parent company COELXON AG, the following subsidiary companies have been included in the CFS as of December 31, 2007, in the course of the full consolidation:

	STAKE %	EQUITY 31.12.2007 TEUR	NET INCOME TEUR
COLEXON GMBH, HAMBURG	100	1,016	738
COLEXON IBERIA S.L., MADRID	100	359	295

The registration of the consolidation and renaming of the German subsidiaries Nastro-Umwelttechnik GmbH und Maaß Regenerative-Energien GmbH to COLEXON GmbH in the Commercial Register was made on August 28, 2007. The wholly-owned subsidiaries R+P Sun Energy LLC, Portland/OR, USA has been included neither as affiliated company in the CFS nor in course of full consolidation, due to minor significance.

As of December 31, 2007, a 10 percent share of BK Bau und Grund GmbH i.L. in Munich also exists. Due to the intended sale of the shares, which have already been completely written-off, the information is shown under long-term assets available-for-sale.

The financial statements of the companies included in COLEXON AG's Consolidated Financial Statement 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 as well as receivables and payables or 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 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, of goodwill will be amortised extraordinarily. 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 (lAS 11)
If the result of a production order is estimated as dependable, then revenues and costs of the order are to be entered as income and expenses respectively according to the performance rate on the balance sheet date. In accordance with the HGB, stage of completion accounting is generally not permitted.

Production orders were measured in accordance with the milestone method. The company generally applies the PoC method for projects greater than 15 kWp. In a further step, a distinction is made between projects up to and over 100 kWp. Projects up to 100 kWp are taken into account as a whole, with distinctions made only between the percentages of completion of 25 percent, 50 percent and 75 percent. Projects over 100 kWp, however, are considered at the respective individual percentage of completion.

For this, the project size is defined not by individual location, but by customer contract. This means for example, that a customer contract over 1,000 kWP which, however, extends over a number of locations that may be under 100 kWp in individual cases, is treated as one project.

On the reporting date of 31 December 2006, a distinction was made between projects of up to 15 kWp, 15 kWp to 500 kWp and over 500 kWp for the milestone method. Due to new circumstances arising in 2007, the previous treatment would not have led to a proper presentation. Consequently, the change to the classification of projects for projects in the previous year does not result in a significant deviation.

For the first time on December 31, 2007, lump-sum indirect costs were also taken into account in the measurement of production orders.

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 respective current value as of the balance sheet date. Profits and losses from the alteration of the market value will be accounted as not affecting net income within the equity. Depreciation by unscheduled depreciation and by sales realised as profit or loss will 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 PRODUCTIONS COSTS			
	STATUS BEGIN OF FISCAL YEAR TEUR	ADDITIONS TEUR	DISPOSALS TEUR	STATUS 31.12.2007 TEUR
GOODWILL	18,839	0	0	18,839
OTHER INTANGIBLE ASSETS	70	291	0	361
OTHER EQUIPMENT	55	0	0	55
OPERATING EQUIPMENT	839	111	120	830
INVESTMENTS	2	0	0	2
	19,806	402	120	20,088

	WRITE-OFFS					
	STATUS BEGIN OF FISCAL YEAR TEUR	ADDITIONS TEUR	DISPOSALS TEUR	STATUS 31.12.2007 TEUR	BOOK VALUE 31.12.2007 TEUR	BOOK VALUE PREVIOUS YEAR TEUR
GOODWILL	0	0	0	0	18,839	18,839
OTHER INTANGIBLE ASSETS	17	61	0	78	283	53
OTHER EQUIPMENT	6	11	0	18	37	49
OPERATING EQUIPMENT	181	171	68	284	546	657
INVESTMENTS	0	0	0	0	2	2
	205	243	68	381	19,707	19,601

6. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill has not changed compared to its level on the previous reporting date, December 31, 2006.

Goodwill was not amortised in the fiscal year 2007. Scheduled amortisations exclusively took place on other intangible assets, which primarily concern IT software.

At least once a year, within the scope of an impairment test, it shall be examined to which extent an unscheduled depreciation of goodwill should take place. For this, cash-generating units have been identified within the company, which follow internal controlling and reporting. Therefore, the cash-generating units correlate to the *Projects* and *Distribution* segments, which are described in detail in the notes to the segment report. The book value of the allocated goodwill for the *Projects* segment amounts to TEUR 6,758, for the *Distribution* segment, the book value of goodwill amounts to TEUR 12,081.

The basis of the utility value for the *Projects* and *Distribution* segments are assumptions concerning market development, module availability, financing and company development, which result from the company's long-term corporate planning. Expectations on price development of PV plants and -modules as well as the presumed development of the regulartory framework are key assumptions in the planning period. For this purpose, a five-year plan for each cash-generating unit has been prepared up to 2012, which is based on the Board of Management's market and company estimations, which are partially supported by market studies. Sales revenue, expenses for purchased good and services as well as personnel and other expenses are also derived from this. In addition, investment expenditures have been determined from the investment plan for the respective area. The rates of growth determined for the individual areas within the planning period, have been separately determined for the individual years of the planning period. The calculation of the utility value for the *Projects* and *Distribution* segments were effected solely upon the respective discounting of payment flows with a discount rate that is equivalent to the average cost of capital rate. Moreover, the impacts of a variety of market developments on the use-value were determined in various scenarios.

The discounted interest rate used within the scope of the company valuation is determined on the basis of market data and is 12.4 percent. For the extrapolation of cash flows beyond the detailed planning period, a constant growth of 1.25 percent was used in order to account for anticipated inflation. The growth rates are taken from experience and future expectations and each do not exceed market growth rates in which the units operate.

No amortisation necessity for goodwill was identified from the Impairment Test.

The additions to other intangible assets are basically based on the purchase of Navision software.

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:

	31.12.2007 TEUR	31.12.2006 TEUR
R+P SUN ENERGY LLC, PORTLAND/OREGON, USA	2	2
FINANCIAL ASSETS	**2**	**2**

As of the balance sheet date, the company held a 100 percent stake in R+P Sun Energy LLC, Portland, Oregon, USA, which did not show a significant operating acitivity. These shares are balanced in accordance with IAS 39 as financial assets along with their 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 as well as security deposits of TEUR 5,308 and retained securities in the amount of TEUR 649.

Compared to the previous year, a deposit of TEUR 5,000 for a buying contract was reclassified from liquid funds to other fixed assets. This deposit is subject to a restriction on disposal.

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 valuated company stocks, which are primarily photovoltaic modules and services connected to the project development.

Those inventories listed as expenses in the Consolidated Income Statement under the items changes to expenses for purchased goods and non-cash benefits and services, amount to TEUR 72,518 in fiscal year 2007 (previous year: TEUR 55,107).

In the fiscal year 2007, depreciation of inventories amounting to TEUR 656 (previous year: TEUR 1,666) was entered under expenditures.

Floating goods worth TEUR 713 are included under finished products and goods.

12. ACCOUNTS RECEIVABLE

All accounts receivable have maturity of up to one year.

Value adjustments for receivables have developed as follows in the fiscal year:

	TEUR
STATUS JANUARY 1, 2007	835
USE	2
RELEASE	268
ADDITION	672
STATUS DECEMBER 31, 2007	1,237

The change to value adjustments worth TEUR 402, and losses on bad debts amounting to TEUR 1,076 has had an adverse effect on the net earnings from receivables and other assets.

Individual value adjustments are made in accordance with the individual estimate of the Executive Board. Receivables are derecognised when the impossibility of collection arises.

Of the total assets, TEUR 2,446 was due and not value-adjusted on the reporting date.

13. FUTURE RECEIVABLES FROM PRODUCTION ORDERS

DThis item includes realised earnings resulting from the stage of completion accounting 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 earnings situation (excluding deferred tax effects) from long-term production orders can been seen from the following overview:

	31.12.2007 TEUR	31.12.2006 TEUR
EARNINGS FROM ORDERS	14.449	395
ORDER EXPENSES	-12.964	-315
REALISED EARNINGS	1.485	80
GOODS DELIVERED	12.964	315
ADVANCE PAYMENTS RECEIVED	-4.064	-256
FUTURE RECEIVABLES FROM PRODUCTION ORDERS	10.385	139

At the end of the fiscal year, a large number of projects were already completed and on the grid. Only legal take-over was still outstanding. According to the contractual agreement, turnover can only be realised if technical and legal takeover has occurred.

For this reason, future receivables from production orders and also production orders have risen very sharply.

14. CASH AND CASH EQUIVALENTS

The item cash equivalents includes the bank balances of TEUR 4,734 (December 31, 2006: TEUR 14,285) and cash balance of TEUR 2 December 31, 2006: TEUR 5). Other than in the previous year, cash in bank serving as security of TEUR 5,308 are reclassified to long-term assets. In the previous year, balance of cash in bank was at TEUR 5,300.

15. OTHER ASSETS

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

	31.12.2007 TEUR	31.12.2006 TEUR
TURNOVER TAX RECEIVABLES	2,295	30
RECEIVABLES FROM SHAREHOLDERS	109	968
PREPAID EXPENSES	142	163
SHORT-TERM LOANS	207	624
SUPPLIERS WITH DEBIT BALANCES	0	0
DEPOSITS	0	10
OTHER	307	135
	3,061	**1,930**

Receivables from shareholders of TEUR 109 exist against one member of the Executive Board. Receivables worth TEUR 96 carried interest as of June 1, 2007 at 5.0 percent over the applicable base rate (2.7 percent). In March 2008, TEUR 96 was paid by the shareholder.

Furthermore, we refer to item 37.

16. CLAIMS FOR REFUND ON INCOME TAX

Claims for refund on income tax result from deposits income tax for the year 2006 as well as from carrying back the loss of COLEXON GmbH.

17. EQUITY

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

The company's subscribed capital (share capital), as of the company's balance sheet date amounts to TEUR 5,115 (previous year: TEUR 4,650) and is divided amongst 5,115,000 no-par bearer shares.

Two capital increases were successfully placed in the fiscal year, as a result of which 287,000 and 178,000 new no-par bearer shares were issued. Subscribed capital thereby increased by EUR 287,000 and EUR 178,000 to EUR 5,115,000.

The capital increases were entered in the commercial register on 14 June 2007 and 1 November 2007.

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 section 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). The Executive and Supervisory Boards decided on a capital increase on May 14, 2007 and on September 27, 2007, partly utilising authorised capital. Authorised capital totals EUR 1,860,000.00 as of December 31, 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 EUR 1,550,000 through the issue of 1,550,000 new individual share certificates issued to the bearer in accordance with §4 section 7 (contingent capital). In accordance with § 272 (2) No. 1 of the German Commercial Code (HGB), a sum amounting to EUR 3,945,400 was injected into the capital reserves.

The costs of the capital increases excluding income tax totalling TEUR 193 were offset in accordance with IAS 32.37.

18. LONG-TERM LIABILITIES

COLEXON AG issued a convertible bond in May 2006. In total, 474,886 bonds at a price of EUR 21.90 per unit were issued. Thus liquid funds amounting to TEUR 10,400 flowed into COLEXON AG. The maturity of the convertible bond is three years (May 8, 2006 until May 7, 2009), the interest is 3.5 percent 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. For this commensurate contingent capital is available. So long as the conversion right is not exercised, the conversion bond is to be repurchased at the issue price on May 7, 2009. Balanced outside capital components under long-term liabilities amounts to TEUR 9.378 (please see '2. Individual Principles of Reporting and Valuation'). On May 8, 2007, TEUR 364 in interest was paid out for the convertible bond. This was deducted directly from outside capital components.

Deferred tax obligations are determined by stage of completion accounting in accordance with IAS 11. Other long-term liabilities are related to deposits for sublet office space.

19. TAX PROVISIONS

The changes of provisions for taxes are as follows:

	TEUR	TEUR
STATUS JANUARY 1	158	301
RELEASE	21	50
USE	110	115
ADDITION	0	22
STATUS DECEMBER 31	**27**	**158**

20. OTHER PROVISIONS

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

	31.12.2007 TEUR	31.12.2006 TEUR
WARRANTIES	480	319
LEGAL COSTS	212	5
COSTS OF FINANCIAL STATEMENTS AND AUDITS	204	108
RENTAL CHARGES	69	0
COSTS OF VACANCIES	38	0
LEGAL AND CONSULTING COSTS	0	284
OUTSTANDING INVOICES	0	102
REMAINING LEAVE/OVERTIME	0	91
BONUSES	0	0
OTHER	16	132
	1,018	**1,041**

Legal and consulting costs as well as costs for outstanding invoices are entered in the trade accounts payable in the business year.

The changes of other provisions are as follows:

	TEUR	TEUR
STATUS JANUARY 1	1,041	1,014
RELEASE	48	53
USE	708	943
ADDITION	733	1.023
STATUS DECEMBER 31	1,018	1,041

Warranty and process risks are assessed through estimates from management and lawyers which are subject to fluctuations in the event of changed information. As in the previous year, the estimates were made based on reasonable commercial assessment.

The payment of the provisions is expected to take place within one year.

21. 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.

The liabilities due to banks concern current accounts as well as interim financing for a project with one bank.

22. 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.

23. ACCOUNTS PAYABLE

All accounts payable have a maturity of up to one year. Trade accounts payable of TEUR 5,000 are secured by bank guarantees.

24. OTHER LIABILITIES

The other short-term liabilities all have a maturity of up to one year. This item is comprised as follows:

	31.12.2007 TEUR	31.12.2006 TEUR
TURNOVER TAX ON IMPORTS	511	486
TAXES	381	0
BONUSES/COMPENSATION/LEAVE BENEFITS	302	66
OBLIGATIONS FROM SETTLEMENTS	225	225
TAX ON WAGES	196	44
LEAVE	101	0
OTHER	244	205
	1,960	**1,026**

25. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

On the Balance Sheet reporting date on contingent liabilities exist from a guarantee agreement of TEUR 5,000 (previous year: TEUR 0).

Other financial obligations exist in the form, amongst other things, of module supply contracts with maturities of up to one year of TEUR 57,255 (previous year: TEUR 27,456) and with maturities of more than one and up to five years at TEUR 205,541 (previous year: TEUR 252,678).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

26. SALES REVENUE

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

Turnover in the *Projects* segment is generally realised on the technical and legal takeover of the plant. In the *Distribution* segment, turnover is realised on delivery of the goods.

For the definition of the percentage of completion in the *Projects* segment, please refer to the explanations under the item production orders.

27. OTHER OPERATING EARNINGS

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

	31.12.2007 TEUR	31.12.2006 TEUR
EARNINGS FROM WRITE-OFFS OF VALUE ADJUSTMENTS	268	108
EARNINGS FROM EXCHANGE DIFFERENCES	188	-4
CHARGES FROM NON-CASH REMUNERATION	154	139
COST TRANSFERS	15	60
EARNINGS FROM RELEASE OF PROVISIONS	7	53
INSURANCE COMPENSATION	3	47
OTHER	21	44
	656	447

Revenues from the reversal of provisions for the warranty totalling TEUR 41 were balanced with the allocation to warranty reserves in the profit and loss statement.

28. 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 COLEXON Group in this connection.

29. PERSONNEL EXPENSES

Personnel expenses are subdivided as follows:

	31.12.2007 TEUR	31.12.2006 TEUR
SALARIES AND WAGES	3,809	3,130
SOCIAL SECURITY CONTRIBUTIONS	501	515
EXPENSES FOR PENSION SCHEMES	16	40
	4,326	3,685

30. DEPRECIATION AND AMORTISATION

Depreciation in the year under review is attributed to planned depreciation of other intangible assets and tangible assets (TEUR 243) as well as the unusual high depreciation of inventories (TEUR 1).

31. OTHER OPERATING EXPENSES

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

	31.12.2007 TEUR	31.12.2006 TEUR
COSTS OF SALES (INCL. COSTS FOR WARRANTIES)	1,404	1,372
LEGAL, CONSULTING AND AUDITING EXPENSES	2,243	1,377
DEPRECIATION ON LIABILITIES	1,746	3,306
OFFICE AND SPACE COSTS	576	516
MOTOR VEHICLE EXPENSES	502	499
ADVERTISING AND TRAVELLING EXPENSES	435	706
STOCK EXCHANGE QUOTATION COSTS	66	138
INSURANCES	287	394
REPAIRS/MAINTENANCE	149	150
SELF-BALANCING ITEMS	136	142
COSTS FOR TRAINING	123	12
COSTS FOR THE REPRESENTATIVE OFFICE IN SHANGHAI	69	50
COSTS RELATED TO THE ANNUAL GENERAL MEETING	47	35
EXPENSES FOR DISCOUNTING RECEIVABLES	58	0
SUPERVISORY BOARD COMPENSATION	45	45
EXCHANGE RATE LOSS	243	216
EXPENSES FOR INDUSTRIAL/WASTE DISPOSAL	23	33
EXHIBITION COSTS	18	8
FACILITY RENTAL	19	13
OTHER	236	495
	8,425	9,507

Impairments on receivables include depreciation on receivables from a Board member within the framework of a settlement agreement concluded with the Supervisory Board (see also point 15).

The expenses of TEUR 195 for the auditor are included in the legal, consultancy and examination expenses. These are basically attributable to the annual audit as well as the reviews of the quarterly reports.

Leasing costs total TEUR 293 in the fiscal year. Only furniture and office equipment were leased in the fiscal year. Leasing costs for the 2008 fiscal year and subsequent years are likely to total TEUR 197.

32. INTEREST AND SIMILAR INCOME

This item primarily concerns interest of cash in banks.

33. OTHER INTEREST AND SIMILAR EXPENSES

The interest and similar expenses are comprised as follows:

	31.12.2007 TEUR	31.12.2006 TEUR
INTEREST ON THE CONVERTIBLE BOND	422	264
INTEREST ON LONG-TERM LIABILITIES	76	0
INTEREST ON SHORT-TERM LIABILITIES	34	182
COSTS OF CONVERTIBLE BOND	0	385
OTHER FINANCING COSTS	0	17
	532	848

34. TAX ON INCOME

Taxes on income and earnings are comprised of the following:

	31.12.2007 TEUR	31.12.2006 TEUR
ACTUAL TAX OBLIGATION		
FOR THE CURRENT FISCAL YEAR	134	0
FOR THE PREVIOUS YEAR	-9	-120
DEFERRED TAXES		
CHANGES FUTURE TAX RATE	281	0
OTHER	-229	-2.597
	177	-2,717

The offsetting and reconciliation from theoretical to the actual tax result is displayed as folIows. The theoretical tax result is calculated as a product from the earnings before tax on profit of TEUR -99 (previous year: TEUR -7,136 (previous year: -7,136) valuated by the theoretical tax rate of 30.875 percent.

	31.12.2007 TEUR	31.12.2006 TEUR
THEORETICAL TAX RESULTS	39	-2,812
OTHER	138	95
ACTUAL TAX RESULT	**177**	**-2,717**

The calculation of the deferred taxes is based on the 2008 applicable tax rate of 30.875 percent.

The national theoretical inland tax rate is calculated as folIows:

	FROM 2008 %	UNTIL 2007 %
CORPORATE INCOME TAX (EFFECTIVE)	15.000	22.27
SOLIDARITY SURCHARGE (EFFECTIVE)	0.825	1.22
TRADE TAX	15.050	15.91
TOTAL	**30.875**	**39.40**

35. OTHER TAXES

Other taxes primarily concern motor vehicle taxes.

36. EARNINGS PER SHARE

Earnings per share are calculated by the division of the CFS result by the weighted number of issued shares. The undiluted result per share in accordance with lAS 33 is presented as folIows:

	31.12.2007	31.12.2006
CFS RESULT (IN EUR)	-276,143.09	-4,433,489.64
WEIGHTED NUMBER OF SHARES (IN UNITS)	4,837,795	4,650,000
UNDILUTED EARNING PER SHARE (IN EUR)	-0.06	-0.95

The weighted number of shares is calculated as follows:

	DAYS NUMBER	31.12.2007 UNIT	31.12.2006 UNIT
STATUS JANUARY 1, 2007	164	4,650,000	4,650,000
JUNE 14, 2007	140	4,937,000	4,650,000
OCTOBER 11, 2007	61	5,115,000	4,650,000
	365	4,837,795	4,650,000

In accordance with IAS 33.41, diluted earnings per share are not presented due to the convertible bond issued on May 8, 2006. Potential ordinary shares can only be considered diluting if their conversion in ordinary shares might decrease the earning per share or increase the loss per share.

NOTES TO THE CASH FLOW STATEMENT

In accordance with IAS 7, the Cash Flow Statement shows the changes of COLEXON 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:

	31.12.2007 TEUR	31.12.2006 TEUR
RECEIVED INTEREST	531	102
PAID INTEREST	357	198
REPAID TAXES ON INCOME	150	0
PAID TAXES ON INCOME	282	339

NOTES ON SEGMENT REPORTING

The segment report of the COLEXON Group follows internal controlling and reporting. Therefore, the company is subdivided into the *Projects* and *Distribution* segments.

The *Projects* segment includes the activities as a system provider of photovoltaic facilities as well as project developer. As a system provider, the COLEXON 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 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 COLEXON 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 COLEXON Group performs their services as a system provider for the investor. The segment has been allocated to the business activities of COLEXON GmbH, site Meppen. The site in Wesel as well as COLEXON Iberia S.L are allocated to the business activities of the *Distribution* segment.

The segment reporting as from January 1 2007, until December 31, 2007 is presented in the following table.

PRIMARY SEGMENT INFORMATION	SEGMENT PROJECTS	SEGMENT DISTRIBUTION	TRANSITION	GROUP
EXTERNAL SALES	39,937	45,281	152	85,370
PREVIOUS YEAR	34,837	27,181	190	62,208
INTERCOMPANY SALES	30,084	15,151	-45,235	0
PREVIOUS YEAR	3,676	1,934	-5,610	0
NET SALES	70,021	60,432	-45,083	85,370
PREVIOUS YEAR	38,514	29,115	670	62,208
SEGMENT RESULTS	-520	2,396	-2,152	-276
PREVIOUS YEAR	-2,591	-1,363	-551	-4,433
THEREOF INTEREST PAYABLE	-168	0	-364	-532
PREVIOUS YEAR	-146	-497	-206	-849
THEREOF INTEREST EARNED	0	0	220	220
PREVIOUS YEAR	2	9	144	155
THEREOF WRITE-OFFS	-106	-31	-106	-244
PREVIOUS YEAR	-892	-213	-44	-1,148
SEGMENT ASSETS	26,488	15,350	15,867	57,705
PREVIOUS YEAR	10,673	18,716	27,485	56,874
SEGMENT LIABILITIES	8,020	2,647	10,613	21,281
PREVIOUS YEAR	10,456	18,523	-4,497	24,482
SEGMENT INVESTMENTS	67	15	319	401
PREVIOUS YEAR	358	118	-844	-368

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.

Due to the merger of Nastro-Umwelttechnik GmbH (*Projects* segment) and Maaß Regenerative-Energien GmbH (*Distritubion* segment) segment reporting had to be modified with regards to the allocation of assets and debts. For this reason, segment cash flows for 2007 have not been calculated.

For the purposes of calculating the segment result, costs were allocated similarly to proportion of sales.

Unlike in the previous year, goodwill was allocated to both segments in segment assets. Liquid funds were allocated in full to reconciliation. Trade accounts receivable were allocated by commercial estimate.

Provisions and other liabilities have been classified on the basis of estimates under segment debts according to financial cause. Trade accounts payable have similarly been allocated to the classification of inventories.

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 BY REGION	GERMANY TEUR	SPAIN TEUR	OTHER REGIONS TEUR	GROUP TEUR
EXTERNAL SALES	**79.272**	**3.990**	**2.108**	**85.370**
PREVIOUS YEAR	51.146	10.972	90	62.208

OTHER INFORMATION

37. RELATIONSHIPS TO CLOSE-STANDING PERSONS

Besides the subsidiary companies included in the CFS, COLEXON Energy 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 goods and services transactions with the following companies and persons were conducted on usual market terms and conditions, as is generally done with third parties.

From the group's perspective, relationships to close-standing persons are as follows:

	MEMBERS OF THE BOARD TEUR	MEMBERS OF THE SUPERVISORY BOARD TEUR	RELATED COMPANIES TEUR
GOODS AND SERVICES	**303**		**4,094**
PREVIOUS YEAR	0		179
RECEIVABLES	**149**		**0**
PREVIOUS YEAR	0		29
WRITE-OFFS ON RECEIVABLES	**359**		
PREVIOUS YEAR	0		
INTEREST RATE P.A.	**7.70 %**		
PREVIOUS YEAR	0		
GOODS AND SERVICES RECEIVED		**151**	**1,687**
PREVIOUS YEAR		87	0
LIABILITIES		**0**	**0**
PREVIOUS YEAR		0	0
PAYMENTS RECEIVED			
PREVIOUS YEAR			

In the case of deliveries and services supplied to a member of the Executive Board, deliveries include modules and components for a photovoltaic system. Services received include legal and consultancy services.

Within the framework of a comparative agreement between a Board member and the company's Supervisory Board, a balanced receivable was value-adjusted by TEUR 314 at the end of the 2006 fiscal year. The receivable chiefly resulted from the breach of earnings guarantees in connection with the integration of shares in Maaß Regenerative Energien GmbH. The remaining sum is being deposited with securities until the full payment has been made as per the agreement. As of December 31, 2007, there are still outstanding receivables totalling TEUR 109. In March 2008, TEUR 96 was paid to the company by the board member.

The Supervisory Board has decided that a Board member is entitled to the bonus for the 2007 fiscal year even if the group result should not be attained. On the basis of this decision, the Board member is receiving a bonus payment of TEUR 96 gross for the 2007 fiscal year.

Goods and service received from a former member of the Supervisory Board include legal and consulting fees.

The related party entity is owned by a family member of one member of the Executive Board. Goods and services delivered include module supplies on usual market terms. This also applies to the goods and services.

One major shareholder has put up a guarantee for the company worth TEUR 5,000 for a module supplier.

38. WORKFORCE

As of December 31, 2007, 78 persons (previous year: 71) were employed.

39. EVENTS AFTER THE REPORTING DATE

A settlement was reached in a legal proceeding pending on the reporting date regarding another service received. According to this settlement, the company must pay the other side TEUR 329. The provision set up for this purpose is sufficient.

In a further pending lawsuit regarding warranty, the letter of intent was signed. According to this letter, both parties agree to settle the lawsuit. In this case too, the provision set up is sufficient.

In the 2006 fiscal year, a settlement was reached regarding commission with a supplier. After the supplier declared itself insolvent, the insolvency administrator is pressing a claim worth 2.3 million euros against the agreed settlement. According to current estimates, this does not carry any risk.

40. CAPITAL RISK MANAGEMENT

The Group controls its capital with the aim of maximising the earnings of company shareholders by optimising the equity/debt ratio. This will ensure that all Group companies can operate on the basis of its forecast as a going concern.

The Group's capital structure consists of liabilities, including the borrowed capital specified under No. 21 and cash and cash equivalents, as well as the equity to which the equity suppliers of the parent company are entitled. These consist of issued shares, capital reserves, the profit carry forward and the net profit/loss for the year.

Net debt ratio is shown below:

	31.12.2007 TEUR	31.12.2006 TEUR
LIABILITIES	12,734	13,675
CASH AND CASH EQUIVALENTS	-4,736	-14,290
NET DEBT	7,998	-615
EQUITY	36,424	32,392
NET DEBT AT EQUITY RATIO	**22 %**	**-2 %**

Assets are broken down into the following categories:

	31.12.2007 TEUR	31.12.2006 TEUR
FINANCIAL ASSETS CREDIT AND RECEIVABLES (INCLUDING CASH AND CASH EQUIVALENTS)	26,540	21,563
FINANCIAL LIABILITIES OTHER FINANCIAL LIABILITIES VALUATED AT AMORTISED COSTS	20,819	24,450

41. OBJECTIVES AND METHODS OF FINANCIAL RISK MANAGEMENT

The risks for the group resulting from financial instruments chiefly comprise the liquidity risk. In comparison, the credit risk, the exchange rate risk and the price risk are of less significance

The company management decides on strategies and methods to control individual types of risk which are set out below:

Credit risk

The group is anxious to transact business only with creditworthy third parties. In *Distribution*, the credit risk can be limited by making deliveries only after receipt of payment in the main. In *Projects* business, losses on bad debts arise in particular in the context of warranty claims.

No use is made of credit insurance policies.

For the group's other financial assets, such as balances at banks for example, the maximum credit risk in the event of the contracting party defaulting corresponds to the carrying amount of these instruments.

Liquidity risk

As a rule, the group has considerable pre-financing requirements in the context of *Project* business, since customers do not make anywhere near the majority of payments until after the 'legal taking over' of projects. In addition, there are other particular financing requirements in the case of module deliveries from Asia, as payments are usually due upon shipment of the modules. As the group has only been able to fall back on interim project financing through banks to a limited extent, a precise balance between scheduling of projects, payment requirements from module deliveries and the available financial funds is necessary.

Distribution plays an important role in short-term liquidity control insofar as liquidity can be supplied through module sales. As mentioned above, sales through *Distribution* are largely paid for in advance.

The aim of the Group is to secure reliable and lasting interim project financing through banks, in order to maintain a stable basis for project planning and to be able to make full use of the opportunities to win projects on the market.

The Group is in the process of setting up a treasury for the group in order to improve liquidity management.

Furthermore, it is working on a solution for a refinancing of the convertible bond.

As of December 31, 2007, the financial liabilities of the Group have the following structure of due dates. The declarations are made on the basis of contractual, non-discounted payments:

- The convertible bond worth TEUR 10,400 is due in May 2009.
- Liabilities from interim project financing to the tune of TEUR 3,009: repayment is planned for the first half of the 2008 fiscal year.
- For other financial liabilities, repayment occurs within the first quarter of the 2008 fiscal year.

Interest change risk

The Group is exposed to an interest change risk principally only in the context of short-term project financing. As of December 31, 2007, the balance of short-term bank financing ran into TEUR 3,008. In the context of further business expansion, this figure is expected to increase. Notwithstanding, the effect of interest rate changes on the Group's earnings position continues to be estimated as negligible. There is therefore no need for a more thorough analysis of the effects of interest rate changes as part of a sensitivity analysis.

Exchange rate risk

On the sales side, foreign currency transactions have so far only occurred on a very small scale. On the purchasing side, the purchase of modules in the 2007 fiscal year was made partly in US dollars. The volume ran into approx. TUSD 19,260.

The long-term supply contract with the main supplier stipulates prices in EURO. There are no long-term supply contracts in foreign currencies.

The group has so far concluded forward exchange transactions only on a small scale.

In the context of a weak dollar, Asian module suppliers are increasingly switching to prices in euros, with the result that in the 2008 fiscal year only very few purchases in US dollars are expected. Exchange rate fluctuations can therefore have only a minimal direct impact on the future earnings position. There is consequently no need for a sensitivity analysis.

Price risk

The biggest price risk with respect to volume and volatility is in the area of module purchases. In the past, the price trend was dependent both on the performance of the dollar and on general demand for modules. In the context of the development described above under exchange rate risk, with suppliers switching to euro contracts, the influence of the dollar is seeing a considerable decline and is no longer significant. Demand, and therefore price fluctuations for modules, is affected to a significant extent by government regulations on feed-in compensation, which is often reduced in stages in the individual countries.

The price risk for the company is limited, insofar as there is a long-term supply contract with the main supplier wherein fixed prices are agreed up to 2012, which are reduced in tandem with the feed-in compensation. For 2008, the purchase volume of the main supplier, secured as regards price and quantity, stands at approx. TEUR 60,000 (previous year: TEUR 37,360). Additional modules are provided by other suppliers only where reasonable prices can be agreed.In this situation, the risk for the Group is limited to fluctuations in the price of modules.

42. SUPERVISORY BOARD

In accordance with §8 of the Articles of Association, the company‘s Supervisory Board consists of three members that, and, as of December 31, 2007, is comprised as folIows:

- Dr. Karl Freiherr von Hahn (Chairman); Attorney at Law, Senior Partner of Huth Dietrich Hahn in Hamburg (Chairman since December 18, 2007)
  Supervisory Board mandates and memberships in comparable control committee in accordance with §285 No. 10 of the German Commercial Code (HGB):
  - CLUBHAUS AG, Lüdersburg;
  - SOEX Textil-Vermarktungsgesellschaft mbH, Bad Oldesloe (Chairman)

- Mr. Michael Brag; Managing Director of the consultancy Be-Advised, Denmark, (Vice-Chairman since December 18, 2007)
  Supervisory Board mandates and memberships in comparable control committee in accordance with §285 No. 10 of the HGB:
  - Ellegaard A/S (Danish conveyor industry)
  - PureH2O A/S (water-purification systems)
  - PT Bali Melka (services industry)

- Tom Larsen, CEO of DKA Consult ApS and DKA Renewable Energy A/S (since December 18, 2007)
  Supervisory Board mandates and memberships in comparable control committee in accordance with §285 No. 10 of the HGB:
  - DKA Renewable Energy A/S, Denmark
  - TLMS Invest A/S, Denmark
  - Tellusborgägen Holding A/S, Denmark
  - Timotejen Holding A/S, Denmark (Chairman)
  - K/S New Castle House, Denmark
  - ENOVA HELLAS Wind Energie A.E., Greece (Chairman)

Until December 17, 2007 the company's Supervisory Board were 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 §285 No. 10 of the HGB:
  - RUPAG Grundbesitz und Beteiligungen AG, Hamburg

- Frau Britta Horney, Tangstedt, Attorney (Vice-Chairman since May 24, 2006)
  Supervisory Board mandates and memberships in comparable control committee in accordance with §285 No. 10 of the HGB:
  - none

- Herr Peter Flebbe, Hamburg, Attorney (since May 24, 2007)
  Supervisory Board mandates and memberships in comparable control committee in accordance with §285 No. 10 of the HGB:
  - RUPAG Grundbesitz und Beteiligungen AG, Hamburg

- Herr Dr. Axel Holtz, Hamburg, Attorney was Chairman of the company's Supervisory Board until May 24, 2007
  Supervisory Board mandates and memberships in comparable control committee in accordance with §285 No. 10 of the HGB:
  - none

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

43. EXECUTIVE OF MANAGEMENT

The following members were appointed to the Board of Management during the fiscal year:
- Mr. Patrick Arndt, Graduate Economist, Hamburg (until November 14, 2007)
- Mr. Thorsten Preugschas, Graduate Engineer, Kamp-Lintfort
- Dr. Volker Wingefeld (since November 19, 2007)

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

The members of the Board of Management are entitled to remuneration including severance pay entitlements, non-cash remuneration and bonus entitlements. In the reporting year these divide as follows:

	PATRICK ARNDT TEUR	THORSTEN PREUGSCHAS TEUR	DR. VOLKER WINGEFELD TEUR	TOTAL TEUR
FIXED REMUNERATION (INCL. NON-CASH REMUNERATION)	124	149	32	305
BONUS ENTITLEMENTS FOR 2007	0	96	0	96
SEVERANCE PAY ENTITLEMENT	250	0	0	250
	374	245	32	651

44. COMPLIANCE STATEMENT

The submission of the statement, pursuant to §161 AktG, 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, March 26th, 2008

Thorsten Preugschas

Dr. Volker Wingefeld

THE CERTIFICATION NOTIFICATION FROM THE COMPANY CERTIFIED PUBLIC ACCOUNTANT

We have audited the Consolidated Financial Statements prepared by COLEXON Energy AG in Hamburg, comprising the balance sheet, profit and loss calculations, accumulated other comprehensive income statement, cash flow statement and notes, and the Group Management Report for the fiscal year from January 1, 2007 to December 31, 2007. The preparation of the Consolidated Financial Statement and Group Management Report in accordance with the IFRS, as applied by the E.U. and the additional requirements of German commercial law pursuant to § 315a, section1 of the HGB (‘Handelsgesetzbuch’: German Commercial Code) as well as the supplementary regulations of the Articles of Association, lie with the responsibility of the company’s legal representative. Our responsibility is to express our opinion on the Consolidated Financial Statements and on the Group Management Report, based on our audit.

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

Our audit has not led to any reservations.

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

Hamburg, March 27, 2008

Treuökonom Beratungs-, Revisons- und Treuhandgesellschaft mbH Wirtschaftsprüfungsgesellschaft

Dirk Jessen	Anja Hornow
Certified Public Accountant	Certified Public Accountant

FINANCIAL CALENDAR 2008

March 28th	Publication of the annual financial statements for 2007
May 9th	Report for the first quarter 2007
Mai 28th	Annual general meeting, Hamburg
August 8th	Halfyear report
November 14th	Report for the third quarter 2007
November	Analysts’ conference - Shareholders‘ Equity Forum of Deutsche Börse AG in Frankfurt a.M./Germany

GLOSSARY

COLEXON	COLEXON Energy AG
CDTE	cadmium telluride
CdS	cadmium sulfide
CFS	Consolidated Financial Statement
EEG	‘Energieeinspeisegesetz’ / German Renewable Energies Act
EVC	Energy Supply Company
kW / kWp	kilowatt / kilowatt-peak
MW / MWp	megawatt / megawatt-peak
PV	Photovoltaics (Use of solar energy to generate electricity)
RPSE	Reinecke + Pohl Sun Energy AG
Thin-film technology	Highly pure wafers of semi-conducting material (a-si, CdTe) are deposited or vapour-coated onto a carrying medium and provided with contacts. It takes less energy and raw materials to manufacture a thin-film photovoltaic cell, which makes them more environmentally friendly and in the long-term cheaper to produce than crystalline cells. Other advantages are a lower temperature coefficient and the ability to use a broader light spectrum by means of multiple layers. The latter optimises efficiency and hence the yield. Thin-film modules also offer advantages in shady conditions, as the module output is only reduced by the portion of surface that is in the shade.
Crystalline Silicon	Wafer-thin disks are sliced off a silicon monocrystal (monocrystalline) or multicrystal (polycrystalline) and provided with contacts. The efficiency is higher than with thin-film cells of the same size. The colour of the monocrystal ranges from anthracite to dark blue and is uniform in appearance. Polycrystalline cells are slightly less efficient than monocrystalline cells.

IMPRINT

Publisher
COLEXON ENERGY AG
Große Elbstraße 45 • D-22767 Hamburg
WWW.COLEXON.COM

Investor Relations / Press
Heike Oelze
FON +49(0) 40. 28 00 31-0
FAX +49(0) 40. 28 00 31-101

GRAPHIC DESIGN

Elisabeth Bak

PRINTING

Dynamik Druck GmbH,
Hamburg, Germany

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 COLEXON 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 COLEXON 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 COLEXON 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, COLEXON Energy AG cannot guarantee that the expressed forecasts will be proven correct.

COLEXON ENERGY AG
Große Elbstraße 45 • D-22767 Hamburg
FON +49 (0) 40. 28 00 31-0 • FAX +49 (0) 40. 28 00 31-101
E-MAIL info@colexon.de • WWW.COLEXON.COM