colexon
SOLARSTROMANLAGEN

# COLEXON ENERGY AG

## QUARTERLY REPORT I 2008

# KEY FIGURES OF THE COMPANY: THE GROUP AS OF MARCH 31, 2008

| PROFIT AND LOSS | | Q1 2008 | CORRECTED Q1 2007 |
|---|---|---|---|
| TURNOVER | MIO. EUR | 26.32 | 13.60 |
| GROSS PROFIT AND LOSS | MIO. EUR | 3.80 | 2.40 |
| EBIT | MIO. EUR | 0.95 | 0.18 |
| EBITDA | MIO. EUR | 1.01 | 0.18 |
| RESULT OF THE PERIOD | MIO. EUR | 0.52 | -0.05 |
| **FINANCIAL STATEMENT** | | | |
| TOTAL ASSETS | MIO. EUR | 63.44 | 49.54 |
| EQUITY | MIO. EUR | 36.44 | 32.44 |
| EQUITY RATIO | % | 57.44 | 65.44 |
| SUBSCRIBED CAPITAL | MIO. EUR | 5.12 | 4.65 |
| BALANCED GOODWILL | MIO. EUR | 18.84 | 18.84 |
| **CASHFLOW** | | | |
| CASHFLOW FROM OPERATING ACTIVITIES | MIO. EUR | -0.52 | 0.27 |
| CASHFLOW FROM INVESTING ACTIVITIES | MIO. EUR | 0.02 | -0.07 |
| CASHFLOW FROM FINANCING ACTIVITIES | MIO. EUR | 2.06 | -3.29 |
| CASH AND CASH EQUIVALENTS AS OF MARCH 31 | MIO. EUR | 6.30 | 11.21 |
| NUMBER OF EMPLOYEES (CUT-OFF DATE MARCH 31) | ABSOLUT | 76 | 58 |
| **SHARE** | | | |
| RESULT PER SHARE (UNDILUTED)* | EUR | 0.10 | -0.01 |
| SHARE PRICE AT START OF JANUARY (CLOSING PRICE) | EUR | 12.88 | 7.41 |
| SHARE PRICE AT END OF MARCH (CLOSING PRICE) | EUR | 6.80 | 6.90 |
| NUMBER OF SHARES | MIO. | 5.12 | 4.65 |

** Base 2008: 5.12 mio. shares; base 2007: 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 |

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# LETTER OF THE EXECUTIVE BOARD TO THE SHAREHOLDERS

*Dear Shareholders*
*Dear Sir / Madam.*

Welcome to another boom year in the photovoltaic industry. As expected, demand in what is traditionally the slowest quarter for sales in the solar industry increased sharply this year so that we have been able to almost double our sales and earnings compared to the same quarter last year. This is, on one hand, due to the anticipated boom in investment in Germany this year due to the expected higher decrease of the feed-in tariff as of 2009. On the other hand, the relatively mild winter made timely project implementation possible.

On the whole, this enabled us to generate sales revenue in the first quarter of 2008 of 26.3 million Euro. At the same time, our earnings before interest and taxes (EBIT) increased from 178 thousand Euro in the first quarter of 2007 to 953 thousand Euro. We are well aware that there are major challenges ahead of us as in 2009. Experts are already expecting a considerable drop in the prices for modules and in projects in the next two years. We can only counter this market development through risk diversification in the context of increased internationalisation as well as raised cost awareness and further efficiency increases in the company.

Therefore, we are currently consistently orientating our organisation around the realisation of major projects and international expansion. This way, project management and controlling will be clearly strengthened. Internationalisation will be achieved through distribution activities in which long-term partnerships will be established in the countries where we want to apply our expertise to realise large projects in accordance with locally anticipated market growth. We are assessing the potential of the individual national markets against this background.

Hence, we are proceeding on the assumption that COLEXON will have a competitive edge in Spain, because large rooftop solar power plants are to be promoted there more intensively in the future. We have been present there since 2005 with an office in Málaga. The market in South Korea will be consistently developed through the partnership with LG Chem and other local project managers. In the USA, we are initially establishing partnerships with local system integrators through our office in Arizona. In Greece, we anticipate that the bureaucratic approval hurdles will be relaxed next year so that we can expect the first projects there. In other Southern European countries, especially Italy, we have the first promising commercial contacts that we will consistently expand. Simultaneously, we will continue to increase our technological competence in the thin-film sector.

We believe that we are on the right course to effectively meet the challenges of the industry in the next few years and to exploit the potential of this market, which is still marked by its long-term growth potential.

Yours faithfully

Thorsten Preugschas

Dr. Volker Wingefeld

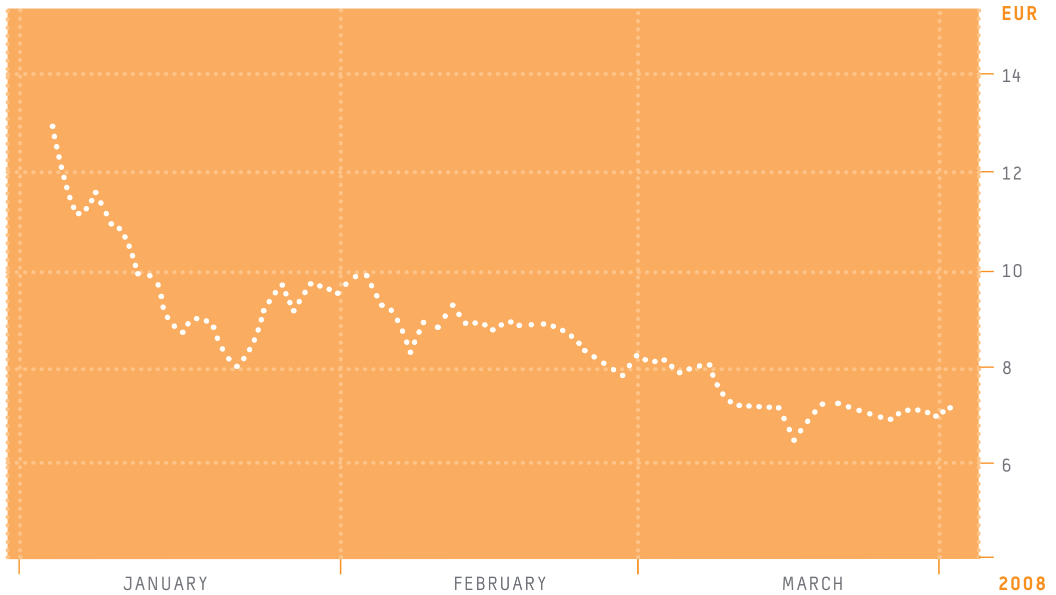
# THE SHARE

## SHARE VALUE AND SHAREHOLDERS' STRUCTURE

### MARKET TRENDS AND SHARE VALUE

The German stock market reported considerable price losses in the first three months of 2008 due to the effects of the international financial market crisis. By the end of March, the German Stock Index (DAX) dropped by 19.0 percent. The Prime IG Renewable Energies index, which is critical for the solar power industry and hence also for COLEXON, posted a drop of 31.5 percent from 1,270.0 to 869.7 points in this period.

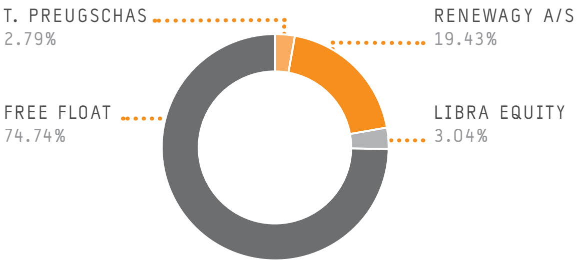
Even the shares of COLEXON Energy AG were not able to defy the negative capital market situation and lost 47.2 percent from January to March; however this was after having more than tripled in Autumn 2007 in the period from September to November. On March 31, 2008, the last trading day of the first quarter, the share closed at EUR 6.80. Hence, the market capitalisation on that date was EUR 34.8 million. On April 30, it cost EUR 7.60. No capital measures were carried out in the first quarter of fiscal year 2008.




*Share value of the COLEXON-share*

## SHAREHOLDERS' STRUCTURE

The composition of COLEXON Energy AG shareholders according to the WpHG (Security Trading Act) notices was as follows on the closing data of March 31, 2008: Thorsten Preugschas holds 2.79 percent, Libra Equity has 3.04 percent, and the Danish Renewagy A/S owns 19.43 percent of the shares. The free float is 74.74 percent. There have thus been no changes compared to the end of 2007.




*Shareholders` structure Q1 2008, Status: March 31, 2008 (pursuant to WpHG announcements)*

## CONVERTIBLE BOND

The price of the convertible bond showed little change in the first three months of 2008. After closing the year 2007 at EUR 18.99, it was at EUR 17.80 on the closing date of March 31, 2008.

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.

# COURSE OF BUSINESS

## BUSINESS DEVELOPMENT IN THE FIRST QUARTER OF 2008

### MARKET DEVELOPMENT

As legally determined, the feed-in tariff for solar energy in Germany dropped on January 1, 2008 by 5 percent for rooftop solar power plants and by 6.5 percent for open-field plants. Nevertheless, demand this year has already increased noticeably in the 1st quarter, which is traditionally the weakest. This is not only due to the expected investment boom in Germany in this year based on the expected higher feed-in tariffs as of 2009. The relatively mild winter as well as the “solar craze” in Spain have had the effect of pushing the purchase price for crystalline modules up by approximately 8 percent compared to the first quarter of 2007. The purchase price for thin-film modules did indeed drop by the forecast amount, however the availability of thin-film modules (above all CdTe) still lags considerably behind demand. It can be noticed that more agreements in the megawatt range are in demand by institutional investors, which are to be realised either as individual large projects or as project packages.

### FINANCIAL POSITION

*Earnings position*

In the 1st quarter, the COLEXON Group generated total sales revenue of TEUR 26,317 and hence was able to almost double sales compared to the 1st quarter of the previous year. Here, 48 percent were from the *Projects* segment and 52 percent was from the *Distributions* segment. Sales revenue in the *Projects* segment mainly resulted from the “Immler” project, which consists of 40 individual solar power plants that had been under construction for the customer DKA since November 2007.

Gross profit increased by TEUR 1,405, and amounted to TEUR 3,804 (previous year: TEUR 2,399). This is 14.5 percent (previous year: 17 percent) of sales revenue. Personnel expenses increased by TEUR 402 to TEUR 1,142, due to adding 20 employees to the workforce. On the other hand, other operating expenses increased disproportionately compared to the sales revenue, by TEUR 223 to TEUR 1,649.

This results in an EBIT of TEUR 953 (previous year: TEUR 178). This increase is based on the one hand on the increased gross profit. On the other hand, the expenses (personnel expenses, depreciation and other operating expenses) only increased by TEUR 631. It was thus possible to improve the earnings for the period from TEUR -47 to TEUR 520.

*Asset and financial situation*

The fixed assets remained almost unchanged with a slight increase of TEUR 313 to TEUR 27,873, whereas short-range assets increased from TEUR 30,144 by TEUR 5,427 to TEUR 35,571. This increase is based on one hand on a TEUR 1,568 increase to the stock of liquid funds and on the other hand on an increase to the trade accounts receivables of TEUR 3,448 to TEUR 5,871. This increase is essentially attributable to a considerable increase in sales.

On the liabilities side, the long-term debts dropped marginally by TEUR 107, whereas short-range debts increased from TEUR 11,589 by TEUR 5,327 to TEUR 16,916. This increase concerns the provisions for taxation, which increased by TEUR 739 to TEUR 766 due to the positive profit situation. At the same time, other provisions and the trade accounts payable increased by a total of TEUR 1,459.

Due to the strong increase in project business, COLEXON's focus is currently on securing the resulting increased need for liquidity. Here, the focus is on an expansion of the credit line as well as another increase to project financing. In the first quarter of 2008, meetings were held with banks in this regard.

The development of the cash flow reflects the above-mentioned components of the development of the financial status. The cash flow from ordinary business activity in the amount of TEUR -519 is negative essentially due to the increase in trade accounts receivables and other assets as well as the trade accounts payable.

This increased requirement for liquidity from the cash flow from operating activities led to an increase in interim project financing and hence to a positive cash flow from financing activities in the amount of TEUR 2,062.

## OPPORTUNITIES AND RISKS

Regarding the opportunities and risks, we refer you to the Annual Report 2007. Since publication of that report, the essential opportunities and risks for COLEXON Energy AG have not changed.

## SUPPLEMENTARY REPORT

On April 22, 2008, an agreement was concluded with a volume of 4.64 MWp. The sales volume totals TEUR 17.539. The project will be realised with modules of the manufacturer First Solar and is currently the world`s largest roof-top project made out of thin-film modules. Start of construction is in the KW 19 and completion is planned for the end of 2008.

## FORECAST REPORT

For a detailed presentation of the forecast, we refer to the Annual Report 2007.

The Executive Board confirms its expectation of strong demand in Germany in 2008 due to pull effects triggered by the expected higher decrease in the feed-in tariffs as of 2009. For the business year 2008, the Executive Board expects sales of EUR 110 million and an EBIT of between EUR 6 to 8 million.

# CONSOLIDATED INTERIM ACCOUNTS AS OF MARCH 31, 2008

## BALANCE SHEET

AS OF MARCH 31, 2008 PURSUANT TO IFRS

### ASSETS

| | ANNEX | 31.03.2008 EUR | CORRECTED 31.12.2007 EUR |
|---|---|---|---|
| A. LONG-TERM ASSETS | | | |
| I. GOODWILL | 5, 6 | 18,838,766 | 18,838,766 |
| II. OTHER INTANGIBLE ASSETS | 5, 6 | 310,122 | 282,819 |
| III. TANGIBLE ASSETS<br>OTHER EQUIPMENT, FIXTURES, FITTINGS AND EQUIPMENT | 5, 7 | 529,207 | 583,436 |
| IV. FINANCIAL ASSETS<br>INVESTMENTS | 5, 8 | 2,476 | 2,476 |
| V. OTHER LONG-TERM ASSETS | 9 | 6,139,276 | 6,077,211 |
| VI. DEFERRED TAX ASSETS | 10 | 2,053,002 | 1,775,788 |
| TOTAL LONG-TERM ASSETS | | 27,872,849 | 27,560,496 |
| B. SHORT-TERM ASSETS | | | |
| I. INVENTORIES | 11 | | |
| 1. WORK IN PROCESS | | 0 | 0 |
| 2. FINISHED GOODS | | 8,397,517 | 7,844,093 |
| 3. ADVANCED PAYMENTS | | 2,730,480 | 1,311,623 |
| II. ACCOUNTS RECEIVABLE FROM TRADING | 12 | 5,870,816 | 2,423,200 |
| III. RECEIVABLES FROM PRODUCTION ORDERS | 13 | 11,100,525 | 10,385,135 |
| IV. CASH AND CASH EQUIVALENTS | 14 | 6,303,633 | 4,735,866 |
| V. OTHER ASSETS | 15 | 783,946 | 3,060,581 |
| VI. CLAIMS FOR TAX REFUND | 16 | 384,037 | 383,937 |
| TOTAL OF SHORT-TERM ASSETS | | 35,570,954 | 30,144,435 |
| C. BALANCE SHEET TOTAL | | 63,443,803 | 57,704,931 |

## EQUITY AND LIABILITIES

| | ANNEX | 31.03.2008 EUR | CORRECTED 31.12.2007 EUR |
|---|---|---|---|
| A. EQUITY | | | |
| I. SHARE CAPITAL | 17 | 5,115,000 | 5.115.000 |
| II. CAPITAL RESERVES | 17 | 28,281,708 | 28.281.708 |
| III. RETAINED EARNINGS | | 2,524,070 | 3.194.813 |
| IV. NET INCOME | | 519,665 | -670.743 |
| **TOTAL EQUITY** | | **36,440,443** | **35.920.778** |
| B. LIABILITIES | | | |
| I. LONG-TERM LIABILITIES | | | |
| 1. CONVERTIBLE BOND | 18 | 9,785,457 | 9,648,796 |
| 2. DEFERRED TAXES | 18 | 271,600 | 515,684 |
| 3. OTHER LONG-TERM LIABILITIES | 18 | 30,661 | 30,661 |
| **TOTAL LONG-TERM LIABILITIES** | | **10,087,718** | **10,195,141** |
| B. LIABILITIES | | | |
| II. SHORT-TERM LIABILITIES | | | |
| 1. ACCRUED TAXES | 19 | 765,727 | 27,106 |
| 2. PROVISIONS AND ACCRUED LIABILITIES | 20 | 755,363 | 1,018,105 |
| 3. FINANCIAL LIABILITIES | 21 | 5,360,370 | 3,298,357 |
| 4. ADVANCES | 22 | 2,650,316 | 1,446,182 |
| 5. TRADE ACCOUNTS PAYABLE | 23 | 5,324,277 | 3,602,858 |
| 6. OTHER LIABILITIES | 24 | 2,059,589 | 2,196,404 |
| **TOTAL SHORT-TERM LIABILITIES** | | **16,915,642** | **11,589,012** |
| **TOTAL LIABILITIES** | | **27,003,360** | **21,784,153** |
| **C. BALANCE SHEET TOTAL** | | **63,443,803** | **57,704,931** |

## PROFIT AND LOSS STATEMENT

FROM JANUARY 01 TO MARCH 31, 2008 PURSUANT TO IFRS

| | ANNEX | Q1 2008 01.01.-31.03.2008 EUR | CORRECTED Q1 2007 01.01.-31.03.2007 EUR |
|---|---|---|---|
| 1. SALES | 26 | 26,317,262 | 13,600,749 |
| 2. OTHER OPERATING INCOME | 27 | 450,256 | 55,635 |
| 3. INCREASE IN WORK IN PROGRESS | | 0 | 481,107 |
| 4. COST OF RAW MATERIALS AND SUPPLIES | 28 | -21,725,938 | -11,407,182 |
| 5. COST OF PURCHASED SERVICES | 28 | -1,237,328 | -331,457 |
| **6. GROSS PROFIT OR LOSS** | | **3,804,252** | **2,398,852** |
| 7. PERSONNEL EXPENSES | 29 | -1,142,167 | -740,485 |
| 8. AMORTISATION AND DEPRECIATION | 30 | -60,063 | -53,877 |
| 9. OTHER OPERATING EXPENSES | 31 | -1,649,393 | -1,426,395 |
| **10. EARNINGS BEFORE INTEREST AND TAXES (EBIT)** | | **952,629** | **178,095** |
| 11. INTEREST AND SIMILAR INCOME | 32 | 53,694 | 53,397 |
| 12. OTHER INTEREST AND SIMILAR EXPENSES | 33 | -384,698 | -259,069 |
| 13. WRITE-OFFS OF FINANCIAL ASSETS | | 0 | 0 |
| **14. INVESTMENT AND FINANCIAL RESULT** | | **-331,004** | **-205,672** |
| 15. TAX ON INCOME | 34 | -99,839 | -17,297 |
| 16. OTHER TAXES | 35 | -2,121 | -1,761 |
| **17. NET RESULT** | | **519,665** | **-46,635** |
| | | | |
| **RESULTS PER SHARE (UNDILUTED) BASE 5.115 MIO. SHARES (PREVIOUS YEAR: 4.76 MIO.) IN ACCORDANCE WITH IAS 33** | **36** | **0.10** | **-0.01** |

## CHANGE OF EQUITY

FROM JANUARY 01 TO MARCH 31, 2008 PURSUANT TO IFRS

| | SUBSCRIBED CAPITAL EUR | CAPITAL RESERVE CORRECTED EUR | RETAINED EARNINGS CORRECTED EUR | ACC. RESULTS CORRECTED EUR | TOTAL CORRECTED EUR |
|---|---|---|---|---|---|
| I. STATUS DECEMBER 31, 2007 | 5,115,000 | 28,281,708 | 2,524,070 | 0 | 35,920,778 |
| 1. RESULT FOR THE PERIOD | | | | 519,665 | 519,665 |
| II. STATUS MARCH 31, 2008 | 5,115,000 | 28,281,708 | 2,524,070 | 519,665 | 36,440,443 |

| | SUBSCRIBED CAPITAL EUR | CAPITAL RESERVE CORRECTED EUR | RETAINED EARNINGS CORRECTED EUR | ACC. RESULTS CORRECTED EUR | TOTAL CORRECTED EUR |
|---|---|---|---|---|---|
| I. STATUS DECEMBER 31, 2006 | 4,650,000 | 24,438,951 | 3,194,813 | 0 | 32,283,764 |
| 1. RESULT FOR THE PERIOD | | | | -46,635 | -46,635 |
| II. STATUS MARCH 31, 2007 | 4,650,000 | 24,438,951 | 3,194,813 | -46,635 | 32,237,129 |

## CHASH FLOW STATEMENT

FROM JANUARY 01 TO MARCH 31, 2008 PURSUANT TO IFRS

| | | ANNEX | Q1 2008 01.01.-31.03.2008 EUR | CORRECTED Q1 2007 01.01.-31.03.2007 EUR |
|---|---|---|---|---|
| | NET RESULT | | 519,665 | -46,635 |
| + | DEPRECIATION AND AMORTISATION OF FIXED ASSETS | 30 | 60,063 | 53,328 |
| -/+ | PROFIT / LOSS FROM THE DISPOSAL OF FIXED ASSETS | 5-7 | -57,631 | 7,113 |
| + | INCREASE OF PROVISIONS | 19-20 | 475,879 | 221,247 |
| -/+ | INCREASE / REDUCTION OF INVENTORIES | 11 | -1,972,281 | 2,165,859 |
| -/+ | INCREASE / REDUCTION OF TRADE RECEIVABLES | 12,13 | -4,163,007 | 2,067,049 |
| - | INCREASE OF OTHER FIXED ASSETS | 9,10,15,16 | 1,937,257 | 29,375 |
| -/+ | REDUCTION / INCREASE OF LIABILITIES | 18, 22-24 | 2,681,316 | -4,222,783 |
| | **CASH FLOW FROM OPERATING ACTIVITIES** | | **-518,739** | **274,553** |
| | | | | |
| - | PAYMENTS FOR FIXED INTANGIBLE ASSETS | 5,6 | -49,391 | -65,639 |
| - | PAYMENTS FOR TANGIBLE ASSETS | 5,7 | -142,920 | -18,540 |
| + | PROCEEDS OF DISPOSAL OF NON-CURRENT ASSETS | 5-7 | 216,804 | 16,874 |
| | **CASH FLOW FROM INVESTING ACTIVITIES** | | **24,493** | **-67,305** |
| | | | | |
| + | PROCEEDS FROM CONVERTIBLE BOND | | 0 | 0 |
| + | PROCEEDS FROM SHARE CAPITAL INCREASE | | 0 | 0 |
| +/- | INCREASE / REDUCTION IN BANK LIABILITIES | 21 | 2,062,013 | -3,287,470 |
| | **CASH FLOW FROM FINANCING ACTIVITIES** | | **2,062,013** | **-3,287,470** |
| | | | | |
| | CASH AND CASH EQIVALENTS AT BEGINNING OF PERIOD | | 4,735,866 | 14,289,798 |
| + | CHANGE IN CASH AND CASH EQUIVALENTS | | 1,567,767 | -3,080,222 |
| **=** | **CASH AND CASH EQUIVALENTS AT END OF YEAR** | **14** | **6,303,633** | **11,209,576** |

# 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 March 31, 2008, 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 regulations of IAS 34 and by application of § 315a of the German Commercial Code (HGB) in compliance 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 explanatory notes of the Annual Report 2007, particularly regarding the company balance and evaluation methods, apply accordingly.

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 submitted financial statement is an interim consolidated financial statement for the period from January 01 to March 31, 2008 with figures for comparison from the period from January 01 to March 31, 2007 as well as figures for comparison from the balance sheet as of December 31, 2007.

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.

### 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 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 percent 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 March 31, 2008, the equity capital component remained unchanged, as no conversion rights were exercised. 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. As far as 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 substracted of the convertible bond. The market interest rate was added to the outside capital component in consideration of the proportional costs of the convertible bond.

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

The calculation of the convertible bond was corrected retrospectively as per IAS 8. We refer to item 'Change as per IAS 8.41 – 49'.

*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.

*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.

*Change as per IAS 8.41 - 49*

Within the scope of the calculation of the financial effects from entering the convertible bond in the accounts, an error occurred that affected the accounting in fiscal year 2006 and the following reports. The error was corrected retrospectively as per IAS 8.

The following shows the effects of the correction on the group respectively quarterly financial statements:

| PROFIT AND LOSS STATEMENT | 2006 TEUR | Q1 2007 TEUR | 2007 TEUR |
|---|---|---|---|
| OTHER INTEREST AND SIMILAR EXPENSES | 88 | -115 | -461 |
| INVESTMENT AND FINANCIAL RESULT | 88 | -115 | -461 |
| TAX ON INCOME | -140 | 16 | 66 |
| NET RESULT | -52 | -99 | -395 |
| **RESULTS PER SHARE IN ACCORDANCE WITH IAS 33 (UNDILUTED)** | **-0.01** | **-0.02** | **-0.08** |

| BALANCE SHEET | 31.12.2006 TEUR | 31.03.2007 TEUR | 31.12.2007 TEUR |
|---|---|---|---|
| CAPITAL RESERVES | -57 | -57 | -57 |
| RETAINED EARNINGS | 0 | -52 | -52 |
| NET INCOME | -52 | -99 | -395 |
| **TOTAL EQUITY** | **-109** | **-208** | **-504** |
| CONVERTIBLE BOND | -247 | -132 | 214 |
| DEFERRED TAXES | 120 | 104 | 54 |
| **TOTAL LONG-TERM LIABILITIES** | **-127** | **-28** | **268** |
| OTHER LIABILITIES | 236 | 236 | 236 |
| **TOTAL SHORT-TERM LIABILITIES** | **236** | **236** | **236** |
| **TOTAL LIABILITIES** | **109** | **208** | **504** |

The changes to the cash flow statement are not critical, since they are non-cash items.

## 3. SCOPE AND PRINCIPLES OF CONSOLIDATION

In the CFS as of March 31, 2008, 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 March 31, 2008, in the course of the full consolidation:

| | STAKE<br>% |
|---|---|
| COLEXON GMBH, WESEL AND MEPPEN | 100 |
| COLEXON IBERIA S.L., MADRID | 100 |

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 March 31, 2008, 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 interim 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 (IAS 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.

*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 01.01.2008 TEUR | ADDITIONS TEUR | DISPOSALS TEUR | STATUS 31.03.2008 TEUR |
| GOODWILL | 18,839 | 0 | 0 | 18,839 |
| OTHER INTANGIBLE ASSETS | 361 | 49 | 2 | 409 |
| OTHER EQUIPMENT | 55 | 3 | 0 | 59 |
| OPERATING EQUIPMENT | 830 | 140 | 207 | 763 |
| INVESTMENTS | 2 | 0 | 0 | 2 |
| | 20,087 | 192 | 209 | 20,072 |

| | WRITE-OFFS | | | | | |
|---|---|---|---|---|---|---|
| | STATUS 01.01.2008 TEUR | ADDITIONS TEUR | DISPOSALS TEUR | STATUS 31.03.2008 TEUR | BOOK VALUE 31.03.2008 TEUR | BOOK VALUE 31.12.2007 TEUR |
| GOODWILL | 0 | 0 | 0 | 0 | 18,839 | 18,839 |
| OTHER INTANGIBLE ASSETS | 78 | 20 | 0 | 99 | 310 | 283 |
| OTHER EQUIPMENT | 18 | 3 | 0 | 20 | 39 | 37 |
| OPERATING EQUIPMENT | 284 | 37 | 49 | 272 | 491 | 546 |
| INVESTMENTS | 0 | 0 | 0 | 0 | 2 | 2 |
| | 381 | 60 | 49 | 390 | 19,681 | 19,707 |

## 6. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill has not changed compared to its level on the previous reporting date, December 31, 2007.

Scheduled amortisations exclusively took place on other intangible assets, which primarily concern IT software.

## 7. TANGIBLE ASSETS

Tangible assets primarily concern motor vehicles, plant and equipment and IT hardware. In the first quarter of 2008, only scheduled depreciation took place.

## 8. FINANCIAL ASSETS

The financial assets concern the following listed items:

| | 31.03.2008 TEUR | 31.12.2007 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 FIXED ASSETS

The other fixed assets amounting to TEUR 6,139 in the reporting year include collateral deposits amounting to TEUR 5,434 as well as security deposits amounting to TEUR 705. Of the collateral deposits, TEUR 5,000 is for one supplier.

## 10. DEFERRED TAX ASSETS

The deferred tax assets resulted from capitalization of the tax loss claim.

## 11. INVENTORIES

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.

The inventories in the consolidated profit and loss account entered under expenses for purchased goods and for allowances in kind and services amount to TEUR 22,963 in the reporting period (previous year: TEUR 11,739).

In connection with the purchase of inventories, exchange rate profits and losses of TEUR 6 were accumulated (previous year: TEUR -5).

In the first quarter of fiscal year 2008, impairments on inventories were entered as affecting expenditures in the amount of TEUR 79 (previous year: TEUR 1).

The finished products and goods include floating goods in the amount of TEUR 1,670.

## 12. ACCOUNTS RECEIVABLES

All accounts receivable have maturity of up to one year. In the first quarter of fiscal year 2008 necessary value adjustments for accounts receivables were made.

## 13. FUTURE RECEIVABLES FROM PRODUCTION ORDERS

This 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:

| | Q1 2008 TEUR | Q1 2007 TEUR |
|---|---|---|
| EARNINGS FROM ORDERS | 10,617 | 1,000 |

| | 31.03.2008 TEUR | 31.12.2007 TEUR |
|---|---|---|
| REALISED EARNINGS FROM POC | 870 | 1,485 |
| GOODS DELIVERED | 16,902 | 12,964 |
| ADVANCE PAYMENTS RECEIVED | -6,672 | -4,064 |
| **FUTURE RECEIVABLES FROM PRODUCTION ORDERS** | **11,100** | **10,385** |

## 14. CASH AND CASH EQUIVALENTS

The item cash and cash equivalents amounting to TEUR 6,304 (previous year: 4,736) discloses bank balances of TEUR 6,287 (December 31, 2007: TEUR 4,734) and cash balances of TEUR 17 (December 31, 2007: TEUR 2).

## 15. OTHER ASSETS

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

| | 31.03.2008 TEUR | 31.12.2007 TEUR |
|---|---|---|
| PREPAID EXPENSES | 335 | 142 |
| SHORT-TERM LOANS | 209 | 207 |
| RECEIVABLES FROM SHAREHOLDERS | 14 | 109 |
| TURNOVER TAX RECEIVABLES | 0 | 2,295 |
| OTHER | 226 | 307 |
| | 784 | 3,060 |

Receivables from shareholders of TEUR 14 exist against one member of the Executive Board. Primarily those concern interests on receivables.

## 16. CLAIMS FOR REFUND ON INCOME TAX

The tax refund claims essentially result from paid out income tax prepayments for COLEXON GmbH (formerly Maaß Regenerative-Energien GmbH respectively Nastro-Umwelttechnik GmbH) and COLEXON Energy AG.

## 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 5,115) and is divided amongst 5,115,000 no-par bearer shares.

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 March 31, 2008.

In addition, pursuant to the proviso of the resolution from the AGM on May 7, 2005, 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).

## 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 9.785 (please see ‘2. Individual Principles of Reporting and Valuation’).

Deferred tax obligations are determined by stage of completion accounting in accordance with IAS 11.

Other long-term liabilities amounting to TEUR 30 are related to deposits for formerly sublet office space.

## 19. TAX PROVISIONS

The changes of provisions for taxes are as follows:

| | 31.03.2008 TEUR | 31.12.2007 TEUR |
|---|---|---|
| STATUS JANUARY 01 | 27 | 158 |
| RELEASE | 0 | 21 |
| USE | 0 | 110 |
| ADDITION | 739 | 0 |
| | 766 | 27 |

## 20. OTHER PROVISIONS

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

| | 31.03.2008 TEUR | 31.12.2007 TEUR |
|---|---|---|
| WARRANTIES | 480 | 480 |
| LEGAL COSTS | 100 | 212 |
| RENTAL CHARGES | 69 | 69 |
| COSTS FOR FINANCIAL STATEMENTS AND AUDITS | 61 | 204 |
| COSTS OF VACANCIES | 30 | 38 |
| OTHER | 16 | 16 |
| | 755 | 1,018 |

## 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 interim financing for a project with one bank. In the previous year liabilities on current accounts were reported.

## 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.

## 24. OTHER LIABILITIES

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

| | 31.03.2008 TEUR | CORRECTED 31.12.2007 TEUR |
|---|---|---|
| CONVERTIBLE BOND | 327 | 236 |
| TAXES | 575 | 381 |
| TAX ON WAGES | 380 | 196 |
| TURNOVER TAX ON IMPORTS | 338 | 511 |
| LEAVE | 123 | 101 |
| OBLIGATIONS FROM SETTLEMENTS | 113 | 225 |
| BONUSES/COMPENSATION/LEAVE BENEFITS | 20 | 302 |
| OTHER | 183 | 244 |
| | 2,059 | 2,196 |

## 25. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Other financial obligations exist in the form, amongst other things, of module supply contracts with maturities of up to one year of TEUR 57,208 (previous year: TEUR 57,255) and with maturities of more than one and up to five years at TEUR 193.091 (previous year: TEUR 205.541).

A major shareholder put a guarantee amounting to TEUR 5,000 for a module supplier.

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 26. SALES REVENUE

Please refer to the group segment report for the composition of sales revenue.

### 27. OTHER OPERATING EARNINGS

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

| | 01.01.-31.03.2008 TEUR | 01.01.-31.03.2007 TEUR |
|---|---|---|
| EARNINGS FROM WRITE-OFFS OF VALUE ADJUSTMENTS | 22 | 12 |
| EARNINGS FROM DISPOSAL OF FIXED ASSETS | 217 | 0 |
| EARNINGS FROM RELEASE OF PROVISIONS | 121 | 6 |
| CHARGES FROM NON-CASH REMUNERATION | 43 | 28 |
| EARNINGS FROM EXCHANGE DIFFERENCES | 6 | 0 |
| INSURANCE COMPENSATION | 3 | 1 |
| COST TRANSFERS | 1 | 0 |
| OTHER | 37 | 9 |
| | 450 | 56 |

### 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 reporting period as well as services purchased by the COLEXON Group in this connection.

### 29. PERSONNEL EXPENSES

Personnel expenses are subdivided as follows:

| | 01.01.-31.03.2008 TEUR | 01.01.-31.03.2007 TEUR |
|---|---|---|
| SALARIES AND WAGES | 994 | 637 |
| SOCIAL SECURITY CONTRIBUTIONS | 146 | 99 |
| EXPENSES FOR PENSION SCHEMES | 2 | 4 |
| | 1,142 | 740 |

## 30. DEPRECIATION AND AMORTISATION

Depreciation in the reporting period is attributed to planned depreciation of other intangible assets and tangible assets (TEUR 60).

## 31. OTHER OPERATING EXPENSES

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

| | 01.01.-31.03.2008 TEUR | 01.01.-31.03.2007 TEUR |
|---|---|---|
| LEGAL, CONSULTING AND AUDITING EXPENSES | 450 | 423 |
| COSTS OF SALES (INCL. COSTS FOR WARRANTIES) | 160 | 247 |
| DEPRECIATION ON RECEIVABLES | 152 | 0 |
| OFFICE AND SPACE COSTS | 151 | 204 |
| MOTOR VEHICLE EXPENSES | 144 | 97 |
| ADVERTISING AND TRAVELLING EXPENSES | 71 | 86 |
| INSURANCES | 68 | 101 |
| REPAIRS / MAINTENANCE | 44 | 43 |
| COSTS FOR TRAINING | 25 | 12 |
| SELF-BALANCING ITEMS | 23 | 33 |
| EXHIBITION COSTS | 19 | 0 |
| COSTS FOR THE REPRESENTATIVE OFFICE IN SHANGHAI | 17 | 19 |
| STOCK EXCHANGE QUOTATION COSTS | 15 | 30 |
| FACILITY RENTAL | 5 | 4 |
| COSTS RELATED TO THE ANNUAL GENERAL MEETING | 1 | 14 |
| SUPERVISORY BOARD COMPENSATION | 0 | 11 |
| EXPENSES FOR INDUSTRIAL / WASTE DISPOSAL | 0 | 5 |
| OTHER | 304 | 97 |
| | 1,649 | 1,426 |

## 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:

| | 01.01.-31.03.2008 TEUR | CORRECTED 01.01.-31.03.2007 TEUR |
|---|---|---|
| INTEREST ON THE CONVERTIBLE BOND | 228 | 217 |
| INTEREST ON SHORT-TERM LIABILITIES | 120 | 23 |
| OTHER FINANCING COSTS | 37 | 19 |
| | 385 | 259 |

## 34. TAX ON INCOME

Taxes on income and earnings are comprised of the following:

| | 01.01.-31.03.2008 TEUR | CORRECTED 01.01.-31.03.2007 TEUR |
|---|---|---|
| ACTUAL TAX OBLIGATION | 620 | 0 |
| DEFERRED TAXES | -520 | -18 |
| | 100 | -18 |

## 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:

| | 01.01.-31.03.2008 | CORRECTED 01.01.-31.03.2007 |
|---|---|---|
| CFS RESULT (IN EUR) | 519,665 | -46,635 |
| WEIGHTED NUMBER OF SHARES (IN UNITS) | 5,115,000 | 4,650,000 |
| UNDILUTED EARNINGS PER SHARE (IN EUR) | 0.10 | -0.01 |

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:

| | 01.01.-31.03.2008 TEUR | 01.01.-31.03.2007 TEUR |
|---|---|---|
| RECEIVED EARNINGS | 54 | 11 |
| PAID INTEREST | 156 | 29 |
| REPAID TAXES ON INCOME | 0 | 42 |
| PAID TAXES ON INCOME | 17 | 38 |

## 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 01, 2008, until March 31, 2008 is presented in the following table.

| PRIMARY SEGMENT INFORMATION | SEGMENT PROJECTS | SEGMENT DISTRIBUTION | TRANSITION | GROUP |
|---|---|---|---|---|
| **EXTERNAL SALES** | **12,655** | **13,639** | **23** | **26,317** |
| PREVIOUS YEAR (Q1 2007) | 3,112 | 10,453 | 36 | 13,601 |
| **INTERCOMPANY SALES** | **9,187** | **9,917** | **-19,104** | **0** |
| PREVIOUS YEAR (Q1 2007) | 6,270 | 5,894 | -12,164 | 0 |
| **NET SALES** | **21,842** | **23,556** | **-19,081** | **26,317** |
| PREVIOUS YEAR (Q1 2007) | 9,382 | 16,347 | -12,128 | 13,601 |
| **SEGMENT RESULTS** | **250** | **750** | **-481** | **520** |
| PREVIOUS YEAR (Q1 2007), CORRECTED | -278 | 1,122 | -891 | -47 |
| **THEREOF INTEREST PAYABLE** | **-157** | **0** | **-228** | **-385** |
| PREVIOUS YEAR (Q1 2007), CORRECTED | -51 | -100 | -108 | -259 |
| **THEREOF INTEREST EARNED** | **0** | **0** | **54** | **54** |
| PREVIOUS YEAR (Q1 2007) | 3 | 3 | 47 | 53 |
| **THEREOF WRITE-OFFS** | **-26** | **-28** | **-6** | **-60** |
| PREVIOUS YEAR (Q1 2007) | -28 | -9 | -17 | -54 |
| **SEGMENT ASSETS** | **32,444** | **15,199** | **15,800** | **63,444** |
| PREVIOUS YEAR (Q1 2007) | 26,488 | 15,350 | 15,867 | 57,705 |
| **SEGMENT LIABILITIES** | **11,653** | **3,683** | **11,667** | **27,003** |
| PREVIOUS YEAR (Q1 2007) | 8,020 | 2,647 | 11,117 | 21,784 |
| **SEGMENT INVESTMENTS** | **16** | **0** | **176** | **192** |
| PREVIOUS YEAR (Q1 2007) | 67 | 15 | 319 | 401 |

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

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 | 23,741 | 1,699 | 877 | 26,317 |
| Q1 2007 | 11,546 | 2,055 | 0 | 13,601 |

## 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 | 0 | | 2,950 |
| PREVIOUS YEAR (Q1 2007) | 0 | | 517 |
| RECEIVABLES | 14 | | 0 |
| PREVIOUS YEAR (DEZEMBER 31, 2007) | 149 | | 0 |
| WRITE-OFFS ON RECEIVABLES | 0 | | |
| PREVIOUS YEAR (Q1 2007) | 0 | | |
| INTEREST RATE 7,7 % P.A. | 0 | | |
| PREVIOUS YEAR (Q1 2007) | 0 | | |
| GOODS AND SERVICES RECEIVED | | | 13 |
| PREVIOUS YEAR (Q1 2007) | | | 11 |
| LIABILITIES | | 0 | |
| PREVIOUS YEAR (DEZEMBER 31, 2007) | | 0 | |
| PAYMENTS RECEIVED | | | 241 |
| PREVIOUS YEAR (DEZEMBER 31, 2007) | | | 240 |

The receivables against a member of the Executive Board, include primarily interests of earlier receivables until their payment. The interest payment was made with 7,7 percent.

The goods and service received are related to premises rental. A Board member held one third of the rented partnership. The rent is in the lower range of the fair market value.

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 March 31, 2008, 76 persons (December 31, 2007: 78) were employed.

## 39. SUPERVISORY BOARD

In accordance with §8 of the Articles of Association, the company‘s Supervisory Board consists of three members that, and, as of March 31, 2008, is comprised as follows:

- 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)

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

## 40. EXECUTIVE OF MANAGEMENT

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

- Mr. Thorsten Preugschas, Graduate Engineer, Kamp-Lintfort
- Dr. Volker Wingefeld, Graduate Economist, Bruchköbel

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.

## 41. 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.

(The Executive Board)

## FINANCIAL CALENDAR 2008

| | |
|---|---|
| *May 9th* | Report for the first quarter 2008 |
| *Mai 28th* | Annual general meeting, Hamburg |
| *August 8th* | Halfyear report |
| *November 14th* | Report for the third quarter 2008 |
| *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

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## GRAPHIC DESIGN

Elisabeth Bak

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.*

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