RENESOLA LTD

RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2006

ReneSola Ltd (AIM: SOLA) ("ReneSola" or the "Company"), a leading manufacturer of wafers for the photovoltaic (PV) industry, today announces results for the third quarter and nine months ended 30 September 2006.

The results for the third quarter and first nine months of 2006, which are set out below, are those of Zhejiang Yuhui Solar Energy Source Co. Ltd., the wholly-owned trading subsidiary of ReneSola.

Third Quarter 2006 Highlights:

- Revenue increased by 64.6% over the second quarter to RMB225.6 million (US$28.4 million)
- Gross profit increased by 51.5% over the second quarter to RMB67.8 million (US$8.5 million)
- Gross margin reduced to 30.1% from 32.7% in the second quarter due to an anticipated increase in feedstock prices
- Production output exceeded the projected 13 MW
- Net profit increased by 55.7% over the second quarter to RMB63.0 million (US$7.9 million)
- Production capacity successfully increased, more than doubling during the quarter, with a further 54 monocrystalline furnaces installed, bringing the total number in operation to 90 by the end of the quarter
- One wire saw fully commissioned and operational and a further four installed during the quarter -- additional 19 wire saws to be delivered over the remainder of 2006, bringing the total to 24

Mr. Li Xian Shou, CEO of ReneSola, said: "During the third quarter we continued the expansion of our production capacity with the installation of 54 new furnaces and four wire saws.

"We have also entered into major new long term sales contracts with terms between three and five years' duration. Over 90% of our existing production capacity has now been pre-sold for 2007 and the feedstock required for the pre-sold production output has been secured through a combination of long term supply contracts and our ongoing procurement programme."

Third Quarter 2006 Results

Total revenue for the third quarter of 2006 was RMB225.6 million (US$28.4 million), an increase of 64.6% over the second quarter. The strong growth rate was primarily due to the production capacity more than doubling from 36 furnaces at the end of the second quarter to 90 furnaces at the end of third quarter.

Gross profit for the third quarter was RMB67.8 million (US$8.5 million), an increase of 51.5% over the second quarter. Gross margin for the third quarter was 30.1%, compared with 32.7% in the second quarter and 25.7% for the first quarter. The gross margin decreased due to the anticipated rise in feedstock prices, which was partially offset by continuing technological improvements and more stringent cost control measures.

Operating expenses in the third quarter were RMB4 million (US$0.51 million), compared with RMB3.4 million (US$0.43 million) in the second quarter. The rate of this increase was well below the expansion in the scale of ReneSola's business.

Operating income for the third quarter of 2006 was RMB63.7 million (US$7.9 million), an increase of 55.6% over the second quarter. The operating margin was 28.2%, compared with 30.0% in the second quarter.

Net profit for the third quarter of 2006 was RMB63.0 million (US$7.92 million), an increase of 55.7% over the second quarter.

Business Highlights

In the third quarter, ReneSola completed a key milestone in its expansion programme with an increase in the monocrystalline furnaces in operation from 36 to 90.

The Company acquired an 11 acre plot of land for the new buildings to house the planned 100MW 2007 capacity expansion programme. Design of the new facility has begun and construction is expected to be completed early in the first quarter of 2007. The Company recently signed a contract with ALD Vacuum Technologies GmbH in Germany for the delivery of multicrystalline furnaces during the course of 2007.

In addition to one wire saw becoming fully operational, ReneSola also installed a further four wire saws during the third quarter. An additional 19 wire saws are to be delivered during the remainder of 2006, bringing the total number to 24. When these wire saws are fully operational, the Company will be able to improve gross margin by slicing all the ingot output from the existing production capacity, rather than outsourcing it to third parties. ReneSola recently signed a contract with Meyer Burger AG in Switzerland to purchase additional wire saws which will enable the Company to slice all the ingots from the planned 2007 capacity increase.

During the quarter, ReneSola entered into new long term contracts with major cell and module manufacturers with terms of between three and five years. Customers include Suntech Power Co. Ltd and Topco Technologies Corporation. Together with the contracts signed during the second quarter, over 90% of the existing capacity for 2007 has been pre-sold and the feedstock required secured.

The silicon feedstock procurement programme for 2007 is well advanced with ReneSola having approximately 400 tonnes in stock, close to 400 tonnes to be delivered in 2007 under long term procurement contracts, on-going monthly purchases of between 60 and 90 tonnes and a certain amount from its customers under tolling arrangements. Following substantial increases earlier in the year, raw material prices now appear to have stabilized.

The Company has commenced the establishment of a new R&D centre at its existing site with equipment currently being delivered. The centre will be staffed by 20 engineers. It is expected that the new R&D centre will be in full operation by the end of the year.

Outlook for Fourth Quarter

Total production output is anticipated to rise to approximately 18MW in the fourth quarter. In addition, with the increase of wire saw production, the benefits of in-house wafer-slicing should start to appear for the first time.

INCOME STATEMENT

	Three months ended 30 Sep 2006	Three months ended 30 Jun 2006	Six months ended 30 Jun 2006	Nine months ended 30 Sep 2006	Year ended 31 Dec 2005 Audited
	US$000	US$000	US$000	US$000	US$000
Sales	28,395	17,099	24,062	52,457	6,224
Cost of sales	(19,861)	(11,515)	(16,692)	(36,553)	(4,888)
Gross profit	8,534	5,584	7,370	15,904	1,336
Selling and marketing expenses	(9)	(42)	(125)	(134)	(110)
Administrative expenses	(504)	(387)	(580)	(1,084)	(381)
Loss on disposal of fixed assets	-	-	-	-	(243)
Other profit	207	-	22	229	-
Operating profit	8,228	5,155	6,687	14,915	602
Net finance cost	(305)	(109)	(145)	(450)	(28)
Profit before and after income tax	7,923	5,046	6,542	14,465	574
Profit for the period	7,923	5,046	6,542	14,465	574

BALANCE SHEET

	As at		
	30 Sep 2006	30 Jun 2006	31 Dec 2005
			Audited
	US$000	US$000	US$000
Non-current assets			
Property, plant and equipment	18,198	9,839	2,664
Current assets			
Inventories	25,555	18,655	3,055
Trade and other receivables	32,363	17,249	3,295
Cash and cash equivalents	19,620	6,714	404
	77,538	42,618	6,754
Current liabilities			
Trade and other payables	(38,775)	(33,401)	(6,571)
Tax payable	(5)	(2)	(1)
Bank loans	(13,030)	(10,336)	(712)
	(51,810)	(43,739)	(7,284)
Net current assets/(liabilities)	25,728	(1,121)	(530)
Net assets	43,926	8,718	2,134
Capital and reserves attributable to equity holders			
Paid-up capital	28,513	1,513	1,513
Statutory surplus reserve	212	212	63
Foreign currency translation reserve	342	57	15
Retained earnings	14,859	6,936	543
Total equity	43,926	8,718	2,134

CASH FLOW STATEMENT

	Three months ended 30 Sep 2006	Three months ended 30 Jun 2006	Six months ended 30 Jun 2006	Nine months ended 30 Sep 2006	Year ended 31 Dec 2005 Audited
	US$000	US$000	US$000	US$000	US$000
Cash flows from operating activities					
Cash (used by)/generated from operations	(7,060)	3,405	6,661	(399)	851
Interest paid	(18)	(89)	(109)	(127)	(27)
Net cash (used by)/generated from operating activities	(7,078)	3,316	6,552	(526)	824
Cash flows from investing activities					
Purchase of property, plant and equipment	(9,616)	(7,211)	(9,896)	(19,512)	(1,975)
Proceeds from sales of property, plant and equipment	-	-	-	-	3
Interest received	12	5	6	18	1
Net cash used in investing activities	(9,604)	(7,206)	(9,890)	(19,494)	(1,971)
Cash flows from financing activities					
Proceeds from capital contribution	27,000	-	-	27,000	1,050
Short-term bank borrowings	2,694	7,848	9,612	12,306	458
Net cash provided by financing activities	29,694	7,848	9,612	39,306	1,508
Effects of exchanges rates on cash and cash equivalents	（106）	23	36	(70)	3
Net increase in cash	12,906	3,981	6,310	19,216	364
Cash and cash equivalents at beginning of the period	6,714	2,733	404	404	40
Cash and cash equivalents at end of the period	19,620	6,714	6,714	19,620	404

NOTE TO THE CASH FLOW STATEMENT

Cash generated from operations

	Three months ended 30 Sep 2006 US$000	Three months ended 30 Jun 2006 US$000	Six months ended 30 Jun 2006 US$000	Nine months ended 30 Sep 2006 US$000	Year ended 31 Dec 2005 Audited US$000
Profit for the period	**7,923**	**5,046**	**6,542**	**14,465**	**574**
Adjustment for:					
Loss on sales of property, plant and equipment	-	-	-	-	243
Depreciation	227	106	166	393	44
Net movement on doubtful debt provision	36	-	26	62	10
Write off bad debts	-	-	-	-	121
Interest revenue	(12)	(5)	(6)	(18)	(1)
Interest expenses	245	89	109	354	27
Changes in working capital:					
(Increase)/decrease in:					
Inventories	(6,900)	(9,733)	(15,510)	(22,410)	(3,038)
Trade VAT and other receivables	(3,165)	(1,219)	(2,034)	(5,199)	(1,372)
Prepayment for raw materials	(10,525)	(3,737)	(9,180)	(19,705)	(1,158)
Receivables form prepayments to related parties	(118)	-	(336)	(454)	(600)
Increase/(decrease) in:					
Trade payables and other payables	519	961	1,403	1,922	1,341
Unearned revenue	4,595	11,590	25,136	29,731	4,406
Tax payables	2	2	2	4	1
Accrued expenses	113	305	366	479	89
Unearned revenue and payables to related parties	-	-	(23)	(23)	164
Cash (used by)/generated from operations	**(7,060)**	**3,405**	**6,661**	**(399)**	**851**

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