

RENESOLA LTD

RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2007

ReneSola Ltd (AIM: SOLA) ("ReneSola" or the "Group"), a leading manufacturer of wafers for the photovoltaic (PV) industry, is pleased to announce results for the first quarter ended 31 March 2007 and provide details of the finalisation of the 2006 audited accounts.

First Quarter 2007 Highlights:

	Quarter ended 31 Mar 2007 Unaudited	Quarter ended 31 Dec 2006 Unaudited	Year ended 31 Dec 2006 Audited
Revenue (US\$000)	36,597	35,104	87,561
Gross profit (US\$000)	8,945	8,924	24,828
Gross margin	24.4%	25.4%	28.4%
Profit before tax (US\$000)	7,340	8,062	22,527
Production output (MW)	15.3	15.7	38.9

Mr. Li Xian Shou, CEO of ReneSola, said: "We have successfully achieved several key milestones in our expansion plan, in particular the commissioning of 96 new monocrystalline furnaces, bringing the total installed capacity up to 165 MW. Demand remains strong and we are confident of continuing good progress over the remainder of the year. As a result, we have announced separately today a significant increase in our planned 2007 year end production capacity."

First Quarter 2007 Results

Total revenue for the first quarter 2007 was US\$36.6 million, an increase of 4.3% sequentially and 426% year on year.

Gross profit for the first quarter was US\$8.9 million, an increase of 0.2% sequentially and 401% year on year. Gross margin for the first quarter was 24.4%, compared with 25.4% in the fourth quarter 2006 and 25.7% in the first quarter 2006. The reduction in gross margin was primarily due to an expected increase in raw material costs over the fourth quarter 2006.

Operating expenses in the first quarter were US\$1.0 million, compared with US\$1.2 million in the fourth quarter 2006 and US\$0.3 million in the first quarter 2006.

Operating income for the first quarter was US\$7.9 million, an increase of 1.7% sequentially and 415% year on year.

Profit before tax for the first quarter was US\$7.3 million, a decrease of 9% sequentially and an increase of 391% year on year. The reduction in profit before tax reflected a higher finance cost during the quarter as a result of bank borrowings increasing from approximately US\$15 million at the end of 2006 to approximately US\$46 million.

Profit after tax for the first quarter was US\$6.4 million, including a charge for income tax which was paid at a rate of 12%. No income tax was paid in the fourth quarter 2006 due to a tax holiday. As a result of the increase in the registered capital of Zhejiang Yuhui Solar Energy Source Co. Ltd. ("Zhejiang Yuhui"), the Company's principal trading subsidiary, in 2006, the Group is eligible for a tax holiday in accordance with Chinese tax law. The Group has started the application process for a new tax holiday. Until the application is approved by the relevant tax authority, a tax rate of 12% will be applied to the earnings of Zhejiang Yuhui. The tax payable for 2007 will be assessed by the tax authority in early 2008 by taking into consideration the current tax holiday, the potential further tax holiday arising from increased registered capital of Zhejiang Yuhui and the tax credit available as a result of capital equipment purchased by the Group in China. Zhejiang Yuhui will be able to offset the tax paid against future tax credits.

Business Highlights

Production Output

Production output in the first quarter was 15.3 MW, approximately 2.9 MW below net full capacity. During the first quarter, production is affected by both New Year and Chinese New Year holidays. In addition, this year there was a two day black out due to annual transmission line maintenance carried out by the local electricity authority. Also, the previously announced higher breakage rate arising from the initial learning curve on the in-house slicing of wafers had an short term impact on production output. The breakage rate has now dropped significantly to a level within industry norms, but the Company is focusing on improving performance even further.

Production Capacity

ReneSola completed a key milestone in its expansion programme with an increase in the number of monocrystalline furnaces from 90 to 186 providing annualised capacity of 165 MW. Of the 96 new furnaces, 48 were delivered in March and are in full operation and the remaining 48 were delivered in April and are expected to become fully operational during June.

With 19 new NTC wire saws also being brought into operation in the quarter, ReneSola has the capability to slice all of the ingot output from the first 90 monocrystalline furnaces, rather than outsourcing to third parties, thereby enhancing the Group's gross margins.

The Group is in the process of adding a further 25 NTC wire saws which will have the capability to slice the ingot output from the 96 new monocrystalline furnaces. Of these new saws, 13 are being installed and the remaining 12 are to be delivered in the third quarter 2007.

As set out in a separate announcement today, the Company has decided to increase the 2007 year end monocrystalline capacity from 165 MW to 213 MW and the multicrystalline capacity from 100 MW to 160MW. The new furnaces will be delivered over the remainder of the year. In addition, the Group has ordered sufficient wire saws to enable the in-house slicing of all the output of the new furnaces.

Procurement

Raw materials in stock were over 420 tonnes at the end of first quarter 2007, sufficient for the planned output in the second quarter. With the ongoing programme of purchases under contract and on spot, as well as raw materials to be provided under tolling arrangements, the Group is well placed in respect of raw material procurement for the increasing production capacity.

Funding

The Company raised US\$120 million through the issue of convertible bonds in March 2007. This funding is intended to enable the Company to finance the revised 2007 capacity expansion as well as part-finance further expansion in 2008.

Corporate

In addition to the establishment of ReneSola America Inc. a wholly-owned subsidiary incorporated in Delaware, USA in 2006, the Company has incorporated a wholly owned subsidiary in Singapore, and is in the process of establishing an office in Germany in order to supplement the existing raw material procurement network.

In order to expand the recycling capability close to raw material sources, ReneSola has continued to work on establishing a recycling plant in Malaysia.

Outlook

Total production output is anticipated to rise to approximately 25 MW in the second quarter with the implementation of the new production capacity. Both productivity and management efficiency are improving which will mitigate the impact of margin pressure as a result of increasing raw material costs in the second quarter. Demand for wafers remains strong and we are confident of continuing good progress over the remainder of the year.

Finalisation of audit for year ended 31 December 2006

The audit of the 2006 accounts has now been completed by Deloitte Touche Tohmatsu. In finalising the accounts, adjustments to certain non-operational items were made to the preliminary results which were announced on 27 April 2007. The principal adjustment comprised the creation of a contribution reserve, in accordance with IFRS 2 – Share based

payment, in relation to certain transfers of shares by existing shareholders prior to admission to AIM.

Also in accordance with IFRS 2, a charge of US\$264,000 to the income statement has been made in relation to the following share based payments made or potentially made to executive officers of the Company. As disclosed in the Company's AIM admission document dated 3 August 2006, the existing shareholders of the Company agreed to transfer, in aggregate, 333,333 shares to Charles Bai, the Chief Financial Officer, in three equal tranches. In addition Professor Huang Binghua, Chief Technical Officer, and Dr. Li Panjian, Chief Executive Officer of ReneSola America Inc. and Vice President, International Business Development, have conditionally been granted the issue of 20,000 shares and 40,000 shares respectively for each year of their employment contracts with ReneSola. The first such issues are due to take place on 29 November 2007.

Annual accounts

It is expected that the annual accounts for the year ended 31 December 2006 will be posted to shareholders and available from the ReneSola's website during the week commencing 11 June 2007.

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INCOME STATEMENT

	Three months ended 31		Year ended
	2007	March	31
	Unaudited	2006*	December
	US\$000	Audited	2006
	US\$000	Audited	Audited
	US\$000	US\$000	US\$000
Revenue	36,597	6,963	87,561
Cost of sales	(27,652)	(5,177)	(62,733)
Gross profit	8,945	1,786	24,828
Other income	50	22	189
Selling and distribution expenses	(104)	(83)	(350)
Administrative expenses	(994)	(193)	(1,968)
Other expenses/income	-	-	(20)
Investment income	59		312
Finance costs	(616)	(36)	(464)
Profit before tax	7,340	1,496	22,527
Taxation	(924)	-	2,679
Profit for the year	6,416	1,496	25,206

BALANCE SHEET

	As at		
	31 March	31 December	31 March
	2007	2006	2006*
	Unaudited	Audited	Audited
	US\$000	US\$000	US\$000
Non-current assets			
Property, plant and equipment	26,829	19,200	4,965
Deposits for acquisition of property, plant and equipment ("PPE")	25,700	15,810	-
Deferred expense (issue cost of bond)	4,224	-	-
Prepaid lease payments	4,228	4,187	-
Deferred tax assets	3,391	3,359	-
	<u>64,372</u>	<u>42,556</u>	<u>4,965</u>
Current assets			
Inventories	60,077	44,849	8,878

Trade and other receivables	32,026	34,202	10,275
Prepaid lease payments	82	108	-
Cash and cash equivalents	131,034	9,862	2,733
	<u>223,219</u>	<u>89,021</u>	<u>21,886</u>
Total assets	287,591	131,577	26,851
Current liabilities			
Trade and other payables	38,485	41,909	20,711
Tax payable	928	-	1
Bank loans	45,983	14,675	2,488
	<u>85,396</u>	<u>56,584</u>	<u>23,200</u>
Net current assets/(liabilities)	<u>137,823</u>	<u>32,437</u>	<u>(1,314)</u>
Non current liabilities			
Convertible bond payables	105,449	-	-
	<u>105,449</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>190,845</u>	<u>56,584</u>	<u>23,200</u>
Net assets	<u>96,746</u>	<u>74,993</u>	<u>3,651</u>
Capital and reserves attributable to equity holders			
Share capital	-	-	1,513
Reserves	96,746	74,993	2,138
	<u>96,746</u>	<u>74,993</u>	<u>3,651</u>
Total equity	<u>96,746</u>	<u>74,993</u>	<u>3,651</u>

CASH FLOW STATEMENT

	Three months ended		Year ended
	31 March		31 December
	Unaudited	Audited	Unaudited
	2007	2006*	2006
	US\$000	US\$000	US\$000
CASHFLOWS FROM OPERATING ACTIVITIES			
Profit before tax	7,340	1,496	22,527
Adjustments for			
Investment revenue	(59)	-	(312)
Finance cost	616	19	464
Employees shares incentives	110	-	264
Depreciation	516	60	740
Amortisation	26	-	31
Loss on disposal of fixed assets	-	-	-
Allowance for doubtful debts	-	26	7
Operating cash flows before movements in working capital	8,549	1,601	23,721
Increase in inventory	(15,574)	(5,777)	(40,859)
Increase in receivables and prepayments	2,524	(6,594)	(31,319)
Increase in payables and accruals	(3,423)	14,026	35,254
Cash (used in) / generated by operations	(7,924)	3,256	(13,203)
Interest paid	(616)	(20)	(464)
Net cash (used in) / generated by operating activities	(8,540)	3,236	(13,667)
CASHFLOWS FROM INVESTING ACTIVITIES			
Interest received	59	1	312
Proceeds on disposal of PPE	-	-	-
Purchase of PPE	(7,811)	(2,685)	(14,789)
Deposits for acquisition of PPE	(9,890)	-	(15,810)
Purchase of prepaid lease payment	-	-	(4,140)
Acquisition of subsidiary	-	-	-
Payment to a shareholder for transfer of a subsidiary	-	-	(2,878)
Net cash used in investing activities	(17,642)	(2,684)	(37,305)
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from capital contribution	-	-	50,000
Proceeds from bond	119,995	-	-
Share issue costs	(4,224)	-	(3,734)
Short-term bank borrowings	38,273	1,764	27,880
Repayment of bank loans raised	(7,106)	-	(13,941)

*The audited balance sheet at 31 March 2006 and the audited income and cash flow statements for the three months ended 31 March 2006 are those of Zhejiang Yuhui Solar Energy Source Co. Ltd. ReneSola Ltd's wholly owned subsidiary and have been included for comparative purposes.