

RENESOLA LTD

RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2007

ReneSola Ltd (“ReneSola” or the “Company”) (AIM: SOLA), a leading manufacturer of wafers for the solar PV industry, is pleased to announce its financial results for the second quarter ended 30 June 2007, the production capacity expansion plans for 2008 and an update on current trading.

Highlights

- Production output of 23MW in the second quarter of 2007, compared to 15.3MW in Q1 2007
- Successful testing of multicrystalline production
- Investment in new polysilicon plant, expected to commence production in the first quarter of 2008
- Annualised production capacity of 645MW planned for the end of 2008

	Q2 2007	Q1 2007	H1 2007	Q2 2006
Net revenue (US\$000)	45,582	36,597	82,179	17,099
Gross profit (US\$000)	9,653	8,945	18,598	5,584
Gross margin (%)	21.1%	24.4%	22.6%	32.7%
Operating profit (US\$000)	7,387	7,959	15,346	5,155
Foreign exchange loss (US\$000)	(2,249)	(62)	(2,311)	-
Profit for the period (US\$000)	5,426	6,416	11,842	5,046
Production output (MW)	23.0	15.3	38.3	7.5

Mr. Li Xian Shou, Chief Executive Officer of ReneSola, said: “We achieved a number of key milestones during the quarter, in particular the full implementation of the 96 new monocrystalline furnaces, which brought the total installed capacity up to 165MW.

“As previously announced, monocrystalline furnace upgrades to enable the production of larger wafers reduced the anticipated output for the quarter. In addition, delays in the delivery of crucibles for our new multicrystalline furnaces have put back the commencement date of full multicrystalline production. As a result of these factors, we are reducing our production output guidance for 2007 from 150MW to between 120 MW and 125MW, which will have an adverse impact on our financial target for the year.

“We have taken further steps to address the issue of increasing raw material prices, which resulted in pressure on margins during the second quarter, , through implementing cost reduction measures and increasing and diversifying our sources of silicon feedstock. In addition, we have taken firm steps to expand upstream through an investment in a polysilicon production facility which is expected to commence production in the first quarter of 2008.

“We believe ReneSola is well positioned to continue its strong growth, taking advantage of the growth in the solar industry, and are announcing today our plans for a further substantial increase in production capacity in 2008.”

Conference Call & Presentation

A conference call for analysts and investors will be held today at 2.00 p.m. BST (9:00 a.m. EST / 9.00 p.m. Beijing). Dial-in details are below. The presentation will be available on <http://www.citycomments.co.uk/renesola0807.pdf> from 1.50 p.m. BST.

UK Access Number	+44 (0)20 8609 1435
UK Toll Free Number	0808 109 1498
US Toll Free Number	1866 793 4279
China – North Toll Free Number	10 800 712 1407
China – South Toll Free Number	10 800 120 1407
Passcode	294476#

Financial Review

Demand for wafers remained robust through the second quarter and pricing for our wafers was stable. We have made strong progress in diversifying our feedstock sources, formulated a new upstream strategy for the manufacturing of polysilicon and made good progress towards the pre-sale of a substantial portion of our output on a multi-year basis.

The results for the quarter were adversely impacted by the previously announced upgrades to some of the monocrystalline furnaces, delays in the delivery of crucibles required for multicrystalline trial production and an increased operating cost base which is required for the expansion of the business. A foreign exchange loss of US\$2.25 million and an accrued interest charge of US\$1.1 million relating to the convertible bonds, which is included within the net financing costs, had no cash impact, but led to further erosion of the profit in the period.

Net revenue

Production output of 23MW was in line with our revised guidance and represented an increase of 50% sequentially and 206% year on year.

Net revenue of US\$45.6 million, on sales of 22.5MW, an increase by 24% sequentially and 166% year on year. The rate of growth in net revenue was impacted by a number of factors.

In the first quarter, net revenue included US\$3.35 million derived from the trading of feedstock which had no impact on production output. Excluding the net revenue from the trading of feedstock, the net revenue of the second quarter increased by 37% compared with first quarter. Secondly, the increasing proportion of tolling contract production has the effect of reducing net revenue as the income statement records only the tolling fee paid by the customer within net revenue, rather than the full sales price and associated cost of feedstock. Finally, we were advised by our auditors that a significant contract, which was treated in the first quarter as a full cost and sale contract, should now be treated as a tolling contract for accounting purposes.

In aggregate, tolling contracts accounted for 11% of the total output in the second quarter. We expect the proportion of tolling production output to increase in the third quarter and beyond.

Gross profit

Gross profit of US\$9.6 million, increased by 8% sequentially and 72% year on year. Whilst wafer pricing remained stable, the impact of the well-publicised raw material cost increases reduced gross margin to 21.1% in the second quarter, down from 24.4% in the first quarter 2007.

Operating profit

Operating profit of US\$7.4 million rose by 43% year on year, but declined by 7% sequentially. Higher operating expenses were incurred in the quarter due to significant recruitment, staff training, external consultancy fees and start-up costs to prepare for the introduction of the multicrystalline lines in the third quarter.

Profit before tax

Profit before tax of US\$4.6 million declined by 10% year on year and 38% sequentially. The effective bank interest rates remained stable through the second quarter. A foreign exchange loss of US\$2.25 million and an accrued interest charge of US\$1.1 million relating to the convertible bonds, which is included within the net financing costs, have no cash impact, but significantly eroded the profit in the period.

Taxation

ReneSola injected US\$39 million into its wholly-owned subsidiary, Zhejiang Yuhui Solar Energy Source Co. Ltd. (“Zhejiang Yuhui”), to increase the registered capital. In July 2007 Zhejiang Yuhui received approval from relevant Chinese authorities of a new tax holiday on US\$27 million and is applying for a similar tax holiday for the remainder of the capital injected in 2006. A refund of the tax paid by the Company in the first two quarters of 2007 will be assessed by the tax authorities in early 2008, taking into consideration the further tax holiday and the tax credits available for capital equipment purchased by the Company in China.

Zhejiang Yuhui recognised a tax credit of US\$0.86 million in the second quarter due to the purchase of domestically manufactured capital equipment.

Net profit

Net profit of US\$5.4 million increased by 8% year on year, but declined 15% sequentially due to the issues outlined above.

Business Review

Production capacity

As previously announced, the Company’s 2007 year end production capacity target is 373MW, which remains on track. We are pleased to announce a preliminary 2008 year end capacity target of 645MW. The substantial increase in planned capacity is a result of both the continuing demand-supply imbalance for wafers and growing confidence in the Company’s feedstock procurement.

Monocrystalline capacity

In addition to the annualised monocrystalline production capacity of 213MW targeted for the end of 2007, the Company plans to add 112MW of new capacity in 2008.

With the successful installation of 96 new monocrystalline furnaces, the Company's monocrystalline production capacity reached 165MW during the second quarter. Wire saws, sufficient to slice the ingot from all 186 installed monocrystalline furnaces, are in full operation.

The delivery of additional monocrystalline furnaces with total capacity of 48MW is expected by the end of 2007. Purchase contracts have been signed to procure further 112MW of furnace capacity for delivery in 2008, as well as for wire saws sufficient to slice all the ingot output from the planned new furnaces.

Multicrystalline capacity

In addition to the planned 160 MW of multicrystalline production capacity being installed in 2007, ReneSola plans to add a further 160MW in 2008.

The trial production of the Company's first multicrystalline furnaces was deferred from the second quarter into the third quarter of 2007 due to a delay in the delivery of crucibles from the supplier. 60MW of multicrystalline furnaces have already been installed, with the remaining 100MW to be delivered and installed as planned by the end of 2007.

Trial multicrystalline production has commenced and ReneSola has successfully produced 400kg of multicrystalline ingot.

Investment in solar grade polysilicon plant

In order to provide a secure, independent, lower-cost source of polysilicon, ReneSola has signed an agreement with a domestic Chinese company to establish a joint venture to manufacture solar grade polysilicon using Siemens technology. The joint venture has secured an experienced management team of chemical and process engineers with a proven track record of solar grade polysilicon production in China.

The facility is planned to have annual capacity of 750 tonnes and will be completed by the end of 2008. Construction will be undertaken in two phases and the first phase of the facility with 300 tonnes of annual capacity is underway. Capital equipment for the first phase has been ordered and is scheduled for delivery during 2007. Production from this phase is expected to commence in the first quarter of 2008. The second phase of 450 tonnes of annualised capacity is projected to be operational in the fourth quarter of 2008.

The Company will invest approximately RMB 100 million (US\$14 million) in the polysilicon project with 90% of the silicon output from the joint venture being supplied to ReneSola. The Directors believe that this will add an important component to the Company's sources of feedstock supply.

Feedstock procurement

The Company has explored ways and has made strong progress to both diversify and simplify its feedstock supply chain by purchasing feedstock directly from international semiconductor manufacturers and establishing direct links with international polysilicon producers. Both of these sources are increasingly important to the Company's feedstock supply chain.

At the end of July 2007, ReneSola had approximately 419 tonnes of feedstock in inventory. Sufficient feedstock is secured for the whole of the revised targeted output in the remainder of 2007. Existing feedstock sources, the adoption of an upstream vertical integration strategy and procurement from both polysilicon producers and semiconductor manufacturers will yield sufficient feedstock to produce a minimum of 170MW of output in 2008 before taking account of tolling production.

Sales contracts

ReneSola has recently signed three year sales contracts with both JA Solar Co. Ltd. and Jietion Holding Limited, both based in China, each for a total of 60MW of wafers for delivery from 2008 to 2010. In addition, the Company has signed a sales contract with CSI Solar Technologies Inc. for an initial shipment of approximately 5MW of wafers during the remainder of 2007. For 2008, the total volume of pre-sales under contract is 140 MW.

Production Output Guidance

ReneSola anticipates that total production output for the third quarter will be 30MW to 35MW and total production output for 2007 will be approximately 120 MW to 125 MW.

INCOME STATEMENT

	Three months ended 30 Jun 2007 Unaudited US\$000	Three months ended 31 Mar 2007 Unaudited US\$000	Six months ended 30 Jun 2007 Unaudited US\$000	Six months ended 30 Jun 2006* Unaudited US\$000
Net revenue	45,582	36,597	82,179	24,062
Cost of sales	(35,929)	(27,652)	(63,581)	(16,692)
Gross profit	9,653	8,945	18,598	7,370
Selling and distribution expenses	(195)	(104)	(299)	(125)
Administrative expenses	(2,171)	(932)	(3,103)	(580)
Other operating expenses	(11)	-	(11)	-
Other operating income	111	50	161	22
Operating profit (before finance costs)	7,387	7,959	15,346	6,687
Investment revenue	1,095	59	1,154	-
Foreign exchange loss	(2,249)	(62)	(2,311)	-
Finance costs	(1,670)	(616)	(2,286)	(145)
Profit before income tax	4,563	7,340	11,903	6,542
Taxation	863	(924)	(61)	-
Profit for the period	5,426	6,416	11,842	6,542

BALANCE SHEET

	30 Jun 2007	As at 31 Dec 2006	30 Jun 2006*
	Unaudited	Audited	Unaudited
	US\$000	US\$000	US\$000
Non-current assets			
Property, plant and equipment	52,879	19,200	9,839
Deposits and prepayments	41,647	19,997	-
Deferred tax asset	3,479	3,359	-
	<hr/>	<hr/>	<hr/>
	98,005	42,556	9,839
Current assets			
Inventories	75,214	44,849	18,655
Receivables and prepayments	65,721	34,310	17,249
Cash and cash equivalents	67,899	9,862	6,714
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	208,834	89,021	42,618
Total assets	306,839	131,577	52,457
Current liabilities			
Payables and accruals	35,235	41,909	33,401
Tax liabilities	14	-	2
Bank loans	58,929	14,675	10,336
	<hr/>	<hr/>	<hr/>
	94,178	56,584	43,739
Net current assets / (liabilities)	114,656	32,437	(1,121)
Non current liabilities			
Convertible bond payable	112,948	-	-
Warranty cost	65	-	-
Non current bank loans	4,739	-	-
	<hr/>	<hr/>	<hr/>
	117,752	-	-
Net assets	<hr/>	<hr/>	<hr/>
	94,909	74,993	8,718
Capital and reserves attributable to equity holders			
Reserves	94,909	74,993	8,718
Total equity	<hr/>	<hr/>	<hr/>
	94,909	74,993	8,718

CASH FLOW STATEMENT

	Three months ended 30 Jun 2007 Unaudited US\$000	Three months ended 31 Mar 2007 Unaudited US\$000	Six months ended 30 Jun 2007 Unaudited US\$000	Six months ended 30 Jun 2006* Unaudited US\$000
Cash flows from operating activities				
Cash (used)/generated by operations	(43,699)	(7,924)	(51,623)	6,661
Interest paid	(537)	(616)	(1,153)	(109)
Net cash (used) / provided by operating activities	(44,236)	(8,540)	(52,776)	6,552
Cash flows from investing activities				
Purchase of property, plant and equipment	(26,783)	(7,811)	(34,594)	(9,896)
Deposits for property, plant and equipment	(11,655)	(9,890)	(21,545)	-
Interest received	1,095	59	1,154	6
Net cash used in investing activities	(37,343)	(17,642)	(54,985)	(9,890)
Cash flows from financing activities				
Net proceeds from bond issue	-	115,771	115,771	-
Proceeds from borrowing	17,771	38,273	56,044	9,612
Repayment of bank loans	(803)	(7,106)	(7,909)	-
Net cash provided by financing activities	16,968	146,938	163,906	9,612
Net (decrease) / increase in cash and cash equivalents	(64,611)	120,756	56,145	6,274
Cash and cash equivalents at beginning of the period	131,034	9,862	9,862	404
Effects of exchanges rate restatements on cash and cash equivalents	1,476	416	1,892	36
Cash and cash equivalents at end of the period	67,899	131,034	67,899	6,714

*The comparative results for the first half of 2006 are those of Zhejiang Yuhui Solar Energy Source Co. Ltd., the wholly owned trading subsidiary of ReneSola.

For further information, please contact:

In China:

Charles Bai, CFO

ReneSola Ltd

Tel: +86 573 8477 3061, +86 573 8477 3058

Email: charles.bai@renesola.com

In the UK:

Charles Ryland/Suzanne Brocks/Catherine Breen

Buchanan Communications

Tel: +44 20 7466 5000

Tim Feather/Richard Baty

Hanson Westhouse Limited

Tel: +44 20 7601 6100

Email: tim.feather@hansonwesthouse.com