

RENESOLA LTD

INTERIM RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2006

ReneSola Ltd (AIM: SOLA) ("ReneSola" or the "Company"), a leading manufacturer of wafers for the photovoltaic (PV) industry, today announces results for the second quarter and half year ended 30 June 2006.

ReneSola was admitted to AIM on 8 August 2006 in conjunction with a placing which raised US\$50 million. The AIM admission document incorporated audited financial results for the year ended 31 December 2005 and the three months ended 31 March 2006.

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

Second Quarter 2006 Highlights:

- Revenue increased by 145.6% over the first quarter to RMB137 million (US\$17.1 million).
- Gross profit increased by 212.6% over the first quarter to RMB44.7 million (US\$5.6 million).
- Gross margin increased to 32.7% from 25.7% in the first quarter.
- Net profit increased by 237.3% over the first quarter to RMB40.4 million (US\$5.05 million).
- Production capacity more than doubled during the quarter.

Mr. Li Xian Shou, CEO of ReneSola, said: "During the second quarter we continued the expansion of our production capacity with the installation of a further 20 monocrystalline furnaces, bringing the total number in operation to 36. We also continued to enhance our production efficiency through improvements in recycling yields, furnace output and a reduction in the thickness of our wafers. These developments enhanced the gross margin significantly despite rising silicon feedstock prices.

"Since the end of the second quarter, the capacity expansion has continued. An additional 18 furnaces are currently in trial production with a further 18 in the process of installation. In addition, we have entered into major long term contracts for the

supply of feedstock and for the sale of wafers, enhancing the visibility of our financial performance.

“In August, ReneSola successfully floated on AIM raising US\$50 million, which we will use to continue the expansion of the Company.”

Second Quarter 2006 Results

Total revenue for the second quarter of 2006 was RMB137 million (US\$17.1 million), an increase of 145.6% over the first quarter. The strong growth rate reflected production capacity more than doubling with 36 furnaces in operation for most of the period compared to 16 in the first quarter.

Gross profit for the second quarter was RMB44.7 million (US\$5.6 million), an increase of 212.6% over the first quarter. Gross margin for the second quarter was 32.7%, compared to 25.7% in the first quarter and 21.5% for the year ended 31 December 2005. The gross margin increased due to a rise in wafer selling prices and reduction in wafer thickness, which more than offset increases in raw material prices.

Operating expenses in the second quarter were RMB3.4 million (US\$0.40 million), compared to RMB2.2 million (US\$0.28 million) in the first quarter. The increase is a result of the increasing scale of ReneSola's business.

Operating income for the second quarter of 2006 was RMB41.3 million (US\$5.2 million), an increase of 236.5% over the first quarter. The operating margin was 30.0%, compared to 22% in the first quarter.

Net profit for the second quarter of 2006 was RMB40.4 million (US\$5.05 million), a 237.3% increase over the first quarter.

Business Highlights

In the second quarter, ReneSola completed a key milestone in its expansion programme with an increase in the monocrystalline furnaces in operation from 16 to 36, which resulted in ingot production more than doubling.

The construction of a new building for the additional 54 new monocrystalline furnaces was also completed during the quarter. Of the new furnaces, 18 have now been installed with trial production commencing in July 2006 and a further 18 are currently being installed. The remaining 18 monocrystalline furnaces are due to be installed during September 2006.

ReneSola also installed its first wafer slicing machine during the quarter with a further four machines to be installed in the third quarter. The installation of the wafer slicing

technology will allow a reduction in wafer thickness, increasing the yield per ingot and resulting in further gross margin improvement.

In July 2006, ReneSola entered into a contract with Jiangsu Linyang Solarfun Co. Ltd for the supply of 14.4 MW of solar wafers in 2007 and at least a further 25 MW of wafers in 2008. Also in July 2006, ReneSola entered into an agreement with Motech Industries Inc. for the supply of approximately 80 MW of wafers over a three year period starting in 2007.

The feedstock procurement programme for 2007 is well advanced with ReneSola having recently entered into contracts with various vendors with terms ranging from 12 months to three years. ReneSola continues to minimise its risks by matching procurement against sales. To date, ReneSola has secured close to 400 tonnes of scrap silicon materials to be delivered in 2007. These supplies are in addition to the stock of over 200 tonnes of silicon which is sufficient for planned production output for the remainder of 2006.

Outlook for Third Quarter

ReneSola expects revenue to continue to grow strongly in the third quarter through the increase in production capacity, which is expected to reach an annual rate of 80 MW by the end of the third quarter. Total production output is expected to rise to approximately 13 MW in the third quarter, an increase of approximately 60% over the output in the second quarter.

INCOME STATEMENT

	Three months ended 30 Jun 2006 Unaudited US\$000	Three months ended 31 Mar 2006 Audited US\$000	Six months ended 30 Jun 2006 Unaudited US\$000	Year ended 31 Dec 2005 Audited US\$000
Sales	17,099	6,963	24,062	6,224
Cost of sales	(11,515)	(5,177)	(16,692)	(4,888)
Gross profit	5,584	1,786	7,370	1,336
Selling and distribution expenses	(42)	(83)	(125)	(110)
Administrative expenses	(387)	(193)	(580)	(381)
Loss on disposal of fixed assets	-	-	-	(243)

Other income from government grants	-	22	22	-
Operating profit (before finance costs)	5,155	1,532	6,687	602
Finance costs (net)	(109)	(36)	(145)	(28)
Profit before income tax	5,046	1,496	6,542	574
Income tax expense	-	-	-	-
Profit for the period	5,046	1,496	6,542	574

BALANCE SHEET

	As at 30 Jun 2006 Unaudited US\$000	As at 31 Mar 2006 Audited US\$000	As at 31 Dec 2005 Audited US\$000
Non-current assets			
Property, plant and equipment	9,839	4,965	2,664
	9,839	4,965	2,664
Current assets			
Inventories	18,655	8,878	3,055
Receivables and prepayments	17,249	10,275	3,295
Cash and cash equivalents	6,714	2,733	404
	42,618	21,886	6,754
Current liabilities			
Payables and accruals	33,401	20,711	6,571
Tax liabilities	2	1	1
Bank loans	10,336	2,488	712
	43,739	23,200	7,284
Net current liabilities	(1,121)	(1,314)	(530)
Net assets	8,718	3,651	2,134

Capital and reserves attributable

to equity holders			
Paid-up capital	1,513	1,513	1,513
Statutory Surplus Reserve	212	212	63
Foreign currency translation reserve	57	36	15
Retained earnings	6,936	1,890	543
Total equity	8,718	3,651	2,134

CASH FLOW STATEMENT

	Three months ended 30 Jun 2006 Unaudited US\$000	Three months ended 31 Mar 2006 Audited US\$000	Six months ended 30 Jun 2006 Unaudited US\$000	Year ended 31 Dec 2005 Audited US\$000
Cash flows from operating activities				
Cash generated from operations	3,405	3,256	6,661	851
Interest paid	(89)	(20)	(109)	(27)
Net cash provided by operating activities	3,316	3,236	6,552	824
Cash flows from investing activities				
Purchase of property, plant and equipment	(7,211)	(2,685)	(9,896)	(1,975)
Proceeds of sales of property, plant and equipment	-	-	-	3
Interest received	5	1	6	1
Net cash used in investing activities	(7,206)	(2,684)	(9,890)	(1,971)
Cash flows from financing activities				
Proceeds from capital contribution	-	-	-	1,050
Proceeds from borrowing	7,848	1,764	9,612	458
Net cash provided by	7,848	1,764	9,612	1,508

financing activities

Effects of exchanges rate restatements on cash and cash equivalents	23	13	36	3
Net increase in cash	3,981	2,329	6,310	364
Cash and cash equivalents at beginning of the period	2,733	404	404	40
Cash and cash equivalents at end of the period	6,714	2,733	6,714	404

Note**Cash generated from operations**

	Three months ended 30 Jun 2006 Unaudited US\$000	Three months ended 31 Mar 2006 Audited US\$000	Six months ended 30 Jun 2006 Unaudited US\$000	Year ended 31 Dec 2005 Audited US\$000
Profit for the period	5,046	1,496	6,542	574
<i>Adjustment for:</i>				
- Loss on sale of property, plant and equipment	-	-	-	243
- Depreciation	106	60	166	44
- Net movement on doubtful debt provision	-	26	26	10
- Write off bad debts	-	-	-	121
- Interest revenue	(5)	(1)	(6)	(1)
- Interest expenses	89	20	109	27
<i>Changes in working capital:</i>				
(Increase)/decrease in:				
- Inventories	(9,733)	(5,777)	(15,510)	(3,038)
- Trade VAT and other receivables	(1,219)	(815)	(2,034)	(1,372)
- Prepayments for raw materials	(3,737)	(5,443)	(9,180)	(1,158)

- Receivables from prepayments to related parties	-	(336)	(336)	(600)
Increase/(decrease) in:				
- Trade and other payables	961	442	1,403	1,341
- Unearned revenue	11,590	13,546	25,136	4,406
- Taxes payable	2	-	2	1
- Accrued expenses	305	61	366	89
- Unearned revenue and payables to related parties	-	(23)	(23)	164
Cash generated from operations	3,405	3,256	6,661	851

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