

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 JANUARY 2010 TO 30 JUNE 2010

09 CONSOLIDATED INCOME STATEMENT FOR THE FIRST HALF 2010// IN k€

	1st half 2010	1st half 2009
1. Revenue	608,389	403,351
2. Change in inventories of finished goods and work in progress	-5,855	85,850
3. Own work capitalized	490	441
4. Other operating income	35,852	25,891
5. Cost of materials	-391,349	-302,740
6. Personnel expenses	-58,472	-50,830
7. Amortization and depreciation	-40,584	-30,266
8. Other operating expenses	-67,309	-48,380
9. Operating result	81,162	83,317
10. Financial result	-20,874	-12,859
11. Income before taxes on income	60,288	70,458
12. Taxes on income	-25,478	-18,770
13. Consolidated net income	34,810	51,688
Attributable to:		
- Shareholders of SolarWorld AG	34,812	51,688
- Non-controlling interests	-2	0
14. Earnings per share		
Weighted average number of shares outstanding (in 1,000)	110,827	111,720
Consolidated net income (in €)	0.31	0.46

⑩ CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER 2010// IN k€

	2nd quarter 2010	2nd quarter 2009
1. Revenue	382,810	227,085
2. Change in inventories of finished goods and work in progress	-34,633	14,114
3. Own work capitalized	196	0
4. Other operating income	17,579	20,807
5. Cost of materials	-217,975	-152,012
6. Personnel expenses	-31,034	-24,651
7. Amortization and depreciation	-21,421	-15,556
8. Other operating expenses	-39,153	-24,243
9. Operating result	56,369	45,544
10. Financial result	-7,874	-10,052
11. Income before taxes on income	48,495	35,492
12. Taxes on income	-18,963	-7,587
13. Consolidated net income	29,532	27,905
Attributable to:		
- Shareholders of SolarWorld AG	29,534	27,905
- Non-controlling interests	-2	0
14. Earnings per share		
Weighted average number of shares outstanding (in 1,000)	110,827	111,720
Consolidated net income (in €)	0.27	0.25

11 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST HALF 2010 // IN k€

	1st half 2010	1st half 2009
Consolidated net income	34,810	51,688
Other comprehensive income		
Net result from cash flow hedges	1,918	-11,994
Currency translation of foreign operations	56,249	-7,531
Net result from financial assets available for sale	0	-316
Income tax relating to components of other comprehensive income	-572	3,794
Other comprehensive income for the period, net of tax	57,595	-16,047
Total comprehensive income for the period	92,405	35,641
Attributable to:		
- Shareholders of SolarWorld AG	92,407	35,641
- Non-controlling interests	-2	0

12 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER 2010 // IN k€

	2nd quarter 2010	2nd quarter 2009
Consolidated net income	29,532	27,905
Other comprehensive income		
Net result from cash flow hedges	2,898	-2,781
Currency translation of foreign operations	36,010	-19,519
Net result from financial assets available for sale	0	-310
Income tax relating to components of other comprehensive income	-864	879
Other comprehensive income for the period, net of tax	38,044	-21,731
Total comprehensive income for the period	67,576	6,174
Attributable to:		
- Shareholders of SolarWorld AG	67,578	6,174
- Non-controlling interests	-2	0

⑬ CONSOLIDATED BALANCE SHEET // IN k€

Assets	30.06.2010	31.12.2009
A • Noncurrent Assets	1,060,104	881,824
I. Intangible assets	39,844	37,297
II. Property, plant and equipment	954,746	787,536
III. Investments measured at equity	56,284	50,243
IV. Other financial assets	676	849
V. Deferred tax assets	8,554	5,899
B • Current Assets	1,760,286	1,334,390
I. Inventories	600,854	598,154
II. Trade receivables	189,226	211,401
III. Current income tax assets	260	2,157
IV. Other receivables and assets	19,175	12,987
V. Other financial assets	92,901	81,602
VI. Liquid funds	857,870	428,089
C • Assets Held for Sale	510	836
	2,820,900	2,217,050
Equity and Liabilities	30.06.2010	31.12.2009
A • Equity	896,867	865,462
I. Equity attributable to shareholders of SolarWorld AG	896,091	865,462
1. Subscribed capital	106,902	111,720
2. Capital reserve	296,489	296,489
3. Other reserves	46,078	-11,517
4. Accumulated profits	446,622	468,770
II. Non-controlling interests	776	0
B • Noncurrent Liabilities	1,659,877	1,119,411
I. Noncurrent financial liabilities	1,293,904	750,584
II. Accrued investment grants	64,150	68,279
III. Noncurrent provisions	26,382	24,023
IV. Other noncurrent liabilities	237,801	250,662
V. Deferred tax liabilities	37,640	25,863
C • Current Liabilities	264,156	232,177
I. Current financial liabilities	49,260	38,915
II. Trade payables	96,671	83,943
III. Income tax liabilities	34,823	25,218
IV. Current provisions	7,707	5,426
V. Other current liabilities	75,695	78,675
	2,820,900	2,217,050

⑭ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY // IN k€

	Sub- scribed capital	Capital reserve	Other reserves			Accum- lated profits	Non-con- trolling interests	Total
			Exchange reserve	Reserve from hedging of cash flows	Reserve for assets available for sale			
As per Dec. 31, 2008	111,720	296,489	-3,123	9,148	286	426,555	0	841,075
Dividend distribution						-16,758		-16,758
Total comprehensive income 1st and 2nd quarter 2009			-7,531	-8,204	-312	51,688		35,641
Stand 30.06.2009	111,720	296,489	-10,654	944	-26	461,485	0	859,958
Total comprehensive income 3rd and 4th quarter 2009			-1,712	-95	26	7,285		5,504
As per Dec. 31, 2009	111,720	296,489	-12,366	849	0	468,770	0	865,462
Dividend distribution						-17,649		-17,649
Purchase of treasury shares	-4,818					-36,826		-41,644
Difference from purchase of non-controlling interests						-2,485		-2,485
Change in non- controlling interests							778	778
Total comprehensive income 1st and 2nd quarter 2010			56,249	1,346	0	34,812	-2	92,405
As per Jun. 30, 2010	106,902	296,489	43,883	2,195	0	446,622	776	896,867

⑮ CONSOLIDATED CASH FLOW STATEMENT // IN k€

	1st half 2010	1st half 2009
Income before tax	60,288	70,458
+ Amortization and depreciation	40,584	30,266
+ Financial result (without gains/losses from currency translation)	23,417	12,551
+ Loss from disposal of assets	31	38
- Reversal of accrued investment grants	-5,653	-5,360
- Other material non-cash income	-13,277	-14,319
= Cash flow from operating result	105,390	93,634
+/- Changes in prepayments and customer advances (balance)	15,014	-5,227
- Increase of inventories (devoid of prepayments)	-12,179	-119,630
-/+ Increase/decrease of trade receivables	22,225	-57,303
+ Increase of trade liabilities	17,434	29,364
+/- Changes in other net assets	4,008	-17,363
= Cash flow from operating result and changes in net assets	151,892	-76,525
+ Interest received	1,605	8,765
- Taxes on income paid	-14,956	-32,991
= Cash flow from operating activities	138,541	-100,751
- Cash outflow for asset investments	-136,004	-144,207
+ Cash inflow from the disposal of assets	10,939	1,151
+ Cash inflow from financial investments	10,207	161,951
+/- Cash inflow/outflow from the disposal/acquisition of consolidated entities (less acquired liquid funds)	-9,001	5,775
= Cash flow from investment activities	-123,859	24,670
+ Cash inflow from borrowings	498,044	0
- Cash outflow for redemption of borrowings	-8,894	-8,926
- Interest paid	-19,300	-19,167
- Dividend distribution to shareholders of SolarWorld AG	-17,649	-16,758
- Cash outflow from purchase of treasury shares	-41,644	0
- Payments to non-controlling interests	-2,774	0
= Cash flow from financing activities	407,783	-44,851
+/- Net changes in cash and cash equivalents	422,465	-120,932
+/- Exchange rate effects on cash and cash equivalents	7,316	-164
+ Cash and cash equivalents at the beginning of the period	428,089	431,689
= Cash and cash equivalents at the end of the period	857,870	310,593

NOTES ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. ACCOUNTING ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Pursuant to Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards SOLARWORLD AG is obliged to apply the international accounting standards adopted in accordance with Articles 2, 3 and 6 of said Regulation. These interim financial statements as per June 30, 2010 have accordingly also been prepared in accordance with IAS 34. These condensed consolidated interim financial statements have not been subject to a review or audit by an auditor.

2. ACCOUNTING AND VALUATION METHODS

In preparing the interim financial statements and establishing the comparative figures for the previous year basically the same consolidation principles and accounting and valuation methods as in the 2009 consolidated financial statements have been applied. A detailed description of these methods has been published in the Notes to the 2009 Annual Report which can be reviewed and downloaded from the Internet under www.solarworld.de//.

ESTIMATIONS AND ASSUMPTIONS

In connection with the preparation of the group interim financial statements management has to apply estimations and make assumptions. These affect the amounts recognized for assets, liabilities and contingent liabilities as of balance sheet date as well as the amounts recognized for revenues and expenses for the period then ended. Actual amounts may deviate from these estimations.

INCOME TAXES

The income tax expense of the group interim financial statements is mainly calculated on the basis of the actual tax rates of the respective group companies considering the effects of material tax neutral revenues and expenses. As of June 30, 2010, for the US subsidiaries, deferred taxes on tax loss carry forwards have not been capitalized.



3. GROUP OF CONSOLIDATED COMPANIES

The group of consolidated companies essentially consists of the following subsidiaries:

- DEUTSCHE CELL GMBH, Freiberg, Germany
- DEUTSCHE SOLAR AG, Freiberg, Germany
- GO!SUN GMBH & CO. KG, Bonn, Germany
- SOLAR FACTORY GMBH, Freiberg, Germany
- SOLARWORLD AFRICA (PTY.) LTD., Cape Town, South Africa
- SOLARWORLD AG & SOLARHOLDING GMBH IN GBR AUERMÜHLE, Bonn, Germany
- SOLARWORLD ASIA PACIFIC PTE LTD., Singapore, Singapore
- SOLARWORLD CALIFORNIA LLC, Camarillo, U.S.
- SOLARWORLD FRANCE SAS, Grenoble, France
- SOLARWORLD IBÉRICA SL, Madrid, Spain
- SOLARWORLD INDUSTRIES AMERICA LLC, Camarillo, U.S.
- SOLARWORLD INDUSTRIES AMERICA LP, Camarillo, U.S.
- SOLARWORLD INDUSTRIES SERVICES LLC, Camarillo, U.S.
- SOLARWORLD INDUSTRIES DEUTSCHLAND GMBH, Bonn, Germany
- SOLARWORLD INDUSTRIES SCHALKE GMBH I.L., Bonn, Germany
- SOLARWORLD INNOVATIONS GMBH, Freiberg, Germany
- SOLARWORLD INDUSTRIES AMERICA INC., Hillsboro, U.S.
- SOLARWORLD SOLICIUM GMBH, Freiberg, Germany
- SOLARWORLD POWER PROJECTS INC., Camarillo, U.S.
- SUNICON AG, Freiberg, Germany

With exception of SOLARWORLD AG & SOLARHOLDING GMBH IN GBR AUERMÜHLE, SOLARWORLD AG directly or indirectly holds a 100 percent stake in all these companies.

SOLARWORLD AG & SOLARHOLDING GMBH IN GBR AUERMÜHLE

On April 30, 2010 SOLARWORLD AG acquired 49 percent of the shares of SOLARWORLD AG & SOLARHOLDING GMBH IN GBR AUERMÜHLE (Auermühle) the latter being a company which basically owns and leases an office building including storage facilities in Bonn (Germany). Background for the acquisition was the continuous growth of SOLARWORLD AG and the accompanying space requirements of the sales headquarters in Bonn.

Furthermore, in connection with the purchase of the shares SOLARWORLD AG respectively Solar Holding Beteiligungsgesellschaft mbH have received the right to purchase respectively sell further shares of the company, 45 percent at a maximum. Hence, the company has been fully consolidated for the first time as of April 30, 2010, and a purchase price liability has been recognized for the future share purchase at the same time.



The fair values of the identifiable assets and liabilities of Auermühle as of the acquisition date determined on a preliminary basis were as follows:

in k€	
Fixed assets	39,481
Current assets	5,440
Receivables	5,425
Liquid funds	15
Total assets	44,921
Total financial liabilities	-26,521
Fair value of total identifiable net assets	18,400
Purchase consideration transferred	17,296
Non-controlling interests	1,104

The fair value of the transferred receivables is equal to the contractually agreed gross amount of the receivables.

The amount of the non-controlling interest is determined on the basis of the proportionate fair value of the net assets. In the course of the first-time consolidation the fixed assets have been revaluated. The value of the acquired company mainly arises from the valuation of the single assets especially of the building and the financial liabilities and not from ongoing business operations. Due to this the purchase price paid was the basis for the revaluation of the fixed assets.

During the time of the membership to SOLARWORLD Group the company has not contributed any revenue, but a negative net income in amount of k€ -29. If the business combination had taken place as of the beginning of the year, the contributions would have been correspondingly immaterial. Therefore, the exact determination of the disclosures according to IFRS 3.B64 (q) (ii) has not been made due to efficiency and effectiveness considerations.

The purchase consideration consists of a purchase price payment in amount of k€ 9,016 for the already transferred shares on the one hand and of a purchase price liability in amount of k€ 8,280 for the future share purchase on the other hand.

The net cash outflow of the business combination amounted to k€ -9,007 and is calculated as follows:

in k€	
Cash outflow	-9,016
Transaction costs of the acquisition (included in cash flow from operating activities)	-6
Liquid funds received	15
Net cash outflow	-9,007

The transaction costs of the acquisition have been recognized in the other operating expenses. The purchase price liability has been recognized in the non-current financial liabilities.

SOLARWORLD FRANCE SAS

In April 2010, in Grenoble/France, SOLARWORLD FRANCE SAS has been founded as a 100 percent subsidiary. The company is supposed to further support the market presence in the European foreign countries.

SOLARWORLD KOREA LTD.

In the scope of a capital increase, SOLARWORLD AG acquired new shares in the Joint Venture SOLARWORLD KOREA LTD. on July 29, 2009, and then held 76.5 percent in the company as of December 31, 2009. In February 2010, the Joint Venture partner of SOLARWORLD KOREA LTD. has exercised his right to reacquire 26.5 percent of the shares in SOLARWORLD KOREA LTD. for a fixed price within the period of one year and thus re-established an equal share quota. Therefore, as of June 30, 2010, again 50 percent of the shares of SOLARWORLD KOREA LTD. are in possession of SOLARWORLD AG.

QATAR SOLAR TECHNOLOGIES Q.S.C.

In April 2010, SOLARWORLD AG has taken an interest of 29 percent in the newly founded joint venture QATAR SOLAR TECHNOLOGIES Q.S.C. domiciled in the emirate Qatar. On the Arabian Peninsula, the joint venture will build production facilities for polysilicon with a planned capacity of 3,600 tons p.a..

4. OTHERS

CONTINGENT LIABILITIES

As of June 30, 2010 there are no changes of contingent liabilities compared to December 31, 2009.

TREASURY SHARES

Until June 30, 2010, on the basis of the authorization of the annual shareholders meeting on May 20, 2009 SOLARWORLD AG acquired 4,817,723 treasury shares with a nominal value of € 1 at acquisition cost of k€ 41,644. The weighted average number of shares outstanding being the basis for the calculation of earnings per share has been recalculated as of balance sheet date and amounts to 110,826,988 shares.

5. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

The EEG amendment approved by the Bundestag (First Chamber) at the beginning of May was stopped at short notice by some Eastern German federal states, which demanded a more moderate reduction than the proposed eleven to 16 percent respectively (depending on type of plant). The Mediation Committee that was convened as a result confirmed the amounts of reductions but staggered them over time. The amendment came into force backdated to 1 July. It means that feed-in compensation for roof top plants will be cut by 13 percent, for free-field plants by twelve percent and for so-called conversion areas by eight percent. With effect from 1 October all feed-in tariffs are to be reduced by another three percent. For plants built on arable land funding has no longer been available since 1 July. In addition, the feed-in compensation will be further reduced by at least another nine percent with effect from 1 January 2011. The precise amount of the reduction depends on the growth of the German solar market. Should the market exceed the pre-determined thresholds of 3,500 MW, 4,500 MW, 5,500 MW and 6,500 MW respectively the compensation will be cut by an additional percentage point.

Apart from that, after June 30, 2010 there were no events of particular importance.



⑩ SEGMENT REPORTING FIRST HALF 2010 // IN M€

	Production Germany	Production U.S.	Trade	Other	Elimination	Consolidated
Revenue						
External revenue	173	11	496	0	-72	
Intersegment revenue	162	114	0	5	-281	
Total revenue	335	125	496	5	-353	608
Result						
Operating result (EBIT)	60	-4	34	-1	-8	81
Financial result						-21
Income before taxes on income						60
Taxes on income						-25
Consolidated net income						35

⑪ SEGMENT REPORTING FIRST HALF 2009 // IN M€

	Production Germany	Production U.S.	Trade	Other	Elimination	Consolidated
Revenue						
External revenue	203	25	267	1	-93	
Intersegment revenue	197	81	0	3	-281	
Total revenue	400	106	267	4	-374	403
Result						
Operating result (EBIT)	109	-10	3	1	-20	83
Financial result						-12
Income before taxes on income						71
Taxes on income						-19
Consolidated net income						52

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Bonn, 10 August 2010

SOLARWORLD AG
Board of Management



Dr. Ing. h.c. Frank Asbeck
Chairman of the Board



Dipl.-Wirtschaftsing. Frank Henn
Executive Board member/Sales



Dipl.-Kfm. tech. Philipp Koecke
Executive Board member/Finance



Dipl.-Ing. Boris Klebensberger
Executive Board member/Operations

