



INTERIM REPORT
JANUARY TO JUNE 2008



OVERVIEW

SMA Group		1. Half-year 2008	1. Half-year 2007	Change	Year 2007
Sales	€ million	292.6	113.7	+157 %	327.3
Export Ratio	in %	47 %	27 %		29 %
Capital Expenditure ¹	€ million	28.2	5.3	+432 %	12.3
Depreciation	€ million	3.7	5.0	-26 %	16.0
Operating Income (EBIT)	€ million	68.7	14.2	+384 %	59.3
EBIT-margin	in %	23.5 %	12.4 %		18.1 %
Consolidated Net Profit	€ million	48.2	8.6	+460 %	36.8
Earnings Per Share ²	€	1.39	0.25		1.06
Employees (average during the period) ³		2,226	1,374	+62 %	1,600
In Germany		2,129	1,321	+61 %	1,533
Abroad		97	53	+83 %	67

SMA Group		06/30/2008	12/31/2007	Change
Total Assets	€ million	370.2	163.2	+127 %
Shareholders' Equity	€ million	208.5	64.4	+224 %
Equity Ratio	in %	56.3 %	39.5 %	
Net Working Capital ⁴	€ million	84.0	59.4	+41 %
Net Working Capital ratio	in %	16.6 %	18.1 %	
Cash & Cash Equivalents ⁵	€ million	65.6	52.8	+24 %

¹ Excl. Finance Leases, excl. R&D

² Converted to 34,700,000 shares

³ Incl. temporary employees

⁴ Inventories and trade receivables minus trade payables

⁵ As at June 30, 2008 before IPO proceeds

INVERTER OUTPUT SOLD IN MEGAWATT

293

895

■ 1. Half-year 2007

■ 1. Half-year 2008

GROUP SALES IN MILLION EURO

113.7

292.6

■ 1. Half-year 2007

■ 1. Half-year 2008

OPERATING INCOME (EBIT) IN MILLION EURO

14.2

68.7

■ 1. Half-year 2007

■ 1. Half-year 2008

EARNINGS PER SHARE IN EURO

0.25

1.39

(Converted to 34,700,000 shares)

■ 1. Half-year 2007

■ 1. Half-year 2008

HIGHLIGHTS OF THE FIRST HALF-YEAR

- SMA SHARES LISTED ON THE FRANKFURT STOCK EXCHANGE
- BEST FIRST HALF-YEAR FOR THE SMA GROUP EVER
- HALF-YEARLY SALES UP 157 % TO €292.6 MILLION
- OPERATING INCOME (EBIT) OF €68.7 MILLION
- EARNINGS PER SHARE OF €1.39
- POSITIVE OUTLOOK FOR THE FULL YEAR 2008



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Highlights of the First Half-year
Company Profile

The SMA IPO has been the largest to date in Germany in 2008



COMPANY PROFILE

SMA Solar Technology AG develops, produces and sells photovoltaic inverters, monitoring systems for photovoltaic facilities and electronic components for railway technology.

The photovoltaic inverter is a central component in any solar power system. SMA can offer the right type of inverter for every type of photovoltaic module used around the world and every type of grid-connected, isolated and backup operation application. SMA is the world market leader for photovoltaic inverters. In 2007, SMA sold solar inverters with a total output of 950 MW, thereby increasing its global market share to around 34 %. SMA's sales volume in 2007 corresponded to more than three times the inverter output sold by its next-biggest competitor.

SMA's head office is located in Niestetal near Kassel. It is represented by international subsidiaries on four continents in eight countries. The Group employs more than 2,500 people (including temporary workers). In 2007, SMA generated earnings before interest and taxes (EBIT) of EUR 59.3 million on sales of EUR 327.3 million, which corresponds to an EBIT margin of 18.1 %.

SMA Solar Technology AG

SMA focuses on the high-growth market for solar technology. The Photovoltaics Technology division comprises mainly the photovoltaic inverter business. A solar inverter controlled by powerful microprocessors is at the very heart of every photovoltaic system. The photovoltaic inverter converts the direct current generated in photovoltaic cells into alternating current for the grid. As an intelligent system manager, the division is responsible for generator control, yield monitoring and network management.

A solar power system is only as good as its photovoltaic inverter: the greater its efficiency, the greater the energy yield of the entire system. Thanks to its technological expertise and high capacity for innovation, SMA has considerably increased the maximum efficiency from around 90 % in 1990 to more than 98 % today. At the same time, SMA has significantly lowered the selling price per watt of photovoltaic inverters by around 70 %. The technological excellence of SMA photovoltaic inverters has also been confirmed by independent experts. For example, Sunny Boy inverters emerged as test winners in both of the studies conducted so far by Stiftung Warentest, Germany's leading consumer protection association. The Sunny Mini Central 8000TL was the editor's top pick and had the highest score in a product test by the specialist magazine Photon.

SMA's business model is driven by technological progress. Due to its flexible and scalable production, SMA can react quickly to customer requests, implement product innovations promptly, keep pace with the rapid growth rates of the photovoltaic industry and handle short-term fluctuations in demand for photovoltaic inverters at the same time. As a result of this high level of flexibility, production capacity is never a limiting factor at SMA.

SMA is headquartered in Niestetal/Kassel and it is represented by its own branches in Spain, Italy, France, Greece, Australia, South Korea, the People's Republic of China and the United States. Thanks



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to its comprehensive sales and service organization, SMA can profit from the development of the global photovoltaic market and quickly react to specific conditions.

Since it was founded, SMA has been distinguished by a particular corporate culture, which is based on the values of open communication, mutual respect and comprehensible decision-making processes. The Company profits from the deep commitment of its employees to shaping change and to improving their work on an ongoing basis. The corporate culture that has been developed over many years has led to SMA being voted as one of the top ten companies in Germany in the „Germany’s best employer“ contest for both years in which it has taken part.

The Management Board of SMA consists of Günther Cramer (Chairman, Development), Peter Drews (Operations), Pierre-Pascal Urbon (Sales, Marketing and Investor Relations) and Reiner Wettlaufer (Finance).



IPO

Since June 27, 2008, SMA Solar Technology AG has been the first solar company with photovoltaic inverters as its core business to be listed on the regulated market of the Frankfurt Stock Exchange (Prime Standard). The IPO is an important milestone in SMA's corporate development and allows the Group to enter its next growth phase.

Basic share data

Security code number (WKN)	A0DJ6J
ISIN	DE000A0DJ6J9
Stock market code	S92
Ticker	Reuters S92G.DE/Bloomberg S92 GR
Market segment	Prime Standard of the Frankfurt Stock Exchange
Prime sector	Industrial goods
Industry group	Renewables
Class of shares	Ordinary bearer shares with no par value (shares)

SMA – as a listed company

The exponential growth of the solar industry challenges companies constantly to react flexibly and instantly to new market trends. The IPO has provided the management with the financial flexibility to handle increasingly faster market growth, the associated capacity expansion and smaller acquisitions. In addition to strengthening its equity base and increasing its development capacity, SMA intends to use some of the proceeds generated by the IPO for continued internationalization. In addition, going public will further increase awareness of the SMA brand. The IPO can also help to further encourage employee participation.

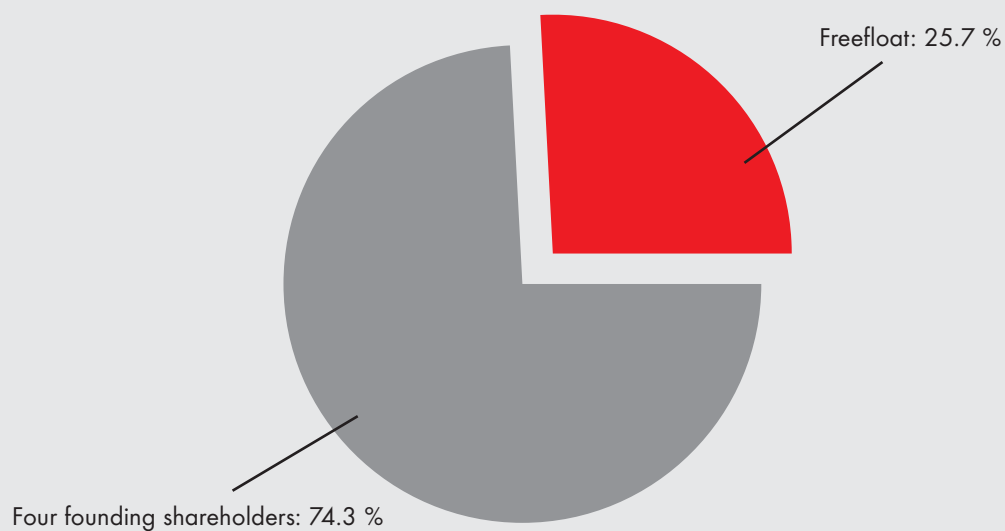
SMA published its plans for the IPO for the first time on June 4, 2008. The Federal Financial Supervisory authority (BaFin) approved the securities prospectus for the IPO on June 17, 2008. On the morning of June 18, 2008, the SMA management presented the key data on the IPO at a press conference in Frankfurt am Main and started the investor road show on the same date. In a decoupled bookbuilding process, the price range for the offer was set based on feed-back from discussions with investors. On June 22, 2008, SMA announced a price range between €40.00 and €52.00 per share. The offer period started on June 23, 2008 and ended on June 26, 2008. The placement price was set at €47.00 on June 26, 2008. SMA shares were traded on the Frankfurt Stock Exchange for the first time on June



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27. In total, 7.7 million SMA shares were placed. The issue volume amounted to €361.9 million. Thus, the IPO has been the largest to date in Germany in 2008. The Company's four founders - Günther Cramer, Peter Drews, Reiner Wettlaufer und Prof. (em.) Dr.-Ing. Werner Kleinkauf - still hold the majority of the shares in SMA of approximately 74 % after the IPO. Following full exercise of the greenshoe option, the SMA Group's free float stands at 25.7 % taking into account shares held by employees (including former employees).

The shareholder structure of SMA after full exercise of the greenshoe option is as follows:



PERFORMANCE

Since the beginning of the year, stock markets have been hit hard by the effects of the subprime crisis, the weakness of the US dollar, rising commodity prices (particularly for crude oil) and an impending recession in the US. The German Dax and TecDax indices have also trended downwards since the beginning of the year. At the end of the reporting period, the Dax closed on 6,418.32 points, while the TecDax closed on 770.58 points – a drop of around 20 % in each case since the beginning of the year.

Despite the turbulent market environment, SMA shares got off to an excellent start on June 27, to their first day of trading. At €47.00 per share, the placement price was set in the upper half of the published price range. The placement was oversubscribed several times. At €48.00, the opening price on the first day of trading price on the day the shares were listed was above the IPO price. The share price rose to a high of €55.97 before closing on their first day of trading at €55.50. SMA shares were traded on two days in the reporting period, which ended on June 30, 2008.



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INVESTOR RELATIONS

Since its incorporation, SMA has been distinguished by open and transparent communication with its employees and banks. SMA will inform the capital market of its key developments and corporate strategy transparently, continuously and promptly.

SMA posts current information for investors, analysts and journalists on its shares and the company on its investor relations website www.ir.sma.de. This is also where SMA publishes its mandatory disclosures (Ad-hoc releases) and financial news and reports. An overview of upcoming events for investors and research analysts can be found in the financial calendar.

The quarterly financial statements for the third quarter of 2008 will be published on November 14, 2008. The next Annual General Meeting of SMA Solar Technology AG will take place on May 28, 2009 at the Kassel town hall. All shareholders are cordially invited.

CORPORATE GOVERNANCE

The „Government Commission of the German Corporate Governance Code“ (Regierungskommission Deutscher Corporate Governance Kodex) established by the German Federal Ministry of Justice in September 2001 approved on February 26, 2002 the German Corporate Governance Code (the „Code“) at last adopted various amendments to the Code on June 6, 2008, which have been published on August 8, 2008 in the “Electronic Federal Gazette” (elektronischer Bundesanzeiger). The Code makes recommendations and suggestions for the management and supervision of German listed companies. In this respect, it is based on internationally and nationally accepted standards for good and responsible corporate management. The Code is intended to make the German corporate governance system transparent and comprehensible. The Code includes recommendations (so-called „shall provisions“) and suggestions (so-called „should or can provisions“) on corporate governance in relation to shareholders and the general shareholders meeting, the management board and the supervisory board, transparency, accounting and auditing of financial statements. The Code is available under www.corporate-governance-code.de.

There is no obligation to comply with the recommendations or suggestions of the Code. The German Stock Corporation Act merely obliges the management board and supervisory board of a listed com-



pany to declare annually either that the principles of the Code were and are being complied with or to declare which principles were not and are not applied. This declaration is to be made accessible to shareholders on a permanent basis. It is permissible to deviate from the recommendations in the Code without having to disclose this.

Prior to the listing of the shares of the Company on the stock exchange, the Company has not been subject to the obligation to issue any declaration on the Code. Having been an unlisted enterprise with a limited number of shareholders, the Company did not comply with several recommendations of the Code.

The Company intends to comply with most of the recommendations of the Code in the version dated June 6, 2008 as from the listing of its shares on the stock exchange and will comply with the obligation arising upon the listing of the shares on the exchange to issue a corresponding declaration under § 161 AktG during the course of the current fiscal year and to publish it and make it permanently available to the Shareholders. At present, the Management Board and the Supervisory Board are in discussions as to which recommendations are not being complied with in the future.

The resolution was adopted in the general shareholders meeting on April 30, 2008 not to individually show the compensation for the members of the Management Board until the end of the fiscal year 2012. Thus, the Company is currently and will most likely in the future be deviating from the recommendation of individually disclosing the compensation for the Management Board.

The Supervisory Board has so far refrained from forming an audit committee, a presidium committee and a nominating committee which is possible under the rules of procedure for the Supervisory Board. This is based on the consideration that the current size of the Supervisory Board with six members and its composition permits an efficient performance of the responsibilities of the Supervisory Board without establishing committees. In the view of the Company, this does not constitute any deviance to be declared pursuant to § 161 AktG from the recommendation in Clause 5.3.1 of the Code to form committees with sufficient expertise. This recommendation to the Supervisory Board is „depending on the specifics of the enterprise and the number of its members“. Thus, the Code also assumes that not every Supervisory Board should form committees in order to efficiently fulfill its responsibilities.



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Largest european exhibition for solar technology in Munich: Intersolar 2008



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GENERAL ECONOMIC CONDITIONS

Despite the head wind generated by the crisis in financial markets and rising commodity prices, the global economy demonstrated that it was in good shape in the first six months of 2008. In the industrialized countries, growth in real gross national product even accelerated again, particularly since production in Japan and the euro zone rose sharply. By contrast the economy in the United States once again grew only slightly. However, according to estimates by the Institute for the World Economy (IfW), economic expansion in the industrialized countries slowed significantly in the first half of 2008. The global economic climate cooled markedly because of the rapid rise in inflation.

The photovoltaics sector has de-coupled from trends in the global economy because of the global support programs and the rise in energy prices, in particular. The photovoltaics sector posted strong growth in the first half of 2008. However, growth was limited by the availability of silicon and modules. Demand for photovoltaic systems was mainly supported by countries in the euro zone, South Korea and the United States. Solar technology's increasing popularity throughout the world was also evident at the sector's leading trade fair, the Intersolar, which took place from June 12 to 14, 2008 in Munich. The number of exhibitors rose by more than 60 % compared with the previous year to over 1,000. At the same time, the proportion of international exhibitors rose by 10 percentage points to 47 %.

GROUP SALES AND EARNINGS

In the first six months of fiscal year 2008, the SMA Group achieved sales of €292.6 million and consequently increased sales by 157 % or €178.9 million on the comparable period in the previous year. The positive trend in sales at the beginning of the year accelerated further over the course of the year, so that the second quarter contributed €177.4 million to sales. SMA expanded its capacity continuously to service the unexpectedly sharp increase in demand and outsourced significant amounts of primary electronics products.

International markets have become even more important for the SMA Group. International sales were increased by 350 % on the comparable period in the previous year to €142.4 million. Spain was the most successful international market, followed by South Korea, the US, Italy and France. The proportion of international sales rose to 47 % (Q1-Q2 2007: 27 %) in the reporting period.

SMA increased its profitability as a result of the sustained very positive business development. While demand in the first quarter of the previous year started weak and then rose continuously, fiscal year



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2008 started with record figures for sales and earnings in the first quarter. In the second quarter, these record figures were boosted significantly once more by enormous demand for our inverters. Operating income EBIT (earnings before interest and taxes) improved, mainly through economies of scale, in the first six months of 2008 to €68.7 million (Q1-Q2 2007: €14.2 million). The second quarter contributed €44.4 million (Q2 2007: €12.9 million) or almost two-thirds to this. The EBIT margin for the first six months of 2008 improved to 23.5 % (Q1-Q2 2007: 12.4 %). Since the financial result was almost balanced in both reporting periods, the EBT margin was more or less equal to the EBIT margin. In the first six months of 2008, the SMA Group's profit for the period reached €48.2 million (Q1-Q2 2007: €8.6 million). This meant that more was achieved in the first half of the year than in the entire previous year (2007: €36.8 million).

SALES AND EARNINGS BY SEGMENT

In the first six months of 2008, the **Photovoltaics Technology** division achieved external sales of €283.6 million (Q1-Q2 2007: €104.9 million) and consequently increased sales by 170 % or €178.7 million. The inverter output sold to generate these sales rose by 205 % from around 293 MW to around 895 MW.

81 % of the sales by the Photovoltaics Technology division was attributable to the Medium Power Solutions segment (Residential and Commercial) with the product lines Sunny Boy and Sunny Mini Central and 19 % to the High Power Solutions segment (Industrial) with the product line Sunny Central.

In the **Medium Power Solutions** segment, external sales rose by 148 % in the reporting period to €229.8 million compared with €92.8 million in the first six months of the previous year. 61 % of gross sales were achieved in Germany. Spain was the most successful international market, followed by the US and Italy. Sunny Mini Central 7000HV and Sunny Mini Central 8000TL inverters were the best-selling products in the first six months of the year. Sales were driven by Sunny Boy 5000 Multi-String in the same period in the previous year. Overall, the trend is towards more powerful products, which can also be used in remote photovoltaic systems generating up to one megawatt. The surge in demand in the first quarter of 2008 led to longer delivery times for the most popular products at times in the second quarter. Operating income (EBIT) was increased by over 350 % to €45.8 million (Q1-Q2 2007: €10.3 million) thanks to the significant expansion in sales.



In the **High Power Solutions** segment, sales rose by €41.7 million, or 344 %, in the reporting period to €53.8 million (Q1-Q2 2007: €12.1 million). €40.2 million of the sales in 2008 was attributable to the second quarter alone following €13.6 million in the first quarter. Among other things, this is attributable to the fact that a large number of virtually completed project orders were not invoiced until the second quarter. Around 50 % of sales were attributable to the Spanish market, followed by South Korea and Germany. As in the previous year, the most successful product was the Sunny Central 100 with an output of 100 kW, since this is used particularly in Spain in large ground-mounted systems. While EBIT was slightly negative in the same period of the previous year, EBIT of €13.8 million was generated in the first six months of 2008 as a result of the strong rise in sales.

In the **Railway Technology** division, external sales in the first six months of 2008 were 1 % up on the comparable period in the previous year at €7.5 million. 53 % of sales in this division, which is characterized by larger-scale individual projects, were conducted in Germany and 40 % in EU countries. In the previous year, 80 % of sales were still achieved in Germany. Internal sales, which rose by 26 % in the reporting period, related primarily to supplies of cable and mechanical components to the High Power Solutions segment. Operating income (EBIT) shrank to €1.2 million (Q1-Q2 2007: €1.3 million).

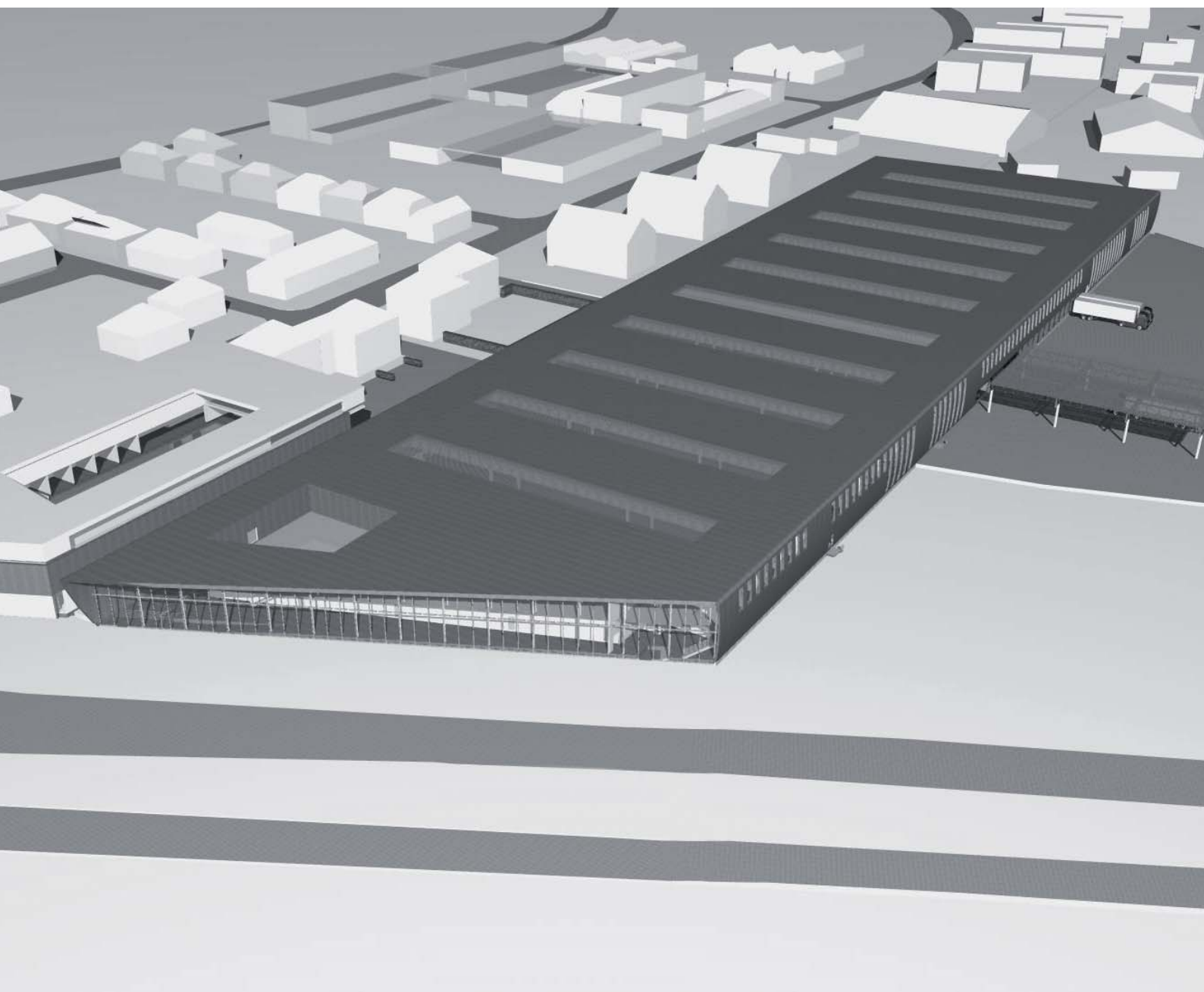
Following the hiving off of the Railway Technology division from the parent company to an independent company, SMA Railway Technology GmbH, which was resolved by the Annual Shareholders' Meeting on April 30, 2008 and came into effect on June 2, 2008, the division can hone its image now that it is disassociated from the main business of the SMA Group, namely photovoltaic inverters.

The **Electronics Manufacturing** segment, which is primarily characterized by intra-Group sales, was working at full capacity in the first six months of fiscal year 2008 because of high demand in the Photovoltaics Technology division (three shift operation six days a week). More than half the products requested were therefore purchased via external suppliers. In the reporting period, total sales (external and internal revenues) rose to €65.7 million (Q1-Q2 2007: €28.7 million). Operating income (EBIT) rose to €6.8 million (Q1-Q2 2007: €1.9 million) as a result of capacity being fully utilized.



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View from the south onto the new production hall which will be inaugurated in Q1 2009



ASSETS AND FINANCIAL POSITION

As a result of the IPO on June 27, 2008 and the associated net issue proceeds of around €121.1 million, the Company's equity base has increased significantly. As at June 30, 2008, the equity ratio improved to 56.3 % compared with 39.5 % at the end of fiscal year 2007. The inflow of funds did not occur until after the reporting date for the interim financial statements.

Cash flow from operating activities has increased from €0.0 million to €71.9 million compared with the comparable figure in the previous year. Very good earnings in the first six months of fiscal year 2008 led to the fact that despite a dividend payment of €25.2 million at the beginning of May and an outflow of funds caused by investments of €30.6 million, the SMA Group had cash and cash equivalents of €65.6 million at its disposal on the reporting date for the interim financial statements (December 31, 2007: €52.8 million). As a result, SMA has a very sound financial base.

Compared with December 31, 2007, total assets have grown by €207.0 million to €370.2 million, which is mainly a tribute to the issue proceeds from the IPO and the expansion in business activities. In the reporting period, net working capital increased by 41 % to €84.0 million (December 31, 2007: €59.4 million). While inventories and trade receivables increased by 56 % and 57 % respectively, trade payables rose by 118 %. Therefore the net working capital ratio in relation to the last twelve months' sales fell to 16.6 % compared with 18.1 % at the end of fiscal year 2007.

INVESTMENTS

In the first half of 2008, investments focused on the construction of a new production facility for inverters in Kassel, which is to be commissioned on schedule at the beginning of 2009. Of the total volume of around €45 million earmarked for this, around €14 million had been used as at the reporting date. Further investments basically relate to essential expansion in production capacity at interim sites and replacement investment. At €28.2 million, total investments in the first six months of the financial year – without capitalizing the costs of development projects amounting to €0.2 million – were up more than 400 % on the comparable figure in the previous year of €5.3 million. Accordingly, the investment ratio rose to 9.6 % (Q1-Q2 2007: 4.7 %). Investments of around €60 million are planned for 2008 as a whole.



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RESEARCH AND DEVELOPMENT

The costs of research and development amounted to €15.2 million in the first six months of the financial year and were consequently 79 % above the level of the previous year (Q1-Q2 2007: €8.5 million). In essence, this rise is attributable to an increase in the number of staff employed in development. Despite this, the R&D ratio fell as a consequence of the marked expansion in sales to 5.2 % (Q1-Q2 2007: 7.5 %).

Major highlights in development include the start of production of two new inverters. On the one hand, the Sunny Mini Central 11000TL as an extension of the very successful Sunny Mini Central series in the higher performance range, which is distinguished by a markedly reduced specific price and the outstanding efficiency rating of 98 %. On the other hand, the new generation of the Sunny Boy family, the Sunny Boy 5000TL went into production. As a successor to the Multi-String inverter, which sold in large numbers, this inverter is equipped for the first time as a global inverter with an improved efficiency rating and with Bluetooth communication and will also be produced in large numbers. Following successful UL certification, delivery of the first new Sunny Central inverters for the US market could start, with the result that SMA also has a presence in the commercial and industrial segments of the US market now.

The development team is focusing on the development of the Sunny TriPower 17000TL and the Sunny Boy 3000HF equipped with high frequency transformers as well as a new generation of Sunny Central inverters, which will go into production in 2009. A further expansion in employee numbers in the development team is planned for the second half with the aim of reducing the „time to market“ period.

EMPLOYEES/HUMAN RESOURCES

The rapid expansion in business entailed the further recruitment of new staff in the reporting period. Taking account of 733 temporary employees, the number of employees in the SMA Group rose by 66 % to 2,574 (June 30, 2007: 1,554). The permanent staff increased by 44 %. In the international sales and service branches run by the Photovoltaics Technology division, the number of employees doubled to 107, compared with 55 a year ago.

On April 30, 2008, the Annual Shareholders' Meeting elected Dr. Winfried Hoffmann to the Supervisory Board until the Annual Shareholders' Meeting in 2011.



SUPPLEMENTARY REPORT

Since the end of the reporting quarter, business activities have developed in line with expectations. There have been no significant changes in the general economic conditions or SMA's situation in the sector. No events have occurred that could have a material impact on the net assets, financial position or results of operations. In addition, there are no events to be reported elsewhere that are of particular significance for the SMA Group.

RISK AND OPPORTUNITIES REPORT

The Group's risk and opportunities management as well as possible individual risks are described in detail in the Annual Report 2007 and in the securities prospectus dated June 17, 2008. Essentially the comments made there remain applicable. At the moment, no risks that could seriously jeopardize the Company's continuing existence or could significantly impair its performance are discernible.



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The new photovoltaic inverter Sunny Mini Central 9000/10000/11000TL with a maximum efficiency of 98 %



FORECAST REPORT

With the amendment of the Renewable Energy Sources Act (EEG), the German government has created the basis for further growth in the world's largest photovoltaics market. The amendment to the law that has been adopted provides for a larger reduction in the feed-in tariff and consequently creates a substantial incentive for the solar industry to develop technological innovations to reduce the costs of a photovoltaic system. With the market launch of the Sunny Mini Central 11000TL, SMA is already fulfilling the future requirements of the EEG. With further product innovations such as the Sunny TriPower 17000TL, we shall extend our technological lead and, at the same time, contribute to reducing system costs.

Support programs are currently subject to scrutiny in other countries, too. Spain will probably adjust the feed-in tariff for photovoltaic systems (Real Decreto 661/07) this year. We assume that the adjustment will lead, among other things, to the new output installed each year being capped and that Spain will cease to be the engine of growth from the fourth quarter of 2008. The extension of the tax incentives for ground-mounted systems is currently under negotiation in the United States.

Given the planned changes to support programs in almost every important photovoltaics market in 2009, we assume that demand will remain strong in the remaining quarters of fiscal year 2008. SMA is very well positioned to benefit from these particular circumstances. SMA is the only solar inverter manufacturer, whose product range covers all applications, all types of solar module and all performance ranges. Thanks to our extraordinary flexibility, we can also service demand peaks within a short time. We are therefore expecting sales between €580 million and €640 million for fiscal year 2008. This would equate to sales growth of virtually 80 % and 100 % respectively compared with the previous year. The EBIT margin is expected to stand at the level of half-yearly earnings.



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CONSOLIDATED INCOME STATEMENT

	Note	April - June (Q2)		January - June (Q1 - Q2)	
		2008	2007	2008	2007
		€ million	€ million	€ million	€ million
Sales	(D)	177,414	75,865	292,559	113,739
Cost of Sales		109,908	48,505	180,690	73,336
Gross Profit		67,506	27,360	111,869	40,403
Selling Costs		10,061	5,818	16,118	9,852
Research and Development Costs	(1)	7,822	4,670	15,199	8,543
General administrative Expenses		4,411	3,773	10,072	7,097
Other Operating Income		1,604	328	1,951	544
Other operating Expenses		2,415	518	3,777	1,207
Operating Income (EBIT)		44,401	12,909	68,654	14,248
Financial Income		402	227	993	470
Financial Expenses		247	301	598	619
Net Finance Costs	(2)	155	-74	395	-149
Earnings before Income Taxes		44,556	12,835	69,049	14,099
Income taxes	(3)	13,691	4,985	20,863	5,453
Consolidated Net Profit		30,865	7,850	48,186	8,646
Earnings Per Share					
Basic = Diluted (€)	(4)	0.89	1.96	1.39	2.16
Number of ordinary shares on the reporting date (in thousands)		34,700	4,000	34,700	4,000

CONSOLIDATED BALANCE SHEET

	Note	06/30/2008 € million	12/31/2007 € million
Non-current Assets			
Intangible Assets	(5)	2,572	1,859
Property, Plant and Equipment	(6)	58,593	31,335
Other Financial Assets		70	70
Deferred Taxes		1,616	1,158
		62,851	34,422
Current assets			
Inventories	(7)	74,369	47,598
Trade Receivables		41,578	26,387
Other Financial Assets	(8)	125,208	1,626
Other Receivables		602	351
Cash & Cash Equivalents		65,614	52,847
		307,371	128,809
TOTAL ASSETS		370,222	163,231
Shareholders' Equity			
Issued Capital		34,700	4,000
Capital Reserve		118,390	0
Retained Earnings		55,450	60,437
	(9)	208,540	64,437
Non-current liabilities			
Other Provisions	(10)	11,706	9,377
Financial Liabilities		13,416	10,546
Other financial Liabilities		0	477
Miscellaneous Liabilities	(11)	12,285	8,988
Deferred Taxes		1,939	1,344
		39,346	30,732
Current liabilities			
Other Provisions	(10)	15,807	5,861
Financial Liabilities		912	1,074
Trade Payables		31,932	14,620
Other Financial Liabilities		37,477	28,568
Tax Liabilities		22,349	10,609
Miscellaneous Liabilities	(11)	13,859	7,330
		122,336	68,062
TOTAL CAPITAL		370,222	163,231

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CONSOLIDATED CASH FLOW STATEMENT

	Note	January - June (Q1 - Q2) 06/30/2008 € million	January - June (Q1 - Q2) 06/30/2007 € million
Earnings after Taxes		+ 48,186	+ 8,646
Income Taxes		+ 20,863	+ 5,453
Net Finance Costs		- 395	+ 149
Depreciation on Property, Plant and Equipment and Intangible Assets		+ 3,718	+ 5,030
Gains (-)/losses (+) on the disposal of Non-current Assets		+ 1	+ 29
Other Non-cash Expenses/income		+ 1,508	- 156
Interest Payments made		+ 982	+ 470
Dividends Received		- 13	- 18
Income Tax Payments made		- 6,539	- 11,312
Gross Cash Flow		+ 80,586	+ 9,750
Increase/decrease in inventories		- 27,246	- 10,575
Increase/decrease in trade receivables		- 16,799	- 6,139
Increase/decrease in trade payables		+ 17,312	+ 4,698
Change in other net assets/other Non-cash transactions		+ 18,004	+ 2,228
Net Cash flow from Operating Activities	(14)	+ 71,857	- 38
Investments in Property, Plant and Equipment		- 30,585	- 4,997
Proceeds from the disposal of Property, Plant and Equipment		+ 24	- 18
Investments in Intangible Assets		- 3,343	- 1,824
Proceeds from the Disposal of Intangible Assets		+ 0	+ 1
Net Cash flow from Investing Activities	(15)	- 33,904	- 6,838
Dividend paid by SMA Solar Technology AG		- 25,200	+ 0
Net Cash flow from Financing Activities	(16)	- 25,200	+ 0
Net Increase in Cash & Cash Equivalents		+ 12,753	- 6,876
Changes caused by Changes in Exchange Rates		+ 14	- 14
Cash & Cash Equivalents on 01/01/		+ 52,847	+ 33,518
Cash & Cash Equivalents on 06/30/		+ 65,614	+ 26,628

STATEMENT OF CHANGES IN THE CONSOLIDATED SHAREHOLDERS' EQUITY

for the period from January 1 to June 30, 2008

	Issued Capital	Capital Reserves	Treasury Shares	Retained Earnings	Consolidated Shareholders' Equity
	€ million	€ million	€ million	€ million	€ million
Shareholders' Equity as at 01/01/2008	4,000	0	0	60,437	64,437
Consolidated Net Profit for H1 2008	0	0	0	48,186	48,186
Dividend payment at SMA Solar Technology AG	0	0	0	-25,200	-25,200
Differences from Currency Translation	0	0	0	27	27
Capital Increase from Corporate funds	28,000	0	0	-28,000	0
Capital Increase from Issuing new Shares	2,700	118,390	0	0	121,090
Shareholders' Equity as at 06/30/2008	34,700	118,390	0	55,450	208,540

for the period from January 1 to June 30, 2007

	Issued Capital	Capital Reserves	Treasury Shares	Retained Earnings	Consolidated Shareholders' Equity
	€ million	€ million	€ million	€ million	€ million
Shareholders' Equity as at 01/01/2007	4,000	0	0	36,720	40,720
Consolidated Net Profit for H1 2007	0	0	0	8,646	8,646
Dividend Payment at SMA Solar Technology AG	0	0	0	0	0
Differences from Currency Translation	0	0	0	-26	-26
Purchase of Treasury Shares	0	0	0	0	0
Sale through Employee Share Programme	0	0	0	0	0
Shareholder's Equity as at 06/30/2007	4,000	0	0	45,340	49,340

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2008

A. BASIC INFORMATION

The condensed interim consolidated financial statements of SMA Technology AG as at June 30, 2008 were prepared, as were the condensed interim consolidated financial statements as at March 31, 2008 and the consolidated financial statements as at December 31, 2007, in compliance with the International Financial Reporting Standards (IFRS) including the interpretations of the IFRS (IRIC) adopted and published by the International Accounting Standards Board (IASB), as adopted by the European Union and whose application is mandatory. Accordingly, the interim financial statements of SMA Solar Technology AG were also prepared in line with IAS 34 Interim Financial Reporting. In line with the regulations of IAS 34, a condensed reporting format compared with the consolidated financial statements as at December 31, 2007 was chosen. The condensed financial statements do not include all the information and disclosures required for consolidated financial statements and are therefore to be read in conjunction with the consolidated financial statements as at December 31, 2007.

The interim consolidated financial statements were prepared in euro. Unless indicated otherwise, all amounts are stated in thousands of euro (€'000). The income statement is classified according to the cost of sales method.

The Managing Board of SMA Solar Technology AG authorized the interim consolidated financial statements for transmission to the Supervisory Board on August 5, 2008.

The Company's shares are traded publicly; they are listed on the Frankfurt Stock Exchange's Prime Standard.

The renaming of SMA Technologie AG as SMA Solar Technology AG and the hiving off of the Railway Technology division into the wholly owned subsidiary SMA Railway Technology GmbH was decided by resolution of the Annual Shareholders' Meeting on April 30, 2008.

The SMA Group produces predominantly in Germany and distributes inverters throughout the world. More detailed information on the segments is provided in note D.



B. COMPANIES INCLUDED IN CONSOLIDATION AND PRINCIPLES UNDER WHICH THEY ARE CONSOLIDATED

One company has been added to the group of companies included in consolidation as at June 30, 2008 as against December 31, 2007, namely the wholly owned subsidiary SMA Railway Technology GmbH, into which the Railway Technology division has been hived off. The hiving off became legally effective when it was registered in the Commercial Register of the parent company on June 2, 2008.

The companies included in consolidation during the comparison period ended June 30, 2007 have not changed as against December 31, 2007.

The companies included in the SMA Group's as of June 30, 2008 consolidation are shown in the following table:

Name	Registered office	Incorporation	Holding	Consolidation
Parent company				
SMA Solar Technology AG	Niestetal, Germany	1981		
Shares in affiliated companies				
SMA America, Inc.	Rocklin, USA	2000	100 %	F
SMA Ibérica Tecnología Solar, S.L.	Barcelona, Spain	2005	100 %	F
SMA Italia S.r.l.	Milan, Italy	2005	100 %	F
SMA Technology Korea Co., Ltd.	Seoul, Korea	2006	100 %	F
SMA Beijing Commercial Company Ltd.	Beijing, China	2007	100 %	F
SMA France S.A.S.	Lyon, France	2007	100 %	F
SMA Hellas AE	Athens, Greece	2007	100 %	F
SMA Technology Australia Pty. Ltd.	Sydney, Australia	2007	100 %	F
SMA Railway Technology GmbH	Kassel, Germany	2008	100 %	F
Investments				
Changzhou SMA Electronics Co., Ltd.	Changzhou, China	2001	10 %	

F = fully consolidated

The interim consolidated financial statements are based on the financial statements of SMA Technology AG and the subsidiaries included in consolidation, which are prepared in accordance with uniform accounting policies applicable throughout the Group.

More detailed information is provided in the notes to the consolidated financial statements as at December 31, 2007.

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C. SIGNIFICANT ACCOUNTING POLICIES

With the exception of the changes shown below, there were no changes to the accounting policies in the present interim consolidated financial statements as at June 30, 2008 compared with the consolidated financial statements of SMA Solar Technology AG as at December 31, 2007. A detailed description of these policies is published in the notes to the consolidated financial statements as at December 31, 2007.

In deviation from the consolidated financial statements as at December 31, 2007, the following interpretations were applied for the first time in 2008. In their entirety, the new interpretations had no significant impact on the Group's net assets, financial position and results of operations. There are no changes as against the financial statements as at March 31, 2008.

IFRIC 11 Group and Treasury Share Transactions

The Interpretation IFRIC 11 was published in November 2006 and is to be applied for the first time to fiscal years beginning on or after March 1, 2007. It regulates how IFRS 2 is to be applied to share-based payment agreements, which include the company's own equity instruments or equity instruments issued by another company within the group. The Interpretation is currently not relevant to the SMA Group.

IFRIC 12 Service Concession Arrangements

The Interpretation IFRIC 12 was published in November 2006 and is to be applied for the first time to fiscal years beginning on or after January 1, 2008. To date, IFRIC 12 has not been endorsed in European law by the EU. The interpretation regulates the accounting treatment of obligations assumed and rights received as part of service concession agreements in the operator's financial statements. The companies included in the consolidated financial statements are not operators for the purposes of IFRIC 12. The interpretation therefore has no impact on the Group.

IFRIC 14/IAS 19 – The Limit on a Defined Benefit Asset, Funding Requirements and their Interaction

The Interpretation IFRIC 14 was published in July 2007 and is to be applied for the first time to fiscal years beginning on or after January 1, 2008. To date, IFRIC 14 has not been endorsed in European law by the EU. The Interpretation gives guidelines for determining the maximum amount of the surplus from a defined benefit plan, which may be capitalized as an asset under IAS 19 Employee Benefits. Since no defined benefit plans are accounted for in the Group, this Interpretation has no impact on the Group.



D. SEGMENT REPORTING

The Group's operating segments were defined in compliance with the regulations contained in IFRS 8 on December 31, 2007 and match those of the consolidated financial statements as at December 31, 2007. Sales in the Photovoltaics Technology division are subject to fluctuations because of discontinuous support programs among other things.

The segment information pursuant to IFRS 8 is made up as follows for the **second quarters** of 2008 and 2007:

	Photovoltaics Technology				Railway Technology	
	Medium Power Solutions		High Power Solutions		Railway Technology	
	Q2	Q2	Q2	Q2	Q2	Q2
€ million	2008	2007	2008	2007	2008	2007
External Sales	133.0	63.3	40.2	8.1	3.6	3.9
Internal Sales	4.3	2.1	0.8	0.4	3.1	2.1
Total Sales	137.3	65.4	41.0	8.5	6.7	6.0
Depreciation	1.1	1.8	0.2	0.2	0.2	0.2
Operating Income (EBIT)	25.8	9.9	12.2	-0.2	0.8	0.7
Sales						
Germany	81.9	51.3	6.4	4.6	1.8	3.1
EU	48.2	8.1	24.2	3.0	1.3	0.8
Third-party Countries	10.9	5.7	9.7	0.8	0.5	0.0
Sales Allowances	-8.1	-1.8	-0.1	-0.3	0.0	0.0
Total External Sales	132.9	63.3	40.2	8.1	3.6	3.9

	Electronics Manufacturing		Reconciliation		Continuing operations	
	Q2	Q2	Q2	Q2	Q2	Q2
€ million	2008	2007	2008	2007	2008	2007
External Sales	0.7	0.6	0.0	0.0	177.4	75.9
Internal Sales	36.2	17.8	-44.4	-22.4	0.0	0.0
Total Sales	36.9	18.4	-44.4	-22.4	177.4	75.9
Depreciation	0.5	0.4	0.0	0.0	2.0	2.6
Operating Income (EBIT)	4.7	1.2	0.9	1.3	44.4	12.9
Sales						
Germany	0.7	0.7	0.0	0.0	90.8	59.7
EU	0.0	0.0	0.0	0.0	73.7	11.9
Third-party Countries	0.0	0.0	0.0	0.0	21.1	6.5
Sales Allowances	0.0	-0.2	0.0	0.0	-8.2	-2.2
Total External Sales	0.7	0.5	0.0	0.0	177.4	75.9

Total segment assets as at June 30, 2008 have not changed significantly as against the reporting date of the last annual financial statements (as at December 31, 2007).

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The segment information pursuant to IFRS 8 is made up as follows for the **first halves** of 2008 and 2007:

	Photovoltaics Technology				Railway Technology	
	Medium Power Solutions		High Power Solutions		Railway Technology	
	Q1 - Q2	Q1 - Q2	Q1 - Q2	Q1 - Q2	Q1 - Q2	Q1 - Q2
€ million	2008	2007	2008	2007	2008	2007
External Sales	229.8	92.8	53.8	12,1	7.5	7.4
Internal Sales	8.0	3.2	1.2	0,8	4.4	3.5
Total Sales	237.8	96,0	55,0	12,9	11.9	10.9
Depreciation	2.1	3.4	0.4	0,5	0.3	0.3
Operating Income (EBIT)	45.8	10.3	13.8	-0.6	1.2	1.3
Sales						
Germany	148.5	72.8	8.7	5,2	4.0	5.9
EU	75.8	13.2	29.3	6.1	3.0	1.3
Third-party Countries	17.5	9.2	16.3	1.2	0.5	0.2
Sales Allowances	-12.0	-2.4	-0.5	-0.3	0.0	0.0
Total External Sales	229.8	92.8	53.8	12.2	7.5	7.4

	Electronics Manufacturing		Reconciliation		Continuing operations	
	Q1 - Q2	Q1 - Q2	Q1 - Q2	Q1 - Q2	Q1 - Q2	Q1 - Q2
€ million	2008	2007	2008	2007	2008	2007
External Sales	1.5	1.3	0.0	0.0	292.6	113.7
Internal Sales	64.2	27.4	-77.8	-34.9	0.0	0.0
Total Sales	65.7	28.7	-77.8	-34.9	292.6	113.7
Depreciation	0.9	0.8	0.0	0.0	3.7	5.0
Operating Income (EBIT)	6.8	1.9	1.1	1.3	68.7	14.2
Sales						
Germany	1.5	1.5	0.0	0.0	162.7	85,4
EU	0.0	0.0	0.0	0.0	108.1	20.6
Third-party Countries	0.0	0.0	0.0	0.0	34.3	10.6
Sales Allowances	0.0	-0.2	0.0	0.0	-12.5	-2.9
Total External Sales	1.5	1.3	0.0	0.0	292.6	113.7

The reconciliation of the total segment earnings (EBIT) pursuant to IFRS 8 to earnings before income taxes produces the following figures:

€ million	Q2 2008	Q2 2007	Q1 - Q2 2008	Q1 - Q2 2007
Total Segment Earnings (EBIT)	43.5	11.6	67.6	12.9
Eliminations	0.9	1.3	1.1	1.3
Consolidated EBIT	44.4	12.9	68.7	14.2
Net Finance Costs	0.2	-0.1	0.4	-0.1
Earnings before Income Taxes	44.6	12.8	69.1	14.1

Circumstances are shown in the reconciliations, which by definition are not part of the segments. In addition, unallocated parts of Group head office, e.g. from circumstances that are accounted for centrally, are included therein. Business relations between the segments are eliminated in the reconciliation.



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E. NOTES ON THE CONSOLIDATED INCOME STATEMENT

(1) Research and development costs

	Q1-Q2 2008	Q1-Q2 2007
	€ million	€ million
Staff Costs	12,256	6,285
Cost of Materials	1,271	1,272
Other	1,892	986
	15,419	8,543
Capitalised Development Projects	-220	0
	15,199	8,543

(2) Net finance costs

	Q1-Q2 2008	Q1-Q2 2007
	€ million	€ million
Interest Income	982	470
Other Financial Income	11	0
Financial Income	993	470
Interest Expenses	13	18
Other Financial Expenses	6	12
Interest Share from Valuation	579	589
Financial Expenses	598	619
Net Finance Costs	395	-149

(3) Income taxes

Income tax expenses were calculated on the basis of the average tax rate expected for the respective company. The reduction in the average tax rate from 38.7 % in the first half of 2007 to 30.2 % in the first half of 2008 is mainly the result of the 2008 German Business Tax Reform Act (Unternehmenssteuerreformgesetz), which was passed by the Upper House of the German parliament on July 6, 2007. The changes came into effect on January 1, 2008. The basis for calculating deferred taxes is the respective expected future tax rate of 30 %.

(4) Earnings per share

Earnings per share are calculated by dividing the consolidated earnings attributable to the shareholders by the number of ordinary shares in circulation.

For fiscal year 2007 as a whole, the number of shares amounted to 4,000,000. As a result of the capital increase (on June 2, 2008) from corporate funds, the number of shares has increased by 28,000,000. As a result of the IPO, 2,700,000 new shares were also issued so the number of shares stands at 34,700,000 at the end of the second quarter.

The consolidated earnings attributable to the shareholders are the consolidated profit for the period after tax. Since, at the reporting date, the Company does not hold any of its own shares and neither are there any special cases, the number of ordinary shares issued equates to the number of shares in circulation. Since the new shares are entitled to a share in the profits from the beginning of fiscal year 2008, the profit per share (see income statement) as at June 30, 2008 was calculated on the basis of all shares in circulation at this date.

The calculation of earnings in relation to the weighted average number of shares produces earnings of €0.96 per share on 32,090,000 shares for the period from April 1 to June 30, 2008, earnings of €1.50 per share on 32,045,000 shares for the period from January 1 to June 30, 2008. In this connection, an adjustment as defined in IAS 33.28 was undertaken for calculating the weighted average with regard to the above-mentioned capital increase. There were no deviations through the calculation according to the weighted average for the other comparison periods.

There are no options or conversion rights at the reporting date. Therefore there is no dilution and diluted and basic earnings per share are the same.



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F. NOTES TO THE CONSOLIDATED BALANCE SHEET

(5) Intangible assets

	06/30/2008	12/31/2007
	€ million	€ million
Software	2,237	1,736
Research and Development Costs	220	0
Advance Payments	115	123
	2,572	1,859

(6) Property, plant and equipment

	06/30/2008	12/31/2007
	€ million	€ million
Land and Buildings		
including Buildings on Third-party Land	22,716	16,702
Technical Equipment and Machinery	4,541	3,863
Other Equipment, Operating and Office Equipment	14,812	10,770
Advance Payments	16,524	0
	58,593	31,335

Advance payments made in the period from January 1, 2008 to June 30, 2008 include payments amounting to €13,845 thousand for the construction of a production facility in Kassel. Further details are provided in note (13).

Furthermore, a car park was acquired from SMA Immo GmbH for €1,205 thousand in the first quarter. Further details are provided in note (19).

In particular, the further increase in property, plant and equipment of €27.3 million in total should be viewed against the background of the expansion in the Group's business, which entailed an increasing build-up of property, plant and equipment.

(7) Inventories

	06/30/2008	12/31/2007
	€ million	€ million
Raw Materials and Supplies	35,116	20,855
Work in Progress	12,372	8,188
Finished Goods and Goods for Resale	26,547	18,520
Advance Payments	334	35
	74,369	47,598

(8) Other financial assets

As at June 30, 2008, other financial assets include the receivable from the syndicate banks from the capital increase, which resulted from the issue of shares, see also section (9, 16).



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(9) Shareholders' equity

The change in shareholders' equity including effects not shown in the income statement is presented in the statement of changes in shareholders' equity.

The following changes with regard to shareholders' equity resulted from the resolution by the Annual Shareholders' Meeting on April 30, 2008:

- A dividend of €6.30 per profit-sharing share (€25,200,000 in total) was resolved for fiscal year 2007.
- Furthermore, a capital increase from corporate resources was resolved as follows: increase in the issued capital in accordance with the provisions of the German Stock Corporation Act (Aktiengesetz (AktG)) on the capital increase from corporate funds (section 207 ff AktG) of €28,000,000 from €4,000,000 to €32,000,000. The increase was effected by converting the amount of €16,000,000 placed in the „retained earnings“ shown under „other retained earnings“ when the annual financial statements for fiscal year 2007 were adopted and by converting the amount of €12,000,000 placed in „retained earnings“ following the resolution of the Annual Shareholders' Meeting of April 30, 2008 on the appropriation of the net profit (therefore by converting a total amount of €28,000,000 into issued capital). The capital increase was carried out by issuing 28,000,000 new bearer shares. Shareholders were entitled to the new shares in a ratio of 1:7. The new shares are entitled to a share in the profits from the beginning of fiscal year 2008. Registration in the Commercial Register took place on June 2, 2008.
- The Annual Shareholders' Meeting has authorized the Managing Board of SMA Technologie AG to increase the issued capital by up to €6,000,000 in total, with the consent of the Supervisory Board, on one or more occasions up to December 31, 2009 by issuing new bearer shares against cash contributions (Authorized Capital I) in order to place the new shares as part of the Company's planned IPO (Authorized Capital I). Shareholders' subscription rights are disappplied. As part of the IPO, this resulted in an increase in issued capital from capital reserves by issuing new shares in the amount of €2,700,000.
- Furthermore, the Managing Board was authorized by resolution of the Annual Shareholders' Meeting on April 30, 2008 to increase the issued capital by up to €10,000,000 in total, with the consent of the Supervisory Board, on one or more occasions in the period up to December 31, 2010 by issuing new bearer shares in return for cash contributions and/or contributions in kind (Authorized Capital II). The Managing Board is authorized, with the consent of the Supervisory Board, to disapply shareholders' statutory subscription rights in the following cases: in the case of capital increases in return for contributions in kind to grant shares for the purposes of acquiring companies, parts of companies or investments in companies; for the purpose of issuing shares to employees of the Company and

companies affiliated with the Company; to exclude possible fractions from the subscription right; in the case of capital increases in return for cash contributions if the issue amount of the new shares does not fall significantly (in the sense of sections 203 (1) and (2), 186 (3) sentence 4 AktG) below the market price of shares of the same class and terms that are already listed at the time the Managing Board sets the final issue amount and the pro rata amount of the issued capital attributable to the new shares, for which the subscription right is excluded, does not exceed 10 % of the issued capital available at the time the new shares are issued.

As a result of the IPO on June 27, 2008, gross issue proceeds of €126,900,000 were achieved. Following deduction of provisional issue costs of €8,300,000 and in line with the associated income tax benefit of €2,490,000 this resulted in net issue proceeds of €121,090,000 in accordance with IAS 32.35. The amount equal to the proportional amount of the issued capital of the new shares issued of €2,700,000 was posted in issued capital, while the amount in excess of the proportional amount of the issued capital of the new shares issued amounting to €118,390,000 was transferred to the capital reserves.

(10) Provisions

	06/30/2008	12/31/2007
	€ million	€ million
Production	20,040	12,166
Staff	515	424
Other	6,958	2,648
	27,513	15,238

Provisions take into account all discernible risks and uncertain liabilities at the balance sheet date. Staff provisions essentially relate to anniversaries. In particular, production provisions include warranty provisions for products sold.



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(11) Other liabilities

	06/30/2008	12/31/2007
	€ million	€ million
Deferred items for Extended Guarantees	13,153	9,443
Liabilities from Advance Payments Received	10,095	5,116
Liabilities to the Tax Office	2,089	886
Liabilities from Subsidies Received	734	843
Other	73	30
	26,144	16,318

(12) Financial instruments

As at June 30, 2008, the balance sheet includes a forward transaction intended to hedge the exchange risks of expected future sales to customers in the US. It has not been designated as a hedging relationship. The purchasing volume in USD has increased as against fiscal year 2007.

(13) Contingent liabilities and other obligations

As at June 30, 2008, there were guarantees by banks to third parties amounting to €2,716 thousand (December 31, 2007: €2,737 thousand) in the form of warranty and advance payment guarantees.

As at June 30, 2008, the Company had entered into commitments to acquire property, plant and equipment amounting to €11,686 thousand. This figure includes commitments of €7,455 thousand for the construction of a new production facility in Kassel, completion of which is planned for the end of 2008. The other obligations relate predominantly to production tools. There is also the customary amount of business commitments.



G. NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT

(14) Cash flow from operating activities

In the reporting period, net cash flow from operating activities amounted to €71,857 thousand as against € – 38 thousand in the same period in the previous year. This increase is mainly attributable to the increase in sales and the increase in earnings associated therewith.

(15) Cash flow from investing activities

Net cash flow from investing activities stood at € – 33,904 thousand (same period in the previous year: € – 6,838 thousand). Essentially, the difference is the result of the increased investment in property, plant and equipment, in particular, the advance payments made for the construction of the new production facility in Kassel.

(16) Cash flow from financing activities

In the first half of the year, net cash flow from financing activities stood at € – 25,200 thousand (same period in the previous year: €0 thousand) and includes the full amount of the dividend payment resolved by the Annual Shareholders' Meeting in April 2008. In the previous year, the dividend payment did not take place until the 3rd quarter because the Annual Shareholder's Meeting was held at a later date.

The inflow of funds from the IPO was accounted for as a non-cash transaction in the first half of the year but the Company had not yet received the funds at the reporting date. The funds were only received at the beginning of July 2008.



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H. OTHER DISCLOSURES

(17) Events after the balance sheet date

No significant, reportable events have occurred since the balance sheet date.

(18) Payments to employees

	06/30/2008	06/30/2007
	€ million	€ million
Wages and Salaries	64,681	29,759
Social Security Contributions and Welfare Payments	5,228	3,336
	69,909	33,095

The average number of employees amounted to:

	06/30/2008	06/30/2007
Development	292	187
Production and Service	869	593
Sales and Administration	362	335
	1,523	1,115
Trainees and Interns	148	103
Temporary Employees	555	156
	2,226	1,374

(19) Related party disclosures

By way of agreement dated February 28, 2008, SMA Solar Technology acquired a car park from SMA Immo GmbH for a price of €1,205 thousand. The agreed purchase price is slightly below the carrying amount of the car park in SMA Immo GmbH's financial statements at the time the contract is concluded.

By way of agreement dated March 17, 2008 (with effect from April 1, 2008) with SMA Immo GmbH, five tenancy agreements concluded in previous years, which qualified as finance leases, were combined in a new agreement. This agreement also includes a further finance lease relating to a building that is currently still under construction. The new agreement has a term of 15 years and came into effect on April 1, 2008. The finance lease installment payable to SMA Immo GmbH currently amounts to €149 thousand/month and will amount to €219 thousand/month from the time the building is handed over. From the probable handover of the building (on August 15, 2008) this will lead to a total lease installment under the new agreement of €2.1 million in 2008 (previous year: €1.6 million). Liabilities to SMA Immo GmbH were balanced on June 30, 2008 (December 31, 2007: €57 thousand).

As part of the IPO a total of 5.0 million shares were sold by the four main shareholders.

On April 30, 2008, SMA concluded an employee allocation agreement on the allocation of temporary employees. The sole shareholder and managing director is the wife of one of the members of the Managing Board. At the reporting date, no transactions had been dealt with under the agreement.

Niestetal, August 5, 2008

SMA Solar Technology AG
The Managing Board

Günther Cramer

Peter Drews

Pierre-Pascal Urbon

Reiner Wettlaufer



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RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed 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 fiscal year.

Niestetal, August 5, 2008

SMA Solar Technology AG
The Managing Board

Günther Cramer

Peter Drews

Pierre-Pascal Urbon

Reiner Wettlaufer



REVIEW REPORT

(Translation - the German text is authoritative)

To SMA Solar Technology AG, Niestetal

We have reviewed the condensed consolidated interim financial statements – comprising the condensed balance sheet, condensed income statement, condensed cash flow statement, condensed statement of changes in shareholders' equity, and selected explanatory notes – and the interim report of SMA Solar Technology AG, Niestetal, for the period from January 1, 2008 to June 30, 2008, which are part of the half-year financial report pursuant to Article 37x (3) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and of the interim report in accordance with the provisions of the German Securities Trading Act applicable to interim reports is the responsibility of the parent company's Management Board. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and that the interim report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim reports.

Kassel, August 8, 2008

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Holger Plaum
Wirtschaftsprüfer
(German Public Auditor)

ppa. Matthias Schwarze-Gerland
Wirtschaftsprüfer
(German Public Auditor)



FURTHER INFORMATION

FINANCIAL CALENDAR

November 14, 2008
May 28, 2009

Report on Q3 2008
Annual General Meeting 2009

CONTACT DETAILS

SMA Solar Technology AG

Sonnenallee 1
Tel.: +49 561 9522 0
34266 Niestetal
www.SMA.de

Investor Relations

Tel.: +49 561 9522 2222
Fax: +49 561 9522 1103
E-Mail: IR@SMA.de

Public Relations

Volker Wasgindt
Tel.: +49 561 9522 1121
Fax: +49 561 9522 1103
E-Mail: PR@SMA.de

ACKNOWLEDGEMENTS

Publisher

SMA Solar Technology AG

Art Direction

Matthias Holzhauer
Shauna Klose

Text

SMA Solar Technology AG
A&B Financial Dynamics

Photos

SMA Solar Technology AG

Publication date

August 14, 2008

This interim report was published in German and English on August 14, 2008. Both versions are available as downloads on our website.

Text and illustrations conform to technical standards on printing. Subject to technical modifications. No liability for typographical errors. Printed on chlorine-free paper.

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DISCLAIMER

The report is published in German and as an English translation. In the event of any conflict or inconsistency between the English and the German versions, the German original shall prevail.

FORWARD-LOOKING STATEMENTS

This Financial Report contains forward-looking statements based on current assumptions and forecasts made by SMA Group or subgroup management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual assets, financial position, earnings, development or performance of SMA group and the estimates given here. These factors include those discussed in SMA's public reports, such as the Annual Report 2007 and the Wertpapierprospekt, dated June 17, 2008, which are available on the SMA website at www.ir.sma.de. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.





SMA Solar Technology AG
Sonnenallee 1
34266 Niestetal
Germany
Tel.: +49 561 9522 0
Fax: +49 561 9522 100
E-Mail: info@SMA.de
www.SMA.de