QUARTERLY FINANCIAL REPORT
JANUARY TO SEPTEMBER 2008

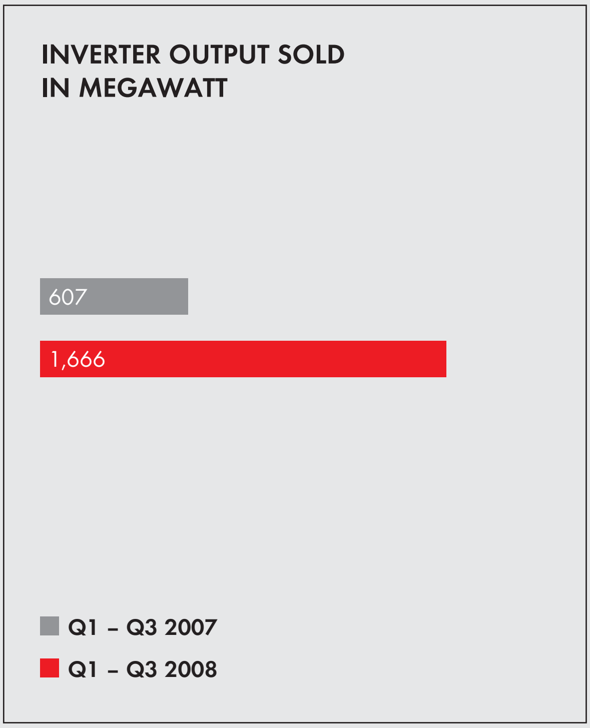
SMA Solar Technology AG

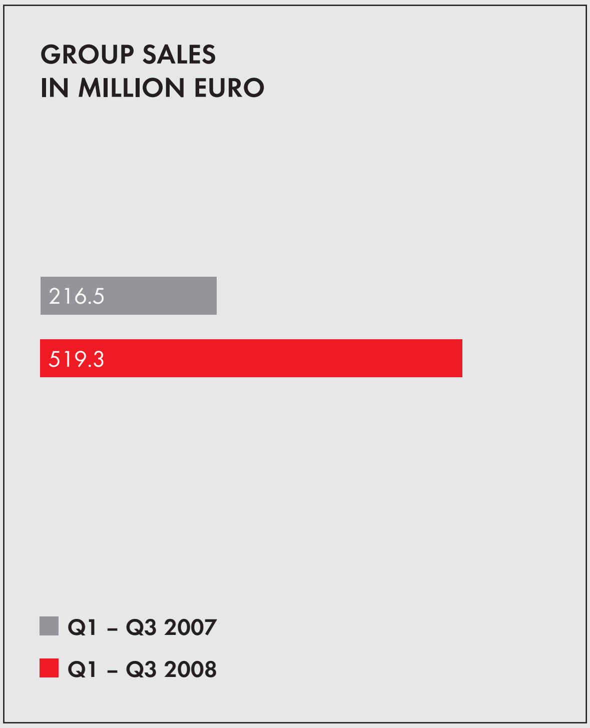
OVERVIEW

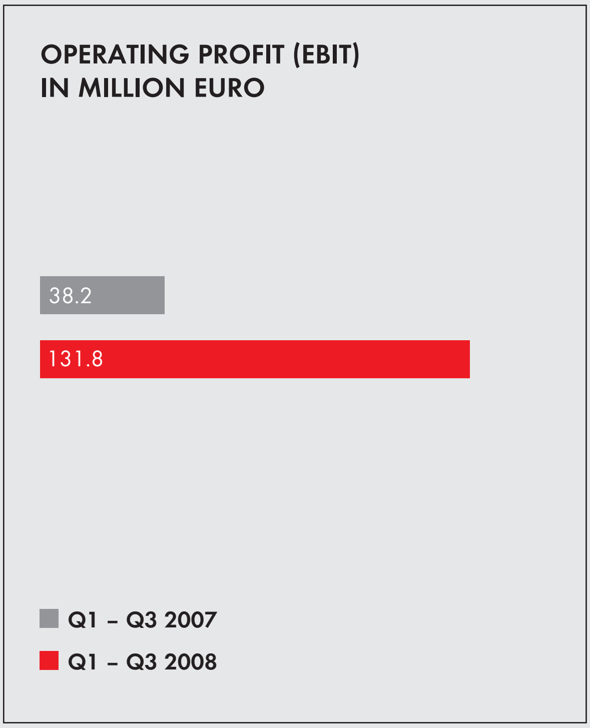
SMA Group		Q1 – Q3 2008	Q1 – Q3 2007	Change	Year 2007
Sales	€ million	519.3	216.5	+140 %	327.3
Export ratio	in %	41.8 %	28.1 %		29 %
Capital expenditure[1]	€ million	44.5	7.4	+501 %	12.3
Depreciation	€ million	6.2	7.5	–17 %	16.0
Operating profit (EBIT)	€ million	131.8	38.2	+245 %	59.3
Operating profit-margin	in %	25.4 %	17.6 %		18.1 %
Consolidated net profit	€ million	94.0	23.4	+302 %	36.8
Earnings per share[2]	€	2.71	0.67		1.06
Employees (average during the period)[3]		2,427	1,497	+62 %	1,600
in Germany		2,323	1,441	+61 %	1,533
Abroad		104	56	+86 %	67

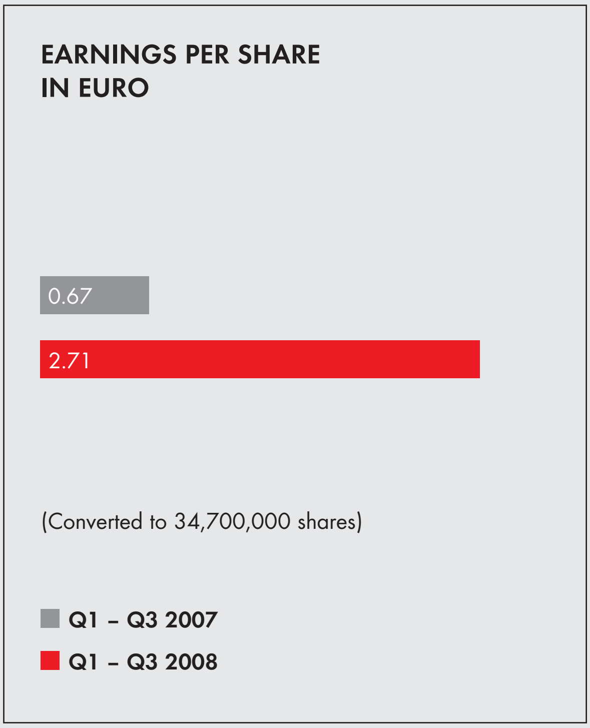
SMA Group		09/30/2008	12/31/2007	Change
Total assets	€ million	453.8	163.2	+178 %
Equity	€ million	255.0	64.4	+296 %
Equity ratio	in %	56.2 %	39.5 %	
Net working capital[4]	€ million	106.8	59.4	+80 %
Net working capital ratio	in %	16.9 %	18.1 %	
Cash and cash equivalents	€ million	225.7	52.8	+327 %

[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


INVERTER OUTPUT SOLD
IN MEGAWATT
607
1,666
Q1 – Q3 2007
Q1 – Q3 2008


GROUP SALES
IN MILLION EURO
216.5
519.3
Q1 – Q3 2007
Q1 – Q3 2008


OPERATING PROFIT (EBIT)
IN MILLION EURO
38.2
131.8
Q1 – Q3 2007
Q1 – Q3 2008


EARNINGS PER SHARE
IN EURO
0.67
2.71
(Converted to 34,700,000 shares)
Q1 – Q3 2007
Q1 – Q3 2008

HIGHLIGHTS

- STRONGEST QUARTER IN SMA'S HISTORY WITH €227 MILLION SALES
- SALES Q1–Q3 RISE TO €519 MILLION (PREVIOUS YEAR Q1–Q3 2007 : €217 MILLION)
- 42 % PROPORTION OF INTERNATIONAL SALES
- OPERATING PROFIT (EBIT) Q1– Q3 RISES TO €132 MILLION
- HIGH LIQUIDITY RESERVES
- SALES AND EBIT FORECAST FOR 2008 INCREASED
- PROMOTED INTO TECDAX ON SEPTEMBER 22, 2008
- CONSTRUCTION OF SOLAR INVERTER FACTORY GOES ACCORDING TO PLAN

CONTENTS

New main entrance of Sonnenallee 1 in Niestetal

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 (Operating profit) of €59.3 million on sales of €327.3 million, which corresponds to an Operating profit 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 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).

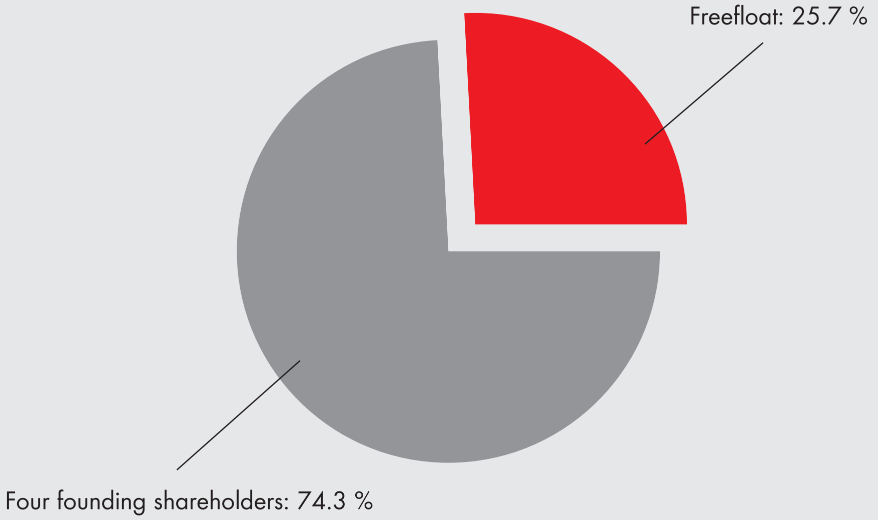
THE SMA SHARE

SMA succeeded in completing the biggest IPO in Germany in 2008. SMA Solar Technology AG is the first solar company with photovoltaic inverters as its core business to be listed in the Prime Standard segment of the Frankfurt Stock Exchange.

Basic share data

Security code number (WKN)	A0DJ6J
ISIN	DE000A0DJ6J9
Stock market code	S92
Ticker symbols	Reuters S92G.DE / Bloomberg S92.GR
Listing	Prime Standard of the Frankfurt Stock Exchange
Prime sector	Industrial goods
Industry group	Renewables
Share class	No par value ordinary bearer shares
Share capital	€34.7 million
Number of shares	34.7 million
First listing	June 27, 2008
Relevant index	TecDAX

On September 4, 2008, Deutsche Börse (German Stock Exchange) decided to include SMA Solar Technology AG into the TecDAX technology index. Actual trading of the share in the TecDAX commenced on September 22, 2008. The TecDAX consists of the 30 largest and most liquid companies from technology sectors of the Prime Segment, just below the Deutsche Aktien Index (DAX).



The Company’s four founders – Günther Cramer, Peter Drews, Reiner Wettlaufer and Prof. (em.) Dr.-Ing. Werner Kleinkauf – hold the majority of shares in SMA of approximately 74 % after the IPO. The SMA Group's free float stands at approximately 26 %, taking into account shares held by employees (including former employees).

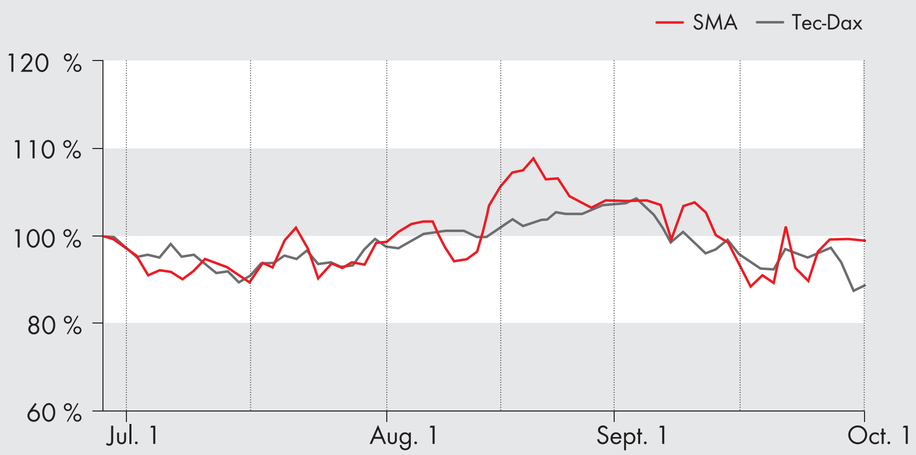
PERFORMANCE

Global stock markets experienced a severe decline in the last few trading days of the third quarter of 2008. Stocks on all central stock exchanges of the world lost a big part of their values, in particular following the collapse of the Lehman Brothers investment bank.

At the beginning of the reporting period, the DAX stood at 6,315 points. Because of the global financial crisis, the central index fell by 484 points (–8%) to 5831 points by September 30, 2008. The TecDAX also declined considerably in the reporting period and closed on 685 points as at September 30, 2008. The loss in the third quarter amounted to 68 points, which corresponds to 9 %.

In the reporting period from July to September, the SMA share price was at all times above the placement price of €47.00 in spite of the highly volatile market environment resulting from the global financial crisis. The highest share price was at €65.28 Xetra trading, the lowest price at €49.02 during the reporting period. The average trading volume in the third quarter was 52,858 shares per day.

At the end of the quarter, the SMA share closed on a price of €54.78. This corresponds to a slight increase of 1.5 % as compared to the first stock price in the quarter. In comparison with the SMA share, the TecDAX lost about 8.9 % in the same period. Consequently, the performance of the SMA was significantly better than that of the comparable index. Following the disclosure of the six-month figures on August 14, 2008, the share price was well above the TecDAX index for a period of two weeks. On August 20, the share was at its all-time high since the IPO at a price of €65.28 Xetra trading.



However, from the middle of September, the SMA share was not able to escape the general strong downward trend of the markets. After the announcement of the insolvency of the American investment bank Lehman Brothers on September 15, on the next day the SMA share fell to its all-time low of €49.02. In line with the negative market development, the SMA share lost a further 9.3 % (closing rate €51.30; Xetra trading) on September 22, as compared to the previous day (closing rate on September 19, 2008: €56.56; Xetra trading). According to analysts, the losses at that time were due to the uncertainty regarding the intended stabilization plan of the US government for banks. Despite the turbulent market environment, the share recovered by the end of the reporting period. The stock price saw an increase to €54.78.

At the end of the reporting period, Deutsche Bank, Citi, Commerzbank, Goldman Sachs, and Landesbank Baden-Württemberg (LBBW) initiated coverage on the SMA share.

INVESTOR RELATIONS

With its IPO, SMA started its active investor relations work. In the third quarter, the management board sought to enter into discussions with institutional investors throughout Europe. In these discussions, the management board presented, in particular, the unique position of SMA Solar Technology AG in the solar market, its distinct innovative power and high flexibility.

With the objective of extending reporting about the SMA share, the management board contacted research analysts of leading European banks. To this end, among other things, an Analyst Day was organized on September 9, 2008 in Kassel. During the presentation of the Company and subsequent tour of the enterprise, analysts had an opportunity of convincing themselves of the unique positioning features of SMA.

SMA aims at informing all capital market stakeholders about its business developments promptly and comprehensively. SMA posts current information for investors, analysts and journalists on its shares and the Company on its new Investor Relations website www.ir.sma.de. This also includes mandatory disclosures, financial news and financial reports.

In the fourth quarter, SMA participated in the Small & Mid-Cap Conference of Citigroup in London. In addition, SMA invited research analysts to individual discussions on the occasion of the conference of the Solarpraxis Forum in Berlin.

On April 1, 2009, SMA will hold a Capital Markets Day for institutional investors and analysts at the Company's head office in Niestetal. In addition, SMA intends to attend the investor conferences of LBBW in Zurich and of Commerzbank in Frankfurt/Main. The annual financial statements for fiscal 2008 will be published on March 31, 2009. The next annual general meeting of SMA Solar Technology AG will take place on May 28, 2009 at the Kassel Kongress Palais. 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 company 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.

New Sunny Boy Generation: User convenience due to new communication and installation concept

INTERIM MANAGEMENT REPORT

GENERAL ECONOMIC CONDITIONS

The global financial crisis intensified significantly in the third quarter and led to the market participants' loss of confidence worldwide and to unease among consumers. According to a report from the Institute for the World Economy (IfW) of October 2008, the world economy is slowing down due to severe inflation caused by commodity prices and due to corrections in real estate markets in several countries. This decline has been intensified additionally by the dramatically intensified financial market crisis. The Institute sees Germany and a number of industrial countries as being on the verge of recession.

The turbulence in the financial markets and the deterioration of economic perspectives have not had an impact on the photovoltaics sector in the third quarter. Instead, stable support programs in the photovoltaics core markets, increased availability of modules and the rise in energy prices have resulted in the sector developing its own growth dynamics. Demand for photovoltaics systems was mainly supported by countries in the euro zone and the United States. Due to the pending expiry of the feed-in law by the end of September 2008, the market in Spain experienced a real boom. According to estimates, the total market for photovoltaics systems is expected to more than double in 2008 to about 5 GW.

GROUP SALES AND EARNINGS

In the first nine months of fiscal year 2008, the SMA Group achieved sales of €519.3 million and consequently increased sales by 140 % or €302.8 million on the comparable period in the previous year. This highly positive trend in sales in the first six months accelerated further so that the third quarter contributed an all-time record of €226.7 million to sales. This corresponds to an increase of 120 % in comparison to sales in the third quarter of 2007 of €102.8 million.

The proportion of international sales rose by 14 percentage points to 42 % from 28 % in the comparable period of the previous year. Accordingly, international markets have become even more important for the SMA Group, although the proportion of international sales with 35 % in the third quarter was below that in the second quarter of the fiscal year. Spain, by far, accounted for the largest share in international sales of €225.6 million (Q1 – Q3 2007: €62.6 million), followed by the USA, South Korea, Italy and France.

The SMA Group increased its profitability again as a result of the sustained very positive business development and record-breaking sales in the third quarter of 2008. Earnings before interest and taxes (EBIT) improved in the first nine months of 2008 to €131.8 million (Q1 – Q3 2007: €38.2 million). The third quarter contributed €63.1 million (Q3 2007: €23.9 million), which is almost half. The EBIT margin for the first nine months of 2008 improved to the record of 25.4 % (Q1 – Q3 2007: 17.6 %), mainly due to economies of scale. As a result of the high volume of financial resources, the financial result of €1.6 million also made a positive contribution, whereas there was a negative balance of €–0.4 million in the comparable period of the previous year.

In the first nine months of 2008, the SMA Group's consolidated profit quadrupled as compared to the previous year and amounted to €94.0 million (Q1 – Q3 2007: €23.4 million).This results mainly from the positive development of operation business and the reduction of the tax burden in Germany.

SALES AND EARNINGS BY SEGMENT

In the first nine months of 2008, the **Photovoltaics Technology** division achieved external sales of €506.9 million (Q1 – Q3 2007: €204.2 million) and consequently increased sales by 148 % or €302.7 million. The inverter output sold to generate these sales rose by 174 % to around 1,666 MW (Q1 – Q3 2007: around 607 MW). We assume that we gained new market shares.

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. This distribution has not changed compared to the first half year.

In the **Medium Power Solutions** segment, external sales rose by 138 % in the first nine months of 2008 to €410.8 million, compared with €172.9 million in the previous year. 66 % of gross sales were achieved in Germany. Spain was the most successful international market, followed by the USA and Italy. Sunny Mini Central 7000HV and Sunny Mini Central 8000TL inverters were still the best-selling products in the first nine months of the year. However, the new Sunny Mini Central 11000TL and 10000TL inverters became the top sellers in the third quarter of the year. In the previous year, sales were driven almost equally by Sunny Boy 5000 Multistring and Sunny Mini Central 8000TL. Overall, the trend is towards more powerful products, which can also be used in remote photovoltaic systems generating up to one megawatt. After the surge in demand in the second quarter had led to longer delivery times for the most popular products at times, it was possible to reduce normal delivery times to two to three weeks in the course of the third quarter through a significant expansion of capacities. Operating profit (EBIT) was increased overproportionately by 260 % to €94.5 million (Q1 – Q3 2007: €26.4 million) as compared to the previous year thanks to the significant expansion in sales.

In the **High Power Solutions** segment, external sales in the first nine months of 2008 rose by €64.8 million, or 207 %, to €96.1 million (Q1 – Q3: €31.3 million). Due to a special trend of economic activity, Spain was the most successful market, followed by Germany and South Korea. 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. But due to the declining demand from Spain, the Sunny Central 500 became the most successful product in the third quarter. Operating profit (EBIT) improved in the first nine months of 2008 to €26.1 million (Q1 – Q3 2007: €4.9 million) as a result of the strong rise in sales.

The **Railway Technology** division, i.e. SMA Railway Technology GmbH, achieved external sales in the first nine months of 2008 of €10.0 million (Q1 – Q3 2007: €10.4 million), which is slightly below the level of the comparable period in the previous year. In this division, which is characterized by larger-scale individual projects, 52 % of sales were generated in Germany and 40 % in EU countries – almost unchanged as compared to the first six months. In the previous year, 71 % of sales were still achieved in Germany. Internal sales, which declined slightly with €7.8 million (Q1 – Q3 2007: €8.0 million) related primarily to supplies of cable and mechanical components to the High Power Solutions segment. Operating profit (EBIT) shrank to €1.3 million (Q1 – Q3 2007: €1.7 million).

The **Electronics Manufacturing** segment, which is characterized primarily by intra-Group sales, was working continuously at its maximum capacity limit in the first nine months of fiscal 2008 because of the high demand in the Photovoltaics Technology division. More than half the electronic assemblies requested were therefore purchased via external suppliers. In the reporting period, total sales from external and internal revenues rose to €113.4 million (Q1 – Q3 2007: €52.2 million). Operating profit (EBIT) rose to €9.5 million (Q1 – Q3 2007: €4.4 million) in line with growth and with an unchanged EBIT margin of 8.4 %.

CEO Günther Cramer welcomes guests of the topping-out ceremony for the new factory

ASSETS AND FINANCIAL POSITION

As a result of the IPO on June 27, 2008 and the associated net issue proceeds of €121.9 million and consolidated net profit of €94.0 million in the first nine months of 2008, the Company's equity base has improved significantly. As at September 30, 2008, the equity ratio increased to 56.2 % (December 31, 2007: 39.5 %).

Net cash flow from operating activities increased in the first nine months of 2008 to €66.0 million due to the good earnings, following €20.3 in the previous year. The cash flow from investing activities resulted in an outflow of funds of €50.0 million in the reporting period, following €7.4 million in the previous year, mainly due to advance payments for the construction of the new production facility in Kassel. The cash flow from financing activities in the first nine months of 2008 amounts to €96.7 million, following minus €13.0 million in the previous year, and results from the inflow of funds from the IPO less the dividend payment for fiscal 2007. Compared to December 31, 2007, cash and cash equivalents with a term to maturity of up to three months increased by €112.8 million to €165.6 million. Total liquidity, which also includes investments with a longer term to maturity and securities, increased by €172.8 million to €225.6 million. As a result, SMA has a very sound financial base and a high liquidity reserve. Due to the bank crisis, particular attention is given to a diversification of investments and the banks' credit rating in order to minimize potential risks.

Compared with December 31, 2007, total assets have grown by €290.6 million to €453.8 million, which is related mainly to the issue proceeds from the IPO and the expansion of business activities. In the reporting period, net working capital increased by 80 % to €106.8 million (December 31, 2007: €59.4 million). Inventories increased below average in proportion to the business expansion by 78 % or €37.2 million. The increase in trade receivables by 107 % or €28.3 million could not be compensated for by the increase in trade payables by 124 % or €18.0 million. The net working capital ratio in relation to the last twelve months' sales fell to 16.9 % compared with 18.1 % at the end of fiscal 2007.

INVESTMENTS

In the first nine months of the 2008 fiscal year, the focus of investments was on the construction of a new production facility for inverters with a capacity of 3 to 4 GW in Kassel, which is to be commissioned on schedule at the beginning of 2009. The investment volume amounts to €45,0 million. In addition, other significant investment cost items related to expansion in production capacity at interim sites, tool costs for manufacturing die cast casings as well as to replacement investment. At €44.5 million, total investments in the first nine months of the fiscal year – without capitalizing the costs of development projects amounting to €0.8 million – were up by more than 500 % on the comparable figure in the previous year of €7.4 million. Accordingly, the investment ratio rose to 8.6 % (Q1 – Q3 2007: 3.4 %).

RESEARCH AND DEVELOPMENT

The costs of research and development amounted to €24.0 million in the first nine months of the fiscal year (Q1 – Q3 2007: €13.6 million). In essence, this rise of 77 % is attributable to an increase in the number of staff employed in development. In spite of the strong expansion of activities, the R&D ratio fell to 4.6 % as a consequence of the marked expansion in sales (Q1 – Q3 2007: 6.3 %).

In the second quarter, production of two new inverters was started. Since then, these are being manufactured in large numbers and are in strong demand by customers. On the one hand, this is the Sunny Mini Central 11000TL (including Sunny Mini Central 10000TL and Sunny Mini Central 9000TL) 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 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. Following successful UL certification, production of the first new Sunny Central inverters for the US market was started, with the result that SMA now also has a presence in the commercial and industrial segments of the US market.

The development division is still focusing on the development of the 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 division is planned for the fourth quarter with the aim of reducing the “time to market” period.

EMPLOYEES / HUMAN RESOURCES

The business expansion resulted in further recruitment of new staff in the reporting period. At the end of the third quarter 2008, the SMA Group had 2,885 employees worldwide (September 30, 2007: 1,786). This figure includes 767 temporary workers (September 30, 2007: 361). In the international sales and service branches run by the Photovoltaics Technology division, the number of employees increased to 125 on the reporting date, compared with 70 a year ago. The number of trainees rose from 124 to 196.

SUPPLEMENTARY REPORT

Since the end of the reporting quarter, the economic general conditions have further deteriorated due to the financial crisis. Although there is no direct decline in demand identifiable, which is attributable to the crisis, but lower growth rates, in particular in respect of credit-financed projects in the industrial segment, are to be expected. Since even the Spanish market does not at present give rise to expected demand for central inverters of the Sunny Central line due to the expiry of the feed-in law, production capacity in the High Power Solutions segment was reduced significantly.

RISKS 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.

A photovoltaic plant in Italy, equipped with SMA Sunny Mini Central inverters

FORECAST REPORT

Given the aggravated crisis in the financial markets and the resulting effects on the overall economic development, at the moment forecasts are connected with a high degree of uncertainty, since the impact of money economy on the real economy and, in particular, the solar industry is difficult to predict due to this particular situation. The disclosures made in this chapter are based on the current estimates of SMA's management. These are based on the expectations presented below regarding the development of photovoltaics markets.

In spite of all uncertainties, we still expect sound demand for our products in the fourth quarter of 2008. In particular due to the amendment of the Renewable Energy Sources Act (EEG) in Germany and the related reduction in the feed-in tariff at the end of the year, we expect unchanged demand in the Medium Power Solutions segment by the end of the year. As a result of the expiry of the feed-in law in Spain by the end of September 2008, which was the largest market for central inverters in the first nine months of fiscal 2008, we expect declining sales figures in the High Power Solutions segment. In contrast, the US photovoltaics market is benefiting from the renewal of the Investment Tax Credit for a further eight years in all market segments (residential, commercial and industrial), although the effects of the financial crisis in the US are particularly difficult to assess. At the moment, the PV market in South Korea is influenced strongly by the loss of value of the Korean Won compared to the Euro and the US Dollar. In addition, the financing of large solar projects in Korea has become difficult due to the financial crisis.

Given the strong third quarter, we are raising our sales expectations for the 2008 fiscal year. We are now expecting sales of between €650 million and €690 million. This would correspond to a doubling of the sales compared with the previous year. The EBIT margin is expected to be at 23 % to 25 %. The tax ratio will remain unchanged at 30 % for the entire year.

CONSOLIDATED INCOME STATEMENT

	Note	July – Sept. (Q3) 2008 € '000	July – Sept. (Q3) 2007 € '000	Jan. – Sept. (Q1–Q3) 2008 € '000	Jan. – Sept. (Q1–Q3) 2007 € '000
Sales	(D)	226,727	102,763	519,286	216,502
Cost of sales		140,303	60,319	320,993	133,655
Gross profit		**86,424**	**42,444**	**198,293**	**82,847**
Selling expenses		7,195	7,398	23,313	17,250
Research and development expenses	(1)	8,810	5,037	24,009	13,580
General administrative expenses		8,537	5,290	18,609	12,387
Other operating income		2,674	893	4,625	1,437
Other operating expenses		1,423	1,688	5,201	2,895
Operating profit (EBIT)		**63,133**	**23,924**	**131,786**	**38,172**
Financial income		1,562	38	2,555	508
Financial expenses		379	297	978	916
Financial result	(2)	**1,183**	**–259**	**1,577**	**–408**
Profit before income taxes		**64,316**	**23,665**	**133,363**	**37,764**
Income tax expense	(3)	18,579	8,892	39,442	14,345
Consolidated net profit for the period		**45,737**	**14,773**	**93,921**	**23,419**
Earnings per share					
Basic = Diluted (€)	(4)	1.32	3.69	2.71	5.85
Number of ordinary shares on the reporting date (in thousands)		34,700	4,000	34,700	4,000

CONSOLIDATED BALANCE SHEET

	Note	09/30/2008 € '000	12/31/2007 € '000
Non-current assets			
Intangible assets	(5)	3,536	1,859
Fixed assets	(6)	80,052	31,335
Other financial assets		70	70
Deferred taxes		1,529	1,158
		85,187	**34,422**
Current assets			
Inventories	(7)	84,788	47,598
Trade receivables		54,657	26,387
Other financial assets	(8)	62,815	1,626
Other receivables		802	351
Cash and cash equivalents		165,594	52,847
		368,656	**128,809**
TOTAL ASSETS		**453,843**	**163,231**
Shareholders' equity			
Share capital		34,700	4,000
Capital reserves		119,200	0
Retained earnings		101,081	60,437
	(9)	**254,981**	**64,437**
Non-current liabilities			
Other provisions	(10)	14,393	9,377
Financial liabilities		20,525	10,546
Other financial liabilities		0	477
Other liabilities	(11)	13,706	8,988
Deferred taxes		2,594	1,344
		51,218	**30,732**
Current liabilities			
Other provisions	(10)	16,287	5,861
Financial liabilities		1,305	1,074
Trade payables		32,678	14,620
Other financial liabilities		59,238	28,568
Tax liabilities		21,648	10,609
Other liabilities	(11)	16,488	7,330
		147,644	**68,062**
TOTAL EQUITY AND LIABILITIES		**453,843**	**163,231**

CONSOLIDATED CASH FLOW STATEMENT

	Note	Jan. – Sept. (Q1 – Q3) 2008	Jan. – Sept. (Q1 – Q3) 2007
		€ '000	€ '000
Net profit		+ 93,921	+ 23,419
Income tax		+ 39,442	+ 14,345
Financial result		– 1,577	+ 408
Depreciation and amortization		+ 6,154	+ 7,453
Change in other provisions		+ 15,442	+ 4,665
Profit (–)/Loss (+) from the disposal of fixed assets		– 16	+ 0
Other non-cash expenses/ revenue		+ 4,615	– 446
Interest received		+ 2,531	+ 499
Interest paid		– 20	– 18
Income tax paid		– 25,508	– 15,475
Gross cash flow		**+ 134,984**	**+ 34,850**
Increase/decrease of inventories		– 40,278	– 16,424
Increase/decrease in trade receivables		– 30,732	– 13,447
Increase/decrease in trade payables		+ 18,058	+ 6,286
Change in other net assets/other non-cash transactions		– 16,080	+ 9,072
Net cash flow from operating activities	(14)	**+ 65,952**	**+ 20,337**
Payments for investments in fixed assets		– 45,365	– 7,370
Proceeds from the disposal of fixed assets		+ 1	+ 357
Payments for investments in intangible assets		– 4,695	– 403
Proceeds from the disposal of intangible assets		+ 0	+ 1
Net cash flow from investing activities	(15)	**– 50,059**	**– 7,415**
Proceeds from issuance of equity		+ 121,900	+ 0
Dividends paid		– 25,200	– 13,000
Net cash flow from financing activities	(16)	**+ 96,700**	**– 13,000**
Net increase in cash and cash equivalents		+ 112,593	– 78
Change in cash and cash equivalents due to exchange rate effects		+ 154	– 11
Cash and cash equivalents as of 01/01		+ 52,847	+ 33,518
Cash and cash equivalents as of 09/30		**+ 165,594**	**+ 33,429**

STATEMENT OF CHANGES IN THE CONSOLIDATED SHAREHOLDERS' EQUITY

for the period from January 1 to September 30, 2008

	Share Capital € '000	Capital Reserves € '000	Treasury Shares € '000	Retained Earnings € '000	Consolidated Shareholders' equity € '000
Shareholders' equity as of 01/01/2008	4,000	0	0	60,437	64,437
Consolidated net profit for Q1 – Q3 2008	0	0	0	93,921	93,921
Dividend payments of SMA Solar Technology AG	0	0	0	–25,200	–25,200
Differences from currency translation	0	0	0	–77	–77
Capital increase from corporate funds	28,000	0	0	–28,000	0
Capital increase from issuing new shares	2,700	119,200	0	0	121,900
Shareholders' equity as of 09/30/2008	**34,700**	**119,200**	**0**	**101,081**	**254,981**

for the period from January 1 to September 30, 2007

	Share Capital € '000	Capital Reserves € '000	Treasury Shares € '000	Retained Earnings € '000	Consolidated Shareholders' equity € '000
Shareholders' equity as of 01/01/2007	4,000	0	0	36,720	40,720
Consolidated net profit for Q1 – Q3 2007	0	0	0	23,419	23,419
Dividend payments of SMA Solar Technology AG	0	0	0	–13,000	–13,000
Differences from currency translation	0	0	0	12	12
Purchase of treasury shares	0	0	0	0	0
Sale through employee share programme	0	0	0	0	0
Shareholder's equity as of 09/30/2007	**4,000**	**0**	**0**	**47,151**	**51,151**

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

A. BASIC INFORMATION

The condensed interim consolidated financial statements of SMA Solar Technology AG as at September 30, 2008 were prepared, as were the condensed interim consolidated financial statements as at March 31, 2008, June 30, 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 (IFRIC) 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 accordance 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 Management Board of SMA Solar Technology AG authorized the interim consolidated financial statements for transmission to the Supervisory Board on November 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. CONSOLIDATED GROUP AND PRINCIPLES OF CONSOLIDATION

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

The group of consolidation in the comparative period ended September 30, 2007 has not changed as against December 31, 2007.

The companies included in the SMA Group as at September 30, 2008 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 Technología 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 Solar 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.

C. SIGNIFICANT ACCOUNTING POLICIES

With the exception of the changes shown below, there were no changes to the accounting and valuation policies in the present interim consolidated financial statements as at September 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 June 30, 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 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 purpose 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 the Group has no defined benefit plans, 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 consolidate 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 third quarter of 2008 and 2007:

	Photovoltaics Technology				Railway Technology	
	Medium Power Solutions		High Power Solutions		Railway Technology	
€ million	**Q3 2008**	Q3 2007	**Q3 2008**	Q3 2007	**Q3 2008**	Q3 2007
External sales	181.0	80.1	42.3	19.1	2.5	3.0
Internal sales	4.7	2.7	0.5	1.1	3.4	4.5
Total sales	**185.7**	**82.8**	**42.8**	**20.2**	**5.9**	**7.5**
Depreciation	1.5	1.3	0.2	0.6	0.2	0.1
Operating profit (EBIT)	48.7	16.2	12.3	5.4	0.1	0.4
Sales by regions						
Germany	135.4	65.0	14.3	7.5	1.2	1.5
EU	36.8	10.7	21.5	9.4	1.0	1.3
Third-party countries	16.1	7.5	7.5	2.3	0.3	0.2
Sales allowances	–7.3	–3.1	–1.0	–0.1	0.0	0.0
Total external sales	**181.0**	**80.1**	**42.3**	**19.1**	**2.5**	**3.0**

	Electronics Manufacturing		Reconciliation		Continuing operations	
€ million	**Q3 2008**	Q3 2007	**Q3 2008**	Q3 2007	**Q3 2008**	Q3 2007
External sales	0.9	0.6	0.0	0.0	226.7	102.8
Internal sales	46.8	22.8	–55.4	–31.1	0.0	0.0
Total sales	**47.7**	**23.4**	**–55.4**	**–31.1**	**226.7**	**102.8**
Depreciation	0.5	0.4	0.0	0.0	2.4	2.4
Operating profit (EBIT)	2.7	2.5	–0.7	–0.6	63.1	23.9
Sales by regions						
Germany	0.9	0.6	0.0	0.0	151.8	74.6
EU	0.0	0.0	0.0	0.0	59.3	21.4
Third-party countries	0.0	0.0	0.0	0.0	23.9	10.0
Sales allowances	0.0	0.0	0.0	0.0	–8.3	–3.2
Total external sales	**0.9**	**0.6**	**0.0**	**0.0**	**226.7**	**102.8**

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

	Photovoltaics Technology				Railway Technology	
	Medium Power Solutions		High Power Solutions		Railway Technology	
€ million	**Q1 – Q3 2008**	Q1 – Q3 2007	**Q1 – Q3 2008**	Q1 – Q3 2007	**Q1 – Q3 2008**	Q1 – Q3 2007
External sales	410.8	172.9	96.1	31.3	10.0	10.4
Internal sales	12.7	5.9	1.7	1.9	7.8	8.0
Total sales	**423.5**	**178.8**	**97.8**	**33.2**	**17.8**	**18.4**
Depreciation	3.6	4.8	0.7	1.1	0.5	0.4
Operating profit (EBIT)	94.5	26.4	26.1	4.9	1.3	1.7
Sales by regions						
Germany	283.9	137.9	23.0	12.7	5.2	7.4
EU	112.6	23.9	50.8	15.5	4.0	2.6
Third-party countries	33.6	16.7	23.8	3.5	0.8	0.4
Sales allowances	–19.3	–5.6	–1.5	–0.4	0.0	0.0
Total external sales	**410.8**	**172.9**	**96.1**	**31.3**	**10.0**	**10.4**

	Electronics Manufacturing		Reconciliation		Continuing operations	
€ million	**Q1 – Q3 2008**	Q1 – Q3 2007	**Q1 – Q3 2008**	Q1 – Q3 2007	**Q1 – Q3 2008**	Q1 – Q3 2007
External sales	2.4	2.0	0.0	0.0	519.3	216.5
Internal sales	111.0	50.2	–133.2	–66.0	0.0	0.0
Total sales	**113.4**	**52.2**	**–133.2**	–66.0	**519.3**	**216.5**
Depreciation	1.4	1.2	0.0	0.0	6.2	7.5
Operating profit (EBIT)	9.5	4.4	0.4	0.8	131.8	38.2
Sales by regions						
Germany	2.4	2.0	0.0	0.0	314.5	160.0
EU	0.0	0.0	0.0	0.0	167.4	42.0
Third-party countries	0.0	0.0	0.0	0.0	58.2	20.6
Sales allowances	0.0	0.0	0.0	0.0	–20.8	–6.1
Total external sales	**2.4**	**2.0**	**0.0**	**0.0**	**519.3**	**216.5**

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

€ million	**Q3 2008**	Q3 2007	**Q1 – Q3 2008**	Q1 – Q3 2007
Total segment earnings (EBIT)	63.8	24.5	131.4	37.4
Eliminations	–0.7	–0.6	0.4	0.8
Consolidated operating profit (EBIT)	63.1	23.9	131.8	38.2
Net financial result	1.2	–0.3	1.6	–0.4
Profit before income taxes	64.3	23.6	133.4	37.8

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.

Total segment assets as at September 30, 2008 have changed in the context of business expansion as compared to last year's closing date (December 31, 2007).

E. NOTES TO THE CONSOLIDATED INCOME STATEMENT

(1) Research and development expensis

	Q1 – Q3 2008	Q1 – Q3 2007
	€ '000	€ '000
Personnel expenses	19,778	10,091
Cost of materials	2,104	2,008
Other	2,975	1,481
	24,857	13,580
Capitalized development projects	–848	0
	24,009	**13,580**

(2) Financial result

	Q1 – Q3 2008	Q1 – Q3 2007
	€ '000	€ '000
Interest income	2,530	508
Other financial income	25	0
Financial income	2,555	508
Interest expenses	20	27
Other financial expenses	7	11
Interest share from valuation	951	878
Financial expenses	978	916
Financial result	**1,577**	**–408**

(3) Income taxes

Income tax expenses were calculated on the basis of the average tax rate expected for the respective company. The reduction of the average tax rate from 38.0 % in the first three quarters 2007 to 29.6 % in the first nine months of 2008 is mainly the result of 2008 German Business Tax Reform Act (Unternehmenssteuergesetz). The changes came into force 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 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 third quarter.

The consolidated earnings attributable to the shareholders are the consolidated net 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 the number of shares in circulation. Since the new shares are entitled to a share in the profits from the beginning of fiscal 2008, the profit per share (see income statement) as at September 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 €1.32 per share on 34,700,000 shares for the period from July 1 to September 30, 2008, earnings of €2.85 per share on 32,930,000 shares for the period from January 1 to September 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.

F. NOTES TO THE CONSOLIDATED BALANCE SHEET

(5) Intangible assets

	09/30/2008	12/31/2007
	€ '000	€ '000
Software	2,518	1,736
Capitalized development projects	848	0
Prepayments	170	123
	3,536	**1,859**

(6) Property, plant and equipment

	09/30/2008	12/31/2007
	€ '000	€ '000
Land and buildings including buildings on third-party land	31,163	16,702
Technical equipment and machinery	4,637	3,863
Other equipment, operating and office equipment	17,796	10,770
Prepayments	26,456	0
	80,052	**31,335**

Prepayments made in the period from January 1, 2008 to September 30, 2008 include prepayments amounting to €24.6 million 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 €1.2 million in the first quarter. Further details are provided in note (19).

In particular, the further increase in property, plant and equipment by €22.3 million in total should be viewed against the background of the expansion of the Group's business, which entailed an increasing build-up of property, plant and equipment.

(7) Inventories

	09/30/2008	12/31/2007
	€ '000	€ '000
Raw materials, consumables and supplies	43,469	20,855
Unfinished goods, work in progress	12,109	8,188
Finished goods and goods for resale	28,428	18,520
Prepayments	782	35
	84,788	**47,598**

(8) Other financial assets

As at September 30, 2008, other financial assets include receivables from securities invested in money market funds.

(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 the 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 et seq. 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 "other retained earnings" following the resolution of the Annual Shareholders' Meeting of April 30, 2008 on the appropriation of 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 Management 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 new shares as part of the Company's planned IPO (Authorized Capital I). Shareholders' subscription rights are disapplied.
  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 Management 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, 2012, by issuing new bearer shares in return for cash contributions and/or contributions in kind (Authorized Capital II). The Management 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 Management 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 the issue costs of €7,100,000 and in line with the associated income tax benefit of €2,100,000, this resulted in net issue proceeds of €121,900,000 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 €119,200,000 was transferred to the capital reserves.

(10) Provisions

	09/30/2008	**12/31/2007**
	€ '000	€ '000
Production	29,956	12,166
Staff	511	424
Other	213	2,648
	30,680	**15,238**

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

(11) Other liabilities

	09/30/2008	12/31/2007
	€ '000	€ '000
Deferred income for extended guarantees	14,099	9,443
Liabilities from advance payments received	10,126	5,116
Liabilities due to tax authorities	4,662	886
Liabilities from subsidies received	1,254	843
Other	53	30
	30,194	**16,318**

(12) Financial instruments

As at September 30, 2008, the balance sheet included two forward transactions 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 in 2008 as against fiscal year 2007.

(13) Contingent liabilities and other obligations

As at September 30, 2008, there were guarantees by banks to third parties amounting to €2.2 million (December 31, 2007 : €2.7 million) in the form of warranty and advance payment guarantees.

As at September 30, 2008, the Company had entered into commitments to acquire property, plant and equipment amounting to €13.0 million. This figure includes commitments of €5.6 million for the construction of a new production facility in Kassel, completion of which is planned for the beginning of 2009. The other obligations relate predominantly to production tools. There is also the customary amount of business commitments.

G. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(14) Cash flow from operating activities

In the reporting period, net cash flow from operating activities amounted to €66.0 million as against €20.3 million in the same period of the previous year. This increase is mainly attributable to the increase in sales and the increase in earnings associated therewith. The increase in working capital resulting from the expansion of the business activity had an opposite effect. Securities invested in money market funds accounted for €60.0 million in the period under review.

(15) Cash flow from investing activities

In the period under review, net cash flow from investing activities stood at €–50.1 million (same period in the previous year: €–7.4 million). 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 reporting period, net cash flow from financing activities stood at €96.7 million (same period in the previous year: €–13.0 million). An important factor was the inflow of funds from the IPO less issue costs, taking the related income tax benefit into account as well as the dividend payment resolved by the Annual Shareholders' Meeting in April 2008.

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

	Q1 – Q3 2008	Q1 – Q3 2007
	€ '000	€ '000
Wages and salaries	108,961	50,163
Social security contributions and welfare payments	8,296	5,634
	117,257	**55,797**

The average number of employees amounted to:

	09/30/2008	09/30/2007
Development	306	192
Production and service	925	614
Sales and administration	391	352
	1,622	1,158
Trainees and interns	172	114
Temporary employees	633	225
	2,427	**1,497**

(19) Related party disclosures

By way of the agreement of February 28, 2008, SMA Solar Technology AG acquired a car park from SMA Immo GmbH for a price of €1.2 million. 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 agreement was concluded.

By way of an agreement of March 17, 2008 with SMA Immo GmbH, five tenancy agreements concluded in the 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, which has been used since October. 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 €0.2 million/month. The total lease installment under the new agreement amounts to €2.1 million in 2008 (previous year: €1.6 million). Liabilities to SMA Immo GmbH were balanced on September 30, 2008 (December 31, 2007: €0.1 million).

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 with team-time GmbH. The sole shareholder and managing director is the wife of one of the members of the Management Board. Transactions in the amount of €1.1 million were handled under this agreement in the third quarter.

Niestetal, November 5, 2008

SMA Solar Technology AG
The Management Board

Günther Cramer Peter Drews Pierre-Pascal Urbon Reiner Wettlaufer

Progress of construction work at new inverter factory – commissioning scheduled for Q1 2009

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 September 30, 2008, which are part of the quarterly financial report pursuant to Article 37y 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, November 7, 2008

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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

FURTHER INFORMATION

FINANCIAL CALENDAR

November 21, 2008	Forum Solarpraxis Analyst One-on-One Meetings, Berlin
February 25/26, 2009	LBBW Photovoltaik Konferenz, Zurich
March 11/12, 2009	Commerzbank Conference Growth & Responsibility 2009, Frankfurt
March 31, 2009	Publication of Annual Report 2008 Press Conference on annual results 2008, Frankfurt Analyst Conference Call: 9.00 a.m. (CET)
April 1, 2009	Capital Markets Day, SMA/Niestetal
May 15, 2009	Publication of Quarterly Financial Report Jan. – Mar. 2009 Analyst Conference Call: 9.00 a.m. (CET)
May 28, 2009	Annual General Meeting 2009, Kongress Palais Kassel

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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
November 14, 2008

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

www.SMA.de/IR/Finanzberichte
www.SMA.de/IR/FinancialReports

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This document contains forward-looking statements and information – that is, statements related to future, not past, events. These statements may be identified by words such as "expects," "looks forward to," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "will," "project" or words of similar meaning. Such statements are based on our current expectations and certain assumptions, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond SMA's control, affect our operations, performance, business strategy and results and could cause the actual results, performance or achievements of SMA to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. For us, particular uncertainties arise, among others, from changes in general economic and business conditions (including margin developments, the legal and regulatory framework, changes in currency exchange rates and interest rates.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement as expected, anticipated, intended, planned, believed, sought, estimated or projected. SMA does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.

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