



HALF-YEARLY FINANCIAL REPORT
JANUARY TO JUNE 2010

SMA SOLAR TECHNOLOGY AG



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SUNNY ISLAND

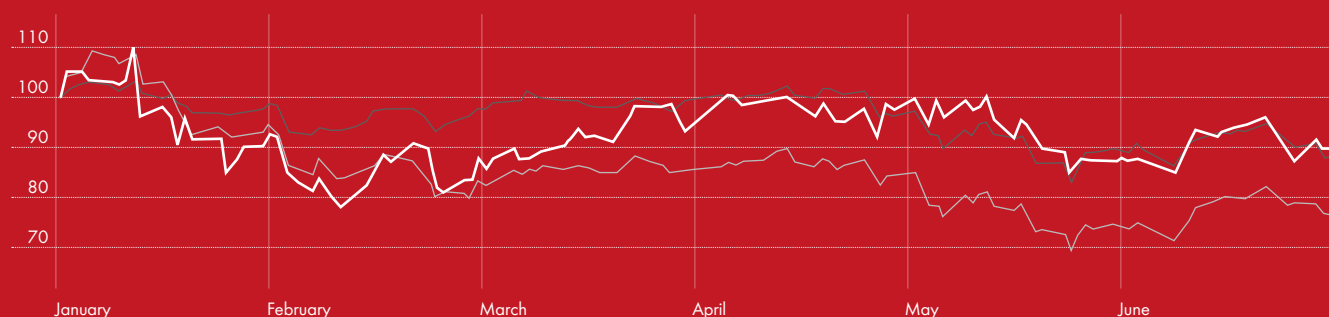
BUSINESS GROUP FIGURES

SMA Group		1. Half-year 2010	1. Half-year 2009	Change	Year 2009
Sales	€ million	815.8	247.1	230 %	934.3
Export ratio	%	36.4	43.1		38.4
Inverter output sold	MW	3,146	792	297 %	3,381
Capital expenditure ¹	€ million	67.6	32.5	108 %	74.9
Depreciation	€ million	12.9	7.0	84 %	16.3
Operating profit (EBIT)	€ million	219.9	35.0	528 %	228.4
Operating profit margin	%	27.0	14.2		24.4
Consolidated net profit	€ million	158.2	26.0	508 %	161.1
Earnings per share ²	€	4.56	0.75		4.64
Employees ³		5,025	2,891	74 %	3,412
in Germany		4,728	2,733	73 %	3,266
abroad		297	158	88 %	176

SMA Group		06/30/2010	12/31/2009	Change
Total assets	€ million	1,014.3	718.6	41 %
Equity	€ million	522.7	407.6	28 %
Equity ratio	%	51.5	56.7	
Net working capital ⁴	€ million	252.6	98.6	156 %
Net working capital ratio ⁵	%	16.8	10.6	
Cash and cash equivalents	€ million	376.7	365.0	3 %

Performance of the SMA share Q1 – Q2/2010 percent⁶

● SMA share ● TecDAX® ● ÖkoDAX®



¹ excl. finance leases and excl. development projects to be capitalized

² converted to 34,700,000 shares

³ average during the period; incl. temporary employees

⁴ inventories and trade receivables minus trade payables

⁵ relating to the last twelve months (LTM)

⁶ rebased to 100 %

THE FUTURE OF SOLAR TECHNOLOGY

SMA Solar Technology AG develops, produces and sells solar inverters and monitoring systems for photovoltaic applications. SMA is the world's largest producer in this segment and is the only vendor that has a product range with the matching inverter type for any module type and any power class. This applies for grid-tied applications as well as island and backup operation.

The inverter is technologically the most important component in any solar power system: It converts the direct current generated in photovoltaic cells into alternating current suitable for the grid. In addition, it is an intelligent system manager, responsible for yield monitoring and grid management. Solar inverters are characterized by a particularly high efficiency. The Sunny Tripower produced by SMA already has an efficiency of 98 %, which allows for increased electricity production.

SMA's business model is driven by technological progress. Due to its flexible and scalable production, SMA is in a position to quickly respond to customer demands and promptly implement product innovations. This allows the Company to keep pace with the dynamic market trends of the photovoltaics industry and at the same time absorb short-term fluctuations in demand for solar inverters.

SMA Solar Technology AG is headquartered in Niestetal, near Kassel, and is represented on four continents by 13 foreign subsidiaries. This group of companies employs more than 5,000 employees (incl. temporary staff) and has been distinguished several times in previous years with awards for its outstanding performance as an employer.

Since June 27, 2008, the Company has been listed in the Prime Standard of the Frankfurt Stock Exchange (S92), and since September 22, 2008, the Company's shares have been listed in the TecDAX. In 2009, SMA generated an earnings before interest and taxes (EBIT) of more than € 228 million from sales of more than € 930 million. This corresponds to an EBIT margin of over 24 %.

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BASIC DATA

WKN	A0DJ6J
ISIN	DE000A0DJ6J9
Stock market code	S92
Reuters	S92G.DE
Bloomberg	S92 GR
Listing	Prime Standard of Frankfurt Stock Exchange
Share class	Bearer shares without par value
Share capital	€ 34,7 million
Number of shares	34,7 million
Index	TecDAX®

PERFORMANCE Q1 – Q2 2010

in %, rebased to 100 points

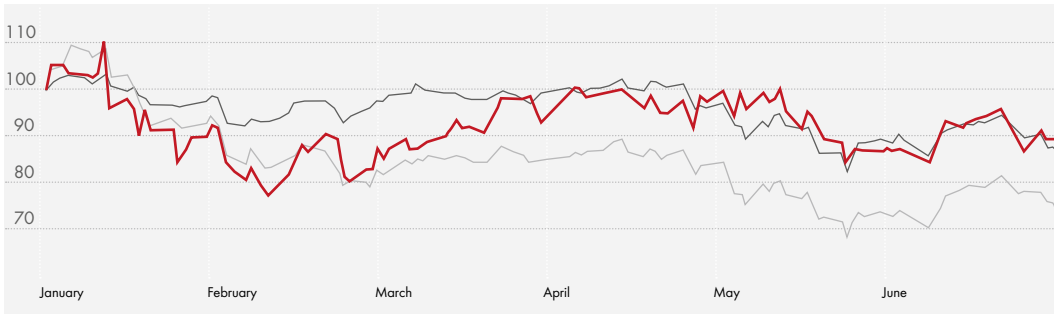
The stabilization of the share price at a high level reflects SMA's highly successful first half of 2010.

- SMA Share
- TecDAX®
- ÖkoDAX®

THE SHARE

SMA shares remain stable in a turbulent market environment

The discussions on the early reduction of feed-in remuneration for solar energy in Germany and the large budgetary deficits in various European countries have had a significant influence on the development of prices for solar shares in the first half year of 2010. The uncertainty in the capital market regarding the future course of the globally largest photovoltaics market and the financing conditions in the euro zone have resulted in a high level of volatility. SMA shares as well were not able to escape completely from this development. Accordingly, the price for SMA shares fell from above € 100 at the beginning of the year to € 73.75 in the middle of February. Supported by the positive sales and earnings forecast for the 2010 fiscal year, the price of SMA shares recovered by the end of the quarter and closed at € 90.75 on March 31, 2010 (Xetra closing price). In spite of the excellent development of business in the first quarter of 2010 and the positive outlook, the news on insufficient supply of solar inverter manufacturers with electronic components and the change in the rating of Greek government bonds led to a price decline of SMA shares from the middle of May (lowest price € 79.97, May 25, Xetra closing price). By the end of the quarter, the stock price recovered slightly and closed at € 84.56 (June 30, Xetra closing price). This means that the price of SMA shares fell by about 4 % in the second quarter from a value of € 87.89 (April 1, Xetra closing price). In the same period, the TecDAX and the ÖkoDAX suffered declines of 11 % and 10 %, respectively. The DAX, however, increased considerably and reached its June high of 6330 points in the last third of the month.



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As before, 20 banks and financial institutions reported regularly on SMA shares at the end of the second quarter of 2010. The following list shows the range of sell-side coverage.

Institution	Analyst
Bank of America / Merrill Lynch	Claus Roller / Gerhard Orgonas
Barclays Capital	Rupesh Madlani / Arindam Basu / Julien Roques
Berenberg Bank	Lars Dannenberg
Bryan, Garnier & Co	Ben Lynch
Cheuvreux	Philipp Bumm
Citi	Andrew Benson
Commerzbank	Robert Schramm
Deutsche Bank	Alexander Karnick
DZ Bank	Sven Kürten
Goldman Sachs Group	Stephen Benson
HSBC Trinkaus & Burkhardt	Christian Rath
HVB UniCredit	Michael Tappeiner
Jefferies International	Michael McNamara
Landesbank Baden-Württemberg	Walter Schneider
Macquarie Group	Dr. Benjamin Klufinger
Metzler	Ruxandra Haradau-Döser
Nomura	Catharina Saponar
Steubing	Alla Gorelova
UBS	Patrick Hummel
West LB	Peter Wirtz

Financial market communication at a high level

SMA is committed to a culture of open communication, including in its dialog with the capital market. The heart of the activities is a shareholder-oriented communication policy, which is characterized mainly by the principles of transparency, continuity and trustworthiness. The objectives are the building-up and maintenance of long-term and trusting relationships with all players in the capital markets. In respect of this, we refer to our Investor Relations Web site at www.IR.SMA.de. Investors, financial analysts, journalists and the interested public will find comprehensive and up-to-date information about the Company on this Web site. It includes financial reports, presentations, statutory company statements and a financial calendar. SMA also provides all current information with regard to the corporate governance topic on this site. Moreover, the site offers an interactive share price chart, which allows comparing the SMA share price with selected stock exchange indices. The menu “FAQ” provides answers to frequently asked questions.

Investor Relations activities further intensified

In the first quarter of 2010, the Chief Financial Officer communicated with institutional investors in London on the occasion of a road show. Furthermore, the Company presented itself for the first time to investors in Edinburgh. As in 2009, SMA took part in Commerzbank's Growth & Responsibility Conference in March in Frankfurt. In the second quarter, the enterprise encouraged discussions with investors in Brussels, Amsterdam and Paris. In June, the Chief Financial Officer visited investors in Zurich and Geneva. In the context of road shows and phone conferences, there were about 150 individual discussions in the first half year of 2010.

Annual General Meeting resolves dividend payout of € 1.30 per share

The Annual General Meeting was held at Kongress Palais Kassel on May 27, 2010 with about 600 shareholders attending. The Annual General Meeting granted discharge to the Managing and Supervisory Boards by a large majority and accepted the proposal to pay out a dividend of € 1.30 per qualifying bearer share. Accordingly, the dividend per share increased significantly compared to the previous year (2009: € 1.00 per share) and reflects the excellent results of SMA in the 2009 fiscal year. The dividend payout ratio is approx. 30 %.

In February, SMA's Managing Board adopted a resolution to expand the Supervisory Board from six to twelve members and a parity-based composition of the body with six shareholder representatives and six employee representatives. In doing so, SMA has fulfilled the statutory provisions applicable as a result of the higher number of staff.

The General Meeting reelected Dr. jur. Erik Ehrentraut, Dr. Winfried Hoffmann and the company founders Prof. (em.) Dr. Werner Kleinkauf and Reiner Wettlaufer as the shareholders' Supervisory Board members. In addition, the shareholders elected Siegfried L. Drueker and Dr.-Ing. Martin Hoppe-Kilpper as new Supervisory Board members. Dr. Günther Häckl, Johannes Häde, Ullrich Meßmer, Alexander Naujoks, Joachim Schlosser and Mirko Zeidler were the employee representatives elected to the Supervisory Board before the Annual General Meeting.

At the constituent meeting of the Supervisory Board following the General Meeting, Dr. jur. Erik Ehrentraut was elected as the Chairman of the Supervisory Board and Mr. Reiner Wettlaufer as the Deputy Chairman of the Supervisory Board. In addition, the members of the presidial, audit, nomination and mediation committees were appointed.

Furthermore, the Annual General Meeting approved the remuneration system for the Supervisory Board members by a large majority. The remuneration is determined in accordance with the principles of the German Corporate Governance Code.

The speech of the CEO and all relevant documents regarding the 2010 Annual General Meeting are available in German language on SMA's Web site at www.SMA.de/Hauptversammlung.





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ECONOMIC CONDITIONS

General economic conditions

In the first half year of 2010, the global economy as a whole recovered faster from the financial crisis than expected at the beginning of the year. The International Monetary Fund (IMF) identified varying speeds of growth in the regions Asia, North America and Europe. While the economies in Asia are growing faster, thus supporting the global economy, North America and Europe are seeing a slower recovery. According to the estimates of the IMF, the high budgetary deficits in particular in North America and Europe might have a negative impact on worldwide growth. Against this backdrop, the savings course agreed upon in June at the G-20 Summit in Toronto (Canada) can be assessed as positive.

Economic conditions in the sectors

Due to incentive programs offered worldwide, the photovoltaics sector has been uncoupled from the development of global economy. Accordingly, the global market for solar power systems grew by approx. 70 % p. a. to approx. 8 GW from 2007 to 2009. For 2010, SMA's management expects further worldwide growth in new photovoltaic systems installed by approx. 75 % to up to 14 GW.

The development of the photovoltaics markets worldwide depends upon incentive programs. The incentive programs in the various countries are reviewed at regular intervals and adapted to the current market developments. In July 2010, the German Federal Government and the Federal Council decided to reduce the incentives for solar power in Germany earlier than originally planned. With effect from July 1, 2010, inter alia, the feed-in tariff for power from roof-top systems was reduced by 13.0 % to 34.05 euro cent per kWh, for free-field systems by 12.0 % to 25.02 euro cent per kWh and for systems on conversion areas by 8.0 % to 26.15 euro cent per kWh. The conversion areas include former military and industrial locations as well as areas adjacent to motorways. In a second phase, the feed-in tariff for power from photovoltaic systems that are commissioned after September 30, 2010 will be reduced by a further 3.0 %.

The incentive program for photovoltaic systems in Italy was also modified in the first half year of 2010. A new regulation provides for long-term support of solar power systems. For example, it is planned to reduce the incentives for free-field PV systems with a capacity from 1 to 5 MW by about 10.0 % to 31.3 euro cent per kWh and for roof-top PV systems in the 3 kW class by about 14.5 % to 40.2 euro cent per kWh from 2011. An annual decrease of the feed-in rate by 6.0 % each is planned for the years 2012 and 2013. From a new output installed of 3 GW in total, the applicable feed-in tariff is granted for a further 14 months. According to the estimates of SMA's management, the new incentives provide investment security for investors and, accordingly, are a prerequisite for further market growth in one of the sunniest countries in Europe.

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In France, the feed-in rates were revised in the first quarter of 2010. The new regulation supports the long-term growth in France according to the estimates of SMA's management. For free-field PV systems from 250 kW it provides for a site-dependent feed-in rate of 31.0 to 37.7 euro cent per kWh and for roof-top PV systems of 42.0 euro cent per kWh.

The changes to the incentive programs already implemented and announced have resulted in strong demand in the first half year of 2010. This development in demand was also supported by low solar module prices and a low interest level. On the other hand, the availability of solar inverters had a growth-limiting effect. Solar inverter manufacturers therefore were not able to fulfill global demands fully in the first six months of 2010. This is due mainly to production capacities of sub-suppliers, which were, in part, reduced considerably in the context of the financial and economic crisis.

Impact of general conditions on business development

SMA Solar Technology AG ("SMA") is the sole inverter manufacturer worldwide that is able to offer the optimum technical solar inverter solution independent of the module technology used or the performance level. This unique position enabled SMA and its subsidiaries ("SMA Group") to benefit from the development of the global photovoltaics market again and to defend its high market share of more than 40 % worldwide according to SMA management's estimates.

SMA responded quickly in the first half year of 2010 to this increased demand. SMA's Managing Board pushed consistently the significant expansion of production capacities at the sites in Kassel and Denver, Colorado (USA). SMA had a maximum annual production capacity of approx. 11 GW at the end of the first half year of 2010. This corresponds to double the annual production capacity in comparison to the end of 2009.

As a result of insufficient supply with electronics components, SMA was not able to utilize its production capacities in the first half year of 2010 as scheduled. In the first six months of the year, only the production capacities at the headquarters were utilized fully. SMA was able to utilize the inverter factory in Kassel-Waldau with an additional capacity of 5 GW p.a., which was established in the first quarter of 2010, and the production facility in Denver, Colorado (USA), with an annual capacity of about 1 GW, which was commissioned in the second quarter, to a limited degree only. In spite of the bottlenecks for electronic components, SMA succeeded in increasing the inverter output produced by 23.1 % to approx. 3.1 GW in the first half of 2010 in comparison to the second half of 2009. The second quarter of 2010 saw a new production record with a produced inverter output of approx. 1.9 GW and emphasizes the high effectiveness of SMA.

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

Results of operations

Group sales and earnings

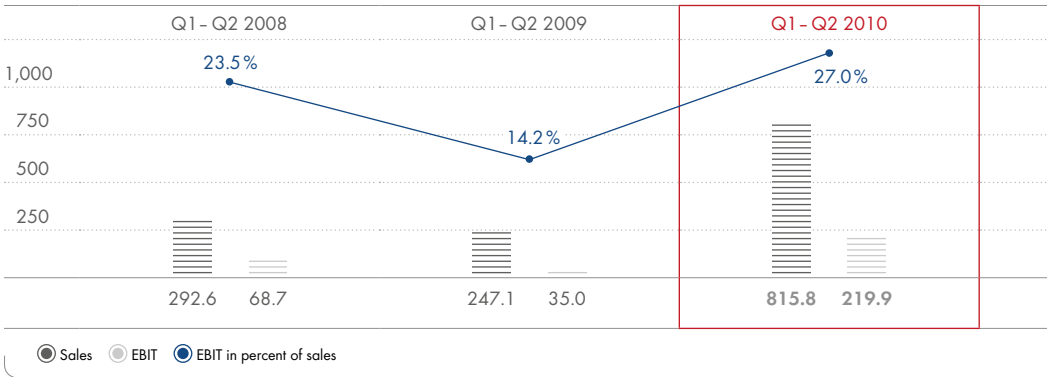
The first half year of 2010 was the most successful half year in SMA’s history. Sales of the SMA Group totaled € 815.8 million, which is almost three times as high as in the same period of the previous year (Q1–Q2 2009: € 247.1 million).

The main sales driver was the Medium Power Solutions segment. In this segment, SMA generated external sales of € 699.1 million (Q1–Q2 2009: € 218.0 million). The most successful products were SMA’s high-performance inverters. The High Power Solutions segment quintupled compared to the previous year’s period and had a share of 12.6 % in Group sales (Q1–Q2 2009: 8.5 %). The increase in sales in this segment was also supported by better financing conditions for large solar projects. The Railway Technology segment also saw a highly positive development in the first six months of 2010. External sales increased by 72.9 % to € 12.1 million as compared to the same period of the previous year.

Germany was the strongest market in terms of sales during the first half year of 2010 due to the early adjustment of the feed-in tariff on July 1, 2010. Gross sales generated in foreign markets amounted to € 296.7 million (Q1–Q2 2009: € 109.1 million). The foreign share of 36.4 % was below the previous year’s figure (Q1–Q2 2009: 43.1 %). France, North America, Belgium, Australia and Italy were among the most important foreign markets.

Earnings before interest and taxes (EBIT) totaled € 219.9 million in the first half year of 2010. The EBIT margin of 27.0 % was only slightly below the record value of the fourth quarter of 2009. In the first six months of 2009, the EBIT margin was 14.2 %.

SALES & EBIT in € million



The SMA Group's consolidated profit was € 158.2 million in the first half year of 2010. This equates to 19.4 % of sales and is also slightly below the record level of the fourth quarter of 2009. The earnings per share of the SMA Group rose to € 4.56 (Q1–Q2 2009: € 0.75).

Sales and earnings by segment

In the **Photovoltaics Technology** division, external sales in the first half year of 2010 of € 801.5 million were more than three times as high as in the same period of the previous year (Q1–Q2 2009: € 238.9 million). The inverter output sold to generate these sales rose to approx. 3.1 GW, which is four times the figure of the previous year (Q1–Q2 2009: approx. 0.8 GW).

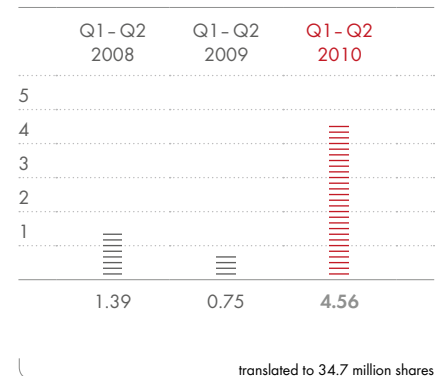
The main growth driver for the multiplication of growth in the first half year of 2010 versus the prior-year period was the Medium Power Solutions segment. Sales in this segment accounted for 87.2 % of total sales in the Photovoltaics Technology segment (Q1–Q2 2009: 91.3 %). The High Power Solutions segment also saw substantial growth versus the previous year and contributed 12.8 % to total sales of the Photovoltaics Technology division (Q1–Q2 2009: 8.7 %).

The **Medium Power Solutions** segment covers the products Sunny Boy, Sunny Mini Central, Sunny Tripower, Sunny Island, Sunny Backup and communication products. The grid-connected inverters and Sunny Backup inverters are deployed mainly in residential and commercial buildings, while Sunny Island is used for stand-alone systems, so-called off-grid applications. The product families of one-phase inverters have power classes ranging from 700 watts to 11 kilowatts (kW). The three-phase inverters of the Sunny Tripower product family, introduced in the market in the first half year of 2010, cover the performance classes from 10 kW to 17 kW.

In the Medium Power Solutions segment, external sales totaled € 699.1 million in the first half year of 2010 (Q1–Q2 2009: € 218.0 million). This means that SMA management's expectations were exceeded. Sales in this segment with € 389.7 million rose by 20.6 % in comparison to the high-sales previous quarter (Q1 2010: € 309.4 million).

Of gross sales, 66.7 % were generated in Germany. The most successful foreign markets in the Medium Power Solutions segment were France, North America, Belgium, Australia and Italy. The inverter types Sunny Mini Central 10000TL, Sunny Mini Central 11000TL and Sunny Boy 5000TL were the top-selling products in the first six months of 2010. In the previous year, Sunny Boy 5000TL and Sunny Mini Central 10000TL had been the major sales drivers as well. Operating income (EBIT) improved by € 154.9 million to € 185.4 million (Q1–Q2 2009: € 30.5 million). This corresponds to an EBIT margin of 25.4 % (Q1–Q2 2009: 13.2 %) in relation to internal and external sales revenues.

EARNINGS PER SHARE in €



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The **High Power Solutions** segment includes the central inverters of the type Sunny Central. These units are used primarily in the market for large solar power plants with an output ranging from above 100 kW to several megawatts. At Intersolar trade fair in Munich, the product range was supplemented by the new device family Sunny Central Compact Power (CP). Since the traditional concrete substation has been eliminated, this new product family is easy to install and is accompanied by a clear reduction of system costs. The Sunny Central 800CP received the Intersolar Award at this leading trade fair in Munich.

In the High Power Solutions segment, external sales rose by € 81.5 million to € 102.4 million in the first half year of 2010 (Q1–Q2 2009: € 20.9 million). With 54.7 % of generated gross sales, Germany was the strongest market in terms of sales. The most successful international markets were North America and Italy. As in the previous year, Sunny Central 630HE and Sunny Central 500HE were the best-selling products. Operating income (EBIT) improved to € 24.7 million in the first six months of 2010 (Q1–Q2 2009: € –2.0 million). This corresponds to an EBIT margin of 21.8 % (Q1–Q2 2009: –8.8 %) in relation to internal and external sales revenues.

In the **Railway Technology** division, external sales in the first six months of 2010 rose by 72.9 % to € 12.1 million (Q1–Q2 2009: € 7.0 million). It was possible to achieve a distinct increase of non-EU sales owing to intensified sales activities abroad. Operating income (EBIT) increased by 37.5 % to € 1.1 million (Q1–Q2 2009: € 0.8 million). The EBIT margin was 5.6 % (Q1–Q2 2009: 7.6 %) in relation to internal and external sales. Owing to a business that was characterized by long-term large projects, the division had extremely good capacity utilization at the end of the reporting period.

The **Electronics Manufacturing** segment acts mainly as a sub-supplier for other segments, in particular the Medium Power Solutions segment. The production area was very well utilized throughout the period. The share of electronic assemblies manufactured by third parties was adjusted upwards according to the high demand. Total sales from external and internal revenues improved by € 119.8 million to € 182.9 million (Q1–Q2 2009: € 63.1 million). Operating income (EBIT) amounted to € 12.8 million and was more than twice as high as in the same period of the previous year (Q1–Q2 2009: € 5.8 million). In relation to internal and external sales revenues, this corresponds to an EBIT margin of 7.0 % (Q1–Q2 2009: 9.2 %).

Development of significant income statement items

The share of manufacturing costs in sales amounted to € 508.5 million (Q1–Q2 2009: € 164.9 million). This means that costs reduced significantly to 62.3 % in relation to sales revenues when compared to the previous year (Q1–Q2 2009: 66.7 %). This reduction is due primarily to the change in the product mix. In the first half year of 2009, SMA sold a greater number of small-output inverters, while in the first half year of 2010 high-output inverters were among the best-selling products of SMA. Cost of sales is attributable as follows: 69.2 % to material expenses, 16.7 % to personnel expenses and 14.1 % to other expenses.

Selling expenses in absolute figures increased by € 10.3 million to € 26.0 million (Q1–Q2 2009: € 15.7 million). This accounts for 3.2 % of sales (Q1–Q2 2009: 6.4 %). In view of the future market developments, sales and service companies were expanded consistently in the first half year of 2010.

Research and development expenses, excluding capitalized development projects, in the first half year totaled € 34.4 million (Q1–Q2 2009: € 17.9 million). The total research and development expenses, including capitalized development projects, amounted to € 41.8 million (Q1–Q2 2009: € 20.4 million). Personnel expenses accounted for the largest share in research and development costs. During the financial and economic crises, SMA invested deliberately into the expansion of the research and development division and recruited talented engineers. In the first six months of 2010 alone, 94 employees were hired in the research and development area. Thus, the number of staff in this area increased to a total of 722 (December 31, 2009: 628).

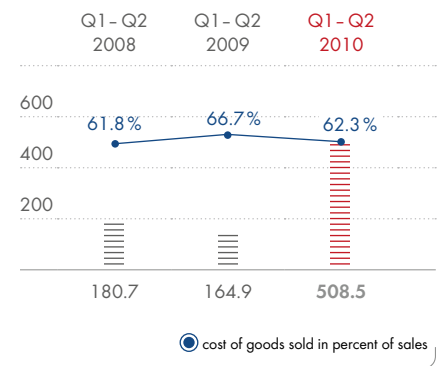
Administrative expenses amounted to € 20.2 million in the first six months of 2010 (Q1–Q2 2009: € 13.8 million). The strong sales growth of the SMA Group is reflected in a decline of the share of administrative expenses in sales. Their share in sales fell in the first six months of 2010 by 3.1 percentage points to 2.5 % (Q1–Q2 2009: 5.6 %).

Financial position

SMA's high profitability in the first half year of 2010 is also reflected in the gross cash flow, which was € 226.4 million in the first six months of 2010 and thus substantially above the value of the previous year of € 36.0 million.

Against the backdrop of the delivery bottlenecks for electronic components and the looming growth opportunities in the solar industry, SMA increased its net working capital (in particular raw materials, consumables and supplies) significantly in the period under review. The outflow of funds was compensated for, in part, by the growth-related increase in liabilities for guarantee extensions, for prepayments

COST OF GOODS SOLD in € million



See also section Research and development, p. 17 f.

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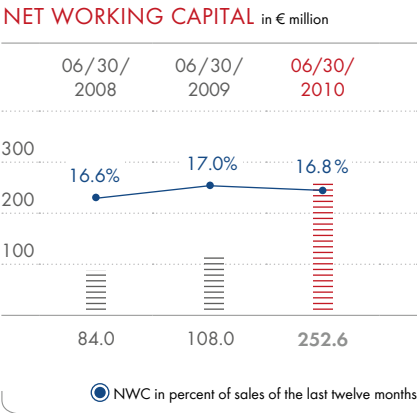
received and for employee bonus payment obligations as well as for obligations under holiday and flexitime commitments. The net cash flow from operating activities totaled € 133.8 million in the first half year of 2010 (Q1–Q2 2009: € –11.8 million).

The expansion of infrastructure at the Kassel site and the new inverter production plant in Denver, Colorado (USA), resulted in a distinct increase in investments on a year-on-year basis. In the first six months of 2010, the Company invested € 63.2 million in property, plant and equipment. The outflow of funds due to investment in intangible assets amounted to € 11.8 million in this period. The outflow of funds for the acquisition of 94 % of the shares in SMA Immo GmbH totaled € 1.3 million.

Cash and cash equivalents of € 166.7 million (December 31, 2009: € 225.0 million) include cash in hand, bank balances, short-term deposits with an original term to maturity of less than three months as well as any credits on current accounts used. Together with the time deposits with a term to maturity of more than three months, this results in financial resources of € 376.7 million (December 31, 2009: € 365.0 million). The changes of € 1.1 million resulting from changes in the scope of consolidation include short-term financial liabilities on current accounts taken over with the acquisition of SMA Immo GmbH.

Net assets

The total assets as at June 30, 2010 increased by € 295.7 million to € 1.0 billion (December 31, 2009: € 718.6 million).



The net working capital (NWC) more than doubled by June 30, 2010 and increased to € 252.6 million (December 31, 2009: € 98.6 million). The net working capital was 16.8 % of sales of the last twelve months. Accordingly, the ratio was within the corridor of 16 % to 18 %, which was expected by the management. In essence, the rise in the net working capital is attributable to the planned increase in inventories (in particular in raw materials, consumables and supplies). Inventories of € 231.7 million were more than doubled (December 31, 2009: € 112.5 million) in order to ensure the maximum utilization of production.

Trade receivables increased by € 81.8 million to € 139.9 million (December 31, 2009: € 58.1 million), while trade payables increased by 65.0 % to € 119.0 million (December 31, 2009: € 72.1 million).

The Company’s equity as at June 30, 2010 increased by 28.2 % to € 522.7 million (December 31, 2009: € 407.6 million). With its equity ratio of 51.5 %, SMA has a highly solid balance sheet structure.

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INVESTMENTS

According to an assessment of SMA's Managing Board, the photovoltaics sector is one of the leading industries of the 21st century and is at the very beginning of its development. To benefit from expected growth, SMA has planned to make significant investments in infrastructure. A total of about € 160 million is scheduled for investments in fiscal 2010.

In the first six months of the fiscal year, SMA's management has consistently pushed forward its expansion plans. Investments in fixed assets and in intangible assets, excluding capitalized development costs, amounted to € 67.6 million in the first half year of 2010 (Q1–Q2 2009: € 32.5 million). Investments in fixed assets accounted for € 63.2 million thereof (Q1–Q2 2009: € 30.4 million) and investments in intangible assets for € 4.4 million thereof (Q1–Q2 2009: € 2.1 million). Of investments in fixed assets, 47.9 % was attributable to land and buildings and 52.1 % to machinery and equipment. With about € 28.6 million, the major portion of investment in fixed assets related to the completion and equipping of an interim production site at Kassel-Waldau and of the new inverter plant in Denver, Colorado (USA). In addition, the Company invested about € 11.4 million into the expansion of the building infrastructure at the Kassel site.

RESEARCH AND DEVELOPMENT

A main differentiating characteristic of SMA compared to competitors is its high innovative power. In order to secure the Company's future success, it is important that SMA continues to launch innovative products in the market, which are characterized by a lower specific selling price and which set new standards in technology. For this reason, the management of SMA decided to expand SMA's research and development area on a consistent basis. Excluding capitalized development projects, the Company has a budget of € 80 million for this purpose in fiscal 2010.

Research and development expenses in the first half year of 2010 totaled € 34.4 million (Q1–Q2 2009: € 17.9 million). In addition, SMA capitalized an amount of € 7.4 million for development projects (Q1–Q2 2009: € 2.5 million). Research and development costs, including capitalized development projects, as a share of sales were 5.1 % in the first half year (Q1–Q2 2009: 8.3 %).

SMA's high innovative power in the various market segments was acknowledged again by renowned awards in the first half year of 2010. For example, the Sunny Central 800CP received the Intersolar Award at the leading trade fair in Munich. The jury was convinced by this entirely redesigned central inverter particularly because of its huge cost-saving potential and high efficiency. The Sunny Central 800CP can be installed in free-field systems, without the concrete station traditionally required in this

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Research and development

performance class. In addition, plant monitoring has been integrated, which eliminates significant planning and installation expenditure in the field. With the inverter’s high performance and its simultaneously high efficiency of 98.6 %, SMA has set new standards in the photovoltaics sector.

On the occasion of the 25th Photovoltaics Solar Energy Symposium in Bad Staffelstein, SMA received the innovation award for its new three-phase multi-string inverter Sunny Tripower. The new Sunny Tripower features a concept for highly flexible plant configuration (Optiflex) and a worldwide unique multi-security concept (Optiprotect). Optiprotect consists of a string failure detection, an electronic string fuse and a lightning protection function that can be integrated and thus guarantees a maximum operating safety of the PV plant. Furthermore, the new DC plug system SUNCLIX as the fifth innovation significantly simplifies installation of the Sunny Tripower.

These awards again document SMA’s technology and innovation leadership. The Sunny Central 800CP and the Sunny Tripower are in absolute compliance with SMA’s development strategy of integrating maximum performance and the most recent technology into a highly compact inverter at simultaneously low specific prices.

Currently, the development team of the Medium Power Solutions segment is focusing its activities on the completion of the Sunny Boy 3000HF. The Sunny Boy 3000HF is equipped with a high-frequency transformer. Based on the latest SMA technology, these new inverters offer particularly high yields for galvanically isolated equipment in the 2,000 watt, 2,500 watt and 3,000 watt power classes. In addition, development of the design was concentrated, among other things, on the specific assembly prerequisites in the USA: Owing to its slim housing, the Sunny Boy 3000HF can be integrated to fit in post-and-beam structure walls.

The developers in the off-grid area for stand-alone systems are currently working on a new technology, which, for the first time, will allow the establishment of modular isolated systems with a capacity of up to 300 kW. With this new SMA multicluster technology, SMA is realizing a further major step in the direction of an extensive supply of outlying regions using renewable energies.

EMPLOYEES / HUMAN RESOURCES

Employee development

As at balance sheet date of June 30, 2010, the number of staff in the SMA Group amounted to 5,610, including 1,873 temporary employees (June 30, 2009: 3,381, including 891 temporary employees). The temporary employees are active primarily in the production areas.

SMA expanded its existing foreign companies in growth markets in the first half year of 2010 in terms of staff. The number of staff abroad increased by June 30, 2010 to 353 employees (June 30, 2009: 174).

Company culture

SMA was honored again in Germany and at the European level as one of the top employers. In the Great Place to Work® competition for "Europe's Best Employers", SMA reached the third place in the category "Companies with more than 500 employees". In February, SMA was honored in the Federal competition and reached the second place among "Germany's Best Employers 2010". In addition, SMA received a special award for "Lifelong Learning" for its overall concept in the field of employee development.

 www.greatplacetowork.de

To evaluate the attractiveness of participating enterprises as an employer, the Great Place to Work® Institute prepares benchmark surveys, which examine factors such as team spirit, credibility and fairness of the management, as well as the employees' identification with the company.

This year's awards for being one of the best employers in Germany and Europe have shown that SMA was able to maintain its special corporate culture in spite of the strong growth of the Company over recent years. In addition to a good working climate, this company culture also promotes flexibility and innovation at SMA.

EMPLOYEES

	06/30/2010	06/30/2009	06/30/2008
Employees (excl. temporary employees)	3,737	2,490	1,841
of which domestic	3,384	2,316	1,734
of which abroad	353	174	107
Temporary employees	1,873	891	733
Total employees (incl. temporary employees)	5,610	3,381	2,574

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Managing Board/ Supervisory Board

On April 1, 2010, the Managing Board was expanded from five to seven members, until the retirement of the founding members in the summer of 2011. Uwe Hertel (Chief Operating Officer) and Jürgen Dolle (Chief Human Resources Officer) were appointed as new members of the Managing Board. With the expansion of the Managing Board, the Supervisory Board intends to ensure the optimum familiarization with these functions and a smooth transfer of responsibilities.

In February, SMA’s Managing Board resolved to expand the Supervisory Board from six to twelve members and a parity-based composition of the body with six shareholder representatives and six employee representatives. At the Annual General Meeting in May 2010, Dr. Erik Ehrentraut, Dr. Winfried Hoffmann and company founders Prof. (em.) Dr. Werner Kleinkauf and Reiner Wettlaufer were reelected as the shareholders’ Supervisory Board members. In addition, the shareholders elected Siegfried L. Drueker and Dr.-Ing. Martin Hoppe-Kilpper as new Supervisory Board members. Dr. Günther Häckl, Johannes Häde, Ullrich Meßmer, Alexander Naujoks, Joachim Schlosser and Mirko Zeidler were the employee representatives elected to the Supervisory Board before the Annual General Meeting.

At the constituent meeting of the Supervisory Board following the General Meeting, Dr. jur. Erik Ehrentraut was elected as the Chairman of the Supervisory Board and Mr. Reiner Wettlaufer as the Deputy Chairman of the Supervisory Board. In addition, the members of the presidial, audit, nomination and mediation committees were appointed.

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SUPPLEMENTARY REPORT

In July 2010, the German Federal Government and the Federal Council adopted a resolution regarding the Renewable Energy Sources Act. This provides for a gradual early reduction of solar incentives as at July 1, 2010 and as at October 1, 2010. In addition, the Italian and French governments revised the incentives for photovoltaic systems. The section “Economic conditions in the sectors” contains further information about the changes in the various incentive programs.


In an ad-hoc announcement of July 6, 2010, the Managing Board notified that it expects a stronger worldwide market growth in 2010 of up to 14 GW. SMA will maintain or even slightly increase its market share in 2010 according to the estimates of the Managing Board.

For the entire year of 2010, the Managing Board expects sales to increase up to € 1.5 to 1.8 billion. A moderate price pressure on solar inverters has been taken into account in the sales forecast. The Managing Board anticipates an EBIT margin of between 24 % and 27 %.

Beyond that, there are no further reportable events that are of particular importance to the SMA Group. In view of the results of operations, financial position and net assets resulting from the Consolidated Financial Statements of 2009 and those of the first half year 2010, which have been presented above, and taking account of the current business at the time these Interim Consolidated Financial Statements were prepared, the Managing Board of SMA assesses the economic position of the Group as positive.

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 2009. 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.

 See also section General economic conditions in the sectors, p. 10 f.

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FORECAST REPORT

Macroeconomic situation

In the first half year of 2010, worldwide growth was higher than previously expected. Accordingly, the International Monetary Fund (IMF) raised its growth forecast for the global economy for 2010 by 0.4 percentage points to 4.6 % compared to the April forecast (IMF, World Economic Outlook Update, July 2010). Simultaneously, economic experts are warning of risks to growth, caused by the large budgetary deficits in Europe and North America.

According to the IMF, the individual regions are growing at different speeds. The global economy is supported by strong recovery tendencies in Asia, with forecast economic growth of 9.2 % this year. Total economic production in the USA is expected to grow by 3.3 %, while the IMF anticipates economic growth of 1.4 % for Germany.

Future general economic conditions in the photovoltaics sector

The development of the photovoltaics markets depends largely on country-specific incentive programs and the financing terms and conditions. Many countries have adopted incentive programs that will promote the expansion of photovoltaics in the long term. The Managing Board of SMA expects that the worldwide solar market will grow to 14 GW in 2010. It expects continuing strong growth of the worldwide photovoltaics market for the forthcoming years as well. Germany will be the largest photovoltaics market in 2010 according to the management's estimates. North America, Italy, France, Belgium and the Czech Republic will be among the most important foreign markets in 2010. These countries have created the prerequisites for the expansion of photovoltaics through attractive general conditions.

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Overall statement on the expected development of the SMA Group

The following disclosures on the future development of the SMA Group are based on the estimates of SMA's Managing Board. They result from the expectations presented above regarding the development of global photovoltaics markets.

Owing to its broad product portfolio, its high level of flexibility and its global presence, SMA has a unique position in the solar market. SMA is the world market leader, when measured by the inverter output of about 3.4 GW sold in 2009. According to SMA's own estimates, this is a market share of over 40 %. The Managing Board aims to defend or even expand this high market share in 2010 again.

Against the backdrop of higher expectations regarding the market growth of the solar sector, and the unique position in the global market for photovoltaic inverters, the Managing Board of SMA raised its sales and earnings forecast on July 6, 2010. For the entire year of 2010, the Managing Board expects sales to increase to € 1.5 to 1.8 billion (previous forecast: € 1.1 to 1.3 billion). A moderate price pressure on solar inverters has been taken into account in the sales forecast.

The German photovoltaics market will continue to be SMA's largest sales market in 2010 as well. According to SMA's estimates, key growth impulses for the Company will come from the solar markets in North America, France, Italy, Belgium and the Czech Republic. SMA is present in these countries with its own sales and service companies. Due to the highly favorable feed-in rate in Canada, SMA will build an inverter plant in Ontario to be able to react flexibly to local demands. The Company expects that, due to the weather conditions in Canada, the first SMA products will be produced in Ontario in the second quarter of 2011 (previous target: end of 2010).

Due to the incentive structure, SMA's growth markets are characterized by a high share of new installations in the Residential and Commercial market segments. The Managing Board estimates that the Medium Power Solutions Segment will grow strongly in 2010 and will account for about 80 % of total sales. The product groups Sunny Boy and Sunny Mini Central will be the key sales drivers. SMA plans to expand its technology leadership in 2010 in the Medium Power Solutions segment, including through the market launch of the Sunny Tripower and the Sunny Boy 3000HF.

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According to the management’s estimates, large-scale solar projects will gain importance throughout the world in 2010. This development will be driven decisively by the better financing conditions as compared to 2009. SMA is in a good position to benefit from this development. The Managing Board expects that the High Power Solutions segment will account for up to 20 % of SMA’s total sales in 2010. The Sunny Central 630HE and Sunny Central 500HE are expected to be the best-selling products in 2010. SMA intends to further expand its technological edge in this market segment in 2010 through new innovative products, in particular the Sunny Central 800CP.

In the Railway Technology segment, the Managing Board is expecting a sales plus in 2010 owing to the high number of orders on hand. SMA is expecting that the foreign share will amount to about 80 %. The Railway Technology division is expected to contribute less than 3 % to the SMA Group’s total sales.

SMA plans to further expand its research and development activities in 2010. It is our objective to introduce a series of new products offering key innovations to our customers. For this purpose, SMA will raise its research and development expenses (excluding capitalized development projects) to up to € 80 million. SMA will expand its development area in the next years in order to enlarge its technological advantages over competitors. In addition, the Managing Board will promote systematic cost reduction for our inverters with our new function for Systematic Product Cost Reduction. We regard this as an important step in continuously improving our competitive position in the next few years.

SMA will enlarge its international presence in 2010 again. We intend to expand our existing foreign companies. We will continue our proven strategy of being one of the first inverter manufacturers in emerging markets with our own subsidiaries in 2010 as well. For example, we are planning to establish two to three new foreign subsidiaries.

	Forecast report

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SMA will adhere to its strategy of producing its units exclusively based on purchase orders. For this reason, SMA has expanded the maximum global production capacities in Germany and the USA in the first half year of 2010, partially with interim solutions, up to an inverter output of above 11 GW per year. A further expansion of capacities is planned in Ontario (Canada) in the second quarter of 2011. In view of the existing and planned production capacities, SMA’s Managing Board feels well prepared for fulfilling peak demands during the year with short delivery periods. However, a prerequisite is that the bottlenecks in the supply of electronic components will be solved in the second half of 2010. In the transitional period, SMA will store more raw materials, consumables and supplies in order to enable the most continuous utilization of production. Accordingly, net working capital will be at the upper end of the corridor of between 16 % and 18 % of sales of the last 12 months.

The Managing Board is expecting an EBIT margin of 24 % to 27 % (earlier forecast: EBIT margin of 20 % to 23 %) for fiscal 2010. SMA is planning investments of about € 160 million for the current fiscal year. About € 90 million thereof is attributable to land and buildings, about € 52 million thereof to the acquisition of machinery and equipment, and about € 18 million thereof to intangible assets.

Niestetal, August 6, 2010

SMA Solar Technology AG
The Managing Board

 Further information:
www.SMA.de/Delivery

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INCOME STATEMENT AND STATEMENT
OF COMPREHENSIVE INCOME SMA GROUP

	Note	April – June (Q2) 2010 € '000	April – June (Q2) 2009 € '000	Jan. – June (Q1 – Q2) 2010 € '000	Jan. – June (Q1 – Q2) 2009 € '000
Sales	4	476,430	160,447	815,755	247,113
Cost of sales	5	299,537	105,143	508,459	164,853
Gross profit		176,893	55,304	307,296	82,260
Selling expenses	6	14,041	9,138	26,019	15,698
Research and development expenses	7	17,212	9,648	34,406	17,874
General administrative expenses	8	11,071	7,286	20,234	13,827
Other operating income	9	7,492	1,831	11,868	5,412
Other operating expenses	9	14,559	2,054	18,558	5,313
Operating profit (EBIT)		127,502	29,009	219,947	34,960
Financial income		627	1,745	1,216	3,876
Financial expenses		778	386	1,038	777
Financial result	11	– 151	1,359	178	3,099
Profit before income taxes		127,351	30,368	220,125	38,059
Income tax expense		35,779	9,895	61,936	12,104
Consolidated net profit		91,572	20,473	158,189	25,955
of which attributable to non-controlling interest		– 1	0	– 27	0
of which attributable to the shareholders of SMA AG		91,573	20,473	158,216	25,955
Earnings per share, basic (€)	12	2.64	0.59	4.56	0.75
Earnings per share, diluted (€)	12	2.64	0.59	4.56	0.75
Number of ordinary shares (in thousands)		34,700	34,700	34,700	34,700
Consolidated net profit		91,572	20,473	158,189	25,955
Unrealized gains (losses) from foreign currency translation		1,380	38	1,990	111
Overall result		92,952	20,511	160,179	26,066
of which attributable to non-controlling interest		– 1	0	– 27	0
of which attributable to the shareholders of SMA AG		92,953	20,511	160,206	26,066

CONSOLIDATED BALANCE SHEET SMA GROUP

	Note	06/30/2010 € '000	12/31/2009 € '000
Non-current assets			
Intangible assets	13	25,607	15,372
Fixed assets	14	208,954	149,119
Other financial investments		73	73
Other financial assets	16	4,266	3,602
Deferred taxes		20,128	7,066
		259,028	175,232
Current assets			
Inventories	15	231,749	112,569
Trade receivables		139,919	58,077
Other financial assets	16	212,110	143,787
Claims for income tax refunds		2,444	349
Other receivables		2,403	3,626
Cash and cash equivalents		166,664	225,010
		755,289	543,418
Total assets		1,014,317	718,650
Shareholders' equity			
Share capital		34,700	34,700
Capital reserves		119,200	119,200
Retained earnings		368,783	253,687
Non-controlling interest		55	0
	17	522,738	407,587
Non-current liabilities			
Other provisions	18	58,621	41,243
Financial liabilities	19	20,545	18,772
Other liabilities	21	39,918	29,944
Deferred taxes		10,426	5,145
		129,510	95,104
Current liabilities			
Other provisions	18	51,738	30,453
Financial liabilities	19	2,558	1,411
Trade payables		119,025	72,067
Other financial liabilities	20	93,616	71,819
Income tax liabilities		45,853	24,943
Other liabilities	21	49,279	15,266
		362,069	215,959
Total equity and liabilities		1,014,317	718,650

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Consolidated Statements of Cash Flows SMA Group

CONSOLIDATED STATEMENTS OF CASH FLOWS SMA GROUP

	Note	Jan. – June (Q1 – Q2) 2010 € '000	Jan. – June (Q1 – Q2) 2009 € '000
Consolidated net profit		158,189	25,955
Income tax expenses		61,936	12,104
Financial result		- 178	- 3,099
Depreciation and amortization		12,857	7,089
Change in other provisions		38,663	1,852
Losses (-) from the disposal of assets		842	25
Other non-cash expenses / revenue		4,434	737
Interest received		947	3,785
Interest paid		- 374	- 2
Income tax paid		- 50,903	- 12,472
Gross cash flow		226,413	35,974
Increase of inventories		- 119,387	- 16,107
Increase in trade receivables		- 86,446	- 28,453
Increase in trade payables		46,269	13,154
Change in other net assets / other non-cash transactions		66,916	- 16,394
Net cash flow from operating activities	24	133,765	- 11,826
Payments for investments in fixed assets		- 63,164	- 30,383
Proceeds from the disposal of fixed assets		94	58
Payments for investments in intangible assets		- 11,819	- 4,599
Payments for the acquisition of consolidated companies		- 1,288	0
Proceeds from the disposal / payments for the acquisition of securities and other financial assets		- 70,000	20,596
Net cash flow from investing activities	25	- 146,177	- 14,328
Change in financial liabilities		254	- 674
Dividends paid by SMA Solar Technology AG		- 45,110	- 34,700
Net cash flow from financing activities	26	- 44,856	- 35,374
Net decrease in cash and cash equivalents		- 57,268	- 61,528
Changes due to changes in the scope of consolidation		- 1,130	0
Change in cash and cash equivalents due to exchange rate effects		52	109
Cash and cash equivalents as of 01/01		225,010	240,682
Cash and cash equivalents as of 06 / 30	27	166,664	179,263

STATEMENT OF CHANGES IN EQUITY SMA GROUP

	Equity attributable to the shareholders of the parent company				Equity attribu- table to non- controlling interest € '000	Consolidated shareholders' equity € '000
	Share capital € '000	Capital reserves € '000	Retained earnings € '000	Total € '000		
Shareholders' equity as of January 1, 2010	34,700	119,200	253,687	407,587	0	407,587
Changes in minority interests	0	0	0	0	82	82
Consolidated net profit H1 2010	0	0	158,216	158,216	- 27	158,189
Dividend payments of SMA Solar Technology AG	0	0	- 45,110	- 45,110	0	- 45,110
Differences from currency translation	0	0	1,990	1,990	0	1,990
Shareholders' equity as of June 30, 2010	34,700	119,200	368,783	522,683	55	522,738

STATEMENT OF CHANGES IN EQUITY SMA GROUP

	Equity attributable to the shareholders of the parent company				Equity attribu- table to non- controlling interest € '000	Consolidated shareholders' equity € '000
	Share capital € '000	Capital reserves € '000	Retained earnings € '000	Total € '000		
Shareholders' equity as of January 1, 2009	34,700	119,200	126,857	280,757	0	280,757
Consolidated net profit Q1 2009	0	0	25,955	25,955	0	25,955
Dividend payments of SMA Solar Technology AG	0	0	- 34,700	- 34,700	0	- 34,700
Differences from currency translation	0	0	111	111	0	111
Shareholders' equity as of June 30, 2009	34,700	119,200	118,223	272,123	0	272,123

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2010

1. Basic information

The Condensed Interim Consolidated Financial Statements of SMA Solar Technology AG as at June 30, 2010 were prepared, as were the Consolidated Financial Statements as at December 31, 2009, in compliance with the International Financial Reporting Standards (IFRS), 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 Technology AG are prepared in line with IAS 34 “Interim Financial Reporting” in the 2010 fiscal year. In accordance with the regulations of IAS 34, a condensed reporting format compared with the Consolidated Financial Statements as at December 31, 2009 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, 2009.

The Condensed Interim Consolidated Financial Statements were prepared in euro. Unless indicated otherwise, all amounts stated were rounded to full thousands of euro (€ ’000) or million of euro (€ mil- lion) for the sake of clarity and clearness.

The Managing Board of SMA Solar Technology AG authorized the Interim Consolidated Financial Statements for submission to the Supervisory Board on August 6, 2010.

The registered office of the Company is at Sonnenallee 1, 34266 Niestetal. The shares of SMA Solar Technology AG are traded publicly; they are listed in the Prime Standard of the Frankfurt Stock Ex- change. Since September 22, 2008, the Company’s shares have been listed in the technology index TecDAX.

The SMA Group produces in Germany as well as in the USA and distributes inverters throughout the world. More detailed information on the segments is provided in section 4.

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2. Consolidated group and principles of consolidation

The scope of consolidation as at December 31, 2009 has changed versus December 31, 2008 and now includes the newly incorporated companies SMA America Holdings LLC (Denver), SMA America Production LLC (Denver), SMA Benelux SPRL (Brussels), SMA Czech Republic s.r.o. (Prague), SMA Middle East Ltd. (Abu Dhabi), Niestetal Services, Unipessoal Lda. (Lisbon) and SMA Services GmbH (Niestetal). All new companies are fully consolidated. The company so far operating under the name of SMA America, Inc. in Rocklin (USA) was renamed SMA Solar Technology America LLC.

The scope of consolidation as at June 30, 2010 was expanded versus December 31, 2009 by the new companies SMA Immo GmbH (Niestetal) and SMA Solar Technology Beteiligungsgesellschaft mbH. Both companies are fully consolidated. The shares of non-controlling interest in equity of the consolidated companies are shown separately within equity.

The acquisition of the shares in SMA Immo GmbH was not valued as a business combination pursuant to IFRS 3. In accordance with this standard, it is not necessary to account a transaction as a business combination if the acquisition does not relate to a business within the meaning of IFRS 3. Instead, it is an acquisition of a group of assets. The cost of the individual identifiable assets was allocated based on their relevant fair values. This has not resulted in significant effects on the net assets, financial position and results of operations in the Consolidated Financial Statements of SMA Solar Technology AG.

The Interim Consolidated Financial Statements are based on the financial statements of SMA Solar Technology AG and of 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, 2009.

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3. Accounting policies

There were no changes to the accounting and valuation policies in the present Interim Consolidated Financial Statements as at June 30, 2010 compared with the Consolidated Financial Statements of SMA Solar Technology AG as at December 31, 2009. A detailed description of these policies is published in the Notes to the Consolidated Financial Statements as at December 31, 2009.

The SMA Group has implemented all accounting standards that are to be applied mandatorily from the 2010 fiscal year in the preparation of the Consolidated Financial Statements. This relates primarily to IAS 1 “Presentation of Financial Statements”. The other standards to be applied initially in the fiscal year 2010 have no significant impact on the Consolidated Interim Financial Statements.

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New accounting standards

In deviation from the accounting principles applied on December 31, 2009, the SMA Group has implemented all the accounting standards that are to be applied mandatorily from the 2010 fiscal year in the preparation of the Consolidated Financial Statements.

This relates to:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters (amendment)
- IFRS 2 Share-based Payment. Group cash-settled share-based payment transactions (amendment)
- IFRS 3 Business Combinations (revision)
- IAS 27 Consolidated and Separate Financial Statements (revision)
- IAS 32 Financial Instruments: Presentation (amendment)
- IAS 39 Financial Instruments: Recognition and Measurement. Eligible hedged items (amendment)
- IFRIC 17 Distribution of Non-cash Assets to Owners
- IFRIC 18 Transfer of Assets from Customers
- Improvements to International Financial Reporting Standards (published 2009)

The standards to be applied initially in the fiscal year 2010 have no significant impact on the Consolidated Interim Financial Statements. The Consolidated Financial Statements as at December 31, 2009 contain a detailed description of the new accounting standards that are on principle relevant to the SMA Group.

4. Segment reporting

The Group's operating segments were defined in compliance with the regulations contained in IFRS 8 and match those of the Consolidated Financial Statements as at December 31, 2009. Sales in the Photovoltaics Technology division are subject to fluctuations because of discontinuous incentive programs.

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Notes to the Condensed Interim Financial Statements as at June 30, 2010

The segment information pursuant to IFRS 8 is made up as follows for the second quarters of 2010 and 2009:

Financial ratios by segments

Segment	Photovoltaics Technology			
	Medium Power Solutions		High Power Solutions	
	Q2 2010	Q2 2009	Q2 2010	Q2 2009
€ million				
External sales	389.7	142.2	79.2	14.0
Internal sales	18.2	7.7	5.7	1.4
Total sales	407.9	149.9	84.9	15.4
Depreciation and amortization	4.8	2.6	0.8	0.5
Operating profit (EBIT)	97.1	25.0	23.6	- 1.3
Sales by regions				
Germany	278.6	89.9	46.7	9.7
European Union	75.2	32.5	17.1	3.6
Third-party countries	52.3	23.1	16.4	0.7
Sales deductions	- 16.4	- 3.3	- 1.0	0.0
External sales	389.7	142.2	79.2	14.0

The segment information pursuant to IFRS 8 is made up as follows for the first half years of 2010 and 2009:

Segment	Photovoltaics Technology			
	Medium Power Solutions		High Power Solutions	
	Q1 - Q2 2010	Q1 - Q2 2009	Q1 - Q2 2010	Q1 - Q2 2009
€ million				
External sales	699.1	218.0	102.4	20.9
Internal sales	30.6	13.1	10.8	1.8
Total sales	729.7	231.1	113.2	22.7
Depreciation and amortization	8.5	4.5	1.4	0.8
Operating profit (EBIT)	185.4	30.5	24.7	- 2.0
Sales by regions				
Germany	484.6	123.8	56.8	15.4
European Union	148.4	60.1	27.5	4.3
Third-party countries	93.0	39.6	19.5	1.3
Sales deductions	- 26.9	- 5.5	- 1.4	- 0.1
External sales	699.1	218.0	102.4	20.9

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Railway Technology		Electronics Manufacturing					
Railway Technology		Electronics Manufacturing		Reconciliation		Continuing operations	
Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009
6.5	3.7	1.1	0.6	0.0	0.0	476.5	160.5
3.5	1.9	100.0	40.9	- 127.4	- 51.9	0.0	0.0
10.0	5.6	101.1	41.5	- 127.4	- 51.9	476.5	160.5
0.1	0.0	1.3	0.9	0.3	0.0	7.3	4.0
0.6	0.5	6.6	4.3	- 0.4	0.5	127.5	29.0
2.3	1.3	1.1	0.6	0.0	0.0	328.7	101.5
2.3	1.9	0.0	0.0	0.0	0.0	94.6	37.9
1.9	0.5	0.0	0.0	0.0	0.0	70.6	24.4
0.0	0.0	0.0	0.0	0.0	0.0	- 17.4	- 3.3
6.5	3.7	1.1	0.6	0.0	0.0	476.5	160.5

Railway Technology		Electronics Manufacturing					
Railway Technology		Electronics Manufacturing		Reconciliation		Continuing operations	
Q1 - Q2 2010	Q1 - Q2 2009	Q1 - Q2 2010	Q1 - Q2 2009	Q1 - Q2 2010	Q1 - Q2 2009	Q1 - Q2 2010	Q1 - Q2 2009
12.1	7.0	2.2	1.2	0.0	0.0	815.8	247.1
7.7	3.5	180.7	61.9	- 229.8	- 80.3	0.0	0.0
19.8	10.5	182.9	63.1	- 229.8	- 80.3	815.8	247.1
0.2	0.1	2.3	1.4	0.5	0.2	12.9	7.0
1.1	0.8	12.8	5.8	- 4.1	- 0.1	219.9	35.0
3.9	3.3	2.1	1.3	0.0	0.0	547.4	143.8
4.4	3.0	0.1	0.0	0.0	0.0	180.4	67.4
3.8	0.7	0.0	0.0	0.0	0.0	116.3	41.7
0.0	0.0	0.0	- 0.1	0.0	0.0	- 28.3	- 5.8
12.1	7.0	2.2	1.2	0.0	0.0	815.8	247.1

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Notes to the Condensed Interim Financial Statements as at June 30, 2010

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

€ million	Reconciliation			
	Q2 2010	Q2 2009	Q1 – Q2 2010	Q1 – Q2 2009
Total segment earnings (EBIT)	127.9	28.4	224.0	35.1
Eliminations	- 0.4	0.6	- 4.1	- 0.1
Consolidated operating profit (EBIT)	127.5	29.0	219.9	35.0
Financial result	- 0.2	1.4	0.2	3.1
Profit before income taxes	127.3	30.4	220.1	38.1

The reconciliation includes circumstances that 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.

Segment assets as at June 30, 2010 increased as against the reporting date of the last Consolidated Financial Statements (December 31, 2009) by € 150.4 million in the Medium Power Solutions segment, by € 66.8 million in the High Power Solutions segment and by € 48.7 million in the Electronics Manufacturing segment. In the reconciliations as at June 30, 2010, segment assets increased by € 4.3 million as compared to December 31, 2009.

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SELECTED NOTES TO THE INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME SMA GROUP

5. Cost of sales

	Q1 – Q2 2010 € '000	Q1 – Q2 2009 € '000
Material expenses	352,037	107,362
Personnel expenses	84,887	41,473
Depreciation	8,985	4,815
Other	62,550	11,203
	508,459	164,853

Cost of sales includes, as direct costs, the product-related material expenses as well as all other expenses for production, acquisition and service. Production expenses include the cost for device production, production-related testing areas and warehouse management. Service expenses consist of the cost for global customer service, device repair and the service hotline.

6. Selling expenses

	Q1 – Q2 2010 € '000	Q1 – Q2 2009 € '000
Material expenses	384	169
Personnel expenses	15,822	8,393
Depreciation	657	457
Other	9,156	6,679
	26,019	15,698

Selling expenses include expenditure for global sales activities, internal sales departments and marketing.

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Selected Notes to the Income Statement and Statement of Comprehensive Income SMA Group

7. Research and development expenses

	Q1 – Q2 2010 € '000	Q1 – Q2 2009 € '000
Material expenses	1,205	1,193
Personnel expenses	31,531	14,951
Depreciation	2,108	1,247
Other	6,985	3,006
	41,829	20,397
Capitalized development projects	- 7,423	- 2,523
	34,406	17,874

Research and development costs include all expenses that can be attributed to product development, development-related testing areas and product management. In addition, costs for technical documentation and patent management are assigned to the research and development costs.

8. General administrative expenses

	Q1 – Q2 2010 € '000	Q1 – Q2 2009 € '000
Material expenses	55	33
Personnel expenses	17,714	8,362
Depreciation	1,105	396
Other	1,360	5,036
	20,234	13,827

Administrative expenses include expenses for the Managing Board, for quality management as well as for the finance and human resources areas. The expenses for building management and IT were distributed, based on cost types, to all functional areas in line with planned consumption.

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9. Other operating income / other operating expenses

Other income mainly comprised income from foreign currency valuation and other nonoperating income.

Other expenses are primarily expenses for the disposal of fixed assets and expenses incurred from foreign currency valuation as well as impairment losses on receivables.

10. Benefits to employees and temporary employees

	Q1 - Q2 2010 € '000	Q1 - Q2 2009 € '000
Wages and salaries	104,904	57,443
Expenses for temporary employees	30,666	9,987
Social security contribution and welfare payments	14,386	5,751
	149,956	73,181

The average number of employees amounted to:

	Q1 - Q2 2010	Q1 - Q2 2009
Research and development	620	440
Production and service	1,644	1,134
Sales and administrative	795	558
	3,059	2,132
Trainees and interns	334	236
Temporary employees	1,632	523
	5,025	2,891

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11. Financial result

	Q1 – Q2 2010 € '000	Q1 – Q2 2009 € '000
Interest income	1,201	3,785
Other financial income	15	91
Financial income	1,216	3,876
Interest expenses	366	2
Other financial expenses	34	1
Interest share from finance lease	0	533
Interest portion from valuation	638	241
Financial expenses	1,038	777
Financial result	178	3,099

The lower interest income reflects the current development of interest levels. Interest expenses relate to loan interest on the part of the new subsidiary SMA Immo GmbH. Due the inclusion of SMA Immo GmbH in the scope of consolidation, the finance lease with SMA Solar Technology AG has ended.

12. Earnings per share

Earnings per share are calculated by dividing the consolidated earnings attributable to the shareholders by the weighted average of ordinary shares in circulation during the period.

The consolidated earnings attributable to the shareholders are the consolidated net income after tax. Since, at the reporting date, the Company does not hold any of its own shares and neither are there any other special cases, the number of ordinary shares issued equates the number of shares in circulation.

The calculation of earnings in relation to the weighted average number of shares in accordance with IAS 33 produces earnings of € 2.64 per share for the period from April 1 to June 30, 2010 and earnings of € 4.56 per share for the period from January 1 to June 30, 2010, each on the basis of 34.7 million shares. In relation to the weighted average number of shares in accordance with IAS 33, the earnings amount to € 0.59 per share for the period from April 1 to June 30, 2009 and to € 0.75 per share for the period from January 1 to June 30, 2009, each on the basis of 34.7 million shares.

There are no options or conversion rights at the reporting date. Therefore, there are no diluting effects so that the diluted and basic earnings per share are the same.

The carrying amount of the buildings held under finance leases amounted to € 20.3 million as at December 31, 2009. In the context of the acquisition of SMA Immo GmbH at the beginning of the current fiscal year, this finance lease has ended. The carrying amount of the buildings owned by SMA Immo GmbH amounted to € 27.0 million on the date the company was included in the scope of consolidation. In the context of SMA Solar Technology AG's expansion at the Sandershäuser Berg site and the expansion of production capacities at the Kassel-Waldau site, the Group invested a further amount of € 11.4 million.

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Selected Notes to the Balance Sheet SMA Group

The prepayments made in the period from January 1 to June 30, 2010 include investments in the construction of office buildings, the SMA Solar Academy and for the expansion of the production facility in Denver (USA) in the total amount of € 8.9 million.

15. Inventories

	06/30/2010 € '000	12/31/2009 € '000
Raw materials, consumables and supplies	158,809	60,259
Unfinished goods, work in progress	20,820	13,586
Finished goods and goods for resale	51,365	36,036
Prepayments	755	2,688
	231,749	112,569

Inventories are measured at the lower value of acquisition or manufacturing costs and net realizable value. The increase in inventories results from the significantly better order situation when compared to the previous year. The impairment on inventories, included in expenses as manufacturing costs, is € 0.2 million (Q1 – Q2 2009: € 0.3 million).

16. Other financial assets

As at June 30, 2010, other current financial assets include primarily time deposits amounting to € 210.0 million, which have a term to maturity of more than three months, and interest accrued. Other non-current financial assets include a rent deposit in the amount of USD 5.0 million for buildings in the USA.

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17. Equity

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

On May 27, 2010, the General Meeting of SMA Solar Technology AG passed a resolution to distribute a dividend of € 45.1 million (€ 1.30 per qualifying share) for the 2009 fiscal year.

18. Other provisions

The provisions account for all recognizable risks and contingent liabilities at the balance sheet date and are made up as follows:

	06/30/2010 € '000	12/31/2009 € '000
Production area	105,175	64,679
Personnel area	1,433	1,216
Other	3,751	5,801
	110,359	71,696

Provisions in the production area consist primarily of a warranty provision as well as provisions for other risks of the various production areas of the Group. Provisions in the staff area essentially relate to long-service anniversaries, death benefits and partial retirement benefits.

19. Financial liabilities

	06/30/2010 € '000	12/31/2009 € '000
Current finance lease liabilities	7	1,405
Non-current finance lease liabilities	8	18,772
Liabilities to banks	21,566	0
Derivative financial liabilities	1,517	0
Other financial liabilities	5	6
	23,103	20,183

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Selected Notes to the Balance Sheet SMA Group

Due to the inclusion of SMA Immo GmbH in the scope of consolidation at the beginning of the 2010 fiscal year, the finance lease with SMA Solar Technology AG has ended and the loans of SMA Immo GmbH were taken over to the Consolidated Financial Statements. The value of liabilities to credit institutions, stated at SMA Immo GmbH, amounted to € 22.8 million on the acquisition date. Derivative financial liabilities relate to interest derivatives in connection with historical real estate financing of SMA Immo GmbH.

20. Other financial liabilities

	06/30/2010 € '000	12/31/2009 € '000
Liabilities Human Resources department	66,871	57,200
Liabilities Sales department	26,295	14,352
Other	450	267
	93,616	71,819

Liabilities in the personnel area contain obligations to employees regarding performance-based bonuses, positive holiday and flexitime balances as well as variable salary components and contributions to the worker's compensation association. The liabilities in the marketing area contain primarily liabilities to customers from advance payments received and bonus agreements.

21. Other liabilities

	06/30/2010 € '000	12/31/2009 € '000
Deferred income for extended guarantees	39,025	29,849
Liabilities from prepayments received	35,813	12,857
Liabilities due to tax authorities	12,560	1,559
Liabilities from subsidies received	1,659	826
Other	140	119
	89,197	45,210

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The accrual item for extended warranties includes liabilities from chargeable guarantee extensions granted for the products in the Photovoltaics Technology division. The main items included in the liabilities due to tax authorities are tax liabilities from payroll accounting as well as turnover tax liabilities. The liabilities from subsidies received relate to taxable government grants from funds of the common-task program “Improvement of the Regional Economic Structure” (EU GA), granted as investment subsidies.

22. Financial instruments

As at June 30, 2010, the Balance Sheet included one forward transaction intended to hedge the exchange rate risks of expected future sales generated with customers in the USA. The derivative is still classified as held for trading. It is not part of a hedging relationship as defined by IAS 39. The acquisition of SMA Immo GmbH has resulted in the initial recognition of interest derivatives. SMA Immo GmbH is exposed to interest risks due to existing financial liabilities. To secure the interest in the long term and to have a secure basis for calculating the financing, interest derivatives were concluded for a part of these financial liabilities. The derivatives are classified as held for trading. They are not part of a hedging relationship as defined by IAS 39.

23. Contingencies

As at the closing date of June 30, 2010, contingencies amounted to € 0.03 million (previous year: € 0.00 million).

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NOTES TO THE STATEMENTS OF CASH FLOWS SMA GROUP

The liquid funds shown in the statements of cash flows correspond to the balance sheet item “Cash and cash equivalents”.

24. Net cash flow from operating activities

The gross cash flow of € 226.4 million (previous year: € 36.0 million) reflects the operating income prior to commitment of funds.

The net cash flow from operating activities increased in fiscal 2010 to € 133.8 million (previous year: € – 11.8 million). The increase is mainly the result of the year-on-year higher gross cash flow (€ + 190.4 million) due to strong growth of earnings.

The increased net working capital results primarily from a targeted increase in raw material inventories in order to improve delivery capability against the backdrop of strong demand, in particular in the German market. Inventories increased on a year-on-year basis by € 119.4 million to a total of € 231.7 million as at June 30, 2010. The increase in trade receivables and trade payables resulted from strong sales growth in the first half of the year. The changes in other net assets are due primarily to growth-related increases in liabilities for guarantee extensions, prepayments received, employee bonus payments and the liabilities under holiday and flexitime commitments.

25. Net cash flow from investing activities

As a result of the investments already made in new production facilities, the net cash flow from investing activities increased to € – 146.2 million in the reporting period, following € – 14.3 million in the same period of the previous year. The outflow of funds due to investments in property, plant and equipment as well as intangible assets amounted to € 75.0 million (previous year: € 35.0 million). Pursuant to IAS 7.17, monetary investments with a term to maturity of more than three months are allocated to the net cash flow from investing activities. The outflow of funds for the acquisition of the shares in SMA Immo GmbH at the beginning of the fiscal year 2010 amounted to € 1.3 million.

26. Net cash flow from financing activities

In the current fiscal year, the value reflects the changes in the liabilities to credit institutions, which were taken over with the acquisition of SMA Immo GmbH. In the previous year, the net cash flow from financing activities included the changes in the finance lease liabilities to SMA Immo GmbH of € 0.2 million.

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27. Cash and cash equivalents

Cash and cash equivalents of € 166.7 million (December 31, 2009: € 225.0 million) include cash in hand, bank balances, short-term deposits with an original term to maturity of less than three months as well as any credits on current accounts used. Together with the time deposits with a term to maturity of more than three months, this results in financial resources of € 376.7 million (December 31, 2009: € 365.0 million). The changes of € 1.1 million resulting from changes in the scope of consolidation include short-term financial liabilities on current account taken over with the acquisition of SMA Immo GmbH.

OTHER DISCLOSURES

28. Events after the balance sheet date

There were no significant events on or after the reporting date other than those presented in or recognizable from the statements in the Consolidated Management Report and the Notes.

29. Related party disclosures

There were no significant changes in respect of related parties as against December 31, 2009, except for the changes in the Managing Board and the acquisition of the shares in SMA Immo GmbH. The scope of transactions with team-time GmbH in the first half year of 2010 was based on the expansions of capacity of SMA Solar Technology AG.

Niestetal, August 6, 2010

SMA Solar Technology AG
The Managing Board

Günther Cramer	Jürgen Dolle	Peter Drews	Roland Grebe
Uwe Hertel	Pierre-Pascal Urban	Marko Werner	

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Responsibility statement

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Consolidated Management Report 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.

Niestetal, August 6, 2010

SMA Solar Technology AG
The Managing Board

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AUDITOR'S REVIEW REPORT (Translation – the German text is authoritative)

To SMA Solar Technology AG, Niestetal

We have reviewed the Condensed Interim Consolidated Financial Statements – comprising the condensed balance sheet, condensed income statement, condensed statement of cash flows, condensed statement of changes in equity and selected explanatory notes – together with the interim group management report of SMA Solar Technology AG, Niestetal, for the period from January 1, 2010 to June 30, 2010, which are components of the half-yearly financial report pursuant to section 37w of the German Securities Trading Act (WpHG). The preparation of the Condensed Interim Consolidated Financial Statements in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the Company's Managing Board. Our responsibility is to issue a review report on the Condensed Interim Consolidated Financial Statements and on the interim group management report based on our review.

We conducted our review of the Condensed Interim Consolidated Financial Statements and of the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – 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 Interim Consolidated 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 group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical assessments and therefore does not provide the assurance attainable in a financial statements audit. Since, in accordance with our engagement, we have not performed a financial statements 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 Interim Consolidated 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 nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Hanover, August 6, 2010

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Scharpenberg	Schwibinger
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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Disclaimer

This Half-Yearly Financial Report was published in German and English on August 13, 2010. The German version is authoritative. Both versions are available as downloads on our Web site:

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

Disclaimer

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), in 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.

FINANCIAL CALENDAR

September 1, 2010	WestLB Energy Forum, Frankfurt am Main, Hilton
September 16, 2010	Capital Markets Day 2010, SMA/Niestetal
November 12, 2010	Publication of Interim Financial Report January to September 2010 Analyst Conference Call: 9:00 a.m. (CET)
December 7, 2010	Macquarie Wind & Solar Conference, London
March 31, 2011	Publication Annual Report SMA Group 2010 and Annual Financial Statement SMA AG 2010 Analyst Conference Call: 9:00 a.m. (CET) Press Conference on Annual Results, Frankfurt
May 13, 2011	Publication of Interim Financial Report January to March 2011 Analyst Conference Call: 9:00 a.m. (CET)
May 26, 2011	Annual General Meeting 2011, Kassel, Kongress Palais

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SUNNY ISLAND

Off-Grid Inverter – Made in Germany

Type

**Half-Yearly
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