

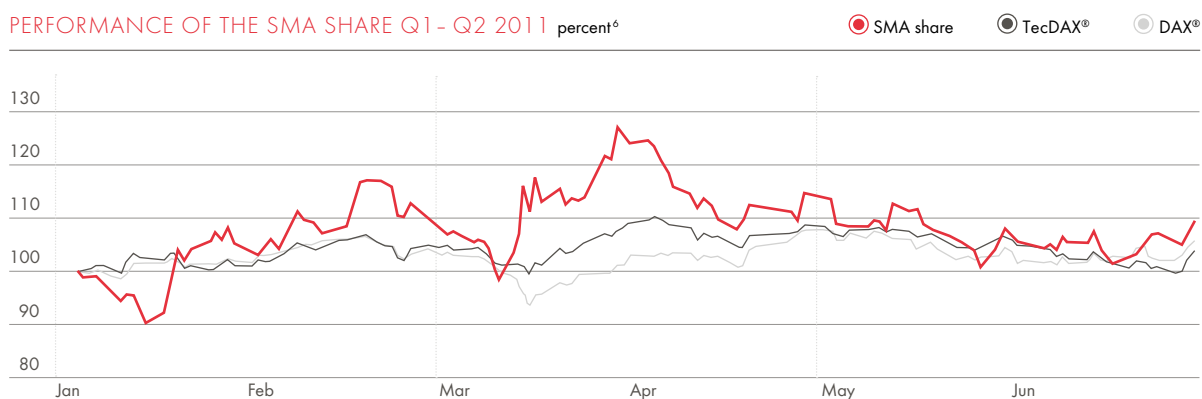
HALF-YEARLY FINANCIAL REPORT
JANUARY TO JUNE 2011

BUSINESS GROUP FIGURES

SMA Group		H1 2011	H1 2010	Change	Year 2010
Sales	€ million	715.0	815.8	- 12 %	1,920.1
Export ratio	%	57.9	36.4		44.9
Inverter output sold	MW	3,147	3,146	0 %	7,750
Capital expenditure ¹	€ million	71.7	67.6	6 %	158.3
Depreciation	€ million	22.2	12.9	72 %	31.3
Operating profit (EBIT)	€ million	103.7	219.9	- 53 %	516.8
Operating profit margin	%	14.5	27.0		26.9
Consolidated net profit	€ million	73.5	158.2	- 54 %	365.0
Earnings per share ²	€	2.12	4.56		10.52
Employees ³		5,922	5,025	18 %	5,519
in Germany		5,395	4,728	14 %	5,179
abroad		527	297	77 %	340

SMA Group		06/30/2011	12/31/2010	Change
Total assets	€ million	1,221.0	1,251.5	- 2 %
Equity	€ million	696.1	728.4	- 4 %
Equity ratio	%	57.0	58.2	
Net working capital ⁴	€ million	340.6	284.6	20 %
Net working capital ratio ⁵	%	18.7	14.8	
Net cash	€ million	308.2	523.4	- 41 %

PERFORMANCE OF THE SMA SHARE Q1 - Q2 2011 percent⁶



¹ Excl. finance leases

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 %

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THE SHARE

BASIC DATA

Security code number	A0DJ6J
ISIN	DE000A0DJ6J9
Stock market code	S92
Reuters	S92G.DE
Bloomberg	S92 GR
Listing	Prime Standard of Frankfurt Stock Exchange
Share class	No par value ordinary bearer shares
Share capital	€ 34.7 million
Number of shares	34.7 million
Index	TecDAX®

In the first half of 2011, stock market developments were influenced by the natural disaster in Japan, the debt crisis in Europe and the political unrest in North Africa. The positive trend of the business climate index spurred on the mood on the stock exchanges so that the DAX reached its highest point for three years on May 2, 2011 at 7,527.64 points. The lowest level of 6,513.4 points was reached on March 16, 2011, after the nuclear catastrophe in Japan. At the end of the reporting period, the DAX stood at 7,386 points on June 30, 2011. This corresponds to an increase of 1.1 % since the beginning of the year.

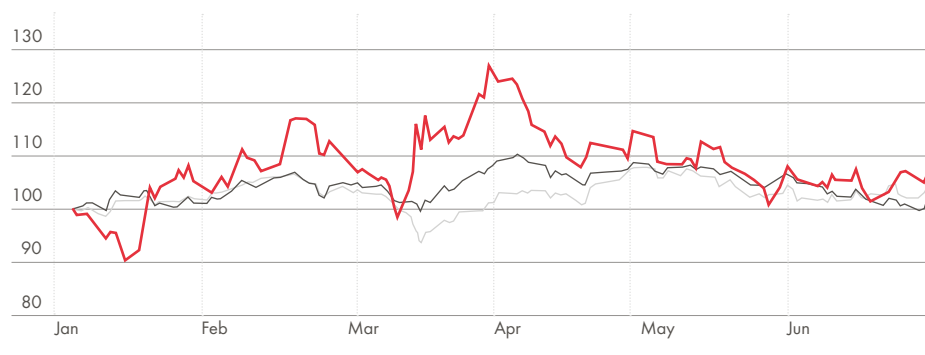
The TecDAX saw its highest level on April 5, 2011 at 948.59 points. The development was marked decisively by the debate regarding the early exit from nuclear energy in Germany and the related further expansion of renewable energies. The TecDAX developed slightly better than the DAX in the reporting period. The lowest value was reached on March 16, 2011 at 854.83 points. On June 30, 2011, the TecDAX was up 1.3 % at 893.78 points. This corresponds to an increase of 3.9 % since the beginning of the year (January 3, 2011).

DYNAMIC FIRST SIX MONTHS FOR SMA SHARES

SMA shares began the year 2011 at a market price of € 70.15 (January 3, 2011, closing price Xetra trading platform). The ongoing discussions about plans to further cut solar incentive programs led to uncertainty in the capital market. This was reflected in the share price, which reached its lowest value of this year on January 14, 2011 at € 63.20. After the resolution of the German Federal Government to exit nuclear energy and confirmation of SMA's annual outlook, the shares experienced a trend reversal. In the period from March 11, 2011 to March 27, 2011, SMA's shares rose by 28.25 %. The half-yearly high of € 89.25 (closing price Xetra trading platform) was reached on March 30, 2011.

PERFORMANCE Q1 - Q2 2011

in %, rebased to 100 points



- SMA share
- TecDAX®
- DAX®

In the first half of 2011, the acquisition of the Polish manufacturer of electromagnetic components, dtw Sp. z o.o., had a positive influence on the price of SMA shares. On the date of publication, the price increased by 2.18 % to € 75.40 (June 14, 2011, closing price Xetra trading platform). The share increased by a further 2 % after the German Federal Government decided to make no further reductions in the feed-in tariffs (June 30, 2011, closing price Xetra trading platform). This means that the price of SMA shares increased by a total of 10 % in the first half year of 2011 to € 76.82 (June 30, 2011, closing price Xetra trading platform).

The volume-weighted average price of SMA stock in the period under review stood at € 75.46. The average volume of SMA shares traded was 133,864 per day (Xetra) and thus 26.52 % above the trading volume of the previous year.

INTENSE COMMUNICATION WITH INVESTORS

Credibility, transparency and up-to-dateness characterize our communication culture and investor-oriented information policy. We maintain a continuous dialog with the capital market with the main objective of building up a trusting, long-term relationship with shareholders. Our Investor Relations Web site www.IR.SMA.de provides comprehensive and up-to-date information about our Company – this includes, for instance, financial publications and a financial calendar. An interactive share chart enables comparisons between SMA share prices and selected stock market indices.

In the first quarter of 2011, the Chief Financial Officer and the Investor Relations team participated in investor conferences by CA Cheuvreux and Commerzbank in Frankfurt. There were three further investor conferences in Germany and abroad in the second quarter. The locations were London (UBS), Luxembourg (HSBC) and Frankfurt (Deutsche Bank). In addition, at this year's Intersolar 2011, the largest photovoltaics trade fair, SMA had about 20 one-to-one and group discussions with international investors and analysts for the first time. In addition, there was a road show in Zurich and Geneva (Barclays).

In the first half of 2011, SMA conducted about 170 one-on-one discussions and conference calls with investors. The Investor Relations team will use 2011 to further intensify the successful dialog with institutional and private investors.

SHARE KEY FIGURES

Volume-weighted average price in 2011	€75.46
Market capitalization (Ø)	€2.64 billion
Daily trading volume (Ø)	113,864 shares
Maximum price (March 30, 2010)	€89.25
Minimum price (January 14, 2011)	€63.20
Closing price (June 30, 2011)	€76.82

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At the end of the second quarter, twenty banks and financial institutions reported regularly on SMA shares. In the first half year of 2011, Equinet Bank and Natureo Finance started coverage of SMA shares. The following list shows the range of sell-side reporting.

Institution	Analyst
Bank of America / Merrill Lynch	Claus Roller
Barclays Capital	Rupesh Madlani
Berenberg Bank	Lars Dannenberg
Bryan, Garnier & Co	Julien Desmaretz
Citi	Andrew Benson
Commerzbank	Ben Lynch / Lauren Licuanan
Deutsche Bank	Alexander Karnick
DZ Bank	Sven Kürten
Equinet Bank	Sebastian Freudenreich
Goldman Sachs Group	Stephen Benson
HSBC Trinkaus & Burkhardt	Christian Rath
HVB UniCredit	Michael Tappeiner
Landesbank Baden-Württemberg	Erkan Aycicek
Macquarie Group	Robert Schramm
Main First	Andreas Thielen / Hüseyin Özkaya
Metzler	Daniel Seidenspinner
Natureo Finance	Ingo Queiser
Steubing	Alla Gorelova
UBS	Jean-Francois Meymandi
WestLB	Peter Wirtz

COMPANY FOUNDERS ESTABLISH CHARITABLE FOUNDATIONS FOR A STABLE SHAREHOLDER STRUCTURE

In May 2011, founders and major shareholders of SMA Solar Technology AG, Günther Cramer, Peter Drews and Reiner Wettlaufer established three non-profit foundations, placing part of their shares in them. Two million SMA shares were brought into each of the foundations. Furthermore, they are endowed with cash by the founders. An important objective of the establishment of the foundations was that SMA will continue to have a very stable shareholder structure, therefore being largely independent in the future as well.

ANNUAL GENERAL MEETING RESOLVES DIVIDEND PAYOUT OF € 3.00 PER SHARE

The Annual General Meeting was held at Kongress Palais Kassel on May 26, 2011 with about 600 shareholders attending. The shareholders granted discharge to the Managing Board and Supervisory Board by a large majority and resolved to pay out a dividend of € 3.00 per qualifying bearer share for the 2010 fiscal year with a vote of almost 100 %. This corresponds to a distribution volume of € 104.1 million. The dividend per share increased compared to the previous year by more than 130 % (2009: € 1.30 per share) and reflects the excellent results SMA achieved in the 2010 fiscal year. Also in future, SMA will attach great importance to involving the shareholders in the Company's development, therefore striving for a dividend payout ratio of 20 % to 40 %.

As was previously announced, company founders Günther Cramer and Peter Drews stepped down from the Managing Board after 30 years as the Company's leaders. The Annual General Meeting elected them to the Supervisory Board by a large majority. They succeed Siegfried L. Drueker and Dr.-Ing. Martin Hoppe-Kilpper, who resigned from their posts on the Supervisory Board effective as of the end of the Annual General Meeting.

Following the Annual General Meeting, the Managing Board is comprised of the following members: Jürgen Dolle (Chief Human Resources Officer), Roland Grebe (Chief Technology Officer), Uwe Hertel (Chief Operating Officer), Pierre-Pascal Urbon (Chief Executive Officer and Chief Financial Officer), and Marko Werner (Chief Sales and Marketing Officer).

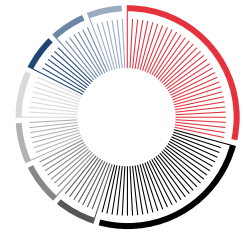
At the constituent meeting of the new Supervisory Board, which took place following the Annual General Meeting, the company founder Günther Cramer was appointed as the Chairman and Dr. Erik Ehrentraut was appointed Deputy Chairman of the Supervisory Board. In addition, the members of the Presidial, Audit, Nomination and Mediation Committees were elected.

The Supervisory Board is now made up as follows: Günther Cramer (Chairman), Peter Drews, Dr. Erik Ehrentraut (Deputy Chairman), Dr. Winfried Hoffmann, Prof. (em.) Dr. Werner Kleinkauf and Reiner Wettlaufer as shareholder representatives as well as Dr. Günther Häckl, Johannes Häde, Ulrich Meßmer, Alexander Naujoks, Joachim Schlosser and Mirko Zeidler as employee representatives.

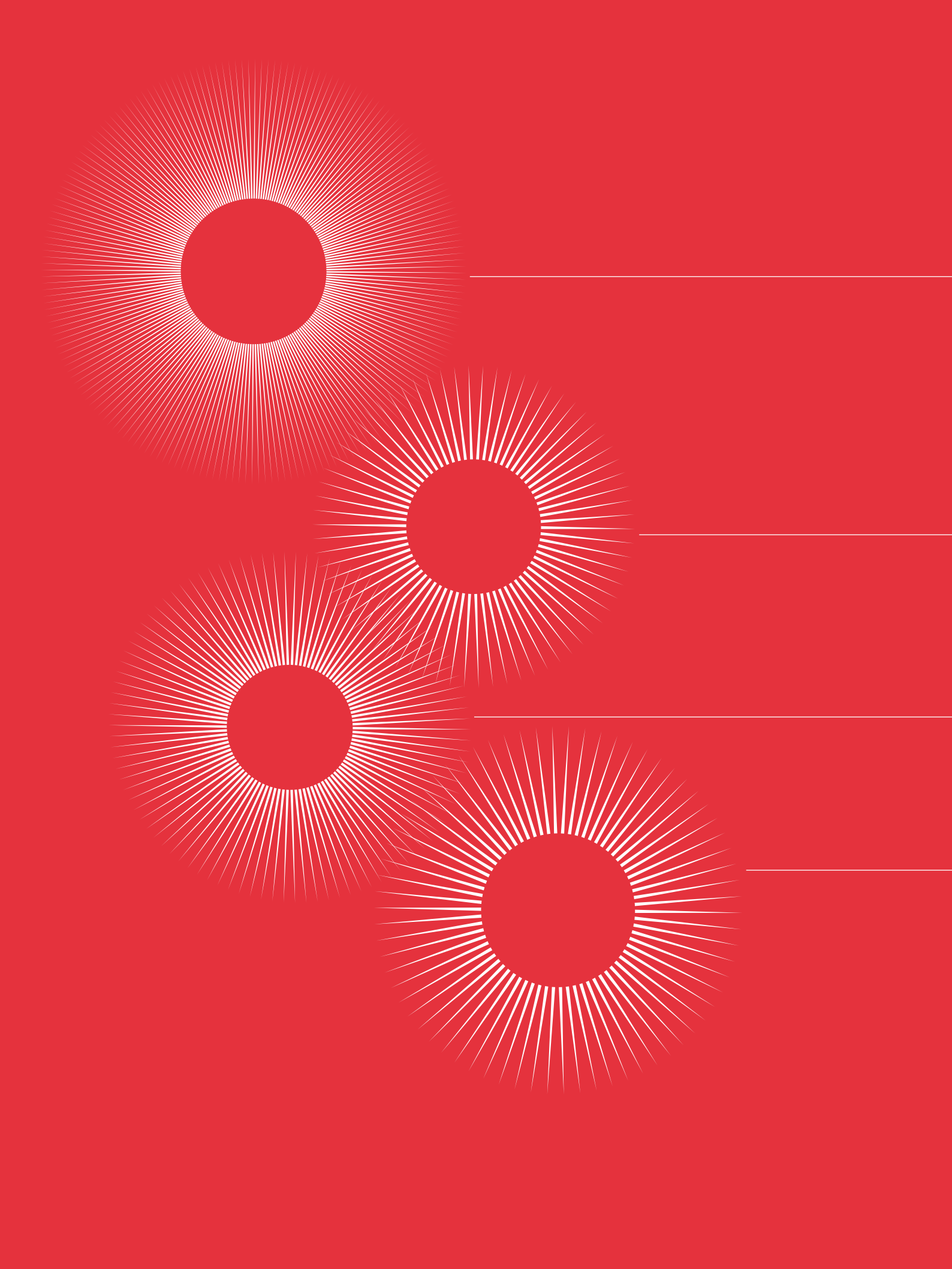
All relevant documents regarding the 2011 Annual General Meeting are available on SMA's Web site at www.SMA.de/en/investor-relations/annual-general-meeting.

SHAREHOLDER STRUCTURE

in %



● 29.15 %	Free float
● 25.20 %	Pool SMA Solar Technology AG
● 7.03 %	Günther Cramer
● 7.05 %	Peter Drews
● 7.05 %	Reiner Wettlaufer
● 7.24 %	Prof. (em.) Dr. Werner Kleinkauf
● 5.76 %	Günther Cramer foundation
● 5.76 %	Peter Drews foundation
● 5.76 %	Reiner Wettlaufer foundation



ON 4 CONTINENTS

IN 18 COUNTRIES

WITH 23 COMPANIES

OF WHICH 19 FOREIGN COMPANIES

INTERIM MANAGEMENT REPORT

ECONOMIC CONDITIONS

GENERAL ECONOMIC CONDITIONS

POSITIVE OVERALL ECONOMIC GROWTH FORECAST FOR 2011

The recovery of the global economy has been continuing in the first six months of 2011. The newly industrialized economies showed a rapid growth in production, resulting in very high economic dynamics. In the euro area, on the other hand, the situation was divided. Whereas Germany and some of the neighboring countries recorded a massive growth in the first six months of 2011, the economy of the Mediterranean countries remained static due to the debt crisis in those countries. The USA as well only showed a moderate economic growth, still experiencing growing unemployment rates and a high national debt.

The Kiel-based Institute for the World Economy (IfW) expects in its assessment of June 2011 that the expansion of the world economy will continue, however with slower speed. In total, the IfW expects an increase in world production by 4.4 %. This assessment is shared by the International Monetary Fund (IMF) in its outlook on the occasion of the G20 meeting in the beginning of July 2011. Compared to its assessment of April 2011, the expectations of the IMF have not changed very much and it still predicts a global economy growth of 4.3 %. According to the IMF, the growth of the economy could not only be reduced by the debt issue and missing medium-term financial concepts of the countries involved, but also by restrictive measures in the economic policy in the newly industrialized countries to reduce the acceleration in prices.

In the first six months of 2011, the German economy was characterized by a strong growth and a considerably more dynamic development than other euro countries. This development is based on an increased external demand as well as a strong internal economy. The leading German economic research institutes expect the growth to be continuing.

ECONOMIC CONDITIONS IN THE SECTORS

CAUTIOUS GROWTH OF THE PHOTOVOLTAICS MARKETS AFTER THE RECORD YEAR 2010

With a growth of 125 % up to 150 %, 2010 had been a record-breaking year for the entire photovoltaics industry. According to the projections of SMA's Managing Board, the global market for PV inverters reached a market volume of 17 GW to 20 GW in 2010. Germany had once again the world's largest photovoltaics market with approx. 7.4 GW of newly installed output.

The strong growth of the photovoltaics markets has not been continuing in the first six months of 2011. Due to the weather conditions and the insecurity concerning the future solar subsidies in important photovoltaics countries like Germany and Italy, the demand of photovoltaic systems was especially low in the first quarter of the year. In the second quarter, the subsidy requirements in the important photovoltaics markets were adjusted, thereby establishing the basis for a continuous market development. Compared to the beginning of the year, the global demand grew considerably in the second quarter. According to an estimate of SMA's Managing Board, however, the globally newly installed capacity was below the previous year's level. The strongest photovoltaics markets in the first six months of 2011 include Germany, North America, Italy, France and Australia.

The natural and reactor disasters in Japan in March 2011 has led to an intensive political discussion in many countries concerning an accelerated expansion of renewable energies. With regard to issues of energy politics, Germany has taken a leading role and drew most extensive consequences. Both the Federal Cabinet and Federal Council resolved a progressive nuclear phaseout until 2022 on June 30, 2011 and July 8, 2011, respectively. Eight nuclear power plants that had been shut down after Fukushima, will not be connected to the grid again. The Federal Network Agency may decide until 2011 whether one nuclear power plant will remain on standby until 2013 in case of energy shortages. Due to the premature nuclear phaseout until 2022, regulations were passed concerning grid expansion and green power subsidies.

In February 2011, the German Solar Industry Association (BSW) and the Federal Government agreed on an earlier, extension-dependent reduction of solar subsidies as of July 1, 2011. The recommendation had been approved by the Federal Cabinet and the Federal Council in the first quarter of 2011. In the reference months March to May, the installed capacity was only 0.7 GW due to the considerable reduction of the feed-in reduction at the beginning of the year. This means that the expansion of PV plants is within the narrow corridor defined by the Federal Government, so that a premature adjustment of the feed-in tariffs as of July 1, 2011 was not necessary.

In Italy, the second-largest market for PV plants after Germany, a new regulation took effect in May, providing a progressive reduction of solar subsidies until 2013. According to this regulation, the financing of PV plants is linked to the total existing capacity of the PV power stations and will be limited to € 300 million in the year 2011. In the following year, the limitation will be € 280 million. The total feed-in compensation will be limited to € 1.3 billion from 2013 until 2016. The financing of the photovoltaics industry is socially widely supported in Italy as well. This is reflected in a referendum held in Italy in June, in which the Italian people decided against a comeback of nuclear power.

IMPACT OF GENERAL CONDITIONS ON BUSINESS DEVELOPMENT

THE MANAGING BOARD CONFIRMS SALES AND EARNINGS TARGETS FOR 2011

SMA is the world market leader for PV inverters. Due to the new establishments in Japan and Thailand in the second quarter of 2011, the Company is now represented in 18 countries with its own organizations. The highly valued range of products includes PV inverters for both rooftop systems as well as large-scale solar projects. Therefore, SMA is able to provide technically optimal inverter solutions for all power classes and all types of plants worldwide. The range of products is also supplemented by a global service network, which is an important distinguishing feature in business competition. The highly flexible production facilities in Germany and North America enable SMA to adjust production promptly to market conditions, thereby profiting from a positive, global demand development on a short-term basis.

In the first quarter of 2011, the demand of SMA PV inverters was low due to high stocks at our customers, high solar module prices as well as bad weather conditions. However, the demand has been continuously growing since the end of March. SMA was successfully able to distinguish itself from the competition and doubled the sold inverter capacity in the second quarter compared to the first quarter. Analogously, sales showed a likewise positive trend and almost reached the level of the strong month of June 2010 in June 2011. The sales in the first six months of the year were mainly driven by the foreign markets, which contributed to the sales with 57.9 % in the period under review.

According to the estimation of SMA's Managing Board, the fundamental data for the solar industry improved compared to the beginning of the year. From the SMA Managing Board's point of view, the favorable interest rate level as well as the reduced specific costs of constructing PV plants compared to the first six months of the year will lead to a notable increase in demand after the summer months. SMA is represented in all important photovoltaics markets with its own organizations and can provide solutions for all market segments. The Managing Board of SMA, therefore, reconfirms the revenue guidance for 2011, first published on September 15, 2010, of € 1.5 billion to € 1.9 billion at an operating profit (EBIT) of € 315 million to € 475 million (EBIT margin of 21 % to 25 %).

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

RESULTS OF OPERATIONS

GROUP SALES AND EARNINGS

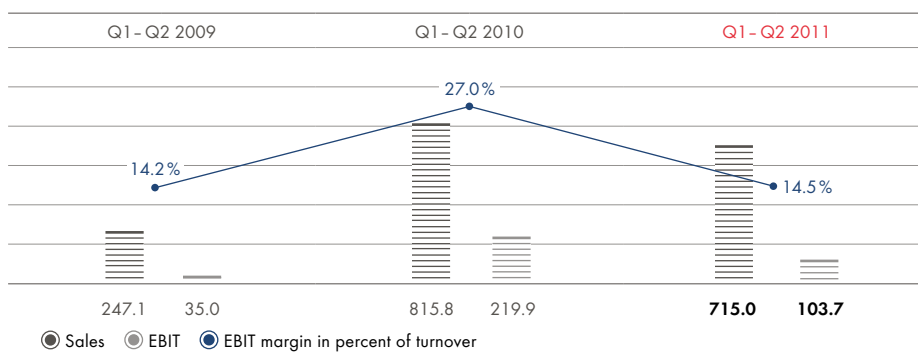
MORE THAN € 100 MILLION OPERATIVE RESULT IN THE FIRST SIX MONTHS OF THE YEAR

In the first six months of 2011, SMA sold PV inverters with a total capacity of 3.1 GW (Q1–Q2 2010: 3.1 GW). This means that the sold PV inverter capacity is twice as high in the second quarter of 2011 as in the first quarter of 2011. Sales of SMA amounted to € 715.0 million in the first six months of the year. The decrease in sales of 12.4 % compared to the reference period of the previous year (Q1–Q2 2010: € 815.8 million) was caused by a shift in the product mix towards inverters with a higher capacity as well as a reduction of the specific sales prices.

The Medium Power Solutions segment with its sales share of 73.1 % (€ 523.3 million) was the strongest segment of the SMA Group in terms of sales in the first six months of 2011. The sales share in the reference period of the previous year was 85.7 % (Q1–Q2 2010: € 699.1 million). In the High Power Solutions segment, sales increased significantly in the first six months of 2011 by 66.6 % to € 170.6 million compared to the same period of the previous year (Q1–Q2 2010: € 102.4 million). This means that the High Power Solutions segment contributed to the sales with 23.9 % (Q1–Q2 2010: 14.3 %). The strong increase in sales emphasizes the excellent position of SMA in the market segment of large-scale solar projects.

The period under review was marked by a regional shift in demand. SMA generated 43.7 % of its gross sales before sales deductions in Germany. In the foreign markets, SMA increased its gross sales by 39.5 % to € 413.8 million (Q1–Q2 2010: € 296.7 million) due to its excellent sales and service structures as well as the full range of products. The most important foreign markets for SMA were North America, Italy, Australia and France. In total, the gross foreign market share amounted to 56.3 %, which is significantly higher than in the previous year (Q1–Q2 2010: 36.4 %).

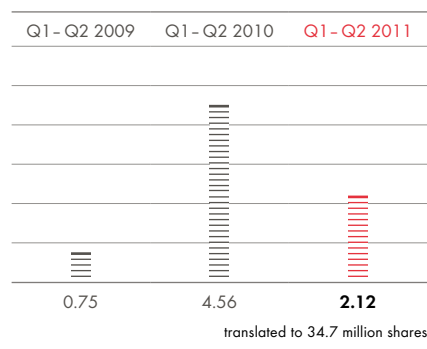
SALES & EBIT in € million



Earnings before interest and tax (EBIT) recovered due to the improved sales situation compared to the beginning of the year, but lag clearly behind the record result of the previous year. In the first six months of 2011, SMA's EBIT amounted to € 103.7 million (Q1–Q2 2010: € 219.9 million). This corresponds to an EBIT margin of 14.5 %, which is in the double-digit range again. The development emphasizes SMA's enormous flexibility to serve the market promptly in case of an increased demand, taking into account profitability.

Consolidated net profit was € 73.5 million (Q1–Q2 2010: € 158.2 million). Earnings per share fell to € 2.12 (Q1–Q2 2010: € 4.56).

EARNINGS PER SHARE in €



SALES AND EARNINGS BY SEGMENT

MEDIUM POWER SOLUTIONS SEGMENT IS THE MAIN SALES DRIVER

In the first six months of 2011, external turnover of the **Photovoltaics Technology** segment amounted to € 693.9 million (Q1–Q2 2010: € 801.5 million). The Medium Power Solutions segment was the strongest segment with € 523.3 million, amounting to a share of 73.1 % (Q1–Q2 2010: € 699.1 million). With € 170.6 million, a share of 23.9 % in total sales (Q1–Q2 2010: € 102.4 million) was attributable to the High Power Solutions segment.

The **Medium Power Solutions** segment covers the products Sunny Boy, Sunny Mini Central, Sunny Tripower, Sunny Island, Sunny Backup and products for monitoring PV plants. 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 new product generation of three-phase inverters under the trade name Sunny Tripower covers the power classes from 8 kW to 17 kW. In the first quarter of 2011, the Sunny Boy HF (High Frequency) product family was added to the range of products. This product family in particular serves the strongly growing market segment of rooftop systems of the US market. For PV plants with more than 2 kW, Sunny Boy HF is definitely the more economic solution compared to the so-called module inverters.

The products of the Medium Power Solutions segment are produced, exclusively based on purchase orders, in Kassel, Germany, and North America. The delivery periods in the first six months of 2011 were usually up to four weeks.

The Medium Power Solutions segment benefited from the increasing demand in Germany in particular. Domestic business increased in the second quarter by three and a half times. The sales share of the German business amounted to a total of 51.4 % of gross sales in the first six months of the year 2011. The most successful foreign markets during the period under review were Australia, Italy, Belgium and North America.

The product mix has changed on a year-on-year basis. In the first six months of 2011, the inverter types Sunny Tripower 12000TL to 17000TL and Sunny Boy 3000TL to 5000TL were important sales drivers. Already shortly after its introduction, the new Sunny Boy 3000HF was among the top products. As expected, the Sunny Mini Central product family, which was one of the best-selling inverter types of SMA in 2010, was of minor significance in the first six months of 2011.

The profitability of the Medium Power Solutions segment improved significantly in the second quarter of 2011 compared to the first three months. Earnings before interest and taxes (EBIT) amounted to € 59.9 million in the first six months of 2011. The EBIT margin was 10.8 % (Q1–Q2 2010: 25.4 %) in relation to internal and external sales. Compared to the same period of the previous year, the significant decrease (Q1–Q2 2010: € 185.4 million) was in particular caused by missing pull-forward effects and new structures in the product mix.

The **High Power Solutions** segment contains the central inverters of the type Sunny Central as well as the accessories, such as medium voltage switchgear, transformers and concrete stations. With Sunny Central, SMA mainly covers the market for large PV plants with a capacity of more than 100 kW up to several megawatts. The complex products are produced, exclusively based on purchase orders, in Kassel, Germany, and North America and are usually delivered within 8 to 10 weeks.

The strong growth in sales in the first six months of 2011 is based on the exceptionally successful development of the important foreign markets. In North America alone, 25.9 % of the gross sales were realized. Further important markets were Italy, France and India. The most successful products in the High Power Solutions segment were Sunny Central 800CP, which was introduced last year, followed by Sunny Central 630HE.

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Earnings before interest and taxes (EBIT) improved by 25.5 % to € 31.0 million in the first six months of the year (Q1–Q2 2010: € 24.7 million). The EBIT margin in the period under review was 17.5 % (Q1–Q2 2010: 21.8 %). Compared to the same period of the previous year, the lower profitability is due to the changed product mix and the adjustment of the specific sales prices.

The **Railway Technology** division is still characterized by a successful development. External sales increased by 27.3 % to € 15.4 million in the first six months of 2011 (Q1–Q2 2010: € 12.1 million). This division is characterized by larger individual projects and we were able to increase the foreign revenue in Europe in particular by increased sales activities. The internal sales figure of € 4.1 million (Q1–Q2 2010: € 7.7 million) was mainly attributable to supplies of cable and mechanical components to the High Power Solutions segment. Earnings before interest and taxes (EBIT) rose to € 1.5 million (Q1–Q2 2010: € 1.1 million). The EBIT margin improved and was 7.7 % (Q1–Q2 2010: 5.6 %) in relation to internal and external sales. This division had achieved good capacity utilization at the end of the period under review.

The **Electronics Manufacturing** segment is the main supplier for the other segments, above all the Medium Power Solutions segment. The production area was well utilized throughout the period. The share of electronic assemblies manufactured by third parties was adapted to the demand. Due to the recovery of the business activities in the Medium Power Solutions segment, the total turnover of external and internal sales rose to € 184.6 million (Q1–Q2 2010: € 182.9 million). In the first quarter of 2011, the total turnover had been decreasing. Earnings before interest and taxes (EBIT) amounted to € 9.4 million, which is 26.6 % below the same period in the previous year (Q1–Q2 2010: € 12.8 million). In relation to internal and external sales revenues, this corresponds to an EBIT margin of 5.1 % (Q1–Q2 2010: 7.0 %).

DEVELOPMENT OF SIGNIFICANT COMPREHENSIVE INCOME STATEMENT ITEMS

CHANGED PRODUCT MIX LEADS TO SHIFTS

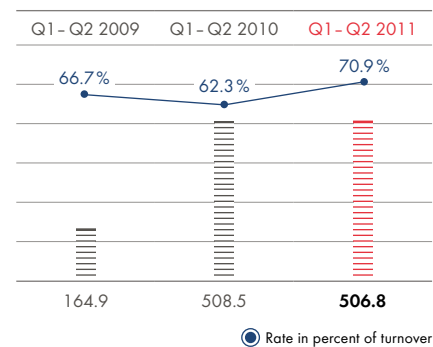
The share of production costs in sales amounted to € 506.8 million in the first six months of 2011 (Q1–Q2 2010: € 508.5 million). The lower gross margin of 29.1 % is basically caused by a shift in the product mix (Q1–Q2 2010: 37.7 %). The decrease could be partially compensated by the discontinuation of liabilities. In the first six months of 2011, the cost of sales was attributable as follows: 75.8 % to material expenses, 16.3 % to personnel expenses and 7.9 % to other expenses as well as depreciation and amortization.

Selling expenses grew as expected to € 28.7 million (Q1–Q2 2010: € 26.0 million). The ratio of selling expenses to sales increased to 4.0 % in the first six months of 2011 due to the comparably low turnover (Q1–Q2 2010: 3.2 %).

Research and development expenses, excluding capitalized development projects, in the first six months of the year totaled € 39.8 million (Q1–Q2 2010: € 34.4 million). This increase by 15.7 % is due to the fact that we further strengthened the research and development (R&D) segment and in particular took on new personnel. At the end of the first six months of 2011, the SMA Group had 920 employees in R&D (June 30, 2010: 722 employees). The total research and development expenses, including capitalized development projects, amounted to € 44.6 million (Q1–Q2 2010: € 41.8 million). Among the new development projects are the Sunny Home Manager, the expansion of the Sunny Tripower product family as well as the development of innovative PV inverters and monitoring systems for the Japanese market. Scheduled depreciation of capitalized development projects amounted to € 2.1 million in the first six months of the year.

Administrative expenses amounted to € 32.2 million in the first six months of 2011 (Q1–Q2 2010: € 20.2 million). In view of the expected growth and increasing internationalization, SMA created new structures in the finance, legal and personnel areas in a targeted manner. Therefore, personnel expenses increased by € 2.7 million. The reduction of depreciations is caused by the changes in the assessment system. The change in other expenses, too, mainly results from the adjustment of the assessment system as well as the realization of strategically important projects. The administrative costs ratio was increased in the first six months of 2011 by 4.5 % (Q1–Q2 2010: 2.5 %).

COST OF GOODS SOLD in € million



FINANCIAL POSITION

BUILDUP OF INVENTORIES AND EXPANSION INVESTMENTS ARE FINANCED BY GROSS CASH FLOW AND CASH RESERVE

The performance of the Company improved in the second quarter of 2011 compared to the first quarter of 2011, but still lagged behind the figures of the same period in the previous year 2010 in the first six months of 2011. With € 65.3 million, the gross cash flow was significantly lower than in the same period of the previous year (Q1–Q2 2010: € 226.4 million).

The net cash flow from the Company's performance was significantly influenced by the intended buildup of the net working capital and the change in the remaining net capital and amounted to € –39.3 million in the first six months of the year (Q1–Q2 2010: € 133.8 million).

The net working capital rose by € 60.5 million in the period under review. In view of the expected increase in demand in the second half of the year, SMA purposefully stocked components to be able to serve its customers with the usual short delivery times also in the future. In addition to that, the value of the inventories rose due to the business-related increase in finished goods. The higher share of the project business and the international customers led to an increase of the accounts receivable trade. The rise of the working capital was partly financed by the increase in the accounts payable trade.

The change of the remaining net working capital led to an outflow of funds of € 44.2 million in the period under review. The change was particularly caused by the payment of variable salary components to employees and bonus agreements with clients.

The net cash flow from investing activities amounted to € –75.9 million in the period under review (Q1–Q2 2010: € –147.3 million). Amongst the most important investments in fixed assets were the construction of the world's largest service center for PV inverters in Niestetal, Germany, and the expansion of the office buildings at the headquarters of the Company in Niestetal/Kassel, Germany. Investments in intangible assets concern most of all software licenses.

As a major position, the net cash flow from financing activities includes the dividend payment of SMA Solar Technology AG, amounting to € 104.1 million in the period under review.

The cash and cash equivalents amounting to € 133.7 million (December 31, 2010: € 354.1 million) include cash in hand, bank balances and short-term deposits with an original term to maturity of less than three months. Together with the time deposits with a term to maturity of more than three months and fixed-interest-bearing securities as well as financial liabilities, this results in a net liquidity of € 307.8 million (December 31, 2010: € 523.4 million).

NET ASSETS

SMA HAS AN EQUITY RATIO OF 57.0 % AND AN NWC RATIO OF 18.7 %

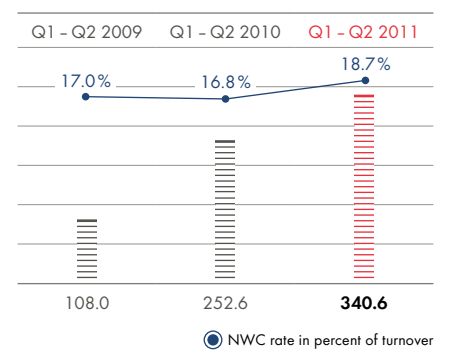
The balance sheet total amounted to € 1,221.0 million as of June 30, 2011 and almost reached the same level as the year-end result of the previous year (December 31, 2010: € 1,251.5 million).

As of June 30, 2011, net working capital (NWC) had risen to € 340.6 million (December 31, 2010: € 284.6 million) and was 18.7 % of sales over the last twelve months. This means that the ratio ranged in the corridor of 18 % to 20 % defined by the management. The increase of the net working capital is due to the planned buildup of the inventories of raw materials, consumables and supplies as well as the business-related increase in finished goods. The inventories of raw materials, consumables and supplies were increased again in the first six months of 2011 by € 31.5 million compared to December 31, 2010. The stock of finished goods consists mainly of Sunny Central inverters which were not yet requested by customers due to the postponement of projects. This position has already decreased by about 20 % compared to the first quarter of 2011. The SMA Managing Board expects that the stock of Sunny Central inverters will be removed until the end of the year.

The accounts receivable trade amounted to € 191.8 million and increased significantly by 63.5 % (December 31, 2010: € 117.3 million) due to the strongly growing project business and the increasing internationalization. Days sales outstanding increased to 31.0 days (December 31, 2010: 21.9 days). The rise in inventories of raw materials, consumables and supplies is reflected in the accounts payable trade. This figure increased by € 65.9 million to € 136.5 million on a year-on-year basis (December 31, 2010: € 70.6 million). The share of supplier credits in total assets rose to 11.2 % (December 31, 2010: 5.6 %).

Mainly caused by the dividend payment, shareholders' equity decreased to € 696.1 million as of June 30, 2011 (December 31, 2010: € 728.4 million). The equity ratio of 57.0 % provides SMA once again with a comfortable shareholders' equity and underlines the solidity of its balance sheet structure.

NET WORKING CAPITAL in € million



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INVESTMENTS

SMA BUILDS THE WORLD'S LARGEST SERVICE CENTER FOR PV INVERTERS IN NIESTETAL / KASSEL, GERMANY

The SMA Group has planned investments of € 150 million to € 200 million for the 2011 fiscal year. Investments will be focused on the building of the world's largest service center for PV inverters and office buildings as well as the purchase of machines and equipment.

In the first six months of the 2011 fiscal year, the investments in fixed assets and intangible assets amounted to € 71.7 million (Q1–Q2 2010: € 75.0 million). The investment ratio was 10.0 %. A share of 91.2 % of investments in fixed assets amounting to € 60.9 million (Q1–Q2 2010: € 63.2 million) was attributable to advance payments/construction in progress. Premises and buildings amounted to 4.4 % of investments in fixed assets. Of the investments in intangible assets amounting to € 10.7 million (Q1–Q2 2010: € 11.8 million), 44.4 % was attributable to capitalized development expenses and 55.6 % to other intangible assets.

RESEARCH AND DEVELOPMENT

MEDIUM POWER SOLUTION FOCUSES ON GRID INTEGRATION

In the Medium Power Solutions segment, SMA's Sunny Home Manager is a solution for optimizing self-consumption. It is simpler, more precise and more comprehensive than any comparable product made by the competitors. The device significantly increases the self-consumption of solar energy and also provides a comprehensive and intelligent system for managing household energy. In combination with the Sunny Backup System, it even allows the temporary storage of solar power. Its use of location-based weather forecasts to predict solar power generation is unparalleled. On the basis of these forecasts as well as the consumption habits of the users, the Sunny Home Manager draws up an intelligent schedule for the controllable consumers, thereby maximizing the share of self-consumption. As soon as proposal- and demand-based electricity tariffs are provided, the Sunny Home Manager is able to incorporate them in the control of the household consumers. The operator's profitability can be further increased and an additional reduction of grid load can be realized.

An increase in self-consumption of solar power could lead to a more cost-efficient PV support and an improvement in grid integration because decentralized solar power – which is directly used where it is produced – reduces grid construction costs and discharges the net infrastructure.

Moreover, the development in the Medium Power Solutions segment focuses on the adjustment of the entire product portfolio in compliance with the new practical guide VDE-AR-N 4105 "Erzeugungsanlagen am Niederspannungsnetz" (generators connected to the low-voltage grid), which takes effect as of August 1, 2011 and will be binding as of January 1, 2012. In accordance with the practical guide, small and medium-sized PV plants are to realize system services for the grid to a larger extent for the first time. This is an important contribution to the integration of PV plants in the existing grid infrastructure.

Furthermore, the Medium Power Solutions segment focuses on decentralized storage solutions. With the Sunny Backup System, SMA offers a product for the decentralized storage of solar power which, in addition to a grid-quality uninterruptible power supply, also provides storage of solar power to increase the percentage of self-consumption. To ensure that the products are as future-proof and state-of-the-art as absolutely possible, SMA is currently working with leading battery manufacturers. Accordingly, the Sunny Backup System is compatible with different battery types and also designed for operation with lithium-ion batteries, which are characterized by a high cycle stability and low storage losses.

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HIGH POWER SOLUTIONS: STRONG SMA PRESENCE AT THE INTERSOLAR 2011

SMA presented the new “Utility Grade Standard” in the High Power Solutions segment at the Intersolar. The standard is an integrated concept for the realization of large-scale PV power stations in a global environment. The concept combines SMA system technologies and services to provide the customers in the project business, mainly system integrators, with the best possible support. With this step, SMA ensures that its competencies in the project business are also internationally recognized. The concept includes both the necessary system components and pre-configured stations as well as turnkey and fully integrated power blocks with the necessary AC and DC monitoring technologies.

In the first six months of 2011, the development department of the High Power Solutions segment is being newly organized. The department is now divided into a customer-oriented and a standard-oriented segment. SMA sees great potential in this new development to be able to integrate customer- and market-specific requirements into innovative products even faster.

ACQUISITION OF DTW IS A STRATEGICALLY IMPORTANT STEP

On June 14, 2011, a contract concerning the acquisition of Krakow-based dtw Sp. z o.o. (“dtw”) in Poland was signed. dtw specializes in the production of technologically innovative core components, such as chokes and transformers, for the production of inverters. Founded in 1991 by Stefan and Izabella Domagała, the company currently has around 530 employees (including temporary staff). dtw has experienced strong growth over the past few years and achieved € 74 million in sales in 2010. The company is known for its high-quality products and excellent research and development work.

For SMA, this acquisition is a strategically important step towards the development of powerful products and the further expansion of the Company's technology leadership. SMA will synchronize the development processes of mechanical systems, electromagnetic components and power electronics, thereby shortening the development times significantly. Furthermore, several development projects will look into new magnetic materials with new types of alloys. SMA's Managing Board is positive that the acquisition will provide a great way to further distinguish the Company from competitors in the future.

The purchase price for 100 % of the shares in dtw amounts to € 33.5 million. According to estimations of SMA's Managing Board, the transaction will already lead to a positive result of € 20 million to € 25 million in the current fiscal year.

EMPLOYEES

SMA IS GERMANY'S BEST EMPLOYER AND HAS CREATED MORE THAN 300 NEW JOBS SINCE THE BEGINNING OF THE YEAR

As of the reporting date June 30, 2011, the SMA Group has 4,815 employees (June 30, 2010: 3,737 employees, excluding temporary employees, respectively), which is 28.8 % more than last year.

In the period under review, we strengthened our existing foreign companies with new staff. The number of employees in the foreign companies rose by 41.6 % to 500 employees in the first six months of 2011 (June 30, 2010: 353 employees).

SMA GROUP AT A GLANCE

	06/30/2011	06/30/2010	06/30/2009	06/30/2008
Employees (excl. temporary employees)	4,815	3,737	2,490	1,841
of which domestic	4,315	3,384	2,316	1,734
of which abroad	500	353	174	107
Temporary employees	1,453	1,873	891	733
Total employees (incl. temporary employees)	6,268	5,610	3,381	2,574

INCREASED EFFICIENCY

In order to be able to deal effectively and efficiently with the increasing number of possible candidates in the last few years, we introduced a web-based e-recruiting system. Processes for tenders, applications and processing within the Company as well as towards the candidates could be harmonized and accelerated, thereby enabling safe and transparent processes. In reaction to the increasing demand of specialists and executives, we design and implement concepts and projects for the recruitment of apprentices, students and professionals. An important success factor is our quality and attraction as employer, for which we were awarded the Great Place to Work® Institute's award as Germany's best employer in 2011.

THE WORKLOAD OF THE TEMPORARY EMPLOYEES HAS INCREASED SIGNIFICANTLY

At the end of the period under review, SMA worked with 1,453 temporary employees (June 30, 2010: 1,873 temporary employees). The volatile photovoltaics market presents a great challenge for the flexibility of our production and production-related business areas. We use the temporary employees mainly to be able to directly react to the sometimes volatile production utilization. Due to a short-term decline in orders in the first quarter of 2011, our temporary-staff agency offered short-time work to temporary employees in various production areas for a preliminary period. Their deployment at SMA showed a flexible range between 0 % and 100 % of the working hours, depending on the order situation.

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Employees

With the increase of the production volume in the second quarter of 2011, the share of short-time work of the temporary employees decreased gradually, so that their workload is steadily rising towards 100 % by the end of the second quarter.

FOUNDERS BECOME MEMBERS OF THE SUPERVISORY BOARD

The company founders Günther Cramer and Peter Drews stepped down from the Managing Board of SMA Solar Technology AG after 30 years as the Company's leaders. The change was effective with the close of the Annual General Meeting on May 26, 2011. New spokesman of the Managing Board, previously Günther Cramer's function, is Pierre-Pascal Urbon.

The Annual General Meeting elected Günther Cramer and Peter Drews as shareholder representatives to the Supervisory Board by a large majority. They succeeded Siegfried L. Drueker and Dr. Martin Hoppe-Kilpper, who resigned their posts on the Supervisory Board also effective at the end of the Annual General Meeting. At the constituent meeting of the Supervisory Board following the Annual General Meeting, the members of the Supervisory Board appointed Günther Cramer as their Chairman and Dr. Erik Ehrentraut as the Deputy Chairman.

SUPPLEMENTARY REPORT

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

On July 13, 2011, the Federal Cartel Office unconditionally approved of the acquisition of dtw Sp. z o.o. by SMA. The SMA Supervisory Board approved of the transaction by circulation. All suspensive conditions of the purchase contract signed on June 14, 2011 are therefore fulfilled. The transaction has been completed on August 1, 2011.

Other significant events after the closure of the period under review, which could influence the results of operations, financial position and net assets, did not take place.

RISKS AND OPPORTUNITIES REPORT

The Group's risks and opportunities management as well as possible individual risks are described in detail in the Annual Report 2010. 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.

FORECAST REPORT

MACROECONOMIC SITUATION

DEBT CRISIS MAY SLOW DOWN GROWTH

The general conditions of the global economy in the first six months of 2011 were marked by the continuing economic recovery, but also by the persistent debt crisis in Europe and the US, the catastrophe in the Fukushima nuclear power plant in Japan and the unrest in North Africa.

In its growth forecast of July 2011, the International Monetary Fund (IMF) stood by its forecast of April 2011 and expects economic growth of 4.3 % for 2011. The growth in the newer industrialized countries is projected to be significantly stronger at 6.5 % than in established economies at only 2.5 %. In the opinion of the IMF, the earthquake in Japan will have only minor macroeconomic effects. However, it may lead to uncertainty. The price of oil might also have an impact so that growth of the global real gross domestic product (GDP) is estimated to be 4.5 % in each of the next two years. Thus, this estimate is slightly below GDP growth of 5.0 % in the last year.

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The German economy was characterized by a considerably more dynamic development than other European countries in the first six months of 2011. In their spring report, the leading economic research institutes forecast a growth of 2.8 % for 2011. In June, they corrected their forecasts markedly to currently 3.3 % and even more than 4.0 %. The Munich-based Ifo Institute, however, noted that the European debt crisis for instance could have a slowing effect.

FUTURE GENERAL ECONOMIC CONDITIONS IN THE PHOTOVOLTAICS SECTOR

FUNDAMENTAL DATA IMPROVED

The development of the respective markets depends on the political consent regarding the expansion of photovoltaics, the financing conditions, the available production and installation capacities as well as the price development for the installation of PV plants.

According to the estimation of the SMA Managing Board, the general conditions in the photovoltaics industry improved compared to the beginning of the year. Many countries in the world introduced subsidy programs or tax benefits for an accelerated expansion of the photovoltaics industry. Especially in the large photovoltaics markets, a broad social and political acceptance for the expansion of decentralized energy supply systems is noticeable. Additionally, the historically favorable interest rate level as well as the reduced specific costs for the erection of PV plants will have a positive influence on the growth perspective. Currently, there are no signs of shortages in the production of components for PV plants or of solar power professionals.

Against this background, SMA's Managing Board expects an average growth in globally newly installed capacities to 30 GW, a growth of almost 15 % p. a. until 2013. The future development will be accompanied by a regional shift in demand and a change in plant size. SMA's Managing Board, for instance, expects that the submarkets in North America and Asia and the market segments of commercial and industrial PV plants will gain increased importance.

In 2011, the Managing Board of SMA predicts stagnating global markets and does not even rule out the possibility of a downturn in growth. The spectrum of the forecast ranging from 17 GW to 20 GW is due to the fact that the subsidy conditions were adjusted in the established photovoltaics markets in 2011 and that the development of these markets cannot be precisely predicted for the time being.

OVERALL STATEMENT ON THE EXPECTED DEVELOPMENT OF THE SMA GROUP

SMA IS WORLD MARKET LEADER AND HAS AN EXCELLENT POSITION

The following statements on the future development of SMA are based on the estimates drawn up by the Managing Board of SMA. They result from the expectations presented above regarding the development of global photovoltaics markets.

SMA is the world market leader for PV inverters. Due to the new establishments in Japan and Thailand, the Company is now represented in 18 countries with its own organizations. The highly valued range of products includes PV inverters for both rooftop systems as well as large-scale solar projects. Therefore, SMA is able to provide technically optimal inverter solutions for all power classes and all types of plants worldwide. The range of products is also supplemented by a global service network, which is currently an important distinguishing feature in business competition. Due to the highly flexible production facilities in Germany and North America, SMA is able to react promptly to fluctuations in demand, thereby profiting from the global demand development.

For 2011, the Managing Board of SMA confirms its forecast of expected sales between € 1.5 billion and € 1.9 billion and an operative result between € 315 million and € 475 million (EBIT margin between 21 % and 25 %). The sales and earnings forecast is based on the assumption that the demand in the important photovoltaics markets will show a more dynamic growth in the second half of the year than in the first six months of the year.

According to estimates by the Managing Board, the Medium Power Solutions segment with up to 80 % will be the major driving force for sales in 2011. The trend to larger solar systems with an output of between 10 kW and 500 kW will also be reflected in our product mix. The first six months of 2011 confirmed the Managing Board's expectations that the three-phase PV inverter Sunny Tripower will gain importance, replacing the one-phase Sunny Mini Central inverter.

The High Power Solutions segment will contribute with approx. 20 % to the total sales in 2011. Large-scale PV projects in North America, Italy and France, in particular, will mainly contribute to the result. The Sunny Central Compact Power will in all likelihood be one of the product families that generate the greatest sales in this segment, since it is characterized by especially low system costs.

With a share of less than 5 % in sales, the Managing Board predicts a sales increase for the small but successful Railway Technology division of approx. 10 % with a strong export rate of about 80 % in the year 2011.

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Forecast Report

According to estimates by the Managing Board of SMA, the regional shift in demand will result in significantly stiffer competition for the Company. This development will also be reflected in the average selling price per watt. Therefore, the management of SMA predicts that the gross earnings margin will fall in 2011. In order to counter this trend in forthcoming years, SMA will carry out a systematic analysis of production costs aimed at identifying potential for savings and thus lowering production costs consistently.

The acquisition of the long-standing supplier dtw is a strategically important step towards the development of powerful products and the further expansion of SMA's technology leadership. SMA expects that the development processes of mechanical systems, electromagnetic components and power electronics will be even better synchronized, thereby shortening the development times significantly. A number of development projects will focus on magnetic materials that are based on new types of alloys and high-frequency transformers optimized for high performance and low weight. SMA's Managing Board is positive that these developments will provide a great way to further distinguish the Company from competitors in the future.

SMA has been trendsetting in the photovoltaics sector for many years and systematically developed approaches for grid integration and optimization of self-consumption. Therefore, our product, the PV inverter, will continue to be a high-tech product in the future as well. In order to expand our technological edge in 2011, we will invest up to € 100 million in research and development. This corresponds to 5 % to 7 % of the sales forecast. In addition, SMA will expand its network of strategic research and development cooperations in a targeted fashion.

However, the essential growth impulses will originate from the foreign markets in the future. We will also continue with consistency our proven strategy to be one of the first PV inverter manufacturers represented with own subsidiaries in young markets in the next years. We established sales companies in Japan and Thailand in the first six months of 2011. We expect approval of our inverters in Japan until the end of 2011, which means that we could start our business in 2012. In the meantime, we plan the expansion of further sales and service companies in strong Asian markets.

With its factories in Germany and North America, SMA disposes of an annual production capacity of about 11.5 GW. A further expansion of capacities is not planned for 2011. Aiming to fully utilize our production capacities in the short term, we will stockpile large quantities of raw materials, consumables and supplies in 2011. In particular, this stockpiling strategy will be reflected in a net working capital ratio of between 18 % and 20 % in 2011.

INCREASING EFFECTIVENESS BY DIVIDING STRENGTHS

The functional organization of SMA is reaching its limits. Therefore, great potential lies in the current change towards a divisional organization. In the future, we will place different customers and varying market requirements more effectively than before at the center of our activities. With distinct responsibilities and largely decentralized decisions, SMA will gain significantly more effectiveness.

The implementation of the new concept has already started in the first six months of 2011. The Medium Power Solutions, Power Plant Solutions, Off-Grid Solutions and Service divisions already presented themselves to the customers at the leading Intersolar trade fair in Munich. During the course of the year, the changes in the organization should be completed.

Our proximity to customers and our range of excellent services are of incalculable value. We will make use of our competitive edge and strive for the expansion of our market position. Our claim as the world market leader is clear and simple: to provide the technically best product for all installations, all modules and all power classes.

Niestetal, August 5, 2011

SMA Solar Technology AG
The Managing Board

SALES

2011

2010

€ 715.0 MILLION

€ 815.8 MILLION

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STATEMENT OF COMPREHENSIVE INCOME SMA GROUP

		April – June (Q2) 2011 € '000	April–June (Q2) 2010 € '000	Jan. – June (Q1 – Q2) 2011 € '000	Jan. – June (Q1 – Q2) 2010 € '000
	Note				
Sales	4	459,045	476,430	714,978	815,755
Cost of sales	5	312,197	299,537	506,845	508,459
Gross profit		146,848	176,893	208,133	307,296
Selling expenses	6	16,086	14,041	28,693	26,019
Research and development expenses	7	20,608	17,212	39,830	34,406
General administrative expenses	8	19,442	11,071	32,155	20,234
Other operating income	9	3,921	7,492	8,132	11,868
Other operating expenses	9	4,622	14,559	11,920	18,558
Operating profit (EBIT)		90,011	127,502	103,667	219,947
Financial income		1,628	627	3,141	1,216
Financial expenses		649	778	1,090	1,038
Financial result	11	979	– 151	2,051	178
Profit before income taxes		90,990	127,351	105,718	220,125
Income tax expense		27,773	35,779	32,196	61,936
Consolidated net profit		63,217	91,572	73,522	158,189
of which attributable to non-controlling interest		0	– 1	0	– 27
of which attributable to shareholders of SMA AG		63,217	91,573	73,522	158,216
Earnings per share, basic (in €)	12	1.82	2.64	2.12	4.56
Earnings per share, diluted (in €)	12	1.82	2.64	2.12	4.56
Number of ordinary shares (in thousands)		34,700	34,700	34,700	34,700
Consolidated net profit		63,217	91,572	73,522	158,189
Unrealized gains (losses) from foreign currency translation		– 194	1,380	– 973	1,990
Net loss on available-for-sale financial assets		– 130	0	– 721	0
Overall result		62,893	92,952	71,828	160,179
of which attributable to non-controlling interest		0	– 1	0	– 27
of which attributable to shareholders of SMA AG		62,893	92,953	71,828	160,206



CONSOLIDATED BALANCE SHEET SMA GROUP

	Note	06/30/2011 € '000	12/31/2010 € '000
Non-current assets			
Intangible assets	13	35,463	29,242
Fixed assets	14	310,076	268,507
Other financial investments		75	73
Other financial assets	16	1,888	3,890
Deferred taxes		22,984	23,687
		370,486	325,399
Current assets			
Inventories	15	285,225	237,838
Trade receivables		191,822	117,268
Other financial assets	16	200,877	196,798
Claims for income tax refunds		34,249	4,161
Other receivables		4,653	15,901
Cash and cash equivalents	26	133,651	354,083
		850,477	926,049
Total assets		1,220,963	1,251,448
Shareholders' equity			
Share capital		34,700	34,700
Capital reserves		119,200	119,200
Retained earnings		542,236	574,508
Non-controlling interest		2	2
	17	696,138	728,410
Non-current liabilities			
Other provisions	18	89,290	80,651
Financial liabilities	19	16,930	19,452
Other financial liabilities	20	894	0
Other liabilities	21	65,270	53,840
Deferred taxes		14,776	13,292
		187,160	167,235
Current liabilities			
Other provisions	18	71,315	86,686
Financial liabilities	19	3,484	1,748
Trade payables		136,447	70,554
Other financial liabilities	20	61,683	133,279
Income tax liabilities		39,247	39,468
Other liabilities	21	25,489	24,068
		337,665	355,803
Total equity and liabilities		1,220,963	1,251,448



CONSOLIDATED STATEMENTS OF CASH FLOWS SMA GROUP

	Note	Jan. - June (Q1 - Q2) 2011 € '000	Jan. - June (Q1 - Q2) 2010 € '000
Consolidated net profit		73,522	158,189
Income tax expenses		32,196	61,936
Financial result		- 2,051	- 178
Depreciation and amortization		22,164	12,857
Change in other provisions		- 6,732	38,663
Losses from the disposal of assets		45	842
Other non-cash expenses / revenue		5,870	4,434
Interest received		1,103	947
Interest paid		- 516	- 374
Income tax paid		- 60,318	- 50,903
Gross cash flow		65,283	226,413
Increase of inventories		- 49,918	- 119,387
Increase in trade receivables		- 76,430	- 86,446
Increase in trade payables		65,892	46,269
Change in other net assets / other non-cash transactions		- 44,175	66,916
Net cash flow from operating activities	23	- 39,348	133,765
Payments for investments in fixed assets		- 60,923	- 63,164
Proceeds from the disposal of fixed assets		259	94
Payments for investments in intangible assets		- 10,727	- 11,819
Payments for investments in financial fixed assets		- 2	0
Payments for the acquisition of business units		0	- 2,418
Proceeds from the disposal of securities and other financial assets		170,000	0
Payments for the acquisition of securities and other financial assets		- 174,505	- 70,000
Net cash flow from investing activities	24	- 75,898	- 147,307
Issuance of debt		0	254
Repayment of debt		- 786	0
Dividends paid by SMA Solar Technology AG		- 104,100	- 45,110
Net cash flow from financing activities	25	- 104,885	- 44,856
Net decrease in cash and cash equivalents		- 220,131	- 58,398
Change in cash and cash equivalents due to exchange rate effects		- 301	52
Cash and cash equivalents as of 01 / 01		354,083	225,010
Cash and cash equivalents as of 06 / 30	26	133,651	166,664

STATEMENT OF CHANGES IN EQUITY

SMA GROUP



	Equity attributable to the shareholders of the parent company					Equity attributable to non-controlling interest € '000	Consolidated shareholders' equity € '000
	Share capital € '000	Capital reserves € '000	Market valuation of securities € '000	Other retained earnings € '000	Total € '000		
Shareholders' equity as of January 1, 2010	34,700	119,200	0	253,687	407,587	0	407,587
Dividend payments of SMA Solar Technology AG	0	0	0	- 45,110	- 45,110	0	- 45,110
Consolidated net profit H1 2010	0	0	0	158,216	158,216	- 27	158,189
Differences from currency translation	0	0	0	1,990	1,990	0	1,990
Overall result							160,179
Changes in minority interests	0	0	0	0	0	82	82
Shareholders' equity as of June 30, 2010	34,700	119,200	0	368,783	522,683	55	522,738
Shareholders' equity as of January 1, 2011	34,700	119,200	0	574,508	728,408	2	728,410
Dividend payments of SMA Solar Technology AG	0	0	0	- 104,100	- 104,100	0	- 104,100
Consolidated net profit H1 2011	0	0	0	73,522	73,522	0	73,522
Changes not shown in the income statement	0	0	- 721	0	- 721	0	- 721
Differences from currency translation	0	0	0	- 973	- 973	0	- 973
Overall result							71,828
Changes in minority interests	0	0	0	0	0	0	0
Shareholders' equity as of June 30, 2011	34,700	119,200	- 721	542,957	696,136	2	696,138

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2011

1. BASIC INFORMATION

The Condensed Interim Consolidated Financial Statements of SMA Solar Technology AG as at June 30, 2011 were prepared – as were the Consolidated Financial Statements as at December 31, 2010 – in compliance with the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB), as endorsed and defined as mandatory by the European Union. Accordingly, the Interim Financial Statements of SMA Technology AG are prepared in line with IAS 34 Interim Financial Reporting in the 2011 fiscal year. In accordance with the regulations of IAS 34, a condensed reporting format compared with the consolidated financial statements as at December 31, 2010 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, 2010.

The Condensed Interim Consolidated Financial Statements were prepared in euros. Unless indicated otherwise, all amounts stated were rounded to full thousands of euros (€ '000) or millions of euros (€ million) for the sake of clarity.

The Managing Board of SMA Solar Technology AG authorized the Interim Consolidated Financial Statements for submission to the Supervisory Board on August 5, 2011.

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

The SMA Group produces in Germany, the USA and Canada and distributes inverters throughout the world. More detailed information on segments is provided in chapter 4.

2. CONSOLIDATED GROUP AND PRINCIPLES OF CONSOLIDATION

The scope of consolidation as at December 31, 2010 was expanded compared to the scope as at December 31, 2009 due to the newly acquired companies SMA Immo GmbH & Co. KG (Niestetal) ("SMA Immo"), previously SMA Immo GmbH (Niestetal), SMA Solar Technology Beteiligungsgesellschaft mbH (Niestetal) and the newly founded companies SMA Solar Technology Canada Inc. (Vancouver), SMA Solar India Private Limited (Mumbai) and SMA Solar UK Ltd. (London). All companies were fully consolidated. The company so far operating under the name of SMA Service GmbH in Niestetal was renamed SMA Immo Beteiligungsgesellschaft GmbH (Niestetal). Non-controlling interest's share in equity of the consolidated companies is shown separately within equity.

The IFRS 3 rule was not applied to the acquisition of shares in SMA Immo. It was not applicable in this case because this acquisition does not involve a business as defined in IFRS 3. Rather, this transaction concerns the acquisition of a group of assets. The costs of acquisition were allocated to the individually identifiable assets on the basis of their relevant fair values. There have been no significant effects on the net assets, financial position and results of operations of SMA Solar Technology AG.

The scope of consolidation as at June 30, 2011 was expanded compared to the scope as at December 31, 2010 due to the newly founded companies SMA Japan Kabushiki Kaisha (Tokyo) and SMA Solar Thailand Co. Ltd. (Bangkok). Both companies were 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 throughout the Group. More detailed information is provided in the Notes to the Consolidated Financial Statements as at December 31, 2010. As at June 30, 2011, the requirements of IFRS 3 concerning the acquisition of dtw Sp. z o. o. had not yet been met.

3. ACCOUNTING AND VALUATION POLICIES

There were no changes to the accounting and valuation policies in the present Interim Consolidated Financial Statements as at June 30, 2011 compared with the Consolidated Financial Statements of SMA Solar Technology AG as at December 31, 2010. A detailed description of these policies is published in the Notes to the Consolidated Financial Statements as at December 31, 2010.

The SMA Group has implemented all accounting standards that are to be applied mandatorily from the 2011 fiscal year in the preparation of the Interim Consolidated Financial Statements. This relates primarily to IAS 1 "Presentation of Financial Statements". The other standards to be applied initially in fiscal 2011 have no significant impact on the Interim Consolidated Financial Statements.

New accounting standards

The SMA Group has implemented all accounting standards that are to be applied mandatorily from the 2011 fiscal year in the preparation of the Consolidated Financial Statements.

This relates to:

- IFRS 1 First-Time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters (amendment)
- IAS 24 Related Party Disclosures (revision)
- IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (amendment)
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (amendment)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- Improvements to International Financial Reporting Standards (published 2010)

The standards to be applied initially in the fiscal year 2011 have no significant impact on the Interim Consolidated Financial Statements. The Consolidated Financial Statements as at December 31, 2010 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, 2010. Sales in the Photovoltaics Technology division are subject to fluctuations, i. a., because of discontinuous incentive programs.

The segment information pursuant to IFRS 8 is made up as follows for the second quarters of 2011 and 2010:

FINANCIAL RATIOS BY SEGMENTS AND REGIONS

Segment	Photovoltaics Technology			
	Medium Power Solutions		High Power Solutions	
	Q2 2011	Q2 2010	Q2 2011	Q2 2010
€ million				
External sales	333.7	389.7	114.0	79.2
Internal sales	18.8	18.2	3.3	5.7
Total sales	352.5	407.9	117.3	84.9
Depreciation and amortization	4.9	4.8	0.7	0.8
Operating profit (EBIT)	59.6	97.1	18.1	23.6
Sales by regions				
Germany	200.1	278.6	28.1	46.7
European Union	95.0	75.2	44.9	17.1
Third-party countries	52.1	52.3	41.1	16.4
Sales deductions	- 13.5	- 16.4	- 0.1	- 1.0
External sales	333.7	389.7	114.0	79.2

The segment information pursuant to IFRS 8 is made up as follows for the first half years of 2011 and 2010:

Segment	Photovoltaics Technology			
	Medium Power Solutions		High Power Solutions	
	Q1 - Q2 2011	Q1 - Q2 2010	Q1 - Q2 2011	Q1 - Q2 2010
€ million				
External sales	523.3	699.1	170.6	102.4
Internal sales	29.8	30.6	6.4	10.8
Total sales	553.1	729.7	177.0	113.2
Depreciation and amortization	9.3	8.5	1.3	1.4
Operating profit (EBIT)	59.9	185.4	31.0	24.7
Sales by regions				
Germany	278.7	484.6	34.0	56.8
European Union	164.5	148.4	71.2	27.5
Third-party countries	99.2	93.0	65.9	19.5
Sales deductions	- 19.1	- 26.9	- 0.5	- 1.4
External sales	523.3	699.1	170.6	102.4

Notes to the Condensed Interim Financial Statements as at June 30, 2011

Railway Technology		Electronics Manufacturing					
Railway Technology		Electronics Manufacturing		Reconciliation		Continuing operations	
Q2 2011	Q2 2010	Q2 2011	Q2 2010	Q2 2011	Q2 2010	Q2 2011	Q2 2010
7.9	6.5	3.5	1.1	0.0	0.0	459.1	476.5
1.8	3.5	113.2	100.0	- 137.1	- 127.4	0.0	0.0
9.7	10.0	116.7	101.1	- 137.1	- 127.4	459.1	476.5
0.1	0.1	1.0	1.3	5.0	0.3	11.7	7.3
0.8	0.6	6.3	6.6	5.2	- 0.4	90.0	127.5
2.4	2.3	2.2	1.1	0.0	0.0	232.8	328.7
4.0	2.3	0.0	0.0	0.0	0.0	143.9	94.6
1.5	1.9	1.3	0.0	0.0	0.0	96.0	70.6
0.0	0.0	0.0	0.0	0.0	0.0	- 13.6	- 17.4
7.9	6.5	3.5	1.1	0.0	0.0	459.1	476.5

Railway Technology		Electronics Manufacturing					
Railway Technology		Electronics Manufacturing		Reconciliation		Continuing operations	
Q1 - Q2 2011	Q1 - Q2 2010	Q1 - Q2 2011	Q1 - Q2 2010	Q1 - Q2 2011	Q1 - Q2 2010	Q1 - Q2 2011	Q1 - Q2 2010
15.4	12.1	5.7	2.2	0.0	0.0	715.0	815.8
4.1	7.7	178.9	180.7	- 219.2	- 229.8	0.0	0.0
19.5	19.8	184.6	182.9	- 219.2	- 229.8	715.0	815.8
0.2	0.2	2.0	2.3	9.3	0.5	22.1	12.9
1.5	1.1	9.4	12.8	1.9	- 4.1	103.7	219.9
4.5	3.9	3.6	2.1	0.0	0.0	320.8	547.4
8.1	4.4	0.0	0.1	0.0	0.0	243.8	180.4
2.8	3.8	2.1	0.0	0.0	0.0	170.0	116.3
0.0	0.0	0.0	0.0	0.0	0.0	- 19.6	- 28.3
15.4	12.1	5.7	2.2	0.0	0.0	715.0	815.8

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

	Q2 2011 € million	Q2 2010 € million	Q1 – Q2 2011 € million	Q1 – Q2 2010 € million
Total segment earnings (EBIT)	84.8	127.9	101.8	224.0
Eliminations	5.2	- 0.4	1.9	- 4.1
Consolidated operating profit (EBIT)	90.0	127.5	103.7	219.9
Financial result	1.0	- 0.2	2.0	0.2
Profit before income taxes	91.0	127.3	105.7	220.1

Circumstances are shown in the reconciliation which by definition are not part of the segments. In addition, unallocated parts of the Group head office, including cash and cash equivalents and owned buildings, are included therein, the expenses of which are assigned to the segments. Business relations between the segments are eliminated in the reconciliation.

Segment assets as at June 30, 2011 increased as against the reporting date of the last Consolidated Financial Statements (December 31, 2010) by € 88.3 million in the Medium Power Solutions segment, by € 20.1 million in the High Power Solutions segment and by € 14.8 million in the Electronics Manufacturing segment.

In the reconciliations as at June 30, 2011, segment assets increased by € 44.6 million compared to December 31, 2010.

SELECTED NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME SMA GROUP



5. COST OF SALES

	Q1 - Q2 2011 € '000	Q1 - Q2 2010 € '000
Material expenses	384,328	352,037
Personnel expenses	82,682	84,887
Depreciation	19,728	8,985
Other	20,107	62,550
	506,845	508,459

Cost of sales include, as direct costs, the product-related material expenses as well as all other expenses for the areas of production, purchasing and service as well as facility management and IT. Due to shifts in the product mix, material expenses increased by 9.2 % in the period under review on a year-on-year basis. The increase in material expenses was partially compensated by the reduction of the variable employee gratification as well as the reduced expenses for temporary employees. The depreciation development is in particular marked by the investments in buildings and machinery during the last twelve months. The change of the other expenses basically results from the lower provisions for distribution service obligations and a reduction of the freight and shipping costs on a year-on-year basis. Furthermore, the expenses for the facility management and IT areas contain proportionate costs according to their utilization as of the beginning of the year. This change results in a relief of the other expenses in the period under review.

6. SELLING EXPENSES

	Q1 - Q2 2011 € '000	Q1 - Q2 2010 € '000
Material expenses	361	384
Personnel expenses	15,205	15,822
Depreciation	217	657
Other	12,910	9,156
	28,693	26,019

Selling expenses include expenditure for global sales activities, internal sales departments and marketing. On a year-on-year basis, SMA systematically expanded its global distribution and marketing structures to benefit from the worldwide developments in the photovoltaics markets. Despite an increased number of employees, personnel expenses were reduced by € 0.6 million. This development is mainly due to the reduced variable employee gratification. The reduction of depreciations is caused by the changes in the apportionment procedure.

The other expenses contain proportional costs for facility management and IT. The increase is mainly attributable to the growing global marketing activities. SMA supports solar power professionals in the distribution of PV plants with specific marketing measures, thereby influencing the decision-making process.

7. RESEARCH AND DEVELOPMENT EXPENSES

	Q1 – Q2 2011 € '000	Q1 – Q2 2010 € '000
Material expenses	2,069	1,205
Personnel expenses	28,553	31,531
Depreciation	1,915	2,108
Other	12,054	6,985
	44,591	41,829
Capitalized development projects	- 4,761	- 7,423
	39,830	34,406

Research and development expenses include all costs that may be attributed to the areas of product development, development-related testing and product management. In order to strengthen its technology leadership even further, SMA systematically expanded the development department. The decrease of personnel expenses is mainly due to reduced variable employee gratification. The reduction of depreciations is also caused by the changes in the apportionment procedure. The other expenses contain proportional costs for facility management and IT. The increase is mainly attributable to outsourced development services. SMA works systematically with development cooperations to reduce development times.

8. GENERAL ADMINISTRATIVE EXPENSES

	Q1 – Q2 2011 € '000	Q1 – Q2 2010 € '000
Material expenses	64	55
Personnel expenses	19,728	17,714
Depreciation	303	1,105
Other	12,060	1,360
	32,155	20,234

Administrative expenses include expenses for the Managing Board, for quality management as well as for the accounting, controlling, legal and compliance areas. In view of the future growth, SMA systematically expanded the finance and human resources departments. Therefore, personnel expenses increased by € 2.7 million. The reduction of depreciations is caused by the changes in the apportionment procedure. The change in other expenses mainly results from the adjustment of the apportionment procedure as well as the realization of strategically important projects.

9. OTHER OPERATING INCOME / OTHER OPERATING EXPENSES

Other operating income mainly comprises income from foreign currency valuation and non-operating income, for example, from assets classified as “at fair value through profit or loss”.

Other expenses include, in particular, expenses incurred from foreign currency valuation, impairment losses on receivables and inventories, expenses for the disposal of tangible assets as well as for assets classified as “at fair value through profit or loss”.

10. BENEFITS TO EMPLOYEES AND TEMPORARY EMPLOYEES

	Q1 - Q2 2011	Q1 - Q2 2010
	€ '000	€ '000
Wages and salaries	109,126	104,904
Expenses for temporary employees	20,955	30,666
Social security contribution and welfare payments	16,087	14,386
	146,168	149,956

In the first six months of the year, SMA took on 662 new employees (incl. temporary employees). The moderate increase in salaries and wages by 4 % on a year-on-year basis is attributable to a lower variable compensation. SMA bases the variable compensation on the earnings before taxes. In addition, significantly fewer temporary employees were deployed in the period under review than in the record year 2010. This development is also reflected in the expenses for temporary employees.

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The average number of employees in the Group amounted to:

	Q1 – Q2 2011	Q1 – Q2 2010
Research and Development	820	620
Production and Service	2,602	1,817
Sales	431	326
Administration	445	269
	4,298	3,059
Trainees and interns	413	334
Temporary employees	1,211	1,632
	5,922	5,025

During the period under review, the employees of the facility management and IT departments have been regrouped from administration to production and service. For reasons of comparability, previous year's figures were adjusted accordingly.

11. FINANCIAL RESULT

	Q1 – Q2 2011 € '000	Q1 – Q2 2010 € '000
Interest income	2,874	1,201
Other financial income	267	15
Financial income	3,141	1,216
Interest expenses	516	366
Other financial expenses	62	34
Interest share from valuation	512	638
Financial expenses	1,090	1,038
Financial result	2,051	178

The average of freely available funds increased from approx. € 350 million to approx. € 450 million on a year-on-year basis. At the same time, the average interest rate of the monetary investments rose from approx. 0.8 % to approx. 1.15 %.

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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, excluding the portion attributable to non-controlling interests. Since there are no shares held by the Company on the reporting date nor are there any other special cases, the number of ordinary shares issued equates to 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 € 1.82 per share, for the period from April 1 to June 30, 2011 and earnings of € 2.12 per share for the period from January 1 to June 30, 2011, each on the basis of 34.7 million shares. 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.

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



SELECTED NOTES TO THE BALANCE SHEET SMA GROUP

13. INTANGIBLE ASSETS

	06/30/2011 € '000	12/31/2010 € '000
Software	9,541	8,393
Development projects	24,022	19,849
Prepayments	1,900	1,000
	35,463	29,242

The additions to the development projects reflect the intensified development activities to secure the SMA Group's technology leadership. The additions to software result, among other things, from the purchase of software licenses for the growth-related expansion of the ERP system.

14. FIXED ASSETS

	06/30/2011 € '000	12/31/2010 € '000
Land and buildings incl. buildings on third-party property	120,910	114,180
Technical equipment and machinery	33,119	34,706
Other equipment, fixtures and furniture	80,643	77,252
Prepayments	75,404	42,369
	310,076	268,507

The addition to premises and buildings is in particular attributable to the expansion of the parking garage and leasehold alterations and improvements of the buildings.

The prepayments as at June 30, 2011 include investments for the expansion of the site at Sandershäuser Berg and for the construction of office buildings amounting to € 23.9 million.

15. INVENTORIES

	06/30/2011 € '000	12/31/2010 € '000
Raw materials, consumables and supplies	180,055	148,548
Unfinished goods, work in progress	26,822	17,895
Finished goods and goods for resale	77,028	71,091
Prepayments	1,320	304
	285,225	237,838

Inventories are measured at the lower value of acquisition or production costs and net realizable value. As of the 2010 fiscal year, SMA specifically started to build up inventories of raw materials, consumables and supplies to guarantee a high delivery capacity. The finished goods mainly concern Sunny Central inverters, produced basically for projects whose realization had been postponed. The change in the impairment on inventories, included under expenses as production costs, amounts to € 2.5 million (Q1–Q2 2010: € 0.2 million).

16. OTHER FINANCIAL ASSETS

As at June 30, 2011, other current financial assets include in particular time deposits amounting to € 20.0 million (December 31, 2010: € 190.0 million) with a term to maturity of over three months and financial assets amounting to € 174.5 million as well as accrued interest. The other non-current financial assets include a rent deposit for a building in the USA amounting to USD 2.5 million (December 31, 2010: USD 5.0 million).

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 26, 2011, the General Meeting of SMA Solar Technology AG passed a resolution to distribute a dividend for the fiscal year 2010 amounting to € 104.1 million (€ 3.00 per qualifying bearer share).

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Selected Notes to the Balance Sheet SMA Group

18. OTHER PROVISIONS

Other provisions account for all discernible risks and all contingent liabilities on the balance sheet date and break down as follows:

	06/30/2011 € '000	12/31/2010 € '000
Warranties	135,288	118,091
Other obligations deriving from sales transactions	18,375	44,342
Other	6,942	4,904
	160,605	167,337

Warranty provisions consist of general warranty obligations (periods of between five and ten years) for the various product areas within the Group. In addition, provisions are set aside for individual cases, which are used in the following year.

The other distribution service provisions contain several claims made in delivery contracts, which are set up in the amount of the expected claims. The reduction compared to December 31, 2010 mainly comprises of the release of provisions and lead to a corresponding improvement of results. The other provisions contain mainly provisions for long-service anniversaries, death benefits and partial retirement as well as service contributions.

19. FINANCIAL LIABILITIES

	06/30/2011 € '000	12/31/2010 € '000
Finance lease liabilities	4	10
Liabilities towards credit institutions	19,976	20,655
Derivative financial liabilities	434	535
	20,414	21,200

The liabilities towards credit institutions were incurred for the financing of SMA Immo's properties and have an average time to maturity of eleven years.

Derivative financial liabilities consist of interest derivatives related to the financing of SMA Immo.

20. OTHER FINANCIAL LIABILITIES

	06/30/2011 € '000	12/31/2010 € '000
Liabilities Human Resources department	46,108	99,468
Liabilities Sales department	15,238	32,699
Other	1,231	1,112
	62,577	133,279

Liabilities in the Human Resources area contain obligations towards employees regarding performance-based bonuses, positive vacation and flexitime balances as well as variable salary components and contributions to the workers' compensation association. The reduction of this amount is mainly due to a lower profitability in the current fiscal year. The liabilities in the Sales area primarily contain liabilities towards customers from advance payments received and bonus agreements.

21. OTHER LIABILITIES

	06/30/2011 € '000	12/31/2010 € '000
Deferred income for extended guarantees	64,922	53,397
Liabilities from prepayments received	21,320	19,661
Liabilities due to tax authorities	2,654	3,116
Liabilities from subsidies received	1,429	1,524
Other	434	210
	90,759	77,908

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. The total amount of retransfer of government grants is stated under other operating income.

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22. FINANCIAL INSTRUMENTS

As at June 30, 2011, 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 has resulted in the initial recognition of interest derivatives in fiscal 2010. SMA Immo 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.

As at June 30, 2011, there were fund shares (amounting to € 50.2 million) which were classified as held for trading, and interest-bearing securities classified as available for sale amounting to € 98.8 million. In addition, there was a security held to maturity of € 25.5 million.

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".

23. NET CASH FLOW FROM OPERATING ACTIVITIES

The gross cash flow amounting to € 65.3 million (previous year: € 226.4 million) shows the operating income prior to any commitment of funds.

Net cash flow from operating activities decreased in fiscal 2011 to € –39.3 million (previous year: € 133.8 million). The decrease is mainly attributable to the year-on-year lower gross cash flow (€ –161.1 million) and the development of the net working capital.

The increase in net working capital results primarily from a targeted increase in the raw material stocks of critical components and the business-related increase in finished goods. Inventories increased on a year-on-year basis by a gross amount of € 49.9 million to a total of € 285.2 million. The changes in the other net assets were particularly caused by the payment of variable salary components to employees and bonus agreements with clients.

24. NET CASH FLOW FROM INVESTING ACTIVITIES

The net cash flow from investing activities is reduced to € –75.9 million after a result of € –147.3 million in the same period last year. The outflow of funds due to investments in fixed assets and intangible assets amounted to € 71.7 million (previous year: € 75.0 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 in fiscal 2010 amounted to € 1.4 million. In addition, short-term financial liabilities on current accounts amounting to € 1.1 million were assumed following the acquisition.

25. NET CASH FLOW FROM FINANCING ACTIVITIES

The net cash flow from financing activities includes the dividend payment of SMA Solar Technology AG and the redemption of credit liabilities of SMA Immo in the period under review.

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Notes to the Statements of Cash Flows of SMA Group

26. CASH AND CASH EQUIVALENTS

The cash and cash equivalents amounting to € 133.7 million (December 31, 2010: € 354.1 million) include cash in hand, bank balances and short-term deposits with an original term to maturity of less than three months. Together with the time deposits with a term to maturity of more than three months and other financial assets, this results in financial resources amounting to € 328.2 million (December 31, 2010: € 544.1 million).

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OTHER DISCLOSURES

27. EVENTS AFTER THE BALANCE SHEET DATE

On July 13, 2011, the Federal Cartel Office unconditionally approved of the acquisition of dtw Sp. z o. o. by SMA. The Supervisory Board approved of the transaction by circulation. All conditions of the purchase contract signed on June 14, 2011 are therefore fulfilled. The transaction has been completed on August 1, 2011.

There were no significant events on or after the reporting date other than those presented in or recognizable from the statements in the Notes to the Consolidated Financial Statements.

28. RELATED PARTY DISCLOSURES

There were no significant changes in respect of related parties as against December 31, 2010. The scope of transactions with team-time GmbH in the first half year of the current year was identical to the previous extent.

Niestetal, August 5, 2011

SMA Solar Technology AG
The Managing Board

Jürgen Dolle Roland Grebe

Uwe Hertel Pierre-Pascal Urbon Marko Werner

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Responsibility Statement

RESPONSIBILITY STATEMENT

We assure to the best of our knowledge that, in accordance with the applicable accounting standards for interim financial reporting, the Consolidated Interim Financial Statements give a fair view of the net assets, financial position and results of operations of the Group and that the Consolidated Interim Management Report gives a fair view of the course of business including the results of operations and the Group's position and describes the fundamental opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Niestetal, August 5, 2011

SMA Solar Technology AG
The Managing Board

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 Income Statement, the Condensed Statement of Comprehensive Income, Condensed Balance Sheet, Condensed Statement of Changes in Equity, Condensed Statements of Cash Flows and Selected Explanatory Notes – together with the Interim Group Management Report of SMA Solar Technology AG, Niestetal, for the period from January 1, 2011 to June 30, 2011, which are components of the Half-Yearly Financial Report pursuant to Section 37x (2) of the German Securities Trading Act (WpHG). The preparation of the Condensed Interim Consolidated Financial Statements in accordance with the International Financial Reporting Standards (IFRS) 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 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 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 5, 2011

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 12, 2011. 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”, “projects” 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 (incl. 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 2011

AUGUST 12, 2011 Publication of the Half-Yearly Financial Report January to June 2011,
Analyst Conference Call: 9:00 a. m. CET

SEPTEMBER 15, 2011 Capital Markets Day

NOVEMBER 11, 2011 Publication of the Quarterly Financial Report January to September 2011,
Analyst Conference Call: 9:00 a. m. CET

MAY 22, 2012 Annual General Meeting, Kassel, Kongress Palais

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