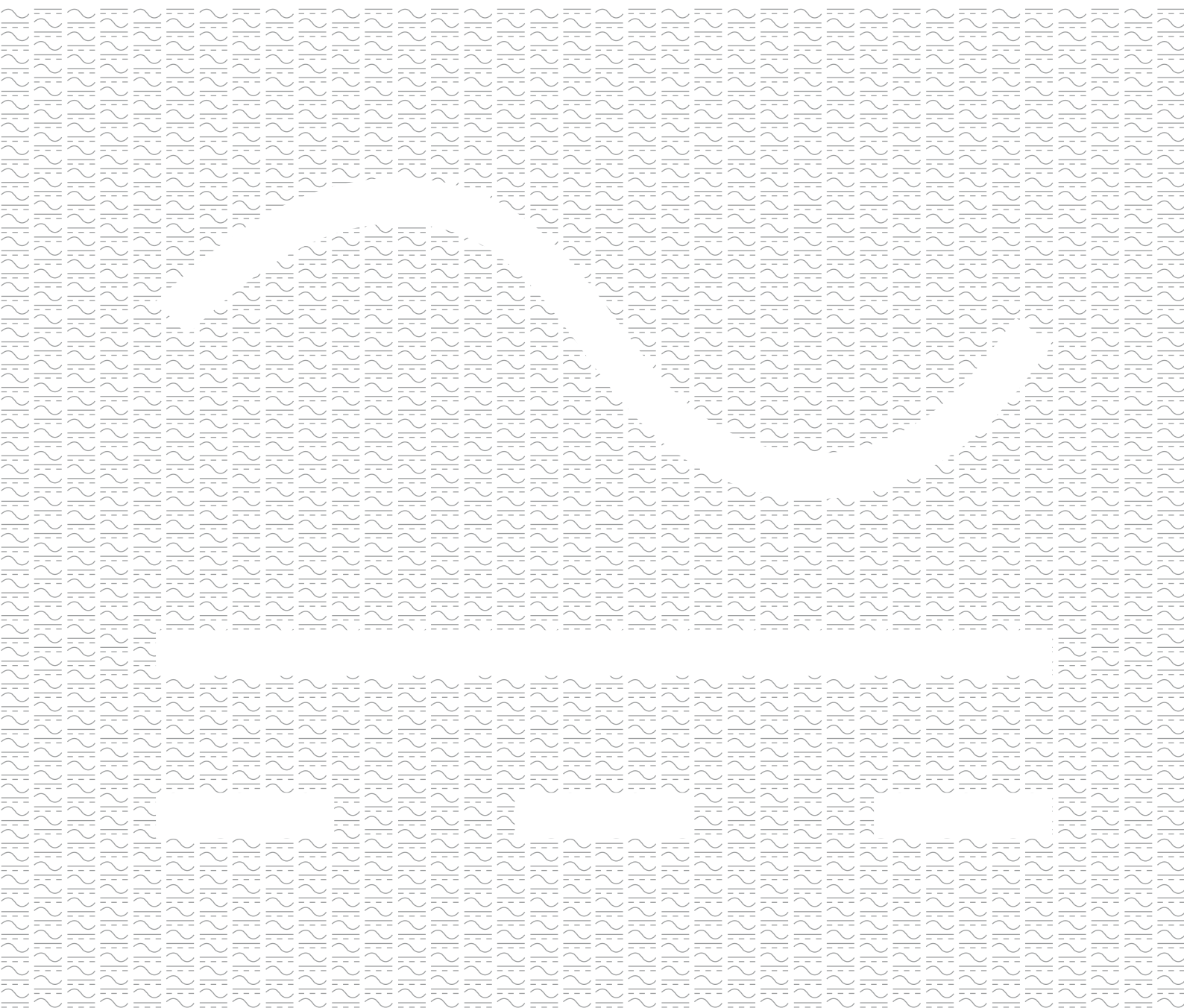


ENERGY  
THAT  
CHANGES



# Quarterly Financial Report January to March 2012



## SMA AT A GLANCE

SMA Group		Q1 2012	Q1 2011	Change	Year 2011
Sales	€ million	405.0	255.9	58%	1,676.3
Export ratio	%	61.2	66.4		53.6
Inverter output sold	MW	1,885	1,019	85%	7,591
Capital expenditure <sup>1</sup>	€ million	27.1	35.2	-23%	161.3
Depreciations	€ million	14.5	10.4	39%	50.4
Operating profit (EBIT)	€ million	42.8	13.7	212%	240.3
EBIT margin	%	10.6	5.4		14.3
Consolidated net profit	€ million	29.6	10.3	187%	166.1
Earnings per share <sup>2</sup>	€	0.85	0.30		4.79
Employees <sup>3</sup>		6,699	5,735	17%	6,366
in Germany		5,394	5,246	3%	5,568
abroad		1,305	489	167%	798

SMA Group		03/31/2012	12/31/2011	Change
Total assets	€ million	1,414.7	1,374.3	3%
Equity	€ million	821.5	789.3	4%
Equity ratio	%	58.1	57.4	
Net working capital <sup>4</sup>	€ million	314.9	281.7	12%
Net working capital ratio <sup>5</sup>	%	17.3	16.8	
Net Cash	€ million	468.7	473.3	-1%

<sup>1</sup> Excluding finance leases

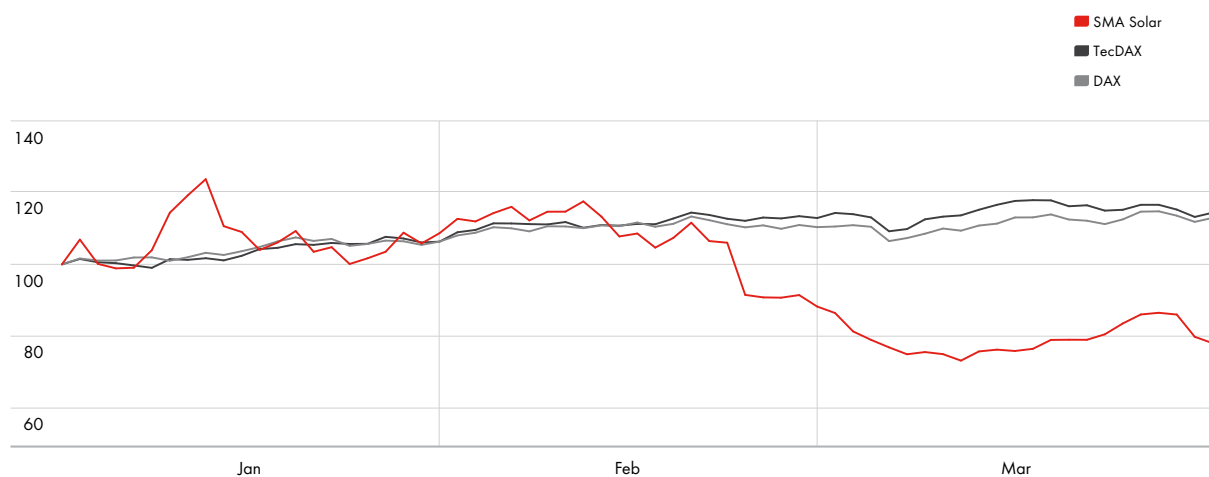
<sup>2</sup> Converted to 34,700,000 shares

<sup>3</sup> Average during the period; incl. temporary employees

<sup>4</sup> Inventories and trade receivable minus trade payables

<sup>5</sup> Relating to the last 12 months (LTM)

### Performance of the SMA Share Q1 2012 in %, rebased to 100 points



# CONTENTS QUARTERLY FINANCIAL REPORT

## **2 The Share**

## **8 Interim Management Report**

10	Economic Conditions
12	Results of Operations, Financial Position and Net Assets
17	Capital Expenditure
17	Research and Development
20	Employees
21	Supplementary Report
21	Risk and Opportunities Report
21	Forecast Report

## **26 Interim Consolidated Financial Statements**

30	Consolidated Income Statement SMA Group
30	Statement of Comprehensive Income SMA Group
31	Consolidated Balance Sheet SMA Group
32	Consolidated Statement of Cash Flows SMA Group
33	Statement of Changes in Equity SMA Group
34	Notes to the Condensed Interim Financial Statements as of March 31, 2012
38	Selected Notes to the Consolidated Income Statement SMA Group
41	Selected Notes to the Balance Sheet SMA Group
44	Notes to the Statement of Cash Flows SMA Group
45	Other Disclosures
46	Auditor's Review Report

## **47 Other Information**

47	Disclaimer
48	Financial Calendar 2012, Imprint, Contact

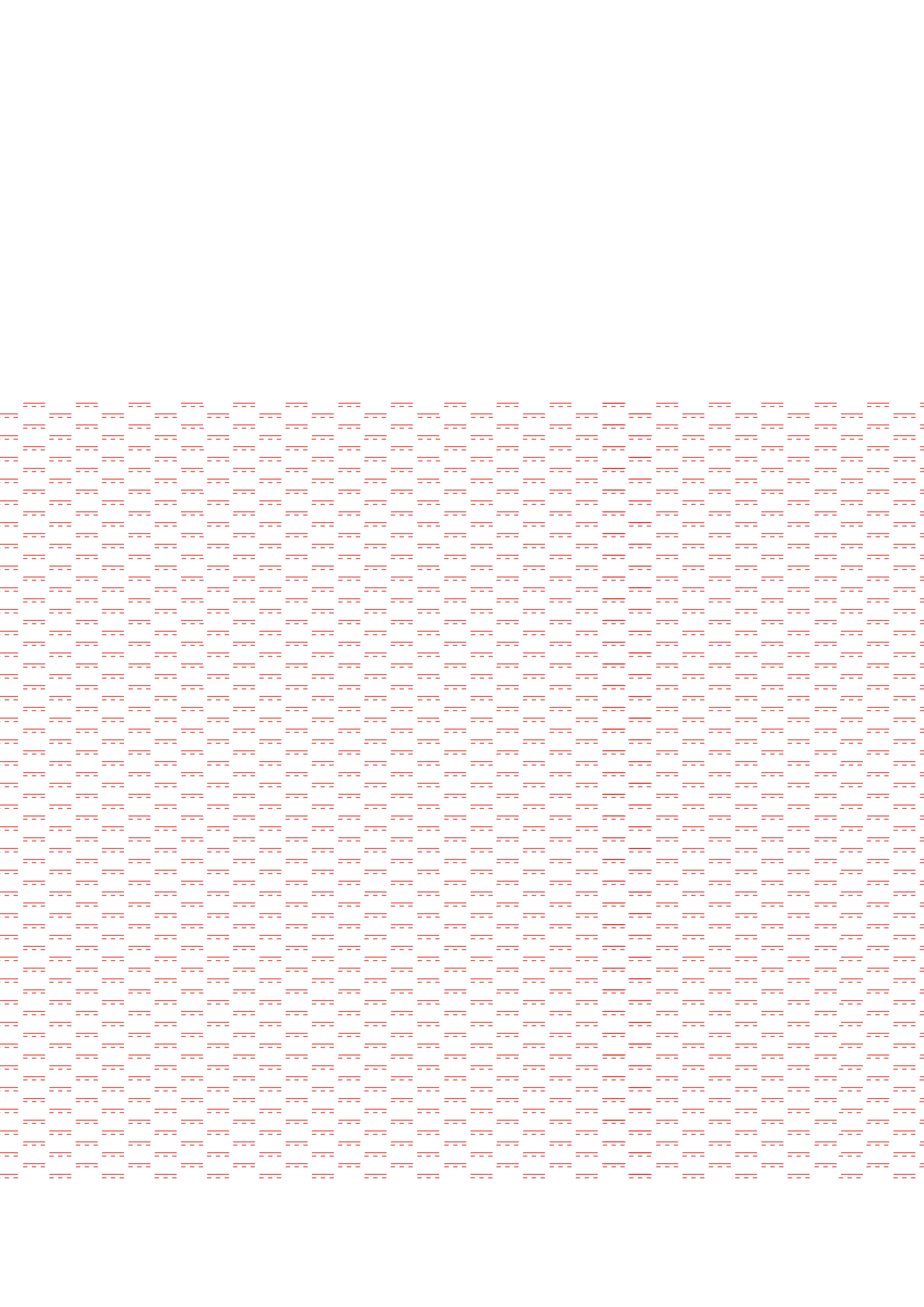
# THE SHARE

## Quarterly Financial Report January to March 2012 – Facts to our Share

**1.30** Euro Dividend Proposal

**33.8** Percent Pay Out Ratio

**€ 1.179** Billion Market Capitalization



# THE SHARE

## POSITIVE DEVELOPMENT ON THE LEADING GERMAN STOCK MARKETS IN THE FIRST QUARTER OF 2012

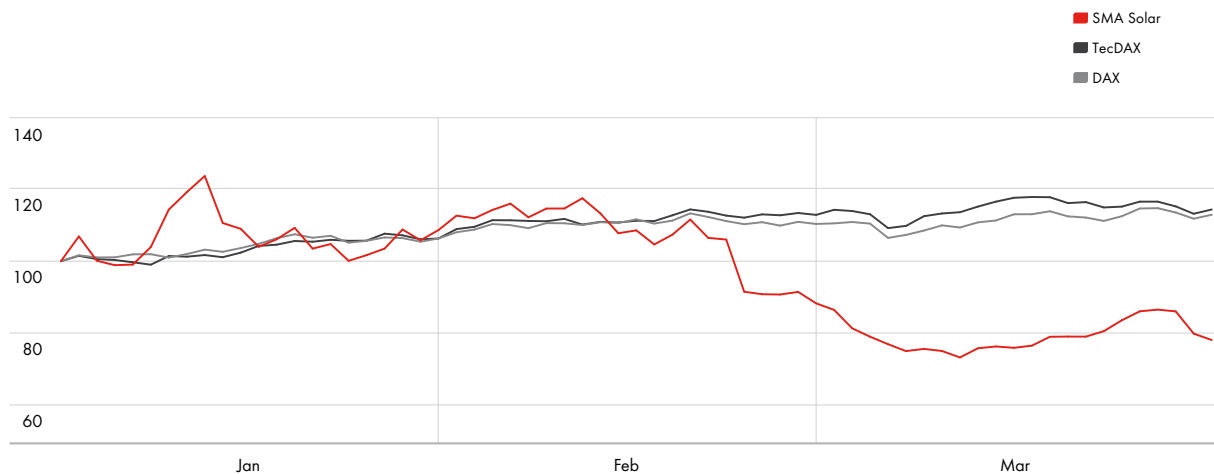
In the first quarter of 2012, the performance of the stock market indices was influenced by the U.S. economy and the EU debt crisis.

The DAX began the year successfully and exceeded the 6,500 point mark for the first time since the beginning of August 2011 on January 26, 2012. It reached its highest

point of the quarter on March 16, 2012 at 7,157.82 points. With a closing price of 6,946.83 points (March 31, 2012), the DAX posted a price increase of 18% compared to the figure at the start of the year.

A similar path was followed by the TecDAX, the leading index for German technology companies in which SMA and other major solar shares are represented. Positive economic data from the U.S., Germany and China and low interest rates in Germany had a positive influence on the performance of the TecDAX. On March 27, 2012, it exceeded the 800 point mark and reached its quarterly high at 802.61 points. At the end of the quarter, the index closed with growth of around 13% at 789.87 points (March 31, 2012).

Performance of the SMA Share Q1 2012 in %, rebased to 100 points



In comparison to the price performance of other solar shares, SMA maintained its position well due to its unique selling propositions, good market position and solid financing.

**Basic data**

Security identification number	A0DJ6J
ISIN	DE000A0DJ6J0
Stock market symbol	S92
Reuters	S92G.DE
Bloomberg	S92 GR
Listing	Prime Standard of Frankfurt Stock Exchange
Initial public offering	June 27, 2008
Share class	No-par value ordinary bearer shares
Share capital	€ 34.7 million
Number of shares	34.7 million
Index	TecDAX, ÖkoDAX, CDAX, Prime All Share

## PLANNED CUTS IN SOLAR SUBSIDIES INFLUENCE THE DEVELOPMENT OF SMA SHARE PRICE

SMA shares began 2012 at a price of € 43.48 (January 2, 2012, closing price Xetra trading platform). Speculation about the effects of the unexpectedly high level of registration of PV plants in Germany drove the price to € 53.75 (January 12, 2012). With the publication of the preliminary figures for fiscal year 2011, the SMA price stabilized between € 45 and € 51.

The announcement of the drastic and earlier cut to solar subsidies in Germany caused the price of the SMA share to drop more than 13% to € 39.80 on February 23, 2012. Following an analysis of the impact of the proposed changes on SMA's sales and earnings situation, the SMA Managing Board published a forecast for the current fiscal year for the first time on March 2, 2012. According to this forecast, the SMA Managing Board anticipates a decline in sales to between € 1.2 billion and € 1.5 billion with an EBIT margin of between 5% and 10%. Once the outlook was released, the SMA share fell by around 10% to € 35.40 (closing price Xetra trading platform). Over the next few days, the price dropped further and reached its quarterly low of € 31.88 on March 12, 2012 (closing price Xetra trading platform).

Sentiment on the stock markets improved in expectation of positive quarterly figures. The SMA price rose again in the second half of March to above € 37 (€ 37.65 Xetra closing price on March 28, 2012). On March 29, 2012, SMA published the final figures for fiscal year 2011 and confirmed its outlook for 2012 dated March 2, 2012. Consequently, the price again lost ground and closed the quarter on March 30, 2012 at € 33.98 (closing price Xetra trading platform). This equates to a minus of more than 20% against the price at the start of the year. In comparison to the price performance of other solar shares, SMA maintained its position well due to its unique selling propositions, good market position and solid financing.

## SHAREHOLDER STRUCTURE AND COVERAGE FOR THE SMA SHARE

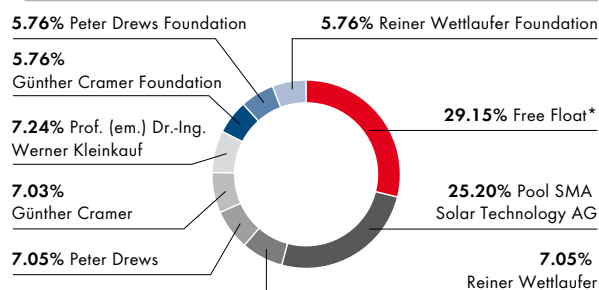
The shareholder structure was unchanged in the reporting period. 29.15% of the shares are in free float and 25.20% are bundled in a pooling agreement. Approximately 28% of the shares are held by the founders of SMA Solar Technology Günther Cramer, Peter Drews, Reiner Wettlaufer and Prof. (em.) Dr.-Ing. Werner Kleinkauf. The first three of those named hold voting rights as sole Managing Board members for their foundations with a further approximately 17% of the shares.

As market leader for PV inverters, SMA is of great interest to analysts who assess the company, even in a difficult market environment. In total, the SMA share is being tracked and valued by 23 analysts.

### Research-Coverage

Institution	Name
Bank of America/Merrill Lynch	Claus Roller
Barclays Capital	Rupesh Madlani
Bryan, Garnier & Co	Julien Desmaretz
Citi	Jason Channell
Commerzbank	Lauren Licuanan
Deutsche Bank	Alexander Karnick
DZ Bank	Sven Kürten
Equinet Bank	Stefan Freudenreich
Goldman Sachs Group	Stephen Benson
HSBC Trinkaus & Burkhardt	Christian Rath
Independent Research	Sven Diermeier
Jefferies	Jesse Pichel
Landesbank Baden-Württemberg	Erkan Aycicek
Macquarie Group	Robert Schramm-Fuchs
Main First	Andreas Thielen/Hüseyin Özkaya
Metzler	Daniel Seidenspinner
Morgan Stanley	Allen Wells
Natureo Finance	Ingo Queiser
Steubing	Alla Gorelova
Sylvia Quandt Research	Sebastian Zank
UBS	Jean-Francois Meymandi
Warburg Research	Christopher Rodler
West LB	Peter Wirtz

### Shareholder structure in %




\*Free Float calculated according to guidelines for stock indices of Deutsche Börse


## PRESS CONFERENCE ON THE ANNUAL RESULTS ON MARCH 29, 2012

Pierre-Pascal Urban, Speaker of the Managing Board and CFO of SMA, gave an overview of the current development of the photovoltaics markets and of the impact of the subsidy cuts in Germany and Italy at the press conference on annual results on March 29, 2012 in Frankfurt am Main. He also announced the results for fiscal year 2011 and confirmed the forecast for fiscal year 2012 published in March 2012. An analyst conference call was held on the same day.

## ANNUAL GENERAL MEETING

SMA's Annual General Meeting is being held on May 22, 2012 in Kassel. All information and documents are available on the website at [www.SMA.de/Hauptversammlung](http://www.SMA.de/Hauptversammlung).  For fiscal year 2011, the SMA Managing Board and Supervisory Board are proposing a dividend payment of € 1.30 per share to the Annual General Meeting (2011: € 3.00 per share). The pay out ratio of 33.8% is the highest since the initial public offering in 2008.

## INVESTOR RELATIONS – COMMUNICATION WITH THE CAPITAL MARKET

Credibility, transparency and up-to-dateness characterize our communication culture and investor-oriented information policy. We therefore maintain regular dialog with the capital market. Our Investor Relations website [www.IR.SMA.de](http://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 March 2012, Pierre-Pascal Urbon, CEO and CFO, contacted the shareholders by video message to announce the publication of the Annual Report 2011, and provided an outlook for fiscal year 2012 in a second video message.

In the first quarter of 2012, the Managing Board and the Investor Relations team participated in an investor conference in Frankfurt. Key topics included SMA's unique selling points, technological approaches to cost reduction, SMA's product innovations and major trends in the solar industry in 2012. In addition, around 50 teleconferences were held with analysts and investors in the first quarter of 2012.

In the second quarter of 2012, SMA will take part in an investor conference in Frankfurt in May. In June, Capital Markets Day will be held at Intersolar 2012 in Munich, the largest photovoltaics trade fair, for the first time. Alongside the management presentation and a discussion panel, attendees have the opportunity to inform themselves directly about the key issue of energy management as well as new products at the SMA booth.

In 2012, the Investor Relations team will focus its activities on major conferences and limit road shows to the financial centers Frankfurt, London and Zurich. Furthermore, use of new media as a channel for the shareholders' information will be intensified.

# INTERIM MANAGEMENT REPORT

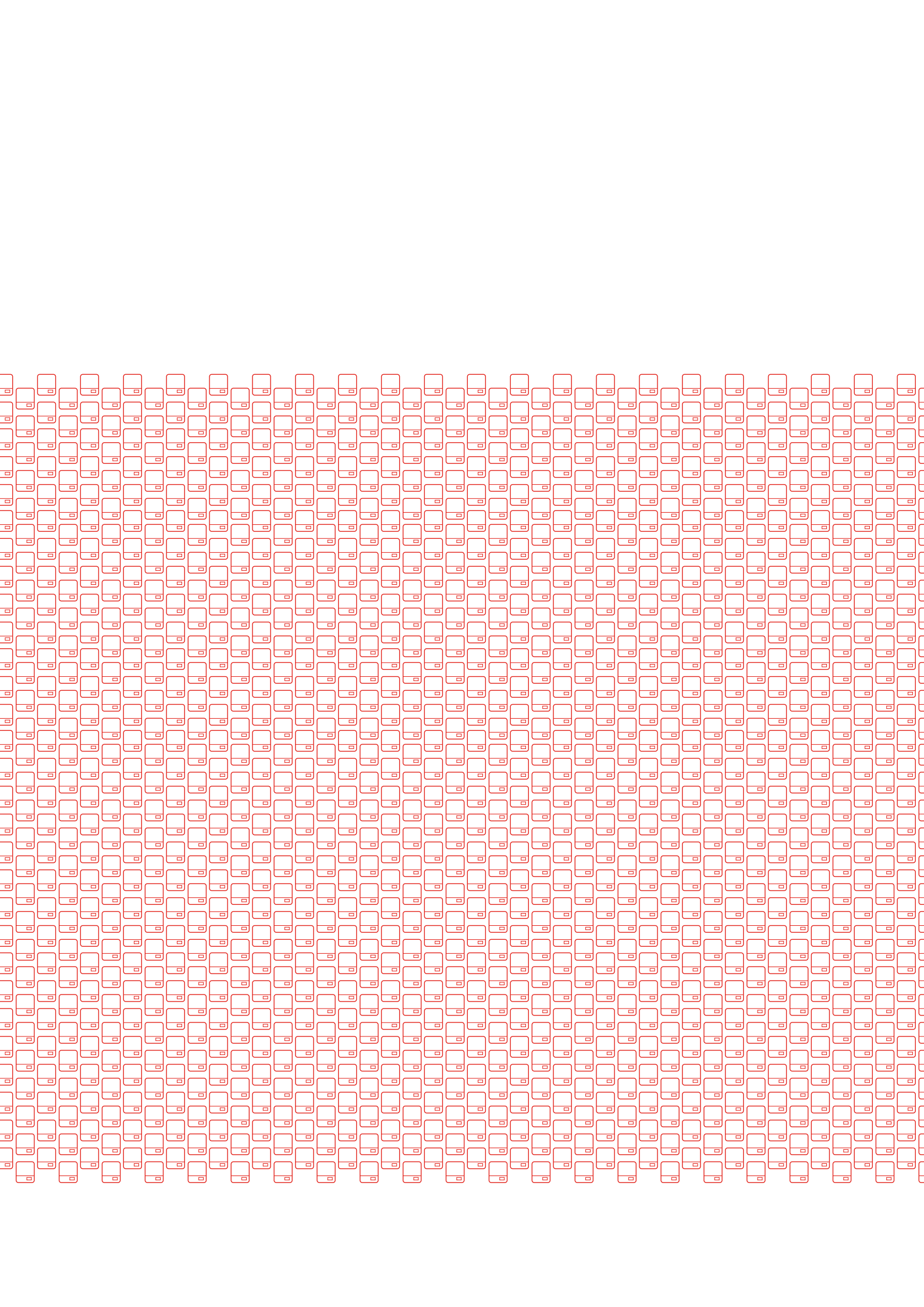
## Quarterly Financial Report January to March 2012 – Sales Forecast Slightly Exceeded

**1.9** Gigawatts Inverter Output Sold

**€ 0.4** Billion Sales

**€ 42.8** Million EBIT

**€ 468.7** Million Net Cash



# INTERIM MANAGEMENT REPORT JANUARY TO MARCH 2012

## ECONOMIC CONDITIONS

### GENERAL ECONOMIC CONDITIONS

#### Global Economic Recovery Continues in the First Quarter of 2012

In the first quarter of 2012, the global economy was characterized by recovery. In its outlook for the global economy of April 2012, the International Monetary Fund therefore made a slight upward revision to its forecast for global growth. There was a moderate upturn in the economy in the U.S. in the first quarter of 2012, and the IMF viewed Europe's decisive handling of the euro crisis favorably.

The IMF is showing muted optimism for further development, but points to potential dangers due to the euro debt crisis and a possible conflict with Iran, which could drive up the price of oil. The IMF expects the global economy to grow 3.5% this year, 0.2% more than anticipated just a few months ago. The global economy will then grow by 4.1% in 2013 according to the IMF.

In the first three months of 2012, the German economy was characterized by a considerably more dynamic development than other European countries. This development was primarily driven by comparatively strong domestic demand. The Ifo Business Climate Index also continued to rise after the end of the reporting period in April 2012, and thus for the sixth month in a row.

## ECONOMIC CONDITIONS IN THE SECTOR

#### Changes in Subsidy Conditions for Photovoltaics in Important Markets

The first quarter of 2012 was influenced significantly by developments relating to reductions of solar subsidies in Europe. On February 23, 2012, the Federal Ministries for Environment and Economics presented their joint proposal for the future organization of solar subsidies in Germany. The changes provide for a radical cut in solar subsidies with the expansion target of 2.5 GW to 3.5 GW. According to the Federal Ministries' proposal, only three subsidy categories would remain. Electricity from small rooftop systems up to 10 kW is to be remunerated at 19.5 eurocents per kilowatt hour, systems up to 1 MW at 16.5 eurocents and large rooftop and ground-based plants up to 10 MW at 13.5 eurocents. There will be an additional monthly cut of 0.15 eurocents per kilowatt hour from May 2012. For new plants below 1 MW, a "market integration model" is added to the Renewable Energy Sources Act (EEG). This will make only a certain percentage of the electricity generated in a system eligible for compensation. It amounts to only 80% for small PV plants and 90% for larger ones. In addition, the bonus for self-consumption will be dropped. The Bundestag approved the draft on March 29, 2012. Whether the proposal will be accepted unchanged will be decided on May 11, 2012 by the Federal Council. The resolutions will then apply with retroactive effect from April 1, 2012.

The SMA Managing Board estimates that the proposed changes would have serious effects on the solar sector in Germany. The heavily lowered feed-in tariff is expected to negatively impact demand for medium-sized and large PV plants. Due to pull-forward effects, the consequences of the change to the conditions will not become apparent until the second half of the year.

10	Economic Conditions
12	Results of Operations, Financial Position and Net Assets
17	Capital Expenditure
17	Research and Development
20	Employees
21	Supplementary Report
21	Risks and Opportunities Report
21	Forecast Report

Solar subsidies have also been drastically changed in other European countries. For example, in January 2012, the Spanish government resolved to suspend subsidies for all renewable energies until further notice due to its high budget deficit (moratorium).

Far-reaching reforms of photovoltaics subsidies have also been announced/carried out in Italy. Support for PV plants on agricultural land with a capacity of more than 1 MW was suspended in January 2012. In addition, a cut to the feed-in tariff of between 30% and 35% was announced. Subsidies are also to be stopped once they reach € 6.5 billion. The SMA Managing Board expects that Italy will reach € 6.0 billion in fall 2012 at the latest. Subsequently, the new "Conto Energia 5" incentive program will come into force, under which a further € 500 million of solar subsidies will be distributed evenly until mid-2015. However, a market for unsubsidized solar projects could arise due to the high level of solar irradiation and energy demand in Italy. This market development depends on the production costs for solar power, the expansion of the distribution grids and the financing terms and conditions.

In view of the changes in the political conditions for photovoltaics in Europe, the SMA Managing Board expects major growth impulses to originate from North America and Asia.

## IMPACT OF GENERAL CONDITIONS ON BUSINESS DEVELOPMENT

### The Managing Board Confirms Sales and Earnings Targets for 2012

SMA is the world market leader for PV inverters and is now represented with its own companies in 20 countries. The range of products, which has won many awards, includes

both PV inverters for rooftop systems and large-scale solar projects as well as monitoring and energy management systems for PV plants. 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 respond quickly to fluctuations in demand.

The first quarter of 2012 was influenced both by catch-up effects and pull-forward effects. The catch-up effects result mainly from the high level of the so-called commercial commissioning in Germany in the fourth quarter of 2011. Due to our customers' low inventory levels, the greatest part of these plant registrations could not be processed until the first quarter. Demand in the first quarter of 2012 was also driven by good general economic conditions with low interest rates and good weather conditions. From February 2012, the ongoing discussion about further solar subsidy cuts resulted in pull-forward effects. The demand brought forward related primarily to the segment of PV rooftop systems with a minimal planning stage. In contrast, negative development has been posted in large-scale solar projects, because plants larger than 10 MW are no longer to be subsidized in Germany. Subsidy cuts in Italy also adversely affected SMA's project business. The demand situation developed positively in photovoltaic markets outside Europe, particularly in North America.

It cannot currently be foreseen whether the expected decline in demand in the European markets will be offset by the photovoltaic markets in North America and Asia. Therefore, the SMA Managing Board confirms the annual sales and earnings forecast published in early March 2012. This plans for € 1.2 billion to € 1.5 billion in sales with an EBIT margin of between 5% and 10% for the current fiscal year.

## RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

### RESULTS OF OPERATIONS

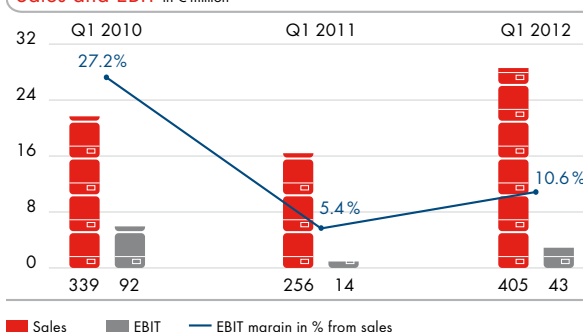
#### Group Sales and Earnings

#### SMA with Significant Increases in Sales and Earnings in the First Quarter

The SMA Group recorded a positive start to the fiscal year and sold PV inverters with capacity totaling 1,885 MW in the first quarter of 2012. This is an 85.0% increase on the same quarter of last year (Q1 2011: 1,019 MW). The SMA Group's sales rose by 58.3% year-on-year to € 405.0 million (Q1 2011: € 255.9 million). SMA was thus slightly above the sales forecast given for the first quarter of 2012 of € 350 million to € 390 million.

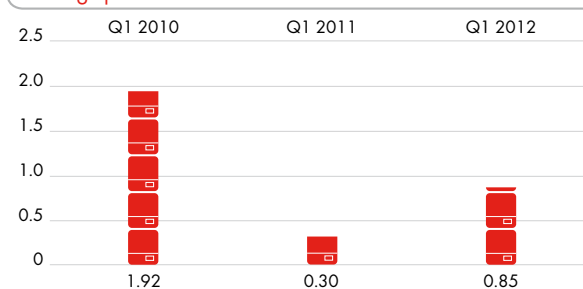
In the first quarter of 2012, gross foreign sales increased by 48.1% on the same period of the previous year to € 257.6 million (Q1 2011: € 173.9 million). This underscores SMA's outstanding international position with its excellent sales and service structures and full range of products. In the first quarter of 2012, the most important foreign markets for the SMA Group were the U.S., Belgium, Great Britain and France.

Sales and EBIT in € million



Due to the positive sales performance, earnings before interest and taxes (EBIT) rose to € 42.8 million. In the same quarter of last year it was € 13.7 million due to comparatively poor sales performance. In comparison to the previous year, the EBIT margin nearly doubled, increasing from 5.4% to 10.6%. Consolidated net profit was € 29.6 million (Q1 2011: € 10.3 million). Earnings per share increased to € 0.85 (Q1 2011: € 0.30).

Earnings per share in €

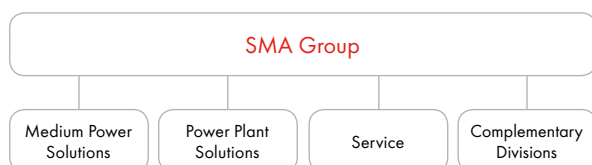


10	Economic Conditions
12	Results of Operations, Financial Position and Net Assets
17	Capital Expenditure
17	Research and Development
20	Employees
21	Supplementary Report
21	Risks and Opportunities Report
21	Forecast Report

## Sales and Earnings per Segment

### New Reporting According to Division from 2012

As explained in the Annual Report 2011, the previous organizational structure reached its limits due to the rapid growth in recent years. SMA has therefore reorganized the company from a functional to a divisional organizational structure, shifting focus even more directly onto customer requirements and the various market segments. The divisions have all the functions required for operating business. They are also responsible for international business. The Finance, Human Resources, Legal, Internal Auditing, Corporate Communication, Information Technology, Technology Development, and Facility Management functions are bundled in the corporate functions. The divisions report directly to the Managing Board.



As of 2012, reporting is carried out according to the **Medium Power Solutions, Power Plant Solutions and Service** divisions. The operations of dtw, Off-Grid Solutions and Railway Technology are now included under “**Complementary Divisions**”. Financial figures are reported transparently stating the figures for the previous year.

### Medium Power Solutions Division is Major Sales and Earnings Driver

The Medium Power Solutions division comprises the former segment of the same name and the former Electronics Manufacturing segment. Off-Grid products for off-grid PV plants, which previously belonged to the Medium Power Solutions segment, are allocated to “Complementary Divisions” as of 2012.

The division includes the products Sunny Boy, Sunny Mini Central and Sunny Tripower. The division also includes products used for monitoring PV plants and for energy management. The product families comprise a total of 60 inverters with an additional 16 country-specific and 84 customer variants as well as 17 communication products. SMA offers single-phase and three-phase inverters whose outputs range from 700 watts to 20 kilowatts (kW). SMA products feature a particularly high efficiency of up to 99%, simple installation and a lifespan of over 20 years.

In the first quarter of 2012, the Medium Power Solutions division’s external sales revenue increased 51.4% to € 285.6 million (Q1 2011: € 188.6 million), making this the strongest division of the SMA Group in terms of sales. Its share of SMA Group sales was 70.5% (Q1 2011: 73.7%). The catch-up effects from the last quarter of 2011 and the pull-forward effects as a result of the solar cuts announced in Germany were reflected in the fact that Germany was by far the largest sales market. The most important foreign markets included the U.S., Belgium, Great Britain and France. In the first quarter of 2012, the major sales drivers were inverter types Sunny Tripower 12000TL to 17000TL and Sunny Boy 3000TL to 5000TL.

In the first quarter of 2012, EBIT was € 32.5 million (Q1 2011: € 10.8 million). In relation to internal and external sales revenue, the EBIT margin was 10.5% (Q1 2011: 5.3%).

## Power Plant Solutions Division Benefits from Strong Foreign Demand

With the Sunny Central type central inverters, the Power Plant Solutions division, formerly the High Power Solutions segment, serves the rapidly growing market for large-scale PV plants with outputs ranging from 100 kW to several megawatts. The product family is made up of 29 central inverters with numerous variants providing optimal technical solutions for any large-scale project. As the market leader in this segment, SMA also produces central inverters that feed directly into the medium-voltage grid of energy suppliers. In this way, large-scale solar projects can increase their energy yield. The exceptional efficiencies of these devices achieve up to 98.7%.

In the first quarter of 2012, external sales revenue increased by a considerable 76.4% year-on-year to € 96.3 million (Q1 2011: € 54.6 million). Project business in North America in particular developed very well. Because of the shift of demand from Europe to North America and Asia, the trend toward large-scale solar projects will continue. The SMA Group has therefore further expanded the Power Plant Solutions division with new staff. In the first quarter of 2012, earnings before interest and taxes (EBIT) amounted to € 9.9 million, down on the previous year's figure (Q1 2011: € 12.4 million). In relation to internal and external sales revenue, the EBIT margin was 9.9% (Q1 2011: 21.4%). In comparison, the gross margin remained on a level with the strong fourth quarter of 2011 due to the stable price development.

The Power Plant Solutions division's share in total SMA Group sales was 23.8% (Q1 2011: 21.3%). North America, Thailand and France were among the most important foreign markets. The most successful products were the inverters of the Sunny Central Compact Power series and the Sunny Central 630 HE.

## Service is an Important Distinguishing Feature of SMA

Alongside a broad product portfolio, excellent service is an important distinguishing feature that is going to become even more important in business competition. In order to

exploit this potential systematically, SMA has bundled its service activities in their own division.

SMA is represented with its own service companies in all important photovoltaic markets. With installed capacity of more than 20 GW, SMA makes use of economies of scale to make its service business profitable in the medium term.

Services include warranty extensions, service and maintenance agreements as well as spare parts business. The worldwide equipment repair service and major parts of the telephone hotline and service management are located in the new service center in the "Sandershäuser Berg" industrial park. Operations are commencing on-schedule in the first half of 2012.

In the first quarter of 2012, external Service sales amounted to € 4.6 million (Q1 2011: € 2.8 million). Notable sales drivers were the commissioning of PV plants, and repairs and service as well as maintenance agreements subject to a charge. In the first quarter of 2012, EBIT was € -3.8 million (Q1 2011: € -5.7 million). The SMA Managing Board anticipates a positive earnings contribution from the Service division once the standard warranty period for the years of high volume expires in two to three years' time.

## Complementary Divisions with Positive Development

The operations of dtw, Off-Grid Solutions and Railway Technology will be included in reporting under "Complementary Divisions".

dtw Sp. z o.o. ("dtw"), acquired in August 2011, concentrates on the manufacture of technologically innovative core components for the production of inverters, such as inductors and transformers. The Off-Grid Solutions division primarily develops stand-alone inverters for the "Sunny Island" series for PV-supported off-grid power supply.

Railway Technology GmbH manufactures converters as individual devices and complete energy supply systems for railway coaches and multiple-unit trains for short and long-distance railway traffic.

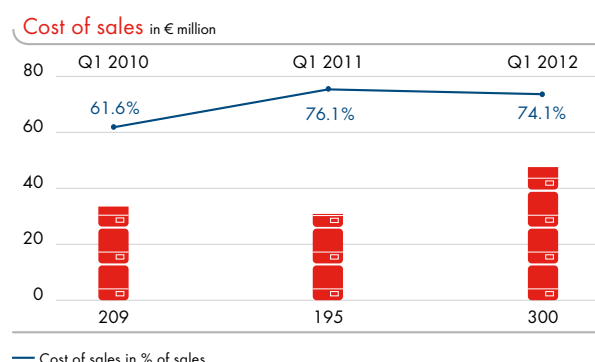
10	Economic Conditions
12	Results of Operations, Financial Position and Net Assets
17	Capital Expenditure
17	Research and Development
20	Employees
21	Supplementary Report
21	Risks and Opportunities Report
21	Forecast Report

The “Complementary Divisions” developed positively in the first quarter of 2012. In particular, the acquisition of dtw in the third quarter of 2011 is reflected in sales and earnings. External sales increased by 86.9% to € 18.5 million (Q1 2011: € 9.9 million). EBIT also developed positively and rose to € 4.3 million (Q1 2011: € -0.8 million). In relation to internal and external sales revenue, this corresponds to an EBIT margin of 10.0% (Q1 2011: -5.9%).

## Development of significant income statement items

### Gross margin improved slightly year-on-year

In the first quarter of 2012, the cost of sales was € 299.9 million (Q1 2011: € 194.6 million). Year-on-year, the gross margin improved from 23.9% to 25.9%. The change is primarily attributable to the product mix in the Medium Power Solutions division, better utilization of production capacity and the product optimization and process improvement programs. In the first quarter of 2012, the cost of sales was attributable as follows: 72.5% to material expenses, 15.7% to personnel expenses and 11.8% to other expenses as well as depreciation and amortization.



With the expansion of international sales and marketing structures, selling expenses grew as expected year-on-year to € 17.2 million (Q1 2011: € 12.6 million). The ratio of selling expenses to sales decreased to 4.2% due to comparatively higher sales in the first quarter of 2012 (Q1 2011: 4.9%).

Development expertise is a major strategic unique selling proposition of SMA and therefore expanded rigorously. In the first quarter of 2012, research and development expenses excluding capitalized development projects were € 23.7 million (Q1 2011: € 19.2 million). Total research and development expenses including capitalized development projects amounted to € 29.5 million (Q1 2011: € 20.3 million). Scheduled depreciation of capitalized development projects amounted to € 1.2 million in the first three months of the year (Q1 2011: € 1.0 million).

The increase in research and development expenses is based primarily on the increase in employees. At the end of the first quarter of 2012, the SMA Group had 1,054 employees including temporary employees in research and development (March 31, 2011: 885 employees). The 41.8% increase in other expenses is primarily attributable to the continued expansion of development cooperations. The rise in capitalized development projects reflects the enormous amount of activity in the development of new devices.

Administrative expenses in the first quarter of 2012 amounted to € 19.4 million (Q1 2011: € 12.7 million). In view of increasing internationalization, SMA has created new structures in a targeted manner and set up the divisions accordingly. The ratio of administrative expenses to sales dropped to 4.8% in the first quarter of 2012 (Q1 2011: 5.0%).

## FINANCIAL POSITION

### SMA Achieved Positive Net Cash Flow

In the first quarter of 2012, SMA achieved gross cash flow of € 53.5 million, which is considerably up on the level of the previous year. In the same quarter of last year, due to the poor business performance it was only € 2.6 million.

In order to deal with peaks in demand at short notice, SMA is stockpiling reserve stocks of raw materials, consumables and supplies. However, the increase in inventories of € 19.6 million in the first quarter of 2012 proved considerably lower than in the same quarter of the previous year (Q1 2011: € 40.4 million).

Improved performance and the shift toward large-scale solar projects have led to an increase in finished goods and accounts receivable. The € 7.5 million increase in trade payables was considerably lower than in the previous year. The change in the other net assets results primarily from effects from the payment of variable salary components to employees, future benefit obligations from warranty extensions as well as liabilities from prepayments received.

Overall, net cash flow from operating activities in the first quarter of 2012 amounted to € 7.9 million, while in the previous year it was clearly negative (Q1 2011: € -26.0 million). Net cash flow from investing activities decreased to € -86.9 million in the reporting period (Q1 2011: € -144.1 million). The investment volume in tangible and intangible assets totaled € 27.1 million, down on the previous year's level of € 35.2 million. The largest portion of € 19.1 million went to investments in tangible assets. Major items related to investments in plant and office equipment, and to a lesser extent in production and office buildings. Investments in intangible assets amounted to € 8.0 million (Q1 2011: € 5.1 million).

Cash and cash equivalents amounting to € 293.6 million (December 31, 2011: € 371.1 million) include cash in hand, bank balances and short-term deposits with an original term of less than three months. Together with time deposits with a term of more than three months and fixed-interest-bearing securities as well as non-current financial liabilities, this results in a net cash position of € 468.7 million (December 31, 2011: € 473.3 million). This means that SMA has excellent liquidity reserves.

## NET ASSETS

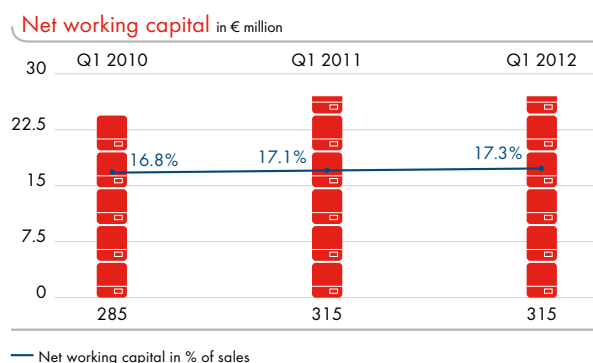
### SMA Has an Equity Ratio of 58.1%

As of March 31, 2012, total assets had increased to € 1,414.7 million (December 31, 2011: € 1,374.3 million).

As of March 31, 2012, net working capital had increased to € 314.9 million (December 31, 2011: € 281.7 million), amounting to 17.3% of sales in the last twelve months. This ratio was thus lower than the range of 19% to 21% expected by the management. The increase in net working capital is mainly attributable to the increase of trade receivables as a result of the improved business situation. In comparison, the increase in inventories was much lower.

In the first quarter of 2012, trade receivables amounted to € 165.3 million and had thus increased by 17.2% against December 31, 2011 (December 31, 2011: € 141.1 million). This included receivables of € 10.9 million that were written down. Days sales outstanding increased to 30.6 days, mainly due to stronger project business and the higher export ratio (December 31, 2011: 28.1 days). Trade payables increased by € 7.4 million to € 123.2 million (December 31, 2011: € 115.8 million). The share of supplier credits in total equity increased slightly to 8.7% (December 31, 2011: 8.4%).

10	Economic Conditions
12	Results of Operations, Financial Position and Net Assets
17	Capital Expenditure
17	Research and Development
20	Employees
21	Supplementary Report
21	Risks and Opportunities Report
21	Forecast Report



As of March 31, 2012, the Company's equity resources had increased by 4.1% to € 821.5 million (December 31, 2011: € 789.3 million). With an equity ratio of 58.1%, SMA has a very comfortable equity capital base and therefore a very solid balance-sheet structure.

## CAPITAL EXPENDITURE

### CAPITAL EXPENDITURE ADAPTED TO CHANGED CONDITIONS

SMA will reduce capital expenditure and adapt it to the changed conditions. In 2012, it is planned to carry out ongoing construction projects as well as the urgently required expansion and replacement investments. Overall, the SMA Group is planning investments in tangible and intangible assets of € 100 million to € 150 million in 2012. In the medium term, annual investments are not expected to surpass 10% of sales.

In the first three months of fiscal year 2012, investments in tangible and intangible assets amounted to € 27.1 million (Q1 2011: € 35.2 million). Of the investments in tangible assets amounting to € 19.1 million (Q1 2011: € 30.1 million),

68.9% went toward machinery and equipment and 31.1% on land and buildings. Of the investments in intangible assets of € 8.0 million (Q1 2011: € 5.1 million), 72.5% went on capitalized development expenses and 27.5% on other intangible assets.

## RESEARCH AND DEVELOPMENT

### SMA DRIVES ENERGY MANAGEMENT FORWARD WITH INNOVATIVE SOLUTIONS

SMA is a technology-driven company. The long-term expansion of research and development is therefore a central element of our corporate strategy. The focal points of research and development are further reduction of system costs, grid integration and energy management. In order to maintain its technological leadership, SMA will increase its research and development expenditure (incl. capitalized development projects) in 2012 to up to € 110 million and enhance its network of strategic research and development cooperations in a targeted fashion.

As the market and technological leader in PV system technology, SMA has the claim to provide solutions for all applications and power classes with a comprehensive product portfolio. In fiscal year 2012, development is focusing on expanding existing production series and augmenting them with innovative new functions. Country-specific product solutions will become more important with the increase of internationalization. The product portfolio shall also be enhanced with new families of devices.

In fiscal year 2012, the product portfolio in the Medium Power Solutions division will be supplemented at the lower end with the module inverter Sunny Boy 240. The device is the ideal solution for very small or heavily shaded PV plants as well as systems with extremely varying PV array surface orientations. SMA expects this product to be an ideal addition to the product range of the North American market. The product is currently undergoing an extensive phase of testing before it is launched in the course of the second half of the year.

SMA is very successful with innovative solutions in its project business. In SMA's view, there will be an ongoing rise in the importance of the North American market. Therefore, following the successfully concluded development of the full Compact Power series (CP) in the 500 kVA to 800 kVA output range, the research and development activities in the Power Plant Solutions division are focusing on the completion of the product portfolio for the North American market. For this region of strong growth, SMA is now offering SMA MV Blocks. This is a standardized modular assembly system for large-scale PV plants, consisting of inverters, a medium-voltage transformer, switchgear and control and monitoring systems designed specifically for the project. The new products and solutions will be launched at the leading trade fairs in Germany and the U.S. in 2012.

In addition to specific product developments, SMA's development activities focus on the three major areas of grid integration, energy management and the reduction of system costs, which are of utmost importance for the future of photovoltaics.

## GRID INTEGRATION

As they are responsible for the stable supply of electrical power, transmission grid operators must maintain a balance between electricity generation and consumption on the grid at all times of day or night. In this regard, the ability to forecast weather-dependent PV output is extremely important, because, next to wind power, photovoltaics in Germany has the largest installed power generation capacity (more than 25 GW as of the end of Q1 2012) among renewable energies.

With optimal weather conditions, the generative potential of a PV plant is comparable to that of around 16 nuclear power plants. This potential must be taken into account in the schedules of conventional power plants. Together with partner companies, SMA has therefore designed a solution to allow grid operators just as much planning security as they have already achieved for wind power. The wide data pool of SMA's Sunny Portal enables the projection of current solar output in individual areas of the grid and forecasting for the upcoming hours and days. In Germany alone, approximately 35,000 PV plants with overall installed capacity of 3.4 GW are currently registered in this portal, the largest in the world for plant monitoring and visualization.

On January 1, 2012, the new VDE application guide 4105 (Low Voltage Directive) came into force. In addition to further grid management functions, this directive requires that even smaller PV plants supply reactive power. All current product families of the Medium Power Solutions division were adapted accordingly, so that inverters complying with the new requirements have been available for all areas of application from the start of 2012. The continuous reduction of output as power frequency increases is particularly important for the stability of the European power distribution grid. From as early as May 2011, SMA has delivered all new SMA inverters with appropriately adapted settings. For PV plants from 30 kVA, the VDE application guide also requires central grid and plant protection. Plant operators can fulfill this new requirement with the new SMA Grid Gate, without the need to call in a third-party provider.

10	Economic Conditions
12	Results of Operations, Financial Position and Net Assets
17	Capital Expenditure
17	Research and Development
20	Employees
21	Supplementary Report
21	Risks and Opportunities Report
21	Forecast Report

## ENERGY MANAGEMENT

The self-consumption of power will be an important part of future energy supply. With the Sunny Backup-System, SMA is already offering a product for the decentralized storage of solar power that enables fail-safe, grid-quality power supply and the intermediate storage of solar power for increasing the self-consumption rate (proportion of self-generated solar power that is used on-site or in the direct vicinity. In order to guarantee users the maximum degree of security in the future, the Sunny Backup system is compatible with various different battery types and ready to operate with lithium-ion batteries.

One of the most important products for efficient energy management is the Sunny Home Manager coming onto the market in 2012. The upcoming product solution for the optimization of self-consumption is simpler, more precise and more thorough than every comparable product from our competition. The device can significantly increase self-consumption and enables comprehensive and intelligent energy management in the household. In combination with the Sunny Backup system, the intermediate storage of solar power is also a possibility. The use of location-based weather forecasting in combination with usage-pattern analysis allows the prediction of one's own solar power generation and optimal management of appliances. As soon as supply and demand-dependent electricity prices are offered, the Sunny Home Manager can take these into account when controlling household appliances, providing the operator with another financial advantage.

SMA is cooperating with the household appliance manufacturer Miele in this area. In the future, the Sunny Home Manager will therefore be able to power certain Miele appliances directly and thus contribute optimally to intelligent load management. The advantage for the user is that the appliance can be operated as normal, while direct data exchange with the Sunny Home Manager allows more exact private consumption planning.

## REDUCTION OF SYSTEM COSTS

PV system costs must continue to fall so that solar power becomes competitive in comparison with conventionally generated power. SMA is encouraging the reduction of system costs with an interdisciplinary development project set to last several years. This project focuses on two aspects: testing completely new technological concepts and steadily improving current products.

The development projects include the Sunny Tripower 20000TL High Efficiency, which achieves efficiency of 99% and above. Further cost advantages are achieved with fewer components and less weight in comparison with the standard version of the Sunny Tripower. Furthermore, this product is better value for money in terms of output, which means the device is ideally suited for setting up highly efficient, medium- to very-high-power decentralized photovoltaic plants.

Costs can also be reduced with a higher energy yield with thin-film PV modules. SMA has developed the principle of the new TL Grounding Solution. An add-on solution based on this patented circuit makes it possible to operate decentralized large-scale PV plants on the basis of any thin-film PV module with highly efficient transformerless inverters such as the Sunny Tripower. Compared with the operation of inverters with transformers, which used to be a necessity, this solution enables permanent yield increases of up to 3 percentage points.

SMA also develops yield-increasing solutions for plant monitoring for large-scale solar projects. In the Sunny Central CP series, a monitoring system ("Optiprotect") in the center of the inverter monitors up to 1,600 module strings, where the intelligent algorithm can differentiate actual defects from numerous temporary events. The decentralized and therefore costly monitoring of all strings is no longer required. Furthermore, the inverter can independently remove defective strings and continue the feed-in operation with the remaining PV array.

## EMPLOYEES

### SMA EXPANDS FOREIGN COMPANIES

The SMA Group's strategic human resources planning is oriented to the photovoltaic market's medium-term prospects. It appropriately accounts for the focus on future technologies and internationalization. The SMA Managing Board does not currently see a major need to adjust staffing levels in terms of permanent SMA employees. Short-term fluctuations will be counteracted as far as possible by increasing added value, part-time, flexitime and limited-term employment contracts.

At the end of the first quarter of 2012, the SMA Group had a total of 5,676 employees (Q1 2011: 4,691 employees). The number of employees thus increased by 985 year-on-year. The sharp increase is due in particular to the acquisition of dtw. In comparison with the reporting date of December 31, 2011, the SMA Group has created 144 jobs.

In Germany, SMA increased its headcount by 494 employees to 4,726 within a year (Q1 2011: 4,232 employees). This equates to growth of 11.7% year-on-year. This increase

in employee numbers took account of the staffing requirements that had resulted from the rapid growth of recent years and from the divisionalization of solar engineering carried out in 2011.

Within a year, the number of employees in foreign companies rose by 491 to 950 as of the reporting date of March 31, 2012 (Q1 2011: 459 employees). This is equates to growth of 107.0% year-on-year. This growth is due firstly to the acquisition of dtw and secondly to the establishment and expansion of foreign companies. Since December 31, 2011, the number of employees outside Germany has grown by 88. In 2012, SMA will continue to strengthen the foreign companies with new staff. The regions U.S., Japan, India, Chile and South Africa are of particular strategic significance.

#### Employees

	03/31/ 2012	03/31/ 2011	03/31/ 2010	03/31/ 2009	03/31/ 2008
Employees	5,676	4,691	3,299	2,338	1,629
of which domestic	4,726	4,232	3,020	2,183	1,534
of which abroad	950	459	279	155	95
Total employees <sup>1</sup>	5,676	4,691	3,299	2,338	1,629

<sup>1</sup> Excluding temporary employees

10	Economic Conditions
12	Results of Operations, Financial Position and Net Assets
17	Capital Expenditure
17	Research and Development
20	Employees
21	Supplementary Report
21	Risks and Opportunities Report
21	Forecast Report

## SMA AGAIN GERMANY'S BEST EMPLOYER IN 2012

For the second time in a row, the Great Place to Work® Institute Deutschland has acknowledged SMA as Germany's best employer. As in the previous year, SMA took first place in the category of large companies with over 5,000 employees. SMA also received the special "Lifelong Learning" prize – now for the fourth time – for outstanding achievements in the education and training of employees.

SMA has taken part in the annual competition with great success since 2006 which rewards employers for their particular corporate culture at both German and European level. What is special about this competition is that the assessment, and therefore success in the competition, results primarily from the results of an anonymous, representative employee survey. In addition to these survey results, the institute assesses the quality of human resources work via a culture audit. This is a complete overview, in writing, with a comprehensive information pack on all facets that constitute SMA and the SMA corporate culture.

## EVENTS SERIES TO INFORM EMPLOYEES

An open and honest information policy has always been a cornerstone of the SMA corporate culture and makes a crucial contribution to SMA's success. For this reason, the Managing Board decided to inform SMA employees personally about the changes in subsidy conditions that came about suddenly in Germany and other major European markets at the beginning of 2012. The Managing Board spoke to the employees at several events. Employees in foreign companies were informed by their managers and via internal communication channels.

## SUPPLEMENTARY REPORT

### SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events that might have an impact on the Company's results of operations, financial position and net assets have occurred after the balance sheet date.

## 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 2011. The comments made there remain essentially unchanged. At present, no risks that could seriously jeopardize the Company's continued existence or significantly impair its performance are discernible.

## FORECAST REPORT

### THE GENERAL ECONOMIC SITUATION

#### Positive Global Economic Growth Forecast for 2012

After the positive start in the first quarter of 2012, forecasts for global economic development remain optimistic. The International Monetary Fund (IMF) is cautiously optimistic and anticipates global economic growth of 3.5%.

The forecast for the euro zone remains very mixed. Due to their high national debt, Spain and Italy are under pressure on the financial markets. While the IMF expects a decline in economic output of 1.8% in Spain and 1.9% in Italy in 2012, the outlook for Germany is much more positive. Here, the Fund expects growth of 0.6% in the current year – up 0.3 percentage points on January's forecast. The German national economy could then gather pace in 2013 with growth of 1.5%. The figures for Germany are thus clearly above those for the euro zone, for which the IMF expects growth to decline by 0.3% in 2012. Growth in 2013 is expected to be just 0.9%.

Once again, the IMF expects growth of 2.1% for the USA and 2.0% for Japan in 2012. The IMF sees the newly industrialized countries with an average of 5.7% growth this year and 6% in 2013.

For 2012 as a whole, the World Bank also anticipates global economic growth, which it forecasts at 3.6% (2011: 3.2%). According to the World Bank, the growth will primarily originate in the newly industrialized and developing countries, while only subdued growth is expected for industrialized countries, including the euro zone. Higher commodity prices, rising inflation and an increase in interest rates could negatively impact the global economy, according to the World Bank.

Germany continues to appear robust due to strong domestic demand. The Ifo Business Climate Index improved in April for the sixth month in succession. Economists expect the economic recovery in Germany to continue. Sentiment improved in both manufacturing and retail. However, in wholesale it declined slightly. There was also a minor decline in the construction industry. According to expert opinion, the German economy is likely to continue performing better than the euro zone as a whole.

## FUTURE GENERAL ECONOMIC CONDITIONS IN THE PHOTOVOLTAICS SECTOR

### Newly Installed Capacity to See Moderate Growth At Best

Due to foreseeable changes in different incentive programs and the generally high dynamism of global photovoltaics markets, estimating future development is fraught with uncertainty. In the short term, development is characterized by the massive cuts in solar subsidies and the likelihood of declining market development in Europe. The SMA Managing Board assumes that the drastic reduction of subsidies, particularly in Germany and Italy, will lead to a collapse in demand for medium-sized and large-scale PV plants in the market segments. It cannot currently be foreseen whether the Asian and American markets will be able to compensate completely for the decline. Overall, the SMA Managing Board expects newly installed capacity of 20 GW to 26 GW worldwide in 2012 (2011: approximately 23 GW).

The regional shift of demand will lead to a change in the size of installations. The SMA Managing Board estimates that the submarket for large-scale solar projects (industrial) picked up momentum in 2011, while residential and commercial submarkets declined. The SMA Managing Board expects this trend to continue in 2012. In comparison to Europe, more PV plants will be installed in the commercial and industrial market segments in North America and Asia in particular.

Overall, the SMA Managing Board rates the prospects for global photovoltaics as good, as the solar sector is on the home stretch for worldwide competitiveness. According to our estimates, America, South Africa and Asia in

10	Economic Conditions
12	Results of Operations, Financial Position and Net Assets
17	Capital Expenditure
17	Research and Development
20	Employees
21	Supplementary Report
21	Risks and Opportunities Report
21	Forecast Report

particular display considerable potential for growth. The SMA Managing Board also sees strong growth potential in countries that have a rapidly growing demand for energy due to their growth and need quick access to power supply. Photovoltaics is already competitive here, because in these countries power is frequently generated by comparatively expensive diesel generator sets. But installation will pick up again in the medium term in European markets, too, if photovoltaics can compete for households against electricity rates and the energy generated can be stored on a larger scale.

## OVERALL STATEMENT ON THE EXPECTED DEVELOPMENT OF THE SMA GROUP

### SMA Has an Excellent Position

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

With its wide range of products, high product quality and flexibility, presence in 20 countries and rapid service structure, SMA is uniquely positioned in the photovoltaics market. No other company can offer so much experience and expertise in PV inverters and energy management. Measured by the 7.6 GW of inverter output sold in fiscal year 2011, SMA is the global market leader. We estimate that SMA covers around a third of the global demand. The SMA Managing Board plans to maintain this high market share in established photovoltaics markets in 2012 or even to increase this share. With a Chinese market growing more strongly, the Managing Board estimates that SMA's global market share will be diluted overall in 2012 and subsequent years. In China, SMA only has a small market share due to the local competitive conditions.

The SMA Managing Board expects that the differing growth rates in different photovoltaics markets will continue to lead to sharp fluctuations in demand. For 2012, the SMA Managing Board expects moderate growth in global demand for PV plants and expects installed capacity of between 20 GW and 26 GW worldwide. Positive developments are expected for the U.S., Japan and India. The SMA Managing Board assumes that individual market segments and regions will be characterized by overcapacity. The concentration of competition amount inverter manufacturers in the solar sector remains at a high level in comparison with other parts of the value-added chain.

The SMA Managing Board confirms the annual sales forecast published in early March and predicts € 1.2 billion to € 1.5 billion in sales and an EBIT margin of between 5% and 10% in 2012.

The Managing Board estimates that the trend to larger PV systems will be reflected in the distribution of sales in 2012. Accordingly, the Medium Power Solutions division will have a 60% to 70% share in total sales. The Managing Board assumes that approximately 50% of those sales will be generated by the product family Sunny Boy, which is principally deployed in PV plants with an output of up to 10 kW.

The Power Plant Solutions division, which contains large-scale PV plants with an output of over 500 kW, will according to the SMA Managing Board generate approximately 30% to 40% of the SMA Group's sales in 2012. International business in North America, India and South Africa will make a significant contribution to this. The Sunny Central Compact Power is expected to be one of the products that generate the greatest sales in 2012, because this product family is characterized by especially low system costs, an advantageous input voltage range and easy installation at the site.

The SMA Managing Board expects that the Service division business will benefit in 2012 from the high level of commissioning in the Power Plant Solutions division. However, the SMA Managing Board does not anticipate that service business will yet contribute significantly to sales in 2012. Because the standard warranty period for the years of high volume will not expire for another two to three years, the new Service division will only make a positive earnings contribution in the medium-term.

The Managing Board expects positive performance from the "Complementary Divisions" in 2012. For Railway Technology and the Off-Grid business area, the SMA Managing Board sees growth potential through further internationalization. dtw's potential lies in its high technological expertise for important inverter components.

If SMA succeeds in entering the growing PV diesel hybrid systems market, the Managing Board forecasts an increase in sales during the coming years. However, due to foreseeable changes in different incentive programs and the generally high dynamism of global photovoltaics markets, exact forecasts for the years to come are currently not possible.

The SMA Managing Board sees the key to SMA's high profitability in comparison with the rest of the industry in continuous technological development. Therefore, SMA will again invest up to € 110 million in research and development (including capitalized development projects) in order to push forward innovations for the further reduction of system costs, grid integration of photovoltaics and energy management in its entirety. The comfortable equity situation with an equity ratio of 58.1% and liquid assets of € 0.5 billion allow SMA to continue this successful strategy. In addition, SMA will expand its network of

strategic research and development cooperations in a targeted fashion.

Important growth impulses will in the future come from foreign markets. SMA will therefore press ahead with internationalization outside Europe and consistently pursue its proven strategy of being one of the first PV inverter manufacturers represented in young markets. In February 2012, the sales and service company in Japan was officially opened. Initially, SMA will offer inverters and communication products for small PV plants on the Japanese market. Later, central units for large-scale solar projects and innovative energy management systems will round off the product range. For the years to come, SMA expects the Japanese photovoltaics market to grow strongly, both in the segment for rooftop systems and in commercial and industrial solar projects. The SMA Managing Board is convinced of its ability to make a major contribution to decentralized and renewable energy supply in Japan.

SMA is also continuing internationalization in South America and in March 2012 founded a sales and service company in Chile. A new company in South Africa will follow in the next few months. The SMA Managing Board estimates that the export ratio could be increased to 70% to 80% in fiscal year 2012.

According to estimates by the SMA Managing Board, the regional shift in demand will result in a shift in the product mix. This development will also be reflected in gross earnings. Therefore, the Management of SMA predicts that the gross earnings margin will fall away in 2012. In order to counteract this trend, SMA will consistently lower manufacturing costs with product innovations. This will be accompanied by adjustment of the product portfolio.

10	Economic Conditions
12	Results of Operations, Financial Position and Net Assets
17	Capital Expenditure
17	Research and Development
20	Employees
21	Supplementary Report
21	Risks and Opportunities Report
21	Forecast Report

SMA will pursue its successful strategy of only producing once an order has been placed. It is not currently planned to expand the global production capacity of 11.5 GW. In order to fully utilize our production capacity in the short term, we will stockpile large quantities of raw materials, consumables, supplies and unfinished goods in 2012. The net working capital ratio is expected to be between 19% and 21%.

In 2012, SMA anticipates investments of approximately € 100 million to € 150 million for the completion of buildings under construction and the acquisition of machinery and equipment. In the medium term, total annual investments are not expected to surpass 10% of sales.

SMA's future-oriented product innovations have helped significantly to continue lowering the costs of solar power generation and integrating solar power in the distribution grids with no costly expansion process. The SMA Managing Board is convinced that the Company's high flexibility, continuous investment in research and development and in its innovative product portfolio and its strong international organization put it in an excellent position to respond quickly to all market developments and to benefit from photovoltaics' high long-term growth potential as a technology of the future.

Niestetal, May 7, 2012

SMA Solar Technology AG

The Managing Board

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## Quarterly Financial Report January to March 2012

**20** Foreign Markets

**33** Percent Market Share

**61.2** Percent Export Ratio



## CONTENTS INTERIM CONSOLIDATED FINANCIAL STATEMENTS

<b>30</b>	<b>Income Statement SMA Group</b>
<b>30</b>	<b>Statement of Comprehensive Income SMA Group</b>
<b>31</b>	<b>Balance Sheet SMA Group</b>
<b>32</b>	<b>Statements of Cash Flows SMA Group</b>
<b>33</b>	<b>Statement of Changes in Equity SMA Group</b>
<b>34</b>	<b>Notes to the Condensed Interim Financial Statements as of March 31, 2012</b>
34	1. Basic Information
34	2. Scope of Consolidation and Consolidation Principles
35	3. Accounting and Valuation Policies
35	4. Segment Reporting
<b>38</b>	<b>Selected Notes to the Income Statement SMA Group</b>
38	5. Cost of Sales
39	6. Selling Expenses
39	7. Research and Development Expenses
39	8. General Administrative Expenses
40	9. Other Operating Income/Other Operating Expenses
40	10. Benefits to Employees and Temporary Employees
40	11. Financial Result
40	12. Earnings per Share

**41 Selected Notes to the Balance Sheet SMA Group**

- 41 13. Goodwill and Other Intangible Assets
- 41 14. Fixed Assets
- 41 15. Inventories
- 42 16. Other Financial Assets
- 42 17. Shareholders' Equity
- 42 18. Provisions
- 42 19. Financial Liabilities
- 43 20. Other Financial Liabilities
- 43 21. Other Liabilities
- 43 22. Financial Instruments

**44 Notes to the Statements of Cash Flows SMA Group**

- 44 23. Net Cash Flow from Operating Activities
- 44 24. Net Cash Flow from Investing Activities
- 44 25. Net Cash Flow from Financing Activities
- 44 26. Cash and Cash Equivalents

**45 Other Disclosures**

- 45 27. Events after the Balance Sheet Date
- 45 28. Related Party Disclosures

**46 Auditor's Review Report**

## INCOME STATEMENT SMA GROUP

€ '000	Note	Jan. - March (Q1) 2012	Jan. - March (Q1) 2011
<b>Sales</b>	<b>4</b>	<b>404,954</b>	<b>255,933</b>
Cost of sales	5	299,946	194,648
<b>Gross profit</b>		<b>105,008</b>	<b>61,285</b>
Selling expenses	6	17,162	12,607
Research and development expenses	7	23,721	19,222
General administrative expenses	8	19,442	12,713
Other operating income	9	11,951	4,211
Other operating expenses	9	13,798	7,298
<b>Operating profit (EBIT)</b>		<b>42,836</b>	<b>13,656</b>
Financial income		1,799	1,513
Financial expenses		519	441
<b>Financial result</b>	<b>11</b>	<b>1,280</b>	<b>1,072</b>
<b>Profit before income taxes</b>		<b>44,116</b>	<b>14,728</b>
Income tax expense		14,564	4,423
<b>Consolidated net profit</b>		<b>29,552</b>	<b>10,305</b>
of which attributable to non-controlling interest		0	0
of which attributable to shareholders of SMA AG		29,552	10,305
Earnings per share, basic (in €)	12	0.85	0.30
Earnings per share, diluted (in €)	12	0.85	0.30
Number of ordinary shares (in thousands)		34,700	34,700

## STATEMENT OF COMPREHENSIVE INCOME SMA GROUP

€ '000	Jan. - March (Q1) 2012	Jan. - March (Q1) 2011
<b>Consolidated net profit</b>	<b>29,552</b>	<b>10,305</b>
Changes in fair values of available-for-sale assets	391	-591
Income taxes	-118	0
<b>Changes recognized outside profit or loss (available-for-sale financial assets)</b>	<b>273</b>	<b>-591</b>
Unrealized gains (+)/losses (-) from currency translation of foreign subsidiaries	2,335	-779
<b>Changes recognized outside profit or loss (currency translation differences)</b>	<b>2,335</b>	<b>-779</b>
<b>Total comprehensive income</b>	<b>32,160</b>	<b>8,935</b>
of which attributable to non-controlling interest	0	0
of which attributable to shareholders of SMA AG	32,160	8,935

30	Income Statement
30	Statement of Comprehensive Income
31	Consolidated Balance Sheet
32	Consolidated Statements of Cash Flows
33	Statement of Changes in Equity

## BALANCE SHEET SMA GROUP

€ '000	Note	03/31/2012	12/31/2011
<b>Non-current assets</b>			
Goodwill	13	311	311
Other intangible assets	13	61,821	56,489
Fixed assets	14	368,315	360,932
Other financial investments		75	75
Other financial assets	16	58,038	57,864
Deferred taxes		25,655	26,309
		<b>514,215</b>	<b>501,980</b>
<b>Current assets</b>			
Inventories	15	272,826	256,402
Trade receivables		165,284	141,101
Other financial assets	16	146,195	86,149
Claims for income tax refunds		11,392	6,832
Other receivables		11,113	10,697
Cash and cash equivalents	26	293,635	371,101
		<b>900,445</b>	<b>872,282</b>
<b>Total assets</b>		<b>1,414,660</b>	<b>1,374,262</b>
<b>Shareholder's Equity</b>			
Subscribed capital		34,700	34,700
Capital reserves		119,200	119,200
Retained earnings		667,564	635,404
Equity attributable to non-controlling interest		2	2
	<b>17</b>	<b>821,466</b>	<b>789,306</b>
<b>Non-current liabilities</b>			
Provisions	18	114,767	108,502
Financial liabilities	19	30,834	31,475
Other financial liabilities	20	1,930	2,078
Other liabilities	21	85,530	80,693
Deferred taxes		19,024	18,369
		<b>252,085</b>	<b>241,117</b>
<b>Current liabilities</b>			
Provisions	18	70,109	68,260
Financial liabilities	19	2,229	2,420
Trade payables		123,245	115,760
Other financial liabilities	20	91,960	75,030
Income tax liabilities		36,591	36,970
Other liabilities	21	16,975	45,399
		<b>341,109</b>	<b>343,839</b>
<b>Total equity and liabilities</b>		<b>1,414,660</b>	<b>1,374,262</b>

# STATEMENTS OF CASH FLOWS

## SMA GROUP

€ '000	Note	Jan. - March (Q1) 2012	Jan. - March (Q1) 2011
Consolidated net profit		29,552	10,305
Income tax expenses		14,564	4,423
Financial result		-1,280	-1,072
Depreciation and amortization		14,474	10,416
Change in other provisions		8,115	4,106
Losses from the disposal of assets		65	21
Other non-cash expenses/revenue		5,204	2,794
Interest received		1,119	593
Interest paid		-140	-6
Income tax paid		-18,195	-28,975
<b>Gross cash flow</b>		<b>53,478</b>	<b>2,605</b>
Increase of inventories		-19,583	-40,393
Increase in trade receivables		-25,928	-15,271
Increase/decrease in trade payables		7,485	23,045
Change in other net assets/other non-cash transactions		-7,590	3,983
<b>Net cash flow from operating activities</b>	<b>23</b>	<b>7,862</b>	<b>-26,031</b>
Payments for investments in fixed assets		-19,088	-30,108
Proceeds from the disposal of fixed assets		5	202
Payments for investments in intangible assets		-8,005	-5,113
Proceeds from the disposal of securities and other financial assets		468	0
Payments for the acquisition of securities and other financial assets		-60,318	-109,059
<b>Net cash flow from investing activities</b>	<b>24</b>	<b>-86,938</b>	<b>-144,078</b>
Redemption of financial liabilities		-832	-588
<b>Net cash flow from financing activities</b>	<b>25</b>	<b>-832</b>	<b>-588</b>
Net increase in cash and cash equivalents		-79,908	-170,697
Net increase/decrease due to exchange rate effects		2,442	-327
Cash and cash equivalents as of 01/01		371,101	354,083
<b>Cash and cash equivalents as of 03/31</b>	<b>26</b>	<b>293,635</b>	<b>183,059</b>

30	Income Statement
30	Statement of Comprehensive Income
31	Consolidated Balance Sheet
32	Consolidated Statements of Cash Flows
33	Statement of Changes in Equity

## STATEMENT OF CHANGES IN EQUITY

### SMA GROUP

€ '000	Equity attributable to the shareholders of the parent company					Equity attributable to non-controlling interest	Consolidated shareholders' equity
	Subscribed capital	Capital reserves	Market valuation of securities	Other-retained earnings	Total		
Shareholders' equity as of January 1, 2011	34,700	119,200	0	574,508	728,408	2	728,410
Consolidated net profit Q1 2011	0	0	0	10,305	10,305	0	10,305
Changes not shown in the income statement	0	0	0	-779	-779	0	-779
Differences from currency translation	0	0	-591	0	-591	0	-591
Overall result							8,935
Changes in minority interests	0	0	0	0	0	0	0
<b>Shareholders' equity as of March 31, 2011</b>	<b>34,700</b>	<b>119,200</b>	<b>-591</b>	<b>584,034</b>	<b>737,343</b>	<b>2</b>	<b>737,345</b>
<b>Shareholders' equity as of January 1, 2012</b>	<b>34,700</b>	<b>119,200</b>	<b>-47</b>	<b>635,451</b>	<b>789,304</b>	<b>2</b>	<b>789,306</b>
Consolidated net profit Q1 2012	0	0	0	29,552	29,552	0	29,552
Changes not shown in the income statement	0	0	0	2,335	2,335	0	2,335
Differences from currency translation	0	0	273	0	273	0	273
Overall result							32,160
Changes in minority interests	0	0	0	0	0	0	0
<b>Shareholders' equity as of March 31, 2012</b>	<b>34,700</b>	<b>119,200</b>	<b>226</b>	<b>667,338</b>	<b>821,464</b>	<b>2</b>	<b>821,466</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2012

## 1. BASIC INFORMATION

The Condensed Interim Consolidated Financial Statements of SMA Solar Technology AG as of March 31, 2012 were prepared – as were the Consolidated Financial Statements as of December 31, 2011 – in compliance with the International Financial Reporting Standards (IFRS) as adopted by the EU, as well as in compliance with the regulations of Section 315a of the German Commercial Code (HGB). Accordingly, the Interim Financial Statements of SMA Technology AG are prepared in line with IAS 34 Interim Financial Reporting in the 2012 fiscal year. In accordance with the regulations of IAS 34, a condensed reporting format compared with the Consolidated Financial Statements as of December 31, 2011 was chosen. The Condensed Financial Statements do not include all the information and disclosures required for Consolidated Financial Statements and have therefore to be read in conjunction with the Consolidated Financial Statements as of December 31, 2011.

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

The Consolidated Financial Statements are prepared on the basis of amortized historical costs. Exceptions to this are provisions, deferred taxes, leases, derivative financial instruments and available-for-sale securities.

The income statement is classified according to the cost of sales method.

The Managing Board of SMA Solar Technology AG authorized the Interim Consolidated Financial Statements for submission to the Supervisory Board on May 7, 2012.

The registered office of the company is Sonnenallee 1, 34266 Niestetal. The shares of SMA Solar Technology AG are traded publicly. They are listed in the Prime Standard of

the Frankfurt Stock Exchange. Since September 22, 2008, the Company's shares have been listed in the technology index TecDAX.

The SMA Group develops, produces and distributes PV inverters, transformers, choke coils, and monitoring and energy management systems for PV plants and power-electronic components for railway technology. More detailed information on segments is provided in section 4.

## 2. SCOPE OF CONSOLIDATION AND CONSOLIDATION PRINCIPLES

The scope of consolidation as of December 31, 2011 was expanded compared to the scope as of December 31, 2010 due to the newly founded companies SMA Japan Kabushiki Kaisha (Tokyo, Japan) and SMA Solar Thailand Co. Ltd. (Bangkok, Thailand), as well as the acquisition of dtw Sp. z o.o. (Zabierzów, Poland). All companies were fully consolidated. The investments included in the balance sheet are not consolidated due to their subordinate importance. The company so far operating under the name of SMA Czech Republic s.r.o. was renamed SMA Central and Eastern Europe s.r.o (Prague, Czech Republic). Non-controlling interest's share in equity of the consolidated companies is shown separately within equity.

Compared with that of December 31, 2011, the scope of consolidation as of March 31, 2012 was expanded by the company SMA South America SpA (Santiago, Chile). 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 of December 31, 2011.

34 Notes to the Condensed Interim  
Financial Statements

38	Selected Notes to the Consolidated Income Statement and Statement of Comprehensive Income
41	Selected Notes to the Balance Sheet
44	Notes to the Statements of Cash Flows
45	Other Disclosures
46	Auditor's Review Report

### 3. ACCOUNTING AND VALUATION POLICIES

There were no changes to the accounting and valuation policies in the present Interim Consolidated Financial Statements as of March 31, 2012 compared with the Consolidated Financial Statements of SMA Solar Technology AG as of December 31, 2011. A detailed description of these policies is published in the Notes to the Consolidated Financial Statements as of December 31, 2011.

When preparing the Interim Consolidated Financial Statements, no new accounting standards to be applied mandatorily as of the fiscal year 2012 had to be observed. The Consolidated Financial Statements as of December 31, 2011 contain a detailed description of the new accounting standards that are on principle relevant to the SMA Group.

### 4. SEGMENT REPORTING

At the beginning of fiscal year 2012, the SMA Group re-organized its photovoltaics operations and adjusted the Group structure accordingly. The SMA Group is managed via strategic business units in the form of divisions, which are organized on the basis of the nature of the customer relationship and the characteristics of the sales organization.

As a consequence, the operational management of the Group and internal reporting also changed.

In accordance with the regulations of IFRS 8 "Operating Segments" (management approach), this organizational repositioning led to a change in the segment reporting for all comparative periods. As a result, the number of reportable segments changed. On the basis of the information reported to the Group's chief operating decision maker for the allocation of resources and performance, the reportable segments were identified by division according to the structure of the photovoltaics operations in line with IFRS 8. The earlier Medium Power Solutions segment (MPS) continues to exist in the adjusted structure, the Off-Grid Solutions division (OGS) was separated and the former Electronics Manufacturing segment was integrated into MPS. The High Power Solutions segment (HPS) was renamed Power Plant Solutions (PPS). The new Service segment pools the functional service activities relating to photovoltaics, which were previously conducted in the former MPS and HPS segments.

Divisions that cannot be allocated to any other segment are reported under "Complementary divisions". These include Railway Technology, Off-Grid Solutions and dtw.

Sales revenue in the Medium Power Solutions and Power Plant Solutions segments is subject to fluctuations for reasons including discontinuous incentive programs.

The segment information pursuant to IFRS 8 is made up as follows for the first quarters of 2012 and 2011:

#### Financial Ratios by Segments and Regions

Segments	Medium Power Solutions		Power Plant Solutions	
€ million	Q1 2012	Q1 2011	Q1 2012	Q1 2011
External sales	285.6	188.6	96.3	54.6
Internal sales	25.1	13.9	3.3	3.4
Total sales	310.7	202.5	99.6	58.0
Depreciations	6.2	5.3	0.8	0.6
Operating profit (EBIT)	32.5	10.8	9.9	12.4
<b>Sales by regions</b>				
Germany	154.2	77.1	3.7	4.9
European Union	88.3	69.5	14.2	25.6
Third-party countries	58.4	47.2	78.8	24.8
Sales deductions	-15.3	-5.2	-0.4	-0.7
<b>External sales</b>	<b>285.6</b>	<b>188.6</b>	<b>96.3</b>	<b>54.6</b>

**34 Notes to the Condensed Interim  
Financial Statements**

- 38 Selected Notes to the Consolidated  
Income Statement and Statement of  
Comprehensive Income
- 41 Selected Notes to the Balance Sheet
- 44 Notes to the Statements of Cash Flows
- 45 Other Disclosures
- 46 Auditor's Review Report

Service		Complementary divisions		Reconciliation		Continuing operations	
Q1 2012	Q1 2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011
4.6	2.8	18.5	9.9	0.0	0.0	405.0	255.9
20.0	10.9	24.7	3.7	-73.1	-31.9	0.0	0.0
24.6	13.7	43.2	13.6	-73.1	-31.9	405.0	255.9
0.4	0.2	0.7	0.2	6.4	4.1	14.5	10.4
-3.8	-5.7	4.3	-0.8	-0.1	-3.0	42.8	13.7
0.7	2.8	4.9	3.2	0.0	0.0	163.5	88.0
3.6	0.0	6.5	4.8	0.0	0.0	112.6	99.9
0.4	0.0	7.4	2.0	0.0	0.0	145.0	74.0
-0.1	0.0	-0.3	-0.1	0.0	0.0	-16.1	-6.0
<b>4.6</b>	<b>2.8</b>	<b>18.5</b>	<b>9.9</b>	<b>0.0</b>	<b>0.0</b>	<b>405.0</b>	<b>255.9</b>

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

€ million	Q1 2012	Q1 2011
Total segment earnings (EBIT)	42.9	16.7
Eliminations	-0.1	-3.0
Consolidated EBIT	42.8	13.7
Financial result	1.3	1.0
<b>Profit before income taxes</b>	<b>44.1</b>	<b>14.7</b>

Circumstances are shown in the reconciliation which by definition are not part of the segments. In addition, unallocated parts of 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 of March 31, 2012 did not change significantly as against the reporting date of the last Consolidated Financial Statements (December 31, 2011).

## SELECTED NOTES TO THE INCOME STATEMENT SMA GROUP

### 5. COST OF SALES

€ '000	Q1 2012	Q1 2011
Material expenses	217,365	130,869
Personnel expenses	46,966	37,383
Depreciation and amortization	12,908	9,270
Other	22,707	17,126
	<b>299,946</b>	<b>194,648</b>

Cost of sales include, as direct costs, the product-related material expenses as well as all other expenses for Production, Purchasing, Service, Facility Management and IT. Due to shifts in the product mix, the 66.1% material expenses increased at a lower rate than sales, which increases by 85% (Q1 2011: 1,019 MW, Q1 2012: 1,885 MW). As part of the ongoing increase in staff numbers, personnel costs rose by 25.6% to € 47.0 million. Because of lower wages in Poland, this increase is lower than the employee growth in this area. The development of depreciation and amortization is attributable particularly to investing activities in the last 12 months. The increase in other expenses results primarily from the sales-dependent formation of warranty provisions, which is higher than in the same quarter of the previous year.

34	Notes to the Condensed Interim Financial Statements
38	Selected Notes to the Consolidated Income Statement and Statement of Comprehensive Income
41	Selected Notes to the Balance Sheet
44	Notes to the Statements of Cash Flows
45	Other Disclosures
46	Auditor's Review Report

## 6. SELLING EXPENSES

€ '000	Q1 2012	Q1 2011
Material expenses	308	225
Personnel expenses	9,442	7,246
Depreciation and amortization	107	110
Other	7,305	5,026
	<b>17,162</b>	<b>12,607</b>

Selling expenses include expenditure for global sales activities, internal sales and marketing department. In comparison with the same quarter of the previous year, SMA further expanded its international sales and marketing structures. This included founding new sales and service companies in England, Japan and Thailand. The increase in other costs is attributable to higher levels of international sales and marketing activities.

## 7. RESEARCH AND DEVELOPMENT EXPENSES

€ '000	Q1 2012	Q1 2011
Material expenses	2,051	567
Personnel expenses	18,067	13,085
Depreciation and amortization	1,184	886
Other	8,238	5,810
	<b>29,540</b>	<b>20,348</b>
Capitalized development projects	-5,819	-1,126
	<b>23,721</b>	<b>19,222</b>

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 technological leadership even further, SMA systematically expanded the area of development. SMA employed 20% more staff in this area in comparison to the same quarter of the previous year. The increase in personnel expenses reflects this increase. The increase in other expenses is primarily attributable to the continued expansion of development cooperations and increased outsourcing of development contracts. The rise in capitalized development projects reflects increased activity in the development of new devices.

## 8. GENERAL ADMINISTRATIVE EXPENSES

€ '000	Q1 2012	Q1 2011
Material expenses	155	21
Personnel expenses	13,213	8,565
Depreciation and amortization	274	149
Other	5,800	3,978
	<b>19,442</b>	<b>12,713</b>

Administrative expenses include expenses for the Managing Board, for division management and for the areas of Finance, Human Resources, Legal and Compliance, Corporate Communications and Quality Management. The increased personnel expenses reflect the increase in staff.

## 9. OTHER OPERATING INCOME/ OTHER OPERATING EXPENSES

The other operating income essentially includes income from foreign currency valuation as well as non-operating income, such as assets recognized in the income statement with their fair value.

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

## 10. BENEFITS TO EMPLOYEES AND TEMPORARY EMPLOYEES

€ '000	Q1 2012	Q1 2011
Wages and salaries	66,907	49,032
Expenses for temporary employees	8,502	8,240
Social security contribution and welfare payments	12,278	9,008
	<b>87,687</b>	<b>66,280</b>

The average number of employees in the Group amounted to:

	Q1 2012	Q1 2011
Research and Development	959	800
Production and Service	3,110	2,333
Sales and Administration	1,127	1,079
	<b>5,196</b>	<b>4,212</b>
Apprentices and interns	445	431
Temporary employees	1,058	1,092
	<b>6,699</b>	<b>5,735</b>

## 11. FINANCIAL RESULT

€ '000	Q1 2012	Q1 2011
Interest income	1,418	1,512
Other financial income	381	1
<b>Financial income</b>	<b>1,799</b>	<b>1,513</b>
Interest expenses	328	182
Other financial expenses	75	63
Interest share from valuation	116	196
<b>Financial expenses</b>	<b>519</b>	<b>441</b>
<b>Financial result</b>	<b>1,280</b>	<b>1,072</b>

The increased financial income reflects current price performance on the financial markets.

## 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 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 € 0.85 per share for the period from January 1 to March 31, 2012. The calculation of earnings in relation to the weighted average number of shares in accordance with IAS 33 produces earnings of € 0.30 per share for the period from January 1 to March 31, 2011 on the basis of 34.7 million shares.

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

34	Notes to the Condensed Interim Financial Statements
38	Selected Notes to the Consolidated Income Statement and Statement of Comprehensive Income
41	Selected Notes to the Balance Sheet
44	Notes to the Statements of Cash Flows
45	Other Disclosures
46	Auditor's Review Report

## SELECTED NOTES TO THE BALANCE SHEET OF SMA GROUP

### 13. GOODWILL AND OTHER INTANGIBLE ASSETS

€ '000	03/31/2012	12/31/2011
Goodwill	311	311
Software	11,516	12,593
Development projects	49,688	43,279
Prepayments	617	617
	<b>62,132</b>	<b>56,800</b>

The additions to the development expenses reflect the intensified development activities to secure the SMA Group's technological leadership.

### 14. FIXED ASSETS

€ '000	03/31/2012	12/31/2011
Land and buildings incl. buildings on third-party property	157,099	159,441
Technical equipment and machinery	35,026	35,463
Other equipment, fixtures and furniture	87,840	91,413
Prepayments	88,350	74,615
	<b>368,315</b>	<b>360,932</b>

The prepayments in the period from January 1 to March 31, 2012 include investments for the expansion of the site at Sandershäuser Berg and for the construction of office buildings totaling € 3.9 million.

### 15. INVENTORIES

€ '000	03/31/2012	12/31/2011
Raw materials, consumables and supplies	190,534	179,831
Unfinished goods, work in progress	39,798	31,472
Finished goods and goods for resale	41,922	44,326
Prepayments	572	773
	<b>272,826</b>	<b>256,402</b>

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 impairment on inventories, included under expenses as production costs, amounts to € 3.2 million (Q1 2011: € 1.1 million).

## 16. OTHER FINANCIAL ASSETS

As of March 31, 2012, other current financial assets include in particular financial assets, time deposits with a term to maturity of over three months and accrued interest totaling € 140.3 million (December 31, 2011: € 80.0 million). Other non-current financial assets primarily include financial assets of € 55.8 million (December 31, 2011: € 55.6 million) and a rent deposit for buildings in the USA amounting to USD 2.5 million (December 31, 2011: USD 2.5 million).

## 17. SHAREHOLDERS' EQUITY

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

## 18. PROVISIONS

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

€ '000	03/31/2012	12/31/2011
Warranties	158,995	149,470
Other obligations deriving from sales transactions	3,412	3,412
Other	22,469	23,880
	<b>184,876</b>	<b>176,762</b>

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, and they are used in the following year.

Other obligations deriving from sales transactions contain claims made, which were set up in the amount of the expected claims. Other provisions contain risks from acceptance obligations to suppliers and obligations for long-service anniversaries, death benefits, partial retirement and service contributions.

## 19. FINANCIAL LIABILITIES

€ '000	03/31/2012	12/31/2011
Finance lease liabilities	1	1
Liabilities towards credit institutions	32,033	32,617
Derivative financial liabilities	1,029	1,277
	<b>33,063</b>	<b>33,895</b>

The liabilities due to 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 rate derivatives related to the financing of SMA Immo.

34	Notes to the Condensed Interim Financial Statements
38	Selected Notes to the Consolidated Income Statement and Statement of Comprehensive Income
41	<b>Selected Notes to the Balance Sheet</b>
44	Notes to the Statements of Cash Flows
45	Other Disclosures
46	Auditor's Review Report

## 20. OTHER FINANCIAL LIABILITIES

€ '000	03/31/2012	12/31/2011
Liabilities Human Resources department	77,519	64,261
Liabilities Sales department	13,446	9,753
Other	2,925	3,094
	<b>93,890</b>	<b>77,108</b>

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 worker's compensation association. The liabilities in the Sales area primarily contain liabilities towards customers from advance payments received and bonus agreements.

## 21. OTHER LIABILITIES

€ '000	03/31/2012	12/31/2011
Deferred income for extended guarantees	83,468	78,992
Liabilities from prepayments received	14,648	44,262
Liabilities due to tax authorities	2,822	1,364
Liabilities from subsidies received	1,292	1,327
Other	275	147
	<b>102,505</b>	<b>126,092</b>

The accrual item for extended warranties includes liabilities from chargeable guarantee extensions granted for the products. 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.

## 22. FINANCIAL INSTRUMENTS

As of March 31, 2012, the Balance Sheet included thirteen forward transactions intended to hedge the exchange rate risks of expected future sales generated with customers. The derivatives are still classified as held for trading. They are not part of a hedging relationship as defined by IAS 39. For the interest risks arising for SMA Immo due to financial liabilities, 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.

## NOTES TO THE STATEMENTS OF CASH FLOWS OF 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

Gross cash flow of € 53.5 million (Q1 2011: € 2.6 million) reflects operating income prior to commitment of funds.

Net cash flow from operating activities amounted to € 7.9 million in the first quarter of fiscal year 2012 (Q1 2011: € -26.0 million). The increase is mainly attributable to the year-on-year higher gross cash flow (€ +50.9 million).

The change in net working capital results mainly from an increase of accounts receivable due to the improved business situation. In comparison with the first quarter of the previous year, the increase in inventories was much lower. The change to inventories relevant to the Statement of Cash Flows amounts to € 19.6 million. Furthermore, a € 7.5 million increase in accounts payable relevant to the Statement of Cash Flows occurred.

The changes in the other net assets were in particular caused by the payment of variable salary components to employees, future benefit obligations from warranty extensions as well as liabilities from prepayments received.

### 24. NET CASH FLOW FROM INVESTING ACTIVITIES

Net cash flow from investing activities decreased in the first quarter in the fiscal year 2012 to € -86.9 million compared to the previous year's figure of € -144.1 million. The outflow of funds for investments in tangible and intangible assets amounted to € 27.1 million (Q1 2011: € 35.2 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.

### 25. NET CASH FLOW FROM FINANCING ACTIVITIES

The net cash flow from financing activities includes the redemption of credit liabilities of SMA Immo in the period under review.

### 26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounting to € 293.6 million (December 31, 2011: € 371.1 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 € 489.7 million (December 31, 2011: € 506.7 million).

34	Notes to the Condensed Interim Financial Statements
38	Selected Notes to the Consolidated Income Statement and Statement of Comprehensive Income
41	Selected Notes to the Balance Sheet
44	Notes to the Statements of Cash Flows
45	Other Disclosures
46	Auditor's Review Report

## OTHER DISCLOSURES

### 27. EVENTS AFTER THE BALANCE SHEET DATE

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

### 28. RELATED PARTY DISCLOSURES

In comparison with December 31, 2011, the restructuring of SMA as of January 1, 2012 extended the group of related parties by the management of the divisions. The scope of transactions with team-time GmbH in the first quarter of the current year was identical to the previous extent. There were no other significant transactions with related parties.

Niestetal, May 7, 2012

SMA Solar Technology AG  
The Managing Board

Jürgen Dolle

Roland Grebe

Pierre-Pascal Urbon

Marko Werner

# AUDITOR'S REVIEW REPORT

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, 2012 to March 31, 2012, which are components of the Quarterly Financial Report pursuant to Section 37x (3) 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 or 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 or 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, May 7, 2012

Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft

Scharpenberg  
Wirtschaftsprüfer  
(German Public Auditor)

Schwibinger  
Wirtschaftsprüfer  
(German Public Auditor)

## Disclaimer

The quarterly financial report January to March 2012, in particular the forecast report included in the management report, includes various forecasts and expectations as well as statements relating to the future development of the SMA Group and SMA Solar Technology AG. These statements are based on assumptions and estimates and may entail known and unknown risks and uncertainties. Actual development and results as well as the financial and asset situation may therefore differ substantially from the expectations and assumptions made. This may be due to market fluctuations, the development of world market prices for commodities, of financial markets and exchange rates, amendments to national and international legislation and provision or fundamental changes in the economic and political environment. SMA does not intend to and does not undertake an obligation to update or revise any forward-looking statements to adapt them to events or developments after the publication of this quarterly financial report.

## FINANCIAL CALENDAR 2012

May 22, 2012	Annual General Meeting 2012, Kassel, Kongress Palais
June 14, 2012	Capital Markets Day 2012, Munich
August 9, 2012	Publication of Half-yearly Financial Report January to June 2012 Analyst Conference Call: 9:00 a.m. CET
November 8, 2012	Publication of Quarterly Financial Report January to September 2012 Analyst Conference Call: 9:00 a.m. CET

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