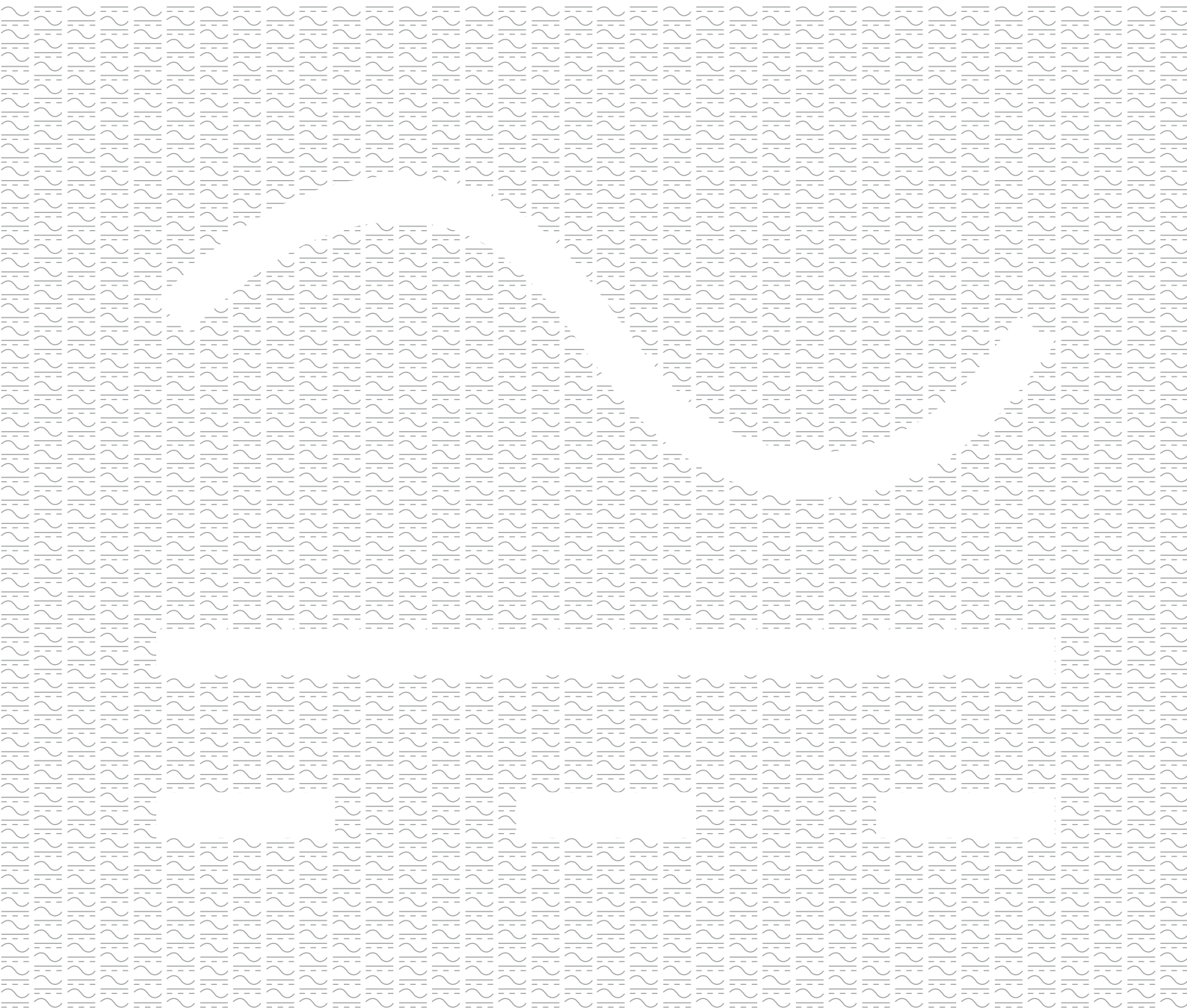


ENERGY
THAT
CHANGES



Half-Yearly Financial Report January to June 2012



SMA AT A GLANCE

SMA Group		H1 2012	H1 2011	Change	Year 2011
Sales	€ million	833.7	715.0	17%	1,676.3
Export ratio	%	53.7	56.3		53.6
Inverter output sold	MW	4,029	3,147	28%	7,591
Capital expenditure	€ million	58.6	71.7	-18%	161.3
Depreciation	€ million	30.5	22.2	37%	50.4
Operating profit (EBIT)	€ million	83.7	103.7	-19%	240.3
EBIT margin	%	10.0	14.5		14.3
Consolidated net profit	€ million	59.4	73.5	-19%	166.1
Earnings per share ¹	€	1.71	2.12		4.79
Employees ²		6,851	5,922	16%	6,366
in Germany		5,518	5,395	2%	5,568
abroad		1,333	527	153%	798

SMA Group		06/30/2012	12/31/2011	Change
Total assets	€ million	1,389.2	1,374.3	1%
Equity	€ million	807.5	789.3	2%
Equity ratio	%	58.1	57.4	
Net working capital ³	€ million	348.2	281.7	24%
Net working capital ratio ⁴	%	19.4	16.8	
Net Cash	€ million	387.7	473.3	-18%

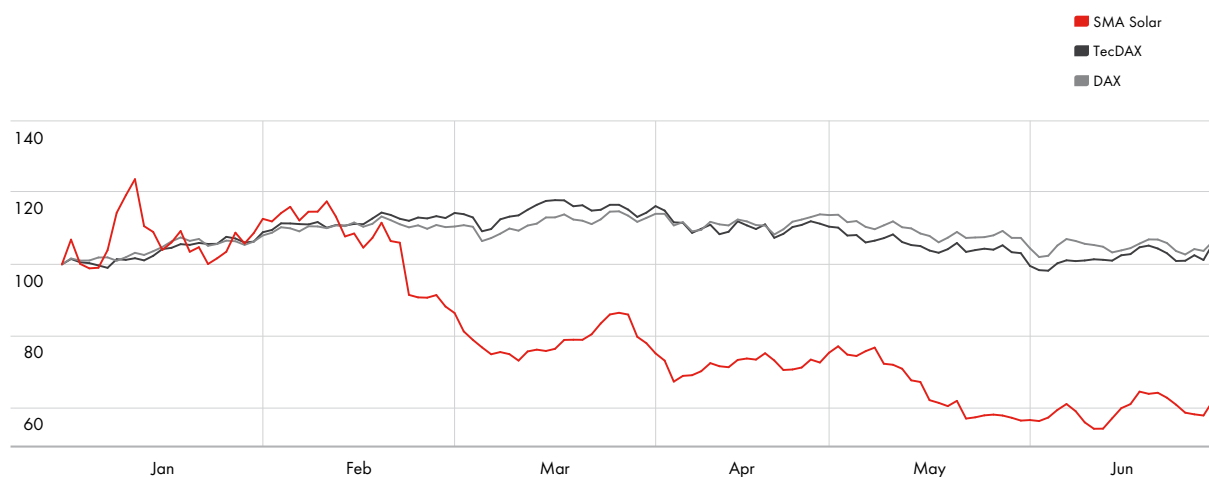
¹ Converted to 34,700,000 shares

² Average during the period; incl. temporary employees

³ Inventories and trade receivables minus trade payables

⁴ Relating to the last 12 months (LTM)

Performance of the SMA Share Q1-Q2 2012 in %, rebased to 100 points



CONTENTS HALF-YEARLY FINANCIAL REPORT

2 The Share

8 Interim Management Report

10	Economic Conditions
12	Results of Operations, Financial Position and Net Assets
17	Capital Expenditure
18	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 June 30, 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	Responsibility Statement
47	Auditor's Review Report

48 Other Information

48	Disclaimer
49	Financial Calendar, Imprint, Contact

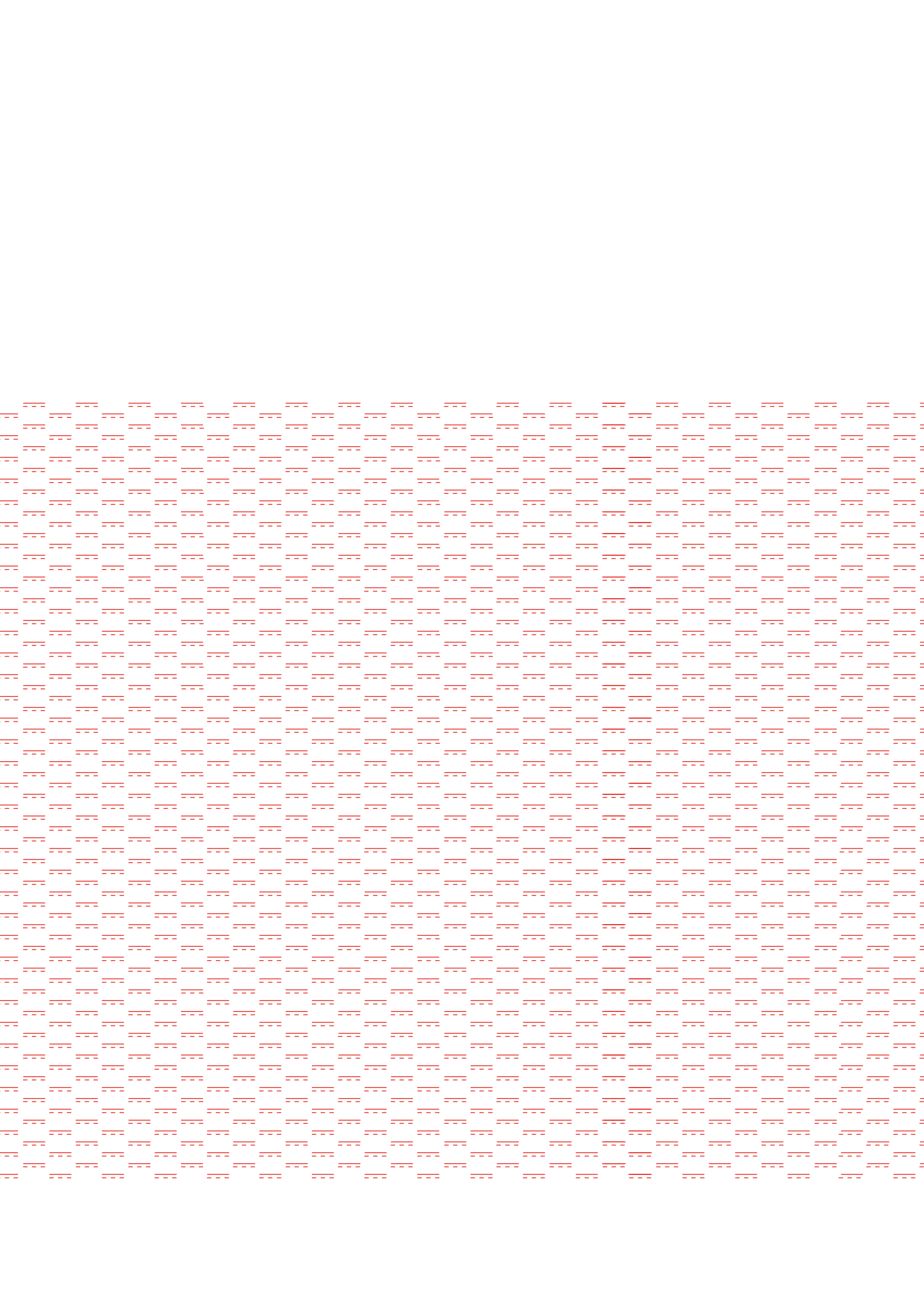
THE SHARE

Half-Yearly Financial Report January to June 2012 – Facts to Our Share

€936.6 Million Market Capitalization

33.8 Percent Payout Ratio

29.15 Percent Free Float



THE SHARE

DESPITE EURO CRISIS – STABLE DEVELOPMENT OF THE GERMAN INDICES

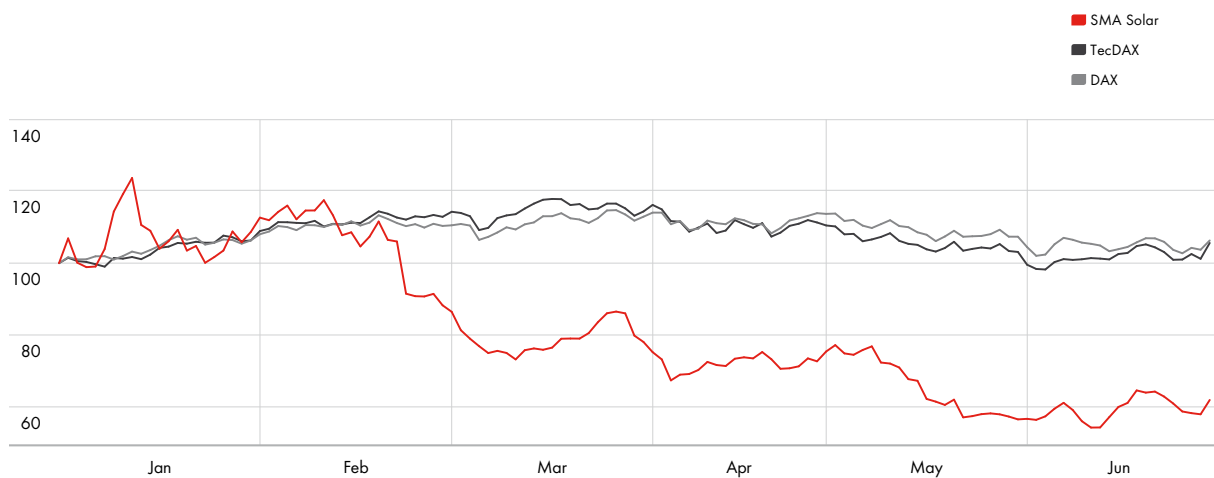
In the first half of 2012, the performance of the stock market indices was influenced in particular by the EU financial crisis and the U.S. economy.

After a successful start to 2012 at 6,075.52 points, the DAX climbed toward the 7,000 mark. The German leading index

breached this barrier on March 14, 2012 and reached its high for the half year at 7,157.82 points on March 16, 2012. The 7,000 mark was not maintained for long due to the deteriorating business outlook, with the result that the DAX fell at the beginning of April and reached its low of 5,969.40 points on June 5, 2012. By the end of the first half of the year, the DAX recovered, climbing to 6,416.28 points. This is a price increase of 5.6% on the start of the year.

The TecDAX performed similarly to the DAX in the first half of 2012. The leading index for German technology

Performance of the SMA Share Q1-Q2 2012 in %, rebased to 100 points



Solar sector insolvencies influence SMA's share price performance

companies started 2012 successfully and rose over 10% by mid-February (February 20, 2012). On March 27, 2012, it exceeded the 800 mark and reached its half-year high of 802.61 points. At the end of the reporting period, the index closed with growth of around 6% at 743.74 points (June 29, 2012).

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

SOLAR SECTOR INSOLVENCIES INFLUENCE SMA PRICE PERFORMANCE

SMA shares began 2012 positively at a price of €43.48 (January 2, 2012, closing price Xetra trading platform). The announcement of the unexpectedly high number of PV plant registrations in Germany in December 2011 led to speculation about a successful fourth quarter for SMA, and drove the SMA share price to its half-year high of €53.75 (January 12, 2012). On February 23, 2012, the German Federal Government announced the premature and drastic reduction of solar subsidies in Germany. The news had a negative impact on the solar shares traded in the TecDAX. The price of the SMA share fell to €39.80.

The SMA Managing Board published a forecast for the current fiscal year for the first time on March 2, 2012. On the basis of the radical cuts to solar subsidies in Germany, the Managing Board expected a decline in sales to between €1.2 billion and €1.5 billion with an EBIT margin of 5%

to 10%. Once this outlook was released, the SMA share fell to €35.40 (closing price Xetra trading platform). Over the next few days, the price dropped further and reached its low for the first quarter at €31.88 on March 12, 2012 (closing price Xetra trading platform).

On March 29, 2012, SMA published the final figures for fiscal year 2011 and confirmed its sales and earnings forecast for 2012. On the same day, the Bundestag passed an amendment to the EEG (Renewable Energy Sources Act) relating to photovoltaics. The SMA share price dropped sharply and fell below the €30 mark by the beginning of April 2012 (€29.35 closing price Xetra trading platform on April 4, 2012).

Due to numerous insolvencies in the solar sector, willingness to invest in solar stocks dissipated. Despite its good results in the first quarter, even SMA was not able to escape this trend. The SMA share price sank to its half-year low of €23.66 on June 12 (closing price Xetra trading platform). The renewed confirmation of the sales and earnings forecast and the presentation of numerous innovations at Intersolar had a positive influence on the price (€28.14, June 19, 2012 closing price Xetra trading platform).

By the end of the first half of the year on June 29, 2012, the SMA share price was €26.99 (closing price Xetra trading platform). This equates to a minus of 38% against the price at the start of the year.

STABLE SHAREHOLDER STRUCTURE

The shareholder structure did not change in the first half of 2012. 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 Technol-

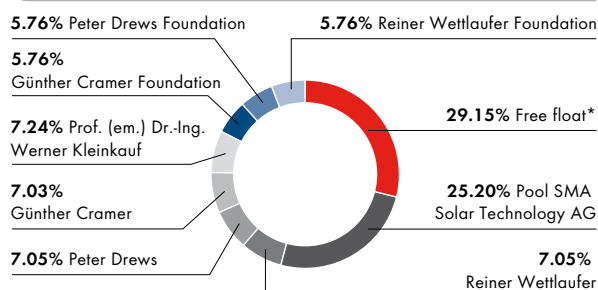
ogy AG Günther Cramer, Peter Drews, Reiner Wettlauffer and Prof. (em.) Dr.-Ing. Werner Kleinkauf. The first three of those named hold voting rights as sole Managing Board members for their foundations with a further approximately 17% of the shares.

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 22 analysts.

Research Coverage

Institution	Name
Bank of America/Merrill Lynch	Claus Roller
Barclays Capital	Rupesh Madhani
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	Christian Reinecke
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
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

Shareholder Structure in %



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

ANNUAL GENERAL MEETING RESOLVES DIVIDEND PAYOUT OF €1.30 PER SHARE

The Annual General Meeting of the SMA Group was held at Kongress Palais Kassel on May 22, 2012 with more than 450 shareholders attending. The shareholders granted discharge to the Managing Board and Supervisory Board for the 2011 fiscal year by a majority of over 99%. Furthermore, the Annual General Meeting followed the Managing and Supervisory Boards' proposal to distribute €1.30 per qualifying bearer share. This equates to a payout ratio of 33.8%, the highest since the initial public offering in 2008. SMA will continue to attach a great deal of importance to the participation of the shareholders in the Company's development and therefore targets a payout ratio of 20% to 40%.

All relevant information and documents regarding the 2012 Annual General Meeting as well as the speech of Pierre-Pascal Urbon, CEO, are available on the Web site at www.SMA.de/AnnualGeneralMeeting.

The next SMA Solar Technology AG Annual General Meeting will be held on May 23, 2013 at Kongress Palais Kassel.

SOCIAL MEDIA USED AS NEW CAPITAL MARKET COMMUNI- CATION INSTRUMENT

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 Web site www.IR.SMA.de provides comprehensive and up-to-date information about our Company. This includes, for instance, financial publications and a financial calendar. An interactive share chart enables comparisons between SMA share prices and selected stock market indices. In addition to these publications, Pierre-Pascal Urbon, Chief Executive Officer and Chief Financial Officer, addresses the capital market regularly via video message.

In the first half-year of 2012, the Chief Financial Officer and the Investor Relations team participated in two investor conferences 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. The Managing Board also held teleconferences with institutional investors in London. Moreover, the IR team spoke with analysts and investors in more than 70 teleconferences.

The Capital Markets Day planned for June at Intersolar 2012 in Munich has been postponed to September 26, 2012. During the 27th European Photovoltaic Solar Energy Conference and Exhibition in Frankfurt am Main, SMA will present the main themes "energy management" and "Solar-Diesel-Hybrid-Systems" and offer a discussion panel with the management.

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. SMA is also making stronger use of new media channels such as the SMA Corporate Blog www.SMA-Sunny.com to keep shareholders informed.

INTERIM MANAGEMENT REPORT

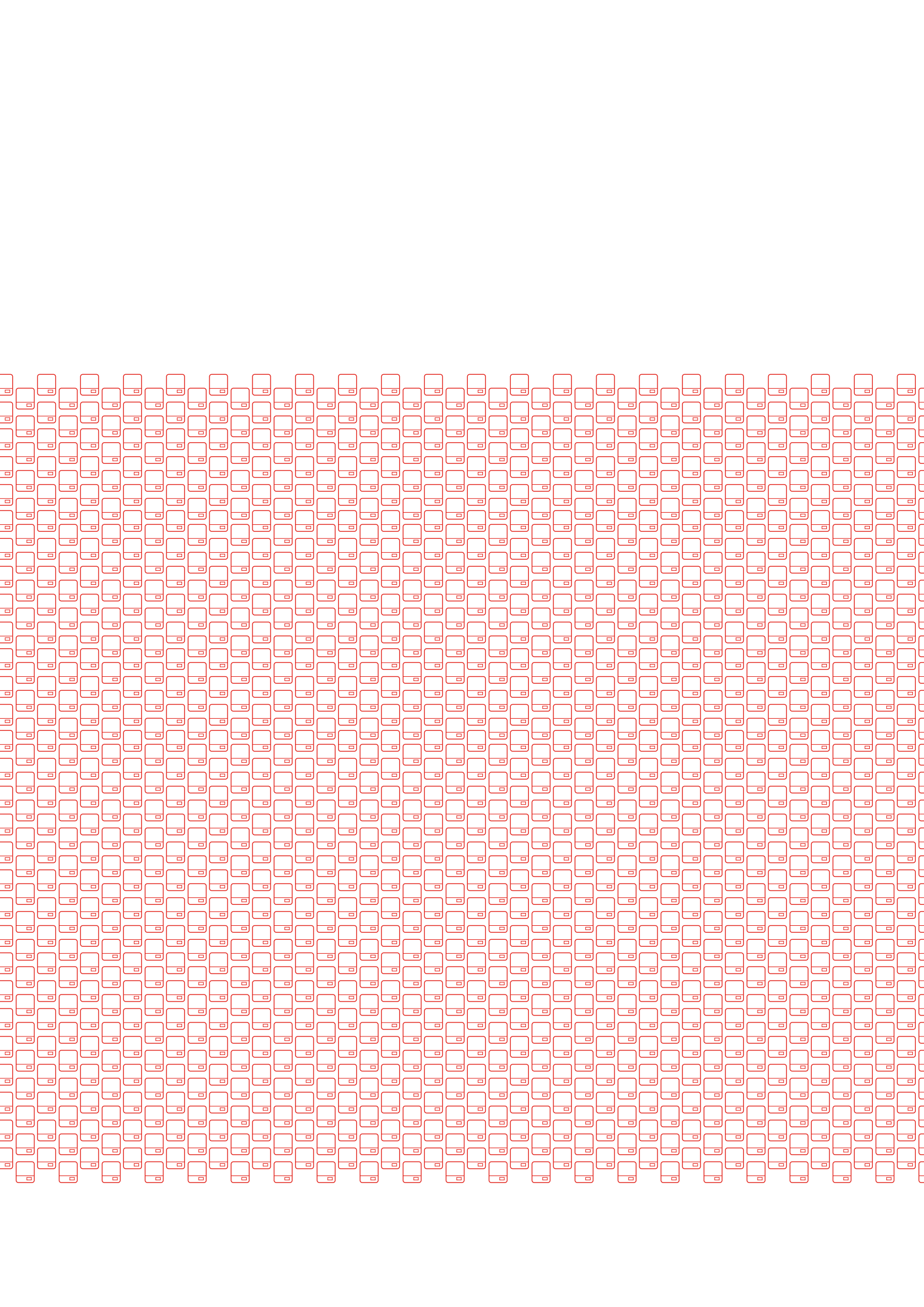
**Half-Yearly Financial Report January to June 2012 –
the Managing Board is Raising the Lower End
of Its Sales and Earnings Guidance for 2012**

4.0 Gigawatts Inverter Output Sold

€0.8 Billion Sales

€83.7 Million EBIT

€387.7 Million Net Cash



INTERIM MANAGEMENT REPORT JANUARY TO JUNE 2012

ECONOMIC CONDITIONS

GENERAL ECONOMIC CONDITIONS

Euro Crisis Weakens Global Economy in Second Quarter

According to an analysis of the Kiel Institute for the World Economy (IfW), the global economy finds itself in a phase of very modest economic expansion at the midpoint of the year. According to the analysis, the brightening of prospects in the first few months of the current year was only short-lived. In the second quarter, the renewed aggravation of the sovereign debt crisis in the euro zone was a key negative factor. In the last few months, it is true that the global gross domestic product increased somewhat more rapidly, with a current annual rate of 3.1%, following growth of just 2.3% in the last three months of 2011. However, this increase is put into perspective in view of the mid-term trend of approximately 4%. The International Monetary Fund (IMF) also considers that the euro crisis curbed economic growth in the first half of the year and became increasingly evident outside the euro zone as well. For example, in June the ISM Index, the most important leading indicator of the U.S. economy, fell considerably. For the first time in three years, it slipped below the expansion threshold of 50 points, as reported by the Institute for Supply Management (ISM). Accordingly, at the beginning of July the IMF announced that it wanted to revise downwards its forecast – which was still moderately positive in April – since even weaker economic development is anticipated for the current year. According to the Kiel Institute for the World Economy, future prospects depend mainly on the development of the sovereign debt crisis in the euro zone and the resulting effects on demand and financial markets. According to the Institute the economy in newly industrialized countries will gain momentum again on the basis of business policy proposals and more powerful expansion in the advanced economies. In the U.S., the economy is set to accelerate only slightly in the course of the year, while according to the Kiel Institute, in Japan the economy is receiving a powerful boost in the current year from the state's redevelopment measures.

ECONOMIC CONDITIONS IN THE SECTOR

Solar Sector Negatively Influenced by Changed Conditions

In the first half of the year, the development of global demand was characterized by the clear changes in subsidy conditions in Europe.

In the first half of 2012, the solar market was characterized in particular by unstable subsidy conditions described below. In Italy, a final version of Conto Energia V was adopted in July. Compared with Conto Energia IV, the feed-in tariff for power from PV plants is to be reduced very strongly and annual new PV plant installations limited to between 1 GW and 2 GW (2011: approximately > 8 GW). In Germany, too, at the end of June the Mediation Committee reached agreement about the future design of support for PV plants within the framework of the German Renewable Energy Sources Act (EEG). Especially for small and medium-scale photovoltaic rooftop systems, the originally planned subsidy cuts were softened, while in the large-scale plant segment the deadlines for subsidy adjustments of the end of June and the end of September were maintained. The range of 2.5 GW to 3.5 GW annual new installations established in the EEG was also maintained. However, support is to stop entirely if a total installed photovoltaic capacity of 52 GW is reached. In Spain, after the moratorium at the beginning of the year, the introduction of a tax on income from electricity production was discussed. In Great Britain, after subsidy cuts in April, a further reduction of the feed-in tariff is pending in August.

Outside the euro zone, several new subsidy schemes came into operation. In Japan, the new incentives to promote large-scale plant projects were adopted by the government in June. Here, the support is modeled on the EEG in Germany. From July, for power from PV plants of more than 10 kW there will be a converted feed-in tariff of 41.88 eurocents per kWh over a duration of 20 years. The Australian government has also raised its aims with regard to the expansion of renewable energies. At the end of the second quarter, India also announced ambitious expansion targets. According to

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

forecasts of the Ministry of New and Renewable Energy (MNRE), total photovoltaic capacity in India is to exceed the 2 GW threshold in 2012. Owing to the National Solar Mission (NSM) and the solar policy of the state of Gujarat (Gujarat Solar Policy), the installed photovoltaic capacity in India increased to almost 1 GW by May 2012. This made India one of the fastest-growing solar markets in the world. In June, the Chinese government also raised its expansion targets for 2015 again, from 15 GW to 21 GW.

The sharp fall in production costs for solar power will provide important growth impulses from applications in which photovoltaics is the more cost-effective solution in future. In sunny countries in particular, solar power is often more attractive economically than generating electricity with fossil fuels. However, photovoltaics can also compete successfully with the electricity rates for households in some European markets today. With the change in the areas of application, topics such as the regulations governing Solar-Diesel-Hybrid-Systems, energy management, improving energy consumption and intermediate storage of solar power are becoming increasingly important.

IMPACT OF GENERAL CONDITIONS ON BUSINESS DEVELOPMENT

Managing Board Raises Lower End of Sales and Earnings Guidance

In the first half of 2012, the changes in the general conditions led to a shift in demand. Due to the stronger importance of foreign markets, demand for inverters increased for higher output ranges. Due to its unique positioning in the inverter market, SMA benefited from this development. SMA boosted its international presence in good time and now supports customers in over 21 countries through its own sales and service companies. With its global positioning, SMA can reduce its dependence on individual markets. No other competitor has a comparable international infrastructure. In addition, SMA has a product range of PV inverters for rooftop systems and large-scale solar projects which has

won many awards. It also offers monitoring and energy management systems. Therefore, SMA is able to provide technically optimal inverter solutions for all power classes and all types of plants worldwide. Thanks to its highly flexible production facilities in Germany and North America with a total capacity of 11.5 GW, SMA is able to react rapidly to fluctuations in global demand.

In the first half of 2012, business development in the **Medium Power Solutions** segment was influenced by catch-up effects and demand brought forward. The catch-up effects resulted mainly from the high level of commercial commissioning in Germany in the fourth quarter of 2011. Due to customers' low inventory levels, the greatest part of these plant registrations were processed in the first half of 2012. In the first half of the year, the changes in the subsidy conditions in important European markets also caused purchases to be brought forward. Business development was also characterized by the effects of purchases being brought forward in the **Power Plants Solutions** segment. For example, in the first half of 2012, numerous projects were carried out in North America that still benefited from the subsidy conditions that were effective last year. The transitional standard for ground-based PV plants in Germany also had a positive effect on sales. The business development in the **Service** segment is influenced significantly by product sales. For this reason, positive stimuli came from the high level of commissioning in North America and Europe.

For the current fiscal year, the Managing Board expects an increase in newly installed global photovoltaic output to between 31 GW and 33 GW (previously: 29 GW to 31 GW). Compared with the previous year, the new forecast equates to growth of more than 25% (2011: 26 GW). On the basis of the positive performance in the first half of the year, the Managing Board is raising the lower end of the sales and earnings guidance. The amended guidance forecasts sales of €1.3 billion to €1.5 billion and an operating profit of €100 million to €150 million (previously: sales of €1.2 billion to €1.5 billion; EBIT: €60 million to €150 million). This equates to an EBIT margin of 8% to 10% (previously: 5% to 10%). However, due to foreseeable cuts in different incentive programs and the generally high dynamism of global photovoltaics markets, the forecast for fiscal year 2013 and the years to come cannot currently be given in any more detail.

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

RESULTS OF OPERATIONS

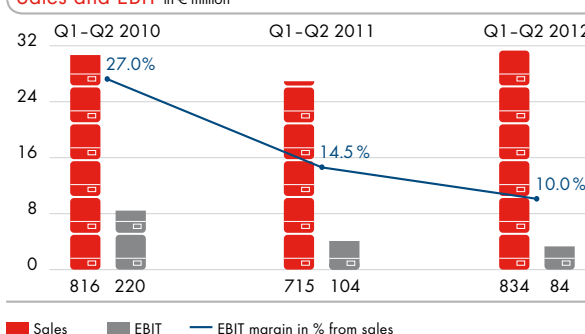
Group Sales and Earnings

SMA increases volume and sales

Following a positive start to fiscal year 2012, the SMA Group also continued its growth in the second quarter. In total, solar inverters with a capacity of 4,029 MW were sold in the first half of 2012, a year-on-year increase of 28.0% (Q1-Q2 2011: 3,147 MW). SMA Group sales rose by 16.6% year-on-year to €833.7 million (Q1-Q2 2011: €715.0 million).

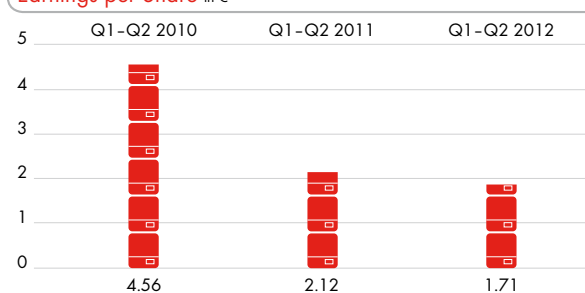
In the first half of 2012, gross foreign sales increased by 12.1% on the same period of the previous year to €463.9 million (Q1-Q2 2011: €413.8 million). This underscores SMA's outstanding international position with its excellent sales and service structures and full range of products. In the first half of 2012, the most important foreign markets for the SMA Group were North America, Belgium, Great Britain and Australia.

Sales and EBIT in € million



An EBIT of €83.7 million was generated in the first half of 2012 (Q1-Q2 2011: €103.7 million). The EBIT margin of 10.0% is at the upper end of the earnings forecast (Q1-Q2 2011: 14.5%). The fall in the operating result is attributable particularly to higher expenses for risk provisioning, impairment losses on receivables and inventories and higher amortization. Consolidated net profit was €59.4 million (Q1-Q2 2011: €73.5 million). Earnings per share fell to €1.71 (Q1-Q2 2011: €2.12).

Earnings per Share in €

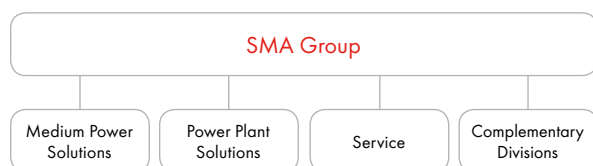


10	Economic Conditions
12	Results of Operations, Financial Position and Net Assets
17	Capital Expenditure
18	Research and Development
20	Employees
21	Supplementary Report
21	Risks and Opportunities Report
21	Forecast Report

Sales and Earnings per Segment

Medium Power Solutions division benefits from pull-forward and catch-up effects in Germany

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 managed in the Off-Grid Solutions division as of 2012. The division is in the Complementary Divisions segment.



The Medium Power Solutions division is responsible for the Sunny Boy, Sunny Mini Central and Sunny Tripower product families. The division also develops and distributes products used for monitoring PV plants and for energy management. The product families comprise 60 inverters and 17 communication products in total. 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. The division mainly serves retail customers.

In the first half of 2012, the Medium Power Solutions division's external sales revenue increased 14.8% to €598.9 million (Q1-Q2 2011: €521.8 million). This meant it was the division with the strongest sales in the SMA Group. Its share of SMA Group sales was 71.8% (Q1-Q2 2011: 73.0%). In the second quarter, the division increased its external sales 9.7% quarter-on-quarter to €313.3 million.

The performance of the Medium Power Solutions division was marked by catch-up and pull-forward effects as well as strong international business in the first half of 2012. The catch-up effects are the result of the commercial com-

missioning of many PV plants in Germany in the fourth quarter of 2011. A large number of these PV plants were not equipped with inverters until the first half of 2012. The announcement of cuts in incentives in key European solar markets also led to demand for inverters being brought forward. There was further positive demand particularly from the U.S., Belgian, British and Australian markets. The key sales drivers in the first half of 2012 were the inverters in the Sunny Tripower and Sunny Boy product families.

The operating profit before interest and taxes (EBIT) was €80.4 million in the first half of 2012 (Q1-Q2 2011: €81.8 million). In relation to internal and external sales revenue, this corresponds to an EBIT margin of 12.4% (Q1-Q2 2011: 14.7%).

Power Plant Solutions Division Benefits from Strong International Business

With the central inverters from the Sunny Central product family, the Power Plant Solutions division, formerly the High Power Solutions segment, serves the market for large-scale PV plants with outputs ranging from 100 kW to several megawatts. The product family contains 29 central inverters with numerous variants providing optimal technical solutions for any large-scale project. As the global market leader in this segment, SMA also offers central inverters that feed directly into the medium-voltage grid of energy suppliers. The exceptional efficiencies of these devices achieve up to 98.7%. The division predominantly serves project business customers.

In the first half of 2012, external sales revenue increased by 16.6% year-on-year to €194.9 million (Q1-Q2 2011: €167.1 million). Project business in North America in particular developed very well. In the second quarter, the division benefited from the transitional standard for ground-based plants in Germany. The Power Plant Solutions division's share in total SMA Group sales was unchanged at 23.4% (Q1-Q2 2011: 23.4%). The most important markets in the first half of the year included North America, Germany, Thailand and Greece. The most successful products included the Sunny Central Compact Power series of inverters.

In view of the shift in demand toward larger inverters, the SMA Group has further strengthened the Power Plant Solutions division with new staff throughout the world. This expansion as well as one-off items are the main reasons for the decline in the operative earnings margin. The operating profit before interest and taxes (EBIT) was €20.2 million in the first half of 2012 (Q1–Q2 2011: €31.0 million). In relation to internal and external sales revenue, the EBIT margin was 9.7% (Q1–Q2 2011: 17.4%).

Service Division Benefited from Numerous Commissioning of Large-Scale Solar Projects

SMA offers customers in Germany and abroad various after-sales services to guarantee the technical availability of SMA products during a lifespan of more than 20 years. The services encompass warranty extensions, service and maintenance contracts as well as commissioning. Through a global network of 90 service hubs, SMA can guarantee a rapid reaction time for the SMA inverters installed throughout the world with a total capacity of more than 20 GW. In the view of the Managing Board, SMA's service structure and processes represent a considerable competitive advantage.

In the first half of 2012, external sales revenues amounted to €8.6 million (Q1–Q2 2011: €6.0 million). Notable sales drivers were the commissioning of PV plants, and repairs and service as well as maintenance contracts subject to a charge. The operating profit before interest and taxes (EBIT) was €–12.3 million in the first half of 2012 (Q1–Q2 2011: €–10.0 million). The Managing Board of SMA expects to make the Service division profitable following the expiry of the standard warranty period for the years of high volume.

Complementary Divisions with Positive Development

The operations of dtw, Off-Grid Solutions and Railway Technology are combined under the Complementary Divisions segment.

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.

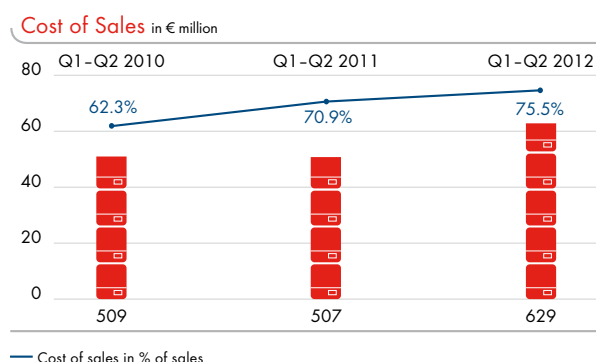
The Complementary Divisions posted a positive development in the first half of 2012. In particular, the acquisition of dtw in the third quarter of 2011 is reflected in sales and earnings. External sales increased by 55.7% to €31.3 million (Q1–Q2 2011: €20.1 million). EBIT also developed positively and rose to €7.6 million (Q1–Q2 2011: €–1.8 million). In relation to internal and external sales revenue, this corresponds to an EBIT margin of 9.5% (Q1–Q2 2011: –6.6%).

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

Development of Significant Income Statement Items

One-off Items Depress Gross Margin

In the first half of 2012, the cost of sales totaled €629.4 million (Q1–Q2 2011: €506.8 million). SMA's strategy of reducing cost of sales through technical innovations already began to pay off in the reporting period. The cost of materials ratio improved year-on-year despite reductions in specific selling prices. The fall in the gross margin to 24.5% (Q1–Q2 2011: 29.1%) is mainly attributable to higher expenses for risk provisioning because of additional work to purchased components used in various product families. In addition, the higher impairment losses for receivables and inventories and amortization had a negative impact on the gross margin. The cost of sales was attributable as follows: 69.8% to material expenses, 15.1% to personnel expenses and 15.1% to other expenses as well as depreciation and amortization.



With the expansion of international sales and marketing structures, selling expenses increased as expected year-on-year to €35.1 million (Q1–Q2 2011: €28.7 million). At 4.2%, the selling expenses ratio is at the level of the same period in the previous year (Q1–Q2 2011: 4.0%).

Development expertise is a major strategic unique selling proposition of SMA and therefore expanded rigorously. In the first half of 2012, research and development expenses excluding capitalized development projects amounted to €44.2 million (Q1–Q2 2011: €39.8 million). Total research and development expenses including capitalized development projects amounted to €55.0 million (Q1–Q2 2011: €44.6 million). Thus SMA invested 6.6% of sales revenue in the development of new products in the first half-year (Q1–Q2 2011: 6.2%). Scheduled depreciation of capitalized development projects amounted to €3.7 million in the first six months of the year (Q1–Q2 2011: €2.1 million).

The increase in research and development expenses is based primarily on the increase in employees. At the end of the first half of 2012, the SMA Group had 985 employees in research and development (June 30, 2011: 858 employees). The increase in other costs of 25.6% is mainly attributable to the further expansion of development cooperation and an intensification of the measures to protect intellectual property. SMA is currently working on some 300 patents being granted globally. The rise in capitalized development projects reflects the enormous amount of activity in the development of new devices.

Administrative expenses totaled €39.4 million in the first half of 2012 (Q1–Q2 2011: €32.1 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 was virtually constant at 4.7% in the first six months of 2012 (Q1–Q2 2011: 4.5%).

The balance of other operating income and expenses totaled €1.9 million in the first half of 2012 (Q1–Q2 2011: €3.8 million). In addition to the effects of foreign currency valuation, the impairment losses on receivables and other miscellaneous expenses and income are included here. Owing to our active receivable management, impairment losses on receivables from preceding periods of €1.9 million were reversed in the first six months (Q1–Q2 2011: €0.2 million).

FINANCIAL POSITION

Net Liquidity of Almost €390 Million Resulting from Gross Cash Flow Increase of Almost 60%

In the first half of 2012, SMA strongly increased gross cash flow to €104.3 million (Q1–Q2 2011: €65.3 million). The increase of almost 60% year-on-year once again underlines SMA's ability to generate cash even under challenging competitive conditions.

In view of the changes to conditions in major solar markets, the Managing Board reduced inventories of raw materials, consumables and supplies. However, inventories of finished goods increased as a result of large numbers of large-scale solar projects in Germany and abroad. The increase in unfinished goods and work in progress is largely the result of the targeted increase in delivery capacity in individual markets. Overall, the increase in inventories (before impairment losses) in the first half of 2012 is far lower, at €26.0 million, than in the same period in the previous year (Q1–Q2 2011: €49.9 million).

Improved performance and increasing internationalization led to an increase in trade receivables. Trade payables decreased by €3.7 million because of the reduction in purchasing activity. 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 half of 2012 amounted to €14.3 million, while in the previous year it was clearly negative (Q1–Q2 2011: €–39.3 million). Net cash flow from investing activities decreased to €–57.6 million in the reporting period (Q1–Q2 2011: €–75.9 million). The investment volume in fixed and intangible assets totaled €58.6 million, down on the previous year's level of €71.7 mil-

lion. The largest portion of €44.2 million went to investments in the new service center and machinery and equipment, for example. Investments in intangible assets amounted to €14.3 million (Q1–Q2 2011: €10.7 million).

Net cash flow from financing activities includes SMA Solar Technology AG's dividend payout of €45.1 million in the second quarter of 2012.

Cash and cash equivalents amounting to €284.5 million (December 31, 2011: €371.1 million) include cash in hand, cash held at banks and short-term deposits with an original term to maturity of less than three months. With time deposits with a term to maturity of more than three months and fixed-interest-bearing securities as well as financial liabilities, this resulted in net cash of €387.7 million (December 31, 2011: €473.3 million). Thus, SMA has excellent liquidity reserves and can finance future development from its own resources. Particularly in periods of extreme uncertainty on capital and financial markets, SMA's financial independence is an enormous competitive advantage from the Managing Board's perspective.

NET ASSETS

SMA Increases Its Equity Ratio to 58.1%

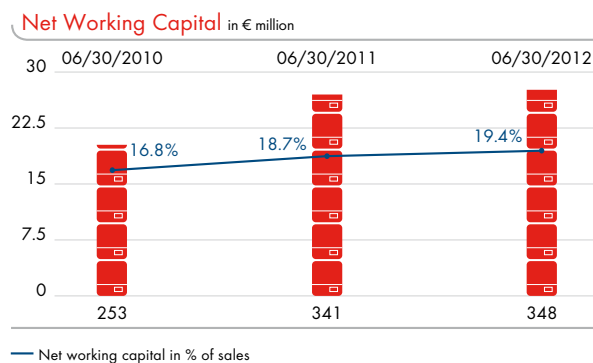
As of June 30, 2012, total assets rose to €1,389.2 million (December 31, 2011: €1,374.3 million).

As of June 30, 2012, net working capital has risen to €348.2 million (December 31, 2011: €281.7 million) and consequently amounted to 19.4% in relation to the last twelve months' sales. This ratio was thus at the lower end of 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.

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

In the second quarter of 2012, trade receivables amounted to €185.2 million and had thus increased by 31.3% against December 31, 2011 (December 31, 2011: €141.1 million). In the reporting period, impairment losses on receivables increased by €1.6 million and added up to €9.6 million on June 30, 2012. As of the reporting date, days sales outstanding rose moderately to 33.2 days (December 31, 2011: 28.1 days).

On the reporting date, inventories amounted to €275.1 million (December 31, 2011: €256.4 million). The rise in finished goods as well as unfinished goods and services was not entirely offset by the reduction in inventories of raw materials, consumables and supplies. Trade payables decreased by €3.8 million to €112.0 million (December 31, 2011: €115.8 million). The share of supplier credits in total assets fell to 8.1% (December 31, 2011: 8.4%).



The Company's equity capital base rose despite a dividend payout of €45.1 million by 2.3% to €807.5 million as of June 30, 2012 (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

SMA COMMISSIONS WORLD'S LARGEST SERVICE CENTER FOR SOLAR INVERTERS

SMA commissioned the world's largest service center for solar inverters in the second quarter of the fiscal year. With an investment volume of over €53 million, the service center is one of the largest investment projects in the history of SMA. SMA will reduce capital expenditure sharply and adapt it to the changed conditions. In 2012, it is planned to carry out ongoing construction projects as well as urgently required expansion and replacement investments. For fiscal year 2012, the SMA Group plans investments in fixed assets and intangible assets of less than €130 million. In the medium term, annual investments are not expected to surpass 10% of sales.

In the first half of fiscal year 2012, investment in fixed assets and intangible assets totaled €58.6 million (Q1-Q2 2011: €71.7 million). Of the investments in fixed assets of €44.2 million (Q1-Q2 2011: €60.9 million), 53.9% was attributable to machinery and equipment and 46.1% to land and buildings. Of the investments in intangible assets of €14.4 million (Q1-Q2 2011: €10.7 million), 96.8% was attributable to capitalized development projects and 3.2% to other intangible assets.

RESEARCH AND DEVELOPMENT

INNOVATIVE TECHNOLOGIES FROM SMA ARE THE KEY TO THE SUCCESS OF THE ENERGY TRANSITION

For research and development at SMA, a key factor in the second quarter of 2012 was Intersolar, the most important industry trade fair in Europe, which took place in Munich in June. Here, SMA presented a large number of technological innovations that predominantly offer solutions for our future energy supply and are key in promoting the energy transition. These included holistic energy management, the intermediate storage of solar power as well as product solutions for non-subsidized markets in which photovoltaics is already competitive against diesel aggregates. Thus, SMA again positioned itself as a global innovation leader that adapted itself early to new market requirements.

FOCAL POINT FOR DEVELOPMENT IS PRODUCT PLATFORMS

In order to face up to the new market requirements for photovoltaics and accelerate the reduction of costs, SMA, as the market and technological leader in PV system technology, will concentrate on developing new product platforms and successively replace the existing product range. Here, the focus will be on developing modular products that can be deployed worldwide in various power classes. Minimizing the variants and reducing the product portfolio requires a precise analysis and concentration on what is most important. With its experienced developer team, SMA is optimally prepared for this task.

INTELLIGENT ENERGY MANAGEMENT IN THE HOUSEHOLD

In the Medium Power Solutions segment, SMA concentrates on optimizing the self-consumption of solar power. With self-consumption, plant operators have increased independence from energy suppliers and thus from potentially rising energy prices. Moreover, the self-produced energy is used more efficiently, since no losses in transit arise. And, after all, electricity consumed directly at the site where it is generated also eases the burden on the grid infrastructure and can thus avoid grid expansion. Thus, as high a proportion of self-consumption as possible as a result of skillful energy management is the key to a decentralized energy supply from renewable sources. In order to achieve intelligent energy management at household level, comprehensive analysis, forecast and information is required on automatic consumer controls and the intermediate storage of energy. In this connection, the most important new development is the Sunny Boy 5000 Smart Energy, which for the first time combines a full-scale, modern PV inverter and a storage system in a compact enclosure. The integrated lithium-ion battery has a usable capacity of approximately two kilowatt hours and raises the self-consumption rate by up to 30% nearly all year round. In combination with the successful Sunny Home Manager, which intelligently controls appliances in the household, and the SMA Sunny Portal with its modern solar forecast functions, a further increase in self-consumption is possible. SMA thus offers an energy management solution that is unique in the solar market. At this year's Intersolar, SMA presented the SMA Smart Home to customers and the international specialized press with great success. In numerous tours, it also convinced associations and politicians of its holistic energy management solutions.

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

ADDITION TO THREE-PHASE INVERTERS PORTFOLIO

Lower installation costs are ensured by the new Sunny Tripower, which SMA presented for the first time at this year's Intersolar. The three-phase inverter is suitable for power classes from 5 kilowatts to 9 kilowatts, and thus complements the product range with a powerful device for larger rooftop systems. The new Sunny Tripower has integrated grid management functions and enables reactive power supply. The first devices will be delivered in the fourth quarter of 2012.

diesel aggregates, power from photovoltaics is generally already the more economically efficient alternative in these regions. In the Off-Grid Solutions division, SMA develops appropriate system solutions for solar diesel hybrid systems for these regions. The intelligent system technology allows photovoltaics to be integrated well into diesel grids and fuel consumption as well as operating and maintenance costs to be reduced. A central component of a solar diesel hybrid system is the new SMA Fuel Save Controller. It ensures demand-driven control of the photovoltaic power supply depending on load and generation profiles. In this way, the energy supply system works stably and reliably even with high proportions of photovoltaic power.

PRODUCT INNOVATIONS ENSURE LOWER SPECIFIC PRICES IN POWER PLANT SOLUTIONS SEGMENT

In the Power Plant Solutions segment, the research and development activities are focused on delivering new, cost-optimized products. With the new Sunny Central 900CP XT, SMA offers a powerful central inverter for megawatt blocks. Compared with the previous model, system technology costs were reduced considerably due to the higher performance and the possibility of installation outdoors. Due to its wide input voltage range and comprehensive grid management functions, the new Sunny Central is also ideally equipped for global use.

CERTIFICATION FOR JAPAN CREATES COMPETITIVE ADVANTAGE

In June, the first two Sunny Boy inverters were certified by the Japan Electrical Safety & Environment Technology Laboratories (JET) for sale on the Japanese market. The inverters Sunny Boy 3500TL-JP and Sunny Boy 4500TL-JP will be available in Japan from October 2012. For SMA, the certification is an important competitive advantage, since no other European or U.S. manufacturer has previously received JET certification for its products. This is especially important due to the fact that in the second quarter in Japan, a subsidy scheme modeled on the German Renewable Energy Sources Act (EEG) was adopted and the Japanese government is accordingly focusing on the expansion of renewable energies. Due to the introduction of a feed-in tariff for solar power both in the segment for rooftop systems and in commercial and industrial solar projects, growth is to be anticipated in all segments in the medium term. In order to cover all installation sizes here as well, along with the Sunny Boy models SMA has developed the central inverter Sunny Central 500CP-JP especially for the Japanese market. This central inverter guarantees the highest yield levels for large-scale plants of over 500 kW and, due to its compact and robust housing, can be set up directly outdoors.

MORE PV POWER INSTEAD OF EXPENSIVE FUEL

As well as the subsidized photovoltaics markets, the importance of non-subsidized markets – especially in sunny regions of the earth – is continuously rising. While industrial consumers here are supplied mainly with power from costly

EMPLOYEES

SMA EXPANDS FOREIGN COMPANIES

At the end of the first half of 2012, the SMA Group had a total of 5,685 employees (June 30, 2011: 4,815 employees). The number of employees thus increased by 870 year-on-year. The sharp increase is due in particular to the acquisition of dtw in 2011. In comparison with the reporting date December 31, 2011, the SMA Group created 153 jobs and filled strategically significant positions. The majority of the increase in personnel took place in the foreign companies.

Within a year, the number of employees in foreign companies rose by 466 to 966 as of the reporting date of June 30, 2012 (June 30, 2011: 500 employees). This growth is due firstly to the acquisition of dtw and secondly to the establishment and expansion of foreign companies. In 2012, SMA will press ahead with internationalization to satisfy regional shifts in demand. Markets of particular strategic significance here are the U.S., Japan, India, Chile, and South Africa.

In Germany, SMA increased its headcount by 404 employees to 4,719 within a year (June 30, 2011: 4,315 employees).

Employees

	06/30/ 2012	06/30/ 2011	06/30/ 2010	06/30/ 2009	06/30/ 2008
Employees (excl. temporary employees)	5,685	4,815	3,737	2,490	1,841
of which domestic	4,719	4,315	3,384	2,316	1,734
of which abroad	966	500	353	174	107
Temporary employees	1,297	1,453	1,873	891	733
Total employees (incl. temporary employees)	6,982	6,268	5,610	3,381	2,574

CORPORATE STRATEGY IS BASIS FOR HUMAN RESOURCES PLANNING

The SMA Group's strategic human resources planning is geared to the global photovoltaics markets' medium-term prospects. At present, the SMA Managing Board does not 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, limited-term employment contracts and temporary employment.

Because of the differences in their orientation and growth rates, the Medium Power Solutions, Power Plant Solutions and Off-Grid Solutions divisions as well as the Service division have different requirements on human resources work and resource planning. For the research and development areas, this specifically means concentrating existing resources on strategically relevant innovation projects. The focus here is the development of new product platforms with a modular range of functions that can be expanded in order to guarantee global use in various power classes while simultaneously achieving considerable efficiency in product development. In addition, R&D activities focus on developing system solutions for solar diesel hybrid systems.

SMA AGAIN HONORED AS THE BEST EMPLOYER

SMA again demonstrated its quality as an employer this year. In March 2012, the Great Place to Work® Institute Germany again honored 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 received the special Lifelong Learning Prize – now for the fourth time – for outstanding achievements in the education and training of employees. The Great Place to Work® Institute also acknowledged SMA as one of the best employers compared with other European companies yet again.

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

The focus on future technologies and the prospect of a lack of qualified staff present Human Resources with the key task of attracting qualified employees to the Company and securing their long-term loyalty to SMA. To focus consistently on and strengthen the Company's appeal as an employer is an important component of technology leadership. As an innovation leader, in its Human Resources strategy SMA focuses most notably on the target group of electrical engineers. In 2011, SMA again received the TOP® Employer for Engineers Award. In the categories Career Opportunities, Salary, Fringe Benefits, Work-Life Balance, Training, Development and Corporate Results, SMA was ranked "very good."

In order to put across its qualities as an employer to potential candidates authentically and in a way that is suited to the target group, SMA has been making more use of social media since 2011. Employees and those interested can obtain information about the Company as well as current topics and exchange views with and about SMA at any time via social networks such as Facebook or XING, the SMA employee blog "Sonnenallee," the micro-blogging service Twitter, the video portal YouTube and the employee evaluation portal kununu.

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

Euro Crisis Weakens Global Economy in Second Quarter

In the opinion of the International Monetary Fund (IMF), the euro crisis is being increasingly felt even outside the euro zone. For example, in June the ISM Index, the most important leading indicator of the U.S. economy, fell considerably. For the first time in three years, it slipped below the expansion threshold of 50 points, as reported by the Institute for Supply Management (ISM). Accordingly, at the beginning of July the IMF announced that it wished to revise its forecast for the second half of the year downward, since it assumes that economic growth for the current year will be even weaker. According to the Kiel Institute for the World Economy, future prospects depend mainly on the development of the sovereign debt crisis in the euro zone and the resulting effects on demand and financial markets.

According to the Institute the economy in newly industrialized countries will gain momentum again on the basis of business policy proposals and more powerful expansion in the advanced economies. In the U.S., the economy is set to accelerate only slightly in the course of the year, while according to the Kiel Institute in Japan the economy is receiving a powerful boost in the current year from the state's redevelopment measures. The Kiel Institute for the World Economy also sees the world economy in a period of very subdued economic expansion halfway through the year and cut its growth forecast in the global economy for the current year and 2013. The Kiel Institute for the World Economy revised its forecast upward only for Germany. This year, economic output in Germany is set to grow by 1%, while the Kiel Institute for the World Economy is expecting an increase of 1.4% for 2013.

FUTURE GENERAL ECONOMIC CONDITIONS IN THE PHOTOVOLTAICS SECTOR

In the short and medium term, developments in the photovoltaics industry will be determined significantly by the terms and conditions of the various incentive programs. Due to foreseeable changes in incentive programs and the generally high dynamism of global photovoltaics markets, estimating future development is fraught with uncertainty. In the opinion of the SMA Managing Board, growth in demand in Europe will be influenced to a considerable degree by massive cuts in solar subsidies from the second half of the year. The SMA Managing Board assumes that the marked reduction in subsidies, particularly in Germany and Italy, will lead to falling demand for medium-sized and large-scale PV plants in the market segments. However, in the opinion of the SMA Managing Board, this will be more than offset by the impetus in demand in North America and Asia. For example, in the first half of the year the Japanese government has adopted an incentive program for developing

photovoltaics. China and India have also increased their expansion targets for photovoltaics. Overall, the SMA Managing Board expects newly installed capacity of 31 GW to 33 GW worldwide in 2012 (2011: approximately 26 GW). This would correspond to year-on-year growth of more than 25%.

The regional shift of demand will lead to a change in the size of installations. In the opinion of the SMA Managing Board, the commercial and industrial submarkets will post more dynamic growth than the residential submarket. In particular, compared with the European solar markets, more PV plants will be installed in the commercial and industrial market segments in the North America and Asia regions.

Overall, the SMA Managing Board considers the medium- and long-term prospects for global photovoltaics as good, since the motives driving demand are shifting from exclusively yield-related considerations to investments covering power requirements in a cost-effective manner. In this connection, the SMA Managing Board sees good opportunities for business in countries which have an increasing energy requirement because of their growth and which are looking for economical access to electrical energy. In many countries in the regions of South America, the Middle East, Asia/Pacific and Africa, electricity has often been supplied via comparatively expensive diesel electricity generators. Intelligent system technology allows photovoltaics to be integrated well in existing diesel networks. A solar diesel hybrid system of this kind would produce electricity in sunny regions far more cheaply and effectively than simple combustion engines. The SMA Managing Board estimates that the amortization periods for augmenting an existing diesel system with a PV plant are between two and four years in some countries, meaning that the solution is extremely attractive from a business perspective. But installation will pick up again in the medium to long term in European markets, too, if photovoltaics can compete with the electricity rates for households and commercial operations and the energy generated can be stored on a larger scale.

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

OVERALL STATEMENT ON THE EXPECTED DEVELOPMENT OF THE SMA GROUP

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 21 countries and rapid service structure, SMA is uniquely positioned in the global photovoltaics markets. SMA also has more than 20 years' experience in the generation of electricity from the combined use of renewable energies and fossil fuels and offers intelligent system solutions for this application. Measured by the 7.6 GW of inverter output sold in year 2011, SMA is the global market leader. We estimate that SMA covered around a third of the global demand in that year. 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 decline 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 growth in global demand for PV systems and expects newly installed capacity of between 31 GW and 33 GW worldwide. In the current fiscal year, positive impetus for growth is emerging particularly from the North American, Japanese, Indian and Chinese markets.

In the opinion of the SMA Managing Board, the concentration of competition among inverter manufacturers in

the solar sector remains at a comparatively high level in comparison with other parts of the value-added chain. The SMA Managing Board expects that large numbers of smaller inverter manufacturers will withdraw from competition because of considerably more restricted access to capital, stringent requirements for technological development and further internationalization of business. The SMA Managing Board also thinks that major electronics groups will take the current market and competitive situation as grounds to review strategy in the area of inverter production. Despite much effort and investment, the SMA Managing Board estimates that no major electronics group has achieved a global market share of more than 10% in the area of solar inverters so far.

On the basis of the positive performance in the first half of the year, the SMA Managing Board is raising the lower end of its sales and earnings guidance for 2012. For the current fiscal year, the SMA Managing Board expects sales of between €1.3 billion and €1.5 billion (previously: €1.2 billion to €1.5 billion) with an operating profit (EBIT) of between €100 million and €150 million (previously: €60 million to €150 million). This corresponds to an EBIT margin of 8% to 10%.

In the opinion of the SMA Managing Board, the trend towards larger PV systems will also be reflected in the distribution of sales. Accordingly, the Medium Power Solutions division will account for 70% to 80% of total sales. The Managing Board assumes that the Sunny Tripower product family will generate more than 50% of divisional sales. Sunny Tripower products are primarily used in medium-sized PV plants. The European solar markets number among the most important sales regions for the Medium Power Solutions division.

According to estimates by the SMA Managing Board, the Power Plant Solutions division, in which central inverters for large-scale PV plants are produced, will achieve some 20% to 30% of SMA Group sales in 2012. The markets in

North America and India will make a crucial contribution here, as will Germany. Implementation of the first major projects in Japan is also expected. The Sunny Central Compact Power will 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 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 Managing Board does not anticipate that service business will make any significant contribution 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 Service division will only make a positive earnings contribution in the medium-term.

Overall, the Managing Board expects a positive performance for the Complementary Divisions in 2012. For Railway Technology, the SMA Managing Board sees growth potential through further internationalization. For the Off-Grid Solutions division, business with solar diesel hybrid solutions will produce attractive opportunities for growth in the medium term. dtw's potential lies in its high technological expertise for important inverter components.

If SMA succeeds in entering the growing solar diesel hybrid systems market, the SMA Managing Board forecasts an increase in sales during the coming years. Because of cuts in incentives, SMA sales in Europe, particularly Germany,

will decline in subsequent years. Given the considerable dynamism in other solar markets, it is currently impossible to make an exact sales forecast for subsequent years.

Our consistent focus on technology is the cornerstone of our corporate strategy. In the Development area at SMA, almost 1,000 employees work on creative solutions for the future of photovoltaics. SMA is more innovative than ever and is working on some 300 patents being granted globally. To extend our technological edge further, we shall invest up to €110 million in research and development in 2012 (including capitalized development projects). With the aim of reducing cost of sales further, development will concentrate on the design of entirely new product platforms. SMA will also use development resources for new developments to a greater extent than was previously the case by decreasing variants and reducing the existing product portfolio. In addition, SMA will make greater use of its network of strategic research and development cooperation.

Important growth impulses will in the future come from foreign markets. SMA will therefore press ahead with internationalization outside Europe and pursue its proven strategy of being one of the first PV inverter manufacturers represented in attractive markets. In the first half of 2012, new foreign companies included those in Chile and South Africa. Thanks to strong domestic business, the SMA Managing Board has adjusted its forecast for foreign market share. For 2012, it expects a foreign market share of more than 60% (previously: 70% to 80%).

10	Economic Conditions
12	Results of Operations, Financial Position and Net Assets
17	Capital Expenditure
18	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. There are no plans to expand the current global production capacity of 11.5 GW. According to the Managing Board, the net working capital ratio will be between 19% and 21%.

SMA has adjusted investment to the change in conditions. In 2012, only construction projects that have already been started will be completed and no major new projects will be initiated. Including investment for machinery and equipment, the SMA Managing Board expects investment of less than €130 million (previously up to €150 million). In the medium term, total annual investments are not expected to surpass 10% of sales in the medium term.

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. SMA also has a solid balance sheet structure and, with net liquidity of almost €390 million as of June 30, 2012, can finance future growth from its own resources. From the perspective of the SMA Managing Board, financial strength is a competitive advantage in times of considerable uncertainty on the global capital and financial markets.

The Managing Board has prepared SMA employees for a changed general environment and provided training in concepts to avoid waste and heighten cost awareness throughout the Company. Through our unique corporate culture, we are able to leverage the far-reaching changes and breathe life into the vision of decentralized energy supply.

Niestetal, July 31, 2012

SMA Solar Technology AG

The Managing Board

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Half-Yearly Financial Report January to June 2012

53.7 Percent Export Ratio

58.1 Percent Equity Ratio

5,685 Employees (Excl. Temporary Employees)



CONTENTS 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 Statements of Cash Flows SMA Group
33	Statement of Changes in Equity SMA Group
34	Notes to the Condensed Interim Financial Statements as of June 30, 2012
34	1. Basic Information
34	2. Scope of Consolidation and Consolidation Principles
35	3. Accounting and Valuation Policies
35	4. Segment Reporting
38	Selected Notes to the Income Statement SMA Group
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 Responsibility Statement**47 Auditor's Review Report**

CONSOLIDATED INCOME STATEMENT SMA GROUP

€ '000	Note	April – June (Q2) 2012	April – June (Q2) 2011	Jan. – June (Q1 – Q2) 2012	Jan. – June (Q1 – Q2) 2011
Sales	4	428,736	459,045	833,690	714,978
Cost of sales	5	329,468	312,197	629,414	506,845
Gross profit		99,268	146,848	204,276	208,133
Selling expenses	6	17,903	16,086	35,065	28,693
Research and development expenses	7	20,511	20,608	44,232	39,830
General administrative expenses	8	19,938	19,442	39,380	32,155
Other operating income	9	14,729	3,921	26,680	8,132
Other operating expenses	9	14,819	4,622	28,617	11,920
Operating profit (EBIT)		40,826	90,011	83,662	103,667
Financial income		1,341	1,628	3,140	3,141
Financial expenses		297	649	816	1,090
Financial result	11	1,044	979	2,324	2,051
Profit before income taxes		41,870	90,990	85,986	105,718
Income tax expense		11,983	27,773	26,547	32,196
Consolidated net profit		29,887	63,217	59,439	73,522
of which attributable to non-controlling interest		0	0	0	0
of which attributable to shareholders of SMA AG		29,887	63,217	59,439	73,522
Earnings per share, basic (in €)	12	0.86	1.82	1.71	2.12
Earnings per share, diluted (in €)	12	0.86	1.82	1.71	2.12
Number of ordinary shares (in thousands)		34,700	34,700	34,700	34,700

STATEMENT OF COMPREHENSIVE INCOME SMA GROUP

€ '000	April – June (Q2) 2012	April – June (Q2) 2011	Jan. – June (Q1 – Q2) 2012	Jan. – June (Q1 – Q2) 2011
Consolidated net profit	29,887	63,217	59,439	73,522
Changes in fair values of available-for-sale assets	-628	-130	-237	-721
Income taxes	190	0	72	0
Changes recognized outside profit or loss (available-for-sale financial assets)	-438	-130	-165	-721
Unrealized gains (+)/losses (-) from currency translation of foreign subsidiaries	1,705	-194	4,040	-973
Changes recognized outside profit or loss (currency translation differences)	1,705	-194	4,040	-973
Total comprehensive income	31,154	62,893	63,314	71,828
of which attributable to non-controlling interest	0	0	0	0
of which attributable to shareholders of SMA AG	31,154	62,893	63,314	71,828

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

CONSOLIDATED BALANCE SHEET SMA GROUP

€ '000	Note	06/30/2012	12/31/2011
Non-current assets			
Goodwill	13	311	311
Other intangible assets	13	64,598	56,489
Fixed assets	14	381,803	360,932
Other financial investments		75	75
Other financial assets	16	58,122	57,864
Deferred taxes		30,865	26,309
		535,774	501,980
Current assets			
Inventories	15	275,060	256,402
Trade receivables		185,153	141,101
Other financial assets	16	91,136	86,149
Claims for income tax refunds		4,993	6,832
Other receivables		12,569	10,697
Cash and cash equivalents	26	284,471	371,101
		853,382	872,282
Total assets		1,389,156	1,374,262
Shareholder's Equity			
Subscribed capital		34,700	34,700
Capital reserves		119,200	119,200
Retained earnings		653,608	635,404
Equity attributable to non-controlling interest		2	2
	17	807,510	789,306
Non-current liabilities			
Provisions	18	120,050	108,502
Financial liabilities	19	30,476	31,475
Other financial liabilities	20	2,145	2,078
Other liabilities	21	90,227	80,693
Deferred taxes		20,416	18,369
		263,314	241,117
Current liabilities			
Provisions	18	94,485	68,260
Financial liabilities	19	5,732	2,420
Trade payables		112,015	115,760
Other financial liabilities	20	70,095	75,030
Income tax liabilities		4,972	36,970
Other liabilities	21	31,033	45,399
		318,332	343,839
Total equity and liabilities		1,389,156	1,374,262

CONSOLIDATED STATEMENTS OF CASH FLOWS

SMA GROUP

€ '000	Note	Jan. - June (Q1-Q2) 2012	Jan. - June (Q1-Q2) 2011
Consolidated net profit		59,439	73,522
Income tax expenses		26,547	32,196
Financial result		-2,324	-2,051
Depreciation and amortization		30,479	22,164
Change in other provisions		37,774	-6,732
Losses from the disposal of assets		297	45
Other non-cash expenses/revenue		9,322	5,870
Interest received		2,527	1,103
Interest paid		-545	-516
Income tax paid		-59,215	-60,318
Gross cash flow		104,301	65,283
Increase of inventories		-26,016	-49,918
Increase in trade receivables		-45,675	-76,430
Decrease(-)/Increase in trade payables		-3,744	65,892
Change in other net assets/other non-cash transactions		-14,597	-44,175
Net cash flow from operating activities	23	14,269	-39,348
Payments for investments in fixed assets		-44,241	-60,923
Proceeds from the disposal of fixed assets		22	259
Payments for investments in intangible assets		-14,346	-10,727
Payments for investments in financial fixed assets		0	-2
Proceeds from the disposal of securities and other financial assets		79,000	170,000
Payments for the acquisition of securities and other financial assets		-78,000	-174,505
Net cash flow from investing activities	24	-57,565	-75,898
Redemption of financial liabilities		-907	-786
Dividends paid by SMA Solar Technology AG		-45,110	-104,100
Net cash flow from financing activities	25	-46,017	-104,886
Net increase in cash and cash equivalents		-89,313	-220,132
Net increase/decrease due to exchange rate effects		2,683	-301
Cash and cash equivalents as of 01/01		371,101	354,083
Cash and cash equivalents as of 06/30	26	284,471	133,651

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 01/01/2011	34,700	119,200	0	574,508	728,408	2	728,410
Dividend Payments of SMA Solar Technology AG	0	0	0	-104,100	-104,100	0	-104,100
Consolidated net profit H1 2012	0	0	0	73,522	73,522	0	73,522
Differences from currency translation	0	0	0	-973	-973	0	-973
Changes not shown in the income statement	0	0	-721	0	-721	0	-721
Overall result							71,828
Changes in minority interests	0	0	0	0	0	0	0
Shareholders' equity as of 06/30/2011	34,700	119,200	-721	542,957	696,136	2	696,138
Shareholders' equity as of 01/01/2012	34,700	119,200	-47	635,451	789,304	2	789,306
Dividend Payments of SMA Solar Technology AG	0	0	0	-45,110	-45,110	0	-45,110
Consolidated net profit H1 2012	0	0	0	59,439	59,439	0	59,439
Differences from currency translation	0	0	0	4,040	4,040	0	4,040
Changes not shown in the income statement	0	0	-165	0	-165	0	-165
Overall result							63,314
Changes in minority interests	0	0	0	0	0	0	0
Shareholders' equity as of 06/30/2012	34,700	119,200	-212	653,820	807,508	2	807,510

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2012

1. BASIC INFORMATION

The Condensed Interim Consolidated Financial Statements of SMA Solar Technology AG as at June 30, 2012 were prepared – as were the Consolidated Financial Statements as at 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 at 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 at December 31, 2011.

The Condensed Interim Consolidated Financial Statements were prepared in euros. Unless indicated otherwise, all amounts stated were rounded to full thousands of euros (€'000) or millions of euros (€ million) 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 July 31, 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, 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.

The scope of consolidation as at June 30, 2012 was expanded compared with December 31, 2011 to include the

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

following companies: SMA South America SpA (Santiago, Chile), Solar Technology South Africa Pty. Ltd. (Pretoria, South Africa), SMA Service International GmbH (Niestetal, Germany) and SMA Brasil Participações Ltda. (São Paulo, Brazil). The Interim Consolidated Financial Statements are based on the Financial Statements of SMA Solar Technology AG and the subsidiaries included in consolidation, which are prepared in accordance with uniform accounting policies throughout the Group.

More detailed information is provided in the Notes to the Consolidated Financial Statements as at December 31, 2011.

3. ACCOUNTING AND VALUATION POLICIES

There were no changes to the accounting and valuation policies in the present Interim Consolidated Financial Statements as at June 30, 2012 compared with the Consolidated Financial Statements of SMA Solar Technology AG as at December 31, 2011. A detailed description of these policies is published in the Notes to the Consolidated Financial Statements as at 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 at 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 Electronics Manufacturing segment was integrated in the former Medium Power Solutions (MPS) segment. Off-Grid was removed from the MPS segment as an independent segment. 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 previous MPS and HPS segments.

The Railway Technology, Off-Grid Solutions and dtw segments are immaterial according to IFRS 8 and are combined in the collective item "Complementary Divisions".

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 second quarters of 2012 and 2011:

Financial Ratios by Segments and Regions

Segments	Medium Power Solutions		Power Plant Solutions	
	Q2 2012	Q2 2011	Q2 2012	Q2 2011
€ million				
External sales	313.3	333.2	98.6	112.5
Internal sales	24.5	20.1	10.5	7.6
Total sales	337.8	353.3	109.1	120.1
Depreciations	6.5	5.7	0.8	0.6
Operating profit (EBIT)	47.9	71.0	10.3	18.6
Sales by regions				
Germany	191.4	202.3	41.6	27.3
European Union	80.5	91.5	13.9	44.2
Third-party countries	55.2	52.7	43.9	41.3
Sales deductions	-13.8	-13.3	-0.8	-0.3
External sales	313.3	333.2	98.6	112.5

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

Financial Ratios by Segments and Regions

Segments	Medium Power Solutions		Power Plant Solutions	
	Q1-Q2 2012	Q1-Q2 2011	Q1-Q2 2012	Q1-Q2 2011
€ million				
External sales	598.9	521.8	194.9	167.1
Internal sales	49.6	34.0	13.8	11.0
Total sales	648.5	555.8	208.7	178.1
Depreciations	12.7	11.0	1.6	1.2
Operating profit (EBIT)	80.4	81.8	20.2	31.0
Sales by regions				
Germany	345.6	279.4	45.3	32.2
European Union	168.8	161.0	28.1	69.8
Third-party countries	113.6	99.9	122.7	66.1
Sales deductions	-29.1	-18.5	-1.2	-1.0
External sales	598.9	521.8	194.9	167.1

34 Notes to the Condensed Interim
Financial Statements

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

Service		Complementary divisions		Reconciliation		Continuing operations	
Q2 2012	Q2 2011	Q2 2012	Q2 2011	Q2 2012	Q2 2011	Q2 2012	Q2 2011
4.0	3.2	12.8	10.2	0.0	0.0	428.7	459.1
20.9	18.8	23.8	3.6	-79.7	-50.1	0.0	0.0
24.9	22.0	36.6	13.8	-79.7	-50.1	428.7	459.1
0.5	0.3	0.7	0.1	7.4	5.0	15.9	11.7
-8.5	-4.3	3.3	-1.0	-12.1	5.7	40.9	90.0
0.4	0.0	3.7	3.2	0.0	0.0	237.1	232.8
2.9	3.2	6.2	4.9	0.0	0.0	103.5	143.8
0.6	0.0	3.1	2.1	0.0	0.0	102.8	96.1
0.1	0.0	-0.2	0.0	0.0	0.0	-14.7	-13.6
4.0	3.2	12.8	10.2	0.0	0.0	428.7	459.1

Service		Complementary divisions		Reconciliation		Continuing operations	
Q1-Q2 2012	Q1-Q2 2011	Q1-Q2 2012	Q1-Q2 2011	Q1-Q2 2012	Q1-Q2 2011	Q1-Q2 2012	Q1-Q2 2011
8.6	6.0	31.3	20.1	0.0	0.0	833.7	715.0
40.9	29.7	48.5	7.3	-152.8	-82.0	0.0	0.0
49.5	35.7	79.8	27.4	-152.8	-82.0	833.7	715.0
0.9	0.5	1.4	0.3	13.8	9.1	30.4	22.1
-12.3	-10.0	7.6	-1.8	-12.2	2.7	83.7	103.7
1.1	2.8	8.6	6.4	0.0	0.0	400.6	320.8
6.5	3.2	12.7	9.7	0.0	0.0	216.1	243.7
1.0	0.0	10.5	4.1	0.0	0.0	247.8	170.1
0.0	0.0	-0.5	-0.1	0.0	0.0	-30.8	-19.6
8.6	6.0	31.3	20.1	0.0	0.0	833.7	715.0

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

€ million	Q2 2012	Q2 2011	Q1-Q2 2012	Q1-Q2 2011
Total segment earnings (EBIT)	53.0	84.8	95.9	101.8
Eliminations	-12.1	5.2	-12.2	1.9
Consolidated EBIT	40.9	90.0	83.7	103.7
Financial result	1.0	1.0	2.3	2.0
Profit before income taxes	41.9	91.0	86.0	105.7

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 June 30, 2012 did not change significantly as against the reporting date of the last Consolidated Financial Statements (December 31, 2011).

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT SMA GROUP

5. COST OF SALES

€'000	Q1-Q2 2012	Q1-Q2 2011
Material expenses	439,578	384,328
Personnel expenses	95,339	82,682
Depreciation and amortization	27,371	19,728
Other	67,126	20,107
	629,414	506,845

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 14.4% material expenses increased at a lower rate than sales, which increases by 16.6% (Q1-Q2 2011: €715 million, Q1-Q2 2012: €834 million). As part of the ongoing increase in staff numbers, personnel costs rose by 15.3% to €95.3 million. The development of depreciation and amortization is attributable particularly to investing activities in the last 12 months. Other expenses have increased particularly as a result of risk provisioning because of additional work to purchased components used in various product families and the scheduled additions to general warranty provisions because of the increase in sales.

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

6. SELLING EXPENSES

€'000	Q1-Q2 2012	Q1-Q2 2011
Material expenses	391	361
Personnel expenses	18,738	15,205
Depreciation and amortization	225	217
Other	15,711	12,910
	35,065	28,693

Selling expenses include expenditure for global sales activities, internal sales and marketing departments. 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 Brazil, Chile, Japan, South Africa and Thailand. The increase in personnel and other expenses is attributable to higher levels of international sales and marketing activities.

7. RESEARCH AND DEVELOPMENT EXPENSES

€'000	Q1-Q2 2012	Q1-Q2 2011
Material expenses	3,417	2,069
Personnel expenses	34,070	28,553
Depreciation and amortization	2,349	1,915
Other	15,142	12,054
	54,978	44,591
Capitalized development projects	-10,746	-4,761
	44,232	39,830

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 18% 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 mainly attributable to the further expansion of development cooperation and an intensification of the measures to protect intellectual property. The rise in capitalized development projects reflects increased activity in the development of new devices.

8. GENERAL ADMINISTRATIVE EXPENSES

€'000	Q1-Q2 2012	Q1-Q2 2011
Material expenses	125	64
Personnel expenses	26,155	19,728
Depreciation and amortization	533	303
Other	12,567	12,060
	39,380	32,155

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 increase in personnel expenses is the result of the increase in administrative personnel within the divisions and in corporate functions. The further increase in other expenses was curbed through the targeted reduction of projects.

9. OTHER OPERATING INCOME/ OTHER OPERATING EXPENSES

Other operating income basically 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 operating 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." In the first six months, impairment losses on receivables of €3.5 million were recognized for the first time (Q1-Q2 2011: €2.1 million).

10. BENEFITS TO EMPLOYEES AND TEMPORARY EMPLOYEES

€'000	Q1-Q2 2012	Q1-Q2 2011
Wages and salaries	130,753	109,126
Expenses for temporary employees	18,864	20,955
Social security contributions and welfare payments	24,685	16,087
	174,302	146,168

The average number of employees in the Group amounted to:

	Q1-Q2 2012	Q1-Q2 2011
Research and Development	966	820
Production and Service	3,126	2,602
Sales and Administration	1,144	876
	5,236	4,298
Apprentices and interns	433	413
Temporary employees	1,182	1,211
	6,851	5,922

11. FINANCIAL RESULT

€'000	Q1-Q2 2012	Q1-Q2 2011
Interest income	2,686	2,874
Other financial income	454	267
Financial income	3,140	3,141
Interest expenses	622	516
Other financial expenses	54	62
Interest portion from valuation of provision	140	512
Financial expenses	816	1,090
Financial result	2,324	2,051

The lower interest portions from valuation of provision arise from the current interest rate development.

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 or any other special cases, the number of ordinary shares issued equates to the number of shares in circulation.

The calculation of earnings in relation to the weighted average number of shares in accordance with IAS 33 produces earnings of €1.71 per share for the period from January 1 to June 30, 2012. The calculation of earnings in relation to the weighted average number of shares in accordance with IAS 33 produces earnings of €2.12 per share for the period from January 1 to June 30, 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
41	Selected Notes to the Balance Sheet
44	Notes to the Statements of Cash Flows
45	Other Disclosures
46	Responsibility Statement
47	Auditor's Review Report

SELECTED NOTES TO THE BALANCE SHEET SMA GROUP

13. GOODWILL AND OTHER INTANGIBLE ASSETS

€'000	06/30/2012	12/31/2011
Goodwill	311	311
Software	10,185	12,593
Development projects	53,796	43,279
Prepayments	617	617
	64,909	56,800

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

14. FIXED ASSETS

€'000	06/30/2012	12/31/2011
Land and buildings incl. build-ings on third-party property	217,827	159,441
Technical equipment and machinery	34,626	35,463
Other equipment, fixtures and furniture	88,466	91,413
Prepayments	40,884	74,615
	381,803	360,932

The fall in prepayments made is the result of the completion of the new Sandershäuser Berg Service Center. The prepayments in the period from January 1 to June 30, 2012 include investments for the construction of office buildings totaling €7.3 million.

15. INVENTORIES

€'000	06/30/2012	12/31/2011
Raw materials, consumables and supplies	171,931	179,831
Unfinished goods, work in progress	44,052	31,472
Finished goods and goods for resale	58,245	44,326
Prepayments	832	773
	275,060	256,402

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 €7.4 million (Q1-Q2 2011: €2.5 million).

16. OTHER FINANCIAL ASSETS

As at June 30, 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 €79.7 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.

On May 22, 2012, the Annual General Meeting of SMA Solar Technology AG passed a resolution to distribute a dividend for the fiscal year 2011 amounting to €1.30 per qualifying bearer share (2010: €3.00). Payment took place on May 23, 2012.

18. PROVISIONS

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

€'000	06/30/2012	12/31/2011
Warranties	197,740	149,470
Other obligations deriving from sales transactions	3,100	3,412
Other	13,695	23,880
	214,535	176,762

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 period. The increase is the result, in particular, of risk provisioning because of additional work to purchased components used in various product families and the scheduled additions to general warranty provisions because of the increase in sales.

Other obligations deriving from sales transactions contain claims made, which were set up in the amount of the expected claims. The risks from acceptance obligations shown under other provisions have reduced because of changes in the product mix. In addition, other provisions include obligations for long-service anniversaries, death benefits, partial retirement and service-related benefits.

19. FINANCIAL LIABILITIES

€'000	06/30/2012	12/31/2011
Finance lease liabilities	1	1
Liabilities towards credit institutions	31,711	32,617
Derivative financial liabilities	4,496	1,277
	36,208	33,895

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.

For the most part, the changes of the derivative financial liabilities involve currency derivatives in the amount of €3.1 million.

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

20. OTHER FINANCIAL LIABILITIES

€'000	06/30/2012	12/31/2011
Liabilities Human Resources department	50,888	64,261
Liabilities Sales department	18,536	9,753
Other	2,816	3,094
	72,240	77,108

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	06/30/2012	12/31/2011
Deferred income for extended guarantees	87,722	78,992
Liabilities from prepayments received	25,714	44,262
Liabilities due to tax authorities	6,383	1,364
Liabilities from subsidies received	1,263	1,327
Other	178	147
	121,260	126,092

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 June 30, 2012, the Balance Sheet included fourteen 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 STATEMENT OF CASH FLOWS SMA GROUP

The liquid funds shown in the Statement of Cash Flows correspond to the balance sheet item "Cash and cash equivalents."

23. NET CASH FLOW FROM OPERATING ACTIVITIES

Gross cash flow of €104.3 million (Q1-Q2 2011: €65.3 million) reflects operating income prior to commitment of funds.

Net cash flow from operating activities amounted to €14.3 million in the first quarter of fiscal year 2012 (Q1-Q2 2011: €-39.3 million). The significant increase is mainly attributable to the year-on-year higher gross cash flow (€+39.0 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 half of the previous year, the increase in inventories was much lower. The change to inventories relevant to the Statement of Cash Flows amounts to €26.0 million. Furthermore, a €3.7 million decrease in trade payables 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 half of 2012 to €-57.6 million compared to the previous year's figure of €-75.9 million. The outflow of funds for investments in tangible and intangible assets amounted to €58.6 million (Q1-Q2 2011: €71.7 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 dividend payment of SMA Solar Technology AG and the redemption of credit liabilities of SMA Immo in the period under review.

26. CASH AND CASH EQUIVALENTS

The cash and cash equivalents amounting to €284.5 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 €420.0 million (December 31, 2011: €506.7 million).

34	Notes to the Condensed Interim Financial Statements
38	Selected Notes to the Consolidated Income Statement
41	Selected Notes to the Balance Sheet
44	Notes to the Statements of Cash Flows
45	Other Disclosures
46	Responsibility Statement
47	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 six months of the current year was identical to the previous extent. There were no other significant transactions with related parties.

Niestetal, July 31, 2012

SMA Solar Technology AG
The Managing Board

Jürgen Dolle

Roland Grebe

Pierre-Pascal Urbon

Marko Werner

RESPONSIBILITY STATEMENT

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

Niestetal, July 31, 2012

SMA Solar Technology AG
The Managing Board

AUDITORS' REPORT

(TRANSLATION – THE GERMAN TEXT IS AUTHORITATIVE)

34	Notes to the Condensed Interim Financial Statements
38	Selected Notes to the Consolidated Income Statement
41	Selected Notes to the Balance Sheet
44	Notes to the Statements of Cash Flows
45	Other Disclosures
46	Responsibility Statement
47	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 June 30, 2012, which are components of the Half-Yearly Financial Report pursuant to Section 37w (2) of the German Securities Trading Act (WpHG). The preparation of the Condensed Interim Consolidated Financial Statements in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU and of the Interim Group Management Report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the Company's Managing Board. Our responsibility is to issue a review report on the Condensed Interim Consolidated Financial Statements and on the Interim Group Management Report based on our review.

We conducted our review of the Condensed Interim Consolidated Financial Statements and of the Interim Group Management Report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moder-

ate assurance, that the Condensed Interim Consolidated Financial Statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and that the Interim Group Management Report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical assessments and therefore does not provide the assurance attainable in a financial statements audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the Condensed Interim Consolidated Financial Statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU nor that the Interim Group Management Report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Hanover, July 31, 2012

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Scharpenberg
Wirtschaftsprüfer
(German Public Auditor)

Schwibinger
Wirtschaftsprüfer
(German Public Auditor)

Disclaimer

The Half-Yearly Financial Report January to June 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 Half-Yearly Financial Report.

FINANCIAL CALENDAR 2012/2013

September 26, 2012	Capital Markets Day 2012, Frankfurt am Main
Oktober 4, 2012	5th Macquarie Alternative Energy Conference, London
November 8, 2012	Publication of Quarterly Financial Report: January to September 2012 Analyst Conference Call: 9:00 a.m. CET
March 27, 2013	Publication of Annual Report SMA Group 2012 and Individual Financial Statement SMA Solar Technology AG 2012 Analyst Conference Call: 9:00 a.m. CET
March 27, 2013	Press Conference on Annual Results
May 15, 2013	Publication of Quarterly Financial Report: January to March 2013 Analyst Conference Call: 9:00 a.m. CET
May 23, 2013	Annual General Meeting 2013, Kassel, Kongress Palais
August 8, 2013	Publication of Half-Yearly Financial Report: January to June 2013 Analyst Conference Call: 9:00 a. m. CET
November 7, 2013	Publication of Quarterly Financial Report: January to September 2013 Analyst Conference Call: 9:00 a. m. CET

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

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