

**FIRST QUARTER 2013  
CONSOLIDATED INTERIM REPORT  
SOLARWORLD AG**



## IMPORTANT PRELIMINARY REMARK

Management Board and Supervisory Board specifically point out, that this consolidated interim report is based on the preliminary and unaudited Annual Group Report. All figures per December 31, 2012 and March 31, 2013 stated in this report as well as the other disclosures are subject to the assumption of going concern, are preliminary, have not been fully audited by nor received an audit opinion from the company's auditors and have been adopted by neither the Supervisory Board nor the shareholders' meeting. We also specifically point out that possible changes to the balance sheet in the scope of the audit of the annual and consolidated financial statements might possibly lead to substantial changes of the results disclosed below.

Rounding differences may occur.

### FOR YOUR GUIDANCE

- ➔ *Cross reference to text passages in the Group Interim Report • p. 00//* \_\_\_\_\_
- 📄 *Cross reference to charts in the Group Interim Report • p. 00//* \_\_\_\_\_
- @ *www.internetlink.com//* \_\_\_\_\_
- 📄 *Cross reference to Details on Sustainability Performance 2011 • p. S000//* \_\_\_\_\_
- © *Cross reference to financial reports of prior years • p. 000//* \_\_\_\_\_

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\* A more detailed table of contents can be found at the beginning of the main chapters.

# SOLARWORLD FIRST QUARTER 2013

04

## 01 SELECTED INDICATORS // IN K€

Financial indicators	1st quarter 2013	1st quarter 2012	Change
Revenue	112,202	170,493	-34.2 %
Foreign quota in % of revenue	80.1 %	40.4 %	39.6 %-points
EBITDA	-21,321	48,467	n. a.
EBIT	-36,196	26,596	n. a.
EBIT in % of revenue	-32.3 %	15.6 %	n. a.
Capital employed (key date)*	656,986	1,334,336	-50.8 %
Consolidated net result	-39,986	-289	n. a.
Consolidated net result in % of revenue	-35.6 %	-0.2 %	n. a.
Total assets	1,264,770	2,119,797	-40.3 %
Equity	82,173	603,517	-86.4 %
Equity ratio (in %)	6.5 %	28.5 %	-22.0 %-points
Cash flow from operating activities	-2,536	-11,537	-78.0 %
Net indebtedness**	806,437	757,640	6.4 %
Investments in intangible assets and property, plant and equipment	9,433	14,825	-36.4 %

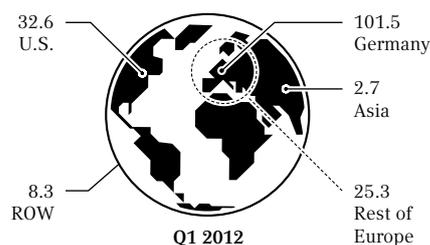
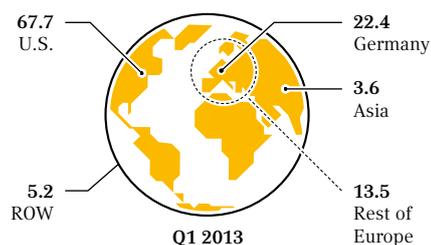
  

Employee indicators	1st quarter 2013	1st quarter 2012	Change
Employee (key date)	2,265	2,701	-16.0 %
of which trainees (key date)	62	65	-4.6 %
Personnel costs ratio (in %)	46.9 %	22.3 %	24.6 %-points
Revenue per employee (in k€)	50	63	-20.6 %
EBIT per employee (in k€)	-16	10	n. a.

\* Intangible assets and property, plant and equipment less deferred investments subsidies plus net current assets except for current net liquidity

\*\* Financial liabilities less liquid funds

## 02 REVENUE BY REGION // IN M€



### 03 QUARTERLY COMPARISON OF THE CONSOLIDATED INCOME STATEMENTS // IN K€

	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q1 2012	Change
Revenue	169,587	128,820	137,121	<b>112,202</b>	170,493	-34.2 %
Inventory change in products	-9,144	8,721	-55,659	<b>-47,707</b>	-8,584	455.8 %
Own work capitalized	0	55	10	<b>55</b>	0	n. a.
Other operating income	14,950	22,037	32,612	<b>16,847</b>	83,700	-79.9 %
Cost of materials	-163,356	-119,842	-128,298	<b>-51,169</b>	-122,997	-58.4 %
Personnel expenses	-35,468	-28,881	-29,141	<b>-30,279</b>	-36,158	-16.3 %
Amortization and depreciation	-22,438	-22,080	-210,347	<b>-14,874</b>	-21,871	-32.0 %
Other operating charges	-124,524	-34,612	-49,104	<b>-21,270</b>	-37,987	-44.0 %
<b>Result of operations</b>	<b>-170,393</b>	<b>-45,782</b>	<b>-302,806</b>	<b>-36,196</b>	<b>26,596</b>	n. a.
Financial result	-9,062	-20,539	-20,018	<b>-16,598</b>	-17,870	-7.1 %
<b>Pre-income tax result</b>	<b>-179,455</b>	<b>-66,321</b>	<b>-322,824</b>	<b>-52,793</b>	<b>8,726</b>	n. a.
Taxes on income	18,477	-2,406	75,925	12,807	-9,015	n. a.
<b>Consolidated net result</b>	<b>-160,978</b>	<b>-68,727</b>	<b>-246,899</b>	<b>-39,986</b>	<b>-289</b>	n. a.

### 04 INDICATORS FOR THE SOLARWORLD STOCK

Prime Standard	1st quarter 2013	1st quarter 2012
Number of shares	<b>111.72 m</b>	111.72 m
Market capitalization as at March 31	<b>95 m€</b>	265 m€
Earnings per share	<b>-0.36 €</b>	0.03 €
Lowest price	<b>0.84 €</b>	2.37 €
Highest price	<b>1.80 €</b>	4.38 €
Opening price at beginning of year	<b>1.09 €</b>	3.36 €
Closing price per March 31	<b>0.85 €</b>	2.37 €
Share price development since beginning of year	<b>-21.8 %</b>	-29.6 %

ISIN (International Securities Identification Number): DE0005108401  
WKN (Wertpapier-Kenn-Nummer): 510840  
Stock exchange abbreviation: SWV

# FIRST QUARTER 2013 CONSOLIDATED INTERIM REPORT SOLARWORLD AG



## MANAGEMENT BOARD AND SUPERVISORY BOARD *SPECIFICALLY POINT OUT,*

that this consolidated interim report is based on the preliminary and unaudited Annual Group Report. All figures per December 31, 2012 and March 31, 2013 stated in this report as well as the other disclosures are subject to the assumption of going concern, are preliminary, have not been fully audited by nor received an audit opinion from the company's auditors and have been adopted by neither the Supervisory Board nor the shareholders' meeting. We also specifically point out that possible changes to the balance sheet in the scope of the audit of the annual and consolidated financial statements might possibly lead to substantial changes of the results disclosed below.



## ***LETTER BY THE CHAIRMAN***

Dear shareholders, noteholders, customers, employees and friends of SOLARWORLD AG,

Much is at stake for SOLARWORLD over the weeks and months ahead as we strive to put our finances on a new, secure foundation. I am confident that key decisions in this regard will be finalized this summer. We have already reached a preliminary agreement with a substantial number of our creditors of assignable notes. In an ad hoc notification on April 30, we outlined a possible restructuring solution. Unfortunately, steps will be necessary which will be painful for noteholders and shareholders – myself included. We are currently working hard to produce concrete proposals with full details. Not least for legal reasons, however, we have to follow a procedure that simply takes time and requires patience from us all.

The first meetings with holders of our two bonds were held on May 22 and 23 in Bonn, Germany. Further meetings will follow. In the coming weeks, we will present a concrete proposal to our noteholders. At this point, I would like to ask them to participate in the meetings and of course ultimately to approve our proposal. Anyone who is unable to attend in person should take the opportunity to give power to attorney. Our shareholders are invited to an extraordinary general meeting to be held on July 11 in Bonn. On the agenda, there is the legally required notice of loss by the Management Board concerning the loss of half of the nominal share capital of SOLARWORLD AG as of December 31, 2012. At this meeting, we will not yet be able to take any decisions relating to the necessary financial restructuring measures. Therefore, we expect to hold an additional extraordinary meeting.

All employees and the entire Management Board are doing everything in their power for SOLARWORLD. Furthermore, I personally intend to take a financial stake in the restructuring process. I am doing this for one reason alone: I remain fully convinced of the future potential of solar energy and of SOLARWORLD AG!

This does not change the fact that we achieved anything but good results in the first quarter of 2013. In this report, you can read about the individual factors which came into play, in addition to the harsh winter weather. One piece of good news is that following the decision by the United States, the European Commission will now also take initial steps in response to illegal trade practices by Chinese companies. Only if we return to fair competition will the solar industry be able to develop on a sustainable basis again. Then, finally, we will see that it is the best ideas and the greatest innovative strength that count.

Thank you for continuing to support our path into the future.

Yours sincerely,



**Dr.-Ing. E. h. Frank Asbeck**  
CEO of SolarWorld AG



# INTERIM GROUP MANAGEMENT REPORT

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# BUSINESS DEVELOPMENT IN THE FIRST QUARTER OF 2013

## THE STOCK

The **capital markets** rallied in the first quarter of 2013. They were significantly buoyed by positive news from the United States. Not only did the country manage to avoid going over the fiscal cliff, but the economy picked up as well. In Europe, by contrast, the worsening debt crisis in Cyprus caused great uncertainty in the European financial markets. Overall, however, stock markets were up. The German stock index DAX, for example, rose 1.4 percent in the first three months of the year, coming in at 7,795 points on the cut-off date March 28, 2013. The DAX International 100 (Performance) index also saw positive development, closing at 1,144 points on the cut-off date – an increase of 3.9 percent in the first quarter.

**Solar stocks** made a positive start to the new year. The World Solar Energy Index (SOLEX) grew by 6.4 percent to close out the end of the quarter at 103 points. The Photon Photovoltaic Stock Index (PPVX) gained 13 percent to close at 688 points on March 28. The Photovoltaik Global 30 Index recorded the largest increase in solar stocks and closed at 15.3 points on the cut-off date – a full 18 percent higher than at the start of the year.

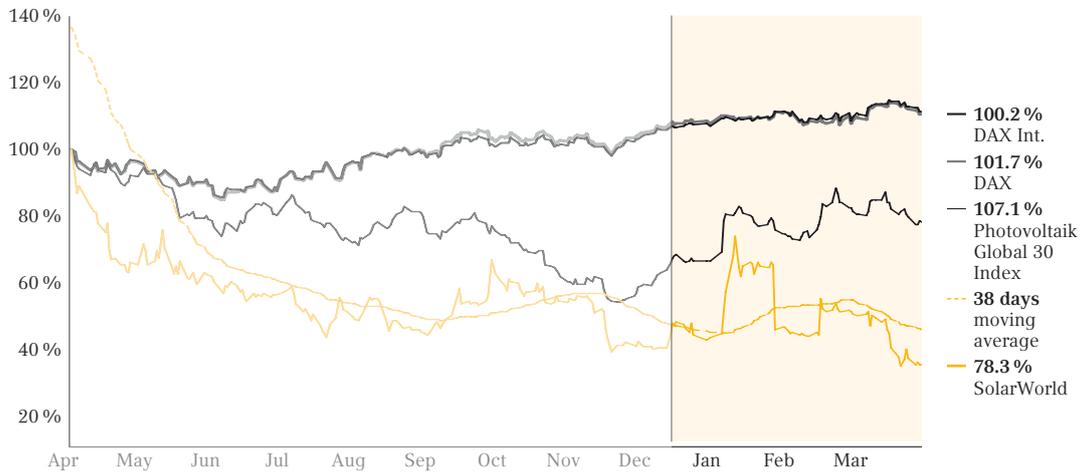
The **SOLARWORLD stock** fared considerably worse in comparison. It was down 21.8 percent on the start of the year, closing at € 0.85 on the cut-off date March 28, 2013. The falling stock price was due mainly to investors' uncertainty following the ad hoc notification in January 2013 announcing necessary restructuring measures at SOLARWORLD AG. News that competitors were pulling out of the solar market had a further negative impact. The lowest price of the SOLARWORLD stock in the first quarter of 2013 was € 0.84. The highest price was € 1.80. <sup>(04)</sup> *Indicators for the SOLARWORLD stock • p. 05//*

As of March 18, 2013, the SOLARWORLD AG stock was excluded from the TecDAX select index. The working group for indices of Deutsche Börse (German Stock Exchange) justifies this decision by the relatively low market capitalization of the stock. SOLARWORLD AG had been included in the TecDAX since 2004. The SOLARWORLD stock continues to be listed in the Prime Standard of the Frankfurt Stock Exchange and appears in the DAX International 100 (Performance) index.

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05 THE SOLARWORLD STOCK IN COMPARISON

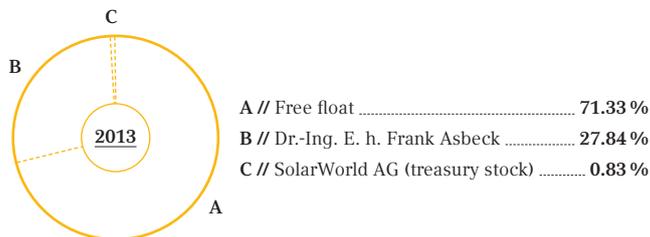
Period: April 1, 2012 – March 31, 2013 // Source: Deutsche Börse, 2013



In the period under review, the **capital stock** of SOLARWORLD AG did not change. It is divided into 111,720,000 no par bearer shares with an imputed nominal value of € 1.00. At the cut-off date March 31, 2013, 924,607 no par value shares were held by SOLARWORLD AG (0.83 percent). These shares do not carry voting or dividend rights.

No voting rights announcements pursuant to §§ 21 et seq. of the German Securities Trading Act (WpHG) were published during the period under review.

06 SHAREHOLDER STRUCTURE AS AT MARCH 31, 2013 // IN PERCENT



## THE MARKET

### ECONOMIC ENVIRONMENT

The **global economy** picked up slightly in the early months of 2013. According to the Institute for the World Economy (IfW), industrial output and global trade continued to grow. Analysts note strong expansion in Asia and largely robust development in the emerging economies. IfW projects that the global economy will grow by 3.4 (2012: 3.1) percent in 2013.

According to IfW, the upturn in the global economy has been helped by the fact that market participants no longer think the risk of the euro zone breaking up is anywhere near as high as it was in 2012, despite the Cypriot crisis. However, analysts report that the euro crisis countries and some Northern European countries saw negative growth in the first quarter of 2013. Economic activity in Central and Eastern Europe was also subdued. Consolidation of national budgets is slowly making progress, according to IfW, but it is also having an adverse impact on consumer demand, for example in Italy, which is an important European solar market. Nevertheless, the European economy overall is gradually stabilizing, says IfW, though development is still marked by many uncertainties.

In **Germany**, many institutes noted a significantly better mood than in the fall of 2012. However, hard indicators do not show a return to significant output growth in the first quarter of 2013. The cold and prolonged wintry weather no doubt made a negative impact in February and March.

The mood has also brightened in the **United States**. Experts state that consumer confidence increased in the first months of the year, while unemployment fell.

### THE WORLD ENERGY MARKET

The average price of a barrel of WTI grade oil in the first quarter of 2013 was US\$ 105 – an increase of 5 percent compared to the first three months of the previous year.

According to IfW, utilities raised electricity prices by 12 percent on average in the first quarter of 2013. In contrast, the average electricity price for U.S. households fell by 1.1 percent according to the Energy Information Administration (EIA).

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## THE SOLAR POWER MARKET

The generalized crisis in the solar industry continued in the first quarter of 2013. On account of their financial situation and operational performance, many solar manufacturers made negative headlines, including SOLARWORLD AG. Big names in the solar industry did not escape the effects of consolidation: In March, Wuxi Suntech, a major subsidiary of Chinese manufacturer Suntech, filed for bankruptcy. A few days later, the German company Bosch announced it would cease its solar operations by early 2014.

According to the German Federal Network Agency, solar power systems with a total capacity of around 776 MW were installed in **Germany** in the first three months of 2013. This means a fall of nearly 60 percent compared to the 2012 winter quarter, in which impending subsidy cuts triggered a boom (Q1 2012: around 1,970 MW). Moreover, this fall was significantly greater than had been expected. Above all, it was due to the hard and unusually long winter, which continued until after the end of the first quarter. This primarily affected the market for private and commercial roof-mounted systems. It is understandably difficult to install a roof-mounted system in snowy and icy conditions.

In Germany, the move by the Federal Minister for the Environment to introduce an “electricity price brake” had an additional negative impact. His plans included the idea of a retroactive “energy solidarity surcharge” for operators of existing systems. Our observations indicate that the mere discussion of this idea in February and March worried investors and discouraged investment in solar power systems. In May 2013, however, the Federal Environment Minister’s suggestion was stopped for the foreseeable future. It is unlikely that the German government will pursue the subject of renewable energy and electricity prices any further before the federal parliamentary elections in September 2013.

In our second domestic market, the **United States**, the solar business was moderate in the first quarter. This is a typical development in the first few months of the year because products bought in the fourth quarter of the previous year have to be delivered first. The last three months of the year are traditionally the strongest quarter in the United States. © *2012 Annual Group Report/The market • p. 056//* A number of U.S. states were also affected by an unusually harsh winter in the first quarter, which here too had an adverse effect on business in some cases. The price level in the United States remained low in the first quarter of 2013. However, we noted that the downward spiral in price development appears to have come to a halt.

Among the other key solar markets, **Italy** reported a high level of new installations. Compared to the first quarter of 2012, new installations increased to 573 (Q1 2012: 149) MW. This means that the end of the “Conto Energia V” subsidy program is approaching. The program will end once the costs of the feed-in tariff reach € 6.7 billion. According to the Italian energy agency GSE, these costs already totaled € 6.57 billion on March 6, 2013. The funding limit is likely to be reached in the second quarter of 2013. After that time, self-consumption will become more important in sunny Italy.

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In the other markets in which SOLARWORLD operates, no significant changes have occurred since the publication of the preliminary 2012 Annual Group Report on April 30, 2013.

## REPERCUSSIONS OF THE GENERAL CONDITIONS ON BUSINESS DEVELOPMENT

The first quarter of 2013 was worse than expected throughout the industry. The main reasons for this were a hard and unusually long winter, uncertainties about government policy, and negative reports from the solar industry itself. SOLARWORLD was also affected by these developments. Particularly in Germany, our home market, our business performance was considerably below expectations. To accompany the financial restructuring process, SOLARWORLD AG implemented additional measures aimed at boosting competitiveness in sales and production. Key innovations are being transferred into production and will come to market in the summer of 2013.

## SALES AND PRODUCTION

In the first quarter of 2013, SOLARWORLD AG recorded a groupwide sales volume of modules and kits of 104 MW. Shipments fell by 29 percent (Q1 2012: 146 MW) compared to the same period of the previous year.

Developments in Germany were a particularly significant factor here. In our domestic market, we shipped a volume of 24.2 MW in the first three months of the year. In the record winter quarter of 2012, we shipped 79.9 megawatts. Hence the volume fell by around 70 percent. Since the first quarter of 2012 was an exceptional quarter, we expected business to be significantly weaker. Yet particularly in March, our sales figures were considerably below even our modest expectations. The main reason for this was the harsh winter weather, which continued in many regions until mid-April.

In addition to the weather, we were also affected by investors' uncertainty arising from the German Federal Environment Minister's proposal for an "electricity price brake". Information about the financial position of the SOLARWORLD group was another factor that influenced our customers. Announcements in this regard by SOLARWORLD AG in the first quarter and resulting negative reports in the media meant that our sales team had to intensify its efforts to win customers. However, many customers were and are aware that nearly all solar manufacturers are currently in a difficult financial situation owing to the continuing industry crisis. It follows, therefore, that customers who want to make sure their investment in a solar power system is as secure as possible should go for the best quality. SOLARWORLD, as a recognized quality provider, was able to use this argument successfully in sales talks.

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The difficult market situation in Germany demands increased efforts by our sales team to strengthen ties with the specialist and wholesale trade, together with installers, as intermediaries between us and our end customers. To help achieve this aim, in March we launched a new bonus program for SOLARWORLD specialist partners. The program – called SOLARWORLD League – offers our installers non-cash rewards, for example if they provide a better quality of service to end customers.

In 2013 and in subsequent years, we want to significantly expand our large-scale system business using the longstanding expertise of our subsidiary SOLARPARC AG. However, at the present time, the as-yet unfinished financial restructuring process is an obstacle to financing new large-scale projects. In early April, a 21.3 MW plant on the Pütznitz Peninsula in Mecklenburg-Western Pomerania, which was planned last year and is largely completed, was successfully sold to an investor. In the United States, at the end of March, SOLARWORLD sold two large-scale projects in the Mojave Desert with a total nominal capacity of 25.6 MW to Duke Energy Renewables.

Thanks to the two large-scale projects, we increased our shipments in the U.S. by 50 percent compared to the same period of the previous year. Overall, SOLARWORLD experienced a moderate first quarter in the U.S. in line with expectations, since the first months of the year are traditionally the weakest period in the American solar business. To make SOLARWORLD systems more attractive, particularly to private homeowners, in February we launched a new lease financing option called the SOLARWORLD Freedom Plan. Unlike all competing offers, with the SOLARWORLD Freedom Plan customers are guaranteed that the products they receive are made in the United States, which many customers perceive as a benefit.

SOLARWORLD has positioned itself well in the European export markets. Because of the winter weather, almost exclusively project business was generated here, and at a low price. The Asian market also continued to be affected by a fierce price war. In the Asian region, the most promising developments for SOLARWORLD were in Japan. In a ranking published in March, the Japanese photovoltaics magazine PVeye named SOLARWORLD as the leading quality provider in the field of photovoltaics – ahead of domestic major brand manufacturers.

At the start of the first quarter of 2013, at both SOLARWORLD production sites in Freiberg and Hillsboro, we adjusted our production volumes in line with weak demand. © *Annual Group Report 2012/ Flexible use of production capacities* • p. 127// At the same time, our subsidiaries DEUTSCHE SOLAR GMBH and DEUTSCHE CELL GMBH in Freiberg implemented reduced working hours in the period from January to March 2013 to safeguard jobs at the Freiberg site while retaining their well-trained core workforce. This measure was approved until April 30, but was ended early on March 31 so that all resources at the site – as in Hillsboro – could be mobilized to lead new technologies and products into the production stage.

Innovations in crystallization, cells and modules were the number one priority at both production sites in the first quarter of 2013. Following the termination of COO Boris Klebensberger's position on the

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Management Board on February 7, 2013, primary responsibility for innovation was taken over by CEO Dr.-Ing. E. h. Frank Asbeck and division heads Mario Behrendt (Freiberg) and Gordon Brinser (Hillsboro). © [Annual Group Report 2012/Reorganization of Management Board departments at SOLARWORLD AG • p. 094](#)// Following the implementation of important innovations in production in recent months, in the months ahead we will be focusing on launching new products such as our Sunmodule Protect glass-glass module and the SUNPac 2.0. © [Annual Group Report 2012/Innovation report • p. 067 et seq.](#)//

In the first quarter, DEUTSCHE SOLAR GMBH became the first photovoltaic company in the world to be honored with the “Silver Award for Operational Excellence”. The award is presented by the Centre of Excellence for Total Productive Management (CETPM), an institution at the Ansbach University of Applied Sciences. The SOLARWORLD subsidiary, which produces solar wafers, achieved all of the key targets which were defined in advance with CETPM. The award certifies that the company operates to the highest standards in the categories of productivity, quality, costs, logistics, occupational health and safety, environmental protection and motivation.

## TRADE COMPLAINTS

On March 6, 2013, the European Commission began registering imports in connection with possible anti-dumping and anti-subsidy tariffs on solar products from China. As of that date, importers of solar power modules, solar cells and solar wafers have to tell customs if the products have been imported from China or were substantially manufactured in China. Duty may be imposed on the registered products retrospectively and collected from the importer. The ongoing anti-dumping and anti-subsidy proceedings in Brussels stem from trade complaints brought by the EU ProSun industry initiative, of which SOLARWORLD is a member. © [European Commission supports preliminary anti-dumping duties • p. 22](#)//

### Ⓞ TIMETABLE FOR EU PROSUN TRADE COMPLAINT

Source: EU ProSun, [www.prosun.org](http://www.prosun.org)

	July 2012	September 2012	June 2013	December 2013
<b>Anti-dumping proceedings</b>	COMPLAINT IS FILED	EUROPEAN COMMISSION STARTS INVESTIGATION	DEADLINE FOR IMPOSITION OF PROVISIONAL DUTIES (can be backdated 3 months)	DEADLINE FOR IMPOSITION OF DEFINITIVE DUTIES/ END OF THE PROCEEDINGS
<b>Anti-subsidy proceedings</b>	September 2012	November 2012	August 2013	December 2013

# ECONOMIC POSITION

**The following presentation of the income, financial and asset position is based on the assumption that the restructuring of our financial liabilities will be successfully implemented. All valuations are made on a going concern basis.**

## INCOME POSITION

### DEVELOPMENT OF SALES AND PROFIT OR LOSS

In the first quarter of 2013, groupwide shipments of solar modules and kits fell by 29 percent to 104 (Q1 2012: 146) MW. This fall is attributable mainly to the premature and substantial cut in subsidies in the same quarter of the previous year, which created pull-forward effects. Since the first quarter of 2012 was an exceptional quarter, we were expecting business to be significantly weaker. Yet particularly in March, our sales figures were considerably below our expectations. As a result of the decline in shipments and prices, revenue in the “Trade” segment decreased by € 58.9 million to € 109.3 (Q1 2012: 168.2) million.

Wafer shipments totaled 5 (Q1 2012: 1) MW in the first quarter. Revenue in the “Production Germany” segment, which is primarily influenced by our wafer business, increased by 0.6 percent to € 2.3 (Q1 2012: 1.7) million.

Total groupwide shipments of wafers and solar modules in the first quarter reached 109 (Q1 2012: 147) MW. Our groupwide foreign shipments quota increased by 33 percentage points to 78 (Q1 2012: 45) percent in the first quarter of 2013. This increase was mainly due to strong demand in Germany for modules and kits in the first quarter of 2012, which resulted in a low foreign shipments quota in the previous year. Because of the sharp decline in prices and sales, our consolidated revenue decreased by 34.2 percent or € 58.3 million to € 112.2 (Q1 2012: 170.5) million. The proportion of foreign revenue amounted to 80.1 (Q1 2012: 40.4) percent.

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The basic valuation assumptions and premises on which the impairment tests at the end of 2012 were based remained essentially unchanged in the first three months of 2013. As a result, no value impairments were recorded for property, plant and equipment in the first quarter of 2013.

Consolidated earnings before interest and taxes (EBIT) fell to € -36.2 (Q1 2012: € 26.6) million. In the “Trade” segment, EBIT amounted to € -13.5 (Q1 2012: -13.8 ) million. EBIT in our “Production Germany” and “Production U.S.” segments fell to € -13.8 (Q1 2012: 51.7) million and € -11.0 (Q1 2012: -4.7 ) million respectively.

Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) decreased by € 69.8 million to € -21.3 (Q1 2012: 48.5) million in the first quarter of 2013. The financial result amounted to € -16.6 (Q1 2012: -17.9) million.

Consolidated earnings for the first quarter of 2013 fell to € -40.0 (Q1 2012: -0.3) million.

## DEVELOPMENT OF MATERIAL INCOME STATEMENT ITEMS

In the first quarter of 2013, the cost of materials fell by 58.4 percent to € 51.2 (Q1 2012: 123.0) million. This was due to decreased production, cost cuts through optimization of groupwide purchasing processes, and improvements in the use of materials.

At the start of the first quarter of 2013, at both SOLARWORLD production sites in Freiberg and Hillsboro, we adjusted our production volumes in line with weak demand. At the Freiberg site, reduced working hours were implemented to safeguard jobs while retaining the well-trained core workforce. There was a decrease in personnel expenses by 16.3 percent or € 5.9 million to € 30.3 (Q1 2012: 36.2) million, which can be mainly attributed to staff reductions in the prior year. However, the personnel cost ratio increased to 46.9 (Q1 2012: 22.3) percent due to the decreased overall output.

Depreciation and amortization declined by € 7.0 million to € 14.9 (Q1 2012: 21.9) million following the recognition of impairment losses at the end of 2012.

Other operating expenses decreased by € 16.7 million to € 21.3 (Q1 2012: 38.0) million. This reduction results in particular from groupwide cost reduction measures in the course of restructuring.

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Compared to the same quarter of the previous year, other operating income fell by € 66.9 million to € 16.8 (Q1 2012: 83.7) million. This reduction is essentially attributable to higher income effects in the previous year resulting from non-fulfillment and termination of long-term supply contracts with wafer customers, and lower reversals of accrued investment grants.

## FINANCIAL POSITION

### FINANCING ANALYSIS

As compared to December 31, 2012, equity decreased by € 35.1 million to € 82.2 (Dec 31, 2012: 117.3) million particularly due to the consolidated net loss. The equity ratio was 6.5 (Dec 31, 2012: 8.8) percent at reporting date.

As at the balance sheet date, our financial liabilities fell by € 17.6 million to € 987.2 (Dec 31, 2012: 1,004.8) million. At the cut-off date, 54.4 (Dec 31, 2012: 53.5) percent of our financial liabilities were classified as non-current.

Investment grants and subsidies recognized in non-current liabilities totaled € 49.1 (Dec 31, 2012: 51.3) million at reporting date. These public funds accrued on the liabilities side of the balance sheet are reversed over the period of utilization of subsidized investments through profit or loss.

Other non-current liabilities decreased by € 0.5 million to € 26.5 (Dec 31, 2012: 27.0) million. The non-current portion of customer advances for supply contracts included therein amounted to € 25.4 (Dec 31, 2012: 26.3) million at the end of the period.

### INVESTMENT ANALYSIS

In the first quarter of 2013, we invested a total of € 9.4 (Q1 2012: 14.8) million in intangible assets and property, plant and equipment as well as investment property. Of this total amount, € 4.5 million concerned wafer, cell and module production at our German Freiberg site. Another € 4.0 million were invested at the Hillsboro/U.S. site. We also invested € 0.9 million at other SOLARWORLD group sites.

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## LIQUIDITY ANALYSIS

At the cut-off date March 31, 2013, liquid funds amounted to € 180.8 (Dec 31, 2012: 224.1) million and included cash and cash equivalents that mainly consisted of day-to-day money and fixed deposits.

During the first three months of 2013 the cash flow from operating activities amounted to € -50.2 (2011: -49.6) million.

Cash flow from investment activities amounted to € -9.1 (Q1 2012: -8.9) million. This is attributable almost completely to investments in fixed assets.

Cash flow from financing activities amounted to € -32.6 (Q1 2012: -63.8) million.

## ASSET POSITION

### ASSET STRUCTURE ANALYSIS

As compared to December 31, 2012, SOLARWORLD group's consolidated balance sheet total decreased by € 69.0 million to € 1,264.8 (Dec 31, 2012: € 1,333.8) million.

Non-current assets increased by € 10.1 million to € 652.7 (Dec 31, 2012: 642.6) million. Due to the sale of two projects in the United States inventories (excluding short-term prepayments) decreased by € 48.2 million to € 163.7 (Dec 31, 2012: 211.8) million. This was the main reason for the decrease of Working Capital by € 22.6 million to € 212.2 (Dec 31, 2012: 234.8) million. In contrast, receivables increased by € 18.0 million to € 73.6 (Dec 31, 2012: 55.6) million and trade payables decreased by € 7.5 million to € 25.1 (Dec 31, 2012: 32.6) million. Prepayments made on short notice recognized in inventories amounted to € 10.9 (Dec 31, 2012: 10.7) million. Income tax credits increased by € 0.1 million to € 1.2 (Dec 31, 2012: 1.1) million.

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## EMPLOYEES

All in all, we employed 2,489 people (including temporary workers) at the end of the the first quarter 2013. In comparison to March 31, 2012, the headcount decreased by 16 percent to 2,265 employees (excluding temporary workers).

⑧ HEADCOUNT DEVELOPMENT AS AT MARCH, 31 // NUMBER OF PERSONS

	Employees as at March 31, 2013	Employees as at March 31, 2012	+/- absolute
Germany	1,523*	1,745**	-225
U.S.	716	930	-211
Rest of the world	26	26	0
<b>Group</b>	<b>2,265</b>	<b>2,701</b>	<b>-436</b>

\* incl. 62 trainees

\*\* incl. 65 trainees

## MATERIAL RELATED PARTY TRANSACTIONS

Apart from transactions based on existing long-term agreements (property leasing and management of solar parks), there were no related party transactions with a material effect on the net assets, financial position and result of operations of SOLARWORLD group in the first three months.

# SUPPLEMENTARY REPORT

## DISCLOSURE OF EVENTS OF PARTICULAR IMPORTANCE AND THEIR REPERCUSSIONS

**INDIVIDUAL COMPANY SOLARWORLD AG REPORTS LOSS OF HALF ITS CAPITAL STOCK.** On April 17, 2013, SOLARWORLD AG issued an ad hoc notification announcing that the individual company SOLARWORLD AG had incurred a loss amounting to half of its capital stock in the 2012 fiscal year. SOLARWORLD AG confirmed this with the publication on April 30, 2013 of its preliminary, unaudited annual financial statements for the individual company in accordance with the accounting regulations of the German Commercial Code (Handelsgesetzbuch, HGB). The preliminary and unaudited annual financial statements as of December 31, 2012 show a net loss of € 38.3 million which is not covered by equity. On May 21, 2013, pursuant to § 92 (1) of the German Stock Corporation Act (Aktiengesetz, AktG), SOLARWORLD AG called an extraordinary general meeting for July 11, 2013, at which the Management Board will announce the loss of half of the capital stock.

**PRELIMINARY AGREEMENT REACHED WITH MAJOR CREDITORS OF ASSIGNABLE NOTE LOANS.** On April 30, 2013, SOLARWORLD AG issued an ad hoc notification announcing a preliminary agreement – subject to the approval of all committees – with around 80 percent of its creditors of assignable note loans (Schuldscheine) concerning the key economic aspects of the restructuring of the company's financial liabilities. The agreement provides for a significant debt reduction which will enable SOLARWORLD to reduce its long-term liabilities by approximately 60 percent. As an element, a capital decrease by approximately 95 percent combined with a capital increase by contribution in kind is to be proposed to an extraordinary general meeting of SOLARWORLD AG. As part of the capital increase, about 60 percent of liabilities should be discharged by a debt-to-equity-swap.

**NEGOTIATIONS WITH NOTEHOLDERS BEGUN IN NOTEHOLDERS' MEETINGS.** In its ad hoc notification of April 30, 2013, SOLARWORLD also stated that in all material respects, the holders of two bonds (ISIN XS0478864225 and ISIN XS0641270045) will receive treatment equal to that of the other non-secured financial creditors of the company. On May 6 and 7, 2013, SOLARWORLD AG invited all noteholders to two separate noteholders' meetings for each of the two bonds. The aim of these meetings was to appoint a representative to pool and represent the interests of the noteholders with respect to the company. The noteholders' meetings were held on May 22 and 23, 2013, in Bonn, Germany. Neither one of the meetings reached the necessary quorum of 50 percent of the bond's nominal value. Most likely in

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early July 2013, additional noteholders' meetings will take place in the course of which joint representatives will be appointed. In these meetings, no quorum is required for the resolution regarding the specific appointment of a joint representative.

**EUROPEAN COMMISSION SUPPORTS PRELIMINARY ANTI-DUMPING DUTIES.** According to media reports, in early May 2013, the European Commission decided internally to impose preliminary anti-dumping duties on Chinese solar imports. Reports state that the average duty will be 46 percent. In individual cases, however, the duty may be considerably higher than that. The European Commission will make an official announcement as to whether it will impose preliminary anti-dumping duties, and at what level, by June 5, 2013, at the latest. The deadline for the imposition of preliminary duties within the anti-dumping investigation, which began in September 2012, expires at this time.

## **OVERALL STATEMENT BY THE MANAGEMENT BOARD ON THE ECONOMIC SITUATION AT THE TIME OF THIS REPORT**

The economic position of the group is rated as critical by the management of SOLARWORLD AG, taking into account the earnings, financial and asset position resulting from the consolidated annual financial statements for 2012 and the first quarter of 2013 as outlined above, and considering ongoing business in 2013 at the time of drawing up the consolidated interim financial statements. SOLARWORLD AG needs restructuring to adjust the level of external liabilities in line with the company's earnings power. In other words, it is necessary to negotiate an agreement whereby the company's liabilities do not exceed a level at which the company can pay interest and capital repayments out of its operating income in the long term, and furthermore is able to generate income so that it also achieves a return on its equity.

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# EXPECTED FUTURE DEVELOPMENTS

## OPPORTUNITIES AND RISKS

The risk position of the SOLARWORLD group in the first quarter of 2013 did not change compared to the detailed risk situation presented in the 2012 Annual Group Report.

From the current perspective, the Management Board considers that the company is still exposed to a high level of risk. Regardless of the need for restructuring within SOLARWORLD AG, the Management Board assumes a positive going concern prognosis, and that the valuations in the interim financial statements can and should be performed on a going concern basis (going concern values) as is the normal case provided by law. This positive going concern prognosis results, in particular, from the Management Board's assumption that the creditors involved in restructuring are willing – in the interests of all parties – to accept the measures necessary for the long-term continuation of the company, and that in the ongoing talks, SOLARWORLD AG will reach agreement with the main providers of capital, particularly creditors of the assignable note loans (Schuldscheindarlehen) and holders of the issued corporate bonds.

## FUTURE DEVELOPMENT OF BUSINESS

With regard to the economic and political conditions described in the preliminary, unaudited 2012 Annual Group Report, no significant changes have occurred since publication of the report on April 30, 2013. We therefore refer to the detailed description in the Management Report. © [2012 Annual Group Report/The future market 2013+ • p. 121 et seq.](#)//

As is also described in detail in the preliminary 2012 Annual Group Report, looking to 2013 SOLARWORLD AG expects another tough year with many uncertainties. We are expecting better sales figures in the second quarter of 2013 than in the first quarter, when the weather had a particularly adverse effect. Regarding market and price development, much depends in Germany and the rest of the European Union on the outcome of the trade complaints. However, timely success of the group's financial restructuring will also have a significant impact on our business opportunities, especially with regard to large-scale projects. © [2012 Annual Group Report/Future sales markets 2013+/"Trade" segment • p. 125](#)//

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In this tough market environment, SOLARWORLD is systematically focusing on innovations. In the third quarter of 2013, SOLARWORLD will bring two key product innovations to market: the Sunmodule Protect glass-glass module, and the SUNPAC 2.0 battery system. In April 2013, this product was included in the “Best of” category in the 2013 German Industry Awards. SUNPAC 2.0 provides customers with an even more effective way to store solar power. It is our response to a high level of customer interest in self-sufficiency and storage. Furthermore, government incentives for solar power storage systems, which have been available in Germany since May, will benefit SOLARWORLD with its highly competitive product SUNPAC 2.0. In March, we sent out direct mail to 1.89 million selected households to tell our customers about solar power storage. With our slogan of “Get battery ready”, we let our customers know that by choosing to buy a solar power system from SOLARWORLD today, they have found the right partner for the future.

## EXPECTED REVENUE AND EARNINGS DEVELOPMENT

The continuing crisis affecting the entire solar industry makes it difficult to predict future business trends. We aim to increase shipments of modules and kits in 2013 compared to the previous year (2012: 567 MW). At the present time, it is not possible to rule out further price reductions for solar products. But because we intend to increase the sales share of systems of all sizes, we are expecting revenue in 2013 to exceed the previous year's level (2012: € 606 million). However, current plans assume negative operating result for the current reporting year. The group expects that the solar industry will reach the final phase of the consolidation process in 2014. SOLARWORLD should be among the remaining manufacturers with good business prospects in this industry of the future.

In this context, we expressly wish to point out that the assumptions and conditions on which the forecast is based could change over the course of fiscal year 2013. The going concern prognosis is inseparably linked to the successful agreement and implementation of our financial restructuring concept. Because it requires the agreement of several groups of creditors, this is complex and entails not inconsiderable risks. Nevertheless, the Management Board currently assumes that it is more likely than not that the necessary financial restructuring forming part of the concept, and the necessary operational measures, will be implemented. The forecast produced here, and statements concerning the expected earnings and financial position, are based on the premise of successful implementation of the financial restructuring and an associated positive going concern prognosis for the SOLARWORLD group.

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## EXPECTED FINANCIAL POSITION

### PLANNED FINANCING MEASURES

In coordination with the Supervisory Board, SOLARWORLD AG's Management Board had the group's budgeting examined by external experts. On this basis, the Management Board believes that severe cuts are necessary with regard to the company's liabilities, especially the issued corporate bonds and assignable note loans (Schuldscheindarlehen).

A preliminary agreement – subject to the approval of all committees – with some 80 percent of the creditors of assignable note loans (Schuldscheine) regarding the basic economic elements of restructuring the financial liabilities was reached on April 30. [➔ Preliminary agreement reached with major creditors of assignable note loans • p. 21](#)// In the course of this restructuring, the liabilities are supposed to be adjusted to the company's earning power, i.e. the goal is to negotiate a way to limit the company's liabilities to an extent that will enable the company to permanently pay its interest and repayment obligations from operating income while it is still in a position to generate income in order to also achieve return on equity. A significant proportion of the existing financial liabilities (ca. 60 percent) should be discharged by converting them into equity (debt-to-equity swap). This way, the noncurrent liabilities are supposed to be reduced by about 60 percent. An extraordinary shareholders' meeting of SOLARWORLD AG should pass a resolution on a capital reduction of about 95 percent in connection with a capital increase via contribution in kind.

In addition, SOLARWORLD intends that the holders of the two bonds (ISIN XS0478864225 and ISIN XS0641270045) and the other unsecured creditors of the company will be treated equal with respect to all fundamental issues. On May 6 and 7, 2013, SOLARWORLD AG invited all noteholders to attend two separate noteholders' meetings. [➔ Negotiations with noteholders begun in noteholders' meetings • p. 21](#)//

Additional information regarding the scheduled financial restructuring will be communicated to the capital market without delay, e. g. in the scope of ad-hoc announcements in terms of § 15 WpHG (German Securities Trading Act).

### PLANNED INVESTMENTS

In fiscal year 2013, our investment activity will focus on transferring our research and development results into production to achieve cost savings and generate benefits for our customers. Investment for 2013 is set to total roughly € 40 million.

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**EXPECTED LIQUIDITY DEVELOPMENT**

On March 31, 2013, liquid assets totaled € 180.8 (December 31, 2012: € 224.1) million. It is expected that liquidity development in fiscal year 2013 will be influenced mainly by the outcomes of the negotiations in connection with our financial restructuring, and by the operating result. Currently, we are expecting a negative cash flow.

**OVERALL STATEMENT BY THE MANAGEMENT BOARD  
ON THE EXPECTED DEVELOPMENT OF THE GROUP**

Prerequisite for a positive going concern prognosis in the future is a successful conclusion of the restructuring of SOLARWORLD AG's financial liabilities. The company will thus continue its intensive talks and negotiations with the creditors of the assignable note loans and the holders of the two bonds and also include the shareholders in the necessary decisions. Taking the current talks and negotiations into account, the implementation of the financing restructuring concept seems at the moment more likely than not.

The Management Board still believes that it is more likely than not that the necessary measures will be successfully implemented. On the operating level, the introduction of our new technological processes to production and the market launch of more efficient products therewith connected are decisive for the future course of business and the corporate success. With its business model, the group therefore has a good shot at surviving the consolidation of the solar industry and coming out of the crisis stronger than before until 2015. Internationally, the SOLARWORLD group attaches great importance on customer proximity, innovative systems solutions, good value for money and a strong brand.

SOLARWORLD group's success also depends on the re-establishment of fair competition on international solar markets that allows for a reliable investment base and planning.

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2013

SOLARWORLD /  
CONSOLIDATED INTERIM REPORT FIRST QUARTER



# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## 09 INCOME STATEMENT FIRST QUARTER 2013 // IN K€

	1st quarter 2013	1st quarter 2012
1. Revenue	112,202	170,493
2. Change in inventories of finished goods and work in progress	-47,707	-8,584
3. Own work capitalized	55	0
4. Other operating income	16,847	83,700
5. Cost of materials	-51,169	-122,997
6. Personnel expenses	-30,279	-36,158
7. Amortization and depreciation	-14,874	-21,871
8. Other operating expenses	-21,270	-37,987
<b>9. Operating result</b>	<b>-36,196</b>	<b>26,596</b>
<b>10. Financial result</b>	<b>-16,598</b>	<b>-17,870</b>
<b>11. Result before taxes on income</b>	<b>-52,793</b>	<b>8,726</b>
12. Taxes on income	12,807	-9,015
<b>13. Result from continued operations</b>	<b>-39,986</b>	<b>-289</b>
<b>14. Result after taxes from discontinued operations</b>	<b>0</b>	<b>0</b>
<b>15. Consolidated net result</b>	<b>-39,986</b>	<b>-289</b>
of which attributable to:		
Shareholders of SOLARWORLD AG	-39,986	-282
Non-controlling interests	0	-7
<b>16. Earnings per share</b>		
a) Weighted average number of shares outstanding (in 1,000)	110,795	110,795
b) Result from continued operations (in €)	-0.36	0.00
c) Result from discontinued operations (in €)	0.00	0.00
<b>d) Consolidated net result (in €)</b>	<b>-0.36</b>	<b>0.00</b>

## ⑩ STATEMENT OF COMPREHENSIVE INCOME FIRST QUARTER 2013 // IN K€

	1st quarter 2013	1st quarter 2012
Consolidated net result	-39,986	-289
Items that will not be reclassified to profit or loss	0	0
<b>Exchange differences on translating foreign operations</b>		
Unrealized currency translation gains/losses	7,417	-11,599
Deferred taxes relating to exchange differences on translating foreign operations	-2,592	3,384
<b>Exchange differences from currency translations, net of tax</b>	<b>4,825</b>	<b>-8,215</b>
<b>Cash flow hedges</b>		
Fair value changes recognized in other comprehensive income	0	-3,535
Deferred taxes relating to cash flow hedges	0	1,093
<b>Cash flow hedges, net of tax</b>	<b>0</b>	<b>-2,442</b>
<b>Items that may be reclassified subsequently to profit or loss</b>	<b>4,825</b>	<b>-10,658</b>
of which:		
other comprehensive income before tax	7,417	-15,134
deferred taxes relating to other comprehensive income	-2,592	4,476
<b>Other comprehensive income, net of tax</b>	<b>4,825</b>	<b>-10,658</b>
<b>Total comprehensive income</b>	<b>-35,161</b>	<b>-10,947</b>
of which attributable to:		
Shareholders of SOLARWORLD AG	-35,161	-10,940
Non-controlling interests	0	-7

## ⑪ BALANCE SHEET AS AT MARCH 31, 2013 // IN K€

ASSETS	31.03.13	31.12.12*	01.01.12*
<b>A. Non-current Assets</b>	<b>652,704</b>	<b>642,635</b>	<b>1,068,446</b>
I. Intangible assets	10,127	10,624	20,521
II. Property, plant and equipment	466,586	468,151	744,681
III. Investment property	25,237	24,967	27,231
IV. Investments measured at equity	23,401	23,368	37,842
V. Other financial assets	608	672	790
VI. Other non-current assets	34,833	34,938	235,133
VII. Deferred tax assets	91,912	79,915	2,248
<b>B. Current Assets</b>	<b>610,768</b>	<b>689,805</b>	<b>1,167,326</b>
I. Inventories	174,554	222,523	378,395
II. Trade receivables	73,616	55,569	123,021
III. Current income tax assets	1,205	1,054	35,472
IV. Other receivables and assets	34,609	28,956	32,984
V. Other financial assets	145,972	157,593	44,109
VI. Liquid funds	180,812	224,109	553,345
<b>C. Assets held for sale</b>	<b>1,297</b>	<b>1,312</b>	<b>0</b>
	<b>1,264,770</b>	<b>1,333,752</b>	<b>2,235,772</b>
<b>EQUITY AND LIABILITIES</b>	<b>31.03.13</b>	<b>31.12.12*</b>	<b>01.01.12*</b>
<b>A. Equity</b>	<b>82,173</b>	<b>117,333</b>	<b>614,566</b>
I. Equity attributable to shareholders of SOLARWORLD AG	82,173	117,333	612,588
1. Subscribed capital	110,795	110,795	110,795
2. Capital reserve	296,562	296,562	296,562
3. Other reserves	14,906	10,080	17,698
4. Accumulated results	-340,090	-300,104	187,533
II. Non-controlling interests	0	0	1,978
<b>B. Non-current Liabilities</b>	<b>643,035</b>	<b>647,290</b>	<b>1,339,098</b>
I. Non-current financial liabilities	536,989	537,555	1,150,888
II. Accrued investment grants	49,069	51,328	56,773
III. Non-current provisions	29,557	29,104	32,021
IV. Other non-current liabilities	26,489	27,029	83,774
V. Deferred tax liabilities	931	2,274	15,643
<b>C. Current Liabilities</b>	<b>539,562</b>	<b>569,129</b>	<b>282,108</b>
I. Current financial liabilities	450,260	467,226	120,981
II. Trade payables	25,088	32,632	64,433
III. Income tax liabilities	6,706	4,757	18,159
IV. Current provisions	18,156	19,011	13,004
V. Other current liabilities	39,352	45,503	65,531
	<b>1,264,770</b>	<b>1,333,752</b>	<b>2,235,772</b>

\* Comparative figures were restated due to changes in IAS 19. See note 3 on the consolidated interim financial statements.

## ⑫ STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2013 // IN K€

	Subscribed capital	Capital reserve	Other reserves			Accumulated results*	Non-controlling interests	Total
			Currency translation reserve	Reserve from hedging of cash flows	IAS 19 re-serve*			
As at Dec. 31, 2011	110,795	296,562	13,582	3,941	0	187,533	1,978	614,391
Adjustment in accordance with IAS 19					175			175
As at Jan. 01, 2012 adjusted*	110,795	296,562	13,582	3,941	175	187,533	1,978	614,566
Increase of the majority interest in SOLAR-PARC AG (transaction between owners)						-32	-70	-102
Total comprehensive income 1st quarter 2012			-8,216	-2,442	0	-282	-7	-10,947
As at Mar. 31, 2012 adjusted*	110,795	296,562	5,366	1,499	175	187,219	1,901	603,517
Increase of the majority interest in SOLAR-PARC AG (transaction between owners)						-742	-1,908	-2,650
Dividend distribution						-9,972		-9,972
Total comprehensive income 2nd-4th quarter 2012			5,153	-1,499	0	-476,610	7	-472,949
As at Dec. 31, 2012 adjusted*	110,795	296,562	10,518	0	175	-300,104	0	117,946
Adjustment in accordance with IAS 19					-613			-613
As at Jan. 01, 2013 adjusted*	110,795	296,562	10,518	0	-438	-300,104	0	117,333
Total comprehensive income 1st quarter 2013			4,825	0	0	-39,986	0	-35,161
As at Mar. 31, 2013	110,795	296,562	15,344	0	-438	-340,090	0	82,173

\* Comparative figures were restated due to changes in IAS 19. See note 3 on the consolidated interim financial statements.

## ⑬ CASH FLOW STATEMENT FIRST QUARTER 2013 // IN K€

	1st quarter 2013	1st quarter 2012
Result before tax	- 52,793	8,726
+ Amortization and depreciation	14,874	21,871
+ Financial result (excluding profits and losses from currency translation)	17,303	17,129
-/+ Profit/loss from disposal of assets	- 10	60
- Reversal of accrued investment grants	- 2,333	- 9,620
- Other material non-cash income	- 1,926	- 54,901
= Cash flow from operating result	- 24,885	- 16,735
+/- Decrease/increase in inventories	47,970	- 5,761
-/+ Increase/decrease in trade receivables	- 18,001	1,354
-/+ Decrease/increase in trade liabilities	- 7,885	15,531
+ Development in other net assets	379	10,993
= Cash flow from operating result and changes in net assets	- 2,423	5,383
+ Interest received	62	1,111
- Taxes on income paid (balance)	- 175	- 18,031
= Cash flow from operating activities	- 2,536	- 11,537
- Cash payments for investments in fixed assets	- 9,090	- 16,103
+ Cash receipts from investment grants	0	4,445
+ Cash receipts from the disposal of fixed assets	23	24
+ Cash receipts from financial investments	0	2,871
- Cash payments from the acquisition of consolidated entities	0	- 102
= Cash flow from investing activities	- 9,066	- 8,865
- Cash payments for the repayment of loans	- 771	- 30,740
- Interest paid	- 31,839	- 33,025
= Cash flow from financing activities	- 32,610	- 63,765
- Net changes in cash and cash equivalents	- 44,212	- 84,167
+/- Currency and consolidation-related changes of cash and cash equivalents	915	- 1,205
+ Cash and cash equivalents at the beginning of the period	224,109	553,345
= Cash and cash equivalents at the end of the period	180,812	467,973

## NOTES

### 1. DISCLAIMER

The interim consolidated financial statements are based on the preliminary consolidated financial statements 2012 that the group auditor has so far neither conclusively audited nor issued an auditor's opinion. The consolidated financial statements 2012 are still subject to amendments and, thus, so is the consolidated interim report as per March 31, 2013.

Moreover, the consolidated interim financial statements are based on the assumption of a going concern. This assumption materially depends on the successful agreement and implementation of financial restructuring.

### 2. ACCOUNTING ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Pursuant to article 4 of the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards, SOLARWORLD AG is obliged to apply the international accounting standards adopted in accordance with articles 2, 3 and 6 of said regulation. These interim financial statements as per March 31, 2013 have accordingly also been prepared in accordance with IAS 34. These condensed consolidated financial statements have not been subject to a review or audit by an auditor.

### 3. ACCOUNTING AND VALUATION METHODS

SOLARWORLD AG has applied all accounting pronouncements adopted by the EU and effective for periods beginning on or after January 1, 2013 to the extent that they affected the consolidated interim financial statements. The amendments mostly concern IAS 1, Presentation of Financial Statements, and IAS 19, Employee Benefits.

The amended IAS 1 results in a revised presentation of the statement of comprehensive income. The amendment of IAS 1 requires the grouping of items presented in "Other Comprehensive Income (OCI)" into two categories:

- a) Items that will not be reclassified to profit or loss in subsequent periods, and
  - b) Items that may be reclassified subsequently to profit or loss if certain conditions are met (so-called "recycling").
-

The related tax effects have to be allocated to these two groups in addition. SOLARWORLD AG has modified the statements of comprehensive income in these consolidated interim financial statements in line with this. The other amendments of IAS 1 do not significantly affect the presentation of the financial position and financial performance of the SOLARWORLD group.

Due to the amendment of IAS 19, recognition of employee benefits was also modified. The amendments mainly concern the recognition of actuarial gains and losses. While previously an option regarding the recognition on the income statement or in “Other Comprehensive Income” existed, recognition in “Other Comprehensive Income” is now mandatory. The corridor approach previously possible under IAS 19 before its amendment was eliminated. Accordingly, unredeemed actuarial losses as at December 31, 2012 (as at December 31, 2011: unredeemed actuarial gains) were recognized in other reserves in these consolidated interim financial statements. In accordance with IAS 8.22, the effects of the changes in accounting policies were considered retrospectively. The comparative amounts of the periods 2012 and 2011 were modified accordingly. In addition to the adjustments made on the balance sheet, the statement of changes in equity was also adjusted in this connection.

An adjustment of the measurement of partial retirement obligations to the amendments of IAS 19 was not conducted. This is especially due to the fact that most of the persons concerned are already on leave and thus only marginal changes with no material impact on these consolidated interim financial statements would come about.

Other accounting pronouncements that became applicable in the 2013 period do not have noteworthy influence on the presentation of the financial position and financial performance of the SOLARWORLD group. A detailed presentation of these accounting pronouncements is provided in the notes to the consolidated financial statements 2012.

In other respects, the same consolidation principles and accounting policies that were used for the consolidated financial statements 2012 are generally applied to the preparation of the consolidated interim financial statements and the measurement of the prior-year comparatives. A detailed description of these methods has been published in the notes to the annual report 2012, which can be reviewed and downloaded from the internet at @ [www.solarworld.de/financial-reports](http://www.solarworld.de/financial-reports). The consolidated financial statements 2012 are still subject to amendments and unaudited.

The impact of the mentioned adjustments on the items of the consolidated balance sheet and consolidated income statement are as follows:

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## RESTATEMENT TO THE BALANCE SHEET // IN K€

Assets		Equity and liabilities		
		A.I.3. Other reserve	B.III. noncurrent provisions	B.5. Deferred tax liabilities
<b>A.VII. Deferred tax assets</b>				
31.12.2012 prior to adjustment	79,727	17,523	32,270	16,568
Adjustment	188	175	-249	75
31.12.2012 after adjustment	79,915	17,698	32,021	16,643
31.12.2012 prior to adjustment		10,518	28,478	2,274
Adjustment		-438	626	0
31.12.2012 after adjustment		10,080	29,104	2,274

**ESTIMATIONS AND ASSUMPTIONS**

In connection with the preparation of the consolidated interim financial statements, management has to apply estimations and assumptions. These affect the amounts recognized for assets, liabilities and contingent liabilities as at the balance sheet date as well as the recognized amounts of income and expenses of the reporting period then ended. Actual amounts may deviate from these estimations.

The substantial discretionary decisions, estimations and assumptions made when preparing the consolidated interim financial statements remain unchanged from those used when preparing the consolidated financial statements 2012. In this respect, we especially point out the assumption of a going concern and the risks therewith connected.

**INCOME TAXES**

The income tax expense of the interim financial statements is mainly calculated on the basis of the actual tax rates of the respective group companies considering the effects of material tax neutral expenses and income. In addition, deferred tax assets were set up for tax loss carryforwards that exist in the fiscal unity of SOLARWORLD AG. We expect that the existing loss carryforwards will be utilized in full, as we anticipate that the scheduled financial restructuring measures will result in a

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restructuring profit and, therewith connected, the issuance of a tax release for the taxable restructuring profit. No deferred taxes on loss carryforwards were capitalized for the U.S. subsidiaries as at March 31, 2013.

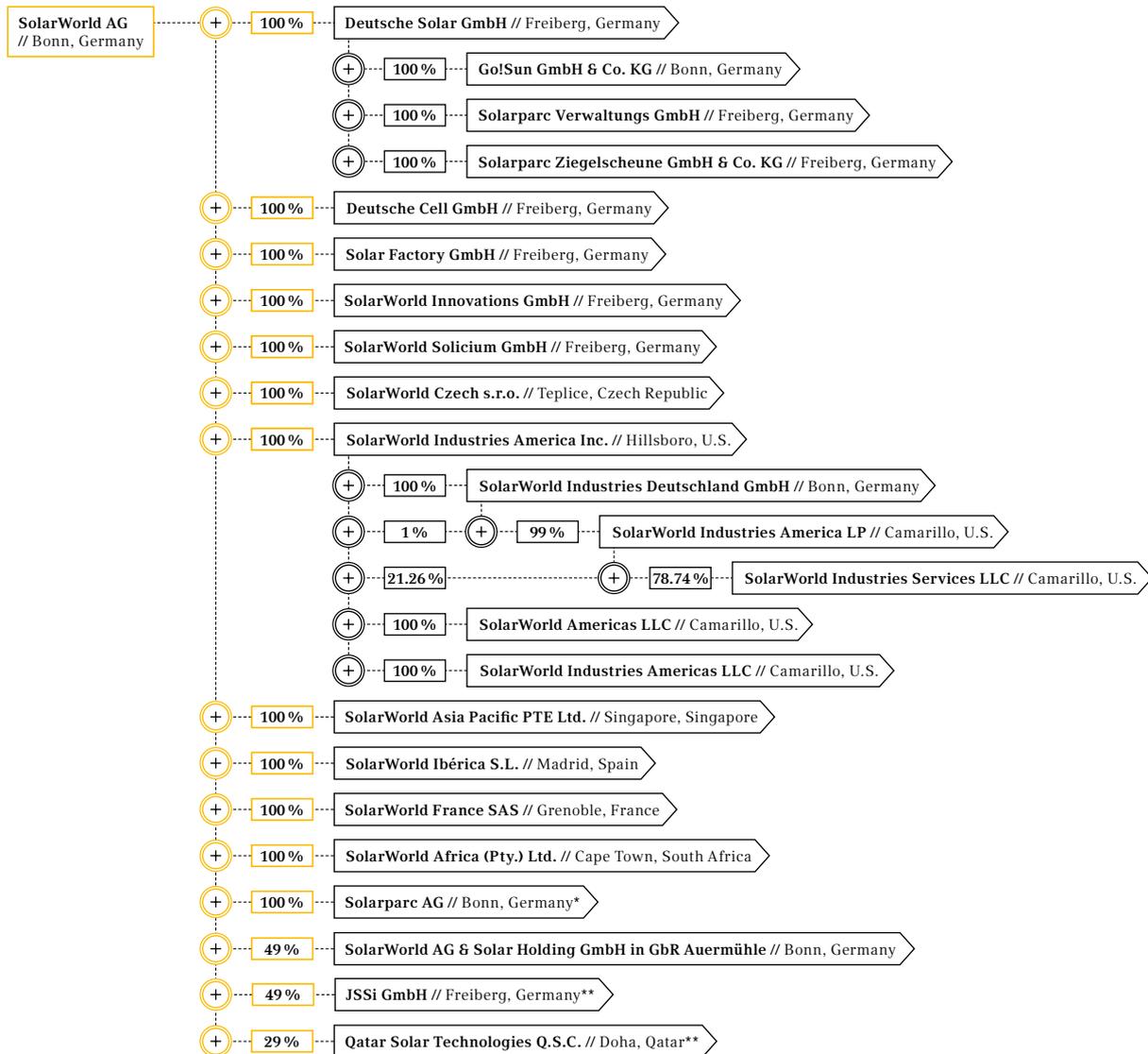
#### **4. GROUP OF CONSOLIDATED COMPANIES**

The group of consolidated companies consists of the following subsidiaries:

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SOLARWORLD 2013  
GROUP STRUCTURE

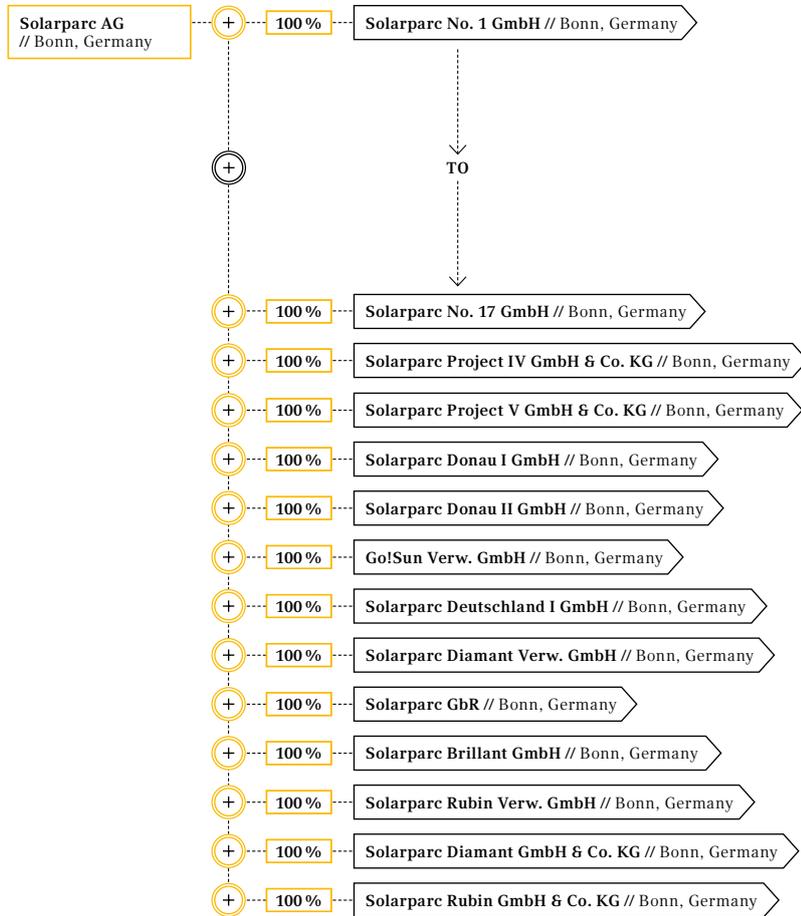
14 SOLARWORLD GROUP STRUCTURE AS AT MARCH 31, 2013



\* Structure of the subgroup on next page

\*\* Consolidated at equity

15 SOLARPARC SUB-GROUP STRUCTURE AS AT MARCH 31, 2013



Per the end of first quarter 2013, two solar projects and the respective project entities SEPV8 LLC and SEPV9 LLC were sold to an third party investor, which made for revenue of € 47,869k.

## 5. OTHER

### CONTINGENT LIABILITIES

As at March 31, 2013, as at the end of the period 2012, SOLARWORLD AG bears liability to a bank for the liabilities of a project entity of € 11,280k from project financing of a solar park built by SOLARWORLD AG. The project entity was sold to a third party investor in the previous period. The bank will discharge SOLARWORLD AG from liability as soon as certain formalities are met. These especially include the provision of collateral by the project entity agreed with the latter, proof of the extent of the compensation for the electricity feed-in tariff and the inspection and approval of the solar park by a recognized expert of the bank.

### IMPAIRMENT TESTS

The substantial measurement assumptions and premises that were used as a basis for the impairment tests per year-end 2012 remained unchanged. No further impairment losses or reversals of impairment losses on property, plant and equipment were recognized.

### DISCLOSURE FINANCIAL LIABILITIES

As at March 31, 2013, as at the end of the period 2012, financial liabilities in a nominal amount of € 404.5 million (mostly from the issued assignable note loans) were reclassified from non-current to current, as the agreed covenants could not be met per December 31, which entitled creditors of these financial liabilities to demand premature repayment of the loans.

## 6. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

In the scope of the financial restructuring process, SOLARWORLD AG invited the respective owners of the two bonds to two separate noteholders' meetings on May 22 and 23, 2013 with the objective of appointing a joint representative for each bond, who will bundle and represent the interests of the bond owners. Neither one of the meetings reached the necessary quorum of 50 percent of the bond's nominal value. Most likely in early July 2013, additional noteholders' meetings will take place in the course of which joint representatives will be appointed. In these meetings, no quorum is required for the resolution regarding the specific appointment of a joint representative.

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On May 21, 2013, SOLARWORLD AG sent out invitations for an extraordinary shareholders' meeting that will take place in Bonn on July 11, 2013. On April 30, 2013, SOLARWORLD AG disclosed its preliminary individual financial statements for the period 2012. The annual financial statements were presented "subject to change and unaudited", as the restructuring process of the entity's financial liabilities is not yet finalized. In accordance with the accounting standards of the German Commercial Code [Handelsgesetzbuch – HGB], the annual financial statements show cumulative losses of SOLARWORLD AG of € 38.3 million that are not covered by equity. Hence, the loss amounts to half of the capital stock. In accordance with § 92 sec 1 AktG (German Stock Corporation Act), the Management Board now calls an extraordinary shareholders' meeting to inform the shareholders' meeting thereof. In addition, the Management Board will inform the shareholders' meeting about the state of the restructuring process.

## 7. SEGMENT REPORTING

### (16) INFORMATION ON OPERATING SEGMENTS FIRST QUARTER 2013 // IN M€

	Production Germany	Production U.S.	Trade	All other segments	Reconciliation	Consolidated
<b>Revenue</b>						
External revenue	2	1	109	0	0	
Intersegment revenue	37	24	0	4	-65	
<b>Total revenue</b>	<b>39</b>	<b>25</b>	<b>109</b>	<b>4</b>	<b>-65</b>	<b>112</b>
<b>Result</b>						
<b>Operating result (EBIT)</b>	<b>-13</b>	<b>-11</b>	<b>-14</b>	<b>-1</b>	<b>3</b>	<b>-36</b>
Financial result						-17
Result before taxes on income						-53
Taxes on income						13
Result from continued operations						-40
Result after taxes from dis- continued operations						0
<b>Consolidated net result</b>						<b>-40</b>

## ⑰ INFORMATION ON OPERATING SEGMENTS FIRST QUARTER 2012 // IN M€

	Production Germany	Production U.S.	Trade	All other segments	Reconciliation	Consolidated
<b>Revenue</b>						
External revenue	2	0	168	0	0	
Intersegment revenue	92	50	1	2	-145	
<b>Total revenue</b>	<b>94</b>	<b>50</b>	<b>169</b>	<b>2</b>	<b>-145</b>	<b>170</b>
<b>Result</b>						
<b>Operating result (EBIT)</b>	<b>52</b>	<b>-5</b>	<b>-14</b>	<b>-3</b>	<b>-3</b>	<b>27</b>
Financial result						-18
Result before taxes on income						<b>9</b>
Taxes on income						<b>-9</b>
Result from continued operations						<b>0</b>
Result after taxes from dis- continued operations						0
<b>Consolidated net result</b>						<b>0</b>

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THE CONSOLIDATED INTERIM REPORT IS ALSO AVAILABLE IN GERMAN.  
VERSIONS IN GERMAN AND ENGLISH CAN BE FOUND ON OUR HOMEPAGE  
AT [WWW.SOLARWORLD.DE/FINANCIAL-REPORTS](http://WWW.SOLARWORLD.DE/FINANCIAL-REPORTS).

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PRODUCTION: KREATIV KONZEPT, BONN/BERLIN // [WWW.KREATIV-KONZEPT.COM](http://WWW.KREATIV-KONZEPT.COM)  
PRINTED BY: LAMBERTZ + SCHEER GBR, KÖLN // [WWW.LAMBERTZSCHEER.DE](http://WWW.LAMBERTZSCHEER.DE)

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