



CONSOLIDATED INTERIM REPORT FIRST QUARTER 2014

SOLARWORLD AG

- SOLARWORLD 2014 -

FOR YOUR GUIDANCE

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- 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 Sustainability in Detail 2013 • p. S000//
 - ◎ Cross reference to financial reports of prior years • p. 000//
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Rounding differences may occur.

CONTENT

// FINANCIAL INDICATORS FIRST QUARTER OF 2014	04
<i>Selected indicators</i>	04
<i>Quarterly comparison of the consolidated income statements</i>	05
<i>Revenue by region</i>	05
 // LETTER BY THE CHAIRMAN	 07
 // INTERIM GROUP MANAGEMENT REPORT FIRST QUARTER OF 2014*	 09
<i>Business development</i>	11
<i>Economic position</i>	20
<i>Material related party transactions</i>	26
<i>Supplementary report</i>	26
<i>Opportunities and risks</i>	28
<i>Forecast report</i>	28
 // CONSOLIDATED INTERIM FINANCIAL STATEMENTS FIRST QUARTER OF 2014*	 35
<i>Consolidated income statement</i>	37
<i>Statement of consolidated comprehensive income</i>	38
<i>Consolidated balance sheet</i>	39
<i>Consolidated statement of changes in equity</i>	40
<i>Consolidated cash flow statement</i>	41
<i>Notes on the consolidated interim financial statements</i>	42
 // FINANCIAL AND EVENT CALENDAR 2014	 51

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

04

SOLARWORLD FIRST QUARTER 2014

④ SELECTED INDICATORS // IN K€

Financial indicators	1st quarter 2014	1st quarter 2013	Change
Revenue	99,420	112,202	-12,782
Foreign quota in % of revenue	76.7 %	80.1 %	-3.4 %-points
EBITDA	137,188	-22,018	159,206
EBIT	127,412	-32,325	159,737
EBIT in % of revenue	128,2 %	-28,8 %	157.0 %-points
Capital employed (key date)*	493,597	512,770	-19,173
Consolidated net result	550,131	-44,116	594,247
Consolidated net result in % of revenue	553.3 %	-39.3 %	592.7 %-points
Total assets	1,011,277	1,118,753	-107,476
Equity	321,399	-51,654	373,053
Equity ratio (in %)	31.8 %	-4.6 %	36.4 %-points
Cash flow from operating activities	-26,777	-1,474	-25,303
Net indebtedness**	293,602	806,437	-512,835
Investments in intangible assets and property, plant and equipment	49,311	9,479	39,832
Employee indicators	1st quarter 2014	1st quarter 2013	Change
Employee (key date)	2,758	2,265	493
of which trainees (key date)	40	62	-22
Personnel costs ratio (in %)	32.8 %	46.9 %	-14.1 %-points
Revenue per employee (in k€)	36	50	-13
EBIT per employee (in k€)	46	-14	60

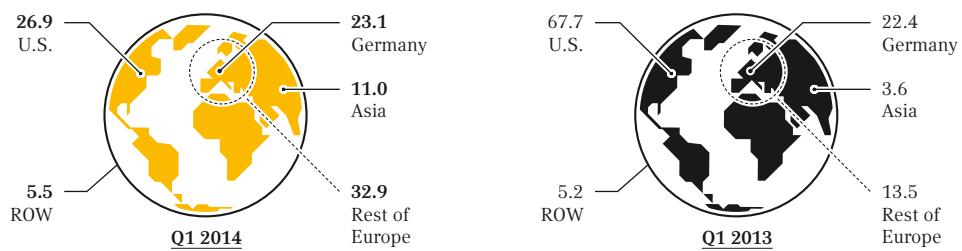
* Intangible assets and property, plant and equipment less deferred investments subsidies plus net current assets except for current net liquidity

** Financial liabilities less liquid funds

(2) QUARTERLY COMPARISON OF THE CONSOLIDATED INCOME STATEMENTS // IN K€

	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q1 2013	Change
Revenue	88,967	144,455	110,197	99,420	112,202	-12,782
Change in inventories	2,240	-43,132	-3,326	11,639	-47,707	59,346
Own work capitalized	17	436	34	174	55	119
Other operating income	14,117	9,017	19,896	153,309	16,257	137,052
Cost of materials	-64,099	-78,925	-78,473	-74,360	-51,169	-23,191
Personnel expenses	-27,767	-27,588	-26,732	-30,287	-30,279	-8
Amortization and depreciation	-11,422	-10,186	-9,963	-9,776	-10,306	530
Other operating expenses	-28,759	-30,028	-105,317	-22,707	-21,376	-1,331
Operating result	-26,704	-35,951	-93,685	127,412	-32,325	159,737
Financial result	-18,673	-19,614	-21,855	535,370	-16,598	551,968
Pre-income tax result	-45,377	-55,565	-115,539	662,782	-48,922	711,704
Taxes on income	18,132	-8,069	22,228	-112,651	4,806	-117,457
Consolidated net result	-27,245	-63,634	-93,312	550,131	-44,116	594,247

(3) REVENUE BY REGION // IN M€





REAL VALUE

This is the brand essence of SOLARWORLD AG and features as an integral part of the new company logo.

REAL VALUE is not some one-dimensional advertising concept. REAL VALUE means much more: it is an attitude, a self-imposed quality standard, by which SOLARWORLD measures its work, its processes and all products.

SOLARWORLD is focusing on four authentic and lasting values:

- Proven quality
- Fulfilling customers' needs with leading solutions
- A responsible partner you can trust worldwide
- Authentic focus on sustainability

All four values are equally important. This unique group of values sets SOLARWORLD apart from its competitors.

Also in its financial reports for fiscal year 2014, SOLARWORLD will keep referring to the concept of REAL VALUE and emphasizing individual values.

Quality was a major focus of attention again during the first quarter of 2014, since quality is a deciding factor for the competitiveness of the SOLARWORLD group. Proven quality "made by SOLARWORLD" guarantees our customers decades of high performance and the security that comes with a long-lasting product.

In March 2014, SOLARWORLD further reinforced this promise by acquiring cell and module production facilities from Bosch Solar Energy AG in Arnstadt/Germany. This site also implements cutting-edge solar technology with the highest quality standards.

LETTER BY THE CHAIRMAN

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

In the first quarter of 2014, SOLARWORLD AG began a new chapter in the company's history. We successfully completed our financial restructuring in February. In March, we gained size and strength with the acquisition of the former Bosch production lines in Arnstadt. The first few months of the year brought a string of good news. Following the difficult year of 2013, this did a power of good to everyone who always believed in SOLARWORLD, even during the critical phase.

A new energy can be felt everywhere in the group. This spirit of optimism is reflected in our sales figures. Our group-wide shipments grew more than 40 percent compared with the same quarter of the previous year. Our order books for this year are well filled. We are committed to our ambitious targets.

In the first quarter, we recorded positive one-off effects resulting from the two exceptional events – the Arnstadt take-over and our financial restructuring. Consolidated earnings before interest, tax, depreciation and amortization (EBITDA) improved to € 137 million. This includes the acquisition of assets from Bosch Solar Energy AG. Our net profits after taxes rose disproportionately in comparison with the operating result, reaching approx. € 550 million.

Yet there is still much to be done. We will continue to improve our processes in the operating business. We have identified about 200 different measures here, and we check their implementation on a monthly basis. Cutting costs and boosting efficiency are top of our agenda. At the moment, we are above target with these measures and the successes are already visible. This encourages us to keep working hard at it.

Despite these positive facts and figures, we have to acknowledge that there are still lingering risks for the solar industry and hence for our company. In the United States and European Union, for example, it remains necessary to pursue legal channels to ensure fair conditions in the solar market. The reduction in minimum prices for Chinese imports into the European Union has brought prices under renewed pressure. On top of that, in Germany, the absurd idea of taxing self-produced power via the EEG levy threatens to become law. This is tantamount to having to pay taxes on tomatoes grown in your own garden for your own consumption. Meanwhile, the principle of generating your own power and using as much of it as possible yourself is supposed to be a key element of the independent energy supply of the future. After all, what could be more economical and sustainable than homemade power? We need more of it, not less.

08

As a manufacturer, we contribute to this goal with high-performance products "made by SOLARWORLD." We want to make solar power increasingly attractive for our customers around the world and create REAL VALUE.

Thank you for your support. Together with you, I am looking forward to the successful future of SOLARWORLD.

Bonn, May 13, 2014

Yours sincerely,



Dr.-Ing. E.h. Frank Asbeck
CEO of SOLARWORLD AG

INTERIM GROUP MANAGEMENT REPORT



REAL VALUE – FOR OUR CUSTOMERS, THIS MEANS:
**BEST ENERGY YIELDS –
UP TO 30 YEARS GUARANTEED**

INTERIM GROUP MANAGEMENT REPORT FIRST QUARTER 2014

11 BUSINESS DEVELOPMENT

- 11** *The stock*
- 13** *Financial restructuring*
- 15** *The market*
- 17** *Trade*
- 18** *Production*

20 ECONOMIC POSITION

- 20** *Income position*
- 22** *Financial position*
- 24** *Assets position*

26 MATERIAL RELATED PARTY TRANSACTIONS

26 SUPPLEMENTARY REPORT

- 26** *Disclosure of events of particular importance and their repercussions*
- 27** *Overall statement by the Management Board on the economic position at the time of the report*

28 OPPORTUNITIES AND RISKS

28 FORECAST REPORT

- 28** *Expected macroeconomic environment*
- 29** *Expected development of the solar market*
- 30** *Expected development of business*
- 31** *Expected revenue and earnings development*
- 32** *Expected financial position*
- 32** *Overall statement by the Management Board on expected group development*

BUSINESS DEVELOPMENT

THE STOCK

International **capital markets** moved sideways during the first quarter of 2014. On March 31, 2014, the German stock index (DAX) was almost unchanged compared with the beginning of the quarter, closing at 9,556 points and marking a drop of 0.4 percent. The Dow Jones Industrial Average likewise fell only slightly, by 0.7 percent, to close at 16,458 points on the cut-off date March 31, 2014. Following a good start to 2014, concerns over political developments in the Ukraine and the specter of deflation weighed on growth and limited the upside potential of the financial markets. The DAX International Mid 100 Performance index, in which the SOLARWORLD stock is listed, gained 8.3 percent during the quarter, closing at 1,452 points on March 31, 2014.

The **solar indices** generally followed a positive trend during the first quarter of 2014, on the back of greater demand for solar products and strong growth in core solar markets such as the U.S. and Japan. Analysts predicted a continuing positive global market trend for the coming years, which also lifted the solar indices. The Photovoltaik Global 30 Index rose 11.8 percent to stand at 34 points on the cut-off date.

The movements of the **SOLARWORLD stock** were not significantly affected by macroeconomic trends and the general development of the solar industry. They were influenced to a far greater degree by the company's financial restructuring activities during the first quarter.

These included a simplified capital reduction by consolidating shares in the ratio of 150:1, which was carried out on January 24, 2014. [\(→ Financial restructuring • p. 13//\)](#) As a result, the capital stock was reduced from € 111,720,000.00 to € 744,800.00. The consolidated SOLARWORLD shares received the new International Securities Identification Number (ISIN) DE000A1YCMM2 on February 27, 2014 (formerly ISIN DE0005108401). On February 24, 2014, the capital stock was increased to € 14,896,000.00 by issuing 14,151,200 new shares. As a result, a total of 14,896,000 no-par bearer shares with an imputed nominal value of € 1.00 were in circulation on the cut-off date March 31, 2014, representing the capital stock of SOLARWORLD AG amounting to € 14,896,000. Five percent of this capital stock was attributable to the 744,800 old SOLARWORLD shares with ISIN DE000A1YCMM2; the 14,151,200 new shares (ISIN DE000A1YDED6) made up the remaining 95 percent.

12

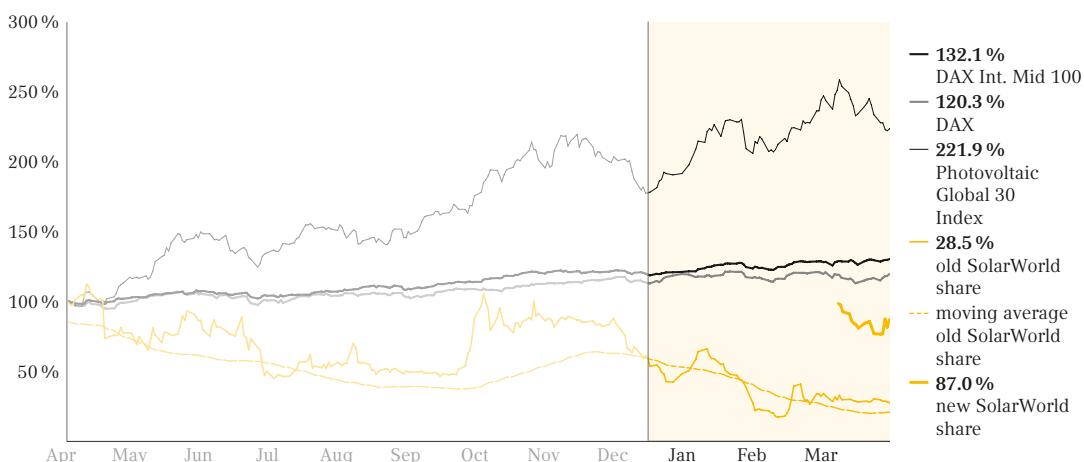
Since the old shares theoretically carry dividends for fiscal years 2012 and 2013, while the new shares only entail a right to profit distribution as of January 1, 2014, it is a technical requirement that both shares are traded under separate ISIN until the Annual General Meeting (AGM) on May 30, 2014 has formally voted on fiscal years 2012 and 2013. At the end of this AGM, both shares will be listed under the same ISIN DE000A1YCM2. Owing to the losses incurred in fiscal years 2012 and 2013, there are no plans to distribute a dividend for these periods.

The performance of the SOLARWORLD stock during the first quarter of 2014 was dominated by the final phase of financial restructuring. Adjusted for the reverse split, the price of the old SOLARWORLD stock fell during the first quarter of 2014 from € 80.40 to a closing price of € 38.82.

On March 5, 2014, the new SOLARWORLD shares (ISIN DE000A1YDED6) commenced trading. It opened at € 16.00. By March 31, 2014, the price of the new share had fallen 6.9 percent, closing at € 14.89.

④ THE SOLARWORLD STOCK IN COMPARISON

Period: April 1, 2013 – March 31, 2014 // Source: Deutsche Börse, 2014

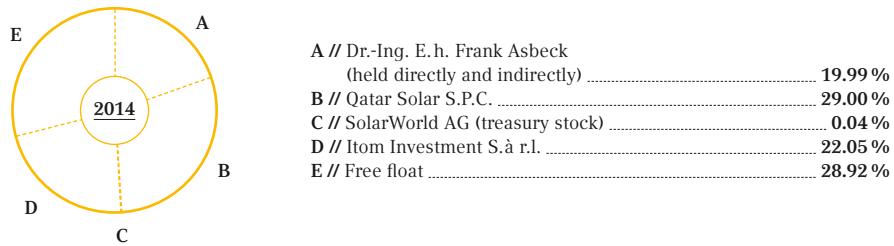


SOLARWORLD AG published a number of voting rights announcements pursuant to §§ 21, 25 and 25a of the German Securities Trading Act (WpHG) during the period covered by this report. A current overview appears on our website under [@ www.solarworld.de/stimmrechtsmitteilungen//](http://www.solarworld.de/stimmrechtsmitteilungen/).

In addition, during the first quarter of 2014, SOLARWORLD AG published notifications of several directors' dealings transactions pursuant to § 15a WpHG. The corresponding information is provided on the company's website at @ www.solarworld.de/en/directors-dealings/.

The shareholder structure of SOLARWORLD AG changed substantially during the first quarter of 2014 as a result of the financial restructuring. In addition to CEO Dr.-Ing. E. h. Frank Asbeck, who increased his stake in the new capital stock of SOLARWORLD AG to 19.99 percent, also the strategic investor Qatar Solar S.P.C. acquired 29.00 percent of the shares. Itom Investment S.à r.l., a company formed specifically to handle the technical implementation of the financial restructuring, held 22.05 percent of the voting rights in SOLARWORLD AG on the cut-off date. On March 31, 2014, SOLARWORLD AG held 6,164 treasury shares. This equates to 0.04 percent of the total. After the reporting period SOLARWORLD AG sold its treasury stock. (→ *Supplementary report* • p. 26//)

⑤ SHAREHOLDER STRUCTURE AS AT MARCH 31, 2014 // IN PERCENT



FINANCIAL RESTRUCTURING

SOLARWORLD AG successfully completed its financial restructuring during the first quarter of 2014. In January 2014, all creditor groups and noteholder representatives as well as the new investor Qatar Solar S.P.C. signed the final restructuring agreement. On January 13, 2014, the Cologne Higher Regional Court (Oberlandesgericht) approved the applications for summary judgments which SOLARWORLD AG filed in October 2013. As a result, it was possible to implement the noteholders' and shareholders' resolutions that were adopted in August 2013. The capital reduction in the ratio of 150:1 that was approved by shareholders on August 7, 2013, was entered in the commercial register on January 20, 2014 and technically implemented on January 24, 2014. Then, on January 27, 2014, the German Federal Financial Supervisory Authority (BaFin) approved the prospectuses for the new shares and bonds that were issued as part of the financial restructuring program. Finally, on February 24, 2014, the implementa-

14

tion of the capital increase by contribution in kind for SOLARWORLD AG was entered in the commercial register of the local court of Bonn. As a result, the financial liabilities of SOLARWORLD AG were reduced from around € 1 billion by € 570 million to € 427 million. The completion of the financial restructuring produced positive one-off effects for the consolidated result in the first quarter of 2014. [\(⊗ Economic position • p. 20//\)](#)

The capital increase by contribution in kind increased the capital stock of SOLARWORLD AG by € 14,151,200.00 from € 744,800.00 to € 14,896,000.00. [\(⊗ The stock • p. 11//\)](#) Within the acquisition period of February 3 to 21, 2014, noteholders in each case made use of more than 80 percent of their rights to acquire new shares and notes of the new secured bonds. New shares and notes of the new secured bonds for which noteholders did not exercise their acquisition rights were offered to existing noteholders and entitled existing shareholders of SOLARWORLD AG for oversubscriptions.

Applications for oversubscriptions of the notes of the new secured bonds were allotted the full amount of the respective order. The allocation price was € 265.00 for each note of the new secured bond SOLARWORLD FRN IS. 2014/2019 series 1116 (ISIN DE000A1YDDX6) and € 316.73 for each note of the new secured bond SOLARWORLD FRN IS. 2014/2019 series 1017 (ISIN DE000A1YCN14).

The remaining new shares were several times oversubscribed, which meant that each application could only be allocated 50 shares plus just over 10 percent of the order volume above that amount. The allocation price was € 12.50 per share and therefore at the upper limit of the previously specified range of € 6.50 to € 12.50. The opening price on March 5, 2014 was € 16.00.



THE MARKET

15

MACROECONOMIC ENVIRONMENT

In March 2014, the Kiel Institute for the World Economy (IfW) confirmed its previous forecasts. Since mid-2013, the global economy has shown a clear upward trend. This is being fueled by the strong recovery in the advanced economies. In emerging economies, however, structural problems and financial market headwinds are preventing any rapid increase in economic activity, according to IfW.

In Germany, expansionary forces have continued to strengthen, driven mainly by high investment activity, but increasingly also by rising private consumption. The eurozone economy has now stabilized, though the pace of recovery remained moderate at first. U.S. economic data released early in the new year was weak, probably mostly because of the hard winter. Nevertheless, IfW expects U.S. economic growth to accelerate in 2014, in line with expectations. ↗ *Expected macroeconomic environment* • p. 28//

THE SOLAR POWER MARKET

Different trends were seen on the international solar markets during the first months of 2014.

Despite an unusually mild winter, weakness persisted in the **German market** during the first three months. New installations fell 41 percent to 459 (Q1 2013: 776) MW. More detailed information was announced in the first quarter of 2014 concerning planned amendments to the German Renewable Energy Sources Act (EEG). In January, Sigmar Gabriel, the German Federal Minister for Economic Affairs and Energy, presented a draft EEG reform bill. Of particular relevance to the German solar power market are the planned application of the EEG levy to self-consumed electricity and the progressive extension of mandatory direct marketing. Especially the proposed tax on homemade power met with widespread and harsh criticism, and caused uncertainty in the solar industry and among customers. As in the past, we saw that merely discussing plans to amend the EEG depressed the market in Germany. The EEG amendment will move through the subsequent legislative process during the second and third quarters of 2014. Even before details of the planned EEG reform became known, analysts expected a strong decline in the German solar market for the year as a whole compared with the previous year, from 3.3 GW to 2.8 GW. ↗ *Expected development of the solar power market* • p. 29//

As expected, **Italy** also followed a strong negative trend during the first quarter of 2014. While the Italian market as a whole still reached around 1.1 GW in 2013, newly installed capacity was only 30 (Q1 2013: 571) MW during the first three months of the year. The Italian solar market is undergoing a transformation, following the expiration of the fifth and final “Conto Energia” in 2013. While the feed-

16

in tariff support scheme under the “Conto Energia” generated high growth in large-scale plants over past years, the newly introduced net billings model favors small solar power systems. With this model, solar power fed into the grid is netted out against electricity consumed from the grid.

In March 2014, at short notice, **France** stopped its bonus payment for solar power systems manufactured wholly or partially in the European Union (“local content rule”), after the European Commission intervened on competition grounds. To receive the bonus payment, what mattered was the date when the new solar power system was registered, rather than the time when the system would be installed. Many customers in France therefore registered for the bonus payment before the local content rule ended in March, even for projects which they will construct and connect to the grid at a later point in time. Being a European manufacturer, SOLARWORLD was able to expand its market position.

During the first quarter, the **United Kingdom** moved up the ranks of the largest solar markets in Europe. According to market research by Information Handling Services (IHS) Technology, the UK gained newly installed capacity of 922 MW in large-scale solar power stations. New installations of 2.4 GW are expected for the year as a whole, including 1.9 GW in large-scale plants.

Prices in **Europe** remained stable on the whole. Anti-dumping and anti-subsidy duties on imports of solar cells and solar power modules from China or originating in China were probably largely responsible for this. The European Commission imposed these duties in December 2013. In addition, a minimum pricing undertaking with Chinese manufacturers has been in force since August 2013. The agreed minimum price is € 0.56 per watt. At the end of March 2014, however, international media reported that the European Commission had lowered the minimum price by € 0.03 to € 0.53.

⇒ Expected development of the solar power market • p. 29//

The **United States** solar market also experienced a strong upward trend during its usually modest first quarter. Newly installed capacity in the first three months of the year increased significantly. Deutsche Bank expects the U.S. market to grow 60 percent in 2014 compared with the previous year, reaching 8 GW. In the opinion of SOLARWORLD and many other domestic manufacturers and installers, however, the U.S. solar market is still exposed to illegal trade practices. The countervailing duties imposed in 2012 do not apply to solar imports from China which incorporate solar cells made in other countries, such as Taiwan. A number of Chinese manufacturers are exploiting this loophole to avoid the duties. For this reason, our American subsidiary SOLARWORLD INDUSTRIES AMERICA INC. instituted another set of proceedings on December 31, 2013. On February 14, 2014, the U.S. International Trade Commission (ITC) unanimously declared that the domestic solar industry in the United States was still being threatened and harmed by imports from China and the third country Taiwan. As a result of the decision by the ITC, the multi-stage proceedings against illegal trade practices will now be continued. This could lead to an extension of the duties imposed back in 2012. The proceedings are likely to be brought to a final conclusion in the first quarter of 2015.

REPERCUSSIONS OF THE GENERAL CONDITIONS ON BUSINESS DEVELOPMENT

During the first quarter of 2014, SOLARWORLD AG benefited from the upward trend in key solar markets, especially the United States and Japan. SOLARWORLD recorded strong growth in both markets. In contrast, the German solar market saw a downward trend, as expected. The debate over reforming the German Renewable Energy Sources Act probably reinforced this decline. Nevertheless, SOLARWORLD improved its sales figures in Germany compared with the same quarter of the previous year. The Italian market also contracted sharply, as reflected in SOLARWORLD's shipments figures. In the European Union as a whole, prices were more stable after Brussels imposed anti-dumping and anti-subsidy duties on Chinese solar imports in December 2013. As in other markets, such as the UK, we have worked to establish stable, long-term relationships with customers in France, which cushion the impacts of short-term changes in regulatory conditions and allow us to develop our business on a continuous basis.

TRADE

For 2014 as a whole, the SOLARWORLD group plans to increase group-wide shipments by at least 40 percent. Not least as a result of completing our financial restructuring, we noted growing market acceptance in the first quarter of 2014 compared with the previous year, and were slightly above the target of this quarter. Shipments of modules and kits rose 35 percent compared with the first quarter of 2013 to 140 (Q1 2013: 104) MW. Furthermore, SOLARWORLD consistently had a backlog of more than 200 MW throughout the first quarter of this year. The picture was mixed for individual markets.

Development in the **United States** beat our expectations. In the first quarter of 2013, shipments in the U.S. were significantly influenced by the sale of two large-scale projects with a total volume of 25.6 MW. Adjusted for one-off effects from this transaction, shipment volumes in the first quarter of 2014 went up by more than 60 percent year-on-year.

In **Europe (excluding Germany)**, our shipments grew one-and-a-half times overall. France and the UK were the main drivers here, with better-than-expected growth. Investments in a local presence and long-term partnerships in these markets are paying off, with the result that we are generating continuous business. In France, we now have a particularly high volume of orders on hand for the whole of 2014, since many customers registered their solar power systems before the end of the local content rule in March to secure their bonus payment.

In **Italy**, however, we sold significantly lower volumes during the first quarter of 2014 than in the same quarter of the previous year. This was due to the general trend in the market, which is undergoing a major transition. ↗ *The solar power market* • p. 15//

18

Counter to the general market trend, in **Germany** we achieved growth of 12 percent compared with the same quarter of the previous year. We expect that the successful completion of our financial restructuring and the acquisition of production facilities from Bosch in Arnstadt in the first quarter will have a positive impact on our future business development in Germany.  Expected development of business • p. 30//

In the **Asia/Pacific** region, as expected, Japan has become our biggest market. Compared with the first three months of the previous year, we more than quadrupled our shipments in the first quarter of 2014.

To strengthen SOLARWORLD's international sales activities, we revised our branding and communication with the message "REAL VALUE." In this context, in March 2014, we launched our new logo with the international claim "REAL VALUE."  2013 Annual Group Report/Real Value • p. 012//

PRODUCTION

Apart from the successful completion of financial restructuring, another event of fundamental importance for the future of SOLARWORLD took place during the first quarter of 2014. On March 12, 2014, SOLARWORLD INDUSTRIES-THÜRINGEN GMBH acquired cell and module production assets from Bosch Solar Energy AG in Arnstadt/Thuringia. As of the first quarter of this year, therefore, SOLARWORLD has an additional production site in **Germany**, with technology that strategically strengthens the group and represents SOLARWORLD's values in respect of quality and environmental standards. The geographical proximity of Freiberg and Arnstadt promotes teamwork between the sites. The Arnstadt production facilities commenced operation immediately following the acquisition.

Particularly the additional monocrystalline cell manufacturing facilities of SOLARWORLD INDUSTRIES-THÜRINGEN GMBH have filled a gap in SOLARWORLD group's production capacities. We have also begun to ramp up production of 72-cell modules in Arnstadt. These complement our existing portfolio, which primarily consists of modules with 60 cells. There is particular demand for 72-cell modules as a solution for large-scale solar projects, since the larger format of these modules reduces total system costs.

In the **United States**, by the end of March 2014, we had nearly completed the merger of production and sales at our Hillsboro site. Geographical and organizational integration is already having positive effects. For example, it is now easier to adjust production planning flexibly according to demand.

Shipment growth in the first quarter of 2014 is reflected in production capacity utilization, which has increased compared with 2013 at all stages of the value chain – wafers, cells and modules. With nominal capacities of more than one gigawatt in each case, we want to adjust production capacity utilization to match the demand trend as closely as possible in 2014.

⑥ CAPACITIES OF SOLARWORLD IN 2014 // IN MW

	 Wafers	 Cells	 Modules
Germany (Freiberg)	750	330	530
Germany (Arnstadt)	-	700	200
U.S. (Hillsboro)	(250)*	330 (170)*	380
Total	750	1,360	1,110

*available, not actively used capacities

ECONOMIC POSITION

INCOME POSITION

DEVELOPMENT OF REVENUE AND PROFIT OR LOSS

In the first quarter of 2014, group-wide shipments of solar modules and kits grew by 35 percent to 140 (Q1 2013: 104) MW. We achieved robust growth particularly in the United States, Japan and the European markets of France and the United Kingdom. In Germany, SOLARWORLD's shipments grew 12 percent, even though the German solar market as a whole contracted 41 percent. Revenue in the "Trade" segment during the first quarter reached € 93.5 (Q1 2013: 109.3) million.

External shipments of solar wafers increased in the first quarter, but were still at a low level. They totaled 14 (Q1 2013: 5) MW. As a result, external revenue in the "Production Germany" segment, which is primarily influenced by our external wafer business, grew by € 3.5 million to € 5.8 (Q1 2013: 2.3) million.

Total group-wide shipments of wafers and solar modules in the first quarter grew 41 percent to 154 (Q1 2013: 109) MW. Our group-wide foreign shipments quota for the first quarter of 2014 increased by 4 percentage points to 82 (Q1 2013: 78) percent on the back of strong growth in our export markets. Despite the increase in shipments, our consolidated revenue fell 11 percent or € 12.8 million to € 99.4 (Q1 2013: 112.2) million. The decrease of revenue can particularly be attributed to one-off effects from the sale of two high-revenue large-scale projects (25.6 MW) in the first quarter of 2013 as well as the price reduction in the international solar markets. The price decline only slowed after the introduction of preliminary duties in the European Union in the second half of 2013. The proportion of foreign revenue amounted to 76.7 (Q1 2013: 80.1) percent.

Earnings before interest, tax, depreciation and amortization (EBITDA) in the "Trade" segment increased by € 4.0 million to € -9.2 (Q1 2013: -13.2) million. In the "Production Germany" segment, EBITDA improved by € 151.9 million in the first quarter, marking a first return to positive territory at € 147.1 (Q1 2013: -4.8) million. This includes a provisional profit amounting to € 135.6 million resulting from the purchase of solar activities from Bosch. [⊖ Production lines of Bosch Solar Energy AG taken over • p. 46 //](#) Adjusted for these one-off effects, EBITDA in the "Production Germany" segment totaled € 11.5 million. EBITDA also increased in the "Production U.S." segment, by € 5.7 million to € -1.9 (Q1 2013: -7.6) million.

Group-wide EBITDA improved in the first quarter of 2014 by € 159.2 million to € 137.2 (Q1 2013: –22.0) million. Adjusted for the one-off effects resulting from the takeover of solar activities from Bosch, group-wide EBITDA reached € 1.6 million.

The basic valuation assumptions and premises on which the impairment tests at the end of 2013 were based remained unchanged on the cut-off date March 31, 2014. Therefore no impairment losses on fixed assets were recognized or reversed.

In the “Trade” segment, EBIT rose to € –9.8 (Q1 2013: –13.8) million. We also improved our operating result compared with the previous year in the “Production Germany” and “Production U.S.” segments. EBIT in the segment “Production U.S.” increased to € –4.0 (Q1 2013: –10.8) million. In the “Production Germany” segment, EBIT improved compared with the previous year by € 152.3 million to € 141.5 (Q1 2013: –10.8) million. Adjusted for the one-off effects resulting from the takeover of solar activities from Bosch, EBIT in the “Production Germany” segment reached € 5.9 million. Group-wide EBIT improved in the first quarter of 2014 to € 127.4 (Q1 2013: –32.3) million. Adjusted for the one-off effects resulting from the acquisition of manufacturing facilities and other assets from Bosch Solar Energy AG, group-wide EBIT came to € –8.2 million.

Consolidated financial result increased to € 535.4 (Q1 2013: € –16.6) million. It was mainly influenced by the successful closing of the financial restructuring (amounting to € 555.7 million) in the first quarter of 2014.

After offsetting the existing tax loss carryforwards and taking into account the granted tax release, SOLARWORLD AG does not need to pay taxes on income for this restructuring profit. The group's net profits after taxes were up € 594.2 million in the first quarter of 2014 to € 550.1 (Q1 2013: –44.1) million.

DEVELOPMENT OF MATERIAL INCOME STATEMENT ITEMS

In the first quarter of 2014, the cost of materials increased 45.3 percent to € 74.4 (Q1 2013: 51.2) million. This was mainly due to the manufacturing output growth year-on-year. Despite the increased total output, the cost of materials ratio fell to 66.9 (Q1 2013: 79.3) percent because of further cost optimizations.

Personnel expenses remained constant in the first three months of the year at € 30.3 (Q1 2013: 30.3) million. The personnel cost ratio fell to 32.8 (Q1 2013: 46.9) percent due to higher overall output.

Depreciation and amortization declined 4.9 percent or € 0.5 million to € 9.8 (Q1 2013: 10.3) million.

22

Other operating expenses increased slightly by € 1.3 million to € 22.7 (Q1 2013: 21.4) million. This increase results in particular from higher costs for legal fees, consultancy and audit expenses in connection with the financial restructuring and the additional use of external personnel. Sales and marketing saw further expense reductions, however. The expense ratio in the first three months of fiscal year 2014 was 24.6 (Q1 2013: 33.1) percent.

Compared with the same quarter of the previous year, other operating income increased by € 137.0 million to € 153.3 (Q1 2013: 16.3) million. This increase is attributable in particular to a provisional profit resulting from the initial accounting of assets acquired from Bosch (€ 135.6 million).

FINANCIAL POSITION

FINANCING ANALYSIS

As compared to December 31, 2013, equity increased substantially by € 564.5 million to € 321.4 (December 31, 2013: -243.1) million. This is due primarily to the successful completion of the financial restructuring program and associated capital increase by contribution in kind. The equity ratio improved to 31.8 percent as at the cut-off date.

The measures implemented as part of the financial restructuring enabled us to reduce our financial liabilities to € 476.9 (December 31, 2013: 1,022.8) million. As at March 31, 2014, as a result of restructuring our financial liabilities, most of our financial liabilities (92.1 percent) are now once again classified as non-current (December 31, 2013: 52.5 percent).

Investment grants and subsidies recognized in non-current liabilities decreased to € 29.9 (December 31, 2013: 31.1) million per end of the period. 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.

At € 0.3 million, other non-current liabilities were virtually unchanged on the cut-off date compared with December 31, 2013.

INVESTMENT ANALYSIS

In the first quarter of 2014, we invested a total of € 2.6 (Q1 2013: 9.5) million in intangible assets and property, plant and equipment. About € 1.0 million was invested in the “Production Germany” segment at our German sites. Further € 0.5 million was invested in the “Trade” segment, € 0.2 million in the “Production U.S.” segment and € 0.8 million in the “Other” segment. In addition, as part of the asset deal, we took over manufacturing facilities and other assets from Bosch Solar Energy AG with provisional net fair values amounting to € 46.7 million. The acquisition increases SOLARWORLD’s production capacities at the cell and module manufacturing stages of the value chain.

LIQUIDITY ANALYSIS

On the cut-off date March 31, 2014, liquid funds amounted to € 183.3 (December 31, 2013: 163.7) million and included cash and cash equivalents that mainly consisted of day-to-day money and fixed deposits.

Cash flow from operating activities declined in the first quarter of 2014 to € -26.8 (Q1 2013: -1.5) million. The main reason for this was the increase in inventories, attributable largely to partial production of solar modules for shipment during the remainder of the year. In contrast, the same quarter of the previous year was marked by an unusually high fall in inventories resulting from the sale of two high-revenue large-scale projects in the United States.

Cash flow from investing activities amounted to € 38.8 (Q1 2013: -10.1) million. This change is mainly the result of cash receipts arising from the negative purchase price agreed for taking over a large proportion of the manufacturing facilities of Bosch Solar Energy AG. In addition, investments of € 2.6 (Q1 2013: 10.2) million were made in fixed assets during the first quarter of 2014.

Cash flow from financing activities amounted to € 7.5 (Q1 2013: -32.6) million on the cut-off date. This was particularly affected by financing measures relating to the financial restructuring program. Following completion of its financial restructuring, SOLARWORLD took out a loan of € 50 million from QATAR SOLAR TECHNOLOGIES Q.S.C. At the same time, an immediate partial repayment of financial liabilities was made to creditors, in the amount of € 33.6 million. Furthermore, on March 31, 2014, SOLARWORLD made contractually agreed interest payments, which together with additional restructuring expenses totaled € 8.6 million.

24

ASSETS POSITION

ASSET STRUCTURE ANALYSIS

As compared to December 31, 2013, SOLARWORLD group's total assets increased by € 79.5 million to € 1,011.3 (December 31, 2013: 931.8) million.

Non-current assets decreased by € 42.1 million to € 440.9 (December 31, 2013: 483.0) million. Our inventories (excluding short-term advance payments made) increased in the first quarter of 2014 by € 24.6 million to € 126.8 (December 31, 2013: 102.2) million. \ominus *Liquidity analysis • p. 23//* This was also the main reason for the increase in working capital by € 23.0 million to € 156.6 (December 31, 2013: 133.6) million. Trade receivables grew € 6.7 million to € 55.6 (December 31, 2013: 48.9) million and trade payables increased € 8.3 million to € 25.8 (December 31, 2013: 17.5) million. Short-term advance payments made fell to € 14.2 million (December 31, 2013: 17.0) million and income tax credits were virtually unchanged at € 1.4 (December 31, 2013: 1.4) million.

On the cut-off date, assets held for sale totaled € 36.3 (December 31, 2013: 7.0) million. The increase of € 29.3 million results almost entirely from the acquisition of production facilities and other assets from Bosch Solar Energy AG.

OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Off balance sheet financial instruments have no impact on the group's assets position.

ASSETS NOT SHOWN IN THE BALANCE SHEET

The group had no assets not shown in the balance sheet as at March 31, 2014.

EMPLOYEES

Through the acquisition of cell and module production facilities in Arnstadt/Thuringia on March 12, 2014, the SOLARWORLD group gained 751 employees. At the end of the first quarter of 2014, a total of 3,225 people worked for us, including temporary workers. As a result, the number of employees increased by around 29.6 percent compared with the previous year (March 31, 2013: 2,489). The group-wide number of employees increased by around 21.8 percent to 2,758 compared with the previous year (March 31, 2013: 2,265). The number of employees in the U.S. fell, mainly because we shut down wafer production in Hillsboro in 2013. Concerning personnel development and HR strategy at SOLARWORLD, please see the ☺ 2013 Annual Group Report/Employees • p. 066//

⑦ GROUP EMPLOYEES AS AT MARCH 31 // NUMBER OF PEOPLE

	2014	2013	+/- absolute
Germany	2,177*	1,523**	+ 654
U.S.	559	716	-157
Rest of the world	22	26	-4
Group	2,758	2,265	+ 493

* incl. 40 trainees

** incl. 62 trainees

26

MATERIAL RELATED PARTY TRANSACTIONS

SOLARWORLD AG took out a new loan (Super Senior Facility Agreement or short SSFA) from QATAR SOLAR TECHNOLOGIES Q.S.C. in the amount of € 50 million on February 25, 2014. On this loan, interest expenses amounting to € 0.3 million have incurred in the first quarter, which were paid in total at the balance sheet date March 31, 2014.

Apart from this transaction and the 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

On April 1, 2014, the Supervisory Board appointed Dipl.-Ing. Jürgen Stein (48) as a new member of the Management Board of SOLARWORLD AG. Jürgen Stein, who has a background in engineering, joined the group in 2011 as head of global purchasing. Now, in his role as Chief Product Officer (CPO), he is in charge of the newly created Management Board department for product management, product development, quality management, purchasing and supply chain. The aim here is to take a more integrated view of the product creation process, to combine innovations more effectively and to involve our partners to a greater extent than previously. For SOLARWORLD AG, long-term, trusting partnerships with our suppliers form a cornerstone for lasting success in the solar industry. *© 2013 Annual Group Report/Global Supply Chain – Procurement • p. 056 et seq. //*

In addition, the appointments of Chief Financial Officer Philipp Koecke and Chief Information, Brand & Personnel Officer Colette Rückert-Hennen were extended.

On May 6, 2014, SOLARWORLD AG announced by an ad-hoc notification that it intended to sell its 6,164 old treasury shares (ISIN DE000A1YCMM2) via the stock exchange. The transaction took place on May 6 and 7, 2014. The average stock selling price was € 28.72. Therefore, SOLARWORLD does no longer hold any treasury shares as of May 8, 2014.

OVERALL STATEMENT BY THE MANAGEMENT BOARD ON THE ECONOMIC POSITION AT THE TIME OF THE REPORT

The management of SOLARWORLD AG rates the economic position of the group as difficult. This assessment is based on the earnings, financial and asset position resulting from the consolidated financial statements for 2013 and the financial statements for the first quarter of 2014 as outlined above, and ongoing business trends in 2014 at the time of drawing up this Group Management Report. Although the financial restructuring of SOLARWORLD AG was completed on February 24, 2014, the group is still in a challenging position because consolidation in the solar industry has not yet reached its conclusion and, moreover, the possibility of difficulties affecting the implementation of the planned operational restructuring measures cannot be ruled out.

OPPORTUNITIES AND RISKS

Since the Group Management Report for the 2013 Annual Group Report was drawn up on March 14, 2014, the risk situation for SOLARWORLD has not substantially changed. Regarding the individual risks, we therefore refer to the [© 2013 Annual Group Report/Risk report • p. 087 et seq.](#)//.

The Management Board of SOLARWORLD AG still considers that the group is exposed to a high level of risk – particularly because of high competitive pressure, the possibility of worsening regulatory conditions in the solar market, and strong price and cost-cutting pressure.

Failure to meet the business planning objectives underlying the restructuring program and/or difficulties with implementing the operational restructuring measures could have a long-term negative impact on the financial position of the SOLARWORLD group. Nevertheless, the Management Board does not consider the company's continuity to be jeopardized at the time of producing this report.

FORECAST REPORT

EXPECTED MACROECONOMIC ENVIRONMENT

According to the Kiel Institute for the World Economy (IfW), the global economy is clearly set for growth in 2014. This growth is being driven by the advanced economies. Emerging economies are likely to fare less well because a large number of them are experiencing headwinds from the international financial markets. Furthermore, structural problems in some emerging economies stand in the way of any rapid upturn in economic activity. IfW adds that the global economic recovery is susceptible to setbacks. Russia's intervention in Ukraine has further heightened the political risks for the world economy.



⑧ ECONOMIC DEVELOPMENT OF OUR MAIN SALES MARKETS* // IN PERCENT

Source: Kiel Institute for the World Economy, 2014

	2013	2014 e	2015 e
Germany	0.4	1.9	2.5
U.S.	1.9	2.5	3.0
Euro area	-0.4	1.2	1.7
World	3.0	3.6	4.0

* measured according to gross domestic product

EXPECTED DEVELOPMENT OF THE SOLAR MARKET

The **solar industry** is likely to reach its final consolidation phase this year. Global demand will increase sharply in 2014. Deutsche Bank expects the market to grow to 46 (2013: 36) GW. As a result of consolidation, production capacities are set to fall to 61 GW, somewhat narrowing the gap between supply and demand. Nevertheless, the overall market trend can be described as volatile, particularly since development in individual markets is highly dependent on regulatory changes.

As previously, analysts expect the market volume in **Germany** to contract. Deutsche Bank estimates that new installations in 2014 will fall to 2.8 (2013: 3.3) GW. The pace of future growth is likely to be influenced by the EEG reform. On April 8, 2014, the German Federal Cabinet approved a draft EEG amendment bill. Sigmar Gabriel, the German Federal Minister for Economic Affairs and Energy, expects the new law to come into force on August 1, 2014. Especially the planned application of the EEG levy to self-consumed solar electricity, as contained in the current draft legislation, is likely to generate uncertainty as the year rolls on. Many market analysts believe that this aspect of the EEG amendment could reduce future sales opportunities in Germany, particularly because it makes it less attractive to operate medium-sized solar power systems with the possibility for self-consumption. This weakening of sales arguments could lead broad-based electrical installers to concentrate on their other business areas – with the result that their availability as intermediaries between us and solar end customers would cease or decrease.

In the European market as a whole, **prices** came under pressure at the beginning of the second quarter of 2014, after it became known at the end of March that the minimum price agreed with Chinese manufacturers had been reduced from 56 to 53 euro cents. However, the European Commission's lowering of the import ceiling on solar products from China from 7 to 5.8 GW is likely to have a mildly stabilizing effect.

30

European solar manufacturers, including SOLARWORLD AG, have been critical of the entire minimum pricing undertaking – via which Chinese solar manufacturers can avoid the anti-dumping and anti-subsidy duties – ever since its introduction in early August 2013. In SOLARWORLD's opinion, this arrangement is unlawful. Therefore, last year, we filed two complaints with the General Court of the European Union in Luxembourg. The EU General Court is currently still in the process of examining the complaints.

According to market analysts, the strongest growth impulses for the **international solar market** in 2014 will come from China, the U.S. and Japan. Except in China, SOLARWORLD has good chances of benefiting from strong growth in these markets.

For more detailed information on expected market development, please see the © 2013 Annual Group Report/The future market 2014 • p. 110 et seq.//.

EXPECTED DEVELOPMENT OF BUSINESS

SOLARWORLD expects dynamic business growth for the year 2014 as a whole. The group is working to meet its target of increasing group-wide shipments of modules and kits by at least 40 percent compared with the previous year (2013: 548 MW).

Since we were slightly above target in the first quarter of 2014, we anticipate that we will be able to reach our ambitious shipments target over the remainder of the year.

Success in the major European markets and in the growth markets of the United States and Japan is essential for us to achieve our targets. In France, we already have a high volume of orders on hand for the whole year. This includes modules that we will supply for a large-scale project. In the German and Italian solar markets, which are currently slowing because of changes in regulatory conditions, we aim to realize our potential more fully in future through increased sales efforts. To this end, we opened a sales office in the northern Italian city of Verona in early April 2014.

We are continuing to develop our pipeline for international large-scale projects, with a focus on the U.S., Japan and selected European export markets.

Another priority as the year progresses, apart from sales activities, is the closer integration of our new Arnstadt production site into the group, so that we can exploit anticipated synergies with regard to both capacities and technologies. The first SOLARWORLD modules from Arnstadt have been shipped in April 2014.

Concerning expected business development for 2014 as a whole, we refer to the detailed account in the
© *2013 Annual Group Report/Expected business development 2014* • p. 113 et seq.//

EXPECTED REVENUE AND EARNINGS DEVELOPMENT

The continuing crisis in the solar industry and political developments make it difficult to forecast future business development. As a basic premise for its forecast, SOLARWORLD is assuming that during 2014 the solar industry will have reached the final stage of consolidation. Global demand for solar energy products will presumably continue to grow in 2014. SOLARWORLD expects that general market growth will also have an effect on its own shipments development.

For the current 2014 fiscal year, SOLARWORLD is expecting to increase its group-wide shipments of modules and kits by at least 40 percent compared with 2013 through higher shipments in all core markets (2013: 548 MW). SOLARWORLD also reckons on growth in consolidated revenue to more than € 680 million in 2014. The expected trend in shipments and revenue already takes the acquisition of production lines from Bosch Solar Energy AG at the Arnstadt/Thuringia site into account, which took place on March 12, 2014.

In addition, SOLARWORLD is expecting positive earnings before interest, tax, depreciation and amortization (EBITDA) of more than € 10 million in 2014. This does not take into account the one-off effects from the successfully completed financial restructuring or the positive one-off effects from the initial accounting of assets that were taken over from Bosch Solar Energy AG. The operating result (EBIT) before consideration of these one-off effects is likely to range between € –35 million and € –20 million.

For 2015, the SOLARWORLD group is expecting a positive operating result as well as further increases in revenue of over 20 percent. For 2016 the group expects revenues of more than € 1 billion.

In this context, the Management Board of SOLARWORLD AG would expressly like to point out that the assumptions and framework conditions used for the corporate planning might be subject to changes.



EXPECTED FINANCIAL POSITION

SCHEDULED FINANCING MEASURES

Having completed its financial restructuring on February 24, 2014, and after drawing a loan of € 50 million in the first quarter of 2014, SOLARWORLD AG is not currently planning any major financing measures for 2014.

PLANNED INVESTMENTS

In the 2014 financial year, we are expecting to make investments totaling a low two-digit million euro amount. Our investment activities will focus on achieving further cost savings in our production facilities.

EXPECTED LIQUIDITY DEVELOPMENT

On March 31, 2014, the group's liquid funds totaled € 183.3 (December 31, 2013: 163.7) million. Expected liquidity development is influenced to a large degree by the operating result, planned repayments of financial liabilities as well as potential short-term fluctuations of our working capital. We currently anticipate positive cash flow from operating activities in the current 2014 financial year.

OVERALL STATEMENT BY THE MANAGEMENT BOARD ON EXPECTED GROUP DEVELOPMENT

In the first quarter of 2014, SOLARWORLD group's competitiveness and ability to act, and hence its business prospects, improved compared with the previous year. Having successfully completed the restructuring of its financial liabilities in February 2014, SOLARWORLD AG is now once again operating on a solid financial footing. By acquiring cell and module production assets in Arnstadt/Thuringia in March 2014, the group has further strengthened its production capabilities with regard to both capacities and technologies. Synergies and economies of scale resulting from the acquisition create opportunities for the group to return to profitability sooner.



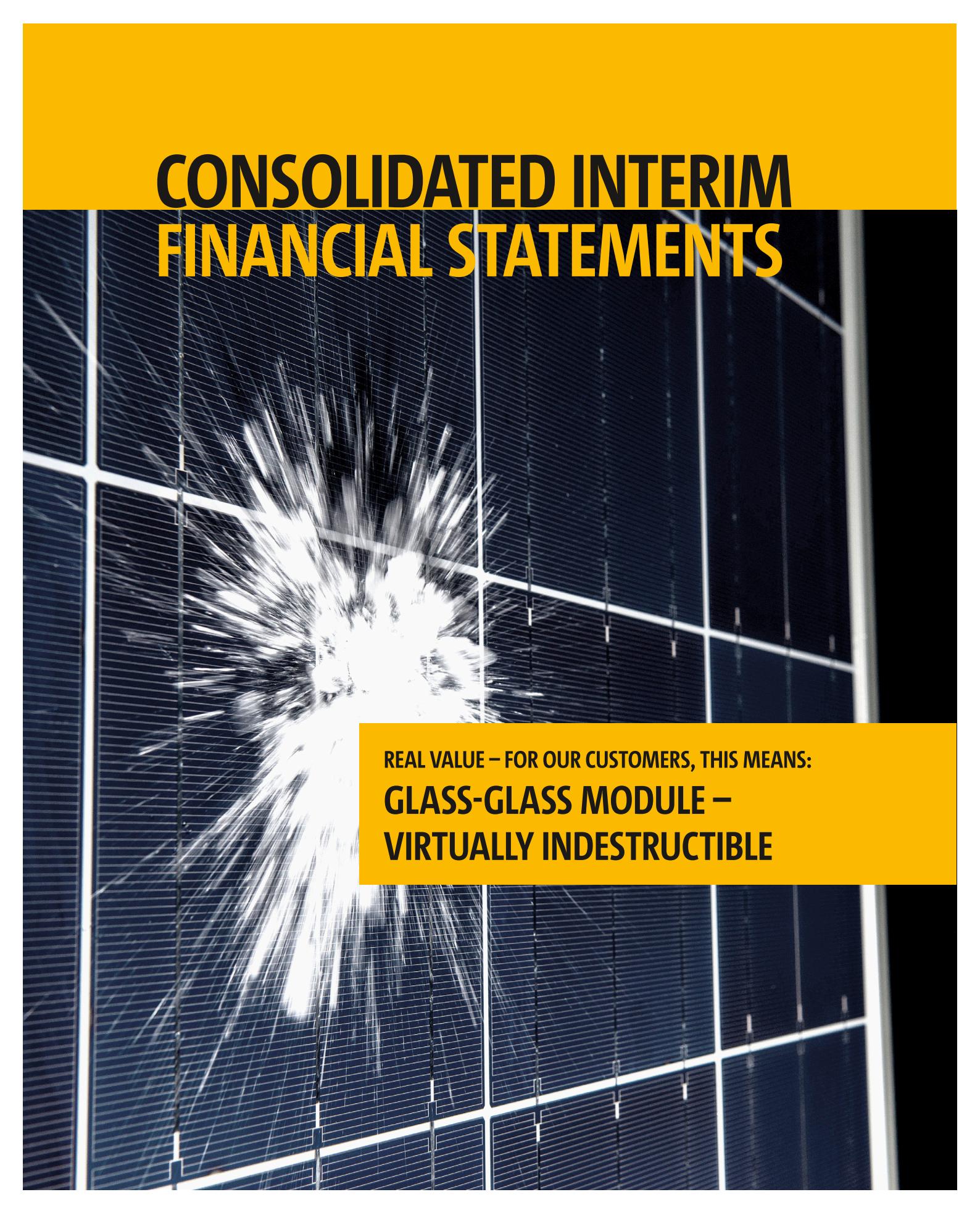
For 2014 to 2016, the group plans to increase shipments and revenue significantly and improve the operating result. SOLARWORLD group plans to return to positive earnings before interest, tax, depreciation and amortization (EBITDA) in 2014.

The Management Board expects that the solar industry will have entered its final phase of consolidation in 2014. However, one condition for permanently overcoming the solar industry crisis is the restoration of fair competition. SOLARWORLD will continue its proactive involvement in this regard, particularly in the U.S. and the European Union. Illegal trade practices are continuing to exert downward pressure on prices internationally.

Global demand for solar energy products will continue to grow in 2014. SOLARWORLD wants to benefit from this growth and increase its shipments. The group's strategy is to offer solar power solutions that provide customers real added value and to play a technologically leading role on the international solar market. SOLARWORLD will position itself more clearly than before. The group aims to stand out distinctly from the competition with its "SOLARWORLD – REAL VALUE" branding, which was launched in the first quarter of 2014.



CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A large solar panel array is shown against a dark background. A bright, white and yellow explosion or burst of light is centered in the middle of the panels, appearing to originate from within one of the cells. The solar panels are arranged in a grid pattern.

REAL VALUE – FOR OUR CUSTOMERS, THIS MEANS:
**GLASS-GLASS MODULE –
VIRTUALLY INDESTRUCTIBLE**

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FIRST QUARTER 2014

- 37 CONSOLIDATED INCOME STATEMENT**
- 38 STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME**
- 39 CONSOLIDATED BALANCE SHEET**
- 40 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
- 41 CONSOLIDATED CASH FLOW STATEMENT**
- 42 NOTES ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**
 - 42 1. Accounting according to international financial reporting standards (IFRS)*
 - 42 2. Accounting and valuation methods*
 - 43 3. Group of consolidated companies*
 - 47 4. Other*
 - 49 5. Material events subsequent to the end of the interim period*
 - 49 6. Segment reporting*

⑨ CONSOLIDATED INCOME STATEMENT FIRST QUARTER 2014 // IN K€

	1st quarter 2014	1st quarter 2013
1. Revenue	99,420	112,202
2. Change in inventories of finished goods and work in progress	11,639	-47,707
3. Own work capitalized	174	55
4. Other operating income	153,309	16,257
5. Cost of materials	-74,360	-51,169
6. Personnel expenses	-30,287	-30,279
7. Amortization and depreciation	-9,776	-10,306
8. Other operating expenses	-22,707	-21,376
9. Operating result	127,412	-32,325
10. Financial result	535,370	-16,598
11. Result before taxes on income	662,782	-48,922
12. Taxes on income	-112,651	4,806
13. Consolidated net result	550,131	-44,116
Of which attributable to:		
- Shareholders of SOLARWORLD AG	550,131	-44,116
14. Earnings per share		
a) Weighted average number of shares outstanding (in 1,000)	14,890	110,795
b) Consolidated net result (in €)	36.95	-0.40

⑩ STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME FIRST QUARTER 2014 // IN K€

	1st quarter 2014	1st quarter 2013
Consolidated net result	550,131	-44,116
Items not to be reclassified to profit or loss	0	0
Exchange differences from currency translations		
Exchange differences from currency translations	1,918	6,463
Deferred taxes relating to exchange differences	-1,717	-2,592
on translating foreign operations	201	3,871
Items that may be reclassified subsequently to profit	201	3,871
Other comprehensive net result	201	3,871
Of which:		
Other comprehensive result before tax	1,918	6,463
Deferred taxes relating to other comprehensive result	-1,717	-2,592
Total comprehensive result	550,332	-40,245
Of which attributable to:		
- Shareholders of SOLARWORLD AG	550,332	-40,245

(1) CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014 // IN K€

ASSETS	31.03.2014	31.12.2013
A. Non-current assets		
I. Intangible assets	440,888	483,003
II. Property, plant and equipment	9,447	8,425
III. Investment property	345,193	306,866
IV. Investments measured at equity	15,028	15,106
V. Other financial assets	16,456	18,891
VI. Other non-current assets	39,257	360
VII. Deferred tax assets	7,889	11,977
	7,618	121,378
B. Current assets	534,054	441,800
I. Inventories	140,999	119,151
II. Trade receivables	55,627	48,859
III. Current income tax assets	1,379	1,353
IV. Other receivables and assets	28,387	25,234
V. Other financial assets	124,402	83,541
VI. Liquid funds	183,260	163,662
C. Assets held for sale	36,335	7,032
	1,011,277	931,835
EQUITY AND LIABILITIES	31.03.2014	31.12.2013
A. Equity		
I. Equity attributable to shareholders of SOLARWORLD AG	321,399	-243,084
1. Subscribed capital	321,399	-243,084
2. Capital reserve	14,890	110,795
3. Other reserves	68	68
4. Accumulated results	7,570	7,369
	298,871	-361,317
B. Non-current liabilities	559,788	600,023
I. Non-current financial liabilities	439,142	536,629
II. Accrued investment grants	29,947	31,105
III. Non-current provisions	30,133	29,414
IV. Other non-current liabilities	281	302
V. Deferred tax liabilities	60,285	2,573
C. Current liabilities	130,090	574,896
I. Current financial liabilities	37,720	485,508
II. Trade payables	25,789	17,456
III. Income tax liabilities	6,680	6,345
IV. Current provisions	13,196	9,987
V. Other current liabilities	46,705	55,601
	1,011,277	931,835

⑫ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FIRST QUARTER 2014 // IN K€

	Other reserves					
	Subscribed capital	Capital reserve	Currency translation reserve	IAS 19 reserve	Accumulated results	Total
As at Jan. 01, 2013	110,795	296,562	11,176	-438	-429,504	-11,409
Total comprehensive result 1st quarter 2013			3,871	0	-44,116	-40,245
As at Mar. 31, 2013	110,795	296,562	15,047	-438	-473,620	-51,654
Allocation to revenue reserves		-296,494			296,494	0
Total comprehensive result 2nd – 4th quarter 2013			-7,050	-190	-184,191	-191,430
As at Dec. 31, 2013	110,795	68	7,997	-628	-361,317	-243,084
Capital reduction	-110,057				110,057	0
Capital increase by contribution in kind	14,151					14,151
Total comprehensive result 1st quarter 2014			201	0	550,131	550,332
As at Mar. 31, 2014	14,890	68	8,198	-628	298,871	321,399

⑬ CONSOLIDATED CASH FLOW STATEMENT FIRST QUARTER 2014 // IN K€

	1st quarter 2014	1st quarter 2013
Result before tax	662,782	-48,922
+ Amortization and depreciation	9,776	10,306
- Gain from initial purchase accounting	-135,602	0
+ Financial result (excluding profits and losses from currency translation)	20,381	17,304
- Profit from disposal of assets	-349	-10
- Reversal of accrued investment grants	-1,238	-1,952
- Other material non-cash income	-564,005	-1,926
= Cash flow from operating result	-8,255	-25,200
-/+ Increase/decrease in inventories	-18,756	47,970
- Increase in trade receivables	-6,399	-17,960
+/- Increase/decrease in trade liabilities	8,405	-6,873
-/+ Development other net assets	-1,803	702
= Cash flow from operating result and changes in net assets	-26,808	-1,361
+ Interest received	91	62
- Taxes on income paid	-60	-175
= Cash flow from operating activities	-26,777	-1,474
- Cash payments for investments in fixed assets	-2,665	-10,150
+ Cash receipt investment grants	1,159	0
+ Cash receipts from the disposal of fixed assets	273	23
+ Cash payments from negative purchase price	40,000	0
= Cash flow from investing activities	38,767	-10,127
+ Cash payments from borrowings	50,000	0
- Cash payments from the repayment of loans	-33,874	-771
- Interest and restructuring expenses paid	-8,594	-31,839
= Cash flow from financing activities	7,532	-32,610
+/- Net changes in cash and cash equivalents	19,522	-44,211
+/- Currency and consolidation-related change of cash and cash equivalents	76	915
+ Cash and cash equivalents at the beginning of the period	163,662	224,109
= Cash and cash equivalents at the end of the period	183,260	180,813

NOTES ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. 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, 2014 have accordingly also been prepared in accordance with IAS 34. These condensed consolidated interim financial statements have not been subject to a review or audit by an auditor.

2. ACCOUNTING AND VALUATION METHODS

In preparing the interim financial statements and establishing the comparative figures for the previous year basically the same consolidation principles and accounting and valuation methods as in the 2013 consolidated financial statements have been applied. A detailed description of these methods has been published in the notes to the 2013 annual report, which can be reviewed and downloaded from the internet at [@ www.solarworld.de/financial-reports//](http://www.solarworld.de/financial-reports/).

Accounting pronouncements that became applicable in the 2014 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 2013 as well.

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, in principle, unchanged from those used when preparing the consolidated financial statements 2013. In addition, estimations regarding the determination of the preliminary initial purchase accounting were made. In order to determine the fair values of the assets acquired in a first step the carrying amounts were in principle assessed due to the fact that the respective assets had already been impaired on their net realizable values by the seller. Deviating from this in particular for the assets held for sale realizable market values have been determined based on already existing appraisals or purchase price negotiations.

INCOME TAXES

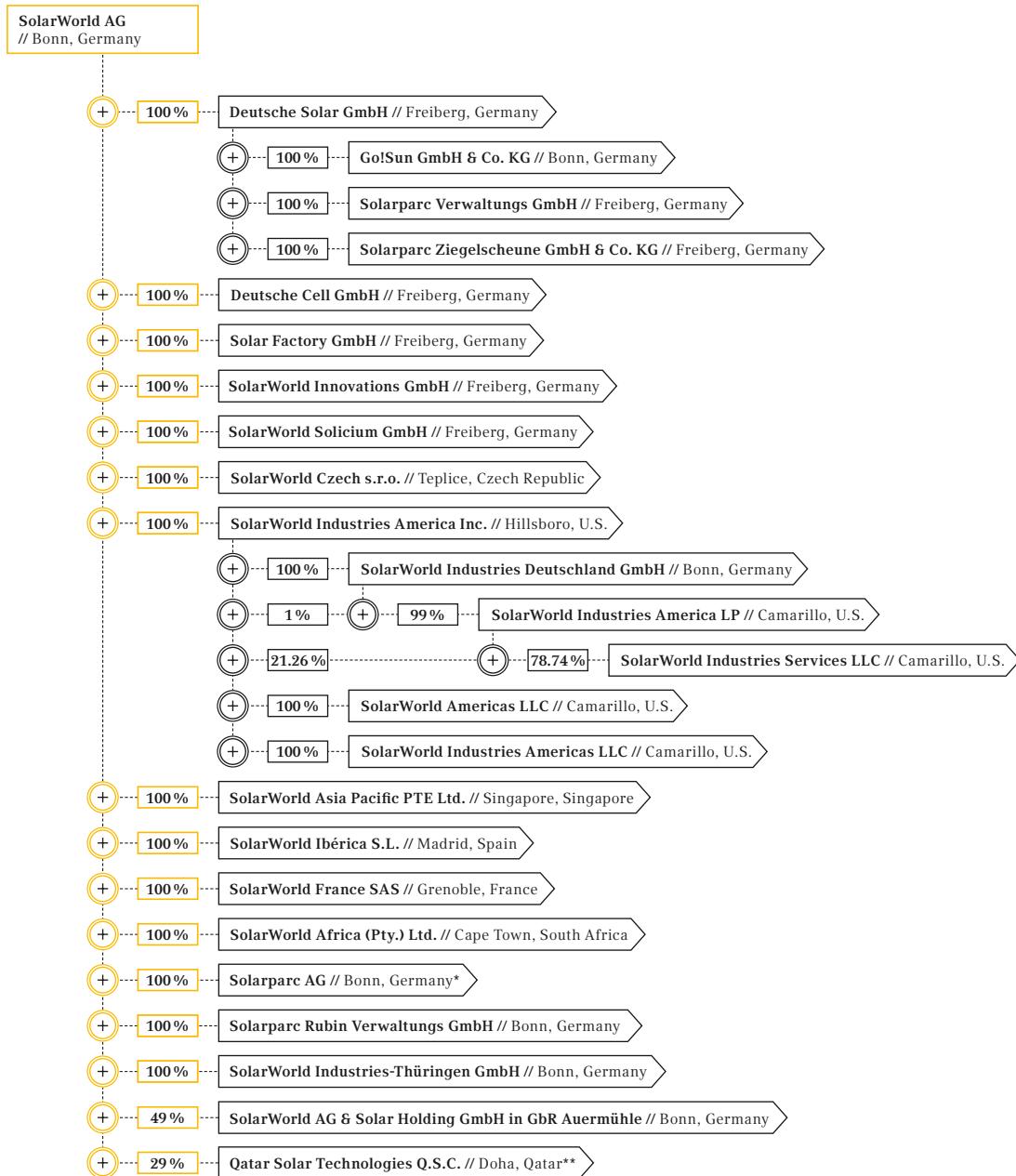
The income tax expense of the interim financial statements is mainly calculated on the basis of the actual tax rates of the respective group companies considering the effects of material tax neutral expenses and income. In addition, deferred tax assets that were set up for tax loss carryforwards existing in the fiscal unity of SOLARWORLD AG, were utilized and charged to expenses due to the restructuring profit incurred. For the taxable restructuring profit remaining after the utilization of existing loss carryforwards, SOLARWORLD AG does not need to pay taxes on income taking into account the granted tax release. No deferred taxes on loss carryforwards were capitalized for the U.S. subsidiaries as at March 31, 2014.

3. GROUP OF CONSOLIDATED COMPANIES

The group of consolidated companies consists of the subsidiaries, which can be found in the following graphic: (14) SolarWorld group structure as at March 31, 2014 • p. 44 et seq. //

SOLARWORLD Schalke GmbH remains in liquidation.

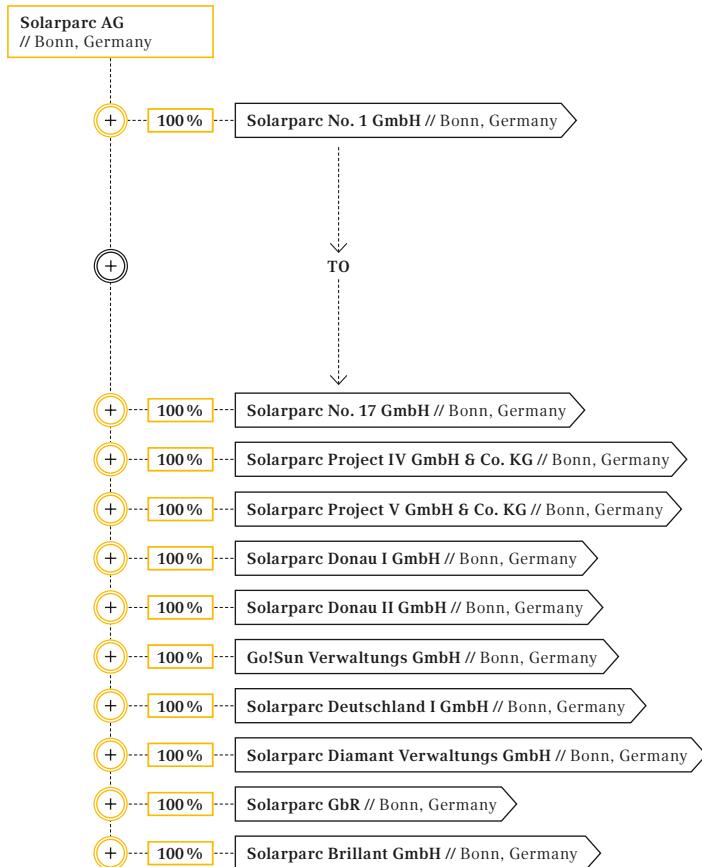
⑭ SOLARWORLD GROUP STRUCTURE AS AT MARCH 31, 2014



* Structure of the subgroup on next page

** Consolidated at equity

⑯ SOLARPARC SUB-GROUP STRUCTURE AS AT MARCH 31, 2014



46

PRODUCTION LINES OF BOSCH SOLAR ENERGY AG TAKEN OVER

On March 12, 2014, as planned, SOLARWORLD INDUSTRIES-THÜRINGEN GMBH, a wholly owned subsidiary of SOLARWORLD AG, acquired cell and module production assets from Bosch Solar Energy AG in Arnstadt, Thuringia.

The acquisition increases production capacities at the cell and module stages of the value chain, and strengthens the group's technological basis.

The initial accounting for the business combination is still incomplete at the time of the publication of these interim financial statements especially with respect to the purchase price allocation. This is due to the comprehensive information processing which has already been started, however, could not be finalized for reasons of time. Thus, SOLARWORLD AG makes use of the facilitation of IFRS 3.45. This mainly concerns the measurement of the net assets at fair value as well as the resulting gain from a bargain purchase.

The purchase price for the manufacturing facilities and other assets payable by SOLARWORLD AG amounted to € 3.00. In addition, a payment of € 120 million payable by Bosch to SOLARWORLD AG was agreed ("negative purchase price").

The purchase price was due at closing date. The negative purchase price is subject to a payment plan with a term until March 2018.

Material transactions which would have to be disclosed separately from the business combination according to IFRS 3.51 have not happened.

The preliminary determination of the fair value of the net assets at acquisition date and the resulting gain from a bargain purchase (Goodwill) in amount of k€ 135,602 is as follows:



in k€	
Intangible assets	895
Property, plant and equipment	45,823
Current assets	33,693
- Inventories	3,092
- Other financial assets	1,287
- Assets held for sale	29,314
Total assets	80,411
Deferred tax liabilities	-59,593
Non-current pension provision	-357
Current provisions	-3,500
Other current liabilities	-1,359
Total liabilities	-64,809
Identifiable net assets at fair value	15,602
Purchase Price	0
Negative Purchase Price	120,000
Preliminary gain from a bargain purchase	135,602

The resulting gain is recognized and disclosed in other operating income.

For purposes of the segment reporting SOLARWORLD INDUSTRIES-THÜRINGEN GMBH has been attributed to the operating segment “Production Germany.” In the reporting period SOLARWORLD INDUSTRIES-THÜRINGEN GMBH has not generated external revenues, but has made a profit of k€ 134,796 including the above disclosed preliminary badwill. If the acquisition had taken place at the beginning of the reporting period, this would have had no effect to the abovementioned amounts, as the manufacturing facilities were only restarted at the acquisition date.

4. OTHER

CONTINGENT LIABILITIES

Our subsidiary DEUTSCHE SOLAR GMBH is currently the defendant in a court proceeding with a silicon supplier. The subject of the court proceeding is the non-acceptance of silicon from long-term silicon contracts concluded with this silicon supplier. Due to the non-acceptance, the silicon supplier claims a total of USD 676 million on the basis of the “take or pay” obligation and in damages. On the basis of external legal opinions, the company believes that the silicon contracts in question violate European antitrust law, which could mean that the purchase obligation as well as the contracts per se might be

null and void. At this point in time the outcome of the proceedings cannot be estimated. Depending on the outcome, however, it is possible that DEUTSCHE SOLAR GMBH might be liable for damages up to the claimed amount.

A first instance ruling of the Munich I district court states that a brand of SOLARWORLD AG infringes trademark rights and that SOLARWORLD AG has to compensate the plaintiff for any loss that resulted or results from the utilization of the sign for photovoltaic systems. SOLARWORLD AG appealed this judgment. So far, no loss is quantified and an actual claim for damages is not pending. A reliable estimation for any potential outflow of resources on the basis of these facts and circumstances can thus not be made.

IMPAIRMENT TESTS

The substantial measurement assumptions and premises on which the impairment tests per year-end 2013 remained unchanged. Consequently, no impairment losses or reversals of impairment losses on property, plant and equipment were recognized.

IMPLEMENTATION OF CAPITAL MEASURES

On January 13, 2014, the Cologne Higher Regional Court approved the applications for summary judgments which SOLARWORLD AG filed in October 2013. As a result, it was possible to implement the note-holders' and shareholders' resolutions that were adopted in August 2013. Furthermore, in January 2014, all creditor groups and noteholder representatives as well as the new investor Qatar Solar S.P.C. signed the final restructuring agreement. On January 20, 2014, the capital reduction in the ratio of 150:1 was entered in the commercial register. On January 27, 2014, the German Federal Financial Supervisory Authority (BaFin) approved the prospectuses for the new shares and bonds that were issued as part of the financial restructuring program. On February 24, 2014, the implementation of the capital increase by contribution in kind for SOLARWORLD AG was entered in the commercial register of the local court of Bonn. As a result, the financial liabilities of SOLARWORLD AG were reduced from around € 1 billion by € 570 million to € 427 million and the financial restructuring which began in January 2013 was completed. The resulting restructuring profit of € 555.7 million is recognized and disclosed in financial result.

The capital increase by contribution in kind increased the share capital of SOLARWORLD AG from € 744,800.00 by € 14,151,200.00 to € 14,896,000.00. The share capital of SOLARWORLD AG is now divided into 14,151,200 no-par value shares to which a pro-rata amount of the share capital of € 1.00 per share (new shares, ISIN DE000A1YDED6) is attributed, and 744,800 no-par value shares to which a pro-rata amount of the share capital of € 1.00 per share (old shares, ISIN DE000A1YCMM2) is attributed.

⑦ INFORMATION ON OPERATING SEGMENTS FIRST QUARTER 2013 // IN M€

	Production Germany	Production U.S.	Trade	Other	Reconciliation	Consolidated
Revenue						
External revenue	2	1	109	0	0	112
Intersegment revenue	37	24	0	4	-65	
Total revenue	39	25	109	4	-65	112
EBITDA	-4	-8	-13	0	3	-22
Scheduled depreciation	-6	-2	-1	-1		-10
Operating result (EBIT)	-10	-10	-14	-1	3	-32
Financial result						-17
Result before income taxes						-49
Income taxes						5
Consolidated net result						-44

FINANCIAL AND EVENT CALENDAR 2014

51

	MAY 14, 2014	Publication of Consolidated Interim Report 1st quarter 2014 www.solarworld.de/financial-reports Analysts' Conference Call
	MAY 30, 2014	Annual General Meeting, Bonn (Germany)
JUNE 04 – 06, 2014		Intersolar Europe, Munich (Germany) www.intersolar.de
JULY 08 – 10, 2014		Intersolar North America, San Francisco (U.S.) www.intersolar.us
JULY 22 – 24, 2014		Feria Internacional de Tecnologias (IFT) Energy 2014, Antofagasta (Chile) www.ift-energy.cl/ingles.php
JULY 30 – AUGUST 01, 2014		PVJapan, Tokyo (Japan) www.jpea.gr.jp/pvj2014/english/index.html
	AUGUST 14, 2014	Publication of Consolidated Interim Report 1st half 2014 www.solarworld.de/finanzberichte
OCTOBER 07 – 09, 2014		Solar Power International 2014, Las Vegas (U.S.) www.solarpowerinternational.com
OCTOBER 15 – 16, 2014		All Energy Exhibition, Melbourne (Australia) www.all-energy.com.au
	NOVEMBER 13, 2014	Publication of Consolidated Interim Report 3rd quarter 2014 www.solarworld.de/financial-reports

THE INTERIM GROUP REPORT IS ALSO AVAILABLE IN GERMAN. PDF FILES CAN BE FOUND ON OUR HOMEPAGE AT WWW.SOLARWORLD.DE/FINANCIAL-REPORTS.



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