



CONSOLIDATED INTERIM REPORT FIRST HALF-YEAR 2014

SOLARWORLD AG

– **SOLARWORLD 2014** –

FOR YOUR GUIDANCE

- *Cross reference to text passages in the Group Interim Report • p. 00//*
- 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//*

Rounding differences may occur.

—

CONTENT

//	FINANCIAL INDICATORS FIRST HALF 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 HALF OF 2014*	09
	<i>Business development</i>	11
	<i>Economic position</i>	20
	<i>Material related party transactions</i>	25
	<i>Supplementary report</i>	26
	<i>Opportunities and risks</i>	28
	<i>Forecast report</i>	29
//	CONSOLIDATED INTERIM FINANCIAL STATEMENTS FIRST HALF OF 2014*	35
	<i>Consolidated income statement</i>	37
	<i>Statement of consolidated comprehensive income</i>	39
	<i>Consolidated balance sheet</i>	41
	<i>Consolidated statement of changes in equity</i>	42
	<i>Consolidated cash flow statement</i>	43
	<i>Notes on the consolidated interim financial statements</i>	44
//	FINANCIAL AND EVENT CALENDAR 2014	55

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

SOLARWORLD FIRST HALF 2014

01 SELECTED INDICATORS // IN K€

Financial indicators	2nd quarter 2014	2nd quarter 2013	Change
Revenue	128,675	88,967	39,708
EBITDA	-36,116	-15,283	-20,833
EBIT	-46,484	-26,704	-19,780
Consolidated net result	-52,258	-27,245	-25,013

Financial indicators	1st half 2014	1st half 2013	Change
Revenue	228,095	201,169	26,926
Foreign quota in % of revenue	76.2 %	75.3 %	0.9 %-points
EBITDA	101,072	-37,301	138,373
EBIT	80,928	-59,029	139,957
EBIT in % of revenue	35.5 %	-29.3 %	64.8 %-points
Capital employed (key date)*	474,292	493,113	-18,821
Consolidated net result	497,873	-71,361	569,234
Consolidated net result in % of revenue	218.3 %	-35.5 %	253.8 %-points
Total assets	953,810	1,120,293	-166,483
Equity	269,150	-81,440	350,590
Equity ratio (in %)	28.2 %	-7.3 %	35.5 %-points
Cash flow from operating activities	-28,751	-8,592	-20,159
Net indebtedness**	292,701	843,020	-550,319
Investments in intangible assets and property, plant and equipment	52,147	16,348	35,799

Employee indicators	1st half 2014	1st half 2013	Change
Employee (key date)	2,730	2,202	528
of which trainees (key date)	39	60	-21
Personnel costs ratio (in %)	26.6 %	37.3 %	-10.7 %-points
Revenue per employee (in k€)	84	91	-7
EBIT per employee (in k€)	30	-27	57

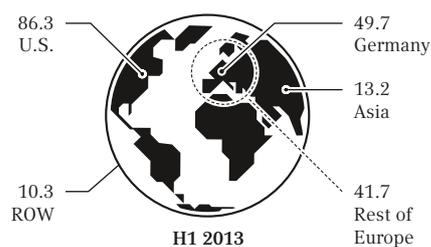
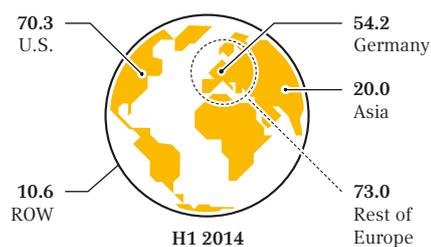
* Intangible assets and property, plant and equipment less deferred investments subsidies plus net current assets except for current net liquidity

** Financial liabilities less liquid funds

02 QUARTERLY COMPARISON OF THE CONSOLIDATED INCOME STATEMENTS // IN K€

	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q2 2013	Change
Revenue	144,455	110,197	99,420	128,675	88,967	39,708
Change in inventories	-43,132	-3,326	11,639	13,418	2,240	11,178
Own work capitalized	436	34	174	494	17	477
Other operating income	9,017	19,896	153,309	27,889	14,117	13,772
Cost of materials	-78,925	-78,473	-74,360	-99,947	-64,099	-35,848
Personnel expenses	-27,588	-26,732	-30,287	-37,107	-27,767	-9,340
Amortization and depreciation	-10,186	-9,963	-9,776	-10,367	-11,422	1,054
Other operating expenses	-30,028	-105,317	-22,707	-69,539	-28,759	-40,780
Operating result	-35,951	-93,685	127,412	-46,484	-26,704	-19,779
Financial result	-19,614	-21,855	535,370	-8,169	-18,673	10,504
Pre-income tax result	-55,565	-115,539	662,782	-54,653	-45,377	-9,275
Taxes on income	-8,069	22,228	-112,651	2,394	18,132	-15,738
Consolidated net result	-63,634	-93,312	550,131	-52,258	-27,245	-25,013

03 REVENUE BY REGION // IN M€





REAL VALUE

This is the brand essence of SOLARWORLD AG and has featured as an integral part of the company logo since March 2014. REAL VALUE is 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.

LEADING SOLUTIONS FOR MORE HOMEMADE POWER

Under the REAL VALUE brand, SOLARWORLD AG presented new products at the Intersolar Europe in June with which customers of SOLARWORLD can further optimize their consumption of homemade solar power. The new systems for storing solar power and managing consumption enable customers to reach a high share of homemade power and point the way to the future of energy supply. ☺ [Trade](#) • p. 17 //

LETTER BY THE CHAIRMAN

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

The first months of “SOLARWORLD 2.0” are now behind us. Following the success of our financial restructuring, we have put the crisis farther behind us, while keeping our sights set on leading SOLARWORLD back to profitability.

Conditions for the turnaround have continued to improve. Global demand for SOLARWORLD quality is at levels that we have not seen in a long time. Demand from our customers – particularly for our high-performance modules – is so strong that we increased shipments in the Trade segment by 58 percent in the first half-year. We also especially benefited from market growth in the United States, Japan, the United Kingdom and France. We started the second half of the year with orders on hand at a record of more than 400 MW, and will be mobilizing additional available cell and module production capacities. We will achieve our shipments target for 2014 of at least 40 percent growth compared with the previous year.

Shipments of solar power systems have been more subdued than the module supply business so far this year. This is the main reason why consolidated revenue – up 13 percent in the first half-year – did not rise as strongly as shipments. The unforeseen shift in our product mix is likely to mean that we will not fully reach our planned revenue target for 2014 (€ 680 million).

The group’s balance sheet this year includes one-off effects from the financial restructuring and acquisition of facilities from Bosch in Arnstadt/Germany, as well as impairment losses resulting from the agreement with a raw-material supplier. Even without these one-offs, SOLARWORLD AG is set to achieve positive EBITDA for 2014 as a whole. Including the one-offs, SOLARWORLD expects overall a positive result in the hundreds of millions.

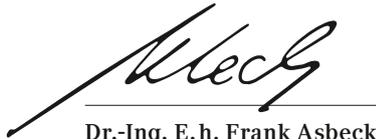
To achieve the turnaround, we have implemented numerous operational changes, with more to follow. These measures are having noticeable effects. For example, our concentration of activities in the U.S. has been a success story. We made great progress there with our streamlined entity during the first half of 2014. At our original Freiberg site, wafer, cell and module production are now also integrated into one company. Change will continue in the international solar market – and we will maintain an ongoing, self-critical review of our portfolio, processes and cost-structures, making adjustments as necessary. There is still plenty to do!

08

You accompanied us through a difficult phase, and now is the time for us to seize the new opportunities. My employees and I will pursue these tasks with the passion that makes SOLARWORLD so special.

Bonn, August 13, 2014

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Asbeck', is written over a horizontal line. The signature is fluid and cursive.

Dr.-Ing. E. h. Frank Asbeck
Chief Executive Officer

INTERIM GROUP MANAGEMENT REPORT



REAL VALUE – FOR OUR CUSTOMERS, THIS MEANS:

**A SECURE INVESTMENT – GUARANTEED
RETURNS FOR A MODULE LIFETIME**

INTERIM GROUP MANAGEMENT REPORT FIRST HALF 2014

11 BUSINESS DEVELOPMENT IN THE FIRST HALF OF 2014

- 11 *The stock*
- 14 *The market*
- 17 *Trade*
- 18 *Production*

20 ECONOMIC POSITION

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

25 MATERIAL RELATED PARTY TRANSACTIONS

26 SUPPLEMENTARY REPORT

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

28 OPPORTUNITIES AND RISKS

29 FORECAST REPORT

- 34 *Overall statement by the Management Board on the expected Group development*

BUSINESS DEVELOPMENT IN THE FIRST HALF OF 2014

THE STOCK

During the second quarter of 2014, European **stock markets** were buoyed by the continuing expansionary monetary policy of the European Central Bank (ECB), which reduced its headline interest rate to an historic low in June, and by positive economic data from the eurozone. From mid-April, the German stock index (DAX) recorded significant gains and even broke through 10,000 points to reach a new all-time high in early June. By the end of the second quarter of 2014, however, the DAX had given up some ground. Germany's leading share index was up 2.4 percent overall in the second quarter, closing at 9,833 points on the cut-off date June 30, 2014. The DAX International Mid 100 Performance index, in which the SOLARWORLD stock is listed, rose by 2.1 percent over the same period to close out the quarter at 1,483 points.

In the United States, the stock market benefited from a significant upturn in the U.S. economy during the second quarter of 2014, after an unusually long and hard winter. In June, the Dow Jones Industrial Average climbed to a new record high, before seeing slight declines and ending the quarter at 16,827 points, a gain of 2.2 percent.

During the second quarter of 2014, the **Photovoltaik Global 30 Index** relinquished some of its strong gains from the previous period, falling by 1.23 percent overall. On the cut-off date June 30, 2014, it stood at 33.76 points.

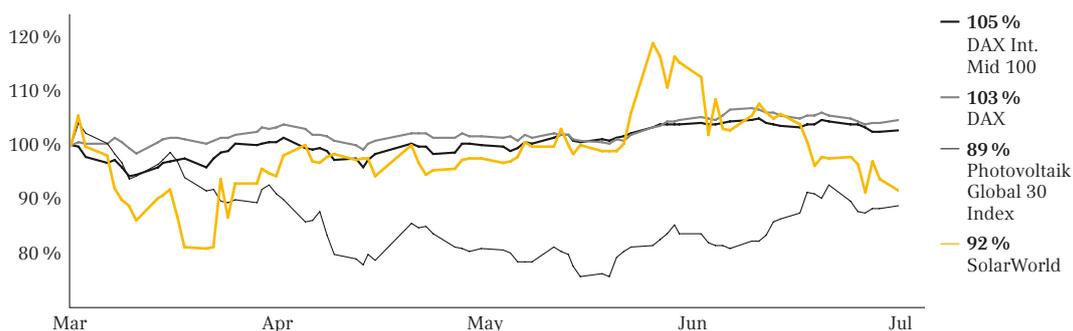
The share price performance of the **SOLARWORLD stock** during the second quarter of 2014 was substantially impacted by the change in identification number of the new shares to the same identification number as the old shares. On the first trading day after the end of the Annual General Meeting, the identification number of the new SOLARWORLD shares (ISIN DE000A1YDED6), which were issued on February 24, 2014 during the capital increase, was changed to the same identification number as the old shares (ISIN DE000A1YCMM2). Consequently, all 14,896,000 no-par value shares of SOLARWORLD AG have been listed under a single identification number since June 2, 2014.

After the issue of the new shares, valuation of the old and new shares at the stock exchange temporarily differed a lot. From the company's point of view, there were no fundamentals for these differences. Instead, it is likely that the low trade volume and a short squeeze caused an artificially high price level of the old shares. Shortly before the changeover, the price of the old share, which represented only 5 percent of the capital stock, and the price of the new share representing not less than 95 percent gradually aligned. This market-typical adjustment of valuation differences made the price of the old share decrease from € 38.60 at the beginning of the quarter to € 19.60 at the last trading day before changeover.

During the same period, the new SOLARWORLD shares recorded an increase of 19.8 percent from € 15.39 to € 18.43. After consolidation under a single identification number the SOLARWORLD stock started trading at € 18.50. At the end of the quarter, the share traded at € 14.65.

04 STOCK PERFORMANCE OF NEW SOLARWORLD SHARE SINCE ISSUE

Period: March 5, 2014–June 30, 2014



CAPITAL STOCK AND SHAREHOLDER STRUCTURE

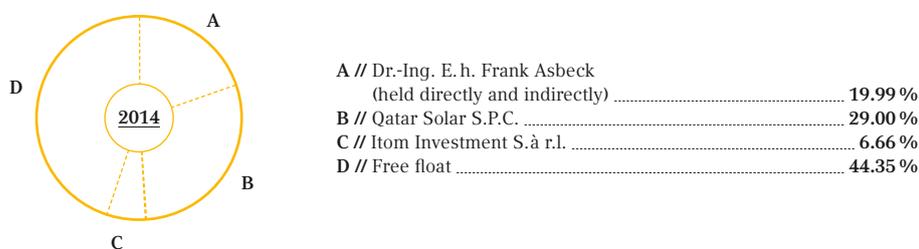
The capital stock of SOLARWORLD AG remained unchanged during the second quarter of 2014 and stood at € 14,896,000.00 on the cut-off date. It is divided into 14,896,000 no par bearer shares with an imputed nominal value of € 1.00.

As announced in its ad-hoc notification of May 6, 2014, SOLARWORLD AG sold its 6,164 old treasury shares, which corresponded to a share of capital stock with voting rights of 0.04 percent, via the stock exchange in the days following the announcement. Therefore, as of June 30, 2014, SOLARWORLD AG no longer held any treasury shares.

On April 22, 2014, SOLARWORLD AG released a voting rights announcement for Mr. Victor Khosla pursuant to § 25a of the German Securities Trading Act (WpHG). No further voting rights announcements pursuant to §§ 21 et seqq. WpHG were forwarded to us during the second quarter of 2014. SOLARWORLD AG provides a current summary of published voting rights announcements on the company's website at [@ www.solarworld.de/notification-of-voting-rights//](http://www.solarworld.de/notification-of-voting-rights//).

During the period under review, Itom Investment S.à r.l. reduced its holding in SOLARWORLD AG from 22.05 percent to 6.66 percent. As a result, the proportion of SOLARWORLD shares in free float increased from 28.96 previously to 44.35 percent. (→ [Supplementary report • p. 27//](#))

⑤ SHAREHOLDER STRUCTURE AS AT JUNE 30, 2014 // IN PERCENT



ANNUAL GENERAL MEETING 2014

SOLARWORLD AG's first Annual General Meeting (AGM) since the completion of financial restructuring was held on May 30, 2014. At the meeting, shareholders ratified the actions of the Management Board and Supervisory Board of SOLARWORLD AG for fiscal years 2012 and 2013, in each case by majorities of more than 99 percent of the share capital represented. The AGM also approved the creation of authorized capital in an amount of up to € 7,448,000.00. By this resolution, the Management Board is authorized until May 30, 2019 to increase the company's capital stock by to a maximum total of € 7,448,000.00 by issuing new, no-par bearer shares or registered shares in exchange for cash contributions or contributions in kind. The aim is to enable a flexible and rapid response to market conditions in the future while minimizing the negative impact on the company's share price.

In addition, the AGM elected five new members to the Supervisory Board of SOLARWORLD AG, which had been enlarged from three to six persons in the course of the financial restructuring. The long-serving chairman of the Supervisory Board Dr. Claus Recktenwald and Board member Marc M. Bamberger did not stand for re-election, with the result that both ceased to be members of the Supervisory Board of SOLARWORLD AG with effect from the end of the meeting.

The newly elected members of the Supervisory Board were:

- Dr. Khalid K. Al Hajri, Doha, Qatar
- Faisal M. Alsuwaidi, Doha, Qatar
- Heiner Eichermüller, Scottsdale/Arizona, United States
- Dr. Andreas Pleßke, Herrsching am Ammersee, Germany
- Jürgen Wild, Vaucresson, France

Chairmanship of the newly elected Supervisory Board was assumed by Dr. Georg Gansen, resident in Bonn/Germany, who had previously been re-elected as a Supervisory Board member at the extraordinary shareholders' meeting on August 7, 2013. Heiner Eichermüller became deputy chairman.

The results of the AGM vote have been available in German on the company's website since June 2, 2014. @ www.solarworld.de/hv2014//

TEMPORARY SUSPENSION OF TRADING IN THE TWO SOLARWORLD BONDS

On June 30, 2014, for the two SOLARWORLD bonds SOLARWORLD FRN IS. 2014/2019 series 1116 (ISIN DE000A1YDDX6) and SOLARWORLD FRN IS. 2014/2019 series 1017 (ISIN DE000A1YCN14), a scheduled partial repayment was made in the amount of € 1.79 and € 34.46 per bond respectively. For technical implementation reasons, it was necessary to temporarily suspend exchange trading in the two bonds as of the end of June 23, 2014. As a result of the partial repayments that were made, the nominal value of the bonds was reduced by the respective repayment amount. On July 1, 2014, the bonds resumed trading with reduced nominal values.

More information about the SOLARWORLD bonds is available in the internet at @ www.solarworld.de/en/group/investor-relations/solarworld-bonds//.

THE MARKET

MACROECONOMIC ENVIRONMENT

At the start of the year, the **global economy** showed a moderate pace of growth, according to the Kiel Institute for the World Economy (IfW). It has slightly downgraded its growth forecasts for 2014 and 2015. ⑩ *Economic development of our main sales markets* • p. 29// Overall, however, the signs point to growth across the globe, driven particularly by the advanced economies.

Business investment and rising private consumption are helping to boost the German economy. Thanks to historically low mortgage rates, the building industry – and particularly housing construction – is experiencing continued growth this year. The construction boom limits the solar industry's growth potentials, since it ties up workers in the skilled trades.

The eurozone economy is likely to record further growth (+1 percent) in 2014. The United Kingdom, which has now become one of SOLARWORLD's largest sales markets, is expected to grow by as much as 3 percent, according to IfW.

By contrast, the economy stagnated at first during the first quarter in our largest single market, the United States. This was chiefly due to an unusually long and harsh winter in North America. A significant revival was seen in the second quarter. IfW expects the U.S. economy to pick up momentum through 2014 as a whole, and achieve growth in 2015 as well.

THE SOLAR POWER MARKET

International demand for solar power products has grown appreciably this year. At the same time, demand patterns continued to shift in the markets during the first half of 2014. China, Japan and the United States recorded accelerating growth, whereas Germany and Italy saw greater than expected declines.

In the **United States**, new installations moved to a new order of magnitude in 2014. In the first three months of the year alone, solar power systems with a capacity of 1.3 GW were installed in America – marking growth of 79 percent compared with the same quarter of the previous year. The U.S. Solar Energy Industries Association (SEIA) anticipates an increase of almost 40 percent to 6.6 (2013: 4.8) GW for 2014 as a whole. Demand in the residential segment outstripped commercial demand for the first time in the first half of 2014.

On June 3, 2014, effective immediately, the U.S. Department of Commerce imposed preliminary anti-subsidy duties on solar power modules in which at least two out of three manufacturing stages were carried out in the People's Republic of China. The duties range from 18.56 to 35.21 percent depending on the manufacturer. Furthermore, in late July, 2014, the Department of Commerce imposed preliminary anti-dumping duties. → [Supplementary report • p. 27](#) //

The solar market in **Germany** has been much more subdued so far in 2014 than analysts predicted. In the first six months of the year, new installations dropped by 44 percent compared with the previous year to 1.0 (H1 2013: 1.8) GW. During the first half of 2014, as announced, the German federal government initiated a comprehensive overhaul of the German Renewable Energy Sources Act (EEG). The changes came into force on August 1, 2014. → [Expected development of the solar power market • p. 29](#) //

The tough debate over the future direction of the EEG put a further damper on an already weak market. Unlike previous EEG amendments, the foreseeable worsening in subsidy conditions did not create any significant pull-forward effects.

In Europe, the **UK** established itself as the largest solar market in the first half of 2014. According to market research company Solarbuzz, newly installed capacity reached 1.5 GW in this period. The majority of volume growth is attributable to large-scale plants. New installations of 2.9 GW are expected for the year as a whole, including 1.9 GW in large-scale plants.

In **France**, installed capacity increased slightly compared with the previous year. In March 2014, France stopped its bonus payment for solar power systems manufactured in Europe (“local content rule”). However, investors registered numerous projects in time to secure the bonus for systems that will be installed over the course of this year.

Demand for solar power systems in **Italy** has decreased significantly. Following the end of the fifth and last Conto Energia in July 2013, the market is still in a phase of transition as it adapts to the new net billing incentive system. © *Consolidated Interim Report First Quarter 2014/The solar power market* • p. 16//

The European Commission reduced the minimum price for solar power modules agreed with Chinese industry representatives from 56 to 53 euro cents per watt. Prices in the European market came under immediate pressure when this became known at the end of March 2014. The lowering of the import ceiling from 7 to 5.8 GW, which was revealed at the same time, had a mildly stabilizing effect at best. It is our opinion that the minimum pricing and import ceiling arrangements agreed in August 2013 are unlawful. Corresponding complaints filed with the EU General Court are still pending. Furthermore, in the opinion of European industry representatives, the level at which prices and import quantities are set does not reflect actual conditions in the European solar market. In addition, in June, the European industry initiative EU ProSun submitted considerable evidence to the European Commission that Chinese solar manufacturers are systematically violating the EU price constraints.

The Asian markets, especially **China** and **Japan**, continued to pick up in the first half of 2014. While foreign manufacturers are barred from the Chinese solar market, international companies such as SOLARWORLD AG are able to participate in growth in Japan.

REPERCUSSIONS OF THE GENERAL CONDITIONS ON BUSINESS DEVELOPMENT

During the first half of 2014, SOLARWORLD AG benefited from the sharp demand increase in the U.S. solar market, where its shipments were up almost 50 percent compared with the same period of the previous year. We also achieved significantly higher sales figures in growing markets such as Japan, France and the UK. Even though the group did not fully meet its own shipment targets in the German market, it did achieve an increase by 31 percent compared with the same period of the previous year, against a negative market trend. Business in Germany and also in Italy is in a process of change. There is a growing demand for smaller systems, which means customers now require a more intensive consultant service and support.

TRADE

The SOLARWORLD group significantly increased its shipments during the first half of 2014 compared with the same period of the previous year. In the first six months of the year, groupwide shipments of solar modules and kits grew 58 percent to 333 (H1 2013: 211) MW. There was particularly strong demand from SOLARWORLD customers for our high-performance modules. This produced numerous opportunities which SOLARWORLD used to its advantage. Meanwhile, demand for kits fell short of expectations, with the result that their share of shipments declined compared with the same period of the previous year.

Our strongest individual market was the **United States**. Thanks not least to tighter organization at the Hillsboro site, we exceeded our ambitious targets there by a wide margin, with shipments up nearly 50 percent. We also serve solar markets in Central and South America from the United States. For example, SOLARWORLD supplied the complete system for the largest private roof-mounted array in Latin America, which was installed on the roof of a factory in Tijuana/Mexico. The 1.16 MW installation should cover around 70 percent of the firm's energy requirements, and as such this is a flagship project for the commercial use of self-consumed solar power.

We also benefited from growth in the solar market in **Japan**, where we doubled our shipments in the first half-year compared with the same period of the previous year.

We also achieved high levels of growth in most of our European export markets, particularly in **France** and the **United Kingdom**. In the French market, we made the first partial deliveries in the second quarter of 2014 for a major order with a total volume of 40 MW. In the UK, we increased our share of kits for private roof-mounted systems.

In **Italy**, on the other hand, we suffered a sharp decline of 68 percent because of the market downturn. The massive change in this market means our customers there require closer support. We are addressing this need via our new sales office in Verona.

In **Germany**, contrary to the general market trend (–44 percent), we recorded growth of 31 percent. We increased shipments and our market share to about 20 percent in the small system business, our core segment, in our home market. At the start of the year, we had even more ambitious plans. However, owing to the disappointing overall trend in the German solar market, they could not be fulfilled.

Even though our foreign shipments quota has now reached around 80 percent of all shipments, Germany remains a market of great strategic importance to SOLARWORLD. We can continue to develop our proven brand strength and system expertise in this mature solar market. Under the new REAL VALUE branding, SOLARWORLD presented a range of innovations at this year's Intersolar Europe, which took place in Munich/Germany in early June. We are developing state-of-the-art solutions for storing solar power and managing consumption. These provide our customers with a convenient way of increasing their proportion of homemade power.

06 NEW DEVELOPMENTS IN STORAGE AND MANAGEMENT

Product	Sunpac LiOn	Suntrol eManager	Suntrol HoMy
Available	From Q3 2014	Since Q1 2014	From Q3 2014
Customer value proposition	System with lithium iron phosphate battery (5 and 10 kW) that is also suitable for retrofitting to existing solar power systems. 5,000 charge and discharge cycles, equivalent to a service life of about 20 years.	Customers can combine a solar power system, electrical appliances and a heat pump. Suntrol eManager facilitates maximum use of homemade power. Up to 90 % self-sufficiency can be achieved in private homes.	The new app graphically represents and provides remote control for all devices connected to the Suntrol eManager. The app recommends when to switch appliances on to optimize use of homemade solar power.
Future performance potential	Strengthen positioning as a provider of complete solar power systems with the capability to optimize homemade power use and so reduce energy costs.		

PRODUCTION

There were two key tasks in production during the first half of 2014: firstly to plan and implement further operational restructuring measures, and secondly to integrate the new Arnstadt site into the group.

At the end of 2013, we efficiently pooled our activities in the United States at the Hillsboro site. The realignment already achieved measurable success in the first half of 2014. Production and sales operate closely together, giving us the flexibility to meet our customers' demands and keep stock levels low. Our U.S. subsidiary SOLARWORLD INDUSTRIES AMERICA INC. almost fully utilized its production capacities. During the first half-year, we also further increased module power output and were one of the first manufacturers in the world to produce monocrystalline 60-cell modules with 280 watt-peak output on a commercial scale.

Immediately following its acquisition in March 2014, SOLARWORLD INDUSTRIES-THÜRINGEN GMBH began ramping up production of modules and cells. Since April, Arnstadt has been supplying monocrystalline 72-cell modules under the product name SUNMODULE XL, particularly for the U.S. market. SOLARWORLD INDUSTRIES-THÜRINGEN GMBH maintains active professional contact with the two other production sites. The integration of the Arnstadt site is additionally facilitated by the fact that top-level management of SOLARWORLD INDUSTRIES-THÜRINGEN GMBH was taken over by two senior executives with long-standing management experience in the SOLARWORLD group.

During the first half-year in Freiberg, we introduced organizational changes accompanying the merger of the three former production companies DEUTSCHE SOLAR GMBH, DEUTSCHE CELL GMBH and SOLAR FACTORY GMBH. → [Supplementary report](#) • p. 26 //

07 PRODUCTION CAPACITIES OF SOLARWORLD AG IN THE FIRST HALF OF 2014 // IN MW

	 Wafer	 Cell	 Module
Germany (Freiberg)	750	330	530 (120)*
Germany (Arnstadt)	-	700	200
U.S. (Hillsboro)	(250)*	330 (170)*	380
Total	750	1,360	1,110

* available, non-utilized production capacities

In the second half of 2014, we will utilize module capacities in Freiberg that are additionally available and activate cell capacities in Hillsboro that were not utilized in the first half to meet the ongoing strong demand. → [Expected development of business](#) • p. 30 //

ECONOMIC POSITION

INCOME POSITION

DEVELOPMENT OF REVENUE AND PROFIT OR LOSS

In the first half of 2014, groupwide shipments of solar modules and kits increased by 58 percent to 333 (H1 2013: 211) MW. We achieved robust growth particularly in the United States, the European markets of France and the United Kingdom, as well as in Japan. SOLARWORLD's shipments also grew in Germany, by 31 percent, even though the German solar market as a whole contracted by 44 percent. The SOLARWORLD group was able to increase revenue in the "Trade" segment by 13.9 percent in the first half of 2014 to € 217.7 (H1 2013: 191.1) million. This was, however, below our expectations.

External shipments of solar wafers increased slightly in the first half-year, and were still at a low level. They totaled 24 (H1 2013: 22) MW. External revenue in the "Production Germany" segment increased by € 1.5 million to € 10.0 (H1 2013: 8.5) million.

Total groupwide shipments of wafers and solar modules in the first half of 2014 grew 53 percent to 357 (H1 2013: 233) MW. Our groupwide foreign shipments quota for the first half of 2014 increased by 3 percentage points to 81 (H1 2013: 78) percent on the back of strong growth in our export markets. Consolidated revenue was also up in the first half-year by 13 percent or € 26.9 million to € 228.1 (H1 2013: 201.2) million. The underproportionately small increase in revenue compared to shipments is due among other things to a shift in the product mix. While shipments of solar power modules grew strongly on an international level, sales of complete systems were below target especially owing to the weak solar market in Germany. Declining prices in the solar markets and the weaker U.S. dollar were also factors why revenue growth remained below our expectations during the first half of the year. The proportion of foreign revenue totaled 76.2 (H1 2013: 75.3) percent.

Earnings before interest, tax, depreciation and amortization (EBITDA) in the "Trade" segment increased by € 19.2 million to € -14.5 (H1 2013: -33.7) million. In the "Production Germany" segment, EBITDA improved by € 120.7 million in the first half-year, marking a return to positive territory at € 117.6 (H1 2013: -3.1) million. However, this includes a provisional profit amounting to € 136.1 million from the purchase of solar activities from Bosch as well as impairment losses on repayment claims and prepayments of € 36.1 million resulting from another commercial agreement with a raw-material supplier. Adjusted for these one-off effects, EBITDA in the "Production Germany" segment totaled € 17.6 million. EBITDA also increased in the "Production U.S." segment, by € 6.4 million to € -3.7 (H1 2013: -10.1) million.

The consolidated EBITDA improved in the first half of 2014 by € 138.4 million to € 101.1 (H1 2013: –37.3) million. Adjusted for the one-off effects mentioned above, groupwide EBITDA came to € 1.1 million. The costs of the production ramp-up at our site in Arnstadt, Germany, had a negative impact on EBITDA during the second quarter of 2014. The SOLARWORLD INDUSTRIES-THÜRINGEN GMBH acquired production lines and started manufacturing there only towards the end of the first quarter 2014.

The basic valuation assumptions and premises on which the impairment tests at the end of 2013 were based had changed slightly by the cut-off date June 30, 2014. All in all, they did not lead to the recognition or reversal of impairments on property, plant and equipment.

In the “Trade” segment, EBIT rose to € –15.6 (H1 2013: –35.0) million. We also improved our operating result compared with the previous year in the “Production Germany” and “Production U.S.” segments. In the “Production U.S.” segment, EBIT rose to € –8.0 (H1 2013: –16.3) million. In the “Production Germany” segment, EBIT improved by € 120.2 million compared with the previous year, to stand at € 105.9 (H1 2013: –14.3) million. Adjusted for the one-off effects mentioned above, EBIT in the “Production Germany” segment totaled € 5.9 million. Groupwide EBIT improved during the first half of 2014 to € 80.9 (H1 2013: –59.0) million. Adjusted for the one-off effects mentioned above, groupwide EBIT came to € –19.1 million.

The groupwide financial result for the first half of 2014 stood at € 527.2 (H1 2013: –35.3) million. This includes the restructuring profit of € 555.7 million resulting from the financial restructuring.

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 increased € 569.3 million in the first half of 2014 to € 497.9 (H1 2013: –71.4) million.

DEVELOPMENT OF MATERIAL INCOME STATEMENT ITEMS

In the first half of 2014, the cost of materials increased 51.2 percent to € 174.3 (H1 2013: 115.3) million. This was mainly due to the significant manufacturing output growth year-on-year. The commencement of production by our site in Arnstadt/Thuringia had a particular impact here. As a result of further cost optimizations, the cost of materials ratio fell to 68.7 (H1 2013: 74.0) percent.

Personnel expenses rose € 9.4 million in the first six months of the year to € 67.4 (H1 2013: 58.0) million. Here, the increase can also be attributed to the ramp-up of our production site in Arnstadt, Germany. The personnel cost ratio fell to 26.6 (H1 2013: 37.3) percent due to higher overall output.

Depreciation and amortization declined 7.3 percent or € 1.6 million to € 20.1 (H1 2013: 21.7) million.

Other operating expenses increased in the first half of 2014 by € 42.1 million to € 92.2 (H1 2013: 50.1) million. This is mainly due to impairment losses on prepayments and repayment claims amounting to € 36.1 million following an agreement with a raw-material supplier. In addition, there was an increase in costs for legal fees, consultancy and audit expenses in connection with the financial restructuring and the additional use of external personnel. The expense ratio in the first six months of fiscal year 2014 was 36.3 (H1 2013: 32.2) percent.

Compared with the same quarter of the previous year, other operating income increased by € 150.8 million to € 181.2 (H1 2013: 30.4) million. This increase is attributable in particular to a provisional profit resulting from the initial accounting of assets acquired from Bosch (€ 136.1 million).

FINANCIAL POSITION

FINANCING ANALYSIS

As compared to December 31, 2013, equity increased substantially by € 512.3 million to € 269.2 (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 28.2 percent as at the cut-off date.

The measures implemented as part of the financial restructuring enabled us to reduce our financial liabilities to € 451.8 (December 31, 2013: 1,022.8) million. On June 30, 2014, as a result of restructuring our financial liabilities, most of our financial liabilities (91.6 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 € 29.5 (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.

Compared with December 31, 2013, other non-current liabilities fell only marginally by € 0.1 million to € 0.2 million on the cut-off date.

INVESTMENT ANALYSIS

In the first half of 2014, we invested a total of € 5.4 (H1 2013: 16.3) million in intangible assets and property, plant, and equipment. About € 1.9 million was invested in the “Production Germany” segment at our German sites. In addition, € 1.1 million was invested in the “Trade” segment and € 2.2 million in the “Other” segment. Furthermore, 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

Cash flow from operating result was impacted negatively by production ramp-up costs of the subsidiary SOLARWORLD INDUSTRIES-THÜRINGEN GMBH. Since the acquisition of the manufacturing facilities of Bosch Solar Energy AG was finalized only towards the end of the first quarter, the effects of ramp-up costs on cash flow from operating result became noticeable during the second quarter. In addition, the increased production volume led to a rise in working capital. Thus, cash flow from operating activities totaled € –28.8 (H1 2013: –8.6) million in the first half of 2014.

Cash flow from investing activities amounted to € 48.8 (H1 2013: –18.4) 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. Furthermore, SOLARWORLD obtained € 8.3 million in investment grants. In addition, investments of € 5.7 (H1 2013: 18.7) million were made in fixed assets during the first half of the year.

Cash flow from financing activities in the first half of 2014 amounted to € –25.1 (H1 2013: –34.6) million. This was particularly affected by financing measures relating to the financial restructuring program. After completion of its financial restructuring, SOLARWORLD took out a loan of € 50 million from QATAR SOLAR TECHNOLOGIES Q.S.C.

After the company redeemed financial liabilities totaling € 60.7 million during the first half of 2014 and paid contractually agreed interests and restructuring expenses totaling € 15.4 million, its liquid funds as at the cut-off date June 30, 2014, amounted to € 159.1. This represents a reduction by € 4.6 million compared to December 31, 2013 (€ 163.7 million). Liquid funds included cash and cash equivalents, which mainly consisted of day-to-day money and fixed deposits.

ASSETS POSITION

ASSET STRUCTURE ANALYSIS

As compared to December 31, 2013, SOLARWORLD group's total assets increased by € 22.0 million to € 953.8 (December 31, 2013: 931.8) million and was mainly due to the acquisition of the solar activities from Bosch Solar Energy AG.

Non-current assets decreased by € 50.6 million to € 432.4 (December 31, 2013: 483.0) million. The main reason for this development was the use of deferred tax assets from tax loss carried forwards during the first half of 2014. Inventories (excluding short-term advance payments made) and trade receivables increased in the first half of 2014 by € 42.0 million to € 144.2 (December 31, 2013: 102.2) million and € 19.9 million to € 68.7 (December 31, 2013: 48.6) million respectively. [☞ Liquidity analysis • p. 23](#)// All in all, working capital rose by € 28.2 million to € 161.8 (December 31, 2013: 133.6) million. On the cut-off date, assets held for sale totaled € 35.8 (December 31, 2013: 7.0) million. The increase of € 28.8 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 that are not shown in the balance sheet as at June 30, 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 half of 2014, a total of 3,236 people worked for us, including temporary workers. The groupwide number of full-time employees (i.e. not including temporary workers) increased by around 24 percent to 2,730 compared with the previous year (June 30, 2013: 2,202). The number of employees in the U.S. fell, mainly because we downsized wafer production in Hillsboro in the second half of 2013. Concerning personnel development and HR strategy at SOLARWORLD, please see the [☞ Annual Group Report 2013/Employees • p. 066](#)//

⊕ FULL-TIME GROUP EMPLOYEES AS AT JUNE 30 // NUMBER OF PEOPLE

	2014	2013	+/- absolute
Germany	2,167*	1,475**	+ 692
United States	538	704	- 166
RoW	25	23	+ 2
Group	2,730	2,202	+ 528

* incl. 39 trainees

** incl. 60 trainees

MATERIAL RELATED PARTY TRANSACTIONS

SOLARWORLD took up a new loan (Super Senior Facility Agreement or short SSFA) from QATAR SOLAR TECHNOLOGIES Q.S.C., Qatar in the amount of € 50 million on February 25, 2014. Resulting from this loan, interest expenses in an amount of € 1.04 million incurred in the first half of the year. These had been paid in full at the balance sheet date.

An entity indirectly controlled by Dr.-Ing. E.h. Frank Asbeck rendered services in an amount of € 0.04 million (H1 2013: € 0) to SOLARWORLD group. At the end of the period there were no liabilities related to this.

In the first half of 2014, SOLARWORLD rendered other services amounting to € 0.1 (H1 2013: € 0) million to QATAR SOLAR TECHNOLOGIES Q.S.C., Qatar. At the balance sheet date, receivables of € 0.1 from this transaction were outstanding.

In 2013, QATAR SOLAR TECHNOLOGIES Q.S.C., Qatar, called in an equity contribution of US\$ 1.45 million on the basis of a corresponding shareholder agreement. Payment is deferred until August 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 six months.

SUPPLEMENTARY REPORT

DISCLOSURE OF EVENTS OF PARTICULAR IMPORTANCE AND THEIR REPERCUSSIONS

AGREEMENT REACHED WITH A LONG-TERM RAW-MATERIAL SUPPLIER. On July 11, 2014, SOLARWORLD AG issued an ad-hoc notification stating it had successfully reached a contractual agreement with a raw-material supplier. The new contract enables the group to obtain its silicon requirements on competitive terms, and therefore strengthens SOLARWORLD's operating business. Previously, the group had announced an agreement with another of its raw-material suppliers on February 4, 2014.

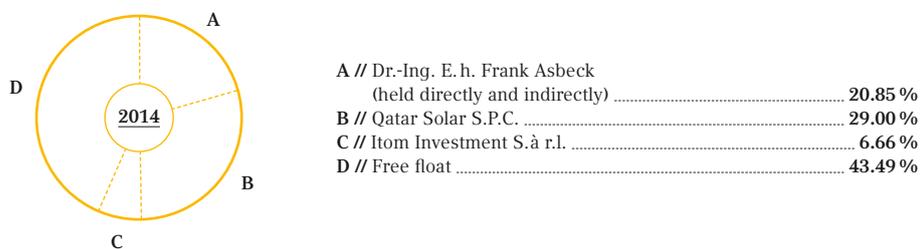
The agreement resulted in a revaluation of prepayments and/or repayment claims against the raw-material supplier in the balance sheet. Consequently, the consolidated result of SOLARWORLD AG for fiscal year 2014 was weighed down by a non-cash, one-off effect. ➔ *Economic position* • p. 20// The agreement has a positive impact on future liquidity.

PRODUCTION COMPANIES IN FREIBERG MERGED INTO SOLARWORLD INDUSTRIES SACHSEN GMBH. On July 22, 2014, with retroactive effect from January 1, 2014 and in accordance with §§ 2 et seqq. of the German Reorganization of Companies Act (Umwandlungsgesetz, UmwG) our subsidiaries DEUTSCHE CELL GMBH and SOLAR FACTORY GMBH were merged into SOLARWORLD INDUSTRIES SACHSEN GMBH (formerly DEUTSCHE SOLAR GMBH). As a result, all stages of the value chain at the Freiberg site are integrated in one subsidiary, SOLARWORLD INDUSTRIES SACHSEN GMBH. This is intended to produce synergy effects, achieving cost reduction and process optimization, while further enhancing our innovation and quality delivery. The merger shall increase the group's competitiveness in the international solar market.

PRELIMINARY ANTI-DUMPING DUTIES IMPOSED IN THE UNITED STATES. On July 25, the U.S. Department of Commerce determined to impose preliminary anti-dumping duties on solar imports from China and Taiwan with immediate effect. Rates average 36 percent for solar cells from Taiwan and 42 percent for products that have predominantly been manufactured in China. Combined with preliminary anti-subsidy duties imposed in June, the largest Chinese companies have to pay combined duties of about 47 percent. ➔ *Solar power market* • p. 15// Final determination on the continuation of these duties is expected at the end of the year. Until then, importers are obliged to make cash deposits to the customs authorities.

SHAREHOLDERS' STRUCTURE CHANGED. Solar Holding Beteiligungsgesellschaft mbH, a company related to Dr.-Ing. E.h. Frank Asbeck (CEO), informed us that it had purchased 126,064 SOLARWORLD shares via the stock exchange on July 29 and July 30, 2014. As a result, the shares held directly and indirectly in SOLARWORLD AG by Dr.-Ing. E.h. Frank Asbeck increased to a total of 20.85 percent. @ www.solarworld.de/shareholder-structure//. To this effect, SOLARWORLD AG published two notifications on directors' dealings pursuant to § 15 a German Securities Trading Act (WpHG) on July 31, 2014. @ www.solarworld.de/en/directors-dealings//

09 SHAREHOLDER STRUCTURE AS AT AUGUST 13, 2014 // IN PERCENT



OVERALL STATEMENT BY THE BOARD OF MANAGEMENT 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 half 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 in a challenging position because consolidation in the solar industry is still ongoing and, moreover, the possibility of difficulties affecting the implementation of the planned operational restructuring measures cannot be ruled out.

OPPORTUNITIES AND RISKS

The risk situation for SOLARWORLD did not substantially change during the first half of 2014. Regarding the individual risks, we therefore refer to the © [Annual Group Report 2013/Risk report • p. 87 et seqq.](#)//

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. Procurement risks have been reduced during the year so far. In this regard, the SOLARWORLD group reached an agreement with two major suppliers concerning long-term raw-material supply contracts. This strengthens the group's supply security on competitive terms. Our subsidiary SOLARWORLD INDUSTRIES SACHSEN GMBH (formerly DEUTSCHE SOLAR GMBH) is in a legal dispute with another supplier. According to external legal opinions, under European antitrust law there are doubts about the underlying contracts, which means that the purchase obligations of SOLARWORLD INDUSTRIES SACHSEN GMBH are null and void and the supply contracts themselves may be null and void. As explained in the 2013 Annual Group Report, it is not possible to rule out the risk that courts, especially in foreign countries, may have a different opinion or consider European anti-trust legislation not applicable. © [Annual Group Report 2013/Legal risks • p. 104](#)//

Moreover, failure to meet the business planning objectives underlying the restructuring program and/or difficulties with implementing the operational restructuring measures could have a negative impact on the financial position of the SOLARWORLD group.

However, the company's continued existence is not in jeopardy at the time of producing this report.

FORECAST REPORT

EXPECTED MACROECONOMIC ENVIRONMENT

The Kiel Institute for the World Economy (IfW) predicts that growth in global economic output during 2014 and 2015 will be driven mainly by the advanced economies. In June 2014, IfW slightly lowered its growth forecasts compared with earlier statements. In addition, political risks for the global economy could intensify, not least with regard to the current conflicts in Ukraine and the Middle East.

⑩ ECONOMIC DEVELOPMENT OF OUR MAIN SALES MARKETS* // IN PERCENT

Source: Kiel Institute for the World Economy, June 2014

	2013	2014 e	2015 e
Germany	0.4	2.0	2.5
U.S.	1.9	2.1	3.0
Euro area	-0.4	1.0	1.7
World	3.1	3.5	3.9

* Measured according to gross domestic product

EXPECTED DEVELOPMENT OF THE SOLAR POWER MARKET

According to various market research institutes, the **international solar market** will experience strong growth in 2014. With a strong uptrend in markets including the United States, Japan and China, analysts at Deutsche Bank expect global demand to grow around 28 percent to 46 (2013: 36) GW. In a high scenario, the European Photovoltaic Industry Association (EPIA) predicts the global annual PV market could grow to as much as 51 GW.

In contrast, the solar market in **Europe** is likely to stagnate at between 8 and 10 GW, although with strong variation between individual markets. While newly installed capacity in the **United Kingdom** is set to double in 2014 to 2.9 (2013: 1.5) GW, for example, markets such as Germany and Italy are suffering heavy falls.

EuPD Research projects a drop in demand in **Germany** of around 40 percent to 1.9 (2013: 3.3) GW. Analysts' expectations were significantly more optimistic at the end of 2013. As before, the market environment is heavily dependent on support policies. German customers are cautious in the face of a perceived and/or actual worsening of conditions. On August 1, 2014, following contentious debate, a

reform of the German Renewable Energy Sources Act (EEG) came into force. One key change is that from now on, the EEG levy will be charged on a proportional basis on self-consumed electricity from solar power systems that have an output of more than 10 kW. In 2014 and 2015, system operators will pay 30 percent of the EEG levy for their self-consumed solar power. This percentage rate increases to 35 percent in 2016 before finally reaching 40 percent in 2017. However, solar power systems that have an output below 10 kW and generate less than 10,000 kWh per year are still exempt from the EEG levy. This minimum threshold means that homemade power remains extremely attractive for operators of small solar power systems. As a result, this segment continues to offer growth potential, while the market for large-scale plants in Germany is likely to see further significant declines.

Meanwhile the solar market in the **United States** continues on a clear growth trajectory. It is expected to record strong growth of almost 40 percent to 6.6 (2013: 4.8) GW in 2014. This market's dependency on statutory subsidy incentives is decreasing. Analysts predict that this year, around one-third of solar power systems in the residential segment will be installed without additional financial support from the respective state government. Previously, apart from the nationwide tax-rebate scheme, individual states' support programs were key market drivers. But now, with the increased efficiency of the latest solar power systems, solar power generation costs in sunny American states are so attractive that there has been a sharp increase in household demand for solar power systems, even without extra financial assistance.

Asia is also set to record strong growth in 2014. The Japanese market in particular is expected to see high demand again this year, of around 7 GW. Growth in China is likely to make it the world's largest solar market, at more than 10 GW. This market is closed to foreign companies, however. Nevertheless, strong domestic demand in China should help balance global supply and demand, which could accelerate the long-term stabilization of the international solar market.

EXPECTED DEVELOPMENT OF BUSINESS

SOLARWORLD expects to see continued strong international demand for its solar modules through the second half of 2014. At the beginning of the third quarter, the group had orders on hand for more than 400 MW for the first time, including a supply contract for 50 MW. The modules are for a large-scale project and will be delivered to our customer in installments during the second half of the year.

Our strongest shipment growth in the future as well is expected to be in the United States, Japan and the European export markets. The German and Italian markets also remain important to us. To counter the generally difficult trend in these markets this year, our sales team is stepping up its efforts to impress customers with SOLARWORLD's product and service offering. In the United States, we signed a

contract with RGS Energy – a nationally operating solar company – to supply black high-performance modules, starting this July. Partnerships like this should ensure long-lasting market penetration in America.

One of the ways that we intend to service the enormous demand in the United States is to increase module production at Hillsboro via higher capacity utilization rates and follow-up investments in the context of maintenance activities. For cells, we are planning to increase our actively used production capacities in the U.S. from 330 MW to 400 MW. A further 100 MW are available there as a reserve.

In Freiberg, we will re-activate additional capacities (120 MW) in the module production. After ramp-up of the cell production in Arnstadt, we will be able to make cells that we do not need for our own module production available to the market from the third quarter onwards. In this area, we see additional business opportunities, for there is currently a demand for solar cells that are “made in Germany” and “made in the United States”.

During the second half of 2014, we will also be increasingly focusing on establishing integrated processes at our Freiberg and Arnstadt production sites, and thereby realizing new cost-cutting potential.

11 PRODUCTION CAPACITIES OF SOLARWORLD AG IN THE SECOND HALF OF 2014 // IN MW

	 Wafer	 Cell	 Module
Germany (Freiberg)	750	330	650
Germany (Arnstadt)	-	700	200
U.S. (Hillsboro)	(250)*	400 (100)*	380
Total	750	1,430	1,230

* available, non-utilized production capacities

The group’s strategic goal in the “Trade” segment is to expand shipments of complete solar power systems, because higher revenues can be achieved in this business area. In the second half of 2014, however, shipments consisting of solar modules are likely to continue to predominate, owing to strong demand from our customers. Nevertheless, the module supply business gives us the opportunity to acquire new customers, who in the medium and long term can be convinced to buy other products in our portfolio.

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 assumes that the solar industry will have entered its final stage of consolidation this or next year. Global demand for solar power products is set to continue to grow over the remainder of the year. SOLARWORLD expects that general market growth will also have an effect on its own sales development in the second half-year.

For the current 2014 fiscal year, SOLARWORLD AG is expecting to increase its groupwide shipments of modules and kits by at least 40 percent compared with 2013 to more than 767 (2013: 548) MW through higher shipments in all core markets. As at the time of release of this report, shipments of modules and kits (including shipments in July of more than 90 MW) plus the order book exceed the target for the whole year 2014.

The growth in shipments in the first half of 2014 was mainly attributable to the strong international demand of high performance modules. Contrary to expectations, however, sales of kits and systems decreased strongly. This change in the product mix is mainly due to the strong decline of the German solar market. In Germany, SOLARWORLD generally sells the largest percentage of its kits. Because of this shift in the product mix and declining prices in solar markets, it is likely that the target to raise the consolidated revenue in 2014 to more than € 680 million will not be reached.

At the beginning of the year, SOLARWORLD had forecast for 2014 – adjusted for the positive one-off effects resulting from the successful completion of financial restructuring and for the initial accounting of assets taken over from Bosch Solar Energy AG – positive earnings before interest, taxes, depreciation and amortization (EBITDA) of more than € 10 million and an operating result (EBIT) of between € –35 million and € –20 million. Because of one-off effects from non-cash impairment losses on prepayments and repayment claims amounting to € 36.1 million, which have resulted from an agreement with a raw-material supplier, these targets need to be adapted. Adjusted for all one-off effects mentioned above, the group expects positive EBITDA in 2014. The forecast range for adjusted EBIT might change accordingly.

Including all one-off effects, SOLARWORLD expects a positive overall result for the year 2014 amounting to a three-digit million figure.

For 2015, the SOLARWORLD group confirms its forecast of a positive operating result as well as further increases in revenues 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 may be subject to changes.

EXPECTED FINANCIAL POSITION

SCHEDULED FINANCING MEASURES

Having completed its financial restructuring on February 24, 2014, and after taking out 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 June 30, 2014, the group's liquid funds totaled € 159.1 (December 31, 2013: 163.7) million. Expected liquidity development is influenced to a large degree by the operating result, planned interest payments and potential short-term fluctuations in our working capital.

OVERALL STATEMENT BY THE MANAGEMENT BOARD ON THE EXPECTED GROUP DEVELOPMENT

In the first half of 2014, SOLARWORLD group's competitiveness and ability to act fundamentally improved compared with the previous year. The financial restructuring was successfully completed. Numerous operational restructuring measures are already yielding measurable benefits, such as the consolidation of sales and production in the United States. Furthermore, in March 2014 SOLARWORLD AG acquired the new Arnstadt production site and integrated it directly into the group's value chain.

The group is therefore better positioned to increase shipments and revenue significantly over the next few years and improve the operating result as planned. It is targeting a swift return to profitability.

Consolidation in the solar industry will have entered its final phase this or next year. 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.

Global demand for solar power products is growing. SOLARWORLD wants to continue to benefit from this growth and increase its shipments. The group's strategy is to offer solar power solutions that provide real added value and to play a technologically leading role on the international solar market. The group aims to stand out from the competition with its "SOLARWORLD – REAL VALUE" claim.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS



REAL VALUE – FOR OUR CUSTOMERS, THIS MEANS:

FINELY TUNED SYSTEMS –

TAILOR-MADE TO CUSTOMER-NEEDS

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FIRST HALF 2014

- 37** CONSOLIDATED INCOME STATEMENT FIRST HALF 2014
- 38** CONSOLIDATED INCOME STATEMENT SECOND QUARTER 2014
- 39** STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME FIRST HALF 2014
- 40** STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME SECOND QUARTER 2014
- 41** CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2014
- 42** CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FIRST HALF 2014
- 43** CONSOLIDATED CASH FLOW STATEMENT FIRST HALF 2014
- 44** NOTES ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 - 44 *1. Accounting according to International Financial Reporting Standards (IFRS)*
 - 44 *2. Accounting and valuation methods*
 - 45 *3. Group of consolidated companies*
 - 49 *4. Other*
 - 52 *5. Material events subsequent to the end of the interim period*
 - 53 *6. Segment reporting*
- 55** FINANCIAL AND EVENT CALENDAR

⑫ CONSOLIDATED INCOME STATEMENT FIRST HALF 2014 // IN K€

	1st half 2014	1st half 2013
1. Revenue	228,095	201,169
2. Change in inventories of finished goods and work in progress	25,057	-45,467
3. Own work capitalized	668	72
4. Other operating income	181,198	30,374
5. Cost of materials	-174,307	-115,268
6. Personnel expenses	-67,394	-58,046
7. Amortization and depreciation	-20,143	-21,728
8. Other operating expenses	-92,246	-50,135
9. Operating result	80,928	-59,029
10. Financial result	527,201	-35,270
11. Result before taxes on income	608,129	-94,299
12. Taxes on income	-110,257	22,938
13. Consolidated net result	497,873	-71,361
Of which attributable to shareholders of SOLARWORLD AG	497,873	-71,361
14. Earnings per share		
a) Weighted average number of shares outstanding (in 1,000)	14,896	110,795
b) Consolidated net result (in €)	33.42	-0.64

⑬ CONSOLIDATED INCOME STATEMENT SECOND QUARTER 2014 // IN K€

	2nd quarter 2014	2nd quarter 2013
1. Revenue	128,675	88,967
2. Change in inventories of finished goods and work in progress	13,418	2,240
3. Own work capitalized	494	17
4. Other operating income	27,889	14,117
5. Cost of materials	-99,947	-64,099
6. Personnel expenses	-37,107	-27,767
7. Amortization and depreciation	-10,367	-11,422
8. Other operating expenses	-69,539	-28,759
9. Operating result	-46,484	-26,704
10. Financial result	-8,169	-18,673
11. Result before taxes on income	-54,653	-45,377
12. Taxes on income	2,394	18,132
13. Consolidated net result	-52,258	-27,245
Of which attributable to shareholders of SOLARWORLD AG	-52,258	-27,245
14. Earnings per share		
a) Weighted average number of shares outstanding (in 1,000)	14,896	110,795
b) Consolidated net result (in €)	-3.51	-0.25

⑭ STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME FIRST HALF 2014 // IN K€

	1st half 2014	1st half 2013
Consolidated net result	497,873	-71,361
Items not to be reclassified to profit or loss	0	0
Exchange differences from currency translations		
Exchange differences from currency translations	2,867	2,884
Deferred taxes relating to exchange differences on translating foreign operations	-2,228	-1,554
Exchange differences from currency translations, net of tax	639	1,330
Items that may be reclassified subsequently to profit	639	1,330
Other comprehensive net result	639	1,330
Of which:		
- Other comprehensive result before tax	2,867	2,884
- Deferred taxes relating to other comprehensive result	-2,228	-1,554
Total comprehensive result	498,511	-70,031
Of which attributable to shareholders of SOLARWORLD AG	498,511	-70,031

⑮ STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME SECOND QUARTER 2014 // IN K€

	2nd quarter 2014	2nd quarter 2013
Consolidated net result	-52,258	-27,245
Items not to be reclassified to profit or loss	0	0
Exchange differences from currency translations		
Exchange differences from currency translations	949	-3,578
Deferred taxes relating to exchange differences on translating foreign operations	-512	1,038
Exchange differences from currency translations, net of tax	437	-2,540
Items that may be reclassified subsequently to profit	437	-2,540
Other comprehensive net result	437	-2,540
Of which:		
- Other comprehensive result before tax	949	-3,578
- Deferred taxes relating to other comprehensive result	-512	1,038
Total comprehensive result	-51,821	-29,785
Of which attributable to shareholders of SOLARWORLD AG	-51,821	-29,785

⑩ CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2014 // IN K€

ASSETS	30.06.2014	31.12.2013
A. Non-current assets	432,436	483,003
I. Intangible assets	9,630	8,425
II. Property, plant and equipment	337,602	306,866
III. Investment property	14,950	15,106
IV. Investments measured at equity	15,121	18,891
V. Other financial assets	24,335	360
VI. Other non-current assets	24,944	11,977
VII. Deferred tax assets	5,854	121,378
B. Current assets	485,554	441,800
I. Inventories	162,590	119,151
II. Trade receivables	68,730	48,859
III. Current income tax assets	771	1,353
IV. Other receivables and assets	19,315	25,234
V. Other financial assets	75,044	83,541
VI. Liquid funds	159,104	163,662
C. Assets held for sale	35,820	7,032
	953,810	931,835
EQUITY AND LIABILITIES	30.06.2014	31.12.2013
A. Equity	269,150	-243,084
I. Equity attributable to shareholders of SOLARWORLD AG	269,150	-243,084
1. Subscribed capital	14,896	110,795
2. Capital reserve	158	68
3. Other reserves	8,008	7,369
4. Accumulated results	246,089	-361,317
B. Non-current liabilities	531,818	600,023
I. Non-current financial liabilities	414,026	536,629
II. Accrued investment grants	29,478	31,105
III. Non-current provisions	31,544	29,414
IV. Other non-current liabilities	240	302
V. Deferred tax liabilities	56,530	2,573
C. Current liabilities	152,842	574,896
I. Current financial liabilities	37,779	485,508
II. Trade payables	51,118	17,456
III. Income tax liabilities	6,633	6,345
IV. Current provisions	11,919	9,987
V. Other current liabilities	45,393	55,601
	953,810	931,835

⑰ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FIRST HALF 2014 // IN K€

	Subscribed capital	Capital reserve	Other reserves		Accumulated results	Total
			Currency translation reserve	IAS 19 reserve		
As at Jan. 01, 2013	110,795	296,562	11,176	-438	-429,504	-11,409
Total comprehensive result 1st half 2013			1,330	0	-71,361	-70,031
As at June 30, 2013	110,795	296,562	12,506	-438	-500,865	-81,440
Allocation to revenue reserves		-296,494			296,494	0
Total comprehensive result 2nd half 2013			-4,510	-190	-156,946	-161,645
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				-605	13,546
Disposal of treasury shares	6	90			81	177
Total comprehensive result 1st half 2014			639	0	497,873	498,511
As at June 30, 2014	14,896	158	8,636	-628	246,089	269,150

⑱ CONSOLIDATED CASH FLOW STATEMENT FIRST HALF 2014 // IN K€

	1st half 2014	1st half 2013
Result before tax	608,129	-94,299
+ Amortization and depreciation	20,143	21,728
- Gain from initial purchase accounting	-136,124	0
+ Financial result (excluding profits and losses from currency translation)	28,774	35,478
- Profit from disposal of assets	-865	-541
- Reversal of accrued investment grants	-2,456	-3,432
- Other material non-cash income	-537,038	-2,486
= Cash flow from operating result	-19,437	-43,552
+ Changes in prepayments and customer advances	13,267	21,989
-/+ Increase/decrease in inventories	-38,978	43,562
- Increase in trade receivables	-19,271	-15,270
+/- Increase/decrease in trade liabilities	33,920	-7,923
+/- Development other net assets	1,058	-5,057
= Cash flow from operating result and changes in net assets	-29,440	-6,251
+ Interest received	281	153
+/- Taxes on income received/paid	408	-2,494
= Cash flow from operating activities	-28,751	-8,592
- Cash payments for investments in fixed assets	-5,686	-18,662
+ Cash receipt investment grants	8,288	0
+ Cash receipts from the disposal of fixed assets	1,244	277
+ Cash payments from negative purchase price	45,000	0
= Cash flow from investing activities	48,846	-18,385
+ Cash payments from borrowings	51,692	0
- Cash payments from the repayment of loans	-60,704	-901
- Interest and restructuring expenses paid	-15,414	-33,725
- Cash payments for equity measures	-862	0
+ Cash receipts from the disposal of treasury shares	177	0
= Cash flow from financing activities	-25,111	-34,626
- Net changes in cash and cash equivalents	-5,016	-61,603
+/- Currency and consolidation-related change of cash and cash equivalents	458	-385
+ Cash and cash equivalents at the beginning of the period	163,662	224,109
= Cash and cash equivalents at the end of the period	159,104	162,121

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 June 30, 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//.

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 a tax release has been issued. No deferred taxes on new loss carryforwards of SOLARWORLD AG as well as on loss carryforwards of the U.S. subsidiaries were capitalized as at June 30, 2014.

3. GROUP OF CONSOLIDATED COMPANIES

The group of consolidated companies consists of the subsidiaries, which can be found in the following graphic. [④9 SolarWorld group structure as at June 30, 2014 • p. 46 et seq.//](#)

Effective per June 23, 2014, DEUTSCHE SOLAR GMBH was renamed SOLARWORLD INDUSTRIES SACHSEN GMBH.

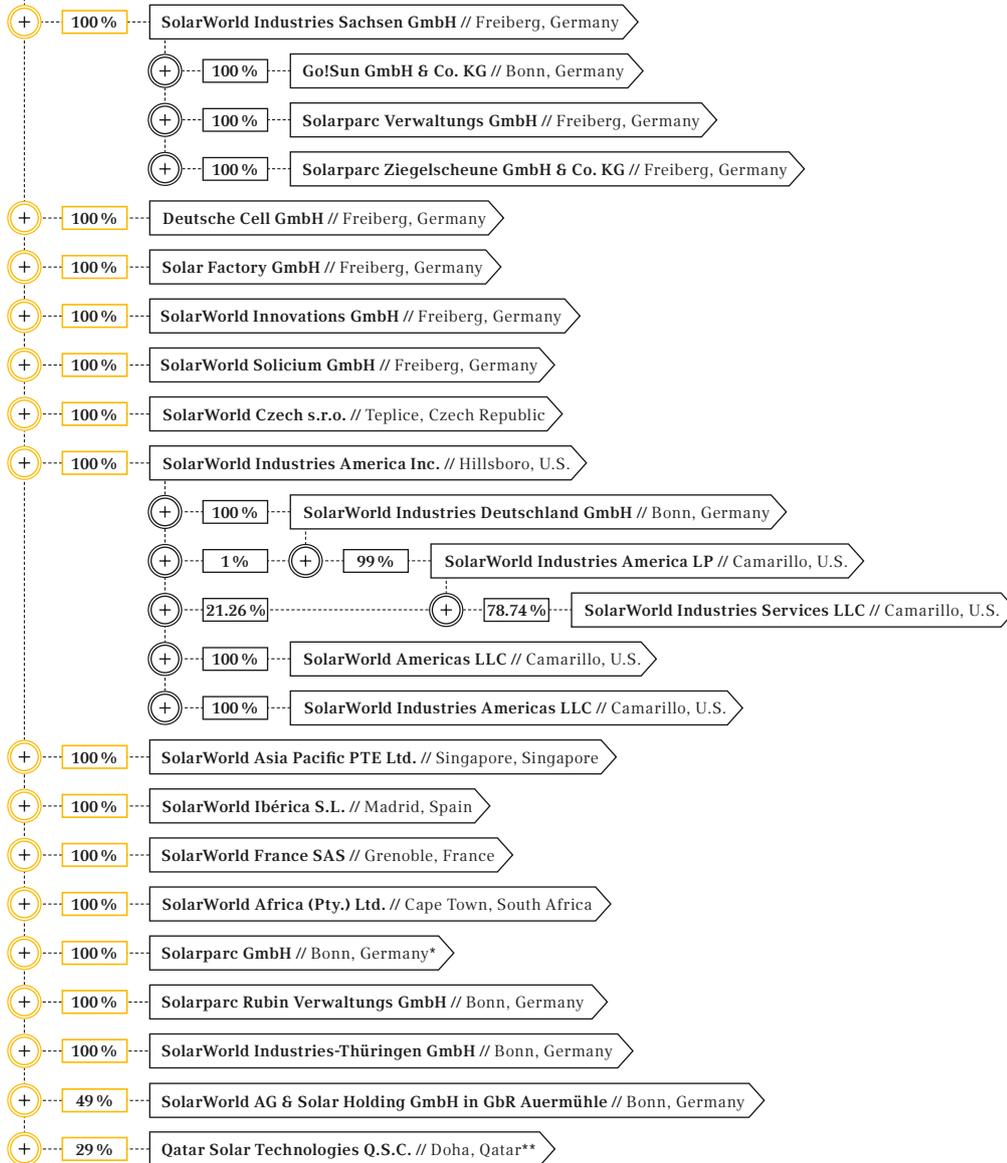
Effective per June 24, 2014, Bonn-based corporation SOLARPARC was transformed into a limited liability company.

SOLARWORLD SCHALKE GMBH remains in liquidation.

SOLARWORLD 2014
GROUP STRUCTURE

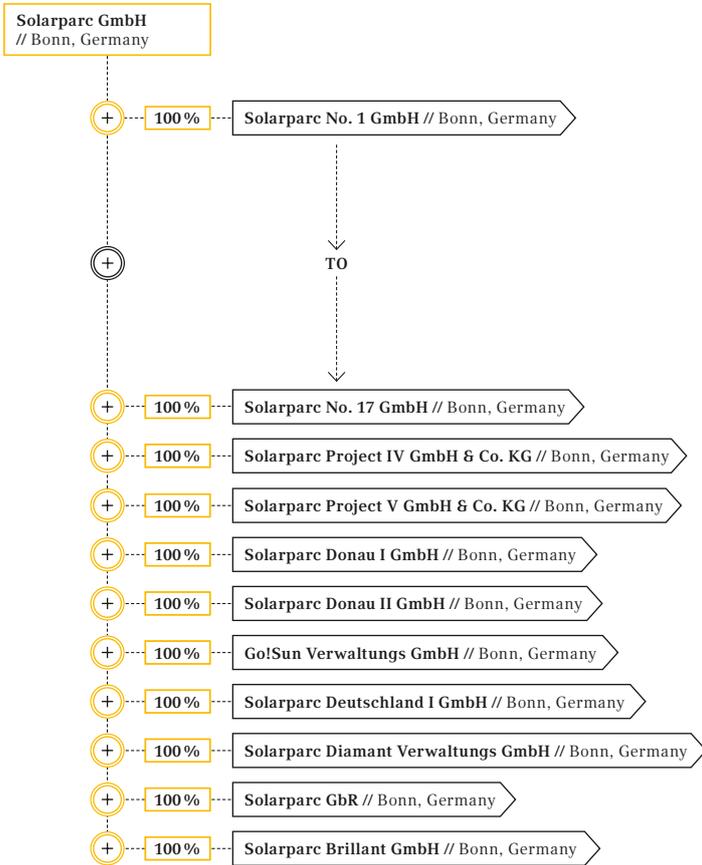
19 SOLARWORLD GROUP STRUCTURE AS AT JUNE 30, 2014

SolarWorld AG
// Bonn, Germany



* Structure of the subgroup on next page
** Consolidated at equity

20 SOLARPARC SUB-GROUP STRUCTURE AS AT JUNE 30, 2014



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, Bonn, acquired a large part of the production lines and other 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 yet. 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 (badwill). In the second quarter 2014, an adjustment of the preliminary determination of the figures mentioned before was made due to further insights.

The purchase price for the manufacturing facilities and other assets payable by SOLARWORLD AG amounted to € 3.00. In addition, a payment of € 120.0 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 (badwill) in amount of k€ 136,124 (Q1 2014: k€ 135,602) is as follows:

in k€	
Intangible assets	895
Property, plant and equipment	45,824
Current assets	35,014
- Inventories	3,092
- Other financial assets	2,407
- Assets held for sale	29,515
Total assets	81,733
Deferred tax liabilities	-59,823
Non-current pension provision	-431
Current provisions	-3,500
Other current liabilities	-1,855
Total liabilities	-65,609
Identifiable net assets at fair value	16,124
Purchase Price	0
Negative Purchase Price	120,000
Preliminary gain from a bargain purchase	136,124

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 generated external revenues in an amount of € 0.2 million and has made a profit of € 128.1 million 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 above mentioned amounts, as the manufacturing facilities were only restarted at the acquisition date.

4. OTHER

CONTINGENT LIABILITIES

Our subsidiary SOLARWORLD INDUSTRIES SACHSEN GMBH (formerly 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 pur-

chase 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 SOLARWORLD INDUSTRIES SACHSEN 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. The appeal proceeding is still ongoing. At this time, it is not possible to determine if a decision will be reached this year. 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 basic valuation assumptions and premises on which the impairment tests at the end of 2013 were based had changed slightly by the cut-off date June 30, 2014. All in all, they did not lead to the recognition or reversal of impairments on property, plant and equipment.

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 noteholders' 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 14,896,000 no-par value shares to which a pro-rata amount of the share capital of € 1.00 per share is attributed.

TREASURY SHARES

In May 2014 SOLARWORLD AG sold 6,164 treasury shares in total for an amount of k€ 177. Thus, no treasury shares were held by the company at balance sheet date. The effects from this disposal on the individual items in equity are shown in the consolidated statement of changes in equity.

AUTHORIZED CAPITAL

SOLARWORLD AG's first Annual General Meeting since the completion of financial restructuring was held on May 30, 2014. At the meeting, shareholders authorized the Management Board to increase the company's capital stock by to a maximum total of € 7,448,000.00 once or several times in accordance with the Supervisory Board until May 30, 2019 by issuing new, no-par bearer shares or registered shares in exchange for cash contributions or contributions in kind. The aim is to enable a flexible and rapid response to market conditions in the future while minimizing the negative impact on the company's share price.

SUPERVISORY BOARD

Furthermore, the Annual General Meeting elected five new members to the Supervisory Board of SOLARWORLD AG, which had been enlarged from three to six persons in the course of the financial restructuring. The long-serving chairman of the Supervisory Board Dr. Claus Recktenwald and Board member Marc M. Bamberger did not stand for re-election, with the result that both ceased to be members of the Supervisory Board of SOLARWORLD AG with effect from the end of the meeting.

The newly elected members of the Supervisory Board were:

- Dr. Khalid K. Al Hajri, Doha, Qatar
- Faisal M. Alsuwaidi, Doha, Qatar
- Heiner Eichermüller, Scottsdale/Arizona, United States
- Dr. Andreas Pleßke, Herrsching am Ammersee, Germany
- Jürgen Wild, Vaucresson, France

Chairmanship of the newly elected Supervisory Board was assumed by Dr. Georg Gansen, resident in Bonn/Germany, who had previously been re-elected as a Supervisory Board member at the extraordinary shareholders' meeting on August 7, 2013. Heiner Eichermüller became deputy chairman.

5. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

PRODUCTION COMPANIES IN FREIBERG MERGED INTO SOLARWORLD INDUSTRIES SACHSEN

On July 22, 2014, with retroactive effect from January 1, 2014 and in accordance with §§ 2 et seqq. of the German Reorganization of Companies Act (Umwandlungsgesetz, UmWG) our subsidiaries DEUTSCHE CELL GMBH and SOLAR FACTORY GMBH were merged into SOLARWORLD INDUSTRIES SACHSEN GMBH (formerly DEUTSCHE SOLAR GMBH). As a result, all stages of the value chain at the Freiberg site are integrated in one subsidiary, SOLARWORLD INDUSTRIES SACHSEN GMBH. This is intended to produce synergy effects, achieving cost reduction and process optimization, while further enhancing our innovation and quality delivery.

PRELIMINARY ANTI-DUMPING DUTIES IMPOSED IN THE UNITED STATES

On July 25, the U.S. Department of Commerce determined to impose preliminary anti-dumping duties on solar imports from China and Taiwan with immediate effect. Rates average 36 percent for solar cells from Taiwan and 42 percent for products that have predominantly been manufactured in China. Combined with preliminary anti-subsidy duties imposed in June, the largest Chinese producers must pay combined duties of about 47 percent. Final determination on the continuation of these duties is expected at the end of the year.

6. SEGMENT REPORTING

②① INFORMATION ON OPERATING SEGMENTS FIRST HALF 2014 // IN M€

	Production Germany	Production U.S.	Trade	Other	Reconciliation	Consolidated
Revenue						
External revenue	10	0	218	0	0	228
Intersegment revenue	176	76	0	5	-258	
Total revenue	186	76	218	5	-258	228
EBITDA	118	-4	-14	2	-1	101
Scheduled depreciation	-12	-4	-1	-3		-20
Operating result (EBIT)	106	-8	-15	-1	-1	81
Financial result						527
Result before income taxes						608
Income taxes						-110
Consolidated net result						498

②② INFORMATION ON OPERATING SEGMENTS FIRST HALF 2013 // IN M€

	Production Germany	Production U.S.	Trade	Other	Reconciliation	Consolidated
Revenue						
External revenue	9	1	191	0	0	201
Intersegment revenue	93	54	0	7	-154	
Total revenue	102	55	191	7	-154	201
EBITDA	-3	-10	-34	3	7	-37
Scheduled depreciation	-11	-5	-1	-3	0	-20
Non-scheduled depreciation	0	-2	0	0	0	-2
Operating result (EBIT)	-14	-17	-35	0	7	-59
Financial result						-35
Result before income taxes						-94
Income taxes						23
Consolidated net result						-71

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Bonn, August 13, 2014

SOLARWORLD AG
Board of Management



Dr.-Ing. E. h. Frank Asbeck
Chief Executive Officer



Dipl.-Kfm. tech. Philipp Koecke
Chief Financial Officer



Dipl.-Wirtschaftsing. Frank Henn
Chief Sales Officer



RAin Colette Rückert-Hennen
Chief Information, Brand and
Personnel Officer



Dipl.-Ing. Jürgen Stein
Chief Product Officer

FINANCIAL AND EVENT CALENDAR 2014



AUGUST 14, 2014

Publication of Consolidated Interim Report 1st half 2014

www.solarworld.de/financial-reports



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.

DESIGN OF COVER AND IMAGE PART, FINAL ARTWORK & PRODUCTION:
KREATIV KONZEPT, BONN / BERLIN // WWW.KREATIV-KONZEPT.COM

DESIGN OF INNER PART:
STRICHPUNKT GMBH, STUTTGART/BERLIN // WWW.STRICHPUNKT-DESIGN.DE

PHOTOGRAPHY:
FRANK GRÄTZ, DETLEV MÜLLER, HAGEN WILLSCH

PRINTED BY:
KÖLLEN DRUCK & VERLAG GMBH, BONN/BERLIN // WWW.KOELLEN.DE



CONTACT OUR TEAM:

*SolarWorld AG
Investor Relations
Martin-Luther-King-Str. 24
53175 Bonn, Germany*

*www.solarworld.com
placement@solarworld.de
Phone: +49 228/559 20-470
Fax: +49 228/559 20-9470*