QUARTERLY REPORT Q2 / 09

APRIL – JUNE

sunways
Photovoltaic Technology

CONTENT.

GROUP MANAGEMENT REPORT AS OF 30 JUNE 2009

MAJOR EVENTS IN THE SECOND QUARTER 2009.

- CONSOLIDATED SALES ROSE IN COMPARISON WITH THE PRIOR YEAR QUARTER BY 38.4 % TO € 89.9 MILLION
- POSITIVE EBIT DESPITE DECLINING PRICES AND DIFFICULT MARKET ENVIRONMENT; DECLINE FROM € 1.2 MILLION IN THE SECOND QUARTER 2008 TO € 0.7 MILLION
- INCREASED SALES IN BOTH SEGMENTS; SIGNIFICANTLY IMPROVED EBIT IN THE SOLAR CELL SEGMENT

Business operations.

The positive market trend already apparent in March 2009 continued in the second quarter 2009. While the demand for solar products again experienced a seasonal increase, the expansion of production capacities also had a significant positive effect for Sunways with respect to the sales development in Germany – particularly in the solar cell segment. In contrast, changes in the Spanish feed-in legislation – as in the first quarter 2009 – led to a decline in international sales.

The consolidated sales of Sunways AG rose by 38.4 % from € 64.9 million in the second quarter 2008 to € 89.9 million in the quarter under review. Despite the positive sales development, EBIT declined against the prior year quarter due to continuously falling selling prices. Consolidated EBIT amounted to € 0.7 million, compared to € 1.2 million in the prior year quarter. Against this background, EBIT in the solar systems and projects segment decreased by € 3.9 million to € –2.0 million (2nd quarter 2008: € 1.9 million). The solar segment, in contrast, experienced a gratifying development and generated a 79.1 % rise in sales to € 36.3 million (2nd quarter 2008: € 20.2 million) and EBIT of € 2.7 million (2nd quarter 2008: € -0.7 million). In the second quarter 2009, the domestic and international business of Sunways again experienced a trend similar to that of the first three months, although with overall improved percentage changes. Thus the Group's domestic sales rose by 58.1 %, while the international business declined by 34.6 % against the prior year quarter. Similar to the EBIT, consolidated net income in the second quarter decreased against the second quarter 2008 but, at € 0.1 million, was still positive. Undiluted earnings per share amounted to € 0.01 (2nd quarter 2008: € 0.05) (basic earnings per share pursuant to IAS 33). The diluted earnings equaled the undiluted earnings.

There were no material changes in the period under review compared to the risks and opportunities described in the 2008 annual report.

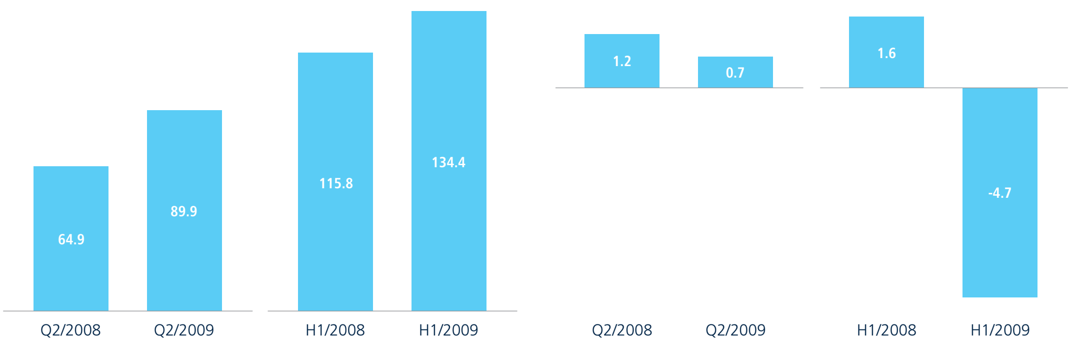
GROUP DEVELOPMENT IN € MILLION

Sales (Q2) 38.4 % rise (+ € 24.9 million)

Sales (H1) 16.1 % rise (+ € 18.6 million)

EBIT (Q2) € 0.5 million decline (-38.8 %)

EBIT (H1) € 6.3 million decline



Possible rounding differences.

Segment reporting.

Sunways AG divides its business operations into two segments, i. e. solar cells (development, production and distribution of solar cells) as well as solar systems and projects (development, production and distribution of inverters as well as distribution of and project management for solar systems, including Sunways solar modules).

It should be noted that IFRS 8 "Operating Segments", effective and mandatorily applicable since 31 December 2008, has replaced IAS 14 "Segment Reporting". As Sunways AG had already previously followed the "management approach", the formerly applicable segment structure continues to apply for segment reporting purposes.

The internal controlling and reporting complies with the IFRS accounting principles. Sunways measures the performance of its segments primarily on the basis of earnings before interest and taxes. Investments and depreciation and amortization relate to tangible fixed assets and intangibles with a defined useful economic life. The segment assets generally comprise all assets directly attributable to the segments.

	2nd quarter 2009			2nd quarter 2008		
	Solar cells	**Solar systems**	**Total**	Solar cells	Solar systems	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Sales	36.3	53.6	89.9	20.2	44.7	64.9
EBITDA	3.9	-1.7	2.2	0.2	2.1	2.3
Depreciation and amortization	-1.2	-0.3	-1.5	-0.9	-0.2	-1.1
EBIT	2.7	-2.0	0.7	-0.7	1.9	1.2
Segment assets	88.3	28.5	116.8	58.8	28.0	86.8
Investments	13.0	0.2	13.2	3.5	0.1	3.6

Possible rounding differences.

	1st half-year 2009			1st half-year 2008		
	Solar cells	**Solar systems**	**Total**	Solar cells	Solar systems	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Sales	55.2	79.2	134.4	40.1	75.7	115.8
EBITDA	2.2	-4.2	-2.0	0.2	3.5	3.8
Depreciation and amortization	-2.1	-0.5	-2.6	-1.8	-0.4	-2.2
EBIT	0.1	-4.7	-4.7	-1.6	3.2	1.6
Segment assets	88.3	28.5	116.8	58.8	28.0	86.8
Investments	13.5	0.5	14.0	6.8	0.4	7.2

Possible rounding differences.

Sales refer to the Group's external sales. There are no inter-segment sales.

The following tables show the offsetting and reconciliation of total segment results (EBIT) to consolidated net income/loss and of segment assets to total Group assets.

Offsetting and reconciliation of total segment results (EBIT) to consolidated net income/loss:

	2nd quarter 2009	2nd quarter 2008
	€ million	€ million
Total EBIT (segments)	0.7	1.2
Net interest income	-0.5	-0.3
Result before taxes	**0.2**	**0.9**
Taxes on income	-0.1	-0.3
Consolidated net income/loss	**0.1**	**0.6**

Possible rounding differences.

	1st half-year 2009	1st half-year 2008
	€ million	€ million
Total EBIT (segments)	-4.7	1.6
Net interest income	-1.1	-0.5
Result before taxes	**-5.8**	**1.1**
Taxes on income	1.6	-0.4
Consolidated net income/loss	**-4.2**	**0.7**

Possible rounding differences.

Offsetting and reconciliation of segment assets to total Group assets:

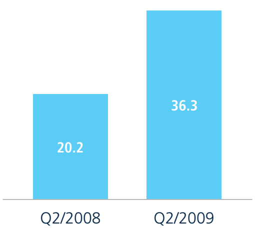
	1st half-year 2009	1st half-year 2008
	€ million	€ million
Total segment assets	116.8	86.8
Liquid funds	8.8	2.0
Deferred tax assets	**5.6**	**3.5**
Tax receivable	**0.2**	**0.0**
Total assets	**131.4**	**92.3**

Possible rounding differences.

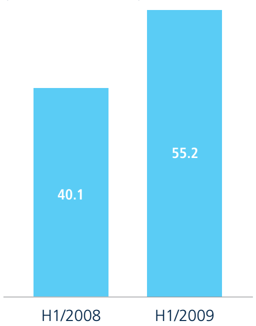
Solar cells. Sales in the solar cell segment rose by 79.1 % to € 36.3 million (2nd quarter 2008: € 20.2 million) in the second quarter 2009. In accordance with the percentage of completion method, the prior year's quarterly sales included a portion of € 0.9 million of the project business undertaken together with LDK Solar which corresponded to sales of € 19.4 million after adjustments. Because of the strong second quarter 2009, semi-annual sales in the current year increased significantly against the prior year period from € 40.1 million to € 55.2 million.

DEVELOPMENT IN THE SOLAR CELL SEGMENT IN € MILLION

Sales (Q2)
Strong increase in sales by 79.1 %
(+ € 16.1 million)



Sales (H1)
37.6 % rise
(+ € 15.1 million)



Possible rounding differences.

In the second quarter 2009, Sunways generated just below 97 % of its solar cell sales in Germany. Thus the sales contribution of the European target markets decreased by 81 % to € 1.2 million. However, intensified marketing activities for our solar cells in the Swiss and Italian target markets achieved further successes. The segment EBIT markedly improved by € 3.4 million to € 2.7 million in the second quarter 2009. In the first six months, EBIT also experienced a turnaround from a negative result of € 1.6 million to a moderately positive result of € 0.1 million.

This improved segment result, on the one hand, was due to the increased cell production at the Arnstadt plant and the related economies of scale and, on the other hand, to the enhanced supply of raw materials – via the spot market as well as via our partner LDK Solar. In the past year, the spot market for wafers had been significantly more strained. In the second quarter 2009, the improved and almost fully utilized production capacities as well as the cost-effective raw materials supply led to an increased production volume which was successfully placed in the market. Nevertheless, selling prices for solar cells declined further. With respect to cells in the 156 x 156 mm standard format, we suffered a price decline of about 22 % between the first half-year 2008 and the first half-year 2009.

Investments in the solar cell segment amounted to € 13.0 million in the second quarter 2009.

Improved cost of materials quota due to wafer shipments by LDK Solar and Deutsche Solar. The improved results in the cell segment were not least due to the improved raw materials supply situation. LDK Solar has supplied high-quality wafers at moderate prices to Sunways AG since early 2009. Further shipments are received under a long-term supply contract with Deutsche Solar and, where necessary, via the spot market.

Good capacity utilization at production plants. The ramp-up of the new Arnstadt production line was completed in June. State-of-the-art, high-technology production units and buildings as well as about 150 new jobs were created with investments of about € 50 million in the Arnstadt plant up to that date. High utilization rates were recorded at the Constance and Arnstadt sites in the first half of 2009. Standardized mass production procedures enable Sunways to manufacture monocrystalline 156 mm cells with efficiency rates of about 17 %, while the efficiency rate of multicrystalline cells exceeds 15.9 %. With a nominal annual production capacity of 116 megawatts, the production output of Sunways AG at the Arnstadt and Constance plants almost doubled in the first six months of 2009, the performance improved to 33.4 megawatts peak in comparison with the first half-year 2008.

Solar systems and projects. In the second quarter 2009, sales in the systems segment increased by just under 20 % to € 53.6 million (2nd quarter 2008: € 44.7 million). Although a significant rise in sales was recorded, Sunways AG generated negative EBIT of € 2.0 million, compared to positive earnings before interest and taxes in the amount of € 1.9 million in the second quarter 2008. This was caused by generally strong price pressures and in particular by the severe decrease in the international inverter business that produces higher margins. In addition, the weak first three months of 2009 were only partially offset by the strong second quarter 2009. In the first half-year 2008, sales of € 75.7 million generated EBIT of € 3.2 million, while sales of € 79.2 million resulted in negative EBIT of € 4.7 million in the first half-year 2009.

Investments in the solar systems and projects segment amounted to € 0.2 million in the second quarter 2009.

DEVELOPMENT IN THE SOLAR SYSTEMS AND PROJECTS SEGMENT IN € MILLION

Possible rounding differences.

Currently no price recovery in the solar systems segment. Similar to solar cells, modules and inverters also report declining prices. This price recession compared to the first half-year 2008 amounted to just below 14 % for solar modules and to 15 % for inverters. The demand for solar modules remained generally stable while inverters were adversely affected by a deterioration of prices as well as the strong decline in demand in the Spanish market.

Technology and products.

Solar cells. Increasing efficiency rates, reducing the amount of raw materials used as well as improving the optical appearance of our solar cells continue to be our most important development targets in the cell segment. The optimization of the interaction between Sunways modules and Sunways inverters enables operators of solar systems to generate higher yields and improves our customers' investment payoff.

We expect efficiency rates of more than 18 % for our newly developed monocrystalline cell generation, whereas our acid-textured cells currently achieve average efficiency rates of more than 15.9 %.

Solar systems and projects. Sunways AG has developed the solar inverter PT 33k, an improved product within its performance class that is expected to be launched at the end of the year. The proven HERIC® topology increases the efficiency rate to 97.7 %, a unique feature in this performance class.

At the end of May, Sunways AG presented itself at the world's largest trade exhibition for the solar industry – the Intersolar 2009 in Munich – where it introduced the Company's most recent products to the expert audience: The new performance class of monocrystalline solar modules with 250 watts peak (Wp) is suited especially for the installation on wide-span roofs of industrial or on residential buildings and adapts to the building's architecture with its good optical appearance. The new PT 33k inverter from the PT inverter series and novelties of the well-known NT series were presented as well.

Another highlight at the trade fair was the frameless, particularly aesthetic Sunways solar laminate SM 215L for design-oriented and architecturally demanding applications. In combination with the certified assembly system, construction elements made in Germany are created which, in addition to the electricity supply, also provide the basic functions of the building envelop. The Sunways solar laminate is available in four performance classes, ranging from 220 to 235 watts peak (Wp). Like all other Sunways solar modules, the SM 215L fulfills the "PerformancePlus+" promise – i. e. the actual module capacity always exceeds the module's nominal capacity.

Furthermore, the Webasto car sliding roof, which is equipped with monocrystalline Sunways solar cells and installed in vehicles by Audi, VW and Maybach, encountered great interest at the trade exhibition. The solar energy of about 40 watts generated by the car sliding roof is used for the vehicle's permanent ventilation when the engine is turned off and thus ensures a pleasant interior temperature without affecting the car battery.

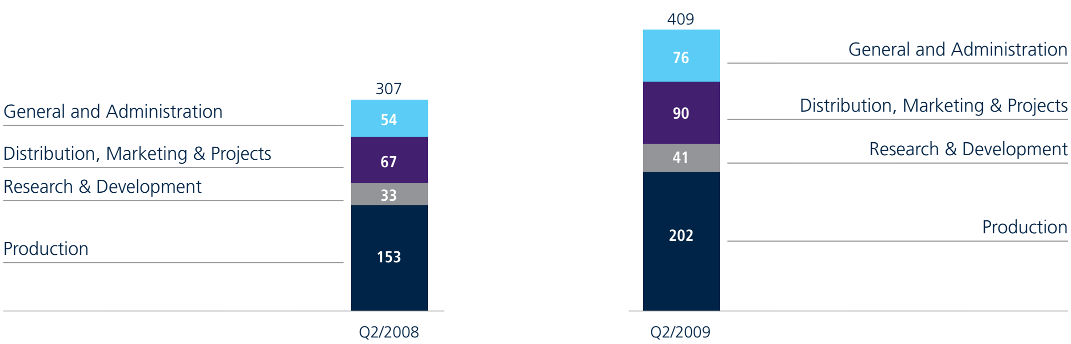
Aspects that are positive for the enterprise as a whole but decisive for the Sunways share: Sunways was again awarded Prime Status by oekom research AG. oekom research is an independent rating agency in the corporate responsibility area that reviews companies of various industry sectors at two-year intervals with respect to their sustainability performance. This renewed rating certifies that Sunways is among the best in the industry sector and thus is particularly eligible as an investment from the ecological and social point of view.

Personnel and social matters.

As of 30 June 2009, the Sunways Group employed a workforce of 409 (2008: 307). The 33 % increase in the number of employees since the second quarter 2008 mainly resulted from the ongoing expansion of the Arnstadt plant but also from the further targeted strengthening of the research and development team as well as the recruitment of additional distribution and administrative staff.

The breakdown of employees by function was as follows:

EMPLOYEES BY DIVISION



Shareholdings of members of executive bodies and directors' dealings.

Shareholdings of members of executive bodies. The following table shows the number of Sunways shares held by the members of the Management Board and Supervisory Board as of 30 June 2009:

Management Board	Shares as of 30 June 2009
Michael Wilhelm, chairman	2,000
Roland Burkhardt	1,780,345
Jörg von Strom	2,500
Jürgen Frei	1,500
Supervisory Board	
Otto Mayer, chairman	750,000
Andreas Görwitz	8,100
Thomas Nordmann	6,000
Dr. Roland R. Bahr	5,902
Dr. Christian Bosse	0
Frank Wehking	0

On 17 June 2009, the general meeting of Sunways AG adopted by a great majority the company's proposal to reduce the number of members of the Supervisory Board by three. Dr. Christian Bosse and Frank Wehking had already resigned from office in view of the envisaged downsizing. After a long tenure, Dr. Roland Bahr also withdrew from the Supervisory Board of Sunways AG on the day of the general meeting. The Supervisory Board is currently composed of Messrs. Otto Mayer, Andreas Görwitz and Thomas Nordmann.

Directors' Dealings. Pursuant to § 15a of the Securities Trading Act (WpHG), the executives of an issuer of shares and their closely related parties have to inform the issuer and the Federal Financial Supervisory Authority (BaFin) within five working days of any dealings for their own account in the issuer's shares or any financial instruments relating thereto if the total volume of such dealings exceeds the amount of € 5,000 by the end of the calendar year.

No directors' dealings were reported to us in the period under review.

Outlook for the entire fiscal year 2009.

Against the background of excess capacities throughout the world and the resulting price pressure in the solar market, component manufacturers continue to be confronted with a planning uncertainty. From Sunways AG's point of view, capacity adjustments, efficient liquidity and cost management as well as a consistently customer-oriented distribution strategy are the short-term challenges to be coped with in the solar market.

Therefore, the Company will flexibly adjust its capacities to current market circumstances over the coming months and consistently take advantage of all opportunities to further optimize its cost structures as well as to increase the efficiency and quality of its products and services in the long-term. Thus, Sunways AG introduced short-time working at the Constance plant in July and at the Arnstadt plant in August. In addition, Sunways AG will continuously consider any opportunities that may arise to secure the Company's future growth as well as to further increase financial flexibility.

In the seasonally growing Photovoltaic market in the second half of 2009, growth and income prospects of Sunways AG for the entire fiscal year 2009 will depend on the demand in the solar cell business manifesting over the next few weeks as well as on the implementation of solar projects announced. To advance corporate growth and increase profitability will continue to be the foremost goals of the Company.

Representation by legal representatives.

We represent that, to best of our knowledge, these consolidated interim financial statements, in accordance with the applied principles of proper consolidated interim reporting, accurately present the Group's asset, financial and earnings situation and that the Group interim management report gives a true and fair view of the business development, including the result of operations and financial position of the Group, and that the major opportunities and risks of the Group's expected development during the remainder of the fiscal year are described therein.

Constance, 14 August 2009

Michael Wilhelm Chairman of the Management Board	Roland Burkhardt Management Board member – Technology	Jörg v. Strom Management Board member – Procurement and Production	Jürgen Frei Management Board member – Sales and Marketing

CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2009.

Assets	Note	30/06/2009	31/12/2008
	No.	€ million	€ million
Current assets			
Liquid funds	C. 1.	8.8	3.6
Trade receivables	C. 2.	19.6	5.2
Inventories	C. 3.	44.7	47.1
Prepayments and accrued income and other current assets	C. 2.	7.5	2.6
Total current assets		**80.6**	**58.4**
Long-term assets			
Tangible fixed assets	C. 4.	43.0	31.5
Intangible assets	C. 5.	1.7	1.9
Financial assets		0.1	0.1
Goodwill		0.2	0.2
Other non-current assets	C. 6.	0.2	0.4
Deferred taxes	C. 7.	5.6	4.0
Total assets		**131.4**	**96.5**
Liabilities and shareholders' equity			
Current liabilities			
Bonds	C. 8.	5.5	5.5
Short-term loans and current portion of long-term loans	C. 9.	13.0	10.2
Trade payables	C. 10.	31.2	13.4
Prepayments received		2.2	2.2
Provisions	C. 10.	5.4	4.4
Income tax payable		0.0	0.3
Other current liabilities	C. 10.	4.8	1.9
Deferred investment grants	C. 12.	1.8	1.1
Total current liabilities		**63.9**	**39.0**
Long-term liabilities			
Long-term loans and other long-term liabilities	C. 11.	13.7	4.4
Long-term prepayments received		4.1	4.7
Deferred investment grants	C. 12.	12.2	6.5
Deferred taxes		0.5	0.5
Total long-term liabilities		**30.6**	**16.1**
Shareholders' equity			
Subscribed capital	C. 13.	11.6	11.6
Capital reserves	C. 13.	37.2	37.1
Retained earnings/accumulated loss		-11.9	-7.3
Minority interests		0.0	0.0
Consolidated shareholders' equity		**36.8**	**41.4**
Total liabilities and shareholders' equity		**131.4**	**96.5**

Possible rounding differences.

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 01 JANUARY – 30 JUNE 2009.

	Note	**01/04 – 30/06/2009**	**01/04 – 30/06/2008**	01/01 – 30/06/2009	01/01 – 30/06/2008
	No.	€ million	€ million	€ million	€ million
Sales	D.1.	89.9	64.9	134.4	115.8
Changes in inventories of finished and unfinished goods		-2.8	1.8	-3.0	1.1
Gross performance		**87.0**	**66.7**	**131.4**	**116.9**
Other operating income	D.2.	0.6	0.4	1.3	0.8
Cost of materials		-74.8	-57.3	-115.9	-100.0
Personnel expenses	D.3.	-4.8	-3.5	-9.0	-6.6
Depreciation and amortization	D.4.	-1.5	-1.1	-2.6	-2.2
Other operating expenses	D.5.	-5.8	-4.0	-9.9	-7.2
Operating result (EBIT)		**0.7**	**1.2**	**-4.7**	**1.6**
Interest income		0.1	0.0	0.1	0.1
Interest expenses	D.6.	-0.6	-0.3	-1.2	-0.6
Result before taxes		**0.2**	**0.9**	**-5.8**	**1.1**
Taxes on income	D.7.	-0.1	-0.3	1.6	-0.4
Consolidated net income/loss	D.8.	**0.1**	**0.6**	**-4.2**	**0.7**
Thereof attributable to the shareholders of Sunways Aktiengesellschaft		0.1	0.6	-4.2	0.7
Thereof attributable to minority interests		0.0	0.0	0.0	0.0
Earnings per share in € (Consolidated net income/ loss : number of shares; diluted = undiluted)		0.01	0.05	-0.36	0.06
Average number of shares outstanding		11,588,450	11,424,246	11,588,450	11,399,580

Possible rounding differences.

STATEMENT OF INCOME AND EXPENSES RECOGNIZED IN CONSOLIDATED SHAREHOLDERS' EQUITY FROM 01 JANUARY – 30 JUNE 2009.

	01/04 – 30/06/2009	**01/04 – 30/06/2008**	01/01 – 30/06/2009	01/01 – 30/06/2008
	€ million	€ million	€ million	€ million
Consolidated net income/loss	**0.1**	**0.6**	**-4.2**	**0.7**
Change in the market value of derivative financial instruments in hedge accounting	-0.3	0.0	-0.4	0.0
Total income and expenses recognized in shareholders' equity	**-0.2**	**0.6**	**-4.6**	**0.7**
Thereof attributable to the shareholders of Sunways Aktiengesellschaft	-0.2	0.6	-4.6	0.7
Thereof attributable to minority interests	0.0	0.0	0.0	0.0

Possible rounding differences.

CONSOLIDATED CASH-FLOW STATEMENT FOR THE PERIOD FROM 01 JANUARY – 30 JUNE 2009.

	01/01 – 30/06/2009	01/01 – 30/06/2008
	€ million	€ million
Operating activities		
Operating result (EBIT)	-4.7	1.6
Depreciation and amortization	2.6	2.2
Cash provided by/used for (-) income taxes	-0.2	0.0
Book gains (-)/losses on the disposal of fixed assets	0.0	0.0
Income and expenses not affecting cash-flow	-0.7	-0.2
Increase (-)/decrease in receivables and other assets, accruals and deferrals	-13.2	-5.9
Increase (-)/decrease in inventories	2.3	-2.7
Increase (-)/decrease in trade payables and other provisions, liabilities	17.9	-7.1
Interest received	0.1	0.1
Interest paid	-1.0	-0.6
Cash provided by/used for (-) operating activities	**3.1**	**-12.6**
Investment activities		
Acquisition of fixed assets	-14.0	-4.0
Cash provided by investment grants/subsidies	1.1	0.0
Cash provided by disposals of fixed assets	0.0	0.0
Cash used for investment activities	**-12.9**	**-4.0**
Financing activities		
Cash provided by/used for (-) long-term bank loans	0.0	0.0
Cash provided by/used for (-) short-term bank loans	2.8	4.5
Cash provided by/used for (-) financial liabilities	12.2	-0.1
Cash provided by/used for (-) minority interests	0.0	0.0
Cash provided by/used for (-) financing activities	**15.0**	**4.4**
Net increase/decrease of liquid funds	**5.2**	**-12.1**
Cash and cash equivalents at the beginning of the reporting period	**3.6**	**14.2**
Cash and cash equivalents at the end of the reporting period	**8.8**	**2.0**
Composition of liquid funds at the end of the reporting period	**8.8**	**2.0**
Cash	8.8	2.0

Possible rounding differences.

CHANGES IN SHAREHOLDERS' EQUITY FROM 01 JANUARY – 30 JUNE 2009.

	Subscribed capital	Capital reserves	Retained earnings/ accumulated loss	Shareholders of Sunways AG	Minority interests	Consolidated shareholders' equity
	€ million	€ million	€ million	€ million	€ million	€ million
01/01/2008	11.4	36.0	-5.1	42.3	0.0	42.3
Convertible bonds	0.2	0.7	0.0	0.9	0.0	0.9
Changes related to share options pursuant to IFRS 2 (expense related to employee options)	0.0	0.2	0.0	0.2	0.0	0.2
Changes in minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**0.0**	**0.0**	**0.7**	**0.7**	**0.0**	**0.7**
30/06/2008	**11.6**	**36.9**	**-4.4**	**44.2**	**0.0**	**44.2**
01/01/2008	11.4	36.0	-5.1	42.3	0.0	42.3
Convertible bonds	0.2	0.8	0.0	1.0	0.0	1.0
Changes in the equity component of convertible bonds (after tax)	0.0	0.1	0.0	0.1	0.0	0.1
Changes related to share options pursuant to IFRS 2 (expense related to employee options)	0.0	0.3	0.0	0.3	0.0	0.3
Changes in the market value of derivative financial instruments in hedge accounting	0.0	0.0	-0.3	-0.3	0.0	-0.3
Changes in minority interests	0.0	0.0	0.0	0.0	0.1	0.1
Net income	**0.0**	**0.0**	**-1.9**	**-1.9**	**-0.1**	**-2.0**
31/12/2008	**11.6**	**37.1**	**-7.3**	**41.4**	**0.0**	**41.4**
31/12/2008/01/01/2009	11.6	37.1	-7.3	41.4	0.0	41.4
Convertible bonds	0.0	0.0	0.0	0.0	0.0	0.0
Changes related to share options pursuant to IFRS 2 (expense related to employee options)	0.0	0.1	0.0	0.1	0.0	0.1
Changes in the market value of derivative financial instruments in hedge accounting	0.0	0.0	-0.4	-0.4	0.0	-0.4
Changes in minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**0.0**	**0.0**	**-4.2**	**-4.2**	**0.0**	**-4.2**
30/06/2009	**11.6**	**37.2**	**-11.9**	**36.8**	**0.0**	**36.8**

Possible rounding differences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (IFRS) AS OF 30 JUNE 2009 (NOTES).

A. General information, preparation principles and premises.

These abridged consolidated interim financial statements relate to Sunways AG and its subsidiaries (hereinafter referred to as "Sunways" or the "Group"). Sunways prepared its consolidated interim financial statements in conformity with the International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB) and their interpretations as adopted by the European Union (EU).

The Group's interim financial statements were drawn up in Euros (€). Sunways is a company of the photovoltaics industry domiciled in Germany and mainly active in Germany and Europe.

The consolidated interim financial statements were prepared in an abridged form and in conformity with IAS 34 "Interim financial reporting". They do not include all information required for purposes of consolidated financial statement as of the fiscal year's end and should, therefore, be read in conjunction with the consolidated financial statements in accordance with IFRS published by Sunways for the fiscal year 2008. The accounting and valuation principles applied by the Group in the context of these interim financial statements generally correspond to those applicable to the consolidated financial statements as of 31 December 2008. In addition, the standards and interpretations initially to be complied with as from 1 January 2009 were observed. Material changes relating to the Group are briefly described below:

In line with the revised version of IAS 1 "Presentation of financial statements", the consolidated interim financial statements, in addition to the income statement, for the first time contain a separate statement of income and expenses recognized in consolidated shareholders' equity. Such statement of income and expenses recognized in consolidated shareholders' equity reports the result for the period as well as all changes in shareholders' equity not affecting income during the period that did not result from transactions with shareholders in their capacity as such.

IFRS 8 "Operating segments" was applied for the first time. IFRS 8 replaces IAS 14 "Segment Reporting" and its application is mandatory for listed companies only. It provides for the identification of operating segments based on an internal management approach and involves additional reporting requirements.

IFRIC 13 "Customer loyalty programs" was also applied for the first time. IFRIC 13 regulates the treatment of customer loyalty programs. Loyalty award credits under these programs now are no longer treated as expense items but have to be carried as deferred revenues until award credits are redeemed. Sunways initially adopted such a program in the first half-year 2009.

The remaining newly applicable standards and interpretations did not result in any material accounting and valuation changes.

From management's point of view, these consolidated interim financial statements include all adjustments normally to be made on an ongoing basis to present a true and fair view of the Company's course of operations in the reporting periods. The results generated in the first half of the fiscal year 2009 are not necessarily indicative of the further development of operations.

Estimates and assumptions have to be made by management in connection with the preparation of the consolidated interim financial statements. Such estimates and assumptions affect the amounts of assets, debts and contingent liabilities reported as of the balance sheet date as well as those of income and expense items in the reporting period. Actually incurred amounts may vary from such estimates.

Income tax expenses in the interim financial statements were calculated on the basis of the expected income tax rate for the entire fiscal year.

These consolidated interim financial statements have not been audited or reviewed by an independent auditor.

B. Information on the consolidation scope and methods.

In addition to Sunways AG, all subsidiaries in which Sunways AG, directly or indirectly, holds the majority of voting rights or whose financial and business policies are determined by Sunways AG were included in the consolidated financial statements. No changes in the scope of consolidation arose as of 30 June 2009 compared to the consolidated financial statements in accordance with IFRS as of 31 December 2008.

Significant inter-company profits and loss, sales, expenses and income as well as any receivables and payables existing between consolidated companies are netted. The results of inter-company services are eliminated.

Deferred taxes with respect to consolidation procedures are reported to the extent that the difference in tax expense is expected to be offset in subsequent fiscal years.

C. Notes to the consolidated balance sheet.

1. Liquid funds.

	30/06/2009	31/12/2008
	€ million	€ million
Liquid funds	8.8	3.6

Due to our active controlling and our optimization of working capital, liquid funds increased by € 5.2 million against 31 December 2008. Changes in liquid funds are shown in the cash-flow statement. Liquid funds are composed of cash and bank balances.

2. Trade receivables, prepayments and accrued income as well as other current assets.

	30/06/2009	31/12/2008
	€ million	€ million
Trade receivables	**19.6**	**5.2**
Financial assets		
Short-term portion of financial assets	**0.4**	**0.4**
Other assets		
Turnover tax receivable	0.4	1.1
Tax refund claims	0.2	0.2
Prepayments and accrued income	0.4	0.2
Grants and subsidies	6.0	0.0
Other	0.1	0.7
Sub-total	**7.1**	**2.2**
Total	**27.1**	**7.8**

Possible rounding differences.

Trade receivables increased by € 14.4 million since 31 December 2008. This rise, on the one hand, was due to increased sales in the second quarter. On the other hand, longer payment periods were granted to individual customers. The increase in other assets was mainly ascribed to subsidies amounting to € 6.0 million in relation to investments for the expansion of the Arnstadt solar cell production plant.

3. Inventories.

	30/06/2009	31/12/2008
	€ million	€ million
Raw materials and supplies	3.7	4.8
Work in progress	1.4	3.1
Finished goods and merchandise	19.4	16.8
Prepayments made	20.2	22.4
Total	**44.7**	**47.1**

Inventories declined by a total of € 2.4 million in comparison to 31 December 2008.

The decrease in raw materials and supplies (by € 1.1 million), work in progress (by € 1.7 million) as well as prepayments made (by € 2.2 million) was offset by a balance sheet date related increase in finished goods and merchandise (by € 2.6 million).

4. Tangible fixed assets.

Significant additions to tangible fixed assets related to the expansion of the Arnstadt production plant. New production lines at total acquisition costs of € 16.8 million were capitalized in the first half of 2009. Other additions related to the supply of chemicals for the machines at the Constance plant as well as to furnishings and fixtures. These additions mainly related to an expansion of laboratory equipment, additional EDP equipment (hardware) as well as other office and storage furnishings.

5. Intangible assets.
As of 30 June 2009, capitalized development activities totaled € 1.5 million. Pursuant to IAS 38, development costs for new products in the amount of € 0.2 million were capitalized in the period under review. Such capitalized development costs mainly related to the further development of and additions to the inverter product family. Amortization of capitalized development costs in the first half of 2009 amounted to € 0.3 million.

Other additions mainly related to EDP software.

6. Other non-current assets.
Other non-current assets exclusively related to financial receivables.

7. Deferred taxes.
Mainly deferred tax assets in relation to existing loss carryforwards are reported under this item.

8. Bonds.
This item comprises the convertible bonds issued by the Company on 15 October 2004. No bonds were converted into shares in the first half-year 2009.

9. Short-term loans and current portion of long-term loans.
As of 30 June 2009, credit facilities made available by several banks amounted to € 16.0 million (31 December 2008: € 13.0 million). The Company assigned further accounts receivable to secure the credit facilities agreed in the first half-year 2009.

10. Current liabilities and provisions.
The rise in trade payables by € 17.8 million, in addition to the increased business volume, also resulted from the expansion of the Arnstadt production plant.

Provisions increased by € 1.0 million against 31 December 2008. This rise was mainly due to increased provisions with respect to personnel expenses, warranties and outstanding invoices.

11. Long-term liabilities.
Other long-term liabilities included long-term bank loans (€ 3.7 million) to finance the expansion of production facilities in Arnstadt as well as the long-term portion of liabilities under lease purchases in the amount of € 10.0 million. The long-term loans and the long-term portion of liabilities under lease purchases of € 9.6 million are in conjunction with the production expansion in Arnstadt. Reference is made to item C 4 in this context.

12. Deferred investment grants.
Deferred investment grants related to government subsidies in connection with the erection and expansion of the solar cell production plant of Sunways Production GmbH in Arnstadt, Thuringia. The deferred item will be amortized affecting net income over the expected useful life of the subsidized assets.

A deferred item of € 7.1 million was newly added in the first half-year 2009. This amount related to buildings and machinery in Arnstadt commissioned in connection with the expansion of the production plant. Income resulting from the amortization of this deferred item on the liabilities side amounted to € 0.7 million in the first half-year 2009.

13. Shareholders' equity.

Subscribed capital. Reference is made to "changes in shareholders' equity". There were no changes in subscribed capital in the first half-year 2009.

Authorized capital. By resolution of the general meeting on 17 June 2009, the formerly existing authorized capital of € 5,600,000.00 was cancelled. Furthermore, the general meeting resolved to create new authorized capital. The Management Board was authorized, with the consent of the Supervisory Board, to increase the Company's nominal capital by up to a total of € 5,790,000.00 through the issuance of new shares to bearer against cash and/or in-kind contributions by 15 June 2014.

The Management Board was authorized, with the consent of the Supervisory Board, to exclude shareholders' statutory preemptive rights

- with respect to share fraction amounts;
- in the event of capital increases against in-kind contribution for the granting of shares, in particular also for the purpose of acquiring any companies or parts thereof or holdings therein;
- in the event of a capital increase against cash contribution, if the total prorated amount of nominal capital attributable to the new shares for which the preemptive right is excluded does not exceed 10 % of the nominal capital at the time the resolution on the utilization of authorized capital is passed and the issue price is not significantly lower than the price quoted on the stock exchange. For purposes of this limit of 10 % of the nominal share capital, any shares shall be taken into account (i) that are issued or sold, excluding preemptive rights, during the term of this authorization through direct or mutatis mutandis application of § 186 subparagraph 3 sentence 4 of the Stock Corporation Act (AktG) or (ii) that are or may be issued to satisfy bonds with conversion and/or share option rights to the extent that the bonds are issued, excluding preemptive rights of shareholders, after the effective date of this authorization through mutatis mutandis application of § 186 subparagraph 3 sentence 4 of the Stock Corporation Act (AktG);
- in the event of a capital increase for the issuance of employee shares, if the total prorated amount of nominal capital attributable to the new shares for which the preemptive right is excluded does not exceed 10 % of the nominal capital as of the issue date.

The Management Board was authorized, with the consent of the Supervisory Board, to determine further details relating to the implementation of capital increases from authorized capital.

Conditional capital. Also by resolution of the general meeting of 17 June 2009, the Company's nominal capital was conditionally increased by up to € 350,000.00 (conditional capital V) through the issuance of up to 350,000 new bearer shares in the Company with profit entitlement as from the beginning of the fiscal year in which they are issued. The conditional capital V serves to satisfy exercised share options granted under the Sunways Long Term Incentive Plan 2009 pursuant to the authorization by the general meeting of 17 June 2009. The conditional capital increase will only be implemented to the extent that share options are issued and the holders of such share options exercise their rights to subscribe for the Company's shares and the Company does not grant either treasury shares or a cash compensation to satisfy such share options. The new shares will participate in the Company's profit as from the beginning of the fiscal year in which they are issued. The Supervisory Board was authorized to modify the wording of the articles of incorporation to reflect the amount of any capital increase from the conditional capital V.

Otherwise reference is made to the relevant information with respect to subscribed capital set forth in the consolidated financial statements of Sunways AG as of 31 December 2008.

Capital reserves. Changes in capital reserves are shown in the table below:

	Capital reserves
	€ million
As of 1 January 2009	37.1
Changes related to share options pursuant to IFRS 2 (expense related to employee options)	0.1
As of 30 June 2009	**37.2**

Otherwise reference is made to "Changes in shareholders' equity".

Minority interests. In June 2008, MHH France S.A.S in Toulouse, France, was established as a 90 % subsidiary of MHH Solartechnik GmbH, Tübingen. The remaining 10 % of its shares held by management are reported as minority interests under shareholders' equity.

Share option schemes.

Long Term Incentive Plan 2006. 294,687 share options were issued so far under the existing Long Term Incentive Plan 2006, thereof 36,667 to Management Board members. As of 30 June 2009, a total of 62,900 share options had lapsed, thereof 10,000 share options granted to Management Board members, so that 231,787 share options may still be exercised. Pursuant to IFRS 2, the share options are carried at the fair value of the options issued and recognized under personnel expenses as well as in the form of a corresponding increase in capital reserves.

Personnel expenses of € 0.1 million were reported in the period under review with respect to share options already issued.

The business success of Sunways AG largely depends on the long-term commitment of its employees. In order to motivate its employees in the long run and to have them participate in the Company's success, the first employee incentive plan was adopted in 2000. In 2009, the new Long Term Incentive Plan 2009 was added to the existing schemes.

Long Term Incentive Plan 2009. By resolution of the annual general meeting on 17 June 2009, conditional capital of € 350,000 was created to grant share options under the newly adopted Sunways Long Term Incentive Plan 2009. The Company's Management Board members, the managing directors of associated companies as well as other employees of the Company and its associated companies are entitled to participate in the Sunways Long Term Incentive Plan 2009. The Management Board was authorized, with the consent of the Supervisory Board, to issue share options with a maturity of up to ten years for up to 350,000 non-par value shares to bearer in the Company under the Sunways Long Term Incentive Plan 2009 by 16 June 2014 to individuals falling into any of the groups of persons specified above. Each share option shall entitle the holder to subscribe for one share. The total number of share options shall be allocated as follows:

- up to 275,000 share options to the Company's current and future Management Board members;
- up to 50,000 share options to the current and future employees of the Company and its associated companies;
- up to 25,000 share options to the executives of the Company's associated companies in Germany and abroad.

Share options may be allocated

- within 45 days after the date on which the (final) result for the past fiscal year has been published or
- in each case within 45 days from the date on which the (final) result for the first, second or third quarter of the current fiscal year has been published.

The exercise price of the shares shall equal the average of the closing prices of the share on the electronic trading system Xetra or any relevant successor system on the ten trading days preceding the date on which the share options are granted (allocation date) but must not be less than the proportional amount of nominal capital attributable to one non-par value share. § 9 subparagraph 1 of the Stock Corporation Act (AktG) shall remain unaffected.

The exercise of share options is conditional upon the performance target being achieved. The performance target will be achieved when the price of the shares of Sunways AG in the Xetra trading on the Frankfurt Stock Exchange exceeds the exercise price by at least 25 % on the last ten trading days before the share option is exercised.

To the extent that the nominal capital is increased, e. g. through the issuance of new shares or any other similar corporate action, the Company may, at its absolute discretion and subject to § 9 subparagraph 1 of the Stock Corporation Act (AktG), adjust the exercise price.

50 % of the share options granted to each individual eligible person on the occasion of any allocation may be exercised two years after the issue date, at the earliest (vesting period 1). The remaining 50 % of the share options granted to each individual eligible person may be exercised three years after the issue date, at the earliest (vesting period 2).

Share options must not be exercised during the period from the 10^{th} trading day preceding the end of any quarter up to the end of the first trading day following the publication of the (final) result for the relevant quarter and during the period from the 10^{th} trading day preceding the end of the relevant fiscal year up to the end of the first trading day following the publication of the (final) result for the past fiscal year (restricted periods).

Share options may only be exercised by the eligible persons themselves. This also applies where share options are held by a credit institution with the obligation to transfer them to the individual eligible person in accordance with the Company's instructions. Any disposal of the share options shall be excluded; in particular, they are non-negotiable. The share options are, however, heritable.

The Management Board was authorized to determine the further details relating to the issuance of shares from the conditional capital V and the further terms and conditions of the share option scheme, including the conditions of the options, for the eligible groups of persons. In derogation thereof, any relevant decisions relating to the Company's Management Board members shall be made exclusively by the Supervisory Board. These further details include in particular the provisions relating to the allocation of share options among the groups of eligible persons, the issue date within the period specified, the process of allocation to the individual eligible persons and the exercise of share options as well as special provisions with respect to the treatment and exercise of share options upon the eligible person's resignation from the Company or any Group company as well as in the event of any change of control. Share options cancelled or returned to the Company upon termination of the eligible person's employment with the Company or any associated company shall be deemed not granted.

With respect to the already existing share option schemes, reference is made to the relevant information set forth in the consolidated financial statements of Sunways AG as of 31 December 2008.

No new share options were issued under existing share option schemes in the period under review.

D. Notes to the consolidated income statement.

Comparative data relate to the period from 1 January to 30 June 2008.

1. Sales.

Sales increased by 16 % against the prior year comparative period. In the first half-year 2008, sales of € 1.9 million related to the recognition of long-term construction contracts in accordance with the percentage of completion method pursuant to IAS 11. With respect to the breakdown of sales, reference is made to the information set forth under "Segment reporting".

2. Other operating income.

Other operating income largely relates to the dissolution of deferred investment grants affecting net income, the reversal of provisions affecting net income as well as to income from derivative financial instruments.

	30/06/2009	30/06/2008
	€ million	€ million
Amortization of investment grants	0.7	0.5
Income from exchange rate differences	0.1	0.1
Income from the reversal of provisions	0.2	0.0
Reversal of bad debt allowances	0.1	0.0
Income from derivative financial instruments	0.1	0.0
Other	0.1	0.2
Total	**1.3**	**0.8**

3. Personnel expenses.

Personnel expenses rose by € 2.4 million against the first half of 2008. This increase mainly related to new recruitments in connection with the expansion of the Arnstadt production plant as well as new staff for the distribution and administrative areas. A total of 38 new employees were hired in the first six months of 2009.

Personnel expenses in the first half-year 2009 included expenses of € 0.1 million with respect to share options issued under the outstanding share option schemes.

4. Depreciation and amortization.

Depreciation and amortization comprised scheduled depreciation of tangible fixed assets as well as scheduled amortization of intangible assets. There was no non-scheduled depreciation or amortization during the period under review. Amortization of capitalized research and development costs as of 30 June 2009 amounted to € 0.3 million (prior year period: € 0.2 million). In all, depreciation and amortization increased by € 0.4 million against the prior year period. This rise was due to the commissioning of new production lines for the manufacture of solar cells at the Arnstadt site.

5. Other operating expenses.

Other operating expenses included mainly premises and operating costs as well as administrative and distribution costs. The increase in other operating expenses by € 2.7 million against the prior year period mainly resulted from intensified advertising and distribution activities, higher operating costs relating to the increased number of units produced in Arnstadt as well as a rise in administrative costs.

	30/06/2009	30/06/2008
	€ million	€ million
Premises and operating costs	2.4	1.8
Distribution costs	3.7	2.3
External research and development costs	0.2	0.2
Expenses relating to operating leases	0.1	0.2
Other	3.5	2.7
Total	**9.9**	**7.2**

6. Interest expenses.

The increase in interest expenses by € 0.6 million was primarily due to the expansion of the Arnstadt production plant. In accordance with IFRS, interest expenses include additional expenses relating to the debt component of the convertible bonds as well as the transaction costs incurred in connection with the issue of the convertible bonds and expenses in respect of financial derivatives.

7. Taxes on income.

Taxes on income included the full amount of deferred taxes pursuant to IAS 12. The determination of deferred taxes was based on a tax rate of 28.25 %.

8. Consolidated net income/loss.

A consolidated net loss of € 4.2 million was reported as of 30 June 2009.

E. Changes in shareholders' equity.

Changes in shareholders' equity during the past reporting period are set forth in the table "Changes in shareholders' equity".

F. Earnings per share.

	01/01/ – 30/06/2009	01/01/ – 30/06/2008
Result for the period/€ million	-4.2	0.7
Number of shares (weighted)	11,588,450	11,399,580
Earnings per share/€	**-0.36**	**0.06**

The figures presented correspond to the undiluted earnings per share within the meaning of IAS 33 ("basic earnings per share"). As the calculation of diluted earnings does not result in any material changes, no relevant figures are presented in accordance with IAS 33.

G. Notes to the consolidated cash-flow statement.

The consolidated cash-flow statement shows how the Group's cash changed over the course of the reporting period as a result of the inflow and outflow of funds. In accordance with IAS 7 (Cash-flow statements), a distinction is made between cash-flows from operating, investing and financing activities. The liquid funds shown in the cash-flow statement include cash in hand, checks, cash at bank and marketable securities.

H. Subsequent events.

No other reportable circumstances arose prior to the preparation of the interim financial statements.

I. Related-party transactions.

There were no major related-party transactions in the past reporting period.

Financial calendar 2009.

13 November 2009	Interim financial statements as of 30 September 2009

Subject to changes.

This quarterly report is also available in the German original.

The German and English versions, annual reports as well as current events and information are available at our homepage (www.sunways.de).

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Forward-looking statements in this quarterly report.

This quarterly report includes statements relating to the future business development of Sunways AG that are based on assumptions and estimates made by management at the time of printing. Should the assumptions underlying these prognoses not eventuate, actual results may vary substantially from the forecasts. Uncertainties include inter alia changes in the political, legal, economic and business environment, exchange and interest rate fluctuations as well as the behavior of competitors and other market participants. We neither intend nor assume any obligation to update forward-looking statements on an ongoing basis as these are based exclusively on the circumstances prevailing on the date of publication.