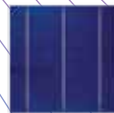
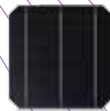


QUARTERLY REPORT

Q2/10

APRIL – JUNE 2010



sunways
Photovoltaic Technology

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GROUP MANAGEMENT REPORT AS OF 30 JUNE 2010

PRELIMINARY REMARK.

At the beginning of the current fiscal year, Sunways AG subdivided its reporting activities for the solar systems segment into the two product groups "solar modules" and "solar inverters." From 2010 onwards, the detailed information presented by Sunways AG on its business operations is divided into three business divisions: solar cells (development, production and distribution of solar cells), solar modules (distribution of solar modules and projects) as well as solar inverters (development, production and distribution of inverters). The 2009 segment figures for the comparative periods were adjusted accordingly.

Changes were also made in the solar cell segment. As from 2010, Sunways AG accounts for solar cells used in the production of its own modules at intercompany transfer prices customary in the market. The high Sunways-specific selling prices in the cell segment are no longer suitable for a market comparison appraisal of the solar modules segment.

MAJOR EVENTS IN THE SECOND QUARTER 2010 COMPARED TO THE PRIOR YEAR QUARTER

- SALES ROSE BY 19.6 %
- EBIT MARGIN IMPROVED TO 7.7 %
- SALES VOLUMES REACHED NEW RECORD LEVELS ACROSS ALL SEGMENTS

Business operations.

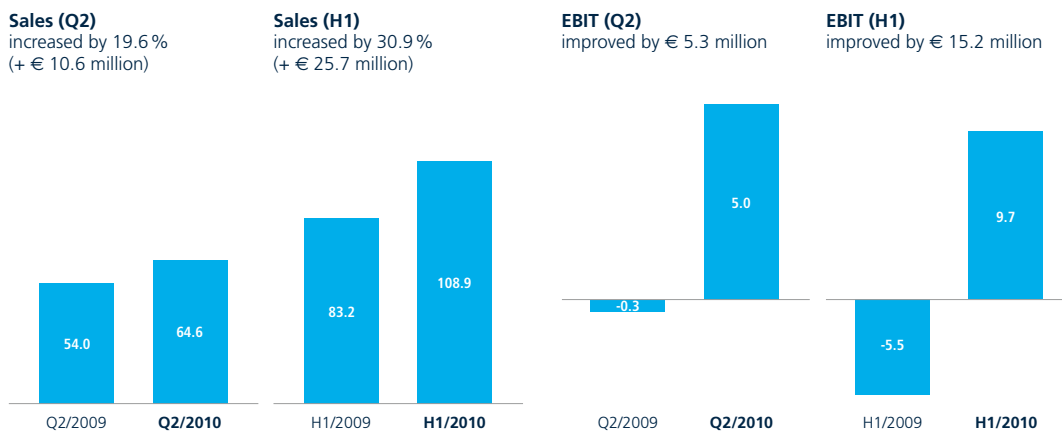
In the second quarter 2010, Sunways AG sustained the profitable corporate growth of the preceding quarters: in addition to markedly increased sales volumes and sales revenues, the significantly improved profitability compared to the second quarter 2009 is a main indicator of the success achieved through the consistently implemented strategic realignment. The international business again increased in importance; Sunways AG's sales rose substantially against the second quarter 2009, primarily in Italy and Spain. The solar module and solar inverter business in Germany recorded an over-proportionate growth supported by the meanwhile adopted reduction of feed-in tariffs as of 1 July 2010. The overall increase in the demand for Sunways products in the first half of the year was partly due to pull-forward effects in connection with the announced reduction of feed-in tariffs; investments, which had been postponed in the wake of the economic crisis, were however made simultaneously. Other important factors affecting the development of the business in the reporting period were the rising purchase prices for wafers as well as the global shortage of electronic components for the production of inverters. In this environment, Sunways AG was able to further increase consolidated sales and earnings during the second quarter of 2010 while placing in the market the highest sales volumes in its corporate history in all three product segments. In this context, the Sunways solar inverters proved to be a major asset to the product portfolio.

In the second quarter 2010, consolidated sales rose by 19.6 % against the prior year to € 64.6 million (Q2/2009: € 54.0 million). The operating result (EBIT), at € 5.0 million, markedly rose against the second quarter of the prior year (Q2/2009: € -0.3 million). This significant increase in earnings at the group level was based on the markedly improved gross profit margin which rose from 18.4 % in the second quarter 2009 to 27,3 % in the quarter under review. The EBIT margin amounted to 7.7 %. After-tax earnings increased even more sharply: at € 3.5 million in the second quarter 2010, they rose by € 3.4 million against the prior year period (Q2/2009: € 0.1 million). Earnings per share in the second quarter 2010 were € 0.30 (Q2/2009: € 0.01).

Consolidated sales for the 6-month period amounted to € 108.9 million and thus increased by 30.9 % against the first half-year 2009 (H1/2009: € 83.2 million). EBIT rose from € -5.5 million in the first six months of 2009 by € 15.2 million to € 9.7 million in the first half-year 2010. At 26.3 %, the gross profit margin also reached a very attractive level; the EBIT-margin reached 8.9 % in the first six months of the current year. This positive trend also extended to consolidated net income which amounted to € 5.6 million in the first half-year 2010 and thus exceeded the comparable prior year figure by € 9.8 million (H1/2009: € -4.2 million). Earnings per share in the first half-year amounted to € 0.48 (H1/2009: € -0.36).

In the period under review, there were no major changes in risks and opportunities compared to those described in the 2009 annual report.

GROUP DEVELOPMENT IN € MILLION



Possible rounding differences.

In the second quarter 2010, € 51.7 million or just under 80 % of sales were generated in Germany. Thus Germany continued to be Sunways AG's most important market. In other European countries, the sales of Sunways AG rose by 33 % to € 7.2 million (Q2/2009: € 5.4 million) in the second quarter 2010. The continuous and sustainable efforts of Sunways AG in the Italian and Spanish core markets resulted in extraordinary increases in sales: sales generated in Italy amounted to € 2.0 million, a 185 % rise against the second quarter of the previous year. Sales generated in Spain, at € 3.9 million, increased more than tenfold against the level reported in the second quarter 2009. Furthermore, due to a major cell production order for a Chinese customer, the business volume in Asia increased to € 5.8 million between April and June 2010. All in all, the international portion of Sunways AG's sales during the months of April through June 2010 doubled to 20 % compared to the second quarter 2009.

In combination with the strong growth already achieved in the first three months of 2010, the overall semi-annual development in 2010 is even more positive: sales generated in European countries outside Germany nearly doubled to € 14.2 million. Sales generated in Italy, which more than tripled, made a major contribution to this success; sales generated by our Spanish branch office grew by almost 800 %. Sales in the Asian region rose to € 5.8 million and thus increased approximately sixfold against the first half-year 2009.

SALES BY REGION

	Q2/2010		Q2/2009		H1/2010		H1/2009	
	€ million	%	€ million	%	€ million	%	€ million	%
Germany	51.6	79.9	48.5	89.8	88.9	81.6	74.6	89.7
Rest of Europe	7.2	11.1	5.4	10.0	14.2	13.1	7.6	9.1
America	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Asia	5.8	9.0	0.1	0.2	5.8	5.3	1.0	1.2
Rest of world	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	64.6	100.0	54.0	100.0	108.9	100.0	83.2	100.0

Possible rounding differences.

Sunways AG used the cell and module inventories accumulated in the first quarter to meet the strong demand in the quarter under review. All inverters produced and available on stock could be sold by Sunways. However, the continuously high demand for inverters could not be satisfied – especially due to supply shortages on the global market for electronic components.

Inventories as of 30 June 2010 decreased by € 4.6 million against 31 March 2010. The liquidity situation also continued to improve during the second quarter 2010: the operating cash-flow as of 30 June 2010 amounted to € 8.5 million and thus rose by € 10.6 million against cash provided by operating activities in the first quarter 2010.

In addition, Sunways AG was able to reduce its current interest expenses in the second quarter 2010 by repaying an outstanding loan. Due to the high operating result, the net cash inflow in the second quarter amounted to € 5.8 million so that the net cash inflow in the first half-year 2010 totaled € 2.6 million. Liquid funds as of 30 June 2010 were € 24.5 million (31 December 2009: € 21.9 million). As of the end of the first half-year, shareholders' equity amounted to € 64.4 million (31 December 2009: € 58.6 million), i. e. about € 5.60 per share; thus the equity ratio was again 53%.

Segment reporting.

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. Segment assets generally comprise all directly attributable assets.

Sales reported refer to the Group's external sales. Intersegment sales generated in the reporting period between the solar cells and solar modules segments amounted to € 6.1 million (Q2/2009: € 0 million).

The following table shows the development of Sunways AG's sales and earnings:

	2 nd quarter 2010					2 nd quarter 2009				
	Solar cells	Solar modules	Solar inverters	Consolidation	Total	Solar cells	Solar modules	Solar inverters	Consolidation	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales	31.1	29.7	9.8	-6.1	64.6	36.3	14.6	3.1	0.0	54.0
EBITDA	5.5	0.8	0.3	0.0	6.6	3.9	-1.2	-1.5	0.0	1.2
Depreciation and amortization	-1.3	-0.1	-0.2	0.0	-1.6	-1.2	-0.1	-0.2	0.0	-1.5
EBIT	4.2	0.7	0.1	0.0	5.0	2.7	-1.3	-1.7	0.0	-0.3
Investments	0.6	0.0	0.2	0.0	0.8	13.0	0.0	0.1	0.0	13.1

Possible rounding differences.

	1 st half-year 2010					1 st half-year 2009				
	Solar cells	Solar modules	Solar inverters	Consolidation	Total	Solar cells	Solar modules	Solar inverters	Consolidation	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales	52.9	48.4	18.9	-11.3	108.9	55.2	22.5	5.5	0.0	83.2
EBITDA	9.7	1.6	1.5	0.0	12.8	2.2	-2.7	-2.4	0.0	-2.9
Depreciation and amortization	-2.7	-0.1	-0.3	0.0	-3.1	-2.1	-0.1	-0.4	0.0	-2.6
EBIT	7.0	1.5	1.2	0.0	9.7	0.1	-2.8	-2.8	0.0	-5.5
Investments	1.2	0.0	0.4	0.0	1.6	13.5	0.0	0.3	0.0	13.8

Possible rounding differences.

	30/06/2010				31/12/2009			
	Solar cells	Solar modules	Solar inverters	Total	Solar cells	Solar modules	Solar-inverters	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Segment assets	79.9	8.5	8.0	96.4	68.6	11.5	5.5	85.6

Possible rounding differences.

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

RECONCILIATION OF TOTAL SEGMENT EARNINGS (EBIT) TO CONSOLIDATED NET INCOME/LOSS

	2 nd quarter 2010	2 nd quarter 2009
	€ million	€ million
Total EBIT (segments)	5.0	-0.3
Net interest income	-0.2	-0.5
Earnings before taxes	4.8	-0.8
Taxes on income	-1.2	-0.1
Earnings after taxes – continuing operations	3.5	-0.9

Possible rounding differences.

	1 st half-year 2010	1 st half-year 2009
	€ million	€ million
Total EBIT (segments)	9.7	-5.5
Net interest income	-0.5	-1.0
Earnings before taxes	9.2	-6.6
Taxes on income	-2.5	1.6
Earnings after taxes – continuing operations	6.7	-5.0

Possible rounding differences.

RECONCILIATION OF SEGMENT ASSETS TO TOTAL GROUP ASSETS

	30/06/2010	31/12/2009
	€ million	€ million
Total segment assets	96.4	85.6
Liquid funds	24.5	22.0
Deferred tax assets	1.3	2.8
Tax receivable	0.0	0.0
Total assets	122.2	110.4

Possible rounding differences.

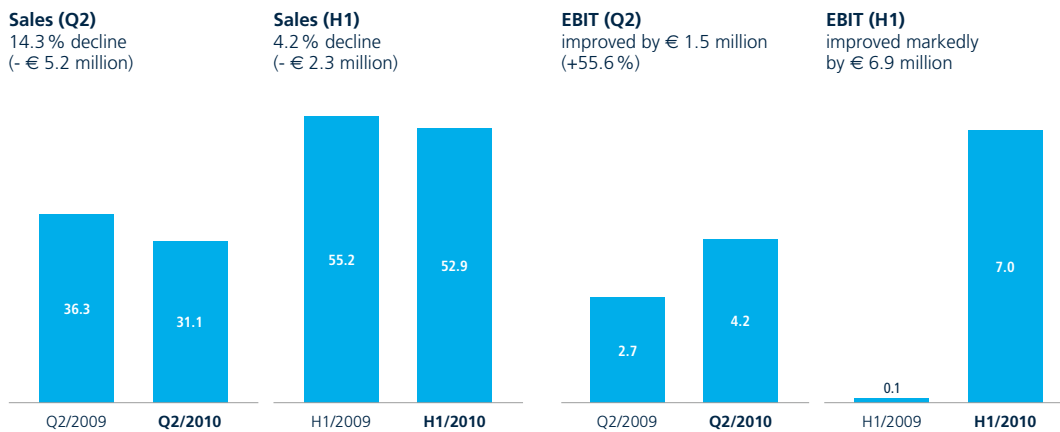
Solar cells. Sales in the solar cells segment declined against the second quarter 2009 by 14.3% to € 31.1 million (Q2/2009: € 36.3 million). This was due, on the one hand, to the modified settlement of intersegment sales with the solar modules segment and, on the other hand, a major contract manufacturing order from a Chinese customer with provided material. However, the segment's operating result (EBIT) rose significantly against the second quarter 2009 and amounted to € 4.2 million (Q2/2009: € 2.7 million) in the reporting period. The EBIT margin increased to 13.5% (Q2/2009: 7.4%). Sales between the solar cells and solar modules segments amounted to € 6.1 million in the second quarter 2010. A demand-related rise in wafer prices on the spot market could only partially be passed on by Sunways to its cell customers. The depreciation of the Euro against the U.S. dollar also had a negative impact on purchase prices in the quarter under review.

In the second quarter 2010, Sunways AG sold a cell capacity of 30.7 megawatts peak, a figure unprecedented in the company's history. Production capacities in Arnstadt and Konstanz were fully utilized from April through June 2010. Solar cells with a total capacity of 27.8 megawatts peak were produced. Inventories built up in the first quarter in view of the strong demand expected later in the year were largely sold during the quarter under review. The contract manufacturing order referred to above and awarded to us due to our production quality (above-average efficiency rates of silicon solar cells) and cost structures also contributed to this high capacity utilization rate – a proof of our strong competitive position.

In the first half-year 2010, sales declined by 4.2 % to € 52.9 million (H1/2009: € 55.2 million). EBIT of € 7.0 million markedly exceeded the comparable figure for the first six months of the prior year (H1/2009: € 0.1 million). The EBIT margin in the first six months of the current year reached 13.2 %.

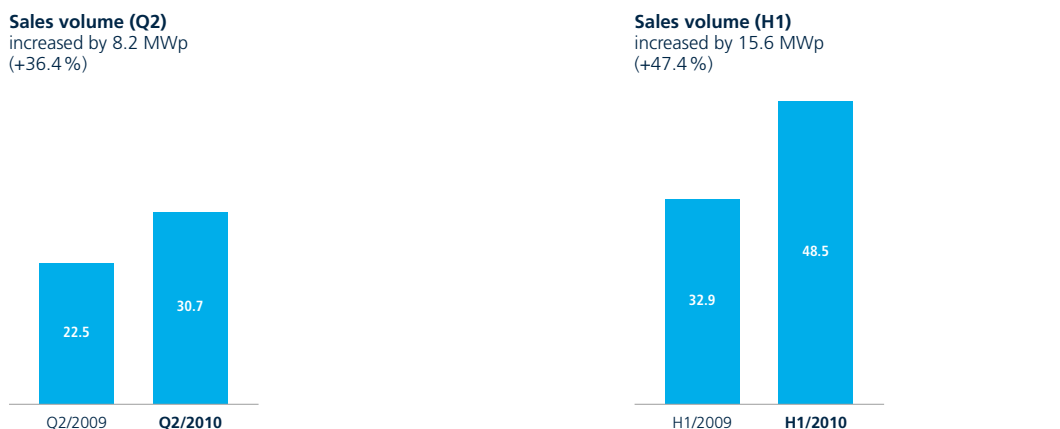
Investments in the solar cell segment in the second quarter 2010 amounted to € 0.6 million. This corresponds approximately to the investment volume of the first three months. Investments mainly related to process technology at the Arnstadt plant. Segment investments during the second quarter 2009 amounted to € 13.0 million due to the expansion of the production unit at Sunways Production GmbH.

SOLAR CELLS: DEVELOPMENT OF SALES AND EARNINGS IN € MILLION



Possible rounding differences.

SOLAR CELLS: SALES VOLUME DEVELOPMENT IN MWp



Possible rounding differences.

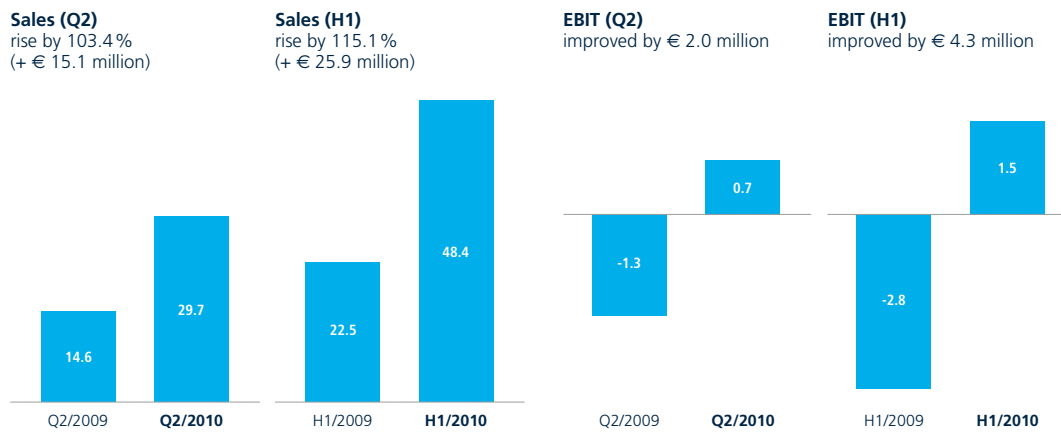
Solar modules. Sunways AG subdivided its reporting activities for the former solar systems segment into two product divisions, i. e. "solar modules" and "solar inverters." Therefore, developments in the module and inverter business are reported separately as from the first quarter 2010.

In the solar modules division, Sunways AG continued along its successful path in the second quarter 2010: sales doubled compared to the prior year period and reached € 29.7 million (Q2/2009: € 14.6 million). The sales volume of solar modules increased significantly from 5.9 megawatts peak in the second quarter 2009 to 16.0 megawatts peak in the quarter under review. Thanks to the additional module manufacturing capacities available since the beginning of the current year, Sunways AG sold about 70,000 Sunways solar modules in the second quarter – the largest module sales volume so far within a quarter. Module sales in Germany reported a particularly positive development – a 150 % increase against the prior year period. The solar module segment's profitability in the reporting period also markedly exceeded that of the second quarter 2009. Sales revenues doubled and gross profit quadrupled. EBIT increased markedly and amounted to € 0.7 million (Q2/2009: € -1.3 million) in the second quarter 2010. Selling prices remained largely stable during the period under review.

Sales for the six-month period rose by 115 % to € 48.4 million (H1/2009: € 22.5 million). EBIT turned positive from € -2.8 million in the first half-year 2009 to reach € 1.5 million in the first six months of 2010 – an increase by € 4.3 million. As of 30 June, capacities sold in the first half-year 2010 of 26.1 megawatts peak by far exceeded the sales volume for the entire year 2009 of 25.3 megawatts peak. Thus Sunways AG is well positioned to reach its goal, i. e. to double module sales in the fiscal year 2010 compared to the prior year.

In the second quarter 2010, no investments were made in the solar modules segment.

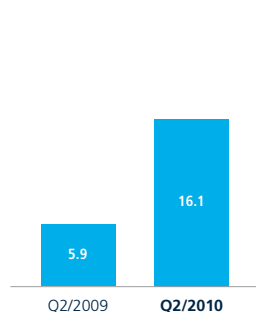
SOLAR MODULES: DEVELOPMENT OF SALES AND EARNINGS IN € MILLION



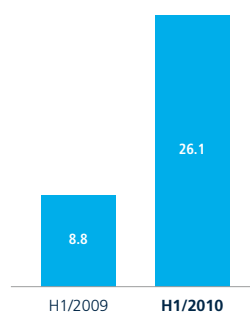
Rundungsdifferenzen sind möglich.

SOLAR MODULES: SALES VOLUME DEVELOPMENT IN MWp

Sales volume (Q2)
increased by 10.2 MWp
(+172.9%)



Sales volume (H1)
increased by 17.3 MWp
(+196.6%)



Possible rounding differences.

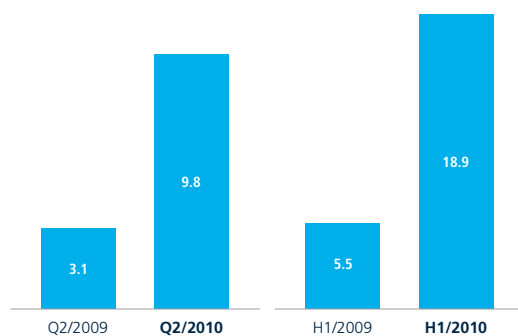
Solar inverters. In the solar inverters segment, the successful development also continued during the months of April through June: inverter sales more than tripled from € 3.1 million in the second quarter 2009 to € 9.8 million in the quarter under review. Sales volumes developed almost proportionately to sales. The sales volume of 39.3 megawatts peak in the second quarter 2010 corresponds to about 5,100 inverters (Q2/2009: 12.0 megawatts peak). Despite this gratifying rise in sales volume, the demand in the market could not be satisfied as desired. Several electronic components required for the production of inverters are currently not available in sufficient amounts in the world market – a situation affecting all manufacturers. Due to the limited supply of inverters in the market, prices have remained stable.

With sales of € 18.9 million compared to € 5.5 million in the first six months of 2009, the solar inverters segment was also extremely successful in the first half-year 2010. The inverter sales volume increased by a factor of 3.5 compared to the first half-year 2009 (H1/2010: 77.0 megawatts peak). EBIT rose by € 4.0 million from € -2.8 million in the first half of 2009 to a positive amount of € 1.2 million in the first six months of 2010.

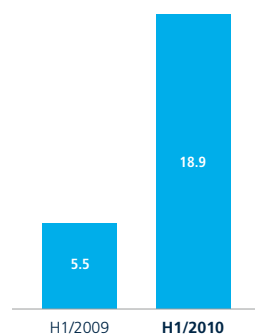
Investments in the solar inverters segment amounted to € 0.2 million in the second quarter 2010 and remained at the same level as in the first quarter.

SOLAR INVERTERS: DEVELOPMENT OF SALES AND EARNINGS IN € MILLION

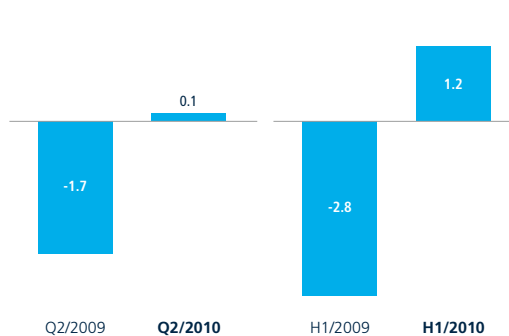
Sales (Q2)
rise by 216.1 %
(+ € 6.7 million)



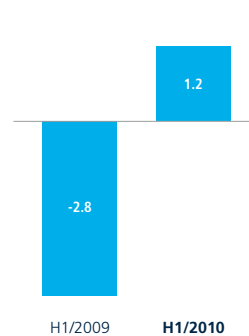
Sales (H1)
rise by 243.6 %
(+ € 13.4 million)



EBIT (Q2)
improved by € 1.8 million



EBIT (H1)
improved markedly
by € 4.0 million



Possible rounding differences.

SOLAR INVERTERS: SALES VOLUME DEVELOPMENT IN MWp

Sales volume (Q2)
increased by 27.3 MWp
(+227.5 %)

Sales volume (H1)
increased by 55.5 MWp
(+258.1 %)



Possible rounding differences.

Technology and products.

Sunways AG develops, produces and distributes silicon-based solar cells, solar modules and inverters with outstanding efficiency rates. Due to their above-average quality and efficiency, the photovoltaic components of Sunways AG are very popular with our discerning customers. In addition to components for traditional roof-mounted and free-standing systems, Sunways offers innovative photovoltaic solutions and products, e.g. for integration into buildings, allowing for maximum energy yield as well as perfect optical integration into the building envelope.

Research & development. One of the development objectives of Sunways AG is to continuously improve the efficiency rates of solar cells. Significant progress was achieved in this respect at the beginning of the current year in the context of a joint research project with the Institut für Solarenergieforschung (Institute for Solar Energy Research) Hameln (ISFH): the backside of monocrystalline prototypes in the 5-inch format was optimized so as to create cells with an efficiency rate of 19.1 % under conditions similar to those prevailing in the production process without changing the well-established screen-printing metallization process. A few days ago, Sunways AG announced that this optimization process has now also been successfully applied to monocrystalline prototypes in the 6-inch standard format to achieve efficiency rates of more than 19 %. Higher cell efficiency rates will lead to the production of solar modules with increased capacity. As of today, Sunways already offers its customers 60-cell solar modules with a capacity of up to 250 watts peak. Furthermore, permanent quality controls and the "LeistungPlus+" selection process ensure highest module efficiency. In this respect, Sunways offers an efficiency guarantee for a period of up to 25 years.

Within the framework of specialist conferences on the occasion of the "Photovoltaic Technology Show" held in Stuttgart in April 2010, experts of Sunways AG reported inter alia about the results of an international workshop held in Konstanz with the support of Sunways AG. At the Konstanz workshop, 190 participants from all over the world (scientists from research institutes, universities and industrial enterprises) addressed the metallization process, i.e. the installation of metal contacts for the conduction of electrical energy, an important step in the solar cell production process. During another specialist conference, technology and advantages of Sunways solar inverters were presented that received repeated awards in recent years. A special feature of Sunways solar inverters is the HERIC® technology developed by the Fraunhofer Institut für Solare Energiesysteme (Fraunhofer Institute for Solar Energy Systems) together with Sunways. In January 2010, for example, the NT 4200 inverter was awarded the excellent rating "A+" by the trade journal "Photon."

New products presented at the Intersolar 2010. Sunways AG presented new solar modules at the Intersolar Europe held in Munich in June, the leading trade exhibition for the solar industry worldwide. As the efficiency rates of Sunways solar cells have been increased further, higher capacity classes are made available: 250-watt peak monocrystalline solar modules and 245-watt peak multicrystalline solar modules. The company's frameless, design-oriented solar module for sophisticated architectural applications, the solar laminate SM 215L, is now also available with an in-roof mounting system; the water-resilient system thus may replace traditional roofing. At the trade fair, customers and other interested parties were able to satisfy themselves as to the system's easy installation. The module's 4-millimeter safety solar glass withstands mechanical loads up to 5,400 pascal as well as all kinds of weather conditions.

The three-phase NT 10000, NT 11000 and NT 12000 solar inverters, which have been available since May, were initially introduced at the Intersolar Europe. While the 10-kilowatt capacity class was entirely revised, the 11-kilowatt and 12-kilowatt classes were newly launched in the market. Trade show visitors were impressed with the further enhanced top efficiency rate of 97.6%, newly added connection options, simplified installation as well as the system's intuitive operation and control. In particular the integrated "all-in-one" communication system and the possibility to use the system throughout Europe at the touch of a button were well received by dealers and installers.

Building-integrated photovoltaics. In addition to new products in the area of Sunways solar modules and solar inverters, visitors at the Intersolar also had the opportunity to inform themselves about the broad range of building-integrated Sunways photovoltaic solutions. The "Future Cube," an innovative integrated building technology concept, met with great interest from architects and installers. Sunways is the photovoltaics partner in this sustainable construction joint venture of various companies initiated by Behnisch architects. Photovoltaics, daylight control, shading, efficient artificial lighting technology and air conditioning were integrated into this concept. Sunways provides individualizable design solar cells that are, on the one hand, integrated into the photovoltaic façade modules and, on the other hand, are a component of the anti-glare and redirection flaps in the building envelope; these latter automatically adjust to the position of the sun and thus serve to shade rooms as and when needed.

In May, Sunways AG promoted the first "Bodensee Symposium Architektur und Solartechnik" (Lake of Constance Architecture and Solar Technology Symposium), which is part of an international joint venture of the Constance University of Technology, Economics and Design, the University of St. Gallen, the Liechtenstein University, the Technical University of Rapperswil as well as the Zurich University of Applied Sciences. The project's objective is to promote the building integration of solar technology and, in particular, to combine function and design in this context. Building integrated photovoltaics (BIPV) means that traditional building materials are replaced by a multi-functional building envelope. The operating expenses of buildings are partly covered by generating electricity. The additional costs incurred may be expected to pay off in 10 to 20 years. Unlike the steadily rising construction costs, the costs relating to PV systems decline continuously. Therefore, photovoltaic façades may be more cost-efficient than traditional building materials a few years from now. In view of a sustainable energy supply, Sunways AG sees a significant future growth potential in this area as BIPV offers a unique opportunity to combine individual building design with renewable energy generation.

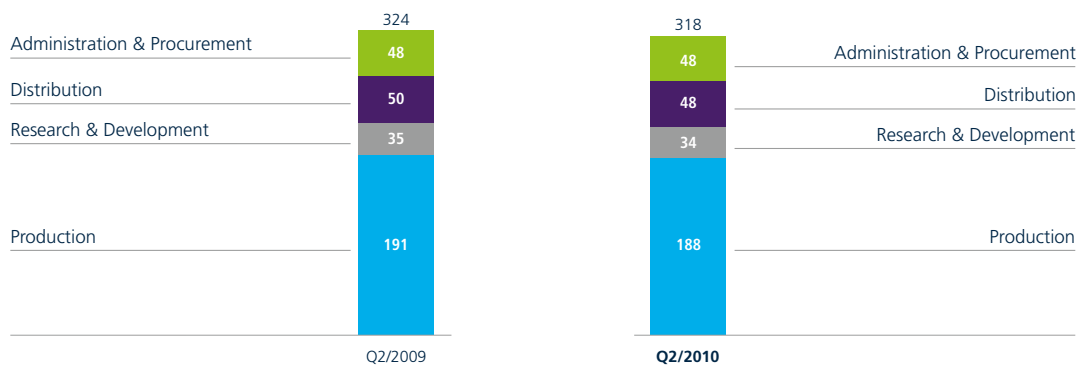
Within the framework of the international architecture contest "Solar Decathlon Europe 2010", Sunways AG promoted the building project "home+" of the Stuttgart University of Applied Sciences. The prototype of a residential building of the future was rated number three in the overall ranking and ranked first in the categories "innovation" and "design." It is the goal of the "Solar Decathlon" to demonstrate to the experts and the general public that the use of renewable energies can be combined with a high level of comfort and sophisticated architecture. Sunways provided multicrystalline bronze and gold colored solar cells for the photovoltaic façade of "home+." Black monocrystalline Sunways solar cells were used in special roof modules. The system, which consists of 3,700 solar cells, was complemented with five Sunways inverters. Thus approximately 10,600 kilowatt-hours of electricity may be generated every year by the entire system.

Personnel and social matters.

As of 30 June 2010, the Sunways Group employed a workforce of 318 as well as eleven apprentices. As of the end of the first six months of 2009, there were 324 employees and twelve apprentices. Thus the overall number of employees slightly declined compared to the prior year quarter. As of the end of the first quarter 2010, the Sunways Group had 313 employees and 13 apprentices.

The breakdown of employees by function was as follows (excluding Management Board members and apprentices):

EMPLOYEES BY FUNCTION



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 2010.

Management Board	Shares as of 30 June 2010
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

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 2010.

In the second quarter, Sunways AG was able to sustain the positive business development experienced in the first three months of the year. Sales and operating result again improved significantly – against the first quarter 2010 as well as against the prior year quarter. All three business segments – solar cells, solar modules and solar inverters – are growing profitably. The inverter component supply situation remains difficult. We continue to be in close contact with our suppliers and do our best to use all available sources worldwide, with the aim to increase production capacities limited by component availability and to supply inverter numbers matching market demand.

Economic research institutes anticipate a potential decline in global economic growth in the second half-year as a tightening of financial policies was announced in many countries to consolidate budgets. Following the final adoption of the unscheduled two-stage reduction (as of 1 July and 1 October 2010) of feed-in tariffs in Germany in early July, we expect that the demand for Sunways photovoltaic components and systems will continue to be strong in our largest market in the second half of the year. The development of our margins during the remainder of the year will largely depend on price movements – on the selling as well as on the procurement side. On the procurement side, prices for raw materials continue to be high, e. g. wafer prices in the spot market have risen by about 40 % since the beginning of the year 2010 and, from today's point of view, we anticipate only moderate price movements over the remaining months of the year. On the selling side, we expect market prices to decline in some cases as a result of various reductions of feed-in rates in the second half-year.

At the same time, our core business experiences a stable development. We anticipate that demand will continue to be strong, not only in the domestic market but increasingly also in the international markets, in the second half of the year. We have a substantial order backlog in all segments. Against this background, Sunways AG expects, from today's point of view, that sales in the fiscal year 2010 will rise against the prior year to reach more than € 200 million with an EBIT margin of about 6 %.

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 position and that the Group interim management report gives a true and fair view of the business development, including the results of operations and situation of the Group, and that the major opportunities and risks relating to the Group's expected development during the remainder of the fiscal year are described therein.

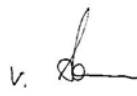
Konstanz, 13 August 2010



Michael Wilhelm
Chairman of the
Management Board



Roland Burkhardt
Member of the Management
Board – Technology, Research
and Development



Jörg von Strom
Member of the Management
Board – Procurement, Produc-
tion and Supply Chain



Jürgen Frei
Member of the Management
Board – Distribution and
Marketing

CONSOLIDATED INTERIM FINANCIAL STATEMENTS (IFRS) AS OF 30 JUNE 2010

CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2010.

Assets	Note	30/06/2010	31/12/2009
		No.	€ million
Current assets			
Liquid funds	C. 1.	24.5	21.9
Trade receivables	C. 2.	16.5	8.8
Inventories	C. 3.	19.8	13.7
Prepayments and accrued income and other current assets	C. 2.	4.1	6.1
Total current assets		64.9	50.5
Non-current assets			
Tangible fixed assets	C. 4.	38.9	40.3
Intangible assets	C. 5.	1.5	1.6
Financial assets		0.1	0.1
Other non-current assets	C. 6.	15.5	15.0
Deferred taxes	C. 7.	1.3	2.8
Total non-current assets		57.3	59.9
Total assets		122.2	110.4
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans and current portion of long-term loans	C. 8.	1.4	3.0
Trade payables	C. 9.	18.5	10.2
Prepayments received		0.8	1.7
Provisions	C. 9.	7.7	5.6
Income tax payable		1.3	0.5
Other current liabilities	C. 9.	4.3	3.9
Deferred investment grants	C. 11.	1.9	1.9
Total current liabilities		35.9	26.9
Long-term liabilities			
Long-term loans and other long-term liabilities	C. 10.	8.6	10.3
Long-term prepayments received		3.2	3.5
Deferred investment grants	C. 11.	9.5	10.6
Deferred taxes		0.6	0.5
Total long-term liabilities		21.9	24.9
Shareholders' equity			
Subscribed capital	C. 12.	11.6	11.6
Capital reserves	C. 12.	37.4	37.3
Retained earnings		15.5	9.9
Other equity components		-0.1	-0.3
Consolidated shareholders' equity		64.4	58.6
Total liabilities and shareholders' equity		122.2	110.4

Possible rounding differences.

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY – 30 JUNE 2010.

	Note	01/04/ – 30/06/2010	01/04/ – 30/06/2009	01/01/ – 30/06/2010	01/01/ – 30/06/2009
	No.	€ million	€ million	€ million	€ million
Sales – including discontinued operations		64.6	89.9	108.9	134.4
Sales – discontinued operations		0.0	37.3	0.0	53.7
Sales – continuing operations	D. 1.	64.6	54.0	108.9	83.2
Changes in inventories of finished and unfinished goods		-4.5	-2.8	0.8	-3.0
Gross performance – continuing operations		60.1	51.2	109.7	80.3
Other operating income	D. 2.	0.8	0.5	1.4	1.2
Cost of materials		-43.7	-41.8	-80.3	-68.8
Personnel expenses	D. 3.	-4.8	-3.8	-8.8	-7.1
Depreciation and amortization	D. 4.	-1.6	-1.5	-3.1	-2.6
Other operating expenses	D. 5.	-5.9	-4.9	-9.3	-8.5
Operating result (EBIT) – continuing operations		5.0	-0.3	9.7	-5.5
Interest income		0.1	0.1	0.1	0.1
Interest expenses	D. 6.	-0.3	-0.6	-0.6	-1.1
Earnings before taxes – continuing operations		4.8	-0.8	9.2	-6.6
Taxes on income	D. 7.	-1.2	-0.1	-2.5	1.6
Earnings after taxes – continuing operations	D. 8.	3.5	-0.9	6.7	-5.0
Earnings after taxes – discontinued operations	D. 9.	0.0	1.0	-1.1	0.8
Consolidated net income/loss		3.5	0.1	5.6	-4.2
thereof attributable to the shareholders of Sunways Aktiengesellschaft		3.5	0.1	5.6	-4.2
thereof attributable to minority interests		0.0	0.0	0.0	0.0
Earnings per share in € – continuing operations	F.	0.30	-0.07	0.57	-0.43
Earnings per share in € – discontinued operations	F.	0.00	0.08	-0.09	0.07
Earnings per share in € – continuing and discontinued operations (consolidated net income/loss : number of shares; diluted = undiluted)	F.	0.30	0.01	0.48	-0.36
Average number of shares outstanding		11,588,613	11,588,450	11,588,613	11,588,450

Possible rounding differences.

STATEMENT OF INCOME AND EXPENSES RECOGNIZED IN CONSOLIDATED SHAREHOLDERS' EQUITY FOR THE PERIOD FROM 1 JANUARY – 30 JUNE 2010.

	01/04/ – 30/06/2010	01/04/ – 30/06/2009	01/01/ – 30/06/2010	01/01/ – 30/06/2009
	€ million	€ million	€ million	€ million
Consolidated net income/loss	3.5	0.1	5.6	-4.2
Changes in the market value of derivative financial instruments in hedge accounting	0.1	-0.4	0.2	-0.8
Total income and expenses recognized in shareholders' equity	3.6	-0.3	5.8	-5.0
thereof attributable to the shareholders of Sunways Aktiengesellschaft	3.6	-0.3	5.8	-5.0

Possible rounding differences.

CONSOLIDATED CASH-FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY – 31 JUNE 2010.

	01/01/ – 30/06/2010	01/01/ – 30/06/2009
	€ million	€ million
Operating activities		
Operating result (EBIT)	9.6	-5.5
Depreciation and amortization	3.1	2.6
Cash used for income taxes	0.0	-0.3
Income and expenses not affecting cash-flow	-1.0	-0.7
Increase (-)/decrease in receivables and other assets. accruals and deferrals	7.2	-14.2
Increase (-)/decrease in inventories	-6.7	9.3
Increase/decrease (-) in trade payables and other provisions, liabilities	-3.4	14.6
Interest paid	-0.5	-0.9
Interest received	0.1	0.0
Cash provided by/used for (-) operating activities – continuing operations	8.5	4.8
Cash provided by/used for (-) operating activities – discontinued operations	-1.1	-1.5
Cash provided by/used for (-) operating activities – continuing and discontinued operations	7.4	3.3
Investment activities		
Acquisition of fixed assets	-1.6	-1.6
Cash provided by investment grants/subsidies	0.0	1.1
Cash used for investment activities – continuing operations	-1.6	-0.5
Cash used for investment activities – discontinued operations	0.0	-0.1
Cash used for investment activities – continuing and discontinued operations	-1.6	-0.6
Financing activities		
Cash provided by/used for (-) long-term bank loans	-0.7	0.0
Cash provided by/used for (-) short-term bank loans	-1.6	0.6
Cash used for (-) other long-term liabilities	-0.8	-0.3
Cash provided by/used for (-) financing activities – continuing operations	-3.1	0.3
Cash provided by/used for (-) financing activities – discontinued operations	0.0	2.2
Cash provided by/used for (-) financing activities – continuing and discontinued operations	-3.1	2.5
Net increase/decrease of liquid funds	2.6	5.2
Cash and cash equivalents at the beginning of the reporting period	21.9	3.6
Cash and cash equivalents at the end of the reporting period	24.5	8.8
Less cash, cash equivalents relating to the disposal of certain assets and discontinued operations at the end of the reporting period	0.0	-0.5
Composition of liquid funds at the end of the reporting period (consolidated balance sheet)	24.5	8.3
Cash – continuing operations	24.5	8.3

Possible rounding differences.

CHANGES IN SHAREHOLDERS' EQUITY FROM 1 JANUARY – 30 JUNE 2010.

	Subscribed capital	Capital reserves	Retained earnings/ accumulated loss	Other equity components, derivative financial instruments	Shareholders of Sunways AG	Minority interests	Consolidated shareholders' equity
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
01/01/2009	11.6	37.1	-7.0	-0.3	41.4	0.0	41.4
Changes related to share options pursuant to IFRS 2 (expense related to employee options)	0.0	0.1	0.0	0.0	0.1	0.0	0.1
Changes in the market value of derivative financial instruments in hedge accounting	0.0	0.0	0.0	-0.4	-0.4	0.0	-0.4
Changes in minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income and expenses recognized in shareholders' equity	0.0	0.0	-4.2	0.0	-4.2	0.0	-4.2
30/06/2009	11.6	37.2	-11.2	-0.7	36.8	0.0	36.8
01/01/2009	11.6	37.1	-7.0	-0.3	41.4	0.0	41.4
Convertible bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Changes in the equity component of convertible bonds (after tax)	0.0	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	0.2	0.0	0.0	0.2	0.0	0.2
Income and expenses recognized in shareholders' equity	0.0	0.0	16.9	0.1	17.0	0.0	17.0
Changes in minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
31/12/2009	11.6	37.3	9.9	-0.3	58.6	0.0	58.6
31/12/2009/01/01/2010	11.6	37.3	9.9	-0.3	58.6	0.0	58.6
Changes related to share options pursuant to IFRS 2 (expense related to employee options)	0.0	0.1	0.0	0.0	0.1	0.0	0.1
Changes in the market value of derivative financial instruments in hedge accounting	0.0	0.0	0.0	0.2	0.2	0.0	0.2
Income and expenses recognized in shareholders' equity	0.0	0.0	5.6	0.0	5.6	0.0	5.6
30/06/2010	11.6	37.4	15.5	-0.1	64.4	0.0	64.4

Possible rounding differences.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (IFRS) AS OF 30 JUNE 2010 (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 millions of Euros (€ million). 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 statements 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 2009. 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 2009. In addition, the standards and interpretations initially to be complied with as from 1 January 2010 were observed.

The standards and interpretations to be initially applied as of 1 January 2010 did not result in any material accounting and valuation changes.

Effective as of 1 January 2010, Sunways AG reorganized the Group's business divisions following the sale of its subsidiary MHH Solartechnik GmbH, an enterprise mainly active in the trading with photovoltaic equipment, as of 31 December 2009.

This also involved a reclassification of the Company's business activities into the segments defined for reporting purposes pursuant to IFRS 8 "Operating segments." The solar systems and projects segment, which formerly existed alongside the solar cells segment, was subdivided into two product divisions, i. e. solar modules and solar inverters, due to the change in management structures.

The solar cells segment continues to comprise the development, production and distribution of solar cells and the two production plants in Konstanz and Arnstadt as well as related activities. The newly created solar modules segment comprises activities in the area of trading in and distribution of solar modules and solar projects. The solar inverters segment comprises the development, production and distribution as well as assembly of solar inverters.

From management's point of view, these consolidated interim financial statements include all adjustments normally required to be made on an ongoing basis to present a true and fair view of the Company's course of operations in any reporting period. The results generated in the first six months of the fiscal year 2010 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 of the reporting period. Actually incurred amounts may vary from such estimates.

The development of the exchange rates of major currencies outside the European Monetary Union that were used for currency translation purposes is shown below:

	ISO-Code	30/06/2010	31/12/2009	30/06/2009
U.S. dollars	USD	1.2271	1.4406	1.4134
Swiss francs	CHF	1.3283	1.4836	1.5265

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. As of 30 June 2010, there were no changes in the scope of consolidation compared to the consolidated financial statements in accordance with IFRS as of 31 December 2009.

Significant intercompany profits and losses, sales, expenses and income as well as any receivables and payables existing between consolidated companies are netted. The results of intercompany transactions 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.

	30/06/2010	31/12/2009
	€ million	€ million
Liquid funds	24.5	21.9

The increase in liquid funds by € 2.6 million was due to the positive business development.

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

	30/06/2010	31/12/2009
	€ million	€ million
Trade receivables	16.5	8.8
Accounts receivable from MHH Solartechnik GmbH	0.0	2.1
Amounts receivable under embedded derivatives	0.3	0.0
Financial assets		
Current portion of financial receivables	0.2	0.4
Other assets		
Value added tax receivable	0.0	0.0
Prepayments and accrued income	0.3	0.1
Grants and subsidies	3.2	3.2
Other	0.1	0.3
Sub-total	3.8	4.0
Total	20.6	14.9

Possible rounding differences.

Trade receivables increased by € 7.7 million against 31 December 2009. This rise was mainly due to markedly increased sales as of the end of the first six months.

3. Inventories.

	30/06/2010	31/12/2009
	€ million	€ million
Raw materials and supplies	8.3	3.4
Work in progress	1.5	1.3
Finished goods and merchandise	8.2	7.6
Prepayments made	1.9	1.4
Total	19.8	13.7

Possible rounding differences.

After an increase in inventories in the first quarter 2010 due to the build-up of stock on hand from € 13.7 million to € 24.4 million, a decline by € 4.6 million to € 19.8 million was recorded in the second quarter due to a marked rise in sales.

4. Tangible fixed assets.

Additions to tangible fixed assets related to investments in process technology at the Arnstadt plant. Other additions were recorded with respect to measuring and control equipment in the inverter production segment as well as plant and office equipment. These additions comprise additional EDP equipment (hardware) as well as other office and storage area furnishings.

5. Intangible assets.

As of 30 June 2010, capitalized development activities totaled € 1.3 million. Pursuant to IAS 38, development costs for new products in the amount of € 0.1 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 six months of 2010 amounted to € 0.3 million.

Other additions mainly related to EDP software.

6. Other non-current assets.

Other non-current assets exclusively comprise the long-term portion of prepayments made.

7. Deferred taxes.

This item includes almost exclusively deferred tax assets with respect to existing loss carryforwards.

8. Short-term loans and current portion of long-term loans.

Credit facilities made available to Sunways AG by several banks as of 30 June 2010 amounted to € 10.0 million (31 December 2009: € 6.5 million). Due to the positive liquidity situation, no drawings had been made on such credit facilities as of 30 June 2010.

As of 31 December 2009 and 30 June 2010, the item "short-term loans and current portion of long-term loans" exclusively related to amounts due to banks.

9. Current liabilities and provisions.

The rise in trade payables was largely due to the increase in business volume.

Provisions increased by € 2.1 million against 31 December 2009. This rise inter alia resulted from an increase in provisions for personnel expenses and warranties as well as accrued expenses for outstanding invoices.

Income tax payable amounted to € 1.3 million as of 30 June 2010 (31 December 2009: € 0.5 million). This item includes trade tax, corporate income tax as well as solidarity surcharge payable with respect to the fiscal year 2009 as well as the current fiscal year.

Other current liabilities are composed as follows:

	30/06/2010	31/12/2009
	€ million	€ million
Current portion of liabilities under lease purchase contracts	2.2	2.3
Liabilities under financial derivatives – in hedge accounting	0.4	0.3
Value added tax payable	0.8	0.5
Wage and church taxes payable	0.5	0.2
Other liabilities	0.4	0.5
Total	4.3	3.9

Possible rounding differences.

10. Long-term loans and other long-term liabilities.

Other long-term liabilities include long-term bank loans as well as the long-term portion of liabilities under lease purchase contracts to finance the expansion of production facilities in Arnstadt.

	30/06/2010	31/12/2009
	€ million	€ million
Long-term portion of bank loans	2.6	3.3
Long-term portion of liabilities under lease purchase contracts	6.0	7.0
Total	8.6	10.3

Possible rounding differences.

The decline against 31 December 2009 was due to scheduled redemption payments.

11. Deferred investment grants.

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

Income resulting from the amortization of this deferred item on the liabilities side amounted to € 0.9 million in the first six months of 2010 (prior year: € 0.7 million).

12. Shareholders' equity.

Subscribed capital. Reference is made to "changes in shareholders' equity." There were no changes in subscribed capital in the first six months of 2010. Stated capital as of 30 June 2010 amounted to € 11,588,613.00.

At the general meeting on 17 June 2010, the Company was authorized to acquire treasury shares up to a total of 10 % of the stated capital existing at the time the resolution is passed. Such authorization may be exercised with respect to the entire amount or partial amounts and on one or several occasions. In this context, any treasury shares acquired pursuant to this authorization together with other treasury shares held by or attributable to the Company pursuant to §§ 71a et seq. of the Stock Corporation Act (AktG) must not at any time account for more than 10 % of the relevant stated capital.

Treasury shares shall be acquired via the stock exchange or under a public purchase offer made by the Company to all its shareholders. The consideration per share paid by the Company must not fall below the average closing price of the Company's shares in the Xetra trading (or any similar successor system) during the last five trading days prior to the acquisition of treasury shares or, in the event of a public purchase offer, prior to the publication date of the public purchase offer (excluding costs incidental to acquisition) by more than 10 %. In the event of a public purchase offer, the volume of the offer may be limited.

The authorization is granted for all legally permissible purposes, in particular the following:

- the use of treasury shares as acquisition currency in the context of acquisitions of enterprises or interests therein by the Company;
- the cancellation of shares;
- to offer the relevant shares for sale to the employees of the Company or of its associated companies within the meaning of § 15 of the Stock Corporation Act (AktG).

Generally, treasury shares so purchased may be sold via the stock exchange or by way of a public offer addressed to all shareholders.

The Company is, however, authorized to sell the shares otherwise to the extent this is required in the Company's best interest in order to use the shares for the following purposes:

- the use of treasury shares as acquisition currency in the context of acquisitions of enterprises or interests therein by the Company;
- to offer the relevant shares for sale to the employees of the Company or of its associated companies within the meaning of § 15 of the Stock Corporation Act (AktG).

In that case, the preemptive right of shareholders shall be excluded and the selling price for each share in the Company (excluding costs incidental to acquisition) must not significantly fall below the average price of the shares in the Xetra trading (or any similar successor system) during the last five trading days prior to the sale of treasury shares or the date of conclusion of a contract on the sale of treasury shares.

Furthermore, the Management Board is authorized to cancel treasury shares with the consent of the Supervisory Board and without any further resolution by the general meeting being required. Such cancellation authorization may be exercised with respect to the entire amount or partial amounts. The cancellation will result in a capital reduction.

In derogation hereof, the Management Board may decide not to reduce the stated capital but instead to increase the notional amount of stated capital attributable to the remaining shares pursuant to § 8 subparagraph 3 of the Stock Corporation Act (AktG). In that case, the Management Board shall be authorized to adjust the number of shares specified in the articles of incorporation.

The authorization took effect as of 17 June 2010 and will be valid until the end of 15 June 2015.

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

	€ million
As of 01/01/2010	37.3
Issue of share options	0.1
As of 30/06/2010	37.4

Possible rounding differences.

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

Share option schemes. 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, one employee incentive plan each was adopted in 2000, 2006 and 2009.

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

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 2009.

A total of 65,000 share options were issued to Management Board members in the first half-year 2010 under the Long Term Incentive Plan 2009. The exercise price was determined at the time of the commitment. The fair value of each option issued was calculated at € 2.91 by the Company. A total of 6,130 share options under the Long Term Incentive Plan 2006 lapsed in the period under review. No share options were exercised in the first six months of 2010.

D. Notes to the consolidated income statement.

1. Sales.

“Sales – continuing operations” comprise all business divisions continued within the Group. All sales from discontinued activities are recognized under “sales – discontinued operations.”

In the first half-year 2010, sales – continuing operations increased by 31 % against the prior year comparative period. 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 amortization (affecting net income) of deferred investment grants as well as to research and development allowances.

	1 st half-year 2010	1 st half-year 2009
	€ million	€ million
Amortization of investment grants	0.9	0.7
Research and development allowances	0.2	0.0
Income from derivative financial instruments	0.1	0.1
Income from exchange rate differences	0.1	0.1
Income from the reversal of provisions	0.0	0.2
Other	0.1	0.1
Total	1.4	1.2

Possible rounding differences.

3. Personnel expenses.

Personnel expenses rose by € 1.7 million against the first six months of 2009. In this respect it should, however, be noted that, on the one hand, the first quarter 2009 was to some extent affected by order-related vacation time and compensatory time off as well as short-time working. On the other hand, additions to staff-related provisions for variable pay components increased due to the positive earnings development. The total number of employees within the Group as of 30 June 2010 was 318 (prior year: 324).

Personnel expenses in the first six months of 2010 included expenses of € 0.1 million with respect to share options issued under the outstanding share option schemes (prior year period: € 0.1 million).

4. Depreciation and amortization.

Depreciation and amortization comprises scheduled depreciation and amortization. There was no non-scheduled depreciation or amortization during the period under review. Amortization of capitalized research and development costs as of 30 June 2010 amounted to € 0.3 million (prior year period: € 0.3 million). In all, depreciation and amortization increased by € 0.5 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 plant during the fiscal year 2009.

5. Other operating expenses.

Other operating expenses included mainly premises and operating costs as well as administrative and distribution costs.

	1 st half-year 2010	1 st half-year 2009
	€ million	€ million
Premises and operating costs	2.3	2.2
Distribution costs	2.8	2.7
External research and development costs	0.3	0.2
Expenses relating to operating leases	0.0	0.1
Other	3.9	3.3
Total	9.3	8.5

Possible rounding differences.

6. Interest expenses.

The decline in interest expenses was mainly due to the low amount of drawings on credit facilities as well as scheduled redemption payments on long-term loans relating to the expansion of the Arnstadt production plant.

7. Taxes on income.

Taxes on income include the tax expense determined for the fiscal year on the basis of the expected income tax rate as well as deferred taxes pursuant to IAS 12. The calculation of deferred taxes was based on a tax rate of 28.25%. Taxes on income are in each case recognized after earnings from continuing or discontinued operations have been determined.

8. Earnings from continuing operations.

Consolidated net income from continuing operations of € 6.7 million was reported as of 30 June 2010.

9. Earnings after taxes from discontinued operations.

Earnings from discontinued operations include purchase price adjustments made upon presentation of the closing balance sheet of MHH Solartechnik GmbH. Subject to the achievement of pre-defined earnings targets, further purchase price payments might be due to Sunways AG in 2011.

E. Changes in shareholders' equity.

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

F. Earnings per share.

	1 st half-year 2010	1 st half-year 2009
	€ million	€ million
Net income/loss for the period/€ million	5.6	-4.2
thereof from continuing operations	6.7	-5.0
thereof from discontinued operations	-1.1	0.8
Number of shares (weighted)	11,588,613	11,588,450
Earnings per share / €	0.48	-0.36
thereof from continuing operations	0.57	-0.43
thereof from discontinued operations	-0.09	0.07

Possible rounding differences

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 matters 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 2010.

12/11/2010 Interim report as of September 30, 2010 (Q3 2010)

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.eu/en).

Contact.

Sunways AG
Dr. Harald F. Schäfer
Head of Corporate Communications & Investor Relations
Macairestraße 3 - 5
D-78467 Konstanz

Telephone +49 (0) 7531 996 77-415
Telefax +49 (0) 7531 996 77-10
communications@sunways.de
www.sunways.eu/en

Imprint.

Responsible
Sunways AG, Management Board

Editors
Dr. Harald F. Schäfer, Sunways AG
Lucia Mathée Investor Relations Consulting, Kriftel

Design, Typography and Production
Red Cell, Düsseldorf

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 publication. 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.