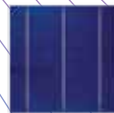
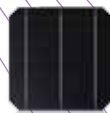


QUARTERLY REPORT

Q3/10

JULY – SEPTEMBER 2010



sunways
Photovoltaic Technology

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GROUP MANAGEMENT REPORT AS OF 30 SEPTEMBER 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 segment figures for the 2009 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 an evaluation of the solar module segment based on the market comparison approach.

MAJOR EVENTS IN THE THIRD QUARTER 2010 COMPARED TO THE PRIOR YEAR QUARTER.

- SALES ROSE TO € 58.3 MILLION (+48.0 %); THE OPERATING RESULT (EBIT) AMOUNTED TO € 4.0 MILLION
- SALES VOLUMES INCREASED ACROSS ALL SEGMENTS
- INTERNATIONAL PORTION OF SALES GREW TO 28.7 %
- INVERTERS WITH TOP PERFORMANCE IN TERMS OF SALES, SALES VOLUMES AND EARNINGS

Business operations.

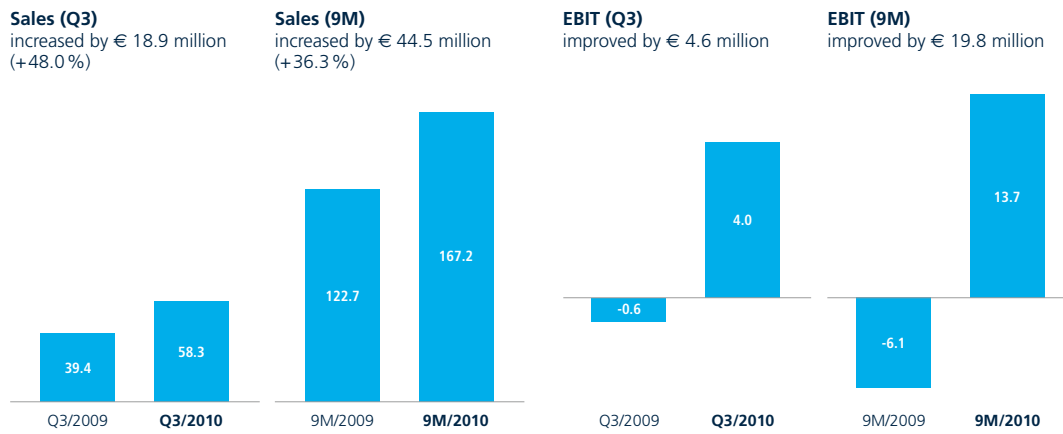
In the third quarter, Sunways AG continued its profitable growth in the fiscal year 2010. The demand for Sunways system components increased further even though the additional 13% reduction of feed-in tariff had taken effect as of 1 July 2010. Although the revised regulations resulted in some investment restraint in Germany at the beginning of the reporting quarter, the international portion of sales was expanded substantially. The business volume of Sunways AG increased significantly across all three segments in the third quarter 2010. This development was based on a rise in sales volumes in all product areas. The moderate restraint in demand compared to the second quarter of the year affected sales and sales volumes in the solar cell and solar module segments at the beginning of the third quarter. During the quarter, mainly the inverter business made a significant contribution to the consolidated growth of Sunways AG. This development was supported by the successful procurement of important components for the production of Sunways solar inverters although the supply situation in the world market generally continued to be tense. New sales and sales volume highs also led to new record results for the segment.

Consolidated sales of Sunways AG rose by 48.0% against the prior year period to € 58.3 million in the third quarter 2010. The operating result (EBIT) increased by € 4.6 million against the period from July to September 2009 (Q3/2009: € -0.6 million). This was due to the palpable growth in business volume against the prior year period in all segments: the gross margin increased from 19.5% in the third quarter 2009 to 26.1% in the third quarter 2010. The EBITDA margin rose to 9.6% (Q3/2009: 2.3%); the EBIT margin amounted to 6.9%. The consolidated net income in the third quarter increased to € 2.7 million (Q3/2009: € 1.4 million). Earnings per share amounted to € 0.24 (Q3/2009: € 0.12) in the third quarter 2010.

In the first nine months of the fiscal year 2010, sales of Sunways AG amounted to € 167.2 million and thus rose by 36.3 % against the corresponding figure for the 2009 comparative period (9M/2009: € 122.7 million.) EBIT in the first nine months of 2010 amounted to € 13.7 million; EBIT for the 2009 comparative period had been € -6.1 million. A comparison of the margins generated during the period from January to September also illustrates the marked rise in earnings: the gross margin increased from 16.6 % in the first nine months of 2009 to 27.5 % in the corresponding period of the current fiscal year. The accumulated EBIT margin of Sunways AG for the first nine months of 2010 was 8.2 %. The after-tax result recorded a similar improvement. In the first nine months of 2010, Sunways AG generated consolidated net income of € 8.3 million; this corresponds to an increase by € 11.1 million (9M/2009: € -2.8 million). Accordingly, earnings per share amounted to € 0.72 (Q3/2009: € -0.24).

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.

The international business of Sunways AG in the third quarter 2010 experienced a very successful development – compared to the prior year quarter as well as to the second quarter 2010: with sales of € 16.9 million, the international portion rose to 28.9 % and thus reached almost six times the amount generated in the third quarter 2009 (Q3/2009: € 2.8 million) and increased by another 30 % against the second quarter 2010. In the third quarter of the current year, a major portion of Sunways AG's sales outside Germany was again generated in Italy and Spain. 56.0 % of sales with Sunways solar cells and 40.0 % of sales with Sunways solar inverters generated in other European countries were realized in Spain. Italy was the most important sales market for Sunways solar systems: inverters and solar modules sold in Italy accounted for 31.4 % and 73.5 %, respectively, of total sales in Europe (excluding Germany). Greece, one of the sunniest regions in Europe, is also becoming increasingly more important for Sunways AG. Together with a local distribution partner, Sunways AG was able to achieve significant market development successes: sales generated in Greece between the third quarter 2009 and the third quarter 2010 tripled to about € 1.9 million. Sales of Sunways inverters in Belgium and the Czech Republic also increased substantially in the third quarter 2010.

The steadily positive trend in Sunways AG's international business is also clearly reflected in the accumulated figures for the first nine months of the fiscal year 2010: compared to the prior year period, international sales tripled to € 36.9 million (9M/2009: € 11.5 million) and volumes increased continuously during the first nine months of 2010. While consolidated sales rose by 36.3 % in the first nine months of the current year, the portion of business transacted in Europe (excluding Germany) increased from 8.4 % in the prior year period to 18.5 %. This marked turnaround becomes particularly clear in the Spanish market: as a result of changes in subsidization for the Spanish solar market adopted at the end of 2008, demand was extremely weak in 2009 and sales in the first nine months of 2009 amounted to a mere € 0.6 million; in the comparable current year period, Sunways generated revenues of € 6.3 million or more than ten times that amount. The Asian sales contribution in the amount of € 5.9 million in the first nine months of the current year was mainly generated in the second quarter due to a high-volume cell production order placed by a Chinese customer. In addition to Greece, Italy and Spain, France, Liechtenstein, Austria and the Czech Republic were important sales markets for Sunways products.

SALES BY REGION

	Q3/2010		Q3/2009		9M 2010		9M 2009	
	€ million	%	€ million	%	€ million	%	€ million	%
Germany	41.4	71.1	36.6	92.9	130.3	77.9	111.2	90.6
Rest of Europe	16.8	28.7	2.6	6.6	31.0	18.5	10.3	8.4
U.S.A.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Asia	0.1	0.2	0.2	0.5	5.9	3.6	1.2	1.0
Rest of world	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	58.3	100.0	39.4	100.0	167.2	100.0	122.7	100.0

Possible rounding differences.

Against the background of the sometimes very tense supply situation with respect to inverter components prevailing during the fiscal year up until the present and in the wake of the strong expansion of business volumes, inventories of Sunways AG increased in the third quarter 2010: to secure the best possible delivery capacities in the module and inverter areas, the Company increased its inventories of major inverter components as well as of finished goods in the period under review. The amount of inventories increased from € 19.8 million as of 30 June 2010 to € 32.6 million as of the end of the third quarter 2010. Total current assets at € 62.1 million declined by € 2.8 million against the corresponding figure as of the end of the second quarter (30 June 2010: € 64.9 million). Liquid funds, which decreased by € 13.0 million to € 11.5 million, were mainly used to finance corporate growth and to repay liabilities.

As of 30 September 2010, the shareholders' equity of Sunways AG amounted to € 67.0 million which corresponds to an equity ratio of 57.1 % or per share equity of € 5.78.

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 cell and solar module segments amounted to € 6.1 million (Q3/2009: € 0 million). Intersegment sales in the first nine months of the fiscal year amounted to € 17.4 million (9M/2009: € 0 million).

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

	3 rd quarter 2010					3 rd 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	27.9	19.6	16.9	-6.1	58.3	18.5	16.4	4.5	0.0	39.4
EBITDA	3.5	-1.5	3.6	0.0	5.6	3.9	-2.4	-0.6	0.0	0.9
Depreciation and amortization	-1.4	0.0	-0.2	0.0	-1.6	-1.4	0.0	-0.1	0.0	-1.5
EBIT	2.1	-1.5	3.4	0.0	4.0	2.5	-2.4	-0.7	0.0	-0.6
Investments	0.4	0.1	0.1	0.0	0.6	0.3	0.0	0.1	0.0	0.4

Possible rounding differences.

	01/01 – 30/09/2010					01/01 – 30/09/2009				
	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	80.8	68.0	35.8	-17.4	167.2	73.7	39.0	10.0	0.0	122.7
EBITDA	13.1	0.1	5.2	0.0	18.4	6.0	-5.0	-3.0	0.0	-2.0
Depreciation and amortization	-4.0	-0.1	-0.6	0.0	-4.7	-3.5	-0.1	-0.5	0.0	-4.1
EBIT	9.1	0.0	4.6	0.0	13.7	2.5	-5.1	-3.5	0.0	-6.1
Investments	1.5	0.1	0.5	0.0	2.1	13.8	0.1	0.4	0.0	14.3

Possible rounding differences.

	30/09/2010				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	76.8	12.5	13.0	102.3	68.6	11.5	5.5	85.6

Possible rounding differences.

The investments of Sunways AG in the third quarter 2010 amounted to € 0.6 million and thus exceeded the figure for the prior year quarter by € 0.2 million. € 0.4 million of this amount was invested in the solar cell segment, primarily in process technology. The remaining investments related to measuring and controlling devices for the inverter segment and office equipment.

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

RECONCILIATION OF TOTAL SEGMENT EARNINGS (EBIT) TO CONSOLIDATED NET EARNINGS

	3 rd quarter 2010	3 rd quarter 2009
	€ million	€ million
Total EBIT (segments)	4.0	-0.6
Net interest income	-0.2	-0.5
Earnings before taxes	3.8	-1.1
Taxes on income	-1.1	0.2
Earnings after taxes – continuing operations	2.7	-0.9

Possible rounding differences.

	01/01 – 30/09/2010	01/01 – 30/09/2009
	€ million	€ million
Total EBIT (segments)	13.7	-6.1
Net interest income	-0.7	-1.6
Earnings before taxes	13.0	-7.7
Taxes on income	-3.6	2.1
Earnings after taxes – continuing operations	9.4	-5.6

Possible rounding differences.

RECONCILIATION OF SEGMENT ASSETS TO TOTAL GROUP ASSETS

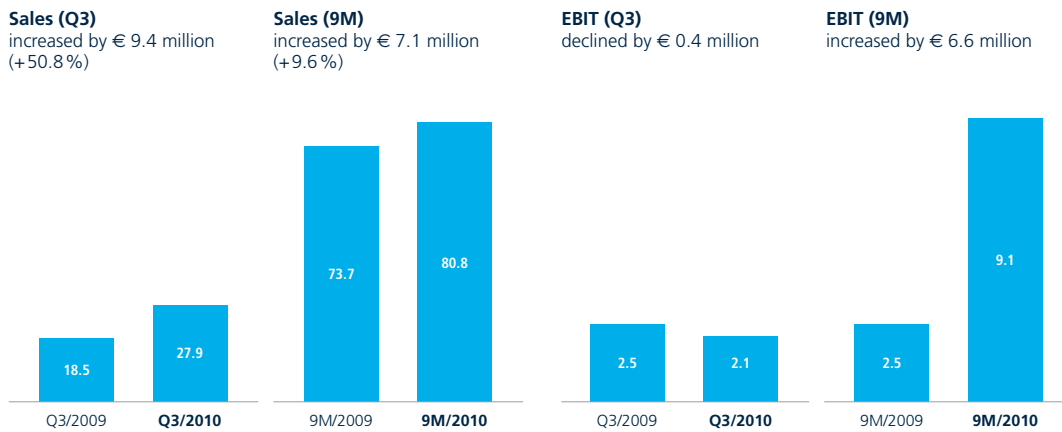
	30/09/2010	31/12/2009
	€ million	€ million
Total segment assets	102.3	85.6
Liquid funds	11.5	21.9
Deferred tax assets	0.6	2.8
Tax receivable	2.9	0.0
Total assets	117.4	110.4

Possible rounding differences.

Solar cells. The solar cell segment continued to be the major sales driver of Sunways AG in the third quarter 2010. Segment sales from July to September 2010 rose by 50.8% against the third quarter 2009 to € 27.9 million (Q3/2009: € 18.5 million). Cell selling prices declined markedly against the prior year quarter but Sunways AG's average selling price per watt peak again increased slightly against the second quarter 2010. This positive development on the selling side is offset by a demand and exchange rate related increase in wafer purchase prices in the world market. As cell selling prices did not rise to the same extent as prices on the purchasing side, the gross margin in the cell segment declined. EBIT in the third quarter 2010 decreased by € 0.4 million to € 2.1 million (Q3/2009: € 2.5 million). The EBIT margin thus amounted to 7.5%.

Cell sales over the first nine months of the fiscal year at € 80.8 million exceeded the corresponding figure for the prior year period by a total of 9.6 % (9M/2009: € 73.7 million). As a large contract manufacturing order was processed in the first quarter, the international portion in the first nine months 2010 rose to 11.9 % and thus more than tripled compared to the first nine months of 2009 (9M/2009: 3.1 %). Due to the exceptionally strong second quarter 2010, the operating result in the cell segment rose to reach a historical high of € 9.1 million; EBIT for the period from January to September 2009 had been € 2.5 million. Thus two thirds of consolidated EBIT were generated in the solar cell segment in the first nine months of 2010.

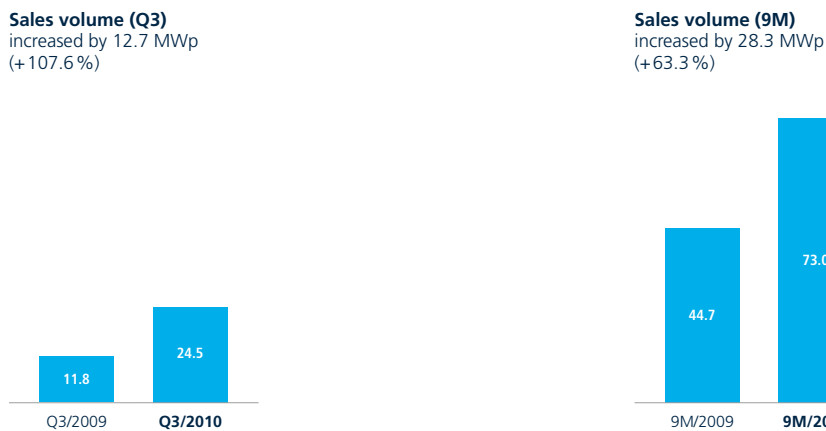
SOLAR CELLS: DEVELOPMENT OF SALES AND EARNINGS IN € MILLION



Possible rounding differences.

Compared to the corresponding prior year period, the solar cell sales volume sold by Sunways AG in the third quarter 2010 doubled from 11.8 megawatts peak to 24.5 megawatts peak. In all, Sunways AG produced solar cells with a capacity of 28.3 megawatts peak at its Arnstadt and Konstanz plants in the third quarter. The accumulated sales volume of Sunways AG in the first nine months 2010 increased by 63.3 % against the prior year period and amounted to 73.0 megawatts peak (9M/2009: 44.7 megawatts peak).

SOLAR CELLS: SALES VOLUME DEVELOPMENT IN MWp



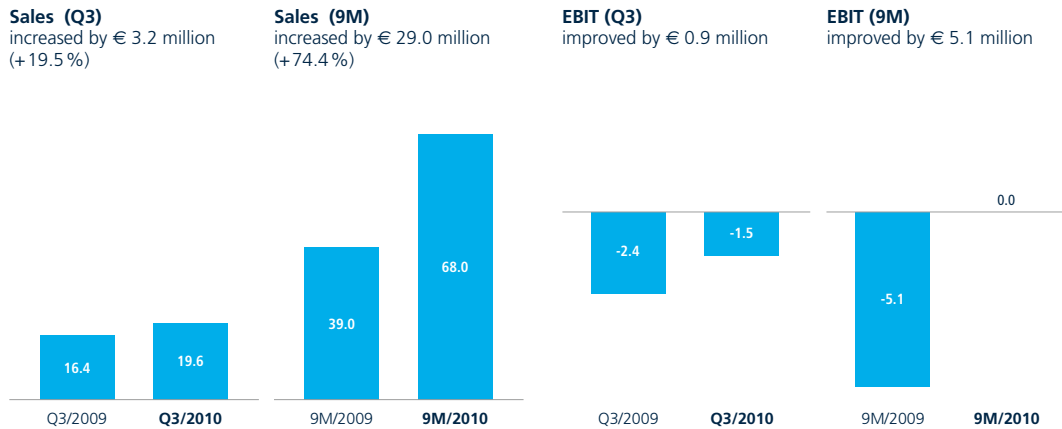
Possible rounding differences.

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.

At € 19.6 million, module sales from July to September 2010 increased by 19.5 % against 2009 third quarter sales (Q3/2009: € 16.4 million). Compared to the previous quarter, when sales amounted to € 29.7 million, Germany experienced a slight restraint in demand at the beginning of the quarter following the additional reduction of feed-in tariffs as from 1 July 2010. In the past quarter, Sunways AG sold just under 60 % of its modules in other European countries – a major success towards further establishing Sunways in its core markets: in the third quarter 2010, the by far strongest foreign module markets were Greece with a contribution of € 1.8 million and Italy with sales of € 8.6 million. Despite the product segment's gratifying growth in terms of sales and sales volumes in the third quarter 2010 compared to the prior year quarter, the segment operating result (EBIT) improved only moderately to € -1.5 million (Q3/2009: € -2.4 million). This was mainly due to higher production costs reflecting increased transfer prices with respect to the solar cell segment and slightly declining market prices for solar modules.

Accumulated module sales for the period from January to September 2010 amounted to € 68.0 million and thus increased by 74.4 % against the corresponding prior year period (9M/2009: € 39.0 million). This was mainly supported by strong sales in the second quarter of 2010. In terms of earnings, the segment generated neutral EBIT of € 0.0 million in the first nine months of 2010 based on the positive developments in the first half-year; at € -5.1 million, EBIT had still been distinctly negative in the corresponding prior year period.

SOLAR MODULES: DEVELOPMENT OF SALES AND EARNINGS IN € MILLION



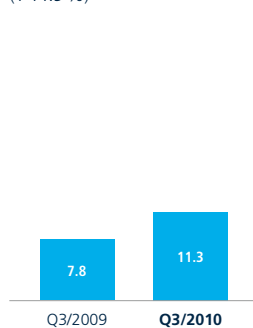
Possible rounding differences.

With sold capacities of 11.3 megawatts peak (Q3/2009: 7.8 megawatts peak) – about 49,000 solar modules –, the module sales volume in the quarter under review markedly exceeded the corresponding figure for the prior year quarter by 44.9 %. Accumulated module capacities sold in the first nine months of 2010 amounted to 37.4 megawatts peak, a growth by 125.3 % against the corresponding 2009 period.

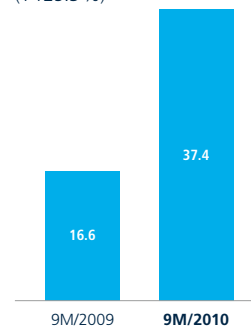
One of the operational objectives of Sunways AG for the fiscal year 2010 is to double its module sales volume compared to 2009. This would correspond to sold module capacities of approximately 50 megawatts peak. In view of the well-filled order pipeline and against the background of further improved delivery capacities, e.g. under the new module production agreement with LDK Solar, Sunways AG is confident that it will reach its goal of doubling the module sales volume.

SOLAR MODULES: SALES VOLUME DEVELOPMENT IN MWp

Sales volume (Q3)
increased by 3.5 MWp
(+44.9%)



Sales volume (9M)
increased by 20.8 MWp
(+125.3%)



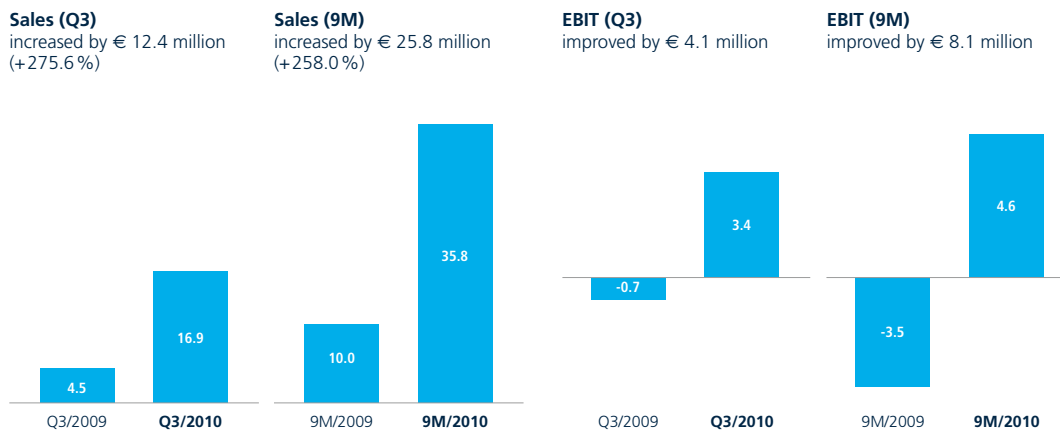
Possible rounding differences.

Solar inverters. In the solar inverter segment, Sunways AG achieved new historical highs in the third quarter – in relation to all three key figures: sales volume, sales and earnings. Sales in the past quarter reached € 16.9 million and thus equaled more than three and a half times the amount generated in the prior year quarter (Q3/2009: € 4.5 million). Sunways AG was also able to increase its inverter sales by more than 70 % against the second quarter 2010 (Q2/2010: € 9.8 million). Since the beginning of the year, the inverter supply situation in the markets has been very tense as various components are not available in sufficient numbers in the world market. Thanks to close relationships with our suppliers and a successful supply chain management, Sunways AG was able to procure substantial amounts of the necessary components and thus to largely satisfy customer demand. At the same time, the global shortage of inverters had a stabilizing effect on market prices. Furthermore, an increased number of new and larger Sunways solar inverters were sold and the international business was expanded markedly in the quarter under review. Due to the combination of these factors, the segment EBIT in the third quarter 2010 increased significantly to € 3.4 million (Q3/2009: € -0.7 million); the EBIT margin was 20.1 %.

Inverter sales in the period from January to September 2010 amounted to € 35.8 million. Thanks to the strong third quarter, the contribution of the inverter business to consolidated sales rose to 21.4 %. In the corresponding prior year period, the product segment's sales contribution amounted to € 10.0 million, accounting for only 8.1 % of consolidated sales. The segment's significantly improved profitability is reflected in the EBIT which reached € 4.6 million in the first nine months of the current year. EBIT for the first nine months of 2009 had been negative at € -3.5 million.

In the inverter segment, Sunways AG also recorded a palpable growth of its international business: while the product segment only generated international sales of € 0.8 million or 8.4 % in the 2009 nine-month period, sales grew tenfold in absolute terms in the corresponding 2010 period – driven by the significant increase in the third quarter 2010 – to € 8.1 million or 22.7 %. The development in this segment was again particularly dynamic in Spain and Italy. In the past quarter, Spain accounted for 40.0 % of sales generated in other European countries and Italy for 30.0 %.

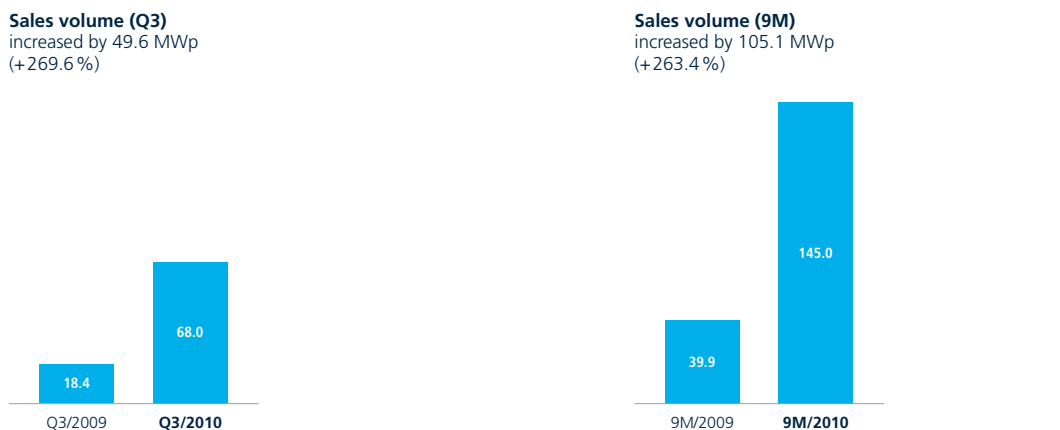
SOLAR INVERTERS: DEVELOPMENT OF SALES AND EARNINGS IN € MILLION



Possible rounding differences.

Sales volume growth in the solar inverter segment was also excellent in the third quarter 2010. Compared to the previous quarter, capacities sold increased by 269.6 % from 18.4 megawatts peak to 68.0 megawatts peak. The sales volume in the first nine months of the current fiscal year also rose significantly to 145.0 megawatts peak (+263.4 %); inverters with a capacity of 39.9 megawatts peak were sold in the first nine months of the prior year.

SOLAR INVERTERS: SALES VOLUME DEVELOPMENT IN MWp



Possible rounding differences.

Technology and products

Sunways AG is an innovative company in the photovoltaics industry. We develop, produce and distribute silicon-based solar cells, solar modules and inverters with top efficiency rates. They are very much appreciated by our discerning customers for their above-average quality, efficiency and useful life. In addition to components for traditional roof-mounted and free-standing systems, the product range of Sunways AG includes innovative photovoltaic solutions and products, e. g. for building integration. They offer property owners a combination of attractive and individualized building design and solar power generation.

Research & development. One of the primary goals of our research & development activities is the continuous further development of the highly efficient Sunways solar cells. In cooperation with the Institut für Solarenergieforschung Hameln (ISFH), Sunways AG presented the prototype of a monocrystalline silicon-based solar cell in the 5-inch format metallized by screen printing with an efficiency rate of 19.1 % in March this year.

This prototype was scaled to the 6-inch format customary in the market in August – after only five months. The development activities relating to the monocrystalline “19+” Sunways solar cell focused on the highly efficient backside of the cell. As solar cells nowadays are so thin (<200 micrometers) that otherwise a substantial portion of the light would emerge from the cell without being utilized, the backside mirror must be optimized to enhance yields in the long-wave spectral range. As a rule, such a mirror is created with the aid of a dielectric coating which may simultaneously improve the electrical quality of the backside. Local contacts are then created with the silicon. The efficiency of solar cells can be improved by up to 5 % through a more effective use of solar irradiation. With the presented “19+” solar cell, this principle was successfully applied by Sunways’ development department.

Sunways AG is the first industrial user of an innovative measuring system to be utilized for the development of highly efficient silicon-based solar cells. The integrated measuring instrument for the automatic analysis of the quality and efficiency of crystalline solar cells was developed within the framework of a project (LOANA) promoted by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety in which Sunways AG participated. Thanks to the new measuring system, all relevant analyses relating to the quality and efficiency of crystalline solar cells may be performed with a single device. In addition to a reduction of capital expenditure due to the application of a single instrument, the high level of automation, good reproducibility of measuring conditions and shortened period of time required for the presentation of detailed results constitute decisive advantages. Thus the application of this system helps accelerate the development of new generations of Sunways solar cells with increasing efficiency rates. Furthermore, the LOANA system may be used for quality control purposes in the context of ongoing production activities.

Products and innovations at the EU PVSEC. The 25th European Photovoltaic Solar Energy Conference was held in Valencia, Spain, from 6 to 9 September 2010. Sunways was among the 900 exhibiting companies at the associated trade exhibition and presented a selection of topical and new items from the Company’s product range to 38,000 visitors from all over the world. In addition to the three-phase Sunways solar inverters NT 10000, NT 11000 and NT 12000, the current devices of the AT and PT series were introduced. Thanks to the continuous improvement of the efficiency rates of the Sunways solar cells, Sunways AG offers 60-cell monocrystalline solar modules with a capacity of up to 250 watts peak as well as multicrystalline solar modules with a capacity of up to 245 watts peak. Thus Sunways AG is among the international leaders in the area of silicon-based solar cells and, with the premium quality Sunways solar modules, guarantees its customers markedly increased yields for the same surface area. The most recent result of Sunways’ research & development activities is the highly efficient Sunways “19+” solar cell initially presented to the experts in Valencia. From the range of its building-integrated photovoltaic products, Sunways exhibited a façade solution (using the example of the Paul-Horn-Arena in Tübingen) as well as a roof solution (using the example of the Gehry Building in Basel).

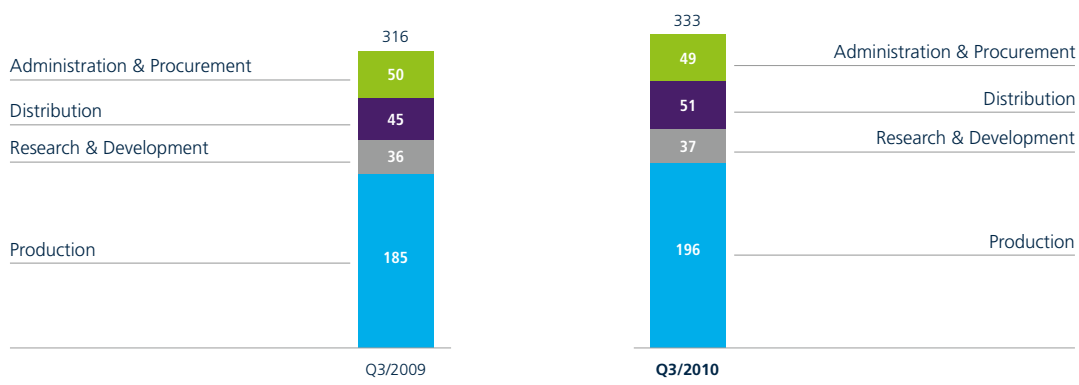
An impressive example of the efficiency of the Sunways solar systems was only recently connected to the grid. On 27 September 2010, Mayor Dieter Salomon officially commissioned a new solar power plant on the roofs of the “St. Gabriel” municipal depot in Freiburg, Germany’s “green capital.” The roof surfaces of the vehicle halls at the local waste collection and sanitation department and the recycling facility are highly suitable for solar power generation. The photovoltaic system with a 365 kilowatt peak capacity developed in cooperation with the regional energy provider badenova comprises 1,590 Sunways solar modules with a total collector surface of 2,645 m² as well as Sunways solar inverters of the NT 10000 type. The system’s capacity corresponds to the annual electricity requirements of more than 100 two-person households. Thus the system is Freiburg’s second-largest photovoltaic power plant after the “Neue Messe.”

Personnel and social matters.

As of 30 September 2010, Sunways AG employed a workforce of 333 as well as 18 apprentices. In the prior year period, Sunways AG had 316 employees and 14 apprentices. Thus the number of employees slightly rose against the third quarter 2009. Due to the increased demand for photovoltaic products, new employees were recruited in the production and distribution areas.

The breakdown of employees by function was as follows (excluding the four 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 September 2010.

Management Board	Shares as of 30 September 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 third quarter 2010, Sunways AG consistently continued on its profitable growth path pursued in the first half-year. Although feed-in tariffs in Germany – still the Company's major sales market – were again reduced as of 1 July 2010, Sunways AG generated an amount equal to 90% of its sales in the strong second quarter during the period from July to September. This successful business development was based on the Company's products and solutions that are leading in terms of technology and quality as well as on the consistent and successful expansion of its international markets.

Following two unscheduled reductions of feed-in tariffs in Germany as of 1 July and 1 October 2010, Sunways AG expects continuing pressure on selling prices in the fourth quarter 2010 as market participants seek compensation. Moreover, Sunways anticipates a reduction of sales volumes in the high-margin inverter business against the preceding quarters of the current year. In view of the supply shortage in spring 2010, end customers placed orders that in some cases are currently being cancelled. On the procurement side, Sunways AG expects a currency and demand related increase in prices of raw materials, in particular with respect to the development of global wafer prices. Supply shortages relating to inverter components that are only available to a limited extent should ease slowly but steadily. In this context, Sunways AG will continue to keep in stock major components to secure its own delivery capacities. With respect to the module business, Sunways AG is confident that the projected duplication of the 2009 sales volume will be achieved. Sunways recently certified LKD Solar as an additional partner for the production of Sunways solar modules and, consequently, expects margins to improve in the medium term due to lower stringing costs. However, the positive effect on margins of the advantages gained under this international cooperation is combined with a rise in working capital as the production cycle of finished goods takes significantly longer. Working capital will increase further in absolute terms during the ramp-up of this business model.

Based on the positive business development in the third quarter in combination with increased volumes in the international business and the good development of the inverter segment, Sunways AG has made an upward adjustment to its sales prognosis for the fiscal year 2010: the Company expects sustained Group profitability with an EBIT margin of about 6% and an increase in consolidated sales to € 215 to 225 million.

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.

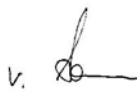
Konstanz, 12 November 2010



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 SEPTEMBER 2010

CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2010.

Assets	Note	30/09/2010	31/12/2009
		€ million	€ million
Current assets			
Liquid funds	C. 1.	11.5	21.9
Trade receivables	C. 2.	12.4	8.8
Inventories	C. 3.	32.6	13.7
Prepayments and accrued income and other current assets	C. 2.	5.6	6.1
Total current assets		62.1	50.5
Non-current assets			
Tangible fixed assets	C. 4.	37.9	40.3
Intangible assets	C. 5.	1.5	1.6
Financial assets		0.1	0.1
Other non-current assets	C. 6.	15.2	15.0
Deferred taxes	C. 7.	0.6	2.8
Total non-current assets		55.3	59.9
Total assets		117.4	110.4
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans and current portion of long-term loans	C. 8.	1.6	3.0
Trade payables	C. 9.	15.5	10.2
Prepayments received		1.4	1.7
Provisions	C. 9.	8.8	5.6
Income tax payable		1.8	0.5
Other current liabilities	C. 9.	2.8	3.9
Deferred investment grants	C. 11.	1.9	1.9
Total current liabilities		33.8	26.9
Long-term liabilities			
Long-term loans and other long-term liabilities	C. 10.	6.9	10.3
Long-term prepayments received		0.0	3.5
Deferred investment grants	C. 11.	9.1	10.6
Deferred taxes		0.6	0.5
Total long-term liabilities		16.6	24.9
Shareholders' equity			
Subscribed capital	C. 12.	11.6	11.6
Capital reserves	C. 12.	37.5	37.3
Retained earnings		18.2	9.9
Other equity components		-0.3	-0.3
Consolidated shareholders' equity		67.0	58.6
Total liabilities and shareholders' equity		117.4	110.4

Possible rounding differences.

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

	Note	01/07 – 30/09/2010	01/07 – 30/09/2009	01/01 – 30/09/2010	01/01 – 30/09/2009
	No.	€ million	€ million	€ million	€ million
Sales – including discontinued operations		58.3	93.3	167.2	227.7
Sales – discontinued operations		0.0	55.6	0.0	109.3
Sales – continuing operations	D. 1.	58.3	39.4	167.2	122.7
Changes in inventories of finished and unfinished goods		4.9	-0.4	5.7	-3.4
Gross performance – continuing operations		63.2	39.0	172.9	119.3
Other operating income	D. 2.	0.6	1.1	2.0	2.3
Cost of materials		-48.6	-32.4	-128.9	-101.2
Personnel expenses	D. 3.	-4.2	-3.3	-13.0	-10.4
Depreciation and amortization	D. 4.	-1.6	-1.5	-4.7	-4.1
Other operating expenses	D. 5.	-5.4	-3.5	-14.7	-12.0
Operating result (EBIT) – continuing operations		4.0	-0.6	13.7	-6.1
Interest income		0.0	0.0	0.1	0.1
Interest expenses	D. 6.	-0.2	-0.5	-0.8	-1.7
Earnings before taxes – continuing operations		3.8	-1.1	13.0	-7.7
Taxes on income	D. 7.	-1.1	0.2	-3.6	2.1
Earnings after taxes – continuing operations	D. 8.	2.7	-0.9	9.4	-5.6
Earnings after taxes – discontinued operations	D. 9.	0.0	2.3	-1.1	2.9
Consolidated net income/loss		2.7	1.4	8.3	-2.8
thereof attributable to the shareholders of Sunways Aktiengesellschaft		2.7	1.4	8.3	-2.8
thereof attributable to minority interests		0.0	0.0	0.0	0.0
Earnings per share in € – continuing operations	F.	0.24	-0.07	0.81	-0.49
Earnings per share in € – discontinued operations	F.	0.00	0.19	-0.09	0.25
Earnings per share in € – continuing and discontinued operations (consolidated net income/loss : number of shares; diluted = undiluted)	F.	0.24	0.12	0.72	-0.24
Average number of shares outstanding		11,588,613	11,588,452	11,588,613	11,588,451

Possible rounding differences.

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

	01/07/ – 30/09/2010	01/07/ – 30/09/2009	01/01/ – 30/09/2010	01/01/ – 30/09/2009
	€ million	€ million	€ million	€ million
Consolidated net income/loss	2.7	1.4	8.3	-2.8
Changes in the market value of derivative financial instruments in hedge accounting	-0.1	0.3	0.0	-0.1
Total income and expenses recognized in shareholders' equity	2.6	1.7	8.3	-2.9
thereof attributable to the shareholders of Sunways Aktiengesellschaft	2.6	1.7	8.3	-2.9

Possible rounding differences.

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

	01/01/ – 30/09/2010	01/01/ – 30/09/2009
	€ million	€ million
Operating activities		
Operating result (EBIT)	13.7	-6.1
Depreciation and amortization	4.7	4.1
Cash used for income taxes	0.0	-0.2
Income and expenses not affecting cash-flow	-1.4	-1.1
Increase (-)/decrease in receivables and other assets. accruals and deferrals	9.2	-7.6
Increase (-)/decrease in inventories	-19.2	10.0
Increase/decrease (-) in trade payables and other provisions, liabilities	-8.9	8.8
Interest paid	-0.8	-1.4
Interest received	0.1	0.1
Cash provided by/used for (-) operating activities – continuing operations	-2.6	6.4
Cash provided by/used for (-) operating activities – discontinued operations	-1.1	8.9
Cash provided by/used for (-) operating activities – continuing and discontinued operations	-3.7	15.3
Investment activities		
Acquisition of fixed assets	-2.1	-4.1
Cash provided by investment grants/subsidies	0.8	2.1
Cash used for investment activities – continuing operations	-1.3	-2.0
Cash used for investment activities – discontinued operations	0.0	-0.2
Cash used for investment activities – continuing and discontinued operations	-1.3	-2.2
Financing activities		
Cash provided by/used for (-) long-term bank loans	-0.8	-0.3
Cash provided by/used for (-) short-term bank loans	-1.4	0.3
Cash used for (-) other long-term liabilities	-3.2	-0.8
Cash provided by/used for (-) financing activities – continuing operations	-5.4	-0.8
Cash provided by/used for (-) financing activities – discontinued operations	0.0	0.0
Cash provided by/used for (-) financing activities – continuing and discontinued operations	-5.4	-0.8
Net increase/decrease of liquid funds	-10.4	12.4
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	11.5	15.9
Less cash, cash equivalents relating to the disposal of certain assets and discontinued operations at the end of the reporting period	0.0	6.8
Composition of liquid funds at the end of the reporting period (consolidated balance sheet)	11.5	9.1
Cash – continuing operations	11.5	9.1

Possible rounding differences.

CHANGES IN SHAREHOLDERS' EQUITY FROM 1 JANUARY – 30 SEPTEMBER 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	0.2	0.0	0.0	0.2	0.0	0.2
Changes in the market value of derivative financial instruments in hedge accounting	0.0	0.0	0.0	-0.1	-0.1	0.0	-0.1
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	-2.8	0.0	-2.8	0.0	-2.8
30/09/2009	11.6	37.3	-9.8	-0.4	38.7	0.0	38.7
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	0.2	0.0	0.0	0.2	0.0	0.2
Changes in the market value of derivative financial instruments in hedge accounting	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	8.3	0.0	8.3	0.0	8.3
30/09/2010	11.6	37.5	18.2	-0.3	67.0	0.0	67.0

Possible rounding differences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (IFRS) AS OF 30 SEPTEMBER 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 solar component trading sector, 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 cell segment, was subdivided into two product divisions, i. e. solar modules and solar inverters, due to the change in management structures.

The solar cell product 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 module product segment comprises activities relating to the trading in and distribution of solar modules and solar projects. The solar inverter product 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 nine 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	30/09/2010	31/12/2009	30/09/2009
U.S. dollar	USD	1.3648	1.4406	1.4643
Swiss franc	CHF	1.3287	1.4836	1.5078

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 September 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.

	30/09/2010	31/12/2009
	€ million	€ million
Liquid funds	11.5	21.9

The decline in liquid funds compared to 31 December 2009 was mainly due to the funding of corporate growth and the redemption of liabilities.

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

	30/09/2010	31/12/2009
	€ million	€ million
Trade receivables	12.4	8.8
Accounts receivable from MHH Solartechnik GmbH	0.0	2.1
Financial assets		
Current portion of financial receivables	0.2	0.4
Other assets		
Value added tax receivable	2.8	0.0
Prepayments and accrued income	0.2	0.1
Grants and subsidies	2.2	3.2
Other	0.2	0.3
Sub-total	5.6	4.0
Total	18.0	14.9

Possible rounding differences.

The increase in trade receivables compared to 31 December 2009 was due to the marked rise in sales against the prior year.

3. Inventories.

	30/09/2010	31/12/2009
	€ million	€ million
Raw materials and supplies	8.5	3.4
Work in progress	1.3	1.3
Finished goods and merchandise	19.9	7.6
Prepayments made	2.9	1.4
Total	32.6	13.7

Possible rounding differences.

Compared to the second quarter, there were no major modifications with respect to raw materials and supplies which remained almost unchanged at € 8.5 million (prior quarter: € 8.3 million). Work in progress also experienced only minor changes compared to 30 June 2010 (€ 1.3 million, prior quarter: € 1.5 million). The increase in finished goods and merchandise from € 8.2 million as of 30 June 2010 to € 19.9 million as of 30 September 2010, on the one hand, was due to the expansion of the business model in the module production area. Thanks to the cooperation with LDK Solar, Sunways has access to global cost advantages in the cell stringing area but has to accept a related increase in working capital as the production cycle of finished goods takes significantly longer. Increased inventories in the module product segment were date-related but also due to the availability of production capacities on the part of our module manufacturers and will be reduced in the course of the fourth quarter. To enhance and secure its inverter delivery capacities, Sunways made the strategic decision to further increase inventories of finished goods and in particular of crucial components.

4. Tangible fixed assets.

Significant additions to tangible fixed assets mainly related to investments in process technology. Other additions were recorded with respect to measuring and control equipment in the inverter segment as well as office and storage area furnishings.

5. Intangible assets.

As of 30 September 2010, capitalized development activities totaled € 1.2 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 nine months of 2010 amounted to € 0.4 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 September 2010 amounted to € 10.0 million (31 December 2009: € 6.5 million). Due to the positive liquidity situation, no significant drawings had been made on such credit facilities as of 30 September 2010.

As of 31 December 2009 and 30 September 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 against 31 December 2009 was largely due to the increase in business volume. The decline against the second quarter 2010 was date-related.

Provisions increased by € 3.2 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 relating to outstanding invoices.

Income tax payable amounted to € 1.8 million as of 30 September 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:

	30/09/2010	31/12/2009
	€ million	€ million
Current portion of liabilities under lease purchase contracts	1.7	2.3
Liabilities under financial derivatives – in hedge accounting	0.3	0.3
Value added tax payable	0.0	0.5
Wage and church taxes payable	0.2	0.2
Other liabilities	0.6	0.5
Total	2.8	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.

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

	30/09/2010	31/12/2009
	€ million	€ million
Long-term portion of bank loans	2.5	3.3
Long-term portion of liabilities under lease purchase contracts	4.4	7.0
Total	6.9	10.3

Possible rounding differences.

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, Thüringen. 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 € 1.4 million in the first nine months of 2010 (prior year: € 1.1 million).

12. Shareholders' equity.

Subscribed capital. Reference is made to "changes in shareholders' equity." There were no changes in subscribed capital in the first nine months of 2010. Stated capital as of 30 September 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 affiliated 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 affiliated companies within the meaning of § 15 of the Stock Corporation Act (AktG).

In that case, the subscription 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	0.2
As of 30/09/2010	37.5

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 € 0.2 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.

In the first nine months of 2010, a total of 65,000 share options were issued to Management Board members under the Long Term Incentive Plan 2009 and 200 share options to employees of the Company under the Long Term Incentive Plan 2006. The exercise price was determined at the time of the commitment. The fair value of each option issued was estimated at € 2.91 by the Company. A total of 12,390 share options under the Long Term Incentive Plan 2006 lapsed in the period under review. No share options were exercised in the first nine 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 nine months of 2010, sales – continuing operations increased by 36.3 % 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.

	01/01/ – 30/09/2010	01/01/ – 30/09/2009
	€ million	€ million
Amortization of investment grants	1.4	1.1
Research and development allowances	0.2	0.2
Income from derivative financial instruments	0.0	0.2
Income from exchange rate differences	0.3	0.1
Income from the reversal of provisions	0.0	0.2
Other	0.1	0.5
Total	2.0	2.3

Possible rounding differences.

3. Personnel expenses.

Personnel expenses rose by € 2.6 million against the first nine months of 2009. In this respect it should, however, be noted that, on the one hand, the first nine months of 2009 were 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 September 2010 was 333 (prior year: 316).

Personnel expenses in the first nine months of 2010 included expenses of € 0.2 million with respect to share options issued under the outstanding share option schemes (prior year period: € 0.2 million).

4. Depreciation and amortization.

Depreciation and amortization comprised 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 September 2010 amounted to € 0.4 million (prior year period: € 0.4 million). In all, depreciation and amortization increased by € 0.6 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.

	01/01/ – 30/09/2010	01/01/ – 30/09/2009
	€ million	€ million
Premises and operating costs	3.5	3.2
Distribution costs	4.8	3.9
External research and development costs	0.5	0.3
Expenses relating to operating leases	0.0	0.1
Other	5.9	4.5
Total	14.7	12.0

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 € 9.4 million (prior year period: € -5.6 million) was reported as of 30 September 2010.

9. After-tax earnings from discontinued operations.

Earnings from discontinued operations include purchase price adjustments made upon presentation of the final completion accounts 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.

	01/01/ – 30/09/2010	01/01/ – 30/09/2009
	€ million	€ million
Net income/loss for the period/€ million	8.3	-2.8
thereof from continuing operations	9.4	-5.6
thereof from discontinued operations	-1.1	2.9
Number of shares (weighted)	11,588,613	11,588,451
Earnings per share / €	0.72	-0.24
thereof from continuing operations	0.81	-0.49
thereof from discontinued operations	-0.09	0.25

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.

Additions to fixed assets financed via lease purchase contracts are recognized in this quarterly report as transactions not affecting cash-flows and thus are not reported in the cash-flow statement pursuant to IFRS 7.43f. Prior year comparative figures have been adjusted accordingly.

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 2011.

2011/02/17	Preliminary 2010 sales figures
2011/03/31	Publication of the annual report 2010 (FY 2010)
2011/03/31	Press conference and analyst meeting, Frankfurt/Main
2011/05/12	Interim report as of March 31, 2011 (Q1 2011)
2011/08/11	Interim report as of June 30, 2011 (Q2 2011)
2011/11/14	Interim report as of September 30, 2011 (Q3 2011)

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 home page www.sunways.eu/en.

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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 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.