



<h1>Q2/2011</h1>	QUARTERLY REPORT
	APRIL – JUNE



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GROUP MANAGEMENT REPORT AS OF 30 JUNE 2011

MAJOR EVENTS IN THE SECOND QUARTER 2011.

- BALANCED AFTER-TAX RESULT THANKS TO THE INFLOW OF FUNDS FROM MHH SALE
- SOLAR MODULE SALES VOLUMES REACHED NEW HIGH
- RECOVERY IN DEMAND, MAINLY IN FOREIGN MARKETS
- EBIT NEGATIVE DUE TO CONTINUING DECLINE IN MARKET PRICES AND HIGH COST PRICES FOR WAFERS

Business operations.

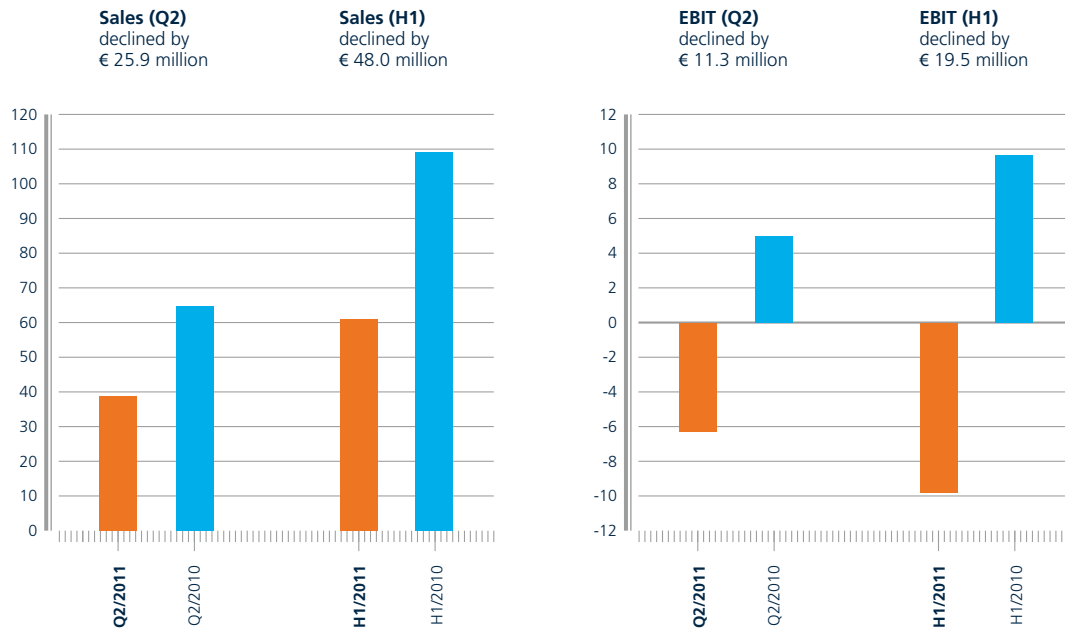
Developments in the photovoltaics industry from April through June were affected by demand that was unusually weak for the season. Inventory levels built up throughout the industry by manufacturers and at the downstream distribution stages as of the end of the previous year resulted in declining prices for photovoltaic components during the first two quarters of 2011. Despite rising returns on investment in the wake of this development, the investment decisions of consumers and investors continued to be hesitant which, in the end, aggravated negative price movements. For example, selling prices for solar modules declined by 10 to 15 % – depending on the module type – during the three months from April to June 2011 alone. Such hesitant demand was additionally increased by uncertainties with respect to the particulars of subsidization measures in some foreign markets and the political discussion in Germany about the lack of network capacities or a move away from photovoltaics. Sunways AG responded to this market situation by taking targeted measures to promote sales and reduce costs. Thus short-time work was temporarily introduced in the second quarter 2011 in the solar cell and inverter production and inventories were reduced consistently to minimize tied up capital.

In this challenging business environment, the sales figures generated by Sunways AG in the second quarter decreased by 40.1 % against the prior year quarter to € 38.7 million (Q2/2010: € 64.6 million). The operating result (EBIT) declined markedly in the second quarter due to lead times on the procurement side and the simultaneous strong decline in selling prices achieved: at € -6.3 million, EBIT fell significantly against the prior year comparable quarter (Q2/2010: € 5.0 million). Earnings after taxes at € 0.2 million were moderately positive in the second quarter 2011 thanks to the inflow of the second purchase price portion (earn-out) of € 4.9 million relating to the sale of MHH Solartechnik GmbH to BayWa Green Energy GmbH as of 31 December 2009. Earnings per share amounted to the € 0.01 in the quarter under review.

Together with the first purchase price payment in early 2010, the net inflow of funds from the sale of MHH Solartechnik thus aggregated € 19.6 million.

In the first six months of 2011, Sunways AG generated sales of € 60.9 million; sales of € 108.9 million had been achieved in the first half of 2010. EBIT in the first half-year 2011 amounted to € -9.8 million (H1/2010: € 9.7 million). After-tax earnings of the Group as of 30 June 2011, including the earn-out from the sale of MHH Solartechnik, were € -2.5 million. Earnings per share thus amounted to € -0.21.

GROUP DEVELOPMENT IN € MILLION



Possible rounding differences.

The working capital of Sunways AG was reduced markedly in the second quarter 2011. Current assets as of 30 June 2011 amounted to € 71.8 million and thus decreased by € 25.4 million against the comparatively high figure of € 97.2 million as of 31 March 2011 to reach a level similar to that prevailing as of the end of 2010 (31 December 2010: € 73.0 million). Such decline in current assets mainly resulted from the reduction of inventory levels built up as of the end of the first quarter from € 64.2 million to € 49.8 million. The company's funding was improved in the past quarter through the reduction of inventories in combination with short-time working.

During the same period, the liabilities of Sunways AG decreased, in particular as a result of the reduction of trade payables which declined from € 32.2 million as of 31 March 2011 by € 24.1 million to € 8.1 million as of 30 June 2011. Compared to the year-end 2010, trade payables fell by € 3.0 million (31 December 2010: € 11.1 million). Short-term liabilities towards banks, on the other hand, increased slightly by € 1.6 million from 31 March 2011; this item had risen by € 11.5 million against the year-end 2010.

Total assets of Sunways AG as of 30 June 2011 at € 112.7 million were again at the level prevailing as of the end of the fiscal year 2010 (31 December 2010: € 112.7 million). Based on shareholders' equity of € 65.8 million as of 30 June 2011, the equity ratio again amounted to 58.4%. Per share equity as of the end of the second quarter was approx. € 5.70.

In the second quarter 2011, Sunways AG generated international sales of € 19.4 million (Q2/2010: € 13.0 million); such sales were almost exclusively realized in other European countries. In the past three months, international sales mainly related to the solar module product segment. Second quarter sales were almost equally attributable to Germany (€ 19.3 million) and other countries (€ 19.4 million). The international portion of Group sales in the second quarter 2010 was a mere 20.1%. Furthermore, a contract manufacturing order (solar cells) for a Chinese customer accounted for € 5.8 million of international sales in the second quarter of the prior year.

Approx. 70.0 % of sales outside Germany in the second quarter 2011 were generated in Italy. Following the decision on the future terms and conditions of subsidies in Italy, this sales market again significantly gained in dynamics: sales rose from € 2.0 million in the prior year quarter to € 13.6 million from April through June 2011. The Spanish market, on the other hand, fell behind the figures reported in the comparable prior year quarter: after sales of € 3.9 million in the second quarter 2010, sales revenues in the second quarter of the current year only amounted to € 0.2 million. By contrast, sales in France rose to € 1.6 million in the quarter under review supported by the cooperation with Wattsol S.A.R.L. In addition, Sunways AG was able to win market share in some countries of Eastern Europe, such as Slovakia.

In the first half-year 2011, international sales reached € 32.3 million; this corresponds to a growth by 60.7 % over the first six months of 2010 (H1/2010: € 20.1 million). In the half-year comparison, the strongest growth rates were also reported in Italy and France. Sales in Italy in the first half-year amounted to € 20.2 million after € 5.1 million in the comparable 2010 period. Sales revenues in France rose from about € 0.3 million in the first six months of 2010 to € 1.9 million in the first half of the current year.

SALES BY REGION

	2 nd quarter 2011		2 nd quarter 2010		1 st half-year 2011		1 st half-year 2010	
	€ million	%	€ million	%	€ million	%	€ million	%
Germany	19.3	49.8	51.6	79.9	28.6	47.0	88.8	81.5
Rest of Europe	19.4	50.2	7.2	11.1	32.3	53.0	14.3	13.2
America	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Asia	0.0	0.0	5.8	9.0	0.0	0.0	5.8	5.3
Rest of world	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	38.7	100.0	64.6	100.0	60.9	100.0	108.9	100.0

Possible rounding differences.

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 (EBIT). Investments as well as 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 € 24.9 million (Q2/2010: € 6.1 million).

The following tables show the development of Sunways AG's sales and earnings:

	2 nd quarter 2011					2 nd quarter 2010				
	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	26.5	29.1	8.0	-24.9	38.7	31.1	29.7	9.8	-6.1	64.6
EBITDA	-0.7	-3.6	-0.4	0.0	-4.7	5.5	0.8	0.3	0.0	6.6
Depreciation and amortization	-1.4	0.0	-0.2	0.0	-1.6	-1.3	-0.1	-0.2	0.0	-1.6
EBIT	-2.1	-3.6	-0.6	0.0	-6.3	4.2	0.7	0.1	0.0	5.0
Investments	0.4	0.0	0.1	0.0	0.5	0.6	0.0	0.2	0.0	0.8

Possible rounding differences.

	1 st half-year 2011					1 st half-year 2010				
	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	34.0	45.5	11.1	-29.7	60.9	52.9	48.4	18.9	-11.3	108.9
EBITDA	-0.1	-4.6	-1.8	0.0	-6.5	9.7	1.6	1.5	0.0	12.8
Depreciation and amortization	-2.8	-0.1	-0.4	0.0	-3.3	-2.7	-0.1	-0.3	0.0	-3.1
EBIT	-2.9	-4.7	-2.2	0.0	-9.8	7.0	1.5	1.2	0.0	9.7
Investments	0.8	0.1	0.1	0.0	1.0	1.2	0.0	0.4	0.0	1.6

Possible rounding differences.

	30/06/2011				31/12/2010			
	Solar cells	Solar modules	Solar inverters	Total	Solar cells	Solar modules	Solar inverters	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Segment assets	69.5	21.1	16.3	106.9	70.9	5.1	19.0	95.0

Possible rounding differences.

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

	2 nd quarter 2011	2 nd quarter 2010
	€ million	€ million
Total EBIT (segments)	-6.3	5.0
Net interest income	-0.4	-0.2
Earnings before taxes	-6.7	4.8
Taxes on income	2.0	-1.2
Earnings after taxes – continuing operations	-4.7	3.5

Possible rounding differences.

	1 st half-year 2011	1 st half-year 2010
	€ million	€ million
Total EBIT (segments)	-9.8	9.7
Net interest income	-0.6	-0.5
Earnings before taxes	-10.4	9.2
Taxes on income	3.1	-2.5
Earnings after taxes – continuing operations	-7.3	6.7

Possible rounding differences.

RECONCILIATION OF SEGMENT ASSETS TO TOTAL GROUP ASSETS

	30/06/2011	31/12/2010
	€ million	€ million
Total segment assets	106.9	95.0
Liquid funds	2.2	13.8
Deferred tax assets	3.5	0.6
Tax receivables	0.0	3.2
Total assets	112.7	112.7

Possible rounding differences.

Solar cells. Sunways AG aims to integrate an increasing number of its solar cells into its own solar modules. To this end, a module production cooperation agreement was entered into with LDK Solar in late 2010 under which specifically reserved Sunways solar cells are embedded into modules by LDK Solar. Thus external solar cell sales are reduced when compared to the previous business model. These changes to the business model were reflected in the segment's development during the first two quarters 2011.

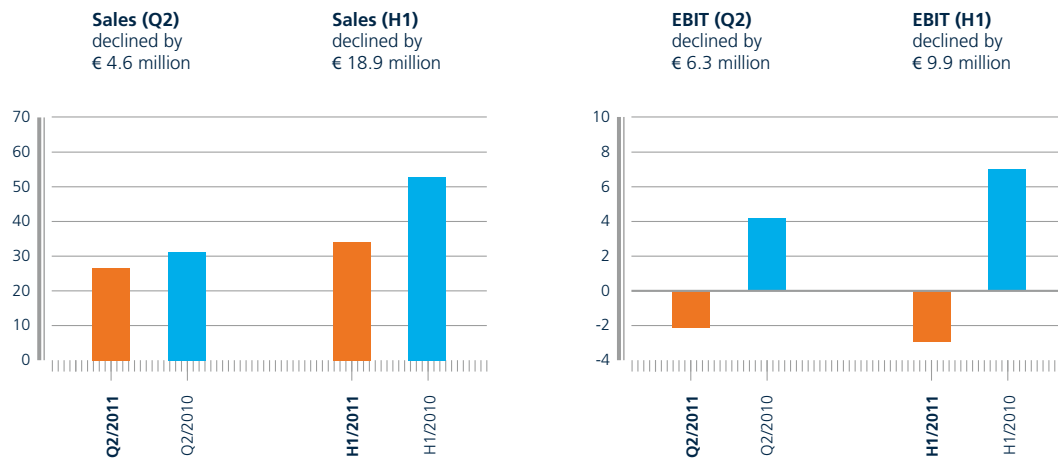
In the second quarter 2011, sales in the solar cell segment at € 26.5 million declined by 14.8 % against the figure reported in the prior year quarter of € 31.1 million. Compared to the prior year quarter, sales of Sunways solar cells dropped by 3.7 megawatts peak to 27.0 megawatts peak (Q2/2010: 30.7 megawatts peak). The solar cells produced from April through June 2011 were almost exclusively supplied to LDK Solar for the production of our own modules. The associated production expenses as well as changes in inventories were fully attributed to the solar cell segment in the quarter under review but solar cell sales will only be realized and reported at current market prices upon return of the modules made from these solar cells. In the second quarter, the portion of sales relating to solar cells manufactured in the first quarter 2011 amounted to € 24.9 million; these sales generated between the solar cell and solar module segments also account for the major portion of production costs in the solar module segment. The gross profit in the solar cell segment remained positive at € 3.0 million while EBIT turned negative to € -2.1 million (Q2/2010: € 4.2 million).

Large amounts of solar cells were transported to China in the first quarter of 2011 to be integrated into Eco-Line Sunways solar modules in connection with the start of the module production cooperation with LDK Solar. These solar cells were included in the first quarter gross performance but only reported under sales of the solar cell segment in the second quarter 2011. Therefore, Sunways AG reported a decline in sales for the six-month period by € 18.9 million to € 34.0 million against the first half-year 2010 (H1/2010: € 52.9 million). In the first half-year 2011, solar cell sales reached a volume of 33.8 megawatts peak after 48.5 megawatts peak in the comparable prior year period. At the same time, the operating result (EBIT) turned negative from € 7.0 million in the first six months of 2010 to € -2.9 million the first half of the current fiscal year.

The product segment's performance in the first six months of 2011 was inter alia affected by the development of market prices for wafers and solar cells during that period. Compared to the purchase prices for wafers, which only declined markedly as of the end of the second quarter, there has been permanent pressure on the selling prices achievable for solar cells since the beginning of the year.

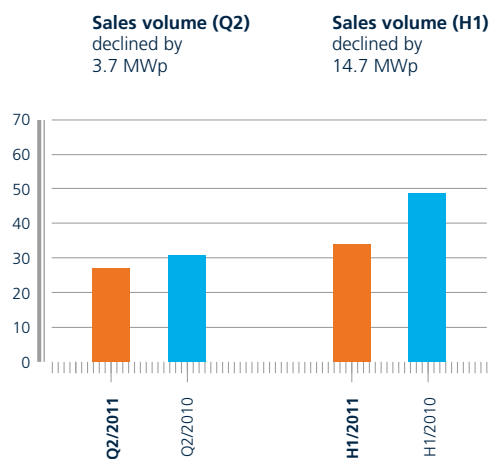
To avoid a further inventory build-up as a result of the weak demand in the market for photovoltaic products, short-time working was introduced in cell production at Sunways AG in Konstanz as well as at Sunways Production GmbH in Arnstadt in May. As of the end of the second quarter, short-time working was discontinued at the Arnstadt plant. Currently, solar cell production capacities within the Sunways Group correspond to 116 megawatts peak; due to short-time working, the capacity utilization rate in the second quarter was only 49 %.

SOLAR CELLS: DEVELOPMENT OF SALES AND EARNINGS IN € MILLION



Possible rounding differences.

SOLAR CELLS: SALES VOLUME DEVELOPMENT IN MWp



Possible rounding differences.

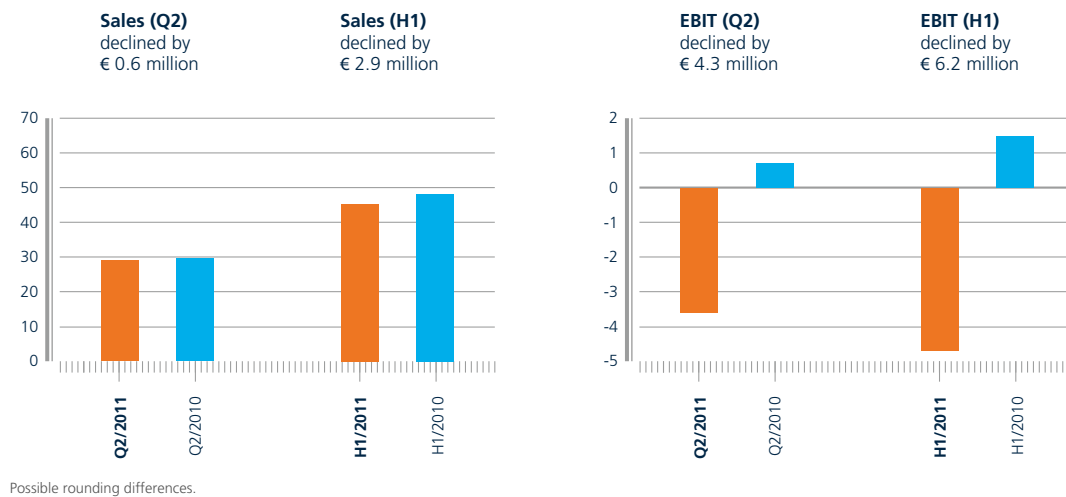
Solar modules. Sales of € 29.1 million were generated in the solar module segment in the second quarter of 2011. Thus sales figures were only slightly below the level prevailing in the prior year comparable quarter (Q2/2010: € 29.7 million). Solar module sales volumes, on the other hand, increased against the comparable period by 5.6 megawatts peak to 21.7 megawatts peak in the second quarter and thus reached a new high. The hesitant demand in the major photovoltaics markets and the oversupply of solar modules throughout the markets led to a massive decline in prices for solar modules in the first half of the year. During the period from March through June 2011 alone, selling prices dropped by about 13 % on the average. This significant price decline resulted in a negative operating result of € -3.6 million in the second quarter 2011 (Q2/2010: € 0.7 million).

In the second quarter, a major sales impetus for the solar module segment came from other European countries. Solar module sales outside Germany increased from € 2.9 million in the second quarter 2010 to € 17.8 million in the past quarter. Thus the international business again markedly outperformed the domestic sales of € 11.3 million in the second quarter 2011. Italy was the most important sales market with a sales contribution of about € 13 million. Such sales growth against the first quarter (Q1/2011: € 5.7 million) underlines the recovery of the photovoltaic business in Italy after the agreement on the future terms and conditions of subsidies reached as of the end of the first quarter. Other sales markets for solar modules in the second quarter 2011 were Slovakia with sales of about € 2.0 million and France with sales of just under € 1.5 million.

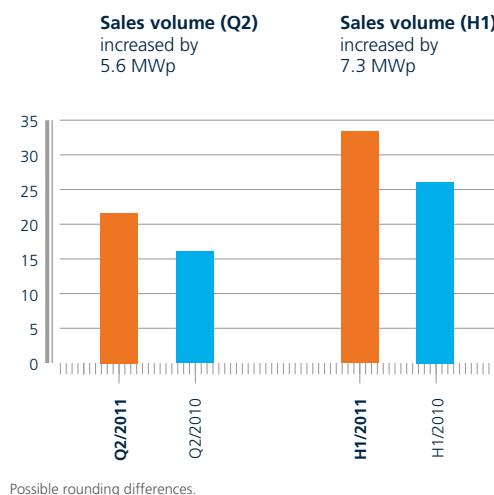
In the first six months of the current year, Sunways AG sold solar modules with a total capacity of 33.4 megawatts peak, i. e. 7.3 megawatts peak or 28 % more than in the first half of 2010 (26.1 megawatts peak). Sales generated in the first half-year declined by € 2.9 million against the comparable prior year period (H1/2010: € 48.4 million) to € 45.5 million. At the same time, EBIT dropped by € 6.2 million to € -4.7 million (H1/2010: € 1.5 million) due to the massive pressure on selling prices which intensified over the first six months.

The positive development of the international business also becomes apparent when comparing the first six months of 2011 with the first half of 2010. The international portion of sales increased substantially from 15.5 % in the first six months of 2010 to 60.9 % in the first half of the current year. In absolute terms, international sales generated by the solar module segment in the first half-year 2011 amounted to € 27.8 – after € 7.5 million in the first six months of 2010. The largest sales growth against the prior year was again recorded in the Italian and French markets.

SOLAR MODULES: DEVELOPMENT OF SALES AND EARNINGS IN € MILLION



SOLAR MODULES: SALES VOLUME DEVELOPMENT IN MWp

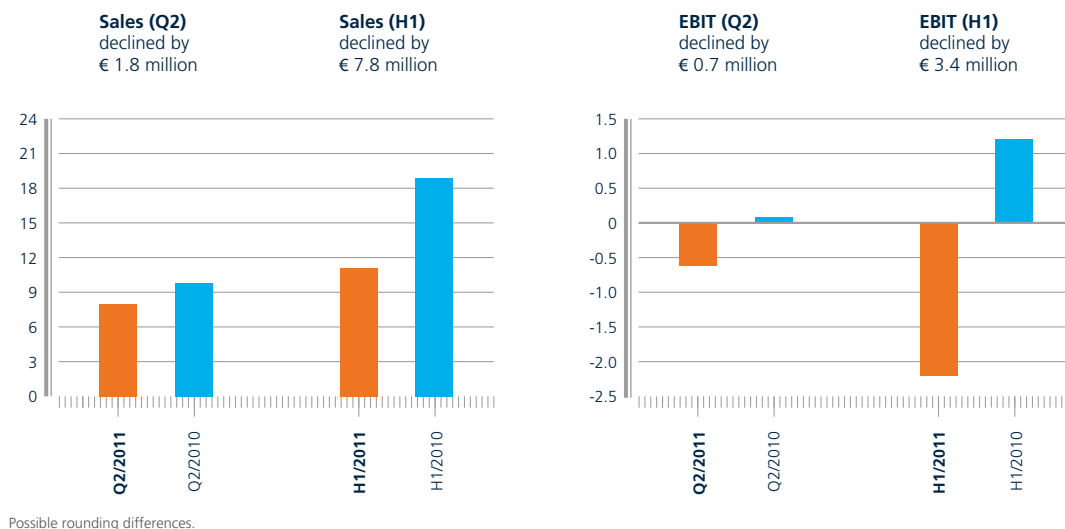


Solar inverters. After the weak first quarter 2011, the Sunways solar inverter business recovered in the second quarter although sales revenues as well as sales volumes fell behind the level prevailing in the comparable prior year quarter. Sales volumes of 38.2 megawatts peak and sales revenues of € 8.0 million were generated in the second quarter 2011; the sales volume in the second quarter 2010 corresponded to a capacity sold of 39.3 megawatts peak while sales revenues amounted to € 9.8 million. Due to the weak demand for photovoltaic components and systems, manufacturers' prices for inverters also were under pressure in the past quarter. Initially, the prices for larger devices declined by about 15 %; the prices for smaller devices also declined slightly later in the second quarter. Against this background, segment EBIT decreased from € 0.1 million in the second quarter 2010 to € -0.6 million in the second quarter 2011.

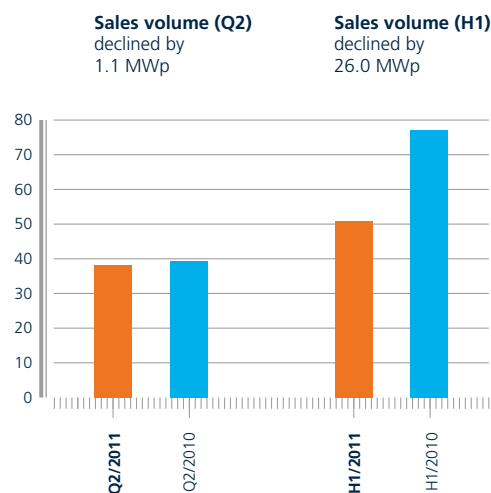
In the past three months, Germany was again the most important sales market for Sunways solar inverters. At 83.8 %, the domestic sales contribution even increased slightly against the previous quarters. The major international markets in the second quarter were Italy, France and Slovakia. In absolute terms, total sales revenues generated in the international solar inverter business in the second quarter 2011 amounted to € 1.3 million (Q2/2010: € 2.1 million).

Due to the high inventory levels of dealers and the weak demand for photovoltaic products from end consumers, sales volumes in the solar inverter product segment decreased by 26 megawatts peak to 51 megawatts peak over the first six months of 2011 (H1/2010: 77 megawatt peaks). Sales revenues declined by € 7.8 million to € 11.1 million (H1/2010: € 18.9 million). In the first half of 2010, EBIT had reached € 1.2 million but turned negative to € -2.2 million in the first half-year 2011 as a result of the reduced gross margin and lower production volumes.

SOLAR INVERTERS: DEVELOPMENT OF SALES AND EARNINGS IN € MILLION



SOLAR INVERTERS: SALES VOLUME DEVELOPMENT IN MWp



Possible rounding differences.

Technology and products.

Ongoing product improvement. Our customers expect to generate sustainable energy from sunlight and attach great value to the performance, design and quality of products. Since 1993, the development staff at Sunways have been working every day to increasingly integrate solar technology into everyday life in order to meet the demands of our customers with respect to devices and systems in the best possible manner. As a provider of all performance-defining components of photovoltaic systems, we have extensive know-how. The quality of our individual solar cells, modules and inverters form the basis for our high-performance solar systems. Our goal is to continuously further develop and improve our products and to create customer-oriented solutions.

In the past quarter, Sunways AG was one of the first manufacturers to be awarded the unit certificate pursuant to the directive "Generating systems on the medium-voltage grid" of the Federal Association of the German Energy and Water Industry (BDEW) for the central inverters PT 30k and PT 33k. This certificate is required for purposes of the grid connection approval with respect to new solar systems and certifies that the inverter so certified will not disconnect from the grid in the event of any network problems and that it will provide sufficient reactive power to maintain line voltage. Thus the installation of additional devices for feeding in reactive power is no longer necessary so that additional expenses on the part of the system operator can be avoided.

Product novelties at the Intersolar 2011. This year, Sunways AG has again introduced innovations and new products to the experts as well as to the general public on the occasion of the Intersolar Europe, a major trade exhibition held in München. Highlights presented at the exhibition were the Sunways "18+" solar cells with P3 technology, the Sunways in-roof system, a complete solution for high-performance and aesthetically sophisticated energy roofs, the Sunways high-performance solar module with a capacity of 260 watts peak and more as well as the concept of a Sunways storage solution for an increased consumption of self-generated solar power.

Our latest generation of high-efficiency solar cells incorporating the Sunways P3 technology achieves efficiency rates of more than 18 % and the highest possible consistency of performance. The Sunways P3 technology prevents the so-called LID effect, a light-induced deterioration in the performance of monocrystalline solar modules during the first days of operation of a photovoltaic system. The P3 technology also prevents a voltage-related deterioration in the performance of mono- and multicrystalline solar cells, the so-called PID effect.

Extensive tests under the most stringent conditions have confirmed that our P3 technology will prevent such deterioration in performance. The result is the long-term stable maximum performance of our Eco-Line solar modules.

The new Sunways in-roof mounting system and matching in-roof laminate constitute the first complete roofing solution offered by Sunways which permits an excellent optical integration. The system is based on Sunways solar modules with 48 monocrystalline black solar cells. One of the functional advantages of the system lies in its flexible dimensions which allow for perfectly adjusted roofing. The in-roof laminate is available in performance classes up to 200 watts peak. Together with the Sunways solar inverter NT 3000, a perfect system with the highest efficiency rate in the market is created in the area of the popular 3-kilowatt systems.

A high-performance solar module was initially presented at the Intersolar that is expected to complement the product range of Sunways AG from the fourth quarter 2011 onwards. Sunways high-performance solar modules will be available in the performance classes of 260 watts peak and more. With module efficiency rates of more than 16 %, they achieve top results in this performance class. They are composed of 60 monocrystalline full-square solar cells. Anti-reflective module glass and a white backside film for optimum temperature behavior reduce efficiency rate losses and ensure the highest power output in the long term.

The storage of the electric energy generated is of major importance for the sustainability of energy supply systems based on regenerative energy sources. Such storage permits the balancing of short-term availability fluctuations as well as increased self-consumption so that the networks can be relieved and the necessary expansion may be limited. At the Intersolar, Sunways initially presented the product concept for such a storage solution which allows for an increased consumption of self-generated photovoltaic power. The energy manager is based on one or several Li-Ion batteries with a capacity of 4.7 kilowatts. An intelligent battery management system not only controls the charging of batteries but also any connected power-consuming devices, such as hot water storage tanks, washing machines, etc. The market launch is planned for 2012.

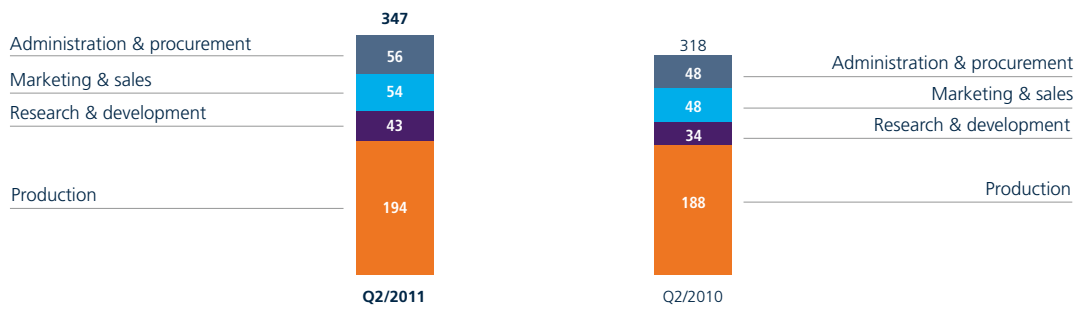
Personnel and social matters.

As of 30 June, 2011, the Sunways Group had 347 employees and 17 apprentices. As of the prior year comparable date, the Group had 318 employees and 11 apprentices. Thus the number of staff increased by 30 employees and 6 apprentices (approx. 10 %) within one year.

During that period, new employees were recruited mainly at Sunways AG in Konstanz. At Sunways Production GmbH in Arnstadt, the number of staff increased only marginally. At the Group level, new recruitments mainly related to the research and development, marketing and distribution as well as procurement and administrative areas. As of 30 June 2011, 15 employees were active in the international business. The relevant number of staff as of the same date last year was ten. Against the end of the first quarter of the current year, the workforce only decreased marginally.

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

EMPLOYEES BY FUNCTION



Due to the weak demand during the first months of the year, short-time working was introduced at both production plants of the company in the second quarter. This concerned mainly the cell and inverter production as well as production-related areas – a total of about 50 % of the workforce were affected to varying degrees during the months of May and June. At the end of the second quarter, short-time working was discontinued at Sunways Production GmbH in Arnstadt. To make such measures as acceptable as possible for the employees, they were initially implemented in the form of overtime compensation, by granting vacation days and – wherever possible and reasonable – by deploying staff in other areas of the company.

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 2011.

Management Board	Shares as of 30/06/2011
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	10,000
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.

Opportunities and risks.

After the record year 2010, the demand for photovoltaic components – in particular in Germany – was very hesitant in the first half-year 2010. Customers and investors were also unsettled by the lack of clear political statements relating to the importance of solar power in the context of the future energy supply as well as concrete information on further subsidies – in particular with respect to the uncertain amount of the reduction of feed-in tariffs in Germany after 30 June 2011. In Italy, the most important non-domestic market, a continuous market development was prevented by the significantly delayed amendment to the electricity feed-in law. As a consequence, weak demand in the major European markets coincided with high inventory levels on the part of wholesalers and installers and very substantial supply capacities on the part of all manufacturers. The pressure on market prices due to such excess supply and the suspended reduction of feed-in tariffs in Germany as of 1 July now made the rates of return associated with photovoltaic systems again very attractive in comparison to government bonds or shares. Therefore, market observers expect demand to recover in the second half of 2011. It is uncertain to what extent these expectations will be met. However, further developments in the financial markets should also have a not insignificant impact on the anticipated investment behavior of buyers.

Concerns with respect to further economic developments are growing worldwide. In addition to the risk of an expansion of the European debt crisis, there are increasing fears of a recession in the U.S.A. which might affect the entire world economy.

In the first days of August, a continuously negative, highly dynamic movement started in the international share markets. All over the world, share indices showed intense downward trends and a high degree of nervousness with respect to the further development of the debt crisis in Euro countries such as Italy or Spain and other markets. The German share index DAX fell about 1,000 points compared to a few weeks ago. This uncertainty in the financial markets may also impede the extension of loans and thus the funding of capital expenditures, e. g. for photovoltaic systems.

Otherwise there were no major changes with respect to the opportunities and risks as set forth in the 2010 annual report.

Outlook for the entire fiscal year 2011.

The weak demand for photovoltaic products and the excess supply prevailing in the first months of the year to some extent continued in the second quarter. In the light of the sales revenues and orders received in April, Sunways AG therefore withdrew its sales prognosis for the entire fiscal year 2011 in May. In view of the increasing market volatility as a result of continuing financial and political uncertainties in our target markets, the still hesitant demand in Germany and the supply-related massive pressure on market prices, the Management Board of Sunways AG no longer believes that a reliable prognosis can be given with respect to sales and operating result (EBIT) for the full year 2011.

Against the background described above, we expect to experience a more positive development in the remaining two quarters than in the first half of the year. Sunways AG has taken the necessary measures on the sales and cost side to improve its operating result. These measures will be pursued consistently in the second half of the year. We intend to strengthen the awareness of the Sunways brand in our major target markets and further stabilize our reputation as a quality provider and technology leader to continue to be able to win market share in the future.

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.

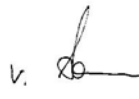
Konstanz, 11 August 2011



Michael Wilhelm
Chairman of the
Management Board –
Strategy and Finance



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



Jörg von Strom
Member of the
Management Board –
Procurement, Production
and Supply Chain



Jürgen Frei
Member of the
Management Board –
Sales and Marketing

CONSOLIDATED INTERIM FINANCIAL STATEMENTS (IFRS) AS OF 30 JUNE 2011

CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2011.

Assets	See note No.	30/06/2011	31/12/2010
		€ million	€ million
Current assets			
Liquid funds	C.1.	2.2	13.8
Trade receivables	C.2.	3.8	5.6
Inventories	C.3.	49.8	31.3
Short-term financial assets	C.2.	0.0	0.4
Prepayments and accrued income and other current assets	C.2.	3.0	7.3
Total current assets		58.9	58.5
Non-current assets			
Tangible fixed assets	C.4.	35.2	37.4
Intangible assets	C.5.	1.3	1.4
Financial assets		0.1	0.1
Goodwill		0.0	0.0
Non-current financial assets		0.0	0.0
Other non-current assets	C.6.	13.7	14.6
Deferred taxes	C.7.	3.5	0.6
Total non-current assets		53.8	54.1
Total assets		112.7	112.7
Liabilities and shareholders' equity			
Current liabilities			
Short-term financial liabilities	C.8.	14.8	3.4
Trade payables	C.9.	8.1	11.1
Prepayments received		0.1	0.2
Provisions	C.9.	5.1	7.1
Income tax payable	C.9.	0.1	2.0
Other current liabilities	C.9.	1.0	0.5
Deferred investment grants	C.12.	1.8	1.8
Total current liabilities		31.0	26.2
Long-term liabilities			
Long-term financial liabilities	C.10.	4.6	6.2
Other long-term deferred items and liabilities	C.11.	3.0	2.8
Deferred investment grants	C.12.	7.9	8.8
Deferred taxes		0.4	0.5
Total long-term liabilities		15.9	18.3
Shareholders' equity			
Subscribed capital	C.13.	11.6	11.6
Capital reserves	C.13.	37.6	37.5
Retained earnings		16.8	19.3
Other equity components		-0.2	-0.2
Consolidated shareholders' equity		65.8	68.2
Total liabilities and shareholders' equity		112.7	112.7

Possible rounding differences.

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2011.

	Note	01/04/ – 30/06/2011	01/04/ – 30/06/2010	01/01/ – 30/06/2011	01/01/ – 30/06/2010
	No.	€ million	€ million	€ million	€ million
Sales	D.1.	38.7	64.6	60.9	108.9
Changes in inventories of finished and unfinished goods	D.2.	-3.9	-4.5	18.2	0.8
Gross performance		34.8	60.1	79.1	109.7
Other operating income	D.3.	1.0	0.8	2.4	1.4
Cost of materials		-31.0	-43.7	-70.2	-80.3
Personnel expenses	D.4.	-4.0	-4.8	-8.5	-8.8
Depreciation and amortization	D.5.	-1.6	-1.6	-3.3	-3.1
Other operating expenses	D.6.	-5.4	-5.9	-9.3	-9.3
Income from investments		0	0	0	0
Operating result (EBIT)		-6.3	5.0	-9.8	9.7
Interest income		0.0	0.1	0.0	0.1
Interest expenses	D.7.	-0.4	-0.3	-0.6	-0.6
Earnings before taxes		-6.7	4.8	-10.4	9.2
Taxes on income	D.8.	2.0	-1.2	3.1	-2.5
Earnings after taxes – continuing operations	D.9.	-4.7	3.5	-7.3	6.7
Earnings after taxes – discontinued operations	D.10.	4.9	0.0	4.9	-1.1
Consolidated net income/loss		0.2	3.5	-2.5	5.6
Earnings per share – continuing operations (undiluted = diluted)	F.	-0.41	0.30	-0.63	0.57
Earnings per share – discontinued operations (undiluted = diluted)	F.	0.42	0.00	0.42	-0.09
Earnings per share (undiluted = diluted)	F.	0.01	0.30	-0.21	0.48
Average number of shares outstanding		11,588,613	11,588,613	11,588,613	11,588,613

Possible rounding differences.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2011.

	01/04/ – 30/06/2011	01/04/ – 30/06/2010	01/01/ – 30/06/2011	01/01/ – 30/06/2010
	€ million	€ million	€ million	€ million
Consolidated net income/loss	0.2	3.5	-2.5	5.6
Changes in the market value of derivative financial instruments in hedge accounting	-0.1	-0.1	0.0	0.2
Total income and expenses recognized in shareholders' equity	0.1	3.6	-2.5	5.8

Possible rounding differences.

CONSOLIDATED CASH-FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2011.

	01/01/ – 30/06/2011	01/01/ – 30/06/2010
	€ million	€ million
Operating activities		
Operating result (EBIT)	-9.8	9.6
Depreciation and amortization	3.3	3.1
Income/expenses not affecting cash-flows	-0.6	-1.0
Increase (-)/decrease in receivables and other assets, accruals and deferrals	6.0	7.2
Increase (-)/decrease in inventories	-18.5	-6.7
Increase/decrease (-) in trade payables and other provisions, liabilities	-3.8	-3.4
Taxes on income	-1.9	0.0
Interest paid	-0.5	-0.5
Interest received	0.0	0.1
Cash provided by/ used for (-) operating activities	-25.8	8.5
Investment activities		
Acquisition of fixed assets	-1.0	-1.6
Cash provided by investment grants/subsidies	0.3	0.0
Cash provided by sales of equity instruments in other companies	5.0	-1.1
Cash provided by/ used for (-) investment activities	4.3	-2.7
Financing activities		
Cash provided by/used for (-) long-term bank loans	-0.7	-0.7
Cash provided by/used for (-) short-term bank loans	11.4	-1.6
Cash used for (-) other liabilities	-0.8	-0.8
Cash provided by/ used for (-) financing activities	9.9	-3.1
Net increase/decrease (-) of liquid funds	-11.6	2.6
Cash and cash equivalents at the beginning of the reporting period	13.8	21.9
Cash and cash equivalents at the end of the reporting period	2.2	24.5
Composition of liquid funds at the end of the reporting period (consolidated balance sheet)	2.2	24.5

Possible rounding differences.

CHANGES IN SHAREHOLDERS' EQUITY IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2011.

	Subscribed capital	Capital reserves	Retained earnings/ accumulated loss	Other equity components, derivative financial instruments	Consolidated shareholders' equity
	€ million	€ million	€ million	€ million	€ million
01/01/2010	11.6	37.3	9.9	-0.3	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
Consolidated net income	0.0	0.0	5.6	0.0	5.6
Comprehensive income	0.0	0.0	0.0	0.2	0.2
30/06/2010	11.6	37.4	15.5	-0.1	64.4
01/01/2010	11.6	37.3	9.9	-0.3	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
Consolidated net income	0.0	0.0	9.3	0.0	9.3
Comprehensive income	0.0	0.0	0.0	0.1	0.1
31/12/2010	11.6	37.5	19.3	-0.2	68.2
01/01/2011	11.6	37.5	19.3	-0.2	68.2
Changes related to share options pursuant to IFRS 2 (expense related to employee options)	0.0	0.1	0.0	0.0	0.1
Consolidated net loss	0.0	0.0	-2.5	0.0	-2.5
Comprehensive income	0.0	0.0	0.0	0.0	0.0
30/06/2011	11.6	37.6	16.8	-0.2	65.8

Possible rounding differences.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (IFRS) AS OF 30 JUNE 2011 (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 consolidated interim financial statements are also in conformity with the IFRS published by the IASB.

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 balance sheet as of 30 June 2011, the consolidated income statement for the six months ended on 30 June 2011 and 2010, respectively, the statement of comprehensive income for the six months ended on 30 June 2011 and 2010, respectively, the consolidated cash-flow statement for the six months ended on 30 June 2011 and 2010, respectively, changes in consolidated shareholders' equity for the six months ended on 30 June 2011 and 2010, respectively, as well as the explanatory notes thereto were drawn up for purposes of the consolidated interim financial statements. 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 2010. 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 2010. In addition, the standards and interpretations initially to be complied with as from 1 January 2011 were observed.

The standards and interpretations initially applicable for the fiscal year starting on 1 January 2011 did not result in any material accounting and valuation changes.

The classification of the Company's business activities into the segments defined for reporting purposes pursuant to IFRS 8 "Operating segments" remained unchanged in the period under review. As in the previous year, the Company's activities are subdivided into the following three product segments:

The solar cell product segment comprises the development, production and distribution of solar cells and the two production plants in Konstanz and Arnstadt as well as related activities.

The solar module product segment comprises activities relating to the trading in and distribution of solar modules as well as their assembly.

The solar inverter product segment covers 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 2011 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 exchange rates used for the conversion of major currencies outside the European Currency Union developed as follows:

Currency	ISO code	Middle exchange rate as of the balance sheet date		
		30/06/2011	31/12/2010	30/06/2010
U.S. dollar	USD	1.4453	1.3362	1.2271
Swiss franc	CHF	1.2071	1.2504	1.3283

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 2011, there were no changes in the scope of consolidation compared to the consolidated financial statements in accordance with IFRS as of 31 December 2010.

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

Deferred taxes with respect to consolidation procedures were 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.

	30/06/2011	30/06/2010
	€ million	€ million
Liquid funds	2.2	13.8

The decline in liquid funds by € 11.6 million related to the rise in net current assets in the first half of the current fiscal year which resulted in particular from the modification of the business model.

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

	30/06/2011	30/06/2010
	€ million	€ million
Trade receivables	3.8	5.6
Financial assets		
Current portion of financial receivables	0.0	0.1
Accounts receivable under derivative instruments	0.0	0.3
Other assets		
Value added tax receivable	0.5	3.2
Prepayments made	1.4	3.2
Grants and subsidies	0.4	0.6
Tax refund claims	0.0	0.0
Other	0.7	0.4
Sub-total	3.0	7.7
Total	6.8	13.4

Possible rounding differences.

Trade receivables decreased by € 1.8 million against 31 December 2010. Such decline was mainly date-related. Allowance for trade receivables amounted to € 1.6 million and thus remained almost unchanged from 31 December 2010.

In addition to receivables under the GA regional subsidy program (Gemeinschaftsaufgabe Verbesserung der regionalen Wirtschaftsstruktur) (€ 0.3 million), grants and subsidies included grants for research projects (€ 0.1 million).

3. Inventories.

	30/06/2011	30/06/2010
	€ million	€ million
Raw materials and supplies	8.3	9.2
Work in progress	1.8	1.2
Finished goods and merchandise	39.7	20.9
Total	49.8	31.3

Possible rounding differences.

Inventories increased by € 18.5 million against 31 December 2010.

After an increase in raw materials and supplies by € 1.8 million to € 11.0 million in the first three months, this item declined to € 8.3 million as of 30 June 2011, mainly as a result of short-time working at the Konstanz and Arnstadt cell production plants and the associated reduced need for wafers.

At € 1.8 million (prior quarter: € 1.7 million), work in progress remained almost unchanged from the prior quarter.

Following an increase in finished goods and merchandise to € 51.5 million as of 31 March 2011, this item was reduced to € 39.7 million as of 30 June 2011. The resumption of module contract manufacturing in China due to the change in business model and the related longer supply chains, on the one hand, as well as weak demand in the market, on the other hand, resulted in an increase in inventories in the cell and module segments by a total of € 27.9 million in the first quarter. The decline in the second quarter by € 11.0 million was mainly due to the increased demand for modules compared to the prior quarter. However, inventories in the cell and module segments increased against the prior year as a consequence of the module production cooperation. Inverter inventories also recorded a rise. This was mainly due to the very hesitant demand in the inverter segment in the wake of the generally weak demand in the market which resulted in an inventory build-up in the area of inverters of € 2.7 million in the first quarter of 2011 that was only partially offset in the second quarter of the current year.

Potential inventory risks were covered by corresponding valuation adjustments.

4. Tangible fixed assets.

Significant additions to tangible fixed assets related to replacement investments at the Konstanz plant as well as to adaptations of the Arnstadt production plant. Other additions were reported in the area of plant and office equipment.

5. Intangible assets.

As of 30 June 2011, capitalized development activities totaled € 0.9 million. Pursuant to IAS 38, development costs for new products in the amount of € 0.03 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 2011 amounted to € 0.2 million.

Other additions mainly related to EDP software.

6. Other non-current assets.

Other non-current assets comprise prepayments made with respect to inventories under long-term supply contracts.

7. Deferred taxes.

This item includes deferred tax assets relating to existing loss carryforwards, eliminated intercompany profits, liabilities under financial derivatives and impending losses.

8. Short-term financial liabilities.

	30/06/2011	30/06/2010
	€ million	€ million
Current portion of liabilities towards banks	12.9	1.4
Current portion of liabilities under finance leases	1.6	1.7
Liabilities under financial derivatives – in hedge accounting	0.2	0.2
Liabilities under embedded derivatives	0.1	0.1
Total	14.8	3.4

Possible rounding differences.

€ 1.4 million of short-term liabilities towards banks related to the current portion of long-term bank loans and € 11.4 million to current account loans. As of 30 June 2011, the credit facilities made available to Sunways AG by several banks amounted to € 20.0 million (31 December 2010: € 12.5 million).

9. Current liabilities and provisions.

After a rise in trade payables by € 21.1 million to € 32.2 million as of 31 March 2011, this item was reduced to € 8.1 million as of 30 June 2011. The redemption of liabilities was funded in particular through a reduction of inventories.

Foreign currency liabilities as of the balance sheet date amounted to € 2.4 million.

Provisions largely related to provisions for personnel expenses, warranties, license fees outstanding and impending losses under purchase commitments. Compared to 31 December 2010, such provisions declined by € 2.0 million which was mainly due to reduced provisions for personnel expenses and for invoices outstanding.

	30/06/2011	31/12/2010
	Mio. €	Mio. €
Personnel expenses	1.2	2.5
Warranties	1.2	1.0
License fees	1.4	1.6
Impending losses under purchase commitments	0.3	0.0
Other	1.0	2.0
Total	5.1	7.1

Possible rounding differences.

Income tax payable amounted to € 0.1 million as of 30 June 2011 (31 December 2010: € 2.0 million). This item includes trade tax, corporate income tax as well as solidarity surcharge payable with respect to the fiscal year 2010.

Other current liabilities were composed as follows:

	30/06/2011	31/12/2010
	€ million	€ million
Wage and church taxes payable	0.7	0.2
Other liabilities	0.3	0.3
Total	1.0	0.5

Possible rounding differences.

10. Long-term financial liabilities.

	30/06/2011	30/06/2010
	€ million	€ million
Long-term portion of liabilities towards banks	1.4	2.2
Long-term portion of liabilities under finance leases	3.2	4.0
Total	4.6	6.2

Possible rounding differences.

This item comprises the long-term portion of bank loans raised to fund the expansion of the Arnstadt production plant as well as the long-term portion of liabilities under lease purchase contracts. The long-term portion of liabilities under lease purchase contracts exclusively related to the expansion of the Arnstadt production plant.

11. Other long-term deferred items and liabilities.

	30/06/2011	30/06/2010
	€ million	€ million
Deferred item relating to warranty extension	3.0	2.8
Total	3.0	2.8

Possible rounding differences.

This deferred item relates to warranty extensions beyond the duration of statutory warranty claims.

12. Deferred investment grants.

Deferred investment grants refer to government subsidies granted 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. The amount relates to buildings and machinery commissioned in Arnstadt in connection with the erection and expansion of the production plant.

Income resulting from the amortization of deferred investment grants amounted to € 0.9 million in the first half of 2011 (prior year: € 0.9 million).

13. Shareholders' equity.

Subscribed capital. Reference is made to "changes in shareholders' equity." There were no changes in subscribed capital in the first half-year 2011. Stated capital as of 30 June 2011 amounted to € 11,588,613.00.

By resolution of the general meeting on 16 June 2011, the remaining conditional capital in the original amount of € 4,357,035.00 created by the general meeting on 6 May 2004 was cancelled pursuant to § 5 IV of the articles of incorporation.

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

	Capital reserves
	€ million
As of 01/01/2011	37.5
Issue of share options	0.1
As of 30/06/2011	37.6

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 2010.

In relation to the fiscal year 2010, a total of 65,000 share options were issued to members of the Management Board under the Long Term Incentive Plan 2009 in the first half of 2011. No share options were exercised in the period under review. A total of 4,500 share options lapsed during the first six months of 2011.

D. Notes to the consolidated income statement.

1. Sales.

Sales refer to all business segments of the Group. The 40.1 % drop against the comparable prior year period was, on the one hand, due to declining prices in the first half-year 2011. On the other hand, Sunways solar cells in the first half of 2011 were – unlike in the prior year period – almost exclusively integrated into Sunways solar modules under contract manufacturing arrangements.

With respect to the breakdown of sales, reference is made to the information set forth under “Segment reporting.”

2. Changes in inventories.

The resumption of module contract manufacturing in China and related supply chains as well as weak sales resulted in an increase in inventories by € 22.1 million in the first quarter. In the second quarter, a reduction of the increase in inventories by € 3.9 million was mainly achieved through a rise in module sales volumes as well as through short-term working at the Konstanz and Arnstadt solar cell production plants. Thus changes in inventories in the first six months amounted to € 18.2 million.

3. Other operating income.

	30/06/2011	30/06/2010
	€ million	€ million
Reversal of investment grants	0.9	0.9
Research and development grants	0.2	0.2
Income from derivative financial instruments	0.1	0.1
Exchange rate gains	0.7	0.1
Income from the reversal of provisions	0.4	0.0
Other	0.1	0.1
Total	2.4	1.4

Possible rounding differences.

4. Personnel expenses.

Personnel expenses declined by € 0.3 million against the first half-year 2010.

As of 30 June 2011, the Group employed a total workforce of 347 (prior year: 318).

Personnel expenses in the first six months of 2011 included expenses of € 0.1 million with respect to share options issued under the outstanding share option schemes (prior year period: € 0.1 million).

5. 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 June 2011 amounted to € 0.2 million (prior year period: € 0.3 million). In all, depreciation and amortization increased only marginally against the prior year period.

6. Other operating expenses.

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

	30/06/2011	30/06/2010
	€ million	€ million
Premises and operating costs	2.4	2.3
Distribution costs	3.2	2.8
External research and development costs	0.4	0.3
Other	3.3	3.9
Total	9.3	9.3

Possible rounding differences.

7. Interest expenses.

Interest expenses for the first six months remained at the same level as in the comparable prior year period. While interest expenses were reduced as a result of ongoing redemption payments on long-term loans, the interest expense on current account loans rose due to increased drawings.

8. Taxes on income.

Taxes on income include deferred taxes pursuant to IAS 12. The calculation of deferred taxes was based on a tax rate of 29.32 %.

9. Earnings from continuing operations.

The consolidated net loss from continuing operations as of 30 June 2011 was € -7.3 million.

10. Earnings after taxes from discontinued operations.

After-tax earnings from discontinued operations in the first half of 2011 amounted to € 4.9 million (prior year: € -1.1 million). This amount included the contractually agreed performance-related component referring to the disposal of MHH Solartechnik GmbH. In the prior year comparable period, this item included purchase price adjustments made upon presentation of the final completion accounts of MHH Solartechnik GmbH.

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 – 30/06/2011	01/01 – 30/06/2010
	€ million	€ million
Net income/loss for the period/€ million	-2.5	5.6
Thereof from continuing operations	-7.3	6.7
Thereof from discontinued operations	4.9	-1.1
Number of shares (weighted)	11.588.613	11.588.613
Earnings per share / €	-0.21	0.48
Thereof from continuing operations	-0.63	0.57
Thereof from discontinued operations	0.42	-0.09

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 were 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 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 further information on the Company 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.