



Interim Report as of June 30, 2008

SOLON AG für Solartechnik

Selected financial data of the IFRS financial statements as of June 30, 2008

SOLON group's key figures		Jun 30, 2007	Jun 30, 2008	Change in %
Revenues	€million	193.7	410.6	112
Total operating performance	€million	213.2	446.9	110
Gross profit	€million	49.8	83.3	67
EBITDA	€million	19.5	37.0	90
in % of revenues	%	10.1	9.0	
EBIT	€million	15.7	31.5	101
in % of revenues	%	8.1	7.7	
Net income before taxes*	€million	13.8	27.2	97
in % of revenues	%	6.8	6.6	
Net income after minority interests*	€million	8.8	17.9	103
in % of revenues	%	4.5	4.4	
Number of employees**		599	863	44
Revenues per employee	€thousand	323.3	475.8	47
Number of outstanding shares	million	9.6	12.5	30
Earnings per share (IAS 33.10)*	€	0.93	1.43	54
Cash flow from operating activities	€million	-35.5	-27.4	23
Depreciation and amortization	€million	3.8	5.5	45
Capital expenditure on intangible assets and property, plant and equipment	€million	7.3	40.8	459
Production capacity	MWp	130	250	92
Production output	MWp	50	84	68
		Dec 31, 2007	Jun 30, 2008	Change in %
Total assets	€million	763.1	841.6	10
Equity	€million	363.1	378.2	4
Equity-to-assets ratio	%	47.6	44.9	

* excluding one-time effects

** excluding members of the Management Board

- Revenues up 112 % to €410.6 million
- EBIT increased 101 % to €31.5 million
- Net income excluding one-time effects improved by 103 % to €17.9 million
- Contract of €87 million signed with Austrian financial investor for the construction of solar power plants in Spain
- First major order from Greece (10 megawatts)
- Acquisition of a stake in Italian start-up for silicon production
- Framework agreement signed with Deutsche Bank for development and implementation of 150 megawatts power plant projects in Italy
- Acquisition of a stake in U.S. company for production of solar cells

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Dear Shareholders,
Friends, and Partners of SOLON AG,

The first half of 2008 produced the positive results we had expected. We were able to once again increase revenue, operating income, and net income by more than 100 % each. We completed the construction of our production facilities at the new Berlin location, and the expansion of production capacities at other locations in Germany, Italy, and the USA are proceeding according to plan.

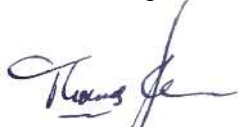
During the past quarter we have also seen important indicators of future trends in the most important European solar markets, namely Germany and Spain. At the beginning of June, the German Bundestag adopted the amendment of the Renewable Energy Act. This has created a basis for further expansion of renewable energies in Germany, and at the same time ended a phase of uncertainty that had been accompanied by a heated public debate.

In Spain, where a restructuring of subsidies for photovoltaics is pending, a corresponding parliamentary bill was submitted in July. This bill calls for significant cuts in the amount of subsidies as well as an annual limit on the construction of new photovoltaic power plants. Should the law be adopted in its current form, this would result in a significant decrease of market demand in Spain.

In this changing market environment, new markets such as Italy, Greece, and France are becoming increasingly significant. There are signs of strong growth in demand for solar technology in these countries, which also have attractive subsidies and favorable solar radiation conditions. Italy in particular has excellent potential to replace Spain as the most important European photovoltaics market outside of Germany. Thanks to our Italian subsidiary, SOLON was able to establish itself in this growth market at an early stage, and is now one of the leading vendors of solar technology in Italy. The framework agreement recently signed with Deutsche Bank for power plant projects having a total capacity of 150 megawatts underscores our strong market position.

In addition to developing new markets, the solar industry is also facing the challenge of how to continue lowering prices for photovoltaics in the future. This requires renewed efforts by all of the actors throughout the solar value chain. Our focus in this effort is on achieving further growth to create economies of scale and on technological refinements. We are confident that we are well equipped to make our own contribution toward achieving this goal.

Berlin, August 2008



Thomas Krupke
Chief Executive Officer

SOLON AG für Solartechnik, Berlin

Group management report for the first six months ended June 30, 2008 in accordance with IFRS

About SOLON AG

SOLON AG für Solartechnik was founded in 1997 in Berlin, Germany, and in 1998 became the first quoted solar energy company in Germany. SOLON AG has subsidiaries in Germany, Austria, Italy, Switzerland and the U.S. and employed 863 persons as of June 30, 2008. The registered office of the Group is in Berlin, Germany.

The SOLON Group's core business is the production of solar modules of various output ratings, and photovoltaic systems for the construction of large solar power plants as well as the planning and construction of turnkey solar power plants worldwide.

Macroeconomic situation

The global economic environment became increasingly clouded in the first six months of 2008. The real estate crisis in the United States, the turbulence in the financial markets and the sustained strength of the euro have led to a noticeable softening of the economic outlook not only for the U.S. but also for Germany and other important European countries.

In the second quarter of 2008, the German economy recorded a slight decline in gross domestic product for the first time in four years. The key factors for this development were the reduced export demand for German-produced plant and machinery coupled with a simultaneous lack of stimuli in domestic demand. Nonetheless, slight growth of the German gross domestic product is expected for the year as a whole.

The market for solar technology

Despite the continued weakness of the global economy, the trend of the past six months suggests that the global photovoltaic market will continue to grow robustly in 2008. The pioneer in this development continues to be Europe where the momentum, carried up to now by Germany and Spain, is gradually spreading to other countries of southern Europe. A continuously growing demand for solar technology is seen especially in Italy, but also in Greece and France, which also enjoy attractive subsidy conditions and high irradiation values.

In view of the persistently high domestic demand, Germany may continue to hold its position as the world's largest photovoltaic market in 2008. A strong surge in demand will emerge in particular in the second half due to pull-forward effects in connection with the forthcoming amendment to the German Renewable Energy Act scheduled for January 1, 2009 and the associated reduction of the feed-in tariff for solar power.

In Spain, Europe's second most important solar technology market after Germany, the upcoming change in the subsidy conditions led, as expected, to sustained high demand for solar systems in the second quarter. In particular, the System Technology business has benefited from this due to the fact that numerous new power plant projects have been started in many regions of the country since the beginning of the year.

As expected, demand in Italy also continued to grow in the first half of 2008. While the Italian market has so far concentrated primarily on large rooftop installations for commercial customers, the momentum has in the meantime increasingly spread to the power plant sector. The demand of international financial investors for large turnkey power plants in the multi-megawatt range has significantly accelerated.

In contrast, the U.S. photovoltaic market continued to develop only hesitatingly and therefore may also fall short of its medium-range and long-range potential in the year as a whole. The development continues to be focused on individual states primarily on the east and west coasts while stimuli for widespread momentum continue to be absent. The determining factor will be whether the new government elected in November will make positive political decisions on the federal level.

Significant events in the second quarter of 2008

Agreement signed with Austrian financial investor for the construction of solar power plants in Spain

In April, SOLON sold power plant projects with a total volume of €87 million to the Austrian company Meinel International Power. The projects at several locations in Spain were planned and implemented by SOLON Solar Investments GmbH, Freiburg, Germany which specializes in planning large-scale solar power plants for financial investors.

First major order from Greece

In April, SOLON also reported its first major order from Greece. The agreement with Hypervolt Renewable Energy provides for the supply of solar modules totaling 10 megawatts to be used for the construction of solar power plants in Greece.

Acquisition of a stake in an Italian silicon producer

To secure its long-term access to raw materials and to broaden its supply base, SOLON acquired a strategic minority interest in the Italian start-up Estelux in June. Estelux plans to build up production of solar silicon in the Northern Italian town of Ferrara.

Framework agreement with Deutsche Bank for power plant projects in Italy

Also in June, SOLON's Italian subsidiary SOLON S.p.A. announced a framework agreement with Deutsche Bank. The agreement involves the development and construction of turnkey solar power plants with a total capacity of up to 150 megawatts by 2010. The majority of the solar parks will be built in Southern Italy.

Acquisition of a stake in a U.S. cell manufacturer

Finally, SOLON acquired a strategic minority interest in the U.S. company Spectrawatt in mid-June as a basis for the future expansion of its U.S. business. The company, whose other shareholders include Intel Capital, a subsidiary of the American chip manufacturer Intel Corporation, and additional American investors, plans to set up a plant for the production of highly efficient solar cells in Hillsboro, Oregon.

Performance in the first half of 2008

The first half of 2008 was very successful for the SOLON Group. Revenues, EBIT and net income adjusted for one-time effects from strategic investments increased by more than 100 % year on year. SOLON benefited from a strong international market demand clearly exceeding supply.

The chief sales market in the first six months was Spain where the previous subsidy program scheduled to expire at the end of September was the cause of an out-and-out boom in demand. This caused orders from other markets such as Germany and Italy in part to be postponed until the second half of 2008 or fiscal year 2009.

In order to meet the challenges of increasing internationalization and the constantly increasing significance of the project business, individual management processes were optimized. Among other things, this has made SOLON much less dependent on exchange rate fluctuations in particular between the euro and the US dollar.

Another successful result can be seen in the development of the key internal performance indicator “working capital divided by annual revenues”. Working capital is calculated as inventories plus trade receivables less trade payables. The ratio of 46 % at the end of the first half of 2007 and 44 % for fiscal year 2007 was improved to 33 % as of June 30, 2008.

Income statement

The SOLON Group earned revenues of €410.6 million in the first six months of fiscal 2008 (prior-year period: €193.7 million) which reflects an increase of 112 %. The high growth resulted from strong demand for photovoltaic installations in Germany and abroad. Revenues generated in the second quarter of 2008 alone were €249.1 million (Q2 2007: €118.5 million).

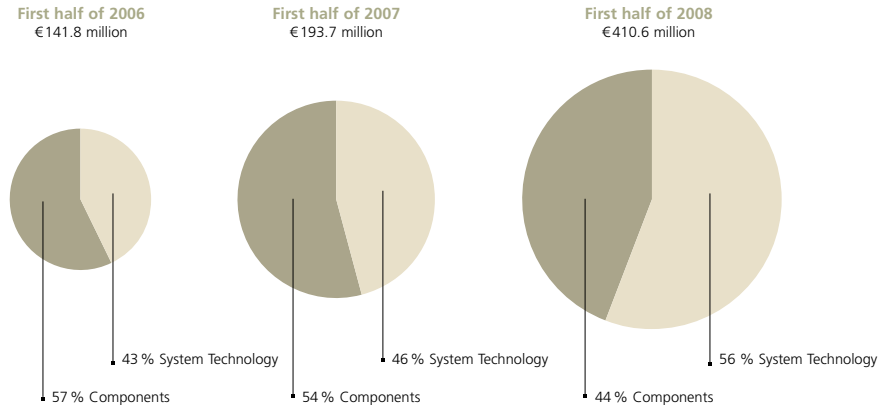
In the six month period, total operating performance grew by 110 % to €446.9 million from €213.2 million a year earlier. In addition to the revenues, total operating performance includes changes in work in progress and finished goods in the amount of €28.8 million, own expenses capitalized of €1.0 million and other operating income of €6.5 million.

The increase in work in progress and unfinished goods results primarily from power plant projects started in 2008 that as of the reporting date had not yet satisfied all criteria of IAS 11 and are thus not recognized in revenues. Other operating income includes gains from foreign currency translation in the amount of €3.9 million.

The Components segment reported a 71 % increase in external revenues to €178.7 million in the first six months of 2008 (prior-year period: €104.3 million). This represents 44 % of total Group revenues during the reporting period. Total operating performance for this segment amounted to €227.6 million (prior-year period: €141.6 million).

External revenues in the System Technology segment increased by 160 % in the six months of 2008 to €231.9 million from €89.3 million in the prior-year period, representing a 56 % share of Group revenues. Total operating performance rose by 193 % to €266.3 million from €91.0 million a year earlier.

Revenues by segment*



The share of revenues generated outside of Germany amounted to more than 80 % in the first six months of 2008. The SOLON Group's production output rose to 84 megawatts (prior-year period: 50 megawatts), the second quarter accounting for 43 megawatts.

The costs of material rose by 123 % in the first six months of 2008 to €363.7 million from €163.4 million in the prior-year period. Gross profit increased by 67 % in the reporting period to €83.3 million (prior-year period: €49.8 million). Compared to the previous year, the ratio of gross profit to total operating performance declined from 23 % to 19 % due to a higher share of third-party services in the international project business. In contrast, the share of personnel expenses and other operating expenses declined.

In the second quarter of 2008, costs of material rose by 134 % to €202.8 million from €86.7 million in the second quarter of 2007. Gross profit increased by 58 % to €48.7 million (Q2 2007: €30.9 million).

Personnel expenses rose by 48 % to €17.9 million in the first six months of 2008 (prior-year period: €12.1 million) primarily as the result of new hires of additional employees throughout the Group. The ratio of personnel expenses to total operating performance was 4.0 % (prior-year period: 5.7 %).

Depreciation and amortization increased by 45 % to €5.5 million in the reporting period (prior-year period: €3.8 million) due to scheduled amortization of acquired intangible assets and the modernization and expansion of the machine fleet.

*Segment revenues are presented after adjustment for business activity between the segments.

Other operating expenses increased by 55 % from €18.3 million to €28.3 million in the first six months of 2008. Included in this position are expenses from exchange rate fluctuations of €3.8 million, outgoing freight and transport costs of €3.3 million and expenses for lease payments of €2.1 million.

EBIT improved to €31.5 million and EBITDA rose to €37.0 million in the SOLON Group in the first six months of 2008 (prior-year period: EBIT of €15.7 million and EBITDA of €19.5 million). Based on the revenues generated, the EBIT margin was 7.7 % (prior-year period: 8.1 %). EBIT was €19.0 million and EBITDA was €21.6 million in the second quarter of 2008 (Q2 2007: EBIT of €10.7 million and EBITDA of €12.8 million).

EBIT in the Components segment rose by 29 % to €15.1 million in the first six months of 2008 (prior-year period: €11.7 million). EBIT rose slower than revenues due to the strong increase in intersegment business, which climbed faster than external revenues. EBIT in the System Technology segment improved by 95 % in the first half of 2008 to €25.6 million (prior-year period: €13.1 million). This contrasts with negative EBIT of €9.2 million in the Consolidation/ Other segment, which mainly includes the holding activities of the Group parent and the elimination of intersegment transactions (prior-year period: €-9.1 million).

The financial result amounted to €-4.3 million in the reporting period (prior-year period: €7.1 million). This figure includes the interest result of €-4.2 million (prior-year period: €-1.9 million). The positive financial result of the first six months of 2007 primarily reflected the sale of strategic equity investments.

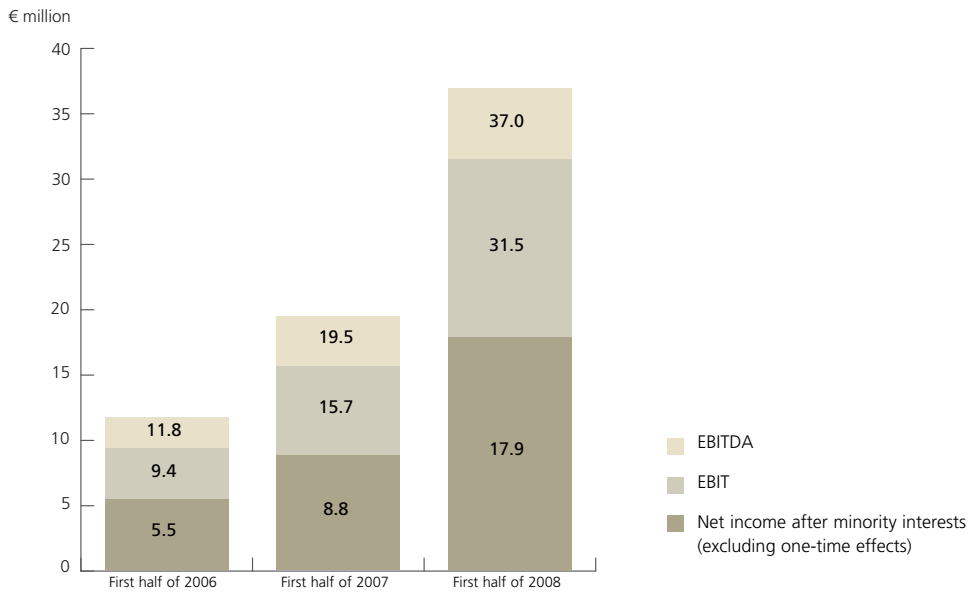
Earnings before taxes (EBT) were €27.2 million in the first six months of 2008 (prior-year period: €22.8 million).

Income tax expenses during the reporting period amounted to €9.3 million (prior-year period: €5.2 million). The tax rate for the first six months of 2008 was 34 %.

Net income after minority interests rose to €17.9 million in the first six months of 2008, up from €17.6 million in the first six months of 2007, and climbing by 103 % when compared to the adjusted net income after minority interests of the prior-year period of €8.8 million.

Compared to €5.4 million in the second quarter of 2007, net income after minority interests rose by 102 % in the second quarter of 2008 to €10.9 million.

Group results

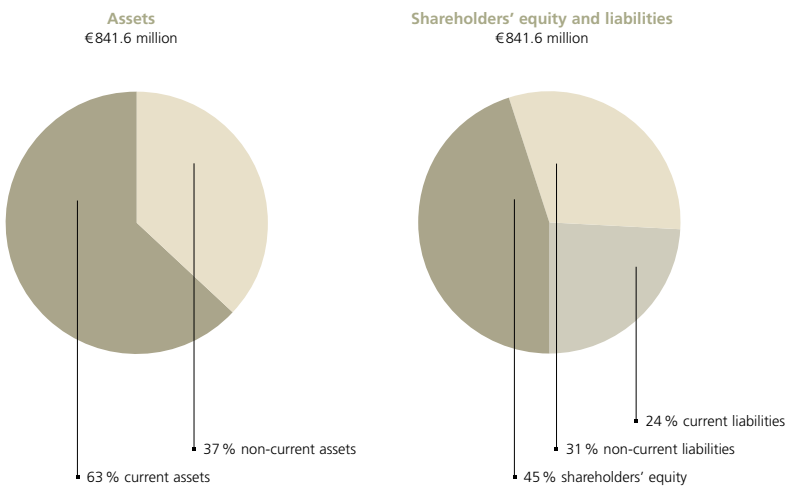


Adjusted earnings per share increased to €1.43 in the first six months of 2008 (prior-year period: €0.93).

Balance sheet

Total assets increased to €841.6 million as of June 30, 2008 (December 31, 2007: €763.1 million).

Balance sheet structure



Non-current assets

SOLON invested €40.8 million in intangible assets and property, plant and equipment throughout the Group during the reporting period. As of June 30, 2008, property, plant and equipment were carried at €91.9 million and intangible assets at €27.8 million (December 31, 2007: €57.3 million and €28.5 million, respectively). As of the reporting date, property, plant and equipment broke down to land and buildings at €29.3 million, manufacturing plant and equipment at €21.3 million, other plant, operating and office equipment at €4.6 million, finance leases at €2.7 million and advance payments at €34.0 million.

Broken down by segments, this results in capital expenditure of €17.5 million in the Components segment and €8.4 million in the System Technology segment in the first six months of 2008. Capital expenditure in the Consolidation / Other segment came to €14.9 million. This primarily concerned investments related to the construction of the new Group headquarters in Berlin-Adlershof.

Financial assets amounted to €139.1 million as of June 30, 2008 (December 31, 2007: €144.4 million). Thereof, €113.1 million reflected equity investments.

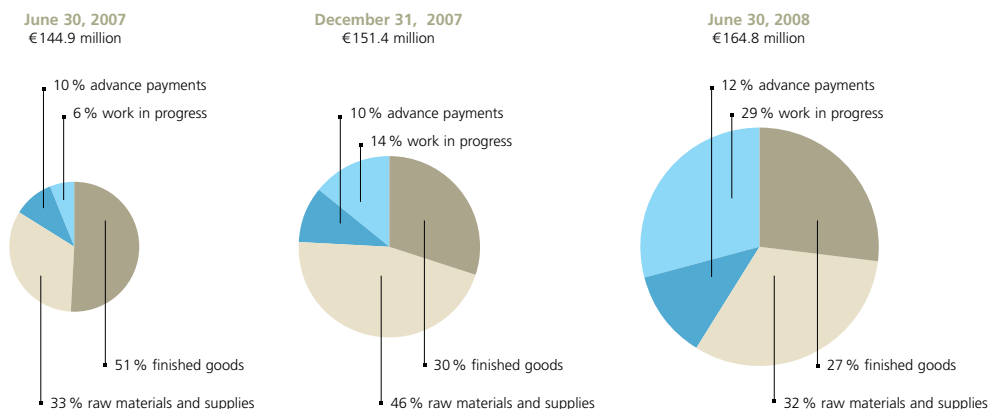
Other non-current assets amounted to €46.9 million as of June 30, 2008 (December 31, 2007: €26.5 million), almost entirely reflecting advance payments on inventories.

Current assets

The carrying amount of inventories increased to €164.8 million as of June 30, 2008 (December 31, 2007: €151.4 million). This figure includes raw materials and supplies totaling €51.9 million, work in progress of €48.1 million, finished goods of €44.5 million, and advance payments on inventories of €20.3 million.

In particular, higher inventories of work in progress and a rise in advance payments contributed to the increased inventories. Work in progress primarily results from projects already started that include project inventories which, as of the reporting date, partially did not yet satisfy all of the criteria of IAS 11 required for recognition in accordance with the percentage-of-completion method. The advance payments serve as a hedge of the planned future production volume.

Inventories



Current trade receivables increased to €179.7 million (December 31, 2007: €134.0 million). Of these, 57 % originate from application of the percentage-of-completion method according to which €102.6 million are recognized as receivables for which SOLON, as contractually agreed, did not yet receive payment as of the reporting date.

Cash and cash equivalents decreased to €103.4 million in the first six months of 2008 (December 31, 2007: €149.9 million).

Shareholders' equity

As of June 30, 2008, the share capital of SOLON AG remained unchanged in comparison to December 31, 2007 at €12.5 million. The capital reserve rose from €263.1 million to €264.4 million.

Equity increased overall from €363.1 million as of December 31, 2007 to €378.2 million as of June 30, 2008. The equity-to-assets ratio declined from 48 % to 45 %.

Non-current liabilities

Non-current liabilities to banks rose in the first six months of 2008 to €75.7 million (December 31, 2007: €63.4 million). The increase results from loan disbursements in connection with the real estate loan taken out for the construction of the new Group headquarters. Non-current liabilities from bonds and other non-current liabilities, which include in particular the new convertible bonds issued in December 2007, increased in the first six months of 2008 to €172.0 million (December 31, 2007: €166.4 million).

Compared to December 31, 2007, total non-current liabilities increased from €237.3 million to €260.7 million as of June 30, 2008.

Current liabilities

Current liabilities to banks increased in the first six months of 2008 to €54.4 million (December 31, 2007: €35.0 million). Trade payables were €106.0 million on June 30, 2008 (December 31, 2007: €64.0 million), the increase resulting in particular from the increased production output.

Other current liabilities declined from €57.1 million to €33.9 million. Among other things, they include tax liabilities (not including income taxes) and advance payments received.

At the end of the first six months of 2008, total current liabilities were €202.7 million (December 31, 2007: €162.8 million).

Cash flow

As of June 30, 2008, net cash from operating activities improved to €-27.4 million from €-35.5 million a year earlier. The increase in inventories and trade payables as well as higher other receivables and assets were the main reason for the continued negative cash flow. Compared to the first half of 2007, however, the development of working capital significantly improved.

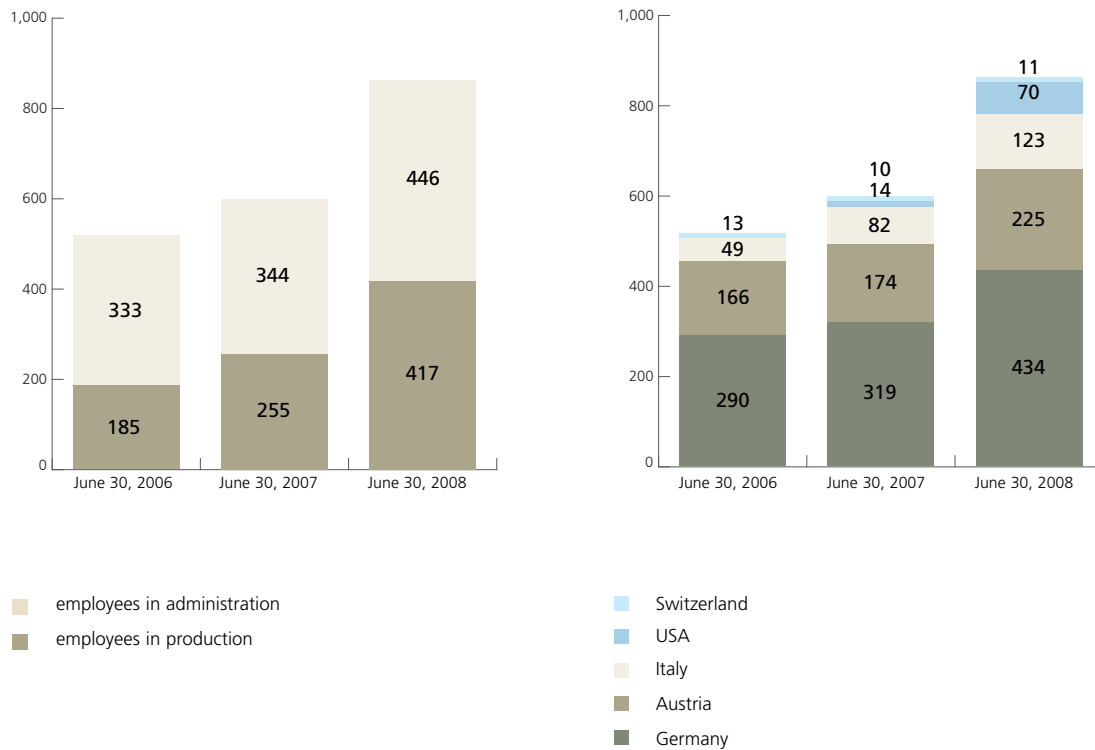
Net cash from investing activities declined to €-47.3 million (prior-year period: €14.4 million). The primary components of this negative cash flow are payments for construction of the new Group headquarters and the expansion of the Group-wide production capacity.

Net cash from financing activities rose to €28.1 million (prior-year period: €17.2 million).

Human resources

The number of people employed by the SOLON Group – not including Management Board members – increased 44 % to 863 employees as of June 30, 2008 (June 30, 2007: 599 employees). Of this total, 446 were production workers and 417 were employed in administration. SOLON employed 434 people in Germany at the end of the first half of 2008.

Number of employees



Research and development

SOLON's goal is to make solar technology economically competitive compared with conventional forms of generating energy. To achieve this goal, it will be necessary to continuously reduce the production costs for solar system technology in the years to come. The leveraging of economies of scale through rising production volumes and process optimization on the one hand and continued technological development on the other offer the greatest potential for cutting costs.

Our research and development activities are therefore focused on optimization of the materials used and the further development of our production methods. To this end, a constantly growing international team of technologists probes the global market for new providers with innovative technological approaches. The focus is on high-efficiency technologies that can make a substantial contribution to the lowering of system costs. We collaborate with existing suppliers in testing the processing of new cell types and developing solar cell module technology. Another focus is process optimization. To increase throughput and further decrease production costs, SOLON is continuously optimizing existing production methods and developing new methods in close cooperation with system manufacturers.

In product development, SOLON responds to new demand trends and continuously expands its product portfolio. Accordingly, several new building photovoltaic systems have been developed which will soon be launched on the market. In the System Technology segment, the focus is on the further development of the SOLON Mover power plant system as well as the inclusion of additional power plant systems in the product portfolio for other areas of application.

Risk report

In June, the Lower House (Bundestag) of the German Parliament passed a change of the level of the feed-in tariff for electricity from photovoltaic installations. The Upper House (Bundesrat) ratified the new subsidy rates in July. The change in the law provides for a higher annual degression of the granted feed-in tariff starting in 2009. It must be assumed that the more rapid reduction of the subsidy will lead to an accelerated decline of realizable selling prices starting next year. The SOLON Management Board presently expects that it will be possible to compensate for the expected price decline through economies of scale and improved purchasing conditions.

In July, the Spanish Minister for Industry announced a significant reduction of the feed-in tariff granted for solar power. At the same time, the proposed legislation provides for a capping of new installations at 300 megawatts per year. If implemented, this bill would lead to a significant decline in Spanish market demand. The SOLON Management Board expects that reduced demand from Spain can be offset by increased deliveries to new markets, in particular Italy, Greece and France.

The subsidy currently awarded in Spain for photovoltaic systems will expire at the end of September. The level of the future subsidy is now uncertain; however, it will very likely be significantly reduced. For projects that are presently still under construction or have not yet been connected to the power grid, there is the possibility that they will not be completed on time and the previous subsidy conditions will not be applied. This entails the risk that SOLON will not be able to realize the sales revenues expected for individual projects as planned. The SOLON Management Board presently expects that it will be possible to complete all significant projects on time.

No additional significant changes occurred in the opportunities and risk situation during the first half of 2008 as compared to the situation as described in the "Risk Management" and "Forecast" sections of the 2007 Annual Report. For a description of the risk management system, please also refer to the information in the "Risk Management" sections of the 2007 Annual Report.

Outlook

In addition to the home market of Germany, the markets of southern Europe, in particular Spain and Italy, continue to be SOLON's most important target markets in 2008. The percentage of Group revenues generated outside of Germany can thus be expected to increase to 75 % this year.

The demand of German customers for photovoltaic systems is likely to stabilize at a high level in the current year. An additional surge in demand is becoming apparent for the second half of 2008 in response to pull-forward effects associated with the stronger reduction of the feed-in tariffs scheduled for January 1, 2009 as enacted by the German Bundestag in June.

In Spain, which is currently experiencing an out-and-out solar boom, numerous power plant projects were completed in the first half of 2008 or are presently being implemented. However, the boom in the Spanish photovoltaic market is likely to reach an apex in the current year. For 2009, a definite decline in demand is expected due to the recently announced significant cuts in Spanish solar subsidies.

In this changing environment, other young photovoltaic markets such as Italy, Greece and France are becoming more important. As Europe's third largest solar market already, Italy is particularly well positioned to take over Spain's leading position in Southern Europe. SOLON gained a foothold in this new growth market early on and is now one of the leading solar technology providers in Italy. This is underscored by the framework agreement recently concluded with Deutsche Bank for the implementation of power plant projects with a total capacity of 150 megawatts.

Due to high demand in the largest markets of Germany and Spain, SOLON expects that the selling prices for solar modules and systems will remain roughly stable or, at the most, retreat slightly in 2008. However, a significant decline in system prices is likely for 2009 due to the changed subsidy conditions in Germany and Spain. Counteracting this trend will require a systematic reduction in system costs to which all companies along the solar value-added chain will have to contribute. SOLON sees itself as well equipped for this due to its focus on economies of scale and improved purchasing conditions.

Even under the changing global market conditions, SOLON will continue its successful strategy of positioning itself as a pure player among the German solar companies and will focus on its core business: the manufacture and international marketing of solar modules and solar system technology. To strengthen this position, SOLON will continue to cooperate with strong strategic partners both on the procurement and sales side. This will include the acquisition of strategic interests which will serve to spread out the existing supplier base and accordingly the securing of materials and also open up new sales markets together with experienced local partners.

SOLON's stated goal is to grow at least as fast as the global market or if possible to continuously exceed that momentum in the future. The Company considers itself well equipped with respect to securing materials and the prospective sales opportunities in existing and new markets. SOLON will strive to increase its revenues and adjusted net income for the current year by approximately 75 percent in each case. Growth of approximately 50 % is anticipated for 2009.

SOLON stock

General market sentiment

The global financial markets continued to be dominated by the persistent international financial crisis in the second quarter. Against the backdrop of economic weakness in the U.S. and Europe, increased commodity prices and growing inflation anxieties, the global stock markets continued to be highly volatile. The DAX and TecDAX closed the quarter nearly unchanged from the previous quarter. In contrast, the 30 international solar stocks listed in the PPVX photovoltaic index were able to make up a portion of the price losses they suffered since the beginning of the year.

Performance of SOLON stock

The share price performance of SOLON stock was characterized by severe volatility in the second quarter. In addition to the general anxiety in the financial markets, the primary cause for this was the heated public debate leading up to the amendment to the German Renewable Energy Act in June which triggered sharp price movements in the solar sector. SOLON stock reached its low of €42.40 on May 29. However, it was able to recover significantly by the end of the quarter and closed at €58.55 on June 30, 2008. Compared to the close of the previous quarter, the stock posted a 31 % gain in the second quarter and was once again one of the most successful solar stocks in the TecDAX.

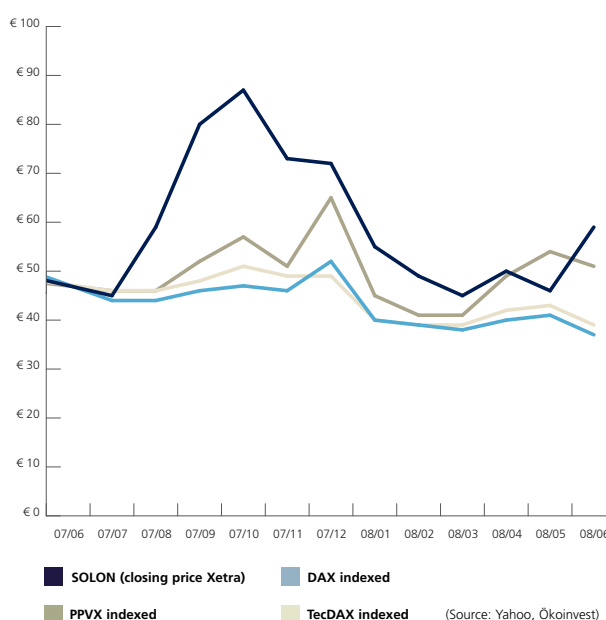
In the second quarter of 2008, SOLON again was in continuous dialog with the capital market. At Intersolar, the most significant trade fair for photovoltaic systems and increasingly serving as the information forum for international investors and analysts, the Management Board presented the company in several investor events and also had numerous individual conversations. Another important forum was the Annual Shareholders' Meeting also held in June. Approximately 300 investors took advantage of this event to become informed concerning the Company's current development.

Key Share Data

ISIN	DE0007471195
SIN	747 119
Trading symbol	SOO1
Segment	Prime Standard
Index	TecDAX

Performance of SOLON stock in the second quarter of 2008

Number of shares (6/30/2008)	12,530,196
Free float (6/30/2008)	70 %
High for the quarter (6/17/2008)	€61.04
Low for the quarter (5/29/2008)	€42.40
Closing price at end of quarter (6/30/2008)	€58.55
Market capitalization (6/30/2008)	€734 million



Changes in share capital

As of June 30, 2008, the share capital of SOLON AG was unchanged at €12,530,196.00 divided into 12,530,196 no-par-value bearer shares with a theoretical nominal value of €1.00 per share.

Annual Shareholders' Meeting

A total of 49.66 % of share capital was represented at the Annual Shareholders' Meeting of SOLON AG, which was held in Berlin on June 24, 2008. All 13 agenda items for resolution were passed with a clear majority. These included, among other things, the creation of a new authorized capital and a new contingent capital, the expansion of the 2000 stock option plan and the conclusion of a control and profit transfer agreement between SOLON AG and SOLON Mobility GmbH. SOLON Mobility, a wholly-owned subsidiary of SOLON AG, was established in January 2008 with the aim of developing new business models in the field of solar mobility.

The Annual General Meeting also voted by a large majority in favor of the resolution to transform SOLON AG into a European company (Societas Europaea/SE). This is intended to reflect the increasingly international nature of SOLON's business and to facilitate its transnational operations.

The election of the Supervisory Board was also on the agenda. The Supervisory Board members Tobias Wahl (chairman), Olaf Roessink (deputy chairman) and Alexander Voigt, who have been in office since 2006, were approved and elected for a further five years by a large majority.

SOLON AG für Solartechnik, Berlin

Consolidated income statement

	Note	2007 Jan 1 – Jun 30 €'000	2008 Jan 1 – Jun 30 €'000	2007 Apr 1 – Jun 30 €'000	2008 Apr 1 – Jun 30 €'000
Revenues	/ 2 /	193,662	410,628	118,528	249,073
Changes in work in progress and finished goods		15,172	28,820	-3,921	-428
Own expenses capitalized		961	1,004	486	442
Other operating income		3,389	6,479	2,527	2,376
Total operating performance		213,184	446,931	117,620	251,463
Costs of material	/ 3 /	163,401	363,676	86,718	202,803
Gross profit		49,783	83,255	30,902	48,660
Personnel expenses		12,055	17,941	6,465	9,931
Depreciation and amortization		3,787	5,533	2,044	2,597
Other operating expenses		18,271	28,270	11,680	17,157
EBIT		15,670	31,511	10,713	18,975
Result from investments accounted for using the equity method	/ 4 /	-3	33	-3	76
Other investment result	/ 4 /	9,042	-197	-641	-141
Interest income		2,187	5,017	1,075	2,566
Interest expenses		-4,085	-9,184	-2,438	-4,440
Net income before taxes		22,811	27,180	8,706	17,036
Income taxes		5,192	9,303	3,329	6,108
Net income before minority interests		17,619	17,877	5,377	10,928
Minority interests		1	3	1	1
Net income after minority interests		17,618	17,874	5,376	10,927
Basic earnings per share in €	/ 9 /	1.87	1.43	0.57	0.87
Diluted earnings per share in €	/ 9 /	1.67	1.27	0.52	0.77
Basic earnings per share excluding one-time effects in €	/ 9 /	0.93	1.43	0.63	0.87
Diluted earnings per share excluding one-time effects in €	/ 9 /	0.86	1.27	0.58	0.77

Consolidated balance sheet

	Note	Dec 31, 2007 €'000	Jun 30, 2008 €'000
Assets			
Non-current assets		258,384	308,148
Intangible assets	/ 5 /	28,533	27,808
Property, plant and equipment	/ 5 /	57,291	91,938
Financial assets	/ 5 /	144,360	139,054
Other non-current assets		26,487	46,851
Deferred tax assets		1,713	2,497
Current assets		504,763	533,456
Inventories	/ 6 /	151,403	164,849
Trade receivables	/ 7 /	133,992	179,688
Other receivables and assets		69,470	85,483
Cash and cash equivalents		149,898	103,436
Total assets		763,147	841,604

	Note	Dec 31, 2007 €'000	Jun 30, 2008 €'000
Shareholders' equity and liabilities			
Shareholders' equity		363,051	378,225
Share capital		12,530	12,530
Capital reserve		263,058	264,355
Other comprehensive income		22,534	18,534
Retained earnings		64,936	82,810
Minority interests		-7	-4
Non-current liabilities		237,326	260,726
Provisions		6,324	8,487
Liabilities to banks	/ 8 /	63,390	75,688
Bonds and other non-current liabilities		166,352	171,996
Deferred tax liabilities		1,260	4,555
Current liabilities		162,770	202,653
Tax provisions		4,221	5,919
Other provisions		2,398	2,436
Liabilities to banks	/ 8 /	35,043	54,429
Trade payables		63,980	105,950
Other liabilities		57,128	33,919
Total shareholders' equity and liabilities		763,147	841,604

Consolidated cash flow statement

January 1 to June 30	2007* €'000	2008 €'000
Net income before taxes	22,811	27,180
Financial result	-7,141	4,331
EBIT	15,670	31,511
Amortization of intangible assets and depreciation of property, plant and equipment	3,787	5,533
Impairment losses on current assets	743	5,259
Gain/loss from the disposal of non-current assets	-15	105
Expenses for stock option plan	1,160	1,297
Changes in provisions	1,546	2,201
Taxes paid	-1,750	-11,426
Other non-cash income and expenses	-2,272	-659
Operating cash flow before change in net current assets	18,869	33,821
Changes in inventories	-43,229	-16,833
Changes in trade receivables	-20,133	-46,374
Changes in other receivables and assets	-4,590	-18,521
Changes in trade payables	9,898	41,970
Changes in other liabilities	3,683	-21,458
Cash flow from operating activities	-35,502	-27,395

* Adjusted disclosure of the cash flow statement from operating activities for the period January 1, 2007 to June 30, 2007 due to the new form of presentation since the annual financial statements as of December 31, 2007.

January 1 to June 30	2007* €'000	2008 €'000
Proceeds from disposals of intangible assets and property, plant and equipment	69	77
Capital expenditure for intangible assets and property, plant and equipment	-7,314	-39,154
Changes in financial assets and loans	20,086	-13,859
Proceeds and payments from government grants	-9	1,299
Interest received	1,585	4,336
Cash flow from investing activities	14,417	-47,301
Converted options from the stock option plan and the convertible bonds	4,296	0
Changes in financial liabilities	16,505	32,616
Interest paid	-3,573	-4,552
Cash flow from financing activities	17,228	28,064
Net change in cash funds	-3,857	-46,632
Changes in cash due to exchange rate fluctuations	-21	170
Cash and cash equivalents at beginning of period	9,440	149,898
Cash and cash equivalents at end of period	5,562	103,436

* Adjusted disclosure of the cash flow statement from operating activities for the period January 1, 2007 to June 30, 2007 due to the new form of presentation since the annual financial statements as of December 31, 2007.

Statement of changes in equity

	Share capital €'000	Capital reserve €'000
Balance as of January 1, 2007	9,344	70,967
Net income		
Currency translation differences		
Stock option plan	272	5,184
Valuation of available-for-sale securities		
Sale of available-for-sale securities		
Market value of derivatives hedge accounting		
Balance as of June 30, 2007	9,616	76,151
Balance as of January 1, 2008	12,530	263,058
Net income		
Currency translation differences		
Stock option plan		1,297
Valuation of available-for-sale securities		
Share in changes recognized directly in equity of equity-accounted investments		
Market value of derivatives hedge accounting		
Balance as of June 30, 2008	12,530	264,355

Other comprehensive income

Market valuation of other financial assets €'000	Market valuation hedging €'000	Currency translation €'000	Retained earnings €'000	Minority Interests €'000	Total €'000
8,348	0	-25	27,466	-12	116,088
			17,618	1	17,619
		-21			-21
					5,456
798					798
-9,137					-9,137
	267				267
9	267	-46	45,084	-11	131,070
22,036	169	329	64,936	-7	363,051
			17,874	3	17,877
		170			170
					1,297
-4,346					-4,346
-112					-112
	288				288
17,578	457	499	82,810	-4	378,225

SOLON AG für Solartechnik, Berlin

Notes to the interim report for the first six months ended June 30, 2008

in accordance with IFRS

/ 1 / General

Economic status of the company

SOLON AG für Solartechnik (SOLON), with registered offices in Berlin, Germany (Am Studio 16, 12489 Berlin) was founded in 1997. The Company went public in 1998, making it the first quoted solar power company in Germany. As the parent, SOLON AG acts as a holding company for the SOLON Group, and is responsible for strategy development, project business, and financing for the SOLON Group as well as research and development, and distribution for the German and Austrian production companies.

SOLON's core activity is the manufacture of solar modules with various output ratings and photovoltaic systems for the construction of large solar power plants as well as the construction of turnkey solar power plants. SOLON has production facilities in Germany, Austria, Italy, the U.S. and Switzerland. The SOLON Group is one of the largest solar module manufacturers in Europe and a leading supplier of intelligent photovoltaic solutions for large-scale projects.

Basis of accounting

The consolidated financial statements of the SOLON Group for the six months ended June 30, 2008 were prepared in accordance with the International Financial Reporting Standards (IFRSs) valid as of the reporting date and the interpretations of the International Financial Reporting Interpretations Committee (IFRICs) as adopted in the European Union.

The Group currency is the euro (€). Unless otherwise indicated, all amounts are stated in thousands of euros (€thousand); this may result in differences compared to the unrounded figures.

In preparing these quarterly financial statements and calculating the comparative figures for the previous year, the same consolidation principles and accounting policies were used as were applied to the published consolidated financial statements for fiscal 2007 with the following exception.

For evaluating the stock options from the employee profit sharing plan which were issued after 2007, SOLON uses a binomial model rather than the Black-Scholes option price model which was used previously.

For a description of the consolidation principles and accounting policies, please refer to No. 1 and 2 in the notes to the consolidated financial statements as published in the 2007 Annual Report. This report is available for download from the Internet at www.solon.com.

The income statement has been prepared in accordance with the nature of expense method. The determination of the tax expense for the interim reporting period is based on the best estimate of the weighted average annual income tax rate expected for the entire fiscal year.

Scope of consolidation

Subsidiaries included in scope of consolidation as of June 30, 2008:

Company, headquarter	Country	Date of formation/addition*	Shareholding	Share capital €
SOLON Photovoltaik GmbH, Berlin	Germany	Dec 22, 1998	100 %	51,129
SOLON Solar Investments GmbH, Freiburg	Germany	Jul 1, 2003	100 %	25,000
SOLON Nord GmbH, Greifswald	Germany	Apr 23, 2004	100 %	1,000,000
SOLON Mobility GmbH, Berlin	Germany	Jan 28, 2008	100 %	25,000
asp AG, Laupen/Zurich (as of July 1, 2008)				
SOLON Inverters AG, Uznach	Switzerland	Jan 1, 2000	100 %	324,141
SOLON HILBER Technologie GmbH, Steinach	Austria	Aug 19, 2005	100 %	100,000
SOLON S.p.A., Carmignano di Brenta	Italy	Jan 1, 2006	100 %	6,000,000
SOLON America Corporation, Tucson/Arizona (as of August 1, 2008 SOLON Corporation)	USA	Jan 2, 2007	100 %	37,870
ERLASEE Liegenschaften GbR, Berlin	Germany	Nov 12, 2003	90 %	35,000

(*) The date of formation/addition corresponds to the date of initial consolidation.

Joint ventures and associates accounted for using the equity method as of June 30, 2008:

Company, headquarter	Country	Date of formation/addition	Shareholding
SOL Holding AG, Cologne	Germany	Feb 16, 2007	48 %
ml&s manufacturing, logistics and services GmbH & Co. KG, Greifswald	Germany	Oct 29, 2007	41 %
ml&s manufacturing, logistics and services Management GmbH, Greifswald	Germany	Oct 29, 2007	40 %
Green Utility S.p.A., Rome	Italy	Mar 12, 2007	40 %

Other companies whose influence on the Group's financial position and performance was immaterial were not included in the consolidated financial statements.

Notes to the income statement

/ 2 / Revenues

Revenues of the SOLON Group amounted to €410,628 thousand in the first six months of 2008 (prior-year period: €193,662 thousand), the majority of which was generated from the sale and planning of system products and components for solar power plants, and in particular solar modules.

Of this amount, €187,554 thousand (prior-year period: €39,571 thousand) was attributed to revenues from construction contracts resulting from the Group's involvement in power plant projects. These revenues are calculated using the percentage of completion method as set out in IAS 11. The stage of completion of a contract is determined by the proportion of contract costs incurred to the estimated total contract costs (cost-to-cost method). Total contract costs amounted to €158,277 thousand as of the reporting date (prior-year period: €32,841 thousand). Revenues from construction contracts are calculated by multiplying the amount of revenues agreed in the contract by the percentage of completion of the contract.

Please see the segment report for a detailed breakdown of revenues by segment.

/ 3 / Costs of material

The costs of material related to the following items:

	Jan 1 – Jun 30, 2007 €'000	Jan 1 – Jun 30, 2008 €'000
Expenses for raw materials, supplies and merchandise	156,652	318,659
Expenses for services purchased	6,749	45,017
Costs of material	163,401	363,676

/ 4 / Investment result

The investment result comprises the joint ventures and associates accounted for using the equity method and the other investment result.

	Jan 1 – Jun 30, 2007 €'000	Jan 1 – Jun 30, 2008 €'000
Result from investments accounted for using the equity method	-3	33
Other investment result	9,042	-197
Costs of material	9,039	-164

The other investment result of the reporting period includes especially write-downs on financial assets. The other investment result of the comparable prior-year period contains income from the sale of SOLON AG's stake in Solland Solar Energy Holding B.V. and expenses from the sale and impairment of investments.

Notes to the balance sheet

/ 5 / Change in selected non-current assets

	Intangible assets €'000	Property, plant and equipment €'000	Financial assets €'000	Total €'000
Net carrying amount as of Jan. 1, 2007	28,753	22,441	36,434	87,628
Additions	2,606	44,151	158,551	205,308
Depreciation and amortization	-2,719	-5,434	0	-8,153
Other changes	-107	-3,867	-50,625	-54,599
Net carrying amount as of Dec 31, 2007 and January 1, 2008	28,533	57,291	144,360	230,184
Additions	1,518	39,262	9,191	49,971
Depreciation and amortization	-2,245	-3,288	0	-5,533
Other changes	2	-1,327	-14,497	-15,822
Net carrying amount as of June 30, 2008	27,808	91,938	139,054	258,800

/ 6 / Inventories

Inventories comprise the following items:

	Dec 31, 2007 €'000	Jun 30, 2008 €'000
Raw materials and supplies	69,101	51,957
Work in progress	21,082	48,064
Finished goods and merchandise	45,514	44,508
Advance payments on inventories	15,706	20,320
Inventories	151,403	164,849

/ 7 / Trade receivables

Liabilities to banks comprise the following:

	Dec 31, 2007 €'000	Jun 30, 2008 €'000
Trade receivables, gross	100,834	78,581
General valuation allowance	-112	-153
Specific valuation allowance	-751	-1,298
Receivables from construction contracts	34,021	102,558
Trade receivables, net	133,992	179,688

/ 8 / Liabilities to banks

Liabilities to banks comprise the following:

	Dec 31, 2007 €'000	Jun 30, 2008 €'000
Current liabilities to banks	35,043	54,429
Non-current liabilities to banks	63,390	75,688
<i>Maturity 1 to 5 years</i>	52,454	61,083
<i>Maturity more than 5 years</i>	10,936	14,605
Liabilities to banks	98,433	130,117

/ 9 / Earnings per share

Net income after minority interests forms the basis for calculating earnings per share. The average number of shares outstanding is computed from the weighted average number of shares for the reporting period.

Adjusted net income after minority interests reflects the interest effect after tax from the convertible bonds, resulting in an adjustment of €1,011 thousand to net income as of June 30, 2008 (prior-year period: €637 thousand). For the second quarter of 2008, the effect amounted to €506 thousand (2nd quarter 2007: €318 thousand).

The adjusted average number of shares outstanding for the purpose of calculating diluted earnings per share takes the stock option plan and the convertible bonds into account. The average increase in the number of shares from the stock option plan amounted to 310 thousand as of June 30, 2008 (prior-year period: 335 thousand); the average increase in the number of shares based on the convertible bonds was 2,000 thousand as of June 30, 2008 (prior-year period: 1,177 thousand). In the second quarter of 2008, the average increase in the number of shares from the stock option program amounted to 321 thousand (2nd quarter 2007: €307 thousand). The convertible bonds increased the average number of shares as of the second quarter of 2008 by 2,000 thousand (2nd quarter 2007: 1,177 thousand).

	Jan 1 – Jun 30, 2007	Jan 1 – Jun 30, 2008	Apr 1 – Jun 30, 2007	Apr 1 – Jun 30, 2008
Net income after minority interests before interest effect in €'000	17,618	17,874	5,376	10,927
Average number of shares outstanding in thousands	9,425	12,530	9,505	12,530
Basic earnings per share in €	1.87	1.43	0.57	0.87
Adjusted net income after minority interests in €'000	18,255	18,885	5,694	11,433
Adjusted average number of shares outstanding for diluted earnings per share in thousands	10,937	14,840	10,989	14,851
Diluted earnings per share in €	1.67	1.27	0.52	0.77
Net income after minority interests before interest effect and adjusted for one-time effects in €'000	8,765	17,874	6,017	10,927
Average number of shares outstanding in thousands	9,425	12,530	9,505	12,530
Basic earnings per share excluding one-time effects in €	0.93	1.43	0.63	0.87
Adjusted net income after minority interests and adjusted for one-time effects in €'000	9,402	18,885	6,335	11,433
Adjusted average number of shares outstanding for diluted earnings per share in thousands	10,937	14,840	10,989	14,851
Diluted earnings per share excluding one-time effects in €	0.86	1.27	0.58	0.77

/ 10 / Segment Report

For purposes of segment reporting, the activities of the SOLON Group are divided into business segments. This breakdown reflects the internal management and reporting structures within the SOLON Group and accounts for the differing risk and earnings structures of the business segments. The SOLON Group includes the Components and System Technology segments. In addition, the Consolidation/Other segment comprises the intersegment elimination and holding activities of SOLON AG.

Segment reporting for the period under review and the comparable prior-year period is as follows:

€'000	Components	
	Jan 1 – Jun 30, 2007*	Jan 1 – Jun 30, 2008
Revenues	123,516	226,797
<i>thereof revenues with group companies</i>	19,182	48,098
Changes in work in progress and finished goods	16,599	-1,563
Own expenses capitalized	177	138
Other operating income	1,292	2,182
Total operating performance	141,584	227,554
Costs of material	118,439	193,305
Gross profit	23,145	34,249
Personnel expenses	4,163	6,647
Depreciation and amortization	1,995	2,641
Other operating expenses	5,301	9,867
<i>thereof non-cash expenses</i>	1,199	3,252
EBIT	11,686	15,094
Result from investments accounted for using the equity method	0	0
Other investment, financial and interest result		
Net income before taxes		
Capital expenditure on intangible assets and property, plant and equipment	2,394	17,529

* Adjusted disclosure of the segment report for the period January 1, 2007 to June 30, 2007 due to the new form of presentation since the annual financial statements as of December 31, 2007.

System Technology		Consolidation/Other		Group	
Jan 1 – Jun 30, 2007*	Jan 1 – Jun 30, 2008	Jan 1 – Jun 30, 2007*	Jan 1 – Jun 30, 2008	Jan 1 – Jun 30, 2007*	Jan 1 – Jun 30, 2008
89,544	233,340	-19,398	-49,509	193,662	410,628
216	1,411	-19,398	-49,509	0	0
-1,256	31,303	-171	-920	15,172	28,820
519	284	265	582	961	1,004
2,236	1,412	-139	2,885	3,389	6,479
91,043	266,339	-19,443	-46,962	213,184	446,931
63,840	219,861	-18,878	-49,490	163,401	363,676
27,203	46,478	-565	2,528	49,783	83,255
5,310	7,759	2,582	3,535	12,055	17,941
1,508	1,811	284	1,081	3,787	5,533
7,290	11,341	5,680	7,062	18,271	28,270
2,895	6,923	1,353	736	5,447	10,911
13,095	25,567	-9,111	-9,150	15,670	31,511
-3	551	0	-518	-3	33
				7,144	-4,364
				22,811	27,180
3,297	8,395	1,623	14,856	7,314	40,780

* Adjusted disclosure of the segment report for the period January 1, 2007 to June 30, 2007 due to the new form of presentation since the annual financial statements as of December 31, 2007.

/ 11 / Employee profit sharing plan

Since 2001, the SOLON Group has issued stock options on a regular basis in order to promote long-term loyalty among employees and officers of the Company and thus enable them to participate in the Company's increase in value. Employees were granted options to purchase SOLON stock with a maximum maturity of 10 years. Exercise of the stock options is dependent on the following conditions:

- The vesting period is two years for $\frac{2}{3}$ of the tranche and three years for $\frac{1}{3}$ of the tranche, each starting on the date of issue.
- After expiration of the vesting period, exercise is possible only within four weeks after the third banking day after release of the quarterly financial statements.
- The share price at the time of exercise must exceed the strike price on the date of issue by at least 20 percent.
- This figure will increase by 5 percentage points p.a. after expiration of the vesting period.

The SOLON Group has the option but is not obligated to grant holders of subscription rights a cash settlement in lieu of shares if this is more beneficial to the Company. The following table shows the tranches not yet exercised as of the start of fiscal year 2008:

Type of agreement	Share-based payment					
	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Tranche 7	Tranche 8
Date of issue	Dec 31, 2004	Feb 24, 2005	Jan 18, 2006	Apr 7, 2006	Dec 12, 2006	Apr 1, 2008
Stock options issued	252,000	156,000	225,000	144,000	147,000	306,000
Options outstanding at the beginning of the reporting period	84,000	52,000	219,000	144,000	144,000	0
Options granted during the reporting period	0	0	0	0	0	306,000
Options forfeited during the reporting period	0	0	0	0	-4,500	-3,000
Options expired during the reporting period	0	0	0	0	0	0
Options exercised during the reporting period	0	0	0	0	0	0
Options outstanding at the end of the reporting period	84,000	52,000	219,000	144,000	139,500	303,000
Vested options not yet exercised as of June 30, 2008	84,000	52,000	146,000	0	0	0

According to IFRS 2 “Share-based payment”, the value of the options granted is determined using an option price model. The determined aggregate value of the options on the issue date is distributed over the period as personnel expense, during which SOLON receives the employee’s counter-performance for the stock options in the form of work.

Since 2008, SOLON has used a binomial model based on the following model parameters for evaluating the stock options:

Model parameter and expected fluctuation	Tranche 8 (2 years)	Tranche 8 (3 years)
Share price on valuation date	46.92 €	46.92 €
Maximum life of the options on date of issue	10 years	10 years
Expected life of the options	2 years	3 years
Exercise price on expected exercise date	45.00 €	45.00 €
Expected dividend yield	0 %	0 %
Risk-free interest rate for the life of the options	3.60 %	3.60 %
Expected volatility for the life of the options	57 %	55 %

A modified Black-Scholes option price model was used for evaluating the stock options issued before 2008. With regard to the model parameters for these tranches, please see the 2007 Annual Report, which is available for download from the Internet at www.solon.com.

The expected life of the options is based on the Management Board’s assessment that the stock options will be exercised as quickly as possible. One reason for this concerns the tax treatment of proceeds from the exercise of stock options as a salary component in comparison with the tax treatment when selling shares after a one-year holding period. Due to the limited amount of conditional capital authorized by the Annual Shareholders’ Meeting for stock options, the issue of new options is largely dependent on the exercise of already existing options. The reason for this is that only such an exercise will free up an adequate number of options for a new issue of options. Since the group of option holders is normally taken into account again when a new tranche is issued, SOLON management assumes that the options will be exercised as early as possible. A possible exercise after this date, assuming the targets defined in the option conditions are achieved later, was also taken into account in the valuation model.

Furthermore, no dividend distribution was assumed in the period under review because SOLON’s robust growth is associated with a high capital requirement.

Future volatility during the expected time to exercise of the stock options was estimated on the basis of annualized historical volatility data over the expected life of the options, taking into account future anticipated share price performance.

The target of an increase in the share price of at least 20 percent over the base price was taken into account in the binomial model.

The fair values of the stock options of Tranche 8 are shown below. For information on the fair values of the remaining tranches outstanding, please see the 2007 Annual Report.

	Issue date	Expected term	Value of options (rounded off)
Tranche 8	Apr 1, 2008	2 years	21.27 €
Tranche 8	Apr 1, 2008	3 years	23.14 €

The expected fluctuation in future periods has been recalculated under consideration of the current fluctuation in the tranches 5, 7 and 8. The expected fluctuation as of June 30, 2008 is shown below:

	Expected fluctuation for remaining term
Tranche 5 (3 years)	3.27 %
Tranche 7 (2 years)	6.04 %
Tranche 7 (3 years)	8.13 %
Tranche 8 (2 years)	7.86 %
Tranche 8 (3 years)	11.80 %

For more information on the stock option plan, please see the 2007 Annual Report.

The stock option program resulted in the following expenses for the SOLON Group as of the reporting date for equity-settled share-based payment transactions:

	Jun 30, 2007 €'000	Jun 30, 2008 €'000
Total expense from equity-based payment transactions	5,254	7,836
Expense for the period from equity-based payment transactions	1,160	1,297

/ 12 / Related party transactions

Transaction volumes of the SOLON Group with related parties were as follows:

	Income €'000	Expenses €'000	Receivables €'000	Liabilities €'000
Joint Ventures				
Jan 1 – Jun 30, 2007	0	0	0	0
Jan 1 – Jun 30, 2008	735	0	17,811	0
Associates				
Jan 1 – Jun 30, 2007	0	0	0	0
Jan 1 – Jun 30, 2008	6,782	11,980	12,015	3,027
Other related parties				
Jan 1 – Jun 30, 2007	324	5,589	7,780	2,106
Jan 1 – Jun 30, 2008	1,789	868	31,782	540

/ 13 / Significant events after the balance sheet date

Expansion of the Group Management Board

As of July 1, the SOLON Management Board was expanded to include a Chief Financial Officer (CFO). The newly created position was filled by Simone Prüfer who joined SOLON AG in January 2006 and has been responsible for operating financial and liquidity management. Her responsibilities include strategic financial management and communications with institutional investors and analysts.

Conclusion of another procurement agreement for solar cells

In early August, SOLON concluded an agreement for the purchase of solar cells with Suniva, Inc., based in Atlanta, Georgia, USA. The agreement will run until 2012 and provides for the supply of highly efficient monocrystalline solar cells at a total volume exceeding USD 500 million.

/ 14 / Review by the Group auditor

The interim financial statements as of June 30, 2008 and 2007 were not reviewed by the auditor.

Responsibility statement

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

Berlin, August 19, 2008



Thomas Krupke
Chief Executive Officer

Dr. Lars Podlowski
Chief Technical Officer

Dr. Gero Wiese
Chief Operating Officer

Anke Hunziger
Chief Human Resources Officer

Simone Prüfer
Chief Financial Officer

Financial calendar for fiscal year 2008

November 12, 2008: Interim Report as of September 30, 2008

November 20, 2008: Analyst Conference, Berlin

Investor Relations

Therese Raatz

Phone +49 30 81879-8034

Fax +49 30 81879-110

E-Mail investor@solonag.com

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SOLON AG für Solartechnik

Am Studio 16 · 12489 Berlin

Germany

Phone + 49 30 81879-100

Fax + 49 30 81879-110

E-Mail solon@solon.com

Internet www.solon.com