

*Interim Report as
of June 30, 2010*

Key data SOLON Group

	Jan 1 – Jun 30, 2010	Jan 1 – Jun 30, 2009	Changes
Revenues in € million	243.6	119.4	104 %
Total operating performance in € million	274.5	136.6	101 %
Gross profit in € million	65.8	9.6	585 %
EBITDA in € million	6.7	-42.7	n/A
in percentage of revenue	2.8%	n/A	n/A
EBIT in € million	-2.3	-52.6	96 %
in percentage of revenue	n/A	n/A	n/A
Earnings before taxes in € million	-13.7	-126.7	89 %
in percentage of revenue	n/A	n/A	n/A
Net loss after minority interests in € million	-9.5	-110.1	91 %
in percentage of revenue	n/A	n/A	n/A
Number of employees	965	918	5 %
Revenues per employee in € thousand	252.4	130.1	94 %
Number of outstanding shares in million	17.2	12.5	38 %
Earnings per share in €	-0.73	-8.79	92 %
Cash flow from operating activities in € million	-18.2	-10.3	77 %
Depreciation and amortization in € million	9.0	9.8	-8 %
Capital expenditure in € million	3.5	20.6	-83 %
Production capacity in MWp	412 ¹⁾	450	-8 %
Production output in MWp	117	39	200 %
	Jun 30, 2010	Dec 31, 2009	
Total assets in € million	668.5	642.7	4 %
Equity in € million	117.0	110.4	6 %
Equity-to-assets ratio in %	17.5%	17.2%	2 %

¹⁾ Due to its pending spin-off, the production capacities of the subsidiary SOLON HILBER Technologie GmbH were no longer consolidated.

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Highlights

- › Revenues rise 104% to €243.6 million in the first half of 2010
- › Operating loss (EBIT) reduced to €2.3 million
- › Refinancing concluded successfully
- › Capital increase of €20 million completed
- › Expansion of the production facility in Greifswald
- › Contract awarded for equipping U.S. schools with solar systems
- › Contract signed with Italian power grid operator Terna
- › Sales partnership with Saint-Gobain Building Distribution Deutschland

Letter to Shareholders

Dear Shareholders,
Business Partners and Friends of SOLON,

From our perspective, the past quarter was successful as expected. Once again, we increased Group revenue from the prior year by more than one hundred percent. In fact, it nearly tripled since the first quarter of the year. Due to the strong growth in revenue and measures to optimize costs, our profitability also improved. After five loss-making quarters in succession, we closed the second quarter with a positive operating result. This brought us significantly closer to our goal of returning to operating breakeven this year.

The Company's positive development is first and foremost a consequence of brisk business in Germany. Against the backdrop of the decision to adopt the mid-year reduction of the feed-in compensation for solar power, many German customers accelerated their investment plans. The related rise in sales volume boosted our components business, which once again generated the majority of Group revenue. Conversely, due to the wait-and-see attitude of several banks in financing customer projects, the system technology business was still unsatisfactory in the second quarter. After the successful conclusion of our refinancing negotiations, however, we experienced a noticeable recovery in this area in recent weeks. The improvement was evidenced by a number of new orders that will lead to revenue in the coming quarters. Among other things, we managed to gain two more major U.S. energy suppliers as customers and expanded the predominant geographical focus of our activities in the USA on the West Coast to include the East Coast.

At the same time, we opened up new sales channels for our products in Germany and abroad. The sales partnership with Saint-Gobain Building Distribution, a building materials retailer offering SOLON products in the premium segment of its solar portfolio, has brought us even closer to our customers throughout Germany. We are developing our position in the Australian market by working with Bright Energy, an Australian distributor of solutions combining photovoltaics and solar heating. In France, our most important market in Europe after Germany and Italy, we will be represented by our own sales company in the future. We currently already have solar projects under construction or in the planning phase there with a total output exceeding 30 megawatts.

As part of our strategy to optimize our production facilities, we completed the spin-off of our Austrian production company as intended. The agreed-upon management buy-out entering into effect on January 1, 2011, has enabled us to achieve a solution that is both financially and socially feasible.

We also reached several important milestones in the area of financing in the past few months. At the beginning of June, for example, we completed our refinancing. That same month, we placed shares worth a total of €20 million. The successful conclusion of these transactions has created the conditions for SOLON to return to profitable growth. At the same time, it expresses our lenders' and shareholders' confidence in the Company's ability to perform.

In consideration of the favorable business trend in the first half of the year and the strong outlook for sales in the third and fourth quarters, we now project that Group revenue for the year 2010 will be significantly higher than €500 million with a breakeven operating result.

Sincerely yours,



Stefan Säuberlich,
Chief Executive Officer

Interim Group Management Report

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Interim Group Management Report for the Six Months Ended June 30, 2010

Business and economic trends

SOLON SE was founded in 1997 in Berlin, Germany, and in 1998 became the first quoted solar energy company in Germany. At the end of the first half of 2010, the SOLON Group had subsidiaries in Germany, Austria, Italy, Switzerland and the U.S and employed 965 employees worldwide. The registered office of SOLON SE and accordingly of the Group is in Berlin, Germany.

SOLON is one of the largest manufacturers of solar modules in Europe and is also a supplier of solar system technology for large-scale rooftop and greenfield installations. The Company's core competencies extend to three significant fields throughout the solar value chain:

- › Manufacture and distribution of solar modules to wholesalers and installers
- › Construction of turnkey solar power plants on roofs and greenfields, distribution to project planners and energy utility companies
- › Development and structuring of complete solar power plant projects, distribution to financial investors including after-sales services

Macroeconomic situation

The global economy

The most recent economic data indicate that the global economy is recovering from the global financial crisis more rapidly than expected. The economies of the developing and emerging countries in particular displayed further robustness in recent months. The economic recovery in the industrial nations was also unexpectedly strong, although the eurozone continued to lag behind the other industrial regions. The forecasts for global growth in the current year were accordingly adjusted upwards once more. At the same time, however, the risks for the recovery in the industrial nations have increased considerably, not least due to the serious budget problems of several states in the eurozone.

The economic outlook for Germany has also improved noticeably in recent months. After the unexpectedly robust performance of the German economy in the first half of the year, which was due not least to a significant pickup of the construction industry in response to the extensive economic stimulus program, only moderate growth is expected for the year as a whole. This growth may be buoyed largely by the robust rise in export demand, while the austerity measures announced by the government may dampen private consumption throughout the rest of the year.

The market for solar technology

The situation in Germany also had a strong impact on the development of the global solar technology market in the first half of 2010. After weather conditions contributed to a slow start of the year, demand by German customers for solar technology picked up considerably in the second quarter. According to the most recent publications issued by the Federal Network Agency, new solar systems with a total output of more than 3 gigawatts were installed in the first six months of the year. The extraordinarily high demand in the second quarter is above all related to the strong pull-forward effects related to the reductions in solar subsidies in Germany announced at the beginning of the year and since then adopted. In light of these extraordinary demand effects, the forecasts for the growth of the German photovoltaic market in the current year have in the meantime been raised significantly. It may now be assumed that Germany will again be the world's largest single photovoltaic market in 2010.

Similar to Germany, pull-forward effects are also visible in several other European markets, most notably Italy and the Czech Republic, in view of pending changes to the national subsidy conditions. A noticeable pickup in demand was also seen in the heavily fragmented U.S. solar market in past months, in particular on the part of regional energy utility companies.

Significant Events in the Second Quarter of 2010

Refinancing concluded successfully

On June 1, the Company announced the successful conclusion of negotiations with the banks regarding the reorganization of the Group financing. The syndicated loan agreed under the lead management of Deutsche Bank AG will extend until year-end 2011 and includes commitments for cash credit facilities and facilities by way of bank guarantees totaling €275 million. It is partially backed by a combined default guarantee from the German federal government and the federal states of Berlin and Mecklenburg-Vorpommern.

Capital increase of €20 million completed

On June 8, the Management Board of SOLON SE decided, with the consent of the Supervisory Board, to increase the Company's share capital by €4,694,836.00 to €17,225,032.00 in return for cash contributions by using some of its authorized capital to issue 4,694,836 new bearer shares. The new shares were offered to existing shareholders for subscription at the ratio of 8:3 in the form of indirect preemption rights at a price of €4.26 per share. All of the shares were placed. The proceeds from the capital measure will be used to expand the Company's sales activities and improve its capital adequacy.

Expansion of the production facility in Greifswald

In early May, an additional production line for solar modules was inaugurated at the subsidiary Solon Nord GmbH in Greifswald. The completion of the new line, creating 60 additional jobs in the economically depressed region, ramped up production capacity at the SOLON Group's largest site in Germany to 185 MWp.

Contract awarded for equipping U.S. schools with solar systems

Also in early May, the SOLON Corporation, the U.S. subsidiary of SOLON SE, was awarded a contract to equip several schools in the U.S. state of Arizona with photovoltaic systems by year-end 2010. The total scope of the project is 8.7 MWp.

Contract signed with Italian power grid operator Terna

In mid-May, SunTergrid awarded a contract to the Italian subsidiary SOLON S.p.A. for construction of several greenfield installations in the Northern Italian provinces of Friuli and Veneto with a total capacity of 12.5 MWp. SunTergrid S.p.A. is a wholly owned subsidiary of Rome-based Terna S.p.A., one of Europe's largest independent power grid operators.

Sales partnership with Saint-Gobain

In late June, SOLON and Saint-Gobain Building Distribution Deutschland concluded a framework contract spanning several years to deliver solar modules with a capacity of over 70 MWp. The building materials retailer is currently ramping up its sales activities to include the growth segment of photovoltaic. Using its own "Solarkauf" brand, Saint-Gobain has developed a shop-in-shop concept that includes all PV products necessary to install a solar power system. By the end of the year, "Solarkauf" shops will have been integrated into a total of 45 branches.

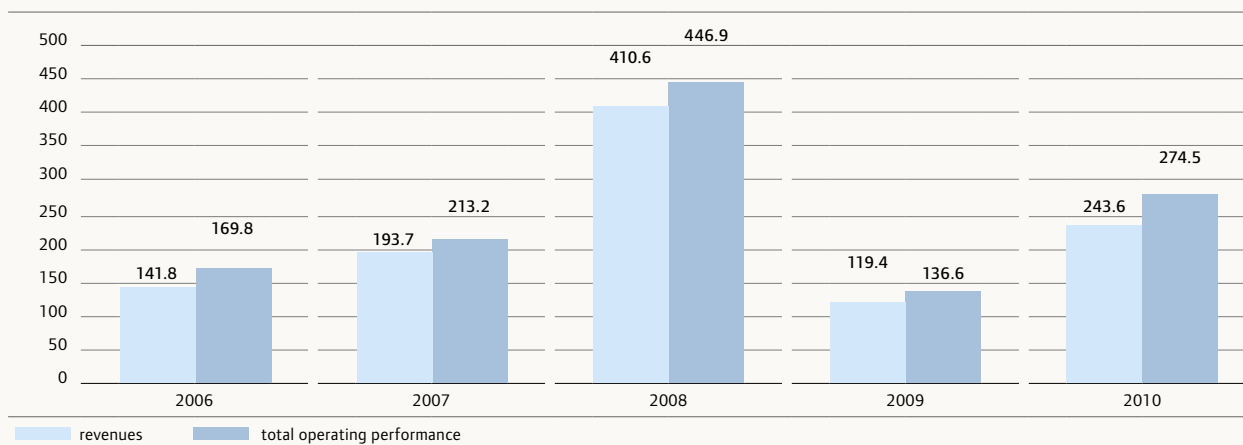
Marketing activities expanded

In early May, SOLON launched "What's next," a new image campaign that compares impressive SOLON reference projects with spectacular futuristic visions. The campaign presents ten different motifs and will run in Germany, France, Italy and the U.S. as a print and online campaign until the end of the year. SOLON also introduced its new "Solar Pioneers" partnership program in May. This network is intended for installation companies and wholesalers who specialize in designing and installing photovoltaic systems and will support them in establishing a professional market presence. The main focus is quality as a guarantee that a solar system will have high yields and a long service life.

Course of Business in the First Six Months of 2010

While restrained demand was still evident during the first quarter of 2010, the second quarter of 2010 saw a significant rise in demand. Overall, sales rose by €124.2 million from €119.4 million to €243.6 million in the first six months of 2010. This represents a 104% rise in sales from the first half of 2009. At 82%, the Components business accounted for the major share of sales. However, higher demand over the prior year was also recorded in

Revenues and total operating performance (January 1 – June 30)
 in € million



the Systems business. Production output rose from 39 MWp in the prior year to 117 MWp in the first half of 2010 (up 200%).

After a significant decline in market prices in fiscal year 2009, selling prices of photovoltaic systems have continued to stabilize in the first six months of 2010. Despite the expected reduction of the feed-in tariff in Germany as of July 1, 2010, the high demand made it possible to keep prices at a nearly constant level. Along with the continued positive development of the economic climate and the implementation of cost savings under the current restructuring program, EBIT was improved significantly in the first half from an EBIT loss of €52.6 million to an EBIT loss of €2.3 million. After five loss-generating quarters, SOLON was once again able to achieve a positive operating result of €4.3 million in the second quarter of 2010 (second quarter 2009: operating loss of €31.9 million).

Thanks to the positive market development, the success of the internal restructuring program to date and the agreement reached on the Group's medium-term financing, SOLON's Management Board currently expects sales in fiscal year 2010 to be significantly higher than €500 million with a balanced operating result.

Income statement

The SOLON Group earned revenues of €243.6 million in the first six months of fiscal 2010 (prior-year period: €119.4 million). This reflects an increase of 104%, which is in particular due to the renewed and stronger demand in the Components business than in the year before.

Total operating performance rose by 101% in the first six months to €274.5 million (prior-year period: €136.6 million).

Changes in work in progress and finished goods totaled €12.1 million in the reporting period. Other operating income in the first six months of 2010 was €18.2 million. This figure includes income from currency translation gains in the amount of €14.3 million, which was balanced by an offsetting item in a similar amount under other operating expenses due to the application of a natural foreign currency hedge.

The share of revenues generated outside of Germany amounted to 36% throughout the Group in the first six months of 2010. The SOLON Group's production output was in the period under review 117 MWp (prior-year period: 39 MWp). The significantly higher production output than in the prior-year period reflects the anticipated high market demand for the year as a whole.

Due to the higher production output in the first six months of 2010, costs of material rose by 64% to €208.7 million (prior-year period: €127.0 million). Thereof, €27.1 million reflected third-party services.

Gross profit increased by 585% in the first six months of 2010 to €65.8 million (prior-year period: €9.6 million). The ratio of the gross margin to the sum of sales revenues and inventory changes increased from 8% to 26%.

Personnel expenses declined by 13% in the first six months of 2010 to €18.6 million (prior-year period: €21.4 million). The decrease resulted primarily from the voluntary relinquishment of individual salary components by SOLON employees and a lower number of share options granted.

Depreciation and amortization came to €9.0 million in the first six months of 2010 (prior-year period: €9.8 million).

As of December 31, 2009, the non-current assets of SOLON HILBER Technologie GmbH were largely classified as “assets held for sale” in the course of the planned spin-off as part of a management buy-out and were written down to the planned realizable value. After the management buy-out could not be concluded in the first quarter of 2010 as planned, the structure of the planned transaction was changed in the course of further negotiations. The status of the negotiations as of the balance sheet date was taken into account in the current report.

The property, plant and equipment held for sale is reported at the planned realizable value. Accordingly, impairment losses on the property, plant and equipment held for sale were reported in other operating expenses in the amount of €0.6 million in the period under review. Property, plant and equipment no longer classified as held for sale is recognized at the lower of the carrying amount and the realizable amount on the date of the decision not to sell. The carrying amount corresponds to the carrying amount of the property, plant and equipment before being classified as “assets held for sale” adjusted for scheduled depreciation which would have been recorded if the asset had not been classified as “assets held for sale.”

Other operating expenses increased in the period under review from €31.0 million to €40.5 million. Included in this position are expenses from currency translation losses in the amount of €15.3 million, expenses for maintenance and repair costs of €3.3 million, expenses for warranty provisions of €2.8 million, expenses for marketing of €2.5 million, expenses for lease payments of €2.2 million and expenses directly associated with restructuring measures totaling €2.1 million.

The EBIT loss improved to €2.3 million and EBITDA increased to a positive €6.7 million in the first six months of 2010 (prior-year period: EBIT loss of €52.6 million and EBITDA loss of €42.7 million).

Net financing expenses amounted to €11.5 million in the reporting period (prior-year period: net financing expense of €74.2 million). This includes interest expenses of €11.4 million (prior-year period: €6.9 million).

Earnings before taxes (EBT) amounted to an EBT loss of €13.7 million in the period under review (prior-year period: EBT loss of € 126.7 million). Income tax credit amounted to €4.2 million (prior-year period: €16.6 million).

The net loss after minority interests improved to €9.5 million in the first six months of 2010 (prior-year period: net loss of €110.1 million).

Earnings per share came to a net loss per share of €0.73 in the first six months of 2010 (prior-year period: net loss of €8.79). The capital increase completed on June 10, 2010, was considered in calculating earnings per share in accordance with IAS 33.

Balance sheet

Total assets rose to €668.5 million as of June 30, 2010 (December 31, 2009: €642.7 million).

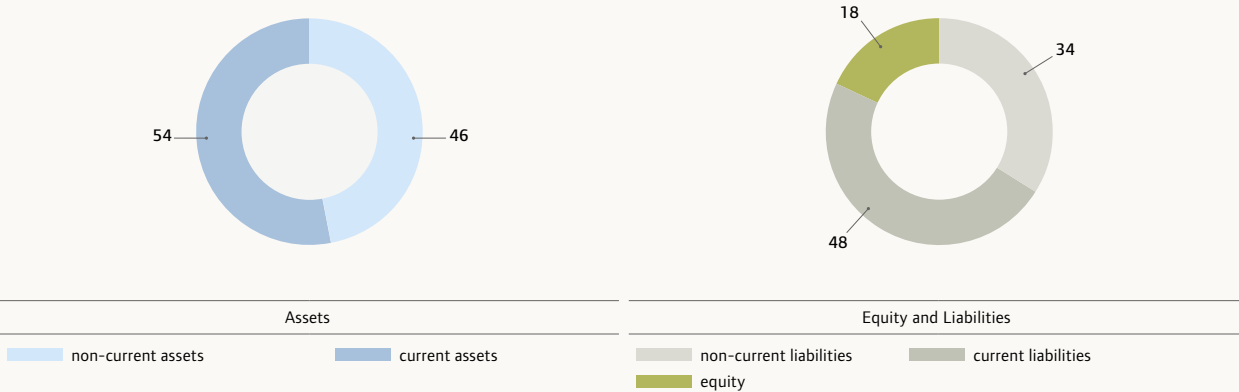
Non-current assets

SOLON invested €3.5 million in intangible assets and property, plant and equipment throughout the Group during the reporting period (prior-year period: € 20.6 million). As of June 30, 2010, intangible assets were carried at €15.5 million and property, plant and equipment at €147.3 million (December 31, 2009: €15.9 million and €150.5 million, respectively). As of the reporting date, property, plant and equipment consisted of land and buildings at €84.4 million, manufacturing plant and equipment at €49.7 million, other plant, operating and office equipment at €11.4 million and advance payments and construction in progress at €1.8 million.

Financial assets amounted to €77.9 million as of June 30, 2010 (December 31, 2009: €100.1 million). Thereof, €32.6 million reflected equity investments. The decrease in financial assets was in particular based on the term-based reclassification of an extended loan as a current asset.

Other non-current assets amounted to €52.6 million as of June 30, 2010 (December 31, 2009: €50.2 million), almost entirely reflecting advance payments on inventories.

Balance sheet structure (June 30, 2010)
 in percent



Current assets

The strong rise in production output in response to high demand increased the carrying amount of inventories to €123.3 million as of June 30, 2010 (December 31, 2009: €90.6 million). This figure includes raw materials and supplies totaling €28.0 million, work in progress of €51.9 million, finished goods of €27.3 million and advance payments on inventories of €16.1 million.

Current trade receivables did not change significantly. They amounted to €117.6 million as of June 30, 2010 (December 31, 2009: €117.6 million). Of these, 61% originate from application of the percentage-of-completion method in the project business according to which €71.3 million were recognized as receivables which, as contractually agreed, were not yet due as of the reporting date. The higher inventories caused working capital to rise from €154.9 million to €172.0 million during the first half of 2010.

Other receivables and other assets amounted to €74.8 million as of June 30, 2010 (December 31, 2009: €38.9 million). Included in this position are current receivables from tax authorities and loans extended to investments. Cash and cash equivalents decreased from €60.7 million to €41.4 million in the first six months.

The increase in inventories and other receivables in particular caused current assets to rise in the period under review to €357.8 million (December 31, 2009: €314.8 million).

Shareholders' equity

Compared to December 31, 2009, the share capital rose from €12.5 million to €17.2 million in June 2010 as a result of a capital increase.

Overall, the capital reserve rose from €269.6 million to €284.2 million. Of this amount, €15.1 million relate to the capital increase and €-0.5 million to the accounting of stock options.

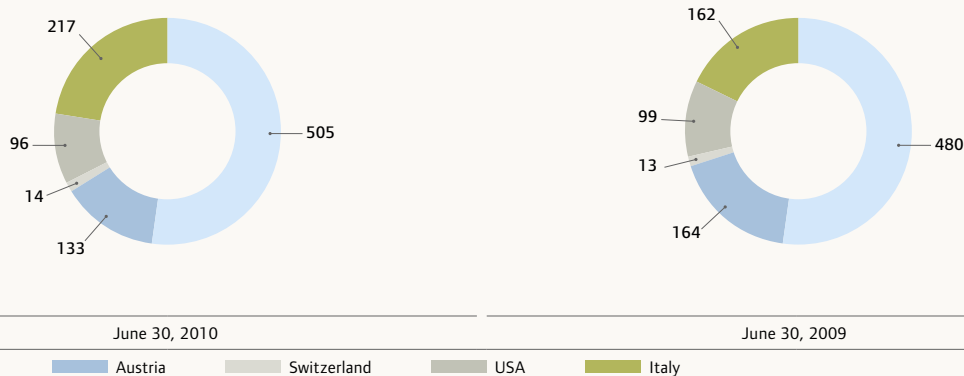
The net loss for the period caused equity to drop by €9.5 million in the first six months of 2010. Equity rose overall from €110.4 million as of December 31, 2009, to €117.0 million as of June 30, 2010. The equity-to-assets ratio rose from 17.2% to 17.5%.

Non-current liabilities

Non-current liabilities to banks increased in the first six months of 2010 to €68.9 million (December 31, 2009: €67.4 million). Non-current liabilities from bonds and other non-current liabilities rose in the period under review to €140.2 million (December 31, 2009: €136.7 million). Included in this position in particular are liabilities from the convertible bonds issued in December 2007 in the amount of €125.0 million.

Total non-current liabilities amounted to €227.3 million as of June 30, 2010 (December 31, 2009: €219.3 million).

Employees by country



Current liabilities

Current liabilities to banks decreased to €199.4 million by the end of the first half of 2010 (December 31, 2009: €200.6 million). Trade payables were €69.0 million on June 30, 2010 (December 31, 2009: €53.3 million).

Other current liabilities rose from €29.3 million to €32.9 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 2010, total current liabilities were €324.2 million (December 31, 2009: €313.0 million).

Cash flow

In the second quarter of 2010, SOLON generated a positive cash flow from operating activities in the amount of €12.7 million. Due in particular to the increase in inventories, the cash flow from operating activities amounted to € -18.2 million in the first half of 2010 (prior-year period: €10.3 million).

Net cash from investing activities amounted to €-2.3 million in the first half of 2010 (prior-year period: €-10.1 million). Net cash from financing activities came to €3.6 million (prior-year period: €42.6 million) and in particular reflects the effects from the capital increase and interest payments.

Human resources

The number of people employed by the SOLON Group as of June 30, 2010, was 965 (June 30, 2009: 918). SOLON employed 505 people in Germany at the end of the first half of 2010.

Research and development

In order to secure the Company's future viability in an increasingly competitive market environment, SOLON continues to concentrate its research and development activities on identifying and implementing cost cutting potentials. The focus is on using more cost-effective materials, improving production methods and developing cost-optimized new products and standardization measures in the power plant business.

In this respect, a new power plant monitoring and control system (SCADA) was presented at Intersolar in Munich, the world's largest trade fair for solar energy, during the second quarter of 2010. The system makes remote monitoring and control of photovoltaic power plants possible in a way that meets the requirements of the power grid operators.

Risk report

In early July, the upper and lower house of the German parliament, the Bundestag and the Bundesrat, agreed on an unscheduled reduction of the feed-in tariff granted for solar energy as of July 1 and October 1, 2010. This decision is expected to lead to a decline in selling prices realizable in Germany. Despite expected savings in procurement of materials and an improved internal cost structure, this will result in an increased risk of a reduction of the realizable profit margin. A reduction of the granted feed-in tariffs is also expected for Italy and Spain.

Other than that, the risk situation did not change materially in the first six months and in the period up to the completion of the interim report as of June 30, 2010, as compared to the situation as described in the "Risk and opportunities management" and "Forecast" sections of the 2009 Annual Report. For a description of the risk management system, please refer to the information in the "Risk and opportunities management" section of the 2009 Annual Report.

Outlook

Macroeconomic situation

The global economy which has continued to expand robustly this year is expected to cool down slightly next year. In addition to a more restrictive financial policy of the industrial nations, the measures announced by the large emerging economies to prevent fiscal overheating could also contribute to this. Moreover, the risks of an economic reversal have recently risen significantly in tandem with the crisis of confidence in the eurozone.

The estimations with regard to the continued economic recovery in Germany next year are rather reserved. In 2011, the expiration of economic stimulus programs and implementation of the adopted budget consolidation measures could further slow down the already moderate growth of the current year.

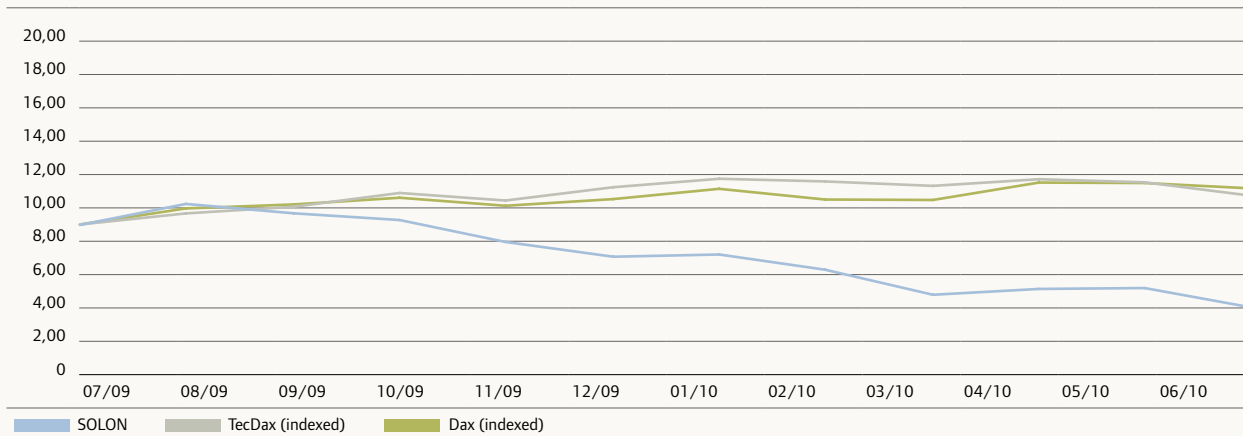
The market for solar technology

In light of good return opportunities and against the backdrop of recent and pending changes in the legal framework in Germany, Italy and other important markets, the worldwide demand for solar technology could reach a double-digit gigawatt level for the first time this year. The significant pickup in global demand after the crisis year of 2009 is to a significant degree attributable to the robust market trend in Germany, which could again account for about 50% of the global market for solar technology this year. At the same time, the basis for a stable market trend is widening ever further. In addition to the U.S. as an especially promising future market, a considerable number of other young markets in Europe and Asia could surpass the 500 MWp threshold of new installations this year.

The recently enacted reductions of German solar subsidies are having a significant impact on the market situation in Germany this year. Depending on the type of installation, the tariff rates for solar energy were reduced 8-13% retroactively to July 1, 2010, and will be reduced by another 3% on October 1, 2010. Subsidies for photovoltaic installations on agricultural land have been completely eliminated, also retroactively to July 1, 2010. The reduction now adopted significantly surpasses the level seen by the industry as reasonable; however, it does provide the urgently needed planning security for investors and companies. The compromise reached by the Bundestag and Bundesrat for a gradual reduction of the feed-in tariffs could cause demand in Germany to remain at a high level even in the third quarter of 2010 due to additional pull-forward effects. In view of the further scheduled reduction of the subsidy as of January 1, 2011, high demand can also be expected for the last quarter of the year.

A change of the subsidy conditions is also pending for the beginning of 2011 in Italy, which is Europe's second largest solar technology market after Germany. The bill recently adopted provides for a reduction of the feed-in tariff for the various types of installations in several steps over the period 2011-2013 (by a total of 18% in 2011 and again by 6% in each of the years 2012 and 2013). It also provides for a limitation of the total photovoltaic output installed under the new regulation to 3 GWp by 2013. In light of the currently valid, extremely attractive subsidy rates, the adopted reduction appears to be quite moderate. It can therefore be assumed that the robust market trend of the current year could continue next year.

Performance of SOLON stock (12 months)
in €



Outlook for SOLON

As a pure player among the German solar companies, SOLON will continue to concentrate on its core competencies in the future – the manufacture and international marketing of solar modules and solar systems technology. In order to counter growing competition from low-wage countries, SOLON will continue to solidify its position as a premium provider. This strategy is geared toward achieving competitive advantages through leadership in technology and quality. In 2010, SOLON will continue focusing its sales activities on its core markets of Germany, Italy, France and the U.S.

To return to the profitable growth of past years, in the current year SOLON will systematically push ahead with the cost cutting measures initiated in 2009. The focus remains on new and renewed negotiations of contracts for solar cells. Additional emphasis is placed on increasing solar module performance and continuously improving production processes. Finally, in the area of greenfield installations, substantial cost savings potential has been identified in the form of further standardization, which is currently being implemented.

The aim of management is to return SOLON to the growth path of recent years within the current year. At the same time, the Company should grow at an even faster rate than its rivals in the core markets in order to gradually regain the previously lost market share in the years to come. As in the previous year, the Components business, which is currently exhibiting extremely robust performance, is expected to contribute a significantly larger

amount to the Group's total revenues than the System Technology business for which demand is recovering slowly. Given that selling prices are expected to continue declining during the year, production and sales quantities will have to register an increase in the high double-digit percentage range in 2010 in order for SOLON to achieve its sales targets.

Based on the positive business performance in the first half, Management has defined the revenue and earnings forecast for the year as a whole as follows: The goal is to finish fiscal year 2010 with Group revenue significantly exceeding €500 million and a balanced operating result, thereby creating the basis for a return to profitable growth in the years to come.

Stock

General market sentiment

A high level of anxiety continued to characterize events in the international stock exchanges in the second quarter of 2010, primarily reflecting the growing concerns of investors about a widening of the budget crisis in Greece and other EU states. As a result, the German indices reached a two-year high at the beginning of the second quarter, but then came under pressure again and closed the quarter with slight losses.

Key share data

ISIN	DE0007471195
WKN	747 119
Trading symbol	SO01
Reuters ticker symbol	SOOG.DE
Bloomberg ticker symbol	SO01:GR
Listing	Frankfurt Regulated Market (Prime Standard)
Stock exchanges	Berlin, Düsseldorf, Frankfurt, Hamburg, Hanover, Munich, Stuttgart and Xetra
Indices	Prime All Share, CDAX, Technology All Share, GEX

Key data for SOLON stock

		QII 2010
Share capital	€	17,225,032.00
Number of shares issued		17,225,032
High for the quarter ¹	€	5.74
Low for the quarter ¹	€	3.85
Closing price at end of quarter ¹	€	4.30
Market capitalization at end of quarter	€ million	74
Average trading volume per day ¹		46,284
Earnings per share	€	-0.73

¹ Deutsche Börse, Xetra

Capital measures

The capital increase adopted on June 8, 2010, and recorded in the Commercial Register on June 10, 2010, raised SOLON SE's share capital to €17,225,032.00 divided into 17,225,032 no-par-value bearer shares.

Investor relations activities

German and international investors continue to display strong interest in SOLON. Numerous German and Anglo-American financial institutes report regularly concerning SOLON. The Management Board presented the Company at an investor meeting at Intersolar in Munich during the quarter just ended and answered the questions of German and foreign investors and financial analysts in telephone conferences and personal discussions.

Performance of SOLON stock

Similar to other German solar stocks, SOLON stock again experienced heavy volatility in the second quarter of 2010 in an overall volatile market environment. At a closing price of €4.30, it gave up 16 percent of its value compared to the previous quarter (March 31, 2010: €5.13). SOLON stock reached its high for the quarter on April 26 at €5.74; its low was on May 26 at €3.85. The average number of shares traded per day in the second quarter of 2010 was 46,284 (Xetra).

SOLON Annual Shareholders' Meeting

During the Annual Shareholders' Meeting of SOLON SE held in Berlin on June 16, 2010, the approximately 200 shareholders present approved all eight agenda items put forward for voting with a large majority. The agenda items adopted included the creation of new authorized capital, a renewal of the authorization to acquire treasury shares, the adjustment of the Supervisory Board compensation to the changed conditions, and the approval of a system for compensation of the Management Board members.

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Consolidated Financial Statements (IFRS)

Consolidated income statement		2010	2009	2010	2009
		Jan 1 – Jun 30	Jan 1 – Jun 30	Apr 1 – Jun 30	Apr 1 – Jun 30
		€,000	€,000	€,000	€,000
	Note				
Revenue	2	243,581	119,360	154,822	81,069
Changes in work in progress and finished goods		12,136	-201	8,665	-20,875
Own expenses capitalized		600	2,205	462	997
Other operating income		18,161	15,263	11,379	5,253
Total operating performance		274,478	136,627	175,328	66,444
Cost of material	3	208,708	127,028	131,722	69,079
Gross profit		65,770	9,599	43,606	-2,635
Personnel expenses		18,565	21,373	10,070	10,524
Depreciation, amortization and impairment		8,953	9,813	4,765	5,294
Other operating expenses		40,524	30,969	24,446	13,416
EBIT		-2,272	-52,556	4,325	-31,869
Result from investments accounted for using the equity method	4	-83	-2,426	33	-1,198
Other investment and financial result	4	-3	-64,894	-3	-64,198
Interest income		4,139	5,302	2,086	2,834
Interest expenses		-15,510	-12,162	-8,959	-6,510
Net income/loss before taxes		-13,729	-126,736	-2,518	-100,941
Income taxes		-4,182	-16,642	-1,125	-10,050
Net income/loss before minority interests		-9,547	-110,094	-1,393	-90,891
Minority interests		-	-	-	-2
Net income/loss after minority interests		-9,547	-110,094	-1,393	-90,889
Earnings per share in €	11	-0.73	-8.79	-0.10	-7.25
Diluted earnings per share in €	11	-0.73	-8.79	-0.10	-7.25

Consolidated statement of comprehensive income		2010	2009	2010	2009
		Jan 1 – Jun 30	Jan 1 – Jun 30	Apr 1 – Jun 30	Apr 1 – Jun 30
		€,000	€,000	€,000	€,000
Net income/loss before minority interests (after taxes)		-9,547	-110,094	-1,393	-90,891
Foreign exchange translation differences		-2,326	148	-1,488	319
Unrealized gains/losses from the fair value measurement of available-for-sale securities		-644	518	-372	518
Share of other comprehensive income/loss of equity-accounted companies		-15	14	-32	51
Unrealized gains/losses from the fair value measurement of derivative hedges		-168	-164	-76	131
after income tax of		72	70	32	-57
Other comprehensive income/loss (after taxes)		-3,153	516	-1,968	1,019
Total comprehensive income/loss before minority interests (after taxes)		-12,700	-109,578	-3,361	-89,872
Total comprehensive income/loss attributable to shareholders of SOLON SE		-12,700	-109,578	-3,361	-89,870
Total comprehensive income/loss attributable to minority interests		0	0	0	-2

Consolidated balance sheet

	Note	June 30, 2010 €,000	December 31, 2009 €,000
Assets			
Non-current assets		310,660	327,913
Intangible assets	5	15,465	15,925
Property, plant and equipment	5	147,266	150,480
Financial assets accounted for using the equity method	5	6,256	6,418
Miscellaneous financial assets	5	71,607	93,711
Other non-current assets		52,621	50,206
Deferred tax assets		17,445	11,173
Current assets		357,803	314,784
Inventories	6	123,331	90,631
Trade receivables	7	117,616	117,637
Other receivables and assets		74,803	38,886
Cash and cash equivalents		41,443	60,700
Assets held for sale	8	610	6,930
Total assets		668,463	642,697
Shareholders' equity and liabilities			
Shareholders' equity		116,976	110,366
Share capital	9	17,225	12,530
Capital reserve	9	284,206	269,590
Other comprehensive income		-1,780	1,374
Accumulated profit/loss		-182,675	-173,128
Non-current liabilities		227,289	219,284
Provisions		18,261	15,237
Liabilities to banks	10	68,859	67,392
Bonds and other non-current liabilities		140,169	136,655
Current liabilities		324,198	313,047
Tax provisions		2,734	4,936
Other provisions		20,080	23,145
Liabilities to banks	10	199,405	200,551
Trade payables		68,971	53,325
Other liabilities		32,890	29,330
Liabilities associated with assets held for sale	8	118	1,760
Total shareholders' equity and liabilities		668,463	642,697

Consolidated cash flow statement		
January 1 to June 30		
	2010 €,000	2009 €,000
Net income/loss before taxes	-13,729	-126,736
Investment result, other financial result and interest result	11,457	74,180
EBIT	-2,272	-52,556
Amortization and impairment losses on intangible assets and depreciation and impairment losses on property, plant and equipment	8,953	9,813
Impairment losses/reversals on other non-current and current assets	-4,735	16,490
Gain/loss from the disposal of non-current assets	33	154
Expenses for stock option plan	-487	1,594
Changes in provisions	-1,356	1,604
Taxes paid	-4,524	-1,603
Other non-cash income and expenses	-4,146	-1,549
Operating cash flow before changes in net current assets	-8,534	-26,053
Change in inventories	-22,979	12,169
Change in trade receivables	-266	35,986
Change in other receivables and assets	-5,635	3,242
Change in trade payables	16,327	-35,831
Change in other liabilities	2,876	186
Cash flow from operating activities	-18,211	-10,301
Proceeds from disposals of intangible assets and property, plant and equipment	203	979
Capital expenditure for intangible assets and property, plant and equipment	-4,114	-17,857
Change in financial assets and loans	-880	2,771
Proceeds from government grants	2,254	1,994
Interest received	265	2,033
Cash flow from investing activities	-2,272	-10,080
Proceeds from capital increase	20,000	-
Capital expenditures related to capital increase	-289	-
Changes in financial liabilities	-5,132	52,022
Interest paid	-11,027	-9,411
Cash flow from financing activities	3,552	42,611
Net change in cash and cash equivalents	-16,931	22,230
Changes in cash due to exchange rate changes	-2,326	148
Cash and cash equivalents at beginning of period	60,700	4,350
Cash and cash equivalents at end of period	41,443	26,728

**Consolidated statement
of changes in equity**

	Other comprehensive income						Total € ,000
	Share capital € ,000	Capital reserve € ,000	Fair value meas- urement of other financial assets € ,000	Fair value measurement of hedges € ,000	Currency translation € ,000	Accumulated profit/loss € ,000	
Balance on January 1, 2009	12,530	265,520	-348	-568	81	98,520	375,735
Total comprehensive income/loss			532	-164	148	-110,094	-109,578
Stock option plan		1,594					1,594
Balance on June 30, 2009	12,530	267,114	184	-732	229	-11,574	267,751
Balance on January 1, 2010	12,530	269,590	1,847	-792	319	-173,128	110,366
Total comprehensive income/loss			-659	-168	-2,327	-9,547	-12,701
Capital increase	4,695	15,305					20,000
Direct costs in connection with the capital increase after deferred taxes (€87 thousand)		-202					-202
Stock option plan		-487					-487
Balance on June 30, 2010	17,225	284,206	1,188	-960	-2,008	-182,675	116,976

Notes to the financial statements (IFRS)

| 1 | General

Economic status of the Company

SOLON SE, with registered offices in Berlin (Am Studio 16, 12489 Berlin), Germany was founded in 1997. The Company went public in 1998, making it the first quoted solar power company in Germany. As the parent, SOLON SE 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 of 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's production facilities are located 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, 2010, were prepared in accordance with the International Financial Reporting Standards (IFRSs) and the interpretations of the International Financial Reporting Interpretations Committee (IFRICs) valid as of the reporting date and 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 generally used as were applied to the published consolidated financial statements for fiscal year 2009.

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 2009 Annual Report. This report is available for download 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, 2010

Company, registered office	Country	Date of formation/ addition ¹	Shareholding	Subscribed capital
SOLON Photovoltaik GmbH, Berlin	Germany	December 22, 1998	100%	51,129 €
SOLON Investments GmbH, Freiburg	Germany	July 1, 2003	100%	25,000 €
Solon Nord GmbH, Greifswald	Germany	April 23, 2004	100%	1,000,000 €
SOLON Mobility GmbH, Berlin	Germany	January 28, 2008	100%	25,000 €
Solon Inverters AG, Uznach	Switzerland	January 1, 2000	100%	324,141 €
SOLON HILBER Technologie GmbH, Steinach	Austria	August 19, 2005	100%	100,000 €
SOLON S. p. A., Carmignano di Brenta	Italy	January 1, 2006	100%	16,000,000 €
SOLON Corporation, Tucson/Arizona	USA	January 2, 2007	100%	37,870 €
Estelux s. r. l., Marano Vicentino	Italy	December 1, 2008	100%	10,000 €
ERLASEE Liegenschaften CbR, Berlin	Germany	November 12, 2003	90%	35,000 €

¹ The date of formation/addition corresponds to the date of initial consolidation.

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

Joint ventures and associates accounted for using the equity method as of June 30, 2010

Company, registered office	Country	Date of formation/ addition	Shareholding
SOL Holding AG, Cologne	Germany	February 16, 2007	48.0%
ml&s manufacturing, logistics and services GmbH & Co. KG, Greifswald	Germany	October 29, 2007	49.4%
ml&s manufacturing, logistics and services Management GmbH, Greifswald	Germany	October 29, 2007	48.0%
Sistema Solare s. r. l., Marano Vicentino	Italy	February 6, 2009	50.0%
Blue Chip Energy GmbH, Güssing	Austria	July 31, 2009	48.3%

Other companies whose influence on the Group's financial position and performance was immaterial were not accounted for using the equity method.

Notes to the income statement

| 2 | Revenue

Revenues of the SOLON Group amounted to €243,581 thousand (prior-year period: €119,360 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, €39,727 thousand (prior-year period: €33,988 thousand) was attributed to revenues from construction contracts resulting from the SOLON 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 €32,169 thousand as of the reporting date (prior-year period: €28,996 thousand). Revenues from construction contracts are calculated by multiplying the amount of revenue agreed in the contract by the percentage of completion of the contract.

For a detailed breakdown of revenues by segment, please see Note 12: Segment report.

| 3 | Cost of material

Cost of material	Jan 1 – Jun 30, 2010 €,000	Jan 1 – Jun 30, 2009 €,000
Expenses for raw materials, supplies and merchandise	181,638	113,318
Expenses for services purchased	27,070	13,710
Cost of material	208,708	127,028

| 4 | Investment result

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

	Jan 1 – Jun 30, 2010 €,000	Jan 1 – Jun 30, 2009 €,000
Result from investments accounted for using the equity method	-83	-2,426
Other investment result	-3	-64,894
Investment result	-86	-67,320

In fiscal year 2009, the other investment result included in particular impairment losses on the commitment of the SOLON Group to the shareholding in and the loan extended to SOL Holding AG.

Notes to the balance sheet

|5| Change in selected non-current assets

Non-current assets				
	Intangible assets €,000	Property, plant and equipment €,000	Financial assets €'000	Total €'000
Net carrying amount as of January 1, 2009	28,875	189,666	154,336	372,877
Additions	1,450	36,374	26,188	64,012
Depreciation, amortization and impairment	-14,371	-69,791	-69,534	-153,696
Other	-29	-5,769	-10,861	-16,659
Net carrying amount as of December 31, 2009 respectively January 1, 2010	15,925	150,480	100,129	266,534
Additions	516	4,846	2,019	7,381
Depreciation, amortization and impairment	-981	-7,972	-	-8,953
Other	5	-88	-24,285	-24,368
Net carrying amount as of June 30, 2010	15,465	147,266	77,863	240,594

Additions to property, plant and equipment include additions of €1,911 thousand resulting from a reclassification of assets held for sale from the balance sheet item "Assets held for sale" to the balance sheet item "Property, plant and equipment" (see also Note 8 in this regard). Other changes to property, plant and equipment of € -21 thousand also relate to this reclassification.

|6| Inventories

Inventories		
	Jun 30, 2010 €'000	Dec 31, 2009 €'000
Raw materials and supplies	28,001	16,261
Work in progress	51,898	43,423
Finished goods and merchandise	27,303	20,534
Advance payments on inventories	16,129	10,413
Inventories	123,331	90,631

|7| Trade receivables

Trade receivables		
	Jun 30, 2010 €,000	Dec 31, 2009 €,000
Trade receivables, gross	53,681	53,789
General valuation allowances	-141	-130
Specific valuation allowances	-7,238	-6,960
Receivables from construction contracts, net	71,314	70,938
Trade receivables, net	117,616	117,637

| 8 | Assets held for sale and liabilities associated with assets held for sale

As of December 31, 2009, portions of the property, plant and equipment and the inventories as well as finance lease liabilities of SOLON HILBER Technologie GmbH were classified as “assets held for sale” or “liabilities associated with assets held for sale” based on a planned spin-off of SOLON HILBER Technologie GmbH from the SOLON Group as part of a management buy-out.

After the management buy-out could not be concluded in the first quarter of 2010 as planned, the structure of the planned transaction was changed in the course of further negotiations. The status of the negotiations as of the balance sheet date was taken into account in the current report.

Compared to the original planning, the following changes were made: First, the management buy-out contractually agreed in August 2010 will not enter into effect until January 1, 2011. Second, the structure of the assets and liabilities to be transferred will be changed. This made it necessary to adjust the reporting and measurement of the assets and liabilities classified as held for sale.

Based on the current status of negotiations, the assets and liabilities of SOLON HILBER Technologie GmbH were classified as “assets held for sale” or “liabilities associated with assets held for sale” or this classification was reversed.

The “assets held for sale” and the “liabilities associated with assets held for sale” are comprised as follows as of June 30, 2010:

	€'000
Inventories	210
Property, plant and equipment	400
Assets	610
Finance lease obligations	118
Shareholder's equity and liabilities	118

In like manner, the assets and liabilities of SOLON HILBER Technologie GmbH were remeasured based on the current status of negotiations and the adjusted classification. The property, plant and equipment held for sale is reported at the planned realizable value. Accordingly, impairment losses on the property, plant and equipment held for sale were reported in other operating expenses in the amount of €597 thousand in the period under review. Property, plant and equipment no longer classified as held for sale is recognized at the lower of the carrying amount and the realizable amount on the date of the decision not to sell. The carrying amount corresponds to the carrying amount of the property, plant and equipment before being classified as “assets held for sale” adjusted for scheduled depreciation which would have been recorded if the asset had not been classified as held for sale. Based on the limited usability of raw materials, additional impairment losses in the amount of €124 thousand were recognized on the inventories.

The complete transaction is assigned to the Production segment.

| 9 | Subscribed capital and capital reserve

On June 8, 2010, the Management Board of SOLON SE decided, with the consent of the Supervisory Board, to increase the Company's share capital by €4,695 thousand to €17,225 thousand in return for cash contributions by using some of its authorized capital to issue 4,695 thousand new bearer shares. The new shares confer full dividend entitlements to their holders as from January 1, 2009.

The new shares were offered to existing shareholders for subscription in the ratio of 8:3 in the form of indirect preemption rights, which means that eight existing shares entitled their holders to subscribe for three new shares. The subscription price was €4.26 per new share. Completing the capital increase provided SOLON with gross proceeds of €20,000 thousand. Of that amount, €4,695 thousand was recognized in subscribed capital and €15,305 thousand in the capital reserve. The capital increase entailed costs of €289 thousand, which were debited directly to the capital reserve, net of the related income tax in the amount of €87 thousand in accordance with IAS 32. Accordingly, the capital reserve was increased by a net amount of €15,103 thousand as a result of the capital increase.

| 10 | Liabilities to banks

Liabilities to banks	Jun 30, 2010 € ,000	Dec 31, 2009 € ,000
Non-current liabilities to banks	68,859	67,392
Maturing in 1 to 5 years	62,032	55,882
Maturing in more than 5 years	6,827	11,510
Current liabilities to banks	199,405	200,551
Liabilities to banks	268,264	267,943

Other information

| 11 | 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.

On June 10, 2010, SOLON SE completed a capital increase in which 4,694,836 new shares were issued. This increased the number of shares outstanding from 12,530,196 to 17,225,032 (see also Note 9 in this regard). Compared to the prior year, the average number of shares rose from 12,530,196 to 13,074,901 (in the period from January 1, 2010, to June 30, 2010) and 13,613,620 (in the period from April 1, 2010, to June 30, 2010).

Neither the options not yet exercised nor the convertible bonds resulted in a reduction of earnings per share in fiscal year 2009 or in the first six months of 2010. Accordingly, there was no dilution of earnings per share in accordance with IAS 33 and the diluted earnings per share are the same as the basic earnings per share.

The net income as of June 30, 2009, contains one-time effects resulting from the write-down of investments and loans extended to investments. The one-time effects and the corresponding adjusted net income are shown below:

	Jan 1 – Jun 30, 2010	Jan 1 – Jun 30, 2009	Apr 1 – Jun 30, 2010	Apr 1 – Jun 30, 2009
Net income after minority interests in €'000	-9,547	-110,094	-1,393	-90,889
Adjustment for one-time effects				
Expenses from write-downs of investments in €'000	-	64,894	-	64,198
Net income after minority interests, adjusted in €'000	-9,547	-45,200	-1,393	-26,691

Overview of earnings per share:

	Jan 1 – Jun 30, 2010	Jan 1 – Jun 30, 2009	Apr 1 – Jun 30, 2010	Apr 1 – Jun 30, 2009
Net income after minority interests in €'000	-9,547	-110,094	-1,393	-90,889
Average number of shares outstanding in thousands	13,075	12,530	13,614	12,530
Basic earnings per share in €	-0.73	-8.79	-0.10	-7.25
Diluted earnings per share in €	-0.73	-8.79	-0.10	-7.25
Net income after minority interests adjusted for one-time effects in €'000	-9,547	-45,200	-1,393	-26,691
Average number of shares outstanding in thousands	13,075	12,530	13,614	12,530
Basic earnings per share excluding one-time effects in €	-0.73	-3.61	-0.10	-2.13
Diluted earnings per share excluding one-time effects in €	-0.73	-3.61	-0.10	-2.13

| 12 | Segment reporting

In SOLON's internal reporting, the business activities are broken down separately, by segments and regions. In response to the changed market conditions, SOLON management introduced a Group-wide restructuring program in fiscal year 2009. The program's main focuses are adjusting the marketing and sales structures, optimizing the cost structures, minimizing and eliminating risks and optimizing liquidity. As a result of the restructuring process, the internal organizational and reporting structure was transformed in fiscal year 2010 to increase the cost and earnings transparency. The reporting structure based on the segments Components and System Technology, which was still in force until year-end 2009, was converted to the new reporting structure based on the segments Production and Sales. The Production segment comprises the Group-wide production process for the manufacture of solar modules and is controlled within the Group in particular with regard to budget compliance. The Sales segment comprises the sales activity of solar modules, power plant systems and projects and is controlled within the Group in particular with regard to profitability. Furthermore, the position Holding/Other comprises the holding activities of SOLON SE and the activities of ERLASEE Liegenschaften GbR, SOLON Mobility GmbH, Solon Inverters AG and Estelux s.r.l. As the reconciliation with the Group figures contains only the intersegment elimination and the unallocated assets, no separate presentation of the reconciliation account is made. The comparative figures of the previous year were adjusted to the new reporting structure.

Segment information is based on essentially the same accounting policies as those applied in the consolidated financial statements. Despite the conversion of the reportable segments, there are no changes in the valuation methods compared to earlier periods. Transactions between the segments are eliminated in the consolidation.

The business relationship between the segments of the SOLON Group is based on prices that were determined using the cost-plus method. While deliveries and services between the segments, in particular the delivery of modules and tracking systems were transacted at cost during fiscal year 2009 due to the extremely changed market conditions, billing will again include a margin starting in fiscal year 2010. The two operating segments are controlled based on the earnings before financial result.

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

Segment reporting	Total					
	Production		Sales		Reportable segments	
	Jan 1 – Jun 30, 2010 €,000	Jan 1 – Jun 30, 2009 €,000	Jan 1 – Jun 30, 2010 €,000	Jan 1 – Jun 30, 2009 €,000	Jan 1 – Jun 30, 2010 €,000	Jan 1 – Jun 30, 2009 €,000
Segment revenue	206,648	118,289	244,841	120,482	451,489	238,771
thereof revenue from Group companies	205,930	117,980	3,296	2,144	209,226	120,124
thereof revenue from unconsolidated companies	718	309	241,545	118,338	242,263	118,647
Changes in work in progress and finished goods	8,796	421	3,363	-587	12,159	-166
Own expenses capitalized	246	109	60	276	306	385
Other operating income	1,441	1,593	2,419	3,523	3,860	5,116
Total operating performance	217,131	120,412	250,683	123,694	467,814	244,106
Cost of material	178,620	110,663	238,081	135,688	416,701	246,351
Gross profit	38,511	9,749	12,602	-11,994	51,113	-2,245
Personnel expenses	8,938	8,700	4,102	5,614	13,040	14,314
Depreciation, amortization and impairment	5,144	5,875	534	1,408	5,678	7,283
Other operating expenses	11,381	7,896	7,050	8,118	18,431	16,014
EBIT	13,048	-12,722	916	-27,134	13,964	-39,856
Result from investments accounted for using the equity method	-	-	-	-	-	-
Other investment, financial and interest result	-	-	-	-	-	-
Net income/loss before taxes	13,048	-12,722	916	-27,134	13,964	-39,856
Capital expenditures for non-current assets	1,541	11,736	493	274	2,034	12,010
Significant non-cash items ¹						
Valuation allowances on non-current assets	2,833	1,020	2,873	4,862	5,706	5,882

¹ Significant non-cash items other than changes in work in progress and finished goods, own expenses capitalized, depreciation and amortization on intangible and fixed assets

		Reconciliation						
Holding/Other		Amounts not allocated		Consolidation		Group		
Jan 1 – Jun 30, 2010 €,000	Jan 1 – Jun 30, 2009 €,000	Jan 1 – Jun 30, 2010 €,000	Jan 1 – Jun 30, 2009 €,000	Jan 1 – Jun 30, 2010 €,000	Jan 1 – Jun 30, 2009 €,000	Jan 1 – Jun 30, 2010 €,000	Jan 1 – Jun 30, 2009 €,000	
1,537	1,195	–	–	–209,445	–120,606	243,581	119,360	
219	482	–	–	–209,445	–120,606	–	–	
1,318	713	–	–	–	–	243,581	119,360	
–23	–35	–	–	–	–	12,136	–201	
294	1,820	–	–	–	–	600	2,205	
16,029	11,568	–	–	–1,728	–1,421	18,161	15,263	
17,837	14,548	–	–	–211,173	–122,027	274,478	136,627	
861	374	–	–	–208,854	–119,697	208,708	127,028	
16,976	14,174	–	–	–2,319	–2,330	65,770	9,599	
5,525	7,059	–	–	–	–	18,565	21,373	
3,329	2,819	–	–	–54	–289	8,953	9,813	
24,256	16,922	–	–	–2,163	–1,967	40,524	30,969	
–16,134	–12,626	–	–	–102	–74	–2,272	–52,556	
–	–	–	–	–83	–2,426	–83	–2,426	
–	–	–11,374	–71,754	–	–	–11,374	–71,754	
–16,134	–12,626	–11,374	–71,754	–185	–2,500	–13,729	–126,736	
1,467	10,500	–	–	–50	–1,923	3,451	20,587	
137	–	–	–	–	–	5,843	5,882	

| 13 | 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 2/3 of the tranche and three years for 1/3 of the tranche, each starting on the date of issue.
- › After expiration of the vesting period, exercise is only possible within four weeks of the third banking day after publication 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 five 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 2010:

	Share-based payment					
	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Tranche 7	Tranche 8
Date of issue	Dec 30, 2004	Feb 24, 2005	Jan 18, 2006	Apr 07, 2006	Dec 12, 2006	Apr 1, 2008
Stock options issued	252,000	156,000	225,000	144,000	147,000	306,000
Options not yet exercised at the start of the reporting period	84,000	52,000	219,000	144,000	139,500	159,000
Options issued during the reporting period	-	-	-	-	-	-
Options forfeited during the reporting period	-	-	-	-	-	-32,000
Options expired during the reporting period	-	-	-	-	-	-
Options exercised during the reporting period	-	-	-	-	-	-
Options returned during the reporting period	-	-	-	-	-	-109,000
Options not yet exercised at the end of the reporting period	84,000	52,000	219,000	144,000	139,500	18,000
Vested options not yet exercised as of June 30, 2010	84,000	52,000	219,000	144,000	139,500	14,000

In fiscal year 2010, a total of 32,000 stock options were forfeited due to employees resigning before the options were vested. Furthermore, as part of the corporate restructuring, employees returned 109,000 stock options that had already been vested.

In the first quarter of 2010, some employees whose stock options had not been earned left the Company. In accordance with IFRS 2, the expenses from equity-settled remuneration plans recognized for these employees in the prior years had to be derecognized upon their leaving the Company. This results in income from share-based payments in the first half of 2010.

For more information on the stock option plan, please see the 2009 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:

Expense from equity-based payment transactions	Jun 30, 2010 €'000	Jun 30, 2009 €'000
Total expense from equity-based payment transactions	13,399	11,410
Period expense from equity-based payment transactions	-487	1,594

| 14 | 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, 2010	6,472	12,603	26,206	1,424
	Jan 1 - Jun 30, 2009	771	-	23,499	-
Associates	Jan 1 - Jun 30, 2010	39	11,368	449	1,963
	Jan 1 - Jun 30, 2009	263	4,908	1,745	1,400
Other related parties	Jan 1 - Jun 30, 2010	6,424	7,578	63,236	2,445
	Jan 1 - Jun 30, 2009	29,186	3,336	53,229	7,638

| 15 | Significant events after the balance sheet date

Spin-off of SOLON HILBER Technologie GmbH

On August 4, 2010, it was decided that SOLON HILBER Technologie would be spun off as part of a management buy-out (see also Note 8 in this regard).

As part of a management buy-out, SOLON SE will spin off the most important activities of its Austrian subsidiary SOLON HILBER Technologie GmbH (SHT). The company's original founder, Franz Hilber, will take over the majority of the existing operations and integrate them in a new company called HILBER SOLAR GmbH with effect as of January 1, 2011. HILBER SOLAR will concentrate on the manufacture of newly developed photovoltaic systems. As a consequence of implementing the management buy-out, more than 100 jobs will be saved at the facilities of the Hilber Group in Tyrol.

The spin-off of SHT is an important aspect of the restructuring program initiated by SOLON last year. The restructuring calls for SOLON to focus on core competences and core markets as well as on a series of measures to optimize cost structures and improve its international competitiveness. As the result of a comprehensive location analysis, SOLON decided to give up the production facility in Steinach since its capacities are limited and consequently realize necessary cost savings. In addition, it was decided that the production of biaxial solar tracking systems located there would no longer be pursued in the future and that the focus will shift to other solar systems instead.

SOLON SAS established

On July 26, 2010, SOLON SE established the French subsidiary SOLON SAS based in Lyon. As of August 1, 2010, SOLON SAS took over sales activities in the core market of France and will now be included as a subsidiary in SOLON's consolidated financial statements. France is considered a promising market for photovoltaics and currently ranks in fifth place in terms of installed solar capacity in Europe.

| 16 | Review by the Group auditor

The interim financial statements as of June 30, 2010, and June 30, 2009, 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 17, 2010



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Chief Executive Officer



Dr. Lars Podlowski
Chief Technical Officer



Dr. Gero Wiese
Chief Operating Officer



Simone Prüfer
Chief Financial Officer

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