2011

Interim Report
as of September 30, 2011

SOLON

KEY DATA SOLON GROUP

	2011 Jan 1 – Sep 30	2010 [1] Jan 1 – Sep 30	Changes in %
Revenue in € million	358.2	402.9	–11 %
Foreign country revenue in € million	296.8	209.7	+42 %
in % of revenue	82.9 %	52.0 %	
Total operating performance in € million	381.6	445.7	–14 %
Gross profit in € million	16.9	95.3	–82 %
EBITDA in € million	–86.8	8.1	–1177 %
in % of revenue	n / a	2.0 %	
EBIT in € million	–113.8	–5.5	+1987 %
in % of revenue	n / a	n / a	
EBT in € million	–207.8	–22.0	+845 %
in % of revenue	n / a	n / a	
Net income / loss from continuing operations in € million	–208.3	–17.5	+1094 %
in % of revenue	n / a	n / a	
Net income / loss in € million	–208.3	–17.4	+1100 %
in % of revenue	n / a	n / a	
Number of shares outstanding in million	17.2	17.2	0 %
Earnings per share in €	–12.09	–1.20	+908 %
Cash flow from operating activities in € million	–5.7	–17.5	–67 %
Cash flow from investing activities in € million	11.0	–1.8	–712 %
Cash flow from financing activities in € million	–6.7	–20.1	–67 %
Depreciation, amortization and impairment in € million	27.1	13.5	+100 %
Personnel expenses in € million	30.7	28.6	+8 %
in % of revenue	8.6 %	7.1 %	
Capital expenditure in € million	3.2	4.4	–27 %
Production capacity at quarter-end in MW	439	412	+7 %
Production volume generated during the reporting period in MW	173	194	–11 %
	Sep 30, 2011	Dec 31, 2010	
Total assets in € million	466.3	667.5	–30 %
Working capital in € million	130.0	172.5	–25 %
Net debt in € million	396.0	369.1	+7 %
Equity in € million	–103.1	107.8	–196 %
Equity-to-assets ratio in %	n / a	16.2 %	
Number of employees [2]	798	912	–13 %

[1] Adjustment of previous year's values due to the sale of the Inverter division during fiscal 2010, which is shown retrospectively as a discontinued operation in accordance with IFRS 5.

[2] Employees excluding working student trainees and interns.

- Module business much weaker than expected in Germany
- Numerous Italian projects completed prior to end-of-August deadline
- Strong system business in U.S.: PG & E (18 MW) and APS (21 MW) projects completed
- Group revenues at € 358.2 million
- EBIT loss of € 113.8 million, net loss of € 208.3 million
- Results impacted by various one-offs

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Letter to Shareholders

Dear shareholders and
business associates of SOLON,

Like the global economy as a whole, the solar industry is also confronted by great challenges at the present time. It has become clear by now that about a third fewer solar systems will be installed in Germany this year than in the year before. While demand did pick up continuously after the summer, the year-end rally anticipated by many did not materialize. Why demand continues to be so weak despite double-digit yields is a matter of speculation. One reason appears to be a certain buying restraint due to the slowdown of the economy as a whole. In contrast, other areas such as the market for industrial and commercial roof solutions continue to develop positively. We have responded to this early on and we already offer a comprehensive portfolio of intelligent photovoltaic solutions for this new growth market. But we also offer solutions attractive for homeowners who are not satisfied with standard solutions but prefer to invest in products with added value.

Italy is likely to surpass Germany as the global number one solar market before the end of this year. After months of impasse at the beginning of the year, the country experienced an out-and-out solar boom after the new Conto Energia was implemented. According to the most recent announcements, power plants with a total output of 6.5 gigawatts were connected to the grid this year for the purpose of being included in the transitional rules valid until the end of August and benefiting from the significantly more attractive compensation under the old Conto Energia. However, this temporary boom is already softening because the new Conto Energia will virtually bring the market for new greenfield projects to an end. Instead, development in Italy will also increasingly shift in the direction of the industrial roof segment.

In contrast to the current uncertainties in the large European solar markets, the development in the USA is proceeding according to plan. The U.S. market is well on the way to doubling in size again this year and achieving the 2 gigawatt mark. There were also changes in the general conditions in several U.S. states in the last few months; however, the strong growth momentum originating from the solar activities of local energy providers continues unabated. This is a robust market in which SOLON is participating with multi-megawatt orders: In the last few weeks, our US subsidiary completed the two large projects for Pacific Gas & Electric (18 megawatts) and Arizona Public Service (21 megawatts) on schedule. A new 10 megawatt project in Arizona is currently in preparation.

In this difficult market environment, we have achieved our revenue targets for the third quarter, primarily thanks to our robust business in Italy and the USA. In contrast, our earnings were burdened by the persistent price decline and a variety of one-time effects due to impairment losses on inventories, receivables, projects and also our investment portfolio, which resulted in a high EBIT loss and negative net income. Other major factors were the intensified implementation of our restructuring program and the cessation of production in the USA as well as the expansion of sales and distribution, which is accompanied by a targeted workforce reduction in other non-operational areas. The implementation of these measures constitutes the basis for our return to profitable growth. However, in the short run it is associated with considerable costs and one-time effects impacting our income statement in the period under review.

Our main task in the weeks to come will be to conclude our financial restructuring. In addition to measures for reducing net debt, this will also include strengthening the equity base. We plan to press ahead with the successful implementation of this process in the fourth quarter of 2011 and conclude it by the end of April 2012.

Sincerely yours,

Stefan Säuberlich
Chief Executive Officer

Interim Management Report as of September 30, 2011

BUSINESS AND ECONOMIC TRENDS

SOLON SE (formerly SOLON AG für Solartechnik) was founded in 1997 in Berlin, Germany, and in 1998 became the first listed solar company in Germany. SOLON is active around the world in the renewable energy sector with subsidiaries in Germany, Italy, France, and the USA. As of September 30, 2011, the Group had a total of 798 employees. The SOLON SE Group's corporate headquarters are located in Berlin, Germany.

SOLON is a supplier of solar systems, offering photovoltaic solutions for a wide variety of applications ranging from solar installations for residential buildings to large, commercial rooftop photovoltaic systems and multi-megawatt green-field power plants. Our business focuses on three key fields in the solar value chain:

- Development and manufacture of solar modules and solar system solutions
- Planning and construction of turnkey solar power plants
- Organization and realization of complete solar power plant projects.

As an international company, SOLON generated approximately 83 % of its consolidated revenue outside of its home market of Germany during the reporting period. SOLON's sales activities focus on select photovoltaic markets in Europe and North America of sufficient size and/or having significant potential. Our primary target markets in Europe are Germany, Italy, and France. In Germany, the world's largest and most evolved solar technology market, SOLON benefits from being one of the pioneers in the German solar sector with an established brand that enjoys strong brand recognition. In Italy, the second-largest European solar market after Germany, SOLON has been represented for several years with a subsidiary and its own production facility, both of which have established it as a local provider in that country as well. Outside of Europe, our business activities are concentrated on the United States. The U.S. solar technology market is one of the markets with the strongest growth prospects for the coming years. SOLON established a local presence in the United States early on, and has had a local subsidiary there since 2007. Group-wide production capacities totaled 439 MW at the end of the third quarter of 2011. All in all, SOLON sold solar modules and solar systems with an installed capacity of 179 MW.

SIGNIFICANT EVENTS IN THE THIRD QUARTER OF 2011

Strategy

In mid-August, SOLON announced that its North American activities would be focusing more heavily on the power plant business in the future. To this end, sales and project activities will be further expanded in Tucson, Arizona – headquarters of SOLON Corp., the Group's U.S. subsidiary – and at the company's other locations in Phoenix and San Francisco. In addition, SOLON Corp. will increase its activities in the field of new product development and marketing in the growing industrial and power plant segment. In line with its new strategic direction, the Group ceased module production in Tucson in October.

Projects

SOLON's Italian subsidiary, SOLON S.p.A., inaugurated Italy's largest rooftop photovoltaic installation together with participating investors and banks on September 28. The new power plant has an installed capacity of 12.3 MW and consists of 25 separate installations. It is located at the "Interporto di Padova" logistics center in Padua in northern Italy, and will supply power to around 4,000 households in the region.

Products

SOLON is pleased to announce having become one of the first module producers to receive "Made in the EU" certification from TÜV Rheinland this past August. The credential means that SOLON products fulfill the new Italian feed-in requirements in effect since June 2011, which provide for a 10 % feed-in tariff bonus for the use of solar installations where at least 60 % of the components are from EU countries.

In September, the Company reported that its products had received outstanding results in several tests. One of these involved testing solar modules for their susceptibility to current leakage, which can lead to substantial decreases in performance over the life of the module (known as potential induced degradation, or PID). SOLON's modules proved to be PID resistant. The testing procedures developed are now to be expanded on with the goal of incorporating improved PID testing in the IEC standards.

Likewise in September, the SOLON Blue 230/07 solar module was awarded the top mark of "excellent" in a PV+ test conducted by TÜV Rheinland and Solarpraxis AG. This new module test, which is conducted on a continuous basis, not only assesses product performance but also resistance to aging, electrical safety, manufacturing quality, quality of the accompanying documentation, warranty conditions, and ease of assembly. SOLON's product was awarded 94.3 out of 100 points, giving it the best result of all solar modules tested to date.

Finally, at the end of September SOLON and Tata Steel, one of the world's biggest steel manufacturers, presented a jointly developed photovoltaics system called SOLON SOLbond Integra. This system consists of high-performance SOLON modules weighing less than 10 kg/m², a pre-fabricated Colorcoat Prisma®-metal roof from Tata Steel, and an adhesive used for installing the modules on roofs. The collaboration with Tata Steel gives SOLON an additional entry point to the market for solar solutions for industrial and commercial rooftops.

Investments

On July 21, the management of Austrian solar cell producer Blue Chip Energy GmbH filed for insolvency of the company, in which SOLON holds a minority interest of 18.28%. Due to the insolvency of Blue Chip Energy, SOLON had to write off a total of €18.1 million of the shareholder loan granted, which included accrued interest, plus €1.6 million in advance payments already made.

MACROECONOMIC SITUATION

Global economy

The world economy continues to falter, a situation that is exacerbated by current global risk such as the U.S. and European debt crises, fears of recession in the United States, and political unrest in the Middle East. Moreover, momentum appears to be slowing in key emerging economies.

Solar technology market

Global market

The solar market has yet not revived as hoped. The lack of recovery is due in particular to the persistent weakness of the German market, in which the anticipated year-end rally has failed to materialize thus far. However, the market has firmed up in other major markets such as Italy and the U.S.

Germany

Demand in Germany remained well behind sector expectations again in the third quarter. Despite the sustained price decline, which led to double-digit returns on solar investments, the German market has picked up only minimally so far in the second half. According to the regulatory authority (the German Federal Network Agency – Bundesnetzagentur), total installed volume amounted to approximately 3.4 GW in the first nine months of the year – a significant decrease compared to the first nine months of the previous year (over 5.5 GW).

Italy

The market picked up significantly after the new Italian feed-in law (Conto Energia IV) took effect in June. Numerous projects were executed at high speed until the end of August in order to benefit from the higher compensation rates in effect under the previous Conto Energia III. In September, the Italian regulatory authority (GSE) reported that more than 10 GW in photovoltaic capacity had already been installed nationwide, 6.5 GW of which in the current year. Thus Italy will most likely replace Germany as the world's largest single solar market at the end of the year.

France

The changes to the feed-in law in March of this year resulted in a notable cooling off of the French market. Business involving small installations slacked off more quickly than anticipated due to the introduction of quarterly tariff reductions for installations of less than 100 kW, which has led to great uncertainty among market participants. The reductions are based on new construction in the preceding quarter but are not announced until the third week of the following quarter. Power plant business also declined further based on the fact that installations having a capacity of more than 100 kW must now be publicly tendered. Moreover, additional caps relating to installations of more than 100 kW hindered development of the market in the third quarter.

USA

The U.S. solar market continues to perform well, with the market expected to double again this year. The first half already saw approximately 600 MW of new installed photovoltaic capacity. The market continues to be dominated by the activities of utility companies, which are making additional investments in major solar power plant projects as they revamp their power plant portfolios to include more renewable energy sources. However, like other markets, the U.S. environment still lacks stability. U.S. solar module manufacturers have not escaped the effects of falling module prices across the globe, with several module producers having had to declare insolvency in recent weeks. In addition, feed-in fees have been reduced in some states.

IMPACT OF MARKET CONDITIONS ON THE SOLON GROUP

As was the case for the entire photovoltaic sector, SOLON in Q3 2011 was adversely impacted by the uneven development in the most important sales markets. Due to the hesitant improvements in demand in Germany, the German business continued to fall short of expectations. The continued decline in prices for solar modules made it necessary for the Company to accept substantial impairment losses. This, in addition to various one-time effects from the implementation of the restructuring program, resulted in additional strains on EBIT and Group net income.

BUSINESS PERFORMANCE IN THE FIRST NINE MONTHS OF 2011

As in the first half of the year, the third quarter of 2011 continued to be affected by great uncertainty on the market and the resulting lackluster demand. Although demand did rise in the second and third quarters compared to the first quarter, it still remained well behind expectations. Revenue for the third quarter of 2011 declined to €136.4 million (prior year: €160.5 million), down from €156.7 million in the second quarter of 2011 (prior year: €154.1 million). Total revenue for the first nine months of 2011 amounted to €358.2 million (prior year: €402.9 million), a year-on-year decline of 11 %. SOLON generated the major portion of its sales (61 %) in the power plant business. All in all, SOLON generated an EBIT loss of €113.8 million in the first nine months of 2011 (prior-year period: EBIT loss of €5.5 million).

INCOME STATEMENT

The SOLON Group earned revenues of €358.2 million in the first nine months of 2011 (prior-year period: €402.9 million).

Total operating performance declined to €381.6 million, down from €445.7 million in the prior-year period. Inventories of work in progress and finished goods increased by a total of €2.3 million in the reporting period (prior-year period: €20.8 million). This figure was impacted by write-downs to fair value of work in progress and finished goods in the amount of €26.6 million.

Other operating income amounted to €19.9 million in the first nine months of 2011 (prior-year period: €21.4 million). This figure includes income from currency translation gains in the amount of €8.3 million (prior-year period: €13.6 million), which was contrasted by an offsetting item of €7.9 million (prior-year period: €14.5 million) under other operating expenses due to application of a natural foreign currency hedge. In addition, this item includes income from the release of individual guarantee provisions of €3.0 million, income from a project business option of €2.1 million as well as feed-in fees of €2.0 million.

The share of revenues generated outside of Germany amounted to 83 % throughout the Group in the first nine months of 2011. Production output of the SOLON Group was 173 MW in the period under review (prior-year period: 194 MW).

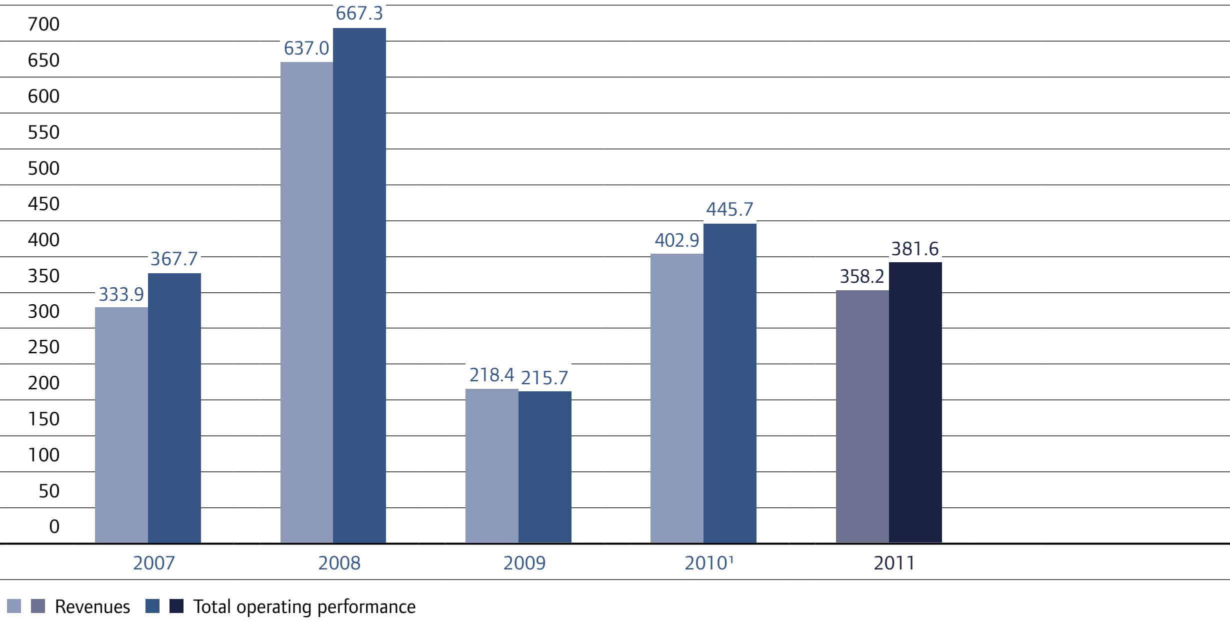
Due in particular to the strong price decline in 2011 as well as the higher share of the system business in the reporting period, the cost of materials rose by 4 % to €364.6 million (prior-year period: €350.4 million). Of this figure, €94.4 million reflected third-party services purchased (prior-year period: €57.6 million).

Gross profit declined by 82 % in the first nine months of 2011 to €16.9 million primarily as a result of the impairment losses and the strong price decline (prior-year period: €95.3 million). The ratio of gross profit to the sum of sales revenues and inventory changes decreased from 23 % to 5 %.

Personnel expenses rose by 7 % in the first nine months of 2011 to €30.7 million, compared to €28.6 million in the prior-year period. The increase was due on the one hand to the fact that the special effect resulting from SOLON employees having voluntarily waived their variable salary components in fiscal 2010 no longer applied. On the other hand, personnel expenses in 2011 included severance payments for members leaving the Management Board. In addition, the number of employees in Sales and Administration increased, above all at SOLON SE and SOLON Corp. in response to the restructuring of SOLON with a sharper focus on sales and distribution and a decline in production staff. The decline was primarily the result of the management buy-out of SOLON HILBER Technologie GmbH.

Depreciation, amortization and impairment losses came to €27.1 million in the reporting period (prior-year period: €13.5 million), with €14.8 million resulting from impairment losses. In the wake of the operative restructuring, the production landscape of the SOLON Group was brought in line with the changed market situation by shifting production to new SOLON products and lowering production capacities in order to reduce fixed costs. The remaining capacities should result in higher utilization. As part of the new production concept, the U.S. production site of SOLON Corp. will be shut down and machines no longer needed under the new concept will be written off. This resulted in write-downs of production equipment of €9.9 million. In addition, land associated with a Spanish project of

TOTAL REVENUES (JANUARY 01 – SEPTEMBER 30)
IN € MILLION



[1] Adjustment of previous year's values due to the sale of the Inverter division during fiscal 2010, which is shown retrospectively as a discontinued operation in accordance with IFRS 5.

our subsidiary SOLON Investments GmbH was written down to fair value, resulting in an impairment loss of €4.8 million.

Other operating expenses increased in the period under review, rising from €58.7 million in the prior-year period to €72.9 million, with €30.6 million due to one-time effects, primarily expenses for impairment losses on other non-current and current assets of €12.6 million, consulting fees due to restructuring of €5.3 million, provisions for leased assets no longer needed in connection with the closure of the production site of SOLON Corp. in the amount of €5.1 million, provisions for project risks in the amount of €4.5 million as well as other one-time effects of €3.1 million. In addition to these one-time effects, the following material items are included in other operating expenses: expenses from currency translation losses of €7.9 million, marketing expenses of €4.0 million, expenses for other fees for third-party services of €3.4 million, expenses for warranty provisions of €3.3 million, and expenses for lease payments of €2.6 million.

EBIT and EBITDA both deteriorated in the first nine months of 2011 primarily in response to the strong price decline and one-time effects, with EBIT decreasing to loss of €113.8 million and EBITDA to loss of €86.8 million (prior-year period: EBIT loss of €5.5 million and EBITDA gain of €8.1 million). The financial result amounted to an expense of €94.0 million in the reporting period (prior-year period: net financing expense of €16.5 million). Of this amount, €68.2 million was due to impairment losses in the investment portfolio recognized as a result of the market trend in the third quarter and the expected trend in subsequent quarters. The focus was on write-downs on shares and loans at the following companies:

- loans extended to Blue Chip Energy GmbH,
- shares in and loans extended to Global Solar Energy Inc.,
- shares in and loans extended to Solar Technology Research Corp.,
- shares in CDB Energy Ltd.,
- loans extended to I-Sol Ventures GmbH.

In addition, the financial result also included €26.8 million in interest expense (prior-year period: interest expense of €17.0 million).

Primarily due to the price decline and the one-time effects, SOLON generated a significant loss before income taxes (EBT) of €207.8 million (prior-year period: loss of €22.0 million). The income tax expense amounted to €0.5 million (prior-year period: credit of €4.5 million). The Group's net loss increased to €208.3 million in the first nine months of 2011 (prior-year period: net loss of €17.4 million). The net loss per share came to €12.09 in the first nine months of 2011 (prior-year period: net loss per share of €1.20).

BALANCE SHEET

Total assets decreased to €466.3 million as of September 30, 2011 (December 31, 2010: €667.5 million).

Non-current assets

SOLON invested €3.2 million in intangible assets and property, plant and equipment throughout the Group during the reporting period (prior-year period: €4.4 million). SOLON also recognized subsidies in the amount of €7.9 million on the balance sheet in the period under review, in particular in conjunction with funding for the corporate headquarters in Berlin-Adlershof, for manufacturing plant and equipment, and for operating and office equipment.

As of September 30, 2011, intangible assets were carried at €14.7 million and property, plant and equipment at €99.2 million (December 31, 2010: €15.2 million and €137.0 million, respectively). In addition to scheduled depreciation and amortization of €11.2 million, the decrease resulted from impairment losses of €9.9 million on production facilities in the wake of the transition to the new production concept, a write-down of €4.8 million on land in connection with a Spanish project of our subsidiary SOLON Investments GmbH due to the uncertainty of the project's realization, as well as the sale of land by our subsidiary Estelux s.r.l. in the amount of €3.7 million.

As of the reporting date, property, plant and equipment consisted of land and buildings amounting to €52.0 million, manufacturing plant and equipment of €37.3 million, other plant, operating and office equipment of €8.8 million, and advance payments and construction in progress of €1.1 million.

Financial assets amounted to €6.5 million as of September 30, 2011 (December 31, 2010: €37.7 million). Most of the financial assets relate to shares in financial investments. The decline in financial assets resulted from writing off a long-term loan extended to Blue Chip Energy GmbH in the amount of €15.7 million as well as the impairment losses on the shares in the companies Global Solar Energy Inc., Solar Technology Research Corp. as well as CBD Energy Ltd., with a total amount of €15.5 million.

Other non-current assets amounted to €46.0 million as of September 30, 2011 (December 31, 2010: €51.1 million). The majority of these assets reflected advance payments on inventories. Total non-current assets declined to €185.9 million in the period under review (December 31, 2010: €261.7 million).

Current assets

The value of inventories decreased to €96.0 million as of September 30, 2011 (December 31, 2010: €108.4 million). In addition to the production cuts starting in the second quarter, the decrease was largely due to writing down the inventories to their fair value of €26.6 million. This includes primarily the effect of project write-downs in Italy on all projects that did not receive a Conto Energia IV tariff in 2011, the write-down of a Spanish project at SOLON Investments GmbH, write-downs on residual inventories due to the closure of production at SOLON Corp. as well as write-downs on module inventories due to the strong decline in market prices. Inventories as of September 30, 2011 include raw materials and supplies totaling €17.7 million, work in progress of €37.2 million, finished goods of €29.9 million, and advance payments on inventories of €11.2 million.

SOLON was able to reduce current trade receivables by €60.4 million in the first nine months of 2011 to €110.3 million (December 31, 2010: €170.7 million). A total of 47 % of the receivables resulted from application of the percentage-of-completion method in the project business. Accordingly, the sum of €52.0 million was recognized as receivables even though the receivables were not due as of the reporting date under the respective payment terms. Working capital declined from €172.5 million to €130.0 million during the first nine months due to the inventory write-down described and the decrease in business volume.

Other receivables and other assets came to €59.5 million as of September 30, 2011 (December 31, 2010: €103.6 million). This item includes loans extended, current receivables from tax authorities (primarily VAT claims), and prepaid expenses. The decrease resulted primarily from write-downs on short-term loans extended to I-Sol Ventures GmbH and Global Solar Energy Inc. in the amount of €33.4 million.

Cash and cash equivalents declined from €15.3 million to €12.3 million in the first nine months.

The assets held for sale in the amount of €2.3 million relate to production facilities of SOLON Corp. that were in the process of being sold as of the balance sheet date. The figure of €7.9 million as of December 31, 2010 referred to assets of SOLON HILBER Technologie GmbH and the Company's shares in ml&s manufacturing, logistics and services Management GmbH, which were sold in the first half of 2011.

Total current assets fell to €280.4 million in the period under review (December 31, 2010: €405.9 million), due in particular to the reduction and write-down of receivables and inventories.

Shareholders' equity

At €17.2 million, share capital as of September 30, 2011 was unchanged from December 31, 2010. The capital reserve also remained unchanged at €284.1 million. The net loss generated in the first three quarters of 2011 caused equity to decrease by €208.3 million. Overall, equity decreased from €107.8 million as of December 30, 2010 to €-103.1 million as of September 30, 2011. The negative equity at Group level measured in accordance with IFRS is primarily due to the negative results under IFRS reported at the Group companies Estelux s.r.l., SOLON S.p.A and SOLON Corp. The equity of the parent company SOLON SE measured in accordance with German Commcerial Code (HGB) shows positive equity of €31.1 million as of the balance sheet date. The impairment test performed for the measurement of the equity investments in accordance with HGB will be performed in December, when the individual updated plannings of the Group companies are finalized. The increase in equity of SOLON SE in accordance with HGB and of Group equity in accordance with IFRS will depend on the successful implementation of the planned financial restructuring.

Non-current liabilities

Non-current liabilities to banks decreased to €20.0 million (December 31, 2010: €63.4 million). The decline in liabilities resulted from the term-based reclassification of a promissory note loan due in March 2012 in the amount of €40.0 million. Non-current liabilities from bonds and other non-current liabilities rose in the period under review to €147.3 million (December 31, 2010: €143.2 million), due in particular to application of the effective interest method to the convertible bonds. Bonds and other non-current liabilities primarily include liabilities from the convertible bonds issued in December 2007 in the amount of €134.0 million and finance lease liabilities in the amount of €10.5 million. Total non-current liabilities amounted to €179.7 million as of September 30, 2011 (December 31, 2010: € 216.8 million).

Current liabilities

Current liabilities to banks increased to €241.1 million as of September 30, 2011 (December 31, 2010: €177.9 million). The rise in liabilities resulted in particular from the term-based reclassification of a promissory note loan due in March 2012 in the amount of €40.0 million as well as increased drawings on credit lines.

Trade payables amounted to €76.2 million on September 30, 2011 (December 31, 2010: €106.6 million).

Other current liabilities rose from €42.4 million to €45.9 million. This item mainly includes liabilities from advance payments received, VAT liabilities and liabilities to controlling companies, associates and investments.

At the end of the first nine months of 2011, total current liabilities were €389.7 million (December 31, 2010: €342.9 million).

Cash flow statement

In the third quarter of 2011, SOLON generated positive cash flow from operating activities of €21.4 million. This is due on the one hand to the positive cash flow in response to the lower working capital, and, on the other hand, to the fact that a large portion of the one-time effects are related to non-cash write-downs. As a result, the negative cash flow from operating activities of €-31.2 million generated in the first quarter of 2011 due to the strong increase in inventory could be improved to a negative cash flow from operating activities of €-5.7 million (prior-year period: negative operating cash flow of €-17.5 million).

Cash flow from investing activities was positive in the reporting period at €11.0 million (prior-year period: €-1.8 million). €10.3 million of this figure resulted from subsidy payments received.

Cash flow from financing activities amounted to €-6.7 million (prior-year period: €-20.2 million) and in particular reflects the impact of the increase in liabilities to banks as well as interest payments.

SITUATION OF THE COMPANY AT THE TIME OF PUBLICATION

Due to the unsatisfactory business performance in the first half of 2011, SOLON did not achieve the financial performance indicators agreed in the syndicated credit agreement. SOLON applied for a waiver which was granted.

The syndicated credit agreement stipulated credit lines that are tied to sales levels. This construction would have resulted in November 2011 in a reduction of credit lines (both cash and guarantee facilities). SOLON applied for a waiver to keep up the existing cash and guarantee facilities which was granted in such a way that full cash facilities as well as the guarantee facilities in the amount of €82.1 million will be maintained until November 30, 2011.

Due to lower sales revenues in Germany and the continuing difficulties in the Italian market, SOLON's liquidity situation continues to be under pressure. In order to improve its corporate situation, SOLON has promptly conceived a comprehensive restructuring program that is being implemented in cooperation with external consultants. The program focuses on the operative as well as financial restructuring of the Company. The existence of SOLON as a going concern depends on the success of the operative and the financial restructuring of the Company.

PERFORMANCE IN THE INDIVIDUAL SEGMENTS

The business operations of the SOLON Group are divided into the Production and Sales segments. In addition, the Holding/Other segment depicts holding activities as well as other activities of the SOLON Group.

Production

The Production segment comprises the Group-wide production process for the manufacture of solar modules and is managed internally within the Group, in particular with respect to budget compliance. The Production segment is made up of SOLON Photovoltaik GmbH and Solon Nord GmbH and the production divisions of SOLON S.p.A. and SOLON Corp., whose module production sites are to be closed down by the end of the year. SOLON HILBER Technologie GmbH, which was also reported under the Production segment in fiscal 2010, has been included in the Holding/Other segment since fiscal 2011 due to discontinuation of its operating activities.

Revenue and earnings

In the first three quarters of 2011, the Production segment generated revenue of €218.6 million (prior year: €326.9 million). Revenue is generated almost exclusively through other Group companies.

Total operating performance declined by 27 % year on year, decreasing from €330.0 million to €240.2 million. The difference between the figure for revenues and that for total operating performance is primarily attributable to the increase in inventories of work in progress and finished solar modules of €18.5 million as well as other operating income of €3.0 million.

The cost of materials declined from €292.3 million to €209.1 million. Personnel expenses decreased by 47 % to €6.9 million (prior year: €12.9 million).

EBIT amounted to loss of €6.9 million in the period under review (prior year: loss of €0.4 million).

Additional information

In the Production segment, capital expenditure for intangible assets and property, plant and equipment totaled €1.4 million in in the reporting period (prior year: €2.0 million).

Sales

The Sales segment comprises the sales activities for solar modules, power plant systems, and projects and is managed internally within the Group, in particular with regard to profitability. This segment is composed of SOLON Investments GmbH and SOLON SAS and the sales divisions of SOLON SE, SOLON S.p.A., and SOLON Corp.

Revenue and earnings

Revenue in the Sales segment declined by 11 % in the period under review, from €407.1 million to €364.2 million. Revenue was generated almost exclusively from third parties. Total operating performance decreased to €358.0 million (prior year: €433.4 million). In addition to revenues, this figure includes other operating income of €9.4 million (prior year: €5.5 million) and a decrease in inventories of finished goods and work in progress amounting to €16.2 million (prior year: €20.7 million). The cost of materials declined slightly from €390.8 million to €379.8 million. In the wake of the restructuring of SOLON with a focus on sales and distribution, personnel expenses in this segment significantly increased to €14.9 million (prior year: €7.7 million). EBIT fell from €16.0 million to €-82.3 million in the period under review.

Additional information

In the first nine months of 2011, capital expenditure for intangible assets and property, plant and equipment amounted to €0.7 million in the Sales segment (prior year: €0.6 million).

Holding/Other

In the Holding/Other segment, we record the holding activities of SOLON SE and the business activities of ERLASEE Liegenschaften GbR, SOLON Mobility GmbH, SOLON HILBER Technologie GmbH, and Estelux s.r.l.

RISKS AND OPPORTUNITIES

In July, SOLON significantly reduced its revenue and earnings forecast for full-year 2011 based on the results of the first nine months and the trend anticipated for the rest of the year. Among other factors, current projections take into account the insolvency of Austrian cell manufacturer Blue Chip Energy GmbH, in which SOLON holds a stake of 18.28%. The new projections additionally account for the sharp decline in market prices on the distribution side as well as in purchasing, especially of solar cells, which has ensued due to global overcapacities on the solar marketplace. Moreover, SOLON has reduced projected sales quantities as a result of weak demand in its core markets of Germany and Italy.

The following summarizes several one-time effects during the period under review:

- Write-downs on items of property, plant and equipment in the context of the implementation of the new production concept: €14.8 million
- Write-downs on financial assets in the wake of the crisis in the solar energy sector: €68.2 million
- Write-downs on projects and other inventories:
  - Write-down of all projects that did not receive a Conto Energia IV tariff in 2011 as well as write-downs on associated prepayments and receivables: €15.8 million
  - Write-downs and losses in connection with projects of SOLON Investments GmbH as well as provisions for project risks: €27.0 million
  - Write-down of the residual inventories following the production closure of the US subsidiary SOLON Corp.: €3.7 million
  - Price erosion in the market: €21.0 million
- Provisions for leased assets no longer needed: €5.1 million
- Restructuring expenditures, primarily consulting fees: €13.8 million
- Other one-time effects: (tax effects, interest effects, etc.): €13.9 million

SOLON's economic development particularly the strong price erosion in the market and the weak demand, which fell short of expectations and planning, has put pressure on the liquid funds currently available.

To improve its liquidity and corporate situation, SOLON has worked out a comprehensive restructuring program that is being implemented with the help of external consultants. The program involves restructuring the Company's operations as well as its finances. To speed up the process of restructuring operations, Dr. Walter Bickel from consulting firm Alvarez & Marsal was appointed to the SOLON Management Board as Chief Restructuring Officer effective October 5, 2011.

The financial restructuring comprises measures to significantly reduce net debt and to boost the Company's equity base. SOLON is currently in the process of raising fresh capital. The process is to be continued in the fourth quarter. SOLON's ability to continue as a going concern depends on the success of the restructuring of operations and finances.

Due to the net loss for the period of €208.3 million, SOLON's IFRS consolidated financial statements show a negative equity of -€103.1 million as of September 30, 2011. The negative equity at Group level measured in accordance with IFRS is primarily due to the negative results under IFRS reported at the Group companies Estelux s.r.l., SOLON S.p.A. and SOLON Corp. The equity of the parent company SOLON SE measured in accordance with German Commcerial Code (HGB) shows positive equity of €31.1 million as of the balance sheet date. The increase in equity of SOLON SE in accordance with HGB and of Group equity in accordance with IFRS will depend on the successful implementation of the planned financial restructuring.

Due to the unsatisfactory business performance in the first half of 2011, SOLON did not achieve the financial performance indicators agreed in the syndicated credit agreement. SOLON applied for a waiver which was granted.

The syndicated credit agreement stipulated credit lines that are tied to sales levels. This construction would have resulted in November 2011 in a reduction of credit lines (both cash and guarantee facilities). SOLON applied for a waiver to keep up the existing cash and guarantee facilities which was granted in such a way that full cash facilities and guarantee facilities in the amount of €82.1 million will be maintained until November 30, 2011.

Please refer to the SOLON Group's 2010 Annual Report (starting on page 73) for more information on the Company's risk situation.

REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

Management Board

On October 5, the Supervisory Board of SOLON SE decided to make the following changes to the Company's Management Board: Dr. Walter Bickel was appointed Chief Restructuring Office (CRO) of the Company effective immediately. He is now responsible for implementing the ongoing restructuring program. As managing director of Alvarez & Marsal Deutschland, Dr. Bickel had already worked with SOLON as a consultant and played a large part in developing the restructuring concept. In addition, two Management Board members – Dr. Martin Detje, COO, and Andreas Amelang, CSO – left the Management Board by mutual agreement with the Supervisory Board. The Management Board of SOLON SE has now been reduced to three members.

FORECAST

MACROECONOMIC SITUATION

Global economy

The prospects for the global economy have deteriorated notably since the summer of 2011. The United States only managed to stave off bankruptcy at the last minute, and the U.S. economy is stagnating. In Europe, the debt crisis is making a quick recovery of the euro zone appear unlikely, and the German economic trend is being impacted more and more. Even though the German economy continues to look good compared to the other euro zone countries due to the country's good domestic economy and still good level of foreign orders, economic growth is predicted to decline significantly in Germany as well, though the figures will remain positive. A return to global recession such as that experienced during the crisis of 2008/2009 seems unlikely, however, in part thanks to the emerging economies of Asia as well as Latin America and Central and Eastern Europe, where economic prospects remain positive even though momentum has slowed somewhat of late.

Solar technology market

After an unexpectedly robust 2010, it appears that the figures for full-year 2011 will show a slight cooling down of the global photovoltaics market, largely due to the very unsatisfactory annual trend thus far in Germany, the largest sales market for solar technology up to the present. By contrast, the U.S. and Asia are seeing robust growth, which is expected to accelerate the shift of momentum from Europe to North America and the Asia Pacific region that is anticipated for the coming years.

Germany

Demand for solar technology was much lower than in the prior year in Germany. Despite the slight upturn in the market over the summer months, the year-end rally familiar from previous years has not yet materialized. According to estimates, total installed volume will therefore only reach 5-5.5 GW (2010: 7.4 GW), depending on the intensity of the pull-forward effects resulting from the announced 15 % reduction in feed-in tariffs as of January 1, 2012.

Italy

The Italian market experienced a real solar boom in the summer months. In mid-September, the Italian regulatory authority (GSE) reported that more than 6.5 GW in photovoltaic capacity had already been newly installed in the current year. This figure includes all of the major open-field projects that builders had rushed to complete before expiration of the transitional period at the end of August in order to benefit from the much higher tariffs provided for by the previous Conto Energia, as well as numerous large-scale projects that had already been realized but not connected to the grid until this year. According to the GSE, another 2 GW in new photovoltaic capacity could be added by the end of 2011. This makes it probable that Italy will replace Germany at the top of the photovoltaics market this year. However, Italy is approaching the upper limit for solar subsidies set forth in the current Conto Energia much more quickly than expected.

France

The changes to the feed-in law in March of this year seriously restricted the performance of the French market. The market is likely to slow down even more based on the upper limits for certain investment classes published in the third quarter. Rooftop installations of between 100 and 250 kW will only be subsidized up to a total capacity of 300 MW until 2014, and all installations of more than 250 kW will only be subsidized up to a total new construction of 450 MW. However, the French Energy Conservation Act, which will take effect starting in 2012, will offer additional options for new solar construction. Under the coming legislation, feed-in fees and the related caps will not apply to solar installations installed on newly built roofs.

USA

As opposed to the highly volatile European markets, the U.S. market continues to perform robustly. Even here, however, recent months have seen changes in the framework conditions of a number of U.S. states. The U.S. market is expected to double to nearly 2 GW this year. Experts estimate that in the utilities segment alone, some 700 MW will still be realized prior to the end of the year, with another 10 GW in the pipeline. The expiration of federal subsidy programs at year-end is likely to lead to additional pull-forward effects in the fourth quarter.

OUTLOOK FOR SOLON

Strategy

SOLON sees itself as a solar systems provider offering its customers system solutions for a variety of application areas, ranging from solar installations for residential homes to large, commercial rooftop power plant installations and multi-megawatt green-field power plants. In order to counter growing international competition, SOLON relies on generating competitive advantages in the areas of innovation, quality, and service to further expand on its position as a premium supplier. To achieve this, SOLON is steadily expanding its product portfolio to include innovative system solutions for new application fields.

In order to hold its ground in the face of international competition while laying the foundation for returning to the profitable growth of earlier years, the SOLON Management Board – together with restructuring experts at the renowned consulting agency of Alvarez & Marsal – has worked out a program to restructure the Company's operations as well as its finances. The concept comprises the following measures:

Future sales focus

SOLON plans to target the industrial and commercial roofing segment more heavily in the future, a strategy that the Company believes offers high sales potential. For this purpose, SOLON has expanded its range of roofing solutions to include a number of new products geared to optimally meet the requirements of industrial and commercial roofs. In addition, SOLON will work on developing intelligent energy management systems to allow an integration of solar electricity production, consumption, and storage, and sales activities will be stepped up in the most important target markets of Germany, Italy, and the U.S. The SOLAR PIONEERS partner program will be expanded in order to gain new local sales partners and intensify ties to existing partners. In addition, SOLON aims to develop new sales channels by forming further strategic partnerships with major industrial players in the construction and energy sectors.

Flexible cost structure

The cost reduction program already introduced will be accelerated to adapt cost structures to current revenue planning. Additional savings potential has been identified to enable this. A new purchasing strategy has been developed in order to increase the benefit received from favorable market trends when purchasing materials, particularly solar cells, in the future. To lower production costs, capacity utilization of the most cost-efficient production sites will be optimized.

Personnel measures

SOLON plans to significantly expand national and international sales to aid in successful implementation of the restructuring program. At the same time, cuts are planned in certain corporate divisions where personnel levels are no longer appropriate to the Company's current situation. The cuts will be implemented by the end of 2011.

Securing long-term Group financing

SOLON cooperated with external consultants and its banks to create a concept for rearranging the Group's financing based on the adjusted corporate figures. The concept is intended to secure SOLON's medium to long-term financing. The financial restructuring is geared toward lastingly reducing net debt and strengthening the equity base. The management expects this process to be continued successfully in the fourth quarter of 2011 and completed by April 2012.

Objectives

In response to the unsatisfactory business trend in the first half, the Management Board adjusted its projections for the year as a whole at mid-year. Group revenue of approximately €500 million is now expected along with a substantial loss in terms of both EBIT and net income.

INVESTOR RELATIONS

GENERAL MARKET SENTIMENT

Influenced by the worsening debt crisis in Greece and the threat of insolvency in the U.S., which was only averted at the last minute, the international stock markets remained under great pressure in the past quarter and closed the quarter with significant losses for the most part.

PERFORMANCE OF SOLON STOCK

As in the preceding quarters of 2011, SOLON stock remained under pressure in the third quarter and was again subject to considerable price fluctuation. The stock reached its high for the quarter on July 7 at €2.65; the low occurred on September 21 at €1.27. The shares closed the quarter at €1.38, meaning that they again lost around 45 % of their value compared to the preceding quarter (June 30, 2011: €2.50). The market capitalization amounted to €24 million as of September 30, 2011. An average of 25,017 SOLON shares was traded per day on the Xetra platform during the third quarter.

INVESTOR RELATIONS ACTIVITIES

In the past quarter, the Management Board and the Investor Relations department again maintained regular contact with existing and potential investors as well as financial analysts. Discussion centered on current business performance and estimates of perspectives in the core markets as well as the Company's financing situation. A number of German and Anglo-American financial institutes report on the Company on a regular basis.

Berlin, November 14, 2011

Stefan Säuberlich
Chief Executive Officer

Dr. Walter Bickel
Chief Restructuring Officer

Dr. Lars Podlowski
Chief Technical Officer

KEY SHARE DATA

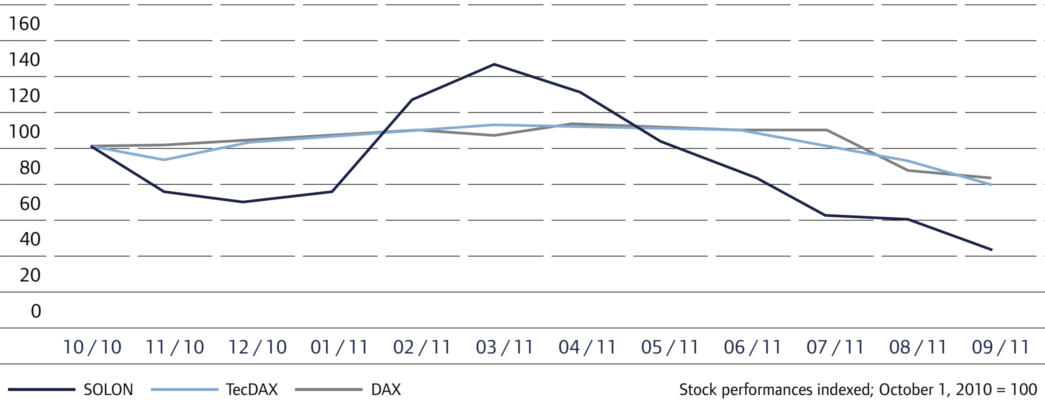
ISIN	DE0007471195
WKN	747 119
Trading symbol	SOO1
Reuters ticker symbol	SOOG.DE
Bloomberg ticker symbol	SOO1:GR
Listing	Frankfurt Regulated Market (Prime Standard)
Stock exchanges	Berlin, Düsseldorf, Frankfurt, Hamburg, Hanover, Munich, Stuttgart and Xetra
Indices	Prime All Share, CDAX, Technology All Share

KEY DATA FOR SOLON STOCK THIRD QUARTER 2011

Share capital in €	17,225,032.00
Number of shares issued	17,225,032
Quarterly high[1] in €	2.65
Quarterly low[1] in €	1.27
Quarter-end closing price[1] in €	1.38
Market capitalization at quarter-end in € million	24
Average trading volume per day (number)	25,017
Earnings per share in €	-12.09

[1] Deutsche Börse, Xetra

PERFORMANCE OF SOLON STOCK (12 MONTHS) IN %



Stock performances indexed; October 1, 2010 = 100

Interim Consolidated Financial Statements as of September 30, 2011

CONSOLIDATED INCOME STATEMENT

€ ´000	Note	2011 Jan 1 – Sep 30	2010[1] Jan 1 – Sep 30	2011 Jul 1 – Sep 30	2010[1] Jul 1 – Sep 30
Revenue	(2)	358,227	402,859	136,373	160,489
Changes in work in progress and finished goods		2,331	20,803	-35,345	8,648
Own expenses capitalized		1,071	676	817	76
Other operating income	(3)	19,942	21,407	6,459	3,259
Total operating performance		**381,571**	**445,745**	**108,304**	**172,472**
Cost of material	(4)	364,643	350,412	122,804	142,524
Gross profit		**16,928**	**95,333**	**-14,500**	**29,948**
Personnel expenses		30,742	28,578	10,910	10,520
Depreciation, amortization and impairment		27,056	13,507	19,020	4,594
Other operating expenses	(5)	72,949	58,701	36,723	17,970
EBIT		**-113,819**	**-5,453**	**-81,153**	**-3,136**
Result from investments accounted for using the equity method	(6)	906	432	488	515
Other investment and financial result	(6)	-68,118	59	-49,301	62
Interest income		6,388	6,133	2,151	1,994
Interest expenses		-33,146	-23,159	-14,580	-7,653
Net income / loss before income taxes		**-207,789**	**-21,988**	**-142,395**	**-8,218**
Income taxes		518	-4,537	2,833	-347
Net income / loss from continuing operations		**-208,307**	**-17,451**	**-145,228**	**-7,871**
Net income / loss from discontinued operations	(7)	–	91	–	58
Net income / loss		**-208,307**	**-17,360**	**-145,228**	**-7,813**
Earnings per share (total) in €	(15)	-12.09	-1.20	-8.43	-0.45
Diluted earnings per share (total) in €	(15)	-12.09	-1.20	-8.43	-0.45
Earnings per share from continuing operations in €	(15)	-12.09	-1.21	-8.43	-0.45
Diluted earnings per share from continuing operations in €	(15)	-12.09	-1.21	-8.43	-0.45
Earnings per share from discontinued operations in €	(15)	–	0.01	–	–
Diluted earnings per share from discontinued operations in €	(15)	–	0.01	–	–

[1] Adjustment of prior-year figures due to the sale of the Inverter division in fiscal year 2010, which is reported as a discontinued operation in accordance with IFRS 5 with retrospective effect. For details on the result from discontinued operations, please refer to Note 7: Result from discontinued operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ ´000	2011 Jan 1 – Sep 30	2010 Jan 1 – Sep 30	2011 Jul 1 – Sep 30	2010 Jul 1 – Sep 30
Net income / loss	**-208,307**	**-17,360**	**-145,228**	**-7,813**
Foreign exchange translation differences	-1,651	-332	-3,412	1,994
Unrealized gains / losses from the fair value measurement of available-for-sale securities	-1,051	655	-1,565	1,299
Share of other comprehensive income / loss of equity-accounted companies	–	-15	–	–
Unrealized gains / losses from the fair value measurement of derivative hedges	59	-122	-193	46
after income tax of	-25	52	83	-20
Other comprehensive income / loss	**-2,643**	**186**	**-5,170**	**3,339**
Total comprehensive income / loss	**-210,950**	**-17,174**	**-150,398**	**-4,474**
Total comprehensive income / loss attributable to shareholders of SOLON SE	-210,950	-17,174	-150,398	-4,474

CONSOLIDATED BALANCE SHEET

€ '000	Note	Sep 30, 2011	Dec 31, 2010
ASSETS			
Non-current assets		**185,872**	**261,669**
Intangible assets	(8)	14,680	15,162
Property, plant and equipment	(8)	99,172	137,021
Financial assets accounted for using the equity method	(8)	1,464	265
Miscellaneous financial assets	(8)	5,053	37,478
Other non-current assets		45,981	51,138
Deferred tax assets		19,522	20,605
Current assets		**280,420**	**405,874**
Inventories	(9)	95,984	108,438
Trade receivables	(10)	110,253	170,661
Other receivables and assets		59,543	103,554
Cash and cash equivalents		12,305	15,307
Assets held for sale	(11)	2,335	7,914
Total assets		**466,292**	**667,543**

€ '000	Note	Sep 30, 2011	Dec 31, 2010
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	(12)	**-103,103**	**107,847**
Share capital		17,225	17,225
Capital reserve		284,132	284,132
Other comprehensive income		-3,227	-584
Accumulated profit/loss		-401,233	-192,926
Non-current liabilities		**179,681**	**216,800**
Provisions	(13)	12,395	10,220
Liabilities to banks	(14)	19,978	63,421
Bonds and other non-current liabilities		147,308	143,159
Current liabilities		**389,714**	**342,896**
Tax provisions		685	953
Other provisions	(13)	25,861	15,016
Liabilities to banks	(14)	241,055	177,852
Trade payables		76,191	106,580
Other liabilities		45,922	42,377
Liabilities associated with assets held for sale	(11)	–	118
Total shareholders' equity and liabilities		**466,292**	**667,543**

CONSOLIDATED CASH FLOW STATEMENT JANUARY 1 TO SEPTEMBER 30	2011 Jan 1 – Sep 30	2010[1] Jan 1 – Sep 30
€ ´000		
Net income / loss before income taxes	**-207,789**	**-21,988**
Investment result, other financial result and interest result	93,970	16,535
EBIT	**-113,819**	**-5,453**
Amortization and impairment losses on intangible assets and depreciation and impairment losses on property, plant and equipment	27,056	13,507
Impairment losses / reversals on other non-current and current assets	38,765	-11,205
Gain / loss from the disposal of non-current assets	930	27
Income / expenses for stock option plan	–	-479
Changes in provisions	11,876	-1,774
Income taxes paid	2,034	-5,110
Other non-cash income and expenses	1,783	-1,203
Cash flow from operating activities before changes in net current assets	**-31,375**	**-11,690**
Change in inventories	-13,953	-23,040
Change in trade receivables	56,352	-11,135
Change in other receivables and assets	10,558	-9,458
Change in trade payables	-29,607	31,214
Change in other liabilities	2,308	6,211
Cash flow from operating activities from continuing operations	**-5,717**	**-17,898**
Cash flow from operating activities from discontinued operations	–	414
Cash flow from operating activities	**-5,717**	**-17,484**
Proceeds from disposals of intangible assets and property, plant and equipment	3,229	209
Capital expenditure for intangible assets and property, plant and equipment	-4,064	-4,510
Change in financial assets and loans	1,219	-819
Proceeds from government grants	10,306	2,769
Interest received	330	574
Cash flow from investing activities from continuing operations	**11,020**	**-1,777**
Cash flow from investing activities from discontinued operations	–	-23
Cash flow from investing activities	**11,020**	**-1,800**
Proceeds from capital increase	–	20,000
Capital expenditures related to capital increase	–	-296
Changes in financial liabilities	17,855	-24,53 4
Interest paid	-24,506	-15,276
Cash flow from financing activities from continuing operations	**-6,651**	**-20,106**
Cash flow from financing activities from discontinued operations	–	-5
Cash flow from financing activities	**-6,651**	**-20,111**
Net change in cash and cash equivalents	**-1,348**	**-39,395**
Changes in cash due to exchange rate changes	-1,654	-332
Cash and cash equivalents at beginning of period	15,307	60,700
Cash and cash equivalents at end of period	12,305	**20,973**

[1] Adjustment of prior-year figures due to the sale of the Inverter division in fiscal year 2010, which is reported as a discontinued operation in accordance with IFRS 5 with retrospective effect. For details on the result from discontinued operations, please refer to Note 7: Result from discontinued operations.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

			Other comprehensive income				
€ ’000	Share capital	Capital reserve	Fair value measurement of other financial assets	Fair value measurement of hedges	Currency translation	Accumulated profit / loss	Total
Balance on January 1, 2010	**12,530**	**269,590**	**1,847**	**–792**	**319**	**–173,128**	**110,366**
Total comprehensive income / loss	–	–	–1,107	25	–876	–19,798	–21,756
Capital increase	4,695	15,305	–	–	–	–	20,000
Direct costs in connection with the capital increase after deferred taxes (€ 89 thousand)	–	–207	–	–	–	–	–207
Stock option plan	–	–556	–	–	–	–	–556
Balance on December 31, 2010	**17,225**	**284,132**	**740**	**–767**	**–557**	**–192,926**	**107,847**
Balance on January 1, 2011	**17,225**	**284,132**	**740**	**-767**	**-557**	**-192,926**	**107,847**
Total comprehensive income / loss	–	–	-1,051	59	-1,651	-208,307	-210,950
Balance on September 30, 2011	**17,225**	**284,132**	**-311**	**-708**	**-2,208**	**-401,233**	**-103,103**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

(1) GENERAL

General information

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 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 sites are located in Germany, Italy, France, and the U.S. 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 interim consolidated financial statements of the SOLON Group as of September 30, 2011 were prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable as of the reporting date and the interpretations of the International Financial Reporting Interpretations Committee 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 this interim report 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 the fiscal year 2010.

For a description of the consolidation principles and accounting policies, please refer to Nos. 1 and 2 in the notes to the consolidated financial statements as published in the 2010 Annual Report. This report is available for download at www.solon.com.

In fiscal 2011, SOLON applied IAS 24 (revised 2009) for the first time. This standard was adopted by the European Union in July 2010 and must be applied to fiscal years beginning on or after January 1, 2011. As a result of the initial application of IAS 24 (revised 2009) in the SOLON Group, a change occurred in the composition of other related parties.

The income statement has been prepared according to 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 SEPTEMBER 30, 2011

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 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
SOLON SAS, Lyon	France	July 26, 2010	100	500,000
ERLASEE Liegenschaften GbR, Berlin	Germany	November 12, 2003	90	35,000

[1] The date for formation / addition corresponds to the date of initial consolidation

It was not necessary to include any other companies as their influence on the Group's financial position, cash flows and profit or loss was immaterial.

JOINT VENTURES AND ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD AS OF SEPTEMBER 30, 2011

Company, registered office	Country	Date of formation / addition	Shareholding %
SOL Holding AG, Cologne	Germany	February 16, 2007	48.0
Sistema Solare s. r. l., Marano Vicentino	Italy	February 6, 2009	50.0

On April 18, 2011, the SOLON Group, as part of its efforts to concentrate on its core business, sold its 49.4 % share in ml&s manufacturing, logistics and services GmbH & Co. KG, Greifswald, and its 48.0 % share in ml&s manufacturing, logistics and services Management GmbH, Greifswald, for a consideration of €7,500 thousand. ml&s manufacturing, logistics and services GmbH & Co. KG and ml&s manufacturing, logistics and services Management GmbH had been associates of the SOLON Group and were classified as held for sale between December 31, 2010 and April 18, 2011. Therefore, the shares were no longer accounted for using the equity method, but were instead measured at fair value in accordance with the provisions of IFRS 5.

It was not necessary to account for any other companies using the equity method, as their influence on the Group's financial position, cash flows and profit or loss was immaterial.

NOTES TO THE INCOME STATEMENT

(2) REVENUE

Revenues of the SOLON Group amounted to €358,227 thousand (prior-year period: €402,859 thousand), the majority of which were generated from the sale of solar modules and the planning of system products and components for solar power plants.

Of this amount, €144,914 thousand (prior-year period: €91,770 thousand) was attributed to revenues from construction contracts resulting from the SOLON Group's involvement in power plant projects. Revenues from construction contracts resulted in receivables from construction contracts amounting to €51,964 thousand (prior-year period: €81,353 thousand). Revenues from construction contracts are calculated using the percentage-of-completion method as set out in IAS 11. The percentage-of-completion method refers to the stage of completion of a contract, which is determined by the proportion of contract costs incurred to the estimated total contract costs (cost-to-cost method). Total contract costs amounted to €136,306 thousand as of the reporting date (prior-year period: €87,158 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.

SOLON generated 83 % of its revenues outside its home market of Germany in the reporting period. Revenues can be allocated to the following sales regions:

€ '000	2011 Jan 1 – Sep 30	2010[1] Jan 1 – Sep 30
Germany	61,408	193,202
Italy	139,711	132,280
USA	103,803	32,253
Spain	1,927	1,868
Other EU countries	48,073	40,859
Rest of World	3,305	2,397
SOLON Group	**358,227**	**402,859**

[1] Adjustment of previous year's values due to the sale of the Inverter division during fiscal 2010, which is shown retrospectively as a discontinued operation in accordance with IFRS 5.

(3) OTHER OPERATING INCOME

€ '000	2011 Jan 1 – Sep 30	2010[1] Jan 1 – Sep 30
Income from exchange rate changes	8,273	13,578
Income from the reversal of provisions	3,014	1,235
Income from project business options	2,125	-
Feed-in fees	1,960	1,117
Lease and rental income	1,108	888
Prior-period income	714	1,001
Transport income	542	484
Income from scrapped material	460	21
Insurance and warranty reimbursement	277	1,424
Income from income allocation	145	144
Miscellaneous other operating income	1,324	1,515
Other operating income	**19,942**	**21,407**

[1] Adjustment of previous year's values due to the sale of the Inverter division during fiscal 2010, which is shown retrospectively as a discontinued operation in accordance with IFRS 5,

(4) COST OF MATERIAL

€ '000	2011 Jan 1 – Sep 30	2010[1] Jan 1 – Sep 30
Expenses for raw materials, supplies and merchandise	270,279	292,859
Expenses for services purchased	94,364	57,553
Cost of material	**364,643**	**350,412**

[1] Adjustment of previous year's values due to the sale of the Inverter division during fiscal 2010, which is shown retrospectively as a discontinued operation in accordance with IFRS 5.

Expenses from the measurement of inventories are shown under Note (9) Inventories.

(5) OTHER OPERATING EXPENSES

€ '000	2011 Jan 1 – Sep 30	2010[1] Jan 1 – Sep 30
Impairment losses on other non-current and current assets	12,588	1,085
Expenses from exchange rate changes and hedging	8,109	14,827
Restructuring costs	5,307	2,665
Expenses for marketing and public relations	4,007	3,707
Other fees for third-party services	3,374	3,869
Expenses for warranties	3,343	4,748
Maintenance and repair costs	3,293	2,698
Rental and leasing costs	2,595	3,235
Prior-period expenses	2,269	790
Legal, audit and consulting fees	2,254	1,862
Energy and water costs	2,074	2,315
Travel and continuing education costs	1,983	1,925
Outgoing freight and transport costs	1,540	2,361
Costs of office supplies, consumables and telecommunication	1,499	1,520
Delay and contractual penalties	1,304	4,507
Insurance costs	1,162	1,195
Contributions and fees	684	509
Expenses with claim to reimbursement	673	4
Costs of payment transactions	406	381
Vehicle expenses	273	179
Asset-based and other taxes	258	115
Miscellaneous other operating expenses	13,954	4,204
Other operating expenses	**72,949**	**58,701**

[1] Adjustment of previous year's values due to the sale of the Inverter division during fiscal 2010, which is shown retrospectively as a discontinued operation in accordance with IFRS 5.

Miscellaneous other operating expenses include expenses for project risks in the amount of €4,500 thousand as well as for the recognition of provisions in the amount of €5,132 thousand for leased assets no longer needed due to the plant closure at SOLON Corp.

(6) INVESTMENT RESULT

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

€ ’000	2011 Jan 1 – Sep 30	2010 Jan 1 – Sep 30
Result from investments accounted for using the equity method	906	432
Other investment result	-68,118	59
Investment result	**-67,212**	**491**

In fiscal 2011, SOLON has recognized several impairment losses on its portfolio of equity investments within the context of the crisis in the photovoltaics industry. In the second quarter of 2011, all of the non-current loans issued to Blue Chip Energy GmbH (in which the SOLON Group held a 18.28 % interest) as well as interest attributable to these loans were written off in full since Blue Chip Energy filed for insolvency. The write-off amounted to a total of €18,509 thousand.

In addition, as a result of the development in the third quarter and the expected development in subsequent quarters, impairment losses of €48,787 thousand were recognized on the Company’s stake in and loans issued to Global Solar Energy Inc., on loans to I-Sol Ventures GmbH as well as the stake in and loans issued to Solar Technology Research Corp. and the stake in CBD Energy Ltd. These impairment losses were recorded in the other investment result.

(7) RESULT FROM DISCONTINUED OPERATIONS

On December 14, 2010, SOLON SE sold its 100 % share in its Swiss subsidiary Solon Inverters AG to Delta Energy Systems (Germany) GmbH, a company in the Taiwanese Delta Electronics Group, thereby discontinuing its Inverter business. The change of ownership took immediate effect. Solon Inverters AG was assigned to the Holding / Other segment.

The Inverter business was retrospectively classified as a discontinued operation in accordance with IFRS 5, and as a result, the comparative figures for the income statement and the cash flow statement have been adjusted, as have the corresponding disclosures in the notes for fiscal 2010.

The result from discontinued operations is broken down as follows, with a portion of the activities having taken place within the Group:

€ ’000	2011 Jan 1 – Sep 30	2010 Jan 1 – Sep 30
Revenue	–	1,701
Changes in work in progress and finished goods	–	-48
Other operating income	–	21
Total operating performance	**–**	**1,674**
Cost of material	–	1,079
Gross profit	**–**	**595**
Personnel expenses	–	750
Depreciation and amortization	–	61
Other operating expenses	–	-334
EBIT	**–**	**118**
Interest expenses	–	-5
Net income / loss before income taxes	**–**	**113**
Income taxes	–	22
Result from discontinued operations	**–**	**91**

Cash flows from discontinued operations are broken down as follows:

€ ´000	2011 Jan 1 – Sep 30	2010 Jan 1 – Sep 30
Cash flow from operating activities	–	414
Cash flow from investing activities	–	-23
Cash flow from financing activities	–	-5
Net change in cash and cash equivalents	**–**	**386**

NOTES TO THE BALANCE SHEET

(8) CHANGE IN SELECTED NON-CURRENT ASSETS

NON-CURRENT ASSETS

€ ´000	Intangible assets	Property, plant and equipment	Financial assets	**Total**
Net carrying amount as of January 1, 2010	**15,925**	**150,480**	**100,129**	**266,534**
Additions	1,252	9,493	7,258	**18,003**
Government grants	348	–5,630	–	**-5,282**
Depreciation, amortization	–1,512	–16,058	–	**-17,570**
Extraordinary depreciation and impairment	–430	–103	–6,988	**-7,521**
Other	–421	–1,161	–62,656	**-64,238**
Net carrying amount as of December 31, 2010 respectively January 1, 2011	**15,162**	**137,021**	**37,743**	**189,926**
Additions	650	2,568	495	**3,713**
Government grants	-5	-7,904	–	**-7,909**
Depreciation, amortization	-1,125	-11,152	–	**-12,277**
Extraordinary depreciation and impairment	–	-14,779	-31,231	**-46,010**
Other	**-2**	**-6,582**	**-490**	**-7,074**
Net carrying amount as of September 30, 2011	**14,680**	**99,172**	**6,517**	**120,369**

In the period under review, SOLON recognized grants and subsidies in the amount of €7,909 thousand, primarily to be used for the Group headquarters in Berlin Adlershof, technical equipment and machinery, and other operating and office equipment.

The production footprint of the SOLON Group was adjusted within the context of operative restructuring to adapt to the changed market conditions. On the one hand, production processes were changed to adapt to the manufacturing of the new SOLON products. On the other hand, SOLON is reducing its manufacturing capacity to achieve higher capacity utilization in an effort to cut fixed costs. In connection with the new manufacturing concept, it was decided to close production in the USA and to write down the machinery no longer required under the new manufacturing concept. Due to the transition to the new manufacturing concept, impairment losses for production facilities no longer needed were recognized in the amount of €9,928 thousand. In addition, an impairment loss was recorded on land in connection with a project of SOLON Investments GmbH, a Group subsidiary, in the amount of €4,735 thousand as a result of the uncertainty surrounding the realization of the project.

Additions to property, plant and equipment in fiscal year 2010 include additions of €2,026 thousand resulting from a reclassification of property, plant and equipment held for sale from "assets held for sale" to "property, plant and equipment" on the balance sheet. Other changes to property, plant and equipment involve disposals of €24 thousand in fiscal year 2010 and also relate to this reclassification.

Write-downs of financial assets recorded in the reporting period relate to the impairment of non-current loans in the amount of €15,715 thousand, which had been issued to Blue Chip Energy GmbH, as well as to the impairment of shares held in Global Solar Energy Inc. in the amount of €14,375 thousand and other investments in the amount of €1,141 thousand. The related expenses were recognized as part of the other investment result.

Other changes in financial assets in fiscal year 2010 include a reclassification in the amount of €54,456 thousand from non-current to current bonds.

(9) INVENTORIES

€ '000	Sep 30, 2011	Dec 31, 2010
Raw materials and supplies before write-down	20,508	31,814
Write-down	-2,773	-3,925
Net carrying amount of raw materials and supplies	**17,735**	**27,889**
Work in progress before write-down	62,923	63,240
Write-down	-25,776	-10,288
Net carrying amount of work in progress	**37,147**	**52,952**
Finished goods and merchandise before write-down	51,557	18,473
Write-down	-21,613	-9,651
Net carrying amount of finished goods and merchandise	**29,944**	**8,822**
Advance payments on inventories before write-down	28,620	29,572
Write-down	-17,462	-10,797
Net carrying amount of advance payments on inventories	**11,158**	**18,775**
Inventories	**95,984**	**108,438**

Inventories include write-downs in the amount of €67,624 thousand (as of December 31, 2010: €34,661 thousand). These write-downs were undertaken on the basis of the net realizable values. The write-downs on inventories result from impairment losses recognized in prior years as well as from the following issues that occurred during the reporting period:

- impairment of all Italian projects that did not receive a tariff pursuant to the Conto Energia IV in 2011
- impairment of projects of SOLON Investments GmbH
- impairment of residual inventories resulting from the plant closure at SOLON Corp.
- price decline on the market

The write-downs for the period under review are as follows:

€ '000	2011 Jan 1 – Sep 30
Raw materials and supplies	1,152
Work in progress	-15,488
Finished goods and merchandise	-11,962
Advance payments on inventories	-6,665
Total	**-32,963**

(10) TRADE RECEIVABLES

€ ´000	Sep 30, 2011	Dec 31, 2010
Trade receivables, gross	70,136	74,551
General valuation allowances	-114	-130
Specific valuation allowances	-11,732	-7,809
Receivables from construction contracts	51,963	104,049
Trade receivables, net	**110,253**	**170,661**

An amount of €51,679 thousand of the reduction in the receivables from construction contracts is attributable to SOLON S.p.A.

The increase in general valuation allowances on receivables primarily results from financial difficulties of Italian customers.

(11) ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

The assets held for sale in the amount of €2,335 thousand as of the balance sheet date (September 30, 2011) relate to production facilities of SOLON Corp. that are currently in the process of being sold.

The management buy-out of SOLON HILBER Technologie GmbH was completed on January 1, 2011. All assets and associated liabilities that were classified as held for sale as of December 31, 2010 as a result of the management buy-out were sold to HILBER SOLAR GmbH in January 2011.

The shares held in ml&s manufacturing, logistics and services Management GmbH as well as the shares held in ml&s manufacturing, logistics and services GmbH & Co. KG were sold in the second quarter of 2011, effective April 18, 2011.

(12) SHAREHOLDERS' EQUITY

Subscribed capital was unchanged at €17,225 thousand as of September 30, 2011 compared to December 31, 2010.

The capital reserve at €284,132 thousand also stayed unchanged.

The net loss generated in the first three quarters of 2011 led to a reduction in equity of €208,307 thousand.

The net loss for the period includes the following special effects:

- impairment of property, plant, and equipment due to the implementation of the new manufacturing concept
- impairment of financial assets that lost value in the context of the crisis in the industry
- impairment of projects and write-downs of other inventories:
    - impairment of all Italian projects that did not receive a tariff pursuant to the Conto Energia IV in 2011 as well as related advance payments and receivables
    - impairment of and losses from SOLON Investments GmbH projects as well as provisions for projects risks
    - impairment of residual inventories from the plant closure at SOLON Corp.
    - price decline on the market
- provisions for leasing assets no longer needed
- expenses in connection with restructuring, in parrticular for advisory services
- other effects from taxes and interest

As a result of the net loss for the reporting period, SOLON reports negative equity of €103,103 thousand in its consolidated financial statements as of September 30, 2011 in accordance with IFRS. This mainly results from net losses reported under IFRS at the Group companies Estelux s.r.l., SOLON S.p.A and SOLON Corp. Equity of the parent company, SOLON SE, reported under the German Commcerial Code (HGB) is positive at €31,116 thousand as of the balance sheet date. An increase of SOLON SE's equity reported under HGB as well as of Group equity reported under IFRS depends on the successful implementation of the proposed financial restructuring.

(13) OTHER PROVISIONS

€ ’000	Warranty	Legal disputes	Other	**Total**
Balance on January 1, 2010	**28,129**	**1,510**	**8,743**	**38,382**
Changes in the group of consolidated companies	-33	–	–	**-33**
Currency translation differences	50	–	3	**53**
Additions	5,586	150	957	**6,693**
Interest accrued	1,058	–	-1	**1,057**
Utilization	-7,183	–	-3,133	**-10,316**
Reversal	-10,397	–	-203	**-10,600**
Balance on January 1, 2011	**17,210**	**1,660**	**6,366**	**25,236**
Currency translation differences	-5	–	238	**233**
Additions	3,343	–	15,167	**18,510**
Interest accrued	1,145	–	–	**1,145**
Utilization	-1,996	-15	-818	**-2,829**
Reversal	-3,000	–	-1,039	**-4,039**
Balance on September 30, 2011	**16,697**	**1,645**	**19,914**	**38,256**

The additions to provisions in the period under review relate to lease expenses for leased assets no longer needed in the amount of €5,132 thousand as well as provisions for project risks in the amount of €4,500 thousand.

(14) LIABILITIES TO BANKS

€ ’000	Sep 30, 2011	Dec 31, 2010
Non-current liabilities to banks	19,978	63,421
Maturing in 1 to 5 years	17,184	58,026
Maturing in more than 5 years	2,794	5,395
Current liabilities to banks	241,055	177,852
Liabilities to banks	**261,033**	**241,273**

As of March 31, 2011, the promissory note loan due in March 2012 in the amount of €40,000 thousand was reclassified from non-current liabilities to banks to current liabilities to banks.

OTHER INFORMATION

(15) EARNINGS PER SHARE

Net income/loss 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 implemented a capital increase by issuing 4,694,836 new shares. This led to an increase of the number of shares outstanding from 12,530,196 to 17,225,032. The average number of shares outstanding as of September 30, 2010 was 14,473,480 (for the period from January 1 to September 30, 2010) and 17,225,032 (for the period from July 1 to September 30, 2010).

Neither the options not yet exercised nor the convertible bonds resulted in a reduction of earnings per share in either the 2010 or 2011 reporting periods. Accordingly, there was no dilution of earnings per share in accordance with IAS 33, meaning that diluted earnings per share are equal to basic earnings per share.

The following table presents the calculation of the earnings per share:

	2011 Jan 1 – Sep 30	2010 Jan 1 – Sep 30	2011 Jul 1 – Sep 30	2010 Jul 1 – Sep 30
Net income/loss in € ’000	-208,307	-17,360	-145,228	-7,813
Average number of shares outstanding in thousands	17,225	14,473	17,225	17,225
Basic earnings per share in €	**-12.09**	**-1.20**	**-8.43**	**-0.45**
Diluted earnings per share in €	**-12.09**	**-1.20**	**-8.43**	**-0.45**

Earnings per share are broken down as follows over the result from continuing operations and the result from discontinued operations:

	2011 Jan 1 – Sep 30	2010 Jan 1 – Sep 30	2011 Jul 1 – Sep 30	2010 Jul 1 – Sep 30
Net income/loss from continuing operations in € ’000	-208,307	-17,451	-145,228	-7,871
Net income/loss from discontinued operations in € ’000	–	-91	–	58
Average number of outstanding shares in thousands	17,225	14,473	17,225	17,225
Basic earnings per share from continuing operations in €	**-12.09**	**-1.21**	**-8.43**	**-0.45**
Basic earnings per share from discontinued operations in €	**-12.09**	**-1.21**	**-8.43**	**-0.45**
Diluted earnings per share from continuing operations in €	**–**	**0.01**	**–**	**–**
Diluted earnings per share from discontinued operations in €	**–**	**0.01**	**–**	**–**

(16) SEGMENT REPORTING

SOLON's business activities are broken down into the segments of Production and Sales in its internal reporting.

The Production segment comprises the Group-wide production process for the manufacture of solar modules and is managed internally 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 managed internally within the Group, in particular with regard to profitability. Furthermore, we record the holding activities of SOLON SE and the activities of ERLASEE Liegenschaften GbR, SOLON Mobility GmbH, SOLAR HILBER Technologie GmbH and Estelux s.r.l. under "Holding/Other." SOLON HILBER Technologie GmbH was part of the Production segment in fiscal 2010. Following the cessation of its operating activities, the company has been reported under the Holding/Other segment beginning in fiscal year 2011.

As the reconciliation with the Group figures contains only the intersegment elimination and the unallocated assets, the reconciliation account is not presented separately.

Segment information is based on essentially the same accounting policies as those applied to the consolidated financial statements. 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.

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

SEGMENT REPORTING

					Total	
	Production		Sales		Reportable segments	
€ '000	2011 Jan 1 – Sep 30	2010 [2] Jan 1 – Sep 30	2011 Jan 1 – Sep 30	2010 [2] Jan 1 – Sep 30	2011 Jan 1 – Sep 30	2010 [2] Jan 1 – Sep 30
Segment revenue	218,580	326,932	364,210	407,113	582,790	734,045
thereof revenue with Group companies	218,568	326,019	6,205	5,330	224,773	331,349
thereof revenue from third parties	12	913	358,005	401,783	358,017	402,696
Changes in work in progress and finished goods	18,548	69	-16,182	20,734	2,366	20,803
Own expenses capitalized	63	247	552	60	615	307
Other operating income	3,041	2,726	9,381	5,538	12,422	8,264
Total operating performance	**240,232**	**329,974**	**357,961**	**433,445**	**598,193**	**763,419**
Cost of material	209,147	292,264	379,763	390,822	588,910	683,086
Gross profit	**31,085**	**37,710**	**-21,802**	**42,623**	**9,283**	**80,333**
Personnel expenses	6,881	12,882	14,888	7,698	21,769	20,580
Depreciation, amortization and impairment	12,684	7,586	7,792	1,051	20,476	8,637
Other operating expenses	18,371	17,629	37,815	17,911	56,186	35,540
EBIT	**-6,851**	**-387**	**-82,297**	**15,963**	**-89,148**	**15,576**
Result from investments accounted for using the equity method	–	–	–	–	–	–
Other investment, financial and interest result	–	–	–	–	–	–
Net income / loss before income taxes	**-6,851**	**-387**	**-82,297**	**15,963**	**-89,148**	**15,576**
Capital expenditures for non-current assets	1,379	1,969	708	583	2,087	2,552
Significant non-cash items [1]						
Results from reversal of provisions	–	9	3,006	1,218	3,006	1,227
Valuation allowance on current items	6,228	1,942	11,478	4,942	17,706	6,884
Expenses for warranty provisions	2,084	2,531	1,259	2,216	3,343	4,747
Changes in raw material and supplies	-473	-2,163	12,062	8,040	11,589	5,877

[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

[2] Adjustment of prior-year figures due to the sale of the Inverter division in fiscal year 2010, which is reported as a discontinued operation in accordance with IFRS 5 with retrospective effect.

		Reconciliation					
Holding / Other		Amounts not allocated		Consolidation		Group	
2011 Jan 1 – Sep 30	2010[2] Jan 1 – Sep 30	2011 Jan 1 – Sep 30	2010[2] Jan 1 – Sep 30	2011 Jan 1 – Sep 30	2010[2] Jan 1 – Sep 30	2011 Jan 1 – Sep 30	2010[2] Jan 1 – Sep 30
2,325	414	–	–	-226,888	-331,600	358,227	402,859
2,115	264	–	–	-226,888	-331,600	–	13
210	150	–	–	–	–	358,227	402,846
-35	-	–	–	–	–	2,331	20,803
456	369	–	–	–	–	1,071	676
14,630	18,333	–	–	-7,110	-5,190	19,942	21,407
17,376	**19,116**	**–**	**–**	**-233,998**	**-336,790**	**381,571**	**445,745**
1,095	4	–	–	-225,362	-332,678	364,643	350,412
16,281	**19,112**	**–**	**–**	**-8,636**	**-4,112**	**16,928**	**95,333**
8,973	7,998	–	–			30,742	28,578
6,585	4,920	–	–	-5	-50	27,056	13,507
24,685	28,701	–	–	-7,922	-5,540	72,949	58,701
-23,962	**-22,507**	**–**	**–**	**-709**	**1,478**	**-113,819**	**-5,453**
–	–	–	–	906	432	906	432
–	–	-94,876	-16,967			-94,876	-16,967
-23,962	**-22,507**	**-94,876**	**-16,967**	**197**	**1,910**	**-207,789**	**-21,988**
2,222	1,911	–	–	-1,091	-51	3,218	4,412
8	8	–	–	–	–	3,014	1,235
-2,803	118	–	–	–	–	14,903	7,002
–	–	–	–	–	–	3,343	4,747
–	–	–	–	–	–	11,589	5,877

(17) EMPLOYEE PROFIT SHARING PLAN

Between 2001 and 2008, the SOLON Group regularly issued stock options 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 term to maturity of 10 years. As of the balance sheet date, all outstanding stock options had been vested.

The following table shows the tranches that have not yet been exercised:

SHARE-BASED PAYMENT

Tranche	3	4	5	6	7	8
Date of issue	Dec 30, 2004	Feb 24, 2005	Jan 18, 2006	Apr 07, 2006	Dec 12, 2006	Apr 01, 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	14,000
Options not yet exercised at the end of the reporting period	84,000	52,000	219,000	144,000	139,500	14,000
Vested options not yet exercised as of September 30, 2011	84,000	52,000	219,000	144,000	139,500	14,000

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

€ ‘000	Sep 30, 2011	Sep 30, 2010
Total expense from equity-based payment transactions	13,330	13,407
Expense in the period from equity-based payment transactions	–	–479

For more information on the stock option plan, please refer to the 2010 Annual Report.

(18) RELATED PARTY TRANSACTIONS

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

€ ‘000	Income	Expenses	Receivables	Liabilities
January 1 to September 30, 2011				
Controlling companies and their subsidies	20,331	8,498	22,917	7,429
Joint ventures	48	-	3,353	9,264
Associates	26	5,260	-	-
Other related parties	11,465	63,844	24,356	9,185
January 1 to September 30, 2010				
Controlling companies and their subsidies	3,100	8,247	26,708	4,541
Joint ventures	19,210	24,232	27,757	2,319
Associates	90	17,295	460	2,353
Other related parties	5,227	4,162	41,848	1,836

SOLON conducts business with the Mithril group, which due to a majority in situ at the annual shareholder meeting exercises a controlling influence on the SOLON Group. This business primarily involves the supply of cells, the use of services and the granting of loans.

(19) SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Changes to the Management Board

On October 5, the Supervisory Board of SOLON SE decided to make the following changes to the Company’s Management Board: Dr. Walter Bickel was appointed Chief Restructuring Office (CRO) of the Company effective immediately. He is now responsible for implementing the ongoing restructuring program. As managing director of Alvarez & Marsal Deutschland, Dr. Bickel had already worked with SOLON as a consultant and played a large part in developing the restructuring concept. In addition, two Management Board members – Dr. Martin Detje, COO, and Andreas Amelang, CSO – left the Management Board by mutual agreement with the Supervisory Board. The Management Board of SOLON SE has now been reduced to three members.

(20) REVIEW BY THE GROUP AUDITOR

The interim financial statements as of September 30, 2011 and September 30, 2010 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, 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 fiscal year.

Berlin, November 14, 2011

Stefan Säuberlich
Chief Executive Officer

Dr. Walter Bickel
Chief Restructuring Officer

Dr. Lars Podlowski
Chief Technical Officer

Financial Calendar

› November 18, 2011
Annual analysts' meeting, Berlin

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SOLON SE

Investor Relations:
Therese Raatz
Phone +49 30 81879-9305
Fax +49 30 81879-9999
E-Mail investor@solon.com

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SOLON SE
Am Studio 16
12489 Berlin · Germany
Phone +49 30 81879-0
Fax +49 30 81879-9999
Internet www.solon.com