

Q2

CONSOLIDATED INTERIM REPORT
Q2 2016

ABOUT THIS REPORT

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements that are subject to risks and uncertainties, many of which relate to factors that are beyond SolarWorld AG's control or its ability to precisely estimate, such as future market and economic development, supply and demand, the behavior of other market participants, the ability to successfully achieve anticipated synergies and the actions of government regulators.

SolarWorld AG has based these forward-looking statements on its current views and assumptions with respect to future events and financial performance. Many factors could cause the actual results, performance or achievements of SolarWorld AG to be materially different from those that may be expressed or implied by such statements.

Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements. We do not assume any obligation to update the forward-looking statements contained in this report.

FURTHER INFORMATION

Rounding differences may occur in this report.

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LETTER BY THE CHAIRMAN

DEAR CUSTOMERS, SHAREHOLDERS, NOTEHOLDERS, BUSINESS PARTNERS AND EMPLOYEES OF SOLARWORLD AG,

In recent weeks, the legal dispute with Hemlock and associated media coverage have given some cause for concern. However, the first instance ruling in July in the United States has not changed our assessment that Hemlock will not be able to enforce its claims against our subsidiary SolarWorld Industries Sachsen. Moreover, I am confident that we will reach an amicable agreement with Hemlock, as has been the case with all our other silicon suppliers.

Our business operations are not affected. We can look back on a very solid second quarter. Global shipments increased by 39 percent, and consolidated revenue by 30 percent. Our growth story is clearly continuing. Furthermore, in the second quarter, we achieved positive earnings before interest and taxes (EBIT) of € 4.5 million. These figures are quite respectable. For this, I would like to thank, first and foremost, our 3,766 employees, as it is their great commitment and dedication that have put SolarWorld on the right track.

We will need to keep up the hard work throughout the rest of the year. Price pressure on the international solar market increased at the end of June. The main reason is excess capacities on the part of Chinese manufacturers, who have built new production lines outside of China, too. I am convinced, however, that at SolarWorld we will be able to maintain and expand our market position with our broad product portfolio. The long service life of our glass-glass modules, the high performance of our PERC cells and the additional yield of the Bisun module make the difference for our customers. And so our growth will continue in the second half of 2016, driven equally by our high-performance modules and our high-quality standard-power products.

The current market trend is a further incentive for us to systematically reduce costs. Ways that we plan to achieve this in production include further volume growth and new technologies e.g. in wafer production.

Our goals for 2016 as a whole are clear: Shipments and consolidated revenue should grow by more than 20 percent. We are still aiming for revenues to reach up to one billion euros. EBIT will come in at between € -10 million and € +10 million. We will address the tasks involved with eagerness and confidence.

Bonn, August 12, 2016

Yours,



Dr.-Ing. E. h. Frank Asbeck,
CEO of SolarWorld AG

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CONSOLIDATED INCOME STATEMENTS

07 REVENUE BY REGION

KEY FIGURES AND FACTS

SELECTED INDICATORS

Financial indicators in k€	Q2 2016	Q2 2015	Change
Revenue	221,530	170,888	50,642
EBITDA	16,416	6,958	9,458
EBIT	4,540	-4,162	8,702
Consolidated net result	-2,235	-15,415	13,180

Financial indicators in k€	H1 2016	H1 2015	Change
Revenue	434,163	319,971	114,192
Foreign quota in % of revenue	86.5 %	88.2 %	-1.7 %-points
EBITDA	18,471	9,870	8,601
EBIT	-5,162	-12,191	7,029
EBIT in % of revenue	-1.2 %	-3.8 %	2.6 %-points
Capital employed*	461,839	544,159	-82,320
Consolidated net result	-23,036	-25,457	2,421
Consolidated net result in % of revenue	-5.3 %	-8.0 %	2.7 %-points
Total assets	846,063	936,183	-90,120
Equity	184,923	218,018	-33,095
Equity ratio	21.9 %	23.3 %	-1.4 %-points
Cashflow from operating activities	13,855	-12,916	26,771
Net indebtedness**	233,644	298,641	-64,997
Liquid funds	148,288	141,435	6,853
Investments in intangible assets and property, plant and equipment	16,165	26,167	-10,002

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Employee indicators	H1 2016	H1 2015	Change
Employees (key date)	2,983	2,840	143
of which trainees (key date)	39	31	8
Personnel expenses	19.2%	20.9 %	-1.7 %-points
Revenue per employee in k€	146	113	33
EBIT per employee in k€	-2	-4	2

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* Intangible assets and property, plant and equipment less accrued investment grants plus net current assets except for current net liquidity

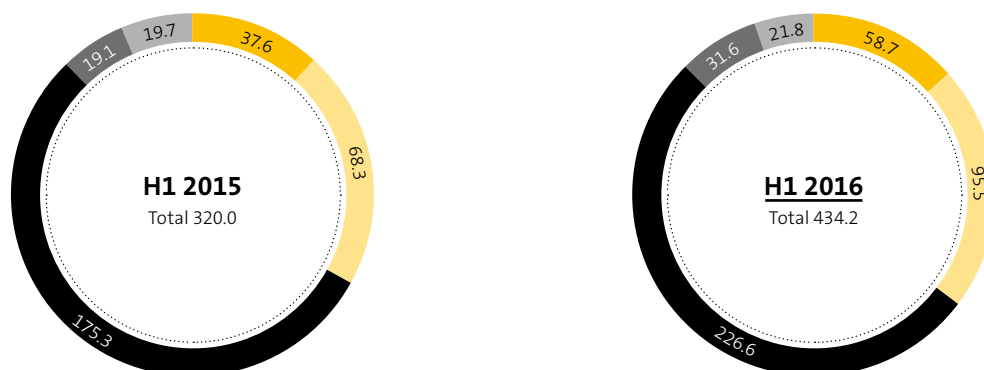
** Financial liabilities less liquid funds

QUARTERLY COMPARISON OF THE CONSOLIDATED INCOME STATEMENTS

in k€	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q2 2015	Change
Revenue	211,819	231,675	212,633	221,530	170,888	50,642
Change in inventories of finished goods and work in progress	-9,820	-28,991	-2,538	21,741	25,698	-3,957
Own work capitalized	1,083	1,321	53	165	1,029	-864
Other operating income	20,837	40,107	9,032	18,040	16,519	1,521
Cost of materials	-129,474	-136,372	-131,311	-161,333	-123,606	-37,727
Personnel expenses	-40,066	-37,370	-43,899	-43,395	-39,471	-3,924
Amortization and depreciation	-10,744	-12,161	-11,757	-11,876	-11,120	-756
Other operating expenses	-49,712	-44,092	-41,915	-40,332	-44,099	3,767
Operating result	-6,077	14,117	-9,702	4,540	-4,162	8,702
Financial result	-9,664	-10,438	-9,124	-5,804	-10,413	4,609
Result before taxes on income	-15,741	3,679	-18,826	-1,264	-14,575	13,311
Taxes on income	2,346	1,891	-1,975	-971	-840	-131
Consolidated net result	-13,395	5,570	-20,801	-2,235	-15,415	13,180

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REVENUE BY REGION IN M €



■ Germany
 ■ Rest of Europe
 ■ U.S.
 ■ Asia
 ■ Rest of the World

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INTERIM

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BUSINESS REPORT

THE STOCK

VOLATILE REACTION ON STOCK MARKETS. Negative macroeconomic factors weighed on European stock markets at the beginning of 2016. Along with various geopolitical conflicts, in particular China's weak economic performance and falling global raw material prices caused considerable falls in share prices and high volatility. Mid-first quarter of 2016, the environment improved, supported in part by expansionary monetary policy by the European Central Bank. The resulting recovery trend, however, was still subject to significant fluctuations. Then, in June, European capital markets were overshadowed by the upcoming referendum in Great Britain on whether to leave the EU ("Brexit"). During the run-up, share prices came under pressure at times owing to speculation about the outcome of the referendum, but then recovered. When the decision in favor of "Brexit" was announced on June 23, 2016, share prices again fell significantly and had not made up lost ground by the end of quarter on June 30, 2016.

DAX SHEDS 6 PERCENT. The German stock index – the DAX – started the year on a sharp downward trend, reaching its lowest point during the first half of 2016 on February 11, 2016, at 8,752.87 points. The subsequent recovery led to a half-yearly high of 10,435.73 points, before "Brexit" brought new declines. All told, the DAX fell 6 percent during the first six months of the year, to close at 9,680.09 points on the cut-off date June 30, 2016. The DAX International Mid 100 (Performance) Index, in which the SolarWorld stock is listed, followed this trend and lost nearly 8 percent over the same period.

Solar stocks encountered an extremely adverse market environment during the first half of 2016. During this period, the Photovoltaik Global 30 Index fell 45 percent, closing at 14.76 points on June 30, 2016.

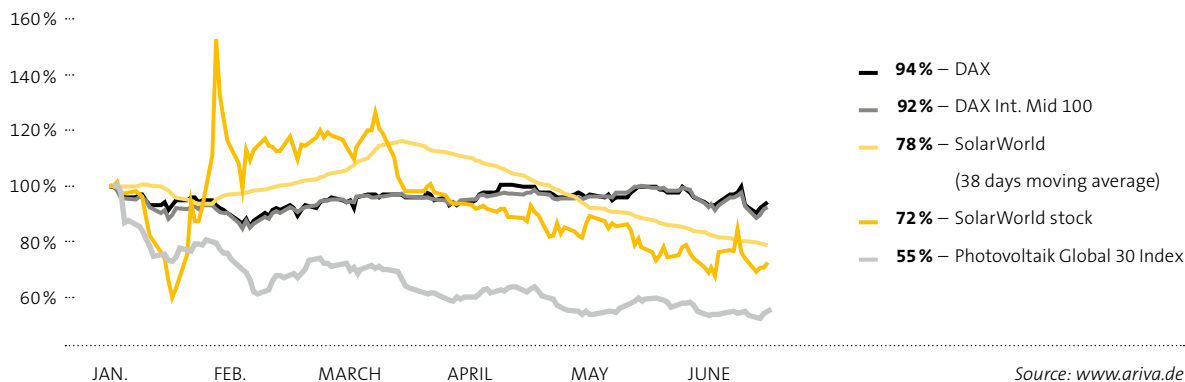
INDICATORS FOR THE SOLARWORLD STOCK (ISIN DE000A1YCM2)

Capital stock as at June 30, 2016	€ 14,896,000.00
Total number of shares as at June 30, 2016	14,896,000
Proportion of shares in free float as at June 30, 2016	50.15 %
Xetra closing price as at January 4, 2016	€ 8.95
Xetra closing price as at June 30, 2016	€ 6.45
Market capitalization as at June 30, 2016*	€ 96,079,200.00
Earnings per share in the first half of 2016	€ -1.55
Average Xetra trading volume in the first half of 2016	79,718 shares per trading day

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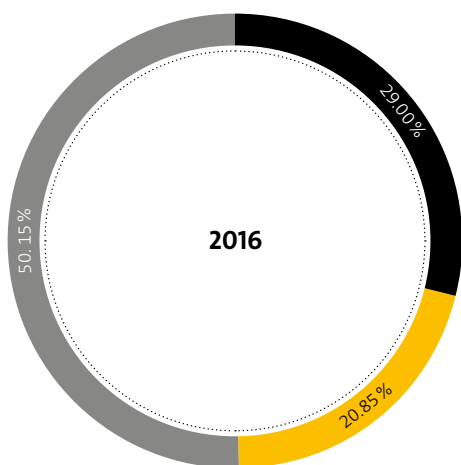
* Product of number of shares and closing price

SOLARWORLD STOCK PERFORMANCE COMPARISON



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SHAREHOLDER STRUCTURE AS AT JUNE 30, 2016



- Qatar Solar S.P.C., Doha/Qatar
- Dr.-Ing. E. h. Frank Asbeck, Bonn/Germany (held directly or indirectly by controlled companies)
- Free float

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SOLARWORLD'S STOCK PRICE FALLS. At the beginning of 2016, the SolarWorld stock (ISIN DE000A1YCMM2) followed the general negative stock market trend, falling to a low of € 5.33. It swiftly recovered, however, and the announcement of preliminary financial results for 2015 on February 1, 2016, briefly lifted the stock price. It reached € 13.69, its highest level during the first six months of the year. This level was not maintained, however, and the stock fell sharply, especially from mid-March. The price declines were related to negative media reports concerning the ongoing legal dispute between U.S. silicon producer Hemlock Semiconductor Corp. and the SolarWorld subsidiary SolarWorld Industries Sachsen GmbH. Overall, the SolarWorld stock lost 28 percent during the period under review, closing at € 6.45 on the cut-off date June 30, 2016.

CAPITAL STOCK AND SHAREHOLDER STRUCTURE

The capital stock of SolarWorld AG remained unchanged during the first half of 2016. Thus, on the cut-off date June 30, 2016, it stood at € 14,896,000.00 and was divided into 14,896,000 no-par-value bearer shares with an imputed nominal value of € 1.00.

Furthermore, during the period under review, no voting rights announcements pursuant to §§ 21, 25 or 25a of the German Securities Trading Act (WpHG) were reported to the company. The shareholder structure remained unchanged in the first half of 2016.

ANNUAL GENERAL MEETING 2016

The sixteenth Annual General Meeting of SolarWorld AG was held on June 7, 2016, in Bonn. Fifty-one percent of the company's capital stock was represented. The actions of the Management Board, chaired by Dr.-Ing. E. h. Frank Asbeck, and the Supervisory Board, chaired by Dr. Georg Gansen, were approved for fiscal year 2015 with majorities of more

than 99 percent of the capital represented. All other proposed resolutions of the Management Board and Supervisory Board were also approved with large majorities of more than 99 percent. All resolutions and voting results from the Annual General Meeting of SolarWorld AG can be found on our website ► www.solarworld.de/agm2016.

DEVELOPMENT OF THE BUSINESS ENVIRONMENT

MARKET GROWING BUT HIGHLY COMPETITIVE. The international solar market continued to grow during the first half of 2016. The United States, India and China were the strongest growth drivers. According to Bloomberg, for 2016 as a whole, the solar market is set to see global growth on average of between 16 and 23 percent, with newly installed capacity of between 65 and 70 (2015: 56) GW. Yet, the market remains highly competitive: Major new production capacity came online over the course of the first half-year, with initial signs of an oversupply of solar modules becoming apparent by the end of the second quarter.

INTACT GROWTH IN AMERICA. The growth trend continued in the United States. Total new installations are expected to reach around 12.2 (2015: 7.6) GW. The Residential and Commercial segments each grew by more than 30 percent, compared with the first half of 2015, although changes in subsidies via the net metering system in some U.S. states unsettled the market at times. Private homes in the U.S. are currently installing solar power systems with a total capacity of around 200 MW every month. California is still the strongest solar region in the United States, but states such as North Carolina, Massachusetts and New York also provide very good conditions for the solar market to grow.

EUROPE IN OVERALL DECLINE. The European solar market shrank considerably during the first half of 2016. The main reason for this was the anticipated substantial drop in the United Kingdom owing to the curtailment of solar subsidies. Installations of new systems fell once again in Germany. In contrast, the French market saw growth. Other European solar markets such as Italy, Austria and Switzerland also followed a positive trend.

BUSINESS DEVELOPMENT FOR SOLARWORLD AG

STRONG GROWTH FOR SOLARWORLD. SolarWorld was able to take advantage of strong demand in the global solar market during the first half of 2016, increasing its groupwide shipments by 50 percent, compared with the same period of the previous year to 682 (H1 2015: 456) MW. In our core business of solar modules and systems, shipments increased in the first half-year by 52 percent to 671 (H1 2015: 440) MW. During the second quarter, compared with the same quarter of the previous year, we recorded growth of 42 percent in shipments of solar modules and systems, to 338 (Q2 2015: 238) MW.

REGIONALLY BROAD-BASED GROWTH IN SHIPMENTS. SolarWorld is firmly established in various international sales markets, and continued to achieve regionally broad-based growth in the first half of 2016. SolarWorld's largest single market was once again the United States, with shipments of 344 (H1 2015: 229) MW. In Germany and the rest of Europe, SolarWorld did well against a negative market trend. We increased our shipments of modules and systems in the German market in the first half of 2016 by 40 percent to 80 (H1 2015: 57) MW, whereas the market as a whole declined by 16 percent in this period, compared with the previous year. Germany represented a 12 percent share of our shipments of modules and systems. We increased our shipments in the rest of Europe by 57 percent during the first six months to 187 (H1 2015: 119) MW, although SolarWorld was not fully immune to the sharp drop in the British solar market. In the Asia-Pacific and Africa regions, we recorded a positive overall trend.

MODULES WITH ADDED VALUE DRIVING GROWTH. During the first half of 2016, SolarWorld once again attracted customers through its module portfolio. In the United States, our 72-cell XL module was most in demand. Internationally, we continue to see strong demand for our high-performance modules with monocrystalline PERC cells. Leading SolarWorld quality is also a compelling sales argument for customers who choose our standard 60-cell module with multicrystalline cells.

STRONG CUSTOMER INTEREST IN BIFACIAL PRODUCTS AT INTERSOLAR EUROPE. Intersolar Europe – the annual trade fair held in Munich every June – was, as ever, a barometer of current industry trends in 2016. Feedback from visitors to our booth confirmed that customers perceive SolarWorld as the leading manufacturer in terms of quality, performance and energy yield. Our bifacial solar power modules and the specially developed Sunfix Bisun mounting system particularly captured fairgoers' attention. Depending on the ground surface, orientation and installation height, bifacial modules can deliver up to 25 percent more yield.

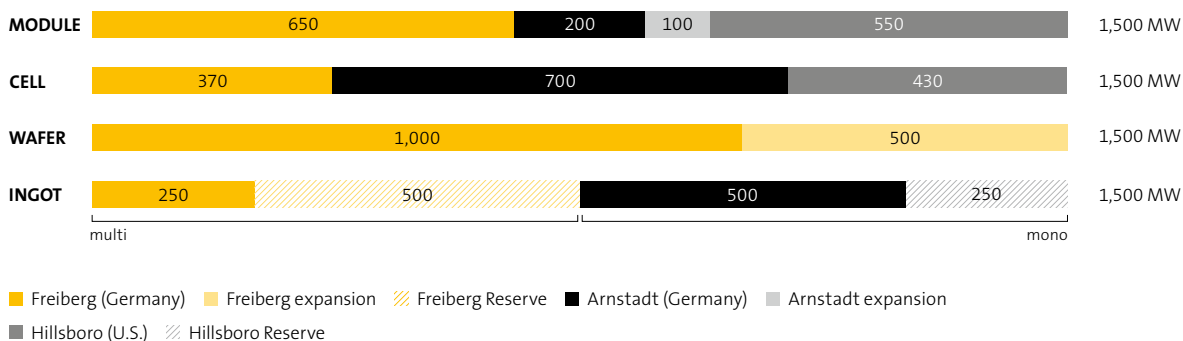
PRODUCTION AT FULL CAPACITY. During the period under review, we fully utilized our active production capacities at Freiberg and Arnstadt (Germany) as well as Hillsboro (United States). At our American site, a new module line was still in the ramp-up phase during the first half-year. We manufacture our 72-cell XL module on this line. Since SolarWorld is producing at its capacity limit and wishes to rapidly meet demand for multicrystalline standard modules and XL modules, during the first half-year the group partnered with original equipment manufacturers (OEM) – to support in-house production. These manufacturers make modules for us strictly to our specifications and quality standards, which our customers can rely on around the world. Following good experiences with a Canadian OEM, who manufactures in Thailand for us, since June 2016 we have also been working with a U.S. manufacturer who produces modules in Europe for us. These partnerships support our growth strategy while increasing capacity utilization of our in-house wafer and cell production, meaning that we can lower our manufacturing costs at these stages of the value chain. We produce by far the largest share of our products as well as our strategically important high-performance cells and modules at our own sites in Freiberg and Arnstadt (Germany), as well as Hillsboro (United States).

HIGH-PERFORMANCE UPGRADE CONTINUED. During the second quarter of 2016, SolarWorld continued its high-power strategy by upgrading more of its manufacturing facilities for high-performance technologies. We manufactured a continuously increasing volume of PERC products, and started producing bifacial cells and modules, too. We have achieved a further enhancement in the performance of these high-power products by switching from three to five

busbars. In the United States, we have been producing cells and modules with five busbars since 2015. We initiated the changeover process in Germany during the first half of 2016.

Furthermore, in the first half of 2016, we weighed up the possibility of restarting our external multicrystalline wafer business. We are well placed to expand our multicrystalline wafer production in Freiberg.

PRODUCTION CAPACITIES 2016+



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ECONOMIC POSITION

EARNINGS POSITION

DEVELOPMENT OF SALES AND PROFIT OR LOSS

In the first half of 2016, group shipments of solar wafers, cells, modules and systems increased by 50 percent to 682 (H1 2015: 456) MW. The foreign share of group shipments was 87 (H1 2015: 86) percent. During the second quarter of 2016, the group's total shipments rose by 39 percent to 342 (Q2 2015: 246) MW.

Shipments of modules and systems were up 53 percent in the first six months of the year, to 671 (H1 2015: 440) MW. Once again, the United States was SolarWorld's single most

important market, accounting for 51 percent of our world-wide sales of modules and systems. We grew our shipments by 50 percent in the first half of 2016, compared with the same period last year. In the German market, against the market trend, we increased our shipments of modules and systems by 39 percent in the first six months. In the other European markets, we posted a plus of 57 percent.

Furthermore, we sold solar wafers and cells with a total output capacity of 11 (H1 2015: 16) MW to external customers in the first half of 2016.

DEVELOPMENT OF SHIPMENTS

in MW	H1 2015	Q1 2016	Q2 2016	H1 2016
Modules and systems	440	333	338	671
Wafers and cells	16	7	4	11
Total	456	340	342	682

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Our high shipment volume is reflected in the company's consolidated revenue in first half of 2016. Compared with the same period of the previous year, the SolarWorld group was able to increase its consolidated revenue by 35.7 percent or € 114.2 million to € 434.2 (H1 2015: 320.0) million. The foreign quota of revenue in the first six months was 86.5 (H1 2015: 88.2) percent. In the second quarter, consolidated revenue rose by 29.6 percent or € 50.6 million to € 221.5 (Q2 2015: 170.9) million.

In the "Trade" segment, revenue from sales of modules and systems rose by 36.4 percent in the first half of 2016 to € 431.3 (H1 2015: 316.3) million. External revenue in the "Production Germany" segment now plays only a minor role

for the group, as intermediate products too are sold mainly via the sales organization. The remaining external revenue therefore amounted to only € 1.7 (H1 2015: 3.2) million in the first half-year.

Unlike in the first half of last year, exchange rate effects had a negative impact on SolarWorld earnings in the first half of 2016. In total, the currency result (balance of exchange rate profits and exchange rate losses resulting from the valuation of trade receivables and trade payables in foreign currencies as at cut-off date ► *Annual Group Report 2015/Note 40aa Currency risks – p. 161*) had a negative effect of € 7.5 million on the operating earnings before interest, taxes, depreciation and amortization (EBITDA),

compared with the same period last year. By improving its operating performance, SolarWorld was nonetheless able to compensate for these losses and improve its EBITDA, compared with the first half of last year. EBITDA was up € 8.6 million to € 18.5 (H1 2015: 9.9) million. Without taking the currency result into account, EBITDA would be € 20.6 (H1 2015: 4.5) million. In the second quarter of 2016, EBITDA rose by € 9.4 million to € 16.4 (Q2 2015: 7.0) million. Adjusted for the currency result, EBITDA in Q2 would be € 13.7 (Q2 2015: 10.1) million.

EBITDA in the "Trade" segment in the first half of 2016 totaled € -6.7 (H1 2015: 9.8) million. The fall is mainly due to lower selling prices and the impact of the poorer currency result. In contrast, EBITDA in the "Production Germany" segment improved considerably, rising € 24.2 million to € 20.3 (H1 2015: -3.9) million. In the same period, EBITDA in the "Production U.S." segment increased by € 2.6 million to € 3.2 (H1 2015: 0.6) million. The improvement in these two segments was particularly due to an increase in production volumes and better cost structures.

The basic valuation assumptions and premises on which the impairment tests at the end of 2015 were based remained almost unchanged as at the cut-off date on June 30, 2016. Consequently, no impairment losses or reversals of impairment losses on property, plant and equipment were necessary.

Group earnings before interest and taxes (EBIT) improved in the first half of 2016 by € 7.0 million to € -5.2 (H1 2015: -12.2) million. Adjusted for the currency result, EBIT would equal € -3.0 (H1 2015: -17.6) million. EBIT improved in the second quarter of 2016 by € 8.7 million to € 4.5 (Q2 2015: -4.2) million. Adjusted for the currency result, EBIT would equal € 1.8 (Q2 2015: -1.0) million.

In the "Trade" segment, EBIT in the first six months amounted to € -9.3 (H1 2015: 9.0) million. EBIT significantly improved, compared with the same period last year, in the "Production Germany" and "Production U.S." segments. EBIT in the "Production Germany" segment rose by € 24.6 million in the first half of 2016, to € 7.7 (H1 2015: -16.8) million. In the "Production U.S." segment, EBIT improved by € 2.0 million in the same period, to stand at € -2.7 (H1 2015: -4.7) million.

The groupwide financial result in the first half of 2016 improved by € 5.7 million to € -14.9 (H1 2015: -20.6) million.

The company's consolidated earnings after taxes in the first six months of the year improved by € 2.5 million overall to € -23.0 (H1 2015: -25.5) million.

DEVELOPMENT OF MATERIAL INCOME STATEMENT ITEMS

In the first half of 2016, the cost of materials rose by € 39.3 million to € 292.6 (H1 2015: 253.3) million. This was mainly due to a significant increase in manufacturing output at all production sites, compared with the same period last year. Despite the higher cost of materials, we were able to lower the materials cost ratio to 64.5 (H1 2015: 65.8) percent.

Personnel expenses rose by € 6.7 million in the first half-year to € 87.3 (H1 2015: 80.6) million. This increase results from the groupwide growth in personnel, particularly in Hillsboro, Oregon, because of the expansion of production capacities there. Thanks to increased total operating performance, however, we were able to reduce the personnel expenses ratio to 19.2 (H1 2015: 20.9) percent.

Depreciation and amortization increased in the first half of 2016, compared with the previous year, by 6.8 percent or € 1.5 million to € 23.6 (H1 2015: 22.1) million. The increase is due mainly to scheduled amortization of intangible assets capitalized in connection with the SAP roll-out.

Other operating income in the first half of 2016 totaled € 27.1 (H1 2015: 41.6) million. Apart from lower exchange rate effects, other operating income fell particularly because of a decrease of € 9.0 million in sales of raw materials that are not part of ordinary activities. The corresponding expenses recorded in other operating expenses fell by € 7.9 million. Furthermore, other operating income in the first half-year includes income of € 3.1 million from the sale of tangible assets.

Other operating expenses fell by € 0.5 million to € 82.2 (H1 2015: 82.7) million. Within this figure, expenses for employing external personnel and for sales increased in the first half of 2016 due to significantly higher production

and shipment volumes, while this was offset in particular by reductions in maintenance expenses. In addition, the exchange rate effects described earlier increased other operating expenses, while the lower sales volume of raw

materials decreased it. The expense ratio was reduced by 3.4 percentage points to 18.1 (H1 2015: 21.5) percent as a result of the increased total operating performance.

FINANCIAL POSITION

FINANCING ANALYSIS

Compared with December 31, 2015, equity decreased by € 24.0 million to € 184.9 (Dec. 31, 2015: 208.9) million. As at the cut-off date, the equity ratio stood at 21.9 (Dec. 31, 2015: 24.0) percent.

By the end of the first half year, we had reduced our financial liabilities by a further € 23.9 million to € 381.9 (Dec. 31, 2015: 405.8) million. Most of these liabilities (94.8 percent) were classified as long-term (Dec. 31, 2015: 85.9 percent).

Within this figure, non-current financial liabilities increased in the first half-year by € 13.5 million to € 362.1 (Dec. 31, 2015: 348.6) million. This is mainly attributable to the fact that an equity contribution obligation toward Qatar Solar Technologies Q.S.C., which was shown under current liabilities, was converted into a long-term loan to Qatar Solar S.P.C., the majority shareholder of Qatar Solar Technologies Q.S.C.

As at the cut-off date, investment grants and subsidies recognized in non-current liabilities decreased to € 21.7 (Dec. 31, 2015: 23.9) million. These public funds accrued on the liabilities side of the balance sheet are reversed over the period of utilization of subsidized investments through profit or loss.

Non-current provisions increased in the first half of 2016 by € 0.8 million to € 24.3 (Dec. 31, 2015: 23.5) million. This is mainly due to the significantly higher sales figures and associated increase in provisions for guarantees.

The other current liabilities fell during the first half of 2016 to € 59.7 (Dec. 31, 2015: 70.5) million, mainly as a result of the obligation toward Qatar Solar Technologies Q.S.C. now being recognized as amounts due to Qatar Solar S.P.C., under non-current liabilities.

INVESTMENT ANALYSIS

In the first half of 2016, we invested a total of € 16.2 (H1 2015: 26.2) million in intangible assets and property, plant, and equipment. About € 9.8 million was invested in the "Production Germany" segment in wafer, cell and module production at our German sites. In the "Production U.S." segment, a total of € 4.4 million was invested in our cell and module production during the first half of 2016. In addition, € 1.5 million was invested in the "Trade" segment and € 0.5 million in the "Other" segment.

LIQUIDITY ANALYSIS

Cash flow from operating result for the first six months increased by € 5.0 million to € 13.5 (H1 2015: 8.5) million. SolarWorld was able to considerably improve cash flow from operating activities by € 26.8 million to € 13.9 (H1 2015: -12.9) million. This can primarily be attributed to the fact that in spite of the expansion of its business volume, the company was able to substantially reduce its planned inventory growth, compared with the same period last year.

Cash flow from investing activities amounted to € -11.5 (H1 2015: -3.4) million. This includes cash receipts amounting to € 2.2 million, arising from the negative purchase price agreed for taking over a large proportion of the manufacturing facilities of Bosch Solar Energy AG. Payments for investments in fixed assets totaled € 15.8 (H1 2015: 19.6) million in the first half of the year.

During the period under review, SolarWorld repaid € 28.0 (H1 2015: 10.7) million in loans and made interest payments totaling € 12.7 (H1 2015: 13.7) million. Cash flow from financing activities in the first half of 2016 thus amounted to € -40.7 (H1 2015: -24.1) million.

As at the cut-off date on June 30, 2016, the group had liquid funds of € 148.3 (Dec. 31, 2015: 188.6) million.

ASSET POSITION

ASSET STRUCTURE ANALYSIS

Compared with December 31, 2015, the SolarWorld group's total assets decreased by € 22.6 million to € 846.1 (Dec. 31, 2015: 868.7) million.

Non-current assets decreased by € 17.5 million to € 349.7 (Dec. 31, 2015: 367.2) million. Within this figure, in particular the value of property, plant and equipment had decreased as at June 30, 2016, due mainly to scheduled depreciation and amortization, to € 311.2 (Dec. 31, 2015: 319.8) million.

Investments measured at equity decreased in the first half of 2016 by SolarWorld's share of results of our investment in Qatar Solar Technologies Q.S.C., by € 2.0 million to € 7.0 (Dec. 31, 2015: 9.0) million. SolarWorld's share of result contains an income of € 3.5 million due to a preliminarily determined goodwill in connection with an investment of Qatar Solar Technologies Q.S.C.

The decrease in other non-current assets by € 3.6 million to € 6.1 (Dec. 31, 2015: 9.7) million results from the use of long-term advance payments made for raw materials.

As at the cut-off date on June 30, 2016, inventories (excluding short-term advance payments made) increased by € 29.1 million to € 185.2 (Dec. 31, 2015: 156.1) million. At the same

time, trade receivables rose by € 11.9 million to € 109.3 (Dec. 31, 2015: 97.4) million. Both are the result of the increased volume of business. Due to an increase in trade payables, working capital rose less than proportionately by € 1.7 million to € 177.5 (Dec. 31, 2015: 175.8) million.

Other current financial assets dropped by € 6.9 million to € 18.0 (Dec. 31, 2015: 24.9) million. This can primarily be attributed to the derecognition of a € 6.4 million debt, which was offset by the derecognition of a corresponding bank loan.

As at the cut-off date, the assets held for sale totaled € 0.7 (Dec. 31, 2015: 1.4) million and mainly comprised production facilities in Germany that were no longer in use.

OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Off balance sheet financial instruments have no impact on the group's asset position.

ASSETS NOT SHOWN IN THE BALANCE SHEET

The group had no assets not shown in the balance sheet as at June 30, 2016.

EMPLOYEES

NUMBER OF EMPLOYEES INCREASED. SolarWorld's workforce grew in all regions, compared with the previous year. As at June 30, 2016, the number of employees in the SolarWorld group was up 5.0 percent at 2,983 (June 30, 2015: 2,840). Including temporary workers, whom we employ almost exclusively at our three production sites, the number of employees increased by 6.6 percent, compared with June 30 of the previous year, to 3,766. The increase is due mainly to the

significant rise in production capacity utilization, along with capacity expansion in crystallization at our Arnstadt site and in module production in Hillsboro.

Concerning personnel development and HR strategy at SolarWorld, please see the [►2015 Annual Group Report/ Employees, p. 48.](#)

GROUP EMPLOYEES AS AT JUNE 30

Number of people	2016	2015	+/- absolute
Germany	2,176	2,131	+45
thereof trainees	39	31	+8
United States	776	684	+92
Rest of the world	31	25	+6
Total	2,983	2,840	+143
Temporary workers	783	693	+90
Total incl. temporary workers	3,766	3,533	+233

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MATERIAL RELATED PARTY TRANSACTIONS

In the first half of 2016, SolarWorld made unscheduled partial repayments to its creditors. A share of € 64k accounted for the loan from Qatar Solar Technologies Q.S.C., amounting to € 50.2 million including interest on balance sheet date. The respective interest expenses for the reporting period amounted to € 1.7 (H1 2015: 1.7) million.

On the basis of a corresponding shareholder agreement, Qatar Solar Technologies Q.S.C., Qatar, called in equity contributions of US\$ 1,450k in November 2013 and of US\$ 11,603k in January 2015. According to the agreements from the financial restructuring, both obligations claimed were paid by Qatar Solar S.P.C. in the first half of 2016 and granted to SolarWorld AG as a loan. The respective interest expenses for the reporting period amounted to € 0.2 million.

In the first half of 2016, SolarWorld purchased assets and spare parts amounting to € 661k (H1 2015: 0) from a related party company of Qatar Solar Technologies Q.S.C.

In the first half of 2016, further administration and commercial buildings in Bonn were rented back after they had been sold to Dr.-Ing. E. h. Frank Asbeck and related parties last year. The expenses for the rent of administration and commercial buildings as well as for the lease of a solar park in Freiberg amounted to € 1.1 (H1 2015: 0.3) million.

Apart from these transactions and the transactions based on existing long-term agreements (management of solar parks), there were no related party transactions with a material effect on the net assets, financial position and result of operations of SolarWorld in the first half of 2016.

SUPPLEMENTARY REPORT

DISCLOSURE OF EVENTS OF PARTICULAR IMPORTANCE AND THEIR REPERCUSSIONS

In the litigation between silicon supplier Hemlock Semiconductor Corp. and SolarWorld Industries Sachsen GmbH, a subsidiary of SolarWorld AG, a single judge granted Hemlock's claim for damages amounting to US\$ 585 million plus interests of US\$ 208 million in the first instance on July 26, 2016. On July 27, SolarWorld announced that SolarWorld Industries Sachsen GmbH would appeal against this judgment of the first instance at the Intermediate Court of Appeals in the United States. SolarWorld AG expects a duration of proceedings in the second instance of about one year.

In spite of this judgment in the first instance, SolarWorld AG continues to assume that Hemlock will not be able to enforce any claims in Germany. There are anti-trust concerns under European law regarding the effectiveness of the underlying supply contracts. If a potential final ruling by a

U.S. court was to be enforced in Germany, Hemlock would have to initiate a recognition process at German courts according to Sec. 722 (1) of the German code of civil procedure. These proceedings would require the existence of a final – i.e. non-appealable – judgment from the United States. Moreover, in such a process, the compliance with fundamental principles of German law would have to be considered in reaching a verdict. According to German law, European trust law is a fundamental principle of the legal system. Furthermore, the U.S. single judge explicitly said that the court did not consider proof of illegality under EU anti-trust but also that this argument would receive its day in court later on. Thus, SolarWorld AG is convinced that such a procedure of recognition and enforcement will fail to be concluded successfully in Germany. The risk assessment of SolarWorld AG has thus not changed.

OVERALL STATEMENT BY THE MANAGEMENT BOARD ON THE ECONOMIC POSITION AT THE TIME OF THE REPORT

The management of SolarWorld AG rates the economic position of the group as difficult. This assessment is based on the earnings, financial and asset position resulting from the consolidated financial statements for the first half of 2016 as outlined above, and ongoing business trends in the third quarter of 2016 at the time of drawing up this interim management report. Although the first half of 2016 was successful, there is a possibility, which cannot be ruled out, that difficulties and delays might arise in the

implementation of innovations, capacity expansions and measures to enhance efficiency and optimize costs, and that competitive and price pressure will intensify. Furthermore, it cannot be ruled out that the ongoing legal dispute with Hemlock leads to uncertainty, even though the group still assumes that there is no enforcement possibility of Hemlock's claims in Germany.

OPPORTUNITIES AND RISKS

Since the 2015 Annual Group Report was drawn up on March 16, 2016, the risk situation for SolarWorld has not substantially changed. Regarding the individual risks, we therefore refer to the ► [2015 Annual Group Report/Risk report – p. 065](#).

Particularly because of continuing strong competitive pressure, the announcement of substantial expansions in

global production capacities, and persistent pressure to cut prices and costs, the Management Board of SolarWorld AG considers the group's risk position to be high.

From the current perspective, the Management Board of SolarWorld AG continues to assume that the company is able to continue as a going concern.

FORECAST REPORT

EXPECTED DEVELOPMENT OF THE BUSINESS ENVIRONMENT

CONTINUED GROWTH, TOUGHER COMPETITION. The international solar market is set for further growth in the second half of 2016. It can also be expected that competition will become even more intense. From the second half of the year, additional new cell and module production capacities outside of China totaling more than 10 GW will be available to the solar market. Market analysts therefore expect average prices in many markets to come under even greater pressure than was anticipated at the beginning of the year.

DEMAND STRONG IN THE UNITED STATES. According to Bloomberg, the U.S. solar market is set to grow by 60 percent in 2016 to 12.2 (2015: 7.6) GW. Around 45 percent of newly installed capacity in 2016 will be attributable to large-scale projects. However, analysts predict that many projects planned for this year will be pushed back to 2017. Because the solar Investment Tax Credit (ITC) is being extended beyond 2016, project planners are no longer under time pressure

to complete their solar parks this year. The Residential and Commercial segments should also see growth in 2016, although possibly not at the previous year's rates, which were driven in part by pull-forward effects.

EUROPE MIXED. The European solar market paints a mixed picture. The German market is likely to remain stable in 2016, compared with the previous year, at around 1.5 (2015: 1.5) GW; roof-mounted systems are likely to account for around 1 GW of this figure, while the remaining 0.5 GW is based on installations in connection with tenders for large-scale projects. In France, Bloomberg expects the market to grow around 22 percent to 1.1 (2015: 0.9) GW. Italy is set to see growth of 30 percent to 0.4 (2015: 0.3) GW; this market is particularly exciting as it is steadily growing without feed-in tariffs. The British market is expected to halve in size to only 2.1 (2015: 3.9) GW in 2016.

FUTURE BUSINESS DEVELOPMENT FOR SOLARWORLD AG

CONTINUE VOLUME GROWTH. SolarWorld plans to further increase its shipments in the second half of 2016. The United States will remain our strongest single market, with a share of around 50 percent. Demand is particularly strong in the U.S. market for our XL modules, as they are especially well suited to installations in the Utilities and Commercial segments, which are set for substantial growth over the year. In turn, customers in the Residential segment particularly like our PERC and 5-busbar high-performance modules, as they can use them to generate a higher yield on a limited roof space.

INVEST IN PRODUCTION. During the second half of 2016, we will further increase our production volumes of high-performance products with PERC, bifacial technology, and 5 busbars. At the same time, we will implement measures to improve our cost competitiveness. In particular, we are focusing on the sawing process in wafer production. During the second half of the year, we will be investing in new sawing technology with diamond wire at our Freiberg site. All of our monocrystalline wafer production will then switch over to this process. This investment will appreciably reduce costs.

EXPECTED DEVELOPMENT OF REVENUE AND PROFIT OR LOSS

SolarWorld expects for the year 2016 a global increase in demand for solar products, especially in its main market United States. However, competition continues to be fierce. Mid-year, price pressure on the international solar market rose even more strongly than generally expected at the beginning of 2016.

Due to this market development, SolarWorld will reach EBIT in a range between € -10 million and € +10 million. The group still expects to be able to raise its shipments overall by more than 20 percent in 2016, compared with previous year (2015: 1,159 MW). Consolidated revenue should also rise by more than 20 percent (2015: € 763 million). SolarWorld is striving to reach up to € 1 billion of revenue in 2016.

The Management Board expressly points out that the assumptions and framework conditions on which the business planning is based could change over the course of fiscal year 2016. The Management Board's assessments are based on available information, which it currently considers to be realistic but which is dependent on various factors that are beyond the control and influence of the Management Board of SolarWorld AG and therefore of limited predictability.

EXPECTED FINANCIAL POSITION

SCHEDULED FINANCING MEASURES

No major financing measures are planned for 2016.

PLANNED INVESTMENTS

In the 2016 fiscal year, the SolarWorld group will make investments totaling a mid-double-digit million euro amount. Investments will focus on expanding production capacities within the existing lines, continuing the changeover to PERC and bifacial technology, and further technological improvements to increase efficiency and reduce costs along the value chain, e.g. using new diamond wire saws in wafer production.

EXPECTED LIQUIDITY DEVELOPMENT

As at June 30, 2016, our liquid funds totaled € 148.3 (December 31, 2015: 188.6) million. Cash flow in 2016 will be influenced to a large degree by the operating result, interest payments and potential short-term fluctuations in our working capital.

OVERALL STATEMENT BY THE MANAGEMENT BOARD ON THE EXPECTED DEVELOPMENT OF THE GROUP

The Management Board of SolarWorld AG expects to be able to maintain the growth trajectory throughout the second half of 2016. The group continues to record rising demand for its quality products. At the same time, increasing competitive and price pressure is seen in the international solar market.

For the remainder of 2016, SolarWorld will continue to invest in upgrades to PERC, 5 busbars and bifacial modules so that it can meet demand for high-performance products.

To support our in-house manufacturing, we will make use of OEM production in accordance with Solar World's globally uniform, high quality specifications. In addition, the group will exploit further cost-cutting potentials.

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FIRST HALF 2016

in k€	H1 2016	H1 2015
1. Revenue	434,163	319,971
2. Change in inventories of finished goods and work in progress	19,203	63,323
3. Own work capitalized	218	1,448
4. Other operating income	27,072	41,630
5. Cost of materials	-292,644	-253,297
6. Personnel expenses	-87,294	-80,553
7. Amortization and depreciation	-23,633	-22,061
8. Other operating expenses	-82,247	-82,652
9. Operating result	-5,162	-12,191
10. Financial result	-14,928	-20,592
11. Result before taxes on income	-20,090	-32,783
12. Taxes on income	-2,946	7,326
13. Consolidated net result	-23,036	-25,457
Of which attributable to shareholders of SolarWorld AG	-23,036	-25,457
14. Earnings per share		
a) Weighted average number of shares outstanding (in 1,000)	14,896	14,896
b) Consolidated net result (in €)	-1.55	-1.71

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CONSOLIDATED INCOME STATEMENT SECOND QUARTER 2016

in k€	Q2 2016	Q2 2015
1. Revenue	221,530	170,888
2. Change in inventories of finished goods and work in progress	21,741	25,698
3. Own work capitalized	165	1,029
4. Other operating income	18,040	16,519
5. Cost of materials	-161,333	-123,606
6. Personnel expenses	-43,395	-39,471
7. Amortization and depreciation	-11,876	-11,120
8. Other operating expenses	-40,332	-44,099
9. Operating result	4,540	-4,162
10. Financial result	-5,804	-10,413
11. Result before taxes on income	-1,264	-14,575
12. Taxes on income	-971	-840
13. Consolidated net result	-2,235	-15,415
Of which attributable to shareholders of SolarWorld AG	-2,235	-15,415
14. Earnings per share		
a) Weighted average number of shares outstanding (in 1,000)	14,896	14,896
b) Consolidated net result (in €)	-0.15	-1.03

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STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME FIRST HALF 2016

in k€	H1 2016	H1 2015
Consolidated net result	-23,036	-25,457
Items not to be reclassified to profit or loss	0	0
Exchange differences from currency translations		
Unrealized currency translation losses/gains	-2,451	10,003
Deferred taxes relating to exchange differences on translating foreign operations	1,533	-5,196
Exchange differences from currency translations, net of tax	-918	4,807
Items that may be reclassified subsequently to loss/profit	-918	4,807
Other comprehensive net result	-918	4,807
Of which:		
Other comprehensive result before tax	-2,451	10,003
Deferred taxes relating to other comprehensive result	1,533	-5,196
Total comprehensive result	-23,954	-20,650
Of which attributable to shareholders of SolarWorld AG	-23,954	-20,650

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STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME SECOND QUARTER 2016

in k€	Q2 2016	Q2 2015
Consolidated net result	-2,235	-15,415
Items not to be reclassified to profit or loss	0	0
Exchange differences from currency translations		
Unrealized currency translation gains/losses	2,263	-4,419
Deferred taxes relating to exchange differences on translating foreign operations	-1,374	2,647
Exchange differences from currency translations, net of tax	889	-1,772
Items that may be reclassified subsequently to profit/loss	889	-1,772
Other comprehensive net result	889	-1,772
Of which:		
Other comprehensive result before tax	2,263	-4,419
Deferred taxes relating to other comprehensive result	-1,374	2,647
Total comprehensive result	-1,346	-17,187
Of which attributable to shareholders of SolarWorld AG	-1,346	-17,187

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CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2016

Assets in k€	June 30, 2016	Dec. 31, 2015
A. Non-current assets	349,687	367,182
I. Intangible assets	21,999	23,301
II. Property, plant and equipment	311,207	319,825
III. Investments measured at equity	6,954	8,986
IV. Other financial assets	3,050	3,062
V. Other non-current assets	6,093	9,736
VI. Deferred tax assets	384	2,272
B. Current assets	495,670	500,157
I. Inventories	196,342	171,563
II. Trade receivables	109,258	97,402
III. Current income tax assets	285	187
IV. Other receivables and assets	23,483	17,510
V. Other financial assets	18,014	24,853
VI. Liquid funds	148,288	188,642
C. Assets held for sale	706	1,369
	846,063	868,708
Equity and liabilities in k€	June 30, 2016	Dec. 31, 2015
A. Equity	184,923	208,877
I. Subscribed capital	14,896	14,896
II. Capital reserve	158	158
III. Other reserves	13,807	14,725
IV. Accumulated results	156,062	179,098
B. Non-current liabilities	456,200	446,157
I. Non-current financial liabilities	362,098	348,627
II. Accrued investment grants	21,684	23,921
III. Non-current provisions	24,282	23,524
IV. Other non-current liabilities	18	18
V. Deferred tax liabilities	48,118	50,067
C. Current liabilities	204,940	213,674
I. Current financial liabilities	19,834	57,222
II. Trade payables	116,921	77,771
III. Income tax liabilities	2,667	1,398
IV. Current provisions	5,821	6,831
V. Other current liabilities	59,697	70,452
	846,063	868,708

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FIRST HALF 2016

in k€	Subscribed capital	Capital reserve	Other reserves		Accumulated results	Total
			Currency translation reserve	IAS 19 reserve		
As at Jan. 01, 2015	14,896	158	13,137	-1,903	212,380	238,668
Total comprehensive result H1 2015	-	-	4,807	-	-25,457	-20,650
As at June 30, 2015	14,896	158	17,944	-1,903	186,923	218,018
Total comprehensive result H2 2015	-	-	-1,923	607	-7,825	-9,141
As at Dec. 31, 2015	14,896	158	16,021	-1,296	179,098	208,877
Total comprehensive result H1 2016	-	-	-918	-	-23,036	-23,954
As at June 30, 2016	14,896	158	15,103	-1,296	156,062	184,923

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CONSOLIDATED CASH FLOW STATEMENT FIRST HALF 2016

in k€	H1 2016	H1 2015
Result before tax	-20,090	-32,783
+ Amortization and depreciation	23,633	22,061
+ Financial result (excluding profits and losses from currency translation)	15,152	21,732
-/+ Profit/Loss from disposal of assets	-3,020	1
- Reversal of accrued investment grants	-2,197	-2,523
= Cash flow from operating result	13,478	8,488
+ Changes in prepayments and customer advances	5,712	8,436
- Increase in inventories	-29,064	-72,776
- Increase in trade receivables	-10,418	-7,740
+ Increase in trade liabilities	38,792	35,132
-/+ Development other net assets	-4,354	17,536
= Cash flow from operating result and changes in net assets	14,146	-10,924
+ Interest received	7	50
- Taxes on income paid	-298	-2,042
= Cash flow from operating activities	13,855	-12,916
- Cash payments for investments in fixed assets	-15,808	-19,630
+ Cash receipt investment grants	0	1,247
+ Cash receipts from the disposal of fixed assets	2,062	29
+ Cash receipts from negative purchase price	2,200	15,000
= Cash flow from investing activities	-11,546	-3,354
+ Cash receipts from borrowings	0	300
- Cash payments from the repayment of loans	-27,976	-10,732
- Interest expenses paid	-12,748	-13,670
= Cash flow from financing activities	-40,724	-24,102
- Net changes in cash and cash equivalents	-38,415	-40,372
-/+ Currency and consolidation-related change of cash and cash equivalents	-1,939	4,710
+ Cash and cash equivalents at the beginning of the period	188,642	177,097
= Cash and cash equivalents at the end of the period	148,288	141,435

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NOTES ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. ACCOUNTING ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

SolarWorld AG is a listed corporation domiciled at Martin-Luther-King-Straße 24, Bonn, Germany. The accompanying condensed consolidated interim financial statements as per June 30, 2016 were prepared in accordance with section 37x (3) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) and the International Financial Reporting Standards (IFRS) and related interpretations issued by the International Accounting Standards Board (IASB) for interim financial reporting, as adopted by the European Union. These interim financial statements thus include all information and disclosures required by IFRS to be presented in condensed interim financial statements. These condensed consolidated interim financial statements have not been subject to a review or audit by an auditor.

2. ACCOUNTING AND VALUATION METHODS

In preparing the interim financial statements and establishing the comparative figures for the previous year basically the same consolidation principles and accounting and valuation methods as in the 2015 consolidated financial statements have been applied. A detailed description of these methods has been published in the notes to the 2015 annual report, which can be reviewed and downloaded from the internet at ► www.solarworld.de/financial-reports.

Accounting pronouncements that became applicable in the 2016 period do not have noteworthy influence on the presentation of the financial position and financial performance of the SolarWorld group. A detailed presentation of these accounting pronouncements is provided in the notes to the consolidated financial statements 2015 as well.

ESTIMATIONS AND ASSUMPTIONS

In connection with the preparation of the consolidated interim financial statements, management has to apply estimations and assumptions. These affect the amounts recognized for assets, liabilities and contingent liabilities as at the balance sheet date as well as the recognized amounts of income and expenses of the reporting period then ended. Actual amounts may deviate from these estimations.

The substantial discretionary decisions, estimations and assumptions made when preparing the consolidated interim financial statements remain, in principle, unchanged from those used when preparing the consolidated financial statements 2015.

In addition, preliminary estimations were made regarding the purchase price allocation in connection with an investment of our Joint Venture Qatar Solar Technologies Q.S.C.

INCOME TAXES

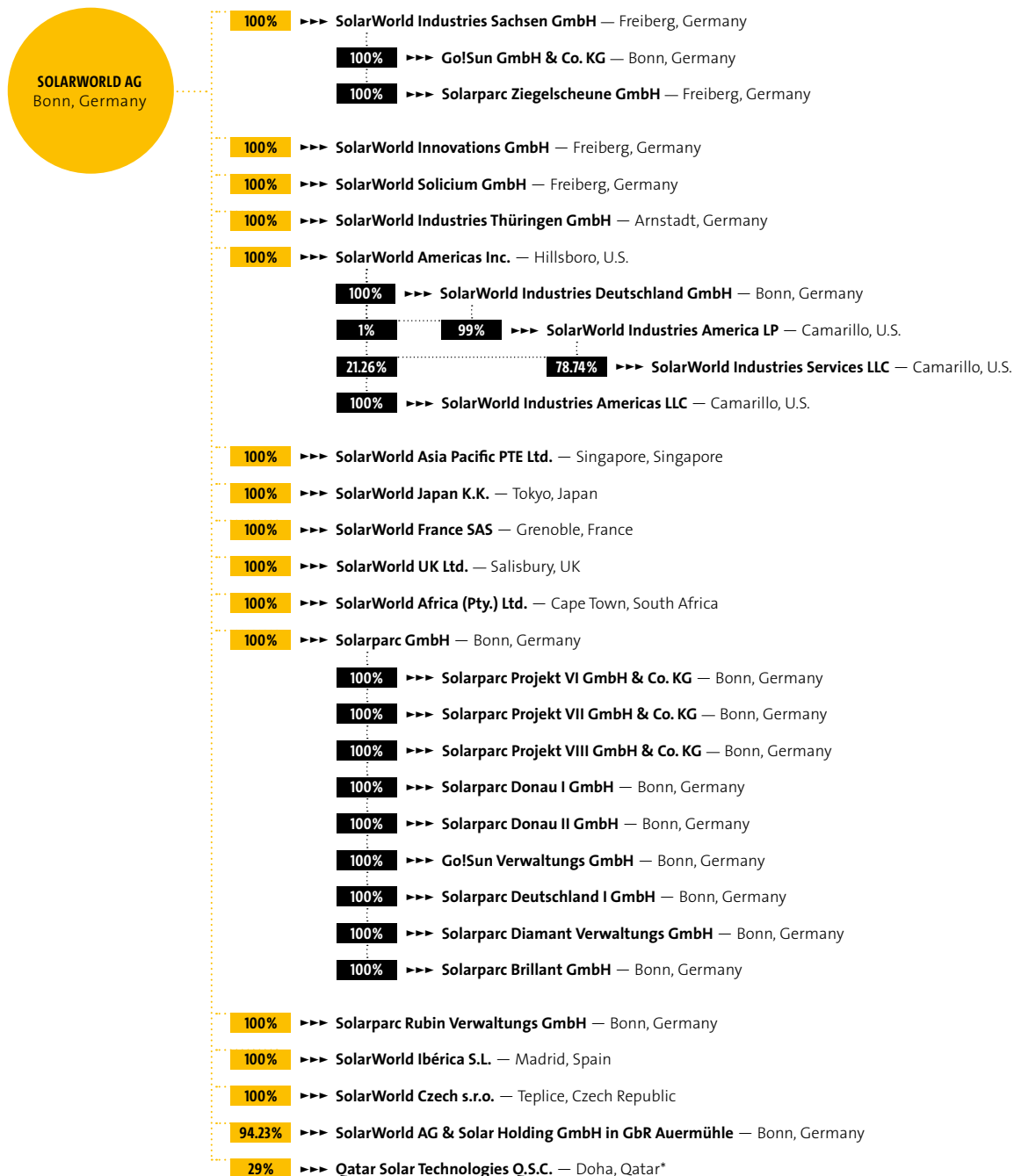
The income tax expense of the interim financial statements is mainly calculated on the basis of the actual tax rates of the respective group companies considering the effects of material tax neutral expenses and income. No deferred taxes on loss carryforwards were capitalized as at June 30, 2016.

3. GROUP OF CONSOLIDATED COMPANIES

The group of consolidated companies consists of the subsidiaries, which can be found in the graphic on the following page.

SolarWorld Czech s.r.o., Teplice/Czech Republic, a 100 percent subsidiary of SolarWorld AG, Bonn, is still in liquidation.

SOLARWORLD GROUP STRUCTURE AS AT JUNE 30, 2016



* Consolidated at equity

4. OTHER

CONTINGENT LIABILITIES

Our subsidiary SolarWorld Industries Sachsen GmbH (formerly Deutsche Solar GmbH) is currently the defendant in court proceedings with the silicon supplier Hemlock Semiconductor Corp. The subject of the court proceedings is the non-acceptance of silicon from long-term silicon contracts concluded with this silicon supplier. Due to the non-acceptance, the silicon supplier claims an amount of US\$ 585 million on the basis of a “take or pay” obligation and in damages. On July 26, 2016, a single judge granted Hemlock’s claim for damages amounting to US\$ 585 million plus interests of US\$ 208 million in the first instance. SolarWorld Industries Sachsen GmbH will appeal against this judgment at the Intermediate Court of Appeals in the United States.

According to external legal opinions, there are anti-trust concerns under European law regarding the effectiveness of the underlying supply contracts, which could mean that the purchasing obligations are null and void. From SolarWorld’s perspective, the supplier is therefore not entitled to claim damages. If a potential final ruling by a U.S. court was to be enforced in Germany, Hemlock would have to initiate a recognition process at German courts according to Sec. 722 (1) of the German code of civil procedure. These proceedings would require the existence of a final – i.e. non-appealable – judgment from the United States. Moreover, in such a process, the compliance with fundamental principles of German law would have to be considered in reaching a verdict. According to German law, European trust law is a fundamental principle of the legal system. Therefore, even in case of a final ruling in the U.S. against SolarWorld Industries Sachsen GmbH, SolarWorld continues to assess the probability of its enforcement as low. Nevertheless, at this point in time the outcome of the proceedings cannot be finally estimated. Depending on the outcome, therefore it is possible that SolarWorld Industries Sachsen GmbH might be liable for damages up to the claimed amount.

IMPAIRMENT TESTS

The basic valuation assumptions and premises on which the impairment tests at the end of 2015 were based remained almost unchanged by the cut-off date June 30, 2016. Consequently, no recognition or reversal of impairments on property, plant and equipment was necessary.

5. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

Besides the court decision in the first instance in the court proceedings with Hemlock mentioned above under “Contingent Liabilities” no material events subsequent to the end of the interim period have occurred.

6. SEGMENT REPORTING

INFORMATION ON OPERATING SEGMENTS FIRST HALF 2016

in m€	Production Germany	Production U.S.	Trade	All other segments	Reconciliation	Consolidated
Revenue						
External revenue	2	0	431	1	0	434
Inter-segment revenue	267	129	32	1	-429	0
Total revenue	269	129	463	2	-429	434
EBITDA	21	3	-7	6	-4	19
Scheduled depreciation	-13	-6	-2	-3	0	-24
Operating result (EBIT)	8	-3	-9	3	-4	-5
Financial result						-15
Result before income taxes						-20
Income taxes						-3
Consolidated net result						-23
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INFORMATION ON OPERATING SEGMENTS FIRST HALF 2015

in m€	Production Germany	Production U.S.	Trade	All other segments	Reconciliation	Consolidated
Revenue						
External revenue	3	0	317	0	0	320
Inter-segment revenue	185	113	10	7	-315	0
Total revenue	188	113	327	7	-315	320
EBITDA	-4	0	10	4	0	10
Scheduled depreciation	-13	-5	-1	-3	0	-22
Operating result (EBIT)	-17	-5	9	1	0	-12
Financial result						-20
Result before income taxes						-32
Income taxes						7
Consolidated net result						-25
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RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair

review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Bonn, August 12, 2016

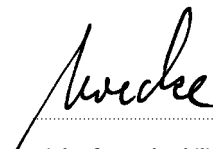
SolarWorld AG
Board of Management



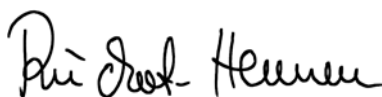
Dr.-Ing. E. h. Frank Asbeck
Chief Executive Officer (CEO)



Dipl.-Wirtschaftsing. Frank Henn
Chief Sales Officer (CSO)



Dipl.-Kfm. tech. Philipp Koecke
Chief Financial Officer (CFO)



RAin Colette Rückert-Hennen
Chief Information,
Brand & Personnel Officer (CIBPO)



Dipl.-Ing. Jürgen Stein
Chief Product Officer (CPO)

FINANCIAL AND EVENT CALENDAR 2016

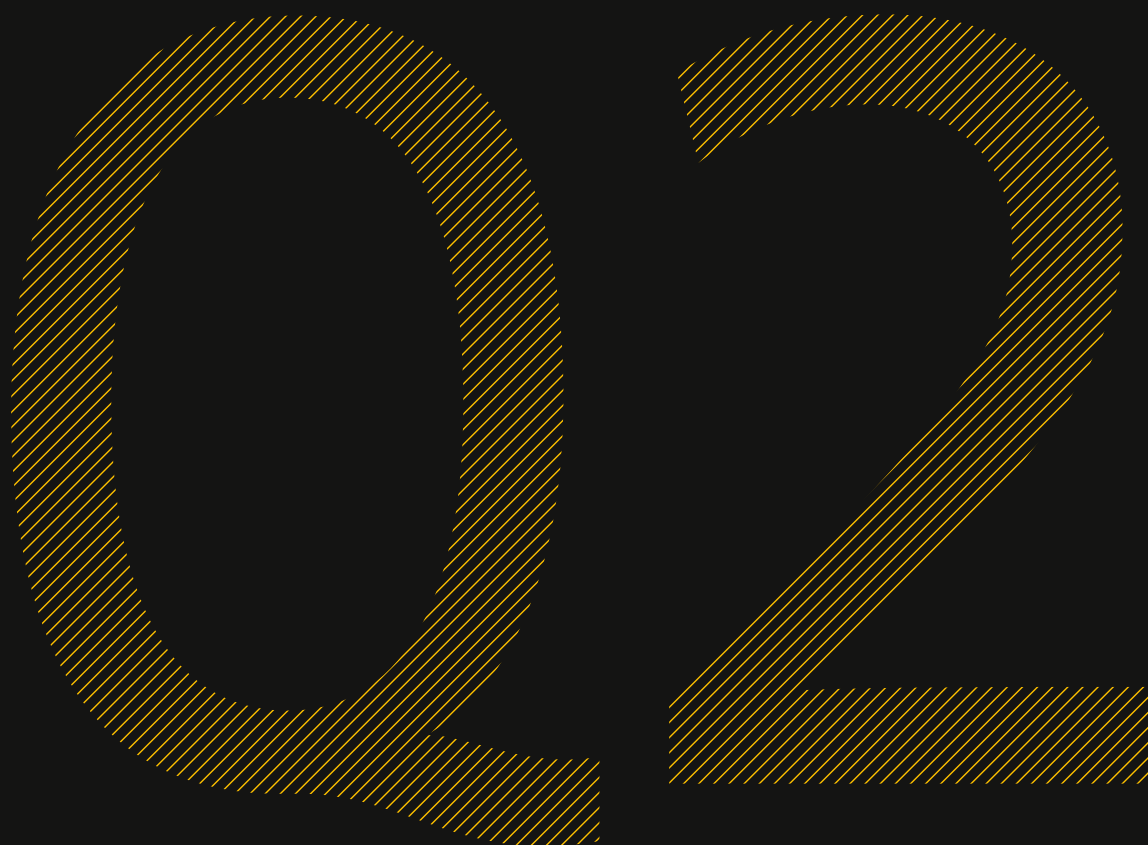
- AUGUST 14, 2016** ▶▶▶ **Publication of Consolidated Interim Report 2nd quarter 2016**
www.solarworld.de/financial-reports
August 15, 2016: Analysts' Conference Call
- SEPTEMBER 7–9, 2016** ▶▶▶ **PVExpo Osaka, Osaka (Japan)**
- SEPTEMBER 11–15, 2016** ▶▶▶ **Solar Power International, Las Vegas (U.S.)**
- SEPTEMBER 12–16, 2016** ▶▶▶ **Electra Mining, Johannesburg (South Africa)**
- SEPTEMBER 21–22, 2016** ▶▶▶ **East Africa Power Industry Convention (EAPIC), Nairobi (Kenya)**
- OCTOBER 4–5, 2016** ▶▶▶ **All Energy Australia, Melbourne (Australia)**
- NOVEMBER 14, 2016** ▶▶▶ **Publication of Consolidated Interim Statement 3rd quarter 2016**
www.solarworld.de/financial-reports
Analysts' Conference Call
- DECEMBER 14–16, 2016** ▶▶▶ **Japan BUILD, Tokyo (Japan)**

IMPRINT

CONCEPT AND DESIGN

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This interim report is also available in German. PDF files can be found on our webpage at ▶ www.solarworld.de/financial-reports



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