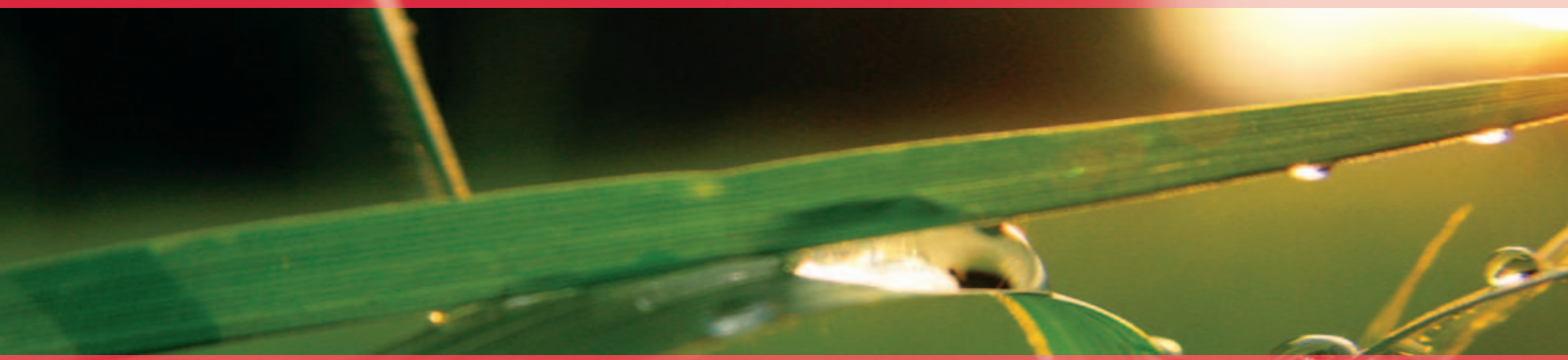


ISSUER'S REPORT HALF YEARLY REPORT



2007
JANUARY TO JUNE

S.A.G.
Solarstrom

Dear Shareholders,

Solarstrom AG has ended the first half of the year with Group sales of approx. 12.5 million Euros. The operating result (EBIT) for this period is down by 1.34 million Euros. The Group result is down by 1.24 million Euros. A comparison with the same period last year, particularly as regards Group sales, is only possible with reservations, because in the same period approx. 32 million Euros were generated by the Erlasee Project Adjusted sales for the same half year last year came to 16.6 million Euros. This means that the company now lags behind last year's figures by approx 25%. On the other hand, the Group results (results for the periods) for both half years are approximately the same.

A complex picture has emerged for us of the half year just finished: while the market here in Germany declined, other markets, particularly the Spanish, have proved to be considerably dynamic. This applies especially to project business. For S.A.G. Solarstrom AG, this represents a noticeable shift in the regions in which we generate sales. Our Spanish subsidiary TAU Solar S.L. achieved first half sales of just under 30% of total company sales. We expect this share of total Group sales to have consolidated still further by the end of the year.

In order to take due account of the growing significance of the European market, S.A.G. Solarstrom AG set up a branch in Italy in April this year. The new subsidiary S.A.G. Solar Italia s.r.l., headquartered in Milano, represents a further step in the Group's internationalization.

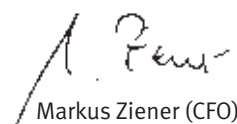
At home, developments have been afoot in direct sales since the spring. The target group of this sales channel are private end customers to whom we offer a full range of service – including planning, installation and maintenance. We expect this systematic work on the market to lead to greater domestic project business.

The cost reduction programme, which began towards the middle of last year, is now showing sustained success. Overheads (costs as well as materials and personnel) have been reduced by approx. 31%. Personnel costs for the half year are comparable with those of last year, with a shift reflecting the regional shift in business away from Germany to Spain and Italy.

The financial result has improved significantly and is positive. This was due particularly to repayments of short-term liabilities and reductions in stock levels.

The underlying business figures indicate the general direction - S.A.G. Solarstrom AG is on course for consolidation of its position and is heading for a substantial Group result.

Board of Management


Markus Ziener (CFO)

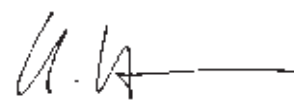

Uwe Ilgemann (CEO)

Table of Significant kpi's at 30.06.2007

Figures in 1,000 €	June 07	June 06		June 07	June 06
Sales revenues	12,554	48,600	Earnings per share (in €)	-0.11	-0.11
EBITDA	-791	-421	Capital-to-assets ratio	78%	44%
EBIT	-1,335	-1,004	Outside-capital ratio	22%	56%
Profit/Loss for period	-1,243	-1,190	Capital quotient	3.47	0.79
Cash flow from operations	-627	-9,184	Sales ROI	-10%	-2%
Cash flow from investments	-841	1,827	Total capital ROI	-3%	-1%
Cash flow from financing activities	919	-493	Equity capital ROI	-3%	-3%

Profit and Loss Account of the S.A.G. Group at 30.06.2007

Sales revenues amounting to 12.554 million Euros break down as follows: sale of power 0.941 million Euros, sale of PV installations 10.3 million Euros, assembly and project design 44 thousand Euros and maintenance, repairs and other services 1.269 million Euros.

The (total) gross margin grew significantly in comparison with last year from 9% to 25%. The decision to avoid major but low-margin projects (such as the Erlasee Project) is a direct factor of this positive trend.

Personnel costs have performed within the budgetary limits. As for overheads, high cost savings have been achieved - costs were down on the same period last year by approx. 1 million Euros.

The financial result has switched from negative to positive. This was due to reductions in our high stock levels and repayment of short-term credit liabilities.

	Half Year 2007	Half Year 2006	Change as %
Figures in 1,000 €			%
Sales revenues			
Sale of power	941	864	9
Sale of PV installations	10,300	46,373	-78
Assembly and project design	44	24	83
Maintenance and other services	1,269	1.339	-5
Total sales revenues	12,554	48,600	-74
Other operating income	263	373	-29
Inventory changes	85	-1,767	-105
Gross performance	12,902	47,206	-73
Cost of materials	-9,658	-42,724	-77
Gross yield	3,244	4,482	-28
<i>as % of gross performance</i>	25%	9%	
Wage costs	-1,952	-1,895	3
Depreciation	-544	-583	-7
Other operating expenses	-2,083	-3,008	-31
EBIT	-1,335	-1,004	33
<i>as % of gross performance</i>	-10%	-2%	
Financial result	105	-160	-166
Taxes	-13	-26	-50
Preliminary result	-1,243	-1,190	-4
<i>as % of gross performance</i>	-10%	-3%	

Balance Sheet of the S.A.G. Group at 30.06.2007

By 30 June, the balance sheet position of the S. A. G. Group had made consistent improvements over the same period last year. The capital-to-assets ratio increased from 44% to 78%. On the other hand, the outside capital ratio fell from 56% to 22%. This was achieved by effecting marked reductions in short-term assets (stock-in-hand) and a significant reduction in short-term debts (liabilities from goods and services).

Group liquidity (cash resources and payment equivalents) also made very positive strides from 7.028 million Euros to 8.272 million Euros.

Assets (1,000 €)	June 07	June 06	Liabilities (1,000 €)	June 07	June 06
Long-term assets			Equity capital		
Intangible assets	1,820	1,914	Subscribed capital	28,619	26,967
Tangible assets	16,618	17,604	Capital reserves, Loss brought forward, Currencies	10,525	9,649
Financial assets	3,110	2,327	Net income/loss for the period	-1,243	-1,190
Long-term accounts receivable and other assets	566	101		37,901	35,426
	22,114	21,946			
Short-term assets			Long-term liabilities		
Inventories	11,689	19,941	Long-term liabilities to banks	3,666	4,729
Accounts receivable and other assets	6,741	31,082	Latent tax liabilities	96	90
Cash and cash equivalents	8,272	7,028			
	26,702	58,051	Short-term liabilities		
			Reserves	103	44
			Liabilities to banks	2,240	3,486
			Loans	-	4,000
			Accounts payable to trade creditors and other liabilities	4,810	32,222
				10,915	44,571
	48,816	79,997		48,816	79,997

Segment Report of the S.A.G. Group at 30.06.2007

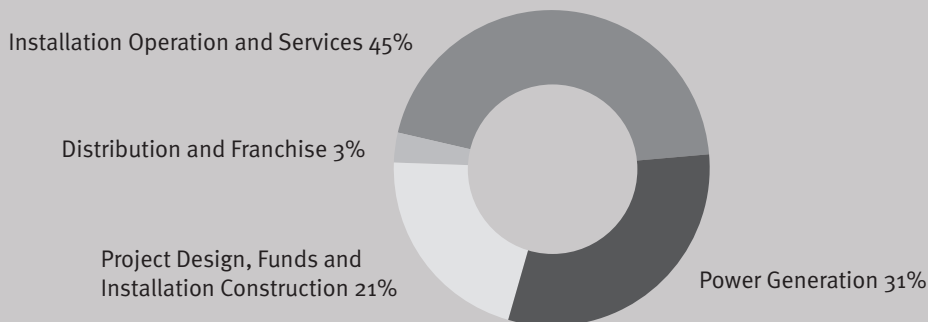
In the first half of 2007, the Project Design, Funds and Installation Construction business segment recorded a major drop in sales from 39.482 to 5.829 million Euros. The report on this segment for the same period last year set out the sales revenues from the Erlasee Project. The order book as it stands now – particularly for the Spanish and Italian markets – points to significant improvements in both sales and results for the rest of the year.

The Power Generation segment has enjoyed continued stability and a consistently positive result.

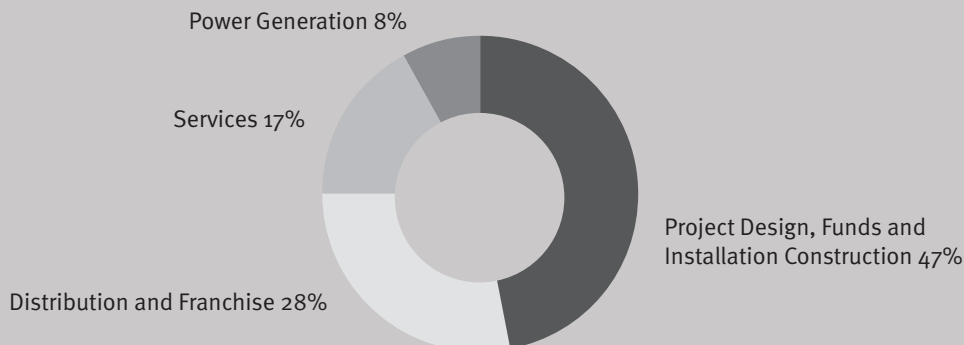
Sales trends in the Installation Operation, Weather and Energy Services Segment have been just as positive. Overall sales revenues grew in comparison with the same period last year from 1.82 million Euros to 2.189 million Euros. The result for the period is positive.

The Distribution and Franchise segment has not lived up to expectations. Sales to the end of the first half of the year did not reach the previous year's level.

Segment Performance at percentages of gross Group Yield



Segment Performance at percentages of Group Sales



The Segments of the S.A.G. Group at 30.06.2007

		Power Generation		
Half Year		2007	2006	%
Figures in 1,000 €				
Sales revenues				
Sale of power		941	863	9
Sale of PV installations		39	53	-26
Assembly and project design		-	-	-
Maintenance and other services		-	1	-100
Total sales revenues		980	917	7
Other operating income		40	109	-63
Inventory changes		-	-	-
Gross performance		1,020	1,026	-1
Cost of materials		-	-9	-100
Gross yield	1,020	1,017	-	669
<i>as % of gross performance</i>		100%	99%	
Wage costs		-73	-110	-34
Depreciations		-453	-471	-4
Other operating expenses		-249	-529	-53
EBIT		245	-93	-363
<i>as % of gross performance</i>		24%	-9%	
Financial result		43	-41	-205
Taxes		-4	-15	-73
Preliminary result		284	-149	-291
<i>as % of gross performance</i>		28%	-15%	

Project Design, Funds and Installation Construction			Distribution & Franchise			Installation Operation and Services		
2007	2006	%	2007	2006	%	2007	2006	%
-	1	-100	-	-	-	-	-	-
5,829	39,482	-85	3,419	5,455	-37	1,013	1,383	-27
44	23	91	-	-	-	-	1	-100
26	699	-96	67	203	-67	1,176	436	170
5,899	40,205	-85	3,486	5,658	-38	2,189	1,820	20
149	181	-18	39	23	70	35	60	-42
-8	-1,848	-100	-	-	-	93	81	15
6,040	38,538	-84	3,525	5,681	-38	2,317	1,961	18
-5,371	-36,393	-85	-3,442	-5,114	-33	-845	-1,208	-30
2,145	-69	83	567	-85	1,472	753	95	
11%	6 %		2%	10 %		64%	38 %	
-856	-932	-8	-424	-371	14	-599	-482	24
-35	-41	-15	-11	-17	-35	-45	-54	-17
-1,074	-1,673	-36	-303	-324	-6	-457	-482	-5
-1,296	-501	159	-655	-145	352	371	-265	-240
-21%	-1 %		-19%	-3 %		16%	-14 %	
32	-108	-130	15	-4	-475	15	-7	-314
-6	-10	-40	-2	-	-	-1	-1	-
-1,270	-619	105	-642	-149	331	385	-273	-241
-21%	-2 %		-18%	-3 %		17%	-14 %	

Statement of Sources and Applications of Funds for the S.A.G. Group at 30.06.2007

Figures in 1,000 €	Half Year 2007	Half Year 2006
EBIT	-1,335	-1,004
Depreciation	544	583
Other expenses / earnings not affecting the balance sheet	84	112
Increase (-) or decrease (+) in assets	32,593	-12,763
Changes to long-term debts	6	7
Changes to short-term debts	-32,599	4,061
Interest paid	-11	-227
Interest received	117	66
Taxes on earnings paid	-26	-19
Cash flow from operations	-627	-9,184
Disbursement for the purchase of interests	-1,649	-
Receipts from the disposal of interests	402	-
Other changes to financial assets	464	1,867
Disbursements for investments in fixed assets	-76	-81
Receipts from tangible asset disposals	18	41
Other changes from investments	-	-
Cash flow from investments	-841	1,827
Disbursements due to redemption of financing credits	-581	-493
Receipts from the raising of financing credits	1,500	-
Receipts from capital increases	-	-
Cash flow from financing activities	919	-493
Cashflow	-549	-7,850
Changes to funds due to exchange rate fluctuation factors	-5	-
Funds at the beginning of the period	8,829	12,651
Funds at the end of the period	8,275	4,801
Liquid assets	8,272	7,028
Current account liabilities	3	-2,227
Fund at the end of the period	8,275	4,801

Finianial Calendar 2007

Annual General Meeting - Annual Accounts for 2006:
19 September 2007

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