



Q1



Three Months Report 2009

SFC
SMART FUEL CELL

Consolidated Key Figures

in k€	2009 01/01 – 03/31	2008 01/01 – 03/31	Change in %
Total sales	2,873	4,606	-37.6%
Product sales total	2,427	3,469	-30.0%
Sales share of products	84.5%	75.3%	-
Sales gross margin total	531	869	-38.9 %
Gross margin	18.5 %	18.9 %	-
EBITDA	-929	-227	>100%
EBITDA margin	-32.3%	-4.9%	-
EBIT	-1,175	-411	>100%
EBIT margin	-40.9%	-8.9%	-
Net loss	-874	147	-
Earnings per share, diluted	-0.12	0.02	-

in k€	03/31/2009	12/31/2008	Change in %
Equity	48,760	49,635	-1.8%
Equity ratio	91.6%	90.5%	-
Balance sheet total	53,254	54,839	-2.9%
Cash	42,470	45,568	-6.8%

	03/31/2009	03/31/2008	Change in %
Permanent employees	98	91	7.7%

Share information

Bloomberg Symbol	F3C
Reuters Symbol	CXPNX
WKN	756857
ISIN	DE0007568578
Number of shares	7,152,887
Type of shares	No-par-value shares
Stock segment	Prime Standard, Renewable Energies
Stock exchange	Frankfurt, FWB
Designated Sponsor	HSBC

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Introduction by the Management Board

DEAR CUSTOMERS, SHAREHOLDERS, EMPLOYEES AND FRIENDS OF SFC SMART FUEL CELL AG,

Overall economic conditions remained difficult in the first quarter of 2009 and continued to have an impact on SFC's business. The 37.6% decrease in revenues, a figure entirely within management's expectations, was predominantly driven by a sharp drop in unit sales in the leisure segment. The general trend toward consumer reticence observable in the motor home market is no longer limited to new vehicle purchases. Leisure customers are also holding back in the area of accessories.

In the market for off-grid industrial applications, the global recession has made decision-makers even more hesitant than in the previous year to give capital spending projects the go-ahead. Despite the substantial progress made tapping this market with our new EFOY Pro Series product line and a host of successful pilot projects, our performance in this segment was not sufficient to compensate for the steep decline suffered in the leisure segment.



left
Dr. Peter Podesser
CEO

right
Dr. Jens Müller
COO

A number of projects in the defense market were delayed, which eroded sales under joint development agreements (JDAs). The commercial launch of the JENNY portable fuel cell system, in the period under review, created the framework for additional growth in defense product sales. This is due to the weight load reduction of up to 80% that this wearable power supply offers and users in this segment benefit from genuine added value.

The market situation is marked by a weakness in demand, but we did score considerable successes. The order placed by Volkswagen AG for over 200 EFOY fuel cell systems, to be used as the on-board power supply in special purpose vehicles, made for an impressive debut in what is a new and very important segment for our company. As the number of electronic and electrical devices used without the convenience of a power outlet in such vehicles grows, having a reliable power supply for these mobile offices, measuring stations and surveillance vehicles becomes increasingly important. A well-established brand, EFOY fuel cells offer customers in this segment a compelling advantage with a level of convenience, environmental soundness and reliability that is unmatched by any other technology currently available in the market.

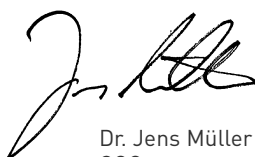
We continued our efforts in the first quarter of 2009 to systematically reduce the costs behind our EFOY fuel cells, which included keeping a tight rein on expenses in all areas. The Management Board will remain committed to this strategy given the extreme lack of visibility and vast uncertainty in all markets.

Despite short-term difficulties in some markets, we are looking ahead to the medium and long term with confidence. Thanks to a successful product portfolio, proven market traction, a motivated team and strong partners, we have improved our market position and laid the foundation for bringing more of our fuel cell products to an ever-greater number of customers. By using our strong capital base combined with even increased cost awareness we will expand this leading position.

We thank you for your continued trust and invite you to accompany us on the next part of our journey.



Dr. Peter Podesser
CEO



Dr. Jens Müller
COO

Shareholdings as of March 31, 2009

	Shares	Options
Management Board		
Dr. Peter Podesser (CEO)	115,800	0
Dr. Jens Müller (COO)	67,338	0
Supervisory Board		
Dr. Rolf Bartke	0	0
Rüdiger C. Olschowy, BIT Holdings GmbH	185,592	0
Wolfgang Biedermann	0	0
Jakob-Hinrich Leverkus	7,200	0
Dr. Roland Schlager	3,506	0
Dr. Manfred Stefener	1,163,758	0

Business Review

1. Report on earnings and financial position

EARNINGS POSITION

Like many companies, SFC suffered a setback in the first quarter of 2009 because of the global recession. Sales for the period dropped 37.6% from a year earlier, a figure within expectations for the Group, slipping to €2,873k from €4,606k in the first quarter of 2008. The share of sales attributable to products increased to 84.5% in the first three months of 2009, compared with 75.3% the year before, while that generated under joint development agreements (JDAs) and other consulting services decreased accordingly.

Sales by segment

The decrease in sales in the first three months of the year is chiefly the result of a drop in unit sales of A-Series fuel cell systems as well as lower sales in conjunction with JDAs.

Sales by segment in k€ (unaudited)	1st Quarter		Change in %
	2009	2008	
A-Series	2,161	3,267	-33.9%
C-Series	42	16	162.5%
Power Manager	20	0	n.a.
JDAs	321	1,137	-71.8%
Other products	329	186	76.9%
Total	2,873	4,606	-37.6%

The decline in sales of A-Series products by 33.9% to €2,161k in the first three months of 2009, following €3,267k a year ago, is predominantly attributable to the difficult climate in the leisure segment, where sales receded by €1,135k. A-Series sales in the industry and mobility segments, by contrast, were up by a total of €118k. Unit sales of A-Series fuel cell systems dropped from 1,783 to 1,121, which represents a decrease of 37.1%.

Sales in the C-Series segment rose 162.5%, from €16k in the first quarter of 2008 to €42k in the first quarter of 2009, with the number of systems delivered up to 2 from 1.

The sale of Power Managers generated €20k in revenues in the first quarter of 2009 (Q1 2008: €0k).

Sales in the JDAs segment fell 71.8% to €321k in the first three months of 2009, compared with €1,137k the year before. This decrease is largely due to delays in the award of follow-up orders by the U.S. Armed Forces and lower sales generated with the German Bundeswehr.

Sales in the Other Products segment surged 76.9% to €329k in the first quarter of 2009 versus €186k a year earlier. Besides the sale of fuel cartridges, the sale of test equipment to strategic partners is captured in this segment. For the first time, it also includes consulting services provided to a potential future supplier. The €125k in consulting revenues was the chief driver of the sales growth in Other Products.

Sales by region in k€ (unaudited)	1 st Quarter		Change in %
	2009	2008	
Europe (without Germany)	1,507	2,115	-28.7%
Germany	985	1,913	-48.5%
North America	285	552	-48.4%
Asia	88	9	877.8%
Rest of world	8	17	-52.9%
Total	2,873	4,606	-37.6%

SFC saw sales decline in all regions except Asia in the first quarter of 2009. The share of sales SFC generated in its home market of Germany in the first three months of 2009 stood at 34.3%, following 41.5% the previous year. The share of international sales in total sales increased accordingly to 65.7% (Q1 2008: 58.5%).

Sales for the rest of Europe fell 28.7% largely because of the decrease in unit sales of A-Series fuel cell systems in the wake of the tough market climate in the leisure segment.

This also factored into the 48.5% sales drop in Germany, as did lower sales generated under a JDA with the Bundeswehr.

Sales fell by 48.4% in North America chiefly because of a drop in business with the U.S. Armed Forces, especially that generated under JDAs, and a decrease in the number of A-Series fuel cell systems delivered. On the upside, the consulting revenues mentioned above were generated in North America.

First-quarter sales growth in Asia, up from €9k to €88k, is attributable to the market launch of A-Series fuel cell systems in Japan.

Gross margin

With A-Series sales and sales under JDAs down, the gross margin for the first quarter of 2009 fell 38.9% to €531k, following €869k the year before. Gross margin in the Other Products segment increased by €196k due to the consulting services and cost savings with fuel cartridges. The decrease in gross margin expressed as a percentage of sales to 18.5% for the period (Q1 2008: 18.9%) is attributable to the lower sales volume.

Sales costs

Sales cost rose 5.4% in the first three months of 2009 to €942k (€894k) mainly because of higher personnel costs in the industry and defense segments.

Research and development costs

Research and development costs increased to €381k in the first quarter of 2009, following €120k the year before. A total of €203k in development costs was capitalized in the period under review, compared with €300k a year earlier.

General administration costs

General administration costs decreased by 2.9% to €540k in the first three months of 2009 (Q1 2008: €556k).

Other operating income

Other operating income fell 42.8%, from €290k a year ago to €166k in the first quarter of 2009, predominantly in connection with the measurement of open dollar and platinum forwards.

Operating result (EBIT)

EBIT decreased from minus €411k to minus €1,175k in the first quarter of 2009. The EBIT margin sank to minus 40.9%, following minus 8.9% the year before.

Interest and similar income

Interest and similar income fell 44.7%, from €584k in the first quarter of 2008 to €323k in the first quarter of 2009. Lower interest rates were the chief reason for this decrease.

Net loss

Net loss decreased to minus €874k, following positive earnings of €147k in the year-earlier period.

Earnings per share

Earnings per share under IFRS (diluted) dropped to minus €0.12 in the first quarter of 2009, following a net profit of €0.02 per share for the same period last year.

FINANCIAL POSITION

The chief influences on our financial position in the first quarter of 2009 were the negative result before taxes, the increase in working capital and the pledging of liquid assets as collateral for platinum forwards.

Cash and cash equivalents amounted to €42,470k at the end of March 2009 (March 31, 2008: €49,413k).

Cash flow from ordinary operations

The net cash used in ordinary operations increased to €2,331k in the first quarter of 2009 versus €1,248k a year ago. In addition to the €1,021k decrease in the result before taxes already mentioned, a €532k drop in trade accounts payable factored heavily into this increase. In the year-earlier period, trade accounts payable had risen by €590k.

Cash flow from investment activity

A net outflow of €695k is being reported for investment activity in the period under review, the chief component of which is €750k in pledged bank balances relating to platinum forwards (Q1 2008: €0k). A net inflow of €42k was reported a year earlier, predominantly because of interest income.

Cash flow from financial activity

Net cash used for financial activity decreased from €2,327k to €72k in the first quarter of 2009 predominantly because the previous year's figure included repayment of the silent partnership investment made by tbg Technologie-Beteiligungs-Gesellschaft mbH, including final remuneration and current minimum remuneration, in the amount of €2,251k.

ASSETS & LIABILITIES

The company's balance sheet is healthy, and the equity ratio has improved.

Total assets were down 2.9% at quarter's end, decreasing from €54,839k as of December 31, 2008 to €53,254k as of March 31, 2009.

Inventories rose 39.3% to €1,603k, versus €1,151k, due to the lower sales volume in the first quarter.

The increase in other short-term assets and receivables from €943k at December 31, 2008 to €1,333k at March 31, 2009 is mainly due to higher receivables from grants.

Intangible assets rose from €1,825k at December 31, 2008 to €1,929k at March 31, 2009 chiefly because of the development costs capitalized. The share of non-current assets in total assets climbed from 7.0% to 7.5%.

Trade accounts payable decreased to €1,518k as of March 31, 2009 because of the reduced sales volume in the first three months of the year (December 31, 2008: €2,050k).

Altogether, liabilities made up 8.4% of total liabilities and shareholders' equity for the period (December 31, 2008: 9.5%).

With the net loss for the period, shareholders' equity decreased to €48,760k as of March 31, 2009, compared with €49,635k at December 31, 2008. However, with total liabilities and shareholders' equity down for the period, the equity ratio improved from 90.5% to 91.6%.

RESEARCH AND DEVELOPMENT

The focus of our research and development activities remained as follows in the period under review:

- Reduce unit costs through technological innovations in order to maximise the contribution margins of our products. We pressed ahead with our efforts to increase power density while cutting back on the amount of material used, especially for our fuel cell stacks, which represent the technical core of fuel cell systems and also account for a very large portion of the systems' production costs.
- Enhance product functionality and develop new products (e.g., higher performance, new market-specific features, greater durability and reliability under challenging conditions) in order to tap fresh areas of application in addition to the markets already addressed.
- Miniaturise the products in order to successfully tap markets, such as the defense industry, with demanding specifications for portable energy sources.

CAPITAL EXPENDITURES

In the first three months of 2009 we capitalized €203k in development work directed at enhancing our fuel cell systems (Q1 2008: €300k). To improve productivity, we also purchased an additional test station for our stacks.

NEW ORDERS AND ORDER BACKLOG

New orders were down in the first quarter of 2009 due in large measure to the expiration of JDAs in the defense segment. Negotiations are currently underway with the respective clients to determine the nature and terms of the successor programs. New orders for A-Series and C-Series fuel cell systems were also down.

In figures, the volume of new orders dropped 26.3% to €2,342k, following €3,178k in the first quarter of 2008. Consequently, the order backlog, which stood at €1,185k as of March 31, 2009, had dropped by 65.6% from a year earlier (March 31, 2008: €3,448k).

An important milestone was reached in the mobility segment in the first quarter of 2009. SFC received a €630k order from Volkswagen AG for the delivery of over 200 fuel cell systems plus accessories in 2009. Volkswagen will install the systems at the factory as the on-board power supply in VW transporters sold for professional use.

EMPLOYEES

As of March 31, 2009, the company employed the following personnel:

Employees	03/31/2009	03/31/2008	Change
Management Board	2	2	0
Research and development	30	28	2
Production, logistics, quality management	28	28	0
Sales & Marketing	28	23	5
Administration	10	10	0
Permanent employees	98	91	7
Trainees, graduates, student trainees	12	6	6
Employees at quarter's end	110	97	13

The increase in the number of permanent employees as of March 31, 2009 by 7.7% to 98, following 91 as of the end of the year-earlier period, is largely attributable to the growth in our sales & marketing department as well as SFC's stronger market orientation.

2. Report on risks and opportunities

As part of a systematic and organisational approach to risk, the Management Board has implemented a comprehensive risk management system that defines, systematically uses and continues to develop suitable instruments for identifying, analysing and measuring risks and determining the appropriate course of action.

We are of the opinion that the chief risks the Group faces have not changed since the publication of our 2008 annual report, with the following exceptions.

Raw material prices

With market analyses indicating further hikes in precious metal prices, we secured a large part of our expected platinum requirements for fiscal 2010 in the first quarter. As before, rising raw material and energy costs pose a risk to our product margins.

3. Report on forecasts and other forward-looking statements

The Management Board fully believes that SFC is capable of defending its leading position in the promising market for independent energy supply using fuel cells powered by methanol. The technology behind SFC's fuel cells continues to receive high praise, landing, for example, the Wearable Power Prize of the U.S. Department of Defense in the fall of 2008. With some 13,000 fuel cell generators delivered and several million hours of operation accumulated in the field, the Management Board also believes that the Group has a clear advantage over competitors in terms of marketing. On the downside, consumers have grown increasingly cautious with their spending in response to the international financial and economic crisis. In addition to the substantial slowdown in unit sales in the leisure market, capital outlays are now down in the industrial segment. In the defense segment, budget decisions and contract awards to SFC have been delayed. The current economic and financial market crisis across the globe will not spare our Group's growth prospects for the short and medium term. With the current uncertainty, which has all but eliminated the ability of companies to see what lies ahead, it is impossible to make reliable forecasts at this time.

For the 2009 business year the Management Board continues to aim for growth in the industry markets. An important strategic goal is to broaden SFC's sales basis in order to make the company less dependent upon the distinctive seasonal and economic fluctuations of the leisure market. Minimized stock holding at leisure retailers, as well as continued postponement of joint development orders in defense, bear a considerable risk that SFC will not achieve sales growth in 2009 compared to the year before. The Management Board has therefore created an extensive cost reduction program, the immediate implementation of which shall contribute to stabilizing the operating result (EBIT) on the 2008 level.

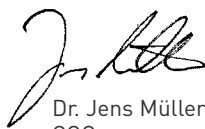
4. Significant events after the balance sheet date

There were no significant events after the balance sheet date.

Brunnthal, April 28, 2009



Dr. Peter Podesser
CEO



Dr. Jens Müller
COO

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INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

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The following Interim Report has been prepared in the German language. They have been translated for this Interim Report into English. In the event of questions of interpretation, the German version shall be authoritative.

Consolidated Income Statement

FROM JANUARY 1 TO MARCH 31, 2009

in €	2009 01/01 – 03/31	2008 01/01 – 03/31
1. Sales	2,873,462	4,605,803
2. Production costs of work performed to generate sales	-2,342,823	-3,736,881
3. Gross margin	530,639	868,922
4. Sales costs	-942,010	-893,504
5. Research and development costs	-380,511	-120,376
6. General administration costs	-539,754	-555,926
7. Other operating income	165,593	289,889
8. Other operating expenses	-9,168	-24
9. Operating loss	-1,175,211	-411,019
10. Interest and similar income	323,062	584,289
11. Interest and similar expenses	-21,446	-26,278
12. Loss from ordinary operations	-873,595	146,992
13. Income taxes	0	0
14. Net loss	-873,595	146,992
15. Accumulated loss brought forward from previous year	-24,399,447	-22,043,985
16. Net accumulated loss	-25,273,042	-21,896,993
Net loss per share		
undiluted	-0.12	0.02
diluted	-0.12	0.02

Consolidated Balance Sheet

AS AT MARCH 31, 2009

ASSETS in €	03/31/2009	12/31/2008
A. Current assets	49,243,407	50,997,198
I. Inventories	1,602,500	1,151,000
II. Trade accounts receivable	2,024,852	2,371,846
III. Receivables from percentage-of-completion	74,650	151,148
IV. Income tax receivables	812,836	718,733
V. Other short-term assets and receivables	1,332,635	943,472
VI. Cash and cash equivalents	42,469,599	45,567,521
VII. Cash and cash equivalents with limitation on disposal	795,320	45,320
VIII. Deferred charges and prepaid expenses	131,015	48,158
B. Non-current assets	4,010,639	3,842,296
I. Intangible assets	1,929,358	1,824,941
II. Property, plant and equipment	1,113,422	1,146,996
III. Other long-term assets and receivables	156,216	204,045
IV. Deferred tax assets	811,643	666,314
Assets	53,254,046	54,839,494

LIABILITIES AND SHAREHOLDERS' EQUITY in €	03/31/2009	12/31/2008
A. Current liabilities	3,417,328	4,294,769
I. Other provisions	500,293	526,915
II. Liabilities from prepayments	97,904	233,879
III. Trade accounts payable	1,518,298	2,050,326
IV. Liabilities from finance leases	47,791	118,182
V. Other short-term liabilities	1,239,805	1,332,375
VI. Deferred charges	13,237	33,092
B. Non-current liabilities	1,076,950	909,895
I. Other long-term provisions	231,275	243,581
II. Other long-term liabilities	34,032	0
III. Deferred tax liabilities	811,643	666,314
C. Equity	48,759,768	49,634,830
I. Subscribed capital	7,152,887	7,152,887
II. Capital surplus	66,879,638	66,879,638
III. Other changes recognized directly in equity	285	1,752
IV. Accumulated loss brought forward from previous year	-24,399,447	-22,043,985
V. Net loss	-873,595	-2,355,462
Liabilities and shareholders' equity	53,254,046	54,839,494

Consolidated Cash Flow Statement

FROM JANUARY 1, 2009 TO MARCH 31, 2009

in €	2009 01/01-03/31	2008 01/01-03/31
Cash flow from ordinary operations		
Result before taxes	-873,595	146,992
- Net interest income	-301,616	-558,011
+ Depreciation/amortisation of intangible assets and property, plant and equipment	246,227	183,758
+ Expenses from Long Term Incentive Plan/share option programs	34,032	29,950
+ Changes in allowances	6,037	48,792
- Profits from derivatives	-86,027	0
Changes to operating result before working capital	-974,942	-148,519
- Charges in short and long-term provisions	-58,804	-66,196
+/- Changes to trade accounts receivable	350,152	-174,585
-/+ Changes to inventories	-460,696	73,506
- Changes to other assets	-314,268	-535,541
- Changes to prepaid expenses	-82,857	-60,259
-/+ Changes to trade accounts payable	-532,028	590,116
- Changes to other liabilities	-143,868	-711,377
- Changes to deferred income	-19,855	-19,855
Cash flow from ordinary operations before taxes	-2,237,166	-1,052,710
- Income tax payments	-94,102	-194,933
Cash flow from ordinary operations	-2,331,268	-1,247,643

in €	2009 01/01-03/31	2008 01/01-03/31
Cash flow from investment activity		
- Acquisition of intangible assets	-216,164	-314,944
- Acquisition of property, plant and equipment	-100,907	-246,891
+ Interest income	372,494	603,629
- Cash used to pledged bank balances	-750,000	0
Cash flow from investment activity	-694,577	41,794
Cash flow from financial activity		
- Repayments of financial liabilities	0	-2,250,625
- Repayment of liabilities from finance leases	-70,390	-71,949
- Interest paid and other expenses	-1,570	-4,376
Cash flow from financial activity	-71,960	-2,326,950
Net change in cash and cash equivalents	-3,097,805	-3,532,799
Currency effects on cash and cash equivalents	117	0
Net change in cash and cash equivalents		
Cash and cash equivalents at beginning of period	45,567,521	52,945,317
Cash and cash equivalents at end of period	42,469,599	49,412,518
Net change in cash and cash equivalents	-3,097,805	-3,532,799

Consolidated Statement of Changes in Equity

FROM JANUARY 1, 2009 TO MARCH 31, 2009

in €	Subscribed capital
Balance 01/01/2008	7,136,243
Allocation from option program	
Net result 01/01 – 03/31/2008	
Balance 03/31/2008	7,136,243
Allocation from option program	
Exercise of option rights	16,644
Currency exchange	
Net result 04/01 – 12/31/2008	
Balance 12/31/2008	7,152,887
Currency exchange	
Net result 01/01 – 03/31/2009	
Balance 03/31/2009	7,152,887

Consolidated Statement of Income and Expense Recognized

FROM JANUARY 1, 2009 TO MARCH 31, 2009

in €	01/01–03/31/2009	01/01–03/31/2008
Net loss for the period	-873,595	146,992
Changes recognized directly in equity from the translation of foreign subsidiaries' results	-1,467	0
Total results recognized directly in equity	-875,062	146,992

All amounts are attributable in full to equity holders of the parent company.

Capital surplus	Other changes recognized directly in equity	Net accumulated loss	Total
66,820,118	0	-22,043,985	51,912,376
29,950			29,950
		146,992	146,992
66,850,068	0	-21,896,993	52,089,318
42,053			42,053
-12,483			4,161
	1,752		1,752
		-2,502,454	-2,502,454
66,879,638	1,752	-24,399,447	49,634,830
	-1,467		-1,467
		-873,595	-873,595
66,879,638	285	-25,273,042	48,759,768

NOTES TO THE INTERIM REPORT OF SFC SMART FUEL CELL AG

Information about the company

SFC Smart Fuel Cell AG (henceforth "SFC" or "the company") was established by articles of association dated December 10, 1999 under the name Gigantus Vermögensverwaltung GmbH, Hallbergmoos, Germany, and registered on December 21, 1999 in the Commercial Register of the local court in Munich under the number B 128831.

The shareholders' meeting of February 28, 2000 approved the restatement of the articles of association and the change of name to SFC Smart Fuel Cell GmbH. The purpose of the company was amended to read as follows: "The purpose of the company is the development and marketing of energy supply systems and their components for off-grid machines on the basis of fuel cell technology. The company may form, buy, act as agents for or invest in companies of a similar nature as well as set up branch offices." The company's registered office was moved to Brunnthal near Munich.

On May 14, 2002, the shareholders of SFC Smart Fuel Cell GmbH resolved to transform the company into a stock corporation (Aktiengesellschaft) to be known as "SFC Smart Fuel Cell AG".

The company went public on the Frankfurt Stock Exchange on May 25, 2007.

Course of business in the first quarter

Like many companies, SFC suffered a setback in the first quarter of 2009 because of the global recession. Sales for the period dropped 37.6% from a year earlier, a figure within expectations for the Group. Sales decreased to €2,873,462 in the period under review, following €4,605,803 in the first quarter of 2008. The share of sales attributable to products increased to 84.5% in the first three months of 2009, compared with 75.3% the year before, while that generated under joint development agreements (JDAs) and other consulting services decreased accordingly. The decrease in sales in the first three months of the year is chiefly the result of a drop in unit sales of A-Series fuel cell systems as well as lower sales in conjunction with JDAs.

The decline in sales of A-Series products by 33.9% to €2,160,903 in the first three months of 2009, following €3,267,059 a year ago, is predominantly attributable to the difficult climate in the leisure segment. Unit sales of A-Series fuel cell systems dropped from 1,783 to 1,121, which represents a decrease of 37.1%. Sales in the C-Series segment rose 162.5%, from €16,000 in the first quarter of 2008 to €42,000 in the first quarter of 2009, with the number of systems delivered up to 2 from 1.

Sales in the JDAs segment fell 71.8% to €320,848 in the first three months of 2009, compared with €1,137,266 the year before. This decrease is largely due to delays in the award of follow-up orders by the U.S. Armed Forces and lower sales generated with the German Bundeswehr.

The sale of Power Managers generated €20,496 in revenues in the first quarter of 2009 (Q1 2008: €0).

Sales in the Other Products segment surged 77.2% to €329,215 in the first quarter of 2009 versus €185,478 a year earlier. Besides the sale of fuel cartridges, the sale of test equipment to strategic partners is captured in this segment. For the first time, it also includes consulting services provided to a potential future supplier. The €125,131 in consulting revenues was the chief driver of the sales growth in Other Products.

¹The company's registered office is at Eugen-Sänger-Ring 4, 85649 Brunnthal.

With A-Series sales and sales under JDAs down, gross margin for the first quarter of 2009 fell 38.9% to €530,639, following €868,922 the year before. Gross margin in the Other Products segment increased by €196,404 due to the consulting services and cost savings with fuel cartridges. The decrease in gross margin expressed as a percentage of sales to 18.5% for the period (Q1 2008: 18.9%) is attributable to the lower sales volume.

EBIT decreased from minus €411,019 to minus €1,175,211 in the first quarter of 2009. The EBIT margin sank to minus 40.9%, following minus 8.9% the year before.

The chief influences on our financial position in the first quarter of 2009 were the negative result before taxes, the increase in working capital and the pledging of liquid assets as collateral for platinum forwards.

The company's balance sheet is healthy, and the equity ratio has improved, from 90.5% as of December 31, 2008 to 91.6% as of March 31, 2009.

Accounting principles

The quarterly financial statements of SFC Smart Fuel Cell AG for the financial period January 1 to March 31, 2009 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as a set of condensed financial statements. These condensed financial statements do not contain all of the information required for a complete set of financial statements for a full financial year and should, therefore, be read in conjunction with the consolidated financial statements for the year ended December 31, 2008.

The accounting policies used in the preparation of these condensed financial statements are identical to those that were used in preparing the consolidated financial statements as of and for the year ended December 31, 2008. The following Standards and Interpretations were applicable for the first time:

- IFRS 8 "Operating Segments": Above all, this standard stipulates that an entity use the "management approach" when reporting on the financial performance of its segments. Entities are required to use IFRS 8 for annual periods beginning on or after January 1, 2009. Since SFC chose to apply the standard before the effective date, there was no impact on these quarterly financial statements.
- IFRS 2 "Share-based Payment": Entities are required to apply the amended IFRS 2 for annual periods beginning on or after January 1, 2009. The main purpose of the amendments was to clarify the term "vesting conditions" and the rules on cancellation of a plan by a party other than the entity. The first-time application of this standard did not have any effect on our quarterly financial statements.
- IAS 1 "Presentation of Financial Statements": The amendments to IAS 1 relate chiefly to the presentation of changes in equity that are not recognised in income and uniform nomenclature for the components making up an entity's annual financial statements. Entities are required to apply the amended IAS 1 for annual periods beginning on or after January 1, 2009. The impact on SFC's quarterly financial statements is limited to the presentation of other changes recognized directly in equity.
- IAS 23 "Borrowing Costs": Entities are required to apply the revised IAS 23 for annual periods beginning on or after January 1, 2009. The revised standard eliminates the option entities had to immediately expense the borrowing costs of qualifying assets and requires them, instead, to capitalise the borrowing costs. This change did not affect our quarterly financial statements.
- IAS 32 "Financial Instruments: Presentation": Entities are required to apply the amended IAS 32 for annual periods beginning on or after January 1, 2009. Under the amended IAS 32, certain instruments can no longer be classified as a financial liability. This change did not affect our quarterly financial statements.
- IFRIC 13 "Customer Loyalty Programmes": Entities are required to apply this Interpretation for annual periods beginning on or after July 1, 2008. It did not impact our quarterly financial statements.
- IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction": Entities are required to apply this Interpretation for annual periods beginning on or after July 1, 2008. It did not affect our quarterly financial statements.

- IFRIC 15 “Agreements for the Construction of Real Estate”: Entities are required to apply this Interpretation for annual periods beginning on or after January 1, 2009. It did not impact our quarterly financial statements.
- IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”: Entities are required to apply this Interpretation for annual periods beginning on or after October 1, 2008. It did not affect our quarterly financial statements.

The present financial statements represent consolidated quarterly financial statements of the company. SFC Smart Fuel Cell, Inc. with headquarters in Atlanta, Georgia, USA, was established as a wholly owned subsidiary of SFC with articles of incorporation dated July 25, 2008. Since SFC Smart Fuel Cell, Inc. had not yet commenced operations as of the reporting date of March 31, 2009, the information presented in this quarterly report is comparable with that presented for the same period a year ago.

The interim report is presented in euros (€). Figures stated in this report are in euros (€) unless otherwise indicated. Please note that small differences can arise in rounded amounts and percentages due to commercial rounding of figures.

The income statement was prepared using the cost-of-sales method.

The auditors have neither audited nor reviewed the interim financial statements.

Forward commodities transactions

As of the reporting date, forward commodities transactions for hedging the price risk of the platinum used in a key fuel cell component remained open. The company has secured approximately 85% of its expected platinum needs for the current year through previously executed commodity forwards. The negative fair value of €244,348 (December 31, 2008: €408,775) is shown under other liabilities. Moreover, with market analyses indicating further hikes in precious metal prices, we entered into additional forward transactions in the first quarter of 2009 to secure the price on a total of 600 ounces of platinum for delivery in 2010, which corresponds to a large portion of the platinum we currently expect to need in fiscal 2010. These transactions have a positive fair value of €6,671, which is shown under other assets. The changes in value were recognised in the income statement under other operating income.

Silent partnerships

The chief influence on our financial position in the prior-year quarter was the repayment of the silent partnership investment made by tbg Technologie-Beteiligungs-Gesellschaft mbH.

In anticipation of the initial public offering on the Prime Standard, an effort was made in the first quarter of 2007 to reach an agreement to buy out the two silent shareholders. Additional information is available in the Notes to the consolidated financial statements for the year ended December 31, 2008.

A final agreement was reached just before the public offering.

In connection with the redemption of the silent partnership investments, SFC repaid tbg Technologie-Beteiligungs-Gesellschaft mbH its €1,500,000 contribution in full and also paid the final remuneration that had been arranged (€720,000, or 48% of the contribution) as well as the current minimum remuneration (€30,625) in January 2008.

Receivables from percentage-of-completion

Since the volume of sales recognised on orders exceeded the prepayments received on those same orders in the first quarter of 2009, we had receivables from percentage-of-completion totalling €74,650 as of the reporting date, versus €151,148 as of December 31, 2008.

Other long-terms assets

The company had other long-term assets of €156,216 as of the reporting date (December 31, 2008: €204,045) relating to prepayments made for the purchase of parts used in the construction and assembly of boards.

Cash and cash equivalents with limitation on disposal

Deutsche Bank required a margin facility of €750,000 for the platinum forward transacted. This margin facility was furnished as collateral in March 2009. Thus, the amount reported under cash and cash equivalents with limitation on disposal increased to €795,320 (December 31, 2008: €45,320).

Options for employees and Management Board members

In prior years SFC issued several tranches of share options to the Management Board and other employees that were classified as equity-settled share-based payment transactions. No cash settlement is planned. Additional information is available in the Notes to the consolidated financial statements for the year ended December 31, 2008.

There were only 4,161 share options outstanding as of March 31, 2008. All of these options were exercised in the third quarter of 2008. The options from the other tranches had already been exercised or cancelled in prior years or had expired.

Long-term incentive plan for Management Board members

The Supervisory Board adopted a long-term incentive plan (LTIP 2009-2011) for the members of the Management Board in March 2009. The purpose of the plan, which will last a total of 5 years, is to reward the Management Board members for their contributions to increasing the company's shareholder value. The plan encompasses variable compensation in the form of phantom stock, or "pretend" stock, the value of each unit of which is based on the total value of a real SFC share. A phantom share entitles its holder to a cash payment equal to the then-current share price plus any dividend per share. Participants are not entitled to receive actual SFC shares.

The plan is divided into three tranches with different performance periods, with each such period lasting three calendar years. The performance period for the first tranche began January 1, 2009. The two remaining tranches will begin exactly one and two years later, respectively. At the beginning of each performance period, a preliminary value is assigned to the allotment by taking the volume allotted and dividing it by the weighted average market price of a share of SFC stock for the first three months of the respective performance period. Allotment volumes of €120,000 and €100,000 were defined for the 2009-2011 performance period, which puts the number of phantom shares initially allotted at 36,001. The allotment volumes for the two subsequent performance periods were assumed to be the same. However, the number of phantom shares to be initially allotted was estimated on the basis of share price movement simulated using the Monte Carlo model.

Payouts under the plan will be made after the end of the respective performance period and will correspond to the final number of phantom shares of that performance period multiplied by the average price of a share of SFC stock for the first three months after the respective performance period. The final number of phantom shares depends on the achievement of predefined EVA (economic value added) targets. If a Management Board member's employment with the company ends, there will be no allotment for any performance periods not yet begun. Unless a member is terminated for cause, payouts under the plan for any performance period already commenced as of the respective member's departure will be made on the basis of the number of phantom shares initially allotted at the beginning of the respective performance period and will reflect the portion of the performance period served.

The phantom shares awarded were classified and measured as cash-settled share-based payment transactions. The fair value of the liability to recognise because of the LTIP was determined for all of the tranches using a Monte Carlo model. At March 31, 2009, the carrying value of the liability recognised on the balance sheet, which is reported under other long-term liabilities, and the amount expensed for the period were €34,032.

The following parameters were used in the measurement:

Measurement date	03/31/2009
Remaining term (in years)	2.75 – 4.75
Anticipated volatility	77.7%
Risk-free interest rate	1.69% – 2.25%
Share price as of the measurement date	€ 5.34

Sales costs

Our sales costs were as follows in the first quarter of 2009:

in €	01/01–03/31/2009	01/01–03/31/2008
Personnel costs	563,342	449,445
Advertising and travel costs	204,773	180,064
Consultancy/commissions	61,288	125,125
Other	112,607	138,870
Total	942,010	893,504

Research and development costs

We capitalized €202,700 in development work in the first quarter of 2009, versus €300,000 the year before.

Intangible assets rose accordingly to €1,929,358, compared with €1,824,941 at December 31, 2008, chiefly because of the capitalized development costs.

General administration costs

Our general administration costs were as follows in the first quarter of 2009:

in €	01/01–03/31/2009	01/01–03/31/2008
Personnel costs	238,055	238,190
Audit and consultancy costs	108,298	66,738
Travel costs	50,397	36,300
Investor relations/annual meeting	44,965	61,543
Supervisory Board compensation	42,500	41,108
Depreciation and amortisation	32,879	20,655
Insurance	22,519	25,925
Costs of hardware and software support	9,814	7,271
Car-operating costs	9,177	10,254
Recruiting costs	3,889	29,985
Other	51,592	29,914
Set-off against grants	-74,331	-11,957
Total	539,754	555,926

Income taxes

As was the case with the consolidated financial statements as of and for the year ended December 31, 2008, the amount reported as deferred tax assets does not exceed our deferred tax liabilities since we cannot show with reasonable certainty that SFC Smart Fuel Cell AG will be able to utilise the tax losses brought forward.

Segment report

SFC's sales and results were as follows in the first quarter of 2009:

Segment	Segment sales		Segment result	
	01/01-03/31/2009	01/01-03/31/2008	01/01-03/31/2009	01/01-03/31/2008
A-Series	2,160,903	3,267,059	363,666	663,226
C-Series	42,000	16,000	30,372	9,136
JDA	320,848	1,137,266	88,600	354,557
Power Manager	20,496	0	9,594	0
Other products	329,215	185,478	38,407	-157,997
Unallocated items	0	0	-1,404,234	-721,930
Total	2,873,462	4,605,803	-873,595	146,992

The line item "unallocated items" captures consolidation effects as well as all of the amounts that cannot be assigned to any of the other segments.

Related party transactions

There have been no changes in the group of related parties since preparation of the consolidated financial statements for the year ended December 31, 2008.

There were no significant related party transactions in the first quarter of 2009.

Employees

SFC employed the following personnel as of the reporting date:

	03/31/2009	03/31/2008
Full-time employees	93	85
Part-time employees	5	6
Trainees, graduates, student trainees	12	6
Total	110	97

Contingent liabilities and other financial obligations

In the course of public project sponsorships, SFC has received grants for specific purposes that are subject to securing financing for the whole respective project. Until these projects are successfully completed, the grants received so far constitute a contingent liability of €185,000 as of the reporting date (€185,000 as of December 31, 2008).

Earnings per share

The number of issued shares at the beginning of the fiscal year and at the reporting date of March 31, 2009 was unchanged at 7,152,887 (Q1 2008: 7,136,243).

Under IAS 33 "Earnings per Share" the effect of potential shareholdings needs to be considered for purposes of determining the diluted earnings per share. It is presumed that all valid share options whose strike price was under the average share price for the period had actually been exercised. As in the prior-year period, there were no potential shares or dilutive effects on the number of issued shares.

Likewise, there were no dilutive effects on SFC's result.

Material events after the balance sheet date

The company is not aware of any material events after the balance sheet date affecting the course of business.

Brunnthal, April 28, 2009
The Management Board

Dr. Peter Podesser
CEO

Dr. Jens Müller
COO

Statements about the future

This interim report contains statements and information about the future. Such passages contain such words as "expect", "intend", "plan", "believe", "aim", "estimate", etc. Such statements about the future are based on current expectations and certain assumptions. They therefore also contain a number of risks and uncertainties. A multitude of factors, many of which are beyond the control of SFC, affect our business, our success, and our results. These factors can lead the group's actual results, success, and performance to deviate from the results, success, and performance in the statements made explicitly or implicitly about the future. SFC assumes no obligation to update any forward looking statements.

Financial Calendar 2009

Date	Schedule
05/12/2009	Annual General Meeting
07/30/2009	Publication Half yearly Report
10/28/2009	Publication Nine months Report

Imprint

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