

# Three Months Report Q1/2013



## SFC ENERGY AG CONSOLIDATED KEY FIGURES

	in k €		
	01/01 – 03/31/2013	01/01 – 03/31/2012	Change in %
Sales	7,345	7,554	-2,8
Gross margin total	2,879	3,063	-6,0
Gross margin	39.2%	40.5%	-
EBITDA	293	186	57,5
EBITDA-margin	4.0%	2.5%	-
EBITDA underlying	114	186	-38,7
EBITDA margin underlying	1.6%	2.5%	-
EBIT	-183	318	n. a.
EBIT margin	-2.5%	4.2%	-
EBIT underlying	-362	-218	-66,1
EBIT margin underlying	-4.9%	-2.9%	-
Net result	-212	339	n. a.
Net result per share, diluted	-0.03	0.05	n. a.
	in k €		
	03/31/2013	12/31/2012	Change in %
Equity	36,130	36,394	-0.7
Equity ratio	77.9%	76.4%	-
Balance sheet total	46,377	47,617	-2.6
Cash (freely available)	19,411	22,626	-14.2
	in k €		
	03/31/2013	03/31/2012	Change in %
Permanent employees	184	183	0.5

### DIRECTORS' SHAREHOLDINGS

	03/31/2013
<b>Management Board</b>	
Dr Peter Podesser	106,800
Gerhard Inninger	0
<b>Supervisory Board</b>	
Tim van Delden	0
David Morgan	4,000
Dr Jens T. Müller	50,000

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## INTRODUCTION BY THE MANAGEMENT BOARD

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Dr Peter Podesser CEO



Gerhard Inninger CFO

### DEAR CUSTOMERS, SHAREHOLDERS, EMPLOYEES AND FRIENDS OF SFC ENERGY AG,

In the first quarter of 2013 the SFC Group's consolidated sales were slightly below last year's level. As in the same period last year, EBITDA was again positive despite the slightly lower sales volume. The figures reported here demonstrate the sustainability of the business decisions we implemented and completed last year to reposition the entire SFC Group.

The steady trend was primarily the result of continued growth in the industrial markets that are important for SFC Energy. Particularly noteworthy in this regard is the use of fuel cell generators in civilian security and surveillance, the wind industry, and the oil and gas sector in Canada. In these applications amongst others, fuel cells make it possible to use equipment autonomously for months without user intervention, thus not only considerably increasing the security of operations, but also significantly reducing customers' operating and logistics costs.

Sales from power electronics (PBF) increased by 6.6 percent. Business from new customers also played a role here, as did the expansion of our product range to include value-added system solutions. The cooperation of our sites in Almelo (Netherlands) and Cluj (Romania) resulted in nicely improved margins.

In the area of Defense, the placement of orders has been delayed as a result of the budget dispute in the United States and the effect of reforms in various European defense organizations. However, in the field of Public Security, an increasing number of providers of security and video surveillance systems have selected EFOY Pro fuel cell generators to provide energy to their off-grid equipment.

The Consumer segment is still suffering from the difficult situation in the caravan and boat market and the resulting cutbacks in consumer spending. However, although sales fell slightly in comparison with the same quarter last year, the demand for EFOY COMFORT power providers remains at an acceptable level. Nevertheless we could announce new OEM-partnerships: the well-known mobile home specialist Knaus-Tabbert has been offering EFOY fuel cells in its mobile homes since the beginning of the year and two additional international boat manufacturers, Leonardo Yachts from Holland and Marex Boats from Norway, now offer the EFOY COMFORT fuel cell generators in their boats.

Part of our research and development has been focused on integrated power systems that connect off-grid power production to complete systems by using fuel cells and intelligent power management. Initial systems are currently being tested by customers. These complete integrated systems allow users to benefit from the decisive advantage of SFC Energy solutions: all they have to do is connect their equipment and right away they have reliable power everywhere they go – for weeks and months, no matter what the climate.

The Hanover Trade Show in early April saw the launch of the new EFOY Pro series for industrial applications. This product will provide industrial users with significantly higher runtime at lower costs and will also bring the manufacturing cost advantages of the EFOY COMFORT series to the industrial sector.

Now that SFC and PBF have been fully integrated, the combined company with an integrated management team in a very strong competitive position. The clear allocation of tasks and a clear understanding of potential additional synergies should improve sales, costs and system solutions along the value chain. Also in the past reporting period we actively worked on potential acquisitions projects.

Despite the increasingly difficult economic environment, especially in the Defense & Security and the Consumer segments, we believe that we are well equipped to face the future, with a strong product portfolio, a motivated team of market and technology experts and a strong market presence. In 2013 we anticipate revenue growth of around ten percent for the entire SFC Energy Group and an associated further improvement of earnings figures.

On behalf of SFC Energy AG, we thank you for your support and cordially invite you to stay with us as we continue our journey.

With best wishes,

The SFC Energy AG Management Board



**Dr Peter Podesser**  
CEO



**Gerhard Inninger**  
CFO

## BUSINESS REVIEW

### 1. REPORT ON EARNINGS AND FINANCIAL POSITION

#### Earnings position

The SFC Group posted sales of €7,345k in the first quarter of 2013, for a decrease of 2.8% from the prior-year period's €7,554k.

SFC Energy (excluding PBF; hereinafter "SFC") posted sales of €3,773k (previous year: €4,203k), for a year-on-year decrease of 10.2%. The decrease in sales at SFC is largely the result of the postponement of projects in the defense segment.

Dutch company PBF Group B.V. ("PBF") had sales of €3,572k (previous year: €3,351k), for an increase of 6.6%.

The Group's EBIT decreased from plus €318k to minus €183k. It bears noting that the previous year's figure reflected a €536k reversal into other operating income of impairment losses previously recognized on capitalized development costs, while the figure for Q1 2013 reflected the reversal of €377k from the earn-out liability, on the one hand, and acquisition-related expenses of €198k on the other. Excluding these one-off effects, EBIT underlying was minus €362k (previous year: minus €218k).

EBITDA, by contrast, was positive, at €293k for the first quarter of 2013 (previous year: €186k). Excluding the one-off effects mentioned, EBITDA underlying was €114k (previous year: €186k).

#### Sales by segment

In 2012, the Group started to break down its segment reporting into the markets Industry, Defense & Security and Consumer. This change is making it easier to put the individual markets and customers at the center of management decisions.

The following table shows a comparison of segment sales for the first three months of 2013 and 2012.

SALES BY SEGMENT (UNAUDITED)	in k €		in %
	1st Quarter		
Segment	2013	2012	Change
Industry	5,001	4,308	16.1
Consumer	1,678	1,803	-6.9
Defense & Security	666	1,443	-53.8
<b>Total</b>	<b>7,345</b>	<b>7,554</b>	<b>-2.8</b>

SFC's first-quarter sales in the Industry market were up 55.7%, from €977k to €1,521k. The number of EFOY units sold increased from 187 to 341. The fact that unit sales growth outpaced revenue growth is due to a shift in the product mix towards lower performance classes, which are used in the field of security & surveillance, in particular.

Nearly all of PBF's sales were generated in the Industry segment. In the first quarter of 2013 it achieved sales of €3,480k in this segment (previous year: €3,331k).

In the Consumer market, sales receded by € 125k, or 6.9%, with the number of fuel cells sold decreasing from 661 to 597.

Sales in the Defense segment decreased by € 777k, or 53.8%, from € 1,443k to € 666k. It is important to remember that the sum of € 716k was recognized in income in the previous year from the delivery of an order for fifty FC 100 systems to the U.S. Army. No comparable project was recorded in the first quarter of 2013. JDA sales rose from € 220k to € 332k.

### Sales by region

SALES BY REGION (UNAUDITED)	in k €		in %
	1st Quarter		
	2013	2012	Change
Europe and rest of the world	6,683	6,150	8,7
North America	662	1,404	-52,8
<b>Total</b>	<b>7,345</b>	<b>7,554</b>	<b>-2,8</b>

SFC posted a 10.6% increase in sales in the region Europe and rest of the world. There was a decrease in sales in North America, predominantly because of the aforementioned order placed by the U.S. Army in the previous year.

PBF conducts almost all of its business in the region Europe and rest of the world.

### Gross margin

Gross margin in the first quarter of 2013 was € 2,879k (previous year: € 3,063k), or 39.2% (previous year: 40.5%). Thus, it stayed at or near 40% throughout the Group.

The year-on-year change in the individual segments' gross margin was as follows:

GROSS MARGIN (UNAUDITED)	in k €		
	1st Quarter		
Segment	2013	2012	Change
Industry	1,956	1,578	378
Consumer	622	717	-95
Defense & Security	301	768	-467
<b>Total</b>	<b>2,879</b>	<b>3,063</b>	<b>-184</b>

Gross margin improved to 39.1% in the Industry segment (previous year: 36.6%); it stood at 37.0% in the Consumer segment (previous year: 39.8%).

Group company SFC posted a lower gross margin at 42.6%, compared with 46.5% in the first quarter of 2012. This was due to a year-on-year decrease in the high-margin sales in the Defense & Security segment.

Group company PBF achieved a gross margin of 35.6% (previous year: 33.1%).

### Sales costs

Sales costs rose 5.6%, from €1,336k to €1,411k.

Sales costs were 28.8% of sales (previous year: 25.6%) for SFC and 9.1% (previous year: 7.8%) for PBF, with expenses for business development being reported under sales costs.

### Research and development costs

Research and development costs increased to €1,085k in the first quarter of 2013, following €945k the year before. The increase is partly the result of higher amortization of capitalized development costs – increase of €74k for the products network solutions, JENNY and the latest generation of the EFOY fuel cell generator.

SFC, thus, is reporting research and development costs of €469k (previous year: €399k). PBF's research and development costs were €617k (previous year: €546k).

Development costs in the amount of €40k (previous year: €59k) and internally generated patents in the amount of €0k (previous year: €3k) were capitalized in the first quarter of 2013. It is important to note that development costs incurred as part of JDAs are reported as production costs of work performed to generate sales and that any subsidies received for government-sponsored development projects are offset against development costs. Adjusted for these two effects and adding back in the capitalized development costs and patents, true research and development expenditures in the first quarter of 2013 totaled €1,636k, for an increase of 23.8% on the previous year's €1,321k.

### General administration costs

General administration costs decreased by 9.0% to €841k in the first three months of 2013 (previous year: €924k). They were 11.4% this year versus 12.2% last year when expressed as a percentage of sales.

### Other operating income

The figure for other operating income primarily reflects the €377k in income from reversal of the earn-out liability and foreign exchange transaction gains in the amount of €97k. Last year's figure almost exclusively comprised a €536k reversal of impairment losses previously recognized on capitalized development costs.

### Other operating expenses

The €202k in other operating expenses is made up almost entirely of acquisition-related expenses (€198k). Last year's figure (€84k) consisted mostly of foreign exchange transaction losses.



### Operating result (EBIT)

EBIT decreased from plus €318k to minus €183k in the first quarter of 2013.

Adjusted for the one-off effects mentioned earlier, EBIT underlying went from minus €218k to minus €362k and was above expectations.

### Earnings before interest, taxes, depreciation and amortization (EBITDA)

EBITDA was plus €293k, against plus €186k in the same period a year ago. The EBITDA margin improved from plus 2.5% to plus 4.0%. The underlying EBITDA came to €114k, versus €186k a year ago.

### Interest and similar income

Interest and similar income decreased from €83k to €29k primarily because of the lower balance of cash and cash equivalents and low interest rates.

### Interest and similar expenses

Interest and similar expenses were €43k and, as in the previous year (€37k), consisted mostly of the interest cost on liabilities and provisions.

### Net result

Last year at this time a profit of €339k was reported. This year there was a loss of €211k.

### Earnings per share

Earnings per share under IFRS (diluted) were negative in the first quarter of 2013 at minus €0.03 (Q1 2012: plus €0.05).

## Financial position

Net cash outflows increased to €3,218k in the first quarter of 2013, compared with €933k a year ago, due to the cash flow from ordinary operations.

The balance of cash and cash equivalents at the end of March 2013 was €19,411k (end of March 2012: €21,506k).

### Cash flow from ordinary operations

The net cash used in ordinary operations stood at €3,441k in the first quarter of 2013 (Q1 2012: €609k).

Trade accounts receivable rose by €1,954k and were at a normal level as of March 31, 2013. By contrast, the volume of trade accounts receivable at December 31, 2012 was low, especially because of the payment received from the German Bundeswehr. The working capital rose further because of a €620k increase from December 31, 2012 in other short-term receivables (predominantly subsidies). In addition, the figure for other short-term liabilities decreased by €1,106k, chiefly because of remittance of the VAT owed for November and December 2012.

Ultimately, the higher cash outflows were attributable to the normalization of working capital.

### Cash flow from investment activity

Net cash used for investment activity totaled €86k in the period under review, versus €126k the previous year. Investments were limited to essential items.

### Cash flow from financial activity

Nearly all of the net cash used for financial activity went towards the repayment of PBF's liabilities to banks.

## Assets and liabilities

The Group's balance sheet remains healthy, with an equity ratio of 77.9% (December 31, 2012: 76.4%). This marks a slight improvement in the ratio, which is attributable to the reduction in total assets.

Total assets decreased only slightly as of March 31, 2013, coming in at €46,377k, compared with €47,617k as of December 31, 2012.

The increase in trade accounts receivable from €3,696k at December 31, 2012 to €5,640k at March 31, 2013 was attributable to the reasons mentioned earlier.

The increase in other short-term assets and receivables is largely attributable to claims under subsidies, which totaled €759k at March 31, 2013.

Intangible assets decreased by €255k due to amortization.

The share of non-current assets in total assets was nearly unchanged as of March 31, 2013 at 29.3%, versus 29.4% at December 31, 2012.

The decrease in other short-term liabilities is mainly the result of the VAT payment for November and December 2012.

Altogether, liabilities made up 22.1% of total liabilities and shareholders' equity (December 31, 2012: 23.6%): The share of non-current liabilities in total liabilities and shareholders' equity decreased from 7.5% to 7.1%, while that of current liabilities decreased from 16.1% to 15.0%.

With the negative result after taxes, shareholders' equity decreased to €36,131k at March 31, 2013, against €36,394k at December 31, 2012.

## Research and development

The focal points of SFC's research and development activities were as follows in the first quarter of 2013:

- Development of a range of energy solutions that help customers use and reliably power a vast array of industrial applications under the harshest of conditions.

- Tests on further reducing unit costs and increasing capacity through technological innovations and an improved operating strategy, particularly for our fuel cell stacks, which represent the technical core of fuel cell systems, in order to increase power density and reduce degradation while cutting back on the amount of material used.
- Significantly improve the reliability, product life and robustness of devices developed for the industry market, including under harsh environmental conditions, in order to make products even more attractive and build on SFC's technological edge.
- Advanced prototype equipment with significantly improved output power has undergone initial field tests and was presented to customers in the industry market.
- The capacity of portable products for the defense market has been successfully increased and evaluated.
- Development of higher-performing energy supply solutions for vehicle-based and stationary applications in order to better meet customer requirements in the defense segment.

The areas of emphasis of PBF's research and development activities were as follows:

- The development department worked on six new projects in the area of network component solutions (AC to DC) in the 150W to 3000W output range.
- PBF also continued its research in the area of buck-boost PFC converters that should lead to greater efficiency over a large input voltage range.
- A new project for military applications was launched in the 400W power range.

The following joint projects were continued by PBF and SFC:

- Design of a new, efficient, lower-cost Power Manager for broader military application and development of the first prototypes for customers.

## Capital expenditures

A total of €40k in development work directed at enhancing SFC's and PBF's products was capitalized in the first three months of 2013 (previous year: €59k). Investments to improve production and storage were also made. Total capital expenditures came to €118k (previous year: €210k).

## New orders and order backlog

New orders totaling €5,689k were received in the first quarter of 2013. New orders in the same period a year ago were €10,825. However, this was largely attributable to the nearly €5m volume production order placed by the German Bundeswehr for portable fuel cells.

Altogether, the order backlog stood at €7,908k at March 31, 2013 (previous year: €10,272k), with €644k of that amount attributable to SFC and €7,264k to PBF.

## Employees

As of March 31, 2013, the Group employed the following permanent personnel:

<b>EMPLOYEES</b>			
	<b>03/31/2013</b>	<b>03/31/2012</b>	<b>Change</b>
Management Board	2	2	0
Research and development	57	60	-3
Production, logistics, quality management	71	68	3
Sales & Marketing	35	32	3
Administration	19	21	-2
<b>Permanent employees</b>	<b>184</b>	<b>183</b>	<b>1</b>

The SFC Group employed 6 trainees, graduates and student trainees as of March 31, 2013 (previous year: 10).

Of the permanent employees, 86 worked for SFC and 98 for PBF.

## 2. REPORT ON RISKS AND OPPORTUNITIES

As part of a systematic and organizational 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, analyzing and measuring risks and determining the appropriate course of action.

We believe that the material risks and opportunities in the Consumer, Industry and Defense & Security segments have not changed since publication of our 2012 annual report. We believe that the other material risks and opportunities for the Group have not changed since the publication of our 2012 annual report either, with the following exceptions.

### Other risks

Due to the uncertain budget situation and related restrictions on the release of funding, SFC may have to assume a larger share of the costs of development projects, which would have a negative impact on its earnings.

### 3. FORECAST REPORT

For the second and third quarter 2013 the usual seasonality for SFC Energy's business is expected. For 2013 as a whole, SFC anticipates revenue growth of around 10% and an associated further improvement of its earnings figures.

Due to the difficult market climate in the Consumer market, the Management Board expects total sales in this segment to be on the same level as the previous year. There are no large-scale projects scheduled for the Defense & Security market, as there were in 2012. Accordingly, this segment's sales are expected to drop by 15% to 20%.

Significant growth is expected in the Industry market and is to be achieved through regional business expansion, strategic partnerships and a greater focus on complete solutions. In this environment, further acquisition steps are possible in 2013.

Current plans for the SFC Group anticipate achievement of break-even, on an underlying EBIT basis, during the fourth quarter of 2013 as a result of revenue growth.

We aim for further revenue growth of 10% to 15% and an associated further improvement of the earnings figures for 2014, with the individual segments posting growth in the range mentioned above.

### 4. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

Brunnthal, May 2, 2013

The Management Board



Dr Peter Podesser  
CEO



Gerhard Inninger  
CFO

## **INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS AT MARCH 31, 2013**

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

## INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS AT MARCH 31, 2013

### SFC ENERGY AG, BRUNNTHAL CONSOLIDATED INCOME STATEMENT FROM JANUARY 1 TO MARCH 31, 2013

	in €	
	01/01 – 03/31/2013	01/01 – 03/31/2012
Sales	7,345,420	7,553,953
Production costs of work performed to generate sales	-4,466,328	-4,490,752
<b>Gross margin</b>	<b>2,879,093</b>	<b>3,063,201</b>
Sales costs	-1,411,048	-1,336,010
Research and development costs	-1,085,427	-945,460
General administration costs	-840,623	-924,206
Other operating income	477,636	543,894
Other operating expenses	-202,471	-83,861
<b>Operating result</b>	<b>-182,840</b>	<b>317,558</b>
Interest and similar income	28,917	82,584
Interest and similar expenses	-42,906	-36,737
<b>Result from ordinary operations</b>	<b>-196,828</b>	<b>363,405</b>
Income taxes	-14,190	-24,303
<b>Consolidated net result</b>	<b>-211,018</b>	<b>339,102</b>
<b>NET RESULT PER SHARE</b>		
undiluted	-0.03	0.05
diluted	-0.03	0.05

### SFC ENERGY AG, BRUNNTHAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM JANUARY 1 TO MARCH 31, 2013

	in €	
	01/01 – 03/31/2013	01/01 – 03/31/2012
<b>Consolidated net result</b>	<b>-211,018</b>	<b>339,102</b>
OCI items that may be recycled to profit or loss in the future		
Result from currency translations	-52,175	31,400
<b>Total results recognized directly in equity</b>	<b>-52,175</b>	<b>31,400</b>
<b>Total comprehensive income</b>	<b>-263,193</b>	<b>370,502</b>

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

There are no deferred tax effects on the total results recognized directly in equity.

## SFC ENERGY AG, BRUNNTHAL CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

	in €	
	03/31/2013	12/31/2012
<b>Current Assets</b>	<b>32,779,711</b>	<b>33,597,825</b>
Inventories	5,641,355	5,814,778
Trade accounts receivable	5,639,610	3,696,497
Income tax receivables	66,268	57,805
Other short-term assets and receivables	1,736,004	1,118,230
Cash and cash equivalents	19,411,474	22,625,515
Cash and cash equivalents with limitation on disposal	285,000	285,000
<b>Non-current assets</b>	<b>13,597,488</b>	<b>14,019,617</b>
Intangible assets	10,744,719	11,000,118
Property, plant and equipment	2,304,415	2,400,291
Deferred tax assets	548,354	619,208
<b>Assets</b>	<b>46,377,199</b>	<b>47,617,442</b>



## SFC ENERGY AG, BRUNNTHAL CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

	in €	
	03/31/2013	12/31/2012
<b>Current liabilities</b>	<b>6,975,818</b>	<b>7,661,752</b>
Provisions for taxes	89,650	52,383
Other provisions	935,422	946,934
Liabilities to banks	692,412	371,656
Liabilities from prepayments	21,837	14,088
Trade accounts payable	2,880,729	3,033,123
Liabilities from percentage-of-completion	42,327	68,009
Other short-term liabilities	2,313,442	3,175,559
<b>Non-current liabilities</b>	<b>3,270,780</b>	<b>3,561,896</b>
Other long-term provisions	1,374,121	1,386,527
Other long-term liabilities	850,180	1,041,206
Deferred tax liabilities	1,046,479	1,134,163
<b>Equity</b>	<b>36,130,601</b>	<b>36,393,794</b>
Subscribed capital	7,502,887	7,502,887
Capital surplus	67,878,818	67,878,818
Other changes in equity not affecting profit or loss	-89,262	-37,087
Accumulated loss brought forward from previous year	-38,950,824	-38,525,235
Consolidated net result	-211,018	-425,589
<b>Liabilities and shareholders' equity</b>	<b>46,377,199</b>	<b>47,617,442</b>

## SFC ENERGY AG, BRUNNTHAL CONSOLIDATED CASH FLOW STATEMENT FROM JANUARY 1 TO MARCH 31, 2013

		in €	
		01/01 – 03/31/2013	01/01 – 03/31/2012
<b>Cash flow from ordinary operations</b>			
<b>Result before taxes</b>		<b>-196,828</b>	<b>363,405</b>
+/-	Net interest income	13,988	-45,847
+/-	Depreciation/amortization and write up of intangible assets and property, plant and equipment	475,761	-131,324
+	Expenses from Long Term Incentive Plan	19,627	11,925
+/-	Changes in allowances	9,738	-136,679
+	Losses from disposal of property, plant and equipment	7	452
-/+	Other non-cash income/expenses	-67,106	49,232
<b>Changes to operating result before working capital</b>		<b>255,187</b>	<b>111,164</b>
-/+	Changes to short and long-term provisions	-43,354	16,459
-	Changes to trade accounts receivable	-1,954,412	-640,033
+	Changes to inventories	197,522	49,351
-/+	Changes to other receivables and assets	-620,116	191,460
-	Changes to trade accounts payable	-155,416	-137,501
-	Changes to other liabilities	-1,106,173	-173,232
<b>Cash flow from ordinary operations before taxes</b>		<b>-3,426,761</b>	<b>-582,332</b>
-	Income tax payments	-14,709	-26,176
<b>Cash flow from ordinary operations</b>		<b>-3,441,470</b>	<b>-608,508</b>

## SFC ENERGY AG, BRUNNTHAL CONSOLIDATED CASH FLOW STATEMENT FROM JANUARY 1 TO MARCH 31, 2013

	in €	
	01/01 – 03/31/2013	01/01 – 03/31/2012
<b>Cash flow from investment activity</b>		
- Investments in intangible assets from development projects	-39,774	-58,600
- Investments in other intangible assets	-10,654	-51,234
- Investments in property, plant and equipment	-67,757	-100,451
+ Interest and similar income	32,089	84,431
<b>Cash flow from investment activity</b>	<b>-86,096</b>	<b>-125,854</b>
<b>Cash flow from financial activity</b>		
+ Proceeds from borrowings	320,756	0
- Repayment of financial debt	0	-194,391
- Interest paid and other expenses	-11,344	-4,243
<b>Cash flow from financial activity</b>	<b>309,412</b>	<b>-198,634</b>
<b>Net change in cash and cash equivalents</b>	<b>-3,218,155</b>	<b>-932,996</b>
Currency effects on cash and cash equivalents	4,115	-4,575
Net change in cash and cash equivalents		
Cash and cash equivalents at beginning of period	22,625,515	22,443,141
Cash and cash equivalents at end of period	19,411,475	21,505,570
<b>Net change in cash and cash equivalents</b>	<b>-3,218,155</b>	<b>-932,996</b>

## SFC ENERGY AG, BRUNNTHAL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1 TO MARCH 31, 2013

	Subscribed capital	Capital surplus	Other changes in equity not effecting profit or loss	Net accumulated loss	in € Total
<b>Balance 01/01/2012</b>	<b>7,502,887</b>	<b>67,878,818</b>	<b>-68,191</b>	<b>-38,525,235</b>	<b>36,788,279</b>
<b>Total comprehensive income for the period</b>					
Consolidated net profit 01/01–03/31/2012				339,102	339,102
Result from currency translation recognized in equity			31,400		31,400
<b>Balance 03/31/2012</b>	<b>7,502,887</b>	<b>67,878,818</b>	<b>-36,791</b>	<b>-38,186,133</b>	<b>37,158,781</b>
<b>Total comprehensive income for the period</b>					
Consolidated net loss 04/01–12/31/2012				-764,691	-764,691
Result from currency translation recognized in equity			-296		-296
<b>Balance 12/31/2012</b>	<b>7,502,887</b>	<b>67,878,818</b>	<b>-37,087</b>	<b>-38,950,824</b>	<b>36,393,794</b>
<b>Total comprehensive income for the period</b>					
Consolidated net loss 01/01–03/31/2013				-211,018	-211,018
Result from currency translation recognized in equity			-52,175		-52,175
<b>Balance 03/31/2013</b>	<b>7,502,887</b>	<b>67,878,818</b>	<b>-89,262</b>	<b>-39,161,842</b>	<b>36,130,601</b>

## NOTES TO THE INTERIM REPORT OF SFC ENERGY AG

### Information about the company

SFC Energy AG (the "Company" or "SFC") is a stock corporation domiciled in Germany. The Company's headquarters is located at Eugen-Sänger-Ring 7, 85649 Brunnthal. The Company is registered in the Commercial Register of the Local Court of Munich under number HRB 144296. The principal activities of the Company and its subsidiaries (the Group) are the development, production and distribution of power generation systems and their components based on fuel cell and other technologies, as well as investment in the equipment and facilities required for these activities and transaction of all other related business.

### Accounting principles

This interim report was prepared in accordance with International Financial Reporting Standards (IFRS), as they are to be applied in the European Union. The principal accounting policies used by the Company to prepare its consolidated financial statements for the financial year ended December 31, 2012 were also used to prepare the interim financial statements.

The quarterly financial statements of SFC Energy AG for the financial period January 1 to March 31, 2013 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, 2012.

In addition to the standards and interpretations applied as at December 31, 2012, the following standards were applicable for the first time, but had no impact on the consolidated financial statements:

- IFRS 13 „Fair Value Measurement“ (2011)
- Amendments to IAS 19 „Employee Benefits“ (2011)
- IFRIC 20 „Stripping Costs in the Production Phase of a Surface Mine“ (2011)
- Amendments to IFRS 7 „Financial Instruments: Disclosures“ (2011)
- Amendments to IFRS 1 „Government Loans“ (2012)

In addition, the amendments to IAS 1 "Presentation of Financial Statements" that the IASB issued in June 2011 were applied. They had a minor impact on the presentation of the financial statements. No further standards were released by the IASB in the time leading up to the publication of these interim financial statements for the first quarter of 2013.

The interim report is presented in euros (€). Figures stated in this report are in euros (€) unless otherwise indicated. The consolidated income statement was prepared using the cost-of-sales method. The auditors have neither audited nor reviewed the interim financial statements.

## Receivables and liabilities from percentage-of-completion

If the production costs (including earnings contributions) incurred during the quarter under review for contracts that are not yet completed exceed the amounts already invoiced (installment payments), the difference is reported as receivables from percentage-of-completion. Conversely, the difference is reported as liabilities from percentage-of-completion if the prepayments exceed these costs. There were liabilities from percentage-of-completion in the amount of €42,327 in the first three months of 2013 (December 31, 2012: €68,009). There were no receivables from percentage-of-completion.

## Other short-term assets and receivables

The Company had other short-term assets and receivables of €1,736,004 as of the reporting date (December 31, 2012: €1,118,230). The increase is largely due to higher receivables from subsidies, which stood at €759,326 (December 31, 2012: €379,389).

## Other liabilities

Other long-term liabilities include the obligation recognized from the Long Term Incentive Plan for members of the Management Board and selected executives. The section entitled "Long-term incentive plan for Management Board members and top executives" contains additional information about the plan. A portion of the earn-out component from the purchase price agreement for PBF is also reported under other liabilities.

## Long-term incentive plan for Management Board members and top executives

No shares were awarded from the LTIP in the first quarter. The phantom shares awarded during the term of the LTIP are classified and measured as cash-settled share-based payment transactions. The fair value of the liability to recognize because of the LTIP is determined for all of the sub-tranches using a Monte Carlo model. At March 31, 2013, a liability of €415,919 was recognized under other long-term liabilities (December 31, 2012: €396,292), with no amounts recognized under other short-term liabilities. The amount expensed for the period from January 1 to March 31 was €19,627 (prior-year period: €11,925). The following parameters were used in the measurement:

Measurement date	03/31/2013
Remaining term (in years)	0.75–3.75
Anticipated volatility	32.43%–36.42%
Risk-free interest rate	0.01%–0.15%
Share price as of the measurement date	€5.40

## Sales costs

Sales costs were as follows in the first three months of 2013:

	in €	
	01/01 – 03/31/2013	01/01 – 03/31/2012
Personnel costs	719,831	710,252
Advertising and travel costs	233,279	221,144
Consultancy/commissions	226,091	153,740
Depreciation and amortization	58,587	56,615
Cost of materials	15,716	13,272
Other	157,544	180,987
<b>Total</b>	<b>1,411,048</b>	<b>1,336,010</b>

## Research and development costs

Research and development costs were as follows in the first three months of 2013:

	in €	
	01/01 – 03/31/2013	01/01 – 03/31/2012
Personnel costs	760,682	692,236
Depreciation and amortization of self produced assets	185,712	107,627
Consultancy and patents	131,164	127,718
Cost of materials	119,513	78,362
Cost of premises	93,069	95,731
Other depreciation and amortization	84,988	82,971
Other	54,901	33,027
Capitalization of self-produced assets	-39,774	-61,533
Set-off against grants	-304,828	-210,679
<b>Total</b>	<b>1,085,427</b>	<b>945,460</b>

## General administration costs

General administration costs were as follows in the first three months of 2013:

	in €	
	01/01 – 03/31/2013	01/01 – 03/31/2012
Personnel costs	432,266	420,217
Audit and consultancy costs	126,230	190,796
Investor relations/annual meeting	52,402	63,149
Insurance	42,919	38,500
Depreciation and amortization	33,980	40,608
Car-operating costs	29,542	21,203
Travel costs	29,523	28,074
Supervisory Board compensation	28,125	28,125
Costs of hardware and software support	13,413	12,588
Other	127,332	139,253
Set-off against grants	-75,109	-58,307
<b>Total</b>	<b>840,623</b>	<b>924,206</b>

## Other operating income and expenses

The figure for other operating income in the first three months of 2013 predominantly reflects the €376,768 in income from the reversal of liabilities for contingent consideration (previous year: €0). The other operating income in the previous year mostly reflected the reversal of impairment charges on capitalized development costs in the amount of €535,563. The other operating expenses in the first quarter of 2013 largely relate to expenses of €198,027 for targeted acquisitions (previous year: €0) and foreign exchange transaction losses in the amount of €4,437 (previous year: €83,410).

## Income taxes

As was the case in the consolidated financial statements as of and for the year ended December 31, 2012, deferred tax assets are recognized on tax loss carryforwards of SFC and its U.S. subsidiary only in such an amount as can be offset against deferred tax liabilities, after subtraction of the other deferred tax assets, since we cannot yet show with reasonable certainty that we will be able to draw a future economic benefit from these carryforwards.

## Segment report

Internally, the Management Board uses sales, gross margin and EBITDA when steering the Group and aligning its business with the core markets "Industry", "Consumer" and "Defense & Security".



Sales, gross margin, EBITDA and the reconciliation of EBITDA to the operating result (EBIT) as reported in the consolidated income statement were as follows in the first three months of 2013:

Segments	in €					
	Sales		Gross margin		EBITDA	
	01/01 – 03/31/2013	01/01 – 03/31/2012	01/01 – 03/31/2013	01/01 – 03/31/2012	01/01 – 03/31/2013	01/01 – 03/31/2012
Industry	5,001,585	4,307,896	1,956,189	1,577,714	379,252	-32,177
Consumer	1,677,852	1,802,986	621,514	717,286	191,535	211,931
Defense & Security	665,983	1,443,071	301,389	768,201	-277,866	6,480
<b>Total</b>	<b>7,345,420</b>	<b>7,553,953</b>	<b>2,879,093</b>	<b>3,063,201</b>	<b>292,921</b>	<b>186,234</b>
Depreciation/amortization					-475,761	131,324
<b>Operating result (EBIT)</b>					<b>-182,840</b>	<b>317,558</b>

The "Industry" market is highly diversified and could include any area of industry where professional users run electrical equipment away from the grid and use SFC's EFOY Pro fuel cell. Right now, the Company's technology enables applications in security and surveillance, traffic management, wind power and environmental technology, as well as in the oil and gas sector. Additionally, PBF sells nearly all of its high-performance electronic components for integration into precision defense equipment as well as testing and metering systems in this segment.

In the "Consumer" market, SFC's EFOY COMFORT fuel cells are used to supply power to RVs, vacation cottages and sailboats.

The "Defense & Security" segment covers defense and security applications for defense organizations and governments. SFC's product portfolio for this market includes the JENNY 600S, the vehicle-based EMILY 2200, the EMILY Cube 2500 and the SFC Power Manager.

## 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, 2012. There were no significant related party transactions in the first three months of 2013, just as there had been none in the first three months of 2012.

## Employees

SFC employed the following personnel as of the reporting date:

	03/31/2013	03/31/2012
Full-time employees (incl. Management Board)	157	159
Part-time employees	27	24
<b>Total</b>	<b>184</b>	<b>183</b>

A total of six trainees, graduates and student trainees were also employed as of the end of March 2013 (previous year: 10).

## Earnings per share

Earnings per share are calculated by dividing the net income for the year that is attributable to shareholders of the parent by the average number of shares in circulation. The number of outstanding shares, 7,502,887 at the balance sheet date of March 31, 2013 (previous year: 7,502,887), did not change during the first three months, as had also been the case in the previous year. As during the prior-year period, there were no dilutive effects to be taken into account in determining the number of outstanding shares or any dilutive effects on SFC's earnings.

## 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, May 2, 2013

The Management Board



**Dr Peter Podesser**  
CEO



**Gerhard Inninger**  
CFO

## FINANCIAL CALENDAR 2013

May 6, 2013	Annual general meeting
July 30, 2013	Publication half year report
October 24, 2013	Publication nine months report

## SHARE INFORMATION

Bloomberg Symbol	F3C
Reuters Symbol	CXPNX
WKN	756857
ISIN	DE0007568578
Number of shares	7,502,887
Stock Category	No-par value shares
Stock segment	Prime Standard, Renewable Energies
Stock exchange	Frankfurt, FWB
Designated Sponsor	Close Brothers Seydler

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### Statements about the future

This interim report contains statements and information about the future. Such passages contain such word 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.