



Q2



Half-Year Report 2009

Consolidated Key Figures

in k€	1. HY 2009	1. HY 2008	Change in %	Q2/2009	Q2/2008	Change in %
Total sales	5,666	8,203	-30.9%	2,793	3,597	-22.4%
Product sales total	5,126	6,172	-16.9%	2,699	2,703	-0.1%
Sales share of products	90.5%	75.2%	-	96.6%	75.1%	-
Sales gross margin total	1,350	1,693	-20.3%	819	824	-0.6%
Gross margin	23.8%	20.6%	-	29.3 %	22.9%	-
EBITDA	-1,898	-983	93.1%	-969	-756	28.2%
EBITDA margin	-33.5%	-12.0%	-	-34.7%	-21.0%	-
EBIT	-2,378	-1,360	74.9%	-1,203	-949	26,8
EBIT margin	-42.0%	-16.6%	-	-43.1%	-26.4%	-
Net loss	-1,915	-272	>100%	-1,042	-419	>100%
Earnings per share, diluted	-0,27	-0,04	>100%	-0,15	-0,06	>100%

in k€	06/30/2009	12/31/2008	Change in %			
Equity	47,726	49,635	-3.8%	-	-	-
Equity ratio	92.4%	90.5%	-	-	-	-
Balance sheet total	51,678	54,839	-5.8%	-	-	-
Cash	43,059	45,568	-5.5%	-	-	-

	06/30/2009	06/30/2008	Change in %			
Permanent employees	96	95	1.1%	-	-	-

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

Content

INTRODUCTION BY THE MANAGEMENT BOARD	4
INTERIM GROUP MANAGEMENT REPORT, JANUARY 1 – JUNE 30, 2009	6
1. Economic developments and industry climate: Global recession	6
2. Report on earnings and financial position	7
3. Report on risks and opportunities	12
4. Report on forecasts and other forward-looking statements	13
5. Report on material transactions with related parties	13
6. Significant events after the balance sheet date	13
INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS	14
Consolidated Income Statement	15
Consolidated Balance Sheet	16
Consolidated Cash Flow Statement	18
Consolidated Statement of Changes in Equity	20
Consolidated Statement of Income and Expense Recognized	20
Notes to the Interim Report of SFC Smart Fuel Cell AG	22
RESPONSIBILITY STATEMENT	30
IMPRINT/FINANCIAL CALENDAR	31

Introduction by the Management Board

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

As expected, the difficult economic conditions also had an impact on SFC's business in the first six months of 2009. Total sales for the first half of the year, at €5.666 million, were down 30.9% compared with 2008. The main revenue decrease occurred in the defense market, as orders for joint development agreements were postponed again in the second quarter. Extreme consumer reticence continues to dominate the volume market leisure but SFC, with sales down 10.5%, performed far better than the industry as a whole, which suffered a 24.2% drop in registrations for recreational vehicles in Europe and 19.1% in Germany. The company posted a 24.8% growth in the industry market despite general hesitation towards capital expenditures on the customer side. Revenues in all segments but the defense market increased by 3.2% in the first half of 2009 in comparison to previous year. In the second quarter the increase reached 73.9% due to growth in industry and mobility markets.



left
Dr. Peter Podesser
CEO

right
Dr. Jens Müller
COO

On the upside, sales of our A-Series systems (mainly EFOY fuel cells) reached around €2.5 million in the second quarter, nearly twice as much as in the previous year's period. This respectable performance was achieved through targeted sales and marketing efforts focused on leisure customers. In the defense market, we sold our first "FC250" and "EMILY" fuel cell systems, which are specially designed for military applications.

A highlight of the second quarter was Daimler AG's decision to sign a contract with SFC for the delivery of EFOY fuel cells. EFOY Pro 1600 systems will be installed as auxiliary power units (APU's) in Mercedes-Benz Sprinter vans sold for professional use. Operators will be able to use the fuel-cell-equipped special utility vans as a mobile office for more than eight hours at a time to collect important data in the field. The achievement of this latest order placed with SFC, is that there will be approximately 400 utility vehicles with an EFOY fuel cell on Germany's roads by the end of the year. We believe that this is a market with significant growth opportunities for SFC on the international markets.

At the beginning of July, we together with DuPont received an order from the U.S. Army to work on further development of our portable M25 fuel cell, a project we had been expecting to receive for some months. The order covers the development and provision of a compact, lightweight and portable power supply. SFC's share of the project amounts to around two million U.S. dollars. With this project SFC and DuPont will continue the companies' long-standing, successful cooperation to develop portable energy supply solutions for the U.S. Armed Forces.

The Management Board formulated a cost-saving program in response to the current macroeconomic risks and lack of market transparency, reflecting the appropriate degree of caution. Several components of this program were already implemented in the second quarter. This initiative will result in significant savings across the entire organization. In some departments, reduced work hours were introduced in June, enabling the company to have maximum flexibility in capacity utilization.

Our market achievements prove that there is a healthy demand for off-grid, sustainable energy solutions, even in adverse economic times. As a technology leader with a highly qualified, motivated staff and extensive expertise in delivering system-based solutions, we will continue to work, in cooperation with our partners, on expanding our position as a top provider in the leisure, industry, defense and mobility markets. By making sensible and deliberately conservative use of all resources available to us, especially our financial resources, we are building a solid foundation for the lasting success of SFC Smart Fuel Cell AG.

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 June 30, 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

Interim Group Management Report, January 1 – June 30, 2009

1. Economic developments and industry climate: Global recession

In their spring report released at the end of April 2009, the Federation of German Industries (BDI) and Confederation of German Employers' Associations (BDA) concluded that the global economy is currently in the midst of its worst crisis since the 1920s Great Depression. Production is down sharply throughout the world, particularly in emerging economies as well as Japan and Germany, which are heavily dependent on exports. German exports fell by more than 20% in the first three months of the year. Several indicators suggest that the pace of shrinkage in production and global demand has slowed, but experts see no signs that the downturn will end in the coming months. Output in the industrialized countries is expected to contract by 4.2% in 2009 and to recede slightly in 2010, as well. Jobless numbers will rise dramatically as a result. Global trade may fall by as much as 15% in 2009.

The research institutes predict that the downswing is not going to level off until the winter of 2009/2010, at which point a mild economy recovery will set in. Global trade will slowly start to pick up steam in 2010, with world economic output gaining 0.5%, a very weak figure historically. Researchers view the ongoing uncertainty in the financial markets as the central problem for the global economy¹.

GERMANY: FURTHER DROP IN ECONOMIC ACTIVITY EXPECTED

The ifo Institute for Economic Research has revised its forecasts for the German economy sharply downward. According to the institute's forecasts, the basic tendency of total economic output will be further contraction following a temporary boost in the summer driven primarily by fiscal stimulus. The earliest production and demand are expected to bottom out in spring 2010. Afterward, real economic output will probably increase somewhat.

The current year is poised to mark the worst recession in the history of the Federal Republic, according to ifo. The institute expects Germany's GDP to shrink by 6.3% in 2009 and 0.3% in 2010. Ifo believes that total economic output continued to fall in the second quarter of 2009 after the drastic drop in the winter half-year 2008/09, but that the pace of decline had decreased (current rate: minus 0.7%). Economists with the organization feel that recent developments in a number of important economic indicators such as production and incoming orders as well as the Ifo Business Climate Index signal the start of a gradual stabilization².

LEISURE³

The market for recreational vehicles (RV) in Germany has been hard hit by the general downturn. At 11,918, the number of first-time RV registrations in Germany processed by the Federal Motor Transport Authority in Flensburg fell by 19.1% in the first half of the year. With production numbers down about 30% for middle- and upper-class recreational vehicles, it is clear that the overall economic situation has had a strong impact on the industry, a trend that is apparent everywhere around the world. All countries in Europe and the Americas are reporting double-digit contraction. The United States tops the list with a plunge in RV deliveries of 61.7%.

The European Caravan Federation (ECF), the umbrella organization representing the national organizations of the European RV sector, collects market data on industry performance and the sale of pull-behind campers and motorhomes. Based on registration numbers up to April 2009, the ECF reports that the number of newly registered leisure vehicles in Europe continued to fall sharply in the first quarter of 2009, retreating by a total of 28.6% from a year earlier. Unit sales of motorhomes dropped 24.2% for all of Europe to 17,154 vehicles.

¹BDI Economic Report (Issue 02, April 30, 2009)

²ifo Institute (ifo Business Climate Germany, June 22, 2009)

³Data: German Association for the Caravanning Industry (CIVD), European Caravan Federation (ECF)

Despite the uptick in the ifo Business Climate Index, the German Association for the Caravanning Industry (CIVD) does not yet expect the overall situation to ease, much less improve, especially given the anticipated increase in unemployment. CIVD predicts that the market climate will remain very difficult well into 2010.

MARINE

The marine market was subject to similar economic influences as the RV market. Here, too, consumers were noticeably more cautious with spending.

INDUSTRY: OFF-GRID POWER SUPPLY SOLUTIONS

SFC conducts business in the market for industrial applications primarily in the fields of off-grid power supply for security and surveillance systems, traffic control and guidance systems as well as metering equipment and sensors. Traditionally, these markets are less cyclical, since security and data collection are important even in bad times. However, customers for industrial applications are also very reluctant to invest right now, especially when it comes to testing and launching new technology.

DEFENSE

Historically, the defense market is also less cyclical, but it is less transparent, dependent on policy decisions, does not easily lend itself to forecasting and is heavily project-based. Delays in program decisions and capital outlays were particularly noticeable in the U.S., a development that also could be partially seen as an effect of change in administration.

2. Report on earnings and financial position

EARNINGS POSITION

Like many companies, SFC suffered setbacks in the first half of 2009 because of the global recession. Sales for the period were down 30.9% from a year earlier, which was in line with Group expectations. Sales slid to €5,666k, following €8,203k in the first half of 2008. The share of sales attributable to products increased to 90.5% in the first six months of 2009, compared with 75.2% the year before, while that generated under joint development agreements (JDAs) and from other consulting services decreased accordingly.

Due to delays in contract awards and in the issuance of invitations to bid in the defense market, second-quarter sales fell by 22.4% from the year-earlier period to €2,793k (Q2 2008: €3,597k).

Sales by segment

The sales decrease in the first half of the year is largely attributable to a drop in revenues in the defense market (C-Series fuel cell systems, Power Managers and JDAs).

Sales by segment in k€ (unaudited)	1st half year			2nd Quarter		
	2009	2008	Change in %	2009	2008	Change in %
A-Series	4,634	4,588	1.0%	2,473	1,321	87.2%
C-Series	105	304	-65.5%	63	288	-78.1%
Power Manager	29	977	-97.0%	9	977	-99.1%
JDAs	392	2,031	-80.7%	71	894	-92.1%
Other	506	303	67.0%	177	117	51.3%
Total	5,666	8,203	-30.9%	2,793	3,597	-22.4%

Sales of A-Series fuel cell systems rose 1.0% to €4,634k in the first half of 2009, compared with €4,588k the year before. This included €252k in revenues from the launch of the FC 250 and EMILY systems, which are specially designed for military applications. Sales in the hard-hit leisure market posted a drop of €527k, or 13.4%. A-Series sales in the industry and mobility markets, by contrast, were up by a total of €432k, or 82.8%. Unit sales of A-Series fuel cell systems dropped from 2,472 to 2,196, which represents a decrease of 11.2%. Second-quarter A-Series sales rose 87.2% to €2,473k (Q2 2008: €1,321k), while the number of systems delivered during the period increased from 689 to 1,075.

Sales in the C-Series segment retreated 65.5% to €105k in the first half of 2009, down from €304k in the first half of 2008. The number of systems delivered fell from 19 to 8. Second-quarter sales in the segment, at €63k (Q2 2008: €288k), were down 78.1%.

There have been no volume production orders for Power Managers yet this year. Sales from this product decreased accordingly, down 97.0% to €29k (H1 2008: €977k), while the number of Power Managers delivered dropped from 527 to 7. Second-quarter sales of Power Managers fell 99.1% to €9k, compared with €977k in the second quarter of 2008.

Sales in the JDAs segment receded 80.7% to €392k in the first six months of 2009, following €2,031k 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. Second-quarter sales sank 92.1% to €71k (Q2 2008: €894k).

Sales in the Other segment surged 67.0% to €506k in the first half of 2009, versus €303k 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 €148k in consulting revenues was the chief driver of the sales growth in Other. Second-quarter sales, at €177k (Q2 2008: €117k), were up 51.3%.

Sales by region

Sales by region in k€ (unaudited)	1st half year			2nd Quarter		
	2009	2008	Change in %	2009	2008	Change in %
Germany	2,536	2,739	-7.4%	1,551	826	87.8%
Europe (without Germany)	2,370	3,293	-28.0%	863	1,178	-26.7%
North America	653	2,094	-68.8%	368	1,542	-76.1%
Asia	97	28	246.4%	9	19	-52.6%
Rest of world	10	49	-79.6%	2	32	-93.8%
Total	5,666	8,203	-30.9%	2,793	3,597	-22.4%

SFC saw sales decline in all regions except Asia in the first half of 2009. The share of sales SFC generated in its home market of Germany in the first six months of 2009 stood at 44.8%, following 33.4% the previous year. The share of international sales in total sales decreased accordingly to 55.2% (H1 2008: 66.6%).

Sales in Germany were down 7.4% for the first six months of 2009. The higher revenues from the sale of A-Series fuel cell systems and fuel cartridges were not enough to make up for the lower sales from a JDA with the Bundeswehr.

The 28.0% sales drop for the rest of Europe is predominantly attributable to lower unit sales of A-Series fuel cell systems in the wake of the depressed leisure market.

Sales fell by 68.8% in North America chiefly because of a drop in business, especially Power Manager and JDA business, with the U.S. Armed Forces. On the upside, the consulting revenues mentioned above were generated in North America.

The sales growth in Asia in the first half of 2009, up from €28k to €97k, is attributable to the market launch of A-Series fuel cell systems in Japan.

Gross margin

With sales to defense customers (C-Series, Power Managers and JDAs) down, the gross margin for the first half of 2009 fell 20.3% to €1,350k, following €1,693k the year before. Gross margin in the A-Series segment increased by €311k due to the systematic implementation of cost-saving measures, while the consulting services and cost savings with fuel cartridges pushed gross margin in the Other segment €244k higher. Expressed as a percentage of sales, gross margin rose to 23.8% for the first half of 2009, compared with 20.6% the year before. The gross margin for the second quarter decreased by 0.6% to €819k (Q2 2008: €824k).

Sales costs

Sales costs rose 17.6% in the first half of 2009 to €2,160k (H1 2008: €1,836k), largely because of higher personnel costs in the areas of industry and defense. Second-quarter sales costs, at €1,218k (Q2 2008: €942k), were up 29.3%.

Research and development costs

Research and development costs rose from €373k to €790k in the first six months of 2009, an increase of 111.8%. A total of €517k in development costs was capitalized during this time, compared with €590k a year earlier. Research and development costs in the second quarter advanced 62.1% to €410k (Q2 2008: €253k). 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, true research and development expenditure in the first half of 2009 totalled €2,405k, which represents a decrease of 4.8% from the previous year's €2,525k.

General administration costs

General administration costs decreased by 15.0% to €1,001k in the first half of 2009, compared with €1,177k the year before. Lower recruiting costs and a higher set-off against grants accounted for the bulk of this decrease. For the second quarter, general administration costs were down 25.8% to €461k (Q2 2008: €621k).

Other operating income

Other operating income fell 26.5%, from €336k a year ago to €247k in the first half of 2009, predominantly in connection with the measurement of open dollar and platinum forwards. In the second quarter, other operating income advanced from €46k to €81k.

Operating result (EBIT)

EBIT decreased by 74.9% in the first half of 2009 to minus €2,378k (H1 2008: minus €1,360k), which drove the EBIT margin down to minus 42.0% (H1 2008: minus 16.6%). Second-quarter EBIT amounted to minus €1,203k, versus minus €949k the year before.

Interest and similar income

Interest and similar income fell 56.7%, from €1,120k in the first half of 2008 to €485k in the first half of 2009. Lower interest rates were the chief reason for this decrease. Second-quarter interest and similar income decreased by 69.8% to €162k (Q2 2008: €536k).

Net loss

The net loss widened to €1,915k in the first half of 2009, following a net loss of €272k the year before. SFC is also reporting a wider second-quarter net loss at €1,042k (Q2 2008: €419k).

Earnings per share

Earnings per share under IFRS (diluted) dropped from minus €0.04 to minus €0.27 in the first half of 2009. The net loss per share in the second quarter increased from €0.06 to €0.15.

FINANCIAL POSITION

SFC had net cash outflows of €2,509k in the first half of 2009, compared with net outflows of €5,753k for the same period a year ago. Fueled by strict working capital management practices and proceeds from grants and tax refunds, the company posted net inflows of €589k for the second quarter of 2009, versus net outflows of €2,220k for the second quarter of 2008.

Cash and cash equivalents amounted to €43,059k at the end of June 2009 (June 30, 2008: €47,193k).

Cash flow from ordinary operations

The net cash used in ordinary operations decreased to €1,806k in the first half of 2009, compared with €3,372k a year ago. In addition to the effects mentioned above, the changes to other liabilities, which decreased by €1,185k less than the year before, factored heavily into this drop.

Cash flow from investment activity

A net outflow of €583k is being reported for investment activity in the period under review, the chief component of which is €400k in pledged bank balances relating to platinum forwards (H1 2008: €0k). A net inflow of €18k was reported a year earlier, predominantly because of interest income.

Cash flow from financial activity

Net cash used for financial activity decreased from €2,399k to €120k in the first half 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 group's balance sheet is healthy, and the equity ratio has improved.

Total assets were down 5.8% at the end of the half, decreasing from €54,839k as of December 31, 2008 to €51,678k as of June 30, 2009.

The lower sales volume in the second quarter of 2009 compared with the fourth quarter of 2008 affected inventories as well as trade accounts receivable and trade accounts payable.

Inventories rose 22.8% to €1,413k (€1,151k).

Trade accounts receivable decreased by 32.1% to €1,611k, down from €2,372k, while trade accounts payable decreased by 33.9% to €1,356k, down from €2,050k.

Intangible assets rose from €1,825k as of December 31, 2008 to €2,163k as of June 30, 2009 chiefly because of the capitalised development costs. The share of non-current assets in total assets climbed from 7.0% to 7.7%.

With the net loss for the period, shareholders' equity decreased to €47,726k as of June 30, 2009, compared with €49,635k at December 31, 2008. However, with total assets down for the period, the equity ratio improved from 90.5% to 92.4%.

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 maximize 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 (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.
- Miniaturize 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 six months of 2009 we capitalized €517k in development work directed at enhancing our fuel cell systems (H1 2008: €590k). We also purchased an additional test station for our stacks to improve productivity and invested in injection molding tools to cut costs in fuel cell system production.

NEW ORDERS AND ORDER BACKLOG

In view of the difficult market climate, the volume of new orders was encouraging in the first half of 2009, thanks in large measure to an increase in new orders for A-Series fuel cell systems. New orders under JDAs in the defense market, by contrast, decreased.

In figures, the volume of new orders increased 21.3%, from €4,566k in the first half of 2008 to €5,537k in the first half of 2009. In the second quarter, SFC received €3,195k in new orders (Q2 2008: €1,388k). Altogether, the order backlog stood at €1,587k at June 30, 2009, which represents an increase of 28.2% from the previous year's €1,238k.

An important milestone was reached in the mobility market in the first half of 2009. SFC received orders totaling some €1m from Volkswagen AG and Daimler AG for the delivery of approximately 400 fuel cell systems plus accessories in 2009. Volkswagen and Daimler will install the systems at the factory as the on-board power supply in transporters sold for professional use.

EMPLOYEES

As of June 30, 2009, the company employed the following permanent personnel:

	06/30/2009	06/30/2008	Change
Management Board	2	2	0
Research and development	30	30	0
Production, logistics, quality management	26	26	0
Sales & Marketing	27	24	3
Administration	11	13	-2
Employees at the end of the Half year	96	95	1

SFC employed 11 trainees, graduates and student trainees as of June 30, 2009 (June 30, 2008: 6).

The increase in the number of permanent employees as of June 30, 2009 by around 1% to 96, following 95 as of the end of the year-earlier period, is largely attributable to growth in the sales & marketing department, where, in keeping with SFC's strong market focus, the team for industrial and defense applications has been strengthened.

In response to the economic conditions, SFC reduced working hours in certain areas of its operations and negotiated severance agreements with some employees. The majority of these measures will first take effect in the second half of 2009.

3. 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, analysing and measuring risks and determining the appropriate course of action.

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

MARKET RISKS

Macroeconomic developments

The global economy has taken a turn for the worse because of the financial crisis, with little to no clarity at this time as to the exact repercussions. Government forecasts and those from economic research institutes point to a sharp drop in activity in the Group's most important markets.

Leisure

Consumer reticence has had a major impact on Europe's RV markets, which are reporting substantial, in some cases double-digit, contraction. Market experts do not believe the trend will reverse any time soon. Sales of accessories are also affected, especially since sales of EFOY fuel cells are off throughout Europe this season.

Defense

The military markets SFC targets have been plagued with budget delays and delays in contract awards, especially in the U.S. Because of this, we assume that the orders SFC is expecting to get may be pushed back even further. The fact that the steep increase in the national debt of many countries could spell less spending in the military arena constitutes an additional risk.

Industry

With capital spending down, we are starting to see the effects the financial crisis is having on the real economy in our industrial segment. Specifically, we face slower growth and business development.

PATENT RISKS

As the intellectual property situation becomes more complicated and products more complex, there remains a certain risk of possible patent infringement by SFC. However, as a result of its unique position as a supplier of commercial direct methanol fuel cell systems, SFC has obtained intellectual property rights or filed applications for them (around 20 patents or decisions to grant received so far), which puts us in a strong position relative to our competitors. SFC works continuously with experienced patent attorneys to ensure that it is operating in full compliance with the law by staying abreast of patents that may be relevant to the company, including those granted in other countries.

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 of 2009. As before, rising raw material and energy costs pose a risk to our product margins.

IT RISKS

We have continued to expand important IT features like reliability, redundancy, restoring availability after outages as well as backup and archiving functions. The Group is currently working out the details to ensure that its communication and IT setup meet the requirements for real-time integration of outside employees working in the sales force and employees who are travelling. Efforts are also underway to bring the U.S. office online.

4. 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 over 14,000 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 industry. In the defense market, 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 market for industrial applications. An important strategic goal is to broaden SFC's sales base in order to make the company less dependent on the distinctive seasonal and economic fluctuations of the leisure market. The results of the first half reflect ongoing delays in the award of defense contracts, and an expansion of business in the leisure market especially in the second quarter. The Management Board expects to stabilize sales in the leisure market, but offsetting the negative trend in the defense market seems unlikely, despite the recent major defense award. The current cost-saving program should contribute to stabilizing the operating result (EBIT) at its 2008 level.

5. Report on material transactions with related parties

Please refer to the section entitled "Related party transactions" in the Notes.

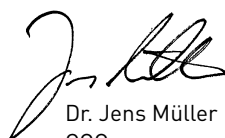
6. Significant events after the balance sheet date

Beginning of July 2009, SFC and DuPont jointly received an order from the U.S. Army. Subject of the order is the further development of the miniaturized C-Series systems. The order volume for SFC amounts to approx. USD 2 million partially relevant to sales in 2009.

Brunnthal, July 30, 2009



Dr. Peter Podesser
CEO



Dr. Jens Müller
COO

Content

INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS AT JUNE 30, 2009

CONSOLIDATED INCOME STATEMENT	15
CONSOLIDATED BALANCE SHEET	16
CONSOLIDATED CASH FLOW STATEMENT	18
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	20
CONSOLIDATED STATEMENT OF INCOME AND EXPENSE RECOGNIZED	20
NOTES TO THE INTERIM REPORT OF SFC SMART FUEL CELL AG	22

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 JUNE 30, 2009

in €	2009	2008	2009	2008
	01/01-06/30	01/01-06/30	04/01-06/30	04/01-06/30
1. Sales	5,665,929	8,203,464	2,792,467	3,597,661
2. Production costs of work performed to generate sales	-4,316,150	-6,510,675	-1,973,327	-2,773,794
3. Gross margin	1,349,779	1,692,789	819,140	823,867
4. Sales costs	-2,159,683	-1,835,776	-1,217,673	-942,272
5. Research and development costs	-790,201	-372,939	-409,690	-252,563
6. General administration costs	-1,000,575	-1,176,599	-460,821	-620,673
7. Other operating income	246,660	335,789	81,067	45,900
8. Other operating expenses	-24,401	-2,856	-15,233	-2,832
9. Operating loss	-2,378,421	-1,359,592	-1,203,210	-948,573
10. Interest and similar income	484,781	1,119,851	161,719	535,562
11. Interest and similar expenses	-21,621	-32,317	-175	-6,039
12. Loss from ordinary operations	-1,915,261	-272,058	-1,041,666	-419,050
13. Income taxes	0	0	0	0
14. Net loss	-1,915,261	-272,058	-1,041,666	-419,050
15. Accumulated loss brought forward from previous year	-24,399,447	-22,043,985	-25,273,042	-21,896,993
16. Net accumulated loss	-26,314,708	-22,316,043	-26,314,708	-22,316,043
Net loss per share				
undiluted	-0.27	-0.04	-0.15	-0.06
diluted	-0.27	-0.04	-0.15	-0.06

Consolidated Balance Sheet

AS AT JUNE 30, 2009

ASSETS in €	06/30/2009	12/31/2008
A. Current assets	47,684,966	50,997,198
I. Inventories	1,413,100	1,151,000
II. Trade accounts receivable	1,611,313	2,371,846
III. Receivables from percentage-of-completion	78,583	151,148
IV. Income tax receivables	141,792	718,733
V. Other short-term assets and receivables	847,294	943,472
VI. Cash and cash equivalents	43,058,537	45,567,521
VII. Cash and cash equivalents with limitation on disposal	445,320	45,320
VIII. Deferred charges and prepaid expenses	89,027	48,158
B. Non-current assets	3,992,656	3,842,296
I. Intangible assets	2,162,764	1,824,941
II. Property, plant and equipment	1,065,265	1,146,996
III. Other long-term assets and receivables	133,481	204,045
IV. Deferred tax assets	631,146	666,314
Assets	51,677,622	54,839,494

LIABILITIES AND SHAREHOLDERS' EQUITY in €	06/30/2009	12/31/2008
A. Current liabilities	3,028,462	4,294,769
I. Other provisions	474,755	526,915
II. Liabilities from prepayments	12,019	233,879
III. Trade accounts payable	1,355,571	2,050,326
IV. Liabilities from finance leases	0	118,182
V. Other short-term liabilities	1,186,117	1,332,375
VI. Deferred charges	0	33,092
B. Non-current liabilities	922,668	909,895
I. Other long-term provisions	219,469	243,581
II. Other long-term liabilities	72,053	0
III. Deferred tax liabilities	631,146	666,314
C. Equity	47,726,492	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	8,675	1,752
IV. Accumulated loss brought forward from previous year	-24,399,447	-22,043,985
V. Net loss	-1,915,261	-2,355,462
Liabilities and shareholders' equity	51,677,622	54,839,494

Consolidated Cash Flow Statement

FROM JANUARY 1 TO JUNE 30, 2009

in €	2009 01/01-06/30	2008 01/01-06/30 restated
Cash flow from ordinary operations		
Result before taxes	-1,915,261	-272,058
- Net interest income	-463,160	-1,087,534
+ Depreciation/amortisation of intangible assets and property, plant and equipment	480,706	376,205
+ Expenses from Long Term Incentive Plan/share option programs	72,053	58,987
-/+ Changes in allowances	-24,089	60,267
- Result from derivatives	-148,042	-279,798
Changes to operating result before working capital	-1,997,793	-1,143,931
- Changes in short and long-term provisions	-96,149	-57,746
+/- Changes to trade accounts receivable	770,209	-349,320
- Changes to inventories	-247,687	-270,218
+/- Changes to other assets	170,784	-8,132
- Changes to prepaid expenses	-40,869	-29,345
-/+ Changes to trade accounts payable	-694,755	287,626
- Changes to other liabilities	-213,113	-1,398,072
- Changes to deferred income	-33,092	-39,710
Cash flow from ordinary operations before taxes	-2,382,465	-3,008,848
+/- Income tax refunds/payments	576,941	-362,854
Cash flow from ordinary operations	-1,805,524	-3,371,702

Restatement of prior-year figures

The €279,798 result from derivatives was not reported separately in the interim report prepared as at June 30, 2008. The prior-year figures have been restated accordingly.

in €	2009 01/01-06/30	2008 01/01-06/30 restated
Cash flow from investment activity		
- Investments in intangible assets from joint development projects	-516,800	-589,900
- Investments in other intangible assets	-43,876	-41,279
- Investments in property, plant and equipment	-176,121	-485,412
+ Bank balances released	350,000	0
+ Interest and similar income	553,305	1,134,642
- Bank balances pledged	-750,000	0
Cash flow from investment activity	-583,492	18,051
Cash flow from financial activity		
- Repayments of financial liabilities	0	-2,250,625
- Repayment of liabilities from finance leases	-118,182	-143,898
- Interest paid and other expenses	-1,745	-4,376
Cash flow from financial activity	-119,927	-2,398,899
Net change in cash and cash equivalents	-2,508,943	-5,752,550
Currency effects on cash and cash equivalents	41	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	43,058,537	47,192,767
Net change in cash and cash equivalents	-2,508,943	-5,752,550

Restatement of prior-year figures

The €589,900 in intangible assets from joint development projects was not reported separately in the interim report prepared as at June 30, 2008. The prior-year figures have been restated accordingly.

Consolidated Statement of Changes in Equity

FROM JANUARY 1 TO JUNE 30, 2009

in €	Subscribed capital	Capital surplus
Balance 01/01/2008	7,136,243	66,820,118
Total result for the period		
Net result 01/01 – 06/30/2008		
Transactions with owners		
Allocation from option program		58,987
Balance 06/30/2008	7,136,243	66,879,105
Total result for the period		
Net result 07/01 – 12/31/2008		
Result from currency translation recognized in equity		
Transactions with owners		
Allocation from option program		13,016
Exercise of option rights	16,644	-12,483
Balance 12/31/2008	7,152,887	66,879,638
Total result for the period		
Net result 01/01 – 06/30/2009		
Result from currency translation recognized in equity		
Balance 06/30/2009	7,152,887	66,879,638

Consolidated Statement of Income and Expense Recognized

FROM JANUARY 1 TO JUNE 30, 2009

in €	01/01–06/30/2009	01/01–06/30/2008
Net loss for the period	-1,915,261	-272,058
Changes recognized directly in equity from the translation of foreign subsidiaries' results	6,923	0
Total results recognized directly in equity	-1,908,338	-272,058

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

Other changes recognized directly in equity	Net accumulated loss	Total
0	-22,043,985	51,912,376
	-272,058	-272,058
		58,987
0	-22,316,043	51,699,305
	-2,083,403	-2,083,403
1,752		1,752
		13,016
		4,161
1,752	-24,399,447	49,634,830
	-1,915,261	-1,915,261
6,923		6,923
8,675	-26,314,708	47,726,492

Notes to the Interim Report of SFC Smart Fuel Cell AG

Information about the company

SFC Smart Fuel Cell AG¹ (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 half

Like many companies, SFC suffered setbacks in the first half of 2009 because of the global recession. Sales for the period were down 30.9% from a year earlier, which was in line with Group expectations. Sales slid to €5,665,929, following €8,203,464 in the first half of 2008. The share of sales attributable to products increased to 90.5% in the first six months of 2009, compared with 75.2% the year before, while that generated under joint development agreements (JDAs) and from other consulting services decreased accordingly. The sales decrease in the first half of the year is largely attributable to a drop in revenues in the defense market (C-Series fuel cell systems, Power Managers and JDAs). Due to delays in contract awards and in the issuance of invitations to bid in the defense market, second-quarter sales fell by 22.4% from the year-earlier period to €2,792,467 (Q2 2008: €3,597,661).

Sales of A-Series fuel cell systems rose 1.0% to €4,634,229 in the first half of 2009, compared with €4,588,462 the year before. This included €251,627 in revenues from the launch of the FC 250 and EMILY systems, which are specially designed for military applications. Sales in the hard-hit leisure market posted a drop of €526,684, or 13.4%. A-Series sales in the industry and mobility segments, by contrast, were up by a total of €432,194, or 82.8%. Unit sales of A-Series fuel cell systems dropped from 2,472 to 2,196, which represents a decrease of 11.2%. Second-quarter A-Series sales rose 87.2% to €2,473,326 (Q2 2008: €1,321,403), while the number of systems delivered during the period increased from 689 to 1,075.

Sales in the C-Series segment retreated 65.6% to €104,724 in the first half of 2009, down from €304,000 in the first half of 2008. The number of systems delivered fell from 19 to 8. Second-quarter sales in the segment, at €62,724 (Q2 2008: €288,000), were down 78.2%.

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

Sales in the JDAs segment receded 80.7% to €391,606 in the first six months of 2009, following €2,031,000 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. Second-quarter sales sank 92.1% to €70,758 (Q2 2008: €893,734).

There have been no volume production orders for Power Managers yet this year. Sales from this product decreased accordingly, down 97.1% to €28,801 (H1 2008: €977,453), while the number of Power Managers delivered dropped from 527 to 7. Second-quarter sales of Power Managers fell 99.2% to €8,305, compared with €977,453 in the second quarter of 2008.

Sales in the Other segment surged 67.4% to €506,569 in the first half of 2009, versus €302,549 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 €148,452 in consulting revenues was the chief driver of the sales growth in Other. Second-quarter sales in the segment, at €177,354 (Q2 2008: €117,071), were up 51.5%.

With sales to defense customers (C-Series, Power Managers and JDAs) down, the gross margin for the first half of 2009 fell 20.3% to €1,349,779, following €1,692,789 the year before. Gross margin in the A-Series segment increased by €311,029 due to the systematic implementation of cost-saving measures, while the consulting services and cost savings with fuel cartridges pushed gross margin in the Other segment €243,891 higher. Expressed as a percentage of sales, gross margin rose to 23.8% for the first half of 2009, compared with 20.6% the year before. The gross margin for the second quarter decreased by 0.6% to €819,140 (Q2 2008: €823,867).

EBIT decreased by 74.9% in the first half of 2009 to minus €2,378,421 (H1 2008: minus €1,359,592), which drove the EBIT margin down to minus 42.0% (H1 2008: minus 16.6%). Second-quarter EBIT amounted to minus €1,203,210, versus minus €948,573 the year before.

SFC had net cash outflows of €2,508,943 in the first half of 2009, compared with net outflows of €5,752,550 for the same period a year ago. Fueled by strict working capital management practices and proceeds from grants and tax refunds, the company posted net inflows of €588,862 for the second quarter of 2009, versus net outflows of €2,219,751 for the second quarter of 2008.

The company's balance sheet is healthy, and the equity ratio has improved, from 90.5% as of December 31, 2008 to 92.4% as of June 30, 2009.

Accounting principles

The quarterly financial statements of SFC Smart Fuel Cell AG for the financial period January 1 to June 30, 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 recognized 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 and to changes in the organization of the statement of changes 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 capitalize 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 fully commenced operations as of the reporting date of June 30, 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 €140,049 (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 half 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 had a positive fair value of €34,412 as of the reporting date, which is shown under other assets. The changes in value were recognized in the income statement under other operating income.

Silent partnerships

The chief influence on our financial position in the first half of 2008 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 recognized on orders exceeded the prepayments received on those same orders in the first half of 2009, we had receivables from percentage-of-completion totalling €78,583 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 €133,481 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. A total of €350,000 of this amount was released in June 2009. Thus, the amount reported under cash and cash equivalents with limitation on disposal stood at €445,320 (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 June 30, 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 recognize because of the LTIP was determined for all of the tranches using a Monte Carlo model. At June 30, 2009, the carrying value of the liability recognized on the balance sheet, which is reported under other long-term liabilities, and the amount expensed for the period were €72,053.

The following parameters were used in the measurement:

Measurement date	06/30/2009
Remaining term (in years)	2.5 – 4.5
Anticipated volatility	74.07%
Risk-free interest rate	1.63% – 2.48%
Share price as of the measurement date	€ 5.76

Sales costs

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

in €	01/01–06/30/2009	01/01–06/30/2008
Personnel costs	1,170,001	881,191
Advertising and travel costs	418,938	414,738
Consultancy/commissions	254,532	277,930
Other	316,212	261,917
Total	2,159,683	1,835,776

Research and development costs

We capitalized €516,800 in development work in the first half of 2009, versus €589,900 the year before.

Intangible assets rose accordingly to €2,162,764, 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 half of 2009:

in €	01/01–06/30/2009	01/01–06/30/2008
Personnel costs	485,587	473,829
Audit and consultancy costs	152,798	124,123
Investor relations/annual meeting	98,525	139,099
Travel costs	94,106	84,618
Supervisory Board compensation	85,000	83,764
Depreciation and amortisation	63,503	44,346
Insurance	44,446	48,044
Car-operating costs	26,314	22,421
Costs of hardware and software support	17,610	14,309
Recruiting costs	4,426	90,648
Other	88,658	77,995
Set-off against grants	-160,398	-26,597
Total	1,000,575	1,176,599

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 utilize the tax losses brought forward.

Segment report

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

Segment in €	Segment sales		Segment result	
	01/01-06/30/2009	01/01-06/30/2008	01/01-06/30/2009	01/01-06/30/2008
A-Series	4,634,229	4,588,462	1,146,088	835,059
C-Series	104,724	304,000	61,685	169,983
JDA	391,606	2,031,000	104,101	645,188
Power Manager	28,801	977,453	15,150	263,696
Other	506,569	302,549	22,754	-221,137
Unallocated items	0	0	-3,265,039	-1,964,847
Total	5,665,929	8,203,464	-1,915,261	-272,058

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 half of 2009.

Employees

SFC employed the following permanent personnel as of the reporting date:

	06/30/2009	06/30/2008
Full-time employees	91	89
Part-time employees	5	6
Total	96	95

Eleven trainees, graduates and student trainees were also employed as of the end of June 2009 (June 30, 2008: 6).

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 €1,154,050 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 June 30, 2009 was unchanged at 7,152,887 (H1 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.

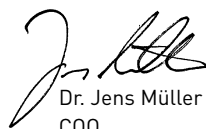
Material events after the balance sheet date

Beginning of July 2009, SFC and DuPont jointly received an order from the U.S. Army. Subject of the order is the further development of the miniaturized C-Series systems. The order volume for SFC amounts to approx. USD 2 million partially relevant to sales in 2009.

Brunthal, July 30, 2009
The Management Board



Dr. Peter Podesser
CEO



Dr. Jens Müller
COO

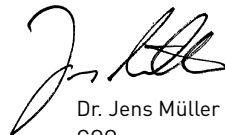
Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Brunnthal, 30 July 2009



Dr. Peter Podesser
CEO



Dr. Jens Müller
COO

Financial Calendar 2009

Date	Event
10/28/2009	Publication Nine months Report
11/10/2009	DVFA Analysts' Conference, Frankfurt

Imprint

SFC Smart Fuel Cell AG
Eugen-Sänger-Ring 4
85649 Brunnthal
Germany

phone: +49 89 / 673 592-0
Fax: +49 89 / 673 592-369

Responsible
SFC Smart Fuel Cell AG

Text & Editing
SFC Smart Fuel Cell AG

Concept & Design
Sophie Huppert
Kommunikationsberatung

IR-Contact

Barbara v. Frankenberg
Head of Investor Relations and Public Relations
SFC Smart Fuel Cell AG
Eugen-Sänger-Ring 4
85649 Brunnthal
Germany

phone: +49 89 / 673 592 - 378
fax: +49 89 / 673 592 - 169

E-Mail: barbara.frankenberg@sfc.com

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.

