



INTERIM REPORT Q2/2011

SFC
ENERGY

SFC ENERGY AG CONSOLIDATED KEY FIGURES

	in k €					
	HY1 2011	HY1 2010	Change in %	Q2 2011	Q2 2010	Change in %
Total sales	7,776	6,579	18.2%	4,055	2,984	35.9%
Product sales total	6,620	6,166	7.4%	3,384	2,772	22.1%
Sales share of products	85.1%	93.7%	-	83.5%	92.9%	-
Gross margin total	2,438	1,976	23.4%	1,366	903	51.3%
Gross margin	31.4%	30.0%	-	33.7%	30.3%	-
EBITDA	-1,576	-1,630	3.3%	-605	-1,025	41.0%
EBITDA margin	-20.3%	-24.8%	-	-14.9%	-34.3%	-
EBIT	-2,203	-2,106	-4.6%	-923	-1,273	27.5%
EBIT margin	-28.3%	-32.0%	-	-22.8%	-42.7%	-
Net loss	-2,013	-1,905	-5.7%	-838	-1,170	28.4%
Net loss per share, diluted	-0,28	-0,27	-3.7%	-0,12	-0,16	25.0%

	in k €					
	06/30/2011	12/31/2010	Change in %	-	-	-
Equity	39,719	41,721	-4.8%	-	-	-
Equity ratio	89.9%	90.1%	-	-	-	-
Balance sheet total	44,187	46,312	-4.6%	-	-	-
Cash (freely available)	28,379	33,560	-15.4%	-	-	-

	06/30/2011	06/30/2010	Change in %	-	-	-
Permanent employees	100	98	2.0%	-	-	-

DIRECTORS' SHAREHOLDINGS

	06/30/2011
Management Board	
Dr Peter Podesser	206,800
Supervisory Board	
Dr Rolf Bartke	0
David Morgan	4,000
Dr Jens T. Müller	50,000

CONTENT

4	INTRODUCTION BY THE MANAGEMENT BOARD
6	INTERIM GROUP MANAGEMENT REPORT JANUARY 1 – JUNE 30, 2011
6	1. BUSINESS
6	2. ECONOMIC DEVELOPMENTS AND INDUSTRY CLIMATE: GLOBAL ECONOMY REMAINS STABLE, EXPECTATIONS ARE CAUTIOUSLY OPTIMISTIC
8	3. REPORT ON EARNINGS AND FINANCIAL POSITION
14	4. REPORT ON RISKS AND OPPORTUNITIES
17	5. REPORT ON FORECASTS
17	6. REPORT ON MATERIAL TRANSACTIONS WITH RELATED PARTIES
17	7. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE
18	INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS AT JUNE 30, 2011
19	CONSOLIDATED INCOME STATEMENT
20	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
21	CONSOLIDATED BALANCE SHEET
23	CONSOLIDATED CASH FLOW STATEMENT
25	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
26	NOTES TO THE INTERIM REPORT OF SFC ENERGY AG
33	RESPONSIBILITY STATEMENT
34	SHAREHOLDERS STRUCTURE OF SFC ENERGY AG
35	FINANCIAL CALENDAR 2011 / SHARE INFORMATION / CONTACT / IMPRINT

4	INTRODUCTION BY THE MANAGEMENT BOARD
6	INTERIM GROUP MANAGEMENT REPORT JANUARY 1 – JUNE 30, 2010
18	INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS AT JUNE 30, 2011
33	RESPONSIBILITY STATEMENT
34	SHAREHOLDERS STRUCTURE OF SFC ENERGY AG
35	FINANCIAL CALENDAR 2011/SHARE INFORMATION/ CONTACT/IMPRINT

INTRODUCTION BY THE MANAGEMENT BOARD

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

With sales up 18.2% from the same period last year and a pleasant growth in gross margin development in the first six months of 2011, SFC Energy AG is right on track to achieve our stated goals. This trend is particularly confirmed by the 35.9% sales increase in the second quarter of this year over the same quarter last year. These excellent sales figures reflect the ongoing strong demand for the very thing our company is focused upon: market-specific complete solutions for off-grid power supply. We respond to our customers' needs by providing them with complete power supply systems – easily set up and attached to their applications.

In the leisure market, sales of EFOY fuel cell systems fell as anticipated, decreasing by another 18.5% from the same period last year due to the deliberate reduction of the dealers' stock levels. This stock level reduction also helped to prepare for the launch of the new EFOY Comfort Series at the end of May. The EFOY Comfort Series is a further enhanced fuel cell generation, tailored to the users' needs in the leisure market. It offers even more flexible and convenient on-board power supply. First reactions from the market reflect keen interest in this new product. Thanks to its enhanced fuel cell technology and further cost savings, this new off-grid power source is also appealing because of the even more attractive cost-benefit ratio – which was already reflected in higher margins on the devices sold in June.

Sales growth in the first half of 2011 was generated primarily by growth in SFC's industry and defense markets, where we significantly expanded our presence in important market segments. The industrial partnership in the oil & gas industry with the Canadian company Ensol Systems Inc. is a significant milestone. Ensol uses SFC's EFOY Pro fuel cells in off-grid power supply systems. The EFOY Pro was also deployed for the first time in a host of other applications in the first half of 2011, including flood warning systems in Singapore, thanks to its competitive edge over other off-grid power sources, such as generators. These examples confirm the success of SFC's focus on partnerships with established industry experts and system integration specialists who have



4	INTRODUCTION BY THE MANAGEMENT BOARD
6	INTERIM GROUP MANAGEMENT REPORT JANUARY 1 - JUNE 30, 2010
18	INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS AT JUNE 30, 2011
33	RESPONSIBILITY STATEMENT
34	SHAREHOLDERS STRUCTURE OF SFC ENERGY AG
35	FINANCIAL CALENDAR 2011/SHARE INFORMATION/ CONTACT/IMPRINT

earned the trust of users in the market. In the defense market, international development orders and increasing product sales also contributed to positive revenue growth. The order from Jenoptik to supply power to the NYXUS observation platform also clearly validates how attractive SFC solutions are in the defense industry: As a weather independent, reliable off-grid energy source SFC's fuel cells extend lifetime and deployment possibilities of off-grid energy supply at minimum weight. It is expected that the positive growth will continue as SFC's solutions are increasingly used in defense applications.

With our existing and new industrial partnerships to supply complete solutions, along with our new flagship product EFOY Comfort for providing off-grid power to the end consumer, SFC Energy is well positioned to achieve the announced growth and improvements in EBIT and cash flow in 2011 and to take further concrete steps towards reaching break-even.

On behalf of SFC Energy AG, I would like to thank you for your support and invite you to stay with us on our exciting journey to an environmentally responsible future with sustainable power generation solutions.

Sincerely,



Dr Peter Podesser
CEO

INTERIM GROUP MANAGEMENT REPORT JANUARY 1 – JUNE 30, 2011

1. BUSINESS

SFC ENERGY AG (SFC) develops, produces and distributes power generation systems and components for off-grid equipment based on direct methanol fuel cell (DMFC) and other technologies; invests in the facilities required for these activities; and transacts any other related business. The Company's product portfolio also includes accessories and spare parts, particularly fuel cartridges, and solutions for combining fuel cell products with other power sources and electrical devices (the "Power Manager"). SFC is the first company in the world with genuine series-produced commercial products in the area of methanol fuel cells for multiple target markets.

Over the last few years, SFC has systematically expanded its business model to include a comprehensive range of off-grid energy solutions. Looking ahead, the Company will focus increasingly on providing whole-product solutions, with fuel cells continuing to constitute the core technology and core component.

2. ECONOMIC DEVELOPMENTS AND INDUSTRY CLIMATE: GLOBAL ECONOMY REMAINS STABLE, EXPECTATIONS ARE CAUTIOUSLY OPTIMISTIC

The global economy further stabilized in the first six months of 2011. According to data collected in the ifo World Economic Survey¹, the Ifo indicator for the world economic climate rose further, albeit it only slightly, chiefly because of more favorable assessments of the current economic situation. Expectations for the coming six months, by contrast, weakened somewhat, but are still confident. The economic climate indicator in North America and in Asia fell somewhat following the strong increase in both regions in January. In Japan, the assessments of the current situation were clearly less positive, while in Western Europe the economic climate indicator rose solely as a result of the more positive assessments of the current economic situation. The expectations for the coming six months did weaken slightly, despite remaining confident on the whole. This is not surprising since it is difficult to predict at this time what effects the current euro crisis will have on economic development in Germany and the euro area.

Germany – Economy recovers in 2010 – Expectations for 2011 positive

The German economy grew in the first six months of 2011. According to the Federal Statistical Office in Wiesbaden², Germany experienced its strongest year-on-year economic expansion since reunification in the first three months of the year: the price-adjusted gross domestic product (GDP) in the first quarter of 2011 rose 5.2% on the first quarter of 2010 (calendar-adjusted +4.9%). Economic growth was based mainly on domestic demand. Both capital formation and final consumption expenditure grew in part considerably.

According to the Federal Ministry of Economics and Technology (BMWi)³, the rate of upturn in the German economy has since normalized, primarily because the pent-up demand due to previous bad weather has been met. The BMWi believes that the slight slowdown in the rate of world economic growth also played a role. The level of capacity utilization in the German economy is once again higher than average. The BMWi holds that

1 Federal Statistical Office Wiesbaden, Press Release No. 197 of May 24, 2011
2 ifo World Economic Survey (WES) for the 2nd quarter of 2011, in collaboration with the International Chamber of Commerce ICC in Paris, May 18, 2011

3 BMWi Federal Ministry of Economics and Technology, "The Economic Situation in the Federal Republic of Germany in June 2011," Press Release of June 16, 2011

a further expansion in production will require more effort now than in the recent phase of recovery, but that the underlying trend in the German economy continues to point clearly upward. Reasons include the stability of the global economy, growth in world trade, stimulus provided by foreign trade and further growth in domestic demand, especially from the private sector. Corporate investment plans remain at a high level according to the BMWi, and employment is rising, which will drive consumer demand. The sentiment amongst companies and consumers in Germany remains good.

The Ifo Business Climate Index⁴ for German industry and trade remained bright in the first six months of 2011. It even improved in June for the first time since February. Although firms' business expectations were somewhat less optimistic in May, the firms remain confident. They consider the German economy to be experiencing a robust upswing.

Leisure: Caravanning industry⁵ and marine market

The positive consumer climate generated increased demand in the vehicle market as well. According to the German caravanning industry association CIVD, not only did vehicle registrations increase a significant 13%, but sales of pull-behind campers ("caravans") and motorhomes ("motor caravans") far exceeded expectations. While the number of caravans registered in May was 6.3% higher than the previous year at 2,856, motor caravan registrations were actually up 13.1% at 3,532 vehicles. May 2011 was thus one of the strongest registration months in the past ten years. The impression is growing in the industry that the registration trends will remain noticeably positive in 2011.

In the 12 months from June 2010 to May 2011, 20,417 new motorhomes were registered in Germany, for an increase of 15.6%. These figures put Germany clearly at the top of the upswing in this market worldwide. Major contributors to this growth were the reduction in inventory at manufacturers and dealers in Europe because of the cutback in production, and the innovative product features for caravans and motorhomes.

The European Caravan Federation (ECF)⁶ is the umbrella organization representing the national organizations of the European leisure vehicle industry that collects market data on industry performance and the sale of pull-behind campers and motorhomes. According to figures to date, Europeans registered 17,979 new motor caravans from January to March 2011, which reflects a 5.3% increase. Because the registration of caravans fell during the same period, the overall growth in the European leisure markets was only 1.4%. This shows that the trends in the individual markets continue to be quite varied.

According to the German Chamber of Industry and Commerce (DIHK)⁷, boat and ship construction still lags behind the trends in the overall economy. There are no new figures for 2011 from the Federal Association of the Watersports Industry⁸; the most recent data were published in January 2011. The association calculates that boat production increased by approximately 14% in 2010, and thus believes that the business in the marine market will be positive in the next two to three years. According to the association's economic barometer at year-end 2010, 63.7% of those surveyed believed that the economy would continue to improve. Boat owners continue to invest in maintaining the value of their vessels. In addition to high-end technical accessories like heating and cooling systems and kitchen equipment, navigational and security systems are also of interest.

Industry: Off-grid power supply

In the area of industrial applications, the trend from 2010 has continued: the number of electrical and electronic devices used far away from any power outlet is still on the rise. Typical areas of use include off-grid sensors and metering equipment, surveillance, security and traffic control systems, and a host of other applications.

4 Ifo Business Climate Germany; May 2011, June 27, 2011
5 Data: CIVD Caravanning Industrie Verband e.V. 06/2011 of June 10, 2011
6 Data: ECF European Caravan Federation, May 16, 2011

7 DIHK survey of regional chambers of industry and commerce at the beginning of 2011, "Wirtschaftslage & Erwartungen," February 2011, p.11
8 Data: Bundesverband Wassersportwirtschaft e.V., Press Release on the boating industry in 2011, January 2011

The trend toward whole-product solutions is particularly strong. Customers look to turnkey providers to supply them with convenient, off-grid energy supply systems that offer easy plug and play access with which to reliably power their devices at any time of the year and in any weather conditions. By offering intelligent solutions, many of which also work in hybrid mode with solar equipment, and by working closely with system integration specialists and industry partners, SFC is responding to these needs on an increasing basis. In many cases, EFOY Pro fuel cells by SFC constitute a genuine “enabling technology” that makes it possible for many operators of remote installations to create new, more cost-effective concepts with enhanced functions. Nevertheless, converting systems and equipment that are strategically important and vital to security to new power supply concepts is still an investment decision, and one which follows a correspondingly long test phase. We therefore anticipate that this market will continue to gain importance in 2011.

Mobility

SFC is active in two segments of the mobility market: auxiliary power units (APUs) for special purpose vehicles and combined heat and power sources (CHP) for battery powered vehicles. In the first area (APU), SFC supplies existing products to customers using conventional vehicles with internal combustion engines. Market demand is driven by an increasingly strict regulatory environment preventing vehicle users from idling the engine to generate electrical energy for on-board battery charging. In the second area (CHP), despite receiving a good deal of public attention, this relatively young e-mobility segment is merely in the development stages at this time. SFC is developing fuel cell based power generation units that address the key limitations of battery vehicles, such as range and year-round usability. As a potential solution for clean urban mobility concepts, major carmakers plan to test SFC’s solutions. Although public interest and funding in this area will continue in 2011, the market is still not expected to make any economic impact yet.

Defense

As already reported, several European countries and the United States implemented strict spending cuts in their defense budgets and started programs for structural changes as a consequence of the economic crisis. Despite this, alternative portable and mobile power solutions are enabling new combat and defense strategies. To better address asymmetric/terrorist threats, defense forces are increasingly moving away from a monolithic formation to smaller units. Longer-lasting autonomy combined with low detectability for soldiers and vehicles is an enabling capability for longer dismounted missions in such a scenario. For this reason, special operation forces and OEMs continue to create increasing demand for alternative remote power supply solutions.

3. REPORT ON EARNINGS AND FINANCIAL POSITION

Earnings position

In the first half of 2011, SFC succeeded in posting an 18.2% increase in sales compared with the same period a year ago, which was at the upper end of SFC’s expectations. Sales rose from €6,579k in the first half of 2010 to €7,776k. The share of sales attributable to products decreased in the first six months of 2011 to 85.1%, compared with 93.7% the year before, while that generated under joint development agreements (JDAs) increased accordingly.

Second-quarter sales rose 35.9% to €4,055k (Q2 2010: €2,984k).

Sales by segment

The increase in sales in the first six months of the financial year is predominantly due to increased sales in the defense market (C-Series, Power Managers, JDAs), while sales of A-Series fuel cell systems decreased.

SALES BY SEGMENT (UNAUDITED)	in k €					
	1st half year			2nd Quarter		
	2011	2010	Change in %	2011	2010	Change in %
A-Series	5,399	5,617	-3.9%	2,682	2,451	9.4%
C-Series	234	83	>100%	130	82	58.5%
Power Manager	428	38	>100%	263	21	>100%
JDAs	1,156	413	>100%	671	212	>100%
Other	559	428	30.6%	309	218	41.7%
Total	7,776	6,579	18.2%	4,055	2,984	35.9%

Sales of A-Series fuel cell systems fell 3.9% to €5,399k in the first six months of 2011 (H1 2010: €5,617k), primarily because of SFC's efforts to reduce the inventory of fuel cells in the leisure market, where A-Series sales decreased by €774k (18.5%). The purpose of the inventory reduction was to prepare for the market launch of the new product generation EFOY COMFORT, which was successfully introduced in the second quarter of 2011. Sales in the industry and mobility markets were up by a total of €511k, or 43.4%. Sales increased in the defense market by €45k (17.6%).

Unit sales of A-Series fuel cell systems fell from 2,359 to 1,840 units, for a decrease of 22.0%. The fact that revenues fell by a mere 3.9% resulted primarily from the higher percentage of fuel cells sold in the industry market, shifts in the model mix towards higher-performing fuel cell systems and lower discounts in the leisure market. In the second quarter, sales in the A-Series segment increased 9.4% to €2,682k (Q2 2010: €2,451k), mainly because of a significant €487k increase in the industry market (84.6%). The number of fuel cell systems delivered fell from 996 to 776 units, for a decrease of 22.1%.

Sales in the C-Series segment rose from €83k in the first half of 2010 to €234k in the first half of 2011, while the number of C-Series (JENNY) systems delivered increased from 6 to 18. At €130k, second-quarter sales were up 58.5% from the same period last year (€82k).

Revenues from the sale of Power Managers rose from €38k to €428k in the first six months of 2011, while the number of Power Managers delivered rose from 5 to 15. In addition, significant sales were generated with cables for Power Managers in the first half of 2011. Second-quarter sales rose from €21k to €263k.

Sales in the JDA segment rose in the first half of 2011 to €1,156k (€413k). Sales were generated with three defense organizations in the United States in the first half of 2011, whereas there had been only one development program in the United States in the previous year. Second-quarter sales climbed from €212k to €671k.

Sales in the Other segment increased 30.6% in the reporting period, rising from €428k to €559k, particularly because of the €69k, or 21.3%, increase in fuel cartridge sales. Sales in the second quarter were up 41.7%, from €218k to €309k.

Sales by region

SALES BY REGION (UNAUDITED)						in k €
	1st half year			2nd Quarter		
	2011	2010	Change in %	2011	2010	Change in %
Europe (excluding Germany)	3,125	4,087	-23.5%	1,247	1,893	-34.1%
Germany	2,126	1,680	26.5%	1,174	561	>100%
North America	1,959	629	>100%	1,184	410	>100%
Asia	334	100	>100%	251	65	>100%
Rest of world	232	83	>100%	199	55	>100%
Total	7,776	6,579	18.2%	4,055	2,984	35.9%

Sales declined by 23.5% in the key market of Europe primarily because of the decrease in A-Series fuel cell sales in the leisure market, as discussed above.

The increase in sales in Germany was caused by a €457k increase in the defense market, while sales in all other markets remained close to their prior-year levels.

The percentage of sales that SFC generated in Germany in the first six months of 2011 came to 27.3% as a result, up from 25.5% in the previous year. The percentage of sales outside Germany fell accordingly to 72.7% (from 74.5%).

The increase in sales in North America resulted primarily from the growth in business in the defense market, where sales generated under JDAs were up €743k, while sales of Power Managers increased €181k and sales of A-Series rose €170k. There were also increased sales of A-Series fuel cells in the industry market and initial sales in the leisure market in Canada.

In Asia first industry projects were realized in Singapore.

SFC itself is not actively marketing its products in any other parts of the world at this time.

Gross margin

The gross margin rose by 23.4% in the first half of 2011, from €1,976k to €2,438k, primarily due to the increased sales in the defense market and the shifts in the A-Series sales mix described above. The gross margin for the A-Series rose by €104k to 34.6% (H1 2010: 31.4%) in the first half of 2011, despite the lower sales volume. Accordingly, the gross margin percentage on total sales climbed to 31.4% in the first half of 2011 (H1 2010: 30.0%). The gross margin for the second quarter was up 51.3%, from €903k last year to €1,366k this year, particularly due to the €279k increase recorded for the A-Series. Major contributors to the significant increase in the gross margin for the A-Series to 38.7% in the second quarter (Q2 2010: 30.9%) were not only the influences described above, but also the successful launch of the lower-cost EFOY COMFORT fuel cells in the leisure market. The gross margin on total sales rose to 33.7% in the second quarter (Q2 2010: 30.3%).

Sales costs

Sales costs fell 0.5% in the first six months of 2011 to €2,354k (from €2,365k) primarily because of lower consulting costs. Second-quarter sales costs, at €1,228k (Q2 2010: €1,191k), were up 3.1%.

Research and development costs

Research and development costs fell 2.5% to €862k in the first half of 2011, following €884k the year before. Development costs in the amount of €215k (H1 2010: €540k) and proprietary patents in the amount of €8k (H1 2010: €21k) were capitalized in this period. Research and development costs in the second quarter fell 18.5% to €402k (Q2 2010: €493k). 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 half of 2011 totaled €2,442k, which represents an increase of 13.2% from the previous year's €2,157k

General administration costs

General administration costs rose 23.3% in the first half of 2011, from €1,078k to €1,329k, primarily as a result of higher cost of premises (+€50k), audit and consulting fees (+€89k) as well as personnel costs (+€164k). In the first quarter of 2011 the Management Board agreement with Dr. Podesser was renewed. Half of his €200k retention bonus was recognized in sales costs, while the other half was recognized in administration costs. Costs rose by 6.1% in the second quarter, from €606k to €643k.

Other operating income

Other operating income fell from €283k in H1 2010 to €20k in the first half of 2011, primarily due to the income received last year from the measurement of forward platinum agreements. Other operating income fell in the second quarter of 2011 from €138k to €18k.

Other operating expenses

Other operating expenses increased from €38k to €116k in the first six months of 2011, particularly because of higher expenses from exchange rate differences. In the second quarter, other operating expenses increased by 41.7%, from €24k to €34k.

Operating result (EBIT)

EBIT fell in the first half of 2011 to minus €2,203k (H1 2010: minus €2,106k). The EBIT margin rose to minus 28.3%, following minus 32.0% the year before. EBIT in the second quarter of 2011 improved to minus €923k, versus minus €1,273k the year before.

Interest and similar income

Interest and similar income fell 6.7%, from €223k in the first half of 2010 to €208k in the first half of 2011, primarily because of the lower volume of cash and cash equivalents. Second-quarter interest and similar income decreased by 8.7% to €94k (Q2 2010: €103k).

Earnings after taxes

Earnings after taxes fell to minus €2,013 in the first half of 2011 from minus €1,905k in the same period last year. Earnings after taxes rose in the second quarter from minus €1,170k to minus €838.

Earnings per share

Earnings per share under IFRS (diluted) in the first half of 2011 were minus €0.28 and thus slightly under the year-earlier figure of minus €0.27. Earnings per share improved in the second quarter of 2011, from minus €0.16 to minus €0.12.

Financial position

Net cash outflows increased to €5,168k in the first half of 2011, following €4,122k in the same period a year ago. Net outflows in the second quarter of 2011 were €2,636k, versus net outflows of €1,879k for the second quarter of 2010.

Cash and cash equivalents amounted to €28,379k at the end of June 2011 (end of June 2010: €36,416k).

Cash flow from ordinary operations

Net cash used in ordinary operations increased to €4,606k in the first half of 2011 (H1 2010: €2,552k). The primary reason was the switch away from platinum hedging and the related cash outflow for the purchase of platinum and ruthenium in the amount of €1,275k (see “Commodities Risks” in the “Report on risks and opportunities”). In addition, payments for government-sponsored projects were delayed because of administrative bottlenecks at the responsible agencies, and therefore, the related receivables increased by €710k in the first half of 2011.

Cash flow from investment activity

During the reporting period, cash in the amount of €562k was used in investment activity, versus €1,570k in the prior year. Not only were capital expenditures €547k lower in the first half of 2011, but in the same period last year, a payment of €570k was made for pledged bank balances in connection with the security deposit for the new production, development and administration building.

Assets & liabilities

The Group's balance sheet remains healthy, with an equity ratio of 89.9% (December 31, 2010: 90.1%).

Total assets were down 4.6% at the end of the half, decreasing from €46,312k to €44,187k.

Inventories rose from €1,937k at December 31, 2010 to €3,223k at June 30, 2011, primarily because of the purchase of platinum and ruthenium mentioned earlier.

The increase in other short-term assets and receivables from €1,280k at December 31, 2010 to €2,062k at June 30, 2011 is mainly due to the higher receivables from development project grants as discussed above.

The share on non-current assets in total assets climbed to 14.3% as of June 30, 2011, compared with 13.3% as of December 31, 2010.

Among current liabilities, other short-term liabilities decreased to €993k as of June 30, 2011 (December 31, 2010: €1,243k), mainly on account of the payment of performance-based compensation for the 2010 financial year in the second quarter of 2011.

Altogether, liabilities made up 10.1 % of total liabilities and shareholders' equity (December 31, 2010: 9.9 %).

With the net loss for the period, shareholders' equity decreased to €39,719k as of June 30, 2011, compared with €41,721k at December 31, 2010.

Research and development

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

- Reduce unit costs through technological innovations, particularly 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. Here we continued our efforts to systematically increase power density and reduce degradation while cutting back on the amount of material used and thus improve our margins.
- Significantly enhance product functionality; develop new products (e. g., higher performance, new market-specific features) in order to tap fresh areas of application in addition to the markets already addressed.
- Significantly improve the reliability, robustness and durability of the devices developed for the industry market, even under challenging conditions, in order to make the products more attractive and build on SFC's technology edge.
- Miniaturize the products and simultaneously increase performance in order to successfully tap markets, such as the defense industry, with demanding specifications for portable energy sources.
- On top of these focal points, we placed greater emphasis on the development of total energy supply solutions, typically consisting of a fuel cell system, hybrid battery, power management and accessories – and even solar cells in some cases – in order to better meet customer demands, especially in the defense, industry and mobility markets.

Capital expenditures

In the first six months of 2011, we capitalized €215k in development work directed at enhancing our fuel cell systems (H1 2010: €540k). The investments in other intangible assets relate primarily to SFC Energy Inc.'s acquisition of a non-exclusive license to a comprehensive portfolio of American fuel cell patents from the University of Southern California and the California Institute of Technology. We also invested in software and hardware for expanding our cloud infrastructure, in a CAQ software program, and in injection molding equipment for achieving further cost savings.

New orders and order backlog

New orders were up 42.3% in the first half of 2011, climbing from €4,357k to €6,201k, which was satisfactory given the reduction in inventory in the leisure market. Most of the increase is attributable to a €1,339k increase in orders for the A-Series. New orders in the second quarter rose by 75.5%, from €1,941k to €3,406k.

Altogether, the order backlog stood at €1,575k as of June 30, 2011, which represents an increase of 32.2% from the prior year (€1,191k).

Employees

As of June 30, 2011, the Company employed the following permanent personnel:

EMPLOYEES	06/30/2011	06/30/2010	Change
Management Board	1	2	-1
Research and development	28	29	-1
Production, logistics, quality management	27	26	1
Sales & Marketing	30	29	1
Administration	14	12	2
Permanent employees	100	98	2

SFC employed 9 trainees, graduates and student trainees as of June 30, 2011 (June 30, 2010: 11).

The number of permanent employees as of June 30, 2011 was largely unchanged from the previous year at 100 (June 30, 2010: 98).

4. 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 for the Group have not changed since the publication of our 2009 annual report, with the following exceptions.

Market risks

Macroeconomic developments

The shift to renewable energy sources is in full swing. Particularly in Germany, but increasingly in countries around the world, there is ever greater demand for alternative, resource-efficient power supply sources. In June the Energy Ministers of the European Union agreed to further measures in connection with the EU Energy Efficiency Plan, with which the EU hopes to increase energy efficiency by 20% by the year 2020. In general, all signs are go for another year of dynamic economic growth in Germany according to statements made by the Federal Ministry of Economics and Technology in March 2011. There are uncertainties regarding the effects of the euro crisis on economic development in Germany and the euro area.

Leisure

Overall, the markets for leisure vehicles are experiencing growth. However, their performance varies by region. Within Europe, the CIVD⁹ expects growth to remain inconsistent from country to country in 2011, with total sales of around 150,000 leisure vehicles.

Industry

Continued growth is still expected in the young market for off-grid and mobile industrial systems because of its growing strategic significance. Nevertheless, lengthy test phases and complex decision-making processes for capital expenditures will continue to play a large role in this market, as will the dependence of many of its segments on the economic health of the public sector and government stimulus programs.

Mobility

In the area of APUs (auxiliary power units), strict environmental standards have raised the demand among users of conventional vehicles for environmentally friendly solutions to power the electrical and electronic devices they use on board their vehicles. The combined heat and power, or CHP, segment is merely in the developmental stages at this point and is not expected to make any economic impact yet.

Defense

In the defense markets, the trend towards using smaller, more flexible units in the pursuit of new armed forces and defense strategies continues. It is clear that there is a growing need here for new alternative power supply solutions that are wearable and mobile and enable troops to be in the field for longer stretches of time and change their location. However, it is important to note that the European and American defense markets are still affected by budget cuts and structural changes.

⁹ Data: CIVD Caravanning Industrie Verband e.V., June 30, 2011

Raw material prices

At the end of the first quarter of 2011, SFC reacted to the downward pressure on platinum prices created by the crisis in Japan and secured its platinum needs for approximately 2 years (1,000 ounces). In the past, we took out forward purchase contracts to hedge against the price risk with platinum, but now we purchase platinum from our supplier at the spot rate. The platinum is administered by the supplier in a separate account and used up as fuel cell components are delivered. Along with the platinum, we also purchased the corresponding quantity of ruthenium (400 ounces), which is used in the same product, but constitutes only about 4% of the platinum's cost. Overall, €1,275k was invested in these precious metals, which will be reported on the balance sheet as inventory until they are used up in SFC's products. Unlike with forward contracts, there is no need for remeasurement at each balance sheet date. A write-down of the precious metals would be in order only if the product manufactured from them could not be sold on the market at a price that covered its costs. Moreover, both precious metals are tradable at spot rates.

In general, rising raw material and energy costs continue to pose a risk to our product margins.

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 created and applied for protection of intellectual property rights (and now has around 20 patents), giving it a strong advantage over its competitors. SFC works continuously with experienced patent attorneys to obtain legal protection in other countries through patents granted in those countries. In the second quarter of 2011, SFC entered into an agreement whereby SFC Energy Inc. acquired a non-exclusive license to a comprehensive portfolio of American fuel cell patents from the University of Southern California and the California Institute of Technology. This agreement should provide broad patent protection when SFC sells products to American end customers.

Regulatory risks

The business in which the Group operates is still highly regulated. That is because it produces, distributes, and markets complex technical products and cartridges filled with methanol, distributes them in markets with demanding safety requirements (such as automakers or military organizations), and is subject to highly complex, sometimes non-uniform regulatory background conditions in various markets and countries. In some cases, the authorities have objected to product labeling and distribution channels in Germany and Austria. SFC is working to obtain a legal clarification. It cannot be excluded that the applicable requirements may become stricter (for example, due to stricter anti-terror legislation, new laws under REACH or GHS, or the increased visibility of SFC products as they become more popular) and that additional requirements could be imposed on distribution of the Group's products. To avoid negative effects on the sale of products, SFC will be offering special customer-focused training seminars in Germany starting in the third quarter of 2011. These courses will ensure that participants have even greater expertise in the relevant industries.

5. REPORT ON FORECASTS

The Management Board fully believes that SFC can continue to defend its leading position in the promising market for independent energy supply using fuel cells powered by methanol.

With over 22,000 fuel cell generators delivered and several million hours of operation accumulated in the field, the Management Board believes that SFC also has a clear advantage over competitors in terms of marketing.

The outlook for 2011 has improved since the announcement of the First Quarter results and management now expects organic sales growth to be at least as good as that achieved in 2010. The defense and industry markets are expected to provide most of the improvement. In the leisure market management, as before, expects to see a stable sales development with growth coming from the launch of the new EFOY COMFORT product series and the Canadian market launch. The growth in the industry and defense markets will be generated through further strategic industrial partnerships as well as a continued focus on integrated energy solutions. This may also include selective, bolt-on acquisitions. Based on today's plans, sales growth combined with further action to reduce product costs will be the basis for significant improvements in EBIT and cash flow resulting into concrete steps towards break even.

Our goal for 2012 will be to build on these developments. The regional expansion of the leisure business in North America should have a stronger impact on overall growth. At the same time, efficiency gains planned throughout the organization should contribute to further improvement in earnings and cash flow.

6. REPORT ON MATERIAL TRANSACTIONS WITH RELATED PARTIES

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

7. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Company's Supervisory Board has appointed Mr. Gerhard Inninger as the Company's new CFO. He will assume his duties as CFO of SFC Energy AG in mid-August.

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

Brunnthal, 26 July 2011

The Management Board



Dr Peter Podesser

4	INTRODUCTION BY THE MANAGEMENT BOARD
6	INTERIM GROUP MANAGEMENT REPORT JANUARY 1 – JUNE 30, 2010
18	INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS AT JUNE 30, 2011
33	RESPONSIBILITY STATEMENT
34	SHAREHOLDERS STRUCTURE OF SFC ENERGY AG
35	FINANCIAL CALENDAR 2011/SHARE INFORMATION/ CONTACT/IMPRINT

INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS AT JUNE 30, 2011

19	CONSOLIDATED INCOME STATEMENT
20	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
21	CONSOLIDATED BALANCE SHEET
23	CONSOLIDATED CASH FLOW STATEMENT
25	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
26	NOTES TO THE INTERIM REPORT OF SFC ENERGY AG

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 JUNE 30, 2011

CONSOLIDATED INCOME STATEMENT FROM JANUARY 1, 2011 TO JUNE 30, 2011

		in €			
		1st half year 2011 01/01-06/30	1st half year 2010 01/01-06/30	2nd Quarter 2011 04/01-06/30	2nd Quarter 2010 04/01-06/30
1.	Sales	7,775,834	6,578,555	4,055,246	2,983,778
2.	Production costs of work performed to generate sales	-5,337,667	-4,602,824	-2,689,721	-2,081,003
3.	Gross margin	2,438,167	1,975,731	1,365,525	902,775
4.	Sales costs	-2,353,827	-2,364,674	-1,228,376	-1,191,311
5.	Research and development costs	-861,570	-883,911	-401,941	-493,042
6.	General administration costs	-1,329,437	-1,078,423	-643,092	-605,946
7.	Other operating income	19,661	283,423	18,322	137,865
8.	Other operating expenses	-115,903	-38,277	-33,685	-23,730
9.	Operating loss	-2,202,909	-2,106,131	-923,247	-1,273,389
10.	Interest and similar income	207,615	222,755	94,443	103,469
11.	Interest and similar expenses	-17,709	-21,769	-8,934	0
12.	Loss from ordinary operations	-2,013,003	-1,905,145	-837,738	-1,169,920
13.	Income taxes	0	0	0	0
14.	Net accumulated loss	-2,013,003	-1,905,145	-837,738	-1,169,920
NET LOSS PER SHARE					
	undiluted	-0.28	-0.27	-0.12	-0.16
	diluted	-0.28	-0.27	-0.12	-0.16

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM JANUARY 1, 2011 TO JUNE 30, 2011

	in €			
	1st half year 2011 01/01-06/30	1st half year 2010 01/01-06/30	2nd Quarter 2011 04/01-06/30	2nd Quarter 2010 04/01-06/30
Consolidated net loss for the period	-2,013,003	-1,905,145	-837,738	-1,169,920
Result from currency translations	10,460	-100,486	3,581	-69,437
Total results recognized directly in equity	10,460	-100,486	3,581	-69,437
Total comprehensive income for the period	-2,002,543	-2,005,631	-834,157	-1,239,357

The amounts are attributable in full to the shareholders of the parent.

There are no deferred tax effects resulting from changes in value directly recognized in equity.

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2011

ASSETS		in €	
		06/30/2011	12/31/2010
A.	Current assets	37,887,765	40,167,297
I.	Inventories	3,223,189	1,936,612
II.	Trade accounts receivable	3,026,448	2,713,062
III.	Receivables from Percentage-of-Completion	477,579	3,833
IV.	Income tax receivables	149,615	103,567
V.	Other short-term assets and receivables	2,061,808	1,280,052
VI.	Cash and cash equivalents	28,379,126	33,560,171
VII.	Cash and cash equivalents with limitation on disposal	570,000	570,000
B.	Non-current assets	6,299,649	6,145,106
I.	Intangible assets	3,053,102	2,946,698
II.	Property, plant and equipment	2,328,426	2,335,363
III.	Other long-term assets and receivables	69,800	66,540
IV.	Deferred tax assets	848,321	796,505
	Assets	44,187,414	46,312,403

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2011

LIABILITIES AND SHAREHOLDERS' EQUITY		in €	
	06/30/2011	12/31/2010	
A. Current liabilities	2,827,924	3,177,805	
I. Other provisions	650,566	547,265	
II. Liabilities from prepayments	1,927	3,583	
III. Trade accounts payable	1,182,450	1,384,029	
IV. Other short-term liabilities	992,981	1,242,928	
B. Non-current liabilities	1,640,624	1,413,189	
I. Other long-term provisions	594,123	500,865	
II. Other long-term liabilities	198,180	115,819	
III. Deferred tax liabilities	848,321	796,505	
C. Equity	39,718,866	41,721,409	
I. Subscribed capital	7,152,887	7,152,887	
II. Capital surplus	66,879,638	66,879,638	
III. Other changes in equity not effecting profit or loss	6,832	-3,628	
IV. Accumulated loss brought forward from previous year	-32,307,488	-28,184,227	
V. Consolidated net loss	-2,013,003	-4,123,261	
Liabilities and shareholders' equity	44,187,414	46,312,403	

CONSOLIDATED CASH FLOW STATEMENT FROM JANUARY 1, 2011 TO JUNE 30, 2011

	in €	
	2011 01/01 – 06/30	2010 01/01 – 06/30
Cash flow from ordinary operations		
Result before taxes	-2,013,003	-1,905,145
- Net interest income	-189,906	-200,986
+ Depreciation/amortization of intangible assets and property, plant and equipment	626,525	476,610
+ Expenses from Long Term Incentive Plan	82,361	114,065
- Changes in allowances	-5,607	-1,268
+ Losses from disposal of property, plant and equipment	1	6,464
- Profits from derivatives	0	-69,025
+ Other expenses not affecting cash	78,326	0
Changes to operating result before working capital	-1,421,303	-1,579,285
+ Changes to short and long-term provisions	179,054	117,654
- Changes to trade accounts receivable	-377,770	-130,404
- Changes to inventories	-1,274,633	-479,180
-/+ Changes to other assets and receivables ¹	-1,228,791	49,280
- Changes to trade accounts payable	-189,062	-587,878
-/+ Changes to other liabilities	-247,781	118,095
Cash flow from ordinary operations before taxes	-4,560,286	-2,491,718
- Income tax refunds	-46,048	-60,023
Cash flow from ordinary operations	-4,606,334	-2,551,741

¹ At June 30, 2010, prepaid expenses and accrued income were shown separately. At June 30, 2011, this item was shown under the line item "Other assets." The amount shown for the previous year was adjusted accordingly.

CONSOLIDATED CASH FLOW STATEMENT FROM JANUARY 1, 2011 TO JUNE 30, 2011

	in €	
	2011 01/01 – 06/30	2010 01/01 – 06/30
Cash flow from investment activity		
– Investments in intangible assets from development projects	-215,100	-539,500
– Investments in other intangible assets	-295,253	-51,862
– Investments in property, plant and equipment	-225,802	-691,443
+ Deposit from the withdrawal of bank balances pledged	0	45,320
+ Interest and similar income	174,590	233,152
– Bank balances pledged	0	-570,000
+ Sale of fixed assets	0	4,225
Cash flow from investment activity	-561,565	-1,570,108
Cash flow from financial activity		
– Interest paid and other expenses	0	-207
Cash flow from financial activity	0	-207
Net change in cash and cash equivalents	-5,167,899	-4,122,056
Currency effects and other effects on cash and cash equivalents	-13,146	-5,473
Net change in cash and cash equivalents		
Cash and cash equivalents at beginning of period	33,560,171	40,543,600
Cash and cash equivalents at end of period	28,379,126	36,416,071
Net change in cash and cash equivalents	-5,167,899	-4,122,056

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1 TO JUNE 30, 2010

	Subscribed capital	Capital surplus	Other changes in equity not effecting profit or loss	Net accumulated loss	in € Total
Balance 01/01/2010	7,152,887	66,879,638	12,200	-28,184,227	45,860,498
Total comprehensive income for the period					
Consolidated net loss 01/01 - 06/30/2010				-1,905,145	-1,905,145
Result from currency translation recognized in equity			-100,486		-100,486
Balance 06/30/2010	7,152,887	66,879,638	-88,286	-30,089,372	43,854,867
Total comprehensive income for the period					
Consolidated net loss 07/01 - 12/31/2010				-2,218,116	-2,218,116
Result from currency translation recognized in equity			84,658		84,658
Balance 12/31/2010	7,152,887	66,879,638	-3,628	-32,307,488	41,721,409
Total comprehensive income for the period					
Consolidated net loss 01/01 - 06/30/2011				-2,013,003	-2,013,003
Result from currency translation recognized in equity			10,460		10,460
Balance 06/30/2011	7,152,887	66,879,638	6,832	-34,320,491	39,718,866

NOTES TO THE INTERIM REPORT OF SFC ENERGY AG

Information about the Company

SFC Energy AG (the “Company” or “SFC”) is a stock corporation (Aktiengesellschaft) located in Germany. The Company’s registered office is at Eugen-Sänger-Ring 7, 85649 Brunnthal, Germany. The Company is registered in the Commercial Register of the local court in Munich under the number HRB 144296. The principal activities of the Company and its subsidiary (the Group) are the development, production and marketing of energy supply systems and their components for off-grid machines on the basis of, among other things, fuel cell technology.

Accounting principles

This interim report was prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union. The Company’s material accounting principles, on which the consolidated financial statements for the financial year ended December 31, 2010 were based, were also used to prepare the interim financial statements.

The quarterly financial statements of SFC Energy AG for the financial period January 1 to June 30, 2011 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, 2010.

In addition to the standards and interpretations used at December 31, 2010, the following standards and interpretations were applicable for the first time, but had no effect on the consolidated financial statements:

- Revised IAS 24 “Related Party Disclosures”
- Changes to IAS 32 “Financial Instruments: Presentation”
- Changes from the “Annual Improvements Project” 2008–2010 (AIP)
- Change to IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”
- IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”

In addition, as of the publication date of this interim report for the second quarter of 2011, the IASB had published the following new and revised standards, which have not yet been recognized by the EU Commission:

Amendments to IAS 1 “Presentation of Financial Statements”: On June 16, 2011, the IASB published amendments to IAS 1 “Presentation of Items of Other Comprehensive Income.” In the future, changes in value recognized directly in equity must be broken down by line items that are recycled in subsequent periods in the income statement and line items that are not recycled. Entities are required to apply the amendments for annual periods beginning on or after July 1, 2012.

Amendments to IAS 19 “Employee Benefits”: On June 16, 2011, the IASB published amendments to IAS 19. These will have material effects on the recognition and measurement of expense for Defined Benefit Plans and of payments of Termination Benefits. Among other things, the current option of either recognizing actuarial gains and losses immediately in profit or loss, or deferring such recognition using the “corridor method,” has been eliminated. In the future, they will have to be immediately recognized in other income. Entities are required to apply the amendments for annual periods beginning on or after January 1, 2013.

Revised IAS 27 “Separate Financial Statements”: In the five new revised standards published on May 12, 2011, the title of IAS 27 “Consolidated and Separate Financial Statements” was changed to “Separate Financial Statements.” The revised IAS 27 now only contains rules on separate financial statements. The existing guidelines and explanatory notes for separate financial statements remained unchanged. The other parts of IAS 27 were replaced by IFRS 10 “Consolidated Financial Statements.”

Revised IAS 28 “Investments in Associates”: In the five new revised standards published on May 12, 2011, IAS 28 “Investments in Associates” was renamed and revised. Revised IAS 28 includes the changes resulting from the publication of IFRS 10, IFRS 11 and IFRS 12. Thus, for example, joint ventures that fall under the definition of the new standard IFRS 11 “Joint Arrangements” are to be accounted for using the equity method, in accordance with revised IAS 28.

IFRS 10 “Consolidated Financial Statements”: On May 12, 2011, the IASB published the new standard IFRS 10. The standard replaces the guidelines on control and consolidation in IAS 27 “Consolidated and Separate Financial Statements” and SIC 12 “Consolidation – Special Purpose Entities.” The definition of “control” is amended by the new IFRS 10 to state that the same criteria are applied to all companies to determine a control relationship. The new standard is applicable to financial years beginning on or after January 1, 2013. Earlier application is permissible if all five new or revised standards are applied simultaneously.

IFRS 11 “Joint Arrangements”: On May 12, 2011, the IASB published the new standard IFRS 11. In the future, two joint arrangement situations are distinguished under IFRS 11: joint operations and joint ventures. The current option to choose the proportionate consolidation method of accounting for jointly controlled entities was eliminated. In the future, the equity method must be used. If a joint operation is involved, the assets, liabilities, income and expenses directly attributable to the participating company are recognized directly in the consolidated financial statements of that company. The new standard replaces IAS 31 “Interests in Joint Ventures” and SIC 13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers” and is applicable to annual periods beginning on or after January 1, 2013. Earlier application is permissible if all five new or revised standards published on May 12, 2011 are applied simultaneously.

IFRS 12 “Disclosure of Interests in Other Entities”: This new standard was published with the five new or revised standards on May 12, 2011. IFRS 12 establishes the required explanatory notes for companies that prepare their financial statements in accordance with the two new standards IFRS 10 “Consolidated Financial Statements” and IFRS 11 “Joint Arrangements.” The standard replaces the disclosure requirements currently contained in IAS 28 “Investments in Associates,” and IAS 27 is renamed “Separate Financial Statements.” Explanatory notes regarding subsidiaries, associates, joint arrangements and non-consolidated structured entities (special purpose entities) are now governed by IFRS 12. The new standard is applicable to annual periods beginning on or after January 1, 2013. Earlier application is permissible.

IFRS 13 “Fair Value Measurement”: On May 12, 2011 the IASB published the new standard IFRS 13. IFRS 13 describes how fair value is to be determined and expands the fair value disclosures required. The new standard does not contain any rules regarding the cases in which fair value is to be used. Through IFRS 13 the existing guidelines on fair value measurement in the individual IFRSs are replaced by a single standard. IFRS 13 applies to reporting periods beginning on or after January 1, 2013. Earlier application is permissible.

The company does not expect any effects (or any material effects, as the case may be) from the application of the new and revised standards.

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.

Inventories

Inventories amounted to €3,223,189 as of the reporting date (December 31, 2010: €1,936,612). The essential reason for the increase was the change in the hedging strategy for platinum in the first quarter of 2011. Instead of entering into forward commodities transactions as in the past, the company bought platinum and ruthenium directly from the suppliers of fuel cell components at the current price. The inventory of platinum and ruthenium amounted to €1,203,317 as of the reporting date (December 31, 2010: €0).

Forward commodities transactions

Because of the change in the hedging strategy described above, no forward commodities transactions for hedging the price risk of the platinum used in a key fuel cell component remained open as of the reporting date. In the previous year, the positive fair value was shown under other assets. The changes in value were recognized in the income statement under other operating income.

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 2011, we had receivables from percentage-of-completion totalling €477,579 as of the reporting date, versus €3,833 as of December 31, 2010.

Other short-terms assets

The Company had other short-term assets of €2,061,808 as of the reporting date (December 31, 2009: €1,280,052). The increase is primarily attributable to an increase in claims to subsidies to €1,643,562 (December 31, 2010: €933,562).

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

The Supervisory Board adopted a long-term incentive plan (LTIP 2009–2011) for the members of the Management Board in March 2009 (Tranche 1). In July 2009 and July 2010, the Supervisory Board approved the participation of certain other top executives (Tranche 2). The purpose of the plan, which will last a total of 5 years, is to reward the Management Board members and these select top executives 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 various sub-tranches with different performance periods, with each such period lasting three calendar years. The performance period for the first sub-tranche of Tranche 1 began January 1, 2009. Sub-tranches 2 and 3 will begin exactly one and two years later, respectively. In the first half of 2011, two additional sub-tranches of Tranche 1 were authorized by the Supervisory Board in the new Management Board contract. The performance period for the fourth sub-tranche of Tranche 1 begins on January 1, 2012, while the period for the fifth sub-tranche begins one year later. The performance period for Tranche 2 also begins for the first sub-tranche on January 1, 2009, while the period for the second sub-tranche begins one year later. In June 2011 the supervisory board approved a third sub-tranche within Tranche 2 for top executives. The performance period for the third sub-tranche begins on January 1, 2011. 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. The original allotment volume for each of the first and second sub-tranches of Tranche 1 was €220,000 (with an outstanding allotment volume of €120,000 each at June 30, 2011). The allotment volume for the third, fourth and fifth sub-tranches of Tranche 1 amounted to €145,000 at June 30, 2011. The original allotment volume for the first sub-tranche of Tranche 2 amounted to €190,000 (€155,000 at June 30, 2011), €155,000 for the second sub-tranche of Tranche 2 (€155,000 at June 30, 2011) and €155,000 for the third sub-tranche of Tranche 2 (€155,000 at June 30, 2011). The number of remaining phantom shares initially allotted for the first sub-tranche of Tranche 1 at June 30, 2011 was 19,634, 19,208 for the second sub-tranche of Tranche 1 and 30,278 for the third sub-tranche of Tranche 1. The number of remaining phantom shares initially allotted for the first sub-tranche of Tranche 2 at June 30, 2011 was 25,366, 24,813 for the second sub-tranche of Tranche 2 and 32,367 for the third sub-tranche of Tranche 3. 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 participant's employment with the Company ends, there will be no allotment for any performance periods not yet begun. Unless a participant is terminated for cause, payouts under Tranche 1 of the plan for any performance period already commenced as of the respective participant'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. Pro rata payouts will be made under Tranche 2 unless SFC terminates the employment relationship without notice for cause or does so with notice for conduct-related reasons. Pro rata payouts are also excluded if the respective executive quits with notice. 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 sub-tranches using a Monte Carlo model. A liability in the amount of €198,180 (of which €198,180 long-term) was recognized under other liabilities at June 30, 2011 (December 31, 2010: €190,447, of which €115,819 long-term). The amount expensed for the period was €82,361 (prior-year period: €114,065).

The following parameters were used in the measurement:

Measurement date	06/30/2011
Remaining term (in years)	0.50 – 4.51
Anticipated volatility	38.70% – 60.45%
Risk-free interest rate	1.31% – 2.30%
Share price as of the measurement date	€4.79

Sales costs

Our sales costs were as follows in the first half of 2011:

	in €	
	01/01 – 06/30/2011	01/01 – 06/30/2010
Personnel costs	1,276,000	1,237,090
Advertising and travel costs	467,192	427,720
Consultancy/commissions	208,542	297,156
Other	402,093	402,708
Total	2,353,827	2,364,674

Research and development costs

We capitalized €215,100 in development work in the first half of 2011, versus €539,500 the year before. The write-downs on capitalized development costs amounted to €328,077 (prior-year period: €235,512)

Overall, intangible assets increased to €3,053,102 (December 31, 2010: €2,946,698). The increase despite higher write-downs on capitalized development costs is primarily attributable to the acquisition of a non-exclusive licence by SFC Energy Inc. to a comprehensive portfolio of American fuel cell patents from the University of Southern California and the California Institute of Technology.

General administration costs

Our general administration costs were as follows in the first half of 2011:

	in €	
	01/01 – 06/30/2011	01/01 – 06/30/2010
Personnel costs	697,789	533,974
Audit and consultancy costs	219,634	130,371
Investor relations/annual meeting	124,604	105,002
Depreciation and amortization	63,943	48,255
Supervisory Board compensation	51,336	81,290
Insurance	49,015	38,454
Travel costs	39,409	64,898
Car-operating costs	30,905	19,907
Costs of hardware and software support	18,947	18,807
Other	175,132	125,729
Set-off against grants	-141,277	-88,264
Total	1,329,437	1,078,423

The general administration costs increased from the same period in the prior year, primarily because of higher personnel, audit and consulting costs and costs of premises (included in miscellaneous). In the first quarter of 2011, the management board agreement with Dr. Podesser was extended. Half of the extension premium in the amount of €200,000 due in connection with this agreement was shown in sales costs, while the other half was shown under general administration costs.

Income taxes

As was the case in the consolidated financial statements as of and for the year ended December 31, 2010, deferred tax assets are recognized on tax loss carryforwards only in such an amount as can be offset against deferred tax liabilities, after subtraction of the other deferred taxes, since we cannot yet show with reasonable certainty that we will be able to draw a future economic benefit from these carryforwards.

Segment report

SFC's sales and results were as follows in the first half of 2011:

	in €			
	Segment sales		Segment result	
	01/01 – 06/30/2011	01/01 – 06/30/2010	01/01 – 06/30/2011	01/01 – 06/30/2010
A-Series	5,399,216	5,617,202	1,870,248	1,766,008
C-Series	233,734	83,380	104,207	51,622
JDA	1,155,786	412,687	367,237	155,010
Power Manager	427,784	37,852	146,091	22,974
Other	559,314	427,434	-49,616	-19,884
Unallocated items	0	0	-4,451,170	-3,880,875
Total	7,775,834	6,578,555	-2,013,003	-1,905,145

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, 2010. There were no significant related party transactions in the first half of 2011.

Employees

SFC employed the following personnel as of the reporting date:

	06/30/2011	06/30/2010
Full-time employees	93	92
Part-time employees	7	6
Total	100	98

Nine trainees, graduates and student trainees were also employed as of the end of June 2011 (June 30, 2010: 11).

Earnings per share

Earnings per share is determined by dividing the result for the period that is attributable to the shareholders of the parent company by the average number of shares outstanding. The number of shares outstanding at June 30, 2011 (7,152,887 shares) remained unchanged during the first half of 2011, as in the previous year. There were no dilutive effects to be taken into account in determining the number of outstanding shares, nor were there any dilutive effects on SFC's earnings, just as in the same period last year.

Material events after the balance sheet date

The Company's Supervisory Board has appointed Mr. Gerhard Inninger as the Company's new CFO. He will assume his duties as CFO of SFC Energy AG in mid-August.

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

Brunnthal, 26 July 2011

The Management Board

Dr Peter Podesser

4	INTRODUCTION BY THE MANAGEMENT BOARD
6	INTERIM GROUP MANAGEMENT REPORT JANUARY 1 - JUNE 30, 2010
18	INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS AT JUNE 30, 2011
33	RESPONSIBILITY STATEMENT
34	SHAREHOLDERS STRUCTURE OF SFC ENERGY AG
35	FINANCIAL CALENDAR 2011/SHARE INFORMATION/ CONTACT/IMPRINT

SFC ENERGY AG, BRUNNTHAL RESPONSIBILITY STATEMENT

To the best of my 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, 26 July 2011

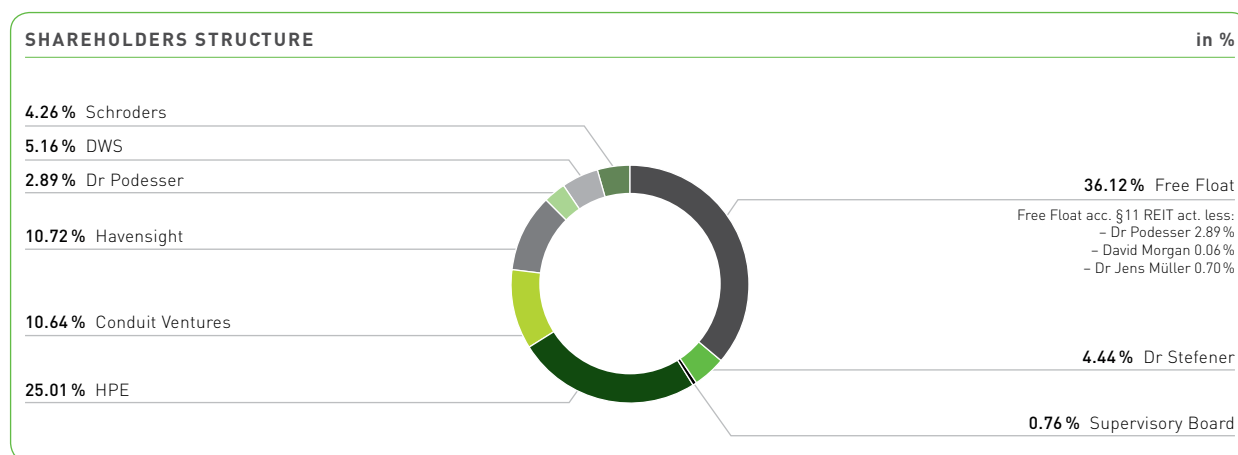
The Management Board



Dr Peter Podesser

4 INTRODUCTION BY THE MANAGEMENT BOARD
6 INTERIM GROUP MANAGEMENT REPORT
JANUARY 1 - JUNE 30, 2010
18 INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS AS AT JUNE 30, 2011
33 RESPONSIBILITY STATEMENT
34 **SHAREHOLDERS STRUCTURE OF SFC ENERGY AG**
35 FINANCIAL CALENDAR 2011/SHARE INFORMATION/
CONTACT/IMPRINT

SHAREHOLDERS STRUCTURE OF SFC ENERGY AG



- 4 INTRODUCTION BY THE MANAGEMENT BOARD
- 6 INTERIM GROUP MANAGEMENT REPORT
JANUARY 1 - JUNE 30, 2010
- 18 INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS AS AT JUNE 30, 2011
- 33 RESPONSIBILITY STATEMENT
- 34 SHAREHOLDERS STRUCTURE OF SFC ENERGY AG
- 35 FINANCIAL CALENDAR 2011/SHARE INFORMATION/
CONTACT/IMPRINT

FINANCIAL CALENDAR 2011

October 27, 2011 Publication nine months report
 November 22, 2011 DVFA Analysts' Conference, Frankfurt

SHARE INFORMATION

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

INVESTOR-RELATIONS CONTACT

Barbara von Frankenberg	Phone: +49 (0)89 / 673 592 - 378
Head of Investor Relations and Public Relations	Fax: +49 (0)89 / 673 592 - 169
SFC Energy AG	Email: barbara.frankenberg@sfc.com
Eugen-Saenger-Ring 7	
85649 Brunnthal	
Germany	

IMPRINT

SFC Energy AG	Responsible: SFC Energy AG
Eugen-Saenger-Ring 7	Editing: SFC Energy AG
85649 Brunnthal	Concept and Design: Anzinger Wüschner Rasp
Germany	
Phone: +49 (0)89 / 673 592 - 0	
Fax: +49 (0)89 / 673 592 - 369	

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.