INTERIM REPORT Q2/2012

SFC ENERGY

SFC ENERGY AG CONSOLIDATED KEY FIGURES

in k €

	HY1 2012	HY1 2011	Change in %	Q2 2012	Q2 2011	Change in %
Total sales	14,966	7,776	92.5 %	7,412	4,055	82.8 %
Product sales total	14,659	6,620	> 100 %	7,355	3,384	> 100 %
Sales share of products	98.0 %	85.1 %	–	99.2 %	83.5 %	–
Gross margin total	6,146	2,438	> 100 %	3,083	1,366	> 100 %
Gross margin	41.1 %	31.4 %	–	41.6 %	33.7 %	–
EBITDA	479	– 1,576	> 100 %	293	– 605	> 100 %
EBITDA margin	3.2 %	– 20.3 %	–	4.0 %	– 14.9 %	–
EBITDA underlying	509	– 1,576	> 100 %	323	– 605	> 100 %
EBITDA margin underlying	3.4 %	– 20.3 %	–	4.4 %	– 14.9 %	–
EBIT	163	– 2,203	> 100 %	– 154	– 923	83.3 %
EBIT margin	1.1 %	– 28.3 %	–	– 2.1 %	– 22.8 %	–
EBIT underlying	– 342	– 2,203	84.5 %	– 124	– 923	86.6 %
EBIT margin underlying	– 2.3 %	– 28.3 %	–	– 1.7 %	– 22.8 %	–
Net result	189	– 2,013	> 100 %	– 150	– 838	82.1 %
Net result per share, diluted	0.03	– 0.28	> 100 %	– 0.02	– 0.12	83.3 %

in k €

	06/30/2012	12/31/2011	Change in %
Equity	36,943	36,788	0.4 %
Equity ratio	74.8 %	74.3 %	–
Balance sheet total	49,399	49,538	– 0.3 %
Cash (freely available)	19,964	22,443	– 11.0 %

	06/30/2012	06/30/2011	Change in %
Permanent employees	185	100	85.0 %

DIRECTORS' SHAREHOLDINGS

	06/30/2012
Management Board	
Dr. Peter Podesser	206,800
Gerhard Inninger	0
Supervisory Board	
Tim van Delden	0
David Morgan	4,000
Dr. Jens T. Müller	50,000

CONTENT

INTRODUCTION BY THE MANAGEMENT BOARD

Dr Peter Podesser Chief Executive Officer (CEO), **Gerhard Inninger** Chief Financial Officer (CFO)

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

SFC Energy AG maintained its positive business momentum in the second quarter of 2012. With consolidated sales of nearly 15 million Euros and a positive EBITDA for the second quarter in a row, we are well on our way to reaching our full-year sales target and achieving the announced break-even on an EBITDA basis for the 2012 fiscal year.

Stable growth in our important core segments Industry and Defense & Security played a significant role in this positive development, as did lasting effects from the restructuring in fall 2011, the realignment of our sales activities and our ongoing efforts to systematically optimize production costs.

The integration of the Dutch PBF Group, which was acquired at the end of 2011, is proceeding according to plan. We have implemented a uniform organizational structure, adjusted internal processes within the Group and formed specific project groups for joint system and product development. We are pooling the expertise of PBF and SFC into a combined product and service mix, that offers attractive, efficient power supply solutions for professional applications.

New orders in our core markets reflect the appeal of these power generation and distribution solutions by SFC Energy:

The follow-up order SFC Energy received in the second quarter from Volkswagen Commercial Vehicles to equip an additional 242 toll inspection vehicles of the German Federal Office for Goods Transport (BAG) with EFOY Pro fuel cell generators confirms the decisive logistical and cost advantages that SFC's sustainable power supply concept brings to BAG's toll inspection teams. Before, the teams had to connect their vehicle to the grid to recharge their batteries, or they had to idle the vehicle's engine, which generated considerable noise and emissions. With the EFOY Pro, they no longer have to worry about power. The energy from the fuel cell is as silent and convenient as energy from the grid.

Defense & Security, the segment in which SFC develops and sells portable, mobile, and vehicle-based power sources and field charging stations for defense and government applications, also continued to perform positively. The order for nearly five million Euros in energy networks placed by the German Bundeswehr at the end of March is in the manufacturing stage and due for delivery in the fourth quarter of 2012.

Conditions in the Consumer segment have developed less favorably so far this year. The European financial and debt crisis has adversely affected the industry globally, with the southern European markets particularly hard hit. Nevertheless, our EFOY COMFORT fuel cell continues to garner a great deal of customer attention thanks to its unbeatable benefits in the area of off-grid, environmentally friendly power generation. In May, the readers of "promobil", Europe's biggest motor home magazine, again ranked the EFOY COMFORT fuel cell among the Top 3 brands in the power generator category – for the fifth consecutive time. This accolade speaks to the customer satisfaction and brand recognition that the product enjoys in this segment.

Looking at the year as a whole, we believe that the outstanding performance in the Industry segment and Defense & Security will make up for the softer performance of the Consumer segment. Based on the results achieved in the first half of the year, we expect fewer deliveries in the third quarter given the seasonal and cyclical weakness in the consumer market and vacation shutdowns at the plants of PBF's customers.

Our full-year forecast for 2012 remains the same. A sustainably positive EBITDA in the second half of 2012 and consolidated sales of around 30 million Euros are considered to be achievable.

We are grateful to our employees at all locations for their hard work. We have achieved our ambitious goals thanks to their efforts and look forward to continuing our successful cooperation.

On behalf of SFC Energy AG, we thank you for your support and cordially invite you to stay with us on our exciting journey into a future with sustainable power generation and distribution solutions.

With best wishes,

The SFC Energy AG Management Board

Dr Peter Podesser
CEO

Gerhard Inninger
CFO

INTERIM GROUP MANAGEMENT REPORT JANUARY 1 – JUNE 30, 2012

1. BUSINESS

The Group consists of SFC Energy AG (SFC), Brunnthal (Germany), and its subsidiaries as well as P&E Interholding B.V., Almelo (Netherlands), and its subsidiaries (PBF).

The object of SFC Energy AG, as changed by the Annual General Meeting on May 9, 2012, is to develop, produce and distribute power generation systems and components for off-grid equipment based on fuel-cell and other technologies, to invest in the facilities required for these activities and to transact any other related business. The 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 to offer 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.

PBF develops and manufactures reliable high-tech power supply systems. This technology-oriented company works closely with its customers to customize solutions such as switched mode network components, external transformer units, power cabinets and special coils. Its product designs range from relatively simple open frames to extremely complex, efficient power cabinets produced in small to medium-sized series volumes of just a few or tens of thousands of units per year.

PBF's products are used in the fields of defense and security, analytical systems, research and science, industry and semiconductors. Most of its products are sold through distribution partners, but some are sold directly to customers.

2. ECONOMIC DEVELOPMENTS AND INDUSTRY CLIMATE: DEBT CRISIS CONTINUES TO WEIGH ON ECONOMY

The world economy felt the impact of the European debt crisis in the first half of 2012. According to the ifo Institute[1], in addition to highly restrictive economic policy in a large number of emerging economies and the clearly restrictive financial policy implemented in many European countries, the decisive factor in the

1 ifo Economic Forecast 2012/2013, ifo Institute, June 28, 2012

weakening global economy was primarily the European debt crisis. Far-reaching economic policy interventions in the euro area initially calmed the situation, but because the underlying structural problems remained unresolved, increasing uncertainty led to a slowdown in the expansion of the global economy. Based on this scenario, the German economy looks set to go through a weak phase during the second half of the year. The Institute expects real gross domestic product to increase by only 0.7% on average in 2012. Total economic output should gain momentum next year, driven by domestic demand, if there is no massive escalation of the European debt crisis. The Institute is of the opinion that the world economy, following a weak phase in the first three quarters of this year, is likely to recover gradually in the remaining forecast period under these conditions. All in all, global economic output should increase only weakly during both this and next year, by 3.2% and 3.6% respectively. Accordingly, world trade is set to expand by just 3.5% in 2012 and then gain 5.2% in 2013.

Germany – Stable growth in first half of 2012, but full-year forecasts weaker

According to the Federal Ministry of Economics and Technology (BMWi)[2], despite a difficult international environment, the German economy has proven stable in the first half of 2012. Thanks to an unexpected strong boost to growth in the first quarter, the short period of softer growth in the fourth quarter of 2011 was overcome. During the course of the second quarter, however, the risks to the economic recovery have again become more strongly visible. Both the indicators of real economic activity as well as the sentiment expressed in recent surveys have declined. Concerns regarding economic growth have reappeared.

According to figures published by the Federal Statistical Office (Destatis)[3], gross domestic product (GDP) rose in the first quarter of 2012 by 0.5% compared with the preceding quarter. In the last quarter of 2011, German GDP had been down slightly (–0.2%) for the first time since the economic crisis in 2009. Exports in particular had a positive effect. Adjusted for inflation, 1.7% more goods and services were exported in the first quarter of 2012 than in the last quarter of 2011. Capital spending decreased in Germany (machinery, equipment and vehicles down 0.8%; construction down 1.3%), but there were increases in both consumer spending (up 0.4%) and government spending (up 0.2%) compared with the preceding quarter. The reduction of inventories also had a negative effect (–0.4%) on economic growth in the first quarter of 2012.

Foreign trade also had a positive effect in the first quarter of 2012. Adjusted for inflation, 5.9% more goods and services were exported than a year ago. Imports of goods and services also increased in the same period, but not as much (+5.6%) as exports.

Germany's economic output in the first quarter of 2012 was generated by a workforce of 41.1 million, i.e., 612,000 (or 1.5%) more persons than a year ago. Such a gain in employment had last occurred four years ago.

Despite the stable economic situation, Germany's sovereign debt continued to rise; according to the Federal Statistical Office[4], it had reached a record high of € 2,042 billion at the end of the first quarter of 2012, an increase of € 42.3 billion (or 2.1%) from a year ago.

2 BMWi Federal Ministry of Economics and Technology, press release on the economy of June 8, 2012
3 German Federal Statistical Office, Wiesbaden, press release 178/2012 of May 24, 2012
4 German Federal Statistical Office, Wiesbaden, press release 10/2012 of June 22, 2012

The ifo Business Climate Index[5] for industry and trade in Germany continued to fall in June. Although the assessment of the current business situation was somewhat brighter after having deteriorated so strongly the previous month, companies have significantly scaled back their expectations for the six months ahead. German businesses fear the growing impact of the euro crisis.

Leisure Market[6]

Based on its figures through May 2012, the German Caravanning Industry Association (CIVD) is expecting a significant increase in registrations of new pull-behind campers and motor homes in the first half of 2012 in Germany. In the first five months, 5.4 % more pull-behind campers (total 9,769) and a full 13.3 % more motor homes (14,036) were registered. Accordingly, CIVD expects approximately 12,000 new registrations of pull-behind campers in the first half of 2012, which would mean an increase of 4 % to 5 %. As many as 16,300 new registrations of motor homes are expected, which would mean an increase of 11 % to 12 % compared with the previous year. CIVD expects this positive trend to continue in the second half of 2012.

According to figures from the European Caravan Federation (ECF)[7], the European market for recreational vehicles grew in the first quarter of 2012 by 2.5 % compared with the prior-year period; however, this growth only occurred in Germany, Norway and Switzerland, all other European markets shrank, some of them significantly. Again, the types of vehicles involved presented an inconsistent picture. Although registrations of motor homes in Europe increased by 7.7 % to 19,471 vehicles, new registrations of pull-behind campers fell by 2.4 % to 18,392 units.

For the maritime leisure sector there have been no new economic data since those already published in the Company's annual report. Those data indicated that German boat production continued to rise in 2011 by just under 20 %. In the equipment segment, the market that matters to SFC, demand for high-end maritime equipment and accessories from end customers remained at a high level. At the end of the year, the accessories segment showed an increase of nearly 4 % compared with the prior year.

Economic expectations for the medium term were significantly lower than a year ago. Only 25 % of German companies are expecting further increases for the next 2 to 3 years, just under half of them expect sales to remain at present levels.

Defense and Security Market

It is still difficult to plan the commercial use of independent power sources containing fuel cells in the programs of international defense organizations. However, interest in alternative portable and mobile power generation solutions that will allow new combat and defense strategies to be implemented has not abated in the first half of 2012. To better address asymmetrical/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 a vital requirement for longer missions.

5 ifo Business Climate Germany; June 2012 ifo Business Survey
6 Data: CIVD Caravaning Industrie Verband e.V.
7 Data: ECF European Caravan Federation

Industry Market

There are still no official figures for the number of electrical and electronic devices that are used off-grid for industrial applications, because the markets are extremely diverse. The number of devices that are used far from any power outlets, such as off-grid sensors and metering devices, surveillance, security and traffic control systems, and on-board equipment for utility vehicles and service vans, continued to increase in the first half of 2012. At the same time, demand grew for easy-to-integrate, user-friendly power sources that ensure that such equipment runs reliably under any weather conditions and can be controlled remotely. The EFOY Pro fuel cells by SFC are quiet, environmentally friendly and fully automated power sources that are used like a portable electric outlet and make it possible for many operators of remote installations to create new, more cost-efficient concepts with enhanced functions. They are used as independent power supplies in the field, in cabinets and in special boxes, and are also used as independent battery charging stations in conventional vehicles with internal combustion engines, since new environmental regulations make it illegal for vehicle users to idle the engine to generate electrical power for battery charging. Both segments of this market experienced an upswing in the first half of 2012 because they are strategically important, and further increases in their importance are anticipated for the second half of the year.

In order to assess the economic development of the markets in which PBF is active (high-performance electronics and switched mode network components), we draw on information provided about the sub-segment of the electronics industry referred to as "electronic components & systems"[8] in the industry classification of the German Electrical and Electronic Manufacturers' Association (ZVEI). According to the Association[9], total orders in the German electrical and electronic industry declined by 5 % from January through April 2012 compared with the relatively high prior-year figures. April marked the seventh monthly decline in a row.

From January through April 2012, production increased by 3 % over the previous year. Although companies in the electrical and electronics industry revised their production plans slightly downward in May 2012, on balance they remained positive: 17 % of companies intend to increase production in the coming three months, 74% plan to maintain their current production level, while 9 % intend to reduce it. The Association continues to see good development potential for applications in the areas of climate protection, energy and resource efficiency, promotion of alternative energy, intelligent technology, solutions for demographic change as well as security and infrastructure.

At the end of 2011, ZVEI expected the "electronic components and systems" sub-market to grow internationally by 5.7 % to just under US$ 503 billion in 2012[10]. The highest rates of growth are expected in the Asia-Pacific region, the largest region by far in terms of sales. The sub-market is expected to expand. The German market for "Electronic Systems (In-house Manufacturers and Electronic Manufacturing Service Providers)" is forecast to achieve close to 4.2 % growth (with demand for components continuing to rise), and revenues in excess of € 27.4 billion in 2012[11]. In the short term, German electronics providers are expecting exports to remain stable or to increase. Important growth areas for this sub-market include electrical mobility, intelligent networking solutions and medical technology.

8 ZVEI Zentralverband Elektrotechnik- und Elektronikindustrie e.V.
9 ZVEI economic barometer for June 2012
10 ZVEI press release of December 2, 2011
11 ZVEI press release 54 of May 10, 2012

3. REPORT ON EARNINGS AND FINANCIAL POSITION

Earnings position

The SFC Group (the "Group") posted sales of € 14,966k in the first half of 2012, which was nearly double the volume of sales reported in the same period a year ago (€ 7,776k). This figure includes € 6,919k in sales from Dutch company PBF, which was acquired at the end of last year and initially consolidated as of December 1, 2011. Because of this acquisition, there is only limited comparability with the prior-year figures.

SFC Energy (excluding PBF; hereinafter "SFC") posted sales of € 8,046k, for an increase of 3.5 % from the prior-year period's € 7,776k. SFC's second-quarter sales were € 3,843k (€ 4,055k).

The Group sales of € 14,966k were slightly above expectations.

The Group's EBIT was plus € 163k for the first half of 2012, up from minus € 2,203k the year before. A € 536k reversal of impairment losses previously recognized on capitalized development costs as well as € 123k in income from the reversal of a provision formed in the previous year, both of which were captured in other operating income, were two of the factors that contributed to this result. In addition, € 153k in acquisition costs and release payments were reported as other operating expenses. Adjusted for these one-off effects, which totaled € 506k, EBIT was minus € 342k.

Second-quarter EBIT came to minus € 154k, versus minus € 923k a year ago.

There was also significant improvement in EBITDA. EBITDA in the first half of 2011 was minus € 1,576k. By contrast, it came to plus € 479k in the first half of 2012. As with EBIT, this marks a roughly € 2m increase from the previous year.

Second-quarter EBITDA was plus € 293k, versus minus € 605k a year ago.

Sales by segment

Starting this year, the Group's segment reporting will be done by markets, which are Industry, Defense & Security and Consumer. This change will make it easier to put the individual markets and customers at the center of management decisions.

The following table shows a comparison of segment sales for the first six months of 2012 and 2011:

SALES BY SEGMENT (UNAUDITED) in k €

	1st half year			2nd Quarter		
Segment	2012	2011	Change in %	2012	2011	Change in %
Industry	9,657	1,878	>100 %	5,350	1,221	>100 %
Defense & Security	2,341	2,199	6.5 %	898	1,374	–34.6 %
Consumer	2,968	3,699	–19.8 %	1,165	1,460	–20.2 %
Total	**14,966**	**7,776**	**92.5 %**	**7,413**	**4,055**	**82.8 %**

Group sales in the Industry market were up from € 1,878k to € 9,657k in the first half. PBF, which generated nearly all of its sales in the Industry segment, accounted for € 6,852k of this amount. SFC increased its sales in the segment from € 1,878k to € 2,804k, with the number of EFOY units sold up from 400 to 584. Another reason for the substantial sales growth was a shift in the sales mix towards higher-performing classes. Growth was particularly robust in the oil and gas sector and in security & surveillance. Second-quarter sales in the Industry segment came to € 5,350k, against € 1,221k in the prior-year period.

Sales in the Defense segment rose by € 142k, or 6.5 %, to € 2,341k. The delivery in the first quarter of 2012 of fifty FC 100 systems to the U.S. Army factored heavily into this increase, as did the delivery in the second quarter of 2012 of 38 EMILY fuel cells to the German Bundeswehr. Sales under JDAs decreased from € 1,156k to € 275k because of contract expirations. Second-quarter sales in the Defense & Security segment came to € 898k, compared to € 1,374k a year ago.

Sales in the Consumer market were down € 731k, or 19.8 %, in the first half of 2012, with the number of fuel cells sold decreasing from 1,406 to 1,026. Second-quarter sales in the segment decreased from € 1,460k to € 1,165k. Weaker demand in France and Italy was the chief reason for the lower sales.

Sales by region

SALES BY REGION (UNAUDITED)						in k €
	1st half year			2nd Quarter		
	2012	2011	Change in %	2012	2011	Change in %
Europe and rest of the world	12,798	5,817	>100 %	6,647	2,871	>100 %
North America	2,168	1,959	10.7 %	765	1,184	–35.4 %
Total	**14,966**	**7,776**	**92.5 %**	**7,412**	**4,055**	**82.8 %**

SFC grew sales from € 5,817k to € 5,991k, or 3.0 %, in the region Europe and rest of the world. Sales in North America rose from € 1,959k to € 2,056k, or 5.0 %.

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

Gross margin

Gross margin in the first half of 2012 was € 6,146k, or 41.1 %. Last year's figures were only € 2,438k, or 31.4 %. This is a substantial increase.

Group company SFC posted a significantly higher gross margin at € 3,811k, or 47.4 %, compared with € 2,438k, or 31.4 %, in the first half of 2011. On the sales side, this was attributable to revenue growth in industry and in the defense & security segment. On the production side, technical improvements led to cost savings in the manufacture of the EFOY COMFORT fuel cell.

Group company PBF achieved a gross margin of 33.7 %.

The gross margin for the second quarter was € 3,083k, or 41.6 %, versus € 1,366k, or 33.7 %, in the same period a year ago.

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

GROSS MARGIN (UNAUDITED)						in k €
	1st half year			2nd Quarter		
Segment	2012	2011	Change in %	2012	2011	Change in %
Industry	3,741	782	>100 %	2,163	526	>100 %
Defense & Security	1,286	817	57.4 %	518	506	2.4 %
Consumer	1,119	839	33.4 %	402	334	20.4 %
Total	**6,146**	**2,438**	**>100 %**	**3,083**	**1,366**	**>100 %**

Sales costs

Despite a near doubling of sales, sales costs rose just 14.4 %, from € 2,354k to € 2,694k.

For Group company SFC, there was a decrease from € 2,354k (30.3 % of its sales) to € 2,161k (26.9 % of its sales).

PBF's sales costs were € 533k, or 7.7 %, of its sales.

Second-quarter sales cost were € 1,358k after € 1,228k a year ago, for an increase of 10.6 %.

Research and development costs

Research and development costs rose from € 862k to € 2,026k in the first half of 2012. Expressed as a percentage of sales, they stood at 13.5 %, for a modest increase on the prior year's 11.1 %.

SFC's research and development costs rose only slightly, from € 862k, or 11.1 % of its sales, to € 915k, or 11.4 % of its sales.

PBF's research and development costs were € 1,111k, or 16.1 % of its sales.

Development costs in the amount of € 161k (€ 215k) and internally generated patents in the amount of € 3k (€ 8k) were capitalized in the first half of 2012. 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 grants 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 2012 totaled € 2,853k, for an increase of 16.8 % on the previous year's € 2,442k.

General administration costs

General administration costs increased by 39.8 % to € 1,858k in the first six months of 2012 (€ 1,329k). Nevertheless, they were 12.4 % this year versus a full 17.1 % last year when expressed as a percentage of sales.

Administration costs in the second quarter rose from € 643k (15.9 % of sales) to € 934k (12.6 % of sales).

Other operating income

The figure for other operating income reflects a € 536k reversal of impairment losses previously recognized on capitalized development costs. The reversal was attributable to new insight gained from the large-scale order placed by the German Bundeswehr for nearly € 5m in portable fuel cells. The reversal was made in the first quarter of 2012. This line item also captures the € 123k in income from the reversal of a provision for contract termination as well as foreign exchange transaction gains of € 177k, nearly all of which are attributable to the second quarter.

Other operating expenses

The other operating expenses largely reflect € 98k in foreign exchange transaction losses as well as € 63k in acquisition expense and a € 90k release payment for a contract termination, both of which were incurred in the second quarter.

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

EBITDA was plus € 479k, against minus € 1,576k in the same period a year ago. The EBITDA margin improved from minus 20.3 % to plus 3.2 %. Adjusted for the one-off effects mentioned earlier, EBITDA in the first half was plus € 509k, or 3.4 % of sales.

EBITDA in the second quarter of 2012 improved to plus € 293k, following minus € 605k in the second quarter of 2011.

Operating result (EBIT)

The Group's EBIT improved considerably in the first half of 2012, up from minus € 2,203k to plus € 163k. The EBIT margin improved from minus 28.3 % to plus 1.1 %. Adjusted for the one-off effects mentioned earlier, EBIT in the first half was minus € 342k, or minus 2.3 % of sales.

EBIT in the second quarter of 2012 improved to minus € 154k, following minus € 923k in the second quarter of 2011.

Interest and similar income

Interest and similar income decreased from € 208k to € 143k because of the lower balance of cash and cash equivalents.

Interest and similar expenses

The interest and similar expenses item consists mostly of € 63k in interest cost on liabilities and provisions.

Net result

Last year at this time a loss of € 2,013k was reported. This year there was a profit of € 189k.

The net result for the second quarter was a loss of € 150k, versus a loss of € 838k a year ago.

Earnings per share

Earnings per share under IFRS (diluted) were positive in the first half of 2012 at € 0.03 (H1 2011: minus € 0.28). Second-quarter earnings per share improved from minus € 0.12 to minus € 0.02 compared to the same period a year ago.

Financial position

Net cash outflows decreased to € 2,483k in the first half of 2012, compared with € 5,168k a year ago.

Cash and cash equivalents amounted to € 19,964k at the end of June 2012 (end of June 2011: € 28,379k).

Cash flow from ordinary operations

The net cash used in ordinary operations decreased to € 2,184k in the first half of 2012, compared with € 4,606k a year ago. The sharply improved result was one of the main reasons for this improvement – changes to the operating result before working capital came to plus € 449k, for a nearly € 2 million improvement over the prior-year period. Another was the € 1,275k spent on platinum and ruthenium in the previous year.

Cash flow from investment activity

Net cash used for investment activity totaled € 252k in the period under review (€ 562k). As before, investments were limited to essential items.

Cash flow from financial activity

The predominant portion of the net cash used for financial activity went towards the repayment of PBF's liabilities to banks.

Assets & liabilities

The Group's balance sheet remains healthy, with an equity ratio of 74.8 % (December 31, 2011: 74.3 %). This slight improvement is attributable to the positive result after taxes.

Total assets were nearly unchanged as of June 30, 2012 at € 49,399k, compared with € 49,538k as of December 31, 2011.

The total amount of trade accounts receivable and receivables from percentage-of-completion increased from € 5,015k at December 31, 2011 to € 6,260k at June 30, 2012 because of the high volume of sales at the end of the second quarter of 2012 and the agreed payment terms. On a stand-alone basis, receivables from percentage-of-completion decreased because of the expiration of JDA projects.

Inventories rose because of the volume production order placed by the German Bundeswehr for portable fuel cells, which we expect to bill in the fourth quarter of 2012.

Intangible assets rose € 248k, chiefly because of the € 536k reversal of impairment losses previously recognized on capitalized development costs mentioned earlier.

The share of non-current assets in total assets was nearly unchanged as of June 30, 2012 at 32.3 %, compared with 31.5 % as of December 31, 2011.

Altogether, liabilities made up 25.2 % of total liabilities and shareholders' equity (December 31, 2011: 25.7 %). With the earn-out component from the PBF acquisition being reclassified from a non-current liability to a currently liability, the share of current liabilities in total liabilities and shareholders' equity rose from 15.1 % to 16.8 %.

With the positive result after taxes, shareholders' equity rose to € 36,943k as of June 30, 2012, compared with € 36,788k at December 31, 2011.

Research and development

The focal points of SFC's research and development activities were as follows in the first half of 2012:

- Reduce unit costs through technological innovations and an improved operating strategy, particularly for 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 SFC continued its efforts to systematically increase power density and reduce degradation while cutting back on the amount of material used, thereby increasing margins.

- Significantly enhance product functionality; develop new products in order to tap fresh areas of application in addition to the markets already addressed.

- Significantly improve the reliability and robustness of devices developed for the industry market, including under harsh environmental conditions, in order to make products even more attractive and build on SFC's technological edge.

- The first pilot projects with a significant increase in output power were successfully tested and presented to the first customers in the industry and defense markets.

- Miniaturize the products and simultaneously increase capacity in order to successfully tap markets, particularly in the defense industry, with demanding specifications for portable energy sources.

- Develop 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 requirements, especially in the defense and industry markets.

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

- The development department worked on nine projects, two of which are research studies, in the area of network component solutions in the 220W to 4000W range.

- PBF has also begun research in the area of buck-boost PFC converters that should lead to greater efficiency over a large input voltage range.

Capital expenditures

A total of € 161k in development work directed at enhancing SFC's and PBF's products was capitalized in the first six months of 2012 (€ 215k). Investments in software and hardware were also made, and injection molding equipment was purchase to achieve further cost savings.

New orders and order backlog

New orders in the first half of 2011 came to € 6,201k, but in the first half of 2012 they came to € 18,938k. One of the key contracts was the volume production order placed by the German Bundeswehr for portable fuel cells with an energy network. The contract has a net value of nearly € 5m.

Altogether, the order backlog stood at € 10,973k as of June 30, 2012, with € 5,811k of that amount attributable to SFC and € 5,162k to PBF.

Employees

The number of permanent employees was as follows as of June 30, 2012:

EMPLOYEES

	06/30/2012	06/30/2011	Change
Management Board	2	1	1
Research and development	62	28	34
Production, logistics, quality management	70	27	43
Sales & marketing	31	30	1
Administration	20	14	6
Permanent employees	**185**	**100**	**85**

The Group employed 11 trainees, graduates and student trainees as of June 30, 2012 (June 30, 2011: 7). Of the permanent employees, 87 worked for SFC and 98 for PBF.

4. REPORT ON RISKS AND OPPORTUNITIES

Risk report

As part of a systematic and organizational approach to risk, the Management Board has implemented a 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 2011 annual report, with the following exceptions:

Market risks

Macroeconomic developments: The European debt crisis is taking its toll on the global economic climate for 2012. In the absence of any solutions to date, the level of transparency continued to decrease considerably in the first half of 2012, making forecasts difficult. Thus, there remains a significant degree of arbitrariness in assessments about the economic prospects and risks for 2012, especially when it comes to customer decisions about investments in new technologies and innovative power generation concepts. The euro area is especially hard hit by this uncertainty.

Consumer: After an extremely good 2011, the German Caravanning Industry Association (CIVD) and European Caravan Federation (ECF) project only stable developments in 2012. Registration numbers are declining in 2012, except in Germany and some of the Scandinavian markets. A continuation of this trend would pose a significant risk to sales of EFOY fuel cells in the consumer market. As before, it bears noting that the consumer industry, in particular, is extremely dependent on economic trends. Its customers are price-sensitive end consumers in the travel and leisure segment who make their decisions to invest based on their total available budget and in tough times cut back on spending for leisure activities first. The marine segment, in spite of growth over the past few years, including in the area of accessories, is also cyclical in this way. Top quality accessories do add value, along with improving comfort, convenience and safety. Still, this is also the first area where boat owners will cut spending if they perceive their overall economic situation as poor or difficult.

Defense & Security: In the defense markets, the trend towards using smaller, more flexible units in the pursuit of new armed forces and defense strategies continues. This brings with it an increasing need for new portable and mobile alternative power supply units that will allow longer and more mobile missions, because this need cannot be covered by existing technologies such as batteries. However, it must be kept in mind that budget cuts and structural changes over the past few years continue to influence the planning of defense organizations in Europe and the Americas and their decisions on capital expenditures.

Industry: SFC: It is anticipated that the developing market for off-grid and mobile industrial systems will continue to grow in view of its increasing strategic importance. However, long test phases and complex decision-making processes for capital expenditures will still influence the economic realization of these projects, particularly because of the dependence of many industrial segments on public finances and government stimulus programs.

PBF: Power electronic components and systems are needed anywhere power is used. As a rule, the electronics industry develops in sync with the overall economy. The provision, storage and distribution of power play a very important role in the emerging energy markets and markets of the future, such that there is constant and widespread demand for these parts. In this respect, we rate the market risks in this market as relatively low at this time.

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), giving it a strong advantage over its 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. During the second quarter of 2011, SFC entered into an agreement on the acquisition of a non-exclusive license for SFC Energy Inc. to a comprehensive portfolio of American fuel cell patents belonging to the University of Southern California and California Institute of Technology. The agreement is intended to provide extensive certainty under patent laws for the sale of SFC's products to end consumers in the United States. This agreement is based on the sale of minimum numbers of fuel cell units. SFC may be asked to pay damages for possible patent infringement in respect of a piece of equipment that is not currently in use. At the moment, SFC believes that there is little risk that it will actually pay any damages, and that the amount would be insignificant even if it did.

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. This issue has been resolved in Austria through a legislative amendment. 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 started offering additional product and safety training to dealers in Germany during the third quarter of 2011 to ensure proper qualification of their personnel.

Product risks

We strive to counter potential product risks like warranty claims by offering high-quality products and services. But ultimately we are unable to guarantee that our products will be free of unknown issues or defects that may negatively impact business, cost us money or generate bad publicity. This includes problems caused by suppliers who fail to meet our quality specifications. Hence, it is impossible to rule out the seeking of damages by our customers or business partners, especially since we also play a direct role in bringing our products to the market and distributing them. Additionally, there is a risk with large-scale projects that we will be unable to deliver at the corresponding level of quality within the allotted amount of time. In one case, a customer has asserted claims for which we formed provisions as part of updating the purchase price allocation of the PBF Group.

Other risks

In August 2011, a former distributor in Canada filed suit against SFC for an alleged breach of a non-disclosure agreement. An amicable settlement has been reached, and the complaint was withdrawn in the second half of this year.

5. FORECAST REPORT

After a positive first half year 2012 SFC expects the usual seasonality in the third quarter. As a consequence of consumer and user habits, demand for EFOY COMFORT fuel cells in sxthe Consumer segment is traditionally low during this time. Furthermore, the annual holiday downtimes at PBF's industrial customers will result in lower deliveries in the third quarter.

For the fiscal year 2012 management continues to consider consolidated group sales of around EUR 30m achievable. In the Consumer segment, management sees a risk of not reaching sales at last year's level; however, this will be compensated by over-achieving sales expectations in the Defense & Security and Industry segments on a group level. Acquisitive steps are considered in addition.

Further, a sustainably positive EBITDA should be reached in the second half of 2012.

For the fiscal year 2013 management expects a further sales increase of 10 % to 15 % along with further EBIT and EBITDA improvements.

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

There were no significant events affecting the course of business after the balance sheet date.

Brunnthal, July 31, 2012

Dr Peter Podesser
CEO

Gerhard Inninger
CFO

INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS AT JUNE 30, 2012

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, 2012

CONSOLIDATED INCOME STATEMENT
FROM JANUARY 1 TO JUNE 30, 2012

in €

		1st half year 2012 01/01–06/30	1st half year 2011 01/01–06/30	2nd Quarter 2012 04/01–06/30	2nd Quarter 2011 04/01–06/30
1.	Sales	14,965,719	7,775,834	7,411,766	4,055,246
2.	Production costs of work performed to generate sales	–8,819,707	–5,337,667	–4,328,955	–2,689,721
3.	**Gross margin**	**6,146,012**	**2,438,167**	**3,082,811**	**1,365,525**
4.	Sales costs	–2,693,889	–2,353,827	–1,357,879	–1,228,376
5.	Research and development costs	–2,025,658	–861,570	–1,080,198	–401,941
6.	General administration costs	–1,858,161	–1,329,437	–933,955	–643,092
7.	Other operating income	845,798	19,661	301,904	18,322
8.	Other operating expenses	–250,766	–115,903	–166,905	–33,685
9.	**Operating result**	**163,336**	**–2,202,909**	**–154,222**	**–923,247**
10.	Interest and similar income	143,110	207,615	60,526	94,443
11.	Interest and similar expenses	–85,761	–17,709	–49,024	–8,934
12.	**Result from ordinary operations**	**220,685**	**–2,013,003**	**–142,720**	**–837,738**
13.	Income taxes	–31,448	0	–7,145	0
14.	**Consolidated net result**	**189,237**	**–2,013,003**	**–149,865**	**–837,738**
	NET RESULT PER SHARE				
	undiluted	0.03	–0.28	–0.02	–0.12
	diluted	0.03	–0.28	–0.02	–0.12

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FROM JANUARY 1 TO JUNE 30, 2012

in €

	1st half year 2012 01/01–06/30	1st half year 2011 01/01–06/30	2nd Quarter 2012 04/01–06/30	2nd Quarter 2011 04/01–06/30
Consolidated net result	**189,237**	**–2,013,003**	**–149,865**	**–837,738**
Result from currency translations	–34,407	10,460	–65,807	3,581
Total results recognizd directly in equity	**–34,407**	**10,460**	**–65,807**	**3,581**
Total comprehensive income	**154,830**	**–2,002,543**	**–215,672**	**–834,157**

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

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

CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2012

	ASSETS		in €
		06/30/2012	12/31/2011
A.	**Current assets**	**33,434,562**	**33,930,987**
I.	Inventories	5,366,059	4,906,928
II.	Trade accounts receivable	6,259,670	4,474,260
III.	Receivables from Percentage-of-Completion	0	541,137
IV.	Income tax receivables	149,295	112,559
V.	Other short-term assets and receivables[1]	1,410,151	1,167,962
VI.	Cash and cash equivalents	19,964,387	22,443,141
VII.	Cash and cash equivalents with limitation on disposal	285,000	285,000
B.	**Non-current assets**	**15,964,188**	**15,606,741**
I.	Intangible assets[1]	11,282,566	11,034,655
II.	Property, plant and equipment	2,581,205	2,746,578
III.	Other long-term assets and receivables	0	54,286
IV.	Deferred tax assets[1]	2,100,417	1,771,222
	Assets	**49,398,750**	**49,537,728**

1 The prior-year figures for these items have been restated due to adjustments made within the measurement period to the acquisition-date fair values of the acquired assets and assumed liabilities of PBF. See the notes on the purchase price allocation of the PBF Group.

CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2012

	LIABILITIES AND SHAREHOLDERS' EQUITY	06/30/2012	12/31/2011 in €
A.	**Current liabilities**	**8,303,658**	**7,487,407**
I.	Provisions for taxes	115,569	97,019
II.	Other provisions[1]	1,540,225	1,480,981
III.	Liabilities to banks	730,379	559,390
IV.	Liabilities from prepayments	9,227	202,136
V.	Trade accounts payable	3,022,967	3,171,240
VI.	Liabilities from percentage-of-completion	21,811	43,792
VII.	Other short-term liabilities	2,863,480	1,932,849
B.	**Non-current liabilities**	**4,151,983**	**5,262,042**
I.	Other long-term provisions	1,356,456	1,413,160
II.	Liabilities to banks	0	200,000
III.	Other long-term liabilities	302,206	1,457,617
IV.	Deferred tax liabilities[1]	2,493,321	2,191,265
C.	**Equity**	**36,943,109**	**36,788,279**
I.	Subscribed capital	7,502,887	7,502,887
II.	Capital surplus	67,878,818	67,878,818
III.	Other changes in equity not affecting profit or loss	–102,598	–68,191
IV.	Accumulated loss brought forward from previous year	–38,525,235	–32,307,488
V.	Consolidated net result	189,237	–6,217,747
	Liabilities and shareholders' equity	**49,398,750**	**49,537,728**

1 The prior-year figures for these items have been restated due to adjustments made within the measurement period to the acquisition-date fair values of the acquired assets and assumed liabilities of PBF. See the notes on the purchase price allocation of the PBF Group.

CONSOLIDATED CASH FLOW STATEMENT
FROM JANUARY 1 TO JUNE 30, 2012

in €

		2012 01/01 – 06/30	2011 01/01 – 06/30
	Cash flow from ordinary operations		
	Result before taxes	**220,685**	**–2,013,003**
–	Net interest income	–57,349	–189,906
+	Depreciation/amortization of intangible assets and property, plant and equipment	315,616	626,525
+	Expenses from Long Term Incentive Plan	132,438	82,361
–	Changes in allowances	–94,074	–5,607
+	Losses from disposal of property, plant and equipment	452	1
–/+	Other non-cash income/expenses	–69,006	78,326
	Changes to operating result before working capital	**448,762**	**–1,421,303**
–/+	Changes to short and long-term provisions	–40,832	179,054
–	Changes to trade accounts receivable	–1,650,426	–377,770
–	Changes to inventories	–474,026	–1,274,633
+/–	Changes to other receivables and assets	357,253	–1,228,791
–	Changes to trade accounts payable	–150,296	–189,062
–	Changes to other liabilities	–597,954	–247,781
	Cash flow from ordinary operations before taxes	**–2,107,519**	**–4,560,286**
–	Income tax payments	–76,773	–46,048
	Cash flow from ordinary operations	**–2,184,292**	**–4,606,334**

CONSOLIDATED CASH FLOW STATEMENT
FROM JANUARY 1 TO JUNE 30, 2012

in €

		2012 01/01 – 06/30	2011 01/01 – 06/30
	Cash flow from investment activity		
–	Investments in intangible assets from development projects	–161,403	–215,100
–	Investments in other intangible assets	–66,908	–295,253
–	Investments in property, plant and equipment	–163,378	–225,802
+	Interest and similar income	140,056	174,590
	Cash flow from investment activity	**–251,633**	**–561,565**
	Cash flow from financial activity		
–	Repayment of financial debt	–29,011	0
–	Interest paid and other expenses	–17,995	0
	Cash flow from financial activity	**–47,006**	**0**
	Net change in cash and cash equivalents	**–2,482,931**	**–5,167,899**
	Currency effects on cash and cash equivalents	4,177	–13,146
	Net change in cash and cash equivalents		
	Cash and cash equivalents at the beginning of the period	22,443,141	33,560,171
	Cash and cash equivalents at the end of the period	19,964,387	28,379,126
	Net change in cash and cash equivalents	**–2,482,931**	**–5,167,899**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FROM JANUARY 1 TO JUNE 30, 2012

in €

	Subscribed capital	Capital surplus	Other changes in equity not effecting profit or loss	Net accumulated loss	Total
Balance 01/01/2011	**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**
Total comprehensive income for the period					
Consolidated net loss 07/01–12/31/2011				–4,204,744	–4,204,744
Result from currency translation recognized in equity			–75,023		–75,023
Capital increase					
Issuance of shares for the acquisition of PBF	350,000	1,050,000			1,400,000
Less costs of the capital increase		–50,820			–50,820
Balance 12/31/2011	**7,502,887**	**67,878,818**	**–68,191**	**–38,525,235**	**36,788,279**
Total comprehensive income for the period					
Consolidated net profit 01/01–06/30/2012				189,237	189,237
Result from currency translation recognized in equity			–34,407		–34,407
Balance 06/30/2012	**7,502,887**	**67,878,818**	**–102,598**	**–38,335,998**	**36,943,109**

NOTES TO THE INTERIM REPORT OF SFC ENERGY AG

Information about the Company

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

The Company changed its segment reporting in the first quarter of 2012. As a supplier of off-grid and grid-based power supply solutions, the Group serves the core markets "Industry", "Defense & Security" and "Consumer", in particular. The prior-year figures have been restated in accordance with this realignment. Further details are provided in the "Segment report".

The PBF Group has been fully captured in the consolidated financial statements since December 1, 2011. Because of this, the items reported in the consolidated income statement for the first half of 2012 have only limited comparability with those reported a year ago. Most year-on-year increases that are not separately addressed in these Notes are attributable to the consolidation of the PBF Group.

Accounting principles

This interim report was prepared in accordance with International Financial Reporting Standards (IFRS), as they are to be applied in the European Union. The principal accounting policies used by the Company to prepare its consolidated financial statements for the financial year ended December 31, 2011 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, 2012 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, 2011.

In addition to the standards and interpretations applied as at December 31, 2011, the following standard was applicable for the first time, but had no impact on the consolidated financial statements:

- Amendments to IFRS 7 "Financial Instruments: Disclosures": Transfers of Financial Assets (October 2010)

The amendments to IAS 12 "Income taxes": Deferred Tax: Recovery of Underlying Assets (December 2010) are mandatory for annual periods beginning on or after January 1, 2012. The E.U. has not yet endorsed the amendments. Their application would have had no impact on the consolidated financial statements.

As of the publication date of this interim report for the second quarter of 2012, the IASB had published the following revisions, which have not yet been recognized by the E.U.:

- Amendments from the "Annual Improvements Project" (May 2012)

- Amendment of the transition guidance for IFRS 10, IFRS 11 and IFRS 12 (June 2012)

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.

Purchase price allocation of the PBF Group

Since the acquisition took place shortly before the end of the 2011 financial year, measurement of the acquired assets and assumed liabilities of the PBF Group was not yet finished on December 31, 2011. Once the purchase price allocation was completed in the second quarter of 2012, the previously disclosed amounts were adjusted pursuant to IFRS 3 in order to reflect the final acquisition-date values.

The following table shows where the acquisition-date value of the transferred contribution stands after being updated in the second quarter of 2012, in relation to the amounts at which the acquired assets and assumed liabilities were originally carried. By and large, the amounts are the same as the amounts used at December 1, 2011. The adjustments relate to acquired assets and assumed liabilities, the original fair value of which was corrected. The corrections are based on facts and circumstances that were already present on the acquisition date, not on subsequent events. In particular, they are based on updated information concerning expected cash outflows.

in €

	Indicative Amounts[1]	Adjustments within the measurement period	Updated Amounts
As at acquisition date 1st December 2011			
Payments for the acquisition of subsidiaries			
Cash and cash equivalents	6,000,000	0	6,000,000
Deduction for payments under existing warranty obligations	0	–281,000	–281,000
Equity instruments (350.000 ordinary shares by SFC)	1,400,000	0	1,400,000
Contingent consideration arrangement	1,287,849	0	1,287,849
Total transferred contribution	**8,687,849**	**–281,000**	**8,406,849**
Amounts recognized for the identifiable assets acquired and liabilities assumed			
Inventories	2,016,560	0	2,016,560
Trade accounts receivable	1,657,393	0	1,657,393
Other assets and receivables	296,795	180,000	476,795
Cash and cash equivalents	250	0	250
Identifiable intangible assets	2,711,101	0	2,711,101
Property, plant and equipment	476,313	0	476,313
Deferred tax assets	98,103	177,500	275,603
Liabilities	–3,588,157	0	–3,588,157
Provisions	–340,472	–710,000	–1,050,472
Deferred tax liabilities	–663,506	–45,000	–708,506
Total identifiable net assets	**2,664,380**	**–397,500**	**2,266,880**
Goodwill	**6,023,469**	**116,500**	**6,139,969**

The adjustments to provisions and related adjustments to the transferred contribution as well as other short-term assets and receivables concerned completion of the measurement of the warranty provisions formed plus related claims against PBF's previous shareholders and insurance claims.

1 These are the provisional amounts presented in the Notes of SFC AG's 2011 annual report under the heading "Changes in the scope of consolidation".

Receivables and liabilities from percentage-of-completion

If the production costs (including earnings contributions) incurred during the quarter under review for contracts that are not yet completed exceed the amounts already invoiced (installment payments), the difference is reported as receivables from percentage-of-completion. Conversely, the difference is reported as liabilities from percentage-of-completion if the prepayments exceed these costs. There were liabilities from percentage-of-completion in the amount of € 21,811 in the first half of 2012 (December 31, 2011: € 43,792). The production contracts giving rise to the € 541,137 in receivables from percentage-of-completion reported as of December 31, 2011 were completed in the first quarter of 2012.

Other short-term assets and receivables

The Company had other short-term assets and receivables of € 1,410,151 as of the reporting date (December 31, 2011: € 1,167,962, restated prior-year figure, see “Purchase price allocation of the PBF Group”). The increase is largely due to higher receivables from grants, which stood at € 343,218 (December 31, 2011: € 144,018).

Intangible assets: Reversal of impairment charges on development costs

Impairment losses of € 577,638 were recognized on capitalized development costs in the fourth quarter of 2011 because of indications that projects for the German Bundeswehr had lost value due to uncertainties surrounding both the budget situation and the military’s procurement priorities if faced with budget cuts. The impairment charges were determined on the basis of the corresponding assets’ value in use. As of the first quarter of 2012, the estimates regarding future cash flows from these assets had changed, since the placement of a large-scale order by the Bundeswehr provided new insight into the sales and gross margin relating to the capitalized development costs. The reversal came to € 535,563 and was based on the amortized cost at which the corresponding assets would have been carried had they never been impaired in the first place. The full amount of the reversal was recognized in profit and loss under other operating income.

Other liabilities

Other long-term liabilities include the obligation recognized from the Long Term Incentive Plan for members of the Management Board and selected executives. The section entitled “Long-term incentive plan for Management Board members and top executives” contains additional information about the plan. The earn-out component from the purchase price agreement for PBF is also reported under other liabilities. It was carried at € 1,287,849 under other long-term liabilities at December 31, 2011, then reclassified to other short-term liabilities in the first quarter of 2012 given the timing of the likely outflow of resources. In the first half of 2012, interest cost of € 24,509 was added back to the discounted value of all future cash flows for the earn-out component, as determined at year-end 2011 by applying an assumed interest rate of 3.84 %.

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

On June 27, 2012, selected employees from the first level of management were granted additional phantom shares (Tranche 2.4). The allotment volume of these phantom shares comes to € 130,000, with the number of provisionally allotted phantom shares equaling 32,560.

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. At June 30, 2012, a liability of € 302,206 was recognized under other long-term liabilities (December 31, 2011: € 169,768), with no amounts recognized under other short-term liabilities. The amount expensed for the period from January 1 to June 30 was € 132,438 (prior-year period: € 82,361). The following parameters were used in the measurement:

Measurement date	06/30/2012
Remaining term (in years)	0.50 – 4.51
Anticipated volatility	33.77 % – 46.61 %
Risk-free interest rate	0.05 % – 0.65 %
Share price as of the measurement date	€ 6.14

Sales costs

Sales costs were as follows in the first half of 2012:

		in €
	01/01 – 06/30/2012	01/01 – 06/30/2011
Personnel costs	1,409,430	1,276,000
Advertising and travel costs	448,362	467,192
Consultancy/commissions	280,668	208,542
Depreciation and amortization	113,755	19,652
Cost of materials	37,439	66,937
Other	404,235	315,504
Total	**2,693,889**	**2,353,827**

Research and development costs

Research and development costs were as follows in the first half of 2012:

in €	01/01–06/30/2012	01/01–06/30/2011
Personnel costs	1,580,179	695,373
Consultancy/Patents	264,321	76,343
Depreciation and amortization of self produced intangible assets	257,331	352,406
Cost of premises	210,516	133,211
Cost of materials	175,748	319,917
Other depreciation and amortization	169,172	23,068
Other	66,723	53,181
Capitalization of self-produced intangible assets	–164,336	–223,206
Set-off against grants	–533,996	–568,723
Total	**2,025,658**	**861,570**

General administration costs

General administration costs were as follows in the first half of 2012:

in €	01/01–06/30/2012	01/01–06/30/2011
Personnel costs	887,875	697,789
Audit and consultancy costs	311,810	219,634
Investor relations/annual meeting	126,926	124,604
Depreciation and amortization	82,546	63,943
Insurance	73,378	49,015
Supervisory Board compensation	56,250	51,336
Travel costs	52,909	39,409
Car-operating costs	38,968	30,905
Costs of hardware and software support	25,631	18,947
Other	324,708	175,132
Set-off against grants	–122,840	–141,277
Total	**1,858,161**	**1,329,437**

Other operating income and expenses

The figure for other operating income predominantly reflects foreign exchange transaction gains in the amount of € 177,330 (previous year: € 4,815), the reversal of impairment charges on capitalized development costs in the amount of € 535,563 (previous year: € 0) (see "Intangible assets: Reversal of impairment charges on development costs") as well as income from the reversal of provisions formed at the end of 2011 for contract terminations in the amount of € 122,721 (previous year: € 0). The year-on-year increase in other operating expenses is largely attributable to expenses from contract terminations in the amount of € 90,000 (previous year: € 0) as well as acquisition costs of € 62,717 (previous year: € 0).

Income taxes

As was the case in the consolidated financial statements as of and for the year ended December 31, 2011, deferred tax assets are recognized on tax loss carryforwards of SFC and its U.S. subsidiary only in such an amount as can be offset against deferred tax liabilities, after subtraction of the other deferred tax assets, since we cannot yet show with reasonable certainty that we will be able to draw a future economic benefit from these carryforwards.

In the first half of 2012, the deferred tax liabilities recognized on capitalized development costs increased because of the reversed impairment charge on capitalized development costs. The deferred tax assets also increased accordingly.

Segment report

Internally, the Management Board uses sales, gross margin and EBITDA when steering the Group and implementing the realignment of its business with the core markets "Industry", "Consumer" and "Defense & Security". The segment reporting for the first half of 2012 and prior-year figures were adjusted to fit the new internal reporting structure.

Sales, gross margin, EBITDA and the reconciliation of EBITDA to the operating result (EBIT) as reported in the consolidated income statement were as follows in the first half of 2012:

in €

	Sales		Gross margin		EBITDA	
	01/01 – 06/30/2012	01/01 – 06/30/2011	01/01 – 06/30/2012	01/01 – 06/30/2011	01/01 – 06/30/2012	01/01 – 06/30/2011
Industry	9,656,521	1,877,507	3,740,612	782,220	482,761	–605,850
Consumer	2,967,712	3,698,833	1,119,131	839,120	130,803	–466,963
Defense & Security	2,341,486	2,199,494	1,286,269	816,827	–134,612	–503,571
Total	**14,965,719**	**7,775,834**	**6,146,012**	**2,438,167**	**478,952**	**–1,576,384**
Depreciation/amortization					–315,616	–626,525
Operating result (EBIT)					**163,336**	**–2,202,909**

The "Industry" segment is highly diversified and could include any area of industry where professional users run electrical equipment away from the grid and use SFC's EFOY Pro fuel cell. Right now, the Company's technology enables applications in security and surveillance, traffic management, wind power and environmental technology, as well as in the oil and gas sector. Additionally, PBF sells nearly all of its high-performance electronic components for integration into precision equipment as well as testing and metering systems in this segment. In the "Consumer" segment, SFC's EFOY COMFORT fuel cells are used to supply power to RVs, vacation cottages and sailboats. The "Defense & Security" segment covers defense and security applications for defense organizations and governments. SFC's product portfolio for this market includes the JENNY 600S, the vehicle-based EMILY 2200, the EMILY Cube 2500 and the SFC Power Manager.

Related party transactions

There have been changes in the group of related parties since preparation of the consolidated financial statements for the year ended December 31, 2011. Tim van Delden was elected as a new member of the Supervisory Board at the shareholders' meeting on May 9, 2012. Dr. Rolf Bartke is no longer a Supervisory Board member.

There were no significant related party transactions in the first half of 2012, just as there had been none in the first half of 2011.

Employees

SFC employed the following personnel as of the reporting date:

	06/30/2012	06/30/2011
Full-time employees (incl. Management Board)	157	93
Part-time employees	28	7
Total	**185**	**100**

Eleven trainees, graduates and student trainees were also employed as of the end of June 2012 (previous year: 9).

Earnings per share

Earnings per share are calculated by dividing the net income for the year that is attributable to shareholders of the parent by the average number of shares in circulation. The number of outstanding shares, 7,502,887 at the balance sheet date of June 30, 2012 (previous year: 7,152,887), did not change during the period, as had also been the case in the previous year. As during the prior-year period, there were no dilutive effects to be taken into account in determining the number of outstanding shares or any dilutive effects on SFC's earnings.

Material events after the balance sheet date

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

Brunnthal, July 31, 2012

The Management Board

Dr Peter Podesser
CEO

Gerhard Inninger
CFO

SFC ENERGY AG, BRUNNTHAL 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, 31 July 2012

The Management Board

Dr Peter Podesser
CEO

Gerhard Inninger
CFO

FINANCIAL CALENDAR 2012

October 31	Publication nine months report
November 13	DVFA Analysts' Conference, Frankfurt

SHARE INFORMATION

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

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