



Halfyear Report  
Q2/2015

## SFC ENERGY AG CONSOLIDATED KEY FIGURES

	in k €					
	1. HY 2015	1. HY 2014	Change in %	Q2 2015	Q2 2014	Change in %
Sales	24,792	26,162	- 5.2%	12,181	13,226	- 7.9%
Gross profit	6,563	7,672	- 14,5%	2,923	3,826	- 23.6%
Gross margin	26,5%	29.3%	-	24.0%	28.9%	-
EBITDA	- 2,706	- 1,068	> - 100%	- 1,809	- 557	> - 100%
EBITDA margin	- 10.9%	- 4.1%	-	- 14.9%	- 4.2%	-
EBITDA underlying	- 1,988	- 495	> - 100%	- 1,408	- 260	> - 100%
EBITDA margin underlying	- 8.0%	- 1.9%	-	- 11.6%	- 2.0%	-
EBIT	- 3,931	- 2,436	- 61,4%	- 2,423	- 1,233	- 96,5%
EBIT margin	- 15.9%	- 9.3%	-	- 19.9%	- 9.3%	-
EBIT underlying	- 2,653	- 1,299	> - 100%	- 1,739	- 652	> - 100%
EBIT margin underlying	- 10.7%	- 5.0%	-	- 14.3%	- 4.9%	-
Consolidated net loss	- 3,999	- 2,684	- 49,0%	- 2,425	- 1,360	- 78,3%
Net loss per share, diluted	- 0.46	- 0.33	- 39.4%	- 0.28	- 0.17	- 64.7%

	in k €		
	06/30/2015	06/30/2014	Change in %
Order backlog	9,963	13,739	- 27.5%

	in k €		
	06/30/2015	12/31/2014	Change in %
Equity	23,764	27,589	- 13.9%
Equity ratio	56.8%	58.4%	-
Balance sheet total	41,837	47,256	- 11.5%
Cash (freely available)	3,776	6,122	- 38.3%

	in k €		
	06/30/2015	06/30/2014	Change in %
Permanent employees	239	247	- 3.2%

### DIRECTORS' SHAREHOLDINGS

	06/30/2015
<b>Management Board</b>	
Dr. Peter Podesser	106,800
Hans Pol	116,462
Steffen Schneider	1,000
<b>Supervisory Board</b>	
Tim van Delden	0
David Morgan	4,000
Hubertus Krossa	6,250

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## INTRODUCTION BY THE MANAGEMENT BOARD

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**Steffen Schneider** Chief Financial Officer / **Dr. Peter Podesser** Chief Executive Officer / **Hans Pol** Chief Sales Officer

### DEAR SHAREHOLDERS,

Throughout the first half of 2015, SFC continued to expand its customer base by focusing on our core principles of providing hybrid, off-grid energy solutions. While we experienced some overall lumpiness in our markets due to timing, we have not seen any long-term indicators to dissuade our management team from its objective of maximizing the value in each market we serve. The major orders of the last days and weeks in Defense, Industry and Oil & Gas support a strong second half. They also broaden the basis for a positive development in 2016. In this letter, we'll address each of our segments individually and provide as much clarity as possible on both the addressable challenges and potential that remains for the coming second half.

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## Oil & Gas

In a challenging environment in the first half of 2015 we have done very well and focused on further developing the Oil & Gas segment. The significant decline in oil price since its peak in July 2014 has resulted in companies scrutinizing or even postponing their spending, in particular their allocation of capital towards new expansion. Instead, we began to see many of our customers concentrate their efforts in cutting production costs and increasing efficiency. This “de-bottlenecking” process has been a revenue driver for SFC Energy.

The cooperation between our Canadian subsidiary Simark Controls and Schneider Electric, announced in April 2015, marked a milestone. Simark Controls now sells and services Schneider Electric Telemetry & Remote SCADA Solutions (TRSS) products. The SCADA product offering is complementary to our EFOY product range and offers a significant cross selling potential, in particular due to a large percentage of off-grid installations. With this new cooperation we have taken an important step towards significant expansion of our customer base in North America and further organic growth in the Oil & Gas segment despite the challenging market environment.

Another milestone in the first half was the new sales agreement between Simark Controls and Gentherm Global Power Technologies (GPT). GPT is a world leading provider of remote off-grid power solutions to the Oil & Gas market over 50 countries around the world. GPT will sell our EFOY Pro portfolio into the US remote power market. In the next step, GPT plans to expand EFOY Pro sales activities into their international customer base, like Asia and South America. This partnership will serve as a strong platform for business development in Oil & Gas markets globally.

Finally, we completed a cost containment program in the Oil & Gas segment with the goal of rationalizing expenses to better align our infrastructure with the changing market environment. We proactively adjusted our cost structures and managed to realize annual savings of 1 million CAD, of which 0.5 million CAD will be effective in the second half of 2015.

## Industrial and Security

The Industry segment continued to be challenging in the second quarter due to core projects being delayed. At PBF we experienced lumpiness in the release of orders despite existing frame contracts, as customers continue to manage inventory. Nevertheless, PBF has received a major multi-million order from a large, international security systems company.

The follow-up order from Volkswagen Commercial Vehicles for equipping the toll inspection vehicle fleet of the German Federal Office for Goods Transport (BAG) with EFOY Pro fuel cells brought us various interest from other potential fuel cell customers with large fleets of vehicles. We feel that this is a positive indication of how we can cross-fertilize our product base over each market segment.

Our EFOY Pro 12000, a 500 W direct methanol fuel cell, has been in extensive testing at partners for key customer projects. This newest and most powerful EFOY Pro product to date attracts great interest at OEMs as a back-up and hybrid power source. In July a first order for three 500W integrated fuel cell systems was received by a Canadian telecom customer.

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After two challenging years in the Defense market, we recently achieved major breakthroughs. Receiving a large order from the German Army for our Emily fuel cell has allowed our Company to again prove to the market the efficacy of our fuel cell product in providing dependable, light weight form of energy in the field with low detectability. The second milestone was the contract award by another leading defense force. In this case we received orders for two programs, one for stationary fuel cells with extremely long maintenance free operation and one for the next generation of portable, more powerful fuel cell, Jenny 1200. In this case we also were able to outpace competitors by superior performance. While the German order took longer than anticipated (we expected it to close in Q2), all contracts served as a major win for SFC with significant positive impact on financial performance and long-term growth.

In the Defense market in particular, we see a good chance for additional orders from armed forces this year, however, this is historically a end-of-year business.

## Consumer

In the Consumer segment, we did achieve positive growth in Scandinavia and Italy in the first half of 2015. The consumer market in France did create a lull in sales during the first half, we believe this has finally reached its bottom and have begun to see sales turn with Q2 being significantly above the prior year. New business at the West Coast of the USA and Norway remained strong.

The implementation of marketing strategies for our innovative mobile power outlet EFOY GO! are expected to create additional momentum in the second half of the year. EFOY GO! beta prototypes have been delivered to existing sales-channels and to our media partners for field-testing. All in all we are expecting a stable business in the consumer segment for the current fiscal year.

## Financials

During the first half year ended June 30, 2015, SFC Energy AG generated revenues of € 24.8 million, as compared with € 26.2 million in the same period last year. The 5% decrease in revenues is primarily attributable to above described challenges and postponements of large orders in the Security & Industry segment.

In terms of profitability, EBITDA for the first six months of 2015 amounted to € -2.7 million, as compared with € -1.1 million in the first half-year of 2014. EBITDA in the second quarter of 2015 amounted to € -1.8 million, as compared with € -0.6 million in the second quarter of 2014. The decline is attributed due to projects that were postponed, as described above.

Adjusted for one-off effects, EBITDA stood at € -2.0 million in the first half of 2015 (Q2 2015: € -1.4 million) and is therefore behind the same period last year (HY 2014: € -0,5 million / Q2 2014: € -0.3 million). In the first six months of 2015 the adjusted EBIT fell to € -2.7 million as compared with € -1.3 million in the prior year (Q2 2015: € -1.7 million / Q2 2014: € -0.7 million). EBIT in the reporting period stood at € -3.9 million, compared to € -2.4 million last year (Q2 2015: € -2.4 million / Q2 2014: € -1.2 million).

Following a recovery above the 5 € level, the SFC Energy share price remained relatively stable and increased 2.1% in the second quarter despite significant volatility in the market. Based on our expectations for a further growth in the current fiscal year, we are confident that this will have positive effects on the share price in the second half of the year.

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## Conclusion

While we were pleased with the progression in business development and our operations in the first half, the postponement of several large orders, which did not generate revenues or profits to mitigate our expenses, did affect our financial results for the period.

For the full year, we remain confident to reach our guidance and expect revenues coming in between € 55 to 65 million. These expectations are based on a solid foundation for a robust development in the Security & Industry segment in the second half of the business year due to an increased Defense business and visibility due to large orders as well as upcoming tenders in the industrial markets.

We also estimate improvements to our profitability over the course of the year due to the adjustments we have made to our cost structures in Canada and the Netherlands as well as revenue growth and product mix. In addition, normal seasonality should also contribute to a stronger second half of the year with the fourth quarter to be the strongest, whereupon traditionally the third quarter turns out relatively weaker, as Oil & Gas companies will extend their summer break to cut costs.

We are confident that SFC Energy AG will continue on its growth course in the current year.

At this point we would like to thank our customers and shareholders for their continued support and the trust you place in us. A special word of thanks also goes to our employees for their continued hard work.

Sincerely,

The Management Board of SFC Energy AG



Dr. Peter Podesser  
CEO



Steffen Schneider  
CFO



Hans Pol  
CSO

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## THE SHARE

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### THE SFC ENERGY SHARE DURING THE FIRST SIX MONTHS OF THE YEAR

The international stock markets were increasingly affected by the Greek crisis in the second quarter of 2015. The question of whether Greece will remain a member of the eurozone caused uncertainty and high volatility on the capital market. As a result European shares in the second quarter turned in their worse performance in three years. The DAX began its year at 9,869 points on January 2, 2015, and ended the first half year on June 30 up by around 10.9% at 10,945 points, although it was down by 8.0% in the second quarter because of the uncertainty about Greece. The TecDAX rose by some 17.6% during the first six months of 2015 and was up by a moderate 0.5% in the second quarter.

The euro has stabilized against the US dollar in the past weeks, but there are no signs of a significant recovery. The improved economic data from the US suggests that an initial interest rate increase can be expected in September 2015, although the speed at which rates are increased is likely to be very moderate. For the foreseeable future the ECB will stick to its very expansive monetary policy. Even if the Federal Reserve raises interest rates, this will not set a new trend for global monetary policy. Interest rates could be cut ever lower in the emerging countries, and in Japan and the eurozone there is no end to the expansive monetary policy in sight. The monetary policy environment thus continues to support the stock markets.

The SFC Energy AG share began trading in 2015 at €5.67 on January 2, which was also the high for the half year. Its low during the first six months was €4.30 on January 13, 2015. The opening price in the second quarter was €5.14 on April 1, while the share closed at €5.25 on June 30. While the share was down 7.4% over the course of the first six months, it bucked the general market trend in the second quarter, rising by 2.1%. The average daily trading volume for the SFC Energy share during the first six months was 5,341 shares (Xetra) (previous year: 6,638 shares). SFC Energy AG's market capitalization at the end of the first half of the year stood at €45.2 million, based on 8.61 million no-par-value shares at Xetra prices.

The Management Board informed shareholders about the course of business in 2014 during the Annual General Meeting on May 7, 2015, and took questions from them. The shareholders of SFC Energy AG ratified the acts of the Management Board and the Supervisory Board and approved management's proposals under all agenda items by a broad majority. The resolutions adopted at the annual general meeting can be found on our website at [www.sfc.com](http://www.sfc.com).

As of the end of the second quarter of 2015, there had been no material change in the shareholder structure from the 2014 balance sheet date.

SFC Energy AG shares are traded in the Prime Standard segment of the Frankfurt Stock Exchange. The research firms Oddo Seydler Research AG, Warburg Research GmbH, and First Berlin Equity Research GmbH published updates on the company during the second quarter. All analysts recommended buying the SFC Energy share at target prices ranging from €6.40 to €7.00. The complete studies can be downloaded from the Investor Relations / Share portion of the SFC Energy AG website.



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# INTERIM GROUP MANAGEMENT REPORT JANUARY 1 – JUNE 30, 2015

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## BASIS OF THE GROUP

### The Group's Business Model

#### Organizational structure of the Group and locations

The Group comprises SFC Energy AG, Brunnthäl, Germany, and SFC Energy Inc., Rockville, Maryland, USA (SFC); PBF Group B.V., Almelo, Netherlands, and its subsidiaries (PBF); and Simark Holdings Ltd., Calgary, Canada, and its subsidiaries (Simark).

#### Segments, sales markets, products and services

The management and reporting of the Group is structured according to the following segments:

- Oil & Gas
- Security & Industry
- Consumer

The corporate purpose of SFC Energy AG is the development, production and distribution of power generation systems and their components for off-grid and on-grid applications 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's product portfolio also includes accessories and spare parts, particularly fuel cartridges; solutions for combining fuel cell products with other power sources, power storage units and electrical devices; and mechanical, electronic and electrical instruments to monitor and control production and logistics processes. SFC is the first company in the world with volume-produced commercial products in the area of methanol fuel cells for multiple target markets.

In the Security & Industry segment, SFC generates sales in the Industry and Defense & Security markets. The Industry market is highly diversified. In principle it could include any area of industry where professional users run electrical equipment away from the grid and use SFC's EFOY Pro fuel cell. This includes applications in the security and surveillance industry, traffic management and the wind energy industry. The Defense & Security market includes defense and security applications for defense organizations and governments. The product portfolio for this market includes the portable JENNY, the vehicle-based EMILY, the SFC Power Manager and network solutions. In addition to these products, a further portion of sales is generated by joint development agreements (JDAs) with military customers from Europe and Israel. In the Consumer market, SFC sells compact fuel cell generators under the EFOY COMFORT brand to generate electricity for RVs, sailboats and cabins through established commercial channels (wholesalers, retailers and OEMs).

PBF develops and manufactures reliable high-tech power supply systems. This technology-oriented company works closely with its customers to develop customized solutions such as switched mode network components, external transformer units, system 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 to tens of thousands of units per year. PBF's products are used in the fields of analytical systems, research and science, industry, defense and security and semiconductors. Most of its products are sold through distribution partners, but some are sold directly to customers. PBF generates its sales exclusively in the Security & Industry segment.

Simark specializes in distribution, service and product integration for high-tech power supply, instrumentation and automation products used in the oil and gas industry. It has a highly qualified, experienced, diverse distribution and service organization. Simark's product portfolio includes instrumentation and metering systems, power supply components and drives and security and surveillance technology for different applications in the oil and gas industry, as well as the mining, forestry and municipal utilities markets. Simark distributes its products directly. Simark's revenues are exclusively attributable to the Oil & Gas segment.

## Objectives and strategies

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 focus will increasingly be on providing whole-product solutions, with fuel cells continuing to constitute the core technology and core component.

The acquisitions of PBF in 2011 and Simark in 2013 were further major steps in the Group's strategic aim of becoming a system supplier.

## Research and development

The focus of SFC's research and development activities was as follows in the first half of 2015:

- The Company continued to make quality improvements to its series products.
- New energy solutions were designed and developed for defense applications.
- In order to better meet customer requirements, the Company evaluated and tested individual components of higher-output energy supply solutions for stationary and vehicle-based applications.
- The first new EFOY Pro 12000 systems were shipped for field testing.
- Tests were conducted on further reducing unit costs and increasing capacity in order to reduce degradation with increased power density and cut back on the amount of material used.

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

- Existing development projects were continued with success, and some were put into series production.
- Development of both power projects begun in the previous year (PSH120 and PZT1250) continued according to plan. The PSH120 has already been put into series production.
- Development of the PSH 3.5 kW power platform.

The following product enhancements and new developments were initiated by PBF and SFC together:

- Testing, optimization and systematic updating of a range of energy solutions, including the EFOY ProEnergyBox and the EFOY ProCube, that help customers use and reliably power a vast array of industrial applications under the harshest of conditions.
- The new EFOY GO! product platform was developed and put into series production.

## ECONOMIC REPORT

### Macroeconomic and sector-based background conditions

#### Global economy has slowed down further

According to the ifo Institute<sup>1</sup>, growth in the global economy slowed down considerably in spring 2015. Industrial production expanded at a sharply lower rate than in fall of the previous year, both in the industrialized and the emerging economies. In the first quarter of 2015, global trade also declined after having boomed in the second half of 2014. However, Ifo experts see indications that the slowdown in global economic expansion is only temporary and will likely be overcome for the most part as early as this summer. They consider the downtrend in the first quarter to be the result of one-time extraordinary factors in the United States, which will no longer have an effect in the forecast period. Experts also anticipate benefits for the world's economy from the movement in oil prices. The price per barrel of Brent crude plunged from USD 112 in June 2014 to USD 48 in January 2015 before recovering in spring and recently stabilizing at the relatively low level of almost USD 65 per barrel. The massive drop in the price of this key commodity is expected to give a powerful economic boost to net importers of petroleum for reasons including the fact that the oil price decline was caused primarily by oil market-specific factors and to a much lesser extent by an insufficient pace of global economic growth.

The high level of the ifo Economic Climate Index, which has improved considerably after reaching a low point in the winter, also points to a continuation of global economic expansion this year at a rate as fast as last fall, according to experts. Survey respondents viewed the current situation as well as the outlook for the next six months in a more positive light than at the beginning of the year.

<sup>1</sup> ifo Economic Forecast 2015, Ifo Institute, June 17, 2015

### German economy returning to growth in 2015

According to calculations by the Institute's experts, the German economy is currently experiencing a sharp upswing. The real gross domestic product (GDP) is expected to grow 1.9% this year and 1.8% next year. Household consumption remains the driving force behind the upturn in view of the positive outlook for household incomes stemming from further improvement in the labor market situation. However, gains in purchasing power from the oil price decline are gradually being eroded, which means that consumption could slow somewhat in the forecast period. Corporate investments will increase further in an extremely favorable financing environment. The construction boom has not abated, and the drop in the value of the euro will continue stimulating exports into the second half of this year. In the course of the coming year, the global economy will then cool slightly, putting a damper on export growth. Imports will grow somewhat faster than exports due to the robust domestic economy. On the whole, demand-side impetus will come from the domestic economy, as in the previous year.

According to the German Federal Statistical Office (Destatis)<sup>2</sup>, the gross domestic product (GDP) in the first quarter of 2015 was up 0.3% over the fourth quarter of 2014, following price, seasonal and calendar adjustment. The final quarter of last year had seen a sharp increase of 0.7%. In the quarter-on-quarter comparison, the positive boost came primarily from within the country. Private households and the government stepped up spending at the start of the year. Capital expenditure also rose: Investments in construction and equipment were both significantly higher than in the fourth quarter of 2014. In contrast, foreign trade was a drag on economic growth. According to preliminary calculations, somewhat more goods and services were exported at the beginning of 2015 than in the fourth quarter of 2014, but imports grew much more sharply.

### Oil & Gas market

For assessing the economic development of the markets in which Simark operates (instrumentation and metering systems, power supply components and drives, and security and surveillance technology), we draw on data on the international oil and gas markets. The global oil market is highly complex, according to the U.S. Energy Information Administration (EIA), an independent organization that prepares statistics and analyses on the international energy industry. It is dominated by government-controlled and private economic entities, with government-controlled national oil companies controlling 85% of proven oil deposits and 58% of production in 2010. In 2013 the EIA estimated proven oil deposits to total about 1.5 trillion barrels and production to total about 89 million barrels per day.

Canada, which is Simark's home market, is the fifth largest gas and crude oil producer in the world. The crude oil produced in Canada accounts for 40% of domestic energy demand and accounts for 17% of the country's exports. Canada is ranked third in the world in crude oil reserves, after Venezuela and Saudi Arabia. Natural gas accounts for approximately 30% of Canada's energy demand, and the industry believes that Canada has enough natural gas resources (between 700 and 1,300 trillion cubic feet) to meet Canada's demand for the next 100 years at current levels<sup>3</sup>.

In June 2015, the Canadian Association of Petroleum Producers (CAPP) in its 2015 Crude Oil Forecast, Markets and Transportation Report<sup>4</sup> indicated a slowdown in the growth of Canadian oil production over next two decades due to the sharp drop in oil prices worldwide. CAPP expects Canadian oil production to increase by 43% over the next 16 years from 3.7 million barrels per day in 2014 to 5.3 million barrels per day in 2030. In June 2014, CAPP had forecasted 6.4 million barrels per day for 2030.

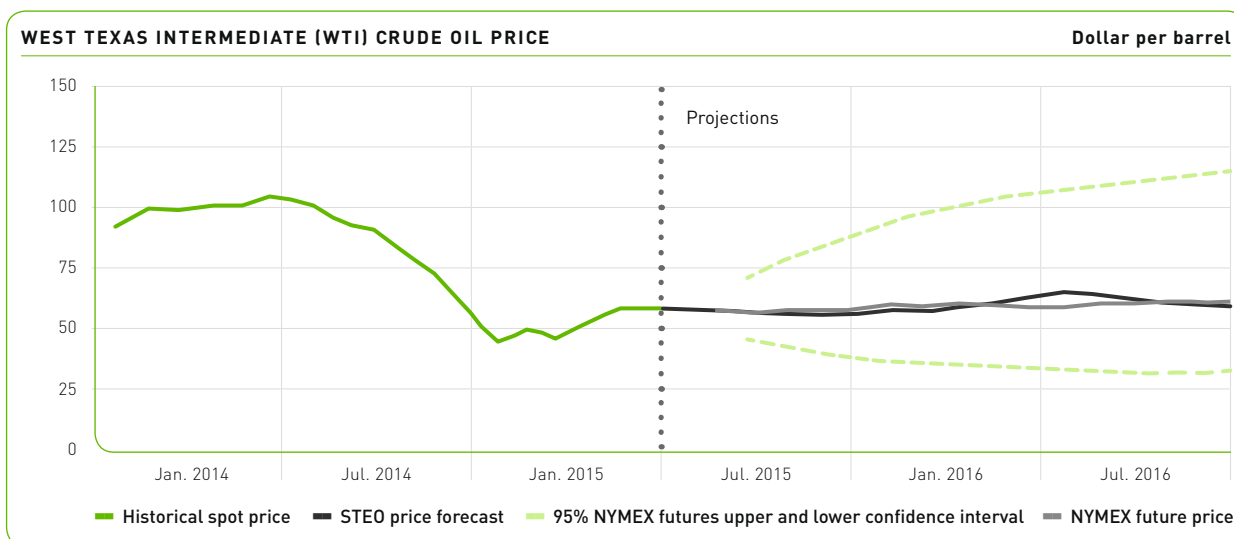
<sup>2</sup> German Federal Statistical Office Wiesbaden, press release 173/2015; May 13, 2015  
<sup>3</sup> Canadian Association of Petroleum Producers (CAPP) Website, Basic Statistics  
<sup>4</sup> Canadian Association of Petroleum Producers (CAPP), press release, June 9, 2015

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Reports by the International Energy Agency (IEA) project growth in the worldwide demand for energy, including oil, to amount to 37% over the next 25 years. Canada has proven reserves of 173 billion barrels of oil, the third largest in the world. However, the country currently only produces 3.7 million of the 93 million barrels used worldwide per day. In order to meet growing domestic and foreign demand for its oil, Canada must improve transport routes and capacity substantially.

According to CAPP, the Canadian oil and gas industry is expected to invest CAD 45 billion in 2015, 40% less than the CAD 73 billion it invested in 2014. Canadian refineries still obtain nearly 80% of their oil from foreign sources, so experts see huge growth potential here for the domestic oil industry. They also report increasing demand for Canadian oil by Washington, California, Asia and Europe. In this context, proposals have been submitted for the construction of new pipelines to replace the rail shipments common to date.

According to the U.S. Energy Information Administration’s (EIA) most recent Energy Outlook<sup>5</sup>, crude oil prices were again relatively weak. The benchmark Brent and WTI (West Texas Intermediate – see chart 1) price curves show the sharp price fall. The Brent price stood at USD 61 at the end of June 2015 after hitting a low of USD 41 in January and ranging from USD 55 to USD 65 in the first half of the year. The EIA expects an average Brent price of USD 60 in 2015 and USD 65 in 2016. The price of WTI should hover about USD 5 per barrel below the Brent price. The reasons for the drop in prices in the EIA’s opinion are the crisis in Greece, slower economic expansion in China, increasing oil exports from Iran and further growth in worldwide oil stocks. Production has also declined, with output in May falling 50,000 barrels per day below the April figure. The EIA believes that production volumes will sink further until early 2016. The agency expects average U.S. crude oil production to total 9.5 million barrels per day in 2015 and 9.3 million barrels per day in 2016. U.S. production reached its height at 9.6 million bbl/d in 1970.



Source: Short-term Energy Outlook, July 2015

5 EIA, Short-term Energy Outlook, July 7, 2015

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PRICES	2013	2014	2015	2016
WTI Crude Oil (West Texas Intermediate) – dollars per barrel	97.98	93.17	55.51	62.04
Brent Crude Oil – dollars per barrel	108.56	98.89	60.22	67.04
Gasoline (Average regular pump price) – dollars per gallon	3.51	3.36	2.48	2.55
Diesel (On-highway retail) – dollars per gallon	3.92	3.83	2.86	3.03
Heating Oil (U.S. Residential average) – dollars per gallon	3.78	3.72	2.84	2.89
Natural Gas (U.S. Residential average) – dollars per thousand cubic feet	10.30	10.94	10.27	10.39
Electricity (U.S. Residential average) – cents per kilowatthour	12.22	12.50	12.81	13.12
Coal (Electric power generation fuel cost) – dollars per million btu	2.34	2.36	2.29	2.30

Source: EIA<sup>6</sup>

In the non-OPEC countries, the EIA reports that oil production was up by 2.3 million barrels per day in 2014, mainly due to stepped up production in the United States. Non-OPEC output is forecast to rise by 1.4 million barrels per day in 2015 and 0.2 million barrels per day in 2016. Experts attribute this projected decrease to reduced investments in the Russian oil market occasioned by lower oil prices and international sanctions. Contributing factors to the declines were forest fires in Canada in May and June as well as violent clashes in Yemen, South Sudan and Syria.

In the OPEC countries, average crude oil production was unchanged at 30.1 million barrels per day, according to the EIA. Production declines in Libya, Angola, Algeria and Kuwait stood in contrast to increased Iraqi output. In the OPEC countries, experts anticipate production to grow by 0.6 million barrels per day in 2015 and by 0.2 million barrels per day in 2016, with Iraq contributing most to this growth. OPEC’s production target of 30 million barrels of crude per day remained unchanged after the OPEC meeting on June 5. Nonetheless, it is the EIA’s opinion that output will again exceed this target during the forecast period and thus result in further growth in worldwide stocks.

### Security & Industry market

#### a) Fuel cells

According to consulting firm E4Tech, which published the Fuel Cell Industry Review for the first time in 2014, the fuel cell industry is still very much in the process of formation. Overall unit shipments were up compared to 2013. In particular the market researchers see an important trend towards integrated systems. The market targeted by SFC Energy in the lower to medium power range is seen by the experts as a stable, growing market, with stationary autonomously operating complete systems being of great interest to users. Overall, there was a continuation of the trend toward applications and devices that are used far from any power outlets. At the same time, demand grew for integrated, user-friendly power sources that enable such equipment to run reliably under any weather conditions and be controlled remotely. Likewise, demand is growing for autonomous units to charge batteries used on board conventional vehicles with internal combustion engines.

<sup>6</sup> EIA, Short-term Energy Outlook, 07. Juli 2015, Webseite: <http://www.eia.gov/forecasts/steo/report/prices.cfm>  
<sup>7</sup> E4Tech: „The Fuel Cell Industry Review 2014“, November 2014

In its Fuel Cell Business Survey<sup>8</sup>, the German Engineering Federation (VDMA) Fuel Cells Working Group reported that the German fuel cell industry generated still-moderate revenue of € 70 million in 2014 from commercially available fuel-cell heaters and power supply facilities. However, the group projects growth of 80% for the current year based on an industry survey. The fuel cell industry can therefore look to the future with optimism. The export ratio, which is already at an acceptable 30% in this fledgling industry, will increase to over 40% by 2020, and underscores the future viability of Germany's fuel cell industry.

#### b) Power electronics and switched mode network components

To assess the economic development of the markets relevant to PBF (power electronics and switched mode network components), we draw on information provided about the sub-sector of the electronics industry referred to as "electronic components and systems" in the industry statistics of the German Electrical and Electronic Manufacturers' Association (ZVEI).

- According to ZVEI<sup>9</sup> in May 2014, the global market for electronic products grew by 3% in 2013 to € 3,703 billion. The association predicts that the industrial market, one of the largest in the world, will grow by 5% and 6% in 2014 and 2015. The industrialized countries stagnated at a total of € 1,723 billion in 2013. However, growth in the group of countries studied by the association is expected to return to about 4% in each country in 2014 and 2015. Global growth in 2013 was again supported by the emerging markets, where the market volume is estimated to have grown by 6% to € 1,858 billion. In 2014 and 2015 the growth is expected to be slightly higher, at 7% per year. The estimate indicates that in 2013, Asia, at € 2,121 billion, accounted for 57% of the global market. The Asian market again experienced the strongest growth at 4% in 2013, and the association expects that it increased by 6% in 2014 and will do so again in 2015. The American market is estimated to have grown by 3% to € 779 billion in 2013, bringing its share of the global market to 21%. Its prospects for growth in 2014 and 2015 are expected to be 5% and 6%, respectively. The European electronics market recently declined by 1% to € 653 billion. Europe today accounts for 18% of the world market. The European market is expected to return to growth of 3% and 4% in 2014 and 2015, but it will grow more slowly than the global market. The German market shrank 5% in 2013 – due to further declines in imports – but it is still the fifth-largest in the world, after China, the U.S., Japan, and South Korea. In 2014 and 2015, the association expects mild growth of 3% each year.
- After high growth both in March and April, new orders in the German electrical and electronics industry missed the prior-year mark by 4.6% in May 2015, the German Electrical and Electronic Manufacturers' Association<sup>10</sup> reported in July. Orders had increased by a double-digit rate in 2014, leading experts to attribute the newest decline to factors including a basis effect. Whereas domestic orders dropped 9.5% in May 2015, orders from abroad remained stable on the whole. Eurozone orders increased 5.1% year-on-year, while orders from non-Eurozone countries were down 2.7%. In the period from January to May 2015 as a whole, orders were up 3.7% over the previous year. Domestic and foreign customers ordered 0.8% and 6.3% more, respectively, during this period (Eurozone: +3.9%, non-Eurozone: +7.8%). In May 2015, price-adjusted production by German electrical and electronics companies decreased 6% as against the prior year. However, May 2015 had two fewer business days. From January to May 2015, industry output was down slightly by 0.7% year-on-year. In June, companies in the industry scaled back their production plans in net terms as compared with May. Industry revenue amounted to € 70.2 billion for the period from January to May of this year, exceeding the prior-year level by 2.9%. In Germany, revenue declined 2.9% to € 33.4 billion, while revenue generated abroad improved by 8.5% to € 36.8 billion. The Eurozone saw a 9.8% increase in revenue to € 13.7 billion, with this figure outside the Eurozone jumping 7.7% to € 23.1 billion. The business climate index for the German electrical and electronics industry was down slightly in June.

<sup>8</sup> German Engineering Federation (VDMA) Fuel Cells Working Group, „Fuel Cell Business Survey“, April 14, 2015

<sup>9</sup> Data: ZVEI „Welt-Elektromarkt – Ausblick bis 2015“ May 2014

<sup>10</sup> Data: ZVEI Press Release 56/2015, July 9, 2015

- In the sub-market for “electronic components” (in-house manufacturers and electronic manufacturing service providers), ZVEI projected growth in May 2015<sup>11</sup> of 8.6% to € 27.8 billion for the electronic systems market in Germany. After moderate increases in 2013 and 2014, nearly all sectors of this market are expanding markedly.

### c) Defense & Security

According to “The Military Balance 2015” report by the International Institute for Strategic Studies (IISS)<sup>12</sup>, which analyzes the defense capabilities and budgets of 171 countries all over the world each year, defense budgets decreased in Europe in 2014, while defense spending in Asia continued to increase by more than 25%. While there is discussion in Europe as to whether this decrease is sustainable because of the increasingly uncertain situation in the countries of Europe and their close neighbors, Asia is facing the challenge of focusing its efforts on generating the economic growth needed for further modernization of the military, while simultaneously creating the conditions to prevent tensions from escalating into military conflicts.

In Europe, the crisis in Ukraine has upset the equilibrium that existed to date. In addition, security is endangered by the activities of Islamic extremists in the Middle East and Africa. The security services are busy defending Western society from such threats.

In its May 2015 strategic analysis of European defense spending<sup>13</sup>, IISS experts noted that some one-third of European NATO member countries have expanded their defense budgets since the outbreak of the Ukraine crisis. They see this as an initial sign that European promises made at the NATO summit in September 2014 to return to increasing military spending are becoming reality. However, current expenditure is still well below the approximately USD 100 billion gap between current spending and the planned 2% of gross domestic product to be earmarked for defense. Only three European NATO members have achieved this goal to date: Estonia, Greece and the United Kingdom. Members have also promised to use at least 20% of their defense budgets for purchasing military equipment, mainly in view of Russia’s aggression toward Ukraine.

In the “Military Balance 2015” outlook, IISS experts estimate that the West will continue to spend more than half of global defense outlays, though this was down from 65% of global totals in 2010.

The Institute believes that European states will have to more seriously weigh the optimum balance between their defense ambitions, deficit reduction and discretionary spending, such as military outlays. In contrast, the experts expect spending to fall off significantly this year in emerging economies in light of falling oil prices, the stagnation of the Russian economy and slowing global growth. The IISS experts believe that issues of technological innovation and knowledge transfer will become increasingly important in the defense organizations. Particularly with regard to technology, the experts recommend that state and non-state actors work more closely together – including across borders – so that military organizations can deploy modern technology quickly and with clear goals in mind. This will also benefit humanitarian organizations, homeland security and protection against pandemics, because these challenges do not stop at borders.

11 Data: ZVEI Press Release 43/2015, May 19, 2015

12 International Institute for Strategic Studies (IISS) „The Military Balance 2015“, February 11, 2015

13 International Institute for Strategic Studies (IISS) Strategic Comment „European Defense Spending“, May 20, 2015



## Consumer market

### a) Caravaning

According to the German caravaning association CIVD<sup>14</sup> and the European Caravaning Federation (ECF)<sup>15</sup> the European caravaning market continues to grow robustly. The associations reported a sharp increase in sales of new leisure vehicles in the period from January to May. New registrations of RVs and caravans in Europe were up 6.8% to a total of 78,014, again underscoring the positive turnaround in the European caravaning industry. In the first five months of the year, the traditionally strong caravaning markets of Germany, the UK and France were the main drivers of growth in Europe. The UK reported the highest rate, an increase of 9.4% to 14,750 vehicles. Germany, the European country with the largest number of registrations, reported sales of 25,816 new RVs and caravans for growth of 8.5% and accounting for 33.1% of Europe's new registrations. A total of 13,189 new leisure vehicles were registered in France in the first five months, an increase of 6.3%. Across Europe, a total of 43,426 RVs were newly registered for growth of 8.3%. New caravan sales were up 4.9% to 34,588 vehicles.

In the German caravaning industry, RV registrations rose by 8.4% in the first six months, and caravan registrations were up 10.6%. Private buyers make up by far the largest share of both sectors. In view of these figures and the very positive sales outlook, the Federation expects more than 27,000 RVs and 18,000 caravans to be registered in Germany this year, for a total of 45,000+ new leisure vehicles on the roads. These numbers already clearly exceed those of the period prior to the 2008 crisis. The French market still trails this level by a wide margin.

### b) Marine market

According to the German Marine Industry Association (BVWW)<sup>16</sup> the recreational marine industry generated total revenues from sales of marine goods and services of around € 1.77 billion in 2014, which represented a 1.7% increase over the prior year. (Sales of megayachts are not included in these figures.) German boat manufacturers increased their production to around 1,700 sailboats and motor yachts (+10%) and gained market share in Germany and abroad thanks to innovative products and good value for money. According to the Association, the trend towards using existing yachts several years longer than originally planned boosted the equipment business. Because the average age of boat owners is increasing and they spend more time on their own boats, they primarily invest in equipment that will make their life on board more comfortable and secure.

In May 2015<sup>17</sup> the Association reported an upswing in the equipment and accessories business. On the whole, the marine industry expects the positive trend on the German market to continue in the coming year. Companies in the industry view the future of the business with optimism: 80.8% (previous year: 79.2%) believe that business performance will be as good as currently or better in the next two to three years. Manufacturers doing business internationally see growth opportunities in North and South America and China in particular.

<sup>14</sup> Data: CIVD Caravaning Industrie Verband e.V., „CIVD-Info“ Market & Statistics, July 7, 2015

<sup>15</sup> Data: ECF European Caravan Federation, Press Release „Europäischer Caravaningmarkt im Aufwind“, June 26, 2015

<sup>16</sup> Data: Bundesverband Wassersportwirtschaft (BVWW), Press Releases „Stabile Nachfrage sorgt für gute Stimmung“, January 8, 2015

<sup>17</sup> Bundesverband Wassersportwirtschaft (BVWW), Press Release „Mit Schwung in die Saison“, May 5, 2015

## EARNINGS AND FINANCIAL POSITION

### Material events

There were no material events to report during the period under review.

### Earnings position

The SFC Group (the "Group") posted sales of € 24,792k in the first half of 2015, a decline of 5.2% from the prior-year period's € 26,162k.

SFC achieved sales of € 4,971k in the first half of 2015, down 14.7% from the same period last year (€ 5,831k). SFC's sales of € 2,257k in the second quarter of 2015 were down from the prior year's figure of € 2,696k.

Sales by PBF during the first six months of 2015 were € 5,379k, 14.5% lower than the previous year's figure of € 6,292k. PBF's second-quarter sales in 2015 were € 2,676k (prior-year period: € 3,099k).

In the period under review, Simark's sales totaled € 14,441k, an increase of 2.9%. In the prior-year period, this figure was € 14,039k. Simark's second-quarter sales in 2015 were € 7,247k (prior-year period: € 7,431k). On a CAD basis, sales during the six-month period declined from CAD 21.1m to CAD 19.9m. The sales increase in euros is therefore attributable to exchange rate effects.

Consolidated sales during the reporting period, at € 24,792k, were below expectations, mainly due to the postponement of a large order.

EBIT decreased year-on-year from minus € 2,436k to minus € 3,931k during the first half of 2015. It bears noting that the figure for the first six months of 2015 reflects € 1,278k in non-recurring effects relating to the Simark acquisition along with staff-related measures (prior-year period: € 1,137k).

Without these non-recurring effects, underlying EBIT for the first half of 2015 was minus € 2,653k, down from minus € 1,299k in the same period in 2014.

EBIT decreased during the second quarter of 2015 from minus € 1,233k during the previous year to minus € 2,423k.

There was negative EBITDA in the amount of €2,706k during the first six months of 2015, following minus € 1,068k in the first half of 2014. Underlying EBITDA declined during the reporting period from minus € 495k to minus € 1,988k.

EBITDA for the second quarter of 2015 stood at minus € 1,809k, versus minus € 557k a year ago.

The following earnings effects from the Simark acquisition are not captured in the underlying operating result:

- Personnel expenses relating to the contingent consideration that was agreed upon and to the retention of key employees (€ 642k)

- Personnel expenses relating to restructuring (€ 76k)
- Depreciation/amortization and expenses relating to the purchase price allocation (€ 560k)

The reconciliation to underlying EBIT and EBITDA and the distribution of the one-off effects among items on the income statement were as follows:

	in k €	
	EBIT	EBITDA
<b>Result according to the income statement</b>	<b>-3,931</b>	<b>-2,706</b>
<b>Production costs of work performed to generate sales</b>		
Cash component from the Simark acquisition, personnel costs	105	105
<b>Sales costs</b>		
Cash component from the Simark acquisition, personnel costs	396	396
Purchase price allocation, amortisation of customer relationships	560	0
Bonus for key employees, personnel costs	37	37
Expenses from contract terminations, personnel costs	76	76
<b>General administration costs</b>		
Cash component from the Simark acquisition, personnel costs	105	105
<b>Total one-off effects</b>	<b>1,278</b>	<b>718</b>
<b>Underlying result</b>	<b>-2,653</b>	<b>-1,988</b>

### Sales by segment

The following table shows a year-on-year comparison of segment sales for the first six months and second quarter of fiscal year 2015:

Segment	SALES BY SEGMENT (UNAUDITED)						in k €	
	1st Halfyear			2nd Quarter				
	2015	2014	Change in %	2015	2014	Change in %		
Oil & Gas	14,441	14,045	2.8%	7,248	7,431	-2.5%		
Security & Industry	8,028	9,726	-17.5%	3,791	4,658	-18.6%		
Consumer	2,323	2,391	-2.8%	1,142	1,137	0.4%		
<b>Total</b>	<b>24,792</b>	<b>26,162</b>	<b>-5.2%</b>	<b>12,181</b>	<b>13,226</b>	<b>-7.9%</b>		

All of the Oil & Gas segment's revenues came from Simark once again in 2015. Most of Simark's transactions are in CAD. Sales came from the sale and integration of products for the North American Oil & Gas market.

In the Security & Industry market, the number of fuel cells sold dropped from 504 to 388. SFC's sales decreased accordingly, by 22.9% from € 3,434k to € 2,649k. Sales to defense customers were lower than during the previous year at € 597k (prior year: € 868k).

All of PBF's sales were generated in the Security & Industry segment. In the first half of 2015 its sales were € 5,379k (previous year: € 6,292k). The decrease at PBF was again attributable to the working capital management by customers already reported in the first quarter of 2015.

In the Consumer market, sales receded by € 68k, or 2.8%, to € 2,323k. The number of fuel cells sold decreased from 827 to 814. Higher sales in Scandinavia were unable to completely offset lower sales on the German market. In the second quarter, sales were up slightly over the prior-year period, which indicates that the low point has been reached.

### Sales by region

Sales by region evolved as follows:

SALES BY REGION (UNAUDITED)						in k €
Region	1st Halfyear			2nd Quarter		
	2015	2014	Change in %	2015	2014	Change in %
North America	14,674	14,877	-1.4%	7,367	7,602	-3.1%
Europe and ROW	10,118	11,285	-10.3%	4,814	5,624	-14.4%
<b>Total</b>	<b>24,792</b>	<b>26,162</b>	<b>-5.2%</b>	<b>12,181</b>	<b>13,226</b>	<b>-7.9%</b>

Sales in North America mainly comprise Simark's sales in the Oil & Gas segment. The decline is due to SFC's decreased sales in this region.

SFC posted a 5.4% decrease in sales in the region Europe and rest of the world. For PBF, which conducts almost all of its business in the region Europe and rest of the world, the decline was 14.4%.

### Gross profit

Gross profit in the first half of 2015 was € 6,563k, or 26.5%. In the prior year it stood at € 7,672k or 29.3% of sales.

The Group's second-quarter gross profit came to € 2,923k, or 24.0%, compared with € 3,826k, or 28.9% last year.

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

GROSS PROFIT (UNAUDITED)						in k €
Segment	1st Halfyear			2nd Quarter		
	2015	2014	Change in %	2015	2014	Change in %
Oil & Gas	3,293	3,427	-3.9%	1,504	1,805	-16.7%
Security & Industry	2,713	3,546	-23.5%	1,159	1,664	-30.3%
Consumer	557	699	-20.3%	260	357	-27.2%
<b>Total</b>	<b>6,563</b>	<b>7,672</b>	<b>-14.5%</b>	<b>2,923</b>	<b>3,826</b>	<b>-23.6%</b>

The gross profit in the Oil & Gas segment was € 3,293k, or 22.8%, slightly under the previous year's figure.

The Security & Industry segment's gross profit was € 2,713k, which was below the previous year's € 3,546k. The gross margin decreased from 36.5% to 33.8%.

In the Consumer segment, the gross margin was 24.0% (previous year: 29.2%). The main reason for this was the decrease in sales, accompanied by no change in the overhead structure, and necessary price discounts.

### Sales costs

The Group's sales costs rose by 15.4%, from € 5,129k to € 5,917k. This was largely due to exchange rate effects and the aforementioned non-recurring effect of severance pay.

It is important to note that the sales costs shown above include non-recurring effects in the total amount of € 1,069k.

As a percentage of sales, sales costs amounted to 23.9% this year versus 19.6% this time a year ago.

### Research and development costs

Research and development costs were down from € 2,522k to € 1,976k in the first half of 2015. In relation to sales, R&D costs decreased to 8.0% (previous year: 9.6%).

We capitalized € 341k in development work in the first half of 2015, versus € 121k the year before. It is important to note that development costs incurred as part of JDAs are reported as production costs of work performed to generate sales and that any subsidies received for government-sponsored development projects are offset against development costs. Adjusted for these two effects and adding back in the capitalized development costs, true research and development expenditure in the first half of 2015 totaled € 2,828k, which is nearly equal to the previous year's € 2,833k.

SFC's research and development costs decreased, from € 961k, or 16.5% of its sales, to € 521k, or 10.5% of its sales.

PBF's research and development costs were € 1,367k (previous year: € 1,372k), or 25.4% of its sales (previous year: 21.8%).

### General administration costs

General administration costs increased to € 2,668k in the first six months of 2015 (previous year: € 2,519k).

Of note is the € 105k in personnel costs reported as administration costs, representing a cash component from the Simark acquisition.

They were therefore 10.8% for the Group as a whole versus 9.6% the year before when expressed as a percentage of sales.

### Other operating income

The largest items in other operating income of € 99k (previous year: € 118k) were foreign exchange transaction gains of € 79k. In the previous year, the largest items were € 72k in foreign exchange transaction gains and €15k reversed to income from the earn-out liability for Simark.

### Other operating expenses

The € 32k in other operating expenses (previous year: € 56k) almost exclusively reflects foreign exchange transaction losses (previous year: € 50k).

### Operating result (EBIT)

Group EBIT decreased from minus € 2,436k to minus € 3,931k in the first half of 2015. The EBIT margin went from minus 9.3% to minus 15.9%.

Adjusted for the one-off effects mentioned earlier, underlying EBIT in the first half-year amounted to minus € 2,653k (previous year: minus € 1,299k), or minus 10.7% of sales.

EBIT in the second quarter of 2015 totaled minus € 2,423k, following minus € 1,233k in the second quarter of 2014.

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

EBITDA decreased year-on-year from minus € 1,068k to minus € 2,706k. The EBITDA margin fell from minus 4.1% to minus 10.9%.

Adjusted for the one-off effects mentioned earlier, underlying EBITDA in the first six months was minus € 1,988k (previous year: minus € 495k), or minus 8.0% of sales.

EBITDA in the second quarter of 2015 deteriorated to minus € 1,809k, following minus € 557k in the second quarter of 2014.

### Interest and similar income

Interest and similar income fell from € 9k to € 3k, primarily due to decreased liquidity and lower interest rates.

### Interest and similar expenses

Interest and similar expenses were € 162k (previous year: € 149k) and consisted mostly of interest on liabilities to banks.

### Net result

The net result decreased from a loss of € 2,684k during the prior-year period to a loss of € 3,999k.

The net result for the second quarter was a loss of € 2,425k, compared with a loss of € 1,360k in the prior-year period.

### Earnings per share

Earnings per share under IFRS (diluted) were negative at €0.46 in the first half of 2015 (previous year: minus €0.33). Second-quarter earnings per share decreased in 2015 from minus €0.17 to minus €0.28, when compared with the same period a year ago.

### New orders and order backlog

New orders totaling € 24,128k were received in the first six months of 2015. In the same period a year ago, new orders of € 22,492k had been received.

The order backlog at June 30, 2015, amounted to € 9,963k (previous year: € 13,739k). As of March 31, 2015, the order backlog was € 9,931k.

Of this amount, € 7,112k is attributable to the Security & Industry segment (previous year: € 7,971k), € 2,825k to the Oil & Gas segment (previous year: € 5,739k) and € 26k to the Consumer segment (previous year: € 28k).

## Financial position

### Capital expenditures

Development costs of € 341k for PBF and SFC products, including for the EFOY Pro 12000, were capitalized during the first six months of 2015 (previous year: € 121k). Investments were also made in software and hardware (€ 49k) and equipment (€ 109k). Total capital expenditures during the reporting period came to € 499k (previous year: € 308k).

### Liquidity

Net cash outflows decreased slightly to € 2,351k in the first half of 2015, compared with € 2,697k the year before.

Freely available cash and cash equivalents at the end of June 2015 totaled € 3,776k, lower than the € 4,442k available at the end of June 2014 due to the result in 2015.

### Cash flow from ordinary operations

The net cash outflow from ordinary operations of € 2,853k in the first half of 2015 was much higher than in the prior-year period (previous year: net outflow of € 1,650k). This was due to the € 1,515k higher loss before tax. As in the previous year, the payment of a cash component from the Simark acquisition was reported in cash flow from ordinary operations in the amount of € 1,185k. The prior-year presentation has been restated accordingly.

### Cash flow from investment activity

Net cash used for investment activity totaled € 485k in the period under review (previous year: € 298k).

### Cash flow from financial activity

The cash flow from financial activity shows the change in PBF's and Simark's liabilities to banks, particularly attributable to the further draw-down of credit lines (€ 1,460k) and the scheduled payments on the loan from the Simark acquisition as well as interest paid.

### Assets and liabilities

The balance sheet and balance sheet ratios changed as follows during the first six months of 2015:

Total assets fell by 11.5% from € 47,256k at December 31, 2014 to € 41,837k at June 30, 2015.

The equity ratio decreased from 58.4% to 56.8%.

Inventories, trade accounts receivable and receivables from percentage-of-completion decreased by € 2,800k, or 13.7%.

The most significant intangible assets are the goodwill of Simark in the amount of € 7,535k (€ 7,411k), the goodwill of PBF in the amount of € 4,672k (€ 4,672k), other intangible assets relating to the acquisitions of Simark in the amount of € 2,046k (€ 2,560k) and PBF in the amount of € 1,274k (€ 1,464k) and capitalized development costs in the amount of € 1,314k (€ 1,140k). The decrease in other intangible assets relating to the Simark and PBF acquisitions reflects the amortization of the customer relationships and technology. With respect to capitalized development costs, € 341k was capitalized and € 167k was amortized in the first six months of 2015.

Non-current assets decreased from € 19,714k to € 19,199k. The share of non-current assets in total assets climbed from 41.7% to 45.9% because total assets were down more in percentage terms. It should be noted that the buildings occupied by SFC are under long-term lease but are not shown under non-current assets pursuant to IFRS rules.

Liabilities decreased from € 19,667k to € 18,073k. This item mainly comprised the € 1,204k payment of contingent consideration relating to the Simark acquisition.

Altogether, liabilities made up 43.2% of total liabilities and shareholders' equity (December 31, 2014: 41.6%).

With the net loss for the period, shareholders' equity decreased to € 23,764k at June 30, 2015, against € 27,589k at December 31, 2014. Subscribed capital and the capital surplus were unchanged.



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## Employees

The number of permanent employees was as follows as of June 30, 2015:

<b>EMPLOYEES</b>			
	<b>06/30/2015</b>	<b>06/30/2014</b>	<b>Change</b>
Management Board	3	2	1
Research and development	49	55	-6
Production, logistics, quality management	94	96	-2
Sales & Marketing	69	69	0
Administration	24	25	-1
<b>Permanent employees</b>	<b>239</b>	<b>247</b>	<b>-8</b>

The Group employed 3 (7) trainees, graduates and student trainees as of June 30, 2015. Of the permanent employees, 72 (previous year: 73) worked for SFC, 99 (previous year: 98) for PBF and 68 for Simark (previous year: 76).

## REPORT ON RISKS AND OPPORTUNITIES

We believe that the Group’s opportunities have not changed since the publication of our 2014 annual report.

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 other material risks and opportunities for the Group have not changed since the publication of our 2014 annual report, with the following exceptions:

### RISK REPORT

The material risks listed below result from the Group’s business activity. The risks apply to all segments if individual segments are not mentioned. The risks related to the affiliates Simark and PBF relate to the Oil & Gas segment and the Security & Industry segments respectively.

### Market risks

#### Macroeconomic developments

Even though the Ifo Institute expects the global economy to slowly pick up steam in 2015, the experts see considerable risk factors in the movement of oil prices. Rapid growth of the global oil supply cannot be ruled out, for instance, if Iran, whose production capacity ranks tenth in the world, regains its access to international commodities markets after a final agreement is reached in the nuclear dispute with the West. This scenario would result in a renewed oil price collapse and give further positive impetus to the global economy.

An unexpected escalation of political conflicts in which key petroleum-producing countries (Middle East, Libya, Russia) are involved would lead to shortfalls in oil production and thus make oil more expensive. The political discord between Russia and the West could intensify, a situation that holds additional major risks for the gas supply of numerous member states of the European Union.

There are also risks in the gradual tightening of monetary policy in the United States. The Fed is expected to raise interest rates in the second half of the year, which would increase the relative attractiveness of the USA as an investment target and could cause portfolio shifts to the detriment of other regions. At the extreme, this could result in massive capital flight from emerging economies and give rise to strong financial market turbulence or even foreign exchange crises.

Finally, Greece's economic situation continues to be precarious, and the country is still cut off from access to international capital markets.

### Oil & Gas market

The outlook for the Oil & Gas market has gotten worse because of the price collapse; in particular, there is a risk that falling prices will result in postponement or even cancellation of planned investments in new oil and gas fields. Thus, for example, the Canadian Association of Petroleum Producers (CAPP) expects a decline in short-term investment in Canada in 2015 and a slower increase in volumes than originally planned. Accordingly, only 5,320 new wells are expected to be drilled in 2015. CAPP sees the greatest need for investment in transport and pipeline expansion. There is also the additional risk that the industry will delay its use of innovative technologies for a certain amount of time.

### Security & Industry market

**Fuel cells:** The developing market for off-grid and mobile industry systems is expected to continue to grow because of its increasing strategic importance. However, the dependence of many industries on the overall economic situation, government budgets and state economic programs plays an important role here.

**Power electronics and switched mode network components:** 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, so there is constant and widespread demand for these parts. The weaker growth in this sector is a reflection of factors including customer ordering: currently, they would rather use up their inventories than place new orders. For this reason, we rate the market risks in this sector somewhat higher at this time.

**Defense & Security:** On the whole it is assumed that defense spending will again increase in the West on both sides of the Atlantic due to the uncertain situation in Europe and Asia, particularly in the areas of innovation, modernization and increased efficiency. This could have a positive effective for SFC, both with respect to the development programs with defense partners and with respect to commercial orders. However, business with governments in particular is strongly concentrated at the end of the year.

### Consumer market

**Caravaning:** The German caravaning association CIVD and the European Caravan Federation ECF are optimistic about the future. Low fuel prices will encourage consumers to travel more, since they will have more money left in their wallets once they purchase fuel. However, given the political and economic uncertainties, consumers are still reluctant to spend money, according to economic experts, and their willingness to do so is particularly difficult to estimate in this market, which constitutes a risk for sales of EFOY fuel cells.

It is still to be expected that the traditional sector of RV buyers, generally wealthy retirees, will decline. Younger customers tend to prefer other, cheaper vehicle and travel options.

**Marine:** The marine market, in spite of growth over the past few years, is also cyclical in this way, which affects the sale of accessories, the sector of this market which is important to SFC. Even though quality accessories improve comfort, convenience and safety, in addition to adding value, this is where spending is cut in difficult economic situations.

### Liquidity risk

Liquidity risk describes the possibility that SFC may not be able to meet its payment obligations. This risk was counteracted by the capital increases in May 2007 and November 2014. SFC continues to hold liquidity reserves for financing the Company's planned further growth. However, liquidity reserves have further decreased from their level at the end of 2014, due to the loss for the year and resulting cash outflow during the first half of 2015.

Our cash and cash equivalents have decreased considerably due to the acquisition of Simark and the operating result in recent years. Consequently, the acquisition has increased the liquidity risk, particularly because outside financing was obtained for part of the purchase price for the Simark Group, and we must comply with the corresponding loan agreements to counter the risk of the loans being called early or the risk of an increase in the interest rate for the borrowed capital.

The ultimate responsibility for liquidity risk management rests with the Management Board, which has formulated an appropriate strategy for managing the short-, medium- and long-term funding and liquidity requirements. SFC manages liquidity risk by maintaining reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

## FORECAST REPORT

The Management Board is upholding its forecast for fiscal 2015 due to the development of the Security & Industry segment, particularly its visibility in the defense business. It projects that the Group's total sales will range from € 55 to € 65 million and that the positive underlying EBITDA and underlying EBIT will both improve again slightly for the full year 2015. An average CAD/EUR exchange rate of 1.425 was used in the sales and earnings planning for 2015.

## RELATED-PARTY TRANSACTIONS

Please see the “Related-party transactions” section in the Notes to the Interim Report.

## MATERIAL EVENTS AFTER THE BALANCE SHEET DATE

On July 30, 2015, SFC was awarded a contract by the German Bundeswehr with a value of € 1.3 million.

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

Brunnthal, August 3, 2015



Dr. Peter Podesser  
CEO



Steffen Schneider  
CFO



Hans Pol  
CSO

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## **INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS AT JUNE 30, 2015**

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

## INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS AT JUNE 30, 2015

### SFC ENERGY AG, BRUNNTHAL, CONSOLIDATED INCOME STATEMENT FROM JANUARY 1 TO JUNE 30, 2015

	in €			
	1. HY 2015 01/01 – 06/30	1. HY 2014 01/01 – 06/30	Q2 2015 04/01 – 06/30	Q2 2014 04/01 – 06/30
Sales	24,791,535	26,162,239	12,180,988	13,225,684
Production costs of work performed to generate sales	-18,228,729	-18,490,616	-9,257,855	-9,399,354
<b>Gross profit</b>	<b>6,562,806</b>	<b>7,671,623</b>	<b>2,923,133</b>	<b>3,826,330</b>
Sales costs	-5,916,579	-5,129,335	-2,991,005	-2,674,124
Research and development costs	-1,975,992	-2,521,553	-1,007,571	-1,178,075
General administration costs	-2,668,484	-2,518,562	-1,337,887	-1,253,329
Other operating income	98,948	118,083	19,375	75,765
Other operating expenses	-31,648	-56,024	-29,491	-29,287
<b>Operating loss</b>	<b>-3,930,949</b>	<b>-2,435,767</b>	<b>-2,423,447</b>	<b>-1,232,719</b>
Interest and similar income	3,139	8,864	972	3,911
Interest and similar expenses	-162,337	-148,527	-84,184	-77,320
<b>Loss from ordinary operations</b>	<b>-4,090,147</b>	<b>-2,575,430</b>	<b>-2,506,659</b>	<b>-1,306,128</b>
Income taxes	90,850	-108,747	81,716	-54,031
<b>Consolidated net loss</b>	<b>-3,999,298</b>	<b>-2,684,177</b>	<b>-2,424,943</b>	<b>-1,360,160</b>
<b>NET LOSS PER SHARE</b>				
undiluted	-0.46	-0.33	-0.28	-0.17
diluted	-0.46	-0.33	-0.28	-0.17

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM JANUARY 1 TO JUNE 30, 2015

	in €			
	1. HY 2015 01/01 – 06/30	1. HY 2014 01/01 – 06/30	Q2 2015 04/01 – 06/30	Q2 2014 04/01 – 06/30
<b>Consolidated net loss</b>	<b>-3,999,298</b>	<b>-2,684,177</b>	<b>-2,424,943</b>	<b>-1,360,160</b>
OCI items that may be recycled to profit or loss in the future				
Result from currency translations	174,277	28,400	-97,620	374,108
<b>Total other results</b>	<b>174,277</b>	<b>28,400</b>	<b>-97,620</b>	<b>374,108</b>
<b>Total comprehensive income</b>	<b>-3,825,021</b>	<b>-2,655,777</b>	<b>-2,522,563</b>	<b>-986,052</b>

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

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

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## Consolidated Balance Sheet

## SFC ENERGY AG, BRUNNTHAL CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2015

	in €	
	06/30/2015	12/31/2014
<b>Current Assets</b>	<b>22,638,470</b>	<b>27,541,581</b>
Inventories	7,616,342	7,653,349
Trade accounts receivable	9,204,182	11,546,354
Receivables from percentage-of-completion	798,254	1,219,263
Income tax receivables	236,838	3,711
Other short-term assets and receivables	722,196	711,486
Cash and cash equivalents	3,775,657	6,122,418
Cash and cash equivalents with limitation on disposal	285,000	285,000
<b>Non-current assets</b>	<b>19,198,570</b>	<b>19,714,352</b>
Intangible assets	17,395,255	17,813,125
Property, plant and equipment	1,486,105	1,601,049
Deferred tax assets	317,210	300,178
<b>Assets</b>	<b>41,837,040</b>	<b>47,255,933</b>

**SFC ENERGY AG, BRUNNTHAL**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT JUNE 30, 2015**

	in €	
	06/30/2015	12/31/2014
<b>Current liabilities</b>	<b>12,368,489</b>	<b>13,371,035</b>
Provisions for taxes	55,278	60,505
Other provisions	620,419	625,698
Liabilities to banks	3,490,367	2,013,013
Liabilities from prepayments	2,582	3,220
Trade accounts payable	5,324,592	6,871,734
Liabilities under finance leases	50,088	49,259
Liabilities from percentage-of-completion	225,261	57,853
Other short-term liabilities	2,599,902	3,536,483
Income tax liabilities	0	153,270
<b>Non-current liabilities</b>	<b>5,704,639</b>	<b>6,295,965</b>
Other long-term provisions	1,563,744	1,736,567
Liabilities to banks	2,752,131	3,045,313
Liabilities under finance leases	87,888	86,433
Other long-term liabilities	146,061	118,428
Deferred tax liabilities	1,154,814	1,309,225
<b>Equity</b>	<b>23,763,912</b>	<b>27,588,933</b>
Subscribed capital	8,611,204	8,611,204
Capital surplus	71,954,950	71,954,950
Other changes in equity not affecting profit or loss	- 113,971	- 288,248
Consolidated net loss	- 56,688,271	- 52,688,973
<b>Liabilities and shareholders' equity</b>	<b>41,837,040</b>	<b>47,255,933</b>



## SFC ENERGY AG, BRUNNTHAL CONSOLIDATED CASH FLOW STATEMENT FROM JANUARY 1 TO JUNE 30, 2015

	in €	
	01/01 – 06/30/2015	01/01 – 06/30/2014
<b>Cash flow from ordinary operations</b>		
<b>Result before taxes</b>	<b>-4,090,147</b>	<b>-2,575,430</b>
+ Net interest income	159,198	139,663
+ Depreciation/amortization of intangible assets and property, plant and equipment	1,225,081	1,367,387
+ Expenses from SAR Plan	27,634	21,068
+/- Changes in allowances	131,079	-134,638
-/+ Profits/Losses from disposal of property, plant and equipment	-11,492	5,334
+/- Other non-cash expenses/income	129,671	-309,782
<b>Changes to operating result before working capital</b>	<b>-2,428,976</b>	<b>-1,486,397</b>
- Changes to provisions	-215,589	-154,241
+ Changes to trade accounts receivable	2,303,442	118,933
+ Changes to inventories	94,440	406,134
+/- Changes to other receivables and assets	440,868	-279,507
-/+ Changes to trade accounts payable	-1,628,710	1,474,929
- Changes to other liabilities <sup>1</sup>	-960,333	-1,755,066
<b>Cash flow from ordinary operations before taxes</b>	<b>-2,394,859</b>	<b>-1,675,215</b>
-/+ Income tax payments/refunds	-457,648	24,897
<b>Cash flow from ordinary operations</b>	<b>-2,852,506</b>	<b>-1,650,318</b>

<sup>1</sup> Adjusted previous year's figures. For further explanations see „accounting principles“.

## SFC ENERGY AG, BRUNNTHAL CONSOLIDATED CASH FLOW STATEMENT FROM JANUARY 1 TO JUNE 30, 2015

	in €	
	01/01 – 06/30/2015	01/01 – 06/30/2014
<b>Cash flow from investment activity</b>		
- Investments in intangible assets from development projects	-341,268	-120,993
- Investments in other intangible assets	-47,417	-69,948
- Investments in property, plant and equipment	-111,248	-116,904
- Cash outflows for the acquisition of subsidiaries, acquired in other reporting periods <sup>1</sup>	0	0
+ Interest and similar income	3,569	8,352
+ Proceeds from disposal of property, plant and equipment	11,500	1,143
<b>Cash flow from investment activity</b>	<b>-484,864</b>	<b>-298,350</b>
<b>Cash flow from financial activity</b>		
- Repayment of financial dept	-346,093	-641,055
+ Changes to current account liabilities	1,459,584	0
- Interest paid and other expenses	-126,654	-106,879
<b>Cash flow from financial activity</b>	<b>986,837</b>	<b>-747,934</b>
<b>Net change in cash and cash equivalents</b>	<b>-2,350,533</b>	<b>-2,696,602</b>
Currency effects on cash and cash equivalents	3,772	-4,398
Net change in cash and cash equivalents		
Cash and cash equivalents at beginning of period	6,122,418	7,142,536
Cash and cash equivalents at end of period	3,775,657	4,441,536
<b>Net change in cash and cash equivalents</b>	<b>-2,350,533</b>	<b>-2,696,602</b>

<sup>1</sup> Adjusted previous year's figures. For further explanations see „accounting principles“.

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## Consolidated Statement of Changes in Equity

## SFC ENERGY AG, BRUNNTHAL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1 TO JUNE 30, 2015

	Subscribed capital	Capital surplus	Other changes in equity not effecting profit or loss	Net accumulated loss	in € Total
<b>As at 01/01/2014</b>	<b>8,020,045</b>	<b>69,569,925</b>	<b>- 664,303</b>	<b>-47,862,710</b>	<b>29,062,957</b>
<b>Total comprehensive income for the period</b>					
Consolidated net loss 01/01 – 06/30/2014				-2,684,177	-2,684,177
Result from currency translation recognized in equity			28,400		28,400
<b>As at 06/30/2014</b>	<b>8,020,045</b>	<b>69,569,925</b>	<b>- 635,903</b>	<b>-50,546,887</b>	<b>26,407,180</b>
<b>Total comprehensive income for the period</b>					
Consolidated net loss 07/01 – 12/31/2014				-2,142,087	-2,142,087
Result from currency translation recognized in equity			347,656		347,656
<b>Capital increase</b>					
Issuance of shares (Authorized capital)	591,159	2,672,039			3,263,198
Less cost from capital increase		- 287,014			-287,014
<b>As at 12/31/2014</b>	<b>8,611,204</b>	<b>71,954,950</b>	<b>- 288,248</b>	<b>-52,688,973</b>	<b>27,588,933</b>
<b>Total comprehensive income for the period</b>					
Consolidated net loss 01/01 – 06/30/2015				-3,999,298	-3,999,298
Result from currency translation recognized in equity			174,277		174,277
<b>As at 06/30/2015</b>	<b>8,611,204</b>	<b>71,954,950</b>	<b>- 113,971</b>	<b>-56,688,271</b>	<b>23,763,912</b>

## NOTES TO THE INTERIM REPORT OF SFC ENERGY AG

### Information about the Company

SFC Energy AG (the “Company” or “SFC”) is a stock corporation domiciled in Germany. The Company’s headquarters is located at Eugen-Saenger-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 for off-grid and on-grid applications 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 is listed in the Prime Standard of the Frankfurt Stock Exchange (WKN 756857, ISIN: DE0007568578).

### Accounting principles

This interim report was prepared in accordance with International Financial Reporting Standards (IFRSs), 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 fiscal year ended December 31, 2014, were also used to prepare the interim financial statements.

Adjustment of the comparative figures from the prior-year period (January 1 to June 30, 2014) was required for presentation of some cash flow statement items due to the fact that Simark earn-out payments are no longer reported in cash flow from investment activity, but instead in cash flow from ordinary operations before taxes.

The interim financial statements of SFC Energy AG for the period from January 1 to June 30, 2015, 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 fiscal year and should, therefore, be read in conjunction with the consolidated financial statements for the year ended December 31, 2014.

In addition to the standards and interpretations applied at December 31, 2014, the following standards were applicable for the first time, but had no impact on the consolidated financial statements:

- Amendments to IAS 19 “Employee Benefits” (2013)
- IFRIC 21 “Levies” (2013)
- Annual Improvements to IFRSs 2012 (2010-2012 Cycle)
- Annual Improvements to IFRSs 2013 (2011-2013 Cycle)

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The Group has not early adopted any other new or amended standards and interpretations that have been published, but are not yet effective.

This interim report is presented in euros (€). Figures stated in this interim report are rounded to whole euros (€) unless otherwise indicated. Please note that small differences can arise in rounded amounts and percentages due to commercial rounding of figures. The consolidated income statement was prepared using the cost-of-sales format. The auditors have neither audited nor reviewed the interim financial statements.

### Receivables and liabilities from percentage-of-completion

If the production costs (including earnings contributions) incurred during the quarter under review for contracts that are not yet completed exceed the amounts already invoiced (installment payments), the difference is reported as receivables from percentage-of-completion. Conversely, the difference is reported as liabilities from percentage-of-completion if the prepayments exceed these costs. There were receivables from percentage-of-completion in the amount of € 798,254 in the first six months of 2015 (December 31, 2014: € 1,219,263) and liabilities from percentage-of-completion in the amount of € 225,261 (December 31, 2014: € 57,853).

### Other short-term assets and receivables

The Company had other short-term assets and receivables of € 722,196 as of the reporting date (December 31, 2014: € 711,486). The slight increase is mainly due to growth in receivables from subsidies to € 89,500 (December 31, 2014: € 45,400) and VAT receivables to € 61,032 (December 31, 2014: € 17,033) with a simultaneous decline in prepayments to € 147,470 (December 31, 2014: € 217,543).

### Other liabilities

Other long-term liabilities include the obligation recognized from the Stock Appreciation Rights Plan (SAR Plan) for Management Board members Dr. Podesser, Mr. Pol and Mr. Schneider. The section entitled "Stock Appreciation Rights Plan" contains additional information about the plan.

### Long-term incentive plan

No further tranches were granted from the LTIP in the first half of 2015. The phantom shares awarded during the term of the LTIP were classified and measured as cash-settled share-based payment transactions. The fair value of the liability to be recognized because of the LTIP was determined for all of the sub-tranches using a Monte Carlo model. At June 30, 2015, a liability of €0 was recognized under other liabilities (€0 thereof under other long-term liabilities) (December 31, 2014: €0, with €0 thereof under other long-term liabilities). The amount expensed for the period from January 1 to June 30 was €0 (prior-year period: €0). The following parameters were used in the measurement:

Measurement date	06/30/2015
Remaining term (in years)	0.5
Expected volatility	20.98 %
Risk-free interest rate	-0.26 %
Share price as of the measurement date	€ 5.25

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## Stock Appreciation Rights Plan

As part of the new Management Board employment agreements, the Company entered into a contract for the creation of a stock appreciation rights plan (SAR Plan) with the three Management Board members, Dr. Podesser (tranche PP1), Mr. Pol (Tranche HP1) and Mr. Schneider (Tranche StS1). The goal of the plan is to foster a business policy that is strongly aligned with shareholder interests in order to promote the long-term appreciation of the shareholders' stakes in the Company. In fiscal 2015, additional stock appreciation rights (Tranche HP2) were awarded in the course of extending the Management Board contract with Mr. Pol.

The plan envisages the payment of variable compensation in the form of stock appreciation rights (SARs). One SAR entitles its holder to a cash payment equal to the share price upon exercise less the exercise price. Once vested, SARs can be exercised within one year's time, except on blackout dates, provided certain performance targets are reached. The number of SARs available to exercise largely depends on the average price of SFC's stock for the 30 trading days prior to the end of the vesting period (reference price). The number of SARs expiring at the respective expiration date out of the total SARs granted in fiscal year 2015 is as follows:

Reference price in €	Tranche HP2 of SAR expiring on July 1, 2016	Tranche HP2 of SAR expiring on July 1, 2017	Tranche HP2 of SAR expiring on July 1, 2018
< 5.00	60,000	60,000	60,000
5.00 – 5.99	55,000	55,000	55,000
6.00 – 6.99	50,000	50,000	50,000
7.00 – 7.99	45,000	45,000	45,000
8.00 – 8.99	40,000	40,000	40,000
9.00 – 9.99	35,000	35,000	35,000
10.00 – 10.99	30,000	30,000	30,000
11.00 – 11.99	25,000	25,000	25,000
12.00 – 13.99	20,000	20,000	20,000
14.00 – 15.99	15,000	15,000	15,000
≥ 16.00	0	0	0

One of the performance targets involves the requirement that the average share price for the 30 trading days prior to the end of the vesting period exceed the average share price for the 30 trading days prior to the award of the SARs. In addition, the stock price must have outperformed the Frankfurt Stock Exchange's ÖkoDAX as of the end of the vesting period.

The SARs awards have been classified and measured as cash-settled share-based payment transactions pursuant to IFRS 2.30. Their fair market value will be remeasured on each balance sheet date using a Monte Carlo model, taking into account the terms on which the SARs were awarded.

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The status of the SARs in 2015 is shown in the following table:

	Tranche PP1	Tranche HP1	Tranche StS1	Tranche HP2
Number of stock appreciation rights (SAR)	360,000	90,000	180,000	180,000
Maximum term (years)	7.00	7.00	7.00	7.00
Outstanding SAR at the beginning of the reporting period (1/1/2015)	360,000	7,500	180,000	0
SAR awarded in the 2015 reporting period	0	0	0	180,000
SAR forfeited during the 2015 reporting period	120,000	0	0	0
SAR exercised in the 2015 reporting period	0	0	0	0
SAR expired during the 2015 reporting period	0	0	0	0
Outstanding SAR at the end of the reporting period (6/30/2015)	240,000	7,500	180,000	180,000
SAR available for exercise at the end of the reporting period (6/30/2015)	0	0	0	0
<b>The following parameters were used in the measurement at 6/30/2015:</b>				
Measurement date	06/30/2015	06/30/2015	06/30/2015	06/30/2015
Remaining term (in years)	5.75	5.50	6.00	6.75
Volatility	36.22%	35.52%	36.43%	40.09%
Risk-free interest rate	0.22%	0.18%	0.28%	0.40%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Exercise price	€ 1.00	€ 1.00	€ 1.00	€ 1.00
SFC's share price as of the measurement date	€ 5.25	€ 5.25	€ 5.25	€ 5.25

For the term, the length of time from the measurement date to the end of the respective agreement was used. The share price was obtained from Bloomberg and is the closing price in XETRA trading for June 30, 2015. The volatility shown is based on the historical volatility of the SFC share over time frames matching the respective remaining terms. Volatility expectations are based on the assumption that historic volatility is indicative of future trends. Therefore, the actual volatility that occurs may differ from the assumptions. The expected dividend yield is based on market estimates for SFC's dividend per share in 2015 and 2016.

At June 30, 2015, a SAR plan liability of € 146,061 (€ 146,061 thereof under other long-term liabilities) was recognized under other liabilities (December 31, 2014: € 118,428, with € 118,428 thereof under other long-term liabilities). The amount expensed for the period from January 1 to June 30 was €27,634 (prior-year period: €21,068).

## Sales costs

Sales costs were as follows in the first half of 2015:

	in €	
	01/01 – 06/30/2015	01/01 – 06/30/2014
Personnel costs	3,733,711	3,148,814
Depreciation and amortization	666,267	620,489
Advertising and travel costs	555,027	524,673
Consultancy/commissions	152,414	267,342
Cost of materials	78,406	13,523
Other	730,752	554,495
<b>Total</b>	<b>5,916,579</b>	<b>5,129,335</b>

## Research and development costs

Research and development costs were as follows in the first half of 2015:

	in €	
	01/01 – 06/30/2015	01/01 – 06/30/2014
Personnel costs	1,447,733	1,735,952
Cost of materials	340,650	163,283
Consultancy and patents	235,145	309,212
Other depreciation and amortization	186,287	200,056
Cost of premises	183,893	222,328
Depreciation and amortization of self produced intangible assets	4,161	9,261
Other	164,623	125,926
Set-off against grants	–245,232	–123,472
Capitalization of self-produced intangible assets	–341,268	–120,993
<b>Total</b>	<b>1,975,992</b>	<b>2,521,553</b>



## General administration costs

General administration costs were as follows in the first half of 2015:

	in €	
	01/01 – 06/30/2015	01/01 – 06/30/2014
Personnel costs	1,216,499	1,253,442
Audit and consultancy costs	467,843	318,587
Investor relations/annual meeting	229,782	233,152
Insurance	116,013	97,413
Travel costs	96,559	76,842
Depreciation and amortization	90,084	77,143
Car-operating costs	61,819	63,082
Supervisory Board compensation	56,250	56,250
Costs of hardware and software support	34,677	33,032
Other	352,095	342,225
Set-off against grants	- 53,139	- 32,605
<b>Total</b>	<b>2,668,484</b>	<b>2,518,562</b>

## Other operating income and expenses

The figure for other operating income in the first six months of 2015 predominantly reflects € 79,133 (previous year: € 71,607) in foreign exchange transaction gains and € 11,492 (previous year: € 0) in book profits from asset disposals. The other operating income in the previous year was mostly made up of income of € 14,914 from the reversal of the earn-out liability (contingent consideration) from the Simark acquisition.

Other operating expenses during the first six months of 2015 predominantly comprised foreign exchange transaction losses of € 31,646 (previous year: € 49,634). In the previous year, this item also included book losses from asset disposals of € 5,334.

## Income taxes

As was the case in the consolidated financial statements for the year ended December 31, 2014, deferred tax assets are recognized on tax loss carryforwards of SFC and its subsidiaries only in such an amount as can be offset against deferred tax liabilities, after subtraction of the other deferred tax assets, since it cannot yet be shown with reasonable certainty that a future economic benefit will be drawn from these carryforwards.

## Segment report

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

Sales, gross profit, 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 2015:

Segments	in €					
	Sales		Gross profit		EBITDA	
	01/01 – 06/30/2015	01/01 – 06/30/2014	01/01 – 06/30/2015	01/01 – 06/30/2014	01/01 – 06/30/2015	01/01 – 06/30/2014
Oil & Gas	14,441,003	14,044,725	3,292,641	3,427,149	-467,823	-60,232
Security & Industry	8,028,211	9,725,983	2,712,941	3,545,571	-1,742,767	-852,956
Consumer	2,322,322	2,391,531	557,224	698,903	-495,279	-155,192
<b>Total</b>	<b>24,791,535</b>	<b>26,162,239</b>	<b>6,562,806</b>	<b>7,671,623</b>	<b>-2,705,869</b>	<b>-1,068,380</b>
Depreciation/amortization					-1,225,081	-1,367,387
<b>Operating loss (EBIT)</b>					<b>-3,930,949</b>	<b>-2,435,767</b>

The "Oil & Gas" market covers distribution and service as well as product integration for power supply, instrumentation and automation products for the oil and gas market.

The "Security & Industry" market is highly diversified and could include any area of industry, except oil and gas, where professional users run electrical equipment away from the grid and use SFC's EFOY Pro fuel cell. This includes applications in security and surveillance, traffic management, wind power and environmental technology, as well as defense and security applications for military organizations and government authorities. The product portfolio for this market also includes the portable JENNY, the vehicle-based EMILY, the SFC Power Manager and network solutions. Additionally, PBF sells its high-performance electronic components for integration into precision equipment as well as into testing and metering systems in this segment.

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

## Related-party transactions

There have not been any changes in the group of related parties since preparation of the consolidated financial statements for the year ended December 31, 2014. There were no significant related-party transactions in the first six months of 2015, just as there had been none in the first six months of 2014.

## Employees

SFC employed the following personnel as of the reporting date:

	06/30/2015	06/30/2014
Full-time employees (incl. Management Board)	206	214
Part-time employees	33	33
<b>Total</b>	<b>239</b>	<b>247</b>

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There were also a total of 3 (previous year: 7) trainees, graduates and student trainees at the end of June 2015.

### 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, 8,611,204 at the balance sheet date of June 30, 2015 (previous year: 8,020,045 shares), did not change during the first half of 2015. 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

On July 30, 2015, SFC was awarded a contract by the German Bundeswehr with a value of € 1.3 million.

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

Brunnthal, August 3, 2015

Management Board



Dr. Peter Podesser  
CEO



Steffen Schneider  
CFO



Hans Pol  
CSO

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## 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, August 3, 2015



Dr. Peter Podesser  
CEO



Steffen Schneider  
CFO



Hans Pol  
CSO

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## FINANCIAL CALENDAR 2015

**August 3, 2015** Q2 Report  
**November 10, 2015** Q3 Report  
**November 23, 2015** DVFA Analysts' Conference

## SHARE INFORMATION

Bloomberg Symbol	F3C
Reuters Symbol	CXPNX
WKN	756857
ISIN	DE0007568578
Number of shares	8,611,204
Stock Category	No-par value shares
Stock segment	Prime Standard, Renewable Energies
Stock exchange	Frankfurt, FWB
Designated Sponsors	Oddo Seydler Bank AG, M.M. Warburg & CO

## INVESTOR RELATIONS

SFC Energy AG	Phone: +49 (0)89 / 673 592 – 378
Eugen-Saenger-Ring 7	Fax: +49 (0)89 / 673 592 – 169
85649 Brunnthal	Email: ir@sfc.com
Germany	

## IMPRINT

SFC Energy AG	Responsible: SFC Energy AG
Eugen-Saenger-Ring 7	Editing: SFC Energy AG / CrossAlliance
85649 Brunnthal	communication GmbH
Germany	Concept and Design: Anzinger   Wüschner   Rasp
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.