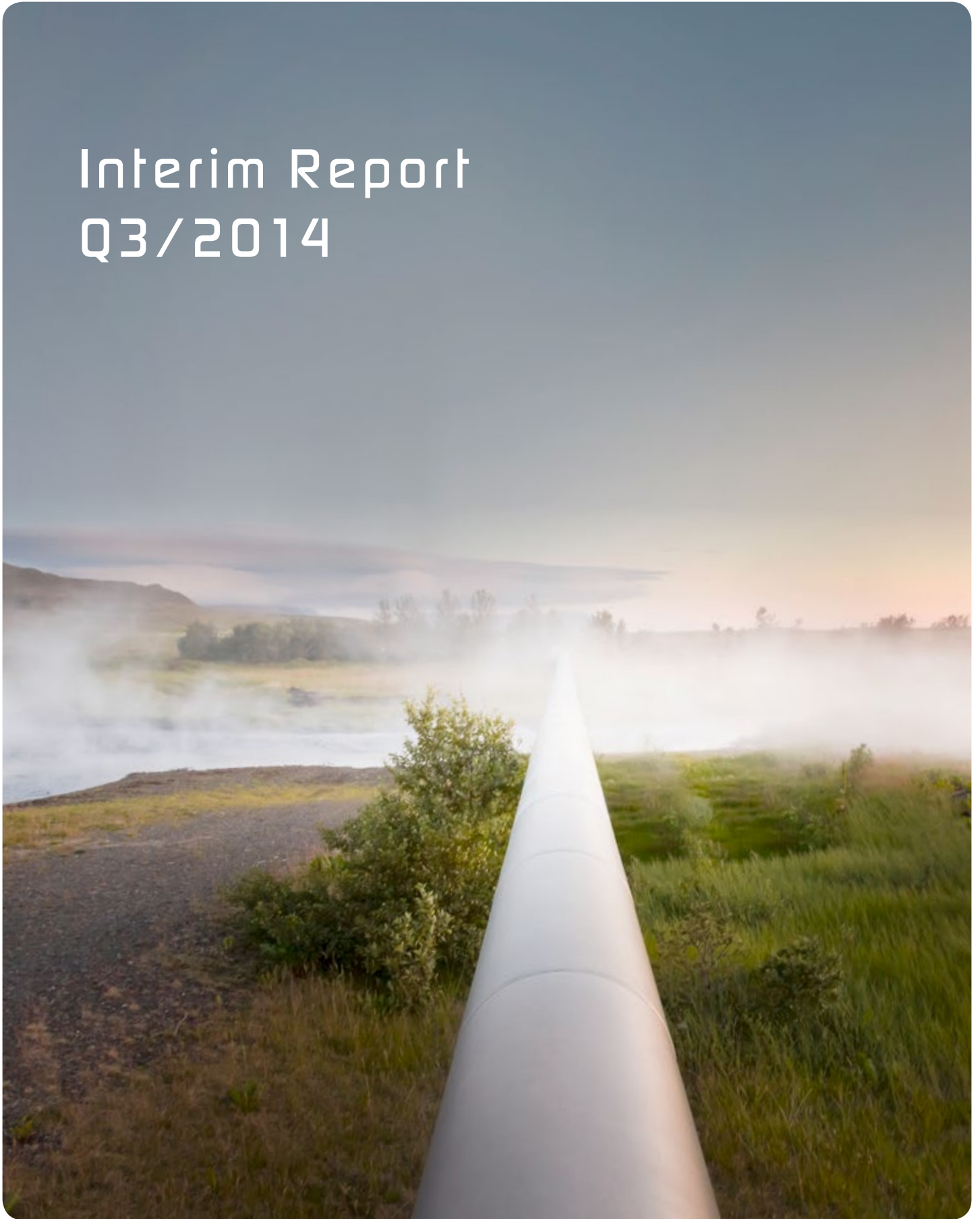


Interim Report Q3/2014



SFC ENERGY AG CONSOLIDATED KEY FIGURES

	in k €					
	01/01 – 09/30/2014	01/01 – 09/30/2013	Change in %	Q3 2014	Q3 2013	Change in %
Sales	37,326	20,585	81.3%	11,164	7,002	59.4%
Gross profit	10,834	6,717	61.3%	3,162	1,975	60.1%
Gross margin	29.0%	32.6%	-	28.3%	28.2%	-
EBITDA	-2,145	-2,003	-7.1%	-1,076	-1,230	12.5%
EBITDA margin	-5.7%	-9.7%	-	-9.6%	-17.6%	-
EBITDA underlying	-1,265	-1,863	32.1%	-770	-1,170	34.2%
EBITDA margin underlying	-3.4%	-9.1%	-	-6.9%	-16.7%	-
EBIT	-4,184	-3,587	-16.6%	-1,748	-1,862	6.1%
EBIT margin	-11.2%	-17.4%	-	-15.7%	-26.6%	-
EBIT underlying	-2,449	-3,302	25.8%	-1,150	-1,655	30.5%
EBIT margin underlying	-6.6%	-16.0%	-	-10.3%	-23.6%	-
Net result	-4,523	-3,600	-25.6%	-1,838	-1,838	0.0%
Net loss per share, diluted	-0.56	-0.48	-16.7%	-0.23	-0.24	4.2%

	in k €		
	09/30/2014	09/30/2013	Change in %
Order backlog	14,562	10,487	38.9%

	in k €		
	09/30/2014	12/31/2013	Change in %
Equity	24,897	29,063	-14.3%
Equity ratio	57.2%	61.0%	-
Balance sheet total	43,563	47,650	-8.6%
Cash (freely available)	2,786	7,143	-61.0%

	09/30/2014	09/30/2013	Change in %
Permanent employees	246	259	-5.0%

DIRECTORS' SHAREHOLDINGS

	09/30/2014
Management Board	
Dr. Peter Podesser	106,800
Hans Pol	116,462
Steffen Schneider	0
Supervisory Board	
Tim van Delden	0
David Morgan	4,000
Hubertus Krossa	0

CONTENT

- 4 INTRODUCTION BY THE MANAGEMENT BOARD**
- 6 THE SHARE**
- 7 BUSINESS REVIEW**
- 7 EARNINGS AND FINANCIAL POSITION**
- 16 REPORT ON RISKS AND OPPORTUNITIES**
- 17 FORECAST REPORT**
- 17 MATERIAL EVENTS AFTER THE BALANCE SHEET DATE**
- 18 INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS AT SEPTEMBER 30, 2014**
- 19 CONSOLIDATED INCOME STATEMENT**
- 19 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
- 20 CONSOLIDATED BALANCE SHEET**
- 22 CONSOLIDATED CASH FLOW STATEMENT**
- 24 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
- 25 NOTES TO THE INTERIM REPORT OF SFC ENERGY AG**
- 33 SHARE INFORMATION / CONTACT / IMPRINT**

4	INTRODUCTION BY THE MANAGEMENT BOARD
6	THE SHARE
7	BUSINESS REVIEW JANUARY 1 – SEPTEMBER 30, 2014
18	INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS AT SEPTEMBER 30, 2014
33	SHARE INFORMATION/CONTACT/IMPRINT

INTRODUCTION BY THE MANAGEMENT BOARD

DEAR SHAREHOLDERS,

In the first nine months of 2014, despite seasonal weakness in the third quarter, SFC Energy has continued on its growth course. In the period from January to September 2014 we generated revenues of EUR 37.3 million. This represents an 81 % increase in revenues over the prior year's figure of EUR 20.6 million. Our order backlog gives us great confidence for the future and stood at EUR 14.6 million at the end of September, 39 % higher than the prior year figure of EUR 10.5 million and higher than the previous quarter (EUR 13.7 million). Particularly encouraging is the fact that this increase has been spread across our business, with all three segments – Oil & Gas, Security & Industry as well as Consumer – showing double-digit growth in order backlog. The high number of new orders is a direct result of our enhanced sales and marketing efforts, particularly in the Industry and Oil & Gas segments. The demand in these segments is strong in Europe and in Canada.

The customary seasonal weakness of the third quarter affected all three segments this year. This phenomenon hit the Security & Industry segment particularly hard with two key projects being postponed, which will now be realized in the last quarter of the year. Third quarter revenues of EUR 11.2 million were significantly above the previous year's figure of EUR 7.0 million, driven in particular by our increasing successes in the Oil & Gas segment. In addition, the signs of increased spending and a lasting recovery in the defense sector are gaining momentum.

Overall, we feel that the encouraging order backlog at September 30 and the traditionally strong business in all market segments at year end will provide the basis for a very strong fourth quarter.

An important milestone and a highlight in the third quarter was the presentation of our new EFOY GO! platform at all the major caravanning trade fairs throughout Europe. This „mobile power outlet,“ which is based on pioneering lithium battery technology, is the portable expansion of our innovative power supply solutions for end-users. Weighing only 5 kg, the light, portable power supply in a sturdy, compact box is intended for new market segments in the consumer and outdoor market areas. In combination with an EFOY fuel cell we see enormous market opportunities in the area of emissions-free emergency home power supply when networks are unstable or in the wake of (natural) disasters – a market that is experiencing massive growth, particularly in the United States and Japan.

Since September 1, we have a new CFO, Steffen Schneider, who is a great addition to our management team. Mr. Schneider is an expert in international finance and capital markets and has assisted SFC Energy for several years as a financial advisor, being responsible among other things, for driving our acquisition projects. In 2007 Mr. Schneider, in his then position as Director and Co-Head of Corporate Finance at Citigroup in Frankfurt, led the project team for the successful IPO of SFC Energy. Together Dr. Peter Podesser, Mr. Schneider will be a key player in furthering the growth of our active international capital market strategy.

4 INTRODUCTION BY THE MANAGEMENT BOARD
6 THE SHARE
7 BUSINESS REVIEW
JANUARY 1 – SEPTEMBER 30, 2014
18 INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS AS AT SEPTEMBER 30, 2014
33 SHARE INFORMATION/CONTACT/IMPRINT

The SFC Energy AG share clearly outperformed the market in the first nine months of 2014, with a price increase of around 54%. SFC shares, which were trading at EUR 3.90 at the start of the 2014 market year, closed at EUR 6.00 at the end of September. Along with investors' significantly increased interest in our company and in the entire fuel cell sector, the volume of SFC shares traded was clearly higher than it has been in the past. Moreover, this shows that our enhanced Investor Relations activities are paying off.

In addition to planned growth in our core markets, we will continue to tap attractive growth opportunities for new applications, with our ongoing innovation and our comprehensive product pipeline. Particularly in the field of back-up and emergency power supply, we see considerable market potential. Through the stronger weighting of the Oil & Gas business, we have succeeded in reducing SFC Energy's dependence on economic fluctuations in the Consumer segment and the high volatility in the Defense sector, thereby making it easier for us to plan for the future with greater certainty. We maintain our expectation of a strong fourth quarter, based on the high order backlog and the traditional year-end business with government customers and in the Oil & Gas sector. In terms of guidance, revenues for 2014 are still expected to be between EUR 55 and 60 million, but most likely toward the lower end of this range. In addition, we expect to break even on an underlying EBITDA basis. These expectations are based on an exchange rate of 1.40 between the Canadian dollar and the euro for the sales and earnings of Simark.

At this point we would like to thank you all for your continued support and the trust you have placed in us. A special word of thanks also goes to our employees for their competence and outstanding commitment, enabling us to realize the results in the past nine months.

With best wishes,

The SFC Energy AG Management Board



Dr. Peter Podesser
CEO



Steffen Schneider
CFO



Hans Pol
CSO

THE SHARE

SFC ENERGY – THE SHARE IN THE FIRST NINE MONTHS OF 2014

The mood on the international equities markets deteriorated noticeably in the third quarter of 2014. Not only geopolitical factors, but also economic fears in particular put pressure on the atmosphere and on stock prices. DAX, the German stock index, has had a bumpy year thus far: First, cheap money from the central banks caused the index to rise sharply. The variable market segment of the DAX exceeded 10,000 points for the first time on June 5, and the German leading index passed that mark for the first time on June 9. Since then, however, the situation has deteriorated. By the end of the third quarter, the DAX had lost 1.8% in value since the beginning of the year. The DAX began its year at 9,598 points on January 2, 2014, and ended the first nine months at 9,474 points on September 30. The TecDAX, on the other hand, gained almost 10% in the first nine months of 2014.

The shares of SFC Energy AG clearly outperformed the market in the first nine months of 2014. They were trading at a price of €3.90 at the beginning of the year, and the price had risen to €6.00 at September 30, 2014. They reached their nine-month high of €6.64 on September 4, 2014. Their low in the first nine months was €3.40 on February 21, 2014. The average daily volume of trading of SFC Energy shares during this period was 7,475 shares (Xetra), up from 4,453 shares in the same period last year. SFC Energy AG's market capitalization increased to €48.12 million at the end of the third quarter, on the basis of 8.02 million shares. The company's stock market value on the 2013 balance sheet date was €31.5 million, based on the same number of shares and a closing price of €3.93 at the end of the year (all information based on Xetra prices).

The significant price increase and the increased volume of trading reflect the greater momentum of our Investor Relations work and an overall significantly greater investor interest in SFC Energy AG and in the fuel cell sector as a whole.

As of the end of the third quarter, there had been no material change in the shareholder structure from the 2013 balance sheet date.

SFC Energy AG shares are traded in the Prime Standard segment of the Frankfurt Stock Exchange. In the third quarter, the research firms of Close Brothers Seydler Research AG and Warburg Research GmbH published an update on the company. In their research studies, the analysts recommend buying the SFC Energy share with target prices of €5.80 to €6.30. First Berlin Equity Research estimates the fair value of the SFC share at €7.40. The complete studies can be downloaded from the Investor Relations / Share portion of the SFC Energy AG website.

Since October 1, 2014, M.M. Warburg & Co has joined Close Brothers Seydler Bank AG in serving as Designated Sponsor for SFC Energy AG. This reflects the increased investor interest in the share and should ensure higher liquidity.

BUSINESS REVIEW

Organizational structure of the Group and locations

The Group comprises SFC Energy AG, Brunnthall, 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).

EARNINGS AND FINANCIAL POSITION

Material events

In the period from December 2, 2013 to June 3, 2014, the Deutsche Prüfstelle für Rechnungslegung DPR e.V. (DPR) conducted a routine audit of the consolidated financial statements at December 31, 2012 and the group management report for fiscal year 2012, pursuant to § 342b (2) of the German Commercial Code.

The result of the audit was that DPR found no accounting errors for fiscal year 2012. In this reporting period, we have already acted on the recommendation for future accounting purposes to report amortization of development costs under production costs instead of under research and development costs on the income statement. The comparison figures in the income statement have been restated accordingly.

There have also been changes to the Management Board.

Mr. Hans Pol was appointed to the Management Board effective January 1, 2014. Mr. Pol is responsible for the sales of SFC and PBF.

The Chief Financial Officer, Mr. Gerhard Inninger, resigned for personal reasons at the end of the Annual General Meeting on May 16, 2014.

The Supervisory Board appointed Mr. Steffen Schneider as the Company's new CFO. He began his employment as Chief Financial Officer on September 1, 2014.

Research and development

The focus of SFC's research and development activities in the first nine months of 2014 was as follows:

- SFC continued to make quality improvements to its series products.
- In the defense market, it successfully delivered higher-output portable pre-series products to military customers. The quality of the products for the defense market was also further enhanced.

- 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.
- It conducted tests 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.
- PBF also continued its research in the area of buck-boost PFC converters that should lead to greater efficiency over a large input voltage range.
- Two new projects were started.

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

- Testing and optimization of a range of energy solutions that help customers use and reliably power a vast array of industrial applications under the harshest of conditions.
- Design and development of the new product platform EFOY GO!, and evaluation and qualification of individual components of the new product platform EFOY GO!.

SFC and Simark teamed up to carry out the following project:

- Testing and release of the EFOY ProCabinet as the basis for energy solutions in extreme weather conditions.

Earnings position

The SFC Group (the "Group") posted sales of €37,326k in the first three quarters of 2014, for an increase of 81.3% from the prior-year period (€20,585k).

This figure includes €20,717k in sales from the Canadian firm Simark Controls Ltd., of Calgary, Canada (Simark), which was acquired in the summer of 2013 and initially consolidated as of September 1, 2013. Because of this acquisition, there is only limited comparability with last year's figures, which only included Simark for the month of September 2013 (€1,825k). A total of €6,678k of the Simark sales revenues was generated during the third quarter of 2014.

SFC achieved sales of €7,573k in the first nine months of 2014. Third-quarter sales of €8,684k were down by 12.8% from the same period last year. SFC's sales of €1,742k in the third quarter of 2014 were down from the prior year's figure of €2,220k.

Sales by PBF during the first nine months of 2014 were €9,036k, 10.3% lower than its prior-year sales of €10,076k. PBF's third-quarter sales were €2,744k (prior year: €2,957k).

Consolidated sales during the reporting period, at €37,326k, were below expectations.

EBIT decreased year-on-year from minus €3,587k to minus €4,184k during the first nine months of 2014. It bears noting that the figure for the first nine months of 2014 reflects €1,735k in non-recurring effects relating to the Simark acquisition, while the figure for the first nine months of 2013 reflected €921k reversed to income from an earn-out liability for PBF, on the one hand, and acquisition-related expenses of €159k on the other. If the one-time effects of €1,735k in the 2014 reporting period are ignored, underlying EBIT improved from minus €3,302k in the same period last year to minus €2,449k in the first nine months of 2014.

EBIT improved during the third quarter of 2014 from minus €1,862k during the previous year to minus €1,748k.

There was negative EBITDA in the amount of €2,145k during the first nine months of 2014, following minus €2,003k during the same period in 2013. Underlying EBITDA improved during the reporting period from minus €1,863k to minus €1,265k.

EBITDA for the third quarter of 2014 improved to minus €1,076k, versus minus €1,230k 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 (€880k)
- Depreciation/amortization and expenses relating to the purchase price allocation (€855k)

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

	in k€	
	EBIT	EBITDA
Result according to the income statement	-4,184	-2,145
Production costs of work performed to generate sales		
Purchase price allocation, amortization of order book	72	0
Cash component from the Simark acquisition, personnel costs	146	146
Sales costs		
Cash component from the Simark acquisition, personnel costs	552	552
Purchase price allocation, amortization of customer relationships and trademarks	783	0
Bonus for key employees, personnel costs	51	51
General administration costs		
Cash component from the Simark acquisition, personnel costs	146	146
Other operating income		
Earn-out liability from the Simark acquisition	-15	-15
Total one-off effects	1,735	880
Underlying result	-2,449	-1,265

Sales by segment

The following table shows a comparison of segment sales for the first nine months and third quarter of 2014 and 2013:

SALES BY SEGMENT (UNAUDITED)						in k €
Segment	Quarter 1-3			3rd Quarter		
	2014	2013	Change in %	2014	2013	Change in %
Oil & Gas	20,722	2,128	> 100%	6,678	1,830	> 100%
Security & Industry	13,412	14,650	-8.5%	3,686	4,229	-12.8%
Consumer	3,192	3,807	-16.2%	800	943	-15.2%
Total	37,326	20,585	81.3%	11,164	7,002	59.4%

The Oil & Gas segment experienced significant growth, and nearly all its revenues in 2014 have come from Simark. Most of Simark's transactions are in CAD. Sales in the first three quarters of 2014 were CAD 30.7 million or € 20.7 million and came exclusively from the sale and integration of products for the North American oil and gas market.

In the Security & Industry market, the number of fuel cells remained practically unchanged, at 599 (prior year: 612). SFC's sales decreased accordingly, by 4.3% from € 4,574k to € 4,376k. Sales to defense customers were lower than during the previous year at € 1,055k (prior year: € 1,593k).

All of PBF's sales were generated in the Security & Industry segment. In the first nine months of 2014 its sales were € 9,036k (previous year: € 10,076k). The decrease at PBF was again attributable to the discontinuation of a serial order in the first quarter of 2014.

In the Consumer market, sales receded by € 615k, or 16.2% with the number of fuel cells sold decreasing from 1,312 to 1,129. Higher sales in Scandinavia were unable to sufficiently offset lower sales on the French and German market related to the economic situation.

The following table shows a comparison of segment sales for the first nine months of 2014 and 2013 according to the previous basis of segmentation:

SALES BY SEGMENT (UNAUDITED)						in k €
Segment	Quarter 1-3			3rd Quarter		
	2014	2013	Change in %	2014	2013	Change in %
Industry	33,079	14,690	> 100%	10,177	5,302	91.9%
Consumer	3,192	3,807	-16.2%	800	943	-15.2%
Defense & Security	1,055	2,088	-49.5%	187	757	-75.3%
Total	37,326	20,585	81.3%	11,164	7,002	59.4%

Sales by region

Sales by region evolved as follows:

SALES BY REGION (UNAUDITED)						in k €
Region	Quarter 1-3			3rd Quarter		
	2014	2013	Change in %	2014	2013	Change in %
North America	21,694	3,494	> 100%	6,817	2,163	> 100%
Europe and ROW	15,632	17,091	-8.5%	4,347	4,839	-10.2%
Total	37,326	20,585	81.3%	11,164	7,002	59.4%

The increase in North America is attributable to the first-time inclusion of Simark's sales in the Oil & Gas segment, which totaled €20,717k.

SFC posted a 6.9% 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 9.8%.

Gross profit

Total gross profit in the first three quarters of 2014 was €10,834k (previous year: €6,717k), or 29.0% gross margin (previous year: 32.6%). The decrease in the margin at Group level is largely attributable to the fact that the Oil & Gas segment accounted for more than half of revenues. The margin in that segment was around 25% due to Simark's different business model, while the cumulative gross margin of SFC and PBF averages around 35%.

The Group's third-quarter gross profit came to €3,162k, or 28.3% gross margin, compared with €1,975k, or 28.2% last year.

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

GROSS PROFIT (UNAUDITED)						in k €
Segment	Quarter 1-3			3rd Quarter		
	2014	2013	Change in %	2014	2013	Change in %
Oil & Gas	5,153	453	> 100%	1,726	290	> 100%
Security & Industry	4,787	5,163	-7.3%	1,242	1,492	-16.8%
Consumer	894	1,101	-18.8%	194	193	0.5%
Total	10,834	6,717	61.3%	3,162	1,975	60.1%

The gross profit in the Oil & Gas segment was €5,153k, or 24.9% gross margin, and therefore in line with expectations both in percentage and absolute terms.

The Security & Industry segment's gross profit was €4,787k, which was below the previous year's €5,163k. The gross margin rose from 35.2% to 35.7%.

The gross margin in the Consumer segment was 28.0% (previous year: 28.9%). The main reason for this was the decrease in sales, accompanied by no change in the overhead structure.

Sales costs

Because of the consolidation of Simark, sales costs rose by 71.7%, from €4,537k to €7,788k.

It is important to note that the sales costs shown above include special effects in the total amount of €1,386k.

As a percentage of sales, sales costs improved to 20.9% this year versus 22.0% this time a year ago.

Research and development costs

Research and development costs rose from €3,091k to €3,544k in the first nine months of 2014. In relation to sales, R&D costs decreased to 9.5% (previous year: 15.0%) due to lower R&D expenses in percentage terms at Simark.

SFC's research and development costs increased, from €1,264k, or 14.6% of its sales, to €1,312k, or 17.3% of its sales.

PBF's research and development costs increased to €1,939k (previous year: €1,816k), or 21.5% of its sales (previous year: 18.0%).

We capitalized €211k in development work in the first three quarters of 2014, versus €159k 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 nine months of 2014 totaled €4,178k, which represents a decrease of 1.5% from the previous year's €4,243k.

General administration costs

General administration costs increased to €3,789k in the first three quarters of 2014 (previous year: €2,522k).

Of note is the €146k in personnel costs reported as administration costs, representing a cash component from the Simark acquisition.

As a percentage of sales, administration costs improved to 10.2% this year versus 12.3% this time a year ago.

Other operating income

The largest items in other operating income of €175k were foreign exchange transaction gains of €111k and €15k reversed to income from the earn-out liability for Simark. Last year's figure for other operating income primarily reflected €921k in income from reversal of the earn-out liability for PBF.

Other operating expenses

The €71k in other operating expenses predominantly reflects foreign exchange transaction losses of €52k. The largest items last year were acquisition costs of €1,048k and foreign exchange transaction losses of €191k.

Operating result (EBIT)

Group EBIT decreased from minus €3,587k to minus €4,184k in the first nine months of 2014. The EBIT margin improved from minus 17.4% to minus 11.2%.

Adjusted for the one-off effects mentioned earlier, underlying EBIT in the first nine months improved to minus €2,449k (previous year: minus €3,302k), or minus 6.6% of sales.

EBIT in the third quarter of 2014 improved to minus €1,748k, following minus €1,862k in the third quarter of 2013.

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

EBITDA deteriorated from minus €2,003k to minus €2,145k in the same period a year ago. The EBITDA margin improved from minus 9.7% to minus 5.7%.

Adjusted for the one-off effects mentioned earlier, underlying EBITDA in the first nine months improved to minus €1,265k (previous year: minus €1,863k), or minus 3.4% of sales.

EBITDA in the third quarter of 2014 improved to minus €1,076k, following minus €1,230k in the third quarter of 2013.

Interest and similar income

Interest and similar income fell from €60k to €12k, primarily due to decreased liquidity and the lower interest rate.

Interest and similar expenses

Interest and similar expenses were €227k (previous year: €113k) and consisted mostly of interest on liabilities to banks.

Net result

The net result decreased from a loss of €3,600k during the prior-year period to a loss of €4,523k.

Overall, the net result as a percentage of sales improved to minus 12.1%, as compared to minus 17.5% in the same period last year.

The net result for the third quarter was a loss of €1,838k, the same amount as a year ago.

Earnings per share

Earnings per share under IFRS (diluted) were negative at €0.56 (previous year: minus €0.48). Third-quarter earnings per share improved in 2014 from minus €0.24 to minus €0.23, when compared with the same period a year ago.

New orders and order backlog

New orders totaling €34,252k were received in the first nine months of 2014. New orders of €16,317k had been received in the same period a year ago. However, only the month of September 2013 at Simark was included at that time.

Its order backlog at September 30, 2014 improved to €14,562k (previous year: €10,487k).

Of this amount, €7,260k is attributable to the Security & Industry segment (previous year: €5,372k), €7,255k to the Oil & Gas segment (previous year: €5,095k) and €47k to the Consumer segment (previous year: €20k).

Financial position

Capital expenditures

Development costs of €211k for SFC and PBF products were capitalized during the first nine months of 2014 (previous year: €159k). Investments were also made in software and hardware (€150k) and equipment (€69k). Total capital expenditures during the reporting period came to €489k (previous year: €573k).

Liquidity

Net cash outflows decreased to €4,363k in the first nine months of 2014, compared with €14,262k the year before. The reason for this was that the cash outflows in the previous year period were impacted by the acquisition of Simark.

Freely available cash and cash equivalents at the end of September 2014 totaled €2,786k, lower than the €8,354k available at the end of September 2013, essentially due to the result in 2014 and the cash outflow from the acquisition of Simark.

Cash flow from ordinary operations

The net cash outflow from ordinary operations of €2,650k in the first nine months of 2014 was much lower than a year earlier (previous year: net outflow of €11,484k).

Cash flow from investment activity

Net cash used for investment activity totaled €1,461k in the period under review (previous year: €6,103k).

In 2014, €950k has been paid in connection with the earn-out from the Simark acquisition.

Cash flow from financial activity

The cash flow from financial activity shows the change in PBF's and Simark's liabilities to banks, particularly due to scheduled payments on the loan from the Simark acquisition, a further drawdown on CAD 1.3 million under the loan, as well as interest paid.

Assets and liabilities

The balance sheet and balance sheet ratios changed as follows during the first nine months of 2014:

Total assets fell by 8.6% from €47,650k at December 31, 2013 to €43,563k at September 30, 2014.

Due to the result, the equity ratio decreased from 61.0% to 57.2%.

Inventories, trade accounts receivable and receivables from percentage-of-completion increased by €1,883k or 11.0%.

The most significant intangible assets are the goodwill of Simark in the amount of €7,411k (€7,126k), 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 €2,859k (€3,616k) and PBF in the amount of €1,559k (€1,845k) and capitalized development costs in the amount of €1,163k (€1,265k). The decrease in other intangible assets relating to the Simark and PBF acquisitions reflects the amortization of the customer relationships, technology and order books acquired. With respect to capitalized development costs, €211k was capitalized and €313k was amortized in the first nine months of 2014.

Non-current assets decreased from €21,715k to €20,518k. The share of non-current assets in total assets climbed from 45.6% to 47.1% 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 increased from €18,587k to €18,666k, thus remaining practically unchanged. Material positions here included the payment of the earn-out of €950k on the acquisition of Simark, and an additional loan in the amount of CAD 1.3 million.

Altogether, liabilities made up 42.8% of total liabilities and shareholders' equity (December 31, 2013: 39.0%).

With the net loss for the period, shareholders' equity decreased to €24,897k at September 30, 2014, against €29,063k at December 31, 2013. Subscribed capital and the capital surplus were unchanged.

Employees

The number of permanent employees was as follows as of September 30, 2014:

EMPLOYEES			
	09/30/2014	09/30/2013	Change
Management Board	3	2	1
Research and development	54	60	-6
Production, logistics, quality management	95	96	-1
Sales & Marketing	69	74	-5
Administration	25	27	-2
Permanent employees	246	259	-13

The Group employed 7 (previous year: 5) trainees, graduates and student trainees as of September 30, 2014. Of the permanent employees, 73 (previous year: 87) worked for SFC, 97 (previous year: 101) for PBF and 76 for Simark (previous year: 71).

REPORT ON RISKS AND OPPORTUNITIES

We believe that the Group's opportunities have not changed since the publication of our 2013 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 2013 annual report and 2014 half-year report, with the following exceptions:

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 increase in May 2007. However, liquidity reserves have decreased from their level at the end of 2013, due to the cash outflow during the first nine months of 2014.

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 year 2014 and projects that the Group's total sales will be between € 55 and € 60 million, but most likely toward the lower end of this range. In addition, we expect to break even on an underlying EBITDA basis. These expectations are based on an exchange rate of 1.40 between the Canadian dollar and the euro for the sales and earnings of Simark.

MATERIAL EVENTS AFTER THE BALANCE SHEET DATE

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

Brunnthal, November 6, 2014

The Management Board



Dr. Peter Podesser
CEO



Steffen Schneider
CFO



Hans Pol
CSO

4	INTRODUCTION BY THE MANAGEMENT BOARD
6	THE SHARE
7	BUSINESS REVIEW JANUARY 1 – SEPTEMBER 30, 2014
18	INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS AT SEPTEMBER 30, 2014
33	SHARE INFORMATION/CONTACT/IMPRINT

INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS AT SEPTEMBER 30, 2014

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

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

INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS AT SEPTEMBER 30, 2014

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED INCOME STATEMENT FROM JANUARY 1 TO SEPTEMBER 30, 2014

	in €			
	9 Months 2014 01/01–09/30	9 Months 2013 01/01–09/30	3rd Quarter 2014 07/01–09/30	3rd Quarter 2013 07/01–09/30
Sales	37,325,845	20,584,629	11,163,606	7,002,422
Production costs of work performed to generate sales ¹	-26,492,122	-13,867,863	-8,001,506	-5,027,809
Gross profit	10,833,723	6,716,766	3,162,100	1,974,613
Sales costs	-7,788,364	-4,537,115	-2,659,029	-1,742,435
Research and development costs	-3,544,006	-3,090,678	-1,022,453	-1,116,568
General administration costs ¹	-3,789,258	-2,521,997	-1,270,696	-842,501
Other operating income	175,690	1,093,083	57,607	461,187
Other operating expenses	-71,310	-1,247,488	-15,286	-595,853
Operating loss	-4,183,525	-3,587,429	-1,747,757	-1,861,557
Interest and similar income	11,736	60,306	2,872	14,838
Interest and similar expenses	-226,835	-113,145	-78,308	-42,264
Loss from ordinary operations	-4,398,624	-3,640,268	-1,823,193	-1,888,982
Income taxes	-123,922	39,942	-15,175	50,502
Consolidated net loss	-4,522,547	-3,600,326	-1,838,369	-1,838,480
NET LOSS PER SHARE				
undiluted	-0.56	-0.48	-0.23	-0.24
diluted	-0.56	-0.48	-0.23	-0.24

¹ Adjusted from previous year's figures. For further explanations see "accounting principles".

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM JANUARY 1 TO SEPTEMBER 30, 2014

	in €			
	9 Months 2014 01/01–09/30	9 Months 2013 01/01–09/30	3rd Quarter 2014 07/01–09/30	3rd Quarter 2013 07/01–09/30
Consolidated net loss	-4,522,547	-3,600,326	-1,838,369	-1,838,480
OCI items that may be recycled to profit or loss in the future:				
Result from currency translations	356,556	-201,145	328,156	-185,021
Total other results	356,556	-201,145	328,156	-185,021
Total comprehensive income	-4,165,991	-3,801,471	-1,510,213	-2,023,501

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

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

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2014

	09/30/2014	12/31/2013
		in €
Current Assets	23,045,090	25,934,454
Inventories	8,436,252	7,713,256
Trade accounts receivable	9,930,407	9,258,049
Receivables from Percentage-of-Completion	705,962	217,932
Income tax receivables	3,057	110,014
Other short-term assets and receivables	898,059	1,207,667
Cash and cash equivalents	2,786,354	7,142,536
Cash and cash equivalents with limitation on disposal	285,000	285,000
Non-current assets	20,517,701	21,715,222
Intangible assets	18,206,198	19,053,809
Property, plant and equipment	1,996,283	2,295,999
Deferred tax assets	315,221	365,414
Assets	43,562,791	47,649,676

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2014

	in €	
	09/30/2014	12/31/2013
Current liabilities	12,505,421	12,669,182
Provisions for taxes	4,497	88,466
Other provisions	639,164	713,710
Liabilities to banks	1,668,967	2,139,136
Liabilities from prepayments	5,064	13,894
Trade accounts payable	6,850,504	5,086,833
Liabilities under finance lease	53,838	51,771
Liabilities from percentage-of-completion	70,698	1,172,797
Other short-term liabilities	3,212,689	3,329,640
Income tax liabilities	0	72,937
Non-current liabilities	6,160,404	5,917,537
Other long-term provisions	1,776,321	1,799,661
Liabilities to banks	2,803,538	2,281,526
Liabilities under finance lease	31,987	30,759
Other long-term liabilities	118,515	70,648
Deferred tax liabilities	1,430,042	1,734,944
Equity	24,896,966	29,062,957
Subscribed capital	8,020,045	8,020,045
Capital surplus	69,569,925	69,569,925
Other changes in equity not affecting profit or loss	-307,747	-664,303
Consolidated net loss	-52,385,256	-47,862,710
Liabilities and shareholders' equity	43,562,791	47,649,676

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED CASH FLOW STATEMENT FROM JANUARY 1 TO SEPTEMBER 30, 2014

	in €	
	01/01 – 09/30/2014	01/01 – 09/30/2013
Cash flow from ordinary operations		
Result before taxes	-4,398,624	-3,640,268
+ Net interest result	215,099	52,839
+ Depreciation/amortization and write up of intangible assets and property, plant and equipment	2,038,656	1,584,287
+ Expenses from Long Term Incentive Plan/SAR Plan	118,515	68,704
- Changes in allowances	-23,609	-66,727
+ Losses from disposal of property, plant and equipment	6,699	66
- Other non-cash income	-91,487	-191,058
Changes to operating result before working capital	-2,134,751	-2,192,157
- Changes to provisions	-164,091	-11,561
- Changes to trade accounts receivable	-440,206	-261,667
- Changes to inventories	-590,204	-219,968
- Changes to other receivables and assets	-136,652	-894,891
+/- Changes to trade accounts payable	1,553,853	-1,203,540
- Changes to other liabilities	-415,479	-6,654,820
Cash flow from ordinary operations before taxes	-2,327,530	-11,438,604
- Income tax payments	-322,164	-45,743
Cash flow from ordinary operations	-2,649,694	-11,484,347

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED CASH FLOW STATEMENT FROM JANUARY 1 TO SEPTEMBER 30, 2014

	in €	
	01/01 – 09/30/2014	01/01 – 09/30/2013
Cash flow from investment activity		
- Investments in intangible assets from development projects	-211,324	-159,010
- Investments in other intangible assets	-109,914	-104,700
- Investments in property, plant and equipment	-168,249	-309,336
- Cash outflows for the acquisition of subsidiaries, less acquired cash	0	-5,584,951
- Cash outflows for the acquisition of subsidiaries, acquired in other reporting periods	-984,084	0
+ Interest and similar income	11,583	54,808
+ Proceeds from disposal of property, plant and equipment	1,199	0
Cash flow from investment activity	-1,460,789	-6,103,190
Cash flow from financial activity		
+ Raising of financial debt	876,899	3,360,431
- Repayment of financial debt	-965,254	0
- Interest paid and other expenses	-164,312	-35,362
Cash flow from financial activity	-252,667	3,325,069
Net change in cash and cash equivalents	-4,363,150	-14,262,468
Currency effects on cash and cash equivalents	6,968	-8,843
Net change in cash and cash equivalents		
Cash and cash equivalents at beginning of period	7,142,536	22,625,515
Cash and cash equivalents at end of period	2,786,354	8,354,204
Net change in cash and cash equivalents	-4,363,150	-14,262,468

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1 TO SEPTEMBER 30, 2014

	Subscribed capital	Capital surplus	Other changes in equity not effecting profit or loss	Net accumulated loss	in € Total
As at 01/01/2013	7,502,887	67,878,818	-37,087	-38,950,824	36,393,794
Total comprehensive income for the period					
Consolidated net loss 01/01-09/30/2013				-3,600,326	-3,600,326
Result from currency translation recognized in equity			-201,145		-201,145
Capital increase					
Issuance of shares for the acquisition of Simark	517,158	1,691,107			2,208,265
As at 09/30/2013	8,020,045	69,569,925	-238,232	-42,551,150	34,800,588
Total comprehensive income for the period					
Consolidated net loss 10/01-12/31/2013				-5,311,560	-5,311,560
Result from currency translation recognized in equity			-426,071		-426,071
As at 12/31/2013	8,020,045	69,569,925	-664,303	-47,862,710	29,062,957
Total comprehensive income					
Consolidated net loss 01/01-09/30/2014				-4,522,547	-4,522,547
Result from currency translation recognized in equity			356,556		356,556
As at 09/30/2014	8,020,045	69,569,925	-307,747	-52,385,256	24,896,966

NOTES TO THE INTERIM REPORT OF SFC ENERGY AG

Information about the Company

SFC Energy AG (the “Company” or “SFC”) is a stock corporation domiciled in Germany. The Company’s headquarters is located at Eugen-Sänger-Ring 7, 85649 Brunthal. 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’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, as well as mechanical, electronic and electrical instruments to monitor and control production processes.

The Company is listed in the Prime Standard segment of the Frankfurt Stock Exchange (WKN 756857, ISIN: DE0007568578).

Accounting principles

This interim report was prepared in accordance with International Financial Reporting Standards (IFRS), as they are to be applied in the European Union. The principal accounting policies used by the Company to prepare its consolidated financial statements for the financial year ended December 31, 2013 were also used to prepare the interim financial statements.

There has been a change compared with the accounting policies applied to the amortization of development costs in the consolidated financial statements for the year ended December 31, 2013. In the previous year, this amortization was reported under research and development costs. Now, as in the previous quarter, it is being shown under production costs. The prior-year figures have been restated accordingly.

The quarterly financial statements of SFC Energy AG for the financial period January 1 to September 30, 2014, have been prepared in accordance with IAS 34 “Interim Financial Reporting” as a set of condensed financial statements. These condensed financial statements do not contain all of the information required for a complete set of financial statements for a full financial year and should, therefore, be read in conjunction with the consolidated financial statements for the year ended December 31, 2013.

In addition to the standards and interpretations applied as at December 31, 2013, the following standards were applicable for the first time, but had no impact on the consolidated financial statements:

- IAS 27 “Separate Financial Statements” (2011)
- IAS 28 “Investments in Associates and Joint Ventures” (2011)
- IAS 32 “Financial Instruments: Presentation” (2011)
- IAS 36 “Impairment of Assets” (2013)
- IAS 39 “Financial Instruments: Recognition and Measurement” (2013)

- IFRS 10 “Consolidated Financial Statements” (2011)
- IFRS 11 “Joint Arrangements” (2011)
- IFRS 12 “Disclosure of Interests in Other Entities” (2011)
- Amendments to IFRS 10 “Consolidated Financial Statements, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosure of Interests in Other Entities” (2012)
- Amendments to IFRS 10 “Consolidated Financial Statements,” IFRS 12 “Disclosure of Interests in Other Entities” and IAS 27 “Separate Financial Statements” (2012)
- IFRIC 21 “Levies” (2013)

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 € 705,962 in the first nine months of 2014 (December 31, 2013: € 217,932) and liabilities from percentage-of-completion in the amount of € 70,698 (December 31, 2013: € 1,172,797).

Other short-term assets and receivables

The Company had other short-term assets of € 898,059 as of the reporting date (December 31, 2013: € 1,207,667). The decrease is mainly due to lower VAT receivables, which stood at € 146,823 (December 31, 2013: € 312,553).

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 2014. 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 September 30, 2014, a liability of €0 was recognized under other liabilities (€0 thereof under other long-term liabilities) (December 31, 2013: €77,161, with €0 thereof under other long-term liabilities). The amount expensed for the period from January 1 to September 30 was €0 (prior-year period: €68,704).

The following parameters were used in the measurement:

Measurement date	09/30/2014
Remaining term (in years)	0.25 – 1.25
Expected volatility	41.36% – 60.61%
Risk-free interest rate	–0.07% – –0.05%
Share price as of the measurement date	€6.00

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 Management Board members Dr. Podesser (tranche PP1), Mr. Schneider (tranche StS1) and Mr. Pol (tranche HP1). 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.

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 for the beneficiaries that will expire as at the respective expiration date is as follows:

Reference price in €	Tranche PP1 of SAR expiring on April 1, 2015	Tranche PP1 of SAR expiring on April 1, 2016	Tranche PP1 of SAR expiring on April 1, 2017	Tranche HP1 of SAR expiring on January 1, 2015	Tranche StS1 of SAR expiring on Sept. 1, 2015	Tranche StS1 of SAR expiring on Sept. 1, 2016	Tranche StS1 of SAR expiring on Sept. 1, 2017
< 5.00	120,000	120,000	120,000	90,000	60,000	60,000	60,000
5.00 – 5.99	110,000	110,000	110,000	82,500	55,000	55,000	55,000
6.00 – 6.99	100,000	100,000	100,000	75,000	50,000	50,000	50,000
7.00 – 7.99	90,000	90,000	90,000	67,500	45,000	45,000	45,000
8.00 – 8.99	80,000	80,000	80,000	60,000	40,000	40,000	40,000
9.00 – 9.99	70,000	70,000	70,000	52,500	35,000	35,000	35,000
10.00 – 10.99	60,000	60,000	60,000	45,000	30,000	30,000	30,000
11.00 – 11.99	50,000	50,000	50,000	37,500	25,000	25,000	25,000
12.00 – 13.99	40,000	40,000	40,000	30,000	20,000	20,000	20,000
14.00 – 15.99	30,000	30,000	30,000	22,500	15,000	15,000	15,000
≥ 16.00	0	0	0	0	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.

The status of the SARs in 2014 is shown in the following table:

	Tranche PP1	Tranche HP1	Tranche StS1
Number of stock appreciation rights	360,000	90,000	180,000
Maximum term (years)	7,00	7,00	7,00
Outstanding phantom shares at the beginning of the reporting period (1/1/2014)	0	0	0
Phantom shares awarded during the reporting period	360,000	90,000	180,000
Phantom shares forfeited during the reporting period	0	0	0
Phantom shares exercised during the reporting period	0	0	0
Phantom shares expired during the reporting period	0	0	0
Outstanding phantom shares at the end of the reporting period (9/30/2014)	360,000	90,000	180,000
Phantom shares available for exercise at the end of the reporting period (9/30/2014)	0	0	0
The following parameters were used in the measurement at 9/30/2014:			
Measurement date	9/30/2014	9/30/2014	9/30/2014
Remaining term (in years)	6.50	6.25	6.93
Volatility	43.18%	41.36%	43.88%
Risk-free interest rate	0.38%	0.34%	0.44%
Expected dividend yield	0.00%	0.00%	0.00%
Exercise price	1.00 €	1.00 €	1.00 €
SFC's share price as of the measurement date	6.00 €	6.00 €	6.00 €

For the term, the length of time from the measurement date to the end of the respective agreement was used. The share price given was the closing price in XETRA trading for September 30, 2014. 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 2014 and 2015.

At September 30, 2014, a liability of € 118,515 was recognized under other liabilities (€ 118,515 thereof under other long-term liabilities) (December 31, 2013: € 0, with € 0 thereof under other long-term liabilities). The amount expensed for the period from January 1 to September 30 was € 118,515 (prior-year period: € 0).

Sales costs

Sales costs were as follows in the first nine months of 2014:

	in €	
	01/01 – 09/30/2014	01/01 – 09/30/2013
Personnel costs	4,744,790	2,278,486
Depreciation and amortization	940,817	268,465
Advertising and travel costs	809,599	715,736
Consultancy/commissions	408,919	658,306
Cost of materials	22,891	78,283
Other	861,348	537,839
Total	7,788,364	4,537,115

Research and development costs

Research and development costs were as follows the first nine months of 2014:

	in €	
	01/01 – 09/30/2014	01/01 – 09/30/2013
Personnel costs	2,490,562	2,348,799
Consultancy and patents	403,963	363,964
Cost of materials	326,158	363,971
Cost of premises	320,976	306,927
Other depreciation and amortization	300,272	269,266
Depreciation and amortization of self produced intangible assets	13,891	20,587
Other	179,612	176,137
Capitalization of self-produced intangible assets	–211,324	–159,010
Set-off against grants	–280,103	–599,963
Total	3,544,006	3,090,678

General administration costs

General administration costs were as follows in the first nine months of 2014:

	in €	
	01/01 – 09/30/2014	01/01 – 09/30/2013
Personnel costs	1,899,127	1,266,860
Audit and consultancy costs	486,809	338,352
Investor relations/annual meeting	336,933	152,225
Insurance	151,935	127,738
Depreciation and amortization	113,486	108,570
Travel costs	103,581	81,608
Car-operating costs	89,666	79,442
Supervisory Board compensation	84,375	84,375
Costs of hardware and software support	48,352	39,579
Other	533,210	411,257
Set-off against grants	- 58,214	- 168,009
Total	3,789,258	2,521,997

Other operating income and expenses

The figure for other operating income in the first nine months of 2014 predominantly reflects the € 15,122 (previous year: € 0) in income from reversal of the earn-out liability (contingent consideration) from the Simark acquisition as well as foreign exchange transaction gains of € 111,357 (previous year: € 129,571). The other operating income in the previous year mostly reflected the reversal of the earn-out liability of € 921,331 from the PBF acquisition.

Other operating expenses predominantly reflects foreign exchange transaction losses of € 51,766 (previous year: € 191,248) during the first nine months of 2014. Last year's figure mostly reflected expenses of € 1,048,103 for the acquisition of Simark Controls Ltd.

Income taxes

As was the case in the consolidated financial statements as of and for the year ended December 31, 2013, 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 implementing the realignment of its business with the core markets "Oil & Gas," "Security & Industry" and "Consumer". The segment reporting for the first nine months of 2014 and prior-year figures were adjusted to fit the new internal reporting structure.

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 nine months of 2014:

Segment	in €					
	Sales		Gross profit		EBITDA	
	01/01 – 09/30/2014	01/01 – 09/30/2013	01/01 – 09/30/2014	01/01 – 09/30/2013	01/01 – 09/30/2014	01/01 – 09/30/2013
Oil & Gas	20,722,445	2,128,004	5,152,962	452,583	-283,872	-1,528,047
Security & Industry	13,411,670	14,649,411	4,787,310	5,163,046	-1,500,870	-297,795
Consumer	3,191,730	3,807,214	893,451	1,101,137	-360,127	-177,300
Total	37,325,845	20,584,629	10,833,723	6,716,766	-2,144,869	-2,003,142
Depreciation/amortization					-2,038,656	-1,584,287
Operating loss (EBIT)					-4,183,525	-3,587,429

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 JENNY 600S, the vehicle-based EMILY 3000, the EMILYCube 2500, the SFC Power Manager and network solutions. Additionally, PBF sells its high-performance electronic components for integration into precision defense 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 been changes in the group of related parties since preparation of the consolidated financial statements for the year ended December 31, 2013. Mr. Hans Pol was appointed to the Management Board effective January 1, 2014 and is responsible for the sales of SFC and the PBF Group. Effective May 16, 2014, Mr. Gerhard Inninger resigned from the Management Board. In addition, the Supervisory Board appointed Steffen Schneider as the Company’s new CFO effective September 1, 2014. Other than that, there have been no changes in the group of related parties since preparation of the consolidated financial statements for the year ended December 31, 2013. There were no significant related party transactions in the first nine months of 2014, just as there had been none in the first nine months of 2013.

Employees

SFC employed the following personnel as of the reporting date:

	09/30/2014	09/30/2013
Full-time employees (incl. Management Board)	213	224
Part-time employees	33	35
Total	246	259

There were also a total of 7 (previous year: 5) trainees, graduates and student trainees at the end of September 2014.

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, 8,020,045 at the balance sheet date of September 30, 2014 (previous year: 7,502,887 shares), did not change during the first nine months of 2014. As during the prior-year period, there were no dilutive effects to be taken into account in determining the number of outstanding shares or any dilutive effects on SFC's earnings.

Material events after the balance sheet date

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

Brunnthal, November 6, 2014

The Management Board

Dr. Peter Podesser
CEO

Steffen Schneider
CFO

Hans Pol
CSO

- 4 INTRODUCTION BY THE MANAGEMENT BOARD
- 6 THE SHARE
- 7 BUSINESS REVIEW
JANUARY 1 – SEPTEMBER 30, 2014
- 18 INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS AS AT SEPTEMBER 30, 2014
- 33 **SHARE INFORMATION/CONTACT/IMPRINT**

FINANCIAL CALENDAR 2014

November 26, 2014 Equity Capital Forum, Frankfurt/M.

SHARE INFORMATION

Bloomberg Symbol	F3C
Reuters Symbol	CXPNX
WKN	756857
ISIN	DE0007568578
Number of shares	8,020,045
Stock Category	No-par value shares
Stock segment	Prime Standard, Renewable Energies
Stock exchange	Frankfurt, FWB
Designated Sponsor	Close Brothers Seydler/M.M. Warburg & CO

INVESTOR RELATIONS

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

CROSS ALLIANCE communication GmbH
 Susan Hoffmeister
 Phone: +49 (0)89/89 82 72 27
 E-mail: sh@crossalliance.com

IMPRINT

SFC Energy AG
 Eugen-Saenger-Ring 7
 85649 Brunenthal
 Germany
 Phone: +49 (0)89/673 592-0
 Fax: +49 (0)89/673 592-369

Responsible: SFC Energy AG
 Editing: SFC Energy AG
 Concept and Design: Anzinger | Wüschner | Rasp
 Cover: picturegarden/Getty Images

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.