

# 6-Month Report

01 Jan - 30 Jun 2011



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## Summary of key data

<u>(in € thousands, unless stated otherwise)</u>	<u>01.01.2011- 30.06.2011</u>	<u>01.01.2010- 30.06.2010</u>	<u>Change</u>
Revenue	30,961	19,075	62 %
Profit from operating activities (EBIT)	5,230	3,154	66 %
EBIT margin	16.9 %	16.5 %	2 %
Net income	4,273	2,247	90 %
Employees – end of period	279	287	-3 %

### Legal notice

This report contains forward-looking statements based on estimates of future trends on the part of the Managing Board. The statements and estimates have been made in view of all information available at present. Should the assumptions underlying such statements and estimates fail to materialise, actual results may differ from current expectations.

This report and the information contained therein do not constitute an offer for sale either in Germany or in any other country, nor do they constitute a solicitation to purchase securities of SMT Scharf AG, in particular if this type of offer or solicitation is prohibited or not authorised. Potential investors in shares of SMT Scharf AG must obtain information on any such restrictions and adhere to these.

## Introduction by the Managing Board

Ladies and gentlemen, dear shareholders,

We continued to push ahead successfully with the international growth of the SMT Scharf Group in the first half of the 2011 fiscal year. Consolidated revenue reached €31.0 million, 62% ahead of the previous year's figure of €19.1 million. We registered higher demand for our products in the first half of 2011, particularly from Asia. As in 2010, China was the most important individual market for the Group. We also achieved growth in revenue and new orders in other important markets such as Russia. Markets outside Germany contributed 88% of total revenue in the first six months (prior-year period: 86%).

Revenue growth was accompanied by a significant earnings increase. Profit from operating activities (EBIT) grew to €5.2 million, representing a 66% increase compared with the previous year's figure of €3.2 million. This improvement was achieved despite the previous year's figure including one-off income from the initial consolidation of the UK companies. As a consequence, the EBIT margin stood at 16.9%, compared with 16.5% the year before. Due to a higher financial result and a lower tax rate, net income grew disproportionately faster to reach €4.3 million, compared with €2.2 million in the comparable period of the previous year.

Strong demand from our customers is also reflected in growth in our order book, which stood at €41.8 million at the end of the period under review, reflecting 75% growth compared with the previous year's figure. However, longer procurement periods for components feed through to longer average project durations. For this reason, some of these orders will not be delivered until the following year.

The results of the first six months of 2011 have confirmed our belief that we can increase both the Group's revenue and earnings on average over the coming years.

We would like to thank you, our investors, business partners and customers for the trust that you have placed in our company to date, and look forward to working together with you further in the future.

Yours sincerely

Dr. Friedrich Trautwein      Heinrich Schulze-Buxloh

# Management report

## Macroeconomic environment

Capital expenditure in the international mining sector, in particular in hard coal, is the key factor impacting the SMT Scharf Group's business. In turn, this is primarily influenced by the global demand for raw materials. During 2010, coal production increased in all key countries for SMT Scharf, with the exception of Germany and Poland. In Germany, hard coal mining is being gradually phased out until 2018 due to the unfavourable cost situation compared to other countries.

From the current perspective it is highly likely that the global demand for raw materials and capital expenditure in mining will continue to grow in 2011 and in subsequent years. Countries such as China, India, Russia or South Africa will experience rising demand for energy, steel and other metals on the back of their economic development. As a result, they are set to remain the markets that will generate the predominant portion of demand for the SMT Scharf Group in the next few years. At the same time, there are still considerable risks of another recession. This could be triggered, in particular, by economic imbalances in many countries, some states' overindebtedness, and political disagreements over currency exchange rates.

The further growth in international mining anticipated by SMT Scharf is likely to lead many mine operators to focus on investing in technology in future that will boost their productivity. In this context, the SMT Scharf Group's products for tunneling and the supply of materials for underground mining will play a major role.

## Order situation

The SMT Scharf Group consistently pursued its international expansion in the first half of 2011. Revenue increased to €31.0 million, compared with €19.1 million in the prior-year period. Of this amount, €27.2 million, or 88%, was attributable to markets outside Germany (previous year: 86%). More than half of the growth is based on strong demand for rail-bound railways on the SMT Scharf Group's main markets. Some of this is due to a shift in the seasonal demand pattern compared to the previous year. A further effect derives from the fact that the UK companies were not consolidated until May in the previous year.

The Group's most important individual market remains China, followed by Russia. Strong demand on the Chinese market was impressively confirmed by an order for three train sets for monorails, tracks and related equipment. SMT Scharf received the order in June from a mining group in the Anhui province. Due to the long rail networks in the mine, the group opted for type DZ 2200 locomotives that achieve higher tractive power than any other product available on the market. The mining group intends to deploy these locomotives as its standard underground transportation technology in the future.

Further recovery was noted on the Russian market. Mining sector demand for high performance transportation technology is also growing in other CIS states. This prompted SMT Scharf to found a subsidiary in the Ukraine during the reporting period.

In Germany, the revenue of the SMT Scharf Group was higher than in the prior-year period. This was due to the fact that, firstly, SMT Scharf Saar GmbH was temporarily not part of the Group at the start of 2010, and, secondly, to currently stronger demand for services from Deutsche Steinkohle AG.

The order book position stood at €41.8 million as of June 30, 2011, 94% of which was attributable to markets outside Germany. This represents a 75% increase compared with the previous year's figure of € 23.9 million. This growth also reflects the rise in demand in the SMT Scharf Group's main markets. However, longer procurement periods for components feed through to longer average project durations. For this reason, some of these orders will not be delivered until the following year.

### **Research and development**

New types of drives continued to form the focus of R&D activities in the second quarter of 2011. The shunting locomotive with 25 kW output that was newly presented in December 2010 will be approved shortly. Other projects dealt with methods to increase the performance and efficiency of existing drive units. In the roadheaders area, work to expand the product range in the high performance area was continued.

### **Human resources**

As of June 30, 2011, the SMT Scharf Group employed a total of 279 individuals, 12 of whom were trainees, compared with 287 a year before (12 of whom were trainees). In Germany, there was a slight decline in the number of employees to 127 (previous year: 133). The main influence was the retirement of employees with age-related part-time working agreements. There was a slight decline in the number of employees at foreign locations to 152, compared with 154 one year ago. The number of employees at the UK companies fell due to rationalisation measures, while the workforce grew in Russia, China and South Africa.

A total of 4,620 shares were transferred to employees in the period under review as part of an employee equity participation plan.

### **Net assets, financial position and results of operations**

The total assets of the SMT Scharf Group stood at €66.2 million as of the June 30, 2011 balance sheet date, thereby being almost unchanged compared with the end of 2010 (€67.2 million). The largest decline among assets was in customer receivables, which fell from €24.2 million to €14.2 million. There was an almost equivalent increase in inventories from €10.4 million to €18.5 million due to preparatory work for orders which are due to be delivered in the current year. Equity increased to €35.5 million, compared with €31.1 million as of December 31, 2010. This increase is primarily attributable to the profit for the period and to the transfer of 180,000 treasury shares to the pension funds at the UK companies. On the other hand, the distribution of the dividend for 2010 decreased equity by €3.5 million. As a consequence, the equity ratio amounted to 54% as of June 30, 2011, compared with 46% at the end of 2010.

The transfer of shares reduced the deficit in the UK pension funds. This was the major influence leading to a decline in the provisions for pensions to €5.2 million, down from €9.9 million at the year-end.

Revenue amounted to €31.0 million in the first half of 2011, 62% ahead of the previous year's figure of €19.1 million. Stockbuilding due to preparatory work for orders that have yet to be delivered amounted to €4.7 million. This, too, was above the figure in the comparable period of the previous year (€1.7 million).

The cost of materials grew relative to revenue, to 60% (previous year: 54%), due to shifts within the product mix and increases in inventory. Personnel expenses reported an opposite trend relative to revenue, falling to 22%, compared with 28% in the prior-year comparable period. By contrast, there was a marked increase in other expenses and income (excluding changes to inventories), which stood at 16% of revenue (previous year: 11%). The main influencing factors included higher sales costs, unfavourable trends in exchange rates that are important for SMT Scharf, and the fact that, in the previous year, €0.8 million of one-off income was recorded from the initial consolidation of the UK companies. As a consequence, the SMT Scharf Group generated a 16.9% EBIT margin in the first half of 2011, compared with 16.5% in the prior-year period. This represents a 66% absolute increase in EBIT, from €3.2 million to €5.2 million.

There was also significant growth in net income to €4.3 million in the period under review. This reflects an increase by 90% compared with the previous year's figure of €2.2 million. This disproportionate growth results from a higher financial result and a slight decline in the tax rate, which amounted to 25% at Group level, compared with 26% in the previous-year period. This decline is predominantly to the fact that, with its growing internationalisation, the SMT Scharf Group achieved a growing proportion of its income in countries where the tax burden is lower than in Germany. Earnings per share grew to €1.06, at almost the same rate as net income (previous year: €0.57).

Cash and cash equivalents plus marketable securities amounted to €14.5 million on June 30, 2011, compared with €15.4 million at the end of 2010. Net working capital shrunk slightly since customer receivables were reduced compared with their very high level as of the December 31, 2010 balance sheet date. This was mostly offset by an increase in inventories for new orders.

SMT Scharf invested €0.7 million in the reporting period. Of this amount, €0.3 million are current development projects that are capitalised pursuant to IAS 38. The remainder were replacement and rationalisation investments. At present, there are no major projects involving investments in property, plant and equipment.

### **Report on events after the balance sheet date**

The significant losses on the international financial markets during the last weeks have – at least temporarily – reduced the plan assets of the pension funds at the UK companies. The next valuation of the plan assets and liabilities of these funds will take place for the annual financial statements 2011. Currently, there are no identifiable influences from the financial markets' developments to the business of the SMT Scharf Group.

### **Outlook**

The opportunities and risks associated with the future development of the SMT Scharf Group are discussed in detail in the Group management report for the fiscal year 2010.

During 2010, international mining returned to the growth path it had followed until 2008 on the back of the general economic recovery. Currently, the general expectation is that global demand for raw materials and capital expenditure in mining will continue to grow in 2011. This particularly applies to the SMT Scharf Group's main markets – China, Russia and South Africa. Further growth is also expected for subsequent years. Market observers (Freedonia Group) have forecast a medium-term annual growth rate of 5% in the global investment in mining technology.

2010 was another year of successful international expansion for SMT Scharf. This positive development continued in the first half of 2011. Numerous new orders and inquiries for further projects were received, particularly from China and Russia. However, the recovering economy also means that the delivery times for components sometimes grow substantially longer and SMT Scharf is unable to meet customers' delivery date requests. In view of the rising demand in the main markets and the SMT Scharf Group's strong market position, the Managing Board continues to anticipate being able to increase revenue and earnings on average over the coming years.

Hamm, August 12, 2011

SMT Scharf AG

The Managing Board

## IFRS semi-annual financial statements (unaudited)

### Consolidated balance sheet

(in € thousands)	Notes	30.06.2011	30.06.2010	31.12.2010
<b>Assets</b>				
Inventories		18,511	14,849	10,365
Trade receivables		13,724	9,035	23,487
Other current receivables / assets		2,380	1,692	1,265
Securities		2,268	3,013	3,331
Cash and cash equivalents		12,271	14,427	12,100
<b>Current assets</b>	(3)	<b>49,154</b>	<b>43,016</b>	<b>50,548</b>
Intangible assets		3,767	3,322	3,870
Property, plant and equipment		8,418	9,197	8,728
Participating interests		1,063	640	761
Deferred tax assets		3,290	2,745	2,584
Other non-current receivables / assets		510	202	694
<b>Non-current assets</b>	(4)	<b>17,048</b>	<b>16,106</b>	<b>16,637</b>
<b>Total assets</b>		<b>66,202</b>	<b>59,122</b>	<b>67,185</b>
<b>Equity and liabilities</b>				
Current income tax		656	722	1,980
Other current provisions		4,664	4,242	6,202
Advance payments received		5,875	5,395	3,805
Trade payables		4,942	4,382	5,739
Other current liabilities		742	1,508	549
<b>Current provisions and liabilities</b>	(5)	<b>16,879</b>	<b>16,249</b>	<b>18,275</b>
Provisions for pensions		5,159	9,912	9,362
Other non-current provisions		2,303	1,725	2,094
Deferred tax liabilities		1,430	1,604	1,477
Non-current financial liabilities		4,938	4,907	4,922
<b>Non-current provisions and liabilities</b>	(5)	<b>13,830</b>	<b>18,148</b>	<b>17,855</b>
Subscribed capital		4,150	3,965	3,965
Share premium		11,689	7,842	7,848
Profit brought forward		18,445	11,939	17,699
Currency translation differences		1,209	979	1,543
<b>Equity</b>	(6)	<b>35,493</b>	<b>24,725</b>	<b>31,055</b>
<b>Total equity and liabilities</b>		<b>66,202</b>	<b>59,122</b>	<b>67,185</b>

## Consolidated statement of comprehensive income

(in € thousands)	Notes	01.04.2011- 30.06.2011	01.04.2010- 30.06.2010	01.01.2011- 30.06.2011	01.01.2010- 30.06.2010
Revenue	(1)	15,779	10,289	30,961	19,075
Other operating income		398	1,045	864	1,734
Changes in inventories		2,472	697	4,700	1,747
Cost of materials		9,269	5,006	18,677	10,210
Personnel expenses		3,444	3,064	6,937	5,374
Depreciation and amortisation		393	367	761	734
Other operating expenses		2,431	1,879	4,920	3,084
<b>Profit from operating activities (EBIT)</b>		<b>3,112</b>	<b>1,715</b>	<b>5,230</b>	<b>3,154</b>
Income from participating interests		147	0	438	0
Interest income		96	64	206	107
Interest expense		127	117	265	226
<b>Financial result</b>		<b>116</b>	<b>-53</b>	<b>379</b>	<b>-119</b>
<b>Profit before tax</b>		<b>3,228</b>	<b>1,662</b>	<b>5,609</b>	<b>3,035</b>
Income taxes	(2)	739	386	1,336	788
<b>Net income</b>		<b>2,489</b>	<b>1,276</b>	<b>4,273</b>	<b>2,247</b>
Transaction cost for sale of own shares		0	0	0	-42
Tax advantage		0	0	0	13
Currency difference from translation of foreign financial statements		436	386	-334	891
<b>Comprehensive income</b>		<b>2,925</b>	<b>1,662</b>	<b>3,939</b>	<b>3,109</b>

### Earnings per share (in €)

Basic	0.60	0.32	1.06	0.57
Diluted	0.60	0.32	1.06	0.57
Average number of shares	4,131,672	3,952,704	4,048,749	3,921,496

## Consolidated cash flow statement

(in € thousands)	01.01.2011- 30.06.2011	01.01.2010- 30.06.2010
Net income	4,273	2,247
Income from initial consolidation	0	-810
Income from equity participation	-428	0
Depreciation and amortisation	761	734
Gain / loss from disposals of non-current assets	5	93
Changes in assets, provisions and liabilities items		
- Provisions	-1,612	-905
- Taxes	-2,078	-786
- Inventories	-8,146	-4,276
- Receivables / other assets	8,832	5,448
- Liabilities	1,466	2,440
<b>Net cash flows from / used in operating activities</b>	<b>3,073</b>	<b>4,185</b>
Investments in non-current assets	-717	-202
Proceeds from disposal of non-current assets	0	66
Corporate acquisitions	0	-2,546
Cash and cash equivalents acquired	0	1,719
<b>Net cash flows used in investing activities</b>	<b>-717</b>	<b>-963</b>
Sale / acquisition of treasury shares	104	1,306
Dividends	-3,527	-2,763
Hardship and social funds	0	90
Repayment of / proceeds from financial liabilities	16	15
<b>Net cash flows from / used in financing activities</b>	<b>-3,407</b>	<b>-1,352</b>
Effects of changes in exchange rates and group composition	159	668
<b>Change in net financial position *</b>	<b>-892</b>	<b>2,538</b>
Net financial position - start of period	14,750	14,221
Net financial position - end of period	13,858	16,759

\* Cash and cash equivalents and securities without hardship and social funds less current financial liabilities

## Consolidated statement of changes in equity

(in € thousands)	Subscribed capital	Share premium	Profit brought forward	Currency translation difference	Equity
<b>Balance on January 1, 2011</b>	<b>3,965</b>	<b>7,848</b>	<b>17,699</b>	<b>1,543</b>	<b>31,055</b>
Dividend distribution			-3,527		-3,527
Transfer of treasury shares	180	3,742			3,922
Sale of treasury shares	5	99			104
Net income			4,273		4,273
Other changes				-334	-334
Comprehensive income			4,273	-334	3,939
<b>Balance on June 30, 2011</b>	<b>4,150</b>	<b>11,689</b>	<b>18,445</b>	<b>1,209</b>	<b>35,493</b>
<b>Balance on January 1, 2010</b>	<b>3,840</b>	<b>6,661</b>	<b>12,455</b>	<b>88</b>	<b>23,044</b>
Dividend distribution			-2,763		-2,763
Sale of treasury shares	125	1,210			1,335
Transaction costs		-42			-42
Tax benefit		13			13
Net income			2,247		2,247
Other changes				891	891
Comprehensive income		-29	2,247	891	3,109
<b>Balance on June 30, 2010</b>	<b>3,965</b>	<b>7,842</b>	<b>11,939</b>	<b>979</b>	<b>24,725</b>

## Notes

### **Methods**

This financial report as of June 30, 2011 for the SMT Scharf Group was prepared in accordance with the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the Interpretations (IFRIC) issued by the International Accounting Standards Board. The accounting policies used and the information included comply with IAS 34 (Interim Financial Reporting). The accounting and valuation policies and the calculation methods applied are the same as those used in the IFRS consolidated financial statements as of 31 December 2010, which were audited by the Group's auditors.

The interim financial statements present a true and fair view of the net assets, financial position and results of operations of the SMT Scharf Group for the period under review. They were not subject to an auditor's review.

The interim financial statements are drawn up in Euros. Unless otherwise indicated, all amounts are stated in and rounded to thousands of Euros (€ thousands).

### **Consolidated group**

The consolidated financial statements of the SMT Scharf Group include SMT Scharf AG as well as the following companies:

SMT Scharf GmbH, Hamm  
SMT Scharf Polska Sp.z o.o., Tychy, Poland  
SMT Scharf Sales and Services GmbH, Hamm  
SMT Scharf Africa (Pty.) Ltd., Kya Sands, South Africa  
SMT Scharf International OÜ, Tallinn, Estonia  
Scharf Mining Machinery (Beijing) Co. Ltd., Beijing, China  
OOO SMT Scharf, Novokuznetsk, Russian Federation  
Sareco Engineering (Pty.) Ltd., Brakpan, South Africa  
Dosco Holdings Ltd., Tuxford, United Kingdom (from May 4, 2010)  
Dosco Overseas Engineering Ltd., Tuxford, United Kingdom (from May 4, 2010)  
Hollybank Engineering Co. Ltd., Tuxford, United Kingdom (from May 4, 2010)  
OOO Dosco, Novokuznetsk, Russian Federation (from May 4, 2010)  
SMT Scharf Saar GmbH, Neunkirchen (from May 27, 2010)  
Shandong Xinsha Monorail Co. Ltd., Xintai, China (from June 17, 2010)  
TOW SMT Scharf Ukraine, Donetsk, Ukraine (from June 22, 2011)

TOW SMT Scharf Ukraine, in which SMT Scharf GmbH holds a 50% interest, was founded in June 2011. As is the case with the 50% participating interest in Shandong Xinsha Monorail Co. Ltd., this participating interest is consolidated using the equity method.

## **Notes to the income statement**

### **(1) Revenue**

Revenue is composed of the following items:

	<b>01.04.2011- 30.06.2011</b>	<b>01.04.2010- 30.06.2010</b>	<b>01.01.2011- 30.06.2011</b>	<b>01.01.2010- 30.06.2010</b>
New equipments	6,958	4,778	13,569	9,528
Spare parts / service / other	8,821	5,511	17,392	9,547
<b>Total</b>	<b>15,779</b>	<b>10,289</b>	<b>30,961</b>	<b>19,075</b>
Germany	1,844	1,403	3,781	2,612
Other countries	13,935	8,886	27,180	16,463
<b>Total</b>	<b>15,779</b>	<b>10,289</b>	<b>30,961</b>	<b>19,075</b>

### **(2) Income taxes**

Income taxes are composed of the following items:

	<b>01.04.2011- 30.06.2011</b>	<b>01.04.2010- 30.06.2010</b>	<b>01.01.2011- 30.06.2011</b>	<b>01.01.2010- 30.06.2010</b>
Current tax expense	708	617	1,324	944
Deferred taxes	31	-231	12	-156
<b>Total</b>	<b>739</b>	<b>386</b>	<b>1,336</b>	<b>788</b>

## **Notes to the balance sheet**

### **(3) Current assets**

As of June 30, 2011, securities and cash and cash equivalents include a hardship and social fund amounting to €681 thousand. This fund is managed in trust by a commission consisting of the management of SMT Scharf GmbH and SMT Scharf Saar GmbH as well as these two companies' works councils.

### **(4) Non-current assets**

The SMT Scharf Group leases internally developed monorail hanging railways as a lessor. These are recorded as leased assets under property, plant and equipment. There were six leased items as of June 30, 2011.

In the months January to June 2011, €280 thousand were capitalized as development expenses for projects that fulfil the requirements of IAS 38.

## **(5) Liabilities**

The mezzanine financing taken out in 2006 is reported as a non-current financial liability. This runs until 2013. There were no liabilities secured through rights of lien.

## **(6) Equity**

The changes in the SMT Scharf Group's equity are shown in the statement of changes in equity. In order to increase transparency, the retained earnings and the profit brought forward were compounded to form a single item.

On June 30, 2011, 4,200,000 ordinary bearer shares of SMT Scharf AG were issued in the form of no-par value shares with a notional interest of € 1 each. Of this total, SMT Scharf AG held 50,475 treasury shares. No stock options have been granted to members of the Supervisory or Managing Boards or employees of the Group. A total of 4,620 shares were sold to employees in March 2011 as part of an employee equity participation plan. These were transferred in April. Also in April 2011, SMT Scharf transferred 180,000 treasury shares to the pension funds at the UK companies. As part of the purchase of Dosco Holdings Limited and its subsidiaries, the company agreed with the trustees of the pension fund to put arrangements in place that will enable such a transfer. The trustees now exercised their right.

In the reporting period, a dividend of €0.85 per share was paid for the 2010 fiscal year based on a resolution of the Ordinary General Meeting held on April 13, 2011.

## ***Other notes***

### **(7) Contingent liabilities and other financial commitments**

The company has no significant contingent liabilities that are unusual in the industry.

There are other financial liabilities in particular from rental and lease agreements for buildings, cars and photocopiers. The agreements have maturities of up to five years and in some cases include extension options and escalation clauses. In the period under review, payments amounting to €295 thousand were recognised under other operating expenses. The nominal amount of the future minimum lease payments from rental agreements and operating leases that cannot be terminated is as follows (by due date):

	<b>30.06.2011</b>	<b>30.06.2010</b>	<b>31.12.2010</b>
Due within one year	307	272	378
Due within between one and five years	294	433	446

## **(8) Supervisory and Managing Boards**

During the period under review, the members of SMT Scharf AG's Supervisory Board were:  
Dr. Dirk Markus, Feldafing, CEO of Aurelius AG, (Chairman),  
Christian Dreyer, Salzburg, entrepreneur, (Deputy Chairman),  
Ulrich Radlmayr, Schondorf a. A., attorney, member of Aurelius AG's Managing Board (until April 13, 2011)  
Dr. Rolf-Dieter Kempis, Waldenburg, management-consultant (from April 13, 2011)

The period of office of Dr. Markus and Mr. Radlmayr ended as of the end of the Ordinary General Meeting on April 13, 2011. The General Meeting newly elected Dr. Kempis to the Supervisory Board, and re-elected Dr. Markus.

The members of the Managing Board of SMT Scharf AG in the period under review were:  
Dr. Friedrich Trautwein (CEO),  
Heinrich Schulze-Buxloh.

As of June 30, 2011, Dr. Trautwein held 64,400 shares of the company, and Mr. Schulze-Buxloh held 6,000 shares. Members of the Supervisory Board did not hold any shares.

## **(9) Related party disclosures**

In the period under review, services totaling less than €5 thousand were purchased at arm's length conditions from related parties as defined by IAS 24. No services were rendered to related parties.

## **(10) Financial instruments and financial risks**

The SMT Scharf Group enters into derivative transactions in the form of currency forwards in particular to hedge currency risks. The Group does not trade in financial instruments, in accordance with its financial policy objectives. No fair value hedges were utilised in the period under review.

Please see the 2010 consolidated financial statements for information on the financial risks of the SMT Scharf Group's business. No substantial changes occurred over and above this from January to June 2011.

## Responsibility statement

To the best of our knowledge, we declare that, according to the principles of proper consolidated interim reporting applied, the consolidated interim financial statements provide a true and fair view of the Group's net assets, financial position and results of operations, that the consolidated interim management report presents the company's business including the results and the Group's position such as to provide a true and fair view and that the major opportunities and risks of the Group's anticipated growth for the remaining financial year are described.

Hamm, August 12, 2011

SMT Scharf AG

The Managing Board

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