



3-MONTH REPORT
01 JAN - 31 MAR 2013

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Summary of key data

	01.01.2013- 31.03.2013	01.01.2012- 31.03.2012	Change
Revenue	TEUR 16,257	TEUR 25,276	-36 %
Operating income	TEUR 19,067	TEUR 25,338	-25 %
Profit from operating activities (EBIT)	TEUR 2,521	TEUR 3,013	-16 %
EBIT margin	13.2 %	11.9 %	+1.3 pp
Net income	TEUR 2,112	TEUR 2,407	-12 %
Order book as of March, 31	EUR 28.6 million	EUR 42.9 million	-35 %
Employees – end of period	350	307	+14 %

Introduction by the Managing Board

Dear Sir or Madam, dear shareholders,

As expected, growth in the business activities of SMT Scharf AG in the first three months of 2013 fell short of the previous quarters' dynamics. Declining investments in mining equipment due to only moderate global economic growth are also affecting, and have affected, our business. As we have already announced several times during the course of last year, revenue reported a correspondingly sharp contraction of 36 % to EUR 16.3 million. Total operating income of EUR 19.1 million suffered a slightly less pronounced drop of -25 %. Profits from operating activities of EUR 2.5 million was also down – albeit to a considerably lesser extent – compared with the EUR 3.0 million generated in Q1 2012, and consolidated net income amounted to EUR 2.1 million after EUR 2.4 million in the prior-year period.

This revenue decrease is especially attributable to weaker new equipment business. By contrast, our service business even reported slight growth. The decline is predominately due to weak trends in the roadheader technology segment, reflecting business generated by our Dosco subsidiary. Dosco was sold completely and deconsolidated on May 7, that is after the end of the first quarter (for more details see chapter “Report on events after the balance sheet date”), so this will be the last financial report to include the roadheader segment. Business trends in Russia, Poland and China were positive again, whereas China currently ranks only third among these countries in terms of revenue volumes. The year-on-year revenue decline was nevertheless most pronounced in Russia, as well as in North and South America. Overall, SMT Scharf AG's foreign markets contributed somewhat less to total revenue (87.3 %) than in previous quarters (prior-year quarter: 91.2 %).

The restrained investment climate on the mining market is also reflected in our order book position which decreased by 35 % to EUR 28.6 million (Q1/2012: EUR 42.9 million). By contrast, new order intake was up from EUR 17.3 million to EUR 22.5 million. In this area, for instance, we won a major order in Chile in the copper mining sector comprising a total volume of EUR 2.8 million.

With a look to the mining business cycle and the slow recovery in the global economy, we regard 2013 as a year of transition, and we anticipate flat demand. We expect that revenue and earnings will resume growth in 2014.

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

Yours sincerely

Christian Dreyer Heinrich Schulze-Buxloh

Management report

Macroeconomic environment

The SMT Scharf Group's business depends decisively on investment activity in the international mining sector, especially in black coal mining. In turn, this activity is primarily influenced by global raw material demand. Coal production was up in all of the SMT Scharf Group's national markets in 2012, with the exception of Germany and Poland. Growth was reported primarily on Asian markets, especially in China, which today already accounts for almost half of global coal production volumes. In Germany, black coal mining is being phased out incrementally through to 2018 as a result of unfavourable costs compared to other countries. Overall, international energy forecasts anticipate continuous growth in coal production at a global rate of 1-2 % per year, at least over the next ten years, according to various sources such as the US Energy Information Administration. Some estimates even assume that growth will continue for up to 30 years. This includes a strong shift away from industrial countries (EU, USA) towards expanding economies in Asia. Accordingly, the growth of the mining machinery industry is gauged at 8.5 % per year for the next five years.

International mining growth, persistent pressure on productivity, and the ever increasing difficulty of reaching raw material sites in international mining result in a situation where it is increasingly making economic sense for mine operators to deploy SMT Scharf products. These products were originally specially developed for difficult conditions in already mature black coal mines in Germany.

The global economy reported significantly weaker growth last year than in previous years, and is only slowly regaining momentum, according to estimates produced by the German Institute for Economic Research (DIW). Global trade might also grow over the coming quarters. The DIW's economic researchers expect global economic output to grow by 3.4 % in 2013, compared with 3.1 % in the previous year. Real gross domestic product is anticipated to grow by 3.5 % in Russia (2012: 3.5 %), by 8.5 % in China (2012: 7.9 %), and by 2.0 % in Poland (2012: 2.0 %).

Business report

In the first three months of the 2013 fiscal year, the SMT Scharf Group has continued to systematically pursue its international expansion. Foreign demand accounted for EUR 14.2 million, or 87 %, of revenue (prior-year period: 91 %). The SMT Scharf Group proved unable to decouple from the reticent investment climate on the mining market, however. Revenue of EUR 16.2 million fell compared with the previous-year period (EUR 25.3 million).

This drop in revenue is particularly attributable to weaker new equipment business, which was down by 57 %. The service business reported slight growth of 4 %, by contrast. These figures show that where companies refrain from buying new equipment due to more unfavourable economic trends, at least the captivated railway systems that continue to be operated need to be repaired or overhauled. In terms of segments, the decline is predominately due to weak trends in the roadheader technology area, reflecting business generated by our Dosco subsidiary. The higher sales contribution of Dosco in the first quarter of 2012 also resulted from supply overhangs from 2011.

While demand for SMT Scharf AG products and services grew considerably in Poland, revenue in China, Russia, North and South America, Australia and Asia fell. In South Africa, too, revenue is down considerably compared with the previous year. This is particularly

attributable to strikes actions which especially impacted the mining industry across the entire country over the last few months. Revenue reported slight growth in Germany. However, domestic demand will fall again in the medium term due to the expiry of coal subsidies. The company continues to identify good prospects for future growth in other countries such as the Ukraine or Mexico.

On March 31, 2013, the Group's order book position totalled EUR 28.6 million, representing a 35 % decline compared with March 31, 2012 (EUR 42.9 million). Compared with the previous year's quarter at EUR 17.3 million, SMT Scharf AG has significantly increased its new order intake to EUR 22.5 million, by contrast.

Research and development

In the first quarter 2013, Research & Development activities focused on the further development of the successful EMTS (Electric Monorail Transport System) Technology.

New drive designs, heavy lifting beams and working platforms were developed for ore mining applications. These can be deployed in both conventional inclining shafts to transport people and materials, as well as in special working procedures such as room-and-pillar mining and block caving methods.

SMT Scharf received its first approvals in further sales markets for the "Scharman" 25 kW shunting locomotive that was presented for the first time in December 2010. Customers in five different countries are now successfully deploying this locomotive type.

Work also continued on expanding the product range in the high-power roadheader area.

Personnel

As of March 31, 2013, the SMT Scharf Group employed a total of 350 people, 15 of whom were trainees (compared to 307 and 18 trainees in the previous year). SMT Scharf also employs temporary help staff in order to flexibly boost production capacity. The number of employees at foreign locations rose from 180 to 220. This results primarily from further additions to the workforce in China, Poland and Russia in accordance with our localisation strategy.

Net assets, financial position and results of operations

The total assets of the SMT Scharf Group stood at EUR 81.2 million as of the March 31, 2013 reporting date, slightly ahead of the figure as of the 2012 year-end (EUR 77.8 million). Equity rose to EUR 44.6 million, compared with EUR 43.3 million as of December 31, 2012. The equity ratio remained relatively constant at 55 % during this period as a consequence (December 31, 2012: 56 %). The higher level of equity is primarily due to the net profit generated during the period.

Revenue was up by 36 % to EUR 16.2 million in the period under review, compared with the previous year's EUR 25.3 million. The change in inventories of EUR 2.8 million was significantly above the figure in the comparable prior-year period (EUR 62 thousand) due to orders where processing has started, but delivery has not yet occurred. The cost of materials compared to operating output stood at 52 % due to product mix, slightly below the 55 % recorded in the same period of the previous year. The personnel expense ratio rose to 23 % due to hiring on SMT Scharf AG's foreign markets, compared with just 16 % in the prior-year period. The balance of other expenses and income (excluding depreciation and amortisation)

fell to 10 % (previous year: 14 %). As a consequence, the SMT Scharf Group achieved a slightly higher EBIT margin of 13.2 % in the first three months of 2013 compared with the prior-year period (11.9 %). This corresponds to EUR 2.5 million of EBIT.

The financial result amounted to EUR 117 thousand, compared with EUR 72 thousand in the prior-year period, due to income from the Chinese joint venture. After taking into account an income tax expense that fell from EUR 678 thousand to EUR 526 thousand, SMT Scharf generated consolidated net income of EUR 2.1 million (previous year: EUR 2.4 million). Earnings per share declined to EUR 0.51, compared with EUR 0.58 one year previously.

Cash and cash equivalents stood at EUR 14.8 million on March 31, 2013, compared with EUR 16.5 million at the end of 2012.

SMT Scharf invested EUR 725 thousand in the period under review. Of this amount, EUR 145 thousand was attributable to current development projects that require capitalisation pursuant to IAS 38.

Report on events after the balance sheet date

On May 7, 2013 SMT Scharf AG, Hamm, Germany, sold its wholly-owned subsidiary Dosco Holdings Ltd., Tuxford, United Kingdom, to an acquisition vehicle involving Dosco's management team. All SMT Scharf board members are simultaneously stepping down from their management roles at Dosco. No connection will exist in the future between SMT Scharf and Dosco as a consequence.

The sales price amounted to EUR 2.0 million, with an initial instalment of EUR 1.5 million being paid immediately, and the residual EUR 0.5 million remaining as a vendor loan carrying a 6 % p.a. interest rate, and which must be repaid within five years at the latest. Besides this, the Scharf Group will incur no secondary liabilities for Dosco's liabilities, especially not in connection with the Dosco pension fund.

The reason for this step is SMT Scharf's strategic concentration on its core business of captivated railway systems.

Following the end of the first three months of 2013, no further events occurred which have a significant effect on the net assets, results of operations or financial position.

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 2012.

Given the only very slow recovery of the global economy, demand for mining equipment will regain momentum only gradually. Accordingly, the Managing Board of the SMT Scharf Group is assuming that the previous year's revenue level cannot be maintained, and that 2013 will consequently comprise a year of transition. It nevertheless remains convinced that it will be able to raise Group revenue and earnings on average over the coming years.

This objective is to be especially achieved with the help of the new localisation strategy, which refers to strengthening the subsidiaries' competences in close proximity to mining customers. Accordingly, central technologies and quality benchmarks for all functions – spanning development, production and all the way through to finance – will be issued from Germany. In the sales countries, full operating locations are to be developed from today's sales and service branches, which will be independently responsible not only for sales and

service but also for customer-specific adaptation developments including local production and registration.

Hamm, May 13, 2013

SMT Scharf AG

The Managing Board

IFRS quarterly financial statements (unaudited)

Consolidated balance sheet

(in TEUR)	Notes	31.03.2013	31.03.2012	31.12.2012
Assets				
Inventories		22,827	26,127	17,970
Trade receivables		23,008	21,441	24,003
Other current receivables/assets		2,320	4,980	1,551
Cash and cash equivalents		14,767	12,521	16,515
Current assets	(5)	62,922	65,069	60,039
Intangible assets		3,264	3,359	3,306
Property, plant and equipment		8,469	8,555	8,355
Participating interests		2,137	1,536	1,939
Deferred tax assets		4,312	2,707	4,097
Other non-current receivables / assets		60	248	62
Non-current assets	(6)	18,242	16,405	17,759
Total equity and liabilities		81,164	81,474	77,798
Equity and liabilities				
Current income tax		858	2,673	802
Other current provisions	(4)	5,124	6,917	4,984
Advance payments received		1,427	5,572	1,281
Trade payables		7,139	8,940	6,012
Current financial liabilities		4,998	0	4,989
Other current liabilities		1,206	181	1,433
Current provisions and liabilities	(7)	20,752	24,283	19,501
Provisions for pensions		11,190	4,657	11,185
Other non-current provisions	(4)	2,242	2,408	2,186
Deferred tax liabilities		1,192	1,338	1,055
Non-current financial liabilities		1,163	4,963	538
Non-current provisions and liabilities	(7)	15,787	13,366	14,964
Subscribed capital		4,155	4,150	4,153
Share premium		11,815	11,689	11,763
Profit brought forward		29,077	27,236	26,965
Currency translation difference		-422	750	452
Equity	(8)	44,625	43,825	43,333
Total equity and liabilities		81,164	81,474	77,798

Consolidated statement of comprehensive income

(in TEUR)	Notes	01.01.2013- 31.03.2013	01.01.2012- 31.03.2012
Revenue	(1)	16,257	25,276
Changes in inventories		2,810	62
Operating income (100 %)		19,067	25,338
Other operating income		1,011	641
Cost of materials		9,914	13,922
Personnel expenses		4,302	4,014
Depreciation and amortisation		477	774
Other operating expenses		2,864	4,256
Profit from operating activities (EBIT)		2,521	3,013
Income from participating interests		197	196
Interest income		50	27
Interest expenses		130	151
Financial result		117	72
Profit before tax		2,638	3,085
Income taxes	(2)	526	678
Net income		2,112	2,407
Currency differences from translation of foreign financial statements		-874	540
Comprehensive income		1,238	2,947
Earnings per share (in EUR)		0.51	0.58
Basic		0.51	0.58
Diluted		0.51	0.58
Average number of shares		4,152,796	4,149,525

Consolidated cash flow statement

(in TEUR)	01.01.2013- 31.03.2013	01.01.2012- 31.03.2012
Net income	2,112	2,407
Income from equity participation	-197	-196
Depreciation and amortisation	477	774
Gain / loss from disposals of non-current assets	2	0
Changes in assets, provisions and liabilities		
- Provisions	200	1,020
- Taxes	-22	-485
- Inventories	-4,857	-1,504
- Receivables / other assets	232	-363
- Liabilities	1,045	-4,006
Net cash flows from / used in operating activities	-1,008	-2,354
Investments in non-current assets	-725	-404
Payments from acquisitions	-40	0
Acquired cash and cash equivalents	62	0
Net cash flows used in investing activities	-703	-404
Sale/acquisition of treasury shares/ Transfer of treasury shares	54	0
Repayment of / proceeds from financial liabilities	635	9
Net cash flows from / used in financing activities	689	9
Effect of changes in exchange rates and group composition	-726	498
Change in net financial position*	-1,748	-2,251
Net financial position – start of period	15,834	14,091
Net financial position – end of period	14,086	11,840

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

Consolidated statement of changes in equity

(in TEUR)	Subscribed capital	Share premium	Profit brought forward	Currency translation differences	Equity
Balance at January 1, 2013	4,153	11,763	26,965	452	43,333
Sale of own shares	2	52			54
Net income			2,112		2,112
Other changes				-874	-874
Comprehensive income			2,112	-874	1,238
Balance at March 31, 2013	4,155	11,815	29,077	-422	44,625
Balance at January 1, 2012	4,150	11,689	24,830	210	40,879
Net income			2,407		2,407
Other changes				540	540
Comprehensive income			2,407	540	2,947
Balance at March 31, 2012	4,150	11,689	27,236	750	43,825

Notes

Methods

This financial report of the SMT Scharf Group as of March 31, 2013 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 at December 31, 2012, 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 statement is drawn up in euros. Unless otherwise indicated, all amounts are stated and rounded to thousands of euros (EUR 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
Global Mining 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
Dosco Overseas Engineering Ltd., Tuxford, United Kingdom
Hollybank Engineering Co. Ltd., Tuxford, United Kingdom
OOO Dosco, Novokuznetsk, Russian Federation
SMT Scharf Saar GmbH, Neunkirchen
Shandong Xinsha Monorail Co. Ltd., Xintai, China
TOW SMT Scharf Ukraine, Donetsk, Ukraine (from June 22, 2011)
SMT Scharf Far East Holdings Ltd., Hong Kong, China (from August 31, 2011)

As 50 % participating interests, Shandong Xinsha Monorail Co. Ltd. is consolidated using the equity method.

On January 11, 2013, SMT Scharf GmbH acquired the remaining 50 % of the shares in TOW SMT Scharf Ukraine for a purchase price of EUR 40 thousand. This company has no longer been accounted for in the consolidated financial statements using the equity method since this date, but has been fully consolidated instead. The total consideration to acquire control consequently also included the equity valuation of EUR 98 thousand that was reported under financial assets until the acquisition date. This company, whose business purpose is to develop the Ukrainian market, contributed EUR 6 thousand to SMT Scharf Group revenue, and EUR -13 thousand to Group EBIT.

The fair values of the acquired assets and liabilities are as follows as of the acquisition date:

	Fair values
Assets	
Other current receivables/assets	7
Cash and cash equivalents	62
Langfristige Vermögenswerte	29
Total	98
Equity and liabilities	
Equity	98
Total	98

Notes to the income statement

(1) Revenue

Revenue is composed of the following items:

	01.01.2013- 31.03.2013	01.01.2012- 31.03.2012
New equipment	6,984	16,344
Spare parts/service/other	9,273	8,932
Total	16,257	25,276
Germany	2,073	2,223
Other countries	14,184	23,053
Total	16,257	25,276

(2) Income taxes

Income taxes are composed of the following items:

	01.01.2013- 31.03.2013	01.01.2012- 31.03.2012
Current tax expense	767	888
Deferred taxes	-241	-210
Total	526	678

(3) Segment reporting

The SMT Scharf Group's business remains structured into its segments of rail-bound transport systems and roadheader technology. The Rail-transport systems segment comprises the production and marketing of captivated transport systems. The Roadheader technology segment bundles the activities of the interest in Dosco. Revenues and advanced payments between segments are of minor significance and are not reported separately.

in TEUR	Segment captivated transport systems		Segment roadheader technology		not allocated		Group	
	Q1 2013	Q1 2012	Q1 2013	Q1 2012	Q1 2013	Q1 2012	Q1 2013	Q1 2012
Revenue	15,106	16,919	1,151	8,357	0	0	16,257	25,276
Profit from operating activities (EBIT)	3,247	2,214	-726	799	0	0	2,521	3,013
Result from companies accounted for at equity	197	196	0	0	0	0	197	196
Earnings before interest and other financial results	3,444	2,410	-726	799	0	0	2,718	3,209

Notes to the balance sheet

(4) Other provisions

In Chile, one customer has brought a lawsuit against the Dosco interest amounting to USD 41 million for production stoppages. The provision for litigation costs that was formed at Dosco was released after a settlement with the plaintiff for less than EUR 100,000.

(5) Current assets

Securities and cash and cash equivalents as of March 31, 2013 include a hardship and social fund amounting to EUR 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.

(6) 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 March 31, 2013.

From January to March 2013, EUR 145 thousand were capitalized as development expenses for projects that fulfil the requirements of IAS 38.

(7) Liabilities

The mezzanine financing taken out in 2006 is reported as a current financial liability as of the balance sheet date. This runs until April 2013 and has been returned as scheduled. There are no liabilities secured by liens.

(8) Equity

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

On March 31, 2013, 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 EUR 1 each. Of this total, SMT Scharf AG held 45,150 treasury shares. No stock options have been granted to members of the Supervisory or Managing Boards or employees of the company. A total of 2,125 shares were sold to employees in 2013 as part of an employee equity participation plan. These were transferred end of March.

In April 2013, the Ordinary General Meeting passed a resolution to distribute a dividend of EUR 0.98 per share for the 2012 fiscal year.

Other disclosures

(9) 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 EUR 105 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):

	31.03.2013	31.03.2012	31.12.2012
Due within one year	262	241	161
Due in one to five years	480	288	578

(10) 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),
Dr. Rolf-Dieter Kempis, Waldenburg, management consultant (Deputy Chairman),
Christian Dreyer, Salzburg, entrepreneur, (until April 25, 2012),
Dr. Harald Fett, Monheim, management consultant (from April 25, 2012).

The members of the Managing Board of SMT Scharf AG in the reporting period were:

Christian Dreyer (CEO),
Heinrich Schulze-Buxloh.

As of March 31, 2013, Christian Dreyer did not hold any shares of the company, and Mr. Schulze-Buxloh held 6,000 shares. The members of the Supervisory Board held 1,000 shares.

(11) Related party disclosures

Services with a value of EUR 16 thousand were procured on normal market terms from related parties as defined by IAS 24. No services were provided to related parties.

(12) 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 2012 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 March 2013.

Imprint

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