SCHARF
SOLUTIONS FOR MINING TRANSPORT

2014

3-MONTH REPORT
1 JAN – 31 MAR 2014

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Summary of key data

in TEUR	01.01.2014-31.03.2014	01.01.2013-31.03.2013	Change
Revenue	9,600	15,105	- 36.4 %
Operating output	10,631	17,847	- 40.4 %
Profit from operating activities (EBIT)	96	3,200	- 97.0 %
EBIT margin on operating output	0.9 %	17.9 %	-
Profit/loss on discontinued operations	0	-529	-
Net income	397	2,112	- 81.2 %
Order book position as of March 31	17,695	24,919	- 29.0 %
New order intake	11,236	22,336	- 49.7 %
Full-time employees at the end of the period	287	279	+ 2.9 %

Letter to shareholders

Dear Sir or Madam, dear shareholders,

The mining and raw materials market has always been characterized by sharp upturns and downturns that can be described as a "pork cycle". After almost ten years of boom, we are now experiencing a correspondingly sharp downturn that is being intensified further by the Ukraine crisis in Russia. The weak trend on the market for mining equipment, which we first drew attention to back in early 2012 and have described since then, continued at the start of 2014. It nevertheless exerted a stronger impact on our business in the first quarter of 2014 than we expected. Our revenue registered a further marked decline – of -36.4 % to EUR 9.6 million (Q1/2013: EUR 15.1 million). New order intake also fell considerably, from EUR 22.3 million in the first quarter of 2013 to EUR 11.2 million (-49.7 %). Due to our fixed costs, profitability also deteriorated. Profit from operating activities (EBIT) amounted to just TEUR 96 (Q1/2013: EUR 3.2 million).

This has recently prompted us to amend our FY 2014 forecast. We now assume revenue of only around EUR 45 million, EBIT of EUR 1.0 million, and break-even at the net level. Major mining groups such as Caterpillar and Joy Global have also downgraded their 2014 revenue forecasts significantly.

Already last year, we introduced specific measures to respond to weak demand for SMT Scharf AG products. We have now bundled these measures within an internal program described as "costs + sales + innovation". The core of this program is to emerge stronger from the current mining sector crisis by not only reducing internal costs, but also by bolstering our important sales and innovation functions for the next upturn. This concretely means: First, we are focusing on meaningful cost-savings. For this purpose, we are cutting production capacities in Germany. In China, we have also decided against the construction of a new production building, and we are going to rent an existing hall instead. Secondly, we are focusing on our sales efforts by systematically segmenting our customers, and addressing these segments on an even more targeted basis accordingly. Thirdly, we are expanding our innovative strength. For example, we are defining, based on 35 new product ideas, concrete development projects which we mean could be interesting for our customers. In addition we are bolstering our engineering expertise at our subsidiaries in China and Poland. Finally, we are propagating to a greater extend our hard rock expertise in countries such as Canada and Indonesia based on our new applications that is used in the copper mine in Chile.

We continue to expect that the mining sector will not recover tangibly before 2015. We are convinced that the climate on the mining market will improve again in the medium term. Not least, the Freedonia Group, an industrial market research institution, forecasts that demand for mining equipment will grow by 8.6 % per year until 2017, for example. We hold also that operators will have to start to invest again in their mines' infrastructure in the medium term in order to improve productivity and cut costs. Due to the rising development of many emerging and developing countries, raw materials production will probably grow slowly but continuously. Given this, we are assuming that we can return to significant revenue and earnings growth in the medium term. Our localization strategy, which aims to strengthen our foreign subsidiaries in terms of their personnel and expertise, should also contribute to this.

We would like to thank you, our investors, business partners and customers, for the trust that you have placed in our company during these difficult times. It would please us if you would continue to accompany us in the future. We would also like to thank our employees for their committed work.

Kind regards

Christian Dreyer Heinrich Schulze-Buxloh

Management report

Basis of the Group

Business model and corporate strategy

The SMT Scharf Group develops, manufactures and services transportation equipment for underground mining. The main products are captivated railway systems that are used all over the world, primarily in hard coal mines, but also in mines for gold, platinum and other metals. They are needed to transport material and personnel with payloads of up to 45 tons and on gradients of up to 35 degrees. The company also started to operate railways in 2013. In addition, the Group supplies the mining sector with chairlifts. The SMT Scharf Group has subsidiaries in six countries as well as agents worldwide. SMT Scharf generates the predominant proportion of its revenue in growing foreign markets such as Russia, China, Poland and South Africa. Business with replacement parts, services and repairs contributes around half of revenue.

The company's strengths lie in its technical expertise, consistently high quality-standards and an intensively-practiced international approach. Only in this way can the company successfully and profitably defend its market leadership on the global market.

Despite the currently difficult setback in overall demand for mining equipment, SMT Scharf retains its general five-year outlook planning, which it developed in 2013, and which comprises the following main objectives:

(1) Concentration on the core "railways" business.
(2) Average revenue growth of 15 % per year in the core business, which should feed through to a doubling of revenue every five years.
(3) Defending the attractive margin with the target of boosting the EBIT margin to 20 %.

Point (1) has already been implemented through the disposal of the roadheader division, a less attractive area that faced intense competition. Moreover, in order to reach the ambitious medium-term growth and earnings targets, SMT Scharf AG aims to further expand its competences at its subsidiaries close to its mining customers (localization strategy). At the end, corporate culture stamped by German engineering thinking is to be situated at the Group headquarters in Hamm, the location of its central development department, with expert subsidiaries situated in all important mining countries. The central technologies and quality benchmarks for all functions – research & development, project management, marketing, and strategic purchasing – are provided from Germany. In the sales countries, full operating locations are to grow out of 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.

Research and development

Since design engineers will be entering retirement over the course of the coming years, the construction and development team in Hamm has been strengthened to include several new junior engineers over the course of last year. A smooth transition of know-how is currently occurring in line with expectations, ensuring a constantly high level of innovative research and development projects.

Especially in China, SMT Scharf AG continues to pursue the objective of hiring for local construction and development departments in order to more efficiently process development projects close to the customers as part of the internationalization strategy. The initial training and familiarization of the engineers that have already been hired is proceeding promisingly, and in line with expectations. For innovative applications in copper mining, the company has developed new transportation technologies based on the monorails – which will go into productive deployment at the customer during the course of 2014.

Personnel

SMT Scharf Group employed 287 staff (full-time employees) as of March 31, 2014, including 11 trainees. In the comparable quarter, the number of employees amounted to 285 individuals (including 12 trainees), excluding staff at the UK companies. Production capacity can be raised or reduced on a flexible basis through the deployment of temporary help staff. The number of employees in Germany fell from 132 to 119. The number of employees at foreign locations rose from 153 to 168. The higher number of personnel outside Germany reflects foreign markets' growing significance. The number of employees was boosted in Russia, in particular. Here, the railways rental model is being tested which also comprises the lending of operating personnel.

Economic report

Economic environment

Macroeconomic environment: During the first months of 2014, the global economy reported a strong trend that was attributable to good growth in advanced economies, according to German research institutions. According to their joint diagnosis, not only Germany, but also the United Kingdom and the USA experienced an upturn. The Eurozone recession has been slowly overcome, with economic recovery now underway. It is thought that emerging economies will not achieve quite as strong production growth rates in the future as in recent years. Overall, the International Monetary Fund in its World Economic Outlook 2014 forecasts that global production will grow by 3.6 % this year (2013: 3.0 %). Global trade is set to grow even faster over this period at 4.3 % (2013: 3.0 %). In detail, real gross domestic product (GDP) is forecast to grow in 2014 by 3.1 % in Poland (2013: 1.6 %), by 7.5 % in China (2013: 7.7 %), by 1.3 % in Russia (2013: 1.3 %), and by 2.3 % in South Africa (2013: 1.9 %).

Sector trends: Demand on the mining equipment market fell continuously last year. This decline reflects a significant drop in raw materials prices and a new wave of investment reticence among mining operations. After some significant overinvestment over the past ten years, and the fact that returns on capital have become unattractive, the focus of the mining industry has now made a strong shift towards capital efficiency.

Approximately USD 110 billion of worldwide mining investments in 2013 will be 21 % lower year-on-year, according to sector estimates from PricewaterhouseCoopers. Impairment losses amounting to USD 75 billion (Deloitte) that the mining industry has had to digest between September 2011 and September 2013 reflect the sector's weak trend. This downturn also affects German manufacturers of mining equipment. For 2014, the specialist mining equipment association of the German Engineering Federation (VDMA) forecasts a fall in sales in the low double-digit percentage range.

In addition, the Chinese economy continues to report strong growth, but is no longer as dynamic as in previous years. Due to the PRC's immense hunger for raw materials and energy, this affects mining equipment investments worldwide. The Chinese government has also announced that it will reduce coal's share in its energy mix from 70 % in 2013 to 65 % in 2017, according to a study produced by consultants at Deloitte.

Medium-term, however, especially Chinese mines need to catch up with the past decades' investment backlog, including on infrastructure investments. In their International Energy Outlook 2013, experts at the US Energy Information Administration forecast that global coal production will grow by around 1.3 % per annum on average between 2010 and 2040, growing from 147 billion Btu (British thermal units) to 220 billion Btu. A major shift away from industrial countries (EU, USA) towards expanding economies in Asia is clearly identifiable in this context. Deloitte believes that mining operators will focus not only on boosting productivity through further automation, but also on further expanding safety precautions.

Results of operations, net assets and financial position

The weak trend of the global market for mining equipment proved to be even more pronounced in the first quarter 2014 than expected. Accordingly, the revenue of the SMT Scharf Group fell by -36.4 % from EUR 15.1 million in the prior-year period to EUR 9.6 million in the quarter under review.

Given mining customers' reticence to invest, the distribution of revenue by type of order shifted in favor of the replacement parts, repair and service business, which accounted for 63.3 % of total revenue (Q1/2013: 57 %). By contrast, business with new systems comprises only around 36.7 % of revenue in the period under review (Q1/2013: 43 %). The new systems business was stronger than the replacement parts, repair and service business only in China, Australia and South Africa. The importance of chairlifts compared with total revenue was almost unchanged at 8.3 % (Q1/2013: 7.3 %). SMT Scharf AG's main business comprise its railways business, which accounted for 91.7 % of total revenue.

While the SMT Scharf Group's business in Germany reported a relatively stable trend, demand on all foreign markets fell considerably. Accordingly, the share of foreign business survey 80.3 % was significantly lower than in the prior-year quarter (87.3 %).

Revenue by regions

in TEUR	**Q1/2014**	**Q1/2013**	**Change**	**Share of total revenue**
Germany	1,893	1,901	-0.4 %	19.7 %
Poland	3,102	3,452	-10.2 %	32.3 %
Russia including Kazakhstan	1,696	3,706	-54.2 %	17.6 %
Other Europe	189	676	-72.0 %	2.0 %
America	7	3	+194.0 %	0.1 %
China	1,380	3,377	-59.1 %	14.4 %
Australia/Asia excluding China	122	168	-27.5 %	1.3 %
Africa	1,211	1,822	-33.5 %	12.6 %
Total revenue	**9,600**	**15,105**		

Especially business in the important markets for SMT Scharf of China and Russia, fell by more than 50 % due to the currently slow growth in China, as well as due to the Ukraine crisis in Russia. In South Africa and Australia/Asia, the fall of -34 % and of -27 % respectively was not quite as pronounced. Demand remained relatively stable only in Poland, which continued to comprise the SMT Scharf Group's most important market in the first quarter 2014 with an almost one third share of total revenue.

Changes in inventories of EUR 1.0 million were significantly below the previous year's EUR 2.7 million due to lower production as the consequence of processed but not yet shipped orders. Overall, operating output – comprising both revenues and changes in inventories – consequently amounted to EUR 10.6 million (Q1/2013: EUR 17.8 million).

Due to the release of provisions, other operating income stood at EUR 1.1 million in the first quarter of 2014 (Q1/2013: EUR 0.7 million). Apart from other operating expenses, which rose from EUR 2.2 million to EUR 2.8 million mainly as a result of currency exchange rate differences as well as restructuring measures and maintenance, the SMT Scharf Group reduced its expense items – albeit not entirely in line with its operating output trend. Consequently, the cost of materials ratio registered a marked decline from 52.7 % to 50.2 %, with the cost of materials amounting to EUR 5.3 million (Q1/2013: EUR 9.4 million). Given the slight decline in the number of employees, and despite a drop in personnel expenses to EUR 3.1 million (Q1/2013: EUR 3.4 million), the personal expense ratio nevertheless rose given the personnel-intensive localization strategy and the higher service component from 19.0 % in the prior-year quarter to 29.5 % in the period under review. Depreciation and amortization stood at EUR 0.3 million (Q1/2013: EUR 0.4 million).

Overall, Profit from operating activities (EBIT) consequently amounted to EUR 0.1 million (Q1/2013: EUR 3.2 million). This fall was mainly attributable to the non-occurrence of planned revenue along with an only slight change in total workforce numbers.

The net financial result registered a positive trend, amounting to EUR 0.3 million (Q1/2013: EUR 0.1 million). In particular, income from participating interests of EUR 0.3 million was markedly higher than in the previous year (Q1/2013: EUR 0.2 million), which is due to improved quarterly earnings from our Chinese joint-venture Xinsha. A significant reduction in interest expenses also exerted an effect.

At the bottom line, the Group reports EUR 0.4 million of consolidated net income (Q1/2013: EUR 2.1 million). This corresponds to EUR 0.09 of earnings per share (Q1/2013: EUR 0.51). The marked fall in consolidated net income of -81.2 % is especially attributable to the high fixed cost share of the SMT Scharf Group.

As of March 31, 2014, the Group order book position stood at a total of EUR 17.7 million, compared with EUR 24.9 million a year previously (-29.0 %). New order intake halved to EUR 11.2 million.

Given almost unchanged total assets of EUR 61.2 million (December 31, 2013: EUR 61.1 million), balance sheet ratios were largely identical to those as of December 31, 2013. Among current assets, inventories of EUR 18.9 million (December 31, 2013: EUR 18.2 million) and trade receivables of EUR 17.3 million (December 31, 2013: EUR 16.9 million) as of March 31, 2014 remained the most significant items. Liquid assets amounted to EUR 8.7 million on March 31, 2014, compared with EUR 10.6 million at the end of 2013. In the case of non-current assets, too, hardly any changes were reported.

The company's equity ratio was almost unchanged at a stable 64.3 % (December 31, 2013: 64.5 %), with equity standing at EUR 39.4 million. In addition to this, the other balance sheet ratios on the equity and liabilities side also remained stable, with current liabilities amounting to EUR 13.7 million (December 31, 2013: EUR 13.5 million) and non-current liabilities standing at EUR 8.1 million (December 31, 2013: EUR 8.2 million).

SMT Scharf invested a total of EUR 0.5 million during the first quarter of 2014. Of this amount, TEUR 129 was attributable to current development projects that require capitalization pursuant to IAS 38.

Report on events after the balance sheet date

Following the end of the first three months of 2014, no further events occurred which have a significant effect on the net assets, results of operations or financial position.

Forecast

For 2014, the specialist mining equipment association of the German Engineering Federation (VDMA) forecasts a fall in sales in the low double-digit percentage range.

The Managing Board of SMT Scharf AG has corrected its forecast for 2014 accordingly. It now assumes revenue of just around EUR 45 million, EBIT of EUR 1.0 million, and break-even at the net income. The forecast for other key indicators remains unchanged. According to that the company expects that operating output will register a similar percentage decline to that in 2013. Regarding the currency effects a similar expense effect is anticipated as in 2013, as the Rouble and Rand currencies are still under pressure to depreciate. The equity ratio should remain at the same level. Little change in the cost of materials ratio, as with the EBT margin is anticipated. The level of customer receivables in relation to revenues should remain at around the previous year's level. The personal expense ratio is forecasted to be similar to that in 2013. New order intake and the order book position should stabilise at a low level over the course of the coming year.

The company continues to expect that the mining sector will not recover tangibly before 2015. SMT Scharf AG nevertheless assumes that the climate on the mining market will improve again in the medium term. Not least, the Freedonia Group, an industrial market research institution, forecasts that demand for mining equipment will grow by 8.6 % per year until 2017, for example. The company is also of the opinion that operators will start to invest again in their mines' infrastructure in the medium term in order to improve productivity and cut costs. Due to the rising development of many emerging and developing countries, raw materials production will probably grow slowly but continuously. Given this, SMT Scharf AG is confident that it can return to significant revenue and earnings growth in the medium term. The localization strategy, which aims to strengthen the foreign subsidiaries in terms of personnel and expertise, should also contribute to this.

Report on opportunities and risks

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 2013.

Hamm, May 13, 2014

SMT Scharf AG

The Managing Board

IFRS quarterly financial statements (unaudited)

Consolidated balance sheet

(in TEUR)	Notes	31.03.2014 (Core business)	31.03.2013 (including Dosco)	31.12.2013 (core business)
Assets				
Inventories		18,894	22,827	18,244
Trade receivables		17,266	23,008	16,894
Other current receivables/assets		2,581	2,320	2,040
Cash and cash equivalents		8,690	14,767	10,566
Current assets	(3)	**47,431**	**62,922**	**47,744**
Intangible assets		2,987	3,264	2,920
Property, plant and equipment		6,065	8,469	6,027
Participating interests		2,561	2,137	2,306
Deferred tax assets		2,134	4,312	2,098
Other non-current receivables/assets		0	60	2
Non-current assets	(4)	**13,747**	**18,242**	**13,353**
Total assets		**61,178**	**81,164**	**61,097**
Equity and liabilities				
Current income tax		372	858	596
Other current provisions		5,137	5,124	5,012
Advance payments received		693	1,427	634
Trade payables		2,087	7,139	2,071
Current financial liabilities		4,500	4,998	4,500
Other current liabilities		889	1,206	701
Current provisions and liabilities		**13,678**	**20,752**	**13,514**
Provisions for pensions		2,870	11,190	2,865
Other non-current provisions		2,277	2,242	2,247
Deferred tax liabilities		1,178	1,192	1,274
Non-current financial liabilities		1,816	1,163	1,816
Non-current provisions and liabilities		**8,141**	**15,787**	**8,202**
Subscribed capital		4,155	4,155	4,155
Share premium		11,815	11,815	11,815
Profit brought forward		26,442	29,077	26,045
Currency translation difference		-3,053	-422	-2,634
Equity	(5)	**39,359**	**44,625**	**39,381**
Total assets		**61,178**	**81,164**	**61,097**

Consolidated statement of comprehensive income

(in TEUR)	Notes	01.01.2014-31.03.2014	01.01.2013-31.03.2013
Revenue	(1)	9,600	15,105
Changes in inventories		1,031	2,742
Operating output (100 %)		10,631	17,847
Other operating income		1,055	733
Cost of materials		5,335	9,413
Personnel expenses		3,132	3,399
Depreciation, amortization and impairment charges		306	386
Other operating expenses		2,817	2,182
Profit from operating activities (EBIT)		**96**	**3,200**
Income from participating interests		345	197
Interest income		40	46
Interest expenses		36	130
Financial result		**349**	**113**
Profit before tax		**445**	**3,313**
Income taxes	(2)	48	672
Profit/loss on discontinued operations		**0**	**-529**
Net income		**397**	**2,112**
Currency difference from translation of foreign financial statements		-419	-874
Comprehensive income		**-22**	**1,238**

Earnings per share (in EUR)		
Basic	0.09	0.51
Diluted	0.09	0.51
Average number of shares	4,185,115	4,152,796

Consolidated cash flow statement

(in TEUR)	01.01.2014-31.03.2014	01.01.2013-31.03.2013
Net income	397	2,112
Income from participating interests	-345	-197
Depreciation and amortization of non-current assets	306	477
Gain/loss on disposal of non-current assets	5	2
Changes in assets, provisions and liabilities items		
- Provisions	160	200
- Taxes	-356	-22
- Inventories	-650	-4,857
- Receivables/other assets	-912	232
- Liabilities	291	1,045
Net cash flows from operating activities	**-1,104**	**-1,008**
Investments in non-current assets	-488	-725
Outgoing payments for corporate acquisition	0	-40
Acquired cash and cash equivalents	0	62
Cash outflow from investing activities	**-488**	**-703**
Sale of treasury shares	0	54
Repayment of/proceeds from financial liabilities	0	635
Net cash flows from/used in financing activities	**0**	**689**
Effect of changes in exchange rates and Group composition	-256	-726
Change in net financial position*	**-1,848**	**-1,748**
Net financial position at start of period	9,899	15,834
Net financial position at end of period	8,051	14,086

* 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 difference	Equity
Balance on 01.01.2014	**4,155**	**11,815**	**26,045**	**-2,634**	**39,381**
Net income			397		397
Other changes				-419	-419
Comprehensive income	0	0	397	-419	-22
Balance on 31.03.2014	**4,155**	**11,815**	**26,442**	**-3,053**	**39,359**
Balance on 01.01.2013	**4,153**	**11,763**	**26,965**	**452**	**43,333**
Sale of treasury shares	2	52			54
Net income			2,112		2,112
Other changes				-874	-874
Comprehensive income	0	0	2,112	-874	1,238
Balance on 31.03.2013	**4,155**	**11,815**	**29,077**	**-422**	**44,625**

Notes

Methods

This financial report of the SMT Scharf Group as of March 31, 2014 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, 2013, 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 subjected 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
OOO SMT Scharf Service, Novokuznetsk, Russian Federation
Sareco Engineering (Pty.) Ltd., Brakpan, South Africa
SMT Scharf Saar GmbH, Neunkirchen
Shandong Xinsha Monorail Co. Ltd., Xintai, China
TOW SMT Scharf Ukraine, Donetsk, Ukraine
Scharf Mining Machinery (Xuzhou) Ltd, Xuzhou, China

As a 50 %-held interest, Shandong Xinsha Monorail Co. Ltd. is consolidated applying the equity method.

Notes to the income statement

(1) Revenue

Revenue is composed of the following items:

	01.01.2014- 31.03.2014	01.01.2013- 31.03.2013
New equipment	3,527	6,984
Spare parts/service/other	6,073	9,272
Total	**9,600**	**16,256**
Germany	1,893	2,073
Other countries	7,707	14,813
Total	**9,600**	**16,256**

(2) Income taxes

Income taxes are composed of the following items:

	01.01.2014- 31.03.2014	01.01.2013- 31.03.2013
Current tax expense	181	902
Deferred taxes	-133	-230
Total	**48**	**672**

Notes to the balance sheet

(3) Current assets

Securities and cash and cash equivalents as of March 31, 2014 include a hardship and social fund amounting to TEUR 638. 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. Seven leased items existed as of March 31, 2014.

From January to March 2014, TEUR 129 were capitalized as development expenses for projects that fulfil the requirements of IAS 38.

(5) 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, 2014, 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.

In the first quarter 2014, no dividend was paid, as in the previous-year period. At the AGM on May 7, 2014, a dividend of EUR 0.25 per share for the 2013 fiscal year was proposed.

Other disclosures

(6) Contingent liabilities and other financial commitments

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

Other financial liabilities exist, 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 TEUR 183 were recognized under other operating expenses. The nominal amount of the future minimum lease payments within the core business from rental agreements and operating leases that cannot be terminated is as follows (by due date):

	31.03.2014	**31.03.2013**	**31.12.2013**
Due within one year	209	256	359
Due in one to five years	703	472	792

(7) Supervisory and Managing Boards

During the period under review, the members of SMT Scharf AG's Supervisory Board were:
Dr. Dirk Markus, London, CEO of Aurelius AG, (Chairman)
Dr. Rolf-Dieter Kempis, Waldenburg, management consultant, (Deputy Chairman),
Dr. Harald Fett, Monheim, management consultant.

The members of the Managing Board of SMT Scharf AG in the reporting period were:
Christian Dreyer (CEO),
Heinrich Schulze-Buxloh.

On March 31, 2014, Mr. Dreyer held no shares of the company, and Mr. Schulze-Buxloh held 6,000 shares." The members of the Supervisory Board held 1,000 shares.

(8) Related party disclosures

Services with a value of less than TEUR 38 were procured on normal market terms from related parties as defined by IAS 24. No services were provided to related parties.

(9) 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 utilized in the period under review.

Please see the 2013 annual report 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 2014.

Imprint

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