



**6-Month Report
1.1.-30.6.2015**

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Summary of key data

in TEUR	01/01/2015- 30/06/2015	01/01/2014- 30/06/2014	Change
Revenue	22,505	21,405	5.1 %
Total operating revenue	22,341	21,621	3.3 %
Profit/loss from operating activities (EBIT)	-381	889	> -100 %
EBIT margin on total operating revenue	-1.7 %	4.1 %	-5.8 PP
Net profit/loss	-580	1,200	> -100 %
Order book position as of June 30	14,780	17,730	-16.6 %
New order intake	22,444	23,053	-2.6 %
Full-time employees (FTEs) at end of period	279	286	-2.5 %

Letter to shareholders

Dear shareholders,

Our Managing Board has enjoyed a new alignment since July:

Mr. Christian Dreyer departed after serving for three years as CEO, handing over to Mr. Hans Joachim Theiss (47), whose previous role was as a member of the Supervisory Board of SMT Scharf AG. This handover occurred within a constructive atmosphere. Mr. Theiss looks back on five years as Supervisory Board Chairman, and on six years of Managing Board experience as CEO at a comparable technical company. He has also acquired experience in management consulting. Mr. Dreyer will continue to be available to the Managing Board for any queries.

Mr. Wolfgang Embert (57) is responsible as a new Managing Board member for the technology and production areas. Mr. Embert has already spent almost seventeen years at SMT Scharf, including seven years as technical director. He has played a significant role in our company's product development in this function. Mr. Embert has several years of experience as Managing Director of a medium-sized enterprise as well as Engineering Manager of a large international enterprise from the mining supplier industry.

Mr. Heinrich Schulze-Buxloh (65) continues to serve as Managing Board member responsible for sales. His post-retirement succession has been arranged since the end of July. It gives us pleasure to welcome Mr. Rolf Oberhaus (49) on board, who is joining the Managing Board and assuming responsibility for sales as of the year-end. He draws on many years of sector experience in the mining, railway and steel industry, and brings with him an extensive network within our most important sales markets.

The new Managing Board consisting of three individuals who will assume joint responsibility for the management of SMT Scharf GmbH in the future.

During the first half of 2015, we grew our consolidated revenue to EUR 22.5 million, with this growth deriving primarily from foreign markets. In Russia, unanticipated additional projects resulted in a lower level of revenue decline than we initially expected. In China, revenue developed with less strength than we had hoped due to current demand weakness, although it was up by 74 percent compared with the first half of 2014. We continue to expect full-year consolidated revenue of EUR 45 million.

As announced, by way of risk provisioning we have applied value allowances to outstanding receivables, and impairment losses to current and non-current assets, which are already recognised through profit or loss as of June 30, 2015. The operating result fell into the negative zone during the first half of 2015 due to these adjustments. We have also adjusted our full-year forecast accordingly, and now anticipate breakeven at the operating level on the full-year view. Given a prospective further weakening in Chinese growth and the strained geopolitical situation, our forecast remains subject to the well-known economic risk factors.

In the light of the ongoing crisis in the mining sector and continued low level of commodity prices, we are examining the tapping of further markets. This does not impinge on the strategy that we have adopted in terms of our core markets of coal and hardrock. We regard ourselves as well positioned for new opportunities given our technical expertise, our international structure with subsidiaries in Russia, China, Poland and South Africa, and our impressive capital strength. The measures that we have introduced to restructure and modernise our company as part of our CSI program (CSI refers to costs, sales and innovation) are taking effect and increasingly bearing fruit.

We would like to thank you, our investors, business partners and customers, for the confidence that you invest in us, and we would kindly request you to continue to place this confidence in our new management team.

Yours sincerely

Hans Joachim Theiss

Heinrich Schulze-Buxloh

Wolfgang Embert

Management report

Basis of the Group

Business model

The SMT Scharf Group ("SMT Scharf ") develops, manufactures and services transportation equipment for underground mining. SMT Scharf's operating activities can be categorised as follows:

- **Products:** The main product comprises captivated railway systems for underground mining that allow personnel and materials of up to 45 tonnes to be transported on gradients of up to 35 degrees. Chairlifts for the mining sector represent an ancillary product.
- **Type of business:** The delivery of new equipment forms the core of the operating activities. Downstream services (replacement parts, maintenance and repair) have accounted for an average of a half of revenue over recent years. Occasionally, SMT Scharf also acts as a railway operator.
- **Customer groups:** SMT Scharf products are predominantly deployed in hard coal mines, although they are also increasingly deployed in the mining of gold, platinum, copper and nickel (referred to as "hardrock mining").
- **Regions:** Products are distributed through the company's own subsidiaries to increasingly important foreign markets such as Russia, Poland, China and South Africa. The German domestic market plays only a subordinate role today.

Corporate strategy

We have set the following targets in our still up-to-date outlook planning, the attainment of which has been delayed by three to four years due to the difficult market environment:

- (1) Concentration on the core "railways" business (already achieved)
- (2) Average annual revenue growth in the core business of 15 %, which should feed through to a doubling of consolidated revenue every five years (delayed by three to four years due to the cyclical downturn)
- (3) Target EBIT margin of 20 % (currently unachievable due to the downturn)

In order to be able to achieve these medium-term growth and earnings targets, SMT Scharf is pursuing a **localisation strategy**, and further expanding expertise at foreign subsidiaries located close to mining customers. SMT Scharf is countering the current mining sector crisis through cost reductions (C), accompanied by a strengthening of sales (S) and innovative capacity (I), which are aggregated within the **short-term CSI program**. Along with the objective of establishing **hardrock mining** as a second business pillar, the new Managing Board of SMT Scharf is **examining** opening up the company for **further mining-related markets**, and also potentially opportunistically tapping other markets based on SMT core competencies.

Research and development

The company continues to consistently pursue its localisation strategy in Poland, Russia and China. The continuous establishment of local centres of expertise with growing vertical depth of manufacturing is currently successfully underway. The company is aiming for the greatest possible efficiency through the leveraging of synergies and further networking of among its locations.

Through internationally planned projects, and further and new developments of the existing product range, the SMT Scharf Group aims to reduce development times and realise a more targeted response to local market demand. At the same time, local production, predominantly of the requisite steel construction, and a global network of suppliers, cater for better delivery times and cost optimisation.

For innovative applications beyond underground coal mining, new transportation technologies can be developed based on our experience with monorail hanging railways for tunnelling and the exploitation of further mineral resources.

Personnel

As planned as part of the CSI program, the number of employees at the Hamm site was reduced further. Given the current mining sector crisis, however, the simultaneous establishment of further development and production capacities at the foreign locations as part of the medium-term localisation strategy has not yet occurred to the extent planned. As of June 30, 2015, SMT Scharf employed a total of 279 full-time equivalents (FTEs), of whom five were trainees at the Hamm site (June 30, 2014: 286 FTEs, nine trainees). In Germany, the number of employees fell by 30 % to 74 FTEs (June 30, 2014: 106 FTEs), with growth occurring mainly in China, Poland and Russia. The proportion of employees at the foreign subsidiaries rose to 70 % as of June 30, 2015 (June 30, 2014: 59 %):

Economic and business report

Economic and business environment

Macroeconomic environment:

The joint forecast published in spring 2015 by Germany's leading economic institutions raised the prospect of a global economic growth recovery in 2015. This appraisal is based on low commodity prices and a decline in the euro to US dollar exchange rate, which provided a stimulus to advanced Eurozone economies during the first quarter of 2015. At the mid-year stage, however, the International Monetary Fund arrived at the assessment that, in particular, high volatility on global financial markets, the continued uncertainty of the geopolitical situation, and a weakening of Chinese growth might necessitate downgrades to growth forecasts over the course of the year.

Sector trends:

According to the Specialist Mining Equipment Association of the German Engineering Federation (VDMA), sector sales dropped by 33 % in the 2014 fiscal year. Sales are expected to stabilise at this low level in 2015. The Chinese economic growth slowdown continues to play an important role in the lower level of investments being realised by the global mining industry. Opportunities are arising due to modernisation pressure and the trend towards more difficult to open geological structures of coal resources, in which the products of SMT Scharf are particularly suitable.

Results of operations, net assets and financial position

During the first half of 2015, **consolidated revenue** rose by 5 % compared with the low level of the prior-year period, reaching EUR 22.5 million (H1/2014: EUR 21.4 million). Sales revenue growth accelerated during the second quarter in this context, especially on foreign markets.

A total of 90.5 % of revenue, or EUR 20.4 million, was generated with rail systems (H1/2014: 90.4 % or EUR 19.4 million), with 9.5 % of revenue, or EUR 2.1 million deriving from chairlifts (H1/2014: 9.6 % or EUR 2.0 million).

New equipment business reflected strong growth to EUR 11.9 million (H1/2014: EUR 9.5 million), accounting for 53 % of total consolidated revenue during the first half of 2015 (H1/2014: 44 %). Accordingly, the share of service business fell to 47 %, or EUR 10.6 million (H1/2014: 56 % or EUR 11.9 million).

Business with hard coal mine operators, which is aggregated within the Coal segment, accounted for 83 % of total consolidated revenue, with segment revenue standing at EUR 18.7 million (H1/2014: 87 % or EUR 18.7 million). In the Hardrock segment, an improved level of EUR 3.8 million, or 17 % of total consolidated revenue, was generated with existing customer groups (H1/2014: EUR 2.7 million or 13 %).

In a comparison of regions, China exhibited especially strong growth of 74 % to EUR 4.6 million during the first half of 2015 (H1/2014: EUR 2.6 million). Despite growth in the Chinese proportion of total revenue to 21 % (H1/2014: 12 %), the major share of revenue during the first six months of 2015 was generated in Russia. The Russian share of total consolidated revenue amounted to 28 %, despite a 10 % revenue decline (H1/2014: 33 %). Unexpected additional projects contributed to a lower level of revenue decline in Russia, whereas revenue in China reported a weaker trend than hoped due to continued demand weakness. As expected, the share of German business fell to EUR 2.3 million, or 10 % (H1/2014: EUR 3.3 million or 16 %). The 28 % growth in the revenue share in Africa, amounting to EUR 3.5 million, or 15 % (H1/2014: EUR 2.7 million or 13 %), is distributed roughly half-half between the new equipment and service business, and the business with chairlifts.

Revenue by regions

in TEUR	H1/2015	H1/2014	Change	Share of total revenue
Germany	2,344	3,332	-29.7 %	10.4 %
Poland	4,078	4,933	-17.3 %	18.1 %
Russia	6,288	6,979	-9.9 %	27.9 %
Other Europe	448	224	100 %	2.0 %
America	1,205	90	>100 %	5.4 %
China	4,618	2,649	74.3 %	20.5 %
Australia / Asia excluding China	40	475	-91.6 %	0.2 %
Africa	3,484	2,724	27.9 %	15.5 %
Total revenue	22,505	21,405		

Due to stock cutting, changes in inventories amounted to EUR -0.2 million (H1/2014: EUR 0.2 million), with **total operating revenue** (defined as the sum of revenue and changes in inventories) thereby reflecting a 3 % increase to EUR 22.3 million (H1/2014: EUR 21.6 million).

Other operating income during the first half of 2015 was up by more than 100 % year-on-year to EUR 3.7 million (H1/2014: EUR 1.7 million). This increase is mainly due to the release of provisions and currency gains in an amount of EUR 2.4 million, which were already recognised in the first quarter of 2015. Due to the formation of provisions and value allowances applied to outstanding receivables, other operating expenses increased at a faster rate than total operating revenue, and were up by 10 % EUR 6.2 million (H1/2014: EUR 5.7 million).

The 33 % increase in the **cost of materials** to EUR 13.0 million (H1/2014: EUR 9.8 million) arises partially from delayed revenue recognition due to a greater number of rental transactions, higher level of purchasing of rails, and write-downs applied to inventories as part of risk provisioning. The cost of materials ratio (in relation to total operating revenue) consequently increased significantly to 58.2 % (H1/2014: 45.4 %). **Personnel expenses** were down by 5 % year-on-year to EUR 6.0 million (H1/2014: EUR 6.3 million), with the personnel expense ratio (in relation to total operating revenue) falling to 27.0 % (H1/2014: 29.3 %). Personnel expenses in the previous year accounted for a higher proportion of total revenue mainly in connection with the higher service share of revenue. In addition, personnel expenses in 2015 will increasingly show the results of the restructuring as part of the CSI program.

Depreciation, amortisation and impairment losses relating to non-current assets amounted to EUR 1.1 million, up 74 % year-on-year (H1/2014: EUR 0.7 million). The change arises from an impairment loss applied to older or no longer utilised parts of buildings, and an impairment loss applied to a higher level of capitalised rented machines.

Due to the aforementioned effects during the reporting period, the **result from operating activities (EBIT)** fell to EUR -0.4 million during the first six months of 2015 (H1/2014: EUR 0.9 million). At segment level, EBIT from the Hardrock business improved to EUR 0.2 million (H1/2014: EUR -0.2 million), while EBIT in the Coal segment deteriorated to EUR -0.6 million (H1/2014: EUR 1.1 million).

The consolidated financial result was down year-on-year to EUR 0.1 million (H1/2014: EUR 0.6 million). It should be noted in this context that income of just EUR 87 thousand was generated from participating interests during the first half of 2015, as income of EUR 0.3 million in connection with the Xinsha joint venture in China was already recognised during the final quarter of 2014. In addition, income from participating interests in the second quarter of 2015 was down year-on-year due to the lower business volume level.

After lower income taxes of EUR 0.2 million (H1/2014: EUR 0.3 million), the Group reported a year-on-year worsening of the **consolidated net result** to EUR -0.6 million due to the aforementioned effects (H1/2014: EUR 1.2 million). Based on a lower average number of shares in issue compared with the first half of 2014 of 4,147,142 shares, earnings per share amounted to EUR -0.14 during the period under review (H1/2014: EUR 0.29).

SMT Scharf's **order book position** stood at a lower level of EUR 14.8 million as of June 30, 2015 (June 30, 2014: EUR 17.7 million), thereby at the same level as of December 31, 2014. **New order intake** during the first six months of 2015 amounted to a slightly lower EUR 22.4 million (H1/2014: EUR 23.1 million).

Compared with the end of 2014, **total assets** were up by 2 % to EUR 61.4 million as of June 30, 2015 (December 31, 2014: EUR 60.5 million). This is particularly attributable to the increase in deferred tax assets and inventories. Deferred tax assets were up by 18 % to EUR 3.0 million as of June 30, 2015 (December 31, 2014: EUR 2.6 million), while inventories increased by 13 % to EUR 15.9 million (December 31, 2014: EUR 14.1 million). Non-current assets of EUR 15.3 million as of June 30, 2015 were slightly below the year-end level (December 31, 2014: EUR 15.6 million). Current provisions and liabilities of EUR 17.0 million as of June 30, 2015 were up slightly compared with December 31, 2014 (EUR 16.5 million), with advance payments received increasing the most. The equity of SMT Scharf AG of EUR 37.6 million on the balance sheet date was 2 % above the level on December 31, 2014 (EUR 36.9 million). The **equity ratio** of 61.2 % remains stable at a high level (December 31, 2014: 61.0 %).

SMT Scharf invested EUR 0.3 million in the first half of 2015 (H1/2014: EUR 2.6 million). Here, it should be noted that **investments** were made in research & development and in rental machines in Russia in the previous year's first half, which were not incurred in the first half of 2015. The investments during the period under review relate mainly to IT infrastructure investments.

Events after the balance sheet date

After the first six months of 2015, the following events occurred that have a significant effect on the financial position and performance:

An ad hoc announcement on June 17, 2015 notified that former CEO Christian Dreyer was stepping down with effect as of June 30, 2015, that former Deputy Supervisory Board Chairman Hans Joachim Theiss was stepping down with effect as of July 15, 2015 and that the Supervisory Board had appointed Mr. Wolfgang Embert to be a new Managing Board member with effect as of July 1, 2015. This announcement also communicated that an application had been made for Mrs. Dorothea Gattineau to be appointed Mr. Theiss's successor on the Supervisory Board, and that Mr. Theiss was available to switch to the role of Chief Executive Officer.

In a further ad hoc announcement on July 23, 2015, it was notified that Mr. Theiss had been appointed CEO with effect as of July 16, 2015, and that Mr. Rolf Ferdinand Oberhaus would be Mr. Heinrich Schulze-Buxloh's successor on the Managing Board with effect as of January 1, 2016. The announcement also communicated that additional impairment losses, provisions and risk provisioning in a volume totalling around EUR 2.5 million would be required in the current fiscal year. The Managing Board adjusted its 2015 earnings forecast as a consequence.

Forecast

As of mid-2015, the International Monetary Fund (IMF) forecasts the following GDP growth rates in SMT Scharf's target markets:

GDP growth, year-on-year, in %	2014	2015*
Germany	1.6	1.6
Eurozone	0.8	1.5
Russia	0.6	-3.4
Poland**	3.3	3.5
South Africa	1.5	2.0
China	7.4	6.8
World economy	3.4	3.3

Source: IMF World Economic Outlook Update, July 2015, *figures in column are forecasts,

**Source: IMF World Economic Outlook, April 2015

China, Russia, Poland and South Africa will remain the SMT Scharf's core markets for the foreseeable future. Given the positive economic trend in the company's most important European target market of Poland, and continued positive factors impacting the global economy, the management continues to anticipate that consolidated revenue will stabilise at EUR 45 million. This forecast already takes into account the fact that the growth pace in China will

prospectively slow further, and that the GDP of the Russian Federation will decrease significantly due to low raw materials prices and sanctions imposed by the West. Factors of uncertainty relating to the forecast according to the IMF comprise higher volatility on global financial markets, the uncertainty geopolitical situation, and the European sovereign debt crisis, whose development is unclear. Given the well-known economic and sector-related conditions, at the start of the year the management set an operating profit of between EUR 2 million and EUR 3 million as its target for the year. In light of the additional impairment losses, provisions and risk provisioning in a volume totalling around EUR 2.5 million, whose effects were already tangible in terms of the consolidated net result as of June 30, 2015, the Managing Board has adjusted its 2015 earnings forecast, and now anticipates breakeven at the operating result level.

The management expects that the global mining equipment market will improve medium-term, and that the investment backlog will unwind, especially among Chinese mine operators that need to optimise their infrastructure. Raw materials production is set to rise further due to global economic growth and rising prosperity in emerging economies. Despite a growing share of renewable energies, experts at the International Energy Agency (IEA) predict that fossil fuels will comprise the predominant proportion of global energy production in 2040, and see demand for coal growing by 15 % up to 2040.

In order to achieve additional diversification and further reduce dependency on coal mine operators, SMT Scharf will endeavour to ensure that its hardrock business grows into a second business pillar in the medium to long term. The industrial metals that are needed for future renewable energies for utilisation in biogas systems, solar collectors and cells, and wind power plants, are gained from ores extracted from hardrock mines. In addition, the new Managing Board of SMT Scharf is examining opportunities to open up the company to additional mining-related markets.

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 2014.

Hamm, August 13, 2015

SMT Scharf AG

The Managing Board

IFRS half-year financial statements (unaudited)

Consolidated balance sheet

(in EUR thousand)	Notes	30/06/2015	30/06/2014	31/12/2014
Assets				
Inventories		15,935	18,154	14,062
Trade receivables		22,308	17,296	22,430
Other current receivables/assets		3,149	2,493	1,749
Cash and cash equivalents		4,766	7,678	6,647
Current assets	(4)	46,158	45,594	44,888
Intangible assets		2,861	2,938	2,932
Property, plant and equipment		5,635	6,246	6,713
Participating interests		3,772	2,827	3,392
Deferred tax assets		3,020	2,096	2,553
Other non-current receivables/as- sets		2	0	2
Non-current assets	(5)	15,290	14,107	15,592
Total assets		61,448	59,728	60,480

(in EUR thousand)	Notes	30/06/2015	30/06/2014	31/12/2014
Equity and liabilities				
Current income tax		434	155	762
Other current provisions		8,543	4,907	7,531
Advance payments received		1,717	1,067	439
Trade payables		2,735	2,417	3,502
Current financial liabilities		2,559	2,500	3,000
Other current liabilities		971	1,157	1,246
Current provisions and liabilities		16,959	12,203	16,480
Provisions for pensions		3,199	2,899	3,188
Other non-current provisions		379	2,289	364
Deferred tax liabilities		1,077	1,160	1,191
Non-current financial liabilities		2,223	1,759	2,388
Non-current provisions and liabilities		6,878	8,107	7,131
Subscribed share capital		4,141	4,155	4,155
Share premium		11,615	11,815	11,815
Profit brought forward		23,142	26,206	23,723
Currency translation difference		-1,287	-2,758	-2,824
Equity	(6)	37,611	39,418	36,869
Total assets		61,448	59,728	60,480

Consolidated statement of comprehensive income

(in EUR thousand)	Notes	01/04/2015- 30/06/2015	01/04/2014- 30/06/2014	01/01/2015- 30/06/2015	01/01/2014- 30/06/2014
Revenue	(1)	13,002	11,805	22,505	21,405
Changes in inventories		-1,123	-815	-164	216
Total operating revenue (100 %)		11,879	10,990	22,341	21,621
Other operating income		807	676	3,655	1,731
Cost of materials		7,464	4,473	13,009	9,808
Personnel expenses		3,082	3,210	6,022	6,342
Depreciation, amortisation and impairment losses		796	352	1,143	658
Other operating expenses		3,644	2,838	6,203	5,655
Profit/loss from operating activities (EBIT)		-2,300	793	-381	889
Income from participating interests		87	234	87	579
Interest income		21	24	48	64
Interest expenses		72	24	125	60
Financial result		36	234	10	583
Profit before tax		-2,264	1,027	-371	1,472
Income taxes	(2)	35	224	209	272
Group net profit/loss		-2,299	803	-580	1,200
Currency difference from translation of foreign financial statements		-688	295	1,537	-124
Comprehensive income		-2,987	1,098	957	1,076
Earnings per share (in EUR)					
Basic		-0.55	0.19	-0.14	0.29
Diluted		-0.55	0.19	-0.14	0.29
Average number of shares		4,169,931	4,177,300	4,147,172	4,154,850

Consolidated cash flow statement

(in EUR thousand)	01/01/2015- 30/06/2015	01/01/2014- 30/06/2014
Group net profit/loss	-580	1,200
Income from participating interests	-87	-579
Dividends received from equity participation	159	0
Depreciation and amortisation of non-current assets	1,143	658
Gain/loss on disposal of non-current assets	549	29
Changes in assets, provisions and liabilities items		
- Provisions	1,038	-29
- Taxes	-909	-553
- Inventories	-1,873	90
- Receivables/other assets	-1,277	-853
- Liabilities	236	1,283
Net cash flows from operating activities	-1,601	1,246
Investments in non-current assets	-331	-940
Net cash flows used in investing activities	-331	-940
Dividend disbursement	0	-1,039
Repurchase of treasury shares	-214	0
Change in hardship and social funds	25	0
Repayment of/proceeds from financial liabilities	-606	-2,057
Net cash flows from/used in financing activities	-795	-3,096
Effect of changes in exchange rates and Group composition	871	-49
Change in net financial position*	-1,856	-2,839
Net financial position at start of period	6,058	9,899
Net financial position at end of period	4,202	7,060

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

Consolidated statement of changes in equity

(in EUR thousand)	Subscribed share capi- tal	Share premium	Profit brought forward	Currency translation difference	Equity
Balance on 01/01/2015	4,155	11,815	23,723	-2,824	36,869
Group net profit/loss			-580		-580
Purchase of treasury shares	-14	-200			-214
Other changes				1,537	1,537
Comprehensive income	0	0	-580	1,537	957
Balance on 30/06/2015	4,141	11,615	23,142	-1,287	37,611
Balance on 01/01/2014	4,155	11,815	26,045	-2,634	39,381
Dividend disbursement			-1,039		-1,039
Group net profit/loss			1,200		1,200
Other changes				-124	-124
Comprehensive income	0	0	1,200	-124	-1,076
Balance on 30/06/2014	4,155	11,815	26,206	-2,758	39,418

Notes

Methods

This financial report of the SMT Scharf Group as of June 30, 2015 was prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the Interpretations (IFRIC) issued by the International Accounting Standards Board. The accounting policies applied 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, 2014, which were audited by the Group's auditors.

The interim financial statements present a true and fair view of the financial position and performance 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 Saar GmbH, Neunkirchen

SMT Scharf Polska Sp. z o. o., Tychy, Poland

SMT Scharf International OÜ, Tallinn, Estonia

SMT Scharf Africa (Pty.) Ltd., Germiston, South Africa

Sareco Engineering (Pty.) Ltd., Germiston, South Africa

OOO SMT Scharf, Novokuznetsk, Russian Federation

OOO SMT Scharf Service, Novokuznetsk, Russian Federation

TOW SMT Scharf Ukraine, Donetsk, Ukraine

Scharf Mining Machinery (Beijing) Co. Ltd., Beijing, China

Scharf Mining Machinery (Xuzhou) Ltd, Xuzhou, China

Shandong Xinsha Monorail Co. Ltd., Xintai, 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:

	01/04/2015- 30/06/2015	01/04/2014- 30/06/2014	01/01/2015- 30/06/2015	01/01/2014- 30/06/2014
New equipment	7,329	5,965	11,859	9,492
Spare parts/service/other	5,672	5,840	10,646	11,913
Total	13,001	11,805	22,505	21,405
Germany	1,191	1,439	2,344	3,333
Other countries	11,810	10,366	20,161	18,072
Total	13,001	11,805	22,505	21,405

(2) Income taxes

Income taxes are composed of the following items:

	01/04/2015- 30/06/2015	01/04/2014- 30/06/2014	01/01/2015- 30/06/2015	01/01/2014- 30/06/2014
Current tax expense	475	181	736	362
Deferred taxes	-440	43	-527	-90
Total	35	224	209	272

(3) Segment report

In line with the previous year's financial statements, the business of the SMT Scharf Group is structured into two operating segments – Hardrock and Coal. Intersegment revenues and inputs are of minor significance, and are not reported separately.

	Hardrock segment		Coal segment		Not allocated		Group	
(in EUR thousand)	06/2015	06/2014	06/2015	06/2014	06/2015	06/2014	06/2015	06/2014
Revenue	3,791	2,724	18,714	18,681	-	-	22,505	21,405
Operating result (EBIT)	232	(202)	(613)	1,091	-	-	(381)	889
Earnings from equity accounted companies	-	-	87	579	-	-	87	579
Segment assets	5,057	5,651	54,671	54,829	3,020	2,096	59,728	60,480
Segment liabilities	2,177	2,077	21,660	18,233	1,077	1,160	23,837	20,310
Segment investments	55	12	276	928	-	-	331	940
Interests in equity accounted companies	-	-	3,772	2,827	-	-	3,772	2,827
Depreciation and amortisation	37	40	886	618	-	-	923	658
FTEs	29	29	250	257	-	-	279	286

Notes to the balance sheet

(4) Current assets

Securities and cash and cash equivalents as of June 30, 2015 include a hardship and social fund amounting to TEUR 564. 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.

(5) 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 June 30, 2015.

During the first half of 2015, no expenses were capitalised as development costs for projects that fulfil the recognition criteria of IAS 38.

(6) 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 aggregated to form a single item.

As of June 30, 2015, 4,200,000 ordinary bearer shares of SMT Scharf AG have been issued in the form of no-par value shares with a notional value of EUR 1 per share. In the context of the share repurchase program that was on offer, the number of treasury shares increased to 59,477. No stock options have been granted to members of the Supervisory or Managing Boards or employees of the company.

No dividends were paid in the first half of 2015. The Ordinary Annual General Meeting on April 22, 2015 refrained from approving the payment of a dividend for 2014 due to the stock repurchase programme on offer. In the equivalent prior-year period, a dividend of EUR 0.25 per share was paid for the 2013 fiscal year.

Other disclosures

(7) 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 262 were recognised 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):

	30/06/2015	30/06/2014	31/12/2014
Due within one year	310	283	548
Due in one to five years	1,091	558	1,119
Due after more than five years	0	0	6

(8) Supervisory and Managing Boards

During the period under review, the members of the Supervisory Board of SMT Scharf AG were:

Michael Reich, Hamm, management consultant, (Chairman),
Hans Joachim Theiss, Busek, management consultant, (Deputy Chairman), Dr. Dirk Vorsteher, Werne, management consultant.

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

Christian Dreyer (Chairman),
Heinrich Schulze-Buxloh.

On June 30, 2015, Mr. Dreyer held (indirectly through Dreyer Ventures & Management GmbH) 3,300 shares in the company, and Mr. Schulze-Buxloh held 6,000 shares. The members of the Supervisory Board held 6,000 shares.

(9) Related party disclosures

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

(10) Financial instruments and financial risks

The SMT Scharf Group enters into derivative transactions in the form of currency forwards to hedge currency risks in particular. 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 refer to the 2014 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 June 2015.

Imprint

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