9-Month Report
1.1.–30.9.2015

Contents

Summary of key data

in EUR thousand	01/01/2015-30/09/2015	01/01/2014-30/09/2014	Change (%)
Revenue	35,373	31,913	10.8
Total operating revenue	35,985	31,214	15.3
Profit/loss from operating activities (EBIT)	-114	225	> -100.0
EBIT margin on total operating revenue		0.7%	
Net profit/loss	-715	678	> -100.0
Order book position as of September 30	9,932	18,826	-47.2
New order intake	30,465	34,681	-12.2
Full-time employees (FTEs) at end of period	284	280	1.4

Letter to shareholders

Dear shareholders,

The new Managing Board consisting of three members has been implementing an extensive list of measures since July 2015. Along with supporting the operating business, this entailed launching the following initiatives:

- **Implementing market analyses as part of strategic foundation work:** Ongoing strategic programs have been advanced, intensified in part, and supplemented by additional initiatives.
- **Optimisation of the company's multinational production system:** The aim is to critically review production methods at individual sites and improve their international cooperation.
- **Detailed analysis of individual, specific markets** in order to identify new opportunities and develop revenue-supporting sales initiatives on this basis: these initiatives will be communicated to customers during the fourth quarter in a targeted manner. The first campaign successes will be achieved potentially during the first quarter of 2016.
- **Streamlining of development processes** in order to eliminate double work: this has generated additional capacities for the development of new functions and applications relating to core products.
- **Sounding the market for strategic partnerships**: Initial discussions have already started with suitable partners.

We increased our consolidated revenue by 11 percent to EUR 35.4 million during the first nine months of 2015 (9M/2015: EUR 31.9 million), with this growth deriving mainly from foreign markets. Additional projects in Russia and Poland contributed to the positive sales revenue trend. Revenue growth in China proved to be less strong than hoped due to current demand weakness. We nevertheless achieved 49 percent year-on-year sales revenue growth. The latest data signal a decline in the growth dynamics of the Chinese economy, which has meanwhile advanced to become the world's second largest. Although Chinese growth is currently encountering structural limits, it will continue to be accompanied by major energy demand for the foreseeable future – with coal continuing to play a role.

We continue to expect full-year consolidated revenue of EUR 45 million. Valuation allowances applied to outstanding receivables and impairment losses applied to current and non-current assets, which already impacted on our profit and loss as of June 30, 2015, prompted us to adjust our full-year forecast for the operating result (EBIT), and we now assume break-even at the operating result level (as already announced as of the midyear stage). Given a prospective further weakening in Chinese growth and the strained geopolitical situation, our forecast remains subject to the well-known economic risk factors.

Due to the ongoing coalmining crisis and the continued low level of raw materials prices, including for ores, we are increasingly focusing on tapping mining-related markets, especially through strategic partnerships. This does not impinge on the strategy that we have adopted in relation to our core markets of coal and hardrock. Given our technical expertise and our international structure with subsidiaries in Russia, China, Poland and South Africa, we identify an opportunity to successfully offer additional services in the mining-related environment. We regard our outstanding capital backing as a solid foundation from which to identify and tap new opportunities from a position of strength. The measures that we have introduced as part of our CSI program (Costs, Sales, Innovation) and our new strategic initiatives form the basis of our future success as a company.

We would like to thank you, our investors, business partners and customers, for the confidence that you invest in us, and we look forward to continuing to work together with you in the future.

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. The company focuses particularly on rail-bound systems. 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. Chair lifts for mining represent a specialised ancillary product for the pure transportation of personnel.
- **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. In individual instances, SMT Scharf acts as railway operator.
- **Customer groups:** SMT Scharf products are predominantly deployed in hard coal mines, although also increasingly in the mining of gold, platinum, copper and nickel (referred to as "hardrock mining").
- **Regions:** SMT Scharf operates internationally in all countries where deposits are situated that are exploited with mining methods that are appropriate for SMT products. 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

The strategic planning that remains valid includes setting the following targets, the realisation of which is being delayed due to the difficult market environment:

(1) Concentration on the leading positioning in mining logistics for personnel and machinery. This has already been largely achieved in the core business of "Railways". The company is also offering additional functions connected with the core business to a greater extent.

(2) Average annual revenue growth of 15 %, which should result in a doubling of consolidated revenue every five years (delayed significantly due to the cyclical downturn)

(3) Target 15 % EBIT margin (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, among other approaches. 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 as well as the option of 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 promotion of synergies and further networking 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, ensure 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 the exploitation of further mineral resources.

Personnel

The establishment of development and production capacities at the foreign sites is advancing, albeit not to the planned extent. SMT Scharf Group employed 284 staff (full-time employees / "FTEs") as of September 30, 2015, including 5 trainees. The Group employed 280 individuals as of September 30, 2014 (including 9 trainees).

While 89 FTEs were employed in Germany as of the balance sheet date, 195 employees (FTEs) provided local expertise abroad.

The average number of employees in the Coal segment amounted to 254 FTEs during the January to September 2015 period (9M/2014: 251 FTE), and to 29 FTEs in the Hardrock segment (9M/2014: 29 FTE).

Economic and business report

Economic and business environment

Macroeconomic environment:

This year's macroeconomic environment has been characterised by differing trends. The economic recovery in leading industrialised nations continued, although growth proved weaker than many economists assumed at the start of the year. Both leading German economic research institutes and the International Monetary Fund (IMF) have meanwhile downgraded the forecasts that they published in the spring. One of the related reasons is the pronounced economic weakness, especially in major emerging economies. Many of such countries are affected as suppliers of energy and raw materials by falling prices on the world market. The pace of growth has slackened by a much greater extent than anticipated especially in China, where the economy is also in a process of structural change. Russia, in particular, is also suffering the consequences of the Ukraine crisis.

In their joint autumn forecast, the leading German economic research institutes are forecasting 2.6 % growth for the global economy this year, while the IMF reduced its estimate for this year from 3.3 % to 3.1 % in early October. The IMF also arrives at the assessment that a prolonged recession threatens Russia due to the continued low level of the oil price, while economic change in China and the forthcoming trend turnaround in interest rates in the USA harbour further risks to growth.

Sector trends:

According to the Specialist Mining Equipment Association of the German Engineering Federation (VDMA), global economic trends will feed through to a further setback for the sector this year. The VDMA forecasts a drop in sector sales in the upper single-digit percentage range for the full year. The main reasons for this are the unexpectedly sharp slowdown in economic growth in China and continued low levels of raw materials prices, which are contributing to an investment backlog among mine operators.

Financial position and performance

During the first nine months of the current 2015 fiscal year, **consolidated revenue** grew by 10.8 % year-on-year to EUR 35.4 million (9M/2014: EUR 31.9 million). Revenue growth during the third quarter of 2015 amounted to 22.5 %. The revenue growth during the period under review derives mainly from a further increase in revenues on foreign markets (9M/2015 revenue share: 89.1 %, 9M/2014: 85.2 %), while revenue in Germany fell (10.9 %, compared with 14.9 % in the prior-year period).

A total of 90.1 % of revenue, or EUR 31.8 million, was generated with rail systems (9M/2014: 90.8 % or EUR 29.0 million), with 9.9 % of revenue, or EUR 3.4 million deriving from chairlifts (9M/2014: 9.2 % or EUR 2.9 million). For business with new systems, revenue amounted to EUR 15.0 million during the first nine months of 2015, reflecting 14.4 % year-on-year growth (9M/2015: EUR 13.1 million), comprising 42.5 % of consolidated revenue (9M/2014: 41.1 %). Accordingly, the share of service business fell to 57.5 %, or EUR 20.4 million (9M/2014: 58.9 % or EUR 18.8 million).

Business with hard coal mine operators, which is aggregated within the Coal segment, accounted for 80.5 % of total consolidated revenue, with segment revenue standing at EUR 28.5 million (9M/2014: 84.6 % or EUR 27.0 million). The previous quarters' pleasing sales trend in the Hardrock segment continued, with an improved EUR 6.9 million being generated with existing customer groups. Its share of total consolidated revenue amounted to 19.5 % accordingly (9M/2014: EUR 4.9 million, or 15.4 %).

The USA stands out in a comparison of sales revenue by region. Revenue there was up by 169.4 % to EUR 2.4 million (9M/2014: EUR 0.9 million), remarkably reflecting the nation's re-industrialisation and expansion of its mining of its own energy resource deposits. China also continued with its strong growth trend, with sales advancing by 48.7 %, from EUR 4.7 million in the previous-year period to EUR 7.0 million. Despite China's continued strong share of business (19.9 % share of total sales revenue, 9M/2014:14.8 %), most of the revenues during the first nine months of 2015 were generated in Russia. Sales revenue in Russia rose by 4.9 % to EUR 9.5 million, despite the difficult economic situation. Its share of total consolidated revenue consequently stood at 26.9 % (9M/2014: 28.4 %). The proportion of business generated in Germany fell further, as expected, amounting to EUR 3.9 million during the first nine months of the fiscal year, equivalent to 10.9 % of total consolidated revenue (9M/2014: EUR 4.7 million, or 14.9 %). Of the significant (41.7 %) sales growth in Africa, which rose to a level of EUR 5.8 million (16.4 % revenue share, 9M/2014: EUR 4.1 million, or 12.8 %), more than half is attributable to business with new systems.

Revenue by regions

in EUR thousand	**9M/2015**	**9M/2014**	**Change**	**Share of total revenue**
Russia	9,522	9,076	5 %	27 %
Poland	5,659	7,219	-22 %	16 %
Germany	3,866	4,741	-18 %	11 %
China	7,023	4,722	49 %	20 %
Africa	5,802	4,096	42 %	16 %
America	2,371	880	169 %	7 %
Rest of Europe	1,086	676	61 %	3 %
Australia / Asia excluding China	44	503	-91 %	0 %
Total revenue	**35,373**	**31,913**	**11 %**	**100 %**

The changes in inventories amounted to EUR 0.6 million during the first nine months of the current fiscal year due to a higher level of stocks held (9M/2014: EUR -0.7 million), with **total operating revenue** (defined as the sum of sales revenues and changes in inventories) growing by 42.2 % in the third quarter 2015. In a comparison of the first nine months of year, total operating revenue was up by 15.3 % to EUR 36.0 million (9M/2014: EUR 31.2 million)

Other operating income during the first nine months of 2015 was up by 59.8 % year-on-year to EUR 4.7 million (9M/2014: EUR 2.9 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 23.5 % to EUR 9.7 million (9M/2014: EUR 7.9 million).

The 47.6 % increase in the **cost of materials** to EUR 20.1 million (9M/2014: EUR 13.6 million) arises partially from delayed revenue recognition due to a greater number of rental transactions, a 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 reported a significant increase to 55.8 % (9M/2014: 43.6 %).

Personnel expenses amounted to EUR 9.4 million, a 17.3 % year-on-year reduction (9M/2014: EUR 13.6 million), with the personal expense ratio (in relation to total operating revenue) decreasing to 26.2 % (9M/2014: 36.6 %). This is due to the fact that the previous year's personnel expenses were higher as the result of the formation of the restructuring provision. Moreover, the positive effects of the restructuring as part of the CSI program are becoming increasingly evident in terms of personnel expenses.

Depreciation, amortisation and impairment losses applied to non-current assets amounted to EUR 1.5 million, which is 51.6 % above the prior year figure (9M/2014: EUR 1.0 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 -0.1 million during the first nine months of 2015 (9M/2014: EUR 0.2 million). At segment level, EBIT from the Hardrock business improved to EUR 0.5 million (9M/2014: EUR -0.6 million), while EBIT in the Coal segment depreciated to EUR -0.6 million (9M/2014: EUR 0.8 million).

The consolidated **financial result** was down year-on-year to EUR -0.02 million (H1/2014: EUR 0.7 million). It should be noted in this context that income of just EUR 87 thousand was generated from participating interests during the first nine months 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. During the first nine months of 2014, by contrast, EUR 0.8 million of income from participating interests accrued to the company.

After higher income taxes of EUR 0.6 million (9M/2014: EUR 0.2 million), the Group reported a year-on-year worsening of the **consolidated net result** to EUR -0.7 million during the first nine months of 2015 due to the aforementioned effects (9M/2014: EUR 0.7 million). Based on a lower number of shares in issue compared with the prior-year period of 4,144,729 shares in issue, earnings per share amounted to EUR -0.17 during the period under review (9M/2014: EUR 0.16).

The **order book position** of SMT Scharf stood at a reduced level of EUR 9.9 million as of September 30, 2015 (September 30, 2014: EUR 18.8 million). **New order intake** during the first nine months of 2015 amounted to a lower level of EUR 30.5 million (9M/2014: EUR 34.7 million).

Compared with the end of 2014, **total assets** increased by 1.4 % to EUR 61.3 million as of September 30, 2015 (December 31, 2014: EUR 60.5 million). This is due particularly to both the increase in other current provisions and current financial liabilities on the one side of the balance sheet, and to an increase in other current receivables and assets on the other. The value of other current receivables and assets increased by 81.0 % to EUR 3.2 million as of September 30, 2015 (December 31, 2014: EUR 1.7 million), while other current provisions were up by 25.1 % to EUR 9.4 million (December 31, 2014: EUR 7.5 million). Non-current assets of EUR 15.3 million as of September 30, 2015 were slightly below their year-end level (December 31, 2014: EUR 15.6 million).

The **equity** of SMT Scharf AG of EUR 36.3 million on the balance sheet date was approximately at its amount on December 31, 2014 (EUR 36.9 million). The equity ratio of 59.1 % remained stable at a high level (December 31, 2014: 61.0 %).

SMT Scharf invested a total of EUR 0.4 million during the first nine months of the 2015 fiscal year (9M/2014: EUR 1.4 million). It should be noted here that investments were made in research & development and in rental machines in Russia in the previous-year period, which were not incurred in the period under review. The investments during the first nine months of 2015 relate mainly to IT infrastructure investments.

Events after the balance sheet date

Following the end of the first nine months of 2015, no further events occurred which have a significant effect on the financial position and performance.

Forecast

As of early October 2015, the International Monetary Fund (IMF) forecast the following GDP growth rates in SMT Scharf's target markets:

GDP growth, year-on-year, in %	**2015**	**2016**
Germany	1.5	1.6
Eurozone	1.5	1.6
Russia	-3.8	-0.6
Poland	3.5	3.5
South Africa	1.4	1.3
China	6.8	6.3
World economy	3.1	3.6

Source: IMF World Economic Outlook Update, October 2015, all values are forecasts,

China, Russia, Poland and South Africa will remain the core markets of SMT Scharf in the foreseeable future. Although economic prospects for the most important European target market of Poland remain positive, the climate of the global economy has clearly deteriorated over the past months. Conditions for the world's economy will also remain difficult in the coming year, according to IMF forecasts. This particularly impacts the other core markets of SMT Scharf – China, Russia and South Africa. Despite these negative influencing factors from the global economy, the management continues to assume that the consolidated sales revenue for the full fiscal year will stabilise at a level of EUR 45 million. This forecast already takes into account that China's growth rate has slowed, and that the Russian Federation's economic output will prospectively report a sharp decline given continued low commodity price levels and sanctions imposed by the West. Further factors burdening the IMF forecast include the dynamics of the structural change that has been introduced in China, and the very probable trend turnaround in interest rates in the USA at the start of the coming year.

The Managing Board of SMT Scharf AG expects revenue of EUR 45.0 million for the full 2015 year. In terms of EBIT, the Managing Board anticipates a breakeven result on a full-year view given economic conditions, and the additional impairment losses, provisions and risk provisioning that had already become evident in the half-year financial statements.

Despite the currently difficult sector environment, the management expects that the global mining equipment market will improve medium- to long-term, and that the investment backlog will unwind, especially among Chinese mine operators that need to optimise their infrastructure. Production of raw materials will rise on the basis of the long-term sustainable growth of the global economy, despite its temporary weakness. Emerging economies' growth weakness can also be regarded as temporary. Prosperity in such emerging economies will continue to rise in the long term, which will be accompanied by sustained energy demand growth worldwide. Despite a growing share of renewable energies, experts at the International Energy Agency (IEA) predict that fossil fuels will comprise the predominant share of global energy production in 2040, and see demand for coal growing by 15% up to 2040.

In order to diversify further and further reduce dependency on coal mine operators, SMT Scharf will endeavour to ensure that its hardrock business develops 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 further 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, November 16, 2015

SMT Scharf AG

The Managing Board

IFRS financial statements for the first nine months of the year (unaudited)

Consolidated balance sheet

(in EUR thousand)	Notes	30/09/2015	30/09/2014	31/12/2014
Assets				
Inventories		15,932	19,156	14,062
Trade receivables		23,492	17,186	22,430
Other current receivables/assets		3,165	3,024	1,749
Cash and cash equivalents		4,430	5,466	6,647
Current assets	(4)	**47,019**	**44,832**	**44,888**
Intangible assets		2,688	2,911	2,932
Property, plant and equipment		5,275	6,427	6,713
Participating interests		3,672	3,277	3,392
Deferred tax assets		2,640	2,210	2,553
Other non-current receiva-bles/assets		25	2	2
Non-current assets	(5)	**14,300**	**14,827**	**15,592**
Total assets		**61,319**	**59,659**	**60,480**
Equity and liabilities				
Current income tax		204	660	762
Other current provisions		9,220	6,862	7,531
Advance payments received		1,254	1,460	439
Trade payables		2,623	2,428	3,502
Current financial liabilities		3,945	2,000	3,000
Other current liabilities		907	936	1,246
Current provisions and liabilities		**18,153**	**14,346**	**16,480**
Provisions for pensions		3,203	2,903	3,188
Other non-current provisions		347	357	364
Deferred tax liabilities		1,029	1,132	1,191
Non-current financial liabilities		2,317	1,703	2,388
Non-current provisions and liabili-ties		**6,896**	**6,095**	**7,131**
Subscribed share capital		4,141	4,155	4,155
Share premium		11,615	11,815	11,815
Profit brought forward		23,008	25,684	23,723
Currency translation difference		-2,494	-2,436	-2,824
Equity	(6)	**36,270**	**39,218**	**36,869**
Total assets		**61,319**	**59,659**	**60,480**

Consolidated statement of comprehensive income

(in EUR thousand)	Notes	01/07/2015-30/09/2015	01/07/2014-30/09/2014	01/01/2015-30/09/2015	01/01/2014-30/09/2014
Revenue	(1)	12,868	10,508	35,373	31,913
Changes in inventories		776	-915	612	-699
Total operating revenue (100 %)		13,644	9,593	35,985	31,214
Other operating income		1,005	1,185	4,660	2,916
Cost of materials		7,070	3,797	20,079	13,605
Personnel expenses		3,421	5,080	9,443	11,422
Depreciation, amortisation and impairment losses		344	323	1,487	981
Other operating expenses		3,547	2,242	9,750	7,897
Profit/loss from operating activities (EBIT)		267	**-664**	-114	**225**
Income from participating interests		0	211	87	790
Interest income		13	26	61	90
Interest expenses		44	128	169	188
Financial result		-31	**109**	-21	**692**
Profit/loss before tax		236	**-555**	-135	**917**
Income taxes	(2)	371	-33	580	239
Net profit/loss		-135	**-522**	-715	**678**
Currency difference from translation of foreign financial statements		-1,207	322	330	198
Comprehensive income		-1,342	**200**	385	**876**

Earnings per share (in EUR)				
Basic	-0.03	-0.13	-0.17	0.16
Diluted	-0.03	-0.13	-0.17	0.16
Average number of shares	4,179,883	4,154,173	4,144,729	4,154,173

Consolidated cash flow statement

(in EUR thousand)	01/01/2015-30/09/2015	01/01/2014-30/09/2014
Net profit/loss	-715	678
Income from participating interests	-87	-790
Dividends received from equity participation	159	0
Depreciation and amortisation of non-current assets	1,487	981
Gain/loss on disposal of non-current assets	554	44
Changes in assets, provisions and liabilities items		
- Provisions	1,891	-2
- Taxes	-1,012	-189
- Inventories	-1,870	-912
- Receivables/other assets	-2,501	-1,275
- Liabilities	-402	1,486
Net cash flows from operating activities	-2,496	**21**
Investments in non-current assets	-426	-1,440
Net cash flows used in investing activities	-426	**-1,440**
Dividend disbursement	0	-1,039
Repurchase of treasury shares	-215	0
Change in hardship and social funds	26	0
Repayment of/proceeds from financial liabilities	874	-2,613
Net cash flows from/used in financing activities	685	**-3,652**
Effect of changes in exchange rates and Group composition	45	41
Change in net financial position*	-2,192	**-5,030**
Net financial position at start of period	6,058	9,899
Net financial position at end of period	3,866	4,869

* 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**
Net profit/loss			-715		-715
Purchase of treasury shares	-14	-200			-214
Other changes				330	330
Comprehensive income	0	0	-715	330	-385
Balance on 30/09/2015	4,141	11,615	23,008	-2,494	36,270
Balance on 01/01/2014	**4,155**	**11,815**	**26,045**	**-2,634**	**39,381**
Dividend disbursement			-1,039		-1,039
Net profit/loss			678		678
Other changes				198	198
Comprehensive income	0	0	678	198	876
Balance on 30/09/2014	**4,155**	**11,815**	**25,684**	**-2,436**	**39,218**

Notes

Methods

This financial report of the SMT Scharf Group as of September 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 statements are presented 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 by applying the equity method.

Notes to the income statement

(1) Revenue

Revenue is composed of the following items:

	01/07/2015-30/09/2015	01/07/2014-30/09/2014	01/01/2015-30/09/2015	01/01/2014-30/09/2014
New equipment	3,160	3,637	15,019	13,129
Spare parts/service/other	9,708	6,871	20,354	18,784
Total	**12,868**	**10,508**	**35,373**	**31,913**
Germany	1,522	1,408	3,866	4,741
Other countries	11,346	9,100	31,507	27,172
Total	12,868	10,508	35,373	31,913

(2) Income taxes

Income taxes are composed of the following items:

	01/07/2015-30/09/2015	01/07/2014-30/09/2014	01/01/2015-30/09/2015	01/01/2014-30/09/2014
Current tax expense	118	13,129	854	466
Deferred taxes	253	18,784	-274	-227
Total	371	**31,913**	580	**239**

(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)	9M/2015	9M/2014	9M/2015	9M/2014	9M/2015	9M/2014	9M/2015	9M/2014
Revenue	6,906	4,943	28,467	26,970	-	-	35,373	31,913
Operating result (EBIT)	500	-554	-614	779	-	-	-114	225
Earnings from equity accounted companies	-	-	87	790	-	-	87	790
Segment assets	4,327	5,076	54,352	52,373	2,640	2,210	61,319	59,659
Segment liabilities	1,874	1,874	22,147	17,435	1,029	1,132	25,050	20,441
Segment investments	55	30	371	1,409	-	-	426	1,439
Interests in equity accounted companies	-	-	3,672	3,250	-	-	3,672	3,250
Depreciation and amortisation	62	58	1,425	923	-	-	1,487	981
FTEs	29	29	255	251	-	-	284	280

Notes to the balance sheet

(4) Current assets

Securities and cash and cash equivalents as of September 30, 2015 include a hardship and social fund amounting to TEUR 563. 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 railways are recorded as leased assets under property, plant and equipment. Seven leased items existed as of September 30, 2015.

During the first nine months of 2015, no expenses were capitalised as development costs for projects that fulfil the requirements 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 September 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 nine months 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 385 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):

	30/09/2015	**30/09/2014**	**31/12/2014**
Due within one year	262	290	548
Due in one to five years	811	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 comprised:

Period from January 1, 2015 to July 15, 2015
Michael Reich, Melbourne, VIC, Australia, management consultant, (Chairman),
Hans Joachim Theiss, Busek, management consultant, (Deputy Chairman), Dr. Dirk Vorsteher, Werne, management consultant.

Period from July 16, 2015
Michael Reich, Melbourne, VIC, Australia, management consultant, (Chairman),
Dr. Dirk Vorsteher, Werne, management consultant (Deputy Chairman), Dorothea Gattineau, Herdecke, management consultant

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

Period from January 1, 2015 to June 30, 2015:

Christian Dreyer (Chairman)

Heinrich Schulze-Buxloh

Period from July 1, 2015
Hans Joachim Theiss (Chairman), (from July 16, 2015)
Heinrich Schulze-Buxloh

Wolfgang Embert (from July 1, 2015)

On September 30, 2015, Mr. Dreyer held (indirectly through Dreyer Ventures & Management GmbH) 3,300 shares in the company, Mr. Theiss held 10,000 shares, 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 24 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 see 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 September 2015.

Imprint

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