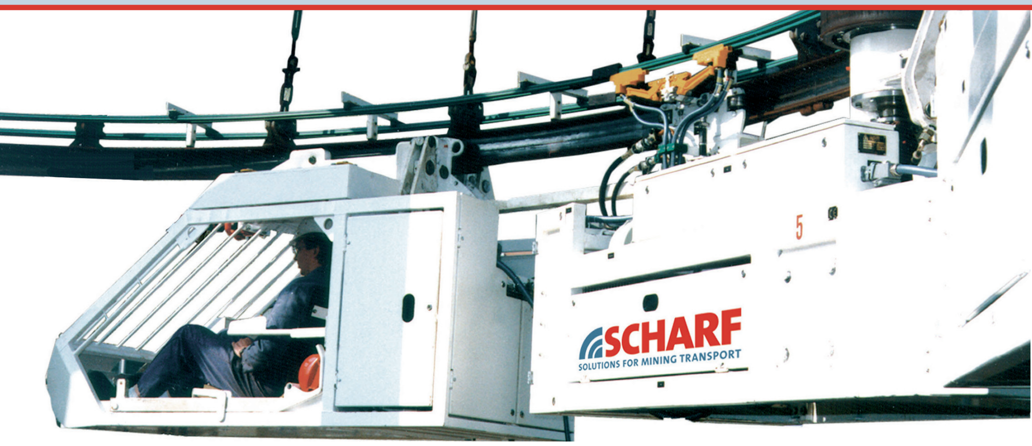

9-month-report 2007

1 Jan – 30 Sep 2007

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SCHARF
SOLUTIONS FOR MINING TRANSPORT

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1. Key figures at a Glance

(in € thousand)	1 Jan. 2007- 30 Sep. 2007	1 Jan. 2006- 30 Sep. 2006	Change in %
Revenue	35,537	36,198	- 2 %
Earnings before interest and taxes (EBIT)	5,714	5,553	+ 3 %
EBIT margin	16.1 %	15.3 %	+ 5 %
Net profit	4,599	3,450	+ 33 %
Employees	238	268	- 11 %

2. Introduction by the Managing Board

Ladies and gentlemen, dear shareholders,

SMT Scharf AG enjoyed very positive growth in the third quarter, as expected. The quarter was characterized, in particular, by the successful processing and delivery of a significant proportion of those orders that had taken our order book to record levels by the end of the first six months. Our revenues and earnings figures, which we are happy to present to you today, clearly show this. Quarterly revenues lifted to € 16.7 million compared to € 13.4 million in the previous year (+25 %) and cumulated revenues totaled € 35.5 million (previous year: € 36.2 million). As of September 30, 2007, the order book totaled € 14.6 million, up 65 % year-on-year (€ 8.9 million).

The company's earnings also climbed to above the previous year's level. EBIT totaled € 5.7 million compared to € 5.6 million last year, with net income even increasing to € 4.6 million from € 3.5 million.

SMT Scharf AG is driving forward the internationalization of its business at high speed and is progressing as planned. The Managing Board has confirmed its forecast for full-year revenue to exceed the figure for the previous year and full-year earnings to be up slightly year-on-year.

We would like to thank our investors, business partners and customers for the trust that you have placed in us to date, and hope that you will continue to support SMT Scharf AG.

Yours sincerely,

Dr. Friedrich Trautwein Chief Executive Officer	Heinrich Schulze-Buxloh Managing Board Member

3. Management Report

a. Macroeconomic environment

SMT Scharf AG has already attained a leading position with a share of 45 % of systems installed world wide. Demand for rail-bound rail systems is continuing to grow in the various foreign markets. Investment sentiment is particularly strong at present in Russia, where operators aim to increase mine automation and improve safety standards. SMT Scharf's railway systems are now in use in three of Russia's four large coal mining areas. The technology developed by SMT Scharf is also gaining an increasing recognition in China, following the delivery and successful commissioning of a number of pilot installations over the past three years. Here, too, major mine operators are placing more and more emphasis on increasing mining productivity and safety issues.

In Germany, we believe that business will decline in line with the falling output as a result of the compromise agreed by Germany's coalition government regarding the future subsidization of hard coal mining in Germany through to 2018. We aim to more than balance out these further downturns in our German business in 2007 and the coming years by expanding rapidly in growing foreign markets. The funds from the IPO will continue to play a major role in this regard. The SMT Scharf Group will use them to continue its internationalization program that it already successfully launched three years ago.

b. Order situation

SMT Scharf AG's business grew in line with forecasts in the third quarter of 2007. Several major orders that customers issued in the second quarter were delivered in the third quarter. This included the train sets that our customer Severstal ordered in May. As a result, Q3 revenues increased to € 16.7 million compared to € 13.4 million last year (+25 %). Revenues totaled € 35.5 million in the first nine months (previous year: € 36.2 million). The proportion of revenues recorded abroad increased to 71 % after nine months, compared to 50 % last year. The fact that our business is continuing to become more international is also shown in our Q3 order intake, 71 % of which stemmed from countries other than Germany. Our order book on September 30, 2007 totaled € 14.6 million, up 65 % year-on-year (€ 8.9 million).

c. Research and development

The current R&D activities continue to focus on further developing drive technology as well as the standardization and value analysis of the Company's product range. One standardization project was completed successfully. The first newly developed DZ 1800 series suspended monorail systems with hydraulic drives were delivered. This series opens up additional sales potential for the group with its performance being between the DZ 1500 and DZ 2000 series.

d. Human resources

The SMT Scharf Group's number of employees totaled 238, including 18 trainees, as at September 30, 2007 (September 30, 2006: 268 employees). As of this date, six external staff members must be added to this figure. These are located in countries in which SMT Scharf does not yet have its own subsidiary or branch. The year-on-year downturn relates to the two German facilities. At these locations, SMT Scharf has geared itself to deal more effectively with fluctuations in order volume during the year, and it has adjusted capacity to the reduction in German business.

e. Net assets, financial position and results of operations

Net assets

Net assets changed visibly as against the beginning of the year as a result of the successful IPO. Due to the capital increase in April, the equity ratio on September 30, 2007 totaled 47.0 % (including mezzanine financing: 57.7 %), in absolute terms equity totaled € 21.2 million. The € 4.3 million income tax provision at the start of the year has been reduced to a current total of € 0.7 million as a result of extensive payments for previous years' income taxes. Inventories increased by € 1.4 million (14 %) to € 10.8 million due to the fact that advance work has been performed for further orders still to be delivered. The increase in receivables and liabilities is mostly due to an order that is accounted for in line with its percentage of completion according to IAS 11. Total assets increased to € 45.1 million as of September 30, 2007.

Financial position

Cash and cash equivalents increased substantially as a result of the capital increase and the excellent growth in earnings to € 11.9 million at the end of the first nine months. The cash flow from operating activities increased significantly during Q3 because of strong earnings. At the same time it was influenced adversely by income tax payments for previous years and the current year, as well as by necessary increases in inventories.

Earnings

As a result of its higher revenues and higher EBIT margin, the company's earnings in the third quarter were up significantly compared to the previous year. Q3 revenues increased to € 16.7 million compared to € 13.4 million last year (+25 %). Accordingly, EBIT amounted to € 3.2 million, after € 2.3 million in the previous year (+37 %). EBIT for the first nine months thus increased to € 5.7 million (previous year: € 5.6 million). After the first three quarters net income totaled € 4.6 million compared to € 3.5 million last year (+33 %). Its disproportionate increase is particularly due to the reduction in deferred taxes implied by the reform of German corporate taxation, which was to be considered for the first time. This resulted in a temporary reduction in the tax rate to 18 % (previous year: 35 %).

Investments

SMT Scharf's capital expenditure totaled around € 0.1 million in the third quarter of 2007. The largest items were a development project and fittings for the new production hall at our Polish location. The expansion of our testing facility in Hamm, which is scheduled to be completed in the fourth quarter, continues to be the most important ongoing investment project.

f. Opportunity and risk report

SMT Scharf AG's opportunities and risks are discussed in detail in the consolidated financial statements for financial year 2006. In the course of the first nine months of 2007, no substantial changes have occurred.

g. Report on events after the balance sheet date

SMT Scharf AG presented its latest solution for demanding underground mining transportation tasks at the mining technology and equipment exhibition CHINA COAL & MINING EXPO 2007 at the start of November: a rail-bound rack-and-pinion railway. It can be used both on separate tracks and also as a climbing aid for normal mining trains equipped with flange wheels. It can also be easily converted into a suspended monorail. The engine unit can then be hung onto a rail and used for freight or passenger transport on other routes.

SMT Scharf's subsidiary in China received its provisional business license and started operations.

h. Outlook

The Managing Board of SMT Scharf AG is upholding its forecast for full-year revenue to exceed the figure for the previous year (€ 48.7 million) and for earnings to be up slightly year-on-year (EBIT € 6.7 million). The anticipated downturn in the German business continues to be offset by lively demand on foreign markets. On these grounds the Managing Board aspires to have shareholders enjoy reasonable participation in the Company's economic success via a dividend for 2007.

Hamm, November 14, 2007

SMT Scharf AG

The Managing Board

4. IFRS Quarterly Financial Statements

a. Consolidated balance sheet

(in € thousand)	Notes	30 Sep. 2007	30 Sep. 2006	31 Dec. 2006
Assets				
Inventories	(8)	10,771	10,305	9,414
Trade receivables	(9)	9,870	5,528	7,011
Other current receivables/assets	(9)	1,049	363	565
Securities		686	395	493
Cash and cash equivalents	(10)	11,933	4,739	2,313
Current assets		**34,309**	**21,330**	**19,796**
Intangible assets	(11)	896	622	622
Property, plant and equipment	(11)	9,502	9,830	9,909
Deferred tax assets	(7)	437	0	55
Non-current assets		**10,835**	**10,452**	**10,586**
Total assets		**45,144**	**31,782**	**30,382**
Liabilities and shareholders' equity				
Other current provisions	(12)	4,394	5,491	4,646
Provision for income tax	(12)	705	4,400	4,331
Advance payments received	(13)	1,534	1,437	837
Current financial liabilities		0	0	447
Trade payables	(13)	5,183	1,151	1,706
Other current liabilities	(13)	1,305	914	1,075
Current provisions and liabilities		**13,121**	**13,393**	**13,042**
Provisions for pensions	(12)	2,809	2,616	2,690
Other non-current provisions	(12)	866	1,061	996
Deferred tax liabilities	(7)	2,315	3,328	3,045
Non-current financial liabilities	(13)	4,833	4,826	4,826
Non-current provisions and liabilities		**10,823**	**11,831**	**11,557**
Subscribed capital		4,200	25	3,000
Share premium		9,519	0	0
Retained earnings		2,803	3,156	1,092
Profit brought forward		4,599	3,450	1,711
Currency translation difference		79	-73	-20
Equity	(14)	**21,200**	**6,558**	**5,783**
Total liabilities and shareholders' equity		**45,144**	**31,782**	**30,382**

b. Consolidated income statement

(in € thousand)	Notes	1 July 2007- 30 Sep. 2007	1 July 2006- 30 Sep. 2006	1 Jan. 2007- 30 Sep. 2007	1 Jan. 2006- 30 Sep. 2006
Revenues	(1)	16,695	13,377	35,537	36,198
Other operating income	(2)	174	1,112	1,022	1,247
Changes in inventories		75	-1,833	1,633	288
Cost of materials	(3)	9,218	4,561	18,623	17,097
Personnel expenses	(4)	3,040	3,510	9,571	10,303
Depreciation and amortization	(5)	279	274	869	797
Other operating expenses	(6)	1,208	1,973	3,415	3,983
Profit from operating activities (EBIT)		**3,199**	**2,338**	**5,714**	**5,553**
Interest income		108	23	216	196
Interest expenses		102	150	333	437
Net financial income/net finance costs		**6**	**-127**	**-117**	**-241**
Profit before tax		**3,205**	**2,211**	**5,597**	**5,312**
Income taxes	(7)	788	1,154	998	1,862
Net profit		**2,417**	**1,057**	**4,599**	**3,450**
Earnings per share (in €) *					
Basic		0.58	0.25	1.21	0.91
Diluted		0.58	0.25	1.21	0.91

* Based on an average number of 4,200,000 shares (July 1, 2007 – September 30, 2007) respectively an average of 3,795,604 shares (January 1, 2007 – September 30, 2007). To ease comparison, the consolidated prior year figures for SMT Scharf GmbH's group are based on the same number of shares as applied in the respective periods in 2007.

c. Consolidated cash flow statement

(in € thousand)	1 Jan. 2007- 30 Sep. 2007	1 Jan. 2006- 30 Sep. 2006
Net profit	4,599	3,450
Depreciation and amortization	869	797
Loss on the disposal of intangible assets and property, plant and equipment	5	132
Changes in working capital		
- Changes in provisions	-263	135
- Changes in taxes	-4,738	1,643
- Change in inventories	-1,357	-543
- Change in receivables/other current assets	-3,343	393
- Change in liabilities	4,404	-1,512
Net cash flows from/used in operating activities	**176**	**4,495**
Payments to acquire intangible assets and property, plant and equipment	-751	-199
Proceeds from the disposal of intangible assets and property, plant and equipment	10	0
Net cash flows used in investing activities	**-741**	**-199**
IPO	11,400	0
Deduction of IPO costs from equity	-681	0
Hardship and social funds	17	-990
Consolidation of SMT Scharf GmbH	0	25
Payments to previous shareholders	0	-24,104
Repayment of/proceeds from non-current financial liabilities	7	22
Issuance of non-current liabilities (mezzanine financing)	0	4,800
Net cash flows provided by/used in financing activities	**10,743**	**-20,247**
Effect of exchange rate changes and changes in consolidated group structure	98	-91
Net change in cash and cash equivalents	**10,276**	**-16,042**
Net financial position – start of period*	1,401	20,156
Net financial position – end of period*	11,677	4,114

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

d. Consolidated statement of changes in equity

(in € thousand)	Subscribed capital	Share premium	Retained earnings	Profit/loss brought forward	Currency translation difference	Total equity
Balance at Jan. 1, 2007	3,000		1,092	1,711	-20	5,783
Reclassification			1,711	-1,711		
Capital increase	1,200	10,200				11,400
Costs of the capital increase		-998				-998
Deferred taxes		317				317
Net profit				4,599		4,599
Other changes					99	99
For information only: Comprehensive income*		681		4,599	99	5,379
Balance at Sept. 30, 2007	**4,200**	**9,519**	**2,803**	**4,599**	**79**	**21,200**
Balance at Jan. 1, 2006	14,830		7,535	4,895	28	27,288
Reclassification			531	-531		0
Payments to previous shareholders	-14,830		-4,910	-4,364		-24,104
Acquisition of SMT Scharf GmbH	25					25
Net profit				3,450		3,450
Other changes					-101	-101
Balance at Sept. 30, 2006	**25**		**3,156**	**3,450**	**-73**	**6,558**

* **The sum** of cost of the capital increase less **associated** deferred taxes, **consolidated profit** and other changes

5. Notes

Methods

This financial report of the SMT Scharf Group as at September 30, 2007 was prepared in accordance with the International Accounting Standards (IAS) issued by the International Accounting Standards Board and their Interpretations (IFRIC). The accounting policies used and the information included comply with IAS 34 (Interim Financial Reporting). The accounting policies and methods of computation used are the same as those applied to the IFRS consolidated financial statements as at 31 December 2006, which were audited by the Group's auditors.

In the period under review, a contract is being worked upon that, based on its nature and volume, must be accounted for in accordance with IAS 11 (Construction Contracts). There was no such contract last year.

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.

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, Germany
- SMT Scharf Saar GmbH, Neunkirchen, Germany
- SMT Scharf Polska Sp.z o.o., Tychy, Poland
- SMT Scharf Sales and Services GmbH, Hamm, Germany
- SMT Scharf Africa (Pty.) Ltd., Kya Sands, South Africa
- SMT Scharf International OÜ, Tallinn, Estonia

Income statement disclosures

(1) Revenues

Revenue in the first nine months included € 5,277 thousand from a contract which is to be accounted for in accordance with IAS 11. This order, which the customer increased in the third quarter, is expected to be completed in the first quarter of 2008. Revenue is composed of the following items:

(in € thousand)	**1 July 2007-30 Sep. 2007**	**1 July 2006-30 Sep. 2006**	**1 Jan. 2007-30 Sep. 2007**	**1 Jan. 2006-30 Sep. 2006**
Sale of new equipment	10,852	6,226	16,952	15,207
Spare parts/service/other	5,843	7,151	18,585	20,991
Total	**16,695**	**13,377**	**35,537**	**36,198**
Germany	1,466	5,962	10,336	18,273
Other countries	15,229	7,415	25,201	17,925
Total	**16,695**	**13,377**	**35,537**	**36,198**

(2) Other operating income

Other operating income is composed of the following items:

(in € thousand)	**1 July 2007-30 Sep. 2007**	**1 July 2006-30 Sep. 2006**	**1 Jan. 2007-30 Sep. 2007**	**1 Jan. 2006-30 Sep. 2006**
Reversal of provisions	5	792	430	826
Utilization of provisions	78	265	279	265
Miscellaneous other operating income	91	55	313	156
Total	**174**	**1,112**	**1,022**	**1,247**

(3) Cost of materials

The cost of materials is composed of the following items:

(in € thousand)	1 July 2007-30 Sep. 2007	1 July 2006-30 Sep. 2006	1 Jan. 2007-30 Sep. 2007	1 Jan. 2006-30 Sep. 2006
Cost of raw materials, consumables and supplies, and of goods purchased for resale	8,614	3,909	16,828	15,224
Cost of purchased services	604	652	1,795	1,873
Total	**9,218**	**4,561**	**18,623**	**17,097**

(4) Personnel expenses

Personnel expenses are composed of the following items:

(in € thousand)	1 July 2007-30 Sep. 2007	1 July 2006-30 Sep. 2006	1 Jan. 2007-30 Sep. 2007	1 Jan. 2006-30 Sep. 2006
Wages and salaries	2,490	2,946	7,868	8,522
Post-employment benefit expenses	70	21	215	109
Social security contributions	480	543	1,488	1,672
Total	**3,040**	**3,510**	**9,571**	**10,303**

The SMT Scharf Group had 238 employees, including 18 trainees, as at September 30, 2007 (September 30, 2006: 268 employees).

(5) Depreciation/amortization

Depreciation and amortization are composed of the following items:

(in € thousand)	1 July 2007-30 Sep. 2007	1 July 2006-30 Sep. 2006	1 Jan. 2007-30 Sep. 2007	1 Jan. 2006-30 Sep. 2006
Amortization of purchased intangible assets	11	19	35	57
Amortization of capitalized internally generated intangible assets	29	18	74	54
Depreciation of property, plant and equipment	239	237	760	686
Total	**279**	**274**	**869**	**797**

No impairment losses in accordance with IAS 36 were recognized.

(6) Other operating expenses

Other operating expenses are composed of the following items:

(in € thousand)	1 July 2007-30 Sep. 2007	1 July 2006-30 Sep. 2006	1 Jan. 2007-30 Sep. 2007	1 Jan. 2006-30 Sep. 2006
Purchased services	419	638	1,068	1,201
Maintenance and servicing	31	75	271	284
Travel expenses	108	120	396	326
Project-related cost of sales	639	568	992	981
Miscellaneous other operating expenses	11	572	688	1,191
Total	**1,208**	**1,973**	**3,415**	**3,983**

(7) Income taxes

Income taxes are composed of the following items:

(in € thousand)	1 July 2007-30 Sep. 2007	1 July 2006-30 Sep. 2006	1 Jan. 2007-30 Sep. 2007	1 Jan. 2006-30 Sep. 2006
Current tax expense	1,110	1,113	1,794	2,195
of which: income tax expense for the current period	1,110	1,113	1,724	2,195
of which: restatement of income taxes incurred in prior periods	0	0	70	0
Deferred taxes	-322	41	-796	-333
Total	**788**	**1,154**	**998**	**1,862**

Deferred taxes are attributable to the following balance sheet items:

(in € thousand)	**30 Sep. 2007**	**30 Sep. 2006**	**31 Dec. 2006**
Deferred tax assets			
Provisions for pensions	273	240	242
Other assets and liabilities	2,068	250	214
Offset	-1,904	-490	-401
Total deferred tax assets	**437**	**0**	**55**
Deferred tax liabilities			
Intangible assets	238	231	226
Property, plant and equipment	2,231	2,927	2,955
Other assets and liabilities	1,750	660	265
Offset	-1,904	-490	-401
Total deferred tax liabilities	**2,315**	**3,328**	**3,045**

The difference between the expected income tax expense (calculated using the tax rate applicable to SMT Scharf AG) and the reported tax expense is due to the following factors:

(in € thousand)	**1 July 2007-30 Sep. 2007**	**1 July 2006-30 Sep. 2006**	**1 Jan. 2007-30 Sep. 2007**	**1 Jan. 2006-30 Sep. 2006**
Profit before tax	3,205	2,211	5,597	5,312
Expected tax expense (39.9 %)	1,279	882	2,233	2,119
International tax rate differences	-37	-301	-423	-483
Effect of change in tax rate	-548	0	-548	0
Other differences	94	573	-264	226
Reported income tax expense	**788**	**1,154**	**998**	**1,862**

Balance sheet disclosures

(8) Inventories

(in € thousand)	30 Sep. 2007	30 Sep. 2006	31 Dec. 2006
Raw materials, consumables and supplies	2,610	2,578	2,851
Work in progress	5,859	5,549	4,311
Finished goods and goods purchased for resale	2,302	2,178	2,252
Total	**10,771**	**10,305**	**9,414**

(9) Receivables and other assets

As in the previous year, as of September 30, 2007 there were no trade receivables with a remaining maturity of more than one year. € 63 thousand of the other receivables have a remaining maturity of more than one year (previous year: € 59 thousand). The increase in receivables is mostly due to the PoC receivables (€ 3,374 thousand).

(10) Cash and cash equivalents

Cash and cash equivalents as at September 30, 2007 include a hardship and social fund amounting to € 256 thousand. A trustee committee consisting of the management of SMT Scharf GmbH and SMT Scharf Saar GmbH as well as the works councils of these two companies is responsible for managing the fund.

(11) Intangible assets, property, plant and equipment and leased items

As a lessor, the SMT Scharf Group leases internally developed diesel cats. These are recorded as leased assets under non-current assets. There were four leased items as at September 30, 2007.

During the first nine months, € 266 thousand were capitalized as development expenses for a project which fulfills the requirements of IAS 38. € 215 thousand of this amount relates to personnel expenses and € 51 thousand to other operating expenses. These were eliminated in the relevant period.

(12) Provisions

Provisions are broken down by origin as follows:

(in € thousand)	30 Sep. 2007	30 Sep. 2006	31 Dec. 2006
Employee-related provisions	6,182	6,992	6,187
of which: with a remaining maturity of > 1 year	3,675	3,677	3,686
Warranty and other sales-related provisions	958	1,422	1,114
Provisions for income taxes	705	4,400	4,330
Miscellaneous other provisions	929	754	1,031
Total	**8,774**	**13,568**	**12,662**

(13) Liabilities

In particular the mezzanine financing issued in 2006 is reported as a non-current financial liability (€ 4,833 thousand). The financing matures in 2013. As in the previous year, none of the current liabilities has a remaining maturity of more than one year. The increase in liabilities includes € 2,582 thousand PoC liabilities.

(14) Equity

The statement of changes in equity shows the development of the SMT Scharf Group's equity.

As at September 30, 2007, 4,200,000 ordinary bearer shares of SMT Scharf AG are issued in the form of no-par value shares with a notional value of € 1.00 per share. Of this total, 1,200,000 shares stem from the capital increase implemented on April 3, 2007. All shares are fully paid up. SMT Scharf AG does not hold any treasury shares.

Retained earnings contain prior-period profits generated by the Company, to the extent that they were not distributed. No dividends were paid or proposed in the first three quarters of 2007 (previous year: € 4,364 thousand paid to the previous shareholder). Costs of € 681 thousand relating to the capital increase implemented in April 2007 which included a public offer of shares were deducted from equity in accordance with IAS 32; at the same time, deferred tax assets increased by € 317 thousand.

No stock options have been granted to members of the Supervisory or Managing Boards or to employees of the Company.

Further disclosures

(15) Contingent liabilities and other financial obligations

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

In addition to liabilities, provisions and contingent liabilities, the Company has other financial obligations from rental and lease payments for cars and copiers in particular. The agreements have maturities of up to five years and in some cases include extension options and escalation clauses. In the third quarter, payments amounting to € 23 thousand were recognized under other operating expenses for rental agreements and leases.

The nominal total of future minimum lease payments under non-cancellable leases and operating leases is broken down by maturity as follows:

(in € thousand)	30 Sep. 2007	30 Sep. 2006	31 Dec. 2006
Due within one year	80	94	74
Due in one to five years	65	145	120
Due after more than five years	0	0	0

(16) Managing Board and Supervisory Board

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

Dr. Dirk Markus, Feldafing, Chairman of the Managing Board of Aurelius AG,
(Chairman of the Supervisory Board)

Florian Kawohl, Frankfurt/Main, Director Research,
(Deputy Chairman of the Supervisory Board)

Ulrich Radlmayr, Schondorf a. A., lawyer

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

Dr. Friedrich Trautwein (CEO from February 1, 2007),

Heinrich Schulze-Buxloh (from February 1, 2007).

The members of the Supervisory Board do not hold any shares of the Company. Of the members of the Managing Board, Dr. Trautwein held 39.400 shares of the company and Mr. Schulze-Buxloh held 1,000 shares of the company on September 30, 2007.

(17) Related party disclosures

In the third quarter, services totaling € 28 thousand were purchased from related parties as defined by IAS 24 at standard market conditions. These were purchased from Aurelius Management GmbH, MACH Holding GmbH and Craftbond Ltd. No services were provided to related parties.

(18) 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 cash flow or fair value hedges were used in the period under review.

Please see the 2006 consolidated financial statements for information on the financial risks of the SMT Scharf Group's business. No substantial changes occurred from January to September 2007.