

9-MONTH REPORT
01 Jan - 30 Sep 2009



Contents

Summary of key data

Introduction by the Managing Board

Management Report

Macroeconomic environment

Order situation

Research and development

Human resources

Net assets, financial position and results of operations

Opportunities and risks

Report on events after the balance sheet date

Outlook

IFRS quarterly financial statements (unaudited)

Consolidated balance sheet

Consolidated income statement

Consolidated cash flow statement

Consolidated statement of changes in equity

Notes

Summary of key data

(in €thousand)	01.01.2009- 30.09.2009	01.01.2008- 30.09.2008	Change
Revenue	37,508	30,945	+ 21%
Profit from operating activities (EBIT)	4,994	4,229	+ 18%
EBIT margin	13.3 %	13.7 %	- 3%
Net income	3,338	3,344	+ - 0%
Employees	235	246	- 4%

Introduction by the Managing Board

Dear shareholders and business partners,

SMT Scharf AG again continued its international expansion in the first nine months of 2009. The SMT Scharf Group's revenue increased to €37.5 million in the period from January to September 2009. This was 21% more than the €30.9 million achieved in the previous year. As was already the case in the first and second quarter of 2009, SMT Scharf recorded revenue growth in China and South Africa in particular during the third quarter. In contrast, the Russian market remained weaker on the whole than in the previous year, despite initial signs of a recovery. At the same time, business in Germany in the third quarter lagged behind expectations. As a result, the proportion of revenue generated outside Germany increased to 80% (previous year: 72%) in the first nine months of 2009.

The Group also recorded EBIT growth – this figure totalled €5.0 million compared to €4.2 million in the previous year (+18%). As a result, the EBIT margin after nine months was 13.3% compared to 13.7% last year. This slight downturn is due, in particular, to provisions for staff adjustments at the Hamm facility and the fact that the Neunkirchen facility is not running at full capacity. It was not possible to compensate for the latter factor over the short term. The Group's earnings after taxes totalled €3.3 million, as was the case in the previous year.

From the current perspective it is not possible to make a detailed forecast for SMT Scharf's revenue and earnings for fiscal year 2009 as it is very difficult to predict how our customers' capital expenditure will develop over the coming weeks and months. Nevertheless, developments over the past few months have reinforced our expectations that we will be able to increase the SMT Scharf Group's revenue and earnings on average over the coming years.

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

Yours sincerely,

Dr. Friedrich Trautwein

Heinrich Schulze-Buxloh

Management Report

Macroeconomic environment

Capital expenditure in the international mining sector, in particular for hard coal, is the key factor to impact the SMT Scharf Group's business. In turn, this capital expenditure is primarily influenced by global demand for commodities. After several years of strong growth, demand for commodities fell in the fall of 2008 as a result of the financial crisis and the emerging recession on several key markets, and to date this has remained at a significantly lower level.

From the SMT Scharf Group's perspective, it remains difficult to predict when the international economic crisis will be over, allowing international mining to return to the dynamic growth it enjoyed in former years. As the global economy recovers countries such as China, India, Russia and South Africa, which enjoyed above average growth in the past, will again have increasing requirements for energy, steel and other metals. This will cause an increase in demand from mine operators for technologies that increase their mines' productivity and security. The SMT Scharf Group's transport systems play a key role in this regard when it comes to transporting materials in underground mining operations. That is why the aforementioned countries continue to be the markets which are expected to generate the greatest demand for the SMT Scharf Group over the medium term.

Whereas hard coal mining will increase in other countries, in 2007 a law was passed for hard coal mining in Germany to come to an end by 2018. SMT Scharf does not believe that this decision will be changed by 2012. The company plans to more than compensate for the anticipated further downturn in its German business via its rapid expansion on foreign markets that are expected to enjoy high growth over the medium term. The IPO funds offer solid foundations for the SMT Scharf Group's further internationalization.

Order situation

SMT Scharf AG continued to drive its international expansion in the first nine months of 2009. The proportion of foreign revenue increased again slightly to 80% compared to 72% in the same period of the previous year. The order book totalled €12.8 million on September 30, 2009, with 91 % stemming from non-German markets.

The company already received several key orders from high-growth markets such as Russia and China in the first two quarters of the current fiscal year. The SMT Scharf Group also received several major orders from foreign countries in the third quarter. An order from China for five monorail hanging trains with a total value of more than €2 million is worthy of particular note. Three of these trains were already shipped in the third quarter, the remaining two were shipped at the start of the fourth quarter. They are to be used in five different coal mines operated by a Chinese mining group that has more than 40 mines in several Chinese provinces. The group became an SMT Scharf customer in the summer of 2008 and already successfully uses its monorail hanging railways in three of its mines.

Revenue in Germany in the third quarter of 2009 lagged behind own expectations, after being only slightly below the previous year during the first six months. This related, in particular, to the Saarland region and thus SMT Scharf's facility in Neunkirchen.

Research and development

During the first nine months of 2009, ongoing R&D activities focused on further developing drive technology. A rack-and-pinion drive that can be switched in was presented to the public for the first time in June, and in the third quarter of 2009 the focus moved on to system components for floor-mounted railway systems with rack-and-pinion drive, for example specific types of switches. In addition, projects were driven to cut manufacturing costs for specific products.

Human resources

As of September 30, 2009, the SMT Scharf Group had 235 employees, including 13 trainees (September 30, 2008: 246 employees). The number of employees at the German facilities in Hamm and Neunkirchen fell to 163 from 188 employees. In contrast, the number of employees at foreign locations increased to 72 (previous year: 58). This is primarily due to the successful expansion of the facilities in Russia.

Net assets, financial position and results of operations

As of September 30, 2009, the SMT Scharf Group's total assets amounted to €47.1 million. This figure was thus down €8.5 million compared to the end of 2008. Equity totalled €24.2 million after €24.4 million. As a result of the lower total assets, the equity ratio at the end of the third quarter increased to 51% compared to 44% at the end of 2008. Including the mezzanine financing, the equity ratio totalled 62% compared to 53% as of December 31, 2008. Both receivables from customers and inventories fell as a result of the settlement of orders. On September 30, 2009, receivables from customers were down to €10.4 million (December 31, 2008: €13.0 million), and inventories were down to €9.7 million (December 31, 2008: €12.5 million). On the equity and liabilities side, advance payments and trade payables fell accordingly. Advanced payments fell to €2.6 million (December 31, 2008: €6.7 million), and trade payables fell to €1.9 million (December 31, 2008: €6.1 million).

Revenue in the first nine months of 2009 totalled €37.5 million, which significantly exceeded the previous year's figure of €30.9 million. However, last year's work in progress was increased in the amount of €1.7 million relating to orders that were to be shipped in the fourth quarter. During the current year, work in progress was reduced by €1.1 million. As a result of changes to the mix of products and orders the cost of materials as a share of total output increased slightly to 50% (previous year: 48%). Personnel expenses fell to 25% of total output (previous year: 27%), although they remained constant in absolute terms at €9.0 million. This figure includes provisions for staff adjustments at the German facilities in Hamm and Neunkirchen. Other operating expenses fell to 11% of total output (previous year: 14%). As a result, the EBIT margin in the first nine months of 2009 was 13.3% compared to 13.7% in the same period of the previous year. This slight downturn is due to provisions for staff adjustments and also the fact that some idle capacity at the Neunkirchen facility could not be adjusted over the short term.

In absolute terms, EBIT increased to €5.0 million (previous year: €4.2 million) and was thus up 18%. Earnings before taxes amounted to €4.9 million compared to €4.3 million in the same period of the previous year.

Consolidated earnings for the first nine months of 2009 totalled €3.3 million, as was the case in the previous year. This corresponds to earnings per share of €0.80. The tax rate was thus 31% compared to 22% last year – higher taxes on distributions by foreign subsidiaries were the major contributing factor.

On September 30, 2009, cash and cash equivalents and marketable securities totalled €15.3 million compared to €17.1 million at the start of 2009. Since the start of the year, the company has distributed €3.6 million to its shareholders as a dividend for 2008, and €0.5 million via share buy-backs.

SMT Scharf invested €1.1 million in the first nine months of 2009. The largest item was the capitalization of internally generated monorail hanging railways that are leased. At present, there are no major projects involving investments in property, plant and equipment used by the company itself.

Opportunities and risks

SMT Scharf AG's opportunities and risks are discussed in detail in the group management report for financial year 2008. No substantial changes occurred during the course of the first nine months of 2009.

Report on events after the balance sheet date

SMT Scharf Saar GmbH, based in Neunkirchen, filed an insolvency proceeding in October 2009 in order to be reorganized and continued via an insolvency plan. The company, which operates almost exclusively in Germany, was not able to compensate for a significant downturn in revenue in the third quarter of 2009 with short-term cost cuts. This company's contribution to consolidated revenue has already shrunk since the earthquake in February 2008 which made it a burden on the group's earnings since then. Continuing these operations is not expected to have a major impact on consolidated revenue or earnings. SMT Scharf is aiming for a decision on the insolvency plan by creditors in January of the coming year.

In October 2009, SMT Scharf AG's Managing Board resolved to use the existing authorization by the General Meeting dated April 23, 2009 to buy back up to 300,000 shares of the company off the stock exchange. This buyback has been successfully completed by now. A total of 299,996 shares (or around 7.1% of the share capital) were acquired for a price of €8.99 per share. These shares can be used for all purposes set out in the authorization resolution passed by the General Meeting.

Outlook

From the SMT Scharf Group's perspective, it remains difficult to predict when the international economic crisis will be over, allowing international mining to return to the dynamic growth it enjoyed in former years. This growth was primarily impacted by the industrialization of highly populated countries such as China and India. The medium-term forecast growth rates on the commodities markets are between around 2% to 5 % per year depending on the particular commodity and region. Market-watchers are forecasting annual growth rates of 6% for global investments in mining technology over the same period.

Short-term forecasts for the SMT Scharf Group's further business growth are being made more difficult by the fact that, as a result of the economic and financial crisis, many of SMT Scharf's customers have abandoned their standard schedules for investment projects, making their investment behaviour difficult to predict. As a result, project lead times are even shorter than was the case in previous years, and seasonal business development in 2009 is atypical. As a result, it is not possible to make a concrete forecast for SMT Scharf's revenue and earnings for fiscal year 2009 from the current viewpoint. However, developments over the past few months have reinforced the Managing Board's expectations that it will be able to increase the SMT Scharf Group's revenue and earnings on average over the coming years.

Hamm, November 13, 2009

SMT Scharf AG

The Managing Board

IFRS quarterly financial statements (unaudited)

Consolidated balance sheet

(in € thousand)	Notes	30.09.2009	30.09.2008	31.12.2008
Assets				
Inventories		9,666	12,784	12,463
Trade receivables	(3)	10,359	7,894	12,977
Other current receivables/assets	(3)	771	1,728	1,800
Deferred tax assets		168	164	374
Securities	(4)	1,776	894	920
Cash and cash equivalents	(4)	13,534	16,071	16,218
Current assets		36,274	39,535	44,752
Intangible assets		2,539	2,477	2,572
Property, plant and equipment		8,324	8,593	8,332
Non-current financial assets		0	2	0
Non-current assets	(5)	10,863	11,072	10,904
Total assets		47,137	50,607	55,656
Equity and liabilities				
Other current provisions		5,422	4,243	4,609
Current income tax		1,362	823	1,523
Advance payments received		2,591	6,886	6,685
Trade payables	(6)	1,919	2,973	6,114
Other current liabilities	(6)	1,458	1,802	2,113
Deferred tax liabilities		0	322	0
Current provisions and liabilities		12,752	17,049	21,044
Provisions for pensions		2,946	3,099	2,921
Other non-current provisions		803	632	710
Deferred tax liabilities		1,571	1,609	1,723
Non-current financial liabilities	(6)	4,884	4,858	4,864
Non-current provisions and liabilities		10,204	10,198	10,218
Subscribed capital		4,140	4,200	4,200
Share premium		9,058	9,517	9,517
Retained earnings		2,803	5,772	2,803
Profit brought forward		8,086	3,344	8,318
Currency translation difference		94	527	-444
Equity	(7)	24,181	23,360	24,394
Total equity and liabilities		47,137	50,607	55,656

Consolidated income statement

(in € thousand)	Notes	01.07.2009- 30.09.2009	01.07.2008- 30.09.2008	01.01.2009- 30.09.2009	01.01.2008- 30.09.2008
Revenue	(1)	12,738	12,979	37,508	30,945
Other operating income		312	368	924	1,496
Changes in inventories		-1,103	-29	-1,144	1,747
Cost of materials		5,409	5,774	18,161	15,650
Personnel expenses		3,162	2,998	9,008	8,977
Depreciation/amortization		377	232	1,039	810
Other operating expenses		1,582	1,630	4,086	4,522
Profit from operating activities (EBIT)		1,417	2,684	4,994	4,229
Interest income		48	149	202	370
Interest expenses		112	127	330	338
Financial result		-64	22	-128	32
Profit before tax		1,353	2,706	4,866	4,261
Income taxes	(2)	407	631	1,528	917
Net income		946	2,075	3,338	3,344
Earnings per share (in €)*					
Basic		0.23	0.49	0.80	0.80
Diluted		0.23	0.49	0.80	0.80

* Based on an average number of 4,146,671 shares (July 1, 2009 – September 30, 2009) and 4,182,224 shares (January 1, 2009 – September 30, 2009) and 4,200,000 shares (July 1, 2008 – September 30, 2008) and 4,198,516 shares (January 1, 2008 – September 30, 2008) respectively

Consolidated cash flow statement

(in € thousand)	01.01.2009- 30.09.2009	01.01.2008- 30.09.2008
Net income	3,338	3,344
Depreciation and amortization	1,039	810
Gain/loss on the disposal of intangible assets and property, plant and equipment	6	35
Changes in assets and liabilities items		
- Changes in provisions	931	-408
- Changes in taxes	-108	-427
- Changes in inventories	2,797	-4,180
- Changes in receivables/other current assets	3,648	3,519
- Change in liabilities	-8,943	6,767
Net cash flows from operating activities	2,708	9,460
Investments in intangible assets and property, plant and equipment	-1,133	-582
Proceeds from the disposal of intangible assets and property, plant and equipment	151	35
Acquisition	0	-1,944
Current assets acquired in the acquisition	0	946
Liabilities acquired in the acquisition	0	-513
Net cash flows used in investing activities	-982	-2,058
Acquisition of treasury shares	-519	0
Dividend	-3,570	-2,940
Currency difference from cash flow hedge	0	-67
Hardship and social funds	62	60
Repayment of/proceeds from non-current financial liabilities	20	19
Net cash flows from/used in financing activities	-4,007	-2,928
Effect of exchange rate changes and changes in consolidated group structure	516	293
Change in net financial position	-1,765	4,767
Net financial position – start of period*	16,272	11,291
Net financial position – end of period*	14,507	16,058

* Cash and cash equivalents and securities excluding hardship and social funds less current financial liabilities

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, 2009	4,200	9,517	2,803	8,318	-444	24,394
Dividends				-3,570		-3,570
Acquisition of treasury shares	-60	-459				-519
Net income				3,338		3,338
Other changes					538	538
Balance at Sep. 30, 2009	4,140	9,058	2,803	8,086	94	24,181
Balance at Jan. 1, 2008	4,200	9,517	2,803	5,976	234	22,730
Reclassification			5,976	-5,976		0
Dividends			-2,940			-2,940
Net income				3,344		3,344
Other changes			-67		293	226
Balance at Sep. 30, 2008	4,200	9,517	5,772	3,344	527	23,360

Notes

Methods

This financial report for the SMT Scharf Group as at September 30, 2009 was prepared in accordance with the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and Interpretations (IFRIC) issued by the International Accounting Standards Board. The accounting policies used and the information included comply with IAS 34 (Interim Financial Reporting). The accounting and valuation policies and the calculation methods applied are the same as those used in the IFRS consolidated financial statements dated December 31, 2008, which were audited by the Group's auditors.

The interim financial statements present a true and fair view of the net assets, financial position and results of operations of the SMT Scharf Group for the period under review.

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 Polska Sp.z o.o., Tychy, Poland
- SMT Scharf Saar GmbH, Neunkirchen, Germany
- SMT Scharf Sales and Services GmbH, Hamm, Germany
- SMT Scharf Africa (Pty.) Ltd., Kya Sands, South Africa
- SMT Scharf International OÜ, Tallinn, Estonia
- SMT Scharf Mining Machinery (Beijing) Co., Ltd., Beijing, China
- OOO SMT Scharf, Novokuznetsk, Russian Federation
- Sareco Engineering (Pty.) Ltd., Brakpan, South Africa

Notes to the income statement

(1) Revenue

Revenue is composed of the following items:

(in € thousand)	01.07.2009- 30.09.2009	01.07.2008- 30.09.2008	01.01.2009- 30.09.2009	01.01.2008- 30.09.2008
Sale of new equipment	8,638	6,533	21,787	13,349
Spare parts/service/other	4,100	6,446	15,721	17,596
Total	12,738	12,979	37,508	30,945
Germany	1,811	2,644	7,428	8,585
Other countries	10,927	10,335	30,080	22,360
Total	12,738	12,979	37,508	30,945

(2) Income taxes

Income taxes are composed of the following items:

(in € thousand)	01.07.2009- 30.09.2009	01.07.2008- 30.09.2008	01.01.2009- 30.09.2009	01.01.2008- 30.09.2008
Current tax expense	429	706	1,582	1,157
Deferred taxes	-22	-73	-54	-240
Total	407	633	1,528	917

Notes to the balance sheet

(3) Receivables and other assets

As of September 30, 2009, there were no trade receivables or other assets with a remaining term of more than one year – as was the case one year ago.

(4) Securities and cash and cash equivalents

Securities and cash and cash equivalents as of September 30, 2009 include a hardship and social fund in the amount of €804 thousand. This fund is managed in trust by a commission comprising the management of SMT Scharf GmbH and SMT Scharf Saar GmbH as well as these two companies' works councils.

(5) Intangible assets and property, plant and equipment

The SMT Scharf Group leases internally developed monorail hanging railways as a lessor. These are recorded as leased assets under non-current assets. There were eleven leased items as of 30 September 2009.

During the past nine months, €96 thousand was capitalized as development expenses for two projects which fulfil the requirements of IAS 38.

(6) Liabilities

The mezzanine financing taken out in 2006 is reported as a non-current financial liability. This runs until 2013. Of the current liabilities – as was the case in the previous year – none have a remaining term of more than one year.

(7) Equity

The changes in the SMT Scharf Group's equity are shown in the statement of changes in equity.

On September 30, 2009, 4,200,000 ordinary bearer shares of SMT Scharf AG had been issued in the form of no-par value shares with a notional interest of €1 each. Of these shares, 1,200,000 are from the capital increase implemented on April 3, 2007. All shares are fully paid up. Between May and August 2009, SMT Scharf AG acquired 60,000 treasury shares as part of a share buy-back program. These were also held as of September 30, 2009. No stock options have been granted to members of the Supervisory or Managing Boards or employees of the company.

In April 2009, based on a resolution by the Ordinary General Meeting, SMT Scharf paid a dividend of €0.85 per share for fiscal year 2008.

Other disclosures

(8) Contingent liabilities and other financial commitments

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 period under review, payments amounting to €241 thousand were recognized under other operating expenses for rental agreements and leases.

The nominal amount of the future minimum payments from rental agreements and operating leases that cannot be terminated is as follows (by due date):

(in €thousand)	30.09.2009	30.09.2008	31.12.2008
Due within one year	288	293	292
Due in one to five years	330	414	383
Due after more than five years	0	0	0

(9) Managing and Supervisory Boards

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

Dr. Dirk Markus, Feldafing, CEO of Aurelius AG, (Chairman)

Florian Kawohl, Frankfurt/Main, Director Research, (Deputy Chairman)

Ulrich Radlmayr, Schondorf a. A., attorney, member of Aurelius AG's Managing Board.

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

Dr. Friedrich Trautwein (CEO),

Heinrich Schulze-Buxloh.

On September 30, 2009, Dr. Trautwein held 44,400 shares of the company, and Mr. Schulze-Buxloh held 6,000 shares. The members of the Supervisory Board did not hold any shares.

(10) Related party disclosures

No services were procured from related parties within the meaning of IAS 24 during the period under review. In addition, no services were provided to related parties.

(11) Financial instruments and financial risks

The SMT Scharf Group enters into derivative transactions in the form of currency forwards in particular to hedge currency risks. The Group does not trade in financial instruments, in accordance with its financial policy objectives. No fair value hedges were used in the period under review.

Please see the 2008 consolidated financial statements for information on the financial risks of the SMT Scharf Group's business. No substantial changes occurred from January to September 2009.

Legal notice

This report contains future-related statements based on estimates of future trends on the part of the Managing Board. The statements and estimates have been made in view of all information available at present. Should the assumptions underlying such statements and estimates fail to materialize, actual results may differ from current expectations.

This report and the information contained therein do not constitute an offer for sale either in Germany or in any other country, nor do they constitute a demand to purchase securities of SMT Scharf AG, in particular if this type of offer or demand is prohibited or not authorized. Potential investors in shares of SMT Scharf AG must obtain information on any such restrictions and adhere to these.

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