SCHARF
SOLUTIONS FOR MINING TRANSPORT

3-MONTH REPORT
01 Jan - 31 Mar 2009

Contents

Summary of key data

(in € thousand)	01.01.2009-31.03.2009	01.01.2008-31.03.2008	Change
Revenue	12,153	8,967	36%
Profit from operating activities (EBIT)	1,197	697	72%
EBIT margin	9.8%	7.8%	27%
Net income	832	471	77%
Employees	234	236	-1%

Introduction by the Managing Board

Dear shareholders and business partners,

SMT Scharf AG has enjoyed a flying start to the new fiscal year 2009. We successfully continued our international expansion in the first quarter, although the continuing international economic and financial crisis has a negative impact on some of the markets which are relevant for the SMT Scharf Group. However, we have been able to more than compensate for this negative impact thanks to positive business growth, in particular in China, South Africa and Poland

We have acquired several new orders. In addition, we invoiced an order from Russia which the customer postponed at short notice in November 2008. In Poland, we received a key leasing agreement for six DZ 1500 monorail hanging railways.

As a result, the SMT Scharf Group's revenues increased to € 12.2 million in the first quarter of 2009 compared to € 9.0 million in the previous year. The proportion of revenues recorded outside Germany increased to 76% (previous year: 65%). At the same time, EBIT totaled € 1.2 million compared to € 0.7 million in the same period of the previous year. As a result, the EBIT margin was 9.8%, up from 7.8% in the previous year. This increase is due in particular to lower personnel expenses, whereas other operating expenses climbed in connection with the expansion of foreign activities and negative developments of exchange rates. The figures from Q1 2008 were depressed by the temporary closure of the RAG mine in the Saarland region after the earthquake in February 2008. After the recession has been overcome, market-watchers believe that international mining will return to the dynamic growth enjoyed over the past few years. The successful increase to our international business during the course of 2008 despite some one-off setbacks reinforces our expectations of being able to further increase the SMT Scharf Group's revenues 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 in several key markets.

It is currently difficult to see how demand for commodities will develop in 2009. The recession, which started in the US, has also perceptibly slowed economic growth in countries such as China – which had previously enjoyed double-digit growth rates over several successive years – as a result of lower demand for imports. Although sales of coal to power plants is expected to increase in the current year, sales of coke and most metals, including gold and platinum, are stagnating or even falling. As a result, many mines have announced that they will slow their investments in 2009 compared to the previous year.

However, mines are expected to return to the growth they have enjoyed in the past together with the increasing recovery in the global economy. Countries such as China, India, Russia and South Africa, which grew at above average rates in the past few years, will have increasing requirements for energy, steel and other metals in line with their continued economic growth. That is why they remain those markets which will generate the greatest demand for the SMT Scharf Group over the medium term. This demand will also be driven by many mine operators specifically investing in technologies to boost their productivity. The SMT Scharf Group's transport systems play a key role in this regard when it comes to transporting materials in underground mining operations.

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 growing foreign markets. 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 three months of 2009. The proportion of foreign revenues increased to 76% (previous year: 65%). The order book totaled € 19.7 million on March 31, 2009, with 76% also stemming from non-German markets. On March 31, 2008, SMT Scharf had an order book of € 8.6 million, 67% of which came from countries outside of Germany.

As part of its international expansion, SMT Scharf has been able to acquire additional key orders from growth markets such as China. For example, a hard coal mine in China ordered two of the rail-bound rack-and-pinion trains that SMT Scharf had launched at the end of 2007. This customer decided to use this transport system due to the unfavorable geology in this mine and the heavy weights of up to 27 tons that have to be transported underground.

Other mines in the same group have already been using SMT Scharf's monorail hanging railways since 2003.

In February 2009, the company concluded a key lease with a Polish operator of several hard coal mines. A mine in the Upper Silesian coal basin will receive six DZ 1500 monorail hanging railways as part of this agreement. This customer has already been using SMT Scharf's monorail hanging railways for several years, in parallel to trains from two competitors. SMT Scharf's transport systems have proven to be highly reliable and capable of bearing great loads in day-to-day operations, with the result that the mine has now decided to use more of the company's trains.

The company was able to invoice a Russian order that the customer pushed back on short notice last November.

Research and development

The ongoing R&D activities in the first quarter of 2009 focused on developing new types of drives. In parallel, SMT Scharf pursued several projects to further develop the rack-and-pinion railway and to cut the manufacturing costs for specific products.

Human resources

As of March 31, 2009, the SMT Scharf Group had 234 employees, including 10 apprentices (previous year: 236 employees, including 14 apprentices). The number of employees at the German facilities in Hamm and Neunkirchen fell to 167 from 195 employees. In contrast, the number of employees at foreign locations increased to 67 (previous year: 41). This is due to the expansion of the branches in China, Russia and South Africa as well as the Sareco acquisition.

Net assets, financial position and results of operations

As of March 31, 2009, the SMT Scharf Group’s total assets amounted to € 49.5 million. This figure was thus down € 6.2 million compared to the end of 2008. Equity grew from € 24.4 million to € 25.1 million as a result of the net income for the year. The decrease in total assets caused the equity ratio at the end of the first quarter to increase to 55% compared to 44% at the end of 2008. Including the mezzanine financing, the equity ratio totaled 61% compared to 53% as of December 31, 2008.

As a result of orders being invoiced, the advance payments received fell as of March 31, 2009 to € 4.0 million, compared to € 6.7 million at the end of 2008. Trade payables also fell to € 3.3 million from € 6.1 million. On the assets side, trade receivables fell for the same reason to € 9.7 million (December 31, 2008: € 13.0 million).

Revenue in the first three months of 2009 was up significantly year on year at € 12.2 million compared to € 9.0 million. Shifts in the mix of products and orders caused the cost of materials to increase disproportionately to € 7.4 million from € 5.1 million. Personnel expenses totaled € 3.0 million – roughly the same amount as in the previous year – causing the ratio of personnel expenses to fall to 25%. The previous year’s figure of 34% was extraordinarily high as a result of the earthquake in the Saarland region and the resulting reduction in revenues. Other operating expenses increased at an above-average rate to € 1.7 million (previous year: € 1.0 million). This was primarily due to higher distribution costs, such as freight and commission, as well as negative developments of exchange rates. In total, SMT Scharf's EBIT margin was 9.8%, which significantly exceeds the figure of 7.8% from the previous year's first quarter.

As was the case in Q1 2008, the financial result was practically balanced, with the result that earnings before taxes totaled € 1.2 million, on a par with EBIT (previous year: both figures at € 0.7 million). The slightly lower effective tax rate in the first quarter of 2009 (30% compared to 33% in the previous year) resulted in consolidated earnings of € 0.8 million. This figure totaled € 0.5 million last year.

Cash and cash equivalents plus marketable securities totaled € 13.6 million at the end of the first quarter compared to € 17.1 million on December 31, 2008. Here too, the most important factor was the reduction in advance payments received when orders were invoiced. The reduction in trade payables was practically balanced out by the reduction in trade receivables.

During the first three months of fiscal year 2009, SMT Scharf's capital expenditure totaled € 0.2 million. 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 three months of 2009.

Report on events after the balance sheet date

SMT Scharf AG's ordinary general meeting on April 23, 2009 resolved to pay a dividend of € 0.85 per share. In April, SMT Scharf AG also announced that it would implement an employee equity participation program within the meaning of Section 71 (1) No. 2 of the *Aktiengesetz* (German Public Limited Companies Act). It plans to acquire up to 39,000 shares between April and May. This is based on the provisions of Regulation (EC) No. 2273/2003 and will be published in good time on www.smtscharf.com.

Outlook

It is currently difficult to see how demand for commodities will develop in 2009 from the SMT Scharf Group's perspective. There is no uniform forecast from market-watchers. After the recession has been overcome, they are forecasting that international mining will return to the dynamic growth enjoyed over the past few years. This was primarily impacted by the industrialization in countries with a large population 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.

The successful international expansion during the course of 2008 – despite selective setbacks – reinforces the Managing Board's expectations of being able to further increase the SMT Scharf Group's revenues and earnings on average over the coming years.

Hamm, May 15, 2009

SMT Scharf AG

The Managing Board

IFRS quarterly financial statements (unaudited)

Consolidated balance sheet

(in € thousand)	Notes	31.03.2009	31.03.2008	31.12.2008
Assets				
Inventories		13,436	10,183	12,463
Trade receivables	(3)	9,742	9,961	12,977
Other current receivables/assets	(3)	1,578	2,030	1,800
Deferred tax assets		434	242	374
Securities	(4)	925	843	920
Cash and cash equivalents	(4)	12,683	12,121	16,218
Current assets		**38,798**	**35,380**	**44,752**
Intangible assets		2,537	1,014	2,572
Property, plant and equipment		8,153	9,105	8,332
Non-current assets	(5)	**10,690**	**10,119**	**10,904**
Total assets		**49,488**	**45,499**	**55,656**
Equity and liabilities				
Other current provisions		4,501	4,569	4,609
Current income taxes		1,047	1,425	1,523
Advance payments received		3,990	714	6,685
Current financial liabilities	(6)	0	17	0
Trade payables	(6)	3,274	3,415	6,114
Other current liabilities	(6)	1,350	1,480	2,113
Deferred tax liabilities		0	138	0
Current provisions and liabilities		**14,162**	**11,758**	**21,044**
Provisions for pensions		2,928	3,071	2,921
Other non-current provisions		830	752	710
Deferred tax liabilities		1,607	1,850	1,723
Non-current financial liabilities	(6)	4,871	4,846	4,864
Non-current provisions and liabilities		**10,236**	**10,519**	**10,218**
Subscribed capital		4,200	4,200	4,200
Share premium		9,517	9,517	9,517
Retained earnings		2,803	8,779	2,803
Profit brought forward		9,150	471	8,318
Currency translation difference		-580	255	-444
Equity	(7)	**25,090**	**23,222**	**24,394**
Total equity and liabilities		**49,488**	**45,499**	**55,656**

Consolidated income statement

(in € thousand)	Notes	01.01.2009-31.03.2009	01.01.2008-31.03.2008
Revenue	(1)	12,153	8,967
Other operating income		386	313
Changes in inventories		1,141	860
Cost of materials		7,430	5,098
Personnel expenses		2,999	3,028
Depreciation and amortization		317	270
Other operating expenses		1,737	1,047
Profit from operating activities (EBIT)		**1,197**	**697**
Interest income		94	113
Interest expense		105	107
Financial result		**-11**	**6**
Profit before tax		**1,186**	**703**
Income taxes	(2)	354	232
Net income		**832**	**471**
Earnings per share (in €)*			
Basic		0.20	0.11
Diluted		0.20	0.11

* Based on an average number of 4,200,000 shares (Jan. 1, 2009 – March 31, 2009) and 4,195,532 shares (Jan. 1, 2008 – March 31, 2008) respectively.

Consolidated cash flow statement

(in € thousand)	01.01.2009-31.03.2009	01.01.2008-31.03.2008
Net income	832	471
Depreciation and amortization	317	270
Loss on the disposal of intangible assets and property, plant and equipment	0	0
Changes in assets and liabilities items		
- Changes in provisions	20	9
- Changes in taxes	-652	154
- Changes in inventories	-973	-1,578
- Changes in receivables/other assets	3,457	720
- Change in liabilities	-6,298	716
Net cash flows from/used in operating activities	**-3,297**	**762**
Investments in intangible assets and property, plant and equipment	-190	-129
Proceeds from the disposal of intangible assets and property, plant and equipment	0	30
Net cash flows used in investing activities	**-190**	**-99**
Hardship and social funds	15	55
Repayment of/proceeds from non-current financial liabilities	7	6
Net cash flows from/used in financing activities	**22**	**61**
Effect of exchange rate changes and changes in consolidated group structure	-50	20
Change in net financial position	**-3,515**	**744**
Net financial position – start of period*	16,272	11,291
Net financial position – end of period*	12,757	12,035

* Cash and cash equivalents 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**
Net income				832		832
Other changes					-136	-136
Balance at March 31, 2009	**4,200**	**9,517**	**2,803**	**9,150**	**-580**	**25,090**
Balance at Jan. 1, 2008	**4,200**	**9,517**	**2,803**	**5,976**	**234**	**22,730**
Reclassification			5,976	-5,976		0
Net income				471		471
Other changes					21	21
Balance at March 31, 2008	**4,200**	**9,517**	**8,779**	**471**	**255**	**23,222**

Notes

Methods

This financial report for the SMT Scharf Group as at March 31, 2009 was prepared in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and their 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 SMT Scharf 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, Moscow, Russian Federation
- Sareco Engineering (Pty.) Ltd., Brakpan, South Africa

Notes to the income statement

(1) Revenue

In the previous year, revenue included € 623 thousand from a contract which was to be accounted for in accordance with IAS 11. Revenue is composed of the following items:

(in € thousand)	01.01.2009-31.03.2009	01.01.2008-31.03.2008
Sale of new equipment	6,620	3,511
Spare parts/service/other	5,533	5,456
Total	**12,153**	**8,967**
Germany	2,895	3,134
Other countries	9,258	5,833
Total	**12,153**	**8,967**

(2) Income taxes

Income taxes are composed of the following items:

(in € thousand)	01.01.2009-31.03.2009	01.01.2008-31.03.2008
Current tax expense	577	233
Deferred taxes	-223	-1
Total	**354**	**232**

Notes to the balance sheet

(3) Receivables and other assets

As of March 31, 2009 there were no trade receivables or other current 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 March 31, 2009 include a hardship and social fund in the amount of € 851 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 monorail hanging railways from its own production as a lessor. These are recorded as leased assets under non-current assets. There were seven leased items as of March 31, 2009.

During the past three months, € 14 thousand of development expenses were capitalized for a project which fulfills the criteria 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 March 31, 2009, 4,200,000 ordinary bearer shares of SMT Scharf AG were issued in the form of no-par value shares with a notional interest of € 1 each. Of these shares, 1,200,000 are from the capital increase implemented on April 3, 2007. All shares are fully paid up. SMT Scharf AG does not hold any treasury shares. No stock options have been granted to members of the Supervisory or Managing Boards or employees of the company.

No dividends were paid during the first quarter of 2009 – as was the case in Q1 2008. A motion was put to the ordinary general meeting, which was held on April 23, 2009, to pay a dividend of € 0.85 per share.

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 € 74 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)	31.03.2009	31.03.2008	31.12.2008
Due within one year	240	156	241
Due in one to five years	320	66	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., lawyer, member of the Managing Board of Aurelius AG.

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

On March 31, 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 first quarter. 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. Two currency forwards are carried as cash flow hedges.

Please see the 2008 consolidated financial statements for information on the financial risks of the SMT Scharf Group's business. No substantial changes occurred during the course of the first quarter of 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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