



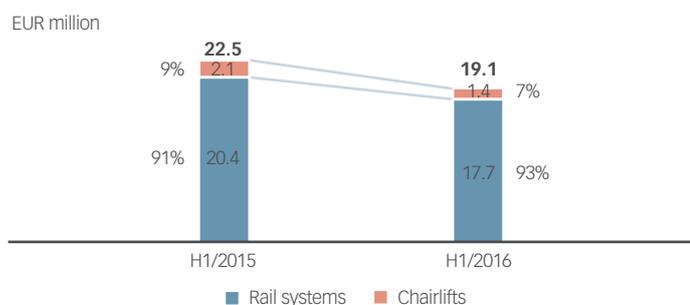
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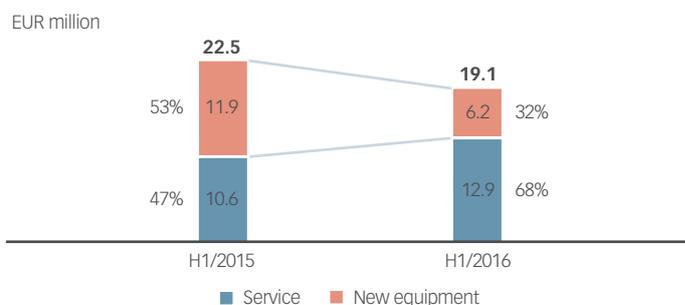
KEY GROUP DATA

		2014	2015	H1/2015	H1/2016
Revenue	EUR thousand	47,820	50,303	22,505	19,087
Total operating revenue	EUR thousand	45,681	49,990	22,341	19,251
EBIT	EUR thousand	-1,511	1,583	-381	1,529
EBIT margin on total operating revenue	%	-3.3	3.2	-1.7	7.9
Group net profit/loss	EUR thousand	-1,082	792	-580	1,606
Equity	EUR thousand	36,869	36,346	37,611	37,705
Equity ratio	in %	61.0	62.7	61.2	67.2
FTE (full-time employees)	on reporting date	272	281	279	294

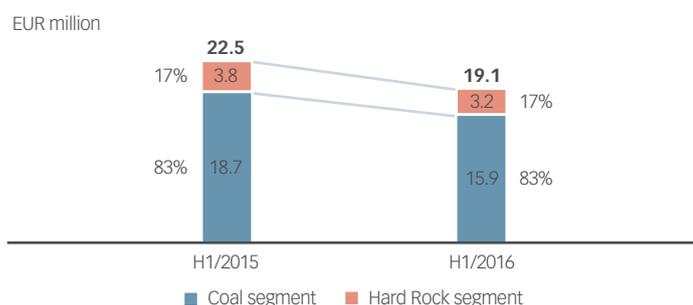
Revenue by product



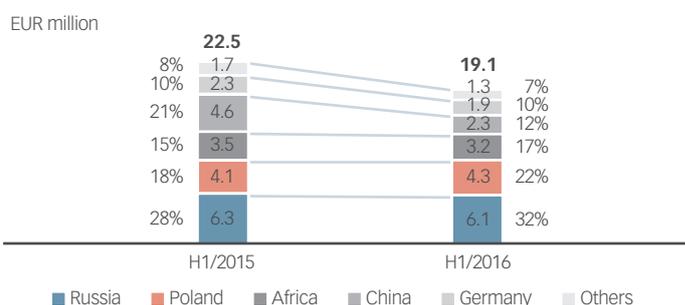
Revenue by type



Revenue by segment



Revenue by region



SHARE PRICE CHART



KEY SHARE DATA

Ticker / ISIN	S4A / DE0005751986
Number of shares (including 59,477 treasury shares)	4,200,000
Closing price (June 30, 2016)*	EUR 10.55
Price high / low*	EUR 16.14 / EUR 8.15
Share price performance (LTM on June 30, 2016)	-34%
SDAX performance (LTM on June 30, 2016)	+2%
Peer group portfolio performance (LTM on June 30, 2016)	-24%
Market capitalisation excluding treasury shares (June 30, 2016)	EUR 43.68 million

* Closing prices on the Xetra trading system of Deutsche Börse AG

FINANCIAL CALENDAR

14 November 2016	9M report 2016
21 to 23 November 2016	German Equity Forum 2016
31 December 2016	Fiscal year-end



Management team of SMT Scharf AG

LETTER TO SHAREHOLDERS

Dear shareholders,

The situation on global raw materials markets has eased a little over the past months, and signals exist – admittedly weak signals – that the prices of the most important metals and energy raw materials might recover, or at least stabilise. But it is certainly too early to speak of a trend turnaround. Should price structures on raw materials markets recover, however, it should also generate new stimulus for the supplier industry.

As long as the sector environment fails to improve sustainably, however, it is to be assumed that worldwide mine operators – the most important customer group of SMT Scharf – will continue with their wait-and-see attitude to investment – an approach that has left clear marks on our revenue trends during the first six months of the current fiscal year. Along with the insolvency of some major producers, a number of smaller and less technically advanced mines have shut down production, thereby accelerating market rationalisation.

It is clear that the mining equipment sector is starting to move. Some competitors that have been present only in local markets to date are now cooperating or joining forces, and are becoming more visible internationally. Major suppliers, too, are acquiring individual operations from competitors, giving up their unprofitable non-core areas, and expanding their strategic strengths. We are countering this demanding market environment at several levels. Firstly, we are positioning SMT Scharf on the market as a premium supplier to an even greater extent than before. Secondly, we are also becoming active on the market ourselves, and examining opportunities currently on offer on the market. Our absolute priority in this context is to strengthen the company in an expedient manner, and extend its strategic positioning as a leading supplier in mining logistics.

Taken together, we are confident that with these measures SMT Scharf can continue to defend its position within a market environment that remains difficult. For the full year, we still anticipate a decline in revenue and an EBIT improvement compared to the previous year, with a now assumed sales revenue trend for the second half of the year that is similar to the first six months of 2016. On the basis of our improved cost structure and the disproportionately profitable first half-year, we also anticipate a better EBIT margin for the full year than our originally forecast 4.1%.

We regard the improvement as proof that the restructuring measures that we have introduced in previous years have shown effect, and that our focus on “operating excellence” is becoming increasingly evident.

In this context, we derive confidence from the fact that during the first six months of 2016 we improved our profitability in a direct comparison with the previous year’s corresponding period. We also regard this positive development as proof that the restructuring measures that we have introduced in previous years have shown effect, and that our focus on “operating excellence” is becoming increasingly evident.

It is also pleasing that in the first half of 2016 rising service revenues largely offset the moderate growth in business with new systems, especially due to the weak Chinese market. In the current market environment, this exerts a stabilising effect on the Group’s overall development. The positive business trend in Poland, the second most important market for SMT Scharf during the reporting period, deserves special mention in this context. Many of the industrial customers based in this region work with our leased machines.

We would like to take this opportunity to thank you as investors, business partners and customers for the confidence that you invest in us, and we look forward to working together with you in the future.

With a cordial “Glück Auf”

Hans Joachim Theiß

Rolf Ferdinand Oberhaus

Wolfgang Embert

MANAGEMENT REPORT (UNAUDITED)

Basis of the Group

Business model

The SMT Scharf Group develops, manufactures, installs and services transportation equipment for underground mining. Four categories describe the scope of operating activities at SMT Scharf:

- **Product areas:** **Captivated railway systems** are the company's main product. Such systems are deployed worldwide mainly in hard coal mines and in the mining of gold, platinum, copper and nickel, for example (so-called "hardrock mining"). SMT Scharf monorail hanging railways ("monorails") transport material and personnel with payloads of up to 45 tons and on gradients of up to 35 degrees. Together with classic floor-mounted railways, this product area accounted for 92.9% of sales revenue in the year under review. Revenue of EUR 1.4 million was generated with **chairlifts**, the second product area, in the reporting period. The chairlifts business is a key pillar of revenue of the companies in South Africa. The subsidiaries SMT Scharf Africa (Pty) Ltd. and Sareco Engineering (Pty) Ltd. together have a market share of 80% in this product segment. Success here is based on a due brand strategy that enables us to sell both Scharf and Sareco chairlift products. Services in the area of installing underground piping represent a further revenue pillar in South Africa. Along with other contracts, Impala Platinum Mines, one of the world's largest platinum producers, has commissioned SMT Scharf GmbH to install underground supply lines, for example. Along with freshwater pipes, this also includes ventilation and compressed air supplies.
- **Services:** Besides producing, shipping and commissioning new plants locally, SMT Scharf offers its customers an extensive range of services. These include the areas of spare parts, repairs, services and other. Both the **new systems business** and the **business with spare parts and service** have each accounted for around half of sales revenue over the past years. The service business exerts an overall stabilising effect on consolidated revenue during periods of low investment in new equipment by mine operators. Since 2013, SMT Scharf has also acted as a **rail system operator**.
- **Customer groups:** SMT Scharf serves customers in two areas. The main customers are producers in underground **coal mining**, with which 83.2% of sales revenue was achieved in the year under review. SMT Scharf generates a further 16.8% of its revenue with customers from the **hardrock mining** sector.
- **Regions:** In the reporting period, SMT Scharf achieved 90.1% of its sales revenue outside Germany. On a regional basis, the sales markets of Russia, China, Poland and Africa stand out in terms of their revenue share. A total of 83.1% of sales revenue is attributable to these four foreign markets. SMT Scharf distributes its products through its own companies in China, Poland, Russia, South Africa and Ukraine, as well as through commercial representations worldwide.

Corporate strategy

SMT Scharf has pursued a **localisation strategy** over the past years whose core element is to further expand expertise at the subsidiaries located close to mining customers, thereby reallocating the value creation steps between the international locations of SMT Scharf. This process is largely completed, although it continues to be implemented. At its end stands a corporate culture characterised by leading-edge technology, and the many years of experience and know-how of SMT Scharf's engineers. This corporate culture is manifested in the central development department, which remains located at Group headquarters in Hamm, and is augmented by subsidiaries in all of SMT Scharf's important mining countries. These subsidiaries are equipped with proprietary competencies but are guided by a central framework.

Given the continued weak environment for mining equipment firms, an extensive **list of measures in three strategic areas** has been defined and advanced since July 2015. The areas of action can be described as "organic growth", "external growth" and "operative excellence":

- **Organic growth** is to be achieved, firstly, through expanding the hardrock business to be a second business pillar, and, secondly, through geographic expansion into new markets, as well as through targeted expansion of the product range.
- **External growth** should advance the core positioning of SMT Scharf as an engineering company with long traditions and a deep understanding of the requirements of the global underground market. Both acquisitions and strategic partnerships in related business areas are possible in this context, and initial discussions have already started.
- **Operative excellence** follows from the targeted analysis of specific markets and customer requirements, and comprises not only efficiency enhancements in companies locally, but also the optimisation of the Groupwide production system and streamlining of development processes.

The company's further development is driven by the **vision of an expanded product range in the mining logistics area**, and a stronger positioning as a systems supplier ("from transport machine to transport system").

Research and development

The localisation strategy in Poland, Russia and China was pursued with consistency in the reporting period, and closely coordinated with Group headquarters in Germany. The continuous establishment of local centres of expertise with growing vertical depth of manufacturing is successfully underway at present. The leveraging of synergies through further networking of locations is being implemented efficiently.

International project teams are progressing the further development and new development of the existing product range with dynamism. Targeted coordination with customers to respective demand on the local market is improving sales opportunities in this context. At the same time, local production and a global supply network are catering for shorter supply times. Innovative modular machine design is helping to optimise costs through including as many identical components as possible.

In the first six months of 2016, the SMT Scharf Group did not invest in development projects for research and development that meet IAS 38 criteria.

Employees

SMT Scharf AG calculates the number of its employees in the form of full-time equivalents (FTE). SMT Scharf Group employed 294 members of staff (full-time employees) as of 30 June 2016, including 1 trainee. The Group employed 279 individuals as of the previous year's reporting date (including 5 trainees). SMT Scharf also draws on temporary help staff to flexibly boost production capacity.

	H1/2015	H1/2016
Employees, total	279	294
Employees in Germany	86	87
Employees abroad	193	207
Proportion of female employees (%)	17	18

Economic and business report

Economic and business environment

Macroeconomic environment: The global economy grew by 3.1% in 2015, according to data from the International Monetary Fund (IMF). Due to the advancing recovery in many large economies during the first half of the year, in July 2016 the IMF's economists assume this figure will also be achieved in the current year. Above all, the economic slowdown in China has not proved as sharp to date as assumed at the start of the year. The IMF nevertheless notes that potential risks for the world economy have risen considerably following the result of the EU referendum in the United Kingdom. Uncertainty about the structuring of intra-European trade relations in the future might result in a negative trend in corporate investments. Overall, the IMF believes that prospects for the global economy have clearly worsened, prompting it to give conditional status to its full-year forecast.

GDP growth in the most important sales markets* (in %)	2015
World	3.1
China	6.9
Poland	3.6
Russia	-3.7
South Africa	1.3

*Sources: IMF World Economic Outlook Update, July 2016; IMF World Economic Outlook, Too Slow for Too Long, April 2016

Especially the Russian Rouble has recovered again during the reporting period following its weakness in 2015, achieving a slight appreciation in relation to the Euro. In other words, SMT Scharf's products have become significantly less expensive there when valued in terms of their national currencies. By contrast, the Chinese Yuan Renminbi, the Polish Zloty and the South African Rand have depreciated slightly compared to the Euro during the first of 2016, making SMT Scharf products more expensive.

Exchange rate changes in the most important sales markets* (in %)	2015	H1/2016
Yuan Renminbi (China)/Euro	-8	+5
Zloty (Poland)/Euro	+2	+3
Rouble (Russia)/Euro	+9	-4
Rand (South Africa)/Euro	+15	+4

*Source: European Central Bank, Statistical Data Warehouse (monthly average exchange rates)

Sector trends: Following marked price declines in previous years, the prices of the most important energy raw materials and metals largely stabilised in the reporting period, or – as was the case with crude oil, for instance – recovered slightly. The coal sector, which remains important for SMT Scharf, performed at variance to this general trend on raw materials markets, however. In this difficult environment, and also as a consequence of overcapacities, operators of coal mines worldwide are continuing to postpone investments. Even essential maintenance investments are implemented only with a delay. On the other hand, this results in rising demand for maintenance and repair services.

According to the Specialist Mining Equipment Association of the German Engineering Federation (VDMA), global economic trends and a reluctance to realise investments in mine operations will feed through to a further setback for the German mine equipment manufacturers this year. Given the cyclical downturn in the sector, the VDMA anticipates that the sector will report a further decline in sales revenue in the single-digit percentage range over the full year. Along with continued low raw materials prices, greater uncertainty about the world economy is also contributing in this context. The VDMA nevertheless also identifies the first signs of a recovery, as many of its members have reported a rising number of order offers over the past months. Advancing digitalisation in wide areas of industry is also opening up the prospect of new products and business models from which German engineering firms should particularly benefit due to their expertise and innovation capabilities. Many coal mining companies have also diversified their business activities over the past years, and are now investing in more profitable areas such as the hardrock area. Such diversification offers new business opportunities for equipment producers.

Financial position and performance

In the first half of 2016, the SMT Scharf Group reported a significant improvement in its profitability compared with the previous year's equivalent period, despite revenue falling over this period. The service business exerted a stabilising effect on **consolidated revenue** again in the period under review. At EUR 19.1 million, consolidated revenue failed to reach the previous year's level (H1/2015: EUR 22.5 million). This is mainly due to declines in the new systems business given the continued difficult sector situation for mine operators. While revenue in the first quarter was up by 19.9% compared with the previous year's corresponding figure, the figure for the second quarter is down by 40.8% in a direct comparison.

The rail systems product area accounted for 92.9% of revenue with EUR 17.7 million in the first half of 2016 (H1/2015: 90.5% or EUR 20.4 million), with 7.1% of revenue (EUR 1.4 million) being attributable to the chairlifts business accordingly (H1/2015: 9.5% or EUR 2.1 million).

Business of EUR 6.2 million with new systems was considerably below the corresponding prior-year period (H/2015: EUR 11.9 million), representing a 32.2% share of consolidated revenue (H1/2015: 52.7%). Offsetting this, business with services and replacement parts grew to EUR 12.9 million in the first half of 2016, accounting for a 67.8% share of total revenue (H1/2015: 47.3% or EUR 10.6 million).

On an operating segment basis, EUR 15.9 million was attributable to the Coal segment, within which the business with operators of hard coal mines is aggregated. As a consequence, its share of total consolidated revenue was unchanged at 83.2% (H1/2015: 83.2% or EUR 18.7 million). An amount of EUR 3.2 million was generated in the hardrock segment, representing 16.8% share of total (H1/2015: EUR 3.8 million or 16.8%).

Among country markets, Russia remains SMT Scharf's most important market, with a 32.0% revenue share. Following a dynamic first quarter, during which Russia was the fastest growing market in our portfolio of countries, business in the first half of the year fell slightly by 2.9% to EUR 6.1 million (H1/2015: EUR 6.3 million). In the second largest foreign market, Poland, revenue grew by 5.3% to EUR 4.3 million (H1/2015: EUR 4.1 million). This arises to a considerable extent from higher service revenues generated within this region, as many of the industrial customers based there work with leased machines. In China, the weakening in new order intake that has been observable since the start of the current business year is clearly noticeable in the half-year figures: here, revenue of EUR 2.3 million was down 50.9% on the previous year's comparable period (H1/2015: EUR 4.6 million). In Australia, by contrast, SMT Scharf has received one larger order for a new system, where delivery has already started and the first revenues have already been generated. In the case of the American market, it should be noted that the previous year's strong comparative base was significantly affected by a large order in the hardrock mining area. The share of the German business continued its downtrend to a level of EUR 1.9 million, as expected (H1/2015: EUR 2.3 million). This is largely due to SMT Scharf's localisation strategy, as described at the start. In relative terms, however, the share in the domestic market was only slightly changed at 9.9% in the first half-year (H1/2015: 10.4%).

Revenue by regions

in EUR thousand	H1/2015	H1/2016	Change	Share of total revenue
Russia	6,288	6,105	-2.9%	32.0%
Poland	4,078	4,293	+5.3%	22.5%
Africa	3,484	3,201	-8.1%	16.8%
China	4,618	2,269	-50.9%	11.9%
Germany	2,344	1,888	-19.5%	9.9%
Australia/ Asia excluding China	40	784	>+100.0%	4.1%
Rest of Europe	448	470	+4.9%	2.5%
America	1,205	77	-93.6%	0.4%
Total revenue	22,505	19,087	-15.2%	100.0%

Due to moderate inventory accumulation during the second quarter, changes in inventories amounted to EUR 0.2 million (H1/2015: EUR -0.2 million), with **total operating revenue** (defined as the sum of revenue and changes in inventories) thereby reporting a 13.8% decrease to EUR 19.2 million (H1/2015: EUR 22.3 million).

Other operating income during the first half of 2016 was down by 56.1% year-on-year to EUR 1.6 million (H1/2015: EUR 3.7 million). This includes EUR 0.9 million of currency gains. The reduction is due to the fact that in the prior-year period higher currency gains were generated, and EUR 0.3 million of provisions were released. **Other operating expenses** of EUR 4.0 million include, in particular, EUR 0.7 million are currency losses, which enabled an overall positive currency result to be achieved. To these were added costs for rent and leasing, travel expenses, and costs for third-party services. Overall, other operating expenses were 35.8% below the previous year's corresponding figure (H1/2015: EUR 6.2 million), which was affected by a higher level of risk provisioning measures.

The cost of materials of EUR 8.9 million was 31.9% below the previous year's level overall (H1/2015: EUR 13.0 million). Write-downs to inventories in the previous year's period are to be noted here. The cost of materials ratio (in relation to total operating revenue) decreased significantly to 46.0% (H1/2015: 58.2%).

Personnel expenses amounted to EUR 5.7 million, representing a 5.3% year-on-year decline (H1/2015: EUR 6.0 million). Due to the reduction in total operating revenue, the personal expense ratio, by contrast, increased to 29.6% (H1/2015: 27.0%).

Depreciation, amortisation and impairment losses relating to non-current assets amounted to EUR 0.8 million, down 31.9% year-on-year (H1/2015: EUR 1.1 million). In the previous year's comparable period, impairment losses were applied to older or unutilised parts of buildings, and higher depreciation charges were applied to capitalised leased machinery.

Thanks to the operating efficiency improvements, the **result from operating activities (EBIT)** rose to EUR 1.5 million during the first six months of 2016 (H1/2015: EUR -0.4 million). At operating segment level, EBIT in the Hard Rock business improved to EUR 0.4 million (H1/2015: EUR 0.2 million) and to 1.1 million in the coal segment (H1/2015: EUR -0.6 million).

In this context, the Group's **net financial result** of EUR 0.4 million was considerably above the previous year's (H1/2015: EUR 0.1 million). This chiefly reflects higher income from participating interests and the Xinsha joint venture in China.

Higher earnings from operating activities fed through to an increased level of income taxes of EUR 0.4 million (H1/2015: EUR 0.2 million). Due to the aforementioned effects, SMT Scharf nevertheless reported a significant year-on-year improvement in its **consolidated net result** to EUR 1.6 million during the first six months of 2016 (H1/2015: EUR -0.6 million). Based on a lower average number of shares in issue compared with the prior-year period of 4,140,523 shares in issue, earnings per share amounted to EUR 0.39 during the period under review (H1/2015: EUR -0.14).

The **order book position** of SMT Scharf stood at a reduced level of EUR 10.2 million as of June 30, 2016 (June 30, 2015: EUR 14.8 million). **New order intake** during the first six months of 2016 also amounted to a lower EUR 18.0 million (H1/2015: EUR 22.4 million).

Compared with the end of 2015, **total assets** reported a slight increase of 2.6% to EUR 56.1 million as of June 30, 2016 (December 31, 2015: EUR 57.6 million). The receivables position was reduced by EUR 5.3 million due to more efficient receivables management. Overall, the value of other current receivables and assets as of June 30, 2016 was up by 5.0% to EUR 41.4 million (December 31, 2015: EUR 43.6 million), and other current provisions increased by 20.5% to EUR 12.0 million (December 31, 2015: EUR 15.1 million). Non-current assets of EUR 14.7 million as of June 30, 2016 were slightly below their year-end level (December 31, 2015: EUR 14.3 million).

The **equity** of SMT Scharf AG of EUR 37.7 million on the balance sheet date was slightly above its amount on December 31, 2015 (EUR 36.3 million). The equity ratio was boosted further above its high starting level to reach 67.2% by June 30, 2016 (December 31, 2015: 62.7%).

Net working capital amounted to EUR 26.2 million on June 30, 2016, up 9.1% compared with its level at the start of the new financial year (December 31, 2016: EUR 24.0 million). Average net working capital for the last twelve months (LTM) until June 30, 2016 was posted at EUR 24.8 million (calculated from quarterly figures). In relation to rolling consolidated revenue of EUR 46.9 million for the last twelve months until the reporting date, net working capital intensity amounts to 52.8%. This figure has risen due to the reduction in revenue during the first half of 2016.

Net Working Capital (Ø LTM)/Consolidated revenue LTM



SMT Scharf invested a total of EUR 0.5 million during the first six months of the 2016 fiscal year (H1/2015: EUR 0.3 million). This occurred mainly in the area of capitalised leased machinery.

Events after the balance sheet date

Following the end of the first six months of 2016, no further events occurred that have a significant effect on the company's financial position and performance.

Outlook

As of mid-2016, the International Monetary Fund (IMF) forecasts the following GDP growth rates in SMT Scharf's target markets:

GDP forecasts for the most important sales markets* (in %)	2016e
World	3.1
China	6.6
Poland	3.6
Russia	-1.2
South Africa	0.1

*Sources: IMF World Economic Outlook Update, July 2016; IMF World Economic Outlook, Too Slow for Too Long, April 2016

China, Russia, Poland and South Africa will remain the SMT Scharf's core markets for 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. According to the IMS forecasts, conditions in the world economy remain difficult in 2016, and are characterised by rising uncertainty. Negotiations with the two and large unions, AMCU and NUM, for gold and platinum mining, which started on July 12, 2016, represent a business risk for the African market. The last wage negotiations in 2014 between the unions and the mining companies ended with a more than five-month strike that also had considerable impact on the supply industry. Experts nevertheless believe that the negotiations will not lead to prolonged strikes at the mines this year.

The executive board of SMT Scharf AG updated the forecast for the current fiscal year 2016: For the full year, initially a year-on-year decline in revenue and a better EBIT margin (referring to total operating revenue) was anticipated. For the second half of the year, now a sales revenue trend similar to the first six months of 2016 is anticipated, meaning the initial full-year revenue target probably will be missed. Given the disproportionately profitable first half-year, the executive board anticipates a better EBIT margin for the full year than the originally forecast 4.1%.

In spite of 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 grow on the basis of the long-term sustainable growth of the global economy, despite temporary weakness under certain conditions. This is accompanied by sustainable growth in demand for energy. Despite a growing share of renewable energies, experts at the International Energy Agency (IEA) predict that fossil fuels will comprise the predominant proportion of global energy production in 2040, and see global coal production growing by 10% up to 2040.

In order to advance diversification 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. Beyond this, strategic measures in three areas (operational excellence, external growth, organic growth) should contribute to an improved positioning for SMT Scharf. This should enable the company to participate to an above-average extent in market opportunities in the next sector upturn.

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 2015.

Hamm, August 12, 2016

SMT Scharf AG
The Managing Board

IFRS HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED)

Consolidated balance sheet

in EUR thousand	30/06/2016	30/06/2015	31/12/2015
Assets			
Inventories	14,730	15,935	12,986
Trade receivables	18,560	22,308	23,882
Other current receivables / assets	3,809	3,149	1,551
Cash and cash equivalents	4,278	4,766	5,197
Current assets	41,377	46,158	43,616
Intangible assets	2,152	2,861	2,305
Property, plant and equipment	5,069	5,635	5,162
Participating interests	3,760	3,772	3,767
Deferred tax assets	2,643	3,020	2,455
Other non-current receivables / assets	1,114	2	645
Non-current assets	14,738	15,290	14,334
Total assets	56,115	61,448	57,950

in EUR thousand	30/06/2016	30/06/2015	31/12/2015
Equity and liabilities			
Current income tax	397	434	390
Other current provisions	4,881	8,543	6,114
Advance payments received	573	1,717	232
Trade payables	2,794	2,735	4,218
Current financial liabilities	2,143	2,559	2,807
Other current liabilities	1,236	971	1,311
Current provisions and liabilities	12,024	16,959	15,072
Provisions for pensions	3,298	3,199	3,289
Other non-current provisions	391	379	384
Deferred tax liabilities	803	1,077	801
Non-current financial liabilities	1,894	2,233	2,058
Non-current provisions and liabilities	6,386	6,878	6,532
Subscribed share capital	4,141	4,141	4,141
Share premium	11,615	11,615	11,615
Profit brought forward	26,019	23,142	24,413
Currency translation difference	-4,070	-1,287	-3,823
Equity	37,705	37,611	36,346
Total assets	56,115	61,448	57,950

Consolidated statement of comprehensive income

in EUR thousand	Notes	Q2 / 2016	Q2 / 2015	H1 / 2016	H1 / 2015
Revenue	(1)	7,691	13,002	19,087	22,505
Changes in inventories		412	-1,123	164	-164
Total operating revenue (100%)		8,103	11,879	19,251	22,341
Other operating income		278	807	1,605	3,655
Cost of materials		3,742	7,464	8,865	13,009
Personnel expenses		2,774	3,082	5,703	6,022
Depreciation, amortisation and impairment losses		363	796	778	1,143
Other operating expenses		1,451	3,644	3,981	6,203
Profit/loss from operating activities (EBIT)		51	-2,300	1,529	-381
Income from participating interests		162	87	474	87
Interest income		34	21	50	48
Interest expenses		20	72	74	125
Financial result		176	36	450	10
Profit/loss before tax		227	-2,264	1,979	-371
Income taxes	(2)	0	35	373	209
Group net profit/loss		227	-2,299	1,606	-580
Currency difference from translation of foreign financial statements		263	-688	-247	1,537
Comprehensive income		490	-2,987	1,359	957
Earnings per share (in EUR)					
Basic		0.05	-0.55	0.39	-0.14
Diluted		0.05	-0.55	0.39	-0.14
Average number of shares		4,140,523	4,169,931	4,140,523	4,147,172

Consolidated cash flow statement

in EUR thousand	H1/2016	H1/2015
Group net profit/loss	1,606	-580
Income from participating interests	-474	-87
Depreciation and amortisation of non-current assets	778	159
Gain/loss on disposal of non-current assets	44	549
Changes in assets, provisions and liabilities items		
Provisions	-1,216	1,038
Taxes	-178	-909
Inventories	-1,743	-1,873
Receivables/other assets	2,595	-1,277
Liabilities	-1,159	236
Net cash flows from operating activities	253	-1,601
Investments in non-current assets	-504	-331
Net cash flows used in investing activities	-504	-331
Sale/repurchase of treasury shares	0	-214
Change in hardship and social funds	3	25
Repayment of/proceeds from financial liabilities	-829	-606
Net cash flows from/used in financing activities	-826	-795
Effect of changes in exchange rates and Group composition	161	871
Change in net financial position	-916	-1,856
Net financial position at start of period	4,708	6,058
Net financial position at end of period	3,792	4,202

Consolidated statement of changes in equity

in EUR thousand	Subscribed share capital	Share premium	Profit brought forward	Currency translation difference	Equity
Balance on 01/01/2016	4,141	11,615	24,413	-3,823	36,346
Group net profit/loss			1,606		1,606
Other changes				-247	-247
Comprehensive income				-247	-247
Balance on 30/06/2016	4,141	11,615	26,019	-4,070	37,705
Balance on 01/01/2015	4,155	11,815	23,723	-2,824	36,869
Group net profit/loss			-580		-580
Purchase of treasury shares	-14	-200			-214
Other changes				1,537	1,537
Comprehensive income	0	0	-580	1,537	957
Balance on 30/06/2015	4,141	11,615	23,142	-1,287	37,611

NOTES

Methods

This financial report of the SMT Scharf Group as of June 30, 2016 was prepared in accordance with the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the 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 as at December 31, 2015, 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 thousand).

Consolidated group

The consolidated financial statements of the SMT Scharf Group include SMT Scharf AG as well as the following controlled companies:

	Anteil am Kapital
SMT Scharf GmbH, Hamm, Germany	100%
SMT Scharf Saar GmbH, Neunkirchen, Germany	100%
SMT Scharf Polska Sp. z o. o., Tychy, Poland	100%
Sareco Engineering (Pty.) Ltd., Germiston, South Africa	100%
SMT Scharf Africa (Pty.) Ltd., Germiston, South Africa	100%
Scharf Mining Machinery (Xuzhou) Ltd, Xuzhou, China	100%
TOW SMT Scharf Ukraine, Donetsk, Ukraine	100%
OOO SMT Scharf, Novokuznetsk, Russian Federation *	100%
OOO SMT Scharf Service, Novokuznetsk, Russian Federation **	100%
SMT Scharf International OÜ, Tallinn, Estonia ***	100%
Scharf Mining Machinery (Beijing) Co., Ltd., Beijing, China ***	100%
Shandong Xinsha Monorail Co. Ltd., Xintai, China ****	50%

* of which 1.25% indirectly through SMT Scharf GmbH

** indirectly through OOO SMT Scharf

*** indirectly through SMT Scharf GmbH

**** equity accounted as 50% interest

The main operating activity of all subsidiaries is the production, repair and marketing of machinery and equipment of any type, and trading with such assets.

Notes to the income statement

(1) Revenue

Revenue is composed of the following items:

	Q2/2016	Q2/2015	H1/2016	H1/2015
New equipment	1,808	7,329	6,147	11,859
Spare parts/service/other	5,883	5,672	12,940	10,646
Total	7,691	13,001	19,087	22,505
Germany	902	1,191	1,888	2,344
Other countries	6,789	11,810	17,199	20,161
Total	7,691	13,001	19,087	22,505

(2) Income taxes

Income taxes are composed of the following items:

	Q2/2016	Q2/2015	H1/2016	H1/2015
Current tax expense	119	475	530	736
Deferred taxes	-119	-440	-157	-527
Total	0	35	373	209

(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.

EUR thousand	Hardrock segment		Coal segment		Not allocated		Group	
	H1/2016	H1/2015	H1/2016	H1/2015	H1/2016	H1/2015	H1/2016	H1/2015
Revenue	3,201	3,791	15,885	18,714	-	-	19,087	22,505
Operating result (EBIT)	414	232	1,115	-613	-	-	1,529	-381
Earnings from equity accounted companies	-	-	474	87	-	-	474	87
Segment assets	4,443	4,415	49,029	53,883	2,643	3,020	56,115	61,318
Segment liabilities	532	1,371	17,075	21,389	803	1,077	18,410	23,837
Segment investments	-	55	504	276	-	-	504	331
Interests in equity accounted companies	-	-	3,760	3,772	-	-	3,760	3,772
Depreciation, amortisation and impairment losses	33	49	745	1,094	-	-	778	923
FTE	32	29	262	250	-	-	294	279

Notes to the balance sheet

(4) Current assets

Securities and cash and cash equivalents as of June 30, 2016 include a hardship and social fund amounting to EUR 486 thousand. This fund is managed in trust by a commission consisting of the management of SMT Scharf GmbH and SMT Scharf Saar GmbH as well as these two companies' works councils.

(5) Non-current assets

The SMT Scharf Group leases internally developed monorail hanging railways as a lessor. These are recorded as leased assets under property, plant and equipment. There were 6 leased items as of June 30, 2016.

During the first six months of 2016, 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 June 30, 2016, a total of 4,140,523 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. All shares have been fully paid in and grant the holders the same rights.

No dividends were paid in the first six months of 2016, as in the prior-year period. A share repurchase for 14,327 tendered shares occurred in the previous year's equivalent period.

Other disclosures

(7) Contingent liabilities and other financial commitments

At the end of the fiscal year under review, contingent liabilities existed from advance payment and warranty guarantees with a total value of EUR 20 thousand (previous year: EUR 0 thousand).

Other financial liabilities exist that relate, in particular, to rental and lease agreements for cars and photocopiers. The agreements have maturities of up to five years and in some cases include extension options and escalation clauses. In 2016, the rental and lease agreements resulted in payments totalling EUR 254 thousand being recognised in other operating expenses during the first half of 2016 (previous year: EUR 364 thousand). The total nominal amount of the future minimum lease payments under operating leases and rental agreements is composed as follows:

	30/06/2016	30/06/2015	31/12/2015
Due within one year	301	310	408
Due in one to five years	1,233	1,091	1,066
Due after more than five years	0	0	0

(8) Supervisory and Managing Boards

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

Michael Reich, Melbourne, VIC, Australia, CEO DSI Underground (since March 1, 2016, previously management consultant), (Chairman)

Dr. Dirk Vorsteher, Werne, management consultant, (Deputy Chairman)

Dorothea Gattineau, Herdecke, business executive

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

Hans Joachim Theiss (Chairman / CEO)

Wolfgang Embert

Rolf Ferdinand Oberhaus

As of June 30, 2016, Mr Reich held 6,000 shares in the company, and Mr Theiss held 10,000 shares in the company.

(9) Related party disclosures

In the period under review, no services were purchased 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 2015 annual report for information on the financial risks of the SMT Scharf Group's business. No substantial changes occurred over and above this from January to June 2016.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the Group's net assets, financial position and results of operations, and the Group management report presents the progression of business including the business results and the Group's position so that a true and fair view is conveyed, and describes the significant opportunities and risks pertaining to the Group's prospective development in the remaining 2016 fiscal year.

Hans Joachim Theiss

Rolf Ferdinand Oberhaus

Wolfgang Embert

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Publisher

SMT Scharf AG
Römerstraße 104
59075 Hamm
Germany

Tel.: +49 (0) 2381-960 – 212
Fax: +49 (0) 2381-960 – 311

Email: ir@smtscharf.com
www.smtscharf.com

Investor Relations contact

cometis AG
Maximilian Breuer
Unter den Eichen 7
65195 Wiesbaden
Germany

Tel.: +49 611 20 58 55 – 22
Fax: +49 611 20 58 55 – 66

Email: breuer@cometis.de
www.cometis.de

Layout, Editor & Design

cometis AG

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The Report of the first half-year 2016 is also available in English. In case of differences the German version prevails. The digital version of the Annual Report and the Interim Reports can be downloaded at www.smtscharf.com in the category “Investor Relations/Publications/Financial reports”.