

Innovation in Motion



Miba

Financial
Report on the
First Half-Year
2010|11

Contents

Management Report First Half-Year 2010-11

Management Report	2
General Economic Setting	2
Sales and Performance Analysis	2
Financial Position	3
Level of Orders	3
Employees	3
Segment Reporting	4
Risk Report	5
Outlook	5
The Miba Share	5
Interim Consolidated Financial Statements	7
Consolidated Balance Sheet	7
Consolidated Income Statement	8
Statement of Comprehensive Income	9
Statement of Changes in Group Equity	9
Consolidated Statement of Cash Flows	9
Notes on the Half-Year Financial Report	10
Statement by the Management Board	11

General Economic Setting

The global economy developed positively in the first half of the business year, recovering more quickly than expected. After raising its economic growth projection in April, the International Monetary Fund (IMF) made another upward adjustment from 4.2 percent to 4.6 percent in July. Once again, the IMF views China (with 10.5 percent growth), India (9.4 percent) and Brazil (7.1 percent) as drivers of growth. The USA and Japan are also showing comparatively strong growth rates of about 3 percent, while growth of only about 1 percent is forecasted for the Euro zone countries.

Despite this positive trend, the sustainability of the upturn remains uncertain. The high level of national debt in some countries could cause further irritation to the financial markets.

In keeping with the general recovery trend, Miba's core markets developed positively. In comparison with the weak first half of 2009-2010, Miba shows a significant increase in sales and performance.

Sales and Performance Analysis

In no small part thanks to its consistent focus on high technology, Miba emerged from the crisis strengthened in its role as strategic partner to the international engine and automotive industry.

Sales during the reporting period (February 1 to July 31, 2010) totaled EUR 203.1 million, an increase of 36.8 percent or EUR 54.7 million from the same period the previous year. This is the highest half-year sales figure in the group's history. Miba Sinter Group accounted for the largest portion (40.9 percent) of group sales, followed by Miba Bearing Group with 39.4 percent and Miba Friction Group with 17.9 percent.

Earnings before interest and taxes (EBIT) also reflected the economic upturn. With EBIT of EUR 27.9 million, the Miba Group posted record results, exponentially higher than the weak results in same period the previous year (EUR 2.4 million). As in the previous quarter, the EBIT margin was 13.7 percent.

Financial Position

The balance sheet total rose from EUR 329.9 million to EUR 399.3 million. About a third of this increase can be attributed to strengthened investment activities and changes in the consolidated group. Teer Coatings Ltd, acquired in April 2010, was initially consolidated as of March 31, 2010. The sales-related rise in current assets (inventories and accounts receivable and other receivables) contributed another third of this increase. The remaining third can be attributed to the increase in cash and cash equivalents, resulting from systematic management of working capital.

In the first half of the year, investment activities (excluding financial assets) totaled EUR 18.3 million (EUR 7.9 million the previous year), of which a large part went to Miba Friction Group.

Miba has traditionally funded its investments through cash flow generated. Cash flow from operations totaled EUR 46.5 million in the first half of 2010-2011 (previous year: EUR 21.9 million).

The remaining free cash flow after the deduction of cash flow from investments totaled EUR 25.1 million (previous year: EUR 15.6 million) and thus accounts for 12.4 percent of sales (previous year: 10.5 percent).

As at July 31, 2010, net cash (cash and cash equivalents minus current and non-current interest-bearing liabilities) once again rose considerably, now totaling EUR 30.0 million (reporting date January 31, 2010: EUR 7.1 million).

Group equity rose by EUR 24.4 million compared with January 31, 2010, to total EUR 231.2 million. Equity handles the distribution of dividends in the amount of EUR 3.1 million, as per a resolution adopted in the Annual General Meeting on June 25, 2010, as well as exchange gains reported directly in equity and earnings after taxes (EAT) for the first half-year.

The equity ratio of 57.9 percent is just below the balance sheet date figure for 2009-2010 (60.1 percent).

Financial autonomy and the solid equity ratio secure the independence of the Miba Group, providing the room to maneuver that is needed in order to advance the company's technology leadership and further our corporate goal of profitable growth.

Level of Orders

As of July 31, 2010, incoming orders stood at EUR 168.7 million, a considerable increase – 19.1 percent – from the end of the previous business year. There was also a further increase in demand in comparison to the first quarter of the current year.

Employees

As of July 31, 2010, Miba employed 2,874 people worldwide. This represents an increase of 13.1 percent or 333 employees in comparison with the previous year (2,541 employees). Adjusted for the first-time inclusion this business year of the employees of Teer Coatings Ltd, the increase totaled 10.9 percent or 276 employees. The increase took place largely at Miba's Slovakian sites.

As a responsible long-term employer, Miba places great importance on apprentice training. Once again this September, 30 young women and men are beginning their training at Miba sites in Austria. Apprentice training is

gaining increasing importance at Miba sites in Slovakia, where Miba is currently training 20 young people.

For the current business year we are placing particular emphasis on the issue of employee health. With the slogan "Fit at work. Fit for life." the sites are carrying out intensive programs to promote health in the workplace. At the same time, all Miba's sites are currently processing the result of the Miba-wide employee survey, which was conducted in May 2010. Improvements and optimization are constantly under development at Miba, a process that actively includes employees at all levels.

Other Events

The US dollar continued to increase in value in the second quarter of the current business year. As of July 31, 2010, the exchange rate stood at USD 1.30/EUR (USD 1.39/EUR at the previous reporting date). This was the main driver of the currency exchange gains reported directly in equity.

Miba Energy Holding GmbH, Laakirchen, Austria, was established on August 7, 2010, and Miba Energy Holding

GmbH & Co KG, Laakirchen, Austria, was established on August 27, 2010.

As of August 31, 2010, Miba took over the Styrian companies EBG and DAU, manufacturers of power electronic components. EBG and DAU are innovative companies specializing in passive electronic components and cooling systems for power electronics. By acquiring these companies, Miba has expanded its competence and product portfolio in promising technologies.

Segments

Miba Sinter Group

In the current business year, Miba Sinter Group has greatly profited from the recovery of the global economy and the increase in demand. Sales in the first half of the year totaled EUR 83.4 million, a 48.2 increase over the same period the previous year (EUR 56.3 million).

Capital investment totaled EUR 5.8 million (up from EUR 4.2 million the previous year), and focused primarily on the further expansion of the US sinter site in McConnellsville,

Segment Reporting

Segment Information by Business Segment

	Bearing		Sinter		Friction		Other		Consolidation		Total Group		
	Q1-Q2	Q1-Q2	Q1-Q2	Q1-Q2	Q1-Q2	Q1-Q2	Q1-Q2	Q1-Q2	Q1-Q2	Q1-Q2	Q1-Q2	Q1-Q2	
	TEUR	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Revenues													
(external sales)	80,197	67,407	83,440	56,317	36,837	23,785	9,625	7,626	6,964	6,675	203,135	148,460	
EBITDA	17,225	12,394	18,317	7,013	4,596	-2,868	1,411	641	0	0	41,548	17,181	
EBIT	12,669	7,704	12,197	721	2,278	-5,899	769	-189	19	18	27,931	2,355	
Investments (excluding													
financial investments)	3,595	2,663	5,817	4,176	8,381	927	525	162	0	3	18,318	7,924	
Employees													
(at end of reporting period)	1,006	990	1,161	1,009	553	452	154	90	0	0	2,874	2,541	

Ohio. Series production is already underway at this site, which celebrated its opening in June. The first delivery was made in August 2010. Miba Sinter USA currently has 24 employees. The site in Ohio ensures the long-term capacity to supply customers in the USA with high-quality products.

Miba Bearing Group

Miba Bearing Group sales for the reporting period totaled EUR 80.2 million, a 19.0 percent increase from the same period the previous year. Demand increased in all of Miba Bearing Group's core markets, with an especially strong trend in the area of commercial vehicles.

Capital investment totaled EUR 3.6 million, an increase from the previous year, and went primarily to the expansion of the site in the USA. A new production line for high-performance engine bearings was launched this June, and is beginning series production in the coming months.

Miba Friction Group

The markets of Miba Friction Group, which were most strongly affected by the worldwide recession, are also recovering. Demand is increasing significantly, and the Friction Group posted first-half sales of EUR 36.8 million, a 54.9 percent increase over the same period the previous year (EUR 23.5 million).

Capital investment in Miba Friction Group in the reporting period totaled EUR 8.4 million. Of this total, EUR 7.7 million went to Miba Steeltec s.r.o., Vrable, Slovakia. Miba Steeltec will use this investment to expand its capacity and skills in off-road steel discs and steel lining carriers.

Significant Risks and Uncertainties

In the first six months of the current business year, there were no major changes in the risk categories listed in the

2009-2010 Annual Report. For further information please refer to the risk report in the 2009-2010 Annual Report.

Outlook

The economic recovery over the course of the first half, the positive business trend and our customers' current release volumes indicate that the economic upturn will continue in the second half of the year.

It is now imperative to meet the challenge of rising demand with greater flexibility. Continuingly competitive cost structures, a solid liquidity base and our highly skilled team are also of great importance.

Miba consistently adheres to its fundamental strategic orientation. Profitable growth remains our unwavering corporate goal. The key driver of this growth is Miba's technology leadership, which is secured and expanded through constant engagement with promising new technologies for more efficient drives and resource-efficient mobility. Miba is also seizing opportunities for growth in emerging countries such as India, China and Brazil.

Share

In the first half of 2010-2011, the Miba share price gained considerably. The Miba share's positive trend significantly outperformed the reference index (WBI). The share started at EUR 83 at the beginning of February and closed the reporting period at mid-year at EUR 140.

At the 24th Annual General Meeting on June 25, 2010, a resolution was adopted to distribute a dividend of EUR 2.50 per common share and a dividend of EUR 0.59 plus a bonus of EUR 1.91 per preferred share for the 2009-2010 business year. The dividend was paid out on July 5, 2010.

A share buyback program was successfully completed by the end of the second quarter. 152 shares of treasury stock – or 0.0117 percent of share capital – were repurchased on the Vienna Stock Exchange between August 1, 2009, and July 31, 2010, at an average share price of EUR 90.00. Overall, Miba has acquired a total of 66,381 preferred shares (Issue B). This represents about 5.1 percent of share capital.

On July 16, 2010, the Miba Management Board resolved to launch a new share buyback program involving 30,000 preferred shares (Issue B). Further details are available at www.miba.com.

Statement by the Management Board

We hereby confirm that the condensed consolidated financial statements of Miba Aktiengesellschaft as per July 31, 2010, prepared in accordance with authoritative accounting standards – namely, the IFRS – as applicable in the Euro-

pean Union, provide a true and fair view of the Group's financial position and performance regarding significant events during the first six months of the current business year and their effects on the condensed consolidated financial statements, and regarding important risks and uncertainties in the remaining six months of the business year, as well as regarding significant business relations with related parties which are subject to disclosure.

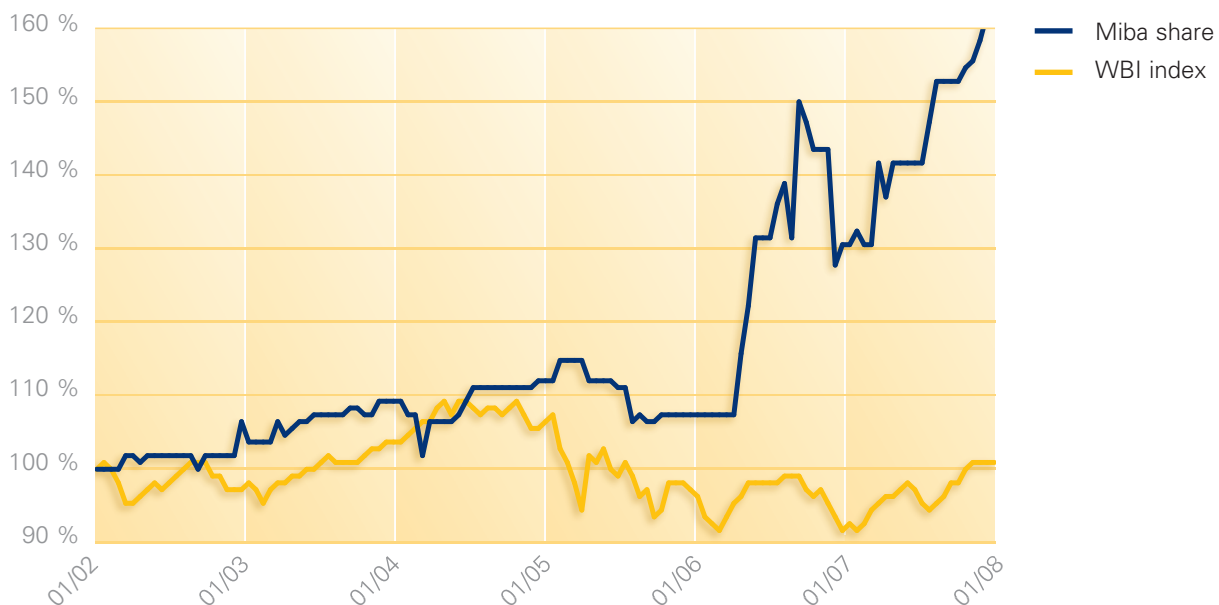
No audit of the present mid-year financial report was performed, nor was a review by an auditor carried out.

Laakirchen, September 2010

The Management Board of Miba Aktiengesellschaft
 DI DDr. h. c. Peter Mitterbauer (Chairman), hon.
 Dr.-Ing. Norbert Schrüfer, hon.
 Dr. Wolfgang Litzlbauer, hon.
 Dr.-Ing. Harald Neubert, hon.

Development of the Miba Share during the First Half-Year 2010-11

Quotation as at February 1, 2010 = 100%



Interim Consolidated Financial Statements

Consolidated Balance Sheet

in TEUR	07/31/2010	01/31/2010	07/31/2009
Assets			
A. Non-current assets			
Intangible assets	18,510	15,409	16,475
Property, plant and equipment	153,239	144,071	146,130
Investments in associates	7,987	7,971	6,986
Other financial investments	4,689	4,825	6,081
Deferred tax assets	7,032	6,038	8,534
	191,457	178,315	184,206
B. Current assets			
Inventories	51,419	46,403	52,519
Trade and other receivables	80,311	68,399	58,234
Cash and cash equivalents	76,075	50,814	34,950
	207,805	165,616	145,704
	399,262	343,931	329,910
Equity and Liabilities			
A. Group equity			
Share capital	9,500	9,500	9,500
Share capital reserves	18,089	18,089	18,089
Retained earnings	211,040	186,911	170,351
Treasury shares	-8,074	-8,060	-8,060
Minority shares	682	347	279
	231,236	206,787	190,159
B. Non-current liabilities			
Provisions for severance payments and pensions	15,614	15,006	18,970
Provision for deferred taxes	536	668	1,280
Interest-bearing liabilities	34,685	31,849	13,872
Other non-current liabilities	11,290	11,560	12,838
	62,125	59,082	46,961
C. Current liabilities			
Current accruals	40,349	27,848	28,050
Trade payables	38,857	25,075	17,549
Current portion of interestbearing liabilities	11,352	11,860	30,715
Other current liabilities	15,343	13,280	16,476
	105,901	78,062	92,791
	399,262	343,931	329,910

The use of automatic data processing can lead to rounding differences.

Consolidated Income Statement

in TEUR	Q2 2010/11	Q2 2009/10	Q1-Q2 2010/11	Q1-Q2 2009/10
Revenues	105,128	74,136	203,135	148,460
Changes in inventory of finished goods and work in progress	2,328	-3,146	4,634	-4,051
Internally produced and capitalized assets	1,013	897	1,785	7,476
Operating result	108,469	71,888	209,554	151,885
Other operating income	6,133	1,492	9,443	3,686
Expenses for materials and other purchased manufacturing services	-43,147	-27,069	-84,589	-60,576
Personnel costs	-32,061	-26,650	-62,888	-56,283
Other operating expenses	-17,977	-11,470	-29,973	-21,531
Earnings before interest, taxes, depreciation and amortization (EBITDA)	21,417	8,191	41,548	17,181
Depreciation and amortization	-6,956	-7,071	-13,617	-14,826
Earnings before interest, taxes and amortization of goodwill (EBITA)	14,461	1,119	27,931	2,355
Amortization of goodwill	0	0	0	0
Earnings before interest and taxes (EBIT)	14,461	1,119	27,931	2,355
Income and losses from investments in associated companies	427	246	812	283
Net interest income	-513	-543	-803	-1,212
Other financial income	-276	8	-409	8
Financial results	-362	-288	-400	-922
Earnings before taxes (EBT)	14,099	831	27,531	1,434
Income taxes	-2,788	29	-5,498	-666
Earnings after taxes	11,311	860	22,034	768
Attributable to minority shareholders	19	46	87	-3
Attributable to parent company shareholders	11,292	814	21,947	771
Weighted average of the number of shares issued (in units)	1,233,683	1,233,771	1,233,726	1,233,771
Earnings per share in EUR	9.15	0.66	17.79	0.62
Diluted earnings per share in EUR = undiluted earnings per share in EUR	9.15	0.66	17.79	0.62

The use of automatic data processing can lead to rounding differences.

Statement of Comprehensive Income

	in TEUR	Q1-Q2 2010-11	Q1-Q2 2009-10
Earnings after taxes		22,034	768
Unrealized gains (+) / losses (-) from foreign currency translation		5,266	-4,191
Other changes		0	-138
Income and expenses included directly in equity		5,266	-4,329
Total of all recognized income and expenses (comprehensive income)		27,299	-3,561
Attributable to			
Shareholders of Miba AG only		27,213	-3,502
Minority interests only		87	-59

Statement of Changes in Group Equity

TEUR	Share capital	Capital reserves	Treasury shares	Currency translation differences	Retained earnings	Shares held by Miba AG Shareholders	Minority shares	Total
As at February 1 2009	9,500	18,089	-8,060	-7,578	185,132	197,083	338	197,421
Total comprehensive income	0	0	0	-4,191	689	-3,502	-59	-3,561
Dividend payments	0	0	0	0	-3,701	-3,701	0	-3,701
As of July 31, 2009	9,500	18,089	-8,060	-11,769	182,120	189,879	279	190,158
As at February 1, 2010	9,500	18,089	-8,060	-9,355	196,264	206,438	347	206,787
Total comprehensive income	0	0	0	5,266	21,947	27,213	87	27,299
Dividend payments	0	0	0	0	-3,084	-3,084	0	-3,084
Changes in treasury shares	0	0	-14	0	0	-14	0	-14
Change in scope of consolidation	0	0	0	0	0	0	248	248
As at April 30, 2010	9,500	18,089	-8,074	-4,090	215,127	230,553	682	231,236

Consolidated Statement of Cash Flows

	in TEUR	Q1-Q2 2010-11	Q1-Q2 2009-10
Consolidated cash flow from operating activities		46,465	21,930
Consolidated cash flow from investment activities		-21,356	-6,350
Consolidated cash flow from financing activities		-792	-4,925
Changes in cash and securities (current assets)		24,317	10,655
Opening balance cash and cash equivalents		50,814	24,592
Currency differences due to changes in exchange rates		945	-297
Closing balance of cash and cash equivalents		76,075	34,950

Notes on the Half-Year Financial Report as at July 31, 2010

Information on the Company and Basis for the Preparation of the Statements

Miba Aktiengesellschaft is a group based in Austria with international operations. The core business of the Miba Group comprises the product segments engine bearings, sintered components and friction materials. The Group's head office is located at Dr.-Mitterbauer-Str. 3, 4663 Laakirchen, Austria. The company is registered with the local court, Landes- als Handelsgericht Wels, under No. FN 107386 x.

The present mid-year financial report as at July 31, 2010 (February 1, 2010, to July 31, 2010) were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at the end of the reporting period as adopted by the European Union, in particular IAS 34 (Interim Financial Reporting).

Miba AG has applied the accounting standards that are obligatory beginning with the 2010-2011 business year. These are, primarily, IFRS 3 Business Combinations (revised 2008) and IAS 27 Consolidated and Separate Financial statements (amended).

The amended standards IFRS 3 and IAS 27 constitute the decisive regulations for the accounting treatment of business combinations, consolidated financial statements and transactions with non-controlling interests (minority interests).

The application of these new standards had no significant impact on the condensed consolidated financial statements.

The accounting policies of January 31, 2010, were otherwise applied unchanged in preparing this mid-year report. For additional information on the reporting and valuation

methods, please refer to the consolidated financial statements as at January 31, 2010.

For the purpose of clarity, all monetary figures are shown in thousands of euros (TEUR).

Scope of consolidation

The scope of consolidation was defined in accordance with the principles of IAS 27 (Consolidated and Separate Financial Statements). The consolidated entity accordingly includes 10 Austrian and 13 foreign subsidiaries in which Miba Aktiengesellschaft holds, directly or indirectly, the majority of voting rights

As of March 31, 2010, Miba acquired the remaining shares (75.1 percent) of the company Teer Coatings Ltd in Droitwich, UK, which had been included in the consolidated financial statements at equity since July 2009. The initial inclusion of the acquired entity occurred on the basis of preliminary figures.

On May 31, 2010, an interest in High Tech Coatings GmbH totaling 24.8 percent of the share capital was sold.

Miba Bearings Sales Corp., Ohio, USA was established as of May 10, 2010, and was consolidated in the present mid-year financial report.

Business seasonality

The sales of the Miba Group are approximately equally divided over the four quarters of the business year.

Statement by the Management Board



Events after the reporting date

Events subsequent to the balance sheet date that are relevant for valuation on the balance sheet date – such as pending legal disputes or claims for damages and any other obligations or anticipated losses that must be disclosed in accordance with IAS 10 – are reflected in the present interim report or are unknown.

Estimates and Uncertainties

Please refer to the Miba group financial statements as of January 31, 2010 for information regarding discretionary decisions and uncertainties arising from estimates.

We hereby confirm that the condensed consolidated financial statements of Miba Aktiengesellschaft as per July 31, 2010, prepared in accordance with authoritative accounting standards – namely, the IFRS – as applicable in the European Union, provide a true and fair view of the Group's financial position and performance regarding significant events during the first six months of the current business year and their effects on the condensed consolidated financial statements, and regarding important risks and uncertainties in the remaining six months of the business year, as well as regarding significant business relations with related parties which are subject to disclosure.

No audit of the present mid-year financial report was performed, nor was a review by an auditor carried out.

Laakirchen, September 2010

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www.miba.com

Publisher:

Miba Aktiengesellschaft
Dr.-Mitterbauer-Straße 3
4663 Laakirchen, Austria
info@miba.com
www.miba.com