Innovation in Motion

Financial Report on the First Half-Year 2008–09

Group Management Report on the First Half-Year of 2008-2009

General Economic Setting

The world economy during the reporting period (February 1 to July 31, 2008) was characterized by rising commodity prices, growing inflation and the continuing tense situation in international financial markets. The global economy lost momentum during the second quarter. At the end of August the International Monetary Fund (IMF) lowered its world economic growth projection for the current year from 4.1 to 3.9 percent.

The slowdown in economic activity and high fuel prices have consequences for international automotive production. Market growth of about three percent for passenger cars and light trucks and five percent for heavy-duty commercial vehicles continues to be expected. This growth is distributed very differently from region to region. In view of higher oil prices and comprehensive environmental standards, the demand for fuel-saving, energy-efficient technologies is growing.

Sales and Performance Analysis

Miba, a strategic partner to the international engine and automotive industry, has experienced healthy growth in the first half of 2008-2009. Sales rose 2 percent compared with the same period last year – to 199.7 million euros. After adjustment for lost sales due to disposal of the sintering site in Spain, sales growth totaled 14 percent. Miba profited from its focus on clearly defined market segments not only in the automotive industry but also in the non-automotive sector, which accounts for 60 percent of group sales.

Miba Sinter Group generated 39.6 percent of consolidated sales, followed by Miba Bearing Group with 39.0 percent and Miba Friction Group with 20.3 percent.

During the reporting period, earnings before interest and taxes (EBIT) increased from 12.0 million to 23.6 million euros in comparison to the previous year. This is equivalent to an EBIT margin of 11.8 percent and is in line with group targets. This improvement was substantially supported by the sale of the sintering plant in Spain and the Miba Group's clear strategic positioning as a supplier of technologically sophisticated products. The growth in earnings is the precondition for future investments and expansion of technology leadership.

Earnings per share totaled 12.74 euros in the first half of the year.

Financial Position

An 8.9 million euro increase in inventories since the January 31, 2008, balance sheet date was due to higher commodity prices on the procurement markets and far-sighted purchasing policies.

Investments in plants and equipment for capacity expansion in all three business areas totaled 25.9 million euros and form the basis for the continuing systematic optimization of production and logistics processes.

Capital expenditures in the first six months of the year were again financed exclusively by cash flow from operations, which totaled 31.6 million euros.

The balance sheet total rose in the first half of the year to 354.7 million euros, up from 330.9 million. The equity ratio was 52.6 percent and indicates the solid capital and financial structure of the Miba Group.

Order Situation

Orders on the books totaled 188.8 million euros as of the reporting date (July 31, 2008), which was still a high level and – after adjustment for the Spanish sintering site –19 percent higher than the value a year earlier.

Employees

As of July 31, 2008, the Miba Group had 2,854 employees worldwide. After adjustment for changes in headcount resulting from the sale of the Spanish site, this represents an increase of 14 percent or 352 employees over the previous year. Around 200 new jobs were created in Austria. A total of 1,655 employees were working there as of the end of July 2008.

Other Events

The consolidated Miba AG group was expanded by the addition of Miba Sinter USA LLC, which was established in June 2008. Ground-breaking for the construction of the new sintering facility in the immediate vicinity of the existing bearing plant in McConnelsville, Ohio, will take place during the current business year. High-tech components for passenger car engines and transmissions will be produced there beginning in the second half of 2009. By expanding its production capacities in the United States, Miba is also taking steps to counteract the exchange rate fluctuations of the U.S. dollar against the euro.

Slovakia will join the euro zone on January 1, 2009. On July 8, 2008, the Council of the European Union set the conversion rate for the Slovak koruna at 30.1260 SKK to 1 EUR. The exchange rate differences resulting from the appreciation of the Slovak koruna during the current year are reflected both in consolidated equity and in the consolidated income statement.

Segments

Miba Sinter Group

Miba Sinter Group sales during the reporting period were 10 percent below the previous year's level. After adjustment for lost sales due to disposal of the sintering site in Spain, the segment generated organic sales growth of 18 percent. This is due to the successful implementation of technologically sophisticated projects in the engine, transmission and body and chassis areas. In the first half of the year, Miba Sinter Group geared up for further growth by investing 12.0 million euros in plants and equipment.

Miba Bearing Group

Miba Bearing Group increased sales by six percent to 77.9 million euros in the reporting period. It profited from continuing high demand for transportation capacities. In order to meet the rising demand for bearings efficiently, Miba Bearing Group doubled its capital investments in the first half of the year. A total of 11.2 million euros was invested in capacity expansion. The focus of capital expenditures was the site in Laakirchen, Austria, where a total of 7.7 million euros was invested.

Miba Friction Group

Demand in Miba Friction Group's customer markets grew during the first six months of the year. Sales rose by more than 20 percent to 40.5 million euros in the reporting period. Capital investment increased 13 percent to 1.9 million euros. Of that total, 1.2 million euros was invested in the production and technology competence center in Roitham, Austria.

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 2007-2008 Annual Report. In light of the information currently available, management does not foresee any significant individual risks that could pose a threat to Miba Group's financial position and earnings situation.

Outlook

The Miba AG Management Board confirms its forecast of stable growth in fiscal year 2008-2009 despite the rising cost of energy and raw materials and the sustained high pressure on prices that is exerted by customers.

The continuous productivity increases and the optimum utilization of installed plant capacity provide the basis for ensuring a high level of operational performance by all three Miba business areas. With regard to the high prices for crude oil and fuel, Miba is perfectly positioned with its R&D focus on the development of fuel-saving, energy-efficient components and modules.

The Miba Share

Miba stock has been able to escape the selling pressure on the Vienna Stock Exchange and has showed a sideways trend since the beginning of the year, with the share price remaining within a narrow range of 120 to 130 euros. The

Segment Reports

Primary segments (segment information according to business segment)

TEUR	Sinter Q1–Q2 2008-09	Sinter Q1–Q2 2007-08	Bearing Q1–Q2 2008-09	Bearing Q1–Q2 2007-08	Friction Q1–Q2 2008-09	Friction Q1–Q2 2007-08	Other Q1–Q2 2008-09	Other Q1–Q2 2007-08	Consolidation Q1–Q2 2008-09	Consolidation Q1–Q2 2007-08	Total Group Q1–Q2 2008-09	Total Group Q1–Q2 2007-08
Revenue from sales (External sales)	79,154	87,904	77,896	73,171	40,496	33,676	2,192	1,591	0	0	199,738	196,341
EBITDA	12,327	–320	17,446	20,871	6,274	3,378	1,185	1,479	9	–515	37,241	24,893
EBIT	6,192	–6,372	13,244	16,981	4,146	1,548	15	19	14	–213	23,611	11,963
Investments (excluding financial assets)	12,033	10,521	11,228	5,408	1,920	1,693	710	576	0	0	25,891	18,198
Number of employees (July 31)	1,144	1,363	1,028	903	584	520	98	92	0	0	2,854	2,878

Miba share definitely outperformed its reference index (WBI) in the period under review.

At the 22nd Annual General Meeting held on June 27, 2008, a resolution was adopted to distribute a dividend of 3.30 euros per common share and a dividend of 0.59 euros plus a bonus of 2.71 euros per preferred share for the fiscal year 2007-2008. The dividend was paid out on July 7, 2008.

The share buyback program was successfully completed by the end of the second quarter. A total of 30,000 shares of treasury stock – or 2.3077 percent of the share capital – was bought back through the Vienna Stock Exchange at an average price of 126.82 euros between July 23, 2007, and July 31, 2008. Miba invested a total of 3.8 million euros in the buyback program.

On August 4, 2008, the Miba AG Management Board decided to launch a new stock buyback program involving 30,000 preferred shares (Issue B). Detailed information is available at www.miba.com.

Statement by the Management Board

To the best of our knowledge, the condensed consolidated financial statements of Miba Aktiengesellschaft as per July 31, 2008, which were compiled in accordance with the International Financial Reporting Standards (IFRS), give a true and fair view of the financial position, performance, and changes in financial position of all companies included in the consolidated group.

The management report gives a true and fair view of the Group's financial position, performance and changes in financial position with respect to the information required under § 87 (2) and (4) of the Austrian Stock Exchange Act. For the present report, the performance of an audit or a review by an auditor was waived.

Laakirchen, September 11, 2008
The Management Board of Miba Aktiengesellschaft
DI DDr. h. c. Peter Mitterbauer (Chairman), hon.
Dr.-Ing. Norbert Schrüfer, hon.
Dr. Wolfgang Litzlbauer, hon.

Development of the Miba Share during the First Half-Year 2008–09

Quotation as at February 1st, 2008 = 100 %

Consolidated Balance Sheet

in TEUR	07/31/2008	01/31/2008	07/31/2007
Assets			
A. Fixed assets			
Intangible assets	19,782	22,214	27,124
Property, plant and equipment	144,378	128,448	134,442
Equity interests in associated companies	6,511	7,502	7,919
Other financial investments	6,423	6,559	6,851
Deferred tax assets	12,552	13,000	11,292
	189,646	**177,723**	**187,628**
B. Non-current assets held for disposal	**0**	**0**	**26**
C. Current assets			
Inventories	62,213	53,307	54,077
Accounts receivable and other receivables	75,809	77,300	81,465
Cash and cash equivalents	27,053	22,587	23,785
	165,075	**153,194**	**159,327**
	354,721	**330,917**	**346,981**
Liabilities			
A. Consolidated shareholder´s equity			
Share capital	9,500	9,500	9,500
Additional paid-in capital	18,089	18,089	18,089
Retained earnings	162,667	151,320	147,701
Treasury stock	–3,805	–1,315	0
Minority interests	112	101	89
	186,563	**177,695**	**175,379**
B. Long-term liabilites			
Post-retirement benefits and severance payments	21,196	18,845	17,684
Deferred taxes	1,378	1,121	1,022
Interest-bearing liabilities	24,139	26,628	33,663
Other long-term liabilities	14,291	13,886	15,644
	61,004	**60,480**	**68,012**
C. Current liabilities			
Current accruals	36,817	33,597	44,107
Accounts payable	30,148	30,576	35,462
Current portion of interest-bearing liabilities	27,947	15,650	12,847
Other current liabilities	12,242	12,919	11,173
	107,155	**92,742**	**103,590**
	354,721	**330,917**	**346,981**

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

TEUR = EUR in thousands.

Consolidated Income Statement

in TEUR	Q2 2008-09	Q2 2007-08	Q1–Q2 2008-09	Q1–Q2 2007-08
Revenue from sales	97,499	100,749	199,738	196,341
Changes in inventory of finished and unfinished production	1,857	131	5,907	729
Internally produced and capitalized assets	2,807	1,178	3,429	1,852
Operating result	**102,163**	**102,058**	**209,074**	**198,921**
Other operating income	7,137	2,522	8,911	5,973
Expenses for materials and other purchased manufacturing services	–42,568	–40,070	–85,354	–75,840
Personnel expenses	–30,757	–31,655	–60,987	–62,241
Other operating expenses	–18,301	–25,630	–34,402	–41,921
Earnings before interest, taxes and depriciation (EBITDA)	**17,674**	**7,225**	**37,241**	**24,893**
Depreciation	–7,394	–6,753	–13,631	–12,930
Earnings before interest, taxes and goodwill amortization (EBITA)	**10,280**	**472**	**23,611**	**11,963**
Goodwill amortization	0	0	0	0
Earnings before interest and taxes (EBIT)	**10,280**	**472**	**23,611**	**11,963**
Income and losses from investments in associated companies	406	438	720	798
Net interest income	–935	–733	–1,773	–1,427
Other financial income	0	59	0	59
Financial results	**–529**	**–236**	**–1,053**	**–570**
Earnings before taxes (EBT)	**9,751**	**237**	**22,558**	**11,393**
Taxes on income and earnings	–2,763	–340	–6,241	–3,106
Earnings after taxes (EAT)	**6,988**	**–103**	**16,316**	**8,286**
Attributable to minority shareholders	24	6	11	12
Attributable to parent company shareholders	6,964	–109	16,305	8,275
Weighted average of the number of shares issued (in units)	1,275,706	1,300,000	1,279,805	1,300,000
Earnings per share in EUR	5.46	–0.08	12.74	6.37
Diluted earnings per share in EUR = Undiluted earnings per share in EUR	5.46	–0.08	12.74	6.37

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

TEUR = EUR in thousands.

Changes in Shareholders' Equity

TEUR	Share capital	Additional paid-in capital	Currency translation gain/loss	Retained earnings	Treasury stock	Minority shares	Total
As of February 1, 2007	**9,500**	**18,089**	**–9,945**	**154,667**	**0**	**77**	**172,388**
Dividend payments	0	0	0	–3,640	0	0	–3,640
Foreign currency translation	0	0	–1,655	0	0	0	–1,655
Other neutral changes	0	0	0	0	0	0	0
Actuarial gains/losses according to IAS 19	0	0	0	0	0	0	0
Annual consolidated net income	0	0	0	8,275	0	12	8,286
As of July 31, 2007	**9,500**	**18,089**	**–11,601**	**159,302**	**0**	**89**	**175,379**
As of February 1, 2008	**9,500**	**18,089**	**–16,278**	**167,598**	**–1,315**	**101**	**177,695**
Dividend payments	0	0	0	–4,198	0	0	–4,198
Foreign currency translation	0	0	–761	0	0	0	–761
Other neutral changes	0	0	0	0	0	0	0
Changes in treasury stock	0	0	0	0	–2,489	0	–2,489
Actuarial gains/losses according to IAS 19	0	0	0	0	0	0	0
Annual consolidated net income	0	0	0	16,305	0	11	16,316
As of July 31, 2008	**9,500**	**18,089**	**–17,039**	**179,705**	**–3,804**	**112**	**186,563**

Consolidated Cash Flow Statement

in TEUR	Q1–Q2 2008-09	Q1–Q2 2007-08
Consolidated cash flow from operations	31,583	32,117
Consolidated cash flow from investment activities	–29,426	–16,211
Consolidated cash flow from financing activities	2,310	–7,181
Change in cash and cash equivalents and consolidated marketable securities	**4,466**	**8,725**

Notes on the Interim Consolidated Financial Statements as at July 31, 2008

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 sintered components, engine bearings 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 interim statements of July 31, 2008 (February 1, 2008 to July 31, 2008) were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable on the balance sheet date, in particular IAS 34 (Interim Financial Reporting). The reporting and valuation principles of January 31, 2008 are applied unchanged. For additional information on the reporting and valuation methods, please refer to the consolidated financial statements of January 31, 2008.

For the purpose of clarity, all monetary amounts 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 14 foreign subsidiaries in which Miba Aktiengesellschaft holds, directly or indirectly, the majority of voting rights.

Business Seasonality

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

Events After the Balance Sheet Date

Events after 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 consolidated financial statements or are not known.

Estimates and Uncertainties

With regard to dicretionary decisions and uncertainties resulting from estimates, please consult the Miba Group's consolidated financial statements as at January 31, 2008.

www.miba.com

Publisher:
Miba Aktiengesellschaft,
Dr.-Mitterbauer-Str. 3,
4663 Laakirchen, Austria
E-Mail: info@miba.com
http://www.miba.com