Miba

in Motion

Half-Year Financial Report
2011-2012

Contents

Management Report
First Half-Year 2011-12

General Economic Setting

The economy in the most important economic centres of the world continued to progress on a solid basis in the first half of 2011, despite a myriad of geopolitical contingencies. In its World Economic Update of June 17, 2011, the International Monetary Fund (IMF) forecast an average global growth of 4.3 percent for the year 2011, and 4.5 percent for the year 2012. According to the IMF, the growth rates of the industrialized nations were at 2.2 percent (2011) and 2.6 percent (2012); in emerging nations, expansion of 6.6 percent is projected for 2011 and 6.4 percent for 2012.

In the first half-year of 2011, the financial markets were characterized by severe volatility. On the one hand, the markets responded favourably to the general recovery in the economic cycle; on the other hand, the euro debt crisis, rising interest rates and political intransigence in the Arab world had a negative influence on them.

The euro gained value over the US dollar and the Chinese renminbi (CNY) in the first half-year of 2011. The exchange rates as of July 31, 2011, were at USD 1.44/EUR (balance sheet date: USD 1.36/EUR), and CNY 9.30/EUR (balance sheet date: CNY 8.73/EUR).

Sales and Performance Analysis

The sustained positive development in Miba's target markets continued in the first six months of the business year. Sales during the reporting period (February 1 to July 31, 2011) totalled EUR 281.3 million, which represents a considerable increase over the same period the previous year of 38.5 percent or EUR 78.1 million. The growth originates in equal measure from the organic growth of the core segments, on the one hand, and from the acquisitions in the New Technologies Group and Miba Friction Group divisions on the other.

Miba Sinter Group accounted for the largest proportion of Group sales at 36.9 percent, followed by Miba Bearing Group at 32.7 percent and Miba Friction Group at 19.8 percent. New Technologies Group contributed 8.9 percent to Group sales. Sales amounting to EUR 4.7 million are attributed to Miba Coating Group.

Earnings before taxes (EBT) stood at EUR 28.6 million (previous year: EUR 27.5 million). The special effects from capacity bottlenecks put a drag on earnings, as did the start-up costs from the integration of the friction business acquired last year, and the persistent tension between cost and supply on the international market for raw materials. Yet sales yields came out to 10.2 percent, thus Miba nonetheless exhibited strong earning power.

Financial Position

In the first half-year, the balance sheet total rose by EUR 28.2 million compared to the balance sheet date of January 31, 2011, and as of July 31, 2011, it equalled EUR 480.8 million. This rise is basically attributed to the volume-related increase in current assets (inventories, accounts receivable and other receivables).

In the first half-year, Miba invested EUR 22.4 million in the build-out of production capacities in all divisions (previous year: EUR 18.3 million). Of this, the largest share, in the amount of EUR 12.2 million, applied to the Miba Sinter Group.

The Group once again was able to finance investments entirely from cash flow from operations. Cash flow from operations equalled EUR 22.7 million (previous year: EUR 46.5 million). The higher level of cash disbursements from the volume-related increase in inventories, and higher tax payments on revenues, explain the deterioration in cash flow compared to the same period last year.

The funds disbursed from the cash flow from investment activities equalled EUR 31.6 million (previous year: EUR 21.4 million). The increase in comparison to the previous year specifically resulted from the acquisition of the EBG-DAU companies, as well as the acquisition of the minority investment in Maxtech Sintered Product Pvt. Ltd. in Pune, India.

Group equity as of July 31, 2011, equalled EUR 258.7 million (January 31, 2011: EUR 248.5 million). The change essentially entails earnings after taxes of the first half-year, less the dividend distribution in the amount of EUR 8.6 million, which was approved at the Annual General Meeting on July 1, 2011. Negative exchange rate fluctuations valued at EUR 1.9 million were reported directly under equity. The equity ratio of 53.8 percent as of July 31, 2011, was just slightly below the figure as of the balance sheet date (54.9 percent).

Net debt (cash and cash equivalents minus current and non-current interest-bearing liabilities) equalled EUR 4.3 million on July 31, 2011 (previous year: net cash EUR 15.3 million). The debt as of the reporting date is directly attributed to the distribution of EUR 8.6 million in dividends on July 11, 2011, as well as the payment of EUR 4.9 million in income tax liabilities.

The high equity ratio and low net debt guarantee Miba Group's financial independence.

Level of Orders

As of July 31, 2011, the level of orders once again achieved a new peak level of EUR 269.9 million, and substantially tops the figure reported at the end of the past business year (EUR 168.7 million) by EUR 101.2 million.

Employees

As of July 31, 2011, there were 3,715 employees at Miba worldwide. This represents an increase of 29.3 percent or 841 employees in comparison with the previous year (2,874 employees). The increase occurred primarily at Miba's Austrian and Slovakian sites. In Austria, the level of human resources increased by 356 employees. This figure includes the 154 employees from the EBG-DAU companies acquired in the third quarter of 2010-2011. In Slovakia, 319 new job positions were created: 198 at the Vráble site and 121 in Dolný Kubín. More than half of the employees work at the Austrian Miba sites.

To meet the growing need for highly qualified employees, Miba secured the majority of the new staff from its own ranks. Customized continuing education plans for all employees and a comprehensive apprentice training contributed to this endeavour. On September 1, 2011, 31 youths began their training at the Miba locations in Upper Austria, which corresponds to a new peak of a total 124 apprentices in training. At the Slovakian locations, Miba is currently training 21 apprentices; in autumn, an additional 15 youths will start their training at Vráble und Dolný Kubín.

Other Events

Dau GmbH & Co. KG, Ligist, Austria, acquired the remaining shares (25 percent) in EBG & Dau GmbH, Graz, Austria, effective June 30, 2011.

Segment Reporting

	Sinter		Bearing		Friction	
TEUR	Q1–Q2 2011-12	Q1–Q2 2010-11	Q1–Q2 2011-12	Q1–Q2 2010-11	Q1–Q2 2011-12	Q1–Q2 2010-11
Sales revenues	104,045	83,440	92,294	76,734	56,123	36,837
Thereof intercompany sales	367	372	240	110	397	509
External sales	103,678	83,068	92,054	76,624	55,726	36,328
EBITDA	15,198	18,317	22,013	19,187	3,211	4,596
EBIT	9,030	12,197	17,308	14,652	–153	2,278
Investments (excluding financial investments)	12,192	5,817	2,015	3,540	2,359	8,381
Employees (as of the reporting date)	1,385	1,161	1,120	977	843	553

Segment Reporting

Miba Sinter Group

At EUR 103.7 million, sales of Miba Sinter Group during the reporting period were 24.8 percent or EUR 20.6 million higher than last year's figure of EUR 83.1 million.

Earnings before interest and taxes (EBIT) amounting to EUR 9.0 million was severely affected by additional and extraordinary costs in production and logistics, that were caused by capacity bottlenecks and could not be passed through to customers. Based on investment measures that were introduced earlier than scheduled, an improvement to the situation is anticipated for the third quarter. Over the first six months of the business year, Miba Sinter Group collectively invested EUR 12.2 million into the expansion of production capacities (previous year: EUR 5.8 million). Of this figure, EUR 6.8 million apply to Miba Sinter Austria (previous year: EUR 0.3 million). These measures should lead to a marked easing of the tense situation regarding capacity until the end of the business year, and thus the earnings situation as well.

Division information

New Technologies		Other		Consolidation		Group	
Q1–Q2 2011-12	Q1–Q2 2010-11	Q1–Q2 2011-12	Q1–Q2 2010-11	Q1–Q2 2011-12	Q1–Q2 2010-11	Q1–Q2 2011-12	Q1–Q2 2010-11
27,619	6,262	11,745	9,625	–10,554	–9,764	281,272	203,135
2,515	2,947	7,036	5,825	–10,554	–9,764	0	0
25,105	3,315	4,709	3,800	0	0	281,272	203,135
4,380	751	693	1,411	–468	–2,713	45,028	41,548
2,640	730	–37	769	–276	–2,694	28,512	27,931
459	55	3,435	525	1,909	0	22,369	18,318
192	29	175	154	0	0	3,715	2,874

Miba Bearing Group

In the preceding half-year, Miba Bearing Group benefitted from the sustained increase in demand in all core markets, ranging from commercial vehicles and ships through to stationary large-sized engines. Miba Bearing Group sales for the reporting period totalled EUR 92.1 million, an increase of 20.1 percent or EUR 15.4 million over the same period the previous year. The division raised its EBIT to EUR 17.3 million (previous year: EUR 14.7 million).

In order to continue servicing consistently high demand in the best manner possible, Miba Gleitlager launched the construction of a new production hall for expansion in June, in order to expand the foundry and the cladding department. Completion of the 1,700 m^2 hall in Laakirchen is slated for January of the coming year. This expansion of the flow of materials will facilitate the optimization of product quality and improve workplace safety for our employees.

Miba Friction Group

In comparison to the previous year, Miba Friction Group succeeded in increasing its sales by 53.4 percent or EUR 55.7 million. Roughly two thirds of the increase results from the acquisition of the friction business of a competitor.

EBIT was at EUR –0.2 million; it was markedly impaired by the special effects from the takeover of the friction lining business, as well as a tense supply situation for steel.

Miba began the relocation of the competitor's machines and equipment to Miba sites already in the previous business year. The relocation of the Polish site into Miba Steeltec has already been completed. At the moment, the Vráble site is working intensively on improving the processes connected with the takeover. The transfer of machines and equipment from the German site to Roitham, Austria, is far advanced. Completion of the transfer is expected in the fourth quarter of 2011.

At both sites, the focus in the second half-year is on successful integration of the new business.

New Technologies Group

Die New Technologies Group contributed EUR 25.1 million to Group sales and EUR 2.6 million to consolidated EBIT. This division is made up of the two manufacturers of power electronics components, EBG and DAU, as well as the special machinery manufacturer, Miba Automation Systems.

As an innovative specialist for technologically demanding applications, and as superior quality partner to its customers, EBG was named "Supplier of the Year" in May by ABB Drives, a subsidiary of the leading technology group for energy and automation technology. This distinction is bestowed on suppliers who obtain the best evaluations in areas like quality, availability and collaboration at least three consecutive years. Also in May, EBG was nominated "Motion Control Star" in two categories by Siemens Drive Technologies Division. Through this nomination, Siemens confirmed that EBG was considered to be among the five best suppliers in the cate-gories of "Best Key Account" and "Best Logistics".

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 2010-2011 Annual Report. In light of the information currently available, management does not foresee any significant individual risks that could pose a threat to the Miba Group's financial position and earnings situation.

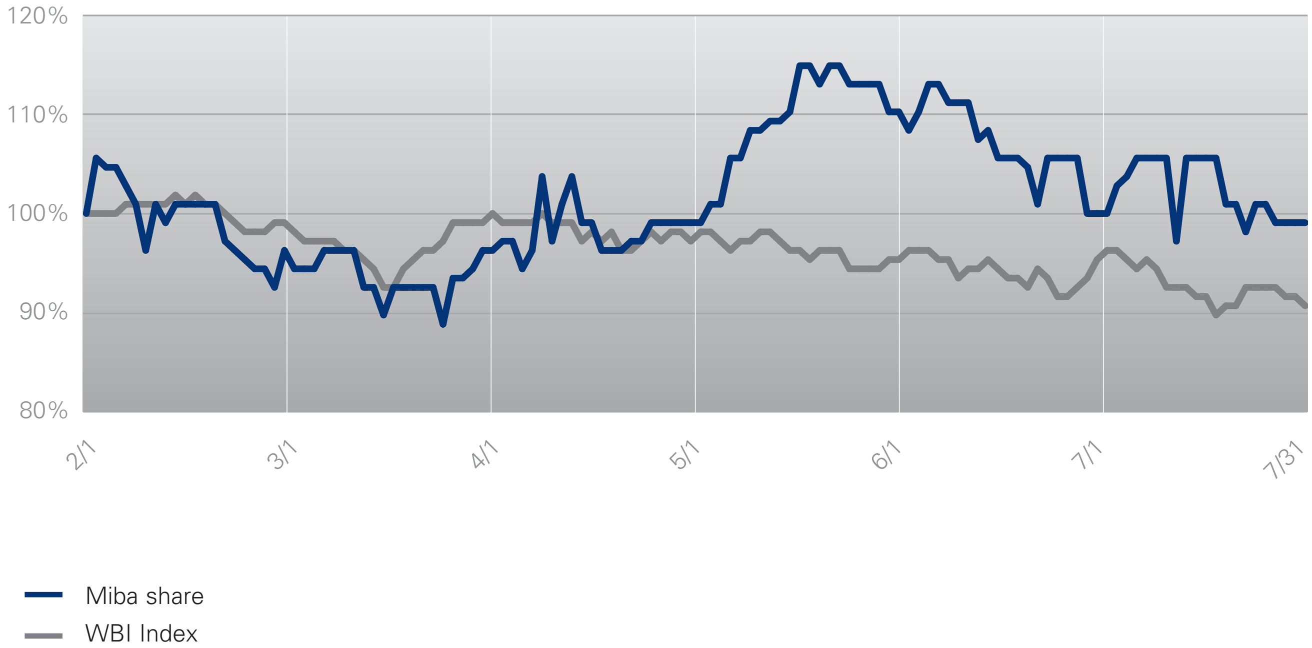
Outlook

Economic developments will substantially influence the prospects for the business cycle in the second half-year. The euro debt crisis, the national debt situation in the USA, inflationary pressures in China and the irritations associated with it have already unleashed turbulence in the capital markets and will impact the real economy if they are prolonged much further. Even the progression of the strained supply conditions will have some bearing on the international market for raw materials over the coming months.

For the second half of the year, Miba anticipates a steadily expanding business cycle in its markets, albeit at a moderate pace.

Development of the Miba share during the first half-Year 2011-12

Quotation as of February 1, 2011 = 100%



Miba will consistently pursue its path of growth, both in its core segments and in the new strategic business areas. The key competitive advantages include product and technology leadership, a highly qualified team and a continuously growing international network, particularly in growth markets like China, India and Brazil.

In light of the more competitive cost structures, in the second half-year, Miba is putting its focus on the optimal use of the capacity expansion and on the successful integration of the acquisitions from last year.

The Miba Share

The price of the Miba share evolved better in the past half-year than those of the reference index, the Vienna Stock Exchange (WBI). The Miba share opened the new business year at a price of EUR 197.50 and by the end of the first half-year it closed at EUR 195.00.

The Group did not buy back any of its own stock during the reporting period. As of July 31, 2011, Miba AG holds 66,381 treasury shares. This represents about 5.1 percent of share capital.

At the 25th Annual General Meeting on July 1, 2011, a resolution was adopted to distribute a dividend in the amount of EUR 7.00 per common share and a preferred dividend of EUR 0.59 plus a bonus of EUR 6.41 per preferred share. Through this, Miba is providing its shareholders with continuity in its dividend payment policy and a desirable return on invested capital. The dividend was disbursed on July 11, 2011.

Statement by the Management Board

We hereby confirm that the condensed Interim Consolidated Financial Statements of Miba Aktiengesellschaft dated July 31, 2011, prepared in accordance with authoritative accounting standards – namely, IFRS – as applicable in the European Union, provide a true and fair view of the Group's assets, financial position and performance and that the Consolidated Management Report of Miba Aktiengesellschaft dated July 31, 2011, provides a true and fair view of the Group's assets, 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, 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.

The present Interim Financial Report for the first six months of the business year was neither audited nor subjected to an audit-based review by an auditor.

Laakirchen, September 2011

The Management Board of Miba Aktiengesellschaft

DI DDr. h. c. Peter Mitterbauer (Chairman)
Dr.-Ing. Norbert Schrüfer
Dr. Wolfgang Litzlbauer
Dr.-Ing. Harald Neubert
DI Franz Peter Mitterbauer, MBA

Consolidated Balance Sheet

TEUR	7/31/11	1/31/11	7/31/10
Assets			
A. Non-current assets			
Intangible assets	45,225	46,111	18,510
Property, plant and equipment	164,766	159,110	153,239
Investments in associated companies	11,043	8,543	7,987
Other financial investments	4,985	4,536	4,689
Deferred tax assets	3,466	3,524	7,032
	229,486	**221,825**	**191,457**
B. Current assets			
Inventories	88,630	66,869	51,419
Trade and other receivables	108,418	97,237	80,311
Cash and cash equivalents	54,284	66,691	76,075
	251,332	**230,798**	**207,805**
	480,818	**452,622**	**399,262**
Equity and liabilities			
A. Group equity			
Share capital	9,500	9,500	9,500
Capital reserves	18,089	18,089	18,089
Retained earnings	236,648	227,776	211,040
Treasury stock	–8,074	–8,074	–8,074
Non-controlling interests	2,489	1,161	682
	258,651	**248,452**	**231,236**
B. Non-current liabilities			
Provisions for severance payments and pensions	17,876	17,223	15,614
Provision for deferred taxes	6,772	6,977	536
Interest-bearing liabilities	41,889	43,954	34,685
Other non-current liabilities	16,520	19,884	11,290
	83,057	**88,038**	**62,125**
C. Current liabilities			
Current provisions	27,890	26,534	25,901
Provision for taxes	15,146	12,751	14,448
Trade payables	55,336	44,852	38,857
Current portion of interestbearing liabilities	16,730	7,397	11,352
Other current liabilities	24,009	19,686	15,343
Income tax liabilities	0	4,911	0
	139,110	**116,132**	**105,901**
	480,818	**452,622**	**399,262**

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

Consolidated Income Statement

TEUR	Q2 2011-12	Q2 2010-11	Q1–Q2 2011-12	Q1–Q2 2010-11
Sales revenue	142,590	105,128	281,272	203,135
Changes in inventory of finished goods and work in progress	6,413	2,328	10,705	4,634
Internally produced and capitalized assets	1,932	1,013	3,236	1,785
Operating result	**150,935**	**108,469**	**295,212**	**209,554**
Other operating income	3,574	6,133	6,187	9,443
Cost of materials and other purchased manufacturing services	–70,602	–43,147	–135,392	–84,589
Personnel costs	–38,886	–32,061	–78,654	–62,888
Other operating expenses	–21,834	–17,977	–42,325	–29,973
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**23,187**	**21,417**	**45,028**	**41,548**
Depreciation and amortization	–8,320	–6,956	–16,515	–13,617
Earnings before interest and taxes (EBIT)	**14,867**	**14,461**	**28,512**	**27,931**
Income and losses from investments in associated companies	275	427	555	812
Net interest income	11	–513	–445	–803
Other financial result	-24	-276	–23	-409
Financial result	**263**	**–362**	**87**	**–400**
Earnings before taxes (EBT)	**15,129**	**14,099**	**28,599**	**27,531**
Income taxes	–4,320	–2,788	–7,455	–5,498
Earnings after taxes	**10,809**	**11,311**	**21,144**	**22,034**
Attributable to non-controlling interests	428	19	1,154	87
Attributable to parent company shareholders	10,382	11,292	19,990	21,947
Weighted average number of shares issued (shares)	1.233,619	1,233,683	1,233,619	1,233,726
Earnings per share in EUR	8.42	9.15	16.20	17.79
Diluted earnings per share in EUR = undiluted earnings per share in EUR	8.42	9.15	16.20	17.79

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

Statement of Comprehensive Income

TEUR	Q1–Q2 2011-12	Q1–Q2 2010-11
Earnings after taxes (EAT)	**21,144**	**22,034**
Unrealized gains (+) or losses (-) from foreign currency translation	–1,864	5,266
Cash flow hedge	–538	0
Total other earnings	**–2,402**	**5,266**
Total of all recognized income and expenses	**18,742**	**27,299**
Attributable to		
Shareholders of Miba Aktiengesellschaft only	**17,600**	**27,213**
Non-controlling interests only	1,142	87

Statement of Changes in Group Equity

TEUR	Share capital	Capital reserves	Treasury stock	Currency translation differences	Retained earnings	Shares held by Miba AG shareholders	Non-controlling interests	Total
As of 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 stock	0	0	–14	0	0	–14	0	–14
Changes in non-controlling interests	0	0	0	0	0	0	248	248
As of July 31, 2010	**9,500**	**18,089**	**–8,074**	**–4,090**	**215,127**	**250,553**	**682**	**231,236**
As of February 1, 2011	**9,500**	**18,089**	**–8,074**	**–7,208**	**234,984**	**247,291**	**1,161**	**248,452**
Total comprehensive income	0	0	0	–1,852	19,452	17,600	1,142	18,742
Dividend payments	0	0	0	0	–8,635	–8,635	0	–8,635
Changes in non-controlling interests	0	0	0	0	–93	–93	947	854
Changes in non-controlling interests per IAS 32	0	0	0	0	0	0	–762	–762
As of July 31, 2011	**9,500**	**18,089**	**–8,074**	**–9,060**	**245,708**	**256,162**	**2,489**	**258,651**

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

Consolidated Cash Flow Statement

TEUR	Q1–Q2 2011-12	Q1–Q2 2010-11
Consolidated cash flow from operating activities	22,683	46,465
Consolidated cash flow from investment activities	–31,612	–21,356
Consolidated cash flow from financing activities	–2,481	–792
Changes in cash and cash equivalents and marketable securities	**–11,410**	**24,317**
Opening balance of cash and cash equivalents	66,691	50,814
Currency translation differences due to changes in exchange rates	–996	945
Closing balance of cash and cash equivalents	**52,284**	**76,076**

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

Notes to the Half-Year Financial Report as of July 31, 2011

Information on the Group

Miba Aktiengesellschaft is an Austria-based Group with international operations. The focus of the Group's core business is on the engine bearings, sintered components, friction materials and passive electronic components product segments. The Group's head office is located at Dr.-Mitterbauer-Str. 3, 4663 Laakirchen, Austria. The Company is registered under Record No. FN 107386 x at the local Austrian court (Landesals Handelsgericht Wels).

Financial Statements Prepared in Accordance with the International Financial Reporting Standards (IFRSs)

The present mid-year financial report as of July 31, 2011, (February 1, 2011, to July 31, 2011) were prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable at the end of the reporting period (as adopted by the European Union), in particular IAS 34 (Interim Financial Reporting).

Accounting and Measurement Principles

The accounting standards that must be applied on a mandatory basis starting in the 2011-2012 business year have no material effect on the presentation of the assets, financial positionand financial performance in the Interim Consolidated Financial Statements.

In the preparation of this mid-year report, no changes were made to the accounting and measurement principles applied as of January 31, 2011. For additional information on the reporting and measurement methods, please refer to the Consolidated Financial Statements as of January 31, 2011.

For the purpose of clarity, all figures are exclusively 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). Accordingly, the consolidated entity includes 16 Austrian and 16 foreign subsidiaries in which Miba Aktiengesellschaft, directly or indirectly, holds the majority of voting rights.

Through an agreement dated January 19, 2011, and conveyance of ownership on February 21, 2011, (acquisition date), Miba acquired a 26 percent minority share in Maxtech Sintered Product Pvt. Ltd., Pune, India. Based on the equity method, the company is included as an associate in the Consolidated Financial Statements.

On February 1, 2011, Miba Energy Holding LLC, McConnelsville, Ohio, USA, purchased a 70 percent share in EBG Resistors LLC, Middletown, Pennsylvania, USA.

Furthermore, Miba Energy Holding LLC, McConnelsville, Ohio, USA, purchased a 70 percent share in EBG LLC, Middletown, Pennsylvania, USA. EBG LLC, Middletown, Pennsylvania, USA, holds 25 percent of the shares in EBG Shenzhen Ltd., Shenzhen, China.

With the exception of EBG Shenzhen Ltd., which is included in the Consolidated Financial Statements as an associated company according to the equity method, all of the companies enumerated above were fully consolidated.

The acquired companies was initially included on the basis of preliminary figures.

Dau GmbH & Co. KG, Ligist, Austria acquired the remaining shares (25 percent) in EBG & Dau GmbH, Graz, Austria, effective June 30, 2011.

Other Events

On February 1, 2011, DI Franz Peter Mitterbauer, MBA, was appointed to the Management Board of Miba AG.

Business Seasonality

The sales of the Miba Group are distributed nearly equally over the four quarters of the business year.

Events After the Balance Sheet Date

Events occurring after the balance sheet date which are relevant to the measurement at the balance sheet date, such as pending legal disputes or claims for damages, and any other obligations or anticipated losses to be reported or disclosed in accordance with IAS 10, are reflected in the present Interim Consolidated Financial Statements or are unknown.

Estimates and Uncertainties

Please refer to the Consolidated Financial Statements as of January 31, 2011, for information regarding discretionary decisions and uncertainties arising from estimates.

Statement by the Management Board

We hereby confirm that the condensed Consolidated Financial Statements of Miba Aktiengesellschaft as per July 31, 2011, 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.

The present Interim Financial Report for the first six months of the business year was neither audited nor subjected to an audit-based review by an auditor.

Laakirchen, September 2011

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

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