

# Drive for Generations

Annual Report 2013–2014

# Key Performance Indicators 2013–2014

Income Statement (in EUR million)	2013–14	2012–13	2011–12
Revenue	610.2	606.6	592.6
Percentage of revenue outside Austria (%)	93.2	93.6	93.0
EBIT	70.2	69.9	67.0
EBT	66.7	65.5	63.1
Profit after tax	50.1	48.6	45.9
<b>Balance Sheet (in EUR million)</b>			
Total assets	640.1	600.3	524.9
Non-current assets	313.4	286.3	255.5
Debt	290.5	284.3	238.2
Equity	349.6	316.0	286.7
Equity as % of total capital	54.6	52.6	54.6
<b>Cash Flow and Capital Expenditure (in EUR million)</b>			
Cash flow from operating activities	103.2	116.6	50.2
Capital expenditure (excluding financial assets)	68.1	51.0	47.3
Depreciation, amortization and write-downs	38.6	37.7	34.8
<b>Employees</b>			
Average number of employees for the year	4,294	4,119	3,730
Personnel expenses (in EUR million)	185.3	178.4	160.3
<b>Key Stock Market Data (in EUR)</b>			
Earnings per share	39.37	38.44	33.48
Dividend per share	8.0*	8.0	8.0
Dividend yield in %	2.37	3.51	4.20
Share price at end of fiscal year (1/31)	338.0	228.0	192.0

\* Subject to approval at the Annual General Meeting on June 27, 2014

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# Preface by the Chief Executive Officer



In July 2013, I took over the Chairmanship of the Management Board from my father, which brings Miba management into the third generation of our family. My special thanks go to my father who, over the last three decades, has transformed Miba into an internationally recognized technology company and placed his trust in me to successfully lead Miba into the future. Together with my three Management Board colleagues and our highly qualified and dedicated team, I want to continue to develop the Miba Group so that the next generation of employees, customers and end users can also profit from our innovative strength.

The motto I have chosen is “Dynamic Evolution” – retain what is good, use global opportunities, and be bold and grow. On the one hand, we have the continuity and stability of the Company – two important success factors for family businesses – which our customers, employees, shareholders and other stakeholders can rely on. On the other hand, it is our aspiration to dynamically lead Miba into the future to strengthen and expand our current position as a reliable global partner for our customers. Our particular focus will therefore be on Miba’s globalization, innovation and technology, and the training and continuing education of our employees. These priorities will secure Miba’s continued growth.

Fiscal year 2013–2014 was again challenging for Miba. Our sales markets continued to perform very differently. While some segments were characterized by weaker demand, there were marked signs of recovery in some sectors in the last months of the fiscal year. This situation in the market makes planning difficult. At the same time, our customers’ demands in relation to our products and technologies as well as our services continue to increase. That we were able to increase revenue year on year by EUR 3.6 million to EUR 610.2 million and improve profit to EUR 70.2 million against this background is a tribute to the commitment and motivation of our employees throughout the world. In the past fiscal year, we were again able to strengthen and expand our sound financial and economic position without neglecting our success factors, such as proximity to customers, highest demand for quality, focus on technology and, if nothing else, our enthusiasm for top performance.

We also continued our forward-looking investment policy in the past fiscal year. Miba invested almost EUR 70 million, and therefore around 37 percent more than in the previous year, in the expansion of premises and capacities, especially at sites in China, the USA and Slovakia. As a result of these investments, we are not only better prepared for rising demand at these sites in terms of premises, but we also have state-of-the-art machinery

at our disposal which meets our requirements for the manufacture of our technologically demanding components. At the same time, we have also pressed ahead with our research and development activities, investing around EUR 27 million in this area. This intense level of R&D has resulted in 17 patent applications and many innovative customer projects.

Despite a volatile market environment, all signs are most definitely pointing to further growth. The fact that we are well prepared for this growth – regardless of the country or sector in which it will take place – is down to the effectiveness of the Miba team around the world. I have got to know a large number of them personally when I visited all of our global production sites on becoming Chairman of the Management Board. What I saw during these visits in terms of passion, commitment, diligence and entrepreneurial spirit gave me great optimism. I am looking forward to shaping our future as a team: Our common drive is the passion for success, which is being passed on from generation to generation; this is what makes Miba so unique – the drive for generations.

I extend my sincere thanks to you – our customers, shareholders and all of our partners – not only for your interest, but, above all, for the trust you have placed in Miba.

Sincerely,



**F. Peter Mitterbauer**

# Management Board



**Markus Hofer**  
**CFO Miba AG**

Born in 1971, married with two children  
1997: joined Procter & Gamble Austria GmbH as financial analyst  
2000: joined Procter & Gamble Switzerland Sarl, left as assistant director of financial analysis Baby Care Western Europe  
2005: joined Procter & Gamble Eastern Europe, LLC, as assistant director of financial analysis & financial planning Eastern Europe  
2008: joined Helogistics Holding GmbH as Chief Financial Officer & Chief Information Officer  
2011: joined Miba AG as Vice President Corporate Finance  
Since July 1, 2013: member of the Management Board of Miba AG, Chief Financial Officer



**Harald Neubert**  
**CEO Miba Sinter Group**

Born in 1956, married with three children  
1983: University of Essen, member of the academic staff  
1988: joined Krebsöge GmbH, Radevormwald, as quality and plant manager  
1996: joined Sintermetallwerk Lübeck GmbH as managing technical director  
1998: joined GKN Sinter Metals, left as President Asian Pacific and South American Operations (APSA)  
2007: joined the Miba Sinter Group as CTO & CEO  
Since 2009: member of the Management Board of Miba AG



**Wolfgang Litzlbauer**

**CEO Miba Bearing Group & Coatings,  
Miba Friction Group**

Born in 1969, married with one child  
1992: University of Linz/Institute for Trade, Sales and Marketing, assistant professor  
1994: joined Miba AG as assistant to the Management Board  
1996: Miba Gleitlager, aftermarket, head of sales for the NAFTA region, product manager for Caterpillar  
1999: Mahle Metal Leve Miba Sinterizados Ltda., Brazil, managing director  
Since 2004: member of the Management Board of Miba AG, CEO Miba Bearing Group  
Since July 1, 2013: Vice Chairman of the Management Board of Miba AG, CEO Miba Bearing Group & Miba Friction Group



**F. Peter Mitterbauer**

**Chairman of the Management Board of Miba AG**

Born in 1975, married with one child  
2001: joined Webasto AG as project manager  
2002: joined Stölzle Oberglas GmbH, in the sales department for Asia  
2006: joined Miba Sinter Group, in the sales department for Asia  
2008: joined the Miba Friction Group as managing director of Marketing & Sales  
Since 2011: member of the Management Board of Miba AG, CEO Miba Friction Group  
Since July 1, 2013: Chairman of the Management Board of Miba AG

# Supervisory Board of Miba AG

## ELECTED MEMBERS

**Dr. Theresa Jordis (Chairwoman of the Supervisory Board until June 28, 2013, deceased on September 7, 2013),**  
independent; commercial attorney, Dorda Brugger Jordis Rechtsanwälte GmbH; first elected on July 9, 1993;  
Chairwoman of the Supervisory Board of Miba AG since 2005, with term ending at the 2013 Annual General Meeting; member of the Audit Committee; member of the Personnel Committee

Positions on other supervisory boards: Mitterbauer Beteiligungs-AG (Chair), Wolford AG (Chair), Erste Group Bank AG (Deputy Chair), Austrian Airlines AG, Prinzhorn Holding GmbH (Chair), Österreichische Industrieholding Aktiengesellschaft

**Dkfm. Dr. Wolfgang C. Berndt (Chairman of the Supervisory Board since June 28, 2013),**  
former President and CEO of Global Fabric and Home Care, The Procter & Gamble Company; first elected on June 27, 2008; Chairman of the Supervisory Board of Miba AG since 2013, with term ending at the 2014 Annual General Meeting; member of the Personnel Committee

Positions on other supervisory boards: GfK AG, OMV AG, BAST AG, Mitterbauer Beteiligungs-AG (Chair since June 28, 2013)

**Dipl.-Bw. Alfred Heinzel (Vice Chairman),**  
independent; CEO of Heinzel Holding GmbH; first elected on July 4, 2003; Vice Chairman of the Supervisory Board of Miba AG since 2005, with term ending at the 2018 Annual General Meeting; member of the Audit Committee

Positions on other supervisory boards: Mitterbauer Beteiligungs-AG, Allianz Elementar Versicherungs-AG, Verbund AG, Wilfried Heinzel AG (Chair), Zellstoff Pöls AG (Chair), Europapier AG (Chair), Europapier International AG (Chair), Laakirchen Papier AG (Chair), AS Estonian Cell, AS Vao Agro and AS Diner (Chair) (all Estonia)

**Dr. Robert Büchelhofer,**  
independent; former member of the management board of Volkswagen AG; first elected on July 4, 2003; member of the Supervisory Board of Miba AG, with term that ended at the 2013 Annual General Meeting

Positions on other supervisory boards: Mitterbauer Beteiligungs-AG, Polytec Holding AG, SWARCO AG (Chair)

**DI DDr. h.c. Peter Mitterbauer,**  
independent; former Chairman of the Management Board of Miba AG; member of the Management Board of Mitterbauer Beteiligungs-AG, first elected on July 28, 2013; member of the Supervisory Board of Miba AG, with term ending at the 2018 Annual General Meeting; member of the Personnel Committee; member of the Audit Committee

Positions on other supervisory boards: ÖIAG (Chair), Andritz AG, Oberbank AG, ERSTE Österreichische Spar-Casse Privatstiftung, Prinzhorn Holding GmbH, Rheinmetall AG

## DELEGATED MEMBERS

**Hermann Aigner**  
Member of the Supervisory Board of Miba AG since 1994; member of the Audit Committee since 2009

**Johann Forstner**  
Member of the Supervisory Board of Miba AG since 2009; member of the Personnel Committee

MIBA BEARING GROUP

**Miba Gleitlager GmbH**  
Laakirchen, Austria

**Miba Bearings US LLC**  
McConnelsville, OH USA

**Miba Precision Components  
(China) Co. Ltd.**  
Suzhou, China

**ABM Advanced Bearing Materials LLC\***  
Greensburg, IN USA

**Miba Far East PTE Ltd.**  
Singapore

**Miba Bearings Sales Corp.**  
McConnelsville, OH USA

MIBA SINTER GROUP

**Miba Sinter Austria GmbH**  
Vorchdorf, Austria

**Miba Sinter Slovakia s.r.o.**  
Dolný Kubín, Slovakia

**Miba Precision Components  
(China) Co. Ltd.**  
Suzhou, China

**Miba Sinter USA LLC**  
McConnelsville, OH USA

**Metalaxis Precision  
Machining LLC**  
McConnelsville, OH USA

**Mahle Metal Leve  
Miba Sinterizados Ltda.\***  
São Paulo, Brazil

**Sintercom India Pvt. Ltd.\***  
Pune, India

**Miba France SARL**  
Paris, France

**Miba Deutschland GmbH**  
Stuttgart, Germany

**Miba Italia Srl**  
Turin, Italy

**Miba Sinter Sales Corp.**  
McConnelsville, OH USA

MIBA FRICTION GROUP

**Miba Frictec GmbH**  
Roitham, Austria

**Miba HydraMechanica Corp.**  
Sterling Heights, MI USA

**Miba Steeltec s.r.o.**  
Vráble, Slovakia

**Miba Drivetec India Pvt. Ltd.**  
Pune, India

NEW TECHNOLOGIES GROUP

**Miba Automation Systems GmbH**  
Aurachkirchen, Austria

**EBG Elektronische Bauelemente GmbH**  
Kirchbach, Austria

**DAU GmbH & Co KG**  
Ligist, Austria

**DAU Thermal Solutions North America Inc.**  
Macedon, NY USA

**EBG Shenzhen Ltd.\***  
Shenzhen, China

**EDMS d.o.o.\***  
Šentjernej, Slovenia

**EBG Resistors LLC\***  
Middletown, PA USA

MIBA COATING GROUP

**High Tech Coatings GmbH\***  
Vorchdorf, Austria

**Teer Coatings Ltd.**  
Droitwich, United Kingdom

**Miba Coatings Trading  
(Suzhou) Co. Ltd.\***  
Suzhou, China

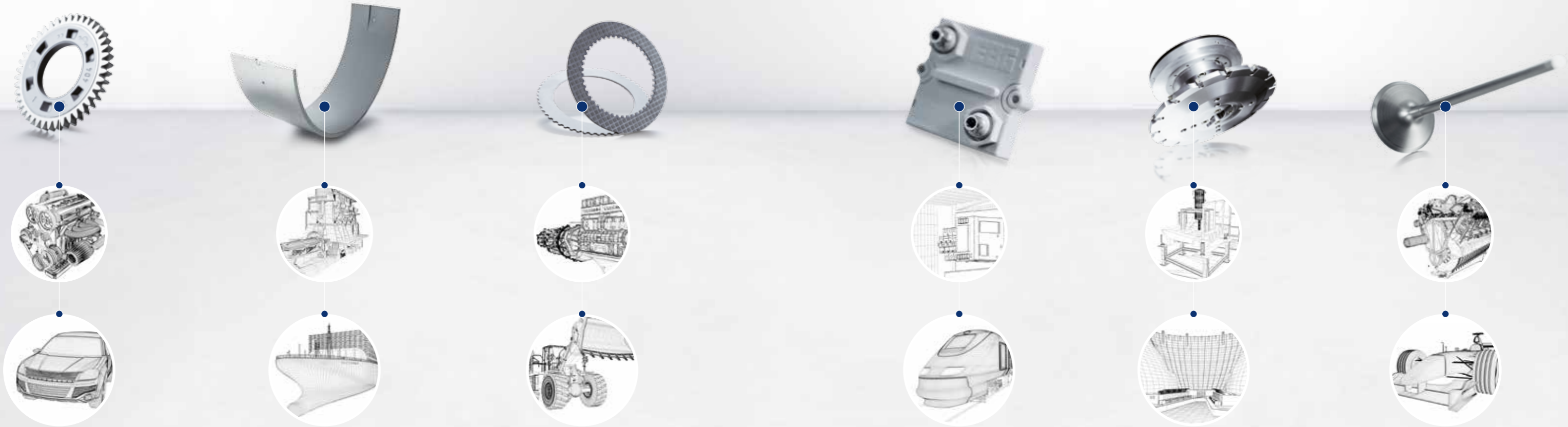
Global  
network

PRODUCTION SITES AND SALES OFFICES IN TWELVE COUNTRIES

\* Miba affiliated companies  
■ Miba production sites  
■ Miba sales/engineering offices

# Product portfolio

MIBA IS AN INTERNATIONAL GROUP PRODUCING HIGH-PERFORMANCE AND TECHNOLOGICALLY DEMANDING POWER TRAIN COMPONENTS. WE SUPPORT OUR CUSTOMERS WORLDWIDE FROM DEVELOPMENT TO IMPLEMENTATION OF INDIVIDUAL SOLUTIONS. MIBA TECHNOLOGY ENABLES RESOURCE-EFFICIENT MOBILITY.



## Miba sintered components

Miba sintered components are used in engines, transmissions and steering systems of passenger vehicles. Their sophisticated design, which integrates several functions into one component, as well as their high precision, durability and lightweight structure set them apart from the competition. Thus, Miba technology is contributing to greater efficiency and is helping save on fuel consumption.

## Miba engine bearings

Engine bearings are crucial components that significantly affect engine function and service life. They help position crank- and camshafts, minimize friction during operation and protect the engine against damage and breakdown. They are used in diesel and gas engines in ships, heavy-duty vehicles, locomotives and power plants. The bearings produced by the Miba Bearing Group withstand higher ignition pressures, thus increasing engine efficiency.

## Miba friction materials

Friction materials are the decisive performance elements in vehicle clutches and brakes, optimizing speed and power. Miba Friction Group components reduce weight and the size of transmissions and axles. They are used in construction machinery, tractors, cars, trucks, high-speed trains, motorcycles, airplanes and wind power plants.

## Miba power electronics components

Resistors are among the Miba power electronics components. They are used in the conversion and transmission of energy. Miba resistors can be found, for instance, in the power electronics of frequency converters in wind turbines or in high-speed trains. Heat sinks and heat pipes are other examples of power electronics components. They protect electronic components from overheating and are used, for instance, in drive train control units, converters for electric motors and wind power plants.

## Miba special machinery

Miba's special machinery is used for high-precision and efficient machining of small to very large components. Miba Automation Systems is a leader in engine bearing technology, robotics and automation, as well as stationary and mobile special machinery which is mainly used in the construction of power plants. Apart from power electronics, the core segment, special machinery is also part of the New Technologies Group.

## Miba coatings

Miba develops customized coating solutions for refining functional surfaces. Among its core technologies are polymer and low-friction coatings for functional surfaces, electroplated overlays and PVD coatings. These coatings ensure maximum service life and optimum functionality. Miba coatings are used in components for engines and transmissions of passenger cars, trucks and Formula 1 race cars as well as in other high-performance applications.

# The next generation assumes responsibility

MIBA 2015 AND BEYOND – INTO THE FUTURE WITH  
A CLEAR VISION AND STABLE GROWTH

At Miba, corporate responsibility is embraced by the management and passed on to the next generation. For over 85 years. In 2013, DI F. Peter Mitterbauer took over the Chairmanship of the Management Board from his father, DI Dr. h.c. Peter Mitterbauer. F. Peter Mitterbauer's roadmap for the future is called "Dynamic Evolution" – retaining the good of the past, while structuring and developing the Company for the future. The engines for this are the Company's mission, strategy and vision, which continue to be binding and which underscore Miba's self-conception as a technology leader.

## **Our Mission:**

**Innovation in Motion – Miba technology enables resource-efficient mobility**

Miba is an international group producing high-performance and technologically demanding power train components. We support our customers worldwide from development to implementation of individual solutions. Miba technology and our wealth of experience make motor vehicles, trains, ships, aircraft and power plants more efficient, more powerful and more environmentally friendly.

## **Our Strategy:**

**Global No. 1 in economically attractive and technologically demanding market segments**

We are an owner-oriented listed company with a presence in the world's economic growth centers. All our actions are based on our commitment to financial independence, social responsibility and sustainability. Our four divisions focus on attractive niches, in which we continue to constantly strengthen our worldwide number one position. Our outstanding employees are the engine of our success. We constantly improve our processes and strive for business excellence.

## **Our Vision:**

**No power train without Miba technology**

We ensure our competitive edge by investing approximately six percent of sales in research and development and in training and education. Our profitable core business growth enables us to build up a new business area in future-oriented key technologies. This is the basis for reaching and exceeding one billion euros in sales.

# The basis for global growth

MIBA IS CONTINUING TO WORK DILIGENTLY ON THE COMPANY’S FUTURE. IN DOING SO, THE OVERARCHING GUIDING CONCEPT IS “DYNAMIC EVOLUTION” – A CONCEPT SUPPORTED BY THREE MAIN PILLARS AND UNDERGIRDED BY SIX PRINCIPLES WHICH FORM A SOLID BASIS FOR CONTINUED SUCCESS ACROSS GENERATIONS.

In the third generation, Miba remains true to its corporate values of Technological Leadership, Lifelong Learning, Entrepreneurship and Passion for Success, maintaining the chosen path it has successfully followed thus far. On the one hand, this provides the familiar continuity and stability. On the other hand, the motto “Dynamic Evolution” is associated with the goal of leading Miba into the future with the dynamics necessary to further expand its market position.

The growing speed of development in the global sales markets and the increasing demands of its customers result in new opportunities for Miba. As a growth-oriented company, we have set ourselves the goal of using these opportunities and transforming them into lasting successes – as we have done in the past. This strategy is based on three pillars: global growth, innovation and technology as well as ongoing training and continuing education. In order to anchor these three priorities even more firmly within the Company and to ensure their successful implementation, we defined six principles to serve as a framework for our day-to-day cooperation. These are to be understood as an impetus and multiplier of our existing corporate values.

In this way, we create the foundation and engine to further expand our edge and to establish a truly global organization, one that is fast enough and fit enough to continue to serve as a reliable partner to our customers, employees and all stakeholders in the entire world.





He has  
his father's  
curiosity

MIBA HAS PRODUCED MANY GENERATIONS OF YOUNG TECHNICIANS. DAVID WEISMANN (18) IS COMPLETING HIS APPRENTICESHIP AS A PRODUCTION TECHNICIAN AT THE ROITHAM SITE. HIS FATHER, TONI WEISMANN (47), HAS BEEN WITH THE COMPANY FOR OVER 30 YEARS AND ALSO BEGAN HIS CAREER WITH AN APPRENTICESHIP.

# An unrelenting enthusiasm for technology

EVEN AS A YOUNG BOY, DAVID WEISMANN (18) FOUND TECHNOLOGY EXCITING. AS AN APPRENTICE TO BECOME A PRODUCTION TECHNICIAN AT THE ROITHAM SITE, HE HAS ALREADY BECOME FAMILIAR WITH MANY DEPARTMENTS. AS AN 8-YEAR-OLD BOY, HE WAS ALREADY ALLOWED TO ACCOMPANY HIS FATHER TO MIBA. TONI WEISMANN (47) HAS BEEN WITH THE COMPANY FOR OVER 30 YEARS. HE, TOO, STARTED AS AN APPRENTICE, LAYING THE FOUNDATION FOR A SUCCESSFUL CAREER.

David can clearly remember the day when his father took him to Miba for the first time and he had his first brush with technology. Everything was big, new and exciting. He was eight years old at the time. David listened closely as his father guided the visitors through the production hall and explained the machines, processes and products. The boy never forgot that excitement. From early on, it was clear that he wanted to learn a technical profession, preferably something to do with metals. Since Miba was looking for apprentices and because Miba enjoys an excellent reputation as a training company in the region, David was inspired to apply. He was overjoyed when he learned he had been accepted. Today, the 18-year-old is completing his apprenticeship as a production technician at the Roitham site. Most of all, he finds working on the test rigs exciting – when parts are accelerated to a certain torque and then decelerated in order to test material behavior.

The workday begins at six in the morning, on the dot. David moves to a new department every four to eight weeks, gaining in-depth practical and theoretical knowledge. The dedicated young man finds it cool that Miba's customers are the world's leading engine and vehicle manufacturers. A crucial factor as to why he feels so at ease at Miba is the working environment. "I think it is great that I can ask my older colleagues any time I have questions, and that they will take the time to answer me," says the apprentice, who is close to completion, in praise of the team solidarity spanning generations. What never fails to motivate him is the vision that Miba offers to its dedicated employees. David especially likes that even young people can contribute their ideas and that they will be heard. As part of the continuous improvement process at Miba, he and other apprentices contributed suggestions for improving certain safety conditions. The ideas were implemented, and David and his team were rewarded with a bonus. In his free time, the teenager tinkers on a 42-year-old moped that once belonged to his father. This is where he can put the knowledge gained at Miba to good use. He has a quick answer when asked about his professional role model, "My dad!"



A third of all Miba employees in Upper Austria started their career with an apprenticeship at Miba. Toni Weismann, departmental head of Bearings Technology Support, is one of them. He has passed on his enthusiasm for technology to his son, David Weismann.



David's father, Toni Weismann, carries a great deal of responsibility in his role as manager of Engine Bearings Technical Support in Laakirchen. His responsibilities include ensuring the availability of equipment and keeping internal processes running. With more than 30 years of experience in the team, he knows the Company and the requirements very well. He began his own career as an apprentice toolmaker at Miba. The technician took his own path and attended further training. In 1989, he represented Miba at the WorldSkills International Competition in Birmingham. An experience he still remembers today. "I have always been curious – and I still am today," says Toni.

For him, the special thing about Miba is that talent and commitment are recognized. If a person is willing to learn and makes an effort, that person can improve along with the Company," states the 47-year-old.

As a manager, he tries to pass along his enthusiasm for technological advancement and the joy of making an active contribution to his younger colleagues. It is always important to him that the transfer of knowledge occurs on level footing. He calls this "mutual value creation." "When you approach a young person and ask them in an appreciative way, you are likely to get surprisingly good answers. Even a person with many years of experience under his belt can learn something from them," says Tony with conviction.

In his free time, the father of four maintains his family's farm and forestry business. David and the other children assist him with this. Toni strives to pass his entrepreneurial spirit on to the next generation.

**Miba lives cross-generational responsibility.  
For the employees. For the stakeholders.**

In my professional life, I want to ...  
be able to shape things.

Miba is internationally successful because ...  
technology leadership, research and  
development as well as ongoing training are  
the basis.

In my opinion, the fact that my son is also at  
Miba is ... good.

**Toni Weismann**

In my job, it is important to me ...  
that the work is interesting and the  
colleagues are nice.

In my opinion, the fact that my father is also  
at Miba is ... super, because it is thanks to  
him that I got to know Miba.

The cool thing about my training at Miba is ...  
that you can learn so much and are still able  
to have free time.

**David Weismann**



## The analyst and the adventurer

IN THE TOURIST REGION ORAVA, MIBA SINTER SLOVAKIA, HEADQUARTERED IN DOLNÝ KUBÍN, IS ONE OF THE MOST IMPORTANT INDUSTRIAL EMPLOYERS. VLADIMÍR VALAŠŤIAK (54) SERVED AS A MENTOR TO OLEG KRAJCOVIC (38) AFTER HE JOINED THE COMPANY. TODAY, THESE TWO TAKE THEIR KNOWLEDGE OF EVERYTHING RELATED TO QUALITY OUT INTO THE WORLD.

# Designer with a sense of quality

A QUALITY MANAGER SEES PROCESSES WITH DIFFERENT EYES. VLADIMÍR VALAŠŤIAK (53) KNOWS THIS FROM EXPERIENCE. AS ONE OF THE FIRST EMPLOYEES AT DOLNÝ KUBÍN, SLOVAKIA, HE PLAYED A CRUCIAL ROLE IN THE CONSTRUCTION OF THE SITE. OVER THE LAST 23 YEARS, HE HAS TAUGHT THE TOPIC OF QUALITY TO GENERATIONS OF YOUNG TECHNICIANS INCLUDING OLEG KRAJCOVIC (38), WHO EMBARKED ON THE ADVENTURE OF HIS LIFE AT MIBA.

Can the best be made even better still? It is possible with ambition, getting to the root of things and setting the standards high. "Quality is not a task, it is a way of thinking," says Vladimír Valaštiak, Quality Coordinator of the Miba Group. His career with Miba began in 1991 in the plant in Dolný Kubín, which, at the time, was still a joint venture between the Slovakian producer of sintered parts and engine bearings ZVL and Miba. It was a departure into the unknown.

In the early 1990s, the winds of change could be felt in Dolný Kubín. Where things were headed, though, the former Miba-ZVL team of five had no way of knowing. One of those very first employees was Vladimír Valaštiak. He played a crucial role in establishing Miba's first production site in Slovakia. The engineer had to gradually grow into his role as quality manager. "The opportunity to accompany the construction process was an exciting experience, most of all because we did not know what would happen," analyses the three-time parent and grandparent today. In order to be prepared for their new tasks, the colleagues from Dolný Kubín were trained in the Vorchdorf plant. This close professional exchange between the Austrian and Slovakian sites has proved its worth and is still taking place today.

With each passing year, Dolný Kubín has increased its revenue and number of employees. "In 2001, we were confronted with the challenge of staffing the post of quality manager. During this process, a young university graduate attracted our attention," says Vladimír Valaštiak. His name was Oleg Krajcovic. For the IT graduate, this was a completely new world that he was entering. His curiosity and thirst for knowledge motivated him to discover this new world. From the first day, he asked truly in-depth questions. This surprised even his mentor at times. "I value Vladimír Valaštiak as a colleague and as a person. With his systematic approach and his skill in explaining complex things in an understandable way, he made my start with the Company much easier," says Oleg Krajcovic recalling their early cooperation.

His hard work and willingness to assume responsibility moved the dynamic Oleg Krajcovic steadily upward in the following years. Today, he is one of the lead employees in Site and Technology Development. In this role, he shares responsibility for the further development of other sinter sites.



Quality is very important at Miba and is a priority in many different areas. With commitment and knowledge that spans generations, Vladimír Valaštiak and Oleg Krajcovic contribute to the ongoing improvement of Miba's products and performance.



"Right after I came here from university, I could not imagine it would be possible to work at one company for an entire career. I have a different opinion on that today. If there is an open corporate culture, the superiors welcome ideas and employees have the opportunity to develop, then it is definitely possible," says Oleg. What he values most in his colleagues who have already worked for 30 or 40 years is their willingness to pass their knowledge on to younger colleagues. For Oleg, it is also important to be able to make a contribution and to develop further. "Miba chooses its managers very carefully. Listening is a part of the corporate culture. I always had the opportunity to openly discuss my ideas with my superior," says Oleg when describing his opportunities. He describes a career at Miba as a "positive adventure," that he can recommend to anyone. When time permits, he spends time with his hobby – the acoustic guitar.

Dolný Kubín developed from a subsidiary of five people to a site with over 700 employees. Vladimír Valaštiak took part in this development. "In order to be successful, it is necessary to expand your knowledge steadily and patiently. There is one thing I would like to tell the young generation: be patient," says Vladimír Valaštiak. He still meets twice a year with those first employees who are still with the Company. A nice example of how lifelong friendships are formed through teamwork at Miba.

**Miba lives cross-generational responsibility.  
For the employees. For the stakeholders.**

Quality means to me ... a system.

We continue to improve if we ... [want to!](#)

My vision for the quality department at Miba is ... [never to repeat a mistake.](#)

**Vladimír Valaštiak**

Working at Miba is ... [a positive adventure – one that I can recommend to anyone.](#)

Miba in the Dolný Kubín region ... [conveys the message that even in a small region people can be part of a global success story.](#)

For the future, we want ... [to develop excellent sites that satisfy everyone – employees, customers and stakeholders.](#)

**Oleg Krajcovic**



## The smart manager and little Maximilian

IN TERMS OF RESPONSIBILITY SPANNING GENERATIONS, MIBA ALSO CONSIDERS THE VERY YOUNGEST. PRODUCT DEVELOPMENT MANAGER HEIDEMARIE SCHÖGL (33) AND HER SON MAXIMILIAN ABSOLUTELY LOVE THE MIBA DAY CARE CENTER.

# Successful in the Miba family

HEIDEMARIE SCHÖGL (33) LOVES THE CHALLENGE AND THE DIVERSITY HER CAREER OFFERS. AFTER A YEAR OF MATERNITY LEAVE, SHE RETURNED TO MIBA AS A PRODUCT DEVELOPMENT MANAGER – AND BROUGHT HER SON MAXIMILIAN ALONG. WHILE THE COMMITTED CAREER WOMAN AND PROUD MOTHER IS MANAGING PROJECTS, HER SON IS WELL CARED FOR IN THE RECENTLY OPENED MIBA DAY CARE CENTER. HEIDI IS A ROLE MODEL FOR COMBINING CAREER AND FAMILY.

“In the morning, we need quite a lot more time to get out of the house!” says Heidi Schögl with a laugh. The day-to-day work of the Product Development Manager has changed fundamentally.

It all began in 2002. The charming Upper Austrian completed an internship at Miba during her studies at a university of applied sciences. Over the course of a summer, she tested and packed clutch systems at Miba Frictec. A few years later, she began her career as an employee in the production planning department, where she worked for the next three years. Heidi expressed how she enjoyed the versatility of the responsibilities, the cooperation between colleagues and the variety of working in the office and in production. And then came the day when little Maximilian first came into the world. That was in 2012, and the new mother left for a year’s maternity leave. “Although I recall that saying goodbye to the Company and my colleagues was difficult, that year passed so quickly in retrospect. I participated in continuing education, even at home, and the time with our baby was wonderful,” says Heidi.

Right from the beginning, the committed career woman knew that she would return to work soon. So the opening of the Miba day care center coincided almost perfectly with her planned return to work. For little Maxi, those first days in child care were a big step, and his mother never left his side. Thanks to the beautiful facilities and the excellent support of the day care workers, Maxi was able to settle in to the new environment relatively quickly. Heidi says, “At times, he cried in the morning when we said goodbye. But as soon as he sees the other children, all of that is forgotten and the fun begins. At this point, I feel that I can let go and concentrate on my work.”

## A strong woman with big plans

The workday begins at eight in the morning. Even before returning to work, Heidi was offered the opportunity to assume the role of Product Development (PD) Manager, and she took it. Today, one of her main responsibilities is process management. Twice a week, she coordinates a meeting with a set group of participants from the departments Product Technology, Production Technology as well as Production and Quality.



When Heidemarie Schögl goes to work in the morning, she is accompanied by her young son. The Miba day care center for employee children was opened in January 2014, making the Company a pioneer in occupational childcare in the region.



At these meetings, new projects are discussed and their feasibility evaluated. Heidi values the trust that her superior places in her. Working in the male-dominated production area has become second nature to the PD Manager. Heidi says that her experiences have been positive and the interactions have always been respectful. When it comes to the older colleagues or those who have already worked for Miba for a long time, the 33-year-old values their life experience, their motivation and that they are a crucial foundation for the success of the Company.

“Personally, I enjoy a working atmosphere like this one, and it was a powerful incentive for me to return to work as soon as possible. Of course, I knew that it would not be easy to perform these new duties on a part-time basis and taking on a demanding role as mother at the same time,” says Heidi. But with her dedication and talent for organization, she managed to combine family and career. She wants to be a role model for her son and show him that, for those who are willing to try, it is possible to achieve a great deal. Apart from her career, it is important to her to spend time with her family, to be there for her son, to learn with him and provide him with a loving home. The Schögl’s love taking trips out into the country and to visit the grandparents on the farm. Here, little Maxi can discover the wide world. He is particularly interested in animals and tractors.

The Schögl family considers the Miba day care center to be a valuable addition. “There is probably a greater understanding and support for working mothers since the child care facility is part of the Company,” Heidi says. “We probably feel even more like members of the Miba family, now that there are two of us.”

**Miba lives cross-generational responsibility.  
For the employees. For the stakeholders.**

Compatibility of family and career ...  
has almost become a necessity.

A good day for me begins with ...  
my family and sunshine.

My motto is: ... Strive for more, but enjoy life!

**Heidi Schögl**



## Building bridges between worlds

MIBA PRECISION COMPONENTS (CHINA) IS THE ONLY PLANT IN THE WORLD MANUFACTURING BOTH ENGINE BEARINGS AND SINTERED COMPONENTS. ONLY 90 KILOMETERS FROM THE METROPOLIS OF SHANGHAI, PETER PINAUCIC (55) AND SIMON LING (30) ARE WORKING TOGETHER TO ANCHOR MIBA IN THE ASIAN MARKET.

# Moving bravely into the new markets

PETER PINAUCIC (55) BEGAN HIS CAREER AS AN APPRENTICE MACHINIST AT MIBA GLEITLAGER OVER 40 YEARS AGO. TODAY, HE WORKS AS A STRATEGIC PROJECT MANAGER AT MIBA PRECISION COMPONENTS (CHINA) AND HAS RELOCATED TO CHINA FOR THIS. SIMON LING (30) SUPPORTS HIM AS AN INDUSTRIALIZATION ENGINEER IN THIS CHALLENGING ROLE. SIMON, WHO HAS A BACHELOR'S DEGREE FROM SUZHOU UNIVERSITY, HAS BEEN WITH MIBA SINCE 2009 AND STILL HAS BIG PLANS.

Anyone aiming to ensure long-term growth has to be firmly established in the future markets of Asia. Peter Pinaucic knows that, too. When he joined Miba as an apprentice machinist in 1973, he could not have imagined that 40 years later he would pack his bags and move to China. Although Miba was already a major supplier in the early 1970s, it remained anchored regionally, with production sites only in Austria. That was to change significantly beginning in the 1980s. Peter Pinaucic directly experienced the opening, setting out for new markets and Miba's growth to become an international group. "I grew up with this Company," recalls the 55-year-old.

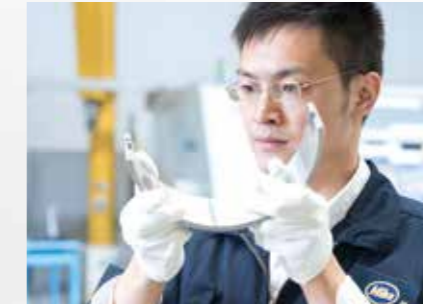
In 2007, he traveled to Miba Precision Components (China) (MPCC) in Suzhou for the first time in order to support the installation of a manufacturing cell for large bearings. "It was an indescribable feeling: the big cities, the hustle and bustle in the streets, the enormity of the country," describes Peter Pinaucic his first impressions of China. Just two years later he assumed the strategic project management for the Suzhou site. In this role, he was also responsible for the construction of the new foundry in China. Because of this project, it is possible for Miba today to manufacture the input stock for engine bearings on site rather than importing it from Europe. In the early days, Peter Pinaucic commuted between Austria and China six times each year, but then, after discussing it with his family, decided to relocate the center of his life to Suzhou by the end of 2014 in order to be able to concentrate fully on the construction of the foundry. Among other things, many years as the commander of a fire department taught him the team leadership and motivation that he needs for his work. He is married with two children and the proud grandfather of two grandsons. He learned a lot during his time in China, and recommends an experience like this one to everyone. As Peter Pinaucic puts it, "An assignment overseas is an opportunity for anyone, regardless of their age."

## Shaping the future together

Simon Ling accompanies the project manager as he walks through the production hall in order to get an impression. "We are happy to have found Simon and to have been able to recruit him for MPCC.



In their constant search for new solutions at Miba Precision Components (China), Peter Pinaucic and Simon Ling are combining knowledge from two generations and two cultures. Project planning is the order of the day.



He is very independent and creative and has an excellent grasp of technology," Peter Pinaucic praises his young colleague.

Despite a difference in age of almost 30 years, the two are bound by their open communication and strong trust. "I was accepted as a member of the team in a very friendly manner," states Simon in describing the working atmosphere at Miba. He had always been fascinated by engines and high-tech components. He found the business trip to Austria and the related training at the Laakirchen site particularly fascinating. In his free time, the father of one daughter enjoys traveling. In Peter Pinaucic, the 30-year-old found an experienced mentor who trained him in the responsibilities in the Company. Since then, he has assumed the management of individual projects and demonstrated that he can solve even the most challenging of tasks.

In working with Peter Pinaucic, says Simon, he has learned a great deal for his professional future including leadership strengths, strategic thinking and the ability to see the bigger picture. At Miba, he values the open corporate culture, the mutual trust and the opportunity to face and solve technical challenges every day. He still has big plans for the future: He would like to continue to learn and to advance both professionally and personally. In doing so, he will certainly be well served by the knowledge of the more experienced generations and the respect of the Chinese culture for elders. "We respect the older generation. They may be old, but they are young at heart," says Simon, and energetically takes on the next task.

**Miba lives cross-generational responsibility.  
For the employees. For the stakeholders.**



Miba is in China ... because the Asian market has enormous potential for our products.

My role in MPCC is to ... pass along my many years of experience to the employees.

Work at MPCC that spans generations is ... an exciting job that is fun and also challenging.

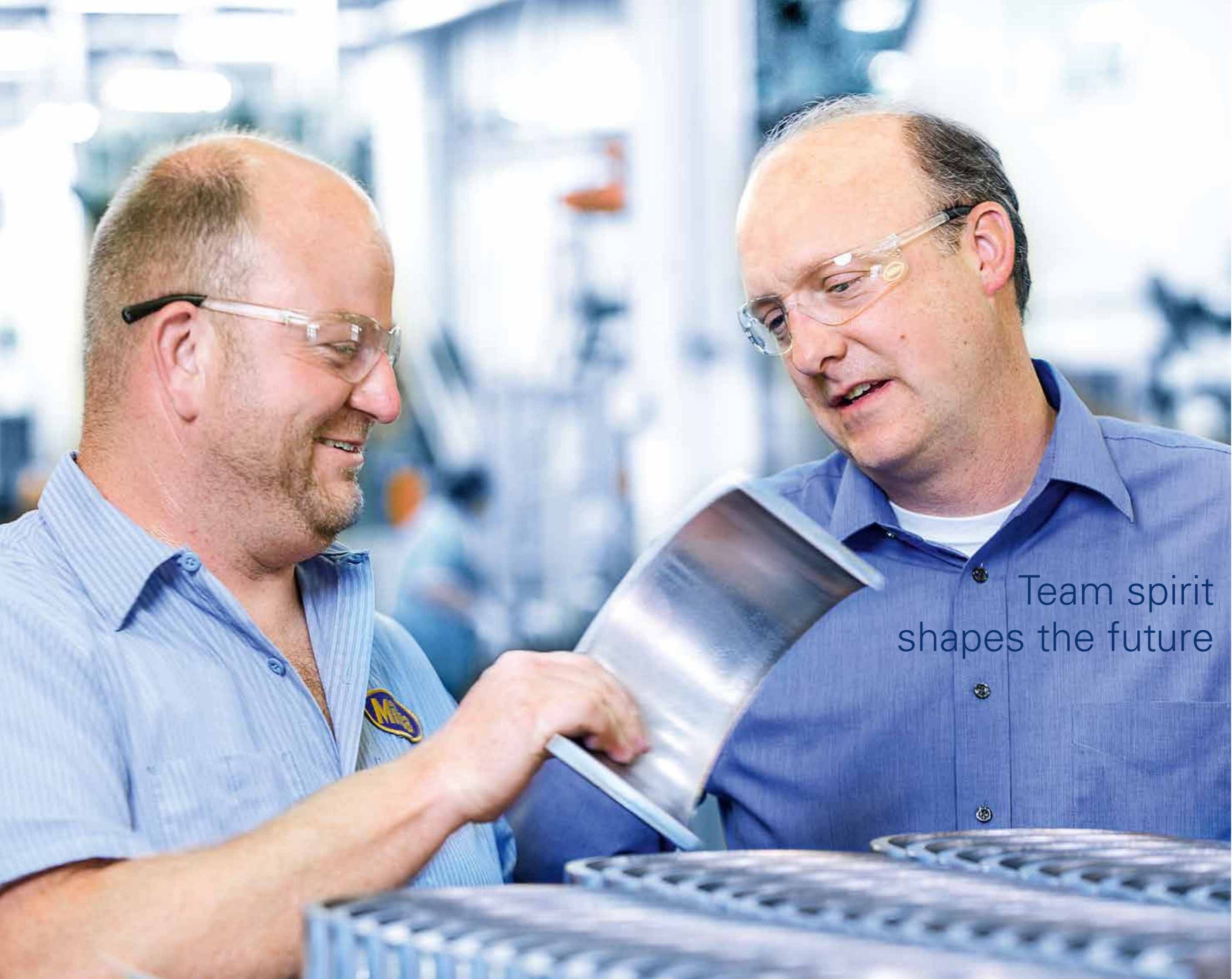
## Peter Pinaucic

Work at Miba ... is full of possibilities and opportunities.

In my professional life, I want to ... continue to learn, grow with the Company and always improve.

In the future, I hope to ... continue on the path of success both professionally and for my family.

## Simon Ling



Team spirit  
shapes the future

MIBA HAS HAD A PRESENCE IN THE USA SINCE 1989; TODAY, MIBA IS SUPPORTING THE RAIL, AIRCRAFT, AUTOMOTIVE AND ENGINE INDUSTRIES AS A RELIABLE PARTNER AS THEY DEVELOP AND MOVE FORWARD. RICK WALKER (45) AND ROB ELLIS (34), WHO ARE VERY COMMITTED TO IMPLEMENTING SOLUTIONS FOR CUSTOMERS, PROVE HOW VITAL TEAMWORK AND CROSS-GENERATIONAL COOPERATION ARE TO THIS.

# Making the impossible possible

A NEW CHAPTER BEGAN FOR RICK WALKER (45) WHEN HE STARTED HIS WORKING LIFE AS A YOUNG ENGINEER AT THE MCCONNELLSVILLE SITE ON GRADUATING FROM UNIVERSITY 22 YEARS AGO. SINCE THEN, HE HAS DEVELOPED A NUMBER OF SOLUTIONS WHICH HAVE GIVEN MIBA AN EDGE. ROB ELLIS (34) HAS LIVED THROUGH THE TECHNICAL ADVANCES OF THE LAST 14 YEARS. AS A MACHINE CELL OPERATOR, HE IMPLEMENTS PRODUCTION IMPROVEMENTS AND CARRIES A LOT OF RESPONSIBILITY TO ENSURE THAT CUSTOMER EXPECTATIONS ARE MET.

Rick Walker loves to initiate things and start new projects. He enjoys working on cars, has already made some wooden furniture for his house and has, in the interim, acted as a baseball and football coach for his children. After graduating from the renowned Purdue University in Indiana, starting work at Miba's McConnellsville site, which at the time was still part of Glacier Clevite, was a key career move. That was 22 years ago. Rick was appointed as a product engineer in the engine bearings plant in McConnellsville. What followed were two decades of commitment, varied assignments and innovative solutions.

Today, Rick is Site TEC Manager at Miba Bearings US LLC. In this function, he manages the metallurgy laboratory and oversees the application and design engineers. The team works together with major customers on new engine developments, new materials and new manufacturing techniques – especially casting processes and coatings. "Nobody can provide better production information than the production worker who makes the parts day in day out," the 45-year-old praises his colleagues. Since he himself used to work as a process engineer, he has a good rapport with the production team. He has developed a sound understanding of the principles used to manage Miba Bearings US from talking to experienced and long-standing employees, some of whom have been with the Company for decades. Rick says he is still learning new things every day, even after 22 years.

The smart engineer, who is also a trainer at the Miba Bearing Engineering Academy, has been told by sceptics that "this is impossible" on a number of occasions. He recounts that he is always particularly delighted when he is able to prove that something was possible after all. Over the years, he has developed innovative manufacturing solutions, which have, for example, enabled the production of tapered land thrust washers and profile lobed turbo bearings on a standard CNC machine. Rick cuts to the chase, "One doesn't always have to spend millions of dollars on new machines to solve a problem. Sometimes clever programming is enough."

## Translating ideas into production

Developing a new process is one thing. However, knowledge and diligence must also be applied in practice. This is why Miba has talented production workers, one of which is Rob Ellis. The 34-year-old joined Miba's



Miba teams cooperate closely, from the ideas stage right through to implementation. For Rick Walker and Rob Ellis it goes without saying that they tackle projects together and share their knowledge of development and production. This is how Miba develops solutions which ensure customers a long-term advantage.



McConnellsville site 14 years ago when it was still being run by Miba's predecessor, Federal Mogul. Since then, he has been involved in many projects; he is very well versed in the customers' requirements. That these customers also include the world's largest vehicle and construction machinery manufacturers makes the dedicated machine cell operator extremely proud. As an operator, he has mastered the most advanced machinery and is responsible for ensuring that the parts being produced are in line with customer requirements. It's his eye for detail and motivation to deliver the best quality which distinguishes Rob.

The machine operator can well remember his early days with the Company. At that time he had been looking for a permanent job and was given an opportunity at Miba. The team gave him a warm welcome and he was inducted into his work in special training sessions. The fact that he had already had machining lessons at school of course made the start easier. Rob continued to acquire new knowledge in the years that followed. "Requirements and processes keep changing. It was interesting to experience these developments first-hand," reports Rob. During all these years he has of course also worked together with Site TEC Manager Rick Walker on various projects. "We have an open dialog with the engineers," says Rob. He values the commitment and team spirit of his colleagues and thinks it's positive that there is a varying age range among Miba employees. Everyone makes a contribution and works together to find a solution.

It is important to both Rob and Rick to find time for their families outside of work. Rob is the proud father of two daughters; Rick has two sons and one daughter. Eric and Michael have one thing in common with their father: a growing interest in technology. The cross-generational success story continues ...

**Miba lives cross-generational responsibility.  
For the employees. For the stakeholders.**

Working at Miba means ... *that I can work with some of the best mechanical engineers in the world.*

It is important for my career ... *that I have challenging tasks and colleagues who can get me even more interested.*

For Miba, cross-generational thinking and acting means ... *that Miba can grow even stronger through the different talents and knowledge of the generations who work here.*


## Rick Walker

For me, working at Miba means ... *choosing my professional career and caring for my family.*

Miba gives me the freedom ... *to always keep learning more.*

Miba is thinking of the next generation ... *because it is the future of our Company.*

## Rob Ellis

A photograph of a modern office interior. On the left, a large white wall curves around a corner. To the right, a large window with horizontal blinds looks out onto a city skyline. The floor is a light-colored, polished surface. The text is overlaid on the right side of the image.

“WHEN WE ADAPT TO THE  
DYNAMICS OF OUR ENVIRONMENT,  
CONTINUE TO DEVELOP OUR  
POTENTIAL AND GROW AS A RESULT,  
MIBA WILL BE UNSTOPPABLE IN THE  
FUTURE.”

(F. PETER MITTERBAUER, 2014)

# Management Report

# Miba investor relations

## Miba preferred shares: upward price correction, continued low trading volume

The price of Miba preferred shares rose significantly during the past fiscal year. Miba shares closed at EUR 338.00 at the year end and thus 48.2 percent above the price on February 1, 2013. The price rise in the past year corrected the undervaluation of the securities in relation to their profitability. As of January 31, 2014, at 8.59 (January 31, 2013: 5.93), the price-earnings ratio for Miba shares was in a range in which many other ATX securities were also being traded. Earnings per share for the past fiscal year amounted to EUR 39.37 (January 31, 2013: EUR 38.44).

The shares peaked at EUR 374.00 on December 9, 2013, and thereafter declined slightly.

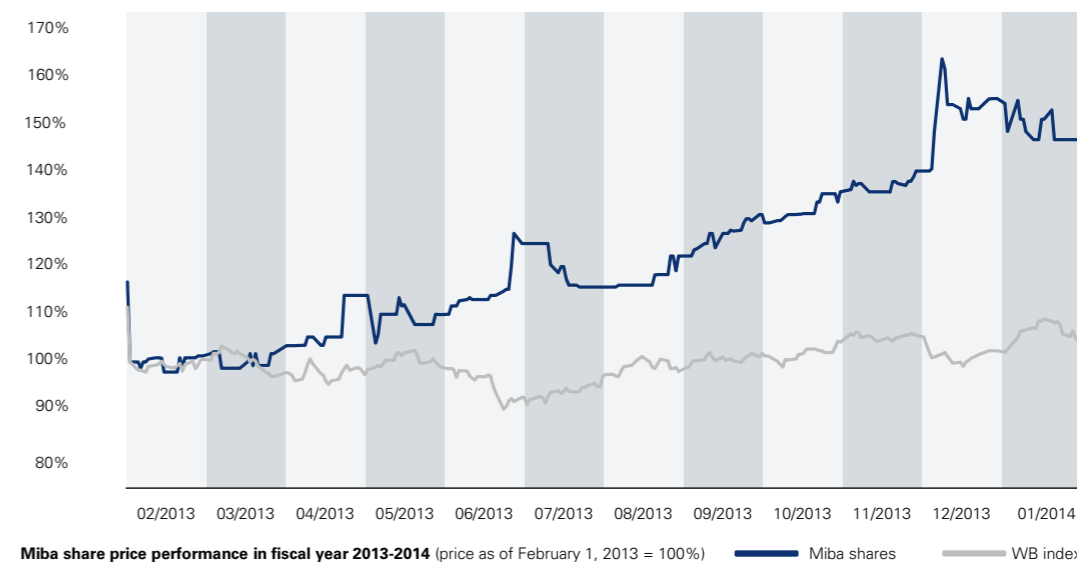
Miba share trading volumes were already very low in previous years and once again declined significantly in the past fiscal year. Only 12,471 shares – including shares repurchased by the Company itself – were traded on the Vienna Stock Exchange in the past year. This equates to a year-on-year reduction in trading volume of nearly 50 percent (previous year: 24,732 shares). Therefore, only 4.2 percent of issued preferred shares were traded during the year as a whole.

## Buyback of own shares

At the 27th Annual General Meeting of Miba Aktiengesellschaft on June 28, 2013, the Company was authorized in accordance with section 65 (1) 8 of the Austrian Stock Corporation Act (AktG) to carry out a general buyback of own shares (category B preferred shares) up to a maximum of ten percent of the Company's share capital from July 1, 2013, for the duration of 30 months. The buyback may take place in any legally permissible, appropriate manner, in particular also over the counter and from individual shareholders who are willing to sell (negotiated purchase).

In the past fiscal year, 10,895 shares were repurchased under the share buyback program. An up-to-date overview of all share buyback programs is available to all interested parties on the Company website at [www.miba.com](http://www.miba.com). At the January 31, 2014, reporting date, 92,444 own shares (previous year: 81,549) had been repurchased at an average price of EUR 153.84 per share. This equates to 7.11 percent of the share capital.

Miba's share capital is EUR 9.5 million and is divided into 1,300,000 no-par value shares. The no-par value shares are split into 870,000 ordinary shares, 130,000 category A preferred shares and 300,000 category B preferred shares. Category A preferred shares do not have any voting rights, but have the right to be converted into ordinary shares upon relinquishment of preferential rights. Category B preferred shares neither have voting rights nor the right to be converted into ordinary shares. Mitterbauer Beteiligungs-AG holds 76.92 percent of the shares. At the reporting date, institutional and private investors held 15.97 percent of the shares. Miba AG holds 7.11 percent of the share capital as treasury shares.



## Dividend for 2013–2014

Miba AG's Management Board will propose a dividend of EUR 8.00 per ordinary and preferred share at the Annual General Meeting on June 27, 2014. With a share price on the reporting date of EUR 338.00 (January 31, 2014), this equates to a dividend yield of 2.37 percent. The EUR 8.00 dividend per share equates to a payout ratio (expected dividend payment divided by profit after tax [EAT]) of 19.28 percent.

## Corporate bond as an attractive investment opportunity for investors

On February 27, 2012, Miba issued a seven-year bullet bond with a principal amount of EUR 75 million at an interest rate of 4.5 percent p.a. With this bond, Miba provided its investors with an attractive investment opportunity, which, at EUR 106.25 on January 31, 2014, was trading at a price that was significantly above the issue price.

# Economic conditions

## Global economy

2013 was a year when the easing of tension in the global economy was fragile. The euro crisis did not escalate further. While the problems of government debt persist, there was no further speculation against the euro or euro countries, and the euro even experienced a slight appreciation. In 2013, the euro appreciated against the US dollar by 4.52 percent and against the Chinese Renminbi by 1.56 percent.<sup>1</sup> Furthermore, the expansionary monetary policies of the US Federal Reserve and the European Central Bank have led to lower interest rate levels in the economic areas concerned. The base rates of both central banks are still below 0.5 percent, which is intended to encourage the willingness of private individuals and companies to invest.

In 2013, the global economy grew by 3.0 percent compared to the previous year. Although some emerging markets and developing countries had to combat structural problems in 2013, they still made an above-average contribution to global growth with a growth rate of 4.7 percent. China remains the most important growth driver with growth of 7.7 percent. With a growth rate of 4.4 percent compared to 2012, India recorded a renewed growth spurt (2012: 3.2 percent). In the USA, growth was 1.9 percent. The eurozone again performed weakly in 2013 in line with forecasts and shrunk once again by 0.4 percent.<sup>2</sup>

For 2014, the IMF is forecasting average global growth of 3.7 percent. In addition to emerging markets with a forecast growth rate of 5.1 percent, industrialized nations with an expected growth of 2.2 percent in 2014 will make a greater contribution to the positive performance of the world economy than in past years. China once again remains the growth driver in emerging markets, whereby its growth rate, at 7.5 percent, is anticipated to be 0.2 percentage points lower than in 2013. This is, among other things, attributable to an unexpectedly strong, but unsustainable performance in the second half of 2013 mainly due to accelerated investments. Growth in the industrialized nations is also, among other things, based on an expected recovery in the eurozone with 1.0 percent growth. 2.8 percent growth is being forecast for the USA. Overall, the stability of the global economy has not been secured in the long term, which manifested itself in the speculation against emerging market currencies (India, Turkey, South Africa) towards the end of 2013, among other things.

## Sector performance

The performance of the markets which are of relevance to Miba was extremely inconsistent in 2013 and difficult to predict. Those sectors which had experienced a substantial slowdown from the second half of 2012 onward also remained at a low level in 2013. On the other hand, geographically, sales markets in the USA performed markedly better than expected. Furthermore, the global passenger vehicle market exceeded expectations.

In 2013, global production of passenger vehicles and light commercial vehicles (vans) rose by 3.7 percent to 83 million vehicles (previous year: 80 million). Performance in geographic markets varied considerably in some cases. Production of passenger vehicles and light commercial vehicles stagnated in Europe in 2013 compared to the previous year at a level of 19.4 million new vehicles. The US automotive market continued to perform

positively. With almost 10.8 million new passenger vehicles and light commercial vehicles, production in the USA exceeded the prior-year level by 7.2 percent. China remains the largest-ever market in the world with 20.1 million new vehicles, recording year-on-year growth of 15.3 percent in 2013. Prior-year growth did not continue in India; compared to 2012, the number of passenger vehicles and light commercial vehicles produced declined by 5.1 percent to 3.7 million new vehicles in 2013.<sup>3</sup>

Performance in the heavy truck market (over 16 tons) was also inconsistent. In Europe, around 14 percent fewer heavy trucks were produced in 2013 than in the year before. However, the number of new registrations in the EU compared with 2012 rose by 8.6 percent. In the USA, production numbers for heavy trucks declined by 6 percent. The worst performance was in India, where 32.5 percent fewer heavy trucks were produced in 2013 than in the year before. China, the world's largest market, however, performed positively with an increase of 10.4 percent.<sup>4</sup>

Global markets for agricultural equipment (primarily tractors and harvesters) continued their stable performance thanks to good prices for agricultural products. Production numbers in Europe continue to rise and reached new record levels in 2013. At the same time, the USA and China are performing well, so that Europe's relative market share is declining.<sup>5</sup> After a weak 2012, the largest market for tractors, India, once again performed positively in 2013.

The weakness in the ship market, which began in the previous year, also persisted in 2013. Only special ships and passenger ships have been showing slight signs of recovery since the second half of 2013. From the summer of 2013 onward, the power electronics market showed definite signs of stabilization, with the semiconductor market growing by 4.4 percent in 2013.<sup>6</sup> At the same time, demand for electricity from renewable energy sources, where semiconductors play a decisive role, continued to increase. The market for wind energy, for example, made further gains. In 2013, global capacity reached 318 gigawatts – a 12.4-percent increase compared to 2012.<sup>7</sup>

<sup>1</sup> See <http://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html>, last accessed: March 26, 2014

<sup>2</sup> See International Monetary Fund (IMF), World Economic Outlook Update, January 2014

<sup>3</sup> See International Organization of Motor Vehicle Manufacturers (OICA): World Motor Vehicle Production by Country and Type 2014, Cars, Light Commercial Vehicles: <http://oica.net/category/production-statistics/>, last accessed: March 26, 2014

<sup>4</sup> See European Automobile Manufacturers' Association (ACEA), Commercial Vehicle Registrations in the EU: <http://www.acea.be/press-releases/article/commercial-vehicle-registrations-1.0-in-2013-34.7-in-december>, last accessed: March 27, 2014, and OICA: World Motor Vehicle Production by Country and Type, 2012, Heavy Trucks: <http://oica.net/category/production-statistics>, last accessed: March 26, 2014

<sup>5</sup> See European Agricultural Machinery (CEMA): 2013 another strong year for the European agricultural machinery industry, <http://www.cema-agri.org/publication/2013-another-strong-year-european-agricultural-machinery-industry>, last accessed: March 26, 2014

<sup>6</sup> See World Semiconductor Trade Statistics: WSTS Semiconductor Market Forecast, Autumn 2013

<sup>7</sup> See Global Wind Energy Council: Global Wind Statistics 2013

# Income statement and balance sheet analysis

## STRENGTHENED POSITION FOR NEW CHALLENGES

### Revenue and income position

As a strategic partner to the international engine manufacturing and automotive industries, Miba was able to strengthen or maintain its market position in its core markets despite market developments which were at times very challenging. Considering the slowdown in the markets in important segments (ships, large diesel engines, energy) compared to the whole of 2012–2013 as well as negative currency effects, Miba can look back at a very satisfactory year in which the prior-year results were slightly exceeded in most respects. Thus, Miba emerges even stronger from an earnings consolidation phase at record level and is very well placed to exploit the opportunities for growth and meet the challenges of the next few years.

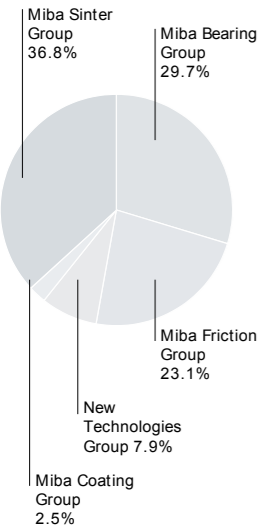
In fiscal year 2013–2014, the Miba Group generated revenue of EUR 610.2 million. This equates to a slight increase year on year of EUR 3.6 million, or 0.6 percent. Revenue was thus confirmed at record levels despite the challenging market trends. Unlike in the previous year, growth in fiscal year 2013–2014 was entirely organic (1.5 percent), while foreign currencies had a negative effect of –0.9 percent.

### Miba divisions

Reflecting the differing environmental conditions, Miba’s divisions presented a very heterogeneous picture in fiscal year 2013–2014: The Miba Sinter Group achieved another year of marked organic growth (6.5 percent), making it Miba’s largest division by far in fiscal year 2013–2014. The Miba Bearing Group recorded a significant decline in revenue (9.4 percent) due to the considerable slowdown in core markets. In fiscal year 2013–2014, the Miba Friction Group was able to strengthen revenue levels, which had been markedly increased in the last few years mainly as a result of effects from acquisitions, through organic growth of 3.4 percent. Although markets continue to be very restrained, the New Technologies Group recorded growth of 4.0 percent.

The Miba Sinter Group achieved revenue of EUR 224.4 million, or 36.8 percent of Group revenue, in the past fiscal year. The Miba Bearing Group generated revenue of EUR 181.3 million, which equates to 29.7 percent of Group revenue. Revenue of the Miba Friction Group amounted to EUR 140.7 million in the past fiscal year, contributing 23.1 percent to Group revenue. The New Technologies Group generated revenue of EUR 48.5 million, or 7.9 percent, of total revenue. The remaining EUR 15.2 million are attributable to the “Other” division.

Share of revenue by division



Miba operates more than 20 production sites on three continents and is thus close to its customers in the most important commercial centers of the world. Miba generates 62.6 percent of its revenue in the traditional European sales market. Positions were further strengthened in the strategic growth markets of North America (19.0 percent of revenue) and Asia (14.6 percent of Group revenue).

In terms of earnings quality, fiscal year 2013–2014 was basically quite satisfactory. Consolidated profit before interest and tax (EBIT) reached EUR 70.2 million. This equates to an increase of 0.4 percent compared to the previous year (EUR 69.9 million). Earnings quality was thus maintained despite negative effects from rising personnel costs and slightly increased depreciation resulting from the expansion in capacity over the last few years. At 11.5 percent, the EBIT margin of the past fiscal year was roughly at the prior-year level (11.5 percent). Profit before interest, tax, depreciation and amortization (EBITDA) amounted to EUR 108.8 million in the past year (previous year: EUR 107.6 million).

Consolidated profit before tax (EBT) of EUR 66.7 million also rose slightly compared to the previous year (EUR 65.5 million). After deducting income tax expenses of EUR 16.6 million, consolidated profit after tax (EAT) amounted to EUR 50.1 million (previous year: EUR 48.6 million).

### Assets, liabilities and financial position

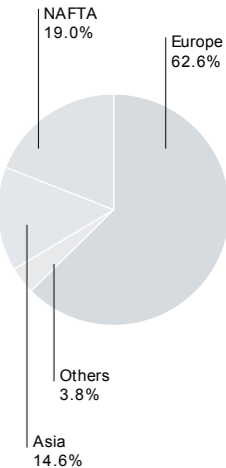
Total assets increased from EUR 600.3 million to EUR 640.1 million in the past fiscal year, mainly because capital expenditure significantly exceeded the level of depreciation (increase in property, plant and equipment of EUR 34.4 million). Non-current assets thus rose by EUR 27.2 million, or 9.5 percent, to EUR 313.4 million. Non-current assets as a percentage of total assets increased slightly from 47.7 percent to 49.0 percent. The asset cover ratio (equity as a proportion of non-current assets less deferred tax assets) increased from 112.2 percent to 112.7 percent.

Investments in intangible assets and property, plant and equipment amounted to EUR 68.1 million (previous year: EUR 51.0 million). This includes non-cash capital expenditure from finance leases of EUR 6.2 million.

Miba’s financial independence was once again significantly strengthened in all respects in fiscal year 2013–2014. The Group continues to have a very high level of liquidity. Cash and cash equivalents were EUR 119.5 million (previous year: EUR 118.0 million). As of January 31, 2014, the Miba Group reported an excess of financial assets over net debt (net debt less [current and non-current] financial assets, excluding securities to cover pension provisions) of EUR 48.1 million (January 31, 2013: excess of financial assets over net debt of EUR 31.3 million). The positive performance arose as a result of another year of stringent cash flow and, in particular, working capital management.

In the past fiscal year, consolidated equity (including minority interests) increased by 10.6 percent, or EUR 33.6 million, to EUR 349.6 million (previous year: EUR 316.0 million). Treasury shares amounting to EUR 14.2 million (previous year: EUR 11.1 million) were recognized directly in equity. Consolidated profit after tax (EAT) of EUR 50.1 million was offset by dividend payments of EUR 10.1 million, currency translation losses

Share of revenue by market



# Disclosures in accordance with section 243a (1) of the Austrian Commercial Code (UGB)

of EUR 0.8 million recognized directly in equity, and actuarial losses of EUR 1.1 million, also recognized directly in equity.

The equity ratio was 54.6 percent. This represents an increase of 2.0 percentage points compared to the previous year (52.6 percent). After only two years, the Miba Group has therefore once again almost achieved the equity ratio which existed before the bond issue increased total assets.

Cash flow from operating activities amounted to EUR 103.2 million (previous year: EUR 116.6 million). Free cash flow (cash flow from operating activities less cash flow from investing activities in property, plant and equipment and intangible assets, taking account of the acquisition of newly consolidated companies) amounted to EUR 37.7 million, or 6.2 percent of revenue, in the past fiscal year.

In EUR million	2013–14	2012–13
Revenue	610.2	606.6
EBT	66.7	65.5
Cash flow from operating activities	103.2	116.6
Equity	349.6	316.0
Equity ratio in %	54.6	52.6

**Section 243a (1) 1 UGB**

Miba AG's share capital is EUR 9.5 million. The share capital is divided into 1,300,000 no-par value shares. Of these, 870,000 are ordinary shares (66.92 percent of share capital), 130,000 are category A preferred shares with no voting rights, but with a right to be converted into ordinary shares upon relinquishment of preferential rights (10.00 percent of share capital), and 300,000 are category B preferred shares with no voting rights and no right to be converted into ordinary shares (23.08 percent of share capital). Each no-par value voting share entitles the holder to one vote at the Annual General Meeting. As of January 31, 2014, Miba AG held 92,444 treasury shares (previous year: 81,549).

**Section 243a (1) 2 UGB**

Miba AG is not aware of any restrictions on voting rights and their transfer, including restrictions arising from shareholder agreements, other than those relating to the preferred shares.

**Section 243a (1) 3 UGB**

As of January 31, 2014, Mitterbauer Beteiligungs-AG held a direct interest of 76.92 percent in Miba AG. 15.97 percent of Miba shares were in free float. At the reporting date, Miba AG's holding of treasury shares amounted to 7.11 percent of the share capital.

**Section 243a (1) 4 UGB**

There are no Miba shares with special rights of control.

**Section 243a (1) 5 UGB**

There are no employee share-based payment plans in the Miba Group.

**Section 243a (1) 6 UGB**

There are no provisions in the Articles of Incorporation that go beyond the legal provisions concerning the appointment of the Management Board and Supervisory Board or amendments to the Articles of Incorporation.

**Section 243a (1) 7 UGB**

As of January 31, 2014, Miba AG's Management Board did not possess any authority beyond the authority granted to it in law to issue or buy back Miba AG shares.

**Section 243a (1) 8 UGB**

The 76.92-percent interest held by Mitterbauer Beteiligungs-AG precludes a change of control based on shares in free float.

# Risk report

**Section 243a (1) 9 UGB**

Because of the preceding paragraph, there are also no compensation arrangements between Miba AG and the members of its Management Board and Supervisory Board for the event of a public takeover bid.

**Branches**

No branches were maintained in the reporting period.

As an international company, Miba serves different industrial sales markets and customers and is exposed to general and industry-specific risks in its daily business.

Proven risk management instruments are used to deal with these risks, their main objective being to recognize emerging risks early in order to initiate countermeasures quickly and effectively.

The Management Board has overall responsibility for risk management and receives regular information on the risk position from the Group Management Accounting and Corporate Finance departments. Risk management is further integrated into the management structure via the planning system and via detailed reporting and information systems with the appropriate delegation of authority.

**Significant risks and uncertainties**

The following risks have been identified as significant risks for Miba (not a complete list):

**Economic risk**

The Miba Group divisions with the strongest revenue develop and manufacture components which are mainly used in power trains for motor vehicles, trucks, ships, trains, wind power plants, construction machinery and agricultural equipment. Demand for Miba Group products therefore depends to a large extent on the demand for these products, which can be strongly cyclical. The general economy, which is currently volatile throughout the world, and the financial markets are other relevant factors. After the general economic crisis in 2009, fiscal years 2010–2011 and 2011–2012 were characterized by an upturn for Miba. The decisions taken during the general crisis – to keep focusing on high technology and to continue a substantial level of investment in internal research and development – have produced, and are still producing, results with the launch of new products and applications and the increase in relevant market share. As in the previous year, the cycles inherent to Miba’s markets were apparent in many areas in fiscal year 2013–2014. Call-off orders from customers at short notice continue to necessitate a high degree of organizational flexibility so as to be able to meet the demand. Moreover, customer demand profiles and production programs are becoming ever more global, which increases inherent risk.

**Competition and portfolio risk**

Miba is pursuing the long-term strategy of significantly reducing its dependence on individual industries by broadening its product portfolio. On the one hand, this has happened with the expansion of the divisions in which Miba operates: With the New Technologies Group, Miba’s fourth division, which was set up in 2010–2011, the Company is opening up and developing new lines of business which are primarily relevant for applications in the fields of power generation, storage and transmission. On the other hand, the aim within the individual divisions is to develop new areas of application.

**Product and quality risk**

Miba Group products require a high level of knowledge of the materials being used, as well expertise in application and process engineering. Throughout the Group, Miba operates uniform, systematic quality management which is embedded in the Group-wide Business Excellence and Zero Defect initiatives. Despite Miba's systematic and efficient approach, cases of liability cannot be entirely ruled out. Defective product and component design or defects in the materials used, the use of unsuitable material or production errors may result in compensation payments or product liability claims against Miba Group companies.

The globalization of customer programs mentioned earlier ("global platform strategy") increases the potential level of liability risk in individual cases. Miba mainly operates as a component supplier; in most cases, it does not bear any responsibility for the design of the systems into which the components are incorporated. Miba has comprehensive insurance cover in place that is customary in the sector, although a residual risk remains concerning the level of insurance cover and claims that are not covered by insurance.

**Personnel risk**

The success of the Miba Group is to a large extent dependent on key individuals with long-standing experience in the Miba Group divisions. Systematic personnel development and a performance-based remuneration system are important means for retaining qualified and motivated employees in the Group.

Internal programs to promote and develop key personnel, such as the Miba Management Academy, the Miba Leadership Academy or the apprenticeship training program, ensure that the expertise of our employees is preserved and increased. Periodically conducted employee surveys are used to identify potential for improvements. Flexible organizational structures and corresponding working time models are needed in order to meet changing market conditions.

**Financial risk**

Adequate and cost-effective securing of liquidity and the associated financial independence have always been a core strategy of the Miba Group and have proved to provide a competitive advantage especially in the last few years of increasing volatility in the financial markets. To strengthen its liquidity, Miba issued a seven-year bullet bond with a total volume of EUR 75 million in February 2012. Credit risk, which is already manageable as a result of the good creditworthiness profile of Miba's customers, is generally limited by taking out credit insurances (with a couple of exceptions, mostly due to geographical considerations). In this connection, the creditworthiness of new and existing customers is also reviewed on an ongoing basis. Derivative financial instruments are also used in addition to standard futures contracts to manage and limit interest rate and currency risk.

The Miba Group has branches and subsidiaries in countries outside the eurozone, in particular in the United Kingdom, the USA, China, Brazil and India. A considerable proportion of revenue and costs is invoiced not in euros, but in the currencies of the respective national companies or in US dollars. Currency fluctuations may result in exchange rate losses in the consolidated financial statements (transaction risk). Furthermore, risks arise from the translation of foreign single-entity financial statements into the Group currency, i.e., the euro (translation risk). The foreign currency risk within the Group is primarily concentrated on the euro/US dollar exchange rate, although the gradual expansion of the business in China and North America is resulting in an increased natural hedge.

**Risk of losses**

The assets of the individual companies are insured across the Group with uniform Group policies. Losses which may arise as a result of business interruptions after natural disasters are also covered. In addition to these insurances, the remaining risks are mostly covered by Group-wide liability and goods-in-transit insurances.

**Overall risk**

The Miba Group's identified risks are manageable and are hedged appropriately. From today's perspective, there are no risks to the continued existence of the Company as a going concern.

**Significant characteristics of the accounting-related internal control and risk management system**

Under section 82 of the Austrian Stock Corporation Act (AktG), the Management Board is responsible for establishing and designing an internal control and risk management system for the financial reporting process which is appropriate to the Company's requirements.

**General principles**

The following statements apply equally to the single-entity and the consolidated financial statements of Miba AG.

Miba's accounting-related internal control and risk management system serves to ensure proper and reliable financial reporting.

In order to better meet the increased demands on the internal control and risk management system, Miba established its own Internal Audit unit in fiscal year 2012–2013. This unit reports directly to the Chairman of the Management Board and the Chairman of the Audit Committee, and supports the Management Board and the

Managing Directors of the individual companies in their efforts to take adequate account of the demands on the Internal Control System (ICS).

The Management Board and the Audit Committee established by the Supervisory Board are provided with information about the accounting-related internal control and risk management system on a regular basis. A Group-wide accounting-related risk management and ICS report is submitted to these bodies once a year.

If significant control weaknesses have been identified and the resulting effects on the consolidated financial statements are material, they are presented in the Group report.

**Organization of financial reporting**

The Finance department in Laakirchen reports directly to the Chief Financial Officer and is responsible for the consolidated financial statements of the Miba Group. The financial statements of the individual companies are consolidated in Laakirchen; the IFRS financial statements of the foreign subsidiaries are audited in the respective countries and then transmitted to Group headquarters. Established consolidation software is used by the central Corporate Finance department to perform the consolidation and to prepare the consolidated financial statement data for external reporting.

Uniform Group-wide guidelines, such as, for example, the mandatory financial reporting timetable, a Group-wide accounting manual, signature regulations, regulations on the segregation of functions, etc., are prescribed centrally by Miba AG. Implementation is decentralized and is carried out by those with local responsibility.

The consolidated financial statements of the Miba Group are prepared in accordance with IFRSs and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) which have been adopted by the European Commission for application in the EU by the end of the reporting period and the application of which is mandatory as of the reporting date. Employees responsible for the application and implementation of current IFRSs attend IFRS training courses and updates during the course of the year so as to ensure IFRS-compliant reporting.

All material companies that are consolidated prepare their single-entity financial statements in the centrally maintained Group SAP accounting system, taking account of uniform organizational specifications. The automated as well as manual specifications and controls which, by means of this system, are integrated throughout the Group ensure that transactions are already being recorded and documented at the individual company level in full, in a timely manner, correctly and in the period in which they arise.

In order to ensure that material financial statement items are complete, an ongoing exchange of information takes place with the relevant departments. If required, external experts are consulted so as to avoid errors of judgment.

The Management Board, the Supervisory Board and management are responsible for the Company-wide monitoring of the financial reporting function. Control measures range from the review of the periodic income statements and financial reports provided on a monthly and quarterly basis by Management Accounting and Corporate Finance to the critical evaluation of documents intended for publication by the Management Board and the Supervisory Board.

# Research & development

## MIBA TECHNOLOGY FOR FUTURE GENERATIONS

Miba's technology leadership is the basis for its profitable growth. As a true development partner, Miba develops customized solutions in close cooperation with customers. Miba researches materials and processes for the development and manufacture of components for more efficient power trains. Alternative power trains and trends in power generation, conversion and use are creating future opportunities for Miba. In this respect, its particular expertise – regardless of the division – lies in its know-how and in years of experience in application engineering, materials and highly efficient production processes.

Miba secures its competitive edge through substantial investments in research and development. In fiscal year 2013–2014, Miba invested EUR 26.7 million in R&D. This equates to 4.3 percent of total revenue. 222 employees overall (FTE) were employed in this area throughout the Group. In the past fiscal year, the development outcomes were protected with 17 new patent applications. Currently, the Miba Group holds 214 valid patents. In-house R&D work is supplemented by cooperation with universities and research institutions.

### Improved bearing designs for increasingly demanding requirements

**The results**  
of the Miba Bearing Group  
are presented on page 67.

Manufacturers of high-performance diesel and gas engines are confronted with the use of alternative fuels and more efficient combustion systems as well as a rapidly changing market environment accompanied by increasing environmental requirements. As a specialist in engine bearings, the Miba Bearing Group partners with engine manufacturers, from bearing design and materials development to application engineering.

In the past fiscal year, one focus for development was on the expansion of the applications and products for high-performance gas engines and large four-stroke engines. Thus, the Miba Bearing Group was reacting to the increasing trend towards gas engines, which, on the one hand, is attributable to advantages for emissions legislation and, on the other hand, – in the USA – to the large amount of available gas. Engine bearings reduce the probability of failure on engine start-up to a minimum and thus increase engine service life many times over.

Another focus was on the development of robust and fail-safe high-performance bearing designs. In addition to previous demands for increased performance, engine manufacturers are also increasingly demanding robust bearing arrangements. This means that bearing systems do not suffer lasting damage from disturbances such as dirt after installation or service, temporarily insufficient or absent oil levels and associated overheating.

In addition, the Miba Bearing Group R&D teams are working on new engine bearing applications for transmissions in, for example, gas turbines and wind power plants. These development projects are intended to prepare for a potential broadening of the engine bearing market into adjoining areas.

In addition to these specific product enhancements, basic work was also conducted on new high-performance coatings, materials and material production processes with the aim of reducing costs while maintaining the same bearing life span.

Moreover, engine and transmission simulation systems were enhanced in fiscal year 2013–2014 so as to meet the demand from our development partnerships with our customers. New tools are now available for numerical simulation which are used for bearing design, for the analysis of unexpected conditions that bearings may be subjected to and also to design new applications. Enhanced test programs to depict the actual conditions in engines and transmissions are an additional offering in specific customer projects.

### Global development competence in the Sinter division

As the technology leader for powder metallurgy applications, the Miba Sinter Group is facing increasing challenges from the international automotive industry. Its customized sintered products contribute substantially to efficiency improvements and fuel savings. With its specific R&D work, the division is not only reacting to the shorter development times and rising price pressure among customers as well as the ever-increasing requirements for noise reduction, comfort and running smoothness, but also to the call for power trains with greater energy efficiency.

**The results**  
of the Miba Sinter Group  
are presented on page 66.

In order to meet these requirements in the best possible way and uniformly all over the world, the Miba Sinter Group not only invested in specific R&D projects in fiscal year 2013–2014, but also in training measures to deepen the knowledge of how sintered components work in respective applications and in the development of clearly formulated, easily measurable and globally implementable process standards. At the same time, the international development team was strengthened, restructured and brought together into a closer network.

Another focus was on the numerical simulation of manufacturing processes which helps visualize technical process details and thus make them more reproducible. From this, fundamental insights are gained for robust process management, which further increases the reliability of our products. In the past fiscal year, we were for the first time able to depict the core powder press process and the induction hardening process of sintered components in simulation calculations.

Furthermore, the Miba Sinter Group's R&D team is continuing its search for new applications in promising business lines in the area of electromobility. By building up a network of experts, it was possible to bring together all the necessary competencies to produce small batches for specific applications in which the advantages of soft-magnetic sintered materials come into their own. Soft-magnetic sintered components and modules for electrical machines are characterized by high power density and are likely to be used in the future in, for example, hybrid and electrical drives, and in particular in electrically powered auxiliary components.

During the past fiscal year, a number of sinter technologies that had been developed in past years were implemented in actual customer projects. Of particular note are low-noise gear drives for use in new three-cylinder and four-cylinder engines, new sintered materials for heavy-duty synchronization systems in modern manual transmissions that are used globally, and highly efficient modules for on-demand all-wheel drives which contribute significantly to a reduction in fuel consumption.

Friction systems for greater efficiency and lower emissions

The Miba Friction Group develops and manufactures technologically demanding clutch and brake components. In doing so, the R&D team focuses on developing components that are increasingly smaller, lighter and capable of delivering even better performance. With its development work, the Miba Friction Group is responding to the growing demands in relation to driving dynamics and safety, increasing comfort requirements for clutches and rising pressure to reduce CO<sub>2</sub> emissions in passenger vehicles.

In fiscal year 2013–2014, one focal point of the Miba Friction Group’s research was to continue development activities for dry clutch systems for trucks and passenger vehicles. Working in close cooperation with customers, solutions were developed to optimize the clutch disc and damper system in response to the demand for more comfortable clutches. Serial production commenced in fiscal year 2012–2013. The new **Pro Control Sinter (PCS®)** product line is characterized by its ideal combination of classic sintering and organic technology features; it targets the high power density required in controlled clutch systems in current vehicle developments. For a typical design, top temperatures can be increased by 100 percent with this new technology. Wear and tear reduces by 50 percent, and maximum torque rises by 25 percent. Previous materials available on the market cannot provide these advantages, which means that the Miba Friction Group has established a unique selling proposition in this area.

In addition, the R&D team has been working on the development of friction systems for decoupling systems in passenger vehicle power trains. In these applications, parts of the all-wheel drive system are disengaged so as to allow operation with only one drive axle if road conditions do not require all-wheel drive. At the same time, it should be possible to engage the system quickly when traction problems are recognized so that the safety of all-wheel drive is available to the driver without delay. Such systems therefore facilitate the use of demanding power train solutions, such as active torque distribution, and the reduction of associated efficiency drawbacks to a minimum. With a relatively low energy input, active torque distribution significantly increases driving dynamics and safety.

Patent applications were submitted in the past fiscal year for, among other items, a disc carrier for lining discs that enables higher power density in clutch systems as well as for a new process for manufacturing high-performance synchronizers with optimized use of materials.

**The results**  
of the Miba Friction Group  
are presented on page 68.

Power electronics components for more efficient power trains

Power electronics components play an important role in more efficient power trains and in the ever-increasing use of renewable energy sources. Passive electronic components, such as high-power resistors and cooling components for power electronics, serve to increase the performance and operational safety of these applications.

The focus in the area of resistors was on the development of new, even more powerful versions of the ultra-high-power resistors. Drivers for this are the trend towards smaller installation spaces and the demand for improvements in relative resistor costs. In addition to these advantages, the new resistor design, which is mainly based on a new compound material, is highly short-circuit failsafe in the event of overloading. At the same time, the development of a resistor variant for high-voltage applications > 10 kV was successfully completed.

In the past fiscal year, development efforts in the area of cooling components focused on the technological and cost-related optimization of vacuum-soldered coolers in general as well as on the implementation of the technology for large coolers. Vacuum-soldered heat sinks are used in converters for HVDC<sup>®</sup> power transmission systems and traction applications, for example. They have optimal thermal transmission characteristics and a design that is precisely tailored to the semiconductor elements to be cooled. Furthermore, the R&D team developed a post-curing process for specific requirements. Compared to normal vacuum-soldering, this can increase the hardness and strength of the coolers by approximately 75 percent. Another focal point was the development of coolers for applications with high corrosion protection requirements, such as for example HVDC<sup>®</sup> systems.

Special machinery for high-precision and fast machining

Miba Automation Systems is a specialist for special machinery for the high-precision and fast machining of small to very large components. Each system is developed and constructed based on a specific order and in close cooperation with the customer. The Company is the technology leader in mobile CNC-controlled machining equipment.

In fiscal year 2013–2014, Miba Automation Systems developed a new sputter system to coat engine bearings, a test bench for a completely new friction material technology and a positioning system for the production of friction materials. Based on proven equipment, the technology of the positioning system was further improved in terms of quality and profitability. Orders for these systems were placed by the sister companies of the Miba Bearing Group and the Miba Friction Group.

In addition, a new type of mobile machining center to overhaul and build power plant turbines and turbine housings was developed. By machining (turning, milling, drilling, grinding, etc.) the components on site, 50 percent of machining time can be carried out at the construction site, which saves considerable costs.

<sup>®</sup> High-voltage direct current

**The results**  
of the New Technologies  
Group are presented on  
page 69.

# Employees

## PROFESSIONAL HUMAN CAPITAL MANAGEMENT FOR PASSIONATE EMPLOYEES

### Intelligent coating solutions

The Miba Coating Group specializes in innovative coating solutions. The goal is to achieve maximum service life and optimum functionality of the coated parts while consuming a small amount of raw materials and conserving resources.

In fiscal year 2013–2014, the Smart Coatings project, which is being subsidized over a number of years, was again at the center of research activities. In this project, the R&D team was particularly working on the (further) development of adaptive coatings, coating solutions for turbochargers and coatings to improve tribological properties as a contribution to low-consumption power trains.

Another focus was on the development of coating solutions in the area of hydrogen economy, with the aim of increased efficiency and more profitable production of fuel cell and electrolyzer components. For example, the high electrical conductivity of the layers improves fuel cell performance. At the same time, the layers provide protection from oxidation, which ensures that the fuel cell service life requirements are met.

In addition, the R&D team has been working on the improvement of existing technologies in the area of polymer coatings, the development of very hard, wear-resistant layers, which are, among other things, used in motorsports, and the development of coatings and systems for the manufacture of coins.

### Innovative self-experimentation

In the past fiscal year, Miba’s innovative strength and enthusiasm were demonstrated in an initiative which was new for Miba: For the first time, the Company organized an ideas competition throughout the Group. With “Powerful Ideas for Miba!”, Miba was seeking innovative product and business ideas under the heading of “Miba and Energy”. Ideas were sought which may contribute to Miba’s growth, solve a specific problem, (may) bring customers a specific advantage, are in line with Miba’s culture and strengthen Miba’s technology leadership in the long term.

This competition was distinctive in that every employee, regardless of location, area of responsibility and hierarchical level, was invited to participate. More than 400 people took part in the competition, which was conducted on a crowd-sourcing platform. An internal jury selected the three best ideas, which are currently being reviewed for feasibility.

While other companies expect their employees to render their services according to plan, Miba expects passion for success. While other companies are happy to stand still, Miba values curiosity, the desire to explore and continuous improvement. Miba challenges and supports all employees, regardless of age, qualifications or hierarchical level, and encourages them to use their freedom autonomously to help shape their individual career paths. This creates Miba’s unique company culture, which has now significantly shaped the Company, and therefore several generations of employees, for over 85 years.

### Increase in personnel in China, the USA, Slovakia and Austria

In 2013–2014, the Miba Group on average employed 4,294 people worldwide at over 20 production sites (2012–2013: 4,119 employees). At the January 31, 2014, reporting date, the number of employees was 4,424, and thus 6.5 percent, or 271 employees, above the prior-year level of 4,153 employees. In addition, the Company employed an average of 229 temporary staff during the year.

The increase in personnel mainly took place at the Miba sites in China, the USA, Slovakia and Austria. As in the previous year, the Chinese Suzhou site again experienced the strongest growth with a rise of 28 percent or 84 employees. Miba employs 383 people, or almost 9 percent of the whole workforce, at that site. In the past fiscal year, the proportion of people employed in Austria fell below 50 percent for the first time. Growth at foreign Miba sites is regarded as a prerequisite for further growth in Austria.

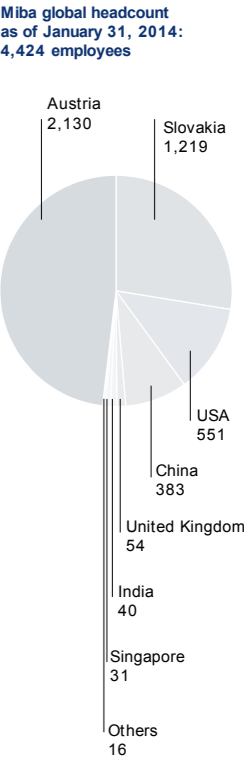
At EUR 185.3 million, personnel expenses for the past fiscal year were 3.9 percent above those for the previous year (EUR 178.4 million). This means that personnel expenses as a percentage of revenue have once again increased, amounting to 30.4 percent (previous year: 29.4 percent). This development represents one of the most important challenges for the Company to continue to facilitate profitable growth.

Almost 11 percent of Miba’s employees are college or university graduates, and more than 20 percent are women. The average Miba employee is 36.7 years old and has been employed by the Company for about eight years.

### The next generation of employees

Miba has relied on high-quality in-house apprenticeship training for decades. With 177 young people in training overall, the number of vocational trainees reached a new high in the past fiscal year (previous year: 159). Over 120 apprentices are completing their training at the Austrian sites; there are almost 50 apprentices at the Slovakian sites.

With a customized training program and a comprehensive range of additional qualifications on offer, Miba is training its apprentices to become specialists in their respective fields, thus creating the basis for the next generation of highly qualified employees. Nearly all former apprentices have stayed with the Company on completing their apprenticeships.



Development, optimization, positioning

In fiscal year 2013–2014, human resources work focused mainly on developing personnel in accordance with Miba’s core value of Lifelong Learning, personnel process optimization and the international positioning of Miba as an employer.

In the area of personnel development, the further development of technical training was to the fore, in addition to assisting with reorganization projects. The conditions for apprentice training in Slovakia were further improved with the appointment of a company-specific, internal apprentice trainer and investment in the apprentice workshop infrastructure. In addition, the exchange of apprentices between the Austrian and Slovakian sites was intensified. At the same time, Miba has been involved as a partner of the Slovakian government in a pilot project to start a new dual training scheme in the Nitra region. Training and continuing education expenses across Miba amounted to EUR 1.5 million (previous year: EUR 1.6 million) in fiscal year 2013–2014.

With the introduction of a new personnel quality management system, Miba is complying with the requirement to optimize processes in all areas. Clearly defined processes and responsibilities as well as a new key performance indicator system simplify global exchanges in the HC (Human Capital) team and will facilitate growth in new areas and regions in the future.

The international roll-out of the employer branding concept is intended to contribute to the positioning of Miba as an attractive employer outside Austria, who provides careers with vision for dedicated people. For example, in the past fiscal year, Miba participated for the first time in international careers fairs.

Work-life balance

Miba opened its own day care center at the Laakirchen site in the fall of 2013 to further improve opportunities within the Company for employees to better balance family and career. Miba is a pioneer in the region with its childcare pilot project. For now, the day care center has space for a maximum of twelve children aged from one to three years. However, there are already plans to increase the number of places due to the large amount of interest from employees.

Outlook for 2014–2015

Some of the projects that were started or continued in the past fiscal year are very comprehensive and have medium- to long-term objectives. In this respect, they will also have an impact on the work of the Human Capital department in fiscal year 2014–2015. Another focus will be on personnel and organizational development at the sites in Asia. Especially at the Chinese site in Suzhou, it is becoming necessary to support the growing organization with personnel services due to the growth that is once again expected in coming years.

With Miba’s increasing international presence, the demands and own requirements concerning (internal) personnel development programs are also changing. In line with this, the Miba Leadership Academy, the internal development program for executives, is, for example, being refocused in fiscal year 2014–2015, with participants being confronted on site with the global dynamics of Miba’s markets in Europe, Asia and North America.

In addition, an employee survey is being conducted at all Miba sites in the spring of 2014. In this survey, employees will evaluate criteria relating to subjects, such as working conditions, management and communication, and will rate the importance of these and whether they have been fulfilled at Miba. The responses will suggest which changes since the last survey have been perceived positively; equally, they will demonstrate specific potential for improvements in individual areas, at individual sites, in individual divisions and in the Miba Group as a whole. The Miba employee survey is conducted across the Group every two years.

Miba as an employer  
Further information  
on Miba as an employer  
can be found at  
www.miba.com/careers.

# Corporate social responsibility

THINKING AND ACTING SUSTAINABLY FOR FUTURE GENERATIONS

Corporate social responsibility is in Miba's genes. As an owner-oriented listed company we acknowledge our responsibility – to the economy, our employees, the environment and society. Thinking and acting sustainably and in a forward-looking manner are rooted in our corporate culture and are also reflected in our products: For our customers, we develop and produce innovative products and solutions which are market leaders in terms of cost-effectiveness, quality and ecological factors. We are thus following our mission to facilitate resource-efficient mobility with Miba technology.

## Sustainable economic success through leading technologies

Miba stands for cutting-edge technology. With 222 employees working in research and development and expenditure on research as a percentage of revenue of 4.3%, the Company is creating the basis for the systematic refinement of its products and technologies. Rising customer demands and increasing restrictions from environmental legislation are reinforcing our desire to make our products even more environmentally friendly and to persist with optimizing the use of resources in our products. In this way we are assuming responsibility for the environment and for society, while at the same time securing our basis for sustainable, profitable growth.

## Broad offering for versatile employees

Employees are the engine which drives Miba's success. Their commitment, innovation and appreciation of quality and service contribute significantly to the Company's growth. In line with its corporate value of Lifelong Learning, Miba supports its employees in enhancing their professional and personal competencies and encourages them to actively submit suggestions for improvements regardless of their area of work. Thus they can effect changes in their workplace, which will further strengthen the Company's ability to be innovative and competitive.

With initiatives such as health days or concessions for sporting activities, Miba motivates its employees to take even greater care of their own health and gives them the opportunity to improve their work-life balance. By establishing its own day care center for employee children, Miba has been making a valuable contribution to help with the balancing of family and career, especially for women returning from maternity leave, since the fall of 2013.

## Resource-efficient production for environmentally friendly technologies

Miba products make motor vehicles, trains, ships, aircraft and power plants more efficient, more powerful and more environmentally friendly. Miba's high-tech components help reduce emissions and fuel consumption while at the same time improving the performance of engines and power trains. Even at the product manufacturing stage, active environmental management is the key innovative factor for increasing environmental and economic efficiency. In doing so, Miba concentrates on optimizing the use of energy and resources, reducing emissions and using materials and supplies which do not harm the environment.

Thinking about continuous improvement, also in environmental matters, plays an important role at all production sites. For example, since the past fiscal year, Miba Sinter Austria in Vorchdorf has been setting new standards for industrial operations with its waste management where the amount of residual waste per employee and per year has been reduced to 52 kilograms. At the US production sites in McConnellsville, electricity demand for lighting has been reduced significantly by an increased use of motion detectors and the change to LED lighting. In 2013, Miba Steeltec in Vrábľe, Slovakia, invested in electrical forklift trucks which are more energy efficient and quieter than the old, gasoline-operated forklifts; they also have less of a detrimental impact on air quality in production buildings.

## Support for charitable organizations and educational initiatives

Miba's social responsibility ranges from the quality and eco-friendliness of its products to supporting educational and technology projects. It is the intention that a minimum of 50 percent of the Company's sponsorship funds should be invested in educational initiatives and technology sponsorship by 2015. Moreover, every year, instead of giving Christmas gifts to customers and business partners, Miba supports a social project in one of the countries in which it operates. In 2013, the Company sponsored Caritas learning centers in Upper Austria. There, children with learning difficulties from low-income families learn how to acquire fundamental reading, writing and math skills.

Miba is also taking an important step to integrate socially disadvantaged people and those with physical or mental disabilities into work and society. Miba is supporting relief projects directly within the Company and far beyond, making a significant contribution to cultural cooperation.

### Miba corporate social responsibility report

Every two years, Miba publishes environmental and social key performance indicators and reports on its activities in relation to the environment, society and employees.  
[www.miba.com/sensible](http://www.miba.com/sensible)

# Miba Sinter Group

## ACCOMPANYING GROWTH IN MARKETS OF THE FUTURE

An overview  
of the entire product  
portfolio is presented on  
page 12.

As in the previous year, the performance of the Miba Sinter Group's sales markets in the past fiscal year was extremely inconsistent. The European automotive industry, which has been declining in recent years, only demonstrated early signs of a recovery in the fourth quarter of 2013, while the North American market, despite ending the year slightly weaker than expected, recently recorded encouraging single-digit growth rates. China, by some margin the largest automotive market in the world, again experienced unbridled growth in 2013. In fiscal year 2013–2014, the Miba Sinter Group benefited from new orders in Europe, North America and Asia in addition to the growth in the North American and Chinese markets.

In the past year, the Miba Sinter Group generated revenue of EUR 224.4 million, making it the Miba division with the highest revenue. This equates to an increase of EUR 13.7 million, or 6.5 percent, compared to the previous year (EUR 210.7 million). The sites in Slovakia, the USA and China were the main contributors to this growth.

During the past fiscal year, the Miba Sinter Group invested EUR 34.7 million in capacity expansions as well as in new equipment and machinery (previous year: EUR 20.8 million). Miba purchased another production building in January 2014 to facilitate even more growth at the Slovakian site. During the first half of 2013–2014, the decision was taken to double the floor area of the Miba Sinter USA site in McConnelsville, which had opened in 2010. The work to extend the site is expected to be completed in the first half of 2014–2015. Construction work at the Chinese plant in Suzhou was completed in the third quarter of 2013–2014, with the premises being fitted out and occupied in stages in the months that followed. With the premises extension and the associated expansion in production capacity, the Miba Sinter Group is reacting to the sustained strong growth in the Chinese automotive industry.

### Preparation for future demand

While the performance of the European automotive industry continues to be difficult to predict, further growth is to be expected in North America and Asia. In fiscal year 2014–2015, one focus of the Miba Sinter Group will therefore be on getting the sites that were extended during the past fiscal year ready so they are optimally prepared for future demand. Intensive induction and training of new employees as well as intensive business development, particularly in China, are an important part of this. In addition, Miba Sinter Group's R&D center, Miba Sinter Austria, will lead the way in concentrating on further new projects.

	2013–14	2012–13
Revenue in EUR million	224.4	210.7
Capital expenditure in EUR million	34.7	20.8
Average number of employees for the year	1,735	1,570

# Miba Bearing Group

## FORWARD-LOOKING INVESTMENTS

The not very encouraging market trends with which the Miba Bearing Group was confronted as early as in the second half of fiscal year 2012–2013 continued for the most part of the past fiscal year. While the global truck market recovered slightly, especially from the third quarter onward, the markets for ship engines, compressors and mining applications remained at a low level. The US locomotive market performed satisfactorily. Despite the difficult situation in demand-driven markets, the Miba Bearing Group was able to defend its market share in all segments.

In fiscal year 2013–2014, the Miba Bearing Group generated revenue of EUR 181.3 million (previous year: EUR 200.1 million). The division thus contributed 29.7 percent to the Miba Group's total revenue.

Irrespective of the tight position in respect to demand in many segments, the Miba Bearing Group continued to pursue its large strategic investment projects. The division's capital expenditure amounted to EUR 17.8 million (previous year: EUR 17.3 million). The extension of the Chinese plant in Suzhou was completed at the end of 2013–2014, with the premises being fitted out and occupied in stages in the months that followed. In particular, the expansion has increased, and is increasing, the autonomy of the Chinese site. In addition, the division continued to invest in the new input stock production line at the Upper Austrian site, thus also contributing to Miba's ability to supply all sites with input stock itself even if demand increases at short notice.

### Preparing for the upturn

Market trends for fiscal year 2014–2015 are difficult to assess, although there are indications of a further recovery for example in the gas engine segment – from truck applications to large two-stroke engines – and in the Chinese market overall. The ship market is only expected to recover slightly, while a robust performance is predicted for the North American locomotive market as early as in the first half of 2014–2015. In order to be best prepared for this potential upturn, the Miba Bearing Group will continue to pursue its strategic projects while implementing measures to increase productivity and create an even greater awareness of quality in line with the Zero Defect initiative.

	2013–14	2012–13
Revenue in EUR million	181.3	200.1
Capital expenditure in EUR million	17.8	17.3
Average number of employees for the year	1,183	1,204

# Miba Friction Group

OPEN UP THE MARKETS OF THE FUTURE

An overview of the share of revenue of individual division is presented on page 46.

The performance of the Miba Friction Group sales markets varied during the past fiscal year. The division did, for example, experience rising demand in the global market for agricultural equipment and in the automotive industry. In contrast, demand for mining application products remains low. While tractor sales in India increased in the past fiscal year, truck sales declined markedly year on year. Overall, the Miba Friction Group benefited from rising demand in the above-mentioned areas as well as from the launch of new projects which more than compensated for the decline in some sectors.

In fiscal year 2013–2014, the Miba Friction Group recorded revenue of EUR 140.7 million (previous year: EUR 136.1 million), which equates to a rise of almost 88 percent since fiscal year 2010–2011. This rise is attributable both to the successful integration of a competitor’s off-road business in 2011–2012 as well as to many new orders.

The Miba Friction Group’s capital expenditure amounted to EUR 8.2 million in fiscal year 2013–2014 (previous year: EUR 6.7 million). The division invested in future growth projects at the US site in Sterling Heights and in the expansion of Miba Frictec’s development capacities in Roitham as well as in the area of friction material in general. In order to further increase the Miba Friction Group’s security of supply of fiber composite material, the division purchased a property and a special paper machine in the Czech Republic.

Investments for the future

In fiscal year 2014–2015, the Miba Friction Group will make significant investments in future projects at European sites and, in particular, will continue to pursue the expansion of capacity at the Sterling Heights site in the USA.

	2013–14	2012–13
Revenue in EUR million	140.7	136.1
Capital expenditure in EUR million	8.2	6.7
Average number of employees for the year	935	942

# New Technologies Group

FOCUS ON GROWTH MARKETS

The New Technologies Group comprises the development and production of power electronics components as well as Miba’s special machinery production. After fiscal year 2012–2013, which had been especially difficult for power electronics, the division performed above expectations in the past fiscal year even though the market environment was still very restrained. For power electronics components, this improvement was mainly attributable to increased sales activities which led to a gain in market share. The US market was a particular focus of these activities. Miba Automation Systems, Miba’s special machinery production, was again able to increase its revenue in fiscal year 2013–2014 and win globally important major orders.

Revenue for this division was EUR 48.5 million in fiscal year 2013–2014 (previous year: EUR 46.6 million).

Capital expenditure in the New Technologies Group amounted to EUR 2.1 million in fiscal year 2013–2014 (previous year: EUR 1.8 million). One important focal point was the preparation for the move and consolidation of Miba Automation Systems in Aurachkirchen in Upper Austria.

Outlook

In fiscal year 2014–2015, the New Technologies Group will continue to focus on the growth markets of China and the USA. The increase in the shareholding in EBG Shenzhen, China, which was initiated in March 2014, is a step in this direction. In the USA, DAU Thermal Solutions, in particular, is continuing to drive business expansion with a number of promising negotiations.

At the same time, the New Technologies Group’s Austrian sites are being optimized further. EBG has decided to expand to a second production site and has leased a new site in St. Stefan in Styria for this purpose. Part of the production will be moved as early as in 2014. Also in 2014, the production of Miba Automation Systems will move to the newly adapted production building in Aurachkirchen.

	2013–14	2012–13
Revenue in EUR million	48.5	46.6
Capital expenditure in EUR million	2.1	1.8
Average number of employees for year	229	211

# Outlook

## GLOBAL TECHNOLOGY LEADERSHIP

After a strengthening of the global economy became apparent as early as in the second half of 2013, moderate growth rates, above all attributable to the recovery in industrial nations, are also expected for 2014 and 2015. In its January 2014 World Economic Outlook Update, the International Monetary Fund (IMF) forecast global economic growth of 3.7 percent for 2014. The USA is expected to grow by 2.8 percent, China by 7.5 percent and India by 5.4 percent. Economies in the eurozone countries are, according to the IMF forecast, expected to grow by 1 percent in 2014 after years of decline.<sup>9</sup>

This outlook confirms Miba's expectations that particularly the USA and China, which Miba regards as markets that have great potential for its products, will also perform positively in the years to come. However, as in past years, it remains difficult to specifically forecast trends in Miba's sales markets according to industries. Expectations for the automotive industry are more positive than in past years, as, on the one hand, the market in the USA and China should continue to grow, even if not quite as much as previously, and, on the other hand, in contrast to past years, there are once again indications of growth in Europe. Miba also expects the truck market to continue to perform positively. Customers' ordering patterns do not yet point to sustainable growth in large diesel and gas engines; expectations are, however, slightly positive. The market for ship engines is likely to still be very weak in the coming year. The power electronics component market is characterized by very restrained and short-term ordering patterns which leads to a high degree of insecurity and makes forecasting even more difficult.

Regardless of the forecasts which, in part, are very uncertain for individual industries, Miba is continuing with its internationalization process and therefore increasing its focus on the markets of the future – the USA and China. The Company will thus invest in the structures and organization of the sites in these countries in the coming years. Having already extended production areas there in past years, machine capacities are now being increased and greater focus is being directed at building up and expanding R&D competencies.

With these measures, Miba is pursuing its strategy of being the global number 1 in economically attractive and technologically demanding market segments, relying, as always, on high-quality products, developments in conjunction with customers and a strong and capable team.

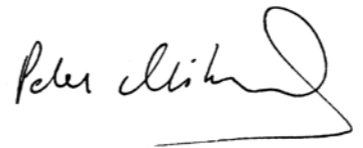
<sup>9</sup> IMF: World Economic Outlook Update, January 2014

### Events after the reporting date

- On March 28, 2014, Miba Energy Holding LLC, McConnelsville, OH USA, signed a purchase agreement to acquire 30 percent of the shares in EBG LLC, Middletown, PA USA. As a result, Miba Energy Holding LLC now holds 100 percent of EBG LLC's shares.
- On March 28, 2014, Miba China Holding GmbH, Laakirchen, Austria, acquired 100 percent of the newly formed Miba Asia Holding Pte. Ltd., Singapore.
- On March 28, 2014, Miba Asia Holding Pte. Ltd., Singapore, signed a purchase agreement to acquire 100 percent of the shares in Shenzhen Rui Xi Si Te Industry Co. Ltd. Settlement is planned to take place in June 2014.

Laakirchen, May 5, 2014

#### The Management Board of Miba AG



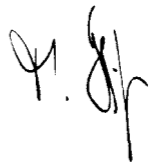
**DI F. Peter Mitterbauer, MBA**  
Chairman of the Management Board, responsible for the New Technologies Group, Communications, Management Accounting, Human Capital, Strategy, Innovation & Technology and Internal Audit



**Dr. Wolfgang Litzlbauer**  
Vice Chairman of the Management Board, responsible for the Miba Bearing Group, the Miba Friction Group, the Miba Coating Group and Purchasing



**Dr.-Ing. Harald Neubert**  
Member of the Management Board, responsible for the Miba Sinter Group and Quality



**MMag. Markus Hofer**  
Member of the Management Board, Chief Financial Officer, responsible for Corporate Finance, IT and Business Excellence

# Corporate governance report

The Austrian Code of Corporate Governance provides Austrian stock corporations with a framework for the management and supervision of the company. The Code aims to establish a responsible system of management and control for companies and groups that is geared to creating sustainable, long-term value. This achieves a high degree of transparency for all of the company's stakeholders.

The Code is based on the provisions of Austrian law governing stock corporations, stock exchanges and capital markets, the EU recommendations on the responsibilities of supervisory board members and on the remuneration of directors as well as on the principles set out in the OECD Principles of Corporate Governance. The present corporate governance report is based on the Code as amended in July 2012. The Code is available for public download at [www.corporate-governance.at](http://www.corporate-governance.at).

Miba AG has been committed to the principles of the Code since it was introduced and has pledged to comply with the Code. This acknowledgment is evaluated regularly by an external auditor in accordance with legal provisions. The last evaluation was for fiscal year 2012–2013. The current corporate governance report as well as the last respective evaluation by the auditor are available to all interested parties on the Company's website at [www.miba.com](http://www.miba.com).

The Company deviates from the following C rules (comply or explain) of the Code, with the following explanation:

## Rule 2 – One share – one vote

The share capital is divided into 1.3 million no-par value shares, of which 130,000 are preferred shares without voting rights, but with the right to be converted into ordinary shares upon relinquishment of preferential rights and 300,000 are preferred shares without voting rights or rights to be converted into ordinary shares.

## Rules 16 & 34 – Rules of procedure for Management Board and Supervisory Board

Rules 16 and 34 recommend that the Management Board and Supervisory Board have written rules of procedure. The respective governing bodies of Miba act in accordance with the established practice of the rules of procedure. The Management Board has prepared a proposal for new rules of procedure and submitted this to the Supervisory Board for review and discussion. The draft rules of procedures will be dealt with at the Supervisory Board meeting on May 25, 2014. The Supervisory Board is currently working on written rules of procedure.

## Rule 39 – Supervisory Board: committee for urgent cases

Due to the size and accessibility of the Supervisory Board, it is not necessary to convene a committee with decision-making authority in urgent cases. If required, such matters are dealt with by the whole Supervisory Board by way of a circular resolution.

## Governing bodies of the Company

### Management Board

[DI F. Peter Mitterbauer, MBA, born in 1975](#)

- Chairman of the Management Board
- Responsible in the Management Board for the New Technologies Group, Communications, Management Accounting, Human Capital, Strategy, Innovation & Technology and Internal Audit
- Date of initial appointment to the Management Board of Miba AG: February 1, 2011
- Date of initial appointment as Chairman of the Management Board: July 1, 2013
- End of current term of office: June 30, 2018
- Supervisory board appointments in other Austrian or foreign companies: none

[Dr. Wolfgang Litzlbauer, born in 1969](#)

- Vice Chairman of the Management Board
- Responsible in the Management Board for the Miba Bearing Group, the Miba Friction Group, the Miba Coating Group and Purchasing
- Date of initial appointment to the Management Board of Miba AG: June 15, 2004
- Date of initial appointment as Vice Chairman of the Management Board: July 1, 2013
- End of current term of office: June 30, 2018
- Supervisory board appointments in other Austrian or foreign companies: none

[Dr.-Ing. Harald Neubert, born in 1956](#)

- Responsible in the Management Board for the Miba Sinter Group and Quality.
- Date of initial appointment to the Management Board of Miba AG: February 1, 2009
- End of current term of office: January 31, 2017
- Supervisory board appointments in other Austrian or foreign companies: none

[MMag. Markus Hofer, born in 1971](#)

- Chief Financial Officer
- Responsible in the Management Board for Corporate Finance, IT and Business Excellence
- Date of initial appointment to the Management Board of Miba AG: July 1, 2013
- End of current term of office: June 30, 2016
- Supervisory board appointments in other Austrian or foreign companies: none

## Supervisory Board

The Supervisory Board of Miba AG comprises four shareholder representatives and two representatives from the Works Council:

### Shareholder representatives:

[Dr. Theresa Jordis \(1949–2013\)](#)

- Chairwoman of the Supervisory Board until June 28, 2013

[Dkfm. Dr. Wolfgang C. Berndt, born in 1942](#)

- Chairman of the Supervisory Board (since June 28, 2013)
- Independent
- Date of initial appointment: June 27, 2008
- End of current term of office: date of the Annual General Meeting which deals with the resolution to grant discharge for fiscal year 2013–2014
- Supervisory board appointments in other Austrian or foreign listed companies: GfK AG, OMV AG

[Dipl.-Bw. Alfred Heinzl, born in 1947](#)

- Vice Chairman
- Independent
- Date of initial appointment: July 4, 2003
- End of current term of office: date of the Annual General Meeting which deals with the resolution to grant discharge for fiscal year 2017–2018
- Supervisory board appointments in other Austrian or foreign listed companies: Verbund AG

[DI DDR. h.c. Peter Mitterbauer, born in 1942](#)

- Independent
- Date of initial appointment: June 28, 2013
- End of current term of office: date of the Annual General Meeting which deals with the resolution to grant discharge for fiscal year 2017–2018
- Supervisory board appointments in other Austrian or foreign listed companies: Andritz AG, Oberbank AG, Rheinmetall AG

[Dr. Robert Büchelhofer, born in 1942](#)

- Independent
- Date of initial appointment: July 4, 2003
- End of current term of office: date of the Annual General Meeting which deals with the resolution to grant discharge for fiscal year 2013–2014
- Supervisory board appointments in other Austrian or foreign listed companies: Polytec Holding AG

## Independence of Supervisory Board members:

The members of the Supervisory Board referred to the Austrian Code of Corporate Governance guidelines when determining the criteria for independence. The Supervisory Board of Miba AG determined the following criteria:

- A member of the Supervisory Board shall be regarded as independent if he/she does not have any business or personal relationship with the Company or its Management Board which constitutes a material conflict of interest and might therefore influence the behavior of the Supervisory Board member.
- A member shall not have a business relationship with the Company or one of its subsidiaries to the extent that is material to the Supervisory Board member, nor shall any member have had such a relationship in recent years. This also applies to business relationships with companies in which the Supervisory Board member has a substantial economic interest.
- Members of the Supervisory Board shall not have been auditors of the Company, nor had an interest in or been an employee of the audit firm during the last three years.
- Members of the Supervisory Board shall not be members of the management board of another company in which a member of the Company's Management Board is a member of the supervisory board.

All members of the Supervisory Board meet the criteria for independence determined by the Supervisory Board as well as the C rule 54 criteria.

### Delegated by the Works Council:

[Hermann Aigner, born in 1954](#)

- Date of initial appointment: May 19, 1994

[Johann Forstner, born in 1964](#)

- Date of initial appointment: December 17, 2009

## Management Board and Supervisory Board modus operandi

The Management Board of Miba AG holds monthly Management Board meetings to address issues that are of relevance to the Group as well as issues relating to individual divisions.

### Supervisory Board committees:

The Supervisory Board of Miba AG established an Audit Committee which held two meetings during the past 2013–2014 fiscal year. The meetings focused on dealing with the annual and consolidated financial statements for 2012–2013 and on preparation for the audit of the annual and consolidated financial statements for 2013–2014 as well as on strengthening the Internal Control System. The members of the Audit Committee are as follows: Dr. Theresa Jordis (Chairwoman until June 28, 2013), Dipl.-Bw. Alfred Heinzl (Vice Chairman until June 28, 2013, Chairman from June 28, 2013, financial expert), DI DDR. h.c. Peter Mitterbauer (Vice Chairman from June 28, 2013) and Hermann Aigner.

The Personnel Committee of the Supervisory Board of Miba AG held four meetings during the past fiscal year 2013–2014 and dealt with issues relating to the remuneration of the Management Board of Miba AG as well as with succession planning. The members of the Personnel Committee are as follows: Dr. Theresa Jordis (Chairwoman until June 28, 2013) and Dr. Wolfgang C. Berndt (Chairman from June 28, 2013) as well as DI DDr. h.c. Peter Mitterbauer (from June 28, 2013).

Miba AG's Supervisory Board held five meetings in fiscal year 2013–2014. These meetings focused on monitoring the Miba Group's business performance, on strategic goals and on special agenda items such as, e.g., the acquisition of businesses and other transactions requiring approval.

#### Management Board and Supervisory Board remuneration

- The objective of the Management Board remuneration system is to provide remuneration to members of the Management Board which is appropriate in terms of their duties and areas of responsibility as well as competitive both nationally and internationally. A significant component of this is the highly variable portion which takes account of the success of the Company, including both positive as well as negative performance. The annual bonus is a variable cash payment with short-, medium- and long-term incentive effect, the amount of which is made up of individual and earnings-oriented targets. Total remuneration of the members of the Management Board of Miba AG for fiscal year 2013–2014 was EUR 2,423 thousand and comprised the following: DI DDr. h.c. Peter Mitterbauer (Chairman until June 28, 2013) received EUR 18 thousand as an occupational pension payment, current remuneration of EUR 83 thousand and termination benefit payments of EUR 169 thousand. DI F. Peter Mitterbauer, MBA (Chairman from June 28, 2013) received fixed remuneration of EUR 265 thousand and variable remuneration of EUR 158 thousand, EUR 145 thousand from long-term oriented remuneration and EUR 10 thousand from the increase in value of long-term remuneration components already acquired in previous years, Dr. Wolfgang Litzlbauer (Miba Bearing Group, Miba Friction Group and Miba Coating Group) received fixed remuneration of EUR 312 thousand, variable remuneration of EUR 137 thousand, EUR 90 thousand from termination benefit payments arising due to a change in function, EUR 166 thousand from long-term oriented remuneration and EUR 33 thousand from the increase in value of long-term remuneration components already acquired in previous years, Dr.-Ing. Harald Neubert (Miba Sinter Group) received fixed remuneration of EUR 257 thousand, variable remuneration of EUR 148 thousand, EUR 151 thousand from long-term oriented remuneration and EUR 30 thousand from the increase in value of long-term remuneration components already acquired in previous years, and MMag. Markus Hofer (Chief Financial Officer) received fixed remuneration of EUR 116 thousand, variable remuneration of EUR 72 thousand and EUR 63 thousand from long-term oriented remuneration.
- Management Board members have individual pension arrangements under which the Company pays predetermined amounts to the Management Board members. DI DDr. h.c. Peter Mitterbauer also has an "old" pension arrangement which provides for a fixed, guaranteed level of pension.
- On termination of office, all members of the Management Board are entitled to statutory termination benefits, provided their employment ends at the same time.
- Miba AG has directors and officers liability insurance in place (D&O insurance); the costs for this are borne by the Company. The annual premium is approximately EUR 17 thousand.

- Under Article 18 of the Articles of Incorporation, members of the Supervisory Board receive an annual reimbursement of expenses in addition to an attendance fee of EUR 1 thousand per meeting. Total Supervisory Board remuneration is determined annually by the Annual General Meeting, with this amount being divided among the members of the Supervisory Board by the Supervisory Board itself. Total remuneration (including attendance fees) for the past fiscal year was TEUR 93 (previous year: TEUR 94).

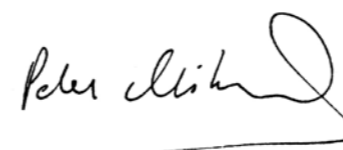
The legal firm Dorda Brugger Jordis Rechtsanwälte GmbH, whose previous managing partner Dr. Theresa Jordis was a member of the Supervisory Board of Miba AG, advises the Company in legal matters; fees agreed for these services are at prevailing market rates and are billed based on time spent (expenses to June 30, 2013: EUR 138 thousand).

#### Promotion of women in the Management Board, Supervisory Board and in managerial positions

Miba promotes the development of women in leadership positions for all functions, particularly through an increased involvement of women in internal executive training programs.

Laakirchen, May 5, 2014

#### The Management Board of Miba AG



##### DI F. Peter Mitterbauer, MBA

Chairman of the Management Board, responsible for the New Technologies Group, Communications, Management Accounting, Human Capital, Strategy, Innovation & Technology and Internal Audit



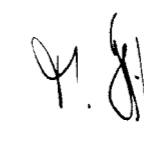
##### Dr. Wolfgang Litzlbauer

Vice Chairman of the Management Board, responsible for the Miba Bearing Group, the Miba Friction Group, the Miba Coating Group and Purchasing



##### Dr.-Ing. Harald Neubert

Member of the Management Board, responsible for the Miba Sinter Group and Quality



##### MMag. Markus Hofer

Member of the Management Board, Chief Financial Officer, responsible for Corporate Finance, IT and Business Excellence

# Consolidated Financial Statements

According to IFRS

# IFRS consolidated income statement for fiscal year 2013–2014

in TEUR	Note	2013–14	2012–13
Revenue	(1)	610,167	606,557
Change in inventories of finished goods and work in progress		–91	–2,775
Own work capitalized		9,917	5,590
<b>Gross operating revenue</b>		<b>619,993</b>	<b>609,372</b>
Other operating income	(2)	16,745	19,476
Cost of materials and other manufacturing services purchased	(3)	–258,288	–260,876
Personnel expenses	(4)	–185,334	–178,383
Other operating expenses	(5)	–84,338	–82,013
<b>Profit before interest, tax, depreciation and amortization (EBITDA)</b>		<b>108,778</b>	<b>107,576</b>
Depreciation and amortization	(6)	–38,628	–37,714
<b>Profit before interest and tax (EBIT)</b>		<b>70,151</b>	<b>69,861</b>
Share of profits and losses of associates	(7)	1,049	1,051
Net interest income	(8)	–4,504	–5,429
Other financial result	(9)	12	62
<b>Financial result</b>		<b>–3,443</b>	<b>–4,317</b>
<b>Profit before tax (EBT)</b>		<b>66,708</b>	<b>65,545</b>
Income tax expense	(10)	–16,589	–16,913
<b>Profit after tax (EAT)</b>		<b>50,119</b>	<b>48,632</b>
Financing costs for LP minority shareholders		–1,398	–1,107
Profit after tax and financing costs attributable to LP minority shareholders (EAT after LPMS)		48,721	47,525
of which attributable to			
Shareholders of Miba Aktiengesellschaft		47,787	47,039
Non-controlling interests		934	486
Weighted average number of shares issued		1,213,695	1,223,630
Earnings per share in EUR		39.37	38.44
Diluted earnings per share in EUR = basic earnings per share in EUR		39.37	38.44
Dividend proposed or paid per share in EUR		8.00	8.00

# IFRS consolidated statement of comprehensive income for fiscal year 2013–2014

in TEUR	2013–14	2012–13
<b>Profit after tax (EAT)</b>	<b>50,119</b>	<b>48,632</b>
Financing costs for LP minority shareholders	–1,398	–1,107
<b>Profit after tax and financing costs attributable to LP minority shareholders (EAT after LPMS)</b>	<b>48,721</b>	<b>47,525</b>
Currency translation	–143	–3,536
Share of other comprehensive income of equity-accounted companies	–698	–269
<b>Total other comprehensive income for items which may be reclassified subsequently to profit or loss</b>	<b>–841</b>	<b>–3,805</b>
Actuarial losses	–1,480	–3,143
Attributable deferred taxes	370	780
<b>Total other comprehensive income for items which will not be reclassified subsequently to profit or loss</b>	<b>–1,110</b>	<b>–2,363</b>
<b>Total comprehensive income</b>	<b>46,770</b>	<b>41,357</b>
of which attributable to		
Shareholders of Miba Aktiengesellschaft	45,844	40,961
Non-controlling interests	926	396

# IFRS consolidated balance sheet as of January 31, 2014

in TEUR	Note	1/31/2014	1/31/2013
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	(11)	40,272	45,738
Property, plant and equipment	(12)	235,117	200,714
Investments in associates	(13)	9,438	8,740
Financial assets	(14)	25,325	26,513
Deferred tax assets	(15)	3,296	4,582
		<b>313,449</b>	<b>286,286</b>
<b>Current assets</b>			
Inventories	(16)	78,236	81,213
Trade receivables	(17)	84,311	78,995
Other assets	(18)	21,848	17,754
Current financial assets	(19)	22,724	18,003
Cash and cash equivalents	(20)	119,523	118,011
		<b>326,642</b>	<b>313,975</b>
<b>Total assets</b>		<b>640,091</b>	<b>600,262</b>

in TEUR	Note	1/31/2014	1/31/2013
<b>Equity and liabilities</b>			
<b>Consolidated equity</b>			
Share capital	(21)	9,500	9,500
Capital reserves	(21)	18,089	18,089
Treasury shares	(21)	-14,221	-11,139
Retained earnings	(21)	332,596	296,479
Non-controlling interests		3,606	3,084
		<b>349,569</b>	<b>316,012</b>
<b>Non-current liabilities</b>			
Termination benefit and pension provisions	(22)	24,199	22,942
Deferred tax liabilities	(15)	6,799	6,433
Other non-current provisions	(25)	1,969	1,225
Financial liabilities	(23)	100,088	111,851
Other non-current liabilities	(24)	13,170	11,547
		<b>146,224</b>	<b>153,999</b>
<b>Current liabilities</b>			
Current provisions	(25)	23,705	27,590
Tax provisions	(25)	12,600	19,409
Trade payables	(26)	63,925	44,049
Current financial liabilities	(27)	14,102	12,891
Income tax liabilities	(28)	694	0
Other current liabilities	(29)	29,271	26,312
		<b>144,297</b>	<b>130,251</b>
<b>Total equity and liabilities</b>		<b>640,091</b>	<b>600,262</b>

# IFRS consolidated statement of changes in equity for the fiscal year 2013–2014

in TEUR	Share capital	Capital reserves	Treasury shares	Retained earnings				Attributable to shareholders of Miba AG	Non-controlling interests	Total equity
				Foreign currency translation reserve	Actuarial + gains / – losses	Equity-accounted companies	Other retained earnings			
<b>Balance 2/1/2012</b>	<b>9,500</b>	<b>18,089</b>	<b>–9,203</b>	<b>1,298</b>	<b>–1,233</b>	<b>435</b>	<b>264,823</b>	<b>283,709</b>	<b>2,989</b>	<b>286,698</b>
<b>Profit after tax (EAT after LPMS)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>47,039</b>	<b>47,039</b>	<b>486</b>	<b>47,525</b>
<b>Other comprehensive income</b>										
Currency translation	0	0	0	–3,471	0	–269	–0	–3,739	–65	–3,805
Actuarial losses	0	0	0	0	–2,339	0	0	–2,339	–25	–2,363
<b>Net other comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>–3,471</b>	<b>–2,339</b>	<b>–269</b>	<b>–0</b>	<b>–6,078</b>	<b>–90</b>	<b>–6,168</b>
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>–3,471</b>	<b>–2,339</b>	<b>–269</b>	<b>47,039</b>	<b>40,961</b>	<b>396</b>	<b>41,357</b>
<b>Dividends</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>–9,805</b>	<b>–9,805</b>	<b>–301</b>	<b>–10,107</b>
<b>Change in treasury shares</b>	<b>0</b>	<b>0</b>	<b>–1,936</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>–1,936</b>	<b>0</b>	<b>–1,936</b>
<b>Balance 1/31/2013 = balance 2/1/2013</b>	<b>9,500</b>	<b>18,089</b>	<b>–11,139</b>	<b>–2,172</b>	<b>–3,572</b>	<b>166</b>	<b>302,057</b>	<b>312,929</b>	<b>3,084</b>	<b>316,012</b>
<b>Profit after tax (EAT after LPMS)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>47,787</b>	<b>47,787</b>	<b>934</b>	<b>48,721</b>
<b>Other comprehensive income</b>										
Currency translation	0	0	0	–144	0	–698	0	–842	1	–841
Actuarial losses	0	0	0	0	–1,101	0	0	–1,101	–9	–1,110
<b>Net other comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>–144</b>	<b>–1,101</b>	<b>–698</b>	<b>0</b>	<b>–1,943</b>	<b>–8</b>	<b>–1,951</b>
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>–144</b>	<b>–1,101</b>	<b>–698</b>	<b>47,787</b>	<b>45,844</b>	<b>926</b>	<b>46,770</b>
<b>Dividends</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>–9,727</b>	<b>–9,727</b>	<b>–404</b>	<b>–10,131</b>
<b>Change in treasury shares</b>	<b>0</b>	<b>0</b>	<b>–3,082</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>–3,082</b>	<b>0</b>	<b>–3,082</b>
<b>Balance 1/31/2014</b>	<b>9,500</b>	<b>18,089</b>	<b>–14,221</b>	<b>–2,316</b>	<b>–4,673</b>	<b>–532</b>	<b>340,117</b>	<b>345,964</b>	<b>3,606</b>	<b>349,569</b>

# Consolidated cash flow statement for fiscal year 2013–2014

in TEUR	2013–14	2012–13 <sup>1)</sup>
<b>1. Consolidated cash flow from operating activities</b>		
Profit before tax (EBT)	66,708	65,545
+ (–) Financial result	3,443	4,317
= Profit before interest and tax (EBIT)	70,151	69,861
+ (–) Depreciation and amortization of, and impairment losses on (impairment reversals of) non-current assets, as well as changes in equity-accounted investments	38,628	37,714
+ (–) Increase (decrease) in non-current provisions	–589	–3,759
– (+) Gains (losses) from the disposal of non-current assets	657	0
<b>= Consolidated cash flow from profit</b>	<b>108,847</b>	<b>103,817</b>
– (+) Increase (decrease) in inventories	2,862	3,050
– (+) Increase (decrease) in trade receivables and other assets	–9,414	26,098
+ (–) Increase (decrease) in trade payables, group liabilities and other liabilities	19,478	–6,231
+ (–) Increase (decrease) in current provisions	8	839
– (+) Currency translation and other non-cash changes	–821	–178
+ Dividends from associates	1,119	798
+ Interest received	1,239	835
– Tax paid	–20,129	–12,442
<b>= Consolidated cash flow from operating activities</b>	<b>103,190</b>	<b>116,585</b>
<b>2. Consolidated cash flow from investing activities</b>		
– Investments in property, plant and equipment, and intangible assets	–61,883	–51,031
– Investments in financial assets (excluding equity interests)	–4,721	–39,442
– Acquisition of investments in associates	–1,477	0
– Earn-out payments	–3,616	–3,893
+ Proceeds from disposals of investments	1,146	1,269
<b>= Consolidated cash flow from investing activities</b>	<b>–70,551</b>	<b>–93,098</b>

<sup>1)</sup> To improve comparability, the presentation of interest receipts and payments in the prior-year cash flow statement was changed.

in TEUR	2013–14	2012–13 <sup>1)</sup>
<b>3. Consolidated cash flow from financing activities</b>		
– Group parent dividend	–9,727	–9,805
– Dividends relating to non-controlling interests	–404	–301
– Payments to limited partners relating to non-controlling interests	–1,785	–2,040
+ Proceeds from bond issues	0	74,691
+ Proceeds from loans and long-term borrowing	12,345	11,785
– Repayment of loans, long-term borrowing and finance lease liabilities	–23,852	–35,158
– Purchase of treasury shares	–3,082	–1,936
+ (–) Change in other financial liabilities	–27	–908
– Interest paid	–4,719	–2,241
<b>= Consolidated cash flow from financing activities</b>	<b>–31,251</b>	<b>34,088</b>
+ (–) Consolidated cash flow from operating activities	103,190	116,585
+ (–) Consolidated cash flow from investing activities	–70,551	–93,098
+ (–) Consolidated cash flow from financing activities	–31,251	34,088
<b>= Change in cash and cash equivalents</b>	<b>1,388</b>	<b>57,576</b>
+ (–) Change due to currency translation	125	–622
+ Opening balance of cash and cash equivalents	118,011	61,057
<b>= Closing balance of cash and cash equivalents</b>	<b>119,523</b>	<b>118,011</b>

<sup>1)</sup> To improve comparability, the presentation of interest receipts and payments in the prior-year cash flow statement was changed.

# Notes to the consolidated financial statements of Miba Aktiengesellschaft, Laakirchen, for fiscal year 2013–2014

## A. General disclosures

### 1. Information on the Company

Miba Aktiengesellschaft (in short: “Miba AG” or “Company”) is an international Group domiciled in Austria. The Group’s head office is located at Dr.-Mitterbauer-Strasse 3, 4663 Laakirchen, Austria. The Company is registered at the Wels regional and commercial court (Landes- als Handelsgericht Wels) under number FN 107386 x.

The Group’s business activities focus on the following segments:

- Bearings (Bearing)
- Sintered components (Sinter)
- Friction materials (Friction)
- Passive electronic components (New Technologies).

The Company is a member of the consolidated group of Mitterbauer Beteiligungs-Aktiengesellschaft, Laakirchen, which prepares consolidated financial statements as the Group parent.

### 2. Basis of preparation of the financial statements

The accompanying consolidated financial statements of Miba AG for fiscal year 2013–2014 (February 1, 2013, to January 31, 2014) have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union (EU) and applicable at the reporting date, in compliance with section 245a of the Austrian Commercial Code (UGB) under the responsibility of the Management Board.

For clarity, all amounts are generally reported in thousands of euros (TEUR). Rounding differences may arise when adding rounded amounts and percentages due to the use of accounting software.

The reporting date for all companies included in the consolidated financial statements is January 31 of each year, with six exceptions, for which no interim financial reports were prepared (reporting date of December 31 for five companies and March 31 for one company). These variations arise from national legislation or articles of incorporation and are immaterial overall.

### 3. New accounting pronouncements

The IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) published the following amendments to existing IFRSs as well as a few new IFRICs which have also already been adopted by the European Commission and thus are required to be applied for the first time in the consolidated financial statements for the year ended January 31, 2014.

	Applies to fiscal years beginning on or after the date specified (according to the IASB)	Endorsed by the EU?	Applies to fiscal years beginning on or after the date specified (according to EU endorsement)
Amendments to IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	7/1/2012	Yes	7/1/2012
Amendments to IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets	1/1/2012	Yes	1/1/2013
Amendments to IAS 19 Employee Benefits	1/1/2013	Yes	1/1/2013
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters/Government Loans	1. 7. 2011 / 1. 1. 2013	Yes	1/1/2013
Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	1/1/2013	Yes	1/1/2013
IFRS 13 Fair Value Measurement	1/1/2013	Yes	1/1/2013
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	1/1/2013	Yes	1/1/2013
Annual Improvements to IFRSs 2009–2011 Cycle	1/1/2013	Yes	1/1/2013

IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income: According to the amendments, those components of the statement of comprehensive income which may be reclassified to profit or loss and those which cannot be reclassified to profit or loss must be reported separately. The statement of comprehensive income has been adjusted accordingly. The term “statement of comprehensive income” has been retained.

IAS 19 Employee Benefits: The elimination of the previous option to defer the recognition of actuarial gains and losses does not affect the Miba Group as it did not apply the corridor method. There are also no effects arising from the amended definition of post-employment benefits or the use of a uniform interest rate for the discounting of defined benefit obligations and the calculation of the expected return from plan assets.

IFRS 7 Financial Instruments: Disclosures, in conjunction with the amendment to IAS 32 Financial Instruments: Presentation: The note disclosures required on the offsetting of financial instruments have been increased. The amendments to IFRS 7 do not have a material effect on the profit or loss, financial position and assets and liabilities of the Miba Group.

IFRS 13 Fair Value Measurement: IFRS 13 provides a precise definition of fair value for use across all standards and increases the disclosure requirements in the notes. The first-time application of IFRS 13 results in an increase in note disclosures.

The first-time application of the remaining standards listed did not have any, or only had a subordinated effect on the consolidated financial statements of Miba AG for the year ended January 1, 2014.

The new standards and interpretations listed in the following table have not been applied early.

	<b>Applies to fiscal years beginning on or after the date specified (according to the IASB)</b>	<b>Endorsed by the EU?</b>	<b>Applies to fiscal years beginning on or after the date specified (according to EU endorsement)</b>
IAS 27 Separate Financial Statements	1/1/2013	Yes	1/1/2014
IAS 28 Investments in Associates and Joint Ventures	1/1/2013	Yes	1/1/2014
IFRS 10 Consolidated Financial Statements	1/1/2013	Yes	1/1/2014
IFRS 11 Joint Arrangements	1/1/2013	Yes	1/1/2014
IFRS 12 Disclosures of Interests in Other Entities	1/1/2013	Yes	1/1/2014
Amendments to IFRS 10, IFRS 11 and IFRS 12: Transition Guidance	1/1/2013	Yes	1/1/2014
Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1/1/2014	Yes	1/1/2014
Amendments to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets	1/1/2014	Yes	1/1/2014
Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting	1/1/2014	Yes	1/1/2014
Amendments to IFRS 10, IFRS 12 and IFRS 27: Investment Entities	1/1/2014	Yes	1/1/2014
IFRIC 21 Levies	1/1/2014	No	
Annual Improvements to IFRSs 2010–2012 Cycle	7/1/2014	No	
Annual Improvements to IFRSs 2011–2013 Cycle	7/1/2014	No	
Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions	7/1/2014	No	
IFRS 14 Regulatory Deferral Accounts	1/1/2016	No	
IFRS 9 Financial Instruments	open	No	
Amendments to IFRS 9 and IFRS 7: Mandatory Effective Date and Transition Disclosures	open	No	
Hedge accounting and amendments to IFRS 9, IFRS 7 and IAS 39	open	No	

IFRS 9 Financial Instruments: IFRS 9 is intended to replace the existing IAS 39 in stages. As the project phase is still ongoing, it is currently not yet possible to provide a reliable estimate of the effects on the consolidated financial statements of Miba AG.

IFRS 10 Consolidated Financial Statements: IFRS 10 replaces the consolidation requirements of IAS 27 “Consolidated and Separate Financial Statements” and SIC-12 “Consolidation – Special Purpose Entities” and creates a uniform definition of control. IFRS 10 is not expected to have a material effect on the consolidated financial statements of Miba AG.

IFRS 11 Joint Arrangements: IFRS 11 replaces IAS 31 “Interests in Joint Ventures” and SIC-13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers” and contains requirements on the identification and classification of joint arrangements. IFRS 11 is not expected to have a material effect on the consolidated financial statements of Miba AG.

IFRS 12 Disclosure of Interests in Other Entities: The new standard sets out the disclosures required for subsidiaries, joint arrangements, associates and unconsolidated structured entities in the consolidated financial statements. IFRS 12 will result in additional disclosures in the notes to the consolidated financial statements of Miba AG.

The effects of IAS 32, IAS 36 and IAS 39 are currently being examined.

The remaining amendments referred to above will either have an immaterial effect or no effect on the consolidated financial statements of Miba AG.

## B. Consolidation

### 1. Consolidation principles

According to IFRS 3, acquired subsidiaries are accounted for under the acquisition method. Under this method, the consideration – plus, if applicable, the fair value of shares already held and the amount of non-controlling interests – is compared to the subsidiary’s remeasured assets and liabilities. Consideration includes contingent consideration at the expected amount. Incidental acquisition costs are expensed. Any remaining excess of cost of acquisition over net assets acquired is capitalized as goodwill, tested for impairment annually and only written down if impaired. The excess of net assets acquired over cost of acquisition is recognized in profit or loss in the consolidated income statement in the year of acquisition after a further review of the amounts.

Non-controlling interests represent the share of profit or loss and net assets that is not attributable to Miba AG’s shareholders. Both in the income statement and in the statement of comprehensive income, the profit or loss attributable to these interests is presented separately from the profit or loss attributable to the shareholders of the parent company. In the balance sheet, non-controlling interests are reported as part of equity, but separate from equity that is attributable to the shareholders of the parent company.

Non-controlling interests in Austrian limited partnerships do not meet the IAS 32 conditions for being reported in equity (since limited partners have a statutory right to offer their shares to the general partner). These interests are recognized in other liabilities as “liabilities to affiliates” as these interests are held by higher-tier Group companies. The “financing expense” arising from the appropriation of profit to these limited partnership minority shareholders is reported separately.

Intragroup receivables and liabilities, income and expenses as well as intercompany profits are eliminated during the preparation of the consolidated financial statements as part of the consolidation.

The necessary tax prepayments and accruals are applied to temporary differences arising from the consolidation.

Changes in the percentage of shares held which do not lead to a loss of control over the subsidiary are treated as equity transactions.

Associates, i.e., interests in which the Company can exercise a significant influence on financial and operating policies, but which it does not control, are accounted for under the equity method.

## 2. Basis of consolidation

### Overview

Appendix 1 to the notes lists an overview of the material companies that are included in the Miba AG Group and the consolidation procedure applied.

The basis of consolidation has been determined in accordance with the principles of IAS 27, resulting in 16 (previous year: 16) Austrian and 19 (previous year: 17) foreign subsidiaries in which Miba AG directly or indirectly holds the majority of voting rights being included in the consolidated Group.

Although the indirect capital share in companies in the New Technologies segment is less than 50 percent, they are still controlled and thus also consolidated, since the respective managing general partners are wholly owned subsidiaries.

5 (previous year: 5) investments in associates have been accounted for under the equity method in Miba AG's consolidated financial statements.

The 4 (previous year: 4) unconsolidated subsidiaries and the 3 (previous year: 3) associates that were not accounted for under the equity method are also not material in the aggregate.

### Changes to the consolidated Group in fiscal year 2013–2014

On July 3, 2013, Fibertec Štětí s.r.o., Štětí, Czech Republic, was formed. 99.925 percent is held by Miba Friction Holding GmbH, Laakirchen, Austria, the remaining 0.075 percent by Miba Frictec GmbH, Laakirchen, Austria. The company is consolidated.

Miba Sinter Sales Corporation, McConnelsville, Ohio, USA, was formed on September 23, 2013. Miba Sinter Austria GmbH, Vorchdorf, Austria, holds 100 percent of the shares in Miba Sinter Sales Corporation. The company is consolidated.

With the acquisition of an additional 10 percent of the shares in Mahle Metal Leve Miba Sinterizados Ltda., São Paulo, Brazil, at a purchase price of TEUR 1,477, the existing shareholding of Miba Sinter Holding GmbH & Co KG, Laakirchen, Austria, was increased from 30 percent to 40 percent on January 15, 2014. The company continues to be accounted for under the equity method in the consolidated financial statements.

### Changes in business combinations recognized in fiscal year 2011–2012

An earn-out adjustment took place in the past fiscal year for the Hoerbiger Antriebstechnik friction lining business for off-road applications acquired in fiscal year 2011–2012. This adjustment had the following effect on the consolidated income statement and the consolidated balance sheet:

Adjustment recognized in profit or loss in fiscal year 2013–2014	in TEUR
<b>IFRS Consolidated Income Statement</b>	
<b>Other operating income</b>	
Income from the reversal of provisions	+974
<b>IFRS Consolidated Balance Sheet</b>	
<b>Non-current liabilities</b>	
Provisions	–974

## 3. Currency translation

Foreign financial statements are translated in accordance with IAS 21 using the functional currency concept. This is the respective national currency for all companies, since the companies operate independently from a financial, economic and organizational perspective.

Assets and liabilities are therefore translated at the mid-market rate on the reporting date (closing rate). Income and expenses are translated at annual average exchange rates.

Foreign exchange differences arising from using the closing rate in the consolidated balance sheet and the average rate in the consolidated income statement are presented in other comprehensive income, as are translation differences arising from adjustments to equity compared to initial consolidation.

Movements in the foreign currencies used in the Group were as follows:

Currencies in EUR	Exchange rate as of the reporting date		Annual average rate	
	12/31/2013	12/31/2012	2013	2012
Brazilian real (BRL)	3.2530	2.7086	2.8685	2.4983
	1/31/2014	1/31/2013	2013–14	2012–13
British pound (GBP)	0.8214	0.8570	0.8487	0.8114
Indian rupee (INR)	84.9200	72.1200	78.9772	69.2005
Renminbi yuan (CNY)	8.1923	8.4267	8.1618	8.1213
Singapore dollar (SGD)	1.7278	1.6768	1.6705	1.6052
Czech koruna (CZK)	27.5000	-	26.1456	-
US dollar (USD)	1.3516	1.3550	1.3309	1.2894

C. Accounting policies

1. Non-current assets

**Intangible assets** are measured at cost less straight-line amortization (useful life of 3 to 15 years) in accordance with IAS 38. In accordance with IAS 38.54, research expenses are not capitalized. Own development expenses do not meet all the criteria listed in IAS 38.57 and are therefore not capitalized. In fiscal year 2013–2014, research and development costs amounting to EUR 26.7 million (previous year: EUR 28.2 million) were expensed.

For goodwill, an impairment test is performed in accordance with IAS 36. This test is performed at least once a year or if there are internal or external indicators of impairment.

To determine whether an impairment loss needs to be recognized, the goodwill is allocated to those cash-generating units (CGUs) which will benefit in future from the expected synergy potential of the business combination. In the Miba AG Group, the legally independent company units each form a CGU.

If the carrying amount exceeds the value in use determined by the discounted cash flow (DCF) calculation based on the future cash flows forecast by the Management Board, a corresponding impairment is recognized.

These cash flow forecasts are prepared for a three-year period. The cash flows for the period after the third year are extrapolated based on a constant annual growth rate of 2 percent. This growth rate equates to the average long-term growth rate in the markets that are relevant to the Miba Group.

The discount rate used in the DCF calculation equates to the interest rate which reflects current market assessments of the time value of money and the risks specific to the assets (WACC). For other (non-euro) currency areas, this discount rate is adjusted according to local market conditions. For the past fiscal year, a discount rate of 7.9 percent (previous year: 8.0 percent) was used for the eurozone. The WACC used for specific countries ranged from 7.9 percent (eurozone) to 16.3 percent (India). WACC is calculated using the weighted average cost of capital for the company's debt and equity, with reference to current market information. WACC is recalculated at least once a year.

As in the previous year, no goodwill impairment losses had to be recognized as a result of the impairment tests performed during the fiscal year.

Even a reasonably possible change in these key assumptions would not result in a requirement to recognize an impairment loss.

Under IAS 16, **property, plant and equipment** is carried at cost less straight-line depreciation or at the lower recoverable amount. No borrowing costs were incurred for property, plant and equipment manufactured or acquired over a longer period of time.

Assets showing evidence of impairment are written down to the lower recoverable amount. If the reasons for the impairment loss recognized previously no longer apply, the impairment loss is reversed.

The production cost for internally generated plant and equipment includes a share of fixed and variable production overheads as well as the costs directly attributable to the production units. These production overheads also include a share of the cost of occupational pensions and voluntary social benefits.

Straight-line depreciation is based mainly on the following useful lives:

Asset category	Useful life (in years)
Buildings	10 to 33
Technical equipment	4 to 10
Other equipment, operating and office equipment	4 to 10

Leased property, plant and equipment, for which substantially all risks and rewards incidental to the ownership of the asset are transferred to the lessee (finance lease), is capitalized at fair value or at the lower present value of minimum lease payments in accordance with IAS 17.

Assets covered by all other lease agreements are treated as operating leases and thus attributed to the lessor.

During the past fiscal year, **investment subsidies** amounting to TEUR 32 were recognized as liability items (previous year: TEUR 40). These are reversed in accordance with the useful life of the asset and relate exclusively to property, plant and equipment.

In fiscal year 2013–2014, expenditure-related **government grants** amounting to TEUR 5,047 (previous year: TEUR 5,706) for research and development and for measures to promote the labor market were received and recognized in profit or loss. These grants are recognized when there is sufficient assurance that the associated conditions will be met and the grants will be received.

**Non-current financial assets** mainly include securities classified as non-current assets. For accounting policies relating to financial assets, please refer to 5. Financial assets and liabilities.

**Deferred tax** is determined in accordance with the balance sheet liability method for all temporary differences between the IFRS balance sheet and the tax accounts. In addition, tax benefits from existing loss carryforwards whose realization is probable are included in the calculation. Deferred tax is not taken into account for differences from non-tax-deductible goodwill and temporary differences associated with investments insofar as these will not reverse in the foreseeable future. Deferred tax assets are recognized if it is probable that the underlying tax benefit can be realized. Deferred tax assets relating to tax loss carryforwards are recognized to the extent that it is probable that there will be taxable income in the foreseeable future.

Deferred tax is calculated at the tax rates which apply in individual countries at the reporting date or which have already been determined for the date when the deferred tax assets and liabilities will be realized.

## 2. Current assets

**Inventories** are measured at the lower of cost and net realizable value as of the reporting date. Deductions are generally taken into account if the potential for realization is limited. The cost formula being used is the moving weighted average cost formula.

Production costs include all direct expenses as well as a share of the variable and fixed production overheads which also include a share of the cost of occupational pensions and voluntary social benefits. Borrowing costs are not capitalized as the IAS 23 conditions are not met.

Current assets also include **trade receivables**, **current financial assets** and **other financial and non-financial assets**. For accounting policies relating to financial assets, please refer to 5. Financial assets and liabilities.

**Tax receivables** are offset against tax liabilities if they involve the same tax authority and there is a right and an intention to offset.

## 3. Employee benefits

Austrian Group companies recognize appropriate provisions for future **termination benefit obligations** since there is a statutory obligation for employers to pay employees a one-off termination benefit on termination of employment by the employer or on retirement. The level of termination benefit depends on the length of employment and the relevant remuneration when the termination benefit is triggered.

A defined contribution system is used for employees with Austrian contracts of employment whose employment commenced after January 1, 2003. A legally prescribed amount equating to 1.53 percent of gross remuneration must be paid to a *Mitarbeiterversorgungskasse* (Austrian occupational pension fund); this is recognized in personnel expenses.

Provisions for termination benefits and jubilee benefits for employees with an Austrian employment contract are determined in accordance with the projected unit credit method as of the reporting date based on actuarial assumptions, using a discount rate of 3.50 percent p.a. (previous year: 3.50 percent) and including a wage and salary increase rate of 2.80 percent p.a. for salaried employees (previous year: 2.50 percent) and 2.80 percent p.a. for wage earners (previous year: 2.50 percent). Taking transitional regulations into account, the earliest possible date of entitlement to retirement pension was taken as a basis for the assumed retirement age. A company-specific deduction for staff turnover was applied.

The *Rechnungsgrundlagen für die Pensionsversicherung AVÖ–P08 GEM* (AVÖ–P08 GEM calculation principles for pension insurance) were used to calculate provisions.

**Pension provisions** must be established for Austrian Group companies and are calculated in accordance with recognized actuarial principles using the projected unit credit method based on a discount rate of 3.50 percent p.a. (previous year: 3.50 percent) and a pension adjustment of 1.00 to 1.50 percent (previous year: 1.00 to 1.50 percent). No pension adjustment is applied to fixed pension benefits. No deduction for staff turnover was applied.

The *Rechnungsgrundlagen für die Pensionsversicherung AVÖ–P08 ANG* (AVÖ–P08 ANG calculation principles for pension insurance) were used to calculate provisions.

Actuarial gains or losses arising from changes in actuarial parameters (demographic, financial and experience assumptions) are recognized in other comprehensive income in the year in which they arise.

Defined contribution pension benefits are granted by four foreign subsidiaries, whereby the employer pays contributions to external funds. The contributions to the funds are a current period expense.

## 4. Provisions

**Provisions** are reported under other current or non-current liabilities and comprise all legal or factual obligations to third parties based on past events that are identifiable up to the preparation of the financial statements, insofar as they will in future lead to a probable outflow of funds and can be established reliably. The amount recognized is established on the basis of the best possible estimate.

## 5. Financial assets and liabilities

Under IAS 39, financial assets are either classified on initial recognition as loans and receivables, available for sale, held to maturity or held for trading.

In the Miba Group, the loans and receivables category comprises trade receivables, loans, current financial assets, other financial assets and cash and cash equivalents. Financial instruments classified as loans and receivables are recognized at amortized cost, using the effective interest method if applicable. If there are doubts concerning collectibility, receivables are recognized at the lower realizable amount. The conclusion of insolvency proceedings results in the derecognition of the respective receivable. Allowances are applied by using allowance accounts. Positive market values of derivative financial instruments are also reported under current financial assets, among other things.

Investments in unconsolidated companies and other equity investments are generally classified as available for sale. They are measured at fair value at initial recognition. As there are no active markets for these equity instruments and there are significant margins of fluctuation for possible fair values, they are reported at cost. In addition, debt instruments (securities) are allocated to the available for sale category. Fluctuations in the value of financial assets that are classified as available for sale are, if material, presented in other comprehensive income, taking account of deferred tax. Recycling to profit or loss for the period of the amounts recognized in other comprehensive income only takes place on the date of disposal or in the event of a material or permanent impairment of the corresponding financial assets.

Securities categorized as held to maturity are measured at amortized cost, taking account of impairments if relevant.

Trade payables and financial liabilities are recognized at amortized cost, if applicable using the effective interest method, and classified as financial liabilities at amortized cost. Liabilities under finance leases are generally recognized as a liability at the present value of future lease payments.

In the Miba Group, debt instruments (securities) are allocated to the held for trading category. They are accounted for at fair value at the date of acquisition and in subsequent periods. Changes in value, if material, are recognized in the income statement. Market values of derivative financial instruments classified as held for trading and for which the Miba Group does not use hedge accounting are also, among other things, reported under other receivables and liabilities.

If the derivative financial instrument forms part of an effective hedging relationship in accordance with IAS 39, the IAS 39 hedge accounting provisions are applied. The effective portion of the change in value of the hedging instrument is recognized in other comprehensive income (hedging provision) until the gain or loss from the hedged item is recognized; the ineffective portion of the change in value of the hedging instrument is recognized in profit or loss. Reversal to profit or loss takes place when the hedged item is realized. The Miba Group does not currently use hedge accounting.

Fair values of financial assets and liabilities generally equate to market prices on the reporting date. If prices in active markets are not directly available, fair values are – if they are not immaterial – calculated using recognized actuarial measurement models and actual market parameters (especially interest rates, exchange rates and credit ratings of parties to the contract). Financial instrument cash flows are discounted to the reporting date.

Fair values of financial assets and liabilities are classified into levels 1 to 3 depending on how observable the inputs used to determine fair value are or how material they are to the measurement. Financial assets and liabilities recognized at fair value have not been transferred between levels of the fair value hierarchy. Transfers between the levels are applied at the end of the reporting period in which a change has taken place.

Recognition of all financial assets and liabilities takes place on the respective settlement date. Financial assets and liabilities are derecognized when rights to payments from the investment have terminated or been transferred and the Miba Group has substantially transferred all risks and rewards associated with the ownership.

## 6. Revenue recognition

Revenue from the sale of goods and merchandise is recognized at the time when the risks and rewards are transferred to the buyer.

Income from long-term construction contracts is accounted for based on the stage of completion in accordance with IAS 11.

The percentage of completion is determined by the ratio of contract costs incurred up to the reporting date to estimated total contract costs.

Interest income is recognized on a time proportion basis using the effective interest method. Dividend income is reported when the right to receive payment is established.

## 7. Estimates and uncertainties in judgments and assumptions

Preparation of the consolidated financial statements requires certain estimates and assumptions that affect the reported assets and liabilities, the disclosure of other obligations as of the reporting date and the reporting of income and expenses during the reporting period. Actual amounts arising in the future may differ from these estimates. The true and fair view principle has also been complied with in full when using estimates.

Furthermore, the preparation of the consolidated financial statements requires the assessment of future developments. The assumptions and estimates are based on underlying assumptions that reflect the state of knowledge available at the time when the annual financial statements or the consolidated financial statements are prepared. Actual amounts recognized at a later date may deviate from original estimates due to developments that are unforeseen and outside of management's influence. In this case, the underlying assumptions and, if necessary, the carrying amounts of the assets and liabilities affected are adjusted accordingly. A change is recognized in the period of the change and in future periods, provided the change affects both the reporting period and future periods.

The Miba Group's most important assumptions concerning the future as well as the other main sources of estimation uncertainties as of the reporting date are listed below.

- Assumptions about future cash surpluses and the discount rate when determining recoverable amounts as part of the impairment tests of intangible assets, goodwill and property, plant and equipment.
- Assumptions about interest rates, retirement age, life expectancy, staff turnover, plan asset performance and future salary and pension increases for the measurement of existing social capital obligations.
- Assumptions about the level and probability of future events in relation to the recognition of other provisions based on past experience or external opinions.
- Assumptions about credit risk such as, for example, customer credit ratings or maturity structure, on the basis of which allowances for doubtful debts are established. As of January 31, 2014, allowances for trade receivables and long-term construction contracts amounted to TEUR 2,537 (previous year: TEUR 2,399).
- The recognition of deferred tax assets is based on assumptions about the generation of future taxable income being sufficient to utilize existing loss carryforwards.

## D. Consolidated income statement and consolidated balance sheet disclosures

The consolidated income statement is presented using the total cost (nature of expense) method.

### (1) Revenue

Revenue for fiscal year 2013–2014 includes income from long-term construction contracts of TEUR 2,835 (previous year: TEUR 1,584).

For a breakdown of revenue by product and region, please refer to segment reporting.

### (2) Other operating income

in TEUR	2013–14	2012–13
Government grants	5,047	5,706
Unrealized exchange rate gains	967	623
Income from the disposal of and reversal of impairment losses to non-current assets excluding financial assets	233	113
Income from the reversal of provisions	2,229	3,757
Realized exchange rate gains	809	1,167
Other income	7,459	8,109
<b>Total</b>	<b>16,745</b>	<b>19,476</b>

### (3) Cost of materials and other manufacturing services purchased

in TEUR	2013–14	2012–13
Cost of materials	193,557	193,866
Cost of other manufacturing services purchased	64,731	67,010
<b>Total</b>	<b>258,288</b>	<b>260,876</b>

**(4) Personnel expenses**

in TEUR	2013–14	2012–13
Wages	81,581	78,366
Salaries	61,060	58,353
Termination benefit expenses and contributions to <i>betriebliche Mitarbeiterversorgungskassen</i> (Austrian occupational pension funds)	2,119	2,645
Direct retirement contributions	1,567	1,523
Social security contributions required by law as well as remuneration-dependent levies and mandatory contributions	33,673	32,392
Other social welfare expenses	5,333	5,103
<b>Total</b>	<b>185,334</b>	<b>178,383</b>

In the past fiscal year, contributions amounting to TEUR 831 (previous year: TEUR 758) were paid to the *Mitarbeiterversorgungskasse* (Austrian occupational pension fund).

Defined contribution pension benefit expenses recognized in the income statement were TEUR 1,306 (previous year: TEUR: 1,425).

**(5) Other operating expenses**

in TEUR	2013–14	2012–13
Taxes not included under income tax expenses	853	1,111
Temporary staff	10,341	13,147
Repairs, maintenance and maintenance contracts	15,085	12,643
Freight and warehousing	8,534	7,932
Advisory services	8,873	9,526
Rent and leasing	6,602	5,769
Travel costs	4,159	3,994
Commissions	2,152	2,306
Insurance	2,900	3,222
Realized exchange rate losses	1,433	3,126
Unrealized exchange rate losses	329	608
Other	23,077	18,629
<b>Total</b>	<b>84,338</b>	<b>82,013</b>

Audit fees for the Group auditor for the fiscal year totaled TEUR 223 (previous year: TEUR 271), of which TEUR 201 (previous year: TEUR 192) related to the audit of the consolidated financial statements (including the single-entity financial statements of individual affiliates), TEUR 17 (previous year: TEUR 32) to other assurance services and TEUR 6 (previous year: TEUR 47) to other advisory services.

**(6) Depreciation and amortization**

in TEUR	2013–14	2012–13
Amortization – intangible assets	6,501	6,499
Depreciation – property, plant and equipment	32,127	31,215
<b>Total</b>	<b>38,628</b>	<b>37,714</b>

**(7) Share of profits and losses of associates**

in TEUR	2013–14	2012–13
Share of profits and losses	1,049	1,051
<b>Total</b>	<b>1,049</b>	<b>1,051</b>

**(8) Net interest income**

in TEUR	2013–14	2012–13
Other interest and similar income	1,008	1,198
Income from other securities	398	80
Interest and similar expenses	–4,781	–5,367
of which from affiliates	–102	–110
Interest on social capital	–1,130	–1,341
<b>Total</b>	<b>–4,504</b>	<b>–5,429</b>
of which from affiliates	–102	–110

(9) Other financial result

in TEUR	2013–14	2012–13
Income from the disposal of financial assets	12	0
Income from the reversal of impairment losses on financial assets	0	64
Expenses for financial assets	0	–2
<b>Total</b>	<b>12</b>	<b>62</b>

(10) Income tax expense

in TEUR	2013–14	2012–13
Current year	14,142	15,775
Adjustment to provision for foreign losses	–333	927
Adjustment for prior periods	617	9
<b>Current tax expense</b>	<b>14,427</b>	<b>16,712</b>
Origination or reversal of temporary differences	1,475	–458
Change in tax rates	161	–515
Change in tax loss carryforwards recognized	939	1,546
Change due to the write-down, or the reversal of an earlier write-down, of a deferred tax assets	–413	–371
<b>Movement in deferred tax balance</b>	<b>2,161</b>	<b>201</b>
<b>Total</b>	<b>16,589</b>	<b>16,913</b>

The difference between the calculated income tax expense (profit before tax multiplied by the national tax rate of 25 percent) and the income tax expense for fiscal year 2013–2014 as reported in the consolidated income statement is explained as follows:

in TEUR	2013–14	2012–13
Profit before tax	66,708	65,545
of which 25% (previous year: 25%): calculated income tax expense	16,677	16,386
Effect from foreign tax rates	136	869
Change in tax rates	161	–515
Tax effects from loss carryforwards	–279	627
Tax credits or additional charges from prior periods	151	9
Tax incentives and tax-exempt income	–1,257	–1,412
Non-tax deductible expenses	513	634
Tax effects from consolidation	–236	–154
Other items	724	470
<b>Income tax expense for period</b>	<b>16,589</b>	<b>16,913</b>
<b>Group tax rate in %</b>	<b>24.87</b>	<b>25.80</b>

(11) Intangible assets

in TEUR	Patents and licenses	Customer relationships	Goodwill	Total
Cost	29,071	52,748	9,195	91,014
Accumulated amortization and impairment losses	–14,855	–21,883	–469	–37,207
<b>Carrying amount 1/31/2012</b>	<b>14,216</b>	<b>30,865</b>	<b>8,726</b>	<b>53,807</b>
Cost	29,882	51,672	7,031	88,586
Accumulated amortization and impairment losses	–16,996	–25,598	–254	–42,848
<b>Carrying amount 1/31/2013</b>	<b>12,886</b>	<b>26,075</b>	<b>6,777</b>	<b>45,738</b>
Cost	30,993	51,126	7,048	89,168
Accumulated amortization and impairment losses	–18,926	–29,715	–255	–48,895
<b>Carrying amount 1/31/2014</b>	<b>12,067</b>	<b>21,412</b>	<b>6,793</b>	<b>40,272</b>

Changes in the carrying amounts of intangible assets were as follows:

in TEUR	Patents and licenses	Customer relationships	Goodwill	Total
<b>Carrying amount 1/31/2012</b>	<b>14,216</b>	<b>30,865</b>	<b>8,726</b>	<b>53,807</b>
Additions	896	0	0	896
Disposals	0	0	–1,753	–1,753
Reclassifications	2	0	0	2
Amortization and impairment losses	–2,177	–4,337	0	–6,514
Foreign currency difference	–50	–453	–196	–700
<b>Carrying amount 1/31/2013 = carrying amount 2/1/2013</b>	<b>12,886</b>	<b>26,075</b>	<b>6,777</b>	<b>45,738</b>
Additions	1,307	0	0	1,307
Reclassifications	32	0	0	32
Amortization and impairment losses	–2,258	–4,243	0	–6,501
Foreign currency difference	100	–419	16	–303
<b>Carrying amount 1/31/2014</b>	<b>12,067</b>	<b>21,412</b>	<b>6,793</b>	<b>40,272</b>

#### Goodwill

Goodwill for individual cash-generating units is included in the following segments:

in TEUR	1/31/2014	1/31/2013
Bearing	6,398	6,382
Friction	316	316
New Technologies	80	79

#### Customer relationships and technologies

Intangible assets mainly include customer relationships and technologies. Additions in fiscal year 2013–2014 all relate to patents and licenses.

#### (12) Property, plant and equipment

in TEUR	Land and buildings	Technical equipment	Other equipment, operating and office equipment	Advance payments and assets under construction	Total
Cost	79,784	321,358	31,233	14,478	446,853
Accumulated depreciation and impairment losses	–35,058	–205,440	–22,606	–159	–263,263
<b>Carrying amount 1/31/2012</b>	<b>44,726</b>	<b>115,918</b>	<b>8,627</b>	<b>14,319</b>	<b>183,590</b>
Cost	84,094	349,508	33,528	19,677	486,806
Accumulated depreciation and impairment losses	–38,037	–224,057	–23,723	–275	–286,092
<b>Carrying amount 1/31/2013</b>	<b>46,056</b>	<b>125,450</b>	<b>9,805</b>	<b>19,402</b>	<b>200,714</b>
Cost	92,163	371,178	37,262	41,882	542,485
Accumulated depreciation and impairment losses	–41,012	–241,075	–25,216	–65	–307,368
<b>Carrying amount 1/31/2014</b>	<b>51,151</b>	<b>130,103</b>	<b>12,046</b>	<b>41,817</b>	<b>235,117</b>

Changes in the carrying amounts of property, plant and equipment were as follows:

in TEUR	Land and buildings	Technical equipment	Other equipment, operating and office equipment	Advance payments and assets under construction	Total
<b>Carrying amount 1/31/2012</b>	<b>44,726</b>	<b>115,918</b>	<b>8,627</b>	<b>14,319</b>	<b>183,590</b>
Additions	3,333	20,993	3,631	22,178	50,135
Disposals	–55	–359	–112	–310	–836
Reclassifications	1,286	15,000	256	–16,544	–3
Depreciation, and impairment losses	–3,066	–25,425	–2,593	–116	–31,199
Foreign currency difference	–168	–676	–5	–125	–973
<b>Carrying amount 1/31/2013 = carrying amount 2/1/2013</b>	<b>46,056</b>	<b>125,450</b>	<b>9,805</b>	<b>19,402</b>	<b>200,714</b>
Additions	5,046	18,624	4,424	38,703	66,797
Disposals	–5	–629	–84	–218	–936
Reclassifications	2,945	12,493	598	–16,068	–32
Depreciation, and impairment losses	–3,015	–26,345	–2,702	–65	–32,127
Foreign currency difference	123	509	5	63	700
<b>Carrying amount 1/31/2014</b>	<b>51,151</b>	<b>130,103</b>	<b>12,046</b>	<b>41,817</b>	<b>235,117</b>

#### Finance leases

The carrying amounts of property, plant and equipment that are subject to finance leases are as follows:

in TEUR	Land and buildings	Technical equipment	Other equipment, operating and office equipment	Total
<b>Carrying amount 1/31/2012</b>	<b>9,738</b>	<b>0</b>	<b>0</b>	<b>9,738</b>
Cost	14,332	0	0	14,332
Accumulated depreciation and impairment losses	–4,595	0	0	–4,595
<b>Carrying amount 1/31/2012</b>	<b>9,738</b>	<b>0</b>	<b>0</b>	<b>9,738</b>
Cost	12,878	0	0	12,878
Accumulated depreciation and impairment losses	–3,663	0	0	–3,663
<b>Carrying amount 1/31/2013</b>	<b>9,215</b>	<b>0</b>	<b>0</b>	<b>9,215</b>
Cost	14,465	332	1,069	15,866
Accumulated depreciation and impairment losses	–4,324	–3	–36	–4,362
<b>Carrying amount 1/31/2014</b>	<b>10,141</b>	<b>329</b>	<b>1,034</b>	<b>11,504</b>

The finance lease for land and buildings that already existed in the previous year relates to a property lease for a building that is being used for operational purposes – with the option to purchase the property at the end of the 12-year term. The current remaining term of this lease is 5 years. The lease is based on an interest rate of 2.73 percent p.a.

Additions during the fiscal year relate to property leases for Sinter USA and leases for technical equipment and office equipment at various sites.

Finance lease obligations as of January 31, 2014, and January 31, 2013, were as follows:

in TEUR	Minimum lease payments		Present value of minimum lease payments	
	1/31/2014	1/31/2013	1/31/2014	1/31/2013
Remaining term of less than one year	1,467	1,040	1,205	870
Remaining term of one to five years	5,257	4,194	4,503	3,727
Remaining term of more than five years	3,847	2,070	3,195	2,064
	<b>10,572</b>	<b>7,303</b>	<b>8,902</b>	<b>6,661</b>
Less:				
Future financing cost	–1,669	–643	0	0
<b>Present value of minimum lease payments</b>	<b>8,902</b>	<b>6,661</b>	<b>8,902</b>	<b>6,661</b>
of which accounted for as liabilities under				
current lease liabilities	1,205	870		
non-current lease liabilities	7,697	5,791		

#### Operating leases

In addition to finance leases, there are operating lease commitments for property, plant and equipment which are not reported in the balance sheet.

Use of this property, plant and equipment which is not reported in the balance sheet resulted in expenses of TEUR 6,052 in the past fiscal year (previous year: TEUR 5,507).

Leasing and rental commitments in the coming years for buildings and machinery are as follows:

in TEUR	1/31/2014	1/31/2013
Term of less than one year	5,777	4,620
Term of one to five years	13,738	12,018
Term of more than five years	14,148	12,467

**Commitments to acquire items of property, plant and equipment** amounted to TEUR 6,617 as of January 1, 2014 (previous year: TEUR 8,419).

Property, plant and equipment amounting to TEUR 32,417 (previous year: TEUR 25,181) was pledged as **collateral for liabilities**. There are no restrictions on right of use.

#### (13) Investments in associates

Changes in **equity-accounted investments** were as follows:

in TEUR	2013–14	2012–13
<b>Balance 2/1</b>	<b>8,740</b>	<b>8,911</b>
Additions	1,477	0
Shares of profits and losses	1,049	1,051
Currency translation (outside profit or loss)	–698	–391
Currency translation (through profit or loss)	–9	–34
Dividend	–1,119	–798
<b>Balance 1/31</b>	<b>9,438</b>	<b>8,740</b>

At their reporting dates, associates included in the consolidated financial statements reported assets of TEUR 59,126 (previous year: TEUR 64,141), liabilities of TEUR 32,114 (previous year: 32,965) as well as revenue of TEUR 80,777 (previous year: TEUR 83,598) and a combined profit for the year of TEUR 3,787 (previous year: TEUR 3,760).

#### (14) Financial assets

in TEUR	Investments in affiliates	Loans	Securities (vested rights) classified as non-current assets	Total
Cost	261	3,058	2,286	5,604
Accumulated impairment losses	0	0	–117	–117
<b>Carrying amount 1/31/2012</b>	<b>261</b>	<b>3,058</b>	<b>2,169</b>	<b>5,487</b>
Cost	261	14,020	12,286	26,566
Accumulated impairment losses	0	0	–54	–54
<b>Carrying amount 1/31/2013</b>	<b>261</b>	<b>14,020</b>	<b>12,232</b>	<b>26,513</b>
Cost	261	12,832	12,286	25,379
Accumulated impairment losses	0	0	–54	–54
<b>Carrying amount 1/31/2014</b>	<b>261</b>	<b>12,832</b>	<b>12,232</b>	<b>25,325</b>

Changes in the carrying amounts of financial assets were as follows:

in TEUR	Investments in affiliates	Loans	Securities (vested rights) classified as non-current assets	Total
<b>Carrying amount 1/31/2012</b>	<b>261</b>	<b>3,058</b>	<b>2,169</b>	<b>5,487</b>
Additions	0	11,439	10,000	21,439
Disposals	0	–432	0	–432
Reversal of impairment losses	0	0	64	64
Foreign exchange differences	0	–45	0	–45
<b>Carrying amount 1/31/2013 = carrying amount 2/1/2013</b>	<b>261</b>	<b>14,020</b>	<b>12,232</b>	<b>26,513</b>
Additions	0	0	0	0
Disposals	0	–1,195	0	–1,195
Reversal of impairment losses	0	0	0	0
Foreign exchange differences	0	7	0	7
<b>Carrying amount 1/31/2014</b>	<b>261</b>	<b>12,832</b>	<b>12,232</b>	<b>25,325</b>

Loans to third parties mainly include term deposits with Austrian banks with terms of between three to five years. Securities classified as non-current financial assets mainly comprise a held-to-maturity fund which invests in corporate bonds and was entered into as a long-term investment.

#### (15) Deferred taxes

The measurement differences between the tax accounts and the IFRS consolidated balance sheet arise from the following differences and/or have the following effect on deferred taxes:

in TEUR	1/31/2014		1/31/2013	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
<b>Consolidated financial statements</b>				
<b>Assets</b>				
Non-current assets	4,207	15,991	4,858	15,831
Inventories	895	0	1,430	0
Other assets	101	162	117	25
<b>Equity and liabilities</b>				
Untaxed reserves	0	554	20	614
Provisions	3,212	63	3,009	15
Other items in equity and liabilities	1,578	131	1,253	129
<b>Subtotal</b>	<b>9,992</b>	<b>16,900</b>	<b>10,689</b>	<b>16,614</b>
Loss carryforwards	2,401	0	3,339	0
Deferred tax asset measurement reductions	–245	0	–658	0
<b>Prepaid/accrued taxes</b>	<b>12,148</b>	<b>16,900</b>	<b>13,370</b>	<b>16,614</b>
<b>Consolidation</b>				
Non-current assets	1,011	0	1,101	0
Elimination of intercompany profits	239	0	293	0
Offset	–10,101	–10,101	–10,181	–10,181
<b>Deferred taxes</b>	<b>3,296</b>	<b>6,799</b>	<b>4,582</b>	<b>6,433</b>

In fiscal year 2013–2014, deferred taxes of TEUR 370 (previous year: TEUR 780) were recognized in other comprehensive income in the statement of comprehensive income; they relate to actuarial gains and losses.

In accordance with IAS 12.39, no deferred taxes were reported in the consolidated balance sheet for differences arising from investments in subsidiaries.

The predominant part of loss carryforwards is attributable to foreign companies. Material losses will not expire before 2029. There was a positive effect of TEUR 517 (previous year: TEUR 0) in the reporting year from the use of tax loss carryforwards for which no deferred tax assets had previously been recognized. Deferred tax assets for loss carryforwards amounting to TEUR 587 (previous year: TEUR 2,047) were recognized as recoverable due to improved utilization of capacity, despite tax losses in the past. Deferred tax assets were not recognized for

tax loss carryforwards amounting to TEUR 842 (previous year: TEUR 2,672) as the tax assets are not expected to be realized in the foreseeable future.

Under the Austrian Corporate Income Tax Act (KStG), tax-deductible investment writedowns as well as losses arising from the disposal of investments must be claimed by being spread over a period of seven years. Deferred tax assets include deferred taxes relating to outstanding one-seventh writedowns amounting to TEUR 984 (previous year: TEUR 1,471). Deferred tax assets were recognized for all outstanding one-seventh writedowns under section 12 of the Austrian Corporate Income Tax Act (KStG).

#### (16) Inventories

in TEUR	1/31/2014	1/31/2013
Raw materials, consumables and supplies	21,933	25,913
Work in progress	25,335	23,343
Finished goods	18,070	19,122
Merchandise	11,437	12,782
Advance payments for inventories	1,460	52
<b>Total</b>	<b>78,236</b>	<b>81,213</b>

Inventories include accumulated writedowns in the amount of TEUR 6,743 (previous year: TEUR 7,783). The current year writedown is included in cost of materials in the consolidated income statement and amounted to TEUR 1,281 in fiscal year 2013–2014 (previous year: TEUR 585).

#### (17) Trade receivables

in TEUR	1/31/2014	1/31/2013
Trade receivables	83,030	78,419
Receivables from long-term construction contracts	2,885	1,556
Payments on account received in respect of receivables from long-term construction contracts	–1,609	–991
Receivables from unconsolidated affiliates	6	10
<b>Total</b>	<b>84,311</b>	<b>78,995</b>

As a means of securing liquidity, an agreement to assign customer receivables was entered into with an Austrian bank in fiscal year 2012–2013. As of the reporting date, receivables amounting to TEUR 11,383 (previous year: TEUR 11,064) had been assigned.

Trade receivables were due within one year as of January 31, 2014, and January 31, 2013.

#### Long-term construction contracts

Long-term construction contracts in TEUR	1/31/2014	1/31/2013
For all contracts not invoiced as of the balance sheet date		
Income from contracts for the period reported as revenue	2,835	1,584
Contract costs incurred up to the reporting date	2,003	1,039
Profits/(losses) incurred up to the reporting date	832	546
Advances and part payments received	4,275	3,019

The carrying amounts of trade receivables and receivables from long-term construction contracts as of January 31, 2014, and January 31, 2013, were as follows:

Trade receivables and receivables from long-term construction contracts in TEUR	Gross 1/31/2014	Allowance for impairments 1/31/2014	Gross 1/31/2013	Allowance for impairments 1/31/2013
Not past due	67,483	0	67,618	0
Less than 60 days past due	12,302	139	8,658	18
Between 60 and 180 days past due	3,111	162	1,497	136
Between 180 and 360 days past due	1,348	205	1,257	502
More than 360 days past due	2,603	2,030	2,363	1,742
<b>Total</b>	<b>86,848</b>	<b>2,537</b>	<b>81,394</b>	<b>2,399</b>

With regard to the balance of trade receivables and receivables from long-term construction contracts which are neither impaired nor past due, there were no indications as of the reporting date that the debtors will not meet their payment obligations.

The allowances for impairments on trade receivables changed as follows in fiscal years 2013–2014 and 2012–2013:

in TEUR	2013–14	2012–13
<b>Balance 2/1</b>	<b>2,399</b>	<b>2,159</b>
Reversal/utilization	–478	–331
Increase in allowance for impairment	616	571
<b>Balance 1/31</b>	<b>2,537</b>	<b>2,399</b>

Expenses for fully derecognized trade receivables amounted to TEUR 175 (previous year: TEUR 30) in fiscal year 2013–2014.

#### (18) Other assets

in TEUR	1/31/2014	1/31/2013
Other receivables and assets	20,531	16,449
Prepaid expenses	1,317	1,305
<b>Total</b>	<b>21,848</b>	<b>17,754</b>
of which financial receivables	3,334	3,627

Other receivables and assets include non-current receivables amounting to TEUR 186 (previous year: TEUR 204).

#### (19) Current financial assets

Financial assets mainly include medium-term liquidity reserves in the form of term deposits with a remaining maturity of more than three and less than twelve months which are measured at amortized cost.

#### (20) Cash and cash equivalents

This item mainly includes cash-in-hand, cash at banks and short-term available-for-sale securities classified as current assets with an original maturity of up to three months.

There were no restrictions on the amounts included in this item as of the reporting date.

#### (21) Consolidated equity

##### Share capital

The share capital of Miba AG was TEUR 9,500 as of January 31, 2014. It is divided into 1,300,000 no-par value shares. Of these, 870,000 are ordinary shares, 130,000 are category A preferred shares with no voting rights, but with a right to be converted into ordinary shares upon relinquishment of preferential rights, and 300,000 are category B preferred shares with no voting rights and no right to be converted into ordinary shares. All shares issued are also fully paid up. There is no authorized capital in addition to the shares issued.

Miba category B preferred shares are listed in the “Standard Market Auction” segment of the Vienna Stock Exchange.

Changes in the number of shares and treasury shares in circulation were as follows:

	Number of ordinary shares	Number of preferred shares (category A)	Number of preferred shares (category B)	Number of treasury shares (category B)
<b>Balance 2/1/2012</b>	<b>870,000</b>	<b>130,000</b>	<b>227,053</b>	<b>72,947</b>
Repurchased	0	0	–8,602	8,602
<b>Balance 1/31/2013</b>	<b>870,000</b>	<b>130,000</b>	<b>218,451</b>	<b>81,549</b>

	Number of ordinary shares	Number of preferred shares (category A)	Number of preferred shares (category B)	Number of treasury shares (category B)
<b>Balance 2/1/2013</b>	<b>870,000</b>	<b>130,000</b>	<b>218,451</b>	<b>81,549</b>
Repurchased	0	0	–10,895	10,895
<b>Balance 1/31/2014</b>	<b>870,000</b>	<b>130,000</b>	<b>207,556</b>	<b>92,444</b>

##### Capital reserves

Capital reserves solely comprised allocated capital reserves (premium) and remained unchanged at TEUR 18,089.

##### Treasury shares

##### July 1, 2011, share buyback program

The 25th Annual General Meeting on July 1, 2011, resolved to authorize the Management Board from July 2, 2011, for the duration of 30 months, to acquire own shares of the Company up to a maximum of ten percent of share capital as a general buyback with the exclusion of trading in own shares, at a price of between EUR 100.00 and EUR 300.00; the Management Board was further authorized to set the terms of the buyback. Furthermore, the Annual General Meeting also granted authorization for the duration of five years from the date of the resolution to dispose of the shares thus acquired as consideration for the acquisition of companies, businesses, parts of businesses or interests in one or more companies in Austria or abroad, in agreement with the Supervisory Board, by means other than via the stock exchange or by public offer, while disapplying shareholders’ preemptive rights.

In its meeting on October 14, 2011, Miba AG’s Management Board resolved to use the Annual General Meeting’s authorization to buy back own shares and to acquire up to 30,000 Miba no-par value category B preferred shares on the stock exchange.

By April 23, 2013, a total of 17,713 own shares had been bought back as part of this share buyback program.

Miba AG's 27th Annual General Meeting on June 28, 2013, revoked the authorization granted by the 25th Annual General Meeting on July 1, 2011, and so the July 1, 2011, share buyback program came to an end.

#### June 28, 2013, share buyback program

Miba AG's 27th Annual General Meeting on June 28, 2013, authorized Miba AG's Management Board – by revoking the authorization granted at the 25th Annual General Meeting on July 1, 2011 – to buy back own shares (category B preferred shares) to the largest extent permitted in law of ten percent of share capital including shares already acquired, for the duration of thirty months from July 1, 2013, as a general acquisition pursuant to section 65 (1) 8 of the Austrian Stock Corporation Act (AktG), and to set the terms of the buyback, whereby the buyback amount to be paid per share may not be less than EUR 100.00 and not more than a maximum of ten percent above the average non-weighted closing price of the ten trading days prior to the buyback and the acquisition may take place in any manner permissible in law, in particular also over the counter and from individual shareholders who are willing to sell (negotiated purchase). Trading in own shares is precluded from being a purpose of the acquisition.

On August 21, 2013, Miba AG's Management Board resolved to use the Annual General Meeting's authorization to buy back own shares and to acquire up to 45,000 Miba no-par value category B preferred shares (ISIN AT0000734835) via the stock exchange and/or over the counter, taking account of restrictions under Austrian stock corporation law.

In fiscal year 2013–2014, 10,895 own shares (previous year: 8,602) were bought back under both share buyback programs.

Up to the January 31, 2014, reporting date, 92,444 own shares (previous year: 81,549) had been bought back at an average price of EUR 153.84 (previous year: EUR 136.59) per share. This equates to about 7.1 percent (previous year: 6.3 percent) of share capital.

As of the reporting date, none of the treasury shares had been used as authorized by the Annual General Meeting.

#### Retained earnings

Retained earnings include:

- Profit after tax less dividend payments and less profit attributable to non-controlling interests as well as the components of other comprehensive income, in particular
- the offset of actuarial gains and losses from the measurement of termination benefit and pension provisions and attributable deferred taxes,
- the foreign currency translation from foreign subsidiary financial statements and
- the share of other comprehensive income of equity-accounted companies.

#### (22) Termination benefit and pension provisions

The most important actuarial assumptions used as of the reporting date are listed below in percent.

Actuarial assumptions – in percent	1/31/2014	1/31/2013
Discount rate (termination benefit and pension provision)	3.50	3.50
Future wage or salary increases (termination benefit provision)	2.80	2.50
Future pension adjustments (pension provision)	1.41	1.41

Assumptions on future mortality are based on the *Rechnungsgrundlagen für die Pensionsversicherung AVÖ-P08 GEM* (AVÖ-P08 GEM calculation principles for pension insurance). Taking transitional regulations into account, the earliest possible date of entitlement to retirement pension was taken as a basis for the assumed retirement age. A company-specific deduction for staff turnover was applied.

Re **termination benefit provisions:**

in TEUR	1/31/2014	1/31/2013
<b>Present value of termination benefit obligations = opening balance</b>	<b>20,767</b>	<b>18,154</b>
Current service cost	977	917
Past service cost	211	0
Interest expense	712	851
Termination benefit payments	–2,232	–1,269
Actuarial gains (–)/losses (+) from changes in financial assumptions	792	2,854
Actuarial gains (–)/losses (+) from changes in experience assumptions	753	–741
<b>Present value of termination benefit obligations = closing balance</b>	<b>21,981</b>	<b>20,767</b>

The weighted average duration of obligations as of January 31, 2014, was 12.7 years.

For fiscal year 2014–2015, expected payments from termination benefit obligations are TEUR 670 (previous year: TEUR 734).

**Termination benefit sensitivity analysis**

Changes deemed possible as of the reporting date, applying prudent judgment, in one of the material actuarial assumptions while keeping other assumptions constant would have influenced obligations by the following amounts.

Effect as of 1/31/2014, in TEUR	Increase	Decrease
Discount rate (1% change)	–2,461	2,951
Future wage or salary increases (0.5% change)	1,410	–1,299

Re **pension provisions**:

in TEUR	1/31/2014	1/31/2013
<b>Present value of pension obligations (DBO) = opening balance</b>	<b>8,062</b>	<b>7,214</b>
Service cost	0	24
Interest expense	263	318
Pension payments from plan assets	–400	–453
Employer pension payments	–152	–72
Actuarial gains (–)/losses (+) from changes in financial assumptions	0	873
Actuarial gains (–)/losses (+) from changes in experience assumptions	173	157
<b>Present value of pension obligations (DBO) = closing balance</b>	<b>7,946</b>	<b>8,062</b>
Value of plan assets (pension liabilities insurance)	–5,728	–5,887
<b>Pension provisions</b>	<b>2,218</b>	<b>2,175</b>

The movement in the fair value of plan assets is presented in the following table:

in TEUR	1/31/2014	1/31/2013
<b>Value of plan assets at beginning of fiscal year</b>	<b>5,887</b>	<b>6,049</b>
Interest income from plan assets	198	197
Income from plan assets (excluding interest income)	43	95
Pension payments from plan assets	–400	–453
<b>Value of plan assets at end of fiscal year</b>	<b>5,728</b>	<b>5,887</b>

Expected payments from pension obligations for fiscal year 2014–2015 amount to TEUR 541 (previous year: TEUR 529).

The weighted average duration of defined benefit obligations as of January 31, 2014, was 9.9 years.

Changes deemed possible as of the reporting date, applying prudent judgment, in one of the material actuarial assumptions while keeping other assumptions constant would have influenced defined benefit obligations by the following amounts.

Effect as of 1/31/2014, in TEUR	Increase	Decrease
Discount rate (1% change)	–682	802

**(23) Financial liabilities**

This item includes all interest-bearing liabilities with a remaining term of more than one year. For details, please refer to the financial liabilities table in note 32 Financial instruments, financial risk management and capital management.

in TEUR	1/31/2014	1/31/2013
Bond	74,736	74,691
of which with a remaining maturity of more than five years	74,736	74,691
Liabilities to banks	22,790	34,934
of which with a remaining maturity of more than five years	445	890
Liabilities to non-banks (loans)	2,562	2,225
of which with a remaining maturity of more than five years	532	590
<b>Total</b>	<b>100,088</b>	<b>111,851</b>
of which with a remaining maturity of more than five years	75,713	76,172

On February 27, 2012, Miba AG issued a seven-year bullet bond with a principal amount of EUR 75,000,000.00 (ISIN AT0000A0T8M1). The bond comprises 150,000 notes with a principal amount of EUR 500.00 each. The interest rate is 4.5 percent p.a. Interest is payable annually in arrears on February 27.

Transaction costs that are directly attributable to the issue have been added to the bond in accordance with IAS 39.43 and are recognized over the term using the effective interest method.

The Miba Group had sufficient unused approved credit lines available as of the reporting date. There are no restrictions on the use of the credit lines.

**(24) Other non-current liabilities**

This item includes other non-current liabilities with a remaining maturity of more than one year.

in TEUR	1/31/2014	1/31/2013
Personnel obligations	4,936	4,516
of which with a remaining maturity of more than five years	4,936	4,516
Liabilities under finance leases	7,697	5,791
of which with a remaining maturity of more than five years	3,195	2,064
Payments on account received in respect of orders	8	212
of which with a remaining maturity of more than five years	0	0
Other non-current liabilities	496	989
of which with a remaining maturity of more than five years	0	0
Investment subsidies	32	40
of which with a remaining maturity of more than five years	0	0
<b>Total</b>	<b>13,170</b>	<b>11,547</b>
of which with a remaining maturity of more than five years	8,131	6,580
of which financial liabilities	8,193	6,780

**(25) Statement of changes in provisions**

in TEUR	Balance 2/1/2013	Foreign exchange differences	Reclassifi- cations	Utilized	Reversals	Time value of money	Allocation to provisions	Balance 1/31/2014
Pension and termination benefit provisions	22,942	–9	0	1,515	73	975	1,879	24,199
Deferred taxes	6,433	–103	0	1,393	0	0	1,862	6,799
Other non-current provisions	1,225	0	613	0	0	0	131	1,969
<b>Non-current provisions</b>	<b>30,600</b>	<b>–113</b>	<b>613</b>	<b>2,908</b>	<b>73</b>	<b>975</b>	<b>3,872</b>	<b>32,966</b>
Tax provisions	19,409	–205	0	16,670	0	0	10,066	12,600
Other personnel provisions	16,822	13	–1,727	14,622	0	0	16,579	17,065
Other provisions	10,769	20	1,114	8,720	2,229	0	5,687	6,641
<b>Current provisions</b>	<b>46,999</b>	<b>–171</b>	<b>–613</b>	<b>40,012</b>	<b>2,229</b>	<b>0</b>	<b>32,332</b>	<b>36,305</b>
<b>Total provisions</b>	<b>77,599</b>	<b>–284</b>	<b>0</b>	<b>42,920</b>	<b>2,303</b>	<b>975</b>	<b>36,204</b>	<b>69,272</b>

Other non-current provisions relate to long-term-oriented remuneration components for executives.

The contingent consideration from company acquisitions included in non-current provisions is based on the results for fiscal year 2013–2014. The performance-related component will be paid out in fiscal year 2014–2015.

**(26) Trade payables**

in TEUR	1/31/2014	1/31/2013
Trade payables due to third parties	60,543	42,756
Liabilities to unconsolidated affiliates	3,382	1,293
<b>Total</b>	<b>63,925</b>	<b>44,049</b>

**(27) Current financial liabilities**

This item includes all interest-bearing liabilities with a remaining maturity of less than one year. For details, please refer to the financial liabilities table in note 32 Financial instruments, financial risk management and capital management.

in TEUR	1/31/2014	1/31/2013
Liabilities to banks	13,603	11,964
Liabilities to unconsolidated affiliates	83	110
Other loans	416	817
<b>Total</b>	<b>14,102</b>	<b>12,891</b>

**(28) Income tax liabilities**

in TEUR	1/31/2014	1/31/2013
Income tax liabilities	694	0

**(29) Other current liabilities**

in TEUR	1/31/2014	1/31/2013
Payments on account received in respect of orders	3,451	2,230
Liabilities under finance leases	1,205	870
Other liabilities	10,807	10,135
Other liabilities to unconsolidated affiliates	6,980	7,364
Other liabilities to tax authorities	2,724	2,061
Other liabilities from social obligations	3,353	3,125
Deferred income	751	527
<b>Total</b>	<b>29,271</b>	<b>26,312</b>
of which financial liabilities	6,100	6,573

Other liabilities to affiliates include the interests (share of capital and profit) in Miba Energy Holding GmbH & Co KG which are held by more senior affiliates.

**(30) Contingent liabilities and other financial obligations**

Contingent liabilities were as follows:

in TEUR	1/31/2014	1/31/2013
Guarantees	2,654	3,283

**Leasing**

The parent company of High Tech Coatings GmbH, Laakirchen, Austria, provided a guarantee in the amount of TEUR 2,648 (previous year: TEUR 2,773) to the lessor in connection with the construction of the company's new building in Vorchdorf.

Obligations in the coming years arising from finance lease agreements which are not reported in the balance sheet amounted to TEUR 2,051 (previous year: TEUR 0).

Other

Management considers the probability of a negative impact from current litigation to be low.

There are no other obligations or risks which have not been reported appropriately in the accompanying consolidated financial statements or in the disclosures.

E. Other disclosures

(31) Consolidated cash flow statement

The consolidated cash flow statement has been prepared using the indirect method. Cash and cash equivalents comprise cash-in-hand, checks, cash at banks and short-term available-for-sale securities with an original maturity of up to three months. Income taxes paid as well as interest and dividends received have been classified as operating activities. Interest and dividends paid are classified as financing activities. The effects from currency translation and changes to the basis of consolidation have been eliminated from the respective items in the three classification areas.

(32) Financial instruments, financial risk management and capital management

The carrying amounts (classified according to IAS 39 measurement categories) and fair values (classified by fair value hierarchy, see explanation below) of financial assets and financial liabilities as of January 31, 2014, and January 31, 2013, were as follows:

in TEUR	Carrying amount under IAS 39 at	Total carrying amount 1/31/2014	IAS 39 measurement category					Total fair value 1/31/2014	Fair value hierarchy		
			At fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities		Level 1	Level 2	Level 3
Financial assets recognized at fair value											
Securities (held for trading)	FV	1,573	1,573	0	0	0	0	1,573	1,573	0	0
Securities (available for sale)	FV	5,003	0	0	0	5,003	0	5,003	5,003	0	0
6,576			1,573	0	0	5,003	0				
Financial assets not recognized at fair value											
Investments in affiliates (unconsolidated)	C	261	0	0	0	261	0	0	0	0	0
Securities (other equity investments)	C	659	0	0	0	659	0	0	0	0	0
Loans to third parties	AC	12,832	0	0	12,832	0	0	13,148	0	0	13,148
Trade receivables	AC	84,311	0	0	84,311	0	0	0	0	0	0
Current financial assets	AC	17,721	0	0	17,721	0	0	0	0	0	0
Other financial receivables	AC	3,334	0	0	3,334	0	0	0	0	0	0
Securities (held to maturity)	AC	10,000	0	10,000	0	0	0	10,882	10,882	0	0
Cash and cash equivalents	AC	119,523	0	0	119,523	0	0	0	0	0	0
248,641			0	10,000	237,722	919	0				
Financial liabilities recognized at fair value											
Derivatives with negative fair value not in hedging relationships	FV	91	91	0	0	0	0	91	91	0	0
91			91	0	0	0	0				
Financial liabilities not recognized at fair value											
Financial liabilities	AC	114,190	0	0	0	0	114,190	114,736	0	0	114,736
Liabilities under finance leases	N/A	8,902	0	0	0	0	8,902	8,902	0	0	8,902
Trade payables	AC	63,925	0	0	0	0	63,925	0	0	0	0
Other financial liabilities	AC	5,390	0	0	0	0	5,390	0	0	0	0
192,408			0	0	0	0	192,408				

FV = fair value  
C = cost  
AC = amortized cost

in TEUR	Carrying amount under IAS 39 at	Total carrying amount 1/31/2013	IAS 39 measurement category					Total fair value 1/31/2013	Fair value hierarchy		
			At fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities		Level 1	Level 2	Level 3
Financial assets recognized at fair value											
Securities (held for trading)	FV	1,573	1,573	0	0	0	0	1,573	1,573	0	0
Securities (available for sale)	FV	5,003	0	0	0	5,003	0	5,003	5,003	0	0
6,576			1,573	0	0	5,003	0				
Financial assets not recognized at fair value											
Investments in affiliates (unconsolidated)	C	261	0	0	0	261	0	0	0	0	0
Securities (other equity investments)	C	659	0	0	0	659	0	0	0	0	0
Loans to third parties	AC	14,020	0	0	14,020	0	0	14,020	0	0	14,020
Trade receivables	AC	78,995	0	0	78,995	0	0	0	0	0	0
Current financial assets	AC	13,000	0	0	13,000	0	0	0	0	0	0
Other financial receivables	AC	3,627	0	0	3,627	0	0	0	0	0	0
Securities (held to maturity)	AC	10,000	0	10,000	0	0	0	10,000	10,000	0	0
Cash and cash equivalents	AC	118,011	0	0	118,011	0	0	0	0	0	0
238,572			0	10,000	227,652	919	0				
Financial liabilities recognized at fair value											
Derivatives with negative fair value not in hedging relationships	FV	0	0	0	0	0	0	0	0	0	0
0			0	0	0	0	0				
Financial liabilities not recognized at fair value											
Financial liabilities	AC	124,742	0	0	0	0	124,742	125,590	0	0	125,590
Liabilities under finance leases	N/A	6,661	0	0	0	0	6,661	6,661	0	0	6,661
Trade payables	AC	44,049	0	0	0	0	44,049	0	0	0	0
Other financial liabilities	AC	5,703	0	0	0	0	5,703	0	0	0	0
181,154			0	0	0	0	181,154				

FV = fair value  
C = cost  
AC = amortized cost

Fair values of financial assets are classified into levels 1 to 3 depending on how observable their fair value is:

- Level 1: market prices quoted in active markets for identical financial assets and liabilities
- Level 2: fair values determined using quoted prices or measurement methods for which the inputs that are important for determining value are based on observable market data
- Level 3: fair values calculated using models in which the inputs that are important for determining value are based on non-observable data

Trade receivables and payables as well as current financial assets and liabilities, other financial receivables and liabilities and cash and cash equivalents are financial assets and liabilities which are not recognized at fair value and have predominantly short remaining maturities. Their carrying amounts equate approximately to fair value as of the reporting date.

Fair value of securities (with the exception of other equity investments) is based on current prices and equates to the market value as of the reporting date.

Investments in affiliates (unconsolidated) and other equity investments in companies include unquoted equity instruments whose fair value cannot be reliably determined and which are recognized at cost. No disposals are planned in the foreseeable future.

The fair value of loans to third parties equates, if material, to the present value of the payments associated with the assets, taking the respective current market inputs into account.

The carrying amounts of financial assets represent the maximum credit risk as of the reporting date.

Market prices determined by banks are used to measure derivative financial instruments as of the reporting date. If quoted market prices are not used, fair value is calculated using recognized financial models. The fair values recognized equate in each case to the amount at which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values of financial liabilities are, if material, calculated as present values of the payments associated with the liabilities, based on current observable market inputs (yield curves, exchange rates and credit ratings of the parties to the contract).

Liabilities under finance leases are recognized at the present value of future lease payments.

Financial assets and liabilities are generally reported at the gross carrying amount. They are only offset if an offset of the amounts is currently legally enforceable by Miba AG and an offset is actually intended. There are also derivative-related offsetting framework agreements within the Miba Group. The IFRS 7 disclosures have not been provided as there were no amounts requiring offset as of the reporting date.

#### Analysis of contractually agreed payments of interest and principal

The contractually agreed (undiscounted) payments of principal and interest for primary financial liabilities as well as for derivative financial instruments with negative fair values comprised the following as of January 31, 2014, and January 31, 2013:

in TEUR	Carrying amount 1/31/2014	Cash flows 2014–15		Cash flows 2015–16 to 2018–19		Cash flows from 2019–20	
		Interest	Principal	Interest	Principal	Interest	Principal
Interest-bearing liabilities	114,190	4,282	14,102	14,275	24,376	3,377	75,977
Liabilities under finance leases	8,902	262	1,205	755	4,503	652	3,195
Trade payables	63,925	0	63,925	0	0	0	0
Other financial liabilities	5,390	0	5,390	0	0	0	0
<b>Total</b>	<b>192,408</b>	<b>4,544</b>	<b>84,623</b>	<b>15,030</b>	<b>28,878</b>	<b>4,029</b>	<b>79,171</b>

in TEUR	Carrying amount 1/31/2013	Cash flows 2013–14		Cash flows 2014–15 to 2017–18		Cash flows from 2018–19	
		Interest	Principal	Interest	Principal	Interest	Principal
Interest-bearing liabilities	124,742	4,356	12,892	15,363	35,678	6,748	76,172
Liabilities under finance leases	6,661	170	870	467	3,727	6	2,064
Trade payables	44,049	0	44,049	0	0	0	0
Other financial liabilities	5,703	0	4,714	0	989	0	0
<b>Total</b>	<b>181,154</b>	<b>4,525</b>	<b>62,525</b>	<b>15,830</b>	<b>40,393</b>	<b>6,754</b>	<b>78,236</b>

All financial instruments held as of the reporting date and for which payments had already been contractually agreed have been included. Projected figures for future new liabilities are not included. Amounts denominated in foreign currencies have been translated at the closing rate. Variable interest payments for financial instruments were determined based on the last interest rates that were fixed before the reporting date. Financial liabilities that are repayable at any time are always allocated to the earliest maturity banding.

### Derivatives not subject to hedge accounting

All derivative financial instruments which do not meet the hedge accounting criteria of IAS 39 and have been classified as held for trading are recognized at fair value. Derivative financial instruments with positive market values are reported under other receivables and assets, while those with negative market values are reported under other liabilities.

Market prices determined by banks are used to measure derivative financial instruments as of the reporting date. If quoted market prices are not used, fair value is calculated using recognized financial models. The fair values recognized equate in each case to the amount at which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

A copper zero cost collar and a multiple settlement commodity swap, both based on the "LME Copper Cash" index, were entered into during the fiscal year. Future purchases of copper as a raw material were designated as the hedged item. This hedging transaction is intended to reduce the risk of rising copper prices by transferring variable purchase costs for a basic purchase volume into fixed (commodity swap) or capped (zero cost collar) purchase costs. The maximum remaining maturity of the commodity hedges is twelve months.

In order to hedge the planned adjustment to lease payments in the lease agreements of a number of Group companies, whereby lease payments will be brought into line with the performance of short-term interest rates, two interest rate swaps (five and seven years) have been entered into as hedging instruments, in which Miba, who pays fixed interest and receives variable interest, is transferring variable payments into fixed payments in order to hedge against rising interest rates.

Net losses of TEUR 91 from derivative financial instruments not included in a hedging relationship that are designated as financial liabilities at fair value through profit or loss have been recognized in the consolidated income statement.

The level of outstanding derivative financial instruments was as follows:

	1/31/2014			1/31/2013		
	Notional amount in TUSD (copper) / in TEUR (interest rate)	Positive market value in TEUR	Negative market value in TEUR	Notional amount in TUSD (copper) / in TEUR (interest rate)	Positive market value in TEUR	Negative market value in TEUR
Hedging of raw material prices (copper)	11,073	0	–48	0	0	0
Interest rate hedge	6,500	0	–43	0	0	0

### Net income from financial instruments

Net income from financial instruments, broken down by the IAS 39 measurement categories, was as follows in fiscal years 2013–2014 and 2012–2013:

Fiscal year 2013–14 in TEUR	From interest	From subsequent measurement			From disposals	Total
		at fair value through profit or loss	at fair value outside profit or loss	allowance for impairment		
Loans and receivables	1,008	0	0	–138	0	870
Financial assets held to maturity	197	0	0	0	0	197
Financial assets at fair value through profit or loss	175	0	0	0	0	175
Available for sale	26	0	0	0	12	38
Financial liabilities measured at amortized cost	–4,594	0	0	0	0	–4,594
Financial liabilities at fair value through profit or loss	0	–91	0	0	0	–91
<b>Total</b>	<b>–3,187</b>	<b>–91</b>	<b>0</b>	<b>–138</b>	<b>12</b>	<b>–3,404</b>

Fiscal year 2012–13 in TEUR	From interest	From subsequent measurement			From disposals	Total
		at fair value through profit or loss	at fair value outside profit or loss	allowance for impairment		
Loans and receivables	1,001	0	0	–240	0	761
Financial assets held to maturity	197	0	0	0	0	197
Financial assets at fair value through profit or loss	54	64	0	0	0	117
Available for sale	26	0	0	0	0	26
Financial liabilities measured at amortized cost	–5,367	0	0	0	0	–5,367
Financial liabilities at fair value through profit or loss	0	0	0	0	0	0
<b>Total</b>	<b>–4,088</b>	<b>64</b>	<b>0</b>	<b>–240</b>	<b>0</b>	<b>–4,265</b>

#### Financial risk management and capital management

As a global business, the Miba Group is exposed to certain general and sector-specific risks.

It is Group policy to identify emerging risks at an early stage through the close monitoring of existing risk positions and market developments, and to take countermeasures quickly.

The annual evaluation of Group companies did not reveal any material new or previously unrecognized risks. In addition, based on the information currently available, there are no individual risks to the continued existence of the Miba Group as a going concern which might have a material detrimental effect on the assets, liabilities, financial position and profit or loss.

Financial instruments represent an important area when hedging risks. Financial instruments such as trade receivables and trade payables as well as financial receivables and financial liabilities are included under IAS 32. The carrying amount of the primary financial instruments reported in the consolidated balance sheet mainly equates to market value or fair value.

##### a) Credit risk

The risk of delayed payments or payment defaults affects both customers and banks for which the Group holds receivables in the form of trade receivables or invested funds.

Credit ratings of new and existing customers are monitored continually as part of an extensive credit insurance policy for trade receivables. As of the reporting date, the largest customer made up 4.2 percent (previous year: 3.8 percent) of outstanding receivables.

For banks, an internal credit assessment is performed continuously using various key performance indicators. Investment volume limits are issued for each bank. According to internal guidelines, investments may only be placed with banks that have an excellent credit rating.

##### b) Interest rate risk

Interest rate risk exists when rising or falling interest rates result in a higher interest expense or in lower interest income.

Interest rate risk is limited by the 4.5-percent fixed interest bond, which represents more than half of the interest-bearing liabilities, as well as by further fixed interest loans. In addition, an interest rate swap has been entered into to reduce the risk from interest rate changes which arises from lease agreements.

On the asset side of the balance sheet, cash balances and, assuming reinvestment, short-term variable interest investments are subject to interest rate risk. The risk of falling interest rates is very limited due to the prevailing low level of interest rates in both major currency areas (USD and EUR). Rising interest rates would lead to significantly higher interest income.

##### c) Currency risk

Currency risks on the asset side of the balance sheet mainly relate to the US dollar and result from trade receivables from international customers. On the equity and liabilities side, there are no notable currency risks except in relation to trade payables since the ongoing financing of operations by Group companies takes place in the respective local currency.

As the manufacturing sites are located in the three significant customer currency areas, costs are also incurred in the currency in which customer payments are made, which significantly reduces currency risk (natural hedge).

##### d) Liquidity risk

Liquidity safeguarding must secure the Group's solvency at all times. Liquidity in the Group is secured by appropriate liquidity planning at the start of the year, by having sufficient cash and cash equivalents during the year and by means of short-term borrowing.

The current excess of cash and cash equivalents available at short notice over financial liabilities, together with the additional financing available, represent an adequate liquidity buffer.

Current cash and cash equivalents are managed centrally via a cash reporting system, which allows negative developments to be recognized early and to be reacted to quickly. If required, a rolling short-term liquidity forecast is also prepared.

##### e) Commodity price risk

Miba AG uses various commodities for its products which are subject to price fluctuations. Copper is material to the Company in addition to various types of steel. Copper purchasing volumes in fiscal year 2013–2014

amounted to around 2,700 tons, with a total of 420 tons being hedged by financial instruments. Price escalator clauses in customer contracts are a further hedge.

#### f) Capital management

Miba AG's Articles of Incorporation do not specify any minimum capital requirements. The objective of the Group is to maintain an appropriate capital structure as well as to increase the value of the Group in the long term.

The equity ratio, based on equity and total assets in the consolidated financial statements, is used to manage capital. No specific target is set.

		1/31/2014	1/31/2013
Consolidated equity	in TEUR	349,569	316,012
Consolidated total assets	in TEUR	640,091	600,262
Group equity ratio	in percent	54.6	52.6

#### g) Sensitivity analyses

##### ■ Sensitivity analysis principles

In order to present material market risks for financial instruments, IFRS 7 requires sensitivity analyses which demonstrate the effects that hypothetical changes to relevant risk variables might have on profit or loss and consolidated equity. The Miba Group is mainly exposed to foreign currency risk and interest rate risk. Therefore, appropriate sensitivity analyses were performed for these market risks.

The financial instrument holdings affected as of the reporting date were used as the basis for determining the effects from hypothetical changes to the risk variables. In doing so, it was assumed that the respective risk as of the reporting date for the most part represents the risk during the fiscal year.

The Austrian corporate income tax rate of 25 percent was used uniformly as the tax rate.

In the interest rate risk sensitivity analysis, only the cash flow risk was taken into account since fair value risk is not relevant due to the accounting policies applied.

##### ■ Sensitivity analysis for foreign currency risk

If the euro had appreciated against the US dollar by 10 percent as of the reporting date, then profit (after tax) and equity would have changed by the following amounts:

Appreciation of EUR by 10 percent in TEUR	1/31/2014		1/31/2013	
	Effect on profit (after tax)	Effect on equity	Effect on profit (after tax)	Effect on equity
EUR-USD	-1,747	-8,972	-1,462	-8,475

If the euro had depreciated against the US dollar by 10 percent as of the reporting date, the effect on profit (after tax) and equity would have been the same as above, but with the plus or minus sign reversed.

It has been assumed in this analysis that all other variables, particularly interest rates, remain constant.

##### ■ Sensitivity analysis for interest rate risk

An increase in the market interest rate of 100 basis points as of the reporting date would result in an increase in profit (after tax) and consolidated equity of TEUR 1,051 (previous year: TEUR 632).

A reduction in the market interest rate by 100 basis points as of the reporting date would theoretically currently result in negative interest, which is precluded from most investments. A lower reduction in the market interest rate level would have an aliquot effect, but with a reversed plus or minus sign, on profit and on consolidated equity.

It was assumed in this analysis that all other variables, particularly exchange rates, remain constant. The sensitivity of consolidated equity was solely affected by profit (after tax).

### (33) Segment reporting

Under IFRS 8, segments must be determined and the profit or loss must be reported based on internal reporting (management approach). For non-current assets and capital expenditure, the additional geographical information is structured according to Group company location. The segment income from external customers is presented based on customer location.

The Group is divided into four main segments plus the “Other” segment. Segment classification reflects the internal organization and management structure of the Group. The segments are as follows:

#### Miba Sinter Group

Development and production of sintered components for engines and transmission components. The main products are gears, chain sprockets, belt pulleys, main bearing caps and components for variable camphasers, as well as oil and water pumps.

#### Miba Bearing Group

Development and production of engine bearing products such as half shells, bushings and thrust washers, engine bearing applications and surface technologies.

#### Miba Friction Group

Development and production of clutch and brake components.

#### New Technologies Group

Development and production of passive electronic components, such as resistors and cooling systems for power electronics. This segment also includes special machinery production.

The “Other” segment mainly comprises the development and the sale of coatings, in particular polymer and low-friction coatings, electroplated overlays and PVD coatings.

The accounting policies of the reportable segments equate to those of the Group.

Intersegment sales are transacted at standard market prices, with prices generally equating to prices used in transactions with third parties.

### Miba Sinter Group

The Miba Sinter Group generated revenue of EUR 224.4 million in the past fiscal year. This equates to an increase of EUR 13.7 million, or 6.5 percent, compared to the previous year. The Miba Sinter Group generated 36.8 percent of Group revenue, which means it remains the largest segment of the Miba Group.

Profit before interest and tax (EBIT) increased slightly year on year both in absolute terms as well as in terms of margin, although it did not yet reach the target level. The main reasons for this were a better earnings quality in the USA, where the start-up years which experienced weak margins are now in the past, and an encouraging earnings quality at the Slovakian plant. The earnings quality at the Chinese plant was adversely affected by strong growth and capacity shortages in the past year.

During the past fiscal year, the Miba Sinter Group invested EUR 34.7 million in capacity expansions as well as in new equipment and machinery (previous year: EUR 20.8 million). After the extension of the premises at the Slovakian site had been completed in the first quarter of 2013–2014 and production had started in the new building, Miba purchased another production building in January 2014 to facilitate even more growth at the Dolný Kubín site. During the first half of 2013–2014, the decision was taken to double the floor area of the Miba Sinter USA site in McConnellsville which had opened in 2010. The work to extend the site is expected to be completed in the first half of 2014–2015. Construction work at the Chinese plant in Suzhou was completed in the third quarter of 2013–2014, with the premises being fitted out and occupied in stages in the months that followed. The opening ceremony for the extension took place in March 2014. With the premises extension and the associated expansion in production capacity, the Miba Sinter Group is reacting to the sustained strong growth in the Chinese automotive industry.

in TEUR	2013–14	2012–13
<b>Revenue</b>	<b>225,290</b>	<b>211,658</b>
of which intersegment revenue	909	945
of which external revenue	224,381	210,712
<b>Depreciation, amortization and impairment losses</b>	<b>14,191</b>	<b>14,282</b>
<b>Investment income from equity-accounted investees</b>	<b>–260</b>	<b>285</b>
<b>Assets</b>	<b>185,224</b>	<b>159,051</b>
of which investments in associates	4,856	4,509
<b>Debt</b>	<b>93,570</b>	<b>74,541</b>
<b>Capital expenditure (excluding financial assets)</b>	<b>34,743</b>	<b>20,767</b>
<b>Other non-cash income (–) and expenses (+)</b>	<b>5,051</b>	<b>5,457</b>
<b>Average number of employees</b>	<b>1,735</b>	<b>1,570</b>
<b>Employees as of the reporting date</b>	<b>1,814</b>	<b>1,631</b>

**Miba Bearing Group**

The not very encouraging market trends with which the Miba Bearing Group was confronted as early as in the second half of fiscal year 2012–2013 also largely continued during the past fiscal year. This led to a marked reduction in revenue in the Miba Bearing Group. In fiscal year 2013–2014, the Miba Bearing Group generated revenue of EUR 181.3 million (previous year: EUR 200.1 million). The segment thus contributed 29.7 percent to the Miba Group's total revenue.

The Miba Bearing Group's earnings quality also suffered markedly in the past fiscal year due to the slowdown in the markets; it declined significantly year on year. In the past fiscal year, the EBIT margin was at its lowest level since the crisis years.

In spite of the tight position in respect to demand in many segments, the Miba Bearing Group continued to pursue its large strategic investment projects. The segment's capital expenditure amounted to EUR 17.8 million (previous year: EUR 17.3 million). The extension of the Chinese plant in Suzhou was completed at the end of 2013–2014, with the premises being fitted out and occupied in stages in the months that followed. In particular, the expansion has increased, and is increasing, the autonomy of the Chinese site. In addition, the segment continued to invest in the new input stock production line at the Upper Austrian site, thus also contributing to Miba's ability to supply all sites with input stock itself even if demand increases at short notice.

in TEUR	2013–14	2012–13
<b>Revenue</b>	<b>182,249</b>	<b>200,671</b>
of which intersegment revenue	901	595
of which external revenue	181,348	200,076
<b>Depreciation, amortization and impairment losses</b>	<b>10,424</b>	<b>9,925</b>
<b>Assets</b>	<b>203,517</b>	<b>181,601</b>
of which investments in associates	1,679	1,675
<b>Debt</b>	<b>76,447</b>	<b>53,789</b>
<b>Capital expenditure (excluding financial assets)</b>	<b>17,760</b>	<b>17,291</b>
<b>Other non-cash income (–) and expenses (+)</b>	<b>7,573</b>	<b>7,376</b>
<b>Average number of employees</b>	<b>1,183</b>	<b>1,204</b>
<b>Employees as of the reporting date</b>	<b>1,195</b>	<b>1,183</b>

**Miba Friction Group**

In fiscal year 2013–2014, the Miba Friction Group recorded revenue of EUR 140.7 million (previous year: EUR 136.1 million), thus achieving a year-on-year increase of EUR 4.6 million, or 3.4 percent. After the last two fiscal years in which growth arose to a large degree from the effect of taking over a competitor's off-road business, growth in the past fiscal year was wholly organic. The Miba Friction Group's contribution to Group revenue was 23.1 percent.

EBIT improved slightly again compared with the previous year, largely due to a strong improvement in earnings at the Slovakian plant. However, earnings quality has not yet reached the target level.

The Miba Friction Group's capital expenditure amounted to EUR 8.2 million in fiscal year 2013–2014 (previous year: EUR 6.7 million). The segment invested in future growth projects at the US site in Sterling Heights and in the expansion of Miba Frictec's development capacities in Roitham as well as in the area of friction material in general. In order to further increase the Miba Friction Group's security of supply of fiber composite material, the segment purchased a property and a special paper machine in the Czech Republic.

in TEUR	2013–14	2012–13
<b>Revenue</b>	<b>141,999</b>	<b>137,067</b>
of which intersegment revenue	1,264	931
of which external revenue	140,735	136,136
<b>Depreciation, amortization and impairment losses</b>	<b>8,439</b>	<b>8,267</b>
<b>Assets</b>	<b>114,965</b>	<b>113,538</b>
<b>Debt</b>	<b>90,509</b>	<b>94,946</b>
<b>Capital expenditure (excluding financial assets)</b>	<b>8,173</b>	<b>6,737</b>
<b>Other non-cash income (–) and expenses (+)</b>	<b>2,490</b>	<b>–1,270</b>
<b>Average number of employees</b>	<b>935</b>	<b>942</b>
<b>Employees as of the reporting date</b>	<b>947</b>	<b>923</b>

## New Technologies Group

After fiscal year 2012–2013, which had been especially difficult for power electronics, the segment performed above expectations in the past fiscal year despite the market environment still being very restrained. Miba Automation Systems, Miba's special machinery production, was again able to increase its revenue in fiscal year 2013–2014 and win globally important major orders. As a result, New Technologies Group revenue in fiscal year 2013–2014 increased slightly and amounted to EUR 48.5 million (previous year: EUR 46.6 million).

The increases were also reflected in the result and lead to a marked increase in EBIT, which is still, however, impacted negatively by the start-up losses of the US cooling systems plant.

Capital expenditure in the New Technologies Group amounted to EUR 2.1 million in fiscal year 2013–2014 (previous year: EUR 1.8 million). One important focal point was the preparation for the move and consolidation of Miba Automation Systems in Aurachkirchen in Upper Austria.

in TEUR	2013–14	2012–13
<b>Revenue</b>	<b>55,931</b>	<b>52,488</b>
of which intersegment revenue	7,478	5,896
of which external revenue	48,453	46,593
<b>Depreciation, amortization and impairment losses</b>	<b>3,576</b>	<b>3,591</b>
<b>Investment income from equity-accounted investees</b>	<b>1,308</b>	<b>767</b>
<b>Assets</b>	<b>59,782</b>	<b>58,588</b>
of which investments in associates	2,902	2,556
<b>Debt</b>	<b>52,691</b>	<b>51,619</b>
<b>Capital expenditure (excluding financial assets)</b>	<b>2,096</b>	<b>1,827</b>
<b>Other non-cash income (–) and expenses (+)</b>	<b>3,097</b>	<b>3,099</b>
<b>Average number of employees</b>	<b>229</b>	<b>211</b>
<b>Employees as of the reporting date</b>	<b>240</b>	<b>218</b>

## “Other” segment and consolidation

	Other		Consolidation		Group	
in TEUR	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13
<b>Revenue</b>	<b>35,003</b>	<b>31,043</b>	<b>–30,305</b>	<b>–26,371</b>	<b>610,167</b>	<b>606,557</b>
of which intersegment revenue	19,754	18,003	–30,305	–26,371	0	0
of which external revenue	15,249	13,040	0	0	610,167	606,557
<b>Depreciation, amortization and impairment losses</b>	<b>2,447</b>	<b>2,094</b>	<b>–449</b>	<b>–445</b>	<b>38,628</b>	<b>37,714</b>
<b>Investment income from equity-accounted investees</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,049</b>	<b>1,051</b>
<b>Assets</b>	<b>289,067</b>	<b>266,046</b>	<b>–212,464</b>	<b>–178,563</b>	<b>640,091</b>	<b>600,262</b>
of which investments in associates	0	0	0	0	9,438	8,740
<b>Debt</b>	<b>97,105</b>	<b>102,378</b>	<b>–119,801</b>	<b>–93,024</b>	<b>290,521</b>	<b>284,249</b>
<b>Capital expenditure (excluding financial assets)</b>	<b>4,623</b>	<b>4,342</b>	<b>709</b>	<b>67</b>	<b>68,104</b>	<b>51,031</b>
<b>Other non-cash income (–) and expenses (+)</b>	<b>3,777</b>	<b>2,941</b>	<b>0</b>	<b>0</b>	<b>21,988</b>	<b>17,602</b>
<b>Average number of employees</b>	<b>212</b>	<b>193</b>	<b>0</b>	<b>0</b>	<b>4,294</b>	<b>4,119</b>
<b>Employees as of the reporting date</b>	<b>228</b>	<b>198</b>	<b>0</b>	<b>0</b>	<b>4,424</b>	<b>4,153</b>

## Geographical information

The following table presents financial information by main geographical regions. The segment income from external customers is presented based on customer location. Non-current assets and capital expenditure are allocated to Group company locations.

	External revenue		Non-current assets		Capital expenditure (excluding financial assets)	
in TEUR	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13
Austria	41,617	38,879	124,325	122,249	23,007	25,289
EU excluding Austria	340,301	332,913	61,318	56,481	14,393	11,272
Asia	89,049	86,318	38,619	26,091	15,589	5,625
NAFTA	115,996	122,255	53,594	45,186	14,386	9,629
Rest of the world	23,204	26,192	0	0	0	0
Consolidation	0	0	–2,467	–3,555	729	–784
<b>Group</b>	<b>610,167</b>	<b>606,557</b>	<b>275,389</b>	<b>246,452</b>	<b>68,104</b>	<b>51,031</b>

### (34) Events after the reporting date

#### Increase in shareholding in EBG LLC

On March 28, 2014 (signing and settlement date), Miba Energy Holding LLC, McConnelsville, Ohio, USA (wholly owned subsidiary of Miba Energy Holding GmbH & Co KG, Laakirchen, Austria) acquired the remaining 30 percent of EBG LLC, Middletown, Pennsylvania, USA. Miba Energy Holding LLC already owned 70 percent of the shares. The acquisition did not change the company's status (increase in shareholding), so EBG LLC continues to be consolidated.

#### Acquisition of Miba Asia Holding Pte. Ltd.

On March 28, 2014, Miba China Holding GmbH, Laakirchen, Austria, acquired 100 percent of the newly formed Miba Asia Holding Pte. Ltd. for a purchase price of one Singapore dollar.

#### Agreement signed for acquisition of Shenzhen Rui Xi Si Te Industry Co., Ltd.

On March 28, 2014 (signing date), Miba Asia Holding Pte. Ltd., Singapore, (wholly owned subsidiary of Miba China Holding GmbH, Laakirchen, Austria) entered into an agreement to acquire 100 percent of the shares in Shenzhen Rui Xi Si Te Industry Co., Ltd., Shenzhen, China. Shenzhen Rui Xi Si Te Industry Co., Ltd. holds 30 percent of the shares in EBG Shenzhen Ltd. Settlement is expected to take place in June 2014 once important conditions in the agreement have been met.

EBG Shenzhen Ltd. produces high-power resistors which are, for example, used in the power electronics of frequency converters or in modern medical equipment. From January 1, 2013, until December 31, 2013, the company generated annual revenue of EUR 10 million; it has 200 employees.

Other events after the reporting date which are significant to measurement as of the reporting date, such as ongoing litigation or claims for damages as well as other obligations or expected losses which must be recognized or disclosed under IAS 10, have been reflected in the accompanying consolidated financial statements or are not known.

### (35) Related party relationships

#### Relationships under IAS 24 with members of the Management Board and the Supervisory Board

In the past fiscal year, net fees incurred up to June 30, 2013, for legal and advisory services from Dorda Brugger Jordis Rechtsanwälte GmbH totaled TEUR 138 (previous year: TEUR 231). The Chairwoman of Miba AG's Supervisory Board, Dr. Theresa Jordis, was a managing partner of the Dorda Brugger Jordis Rechtsanwälte GmbH law firm until her term of office came to an end on June 30, 2013.

#### Relationships under IAS 24 with unconsolidated affiliates and joint ventures

In the past fiscal year, Mitterbauer Beteiligungs-Aktiengesellschaft (majority shareholder of Miba AG) charged a total of TEUR 582 (previous year: TEUR 0) for advisory services provided for Miba AG projects and those of its subsidiaries.

Miba AG, Laakirchen, Austria, (as tax group parent *[Gruppenträger]*) and various subsidiaries have entered into a tax group and tax allocation agreement and set up a tax group in accordance with section 9 of the Austrian Corporate Income Tax Act (KStG) from fiscal year 2004–2005 onward.

Mitterbauer Beteiligungs-Aktiengesellschaft, Laakirchen, Austria, (as tax group parent – principal investor *[Hauptbeteiligter]*) Miba Energy Holding GmbH, Laakirchen, Austria, (as tax group parent – co-investor *[Mitbeteiligter]*) and various subsidiaries entered into a tax group and tax allocation agreement and set up a tax group in accordance with section 9 of the Austrian Corporate Income Tax Act (KStG) from fiscal year 2011–2012 onward.

The tax allocation is determined by the tax group parent.

If a tax group member attributes positive income to the tax group parent, the positive tax allocation from the tax group member to the tax group parent amounts to the sum of (a) 25 percent of that part of the positive income of the tax group member which is covered by any positive combined taxable total comprehensive income of the tax group parent (before taking the profit or loss of foreign tax group members into account) and which cannot be offset against tax group parent losses that may be carried forward and (b) 20 percent of the remaining positive income of the tax group member. If a number of tax group members (including the tax group parent) have positive income, the split takes place on a pro rata basis.

If negative income is attributed to the tax group parent, the tax group member receives a negative tax allocation of 20 percent in so far as the negative income of the tax group member leads to the application of provision (b).

All other related party transactions (including those with equity-accounted companies) primarily involve the provision of services and are conducted at arm's length.

### (36) Disclosures on governing bodies and employees

The number of employees changed as follows during fiscal year 2013–2014:

	1/31/2014 Reporting date	2013–14 Average	1/31/2013 Reporting date	2012–13 Average
Wage earners	3,157	3,076	2,991	2,988
Salaried employees	1,267	1,218	1,162	1,131
<b>Total</b>	<b>4,424</b>	<b>4,294</b>	<b>4,153</b>	<b>4,119</b>

Termination benefit expenses and contributions to *betriebliche Mitarbeitervorsorgekassen* (Austrian occupational pension funds), and direct retirement contributions comprised the following:

in TEUR	2013–14		2012–13	
	Termination benefits and contributions to <i>betriebliche Mitarbeitervorsorgekassen</i> (Austrian occupational pension funds)	Direct retirement contributions	Termination benefits and contributions to <i>betriebliche Mitarbeitervorsorgekassen</i> (Austrian occupational pension funds)	Direct retirement contributions
Members of Management Boards, managing directors and executives	904	116	358	144
Other employees	1,215	1,451	2,288	1,379
<b>Total</b>	<b>2,119</b>	<b>1,567</b>	<b>2,645</b>	<b>1,523</b>

Pension payments to former members of the Management Board, managing directors, executives and their surviving dependents amounted to TEUR 47 (previous year: TEUR 0).

The objective of the Management Board remuneration system is to provide remuneration to members of the Management Board which is appropriate in terms of their duties and areas of responsibility as well as competitive both nationally and internationally. A significant component of this is the highly variable portion for those members of the Management Board with responsibility for operations, which takes account of the Company's performance. The annual bonus is a variable cash payment, the amount of which is made up of individual targets and earnings-oriented targets.

In addition, phantom share plans have been set up for members of the Management Board. The phantom shares entitle the holder to a cash settlement after three years. The amount paid out depends on the performance of consolidated equity as of the respective reporting date. Phantom share plan obligations are accounted for by the Group as part of personnel provisions.

Management Board members have individual pension arrangements under which the Company pays predetermined amounts to the Management Board members. The former Chairman of the Management Board also has an "old" pension arrangement which provides for a fixed, guaranteed level of pension. This obligation is covered by pension liabilities insurance.

Austrian statutory provisions apply in relation to the termination of employment of members of the Management Board.

Management Board remuneration during the fiscal year was TEUR 2,423 (previous year: TEUR 2,701), of which TEUR 1,113 (previous year: TEUR 1,046) was attributable to variable salary components. Remuneration paid to former members of the Management Board and their surviving dependents was TEUR 25 (previous year: TEUR 0).

Direct retirement contributions comprised the following:

in TEUR	2013–14	2012–13
Members of the Management Board	57	144

In the past fiscal year, remuneration totaling TEUR 93 (previous year: TEUR 94) was paid to members of the Supervisory Board for their services.

#### Members of the Management Board in the year under review:

- On January 31, 2013, Dr.-Ing. Norbert Schrüfer retired from the Management Board of Miba AG. He remained as CEO of the New Technologies Group and additionally took up the newly created position of Vice President Innovation & Technology at Miba AG.
- On June 30, 2013, the term of office of the Chairman of the Management Board, DI Dr. h.c. Peter Mitterbauer, came to an end; he therefore retired from the Management Board of Miba AG with effect from July 1, 2013.
- In accordance with Miba AG's Supervisory Board resolution of January 24, 2013, DI F. Peter Mitterbauer, MBA, was appointed as Chairman of the Management Board and MMag. Markus Hofer was appointed as Chief Financial Officer of Miba AG with effect from July 1, 2013.
- From July 1, 2013, onward, the Management Board of Miba AG has therefore consisted of:
  - DI F. Peter Mitterbauer, MBA: Chairman of the Management Board, responsible for the New Technologies Group, Communications, Management Accounting, Human Capital, Strategy, Technology & Innovation and Internal Audit
  - Dr. Wolfgang Litzlbauer: Vice Chairman of the Management Board, responsible for the Miba Bearing Group, the Miba Friction Group, the Miba Coating Group and Purchasing
  - Dr.-Ing. Harald Neubert: responsible for the Miba Sinter Group and Quality
  - MMag. Markus Hofer: Chief Financial Officer, responsible for Corporate Finance, IT and Business Excellence

#### Members of the Supervisory Board in the year under review:

Dr. Theresa Jordis, Vienna, Austria (Chairwoman until June 30, 2013)  
 Dkfm. Dr. Wolfgang Berndt, Seewalchen am Attersee, Austria (Chairman since June 30, 2013)  
 Dipl.-Bw. Alfred Heinzel, Vorchdorf, Austria (Deputy Chairman)  
 DI Dr. h.c. Peter Mitterbauer, Gmunden, Austria (since June 30, 2013)  
 Dr. Robert Büchlhofer, Starnberg, Germany  
 Johann Forstner, Laakirchen, Austria (delegated by the Works Council)  
 Hermann Aigner, Vorchdorf, Austria (delegated by the Works Council)

#### (37) Earnings per share

Under IAS 33 (earnings per share), basic earnings per share are calculated by dividing the profit or loss for the period attributable to ordinary equity holders (consolidated net income for the year) by the weighted average number of ordinary shares outstanding during the period. Preferred shares are not counted as ordinary shares. Since earnings per preferred share in the periods shown equate to earnings per ordinary share, the calculation is presented in one table.

The holders of preferred shares receive a preference dividend from the net retained profit of each fiscal year equating to eight percent of the part of share capital which is attributable to the preferred shares (this being calculated by dividing share capital by the number of no-par value shares and then multiplying the result by the number of preferred shares). The Annual General Meeting decides on the appropriation of the remaining net retained profit between ordinary shares and preferred shares.

Category A preferred shares which could be converted into ordinary shares upon relinquishment of preferential rights must not be taken into account when calculating diluted earnings per share, as conversion would not have a dilutive effect.

		2013–14	2012–13
Profit after tax (EAT)	in TEUR	50,119	48,632
Profit attributable to ordinary and preferred shareholders	in TEUR	47,787	47,039
Weighted average number of ordinary and preferred shares issued	Shares	1,213,695	1,223,630
Basic earnings per share <sup>1)</sup>	in EUR/share	39.37	38.44
Diluted earnings per share <sup>1)</sup>	in EUR/share	39.37	38.44

<sup>1)</sup> For ordinary and preferred shares

(38) Proposed appropriation of net profit

Under the provisions of the Austrian Stock Corporation Act (AktG), dividend payments are based on the single-entity financial statements of Miba AG, prepared in accordance with Austrian GAAP, for the year ended January 31, 2014. The net retained profit reported in these annual financial statements is TEUR 73,909.

The Management Board proposes to pay a dividend of EUR 8.00 per share to preferred and ordinary shareholders and to carry forward the remaining balance to new account.

The dividend payment will be split as follows:

in TEUR	
Category A preferred shareholders	1,040
Category B preferred shareholders	1,660
Ordinary shareholders	6,960
Carry forward to new account	13,518
Total	23,179

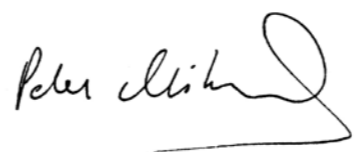
The dividend payment to category B preferred shareholders is calculated by deducting treasury shares which have no dividend entitlement and amounted to 92,444 shares as of January 31, 2014.

Approval by the Management Board

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

The Management Board of Miba AG approved the consolidated financial statements for submission to the Supervisory Board on May 5, 2014.

Laakirchen, May 5, 2014  
The Management Board of Miba AG



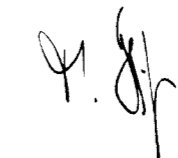
**Dr. F. Peter Mitterbauer, MBA**  
Chairman of the Management Board, responsible for the New Technologies Group, Communications, Management Accounting, Human Capital, Strategy, Innovation & Technology and Internal Audit



**Dr. Wolfgang Litzlbauer**  
Vice Chairman of the Management Board, responsible for the Miba Bearing Group, the Miba Friction Group, the Miba Coating Group and Purchasing



**Dr.-Ing. Harald Neubert**  
Member of the Management Board, responsible for the Miba Sinter Group and Quality



**MMag. Markus Hofer**  
Member of the Management Board, Chief Financial Officer, responsible for Corporate Finance, IT and Business Excellence

Appendix 1 to the notes: Investees

# Investees

## as of January 31, 2014

Appendix 1/1

Overall, equity interests were held in 47 companies. Of these, 7 companies have not been included in the consolidated financial statements on grounds of immateriality. The following list contains the parent company, 33 consolidated subsidiaries, 5 associates as well as the 7 companies that have not been included in the consolidated financial statements:

Company	Company domicile	Country	Currency	Nominal capital	Direct and indirect holding %	Type of consolidation
Affiliated company						
Miba Aktiengesellschaft	Laakirchen	AUT	TEUR	9,500		CC
Miba Bearing Group						
Miba Gleitlager GmbH	Laakirchen	AUT	TEUR	8,750	100.0	CC
Miba Bearings US LLC	McConnelsville, Ohio	USA	TUSD	29,000	100.0	CC
Miba Bearings Sales Corp.	McConnelsville, Ohio	USA	TUSD	10	100.0	CC
Miba Far East PTE Ltd.	Singapore	SGP	TSGD	1,075	100.0	CC
Miba China Holding GmbH	Laakirchen	AUT	TEUR	4,000	100.0	CC
Miba Precision Components (China) Co. Ltd. <sup>1)</sup>	Suzhou, Industrial Park	CHN	TCNY	115,802	100.0	CC
Miba Sinter Group						
Miba Sinter Austria GmbH	Laakirchen	AUT	TEUR	8,400	100.0	CC
Miba Sinter Slovakia s.r.o.	Dolný Kubín	SVK	TEUR	3,699	100.0	CC
Miba Sinter USA LLC	McConnelsville, Ohio	USA	TUSD	12,000	100.0	CC
Miba Sinter Sales Corp.	McConnelsville, Ohio	USA	TUSD	10	100.0	CC
Miba Sinter Holding GmbH & Co KG	Laakirchen	AUT	TEUR	110	100.0	CC
Miba Sinter Holding GmbH	Laakirchen	AUT	TEUR	35	100.0	CC
Metalaxis Precision Machining, LLC	McConnelsville, Ohio	USA	TUSD	1	100.0	CC

Direct and indirect equity interests have been calculated from a Group perspective.

CC = consolidated companies  
<sup>1)</sup> Reporting date: December 31, 2013

Appendix 1/2

Company	Company domicile	Country	Currency	Nominal capital	Direct and indirect holding %	Type of consolidation
Miba Friction Group						
Miba Friction Holding GmbH	Laakirchen	AUT	TEUR	35	100.0	CC
Miba Frictec GmbH	Laakirchen	AUT	TEUR	40	100.0	CC
Miba HydraMechanica Corp.	Sterling Heights, Michigan	USA	TUSD	8,284	100.0	CC
Miba Steeltec s.r.o.	Vráble	SVK	TEUR	5,163	100.0	CC
Miba Drivetec India Pvt. Ltd.	Pune	IND	TINR	20,002	100.0	CC
Fibertec Steti s.r.o.	Štětí	CZE	TCZK	200	100.0	CC
New Technologies Group						
Miba Energy Holding GmbH	Laakirchen	AUT	TEUR	35	100.0	CC
Miba Energy Holding GmbH & Co KG	Laakirchen	AUT	TEUR	10	49.0	CC
EBG Elektronische Bauelemente GmbH	Laakirchen	AUT	TEUR	364	49.0	CC
DAU GmbH & Co KG	Laakirchen	AUT	TEUR	291	49.0	CC
Dau GmbH	Laakirchen	AUT	TEUR	36	49.0	CC
EBG & DAU Kühlerentwicklung GmbH	Laakirchen	AUT	TEUR	40	49.0	CC
Miba Automation Systems Ges.m.b.H.	Laakirchen	AUT	TEUR	45	100.0	CC
Miba Energy Holding LLC	McConnelsville, Ohio	USA	TUSD	100	49.0	CC
EBG Resistors LLC	Middletown, Pennsylvania	USA	TUSD	40	34.3	CC
EBG LLC	Middletown, Pennsylvania	USA	TUSD	10	34.3	CC
DAU Thermal Solutions North America Inc.	Middletown, Pennsylvania	USA	TUSD	10	49.0	CC

Direct and indirect equity interests have been calculated from a Group perspective.

CC = consolidated companies

## Appendix 1/3

Company	Company domicile	Country	Currency	Nominal capital	Direct and indirect holding %	Type of consolidation
<b>Other</b>						
High Tech Coatings GmbH	Laakirchen	AUT	TEUR	1,000	50.1	CC
Miba Coatings Trading (Suzhou) Ltd. <sup>1)</sup>	Suzhou, Industrial Park	CHN	TCNY	349	50.1	CC
Teer Coatings Ltd.	Droitwich	GBR	TGBP	1	100.0	CC
<b>Associates</b>						
Mahle Metal Leve Miba Sinterizados Ltda. <sup>1)</sup>	São Paulo	BRA	TBRL	100	40.0	EAC
ABM Advanced Bearing Materials LLC <sup>1)</sup>	Greensburg, Indiana	USA	TUSD	4,540	50.0	EAC
EBG doo. <sup>1)</sup>	Šentjernej	SVN	TEUR	13	24.01	EAC
Sintercom India Pvt. Ltd. <sup>2)</sup>	Pune	IND	TINR	191,868	26.00	EAC
EBG Shenzhen Ltd. <sup>1) 3)</sup>	Shenzhen	CHN	TCNY	10,860	8.575	EAC
<b>Companies not included in consolidated financial statements</b>						
Miba FRANCE SARL	Paris	FRA	TEUR	20	100.0	-
Miba Italia S.r.l.	Turin	ITA	TEUR	20	100.0	-
Miba Deutschland G.m.b.H.	Stuttgart	DEU	TEUR	26	100.0	-
Miba Kantinen GmbH <sup>1)</sup>	Laakirchen	AUT	TEUR	116	100.0	-
Dong Guang ART-Teer Coating Techn. Co. <sup>2)</sup> Ltd. <sup>1)</sup>	Hong Kong	CHN	THKD	1,500	35.0	-
Hangzhou Hui – Teer Surface Advanced Coatings Ltd. <sup>1)</sup>	Linan	CHN	TCNY	10,321	41.0	-
Zhejiang Huijin – Teer Coatings Techn. Co. Ltd. <sup>1)</sup>	Linan	CHN	TUSD	12,000	25.0	-

Direct and indirect equity interests have been calculated from a Group perspective.

CC = consolidated companies

EAC = equity-accounted companies

<sup>1)</sup> Reporting date: December 31, 2013

<sup>2)</sup> Reporting date: March 31, 2013

<sup>3)</sup> 25 percent of voting rights

# Auditor's report

## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of **Miba Aktiengesellschaft, Laakirchen, Austria**, for the **fiscal year from February 1, 2013, to January 31, 2014**. These consolidated financial statements comprise the consolidated balance sheet as of January 31, 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended January 31, 2014, as well as the notes to the consolidated financial statements.

### Management's responsibility for the consolidated financial statements and for the accounting system

The Company's management is responsible for the Group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility and description of type and scope of the statutory audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and with the International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

### Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of January 31, 2014, and of its financial performance and its cash flows for the fiscal year from February 1, 2013, to January 31, 2014, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

### Comments on the management report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Group's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to section 243a of the Austrian Commercial Code (UGB) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to section 243a of the Austrian Commercial Code (UGB) are appropriate.

### Linz, May 5, 2014

KPMG Austria AG

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

### Mag. Căcilia Gruber

Austrian Certified Public Accountant

### Mag. Peter Humer

Austrian Certified Public Accountant

# Report of the Supervisory Board of Miba Aktiengesellschaft

During the past fiscal year, the Supervisory Board performed the duties required of it under Austrian law and the Articles of Incorporation. Good cooperation within the Supervisory Board, the availability of high-quality information and compliance with the Austrian Code of Corporate Governance constitute the framework for advising the Management Board on a regular basis on important points that are relevant to the development of the business as well as for the careful monitoring of the activity of the Management Board. The Management Board provided the Supervisory Board with written and oral regular, timely and comprehensive information on all relevant questions concerning the development of the business, including the risk position and risk management in the Company and the material Group companies. Agreement of the Supervisory Board was obtained for those transactions where such agreement was necessary under the provisions of the Articles of Incorporation.

Five Supervisory Board meetings were held during the fiscal year. No Supervisory Board member attended fewer than half of the meetings. In open discussions at the Supervisory Board meetings, the members of the Management Board and the Supervisory Board came to a consensus on essential questions, particularly in relation to the strategic direction of the Company. The Management Board and the Chairperson of the Supervisory Board also regularly discussed specific current topics.

In addition to the Audit Committee, which discharges the legal duties in relation to the monitoring of the accounting function and the examination and preparation of the adoption of the annual financial statements, the proposal for the appropriation of profit and the management report as well as the consolidated financial statements and Group management report, the Supervisory Board, to improve efficiency, formed a Personnel Committee from its midst to deal with the content of the employment contracts of the members of the Management Board. The Audit Committee met twice during the past year; the Personnel Committee held four meetings.

The annual financial statements including notes and management report as well as the consolidated annual financial statements including notes and management report were audited by KPMG Austria AG, Linz, Austria. The final audit findings did not give rise to any objections and unqualified auditor's reports were issued for the respective annual financial statements.

Audit firm representatives participated in the Audit Committee meeting and in the meeting of the Supervisory Board which dealt with the annual financial statements and provided explanations.

The Supervisory Board approved the annual financial statements, which are thereby deemed to have been adopted in accordance with section 96(4) of the Austrian Stock Corporation Act (AktG). The management report, consolidated financial statements, Group management report and corporate governance report were approved after due examination. On completing its own examination, the Supervisory Board agreed with the Management Board's proposed profit appropriation.

The Supervisory Board would like to take this opportunity to acknowledge and thank the Management Board and all employees for their personal commitment and dedication to the work carried out during this challenging fiscal year.

**Laakirchen, May 2014**

Dr. Wolfgang Berndt  
Chairman

# Editorial details

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**Please note:**

This annual report includes statements concerning the future that are based on Miba AG’s current estimates and assumptions made to the best of its knowledge. Disclosures using the words “shall”, “may”, “will”, “expects”, “assumes”, “plans”, “intends” or similar formulations are indicative of such statements concerning the future. Forecasts relating to Miba AG’s future performance are estimates that have been arrived at based on the information available at the point in time when this annual report was printed. If the assumptions underlying the forecasts do not materialize or if risks do not occur at the level calculated, then actual results may deviate from forecasts. Rounding differences may arise when adding rounded amounts and percentages. The annual report has been prepared with the utmost care to ensure the accuracy and completeness of all disclosures. Rounding, typesetting and printing errors cannot, however, be entirely ruled out.

# Financial calendar 2014–2015

Press Conference on Fiscal Year 2013–2014, Vienna, Austria	May 5, 2014
First-Quarter Results for 2014–2015	June 4, 2014
28th Annual General Meeting, Laakirchen, Austria	June 27, 2014
Ex-Dividend Date	July 7, 2014
Half-Year Results for 2014–2015	September 3, 2014
First-to-Third-Quarter Results for 2014–2015	December 3, 2014

