Innovation in Motion

Miba

moving
forward
together

Annual Report 2015 - 2016

Key Performance Indicators 2015–2016

Income Statement (in EUR million)	2015-16	2014-15	2013-14
Revenue	719.1	669.3	610.2
EBIT	82.9	81.9	70.2
EBT	74.3	76.8	66.7
Profit after tax	53.3	57.0	50.1
Balance Sheet (in EUR million)			
Total assets	807.8	741.9	640.1
Non-current assets	419.6	353.4	313.4
Debt	345.8	319.9	290.5
Equity	462.0	422.0	349.6
Equity as % of total capital	57.2	56.9	54.6
Cash Flow and Capital Expenditure (in EUR million)			
Cash flow from operating activities	120.4	109.8	103.2
Capital expenditure (excluding financial assets)	79.2	53.4	68.1
Depreciation, amortization and write-downs	46.2	41.0	38.6
Employees			
Average number of employees for the year	5,005	4,753	4,294
Personnel expenses (in EUR million)	224.9	203.8	185.3

Contents

Introduction
- Contents 3
- Preface by the Chief Executive Officer 4
- Management Board 6
- Supervisory Board 8
- Global network 10
- Miba 2020 12

Innovation in Motion – Technologies for a Cleaner Planet
- Product portfolio 14
- Innovation and energy 16
- Sustainable approach to solutions 18

Moving forward together – interviews with customers
- KTR Brake Systems 20
- MTU 24
- PSA Peugeot Citroën 28
- Siemens, Energy Management Division 32

Management Report 36–71

2015–2016 Consolidated Financial Statements in accordance with IFRS 72–187

PREFACE
by the Chief Executive Officer

Ladies and Gentlemen,
Dear Colleagues,

The fiscal year 2015–2016 moved at different speeds. While similar to the year before, the automotive industry put up a strong performance, we were confronted by weak or even declining market trends in the capital goods industry. We nonetheless generated record revenue of EUR 719.3 million, which came out to a 7 percent improvement over 2014–2015. In addition to the slight organic growth, the remaining revenue growth was primarily attributable to positive currency effects. The fact that profit improved only marginally from EUR 81.9 million in 2014–2015 to EUR 82.9 million in the past fiscal year is a reflection of the challenging market environment.

The past fiscal year has proven once again how important our diversified business model is, especially in volatile times, and that flexibility and continuous development are the watchwords. To this effect, we have stepped up our investing activities in the past year more than ever before. Almost EUR 80 million went into property, plant and equipment in order to support our new projects. We also invested more than EUR 30 million in research and development. This ensures that Miba's innovative strength and technology leadership are reinforced, thus laying the foundations for profitable growth in the future.

We are sticking to our growth forecasts despite our expectation that the capital goods industry will not see a sustainable improvement in the short term. We operate in markets driven by the megatrends of mobility and energy and therefore expect a stable to positive performance in the long term. I also have no doubt that the US and China, as in the past, will continue to drive the growth of our business. We are well equipped for further growth given our financial independence and stability, which we could again improve in the past year. In addition to expanding our established lines of business, we also intend to continue broadening our product portfolio through acquisitions. With our expertise in technologically sophisticated components, we are also able to create added value in other areas. In doing so, we are driven by our "Innovation in Motion – Technologies for a Cleaner Planet" mission.

When it comes to this mission, our most important messengers are our employees. This is one of the reasons why we are constantly striving to further improve their working environment and to establish general conditions for even better and less complicated collaboration across departments, locations, divisions and countries. These include, for example, the construction of the Miba Forum in Laakirchen. The new building, which will combine architectural tradition and modernity, is expected to become a point of attraction and a hub for modern types of collaboration and innovation. Aside from being used as a customer, technology and learning center, the Miba Forum will also be a new home for a large portion of our international management team.

Our Miba 2020 strategy sets the right priorities for our ambitious path into the future. I am convinced that, together with our highly qualified and motivated employees at all Miba locations, we will continue to achieve even greater things. I would like to express my particular gratitude and appreciation to them, as they move Miba ahead every day.

After 29 years, Miba left the Vienna Stock Exchange in December 2015 and is now entirely family owned. The family had an intensive discussion regarding the pros and cons of delisting and came to the conclusion that this would offer a better path to realizing Miba's long-term plans for growth and its successful performance. The Management Board of Miba AG fully supported this decision. After just a few months, we have already seen the creation of a new vision for Miba.

I would like to thank our former shareholders, who remained loyal to us for years, and in particular our customers as well as all our partners and companions for your interest and, above all, your trust in Miba.

Sincerely,

Peter Mitterbauer

F. Peter Mitterbauer

Management Board

Meet and collaborate

Our new customer, technology and learning center, the Miba Forum, is currently being built in Laakirchen. The offices combined with the conference, meeting and training rooms will take up 4,000 m² of floor space.

The name says it all. This is where locations for meetings and dialog are being created, in which Miba's employees can better develop their creative potential. Once we have moved into the Forum in the spring of 2017, we will set the standard for our new models of working. Here, we will overcome outdated hierarchical spatial concepts and focus on what really counts: determining Miba's future in an open-minded, solutions-oriented way – together, as a successful team. Our goals as members of the Management Board and those of our Company's employees are to innovate not just with regard to technology, but also to put this innovation into practice in our collaboration and to boldly take charge of the future. This also fits in with our understanding of "moving forward together."

Markus Hofer
CFO Miba AG
Miba Shared Services
also responsible for Corporate Finance, IT and Business Excellence

Harald Neubert
Member of the Management Board of Miba AG
Regional responsibility for Miba Americas
also responsible for the Miba Sinter Group, the Miba Equipment Manufacturing Group and Quality

Wolfgang Litzlbauer
Vice Chairman of Miba AG
Regional responsibility for Miba Asia
also responsible for the Miba Bearing Group, the Miba Friction Group, the Miba Coating Group and Purchasing

F. Peter Mitterbauer
Chairman of the Management Board of Miba AG
Regional responsibility for Miba Europe
also responsible for the Miba Power Electronics Group, Communications, Management Accounting, Human Capital, Strategy, Innovation & Technology and Internal Audit

Supervisory Board of Miba AG

Elected members

Dkfm. Dr. Wolfgang C. Berndt (Chairman of the Supervisory Board),
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 2019 Annual General Meeting; member of the Remuneration 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 2019 Annual General Meeting;
member of the Audit Committee

Positions on other supervisory boards: Mitterbauer Beteiligungs-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)

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 June 28, 2013; member of the Supervisory Board of
Miba AG, with term ending at the 2018 Annual General Meeting; member of the Remuneration Committee;
member of the Audit Committee

Positions on other supervisory boards: Oberbank AG, ERSTE Österreichische Spar-Casse Privatstiftung,
Prinzhorn Holding GmbH, Rheinmetall AG, ROI Management Consulting AG

MMag. Peter Oswald (member of the Supervisory Board until June 25, 2015),
independent; CEO of Mondi AG, CEO of the Europe & International Division of the Mondi Group;
elected on June 27, 2014; member of the Supervisory Board of Miba AG until June 25, 2015

Positions on other supervisory boards: Mitterbauer Beteiligungs-AG

Prof. KR Ing. Siegfried Wolf,
independent; Chairman of the Board of Directors of Russian Machines LLC; first elected on June 25, 2015;
member of the Supervisory Board of Miba AG, with term ending at the 2019 Annual General Meeting

Positions on other supervisory boards: Mitterbauer Beteiligungs-AG, Banque Baring Brothers Sturdza SA,
GAZ Group (Chair), Russian Machines LLC (Chair), Sberbank Europe AG (Chair), Schaeffler AG, Continental 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

Global network

A strong and reliable partner to our customers across the world

Production sites and sales offices by segment

Miba Shared Services

Miba AG
Laakirchen, Austria

Miba Sinter Holding GmbH & Co KG
Laakirchen, Austria

Miba Bearings Holding GmbH
Laakirchen, Austria

Miba Friction Holding GmbH
Laakirchen, Austria

Miba Energy Holding GmbH
Laakirchen, Austria

Miba Engineering Center India Pvt. Ltd.
Pune, India

Miba Americas

Miba Sinter USA LLC
McConnelsville, OH USA

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

Miba Bearings US LLC
McConnelsville, OH USA

ABM Advanced Bearing Materials LLC*
Greensburg, IN USA

Miba HydraMechanica Corp.
Sterling Heights, MI USA

EBG Resistors LLC*•
Middletown, PA USA

DAU Thermal Solutions North America Inc.
Macedon, NY USA

Miba Energy Holding LLC
McConnelsville, OH USA

Miba Europe

Miba Sinter Austria GmbH
Vorchdorf, Austria

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

Miba Gleitlager Austria GmbH
Laakirchen, Austria

Miba Bearings Materials GmbH
Aurachkirchen, Austria

Miba Frictec GmbH
Roitham, Austria

Miba Steeltec s.r.o.
Vráble, Slovakia

Fibertec Štětí s.r.o.
Štětí, Czech Republic

High Tech Coatings GmbH
Vorchdorf, Austria

Teer Coatings Ltd.
Droitwich, United Kingdom

EBG Elektronische Bauelemente GmbH
Kirchbach, Austria
St. Stefan, Austria

DAU GmbH & Co KG
Ligist, Austria

EDMS d.o.o.*
Šentjernej, Slovenia

Miba Automation Systems GmbH
Aurachkirchen, Austria

Miba Asia

Miba Precision Components (China) Co. Ltd. – Sinter Branch
Suzhou, China

Sintercom India Pvt. Ltd.*
Pune, India

Miba Precision Components (China) Co. Ltd. – Bearing Branch
Suzhou, China

Miba Far East PTE Ltd.•
Singapore

Miba Precision Components (China) Co. Ltd. – Friction Branch
Suzhou, China

Miba Drivetec India Pvt. Ltd.
Pune, India

Miba Precision Components (China) Co. Ltd. – Coating Branch
Suzhou, China

EBG Shenzhen Ltd.*
Shenzhen, China

Miba Sinter Group
Miba Bearing Group
Miba Friction Group
Miba Coating Group
Miba Power Electronics Group
Miba Equipment Manufacturing Group

* Miba affiliated companies
• Miba sales/engineering offices

Miba 2020

Dynamic Evolution

As a technology leader and global company, we are making an active contribution to technical progress and global economic growth. Global population growth, climate change and the scarcity of resources demand innovative solutions. We are preparing for these tasks and have defined our priorities for the next few years. Change always means new possibilities and opportunities to be exploited. With Miba 2020, we are heading into the future with confidence, a clear vision, strategy and ambitious targets.

Our Mission

Innovation in Motion –
Technologies for a Cleaner Planet

Our Vision

No power train without Miba technology

Our Goals

- Profitable growth to over EUR 1 billion
- Increase in revenue from core business and through M&A
- Global number 1 in our market segments

Our Strategy

Strive for technology leadership in demanding, financially attractive market segments
Dynamic Evolution as the overarching guiding concept supported by three main pillars: Global Growth, Innovation and Technology, People

Our Values

- Technology Leadership
- Lifelong Learning
- Entrepreneurship
- Passion for Success

Technologies for a Cleaner Planet

Product groups

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 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 from 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, passenger vehicles, trucks, high-speed trains, motorcycles, aircraft 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 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 vehicles, trucks and Formula 1 race cars, as well as in other high-performance applications.

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.

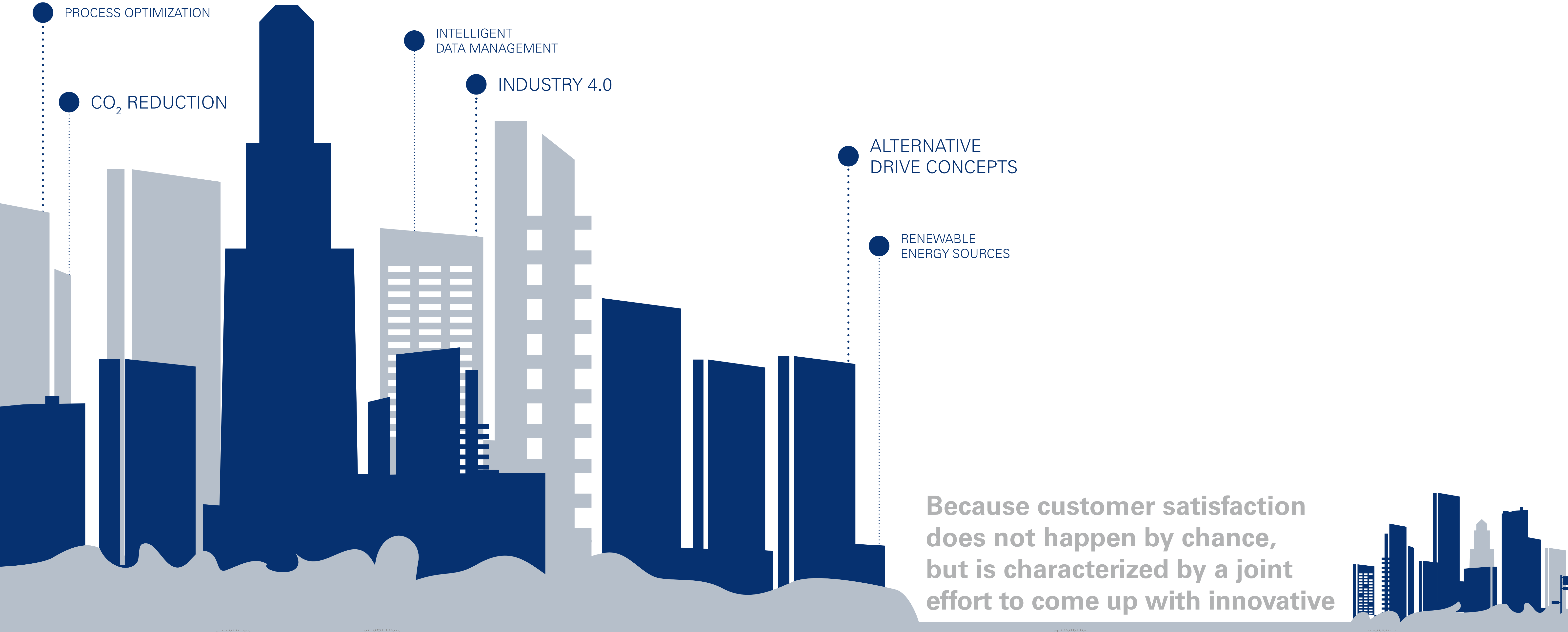
Because technological leadership does not appear out of nowhere, but rather through a wave of

and energy.

Product developments are neither the results of flashes of inspiration nor of happy coincidences. They require an inventive mind, together with strategic and conceptual planning skills and a high level of service capabilities, and are the key to success for intelligent product ideas perfectly tailored to customer needs.

This requires a high degree of empathy, which motivates us to try to think laterally in our search for the ideal solution. This vision, combined with continuous internal improvement and change processes as well as extensive training and continuing education programs, lays the foundation for a sustainable climate of innovation. In the past fiscal year, for example, 20 new patents were registered with the help of our strong R&D team made up of more than 230 employees.

Miba has always been a strong, reliable partner to its customers. The following pages attest to this collective spirit of innovation.



Because customer satisfaction does not happen by chance, but is characterized by a joint effort to come up with innovative

SOLUTIONS

Reducing CO_2 emissions, increasing the efficiency of existing drive concepts and keeping pace with the trend toward new alternative energy sources, intelligent networking and data management present us with challenges, which we tackle with knowledge and ambition. The "Dynamic Evolution" motto stated in our Miba 2020 strategy and our "Innovation in Motion – Technologies for a Cleaner Planet" mission have provided us with the tools needed to take a relevant and sustainable approach to solutions together with our customers, namely in product development as well as in process optimization.

In line with customer satisfaction, for us moving forward together means going to great lengths to offer our employees a professional home in which they can develop and contribute their skills. We know that the success of customer projects is due to the people who created these products and solutions.

Josef Agardy, KTR Brake Systems
He is the technical head of KTR Brake Systems, developing electromechanical brakes for the wind power sector.

Brake and win

Staying in control …

Brakes for powerful rotors, like those used in wind turbines, perform an important task. They play a significant safety role, for example, by preventing rotor overspeed or by decelerating and stopping the rotor when maintenance work needs to be done. Depending on the turbine's drive concept, active brake systems controlled by hydraulic pressure are used. KTR Brake Systems GmbH specializes in the production of hydraulic and electromechanical brakes. Companies have always relied on Miba's innovative products when it comes to brake linings. Josef Agardy, Head of Engineering at KTR Brake Systems, gives us a glimpse into this exciting technology.

KTR Brake Systems

Interview

An interview with Josef Agardy

Mr. Agardy, what can you tell us about KTR Brake Systems and the collaboration with Miba?

We are a young and high-performing company. We develop and produce hydraulic and electromechanical brake systems. Our strengths lie in our distinct flexibility, which we put into practice every day, as well as our high quality and our proximity to our customers. This is only possible with strong partners like Miba, who aspire to the same standard. Miba was already present in the wind turbine sector back when the first new types of brakes were being developed for this market. The industry is growing rapidly and a supplier like Miba Frictec had and still has the longest experience in this segment. A successful collaboration has developed over time.

What did Miba contribute in detail, and what was particularly valued?

We were very satisfied with the technical advice provided in the run-up to important projects. Apart from supplying components for our serial products, Miba, as a manufacturer of high-quality friction materials, also helps us clarify questions and needs specific to each customer, for example through in-house test series and fast sample deliveries. In this regard, we share the same passion for technological challenges, which is also confirmed by our KTR Competence Center in Schloss Holte-Stukenbrock. Our open and cooperative collaboration with Miba has enabled us to continuously improve our products.

Can you give us a glimpse into the future?

KTR Brake Systems will continue to develop its entrepreneurial future together with Miba. We also want to sell our products in other markets and take advantage of existing synergies in the future. There is considerable potential and by constantly sharing experiences we will make use of the global sales organizations of both companies.

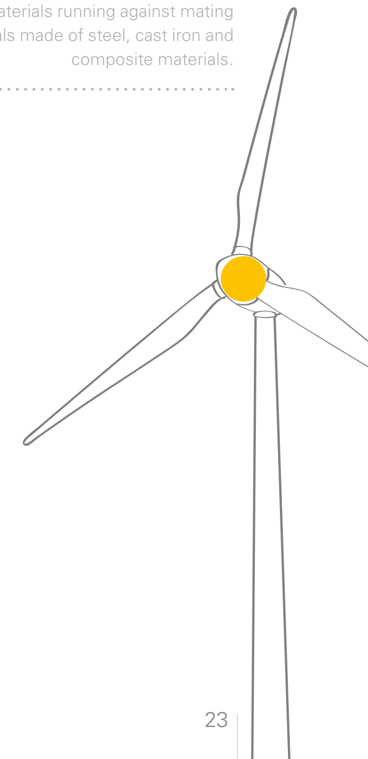
Efficient brakes for powerful rotors: Josef Agardy, Head of Engineering at KTR Brake Systems, at the company's own Competence Center for Brake Systems in Schloss Holte-Stukenbrock.

It holds on tight

Wind power is considered one of the most promising regenerative sources of energy given its availability. Innovative high-tech systems aimed at improving efficiency are used for generating energy from wind power.

Yet, at least as much effort and attention is paid to the brake systems. This lies in the fact that brakes, as used in wind turbines, perform important functions: The rotor blades are designed for maximum speed. When the speed limits are reached, for example in a storm, powerful brake systems are used to stop the rotation and prevent damage. The same applies to maintenance work: Safe standstill of the rotor blades is an important factor here, as well. KTR Brake Systems is the newest company of the KTR Group. It was founded in 2014 with the intent of one day becoming the market leader in efficient brake systems. This is a challenge that both KTR developers and their partners face. As for the segment of rotor brakes for wind turbines, KTR Brake Systems has found a reliable partner in Miba Frictec, which contributes high-strength friction materials. Given their innovative input stock and processes, Miba's products achieve the best friction values, at the same time offering high resistance to wear.
We can see a clear trend in the direction of simple, robust systems. Low maintenance is an important attribute and a critical competitive advantage. The brake systems developed by KTR Brake Systems combined with Miba Frictec's innovative friction materials impress with high reliability and feature an extremely long service life.
Together with low operating costs and highest-possible equipment safety, the result is a successful partnership seeking even more innovative solutions in their continuous optimization process.

AN OVERVIEW OF MIBA'S PROJECT CONTRIBUTIONS:
high-performance pressed and sintered friction materials running against mating materials made of steel, cast iron and composite materials.

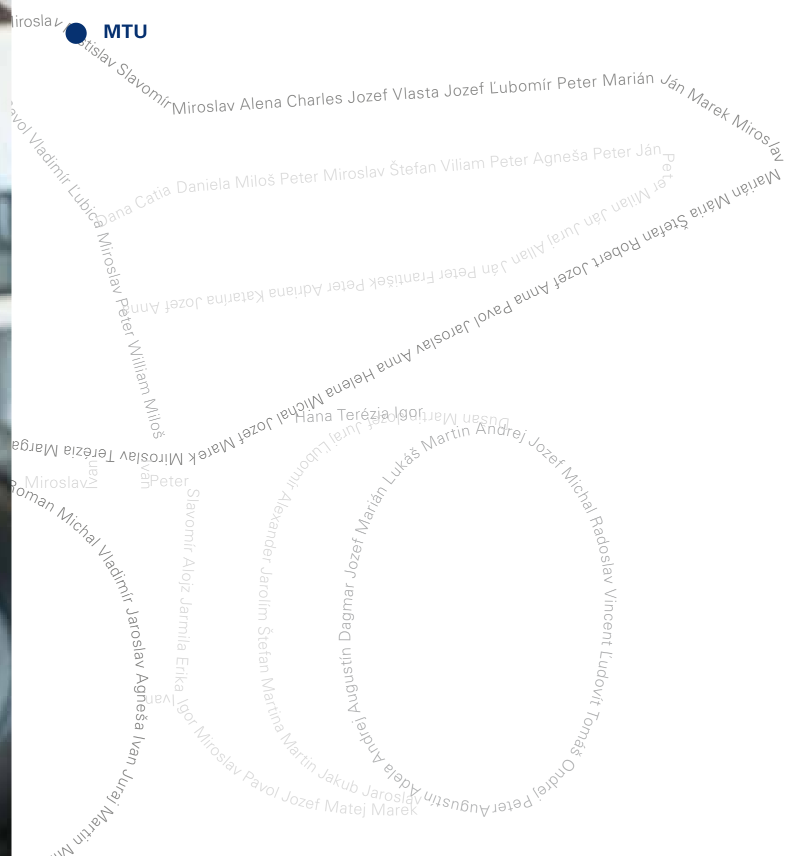


Dr.-Ing. Martin Kurreck, MTU
He heads the development of special engines and systems and is thus responsible for continuously improving the design of the engines.

Getting the bearings on ideal solutions

High performance under pressure ...

MTU is a proud brand of Rolls Royce Power Systems. It is also the technology driver in diesel engines. The power units work under high pressure in the truest sense of the word: the newly revised 4000 series even beyond the 200-bar cylinder peak pressure. In this context, the development departments of MTU and Miba also work under high pressure. Together they develop new solutions for even more efficient engines. For these, Miba develops especially efficient bearings. Dr.-Ing. Martin Kurreck gives us a glimpse into the partnership between the two companies, which dates back many years.



Interview

An interview with Martin Kurreck

Mr. Kurreck, what were your main motives for the collaboration with Miba?

MTU had always been the technological leader in diesel engines. One important key characteristic is the highest-possible combustion pressure requiring high-performance engine bearings made by Miba as well as a long service life in harsh operating conditions. We also collaborated with Miba when we tested new technologies such as Rillenlager and, later, sputter bearings on the special test bench with pulser for connecting rod bearings. MTU was the first engine manufacturer to use this test bench. Given the strive for technology leadership of both companies, Miba made a valuable contribution to this project, in particular, and also was a reliable development partner.

What can you tell us about the "4000 series Tier 4 final" project, and what kind of expertise does Miba bring to the table?

We have improved the MTU 4000 series together. To us, it was important that the frequently used engines meet the ever-stricter legal exhaust emission standards or, even better, exceed them. Today our power units already meet EPA's Tier 4 specifications. EPA stands for the Environmental Protection Agency, which sets strict emissions standards. We achieved this by optimizing the engine itself without any additives or exhaust gas aftertreatment. Miba already closely collaborated with us during development and testing. Miba also supplied the main bearings, connecting rod bearings, crankshaft axial bearings and support bearings as well as camshaft bearings. We especially valued the structured development process, the quick response times as well as the international setup and collaboration.

Miba is committed to the idea of "Technologies for a Cleaner Planet." To what extent does this project live up to this standard?

We also have similar goals in this area. This is confirmed by the stated modification of the "4000 series Tier 4 final." By reducing emissions, we are making a significant contribution to Miba's stated standards for NO_x and particle emissions. We are lowering CO_2 emissions by making our power units more and more economical and efficient.

Large engines require the highest degree of precision down to the smallest detail: Martin Kurreck in a discussion with his colleague Norbert Walter on the production floor.

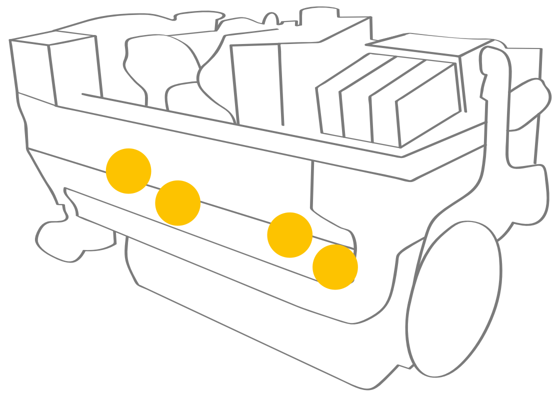
Impress with high pressure

Constant optimization, never standing still. This applies to MTU's engines and engineers alike. The latest adaption of the 4000 series underscores their inventive minds.

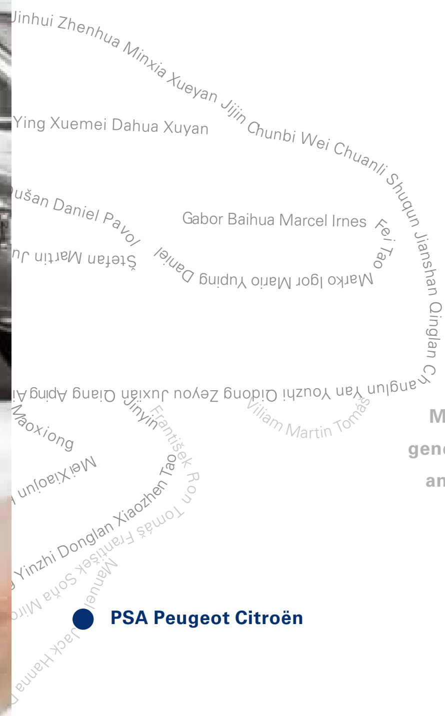
The diesel engines work in a power range from 1,150 to 3,000 kW, resulting in an output even lower than the strict EPA emission limits. The engines are used for many applications: They power yachts as well as commercial, civil and military ships, and are also used in mining and railway vehicles. They have been doing so since 1996 and are constantly being improved, of course. Lower weight and volume, easier maintenance and minimized fuel consumption all mean lower operating costs. Not to mention the many benefits for the environment. Naturally, this can only be done if all of the key components are perfectly harmonized.

Miba contributes the high-performance engine bearings for the further development of the "4000 series Tier 4 final." This is an important task given the significantly higher demands on connecting rod bearings and main bearings due to the higher engine performance while the size remains the same. This collaboration goes back a long time. To be precise, it began in the early 1970s, just after MTU was founded. Even back then, MTU's engines used special designed bearings – supplied by Miba. Since then, the two development partners have pushed each other to do their best. This successful collaboration will also continue in the future, for example when it comes to other applications of the 4000 series. Customer demands should be met even faster in the future by further strengthening synchronization of the development processes.

AN OVERVIEW OF MIBA'S PROJECT CONTRIBUTIONS:
main bearings and connecting rod bearings, support bearings, crankshaft axial bearings and camshaft bearings.



Rodolphe Cazenave, PSA Peugeot Citroen
He is one of the lead developers of the new three-cylinder Puretech generation of engines. Efficiency is especially important to him, both in the joint collaboration and in the finished product.



PSA Peugeot Citroën

Strength lies in silence

Smaller, lighter, quieter ...

Miba worked closely with PSA Peugeot Citroën to develop a key component for a new engine generation with just three cylinders. Smooth-running power units that are particularly efficient and economical. We asked Rodolphe Cazenave, product engineer at PSA, how these technical challenges were overcome.

Interview

An interview with Rodolphe Cazenave

Mr. Cazenave, what can you tell us about the joint project?

PSA was looking for innovative solutions for main bearing caps – the new components had to be compact and cost-efficient. We also needed a gear specialist for the balancer shafts of the new three-cylinder Puretech engines. Miba hit the marks in terms of technical expertise and fast response. We also found Miba to have a deep understanding of our needs and concerns. Another factor beyond Miba's enormous technical expertise is its dedicated team.

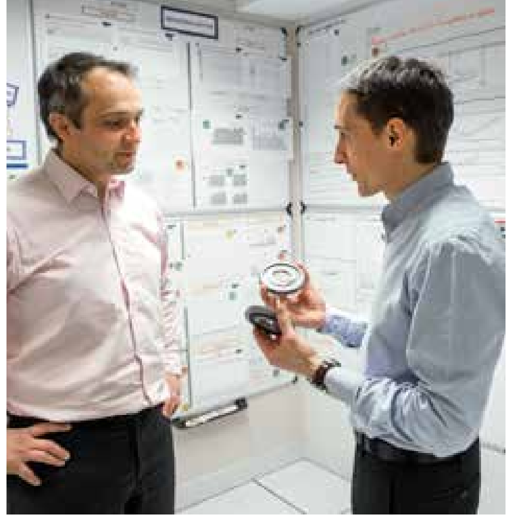
Where, in particular, is your focus in the development process?

In hindsight, I personally found it to be one of the most interesting experiences I've had in a development cooperation. It was also a very pleasant partnership with high-quality technical discussions. Miba offered us strong support throughout the duration of the project, especially with its development-oriented solutions and innovative ideas. One concern that we have in particular is reducing operating noise and vibration of our new Puretech power units. Noise reduction proved especially challenging as far as the balancer shaft design and the decoupled gear are concerned.

Is sustainability a key issue in your developments?

PSA is strongly involved in making ever cleaner cars and engines, especially when it comes to lowering consumption and harmful emissions. That's why we are continuously reducing the weight of power trains. Downsizing is also a major issue for us, as is the development of innovative hybrid solutions. All this is done to improve efficiency and further optimize drive systems.

Rodolphe Cazenave in a lively discussion with Philippe Molinarie, Key Account Manager at Miba France.

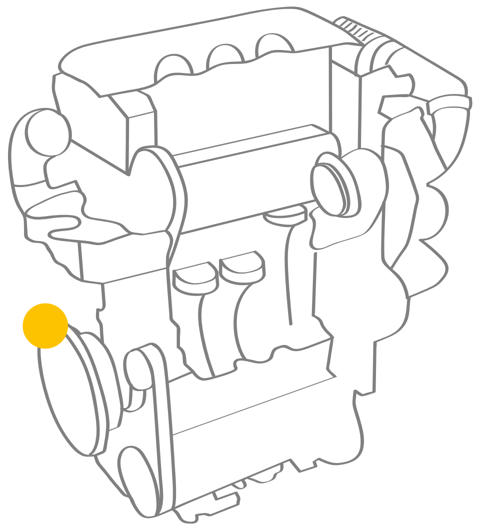


All good things come in threes

Today, three-cylinder engines are true high-tech power units. They are highly efficient and agile. All the fun with none of the remorse, as the newest generation of engines also brings maximum savings. PSA Peugeot Citroën recognized this long ago and designed exceptional engines. Miba offered support by contributing key components.

Maximum efficiency, low consumption and minimal emissions, and in doing so, refusing to compromise on driving performance and comfort. Doesn't that almost sound like a fairytale? Yet it's already a reality today thanks to innovative technologies. This is achieved for example, with the PSA's 1.2-liter turbo engine, rewarded engine of the year 2015 in the category 1-liter to 1.4-liter. PSA confirmed MIBA contributions in this PSA success.
The exemplary collaboration between Miba and PSA came about in 2008 from a new range of engines. At the time, PSA was looking for innovative approaches to new crankshaft bearing caps. Additional orders were then placed in 2009 for components for the mass balance system as well as the crankshaft toothed belt sprocket. This marked the start of a history of success.
The company decided very early on, namely in 2010, to include Miba in the development of the new three-cylinder turbocharge engine. In doing so, PSA managed to significantly reduce annoying operating noise and vibrations. At the same time, the fatigue life could be optimized, as well.
This was made possible by the unbridled desire on the part of both development partners to forge a new technological path. This requires a great deal of passion for innovation. It is also this passion that drives engineers to peak performance. This is the only way to obtain Technology Leadership, ideally together with a partner on equal footing.

AN OVERVIEW OF MIBA'S PROJECT CONTRIBUTIONS:
Together with PSA, the development team at Miba Sinter Austria worked meticulously on the best solution. The centerpiece was a crank drive with improved positioning of the crankshaft.



Ingo Euler, Siemens, Energy Management Division
He is the development engineer and primary innovator in the Energy Management Division. He had already been involved in numerous patent developments in this role for Siemens.

Greatest degree of efficiency with resistance

So far and yet so close …

It is much more efficient to generate wind power at sea than on land. This is especially due to the fact that offshore wind is both stronger and, on top of that, more constant than on land. These are ideal prerequisites for the construction of offshore wind farms when it comes to generate energy from wind power. Yet offshore locations make high demands on the technologies used. This is where EBG comes into play. It has been part of the Miba Group since 2010 and develops custom-made high-power and high-voltage resistors for Siemens. Ingo Euler, Development Engineer at Siemens in the field of Technology & Innovation for Transmission Solutions in the Energy Management Division, lets us get a glimpse of the future.

Energy Management Division

Interview

An interview with Ingo Euler

Mr. Euler, how did this collaboration come about?

In 2005, Siemens decided to start manufacturing multilevel voltage source converters for high-voltage direct current (HVDC) transmission. We have worked very closely with EBG since then. Sales and development go hand in hand. This is an advantage for the custom-made solutions that we require and has a positive impact on our collaboration. Even areas not part of EBG's direct core competencies are mastered. One example that comes to mind is the ULX series cable, which is tailored to our needs.

How was the collaboration?

Reliability of the components used is very important to us. Offshore wind farms, after all, are not exactly around the corner. If a converter part fails, for example, this always means costly maintenance work and lost time. Both are frustrating. Moreover, the weather at sea can sometimes be rough and repairs are often not possible for a while. In addition to a partner and its products being reliable, passion on its part is also important. I mean passion for solving problems. A desire to take new technological approaches. That is also what sets EBG apart. I believe it connects us. Any potential deviations are analyzed quickly. Improvement measures ensure that only components which have actually met the challenges are used. EBG's quality and development departments cooperate perfectly. Any complications that arise are met with the best support. It is very straightforward – a genuine partnership with the absolute focus on the project and the customer and ample scope to facilitate extraordinary results.

"Technologies for a Cleaner Planet" is a key topic for Miba as a whole. How does Siemens deal with this?

Our very field of work shows that this is an extremely important issue for us. We have set ourselves the target of transmitting the energy generated offshore over long distances to the mainland. As efficiently as possible, i.e., with as low losses as possible. For me, that is the epitome of sustainable power generation, combined with the responsible use of available resources. In this case, moving forward together refers to innovative technologies, on the one hand, and a better environment, on the other hand.

Andreas Zenkner, Siemens Team Leader at the SVC PLUS testing facility for reactive power compensation: His team works on developing power electronics components for HVDC PLUS and SVC PLUS applications.

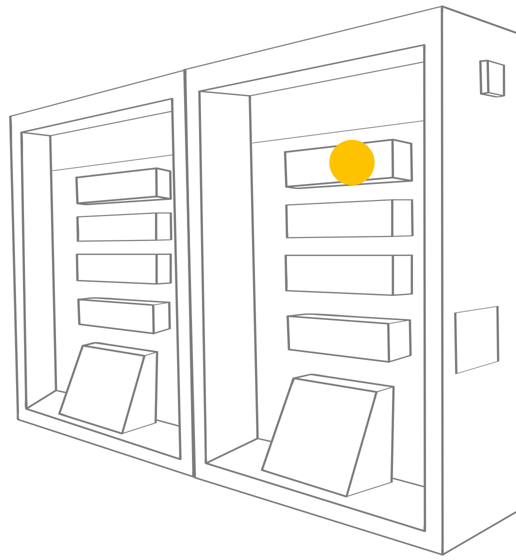
An exciting dialog: Ingo Euler, Siemens, and Christian Lindner, EBG, with the power module for high-voltage direct current transmission.

Always a live wire

Our time is characterized by efficiency thinking. We are more careful with our resources and we apply increasingly intelligent energy generation processes. The use of wind power is the best example.

The strategies for utilizing wind in offshore areas are developed by inventive minds and accompanied by considerable success. This is not least confirmed by the collaboration between Siemens and EBG in the field of high-voltage direct current transmission, or HVDC. This collaboration is supported by a fascinating technology full of possibilities. It also has a number of applications in other areas than offshore wind farms. Siemens has achieved much in this regard. The company has been using multilevel voltage source converters (VSC) for more than ten years. EBG offers high-power and high-voltage resistors custom-made for these converters. The close partnership began in 2005, and there is still a lot to be done. Apart from the continuous improvement of said flat resistors, EBG is also working on the development of new types of chopper resistors, taking a very special approach. It goes without saying that this innovation is being developed together with Siemens.
It is interesting to note that the two companies have development and production departments in very close proximity to one another – an essential prerequisite for good collaboration between these two very important business areas. The short distances mean faster response times, not to mention the very special team spirit. This is how innovation plays out. This, in turn, fits with Siemens and with Miba: Never stand still. The limits of what is feasible and what is possible are always being pushed forward step by step.
Always with the needs of future generations in mind, this being another strong driver for both development partners.

AN OVERVIEW OF MIBA'S PROJECT CONTRIBUTIONS:
development of UPT and ULX series flat resistors, which play a major role in high-voltage direct current transmission.



MANAGEMENT REPORT

Miba investor relations

Miba preferred shares: delisting from the Vienna Stock Exchange on December 3, 2015

On July 14, 2015, the Management Board of Miba AG was informed by Miba AG's majority shareholder, Mitterbauer Beteiligungs-Aktiengesellschaft (MBAG), about a takeover offer to free float shareholders. At the same time, MBAG asked Miba AG to carry out a shareholder squeeze-out procedure in accordance with section 1 of the Austrian Shareholder Squeeze-out Act (GesAusG). MBAG's aim was for a squeeze-out and a delisting of Miba AG preferred shares from the Vienna Stock Exchange.

MBAG made a voluntary public offer to the other shareholders of Miba AG under sections 4ff of the Austrian Takeover Act (ÜbG) to purchase all category B no-par value preferred bearer shares of Miba AG (ISIN: AT0000734835). Those shares already held by the bidder, legal entities acting in concert or Miba AG itself were excluded. The offer therefore related to 121,233 category B preferred shares, or 9.33 percent of the target company's total share capital. The offer price was initially EUR 550 per preferred share.

The offer was published on July 30, 2015. The offer period was three weeks and ended on August 20, 2015. On August 21, 2015, MBAG announced that a total of 40,224 shares had been submitted for sale within the offer period. The squeeze-out threshold of 90 percent was therefore exceeded, meaning that it was possible to accept the offer within the statutory three-month extension.

On September 18, 2015, MBAG announced an increase in the price offered to Miba AG preferred shareholders to EUR 565 per share, with this price also being paid to those shareholders who had already accepted the offer during the original acceptance period ending August 20, 2015. The extended period for accepting the voluntary takeover offer ended on November 26, 2015. A total of 86,688 shares were submitted under the voluntary takeover offer, an acceptance rate of 71.5 percent.

On October 12, 2015, Miba AG held an Extraordinary General Meeting. On the agenda at the General Meeting was the request to carry out a squeeze-out of the non-controlling interest shareholders in accordance with section 1(1) of the Austrian Shareholder Squeeze-out Act (GesAusG) and to transfer their shares to the principal shareholder, MBAG, in return for an appropriate cash settlement in accordance with section 2 of the Austrian Shareholder Squeeze-out Act (GesAusG) in the amount of EUR 540 per share. At the General Meeting, MBAG also requested a conditional increase in the cash settlement from EUR 540 per share to EUR 565 per share. The increase in the cash settlement was subject to three conditions required to be met cumulatively, firstly that no objection to the general meeting resolution be recorded, secondly that no action for rescission or annulment of the general meeting resolution be filed, and thirdly that no request be made for a review of the cash settlement under section 6 of the Austrian Shareholder Squeeze-out Act (GesAusG). The General Meeting unanimously approved the squeeze-out of the non-controlling interest shareholders by transferring their shares in return for an appropriate cash settlement in accordance with MBAG's amended request.

On December 3, 2015, the squeeze-out of the non-controlling interest shareholders was entered in the commercial register of the Wels regional court; as a result, all non-controlling interest shareholders' shares not yet sold in the course of the takeover offer were transferred to MBAG and the Company was delisted from the Vienna Stock Exchange. Miba AG is therefore no longer a listed company within the meaning of section 3 of the Austrian Stock Corporation Act (AktG).

Some of the shareholders who were squeezed out requested a review of the cash settlement under section 6 of the Austrian Shareholder Squeeze-out Act (GesAusG) by the deadline. As a result, proceedings are currently ongoing before the Wels regional court to review the cash settlement in accordance with section 6 of the Austrian Shareholder Squeeze-out Act (GesAusG) in conjunction with sections 225c ff of the Austrian Stock Corporation Act (AktG). Due to those requests for a review of the cash settlement, the original cash settlement of EUR 540 per share was paid out rather than the conditional increase in the cash settlement offered by MBAG at the General Meeting on October 12, 2015. The outcome of the proceedings to review the amount of the cash settlement remains to be seen, but in any case has no impact on the legal validity of the squeeze-out of the non-controlling interest shareholders and the delisting.

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) number 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 10 percent of the Company's share capital for a period of 30 months from July 1, 2013. The Management Board has not made use of this authorization. Due to the shareholder squeeze-out entered on December 3, 2015, this authorization is now void.

Therefore, 0 shares were repurchased under the share buyback program in the past fiscal year. Consequently, Miba AG held 97,979 treasury shares as of the reporting date, January 31, 2016. This equates to around 7.5 percent of the share capital.

Corporate bond provides an attractive investment opportunity for investors

On February 27, 2012, Miba issued a seven-year bullet bond in the principal amount of EUR 75 million bearing a coupon of 4.5 percent p.a. By doing so, Miba has provided its investors with an attractive investment opportunity, which, at EUR 108.50 on January 31, 2016, was trading at a price significantly above the issue price.

Economic conditions

Global economy[1]

The global economy continued to lose momentum in 2015. While the rate of expansion in 2014 was still 3.4 percent, growth last year fell to 3.1 percent. This was due primarily to the weaker economic trend in emerging and developing nations. China especially, long considered the engine of global growth, continued to lose momentum. Growth slowed from 7.3 percent in 2014 to 6.9 percent in 2015 and is expected to fall further in the coming years. One of the biggest uncertainties for future economic performance are the falls in commodity prices, some of them dramatic, which continue to have a negative impact on the investment climate, not only in oil-exporting countries.

Compared with 2014, growth in the eurozone countries was slightly stronger last year at 1.5 percent (compared with 0.9 percent in 2014). The world's leading economy, the US, delivered an even more encouraging performance. Following economic growth of 2.4 percent in 2014, the US continued to expand last year, recording GDP growth of 2.5 percent. According to the latest forecasts from the IMF, it is set to grow by 2.6 percent in 2016.

Among the most ailing in 2015 were Brazil and Russia, where the economy contracted by 3.8 percent and 3.7 percent respectively in 2015. In Brazil, the recession is primarily attributable to political uncertainty and the ongoing problem of government spending, which could yet lead to a government crisis. Russia was mainly affected by western sanctions in the Ukraine crisis and the fall in the oil price.

Trends in emerging economies such as China and Brazil in particular mean that the global economy is unlikely to grow as strongly in 2016 as was still being forecast in fall 2015.

Sector performance

Performance in Miba's sales markets remained mixed in 2015. Once again, Miba benefited from its broad positioning, which allows it to cushion weakness in many sectors with satisfactory performance in other areas.

The global automotive industry continued to grow in 2015, recording an increase in production of 1.2 percent to 68.6 million passenger vehicles.[2] In Europe, the number of passenger vehicles produced rose by as much as 3.3 percent compared with 2014 and the number of registrations by 9.2 percent.[3] As was also the case in 2014, the negative trend in Eastern Europe was offset by higher growth rates in the rest of Europe. The North American market also grew. The number of passenger vehicles and light commercial vehicles (vans) produced rose by 3.3 percent to 17.7 million vehicles; new registrations increased by 5.5 percent.[4] By contrast, the Brazilian automotive industry continued to contract in 2015. Production figures dropped by 23 percent and the number of registrations by almost 27 percent.[5] China produced 23.7 million passenger and light commercial vehicles (vans) in 2015. This represents an increase of around 5 percent compared with 2014 and a sharp slowdown in growth – in 2014, production figures climbed by more than 8 percent compared with 2013.[6] The Indian automotive market recorded an encouraging increase of 5 percent in the number of passenger and light

[1] cf. International Monetary Fund (IMF): World Economic Outlook Update, January 2016
[2] cf. Organisation Internationale des Constructeurs d'Automobiles (OICA): World Motor Vehicle Production by Country and Type 2014–2015, Cars: http://www.oica.net/wp-content/uploads//Cars-2015-Q4.pdf, retrieval date: March 20, 2016
[3] cf. LMC Automotive, January 2016
[4] cf. Automotive News, February 1, 2016
[5] cf. www.anfavea.com.br/January2016, retrieval date: March 20, 2016
[6] cf. LMC Automotive, January 2016

commercial vehicles (vans) produced in 2015.[7]

Although the global truck market as a whole delivered a satisfactory performance over the year, the Chinese market's performance was very weak throughout the year and sharp declines were also observed in other countries starting in the second half of the year. In the European Union, demand for heavy trucks (over 16 tons) recovered significantly in 2015. Almost 20 percent more heavy trucks were registered than in the year before.[8] By contrast, the heavy truck market in China contracted dramatically: 28 percent fewer vehicles were produced than in 2014.[9]

The global market for agricultural commercial vehicles failed to overcome the downturn again in 2015. Demand for machinery remains at a low level, particularly in the US and Brazil.[10] The markets for high-speed diesel and gas engines were subdued due to the low oil price. The US market for locomotive applications declined dramatically last year, above all in the final months. The large engine market – mainly in shipping – was likewise in decline. Demand for mining equipment and construction machinery also suffered as a result of the restrained investment climate last year.

The weak state of the industrial sector was also noticeable in the market for power electronics components, due in particular to a significant fall in demand in the oil, gas and mining business. On the other hand, the high-voltage direct current (HVDC) transmission segment showed the first signs of recovery after an extremely weak 2014. The global wind power industry continued to grow in 2015. Global capacity has already reached 435 gigawatts. Just under 64 gigawatts of this were installed in 2015 – most of it in China, which now contributes half of global capacity.[11]

[7] cf. LMC Automotive, January 2016
[8] cf. European Automobile Manufacturers' Association (ACEA): Commercial Vehicle Registrations in the EU: http://www.acea.be/press-releases/article/commercial-vehicle-registrations-12.4-in-2015-14.8-in-december, retrieval date: March 25, 2016
[9] cf. LMC Automotive, January 2016
[10] cf. Agrievolution: Agritech Business Barometer, September 2015, http://www.agrievolution.com/PDF/2015-09-Agritech-Business-Barometer.pdf, retrieval date: March 20, 2016
[11] cf. http://www.wwindea.org/the-world-sets-new-wind-installations-record-637-gw-new-capacity-in-2015/; retrieval date: March 20, 2016

Income statement and balance sheet analysis

STABLE MARKET POSITION IN A DIFFICULT ENVIRONMENT

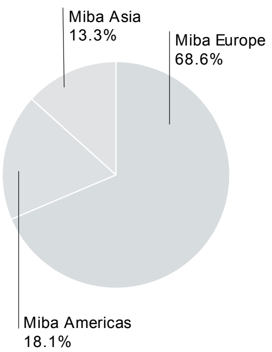
Revenue and income position

As a strategic partner to the international engine manufacturing and automotive industries, Miba was able to maintain its market position in its core markets again in the past fiscal year. However, revenue and earnings performance was severely impacted by the restrained investment climate in most sectors. In this challenging market environment, the Company nevertheless chalked up another record year in terms of revenue and EBIT.

The Miba Group generated revenue of EUR 719.1 million in fiscal year 2015–2016, an increase of EUR 49.8 million, or 7.4 percent, compared with the previous year. Most of this growth was due to positive exchange rate effects (4.7 percentage points). Only 1.9 percentage points came from organic growth.

Miba segments

Share of revenue by production plant region



The Miba Europe segment achieved growth of 3.2 percent, while the Miba Americas segment grew by 14.5 percent. The largest share of total growth came from the Miba Asia segment, where revenue rose by 23.1 percent. The increases in revenue in Miba Americas are purely attributable to currency translation effects. In the Miba Asia segment, 14.2 percentage points of the growth came from currency translation effects and 6.6 percentage points from effects from the initial consolidation of EBG Shenzhen.

The Miba Europe segment – taken to mean all consolidated production plants in Europe – generated revenue of EUR 493.6 million, or 68.6 percent of consolidated revenue, in the past fiscal year. The Miba Americas segment – taken to mean all consolidated production plants in America – generated revenue of EUR 130.0 million. This equates to 18.1 percent of consolidated revenue. Revenue in the Miba Asia segment – taken to mean all consolidated production plants in Asia – amounted to EUR 95.5 million in the past fiscal year, contributing 13.3 percent to consolidated revenue.

Earnings quality in fiscal year 2015–2016 failed to improve in line with revenue performance. Consolidated profit before interest and tax (EBIT) reached EUR 82.9 million, an increase of just 1.2 percent compared with the previous year (EUR 81.9 million). At 11.5 percent, the reported EBIT margin for the past fiscal year fell short of the prior-year level (12.2 percent) and remained significantly below the target of 13 percent. Following an encouraging first six months, sharply declining markets had a significant adverse effect on profit for 2015–2016, which was also impacted by write-downs of EUR 4.3 million required on underutilized plant.

Consolidated profit before tax (EBT) was down on the previous year (EUR 76.8 million) to EUR 74.3 million. After deducting income tax expenses of EUR 20.9 million, consolidated profit after tax (EAT) amounted to EUR 53.3 million (previous year: EUR 57.0 million).

Net assets and financial position

Total assets rose sharply in the past fiscal year, from EUR 741.9 million to EUR 807.8 million. As in previous years, the main driver of this increase was capital expenditure, which sharply exceeded the level of depreciation (property, plant and equipment increased by EUR 35.2 million). Non-current assets thus rose by EUR 33.4 million, or 8.6 percent, to EUR 419.6 million. Non-current assets as a percentage of total assets declined from 52.1 percent to 51.9 percent. The asset cover ratio (equity as a proportion of non-current assets less deferred tax assets) increased from 109.9 percent to 110.4 percent.

Investments in intangible assets and property, plant and equipment amounted to EUR 79.2 million (previous year: EUR 53.4 million). This includes non-cash capital expenditure from finance leases of EUR 2.0 million.

Miba's financial independence was strengthened further in fiscal year 2015–2016. The Group continues to have a very high level of liquidity in particular and financial assets in general. Cash and cash equivalents were EUR 160.9 million (previous year: EUR 133.5 million); total financial assets were EUR 239.2 million (previous year: EUR 208.0 million). As of January 31, 2016, the Miba Group reported an excess of financial assets over debt (net liquidity plus (current and non-current) financial assets, excluding securities to cover pension provisions) of EUR 117.9 million (January 31, 2015: EUR 90.4 million). The main contributor to the improvement in the excess of financial assets over debt was the satisfactory cash flow from operating activities.

Group equity (including non-controlling interests) increased by 9.5 percent, or EUR 40.1 million, to EUR 462.0 million in the past fiscal year (previous year: EUR 422.0 million). Treasury shares amounting to EUR 16.3 million (previous year: EUR 16.3 million) were recognized directly in equity. The increase in group equity was mainly the result of consolidated profit after tax (EAT) of EUR 53.3 million, which was partly offset by dividend payments in the amount of EUR 11.6 million.

The equity ratio is 57.2 percent, an increase of 0.3 percentage points compared with the previous year (56.9 percent).

Cash flow from operating activities amounted to EUR 120.4 million (previous year: EUR 109.8 million). Free cash flow (cash flow from operating activities less cash flow from investments in property, plant and equipment and intangible assets, taking account of the acquisition of newly consolidated companies) amounted to EUR 51.6 million, or 7.2 percent of revenue, in the past fiscal year.

in EUR million	**2015–16**	**2014–15**
Revenue	719.1	669.3
EBIT	82.9	81.9
Cash flow from operating activities	120.4	109.8
Equity	462.0	422.0
Equity ratio in %	57.2	56.9

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

Section 243a(1) number 1 of the 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 (66.9 percent of the 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 (10.0 percent of the share capital), and 300,000 are category B preferred shares with no voting rights and no right to be converted into ordinary shares (23.1 percent of the share capital). Each no-par value voting share entitles the holder to one vote at the Annual General Meeting. As of January 31, 2016, Miba AG held 97,979 treasury shares (previous year: 97,979).

Section 243a(1) number 2 of the UGB
There are no restrictions on voting rights except those restrictions attached to the aforementioned preferred shares. In particular, no such restrictions are set out in Miba AG's Articles of Incorporation. The Management Board is not aware of any agreements with and/or between shareholders or with and/or between third parties. The same goes for restrictions relating to the transfer of shares.

Section 243a(1) number 3 of the UGB
As of January 31, 2016, Mitterbauer Beteiligungs-AG held a direct interest of 92.46 percent in Miba AG. As of the reporting date, Miba AG's holding of treasury shares amounted to 7.54 percent of the share capital.

Section 243a(1) number 4 of the UGB
There are no Miba shares with special rights of control.

Section 243a(1) number 5 of the UGB
There is no employee equity participation at Miba AG.

Section 243a(1) number 6 of the 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) number 7 of the UGB
As of January 31, 2016, Miba AG's Management Board had authorization to buy back own shares and, with the approval of the Supervisory Board, to resolve a type of sale other than via the stock exchange or through a public offer and any disapplication of shareholder repurchase rights (preemptive rights). The Management Board has not made use of this authorization. Due to the shareholder squeeze-out entered on December 3, 2015, this authorization is now void.

Section 243a(1) number 8 of the UGB
There are no significant agreements to which Miba AG is a party and which would become effective, change or end in the event of a change of control at Miba AG as a result of a takeover bid.

Section 243a(1) number 9 of the UGB
There are no compensation arrangements between Miba AG and the members of its Management Board and Supervisory Board or employees for the event of a public takeover bid.

Branches
No branches were maintained in the reporting period.

Risk report

As an international company, Miba serves different industrial sales markets and customers and is exposed to general and sector-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 on 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 (this list is not exhaustive):

Economic risk

The Miba Group product groups with the strongest revenue develop and manufacture components that 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. Another relevant factor is the ongoing fragile situation in the global financial markets.

The current situation is one of upturns and downturns occurring in parallel in different submarkets. These may emerge very quickly and be sharper than those during the crisis years of 2008–2009, highlighting the volatility risk associated with Miba's business model. As a result, orders by customers at short notice continue to necessitate a high degree of organizational flexibility so as to be able to meet demand.

The components developed and produced by Miba companies are critical to the functionality of customer systems and are characterized by an ever-increasing degree of complexity and shorter development cycles. This creates further economic risk for Miba.

Competition and portfolio risk

Miba is pursuing the long-term strategy of significantly reducing its dependence on individual sectors by broadening its product portfolio. On the one hand, this has happened as a result of expanding the product groups in which Miba operates: Following its entry into the power electronics components product group, the Company has, since 2010–2011, been opening up and developing new lines of business which are primarily relevant to end applications for power generation, storage and transmission. On the other hand, the aim within the individual product groups is to develop new areas of application. However, the sustained weakness in capital goods markets has again resulted in a relative strengthening of the automotive sector within the Miba portfolio.

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 a uniform, systematic quality management system, which is embedded in the Group-wide Business Excellence and Zero Defect initiatives. In fiscal year 2014–2015, Miba started implementing a standardized quality management system, which is now being continuously improved and complemented. Cases of liability cannot be entirely ruled out even with systematic and efficient organization. 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 with regard to the level of insurance cover and claims that are not covered by insurance.

Personnel risk

The success of the Miba Group is largely dependent on key individuals with long-standing experience in the Miba Group's product groups. Systematic personnel development at management level and for skilled staff and a performance-linked 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 improvement. Flexible organizational structures and appropriate working time models are needed in order to meet changing market conditions.

Financial risk

Cost-effectively ensuring adequate liquidity and the associated financial independence has always been a core strategy of the Miba Group and has proven to provide a competitive advantage, especially in the last few years of increasing volatility in the financial markets. Miba's focus here is mainly on internal financing and therefore on sufficient liquidity reserves. To strengthen its liquidity, Miba issued a seven-year bullet bond in the total amount 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 insurance (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. In addition to standard futures contracts, derivative financial instruments are also used 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 US, China, the United Kingdom, Brazil and India. A considerable proportion of revenue and costs is invoiced not in euros but in the currencies of the respective national companies. 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, the euro (translation risk). The foreign currency risk within the Group is primarily concentrated on the euro/US dollar and euro/RMB exchange rates, although the gradual expansion of the production sites 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 under uniform Group policies. Losses that may arise as a result of business interruption after natural disasters are also covered. In addition to this insurance, the remaining risks are largely covered by Group-wide liability and goods-in-transit insurance.

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. In this context, a Group-wide accounting-related risk management and ICS report is submitted to the Management Board each quarter and to the Audit Committee at least once a year.

If significant control weaknesses are 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 specifications, such as the compulsory 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 Service Center North America was set up to increase the quality of the local financial statements and is gradually taking over responsibility for the financial reporting of all North American sites.

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 and 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 responsible. 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 by the Management Board and the Supervisory Board of documents intended for publication.

Research & development

ACHIEVING PRODUCT LEADERSHIP WITH TECHNOLOGIES FOR THE FUTURE

With our technologies for the future, we are striving to achieve product leadership in our divisions. Our innovation focuses on energy efficiency as well as on increasing the precision and comfort of our customers' end products. We are developing Technologies for a Cleaner Planet. We foster a spirit and culture of innovation, nurture global technological collaboration and promote the exchange of knowledge across the Group. Innovation and Technology are among Miba's success factors.

Miba invested EUR 31.8 million in research and development in fiscal year 2015–2016. This equates to 4.4 percent of total revenue. A total of 238 employees (FTE) were employed in this area throughout the Group. The development outcomes were protected by way of 20 new patent applications in the past fiscal year. The Miba Group currently holds 252 valid patents. In-house R&D work is supplemented by cooperation with universities and research institutions.

Global development activities

Research and development activities currently take place mostly in Europe. Miba's research centers are located at the main plants in Austria. There is also a center for coatings in Droitwich (UK). The Slovakian sites are taking on more and more development responsibility.

Adaptation of development outcomes to specific customer requirements then takes place in collaboration with the application engineering departments at the various sites across the world. Application-related development work at the plants in the US and China increased in the past fiscal year.

New approaches to materials manufacturing and production of engine bearings

For more information on Miba engine bearings, please refer to page 15.

Manufacturers of high-performance diesel and gas engines face increasing environmental requirements, the use of alternative fuels and more efficient combustion systems. In addition, increased price pressure in the engine segment not only necessitates new production methods for bearing designs that have already been introduced, but also requires completely new approaches to materials manufacturing and production. As an engine bearings specialist, the Miba Bearing Group partners with engine manufacturers on topics ranging from bearing design and materials development to application engineering.

With an eye toward increased efforts in the truck segment and requirements in potential new areas of business, the Miba Bearing Group developed new approaches in the field of technical consulting services and new basic technologies for bearing applications in the past fiscal year.

Another focus was on conducting pilot studies for the development of new production methods with the aim of optimizing costs.

Systematic development of sintering technology

For more information on Miba sintered components, please refer to page 15.

The Miba Sinter Group is a development partner to the international automotive industry. The trend towards efficient power trains and the global availability of all developed solutions resulting from customers' global platform strategies were once again among the factors driving development work in the Miba Sinter Group in the past fiscal year. In addition, the R&D teams face ever shorter development times and constantly increasing requirements for noise reduction, comfort and running smoothness.

In 2015–2016, some of the concepts that had been developed in past years were implemented in actual customer projects. Of particular note are the low-noise gear drives for use in new three-cylinder and four-cylinder engines and synchronization systems for modern manual transmissions and on-demand all-wheel drives which help significantly to reduce fuel consumption.

In addition, electric motors containing Miba sintered components were developed and tested under volume production conditions for the first time. By systematically developing existing technologies and new approaches, the Miba Sinter Group's R&D team also chalked up its first achievements in the field of powder metallurgy components for hybrid applications.

Friction materials to meet exacting requirements

For more information on Miba friction materials, please refer to page 15.

The Miba Friction Group develops and manufactures technologically sophisticated clutch and brake components. In doing so, the R&D team focuses on developing components that are as small and light as possible, capable of delivering better and better performance and are highly efficient at the same time. Through its development work, the Miba Friction Group is responding to growing demands in relation to driving dynamics and safety, increasing comfort requirements for clutches and rising pressure to reduce CO_2 emissions in passenger vehicles and work machinery.

One focus of development work in the past fiscal year was to complete development and industrialization in preparation for the market launch of a new powder-sintered friction material. Powder sintering technology is famous for achieving the greatest power density of all current friction material technologies. At the same time, the new friction material now meets the exacting requirements with regard to control response and noise behavior in new power train solutions for work machinery such as tractors.

The R&D team also devoted attention to successfully developing and commissioning a loss test rig which, for the first time, is able to measure online torque loss depending on the main system parameters. This tool enables design decisions to be taken in the virtual project phase based on actual data while making optimum use of all the latitude available. The use of the test rig resulted in a significant improvement in the quality of the data on which component development at Miba and system development at the customers' end are based.

Power electronics components increase operational reliability

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 reliability of these applications.

For more information on Miba power electronics, please refer to page 15.

One focus in the area of resistors was on the market launch of the first generation of maximum-precision resistors and, building on that, on the development of measurement resistors for HVDC[12] applications among others. In addition, development work was completed on the first generation of maximum–power resistors with a maximum rating of up to 2,000 W.

Development efforts in the area of cooling components centered on enhancing the molding technology for heat sinks with tubes made from non-corroding materials, thereby enabling lake water, for example, to also be used as a coolant in future. In addition, 2015–2016 saw the market launch and first volume deliveries of vacuum-soldered heat sinks in now three generations of technology developed in past years. They are used in converters for HVDC power transmission systems and traction and wind power applications, for example.

Coating solutions for more efficiency

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.

Constantly increasing requirements for CO_2 reduction and comfort are the drivers of R&D activities in the Miba Coating Group. In the past fiscal year, it therefore pressed ahead with its work to develop friction-reducing coatings, the wear protection of lightweight components, coatings to optimize NVH performance and coating solutions in the hydrogen economy.

In addition, the product portfolio was expanded by adding GripCoat® technology. This friction-increasing diamond-component direct coating enables the transmission of high torque and gravitational force and therefore efficient designs with high power density.

[12] High-voltage direct current

Special machinery for broad areas of application

Miba Automation Systems is a specialist in 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. Miba Automation Systems is the technology leader in mobile CNC-controlled machining equipment. This allows components to be worked on directly at their final destination. By applying this concept, Miba not only saves its customers high transportation costs and the otherwise necessary refinishing of components, but also valuable time.

In the past year, Miba Automation Systems also devoted greater attention to developing system designs for the automotive supply industry.

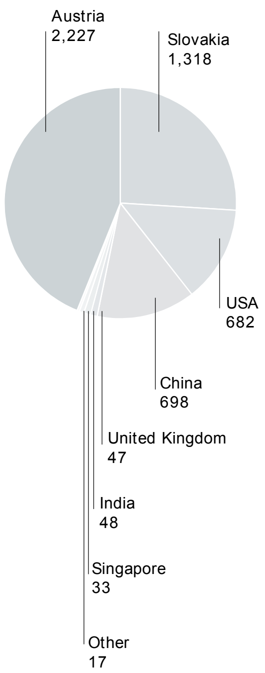
Employees

SETTING CHALLENGES AND PROVIDING SUPPORT

Picture your career with vision: This expression summarizes what makes Miba unique as an employer. Miba has an ambitious corporate culture: Anyone joining Miba will be challenged and supported on a personal basis. They can use their freedom to explore autonomously and thus help to shape Miba and bring about things they can be proud of.

Worldwide, we offer our employees the freedom to think outside their box and, in doing so, to push the boundaries of what is possible, for they are the basis of our success as a leading strategic partner to the international engine manufacturing and automotive industries. We encourage and expect an Entrepreneurial Approach, Lifelong Learning, Passion for Success and Technology Leadership.

Miba global headcount as of January 31, 2016: 5,070 employees



Increase in personnel in Slovakia, Austria, the US and China

In 2015–2016, the Miba Group employed 5,005 people on average at over 20 production sites worldwide (2013–2014: 4,753 employees). In addition, the Company employed an average of 274 temporary staff during the year. As of the reporting date, January 31, 2016, the number of employees stood at 5,070, and thus 2.7 percent, or 134 employees, above the prior-year headcount of 4,936.

In the past fiscal year, the increase in personnel once again took place across all regions of strategic relevance to Miba (China, the US, Austria and Slovakia). In each of these countries, Miba employed over 30 people more than it did at the end of fiscal year 2014–2015.

Almost 11 percent of Miba's employees are college or university graduates, and almost 25 percent are women. The average Miba employee is 37.2 years old and has been employed by the Company for about eight years.

At EUR 224.9 million, personnel expenses for the past fiscal year were 10.3 percent above those for the previous year (EUR 203.8 million). Personnel expenses as a percentage of revenue were therefore up on the prior-year level (30.4 percent) to 31.3 percent. The ongoing rise in the percentage of personnel expenses presents a challenge in terms of efficiency for all of Miba's functional areas.

Under its core value of Lifelong Learning, Miba offers all employees extensive training and continuing education arrangements regardless of their education or hierarchical level. Training and continuing education expenses across Miba totaled EUR 2.0 million in fiscal year 2015–2016 (previous year: EUR 1.7 million).

A highly-qualified skilled workforce is the key to success

Miba continued to expand its in-house apprenticeship training in the past fiscal year, when with 229 young people in training overall, the number of vocational trainees once again reached a new high (previous year: 205). The Company is training the next generation of skilled personnel by applying teaching content that is geared exactly to Miba's needs and offering an extensive range of additional qualifications.

Alongside Miba's Austrian sites, the Slovakian production plants have also been training their own apprentices for some years now. Here, a new dual vocational training law entered into force in September 2015, which Miba Steeltec in Vráble had played a key role in shaping as a pilot plant. This new legal framework modeled along Austrian lines has now been implemented at Miba Sinter Slovakia in Dolný Kubín, too. More than 80 young people in total are undergoing training at Miba's Slovakian sites. To be able to meet future requirements for highly-qualified skilled personnel across the board, Miba is also working to introduce dual vocational training models in China and the US. At the McConnelsville site (Ohio), this is scheduled to start in September 2017.

Besides training young people, Miba has since last year been relying on mature student apprenticeships as a way of upskilling existing employees. This tailored training program is aimed at employees from production or production-related areas, regardless of their previous school or training qualifications. In the first intake, twelve participants are undertaking the metal worker apprenticeship. The next intake is scheduled to start in the current fiscal year.

Executive development with a global perspective

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

Alongside skilled personnel development, a further focus of human resources work in fiscal year 2015–2016 was on further professionalizing global executive development.

Following the relaunch of the Miba Leadership Academy (MLA), Miba's tailored executive development program, the next intake of the 18-month program started early in the past fiscal year due to strong internal demand. Since 2014, training modules have been delivered in the US and China as well as in Austria in order to prepare the participating executives in an even more targeted manner for the challenges arising in the course of Miba's continued global growth.

The expected global growth is also being addressed through the introduction of the Miba Global Graduate Program. This international trainee program is aimed at graduates of technical or economics disciplines from Austria, Slovakia, the US and China. Each year, Miba admits one person from each of these countries to the program, which takes the "Miba Globalites" to different countries in three six-month stints. The first Miba Globalites started their training program in October 2015.

Professional succession and career planning

Following the preparations made in previous years, the Human Capital team has since 2015–2016 been working with a new Group-wide tool for succession and career planning. This both further professionalizes individual career planning throughout the entire Miba Group and improves risk management in terms of ensuring that key positions continue to be filled. Existing human resources tools such as the employee review and the management development dialog were also incorporated into the new system.

Outlook for 2016–2017

An employee survey will be conducted at all Miba sites in the spring of 2016. The survey results are scheduled to be presented in the summer and will provide an important basis for improvement measures at the employee, departmental and organizational level.

In addition to continuing the executive development activities, the work of the Human Capital team in fiscal year 2016–2017 will also focus on greater integration of diversity-related aspects into personnel development programs and human resources decisions and on promoting new forms of collaboration. This is to be achieved, firstly, through the introduction of an intranet and, secondly, by implementing new forms of work in the Miba Forum, Miba's future headquarters building.

The Miba 2020 strategy, where People are defined as one of the three pillars, will again be at the center of all the activities in the current fiscal year – also to demonstrate that we are aware of the role played by our employees: They are the drivers of our success – now and in the future.

Corporate social responsibility

TAKING A FORWARD-LOOKING APPROACH

For us, corporate social responsibility means that the pursuit of financial success goes hand in hand with environmentally friendly conduct and an awareness of our responsibilities towards our employees and society. Sustainable and forward-looking thought and action is firmly established in our corporate culture. Since our Company was formed over 85 years ago, our concern has been to ensure that we organize our work in such a way that subsequent generations can also benefit from it.

The mission: Technologies for a Cleaner Planet

Miba products improve the performance of motor vehicles, trains, ships, aircraft and power plants across the world and make them more efficient and environmentally friendly. In all our activities, we keep a keen eye on the developments of the future: Megatrends such as population growth, climate change and the scarcity of resources will play an important role in the coming years. Our mission is to contribute to a clean planet.

For instance, power electronics components such as Miba resistors and Miba heat sinks are the key to more efficient use of renewable energy sources. Miba friction materials are used in every other wind turbine worldwide; in construction machinery and tractors, for example, they help to reduce drag losses and therefore fuel consumption, too.

We also enable reduced consumption and lower CO_2 emissions by developing direct coatings for connecting rods: In passenger vehicle engines, these can replace bearing shells, resulting in reductions in space and weight among other things.

When it comes to downsizing, weight reduction, vibrations (NHV), fuel efficiency and driving comfort, Miba sintered components are a large part of positive end-to-end solutions. We also devote attention to technologies for the future such as the electrification or hybridization of vehicle drives.

Active environmental management as an innovative factor

Starting in production, active environmental management is the critical factor in improving ecological and economic efficiency. We focus on optimizing the use of energy and other resources, reducing emissions and using environment-friendly materials and equipment.

Environmental activities in the past fiscal year centered on energy efficiency. The Company invested EUR 1.8 million in measures to improve both buildings and processes. For example, buildings were renovated and insulated, more efficient lighting systems implemented or systems for waste heat use introduced, enabling a total of 5 GWh of primary energy or costs of more than EUR 270,000 to be saved each year. Through measures such as these, Miba is also responding to new legal requirements under the Federal Energy Efficiency Act (EEG).

Our employees: the firm cornerstone

With their commitment, expertise, ideas and suggestions, employees are the cornerstone of Miba's success. As a responsible employer, the Company not only encourages its employees to develop their professional and personal skills; it also makes every effort to provide a pleasant and healthy working environment.

In the past fiscal year, Miba once again took numerous measures to promote health in the workplace. Alongside ergonomics workshops, events dealing with stress and burnout prevention and smoking cessation courses, Miba also supports its employees' sports activities. At the Upper Austria sites alone, for example, Miba paid the entry fee to three large runs in the region for more than 200 keen runners in its workforce. In China, employees have set up a basketball team, which is supported by the Company. Through activities such as these, Miba is taking important steps to promote health and prevent illness.

Where possible, Miba also helps to improve work-life balance. The in-house day care center in Laakirchen, which looks after employees' children between the ages of one and three, has been part of everyday workplace life for almost three years now. Similar care options are currently being planned for Miba Sinter Slovakia in Dolný Kubín.

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. For a number of years now, Miba has been a partner in the "Kinder erleben Technik" (KET – Children experience technology) project, which encourages children from four to six years old to take an interest in technology with a mobile and innovative offering. The OTELO (Offenes Technologielabor – Open technology laboratory) association, which Miba also supports with monetary donations and donations in kind, is the KET sponsor.

Each year, Miba also supports charitable projects and initiatives such as the KaKiHe association for the provision of drinking water in Cambodia, which was set up by two Miba employees from Laakirchen. 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 2015, Miba launched an aid initiative for refugees being housed in Laakirchen. In addition to donating money to be spent on second-hand bicycles, Miba organizes German courses at the Company and arranges regular meetings for refugees and Miba employees, thereby helping to better integrate refugees into the community.

Miba Europe

UNCERTAIN MARKET ENVIRONMENT PUTS A BRAKE ON GROWTH

An overview of all Miba Group sites by segment is presented on pages 10 and 11.

According to the IMF, the eurozone economy grew by 1.5 percent in 2015. This growth rate represents progress over 2014, when the economy expanded by just 0.9 percent.[13] This slight upward trend was noticeable at least in the automotive industry and the heavy truck market. 18.7 million passenger vehicles were produced in Europe in 2015, 3.3 percent more than in 2014. Registration numbers rose at an even faster pace (up 9.2 percent on 2014).[14] The difference was driven by lower export sales from Europe, which were due mainly to a slight slowdown in sales of premium vehicles in China. In the EU alone, 19.4 percent more heavy trucks were registered in 2015 than in the year before.[15] Like the capital goods industry, the other end customer markets of relevance to Miba, such as for construction machinery, mining equipment, agricultural commercial vehicles, ships and plant, showed an increasingly negative trend in the course of the year. While, in the first half of the year, the industrial goods markets were on a moderately positive trend, the last two quarters and the months of November 2015 to January 2016 in particular brought some marked slowdowns.

From the fourth quarter onwards, this presented major challenges in downturn management, especially for the engine bearings plant in Laakirchen (Austria), but also for the friction materials sites in Roitham (Austria) and Vráble (Slovakia). On the revenue side, declines were offset by growth in the automotive industry and new product launches, also mainly for this sector. With regard to the production of its components, Miba pursues a "local-to-local" approach in all the regions in which it operates. The production sites in Austria, Slovakia, the Czech Republic, Slovenia and the United Kingdom mostly supply the European market but also play an important role internationally because they assist and support Miba's performance in the US and China.

Miba Europe generated revenue of EUR 493.6 million in the past year and thus remains the Miba region with the highest revenue. This equates to an increase of 3.2 percent compared with the previous year (EUR 478.2 million).

Miba Europe invested EUR 44.5 million in capacity expansion and in new plant and machinery during the past fiscal year (previous year: EUR 29.2 million). For example, both Miba sites in Vorchdorf – Miba Sinter Austria GmbH and High Tech Coatings GmbH – were renovated and expanded. At the sinter site, the administrative building was renovated and extended, thereby also taking into account the growth in the automotive industry and thus in this segment, too. At the neighboring coatings site, Miba prepared the way for future growth by doubling the production and administration space. In power electronics, a second site for the manufacturing of resistors was opened in St. Stefan (Styria). This has since carried out the first stages in the production of EBG resistors, resulting in an improvement in production space at the original site in Kirchbach. Further stages of production will be moved to St. Stefan during the current fiscal year in order to further optimize the workflow in Kirchbach.

[13] cf. IMF: World Economic Outlook Update, January 2016
[14] cf. LMC, January 2016
[15] cf. ACEA, New Commercial Vehicle Registrations, February 2016

Outlook

It is difficult to estimate market trends for fiscal year 2016–2017, especially in the industrial goods sector. It is anticipated that demand in the market for agricultural commercial vehicles and in the high-speed diesel and gas engines segment will remain at a low level and neither the shipping industry nor the market for construction machinery and mining equipment will recover. Conversely, there are slight signs of recovery in the wind power generation and power transmission sectors. A stable trend is expected in the automotive industry.

	2015–16	**2014–15**
Revenue in EUR million	493.6	478.2
Capital expenditure in EUR million	44.5	29.2
Average number of employees for the year	3,433	3,382

Miba Americas

AUTOMOTIVE INDUSTRY IS A DRIVER

As was the case back in 2014, growth in the US once again outpaced that in the eurozone in 2015, reaching 2.5 percent. In contrast to the US, Brazil marked the start of a sharp recession by recording a fall in growth of 3.8 percent in the face of the economic crisis.[16] This was also reflected in the automotive industry in particular. Almost 23 percent fewer passenger and light commercial vehicles (vans) were produced last year. Compared with 2013, the decline was as much as 34.5 percent.[17] In the US, the growth in the automotive industry, where 3.3 percent more passenger and light commercial vehicles (vans) were produced than in 2014, was accompanied by a very positive performance from the heavy truck market, above all in the first half of the year.[18] Over the year as a whole, growth there was 13 percent.[19] In the other sectors, the US is also battling persistently low to falling demand. Due to the low oil price, the last few months of the fiscal year in particular brought some sharp downturns in the markets that are heavily dependent on the oil and gas industry (above all in the compressor and locomotive segments).

Miba Americas – taken to mean all consolidated production sites in America – more than offset the downturn in the capital goods industry thanks to the strength of the automotive industry, including with regard to new product launches. It generated revenue of EUR 130.0 million in fiscal year 2015–2016, 14.5 percent more than in 2014–2015 (previous year: EUR 113.5 million). The growth came purely from currency translation effects. This segment contributed 18.1 percent to the Miba Group's total revenue.

Capital expenditure in the Miba Americas segment amounted to EUR 19.1 million (previous year: EUR 11.8 million). Most of the capital expenditure related to capacity expansion at Miba Sinter USA, where Miba has created additional production capacity due to strong demand from the US automotive industry. Meanwhile, Miba HydraMechanica in Sterling Heights invested in improvements to the IT systems and, by connecting to SAP, took an important step for the site's future development.

[16] cf. IMF: World Economic Outlook Update, January 2016
[17] cf. www.anfavea.com.br/January 2016 and 2015
[18] cf. Automotive News, February 1, 2016
[19] cf. WardsAuto, January 2016

Outlook

The IMF forecasts economic growth of 2.6 percent for the US in 2016, seeing risks in the low oil price and the end of the Federal Reserve's policy of cheap money. Brazil is expected to contract by a further 3.5 percent.[20]

Miba anticipates that the automotive industry will stabilize or grow slightly compared with 2015. In the heavy truck market, the downward movement seen in the second half of 2015 is expected to continue. Miba estimates that the industrial sectors will remain weak or turn down, in some cases sharply.

	2015–16	2014–15
Revenue in EUR million	130.0	113.5
Capital expenditure in EUR million	19.1	11.8
Average number of employees for the year	670	628

[20] cf. IMF: World Economic Outlook Update, January 2016

Miba Asia

SLOW GROWTH POSES A CHALLENGE

Growth in Asia's emerging markets slowed again in 2015. After 6.8 percent in 2014, the rate of expansion last year was just 6.6 percent. While China also lost speed year on year, recording economic growth of just 6.9 percent compared with 7.3 percent previously, India remained at least on a par with 2014 with growth of 7.3 percent.[21]

Despite the general market downturn, China produced 20 million passenger vehicles, an increase of 5 percent on 2014. In the world's largest heavy truck market, on the other hand, the number of units produced fell by 28 percent.[22] The trend in the construction machinery market in China remains very subdued. The Indian automotive market expanded by 5 percent compared with 2014; in total, 3.7 million passenger and light commercial vehicles (vans) were produced.[23] The overall Asian market for shipbuilding and ship requirements remains at an extremely low level.

Despite the sometimes sluggish performance in the sales markets, Miba was able to lift its revenue in Asia. With its consolidated production sites in China and India, Miba Asia recorded revenue of EUR 95.5 million in fiscal year 2015–2016 (previous year: EUR 77.5 million), an increase of 23.1 percent in just one year. This growth is due mainly to three factors. Firstly, the increase in revenue was buoyed by currency translation effects, without which organic growth would have been just 2.4 percent. In addition, the full-year effect of the acquisition of EBG Shenzhen contributed EUR 5.1 million to revenue. Lastly, growth from the automotive sector in China also had a positive impact.

Miba Asia's capital expenditure amounted to EUR 10.9 million in fiscal year 2015–2016 (previous year: EUR 12.9 million). Most of the capital expenditure related to new projects and capacity expansion for the sinter section of the plant in Suzhou.

[21] cf. IMF: World Economic Outlook Update, January 2016
[22] cf. LMC Automotive, January 2016
[23] cf. LMC Automotive, January 2016

Outlook

Overall, Miba expects a further decline in growth in Asia generally and in China especially. The IMF forecasts GDP growth of 6.3 percent and 6.2 percent for Asia's emerging markets in 2016 and 2017 respectively. China is also expected to grow by 6.3 percent in 2016 but by just 6.0 percent in the following year.[24]

Mid-single digit growth is anticipated in the passenger vehicles market due to a temporary tax incentive for smaller vehicles and strong demand for (local) SUV models. Following the sharp declines in the truck market in 2015, manufacturers expect a slight increase again in the current year, although the market went into the year still in sharp decline. No recovery is expected in the construction machinery and ship segments.

	2015–16	**2014–15**
Revenue in EUR million	95.5	77.5
Capital expenditure in EUR million	10.9	12.9
Average number of employees for the year	773	629

[24] cf. IMF: World Economic Outlook Update, January 2016

Miba Shared Services

USING SYNERGY EFFECTS INTELLIGENTLY

The Miba Shared Services segment comprises all Miba Group companies that provide internal (management) services to all or to a number of segments. These companies therefore do not generate any external revenue.

(Intragroup) revenue in this segment was EUR 42.7 million in fiscal year 2015–2016 (previous year: EUR 37.9 million).

Capital expenditure in the Miba Shared Services segment amounted to EUR 4.5 million in fiscal year 2015–2016 (previous year: EUR 1.3 million) and, as in the previous year, related to construction measures and IT applications. The largest capital expenditure project in this segment is the construction of the Miba Forum at the headquarters site in Laakirchen. This building will be a customer, technology and learning center to enable new models of working, learning, gathering and collaborating. Office, conference, meeting and training rooms are being constructed across an area of almost 4,000 m².

	2015–16	**2014–15**
Capital expenditure in EUR million	4.5	1.3
Average number of employees for the year	130	115

Miba product groups

TECHNOLOGIES FOR A CLEANER PLANET

Miba sintered components

An overview of all product groups is presented on pages 14 and 15.

Miba sintered components are high-precision, high-strength components that have been developed and produced in-house and are mainly used in passenger vehicle engines and transmissions. High-volume manufacturing of sintered components is a very cost-effective technology. It also conserves resources, as materials are put to maximum use and little energy is consumed.

Thanks to the good performance from the automotive industry in Miba's main sales markets, and supported by new projects in Europe, North America and Asia, the sintered components business grew again in fiscal year 2015–2016. Globally, Miba generated revenue of EUR 293.6 million from sintered components, an increase of EUR 42.1 million, or 16.7 percent, compared with the previous year (EUR 251.5 million). All sites contributed to the rise in revenue.

Miba engine bearings

Engine bearings are crucial components that significantly affect combustion engine function and service life. They help hold crank- and camshafts in place, minimize friction during operation and protect the engine against damage and breakdown. By constantly developing new types of bearings, the Miba Bearing Group ensures that modern engines are able to deliver maximum performance efficiently and in an environmentally-friendly manner even under extreme conditions.

The core engine bearings markets were largely marked by sharp falls in demand, particularly from the second half of the past fiscal year onwards. This trend is reflected in low revenue growth year on year, which was driven entirely by exchange rate effects.

Globally, Miba generated revenue of EUR 212.7 million from engine bearings, just EUR 7.1 million, or 3.4 percent, more than in 2014–2015 (previous year: EUR 205.6 million).

Miba friction materials

Miba friction materials are the element that determines performance in clutches and brakes. They make a significant contribution to efficiency improvements. Miba is a long-standing development partner and high-performance friction materials supplier to the international vehicle and machinery industry.

In the past fiscal year, there was again no sign of recovery in the core friction materials markets such as the markets for tractors, construction machinery and mining equipment. The declines in sales markets such as these were offset mainly by healthy demand from the automotive industry.

Globally, Miba recorded revenue of EUR 138.3 million in the friction materials segment, roughly on a par with 2014–2015 (previous year: EUR 139.3 million).

Miba power electronics components

Miba develops and produces passive electronic components such as resistors and cooling systems for power

An overview

Miba power electronics components

An overview of R&D work by product group can be found starting on page 52.

Miba develops and produces passive electronic components such as resistors and cooling systems for power electronics. Miba resistors regulate the voltage in modern medical equipment, for example, or in the power electronics of frequency converters, e.g., for wind power plants. Miba heat sinks and heat pipes cool electronic components in drive train control units, power supply units, power transmission systems or wind power plants; component service life is increased as a result of their efficient performance.

Performance in the power electronics market was merely weak again in fiscal year 2015–2016. Once again, this was due largely to investment decisions not being taken in industry. Globally, Miba generated revenue of EUR 52.2 million from power electronics components. This represents an increase of 13.5 percent compared with 2014–2015 (previous year: EUR 46.0 million) that is solely attributable to positive exchange rate effects and full-year effects from initial consolidations.

Miba coatings

Miba develops and produces innovative coating solutions such as polymer and low-friction coatings, electroplated overlays and PVD coatings. Components coated by Miba are incorporated into vehicle power trains and, among other things, help to ensure that build space is gained and weight and costs are reduced. In addition, they minimize power train friction and improve the efficiency of modern combustion engines.

The economic environment for the coatings segment was satisfactory due to the positive trend in the automotive industry. However, the regional relocation of production resulted in a loss of orders that was not entirely offset in the past fiscal year. Miba generated revenue of EUR 17.6 million from coatings in 2015–2016 and was therefore on a par with the previous year (previous year: EUR 17.6 million).

Miba special machinery

Miba develops and builds special machinery for the high-precision and fast machining of small to very large components, with special focus on the development of mobile CNC machining units. Ever larger components and increasingly complex applications, as well as increased requirements for machining accuracy call for specifically designed equipment. Special machinery is used, for example, to build wind towers, for the overhaul of power station turbines or in engine bearings production.

The extremely subdued investment climate in the industrial sector, above all in Europe, is reflected in revenue performance in this segment, too. A large order cancelled in the energy segment and the delayed implementation of another large project also contributed to the sharp decline in revenue. Special machinery revenue was EUR 4.7 million in fiscal year 2015–2016 (previous year: EUR 9.3 million).

Outlook

FOCUS ON MIBA 2020

Although growth forecasts for the global economy in the coming years are slightly higher than growth in 2015, they have had to be revised down significantly from forecasts made previously. The IMF now expects global economic growth of just 3.4 percent in 2016 and 3.6 percent in 2017, in each case a downward revision of 0.2 percentage points from the IMF's forecasts in October 2015. This is primarily attributable to weaker performance in emerging markets, first and foremost in Brazil. However, the stable trend in the US, for which a faster pace of growth had previously been forecast, also contributed to this revision. The IMF is forecasting growth of 2.6 percent for the US in 2016, a downward adjustment of 0.2 percentage points. In the eurozone, growth of 1.7 percent is expected in 2016, 0.1 percentage points more than forecast in October 2015. Emerging markets are expected to grow by 4.3 percent overall in 2016, which also represents a downward adjustment of 0.2 percentage points. The pace of expansion in China continues to slow – following growth of 6.9 percent in 2015, it is expected to be just 6.3 percent in 2016 and 6.0 percent in 2017. This is primarily attributable to China's endeavors to transform itself from an industrial into a service economy. The forecasts for India, on the other hand, are slightly better – the GDP growth forecast for 2016 and 2017 remains unchanged at 7.5 percent. Estimating a much worse performance from Brazil than it did in October 2015, the IMF revised the GDP growth forecast for 2016 down by 2.5 percentage points to –3.5 percent.[25]

As a result of these forecasts, we do not expect the situation in the capital goods industry to improve in 2016. The extent to which the significant downturn in certain submarkets (e.g., compressors, locomotives, large engines) in the final months of 2015 will also be evident throughout 2016 is difficult to predict, but there is very little to suggest that some submarkets at least will recover in the near term. It is anticipated that demand in the European commercial vehicles market and in the high-speed diesel and gas engines segment will remain at a low level. We expect the weak trend in the markets for agricultural commercial vehicles, construction machinery and mining equipment to continue. Neither is a recovery predicted for the shipping industry. By contrast, the energy sector seems to be gathering some momentum, particularly in the wind power generation and power transmission segments. In the automotive industry, a stable trend is expected with slight global growth.

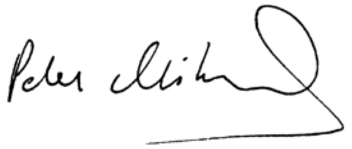
Miba is holding to its broad regional and sector positioning and, as in the past, will take measures to offset sustained market weakness through increased efforts in growing markets and through new product launches. The objectives set out in the Miba 2020 strategy remain unchanged, as does the focus on the three main thrusts Global Growth, Innovation and Technology, and People.

Events after the reporting date

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.

[25] IMF: World Economic Outlook Update, January 2016

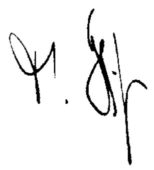
Laakirchen on April 29, 2016
The Management Board of Miba AG



DI F. Peter Mitterbauer, MBA
Chairman of the Management Board,
Regional responsibility for Miba Europe,
also responsible for the Miba Power Electronics Group, Communications, Management Accounting, Human Capital, Strategy, Innovation & Technology and Internal Audit

Dr. Wolfgang Litzlbauer
Vice Chairman of the Management Board,
Regional responsibility for Miba Asia,
also 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,
Regional responsibility for Miba Americas,
also responsible for the Miba Sinter Group, the Miba Equipment Manufacturing Group and Quality



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

IFRS CONSOLIDATED FINANCIAL STATEMENTS

Contents

- **IFRS CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR 2015-2016** **76**
- Information on the company 84
- Basis of preparation of the financial statements 84
- Changes to the consolidated group in fiscal year 2015-2016 85
  - Inclusion of Miba Engineering Center India PVT. LTD. 85
  - Inclusion of Shenzhen Rui Xi Si Te Industry Co. Ltd. 85
  - Reorganization of Miba Gleitlager GmbH 85
  - Increase in shareholding in High Tech Coatings GmbH 85
- Management judgements, estimation uncertainties and assumptions 86
- Changes in the reporting 88
  - Change in the reporting of income from the reversal of provisions 88
  - Change in the reporting of financial assets and cash 88
  - Change in the reporting of other assets and liabilities 89
  - Change in the reporting of current provisions 89
  - Change in the reporting of tax provisions 90
  - Change in the reporting of financing expenses attributable to limited partnership minority shareholders 91
- Revenue 93
- Other operating income 93
- Cost of materials and other manufacturing services purchased 93
- Personnel expenses 94
  - Termination benefit expenses and direct retirement contributions 94
- Other operating expenses 95
- Depreciation, amortization and impairment losses 96
  - Depreciation and amortization 96
  - Impairment losses 96
- Share of profits and losses of associates 97
- Net interest income 97
- Other financial result 98
- Income taxes 98
- Intangible assets 100
  - Patents and licenses, customer relationships and other rights 101
  - Goodwill 101
- Property, plant and equipment 102
  - Finance leases 104
  - Operating leases 105
- Investments in associates 106
- Financial assets 108
- Deferred taxes 109
- Inventories 111
- Trade receivables 112
  - Long-term construction contracts 113
- Other assets 114
- Current financial assets 114
- Cash and cash equivalents 114
- Group equity 115
  - Share capital 115
  - Capital reserves 115
  - Treasury shares 115
  - Miba AG squeeze-out 116
  - Retained earnings 117
  - Non-controlling interests 118
- Termination benefit and pension provisions 120
  - Termination benefit provisions 120
  - Pension provisions 121
- Financial liabilities 123
- Other non-current liabilities 124
- Provisions 124
- Trade payables 125
- Current financial liabilities 125
- Other current liabilities 126
- Contingent liabilities and other financial obligations 127
  - Other 127
- Consolidated cash flow statement 127
- Financial instruments 127
  - Fair value measurement 132
  - Offset 133
  - Net income 133
  - Derivatives not subject to hedge accounting 134
- Financial risk management 136
  - Credit risk 136
  - Liquidity risk 137
  - Market risk 139
    - Currency risk 140
    - Interest rate risk 141
    - Commodity price risk 142
    - Market risk 143
- Capital management 144
- Segment reporting 144
  - Miba Europe 146
  - Miba Americas 146
  - Miba Asia 146
  - Miba Shared Services 147
  - Segment information by region 148
  - Information about product groups in accordance with IFRS 8.32 148
  - Information about geographical areas in accordance with IFRS 8.33 150
- Events after the reporting date 150
- Business relationships with related parties 151
  - Business relationships under IAS 24 with associates, unconsolidated affiliated companies, joint operations, the parent company and other related entities 151
  - Business relationships under IAS 24 with menbers of the management board and the supervisory board, as well as key management personnel 153
  - Remuneration of the management board, supervisory board and key management 154
- Disclosures on governing bodies and employees 155
  - Members of the management board in the year under review 155
    - DI F. Peter Mitterbauer, MBA 155
    - Dr. Wolfgang Litzlbauer 155
    - Dr.-Ing. Harald Neubert 155
    - MMag. Markus Hofer 155
  - Members of the supervisory board in the year under review 155
    - Dkfm. Dr. Wolfgang C. Berndt 155
    - Dipl.-Bw. Alfred Heinzel 155
    - DI DDr. h. c. Peter Mitterbauer 155
    - MMag. Peter Oswald 155
    - Prof. KR Ing. Siegfried Wolf 155
    - Hermann Aigner 155
    - Johann Forstner 155
  - Number of employees 156
- Earnings per share 156
- Proposed appropriation of net profit 157
- New accounting pronouncements 157
  - Standards and interpretations required to be applied for the first time in the consolidated financial statements for the period ended January 31, 2016 157
  - Published standards and interpretations which are only required to be applied in later fiscal years 158
- Consolidation 160
  - Consolidation principles 160
  - Basis of consolidation 161
  - Currency translation 162
- Accounting policies 163
  - Revenue and expense recognition 163
    - Revenue 163
    - Income 163
    - Research and development expenses 164
    - Dividends 164
    - Interest 164
    - Income taxes 164
    - Earnings per share 165
  - Non-current assets 166
    - Goodwill 166
    - Intangible assets and property, plant and equipment 168
    - Leases 169
    - Associates 169
  - Current assets 169
    - Inventories 169
    - Trade receivables 169
    - Tax receivables 170
  - Employee benefits 170
  - Provisions 171
  - Financial assets and liablities 171
    - Loans and receivables 171
    - Available for sale 172
    - Held to maturity 172
    - Financial assets at fair value through profit or loss 172
    - Financial liabilities at amortized cost 172
    - Financial liabilities at fair value through profit or loss 172
    - Hedge accounting 173
    - Fair value measurement 173
  - Trade payables 173
- Approval by the management board 174

IFRS consolidated income statement for fiscal year 2015–2016

in TEUR	Note	2015–16	2014–15
Revenue	(6)	719,102	669,302
Changes in inventories of finished goods and work in progress		3,138	509
Own work capitalized		5,368	4,056
Gross operating revenue		**727,607**	**673,867**
Other operating income[26]	(5) (7)	25,095	25,820
Cost of materials and other manufacturing services purchased	(8)	–293,308	–270,156
Personnel expenses	(9)	–224,886	–203,794
Other operating expenses[26]	(5) (10)	–101,183	–101,971
Profit before interest, tax, depreciation and amortization (EBITDA)		**133,325**	**123,766**
Depreciation and amortization	(11)	–46,166	–40,998
Impairment losses	(11)	–4,267	–897
Profit before interest and tax (EBIT)		**82,892**	**81,871**
Share of profits and losses of associates	(12)	–2,230	299
Financing costs for LP minority shareholders[26]	(5)	–1,752	–3,673
Net interest income	(13) (36)	–4,034	–4,430
Other financial result	(14)	–619	2,743
Financial result		**–8,635**	**–5,062**
Profit before tax (EBT)		**74,258**	**76,809**
Income tax expense	(15)	–20,918	–19,858
Profit after tax (EAT)		**53,339**	**56,951**
of which attributable to			
Shareholders of Miba Aktiengesellschaft		50,316	54,938
Non-controlling interests	(26)	3,023	2,013
Weighted average number of shares issued	(26) (43)	1,202,021	1,203,857
Earnings per share in EUR	(43)	41.86	45.64
Diluted earnings per share in EUR = basic earnings per share in EUR	(43)	41.86	45.64
Dividend proposed or paid per share in EUR	(44)	41.60	8.00

[26] Prior-year comparatives have been adjusted. See note (5) *Changes in the reporting* in the notes to the consolidated financial statements.

IFRS consolidated statement of comprehensive income for fiscal year 2015–2016

in TEUR	Note	2015–16	2014–15
Profit after tax (EAT)		**53,339**	**56,951**
Currency translation gains/losses		1,651	27,002
Gains/losses on available-for-sale financial assets	(36)	19	35
Attributable deferred taxes		–5	–9
Share of other comprehensive income of equity-accounted companies		–723	30
Total other comprehensive income for items which may be reclassified subsequently to profit or loss		**942**	**27,058**
Actuarial gains/losses	(27)	1,163	–6,488
Attributable deferred taxes		–291	1,622
Total other comprehensive income for items which will not be reclassified subsequently to profit or loss		**873**	**–4,866**
Total comprehensive income		**55,154**	**79,143**
of which attributable to			
Shareholders of Miba Aktiengesellschaft		52,216	75,619
Non-controlling interests	(26)	2,938	3,524

IFRS consolidated balance sheet as of January 31, 2016

in TEUR	Note	1/31/2016	1/31/2015
Assets			
Non-current assets			
Intangible assets	(16)	39,016	45,149
Property, plant and equipment	(17)	300,926	265,707
Investments in associates	(18)	202	3,155
Financial assets[26]	(5) (19) (36)	78,324	69,956
Deferred tax assets	(20)	1,110	2,260
		419,577	**386,227**
Current assets			
Inventories	(21)	100,521	93,084
Trade receivables	(22)	91,534	97,107
Other assets[26]	(5) (23)	20,287	19,538
Current financial assets[26]	(5) (24) (36)	14,999	12,419
Cash and cash equivalents[26]	(5) (25) (36)	160,876	133,492
		388,217	**355,640**
Total assets		**807,793**	**741,867**

[26] Prior-year comparatives have been adjusted. See note (5) *Changes in the reporting* in the notes to the consolidated financial statements.

in TEUR	Note	1/31/2016	1/31/2015
Equity and liabilities			
Group equity			
Share capital	(26)	9,500	9,500
Capital reserves	(26)	18,089	18,089
Treasury shares	(26)	–16,305	–16,305
Retained earnings	(26)	439,936	397,836
Non-controlling interests	(26)	10,810	12,856
		462,029	**421,975**
Non-current liabilities			
Termination benefit and pension provisions	(27)	28,937	29,951
Deferred tax liabilities	(20)	7,665	5,946
Other non-current provisions	(30)	2,266	1,833
Financial liabilities	(28) (36)	121,452	112,428
Other non-current liabilities	(29)	6,568	6,417
		166,888	**156,575**
Current liabilities			
Current provisions[26]	(5) (30) (36)	13,701	18,854
Tax provisions[26]	(5)	3,322	3,126
Trade payables	(31)	85,433	61,250
Current financial liabilities[26]	(5) (32) (36)	23,741	27,436
Income tax liabilities[26]	(5)	12,684	13,609
Other current liabilities[26]	(5) (33)	39,994	39,041
		178,876	**163,316**
Total equity and liabilities		**807,793**	**741,867**

IFRS consolidated statement of changes in equity for fiscal year 2015–2016

				Retained earnings							
in TEUR	**Share capital**	**Capital reserves**	**Treasury shares**	**Foreign currency translation reserve**	**Available-for-sale financial assets**	**Actuarial + gains/ – losses**	**Equity-accounted companies**	**Other retained earnings**	**Attributable to shareholders of Miba AG**	**Non-controlling interests**	**Total equity**
Balance 2/1/2014	**9,500**	**18,089**	**–14,221**	**–2,316**	**0**	**–4,673**	**–532**	**340,117**	**345,964**	**3,606**	**349,569**
Profit after tax (EAT)	0	0	0	0	0	0	0	54,938	54,938	2,013	56,951
Other comprehensive income	0	0	0	25,468	26	–4,843	30	0	20,681	1,511	22,191
Currency translation gains/losses	0	0	0	25,468	0	0	30	0	25,497	1,534	27,031
Actuarial gains/losses	0	0	0	0	0	–4,843	0	0	–4,843	–23	–4,866
Gains/losses on available-for-sale financial assets	0	0	0	0	26	0	0	0	26	0	26
Total comprehensive income for the period	**0**	**0**	**0**	**25,468**	**26**	**–4,843**	**30**	**54,938**	**75,619**	**3,524**	**79,143**
Dividends	0	0	0	0	0	0	0	–9,616	–9,616	–131	–9,747
Change in treasury shares	0	0	–2,084	0	0	0	0	0	–2,084	0	–2,084
Additions/disposals of non-controlling interests	0	0	0	10	0	0	0	–773	–764	5,858	5,094
Transactions with shareholders	**0**	**0**	**–2,084**	**10**	**0**	**0**	**0**	**–10,389**	**–12,464**	**5,727**	**–6,737**
Balance 1/31/2015 = balance 2/1/2015	**9,500**	**18,089**	**–16,305**	**23,162**	**26**	**–9,516**	**–502**	**384,666**	**409,119**	**12,856**	**421,975**
Profit after tax (EAT)	0	0	0	0	0	0	0	50,316	50,316	3,023	53,339
Other comprehensive income	0	0	0	1,736	15	873	–723	0	1,900	–86	1,814
Currency translation gains/losses	0	0	0	1,736	0	0	–864	0	872	–86	786
Actuarial gains/losses	0	0	0	0	0	873	0	0	873	0	873
Gains/losses from hedging	0	0	0	0	0	0	141	0	141	0	141
Gains/losses on available-for-sale financial assets	0	0	0	0	15	0	0	0	15	0	15
Total comprehensive income for the period	**0**	**0**	**0**	**1,736**	**15**	**873**	**–723**	**50,316**	**52,216**	**2,938**	**55,154**
Dividends	0	0	0	0	0	0	0	–9,616	–9,616	–2,013	–11,629
Change in treasury shares	0	0	0	0	0	0	0	0	0	0	0
Additions/disposals of non-controlling interests	0	0	0	49	0	–57	0	–495	–503	–2,971	–3,474
Other	0	0	0	0	0	0	0	4	4	0	4
Transactions with shareholders	**0**	**0**	**0**	**49**	**0**	**–57**	**0**	**–10,107**	**–10,116**	**–4,984**	**–15,100**
Balance 1/31/2016	**9,500**	**18,089**	**–16,305**	**24,946**	**41**	**–8,700**	**–1,226**	**424,875**	**451,219**	**10.810**	**462.029**

Consolidated cash flow statement for fiscal year 2015–2016

in TEUR		Note	2015–16	2014–15
1.	**Consolidated cash flow from operating activities**			
	Profit before tax (EBT)[26]	(5)	74,258	76,809
+ (–)	Financial result[26]	(5)	8,635	5,062
=	Profit before interest and tax (EBIT)		82,892	81,871
+ (–)	Depreciation, amortization and impairment losses		50,433	41,895
+ (–)	Increase (decrease) in non-current provisions	(27) (30)	–224	–1,889
– (+)	Gains (losses) from the disposal of non-current assets		343	1,850
=	**Consolidated cash flow from profit**		**133,444**	**123,726**
– (+)	Increase (decrease) in inventories	(21)	–6,744	–5,763
– (+)	Increase (decrease) in trade receivables, group receivables and other assets[26]	(5) (22) (23)	4,925	–1,004
+ (–)	Increase (decrease) in trade payables, group liabilities and other liabilities	(28) (29) (31)	23,528	9,674
–	Change in outstanding capital expenditure liabilities		–11,131	0
+ (–)	Increase (decrease) in current provisions[26]	(5) (30)	–5,197	–5,045
– (+)	Currency translation and other non-cash changes		–1,009	2,422
+	Dividends from associates		0	967
+	Interest received		1,683	1,563
–	Tax paid		–19,091	–16,739
=	**Consolidated cash flow from operating activities[26]**	**(5)**	**120,409**	**109,802**
2.	**Consolidated cash flow from investing activities**			
–	Investments in property, plant and equipment, and inta assets	(16) (17)	–79,233	–51,437
+	Change in outstanding capital expenditure liabilities		11,131	0
–	Investments in financial assets (excluding equity intere	(5) (19) (23)	–14,155	–30,111
+	Proceeds from sales of financial assets		5,000	0
–	Acquisition of subsidiaries and contingent consideratio company acquisitions		–2,475	–3,951
+	Proceeds from disposals of investments		732	714
=	**Consolidated cash flow from investing activities[26]**	**(5)**	**–79,000**	**–84,785**

in TEUR			2015–16	2014–15
3.	**Consolidated cash flow from financing activities**			
–	Group parent dividend		–9,616	–9,616
–	Dividends relating to non-controlling interests		–2,013	–131
+	Proceeds from loans and long-term borrowing	(28) (32)	18,200	20,642
–	Repayment of loans, long-term borrowing and finance lease liabilities	(28) (32)	–10,769	–20,033
–	Purchase of treasury shares		0	–2,084
+ (–)	Change in other financial liabilities[26]	(5)	–2,182	–2,799
–	Interest paid		–4,905	–4,999
–	Acquisition of non-controlling interests	(46)	–3,474	–1,116
=	**Consolidated cash flow from financing activities[26]**	**(5)**	**–14,759**	**–20,136**
+ (–)	Consolidated cash flow from operating activities[26]	(5)	120,409	109,802
+ (–)	Consolidated cash flow from investing activities[26]	(5)	–79,000	–84,785
+ (–)	Consolidated cash flow from financing activities[26]	(5)	–14,759	–20,136
=	**Change in cash and cash equivalents[26]**	**(5)**	**26,649**	**4,881**
+ (–)	Change due to currency translation		735	8,149
+ (–)	Change due to changes in the basis of consolidation		0	939
+	Opening balance of cash and cash equivalents		133,492	119,523
=	**Closing balance of cash and cash equivalents[26]**	**(5)**	**160,876**	**133,492**

[26] Prior-year comparatives have been adjusted. See note (5) *Changes in the reporting* in the notes to the consolidated financial statements.

Notes to the consolidated financial statements of Miba Aktiengesellschaft, Laakirchen, for fiscal year 2015–2016

(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 main regions where the Miba Group has a presence are Europe, America and Asia. Business activities mainly encompass sintered components (sinter products), engine bearings (bearing products), friction materials (friction products), power electronics components, coatings (coating processes) and special machinery (equipment manufacturing).

The Company is a member of the consolidated group of Mitterbauer Beteiligungs-Aktiengesellschaft, Laakirchen, Austria, 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 2015–2016 (February 1, 2015, to January 31, 2016) 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 associates included in the consolidated financial statements is January 31 of each year, with two exceptions (reporting date of December 31 for one company and March 31 for one company) for which no interim financial statements were prepared. These variations arise from national legislation or articles of incorporation and are immaterial overall.

(3) CHANGES TO THE CONSOLIDATED GROUP IN FISCAL YEAR 2015–2016

INCLUSION OF MIBA ENGINEERING CENTER INDIA PVT. LTD.

Miba Engineering Center India Pvt. Ltd., Pune, India, has been included in Miba AG's consolidated group from February 1, 2015. The company was formed on January 21, 2015, as a service center for research and development activities and the provision of IT support to the whole Miba Group. Miba Engineering Center India Pvt. Ltd. is being consolidated and is allocated to the Shared Services segment.

INCLUSION OF SHENZHEN RUI XI SI TE INDUSTRY CO. LTD.

Shenzhen Rui Xi Si Te Industry Co. Ltd., Shenzhen, China, has been included in Miba AG's consolidated group from February 1, 2015. Shenzhen Rui Xi Si Te Industry Co. Ltd. was acquired in the previous year as part of the step acquisition of EBG Shenzhen Ltd. Shenzhen Rui Xi Si Te Industry Co. Ltd. is a pure intermediate holding company and does not undertake any operating activities. Shenzhen Rui Xi Si Te Industry Co. Ltd. is allocated to the Asia segment and is being consolidated. The initial consolidation of Shenzhen Rui Xi Si Te Industry Co. resulted in expenses of TEUR 9.

REORGANIZATION OF MIBA GLEITLAGER GMBH

On June 2, 2015, the bearings manufacturing partial operation in Laakirchen, Austria, and the input stock production partial operation in Aurachkirchen, Austria, were hived off into newly formed companies, Miba Gleitlager Austria GmbH and Miba Bearings Materials GmbH, with retroactive effect as of February 1, 2015. The two manufacturing companies, Miba Gleitlager Austria GmbH and Miba Bearings Materials GmbH, are reported under the Europe segment.

At the same time, Miba Gleitlager GmbH was renamed Miba Bearings Holding GmbH. Miba Bearings Holding GmbH will in future purely carry out holding company activities. Investments in domestic and foreign subsidiaries as well as the Laakirchen properties remain as assets in Miba Bearings Holding GmbH. Miba Bearings Holding GmbH is reported under the Miba Shared Services segment.

All companies are being consolidated.

INCREASE IN SHAREHOLDING IN HIGH TECH COATINGS GMBH

On December 21, 2015 (signing and settlement date), Miba AG, Laakirchen, Austria, acquired the remaining 49.9 percent of High Tech Coatings GmbH, Vorchdorf, Austria. Miba AG already owned 50.1 percent of the shares. Under the Miba 2020 strategy, the coatings business is to be developed into a core area for the

Miba Group, which is why Miba's Management Board was eager to increase the holding in High Tech Coatings GmbH to 100 percent. The shares were acquired at a purchase price of TEUR 3,474. The purchase price was based on an external opinion of the objectified value of the company (objektiver Unternehmenswert). The value of the company was determined using a discounting procedure, assuming the company would continue as a going concern. It was an acquisition which did not change the company's status (increase in shareholding). This resulted in a decline in non-controlling interests of TEUR 2,971. The difference of TEUR 503 resulting from the transaction was offset against retained earnings. The company continues to be consolidated. The shares were purchased from Dr. Maria Theresia Niss. This was a related party transaction. Dr. Niss is a member of the Management Board of Mitterbauer Beteiligungs-Aktiengesellschaft. Mitterbauer Beteiligungs-Aktiengesellschaft holds all the shares in Miba AG except for the treasury shares held in Miba AG.

(4) MANAGEMENT JUDGMENTS, ESTIMATION UNCERTAINTIES AND ASSUMPTIONS

Preparation of the consolidated financial statements requires management to make certain management judgments, estimates and assumptions which affect the recognition and value of assets and liabilities, the disclosure of other obligations as of the reporting date, the reporting of income and expenses during the reporting period, cash flows and the amounts disclosed in the notes. The true and fair view principle has also been complied with in full when applying management judgments, estimates and assumptions.

The management judgments, estimation uncertainties and assumptions 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. Changes are taken into account when better information is available and assumptions are adjusted accordingly.

The Miba Group's most important management judgments, estimation uncertainties and assumptions where there is a considerable risk that they could, in future periods, lead to a material adjustment to assets, liabilities, financial position, and profit or loss – and particularly the carrying amounts of assets and liabilities – are as follows:

- Impairment losses: As part of impairment tests, assumptions must be made about estimated future cash surpluses, discount rates and other parameters for determining the amounts recoverable. A change in the underlying assumptions can lead to other impairment losses or reversals of impairment losses (see *Non-current assets* in Note (47) *Accounting policies*).

- Employee benefits: Assumptions have been made about interest rates and future salary and pension increases for the measurement of existing social capital obligations (pension plans, termination benefit and jubilee benefit provisions). The complexity of measurement and the long duration result in the obligations being sensitive to changes in parameters. Note (27) *Termination benefit and pension provisions* contains further disclosures.

- Other provisions: Estimates and assumptions about the level and probability of future events in relation to the recognition of other provisions are made based on past experience or external opinions. This applies in particular to provisions for guarantees and warranties, provisions for expected losses and provisions for litigation. Changes in these parameters can result in cost deviations (see *Provisions* in note (47) *Accounting policies*).

- Valuation allowances: Assumptions about credit risk such as, for example, customer credit ratings or maturity structure, on the basis of which valuation allowances for doubtful debts are established. As of January 31, 2016, valuation allowances for trade receivables and long-term construction contracts amounted to TEUR 2,814 (previous year: TEUR 2,731) (see note (22) *Trade receivables*).

- Income taxes: Tax matters are subject to an element of uncertainty in terms of their assessment by the tax authorities. Even if the Miba Group is convinced that it has presented tax matters correctly and in compliance with the law, it is possible that the tax authorities will reach a different conclusion in individual cases. As part of the assessment of the recoverability of deferred tax assets, assumptions are made about the future generation of sufficient taxable income to be able to utilize existing loss carryforwards in those periods in which temporary differences are deductible. If the taxable income generated is insufficient, deferred tax assets may not be recognized (see note (20) *Deferred taxes*).

The following significant management judgments were made for the Miba Group when applying accounting policies:

- In Miba AG's consolidated financial statements, management judgments have been made about the existence of control, significant influence, joint ventures, etc., taking account of IFRS 10, IFRS 11 and IAS 28. Detailed information on the Miba Group is provided under *Basis of consolidation* in note (46) *Consolidation*.

- Management judgments were made when reporting non-controlling interests in Austrian limited partnerships with reference to IAS 32. Details about Miba Energy Holding GmbH & Co KG are provided under *Consolidation principles* in note (46) *Consolidation*.

- When derecognizing receivables as part of the factoring agreement, management judgment is exercised about the existence of the derecognition conditions, taking account of IAS 39. Further disclosures on factoring are provided in note (22) *Trade receivables*.

- When examining whether a reverse factoring agreement leads to the derecognition of trade payables and the recognition of a new financial liability, management judgment is exercised about the existence of the derecognition conditions within the meaning of IAS 39. Further information on this is provided in detail in note (31) *Trade payables* and note (47) *Accounting policies*.

- When examining whether the transfer of a bill of exchange leads to the derecognition of the bill of exchange receivable, Miba exercises management judgment when assessing whether the significant rewards and risks (particularly credit risk) have been transferred. Further information is provided in detail in note (22) *Trade receivables* and note (47) *Accounting policies*.

(5) CHANGES IN THE REPORTING

As required by IAS 1, other operating income was reclassified retrospectively to other operating expenses, current financial assets and cash and cash equivalents to non-current financial assets, other assets or liabilities to current and non-current financial assets or liabilities, current provisions to current financial liabilities and tax provisions to income tax liabilities in the current fiscal year. Details are listed in the tables below.

CHANGE IN THE REPORTING OF INCOME FROM THE REVERSAL OF PROVISIONS

In the previous year, income from the reversal of provisions was presented under other operating income. In future, this will be offset against other operating expenses.

in TEUR	1/31/2015 Reclassifi-cation
Reclassification of income from the reversal of provisions	
Other operating income	–1,004
Other operating expenses	1,004

CHANGE IN THE REPORTING OF FINANCIAL ASSETS AND CASH

Due to the present investment strategy for financial assets, assets presented in the previous year under current financial assets and cash and cash equivalents are now being reported under non-current financial assets.

in TEUR	1/31/2015 Reclassifi-cation
Reclassification of financial assets and cash and cash equivalents	
Financial assets	29,670
Current financial assets	–25,031
Cash and cash equivalents	–4,640

CHANGE IN THE REPORTING OF OTHER ASSETS AND LIABILITIES

In the previous consolidated financial statements, current and non-current financial assets were presented under other assets, with a reference to the financial character or the maturity of the assets being provided in the notes. The accounts concerned are now being shown in the corresponding balance sheet line item in financial assets or in current financial assets.

in TEUR	1/31/2015 Reclassifi-cation
Reclassification of other assets	
Financial assets	3,176
Other assets	–4,175
Current financial assets	999

Furthermore, financial liabilities included in other current liabilities are now being presented in the corresponding balance sheet line item.

in TEUR	1/31/2015 Reclassifi-cation
Reclassification of other liabilities	
Current financial liabilities	7,674
Other current liabilities	–7,674

CHANGE IN THE REPORTING OF CURRENT PROVISIONS

Negative fair values of derivative financial instruments were previously reported in current provisions. In future, they will be presented in current financial liabilities.

in TEUR	1/31/2015 Reclassifi-cation
Reclassification of current provisions	
Current provisions	–449
Current financial liabilities	449

CHANGE IN THE REPORTING OF TAX PROVISIONS

Income tax expenses were previously shown in the tax provisions balance sheet line item. These are now being reported under income tax liabilities.

in TEUR	1/31/2015 Reclassification
Reclassification of tax provisions	
Tax provisions	–13,609
Income tax liabilities	13,609

The changes in the reporting are summarized in the table below. The comparative period has been adjusted retroactively. Group equity, consolidated profit for the year, earnings per share and total assets were not affected.

in TEUR	1/31/2015		
	Reported in previous year	Reclassification	Previous year adjusted
Income statement items			
Other operating income	26,824	–1,004	25,820
Other operating expenses	–102,975	1,004	–101,971
Balance sheet items			
Financial assets	37,110	32,846	69,956
Other assets	23,712	–4,175	19,538
Current financial assets	36,451	–24,032	12,419
Cash and cash equivalents	138,132	–4,640	133,492
Current provisions	19,303	–449	18,854
Tax provisions	16,734	–13,609	3,126
Current financial liabilities	19,313	8,123	27,436
Income tax liabilities	0	13,609	13,609
Other current liabilities	46,716	–7,674	39,041

CHANGE IN THE REPORTING OF FINANCING EXPENSES ATTRIBUTABLE TO LIMITED PARTNERSHIP MINORITY SHAREHOLDERS

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. Interests in Miba Energy Holding GmbH & Co KG and its subsidiaries are therefore recognized in other liabilities as "liabilities from limited partnership non-controlling interests", 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 was until the first quarter of 2015–2016 reported separately after profit after tax (EAT) as "financing costs for limited partnership minority shareholders". To improve clarity of presentation, this share of profits or losses is being reported separately in financial result as "financing costs for limited partnership minority shareholders" from the first half of 2015–2016 onwards. Financing costs for LP minority shareholders in the amount of TEUR 1,752 (previous year: TEUR 3,673) are being reported in the current fiscal year. Prior-year disclosures have been adjusted accordingly in accordance with IAS 1.41. The adjustments were as outlined below.

Condensed consolidated income statement for the year ended January 31, 2016, as reported in the version up to Quarter 1, 2015–2016:

in TEUR	2015–16	2014–15
Profit before interest and tax (EBIT)	**82,892**	**81,871**
Share of profits and losses of associates	–2,230	299
Net interest income	–4,034	–4,430
Other financial result	–619	2,743
Financial result	**–6,883**	**–1,389**
Profit before tax (EBT)	**76,010**	**80,483**
Income tax expense	–20,918	–19,858
Profit after tax (EAT)	**55,091**	**60,625**
Financing costs for LP minority shareholders	–1,752	–3,673
Profit after tax and financing costs attributable to LP minority shareholders (EAT after LPMS)	**53,339**	**56,951**
of which attributable to		
Shareholders of Miba Aktiengesellschaft	50,316	54,938
Non-controlling interests	3,023	2,013

Condensed consolidated income statement for the year ended January 31, 2016, as reported in the version from the first half of 2015–2016 onwards:

in TEUR	2015–16	2014–15
Profit before interest and tax (EBIT)	**82,892**	**81,871**
Share of profits and losses of associates	–2,230	299
Financing costs for LP minority shareholders	–1,752	–3,673
Net interest income	–4,034	–4,430
Other financial result	–619	2,743
Financial result	**–8,635**	**–5,062**
Profit before tax (EBT)	**74,258**	**76,809**
Income tax expense	–20,918	–19,858
Profit after tax (EAT)	**53,339**	**56,951**
of which attributable to		
Shareholders of Miba Aktiengesellschaft	50,316	54,938
Non-controlling interests	3,023	2,013

(6) REVENUE

Revenue for fiscal year 2015–2016 includes income from long-term construction contracts of TEUR 1,495 (previous year: TEUR 4,990).

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

(7) OTHER OPERATING INCOME

in TEUR	2015–16	2014–15
Government grants	3,030	5,181
Income from the disposal of and reversal of impairment losses to non-current assets excluding financial assets	132	136
Insurance claims	7,682	757
Realized and unrealized exchange rate gains	1,973	8,669
Other income	12,277	11,077
Total	**25,095**	**25,820**

Disclosures on changes in reporting are provided under Note (5) *Changes in the reporting.*

(8) COST OF MATERIALS AND OTHER MANUFACTURING SERVICES PURCHASED

in TEUR	2015–16	2014–15
Cost of materials	211,659	199,345
Cost of other manufacturing services purchased	81,650	70,811
Total	**293,308**	**270,156**

Cost of materials comprises the cost of raw materials, consumables and supplies, and of purchased merchandise.

Cost of other manufacturing services purchased primarily includes costs for the third-party machining of production parts.

(9) PERSONNEL EXPENSES

in TEUR	2015–16	2014–15
Wages	95,759	89,509
Salaries	75,975	67,860
Termination benefit expenses and contributions to *betriebliche Mitarbeitervorsorgekassen* (Austrian occupational pension funds)	2,278	2,072
of which contributions to *betriebliche Mitarbeitervorsorgekassen*	1,036	959
Defined benefit contributions	2,812	2,286
Social security contributions required by law as well as remuneration-dependent levies and mandatory contributions	38,695	36,512
Other social welfare expenses	9,366	5,556
Total	**224,886**	**203,794**

Defined contribution pension benefit expenses recognized in the income statement were TEUR 2,711 (previous year: TEUR 1,770).

TERMINATION BENEFIT EXPENSES AND DIRECT RETIREMENT CONTRIBUTIONS

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

	2015–16		2014–15	
in TEUR	Termination benefits and contributions to *betriebliche Mitarbeiter-vorsorgekassen* (Austrian occupational pension funds)	Defined benefit contributions	Termination benefits and contributions to *betriebliche Mitarbeiter-vorsorgekassen* (Austrian occupational pension funds)	Defined benefit contributions
Members of the Supervisory Board	0	401	0	404
Members of the Management Board	27	88	144	89
Key management personnel	82	246	463	152
Other employees	2,169	2,077	1,465	1,641
Total	**2,278**	**2,812**	**2,072**	**2,286**

Pension payments to former members of the Management Board, managing directors, key management personnel and their surviving dependents amounted to TEUR 59 (previous year: TEUR 111).

(10) OTHER OPERATING EXPENSES

in TEUR	2015–16	2014–15
Taxes not included under income tax expenses	2,385	1,291
Temporary staff	14,025	10,164
Repairs, maintenance and maintenance contracts	18,918	18,766
Freight and warehousing	10,817	9,078
Advisory services	12,485	9,400
Rent and leasing	7,974	7,808
Travel costs	6,395	5,259
Commissions	1,930	1,664
Insurance	2,351	2,467
Realized and unrealized exchange rate losses	2,160	1,203
Office costs, postage and telephone	1,898	1,687
Training courses	1,895	1,666
Liability charges and commissions	335	472
Subscriptions	449	484
Advertising and corporate hospitality expenses	1,689	1,888
Contingent consideration from company acquisitions	0	2,495
Other	15,477	26,178
Total	**101,183**	**101,971**

Disclosures on changes in reporting are provided under Note (5) *Changes in the reporting.*

Audit fees for the Group auditor for the fiscal year totaled TEUR 229 (previous year: TEUR 238), of which TEUR 187 (previous year: TEUR 180) related to the audit of the consolidated financial statements (including the single-entity financial statements of individual affiliates), TEUR 5 (previous year: TEUR 37) to other assurance services and TEUR 37 (previous year: TEUR 21) to other advisory services.

(11) DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

DEPRECIATION AND AMORTIZATION

in TEUR	2015–16	2014–15
Intangible assets	7,307	6,909
Property, plant and equipment	38,859	34,089
Total	**46,166**	**40,998**

IMPAIRMENT LOSSES

Significant negative deviations from budget in fiscal year 2015–2016 led to indications of an impairment loss under IAS 36.8 for the non-current assets of Miba HydraMechanica Corp., USA. At DAU Thermal Solutions North America Inc., USA, changes in the order situation led to indications of an impairment loss for non-current assets. In both cases, all non-current assets of the respective production sites were affected by the impairment.

Fair value less costs to sell was used for the impairment, as this is the higher of value in use determined using a discounted cash flow (DCF) calculation and fair value less costs to sell. Details about the DCF calculation are provided in note (47) *Accounting policies*. Fair value less costs to sell was established using external opinions as well as management estimates. External opinions based on the comparable value method were prepared for around 60 percent of Miba HydraMechanica Corp.'s non-current assets and approximately 50 percent of DAU Thermal Solutions North America Inc.'s non-current assets. The factors determining the value of the objects being measured were identified for the measurement, appropriate comparable objects were determined from current prices on offer and observable purchase and sales transactions and any differences were taken into account by applying appropriate premiums and discounts to the comparable prices. This measurement corresponds to level 2 in the fair value hierarchy.

The other non-current assets were measured on the basis of local management estimates based on observable purchase and sales transactions, as well as from derived historical data. This corresponds to level 3 in the fair value hierarchy.

Fair value less costs to sell was TEUR 4,278 for Miba HydraMechanica Corp. and TEUR 503 for DAU Thermal Solutions North America Inc. This resulted in an impairment loss of TEUR 3,738 for Miba HydraMechanica Corp and an impairment loss of TEUR 363 for DAU Thermal Solutions North America Inc. Both impairment losses are attributable to the Miba Americas segment.

A change in the future use of a property within Miba AG's property, plant and equipment led to an impairment loss under IAS 36.8 in the previous year. In the current fiscal year, there were indications that the impairment loss needed to be increased. In the 2015–2016 reporting period, a write-down to fair value less costs to sell in the amount of TEUR 166 (previous year: TEUR 897) was recognized. The expense is attributable to the Miba Shared Services segment.

(12) SHARE OF PROFITS AND LOSSES OF ASSOCIATES

in TEUR	2015–16	2014–15
Share of profits and losses	–2,230	666
EBG Shenzhen step acquisition	0	1,355
Impairment losses	0	–1,722
Total	**–2,230**	**299**

In the previous year, a reduction in the Mahle Metal Leve Miba Sinterizados Ltda., Brazil, cash-generating unit's value in use led to an impairment loss for the equity-accounted investment in the amount of TEUR 1,722. This was attributable to the market environment in Brazil, or rather Latin America in general, where the associate operates, which was characterized by a marked decline. A quick recovery in the market was and is not currently expected.

(13) NET INTEREST INCOME

in TEUR	2015–16	2014–15
Other interest and similar income	1,650	1,567
of which from affiliated companies	20	0
Interest expenses on bonds	–3,375	–3,375
Interest and similar expenses	–1,576	–1,630
Interest on social capital	–733	–993
Total	**–4,034**	**–4,430**
of which from affiliated companies	20	0

(14) OTHER FINANCIAL RESULT

in TEUR	2015–16	2014–15
Realized and unrealized exchange rate differences in financial result	414	2,481
Income from the reversal of impairment losses on financial assets	121	262
Expenses for financial assets	–58	0
Other financial expenses	–1,095	0
Total	**–619**	**2,743**

(15) INCOME TAXES

in TEUR	2015–16	2014–15
Current year	18,426	19,645
Adjustment for prior periods	–4	303
Current tax expense	**18,422**	**19,948**
Origination or reversal of temporary differences	275	1,612
Change in tax loss carryforwards recognized	1,347	–1,665
Change due to the write-down, or the reversal of an earlier write-down, of a deferred tax asset	874	–37
Movement in deferred tax balance	**2,496**	**–90**
Total	**20,918**	**19,858**

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 2015–2016 as reported in the consolidated income statement is explained as follows:

in TEUR	2015–16	2014–15
Profit before tax	74,258	76,809
of which 25% (previous year: 25%) calculated income tax expense	18,564	19,202
Effect from foreign tax rates	–1,010	46
Tax incentives and tax-exempt income	–1,816	–1,755
Tax effects from loss carryforwards	2,017	265
Change in valuation allowance on other deferred tax assets	874	–37
Tax credits or additional charges from prior periods	–4	303
Non-tax deductible expenses	930	757
Share of profits and losses of investments in associates	558	433
Non-deductible withholding taxes	75	0
Tax effects from consolidation	441	848
Other items	288	–204
Income tax expense for period	**20,918**	**19,858**
Group tax rate in %	**28.17**	**25.85**

The change in the valuation allowance on deferred tax assets for tax loss carryforwards and deductible temporary differences resulted in a negative effect of TEUR 2,891 in the reporting period (previous year: TEUR 228). The changes primarily concern Miba HydraMechanica Corp., Michigan, USA, which suffered a tax loss of TEUR 2,340 in the reporting period. As a result, the Management Board adjusted its estimates of future taxable profits. Based on the five-year taxable profit forecast, no taxable profits are expected for this company. Furthermore, there are no substantial indications that the deferred tax assets will be utilized in future. The company's previous deferred tax assets for tax loss carryforwards and deductible temporary differences were therefore no longer recognized.

There was no effect in the reporting period from the recognition of previously unrecognized deferred tax assets for tax loss carryforwards and deductible temporary differences from an earlier period (previous year: no effect).

As in the previous year, there was no effect from a change in tax rates in the reporting period.

(16) INTANGIBLE ASSETS

in TEUR	Patents and licenses	Customer relation-ships	Other rights	Goodwill	Total
Cost	30,993	51,126	0	7,048	89,168
Accumulated amortization and impairment losses	–18,926	–29,715	0	–255	–48,895
Carrying amount 1/31/2014	**12,067**	**21,412**	**0**	**6,793**	**40,272**
Cost	29,192	56,317	7,940	10,395	103,844
Accumulated amortization and impairment losses	–20,024	–38,177	–190	–304	–58,695
Carrying amount 1/31/2015	**9,168**	**18,140**	**7,750**	**10,091**	**45,149**
Cost	29,766	57,074	7,811	10,331	104,981
Accumulated amortization and impairment losses	–21,906	–43,499	–560	0	–65,966
Carrying amount 1/31/2016	**7,859**	**13,575**	**7,250**	**10,331**	**39,016**

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

in TEUR	Patents and licenses	Customer relation-ships	Other rights	Goodwill	Total
Carrying amount 1/31/2014	**12,067**	**21,412**	**0**	**6,793**	**40,272**
Changes in consolidated group	90	0	7,940	1,736	9,766
Additions	1,028	0	0	0	1,028
Disposals	–2,066	0	0	0	–2,066
Reclassifications	21	0	0	0	21
Amortization and impairment losses	–2,483	–4,257	–165	0	–6,905
Foreign currency difference	511	986	–24	1,561	3,034
Carrying amount 1/31/2015 = carrying amount 2/1/2015	**9,168**	**18,140**	**7,750**	**10,091**	**45,149**
Additions	1,009	0	0	0	1,009
Disposals	–15	0	0	0	–15
Reclassifications	73	0	0	0	73
Amortization and impairment losses	–2,372	–4,550	–385	0	–7,307
Foreign currency difference	–4	–15	–115	240	106
Carrying amount 1/31/2016	**7,859**	**13,575**	**7,250**	**10,331**	**39,016**

PATENTS AND LICENSES, CUSTOMER RELATIONSHIPS AND OTHER RIGHTS

In addition to goodwill, intangible assets mainly comprise patents and licenses, customer relationships and other rights. Additions in fiscal year 2015–2016 all related to patents and licenses.

GOODWILL

As of January 31, 2016, total goodwill amounted to TEUR 10,331 (previous year: TEUR 10,091), of which the following amounts were attributable to the respective cash-generating units (CGU):

in TEUR	1/31/2016	1/31/2015
Miba Bearings US LLC/Americas	7,919	7,649
EBG Shenzhen Ltd./Asia	1,997	2,030
Miba Frictec GmbH/Europe	316	316
EBG Resistors LLC/Americas	92	89
EBG LLC/Americas	7	6
Total	**10,331**	**10,091**

The goodwill of Miba Bearings US LLC arises from the sales opportunities from its locomotive engine bearing bushings and half shells in the North American market and its promising development partnerships with its customers for locomotive applications.

The goodwill of EBG Shenzhen Ltd. results from the opportunity to market the Chinese-produced "High Voltage Low Cost Line" globally and from the R&D expertise of the local employees.

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

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 indications of impairment. For more detailed disclosures on the performance of impairment tests, see the *Goodwill* section in note (47) *Accounting policies.*

(17) 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	92,163	371,178	37,262	41,882	542,485
Accumulated depreciation and impairment losses	–41,012	–241,075	–25,216	–65	–307,368
Carrying amount 1/31/2014	**51,151**	**130,103**	**12,046**	**41,817**	**235,117**
Cost	119,388	428,465	42,269	26,381	616,503
Accumulated depreciation and impairment losses	–47,200	–275,244	–28,319	–33	–350,796
Carrying amount 1/31/2015	**72,188**	**153,221**	**13,949**	**26,348**	**265,707**
Cost	124,389	471,314	45,336	44,460	685,499
Accumulated depreciation and impairment losses	–51,276	–303,537	–29,525	–236	–384,573
Carrying amount 1/31/2016	**73,113**	**167,777**	**15,811**	**44,224**	**300,926**

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
Carrying amount 1/31/2014	**51,151**	**130,103**	**12,046**	**41,817**	**235,117**
Changes in consolidated group	207	2,004	350	259	2,820
Additions	8,658	25,621	3,909	14,229	52,417
Disposals	–9	–237	–85	–1,613	–1,944
Reclassifications	14,831	16,789	724	–32,365	–21
Depreciation and impairment losses	–4,325	–27,650	–3,015	0	–34,990
Foreign currency difference	1,674	6,591	20	4,022	12,307
Carrying amount 1/31/2015 = carrying amount 2/1/2015	**72,188**	**153,221**	**13,949**	**26,348**	**265,707**
Additions	4,393	30,920	4,918	37,993	78,224
Disposals	–119	–783	–122	–47	–1,071
Reclassifications	938	18,042	823	–19,877	–73
Reversal of impairment losses	0	0	0	11	11
Depreciation and impairment losses	–4,473	–34,668	–3,774	–212	–43,126
Foreign currency difference	185	1,044	18	7	1,254
Carrying amount 1/31/2016	**73,113**	**167,777**	**15,811**	**44,224**	**300,926**

FINANCE LEASES

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

in TEUR	Land and buildings	Technical equipment	Other equipment, operating and office equipment	Total
Cost	14,465	332	1,069	15,866
Accumulated depreciation and impairment losses	–4,324	–3	–36	–4,362
Carrying amount 1/31/2014	**10,141**	**329**	**1,034**	**11,504**
Cost	21,082	0	1,069	22,151
Accumulated depreciation and impairment losses	–5,152	0	–77	–5,229
Carrying amount 1/31/2015	**15,930**	**0**	**992**	**16,922**
Cost	22,095	0	1,069	23,164
Accumulated depreciation and impairment losses	–6,139	0	–149	–6,288
Carrying amount 1/31/2016	**15,956**	**0**	**921**	**16,876**

Finance leases for land and buildings relate, on the one hand, to a property lease for Miba Steeltec s.r.o. for a building that is being used for operational purposes – with the option to purchase the property at the end of the twelve-year term. The current remaining term of this lease is three years. The lease is based on an interest rate of 2.73 percent p.a.

On the other hand, they include property leases for Miba Sinter USA LLC for a building that is being used for operational purposes. There is an option to purchase the property at the end of the term. These leases have remaining terms of between 14 and 28 years and are based on interest rates of between 1.00 and 3.00 percent p.a.

Finance lease obligations as of January 31, 2016, and January 31, 2015, were as follows:

	Minimum lease payments		Present value of minimum lease payments	
in TEUR	**1/31/2016**	**1/31/2015**	**1/31/2016**	**1/31/2015**
Remaining term of less than 1 year	1,828	1,806	1,526	1,470
Remaining term of 1 to 5 years	6,361	7,355	5,508	6,384
Remaining term of more than 5 years	6,657	7,221	5,804	6,229
	14,846	**16,382**	**12,837**	**14,083**
Less				
Future financing costs	–2,008	–2,299	0	0
Present value of minimum lease payments	**12,837**	**14,083**	**12,837**	**14,083**
of which accounted for as liabilities under				
current lease liabilities	1,526	1,470		
non-current lease liabilities	11,312	12,613		

OPERATING LEASES

In addition to finance leases, there are operating lease commitments for property, plant and equipment which is 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 7,393 in the past fiscal year (previous year: TEUR 6,944).

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

in TEUR	1/31/2016	1/31/2015
Term of up to 1 year	4,597	5,987
Term of between 1 and 5 years	12,341	13,356
Term of over 5 years	11,360	12,607

Commitments to acquire items of property, plant and equipment amounted to TEUR 22,844 as of January 31, 2016 (previous year: TEUR 19,239).

Property, plant and equipment amounting to TEUR 63,963 (previous year: TEUR 59,661) was pledged as **collateral for liabilities**. There are no restrictions on right of use.

(18) INVESTMENTS IN ASSOCIATES

Changes in equity-accounted investments were as follows:

in TEUR	2015–16	2014–15
Balance 2/1	**3,155**	**9,438**
Disposal due to EBG Shenzen Ltd. step acquisition	0	–2,039
Disposal due to full consolidation of EDMS d.o.o.	0	–430
Disposal due to proportionate consolidaton of ABM Advanced Bearing Materials LLC	0	–1,679
Mahle Metal Leve Miba Sinterizados Ltda. impairment loss	0	–1,722
Share of profits and losses	–2,230	679
Currency translation (outside profit or loss)	–723	30
Dividend	0	–1,122
Balance 1/31	**202**	**3,155**

In fiscal year 2015–2016, Mahle Metal Leve Miba Sinterizados Ltda., São Paulo, Brazil, and Sintercom India Pvt. Ltd., Pune, India, were included in the consolidated financial statements using the equity method. EBG Shenzhen Ltd., Shenzhen, China, was consolidated in the previous year from August 1, 2014. EDMS d.o.o., Šentjernej, Slovenia, has been consolidated in full since February 1, 2014, and ABM Advanced Bearing Materials LLC, Greensburg, USA, has been proportionately consolidated in Miba AG's consolidated financial statements since February 1, 2014.

Mahle Metal Leve Miba Sinterizados Ltda. is a strategic partner in the production, sale, import and export of sintered components and other metal commodities and in the provision of services. The company's principal place of business is São Paulo, Brazil. Control over the net assets of Mahle Metal Leve Miba Sinterizados Ltda is limited to the extent that share transfers are restricted by a mutual right of preemption.

Sintercom India Pvt. Ltd., with its principal place of business in Pune, India, is a sintering research and development partnership. Control over the net assets of Sintercom India Pvt. Ltd. is limited to the extent that Miba AG has a tender obligation in relation to the other shareholders in the event of an intention to sell.

Impairments of associates are explained in note (12) *Share of profits and losses of associates*.

Since there are no guarantees or obligations to provide additional funding, losses in the reporting period in the amount of TEUR 56, or, in the aggregate, TEUR 56, in Sintercom India Pvt. Ltd. have not been recognized (carrying amount: TEUR 0).

Summary financial information for the associates is presented in the table below. The following disclosures each relate to 100 percent of the companies. The "of which" notes show the Miba Group's share.

Company	**Mahle Metal Leve Miba Sinterizados Ltda.**		**Sintercom India Pvt. Ltd.**	
	12/31/2015	**12/31/2014**	**3/31/20016**	**3/31/2015**
Shareholdings in %	**40.0**	**40.0**	**26.0**	**26.0**
in TEUR				
Revenue	27,160	32,688	8,785	6,178
Profit after tax (EAT)	–5,575	–3,532	116	5
Other comprehensive income	353	129	0	0
Total comprehensive income	**–5,223**	**–3,403**	**116**	**5**
of which attributable to the Group	–2,089	–1,361	30	1
Non-current assets	13,022	17,760	10,529	10,060
Current assets	7,947	9,070	4,276	4,664
Non-current liabilities	–13,924	–10,341	–2,619	–2,548
Current liabilities	–6,541	–8,603	–5,934	–5,710
Net assets	**504**	**7,887**	**6,251**	**6,466**
of which attributable to the Group	202	3,155	1,625	1,681
of which goodwill	1,722	1,722	0	0
of which impairment losses	–1,722	–1,722	–1,681	–1,681
Carrying amount 1/31	**202**	**3,155**	**0**	**0**

Consolidated Financial Statements According to IFRSs

(19) FINANCIAL ASSETS

The items presented in financial assets and associated carrying amounts are outlined below:

in TEUR	1/31/2016	1/31/2015
Investments in affiliated companies (unconsolidated)	512	582
Other equity investments	659	659
Loans	29,130	26,690
Loans to proportionately consolidated affiliated companies	987	742
Securities	43,333	38,108
Other financial receivables	3,703	3,176
Total	**78,324**	**69,956**

Loans mainly include term deposits and debt securities with Austrian banks with terms of between three and five years. Securities mainly comprise a held-to-maturity fund which invests in corporate bonds and was entered into as a long-term investment, further bond funds for long-term investment and securities which are managed and measured on the basis of fair value and also serve as a long-term investment. Other financial receivables mainly include security deposits associated with operating lease agreements with terms of over one year.

(20) 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	1/31/2015	Recog-nized in profit or loss	Recog-nized in other comprehen sive income	Foreign currency differences	1/31/2016
Deferred tax assets					
Intangible assets	573	102	0	18	693
Property, plant and equipment	2,237	7	0	–1	2,243
Financial assets	1,097	–113	0	7	991
Inventories	1,395	189	0	22	1,607
Receivables and other current assets	1,342	521	0	46	1,910
Provisions	4,862	–321	–291	19	4,269
Liabilities	1,720	–848	0	25	897
Loss carryforwards	4,330	671	0	136	5,137
Gross deferred tax assets before valuation allowances	**17,556**	**209**	**–291**	**273**	**17,747**
Valuation allowances loss carryforwards	–452	–2,017	0	0	–2,469
Valuation allowances other deferred tax assets	–21	–874	0	–1	–896
Deferred tax assets after valuation allowances	**17,083**	**–2,683**	**–291**	**272**	**14,382**
Offset	–14,824	0	0	0	–13,272
Net deferred tax assets	**2,260**	**–2,683**	**–291**	**272**	**1,110**

in TEUR	1/31/2015	Recog-nized in profit or loss	Recog-nized in other compre-hensive income	Foreign currency differences	1/31/2016
Deferred tax liabilities					
Intangible assets	–7,789	684	0	–8	–7,113
Property, plant and equipment	–11,080	1,231	0	–335	–10,184
Financial assets	–170	–1,096	–5	–5	–1,276
Receivables and other current assets	–1,039	–166	0	–1	–1,206
Special tax allowances	–529	48	0	0	–481
Provisions	–162	–349	0	1	–510
Liabilities	–1	–165	0	0	–166
Gross deferred tax liabilities	**–20,770**	**186**	**–5**	**–348**	**–20,936**
Offset	14,824	0	0	0	13,272
Net deferred tax liabilities	**–5,946**	**186**	**–5**	**–348**	**–7,665**

Tax loss carryforwards amounted to a total of TEUR 16,900 (previous year: TEUR 13,706) and were attributable to foreign companies.

For companies which reported a loss in the previous year or in the current period, a deferred tax asset of TEUR 2,664 (previous year: TEUR 3,872) was recognized because, based on the expected reversal of deferred tax liabilities and the taxable profit forecast, the recovery of the tax asset is probable.

Deferred tax assets were not recognized for tax loss carryforwards amounting to TEUR 9,050 (previous year: TEUR 2,302), as the tax assets are not expected to be recovered in the foreseeable future. The vast majority of these loss carryforwards are attributable to Miba HydraMechanica Corp., Michigan, USA. The unrecognized tax loss carryforwards expire as follows:

	TEUR	Expiry date
Will expire	1,640	2020-21
	5,047	2034-36
Will not expire	2,363	-

Loss carryforwards of TEUR 1,294 (previous year: TEUR 0) relating to deferred tax assets of TEUR 410 (previous year: TEUR 0) were utilized in fiscal year 2015–2016.

Under the Austrian Corporate Income Tax Act (KStG), tax-deductible investment write-downs and losses arising from the disposal of investments must be claimed by being spread over a period of seven years. The financial assets item in deferred tax assets includes deferred taxes relating to outstanding one-seventh write-downs amounting to TEUR 991 (previous year: TEUR 769). Deferred tax assets were recognized for all outstanding one-seventh write-downs under section 12 of the Austrian Corporate Income Tax Act (KStG).

In compliance with IAS 12.39, no deferred tax liabilities were recognized for temporary differences from investments in subsidiaries, joint ventures or associates in the amount of TEUR 272,776 (previous year: TEUR 251,074), as the temporary differences were not expected to reverse in the foreseeable future. The temporary differences are undistributed shares of profit which are not intended for distribution and which will not be subject to tax for the foreseeable future.

(21) INVENTORIES

in TEUR	1/31/2016	1/31/2015
Raw materials, consumables and supplies	30,144	29,969
Work in progress	33,326	29,327
Finished goods	20,732	20,497
Merchandise	13,875	13,077
Advance payments for inventories	1,142	214
Advance payments to proportionately consolidated affiliated companies	1,304	0
Total	**100,521**	**93,084**

Inventories include accumulated write-downs in the amount of TEUR 5,956 (previous year: TEUR 6,447). The carrying amount of inventories after write-downs was TEUR 26,622 (previous year: TEUR 21,934). The current year write-down is included in cost of materials in the consolidated income statement and amounted to TEUR 174 in fiscal year 2015–2016 (previous year: TEUR 297). No inventories were assigned as collateral.

(22) TRADE RECEIVABLES

in TEUR	1/31/2016	1/31/2015
Trade receivables	91,316	93,963
Receivables from long-term construction contracts	3,317	5,423
Payments on account received in respect of receivables from long-term construction contracts	–3,132	–3,177
Receivables from unconsolidated affiliated companies	12	88
Receivables from proportionately consolidated affiliated companies	20	810
Total	**91,534**	**97,107**

As a means of securing liquidity, an agreement to assign customer receivables was entered into with an Austrian bank in fiscal year 2012–2013. Under this agreement, trade receivables, which are insured on a monthly revolving basis, are sold at their principal amount up to a maximum volume of TEUR 17,000. As of the reporting date, receivables with a carrying amount of TEUR 14,985 (previous year: TEUR 12,196) had been assigned and derecognized. Trade receivables were due within one year as of January 31, 2016, and January 31, 2015.

Miba AG undertook to obtain credit insurance for the receivables sold and to take on the debtor management. The insurance deductible still has to be borne by Miba AG. The maximum loss exposure from the insurance deductible (aggregate first loss) applies to all insured receivables, i.e., also to those which have not been sold, and, as of the reporting date, amounted to TEUR 250 in relation to insured receivables of TEUR 80,070 (previous year: TEUR 76,345). The bank has the right to transfer receivables back to Miba AG for procedural reasons in the event of a legal dispute. This does not, however, result in the credit risk being transferred back. Any cash outflows resulting from the buy-back would – if at all – take place at short notice, i.e., in 2016.

Furthermore, the Chinese subsidiaries transfer trade receivables (bill of exchange receivables). The carrying amount of receivables transferred and derecognized as of the reporting date was TEUR 0 (previous year: TEUR 1,833). The carrying amount of receivables transferred and not derecognized was TEUR 0 as of the reporting date (previous year: TEUR 4,087). Secured bank loans were recognized in financial liabilities (transfer to banks) and trade payables not derecognized (transfer to suppliers) in the same amount. In the previous year, the receivables were due within a maximum of one year. Miba will only incur a loss if the issuer or endorser of the bill of exchange actually defaults. Miba's expected loss is TEUR 0 (previous year: TEUR 0).

LONG-TERM CONSTRUCTION CONTRACTS

Long-term construction contracts in TEUR	1/31/2016	1/31/2015
For all contracts not invoiced as of the balance sheet date		
Income from contracts for the period reported as revenue	1,495	4,990
contract costs incurred up to the balance sheet date	952	4,226
profit/(losses) incurred up to the balance sheet date	543	764
Advances and part payments received	3,450	3,646

The carrying amounts of trade receivables and receivables from long-term construction contracts as of January 31, 2016, and January 31, 2015, were as follows:

Trade receivables and receivables from long-term construction contracts in TEUR	1/31/2016	1/31/2015
Neither impaired nor past due as of the reporting date	75,081	81,559
Not impaired as of the reporting date and past due in the following time bands		
less than 60 days past due	12,661	9,964
between 60 and 180 days past due	2,725	4,026
between 180 and 360 days past due	102	814
more than 360 days past due	158	61
Receivables for which specific allowances for impairment have been recognized	806	683
Total	**91,534**	**97,107**

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.

Valuation allowances for trade receivables changed as follows in fiscal years 2015–2016 and 2014–2015:

in TEUR	2015–16	2014–15
Balance 2/1	**2,731**	**2,537**
Reversal/utilization	–388	–559
Increase in valuation allowances	470	753
Balance 1/31	**2,814**	**2,731**

Expenses for fully derecognized trade receivables amounted to TEUR 50 (previous year: TEUR 214) in fiscal year 2015–2016.

(23) OTHER ASSETS

in TEUR	1/31/2016	1/31/2015
Other receivables and assets	17,118	17,088
Prepaid expenses	3,169	2,450
Total	**20,287**	**19,538**

Other receivables and assets include non-current receivables amounting to TEUR 232 (previous year: TEUR 0).

(24) CURRENT FINANCIAL ASSETS

in TEUR	1/31/2016	1/31/2015
Securities	7,381	6,988
Current investments	5,495	4,432
Other financial receivables	2,123	999
Total	**14,999**	**12,419**

Securities mainly comprise bonds and bond funds with Austrian banks with maturities of up to twelve months. Current investments mainly include term deposits with domestic and foreign banks with maturities of between three and twelve months. Other financial receivables primarily comprise financial receivables due from customers.

(25) CASH AND CASH EQUIVALENTS

This item mainly includes cash-in-hand, bank balances and highly liquid investments (term deposits) and securities with maximum maturities of three months. There were no restrictions on the amounts included in this item in terms of right of use as of the reporting date.

(26) GROUP EQUITY

SHARE CAPITAL

The share capital of Miba AG was TEUR 9,500 as of January 31, 2016. 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. The holders of preferred shares receive a preference dividend from the net retained profit of each fiscal year equating to 8 percent of the part of the share capital attributable to the preferred shares. If the company is dissolved, the preferred shareholders receive any outstanding share of profit from the dissolution proceeds once the company's creditors have been satisfied or protected. All shares issued are also fully paid up. There is no authorized capital in addition to the shares issued.

Miba category B preferred shares were listed in the "Standard Market Auction" segment of the Vienna Stock Exchange until the entry in the commercial register on December 3, 2015, of the squeeze-out of the non-controlling interest shareholders and the subsequent delisting.

CAPITAL RESERVES

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

TREASURY SHARES

No shares were bought back during the reporting period. As of the reporting date, January 31, 2016, Miba AG therefore held 97,979 treasury shares, which equates to around 7.5 percent of the share capital.

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

The share buyback program that had commenced in 2013 was terminated by the resolution passed at the 29th Annual General Meeting on June 25, 2015. At the same time, the Management Board of Miba AG was authorized by the Annual General Meeting to start a new share buyback program. The Management Board has not made use of this authorization. The shareholder squeeze-out entered in the commercial register on December 3, 2015, now invalidates this authorization.

	Number of ordinary shares	Number of preferred shares (category A)	Number of preferred shares (category B)	Number of treasury shares (category B)
Balance 2/1/2014	**870,000**	**130,000**	**207,556**	**92,444**
Repurchased	0	0	–5,535	5,535
Balance 1/31/2015	**870,000**	**130,000**	**202,021**	**97,979**

	Number of ordinary shares	Number of preferred shares (category A)	Number of preferred shares (category B)	Number of treasury shares (category B)
Balance 2/1/2015	**870,000**	**130,000**	**202,021**	**97,979**
Repurchased	0	0	0	0
Balance 1/31/2016	**870,000**	**130,000**	**202,021**	**97,979**

MIBA AG SQUEEZE-OUT

On July 14, 2015, the Management Board of Miba AG was informed by Miba AG's majority shareholder, Mitterbauer Beteiligungs-Aktiengesellschaft (MBAG), about a takeover offer to free float shareholders. At the same time, MBAG asked Miba AG to carry out a shareholder squeeze-out procedure in accordance with section 1 of the Austrian Shareholder Squeeze-out Act (GesAusG). MBAG's aim was for a squeeze-out and a delisting of Miba AG preferred shares from the Vienna Stock Exchange.

MBAG made a voluntary public offer to the other shareholders of Miba AG under sections 4ff of the Austrian Takeover Act (ÜbG) to purchase all category B no-par value preferred bearer shares of Miba AG (ISIN: AT0000734835). Those shares already held by the bidder, legal entities acting in concert or Miba AG itself were excluded. The offer therefore related to 121,233 category B preferred shares, or 9.33 percent of the target company's total share capital. The offer price was initially EUR 550 per preferred share.

The offer was published on July 30, 2015. The offer period was three weeks and ended on August 20, 2015. On August 21, 2015, MBAG announced that a total of 40,224 shares had been submitted for sale within the offer period. The squeeze-out threshold of 90 percent was therefore exceeded, meaning that it was possible to accept the offer within the statutory three-month extension.

On September 18, 2015, MBAG announced an increase in the price offered to Miba AG preferred shareholders to EUR 565 per share, with this price also being paid to those shareholders who had already accepted the offer during the original acceptance period ending August 20, 2015. The extended period for accepting the voluntary takeover offer ended on November 26, 2015. A total of 86,688 shares were submitted under the voluntary takeover offer, an acceptance rate of 71.5 percent.

On October 12, 2015, Miba AG held an Extraordinary General Meeting. On the agenda at the General Meeting was the request to carry out a squeeze-out of the non-controlling interest shareholders in accordance with section 1(1) of the Austrian Shareholder Squeeze-out Act (GesAusG) and to transfer their shares to the principal shareholder, MBAG, in return for an appropriate cash settlement in accordance with section 2 of the Austrian Shareholder Squeeze-out Act (GesAusG) in the amount of EUR 540 per share. At the General Meeting, MBAG also requested a conditional increase in the cash settlement from EUR 540 per share to EUR 565 per share. The increase in the cash settlement was subject to three conditions required to be met cumulatively, firstly that no objection to the general meeting resolution be recorded, secondly that no action for rescission or annulment of the general meeting resolution be filed, and thirdly that no request be made for a review of the cash settlement under section 6 of the Austrian Shareholder Squeeze-out Act (GesAusG). The General Meeting unanimously approved the squeeze-out of the non-controlling interest shareholders by transferring their shares in return for an appropriate cash settlement in accordance with MBAG's amended request.

On December 3, 2015, the squeeze-out of the non-controlling interest shareholders was entered in the commercial register of the Wels regional and commercial court (Landes- als Handelsgericht Wels); as a result, all non-controlling interest shareholders' shares not yet sold in the course of the takeover offer were transferred to MBAG and the Company was delisted from the Vienna Stock Exchange. Miba AG is therefore no longer a listed company within the meaning of section 3 of the Austrian Stock Corporation Act (AktG).

Some of the shareholders who were squeezed out requested a review of the cash settlement under section 6 of the Austrian Shareholder Squeeze-out Act (GesAusG) by the deadline. As a result, proceedings are currently ongoing before the Wels regional court to review the cash settlement in accordance with section 6 of the Austrian Shareholder Squeeze-out Act (GesAusG) in conjunction with sections 225c ff of the Austrian Stock Corporation Act (AktG). Due to those requests for a review of the cash settlement, the original cash settlement of EUR 540 per share was paid out rather than the conditional increase in the cash settlement offered by MBAG at the General Meeting on October 12, 2015. The outcome of the proceedings to review the amount of the cash settlement remains to be seen, but in any case has no impact on the legal validity of the squeeze-out of the non-controlling interest shareholders and the delisting.

RETAINED EARNINGS

Retained earnings include the items described below:

Foreign currency translation reserve, which serves to recognize differences arising from the translation of foreign subsidiary financial statements.

The available-for-sale financial assets item reports the changes in fair value of financial assets classified as "available for sale", after taking account of attributable deferred taxes.

The actuarial gains and losses item results from the measurement of termination benefit and pension provisions, after taking account of attributable deferred taxes.

The share of other comprehensive income of equity-accounted companies is reported under equity-accounted companies.

Profit after tax less dividend payments and less profit attributable to non-controlling interests is recognized in other retained earnings.

NON-CONTROLLING INTERESTS

Non-controlling interests relate to third-party interests in consolidated Group companies. This concerns material direct non-controlling interests held by Miba AG and, as a result, material indirect non-controlling interests in their subsidiaries.

There are direct non-controlling interests in the subsidiaries of Miba Energy Holding GmbH & Co KG. There are direct non-controlling interests of 45 percent in EBG Shenzhen Ltd., China, 30 percent in EBG Resistors LLC, Middletown, USA, and 51 percent in EDMS d.o.o., Šentjernej, Slovenia. One owner of non-controlling interests has an option to sell his non-controlling interest to the Miba Group. From Miba's perspective, this written put option has a positive fair value as of the reporting date. The option was not recognized in the financial statements, as it is not currently expected to be exercised.

Until December 21, 2015, there was a direct non-controlling interest of 49.9 percent in High Tech Coatings GmbH, Laakirchen, Austria, and, as a result, indirect non-controlling interests in its subsidiaries. On December 21, 2015, Miba AG acquired this non-controlling interest of 49.9 percent. Details on the acquisition are provided under note (3) *Changes to the consolidated group in fiscal year 2015–2016*. The amounts presented below for the coatings division therefore include the amounts for fiscal year 2015–2016 up to the increase in the shareholding. High Tech Coatings GmbH's direct and indirect subsidiaries comprise Miba Coatings Trading (Suzhou) Ltd., China, shares in Miba China Holding GmbH, Laakirchen, Austria, and shares in Miba Precision Components (China) Co. Ltd., Suzhou, China.

The companies' financial information is summarized below. In order to present a true and fair view of the non-controlling interests, the indirect non-controlling interests in the subsidiaries have also been taken into account. The disclosures on non-controlling interests presented in the following table cannot therefore be calculated from the direct non-controlling interests. This information is stated before intragroup eliminations. Intragroup eliminations are only carried out between the companies included in the consolidation.

Company	**Subsidiaries related to Miba Energy Holding GmbH & Co KG**		**High Tech Coatings GmbH and related subsidiaries**	
	1/31/2016	**1/31/2015**	**1/31/2016[27]**	**1/31/2015**
Non-controlling interests in %	**51.0**	**51.0**	**49.9**	**49.9**
in TEUR				
Revenue	21,890	13,780	16,320	16,420
Profit after tax	6,202	3,075	636	1,403
of which attributable to non-controlling interests	2,706	1,311	317	702
Other comprehensive income	–414	3,716	–11	78
Total comprehensive income	**5,788**	**6,791**	**624**	**1,481**
of which attributable to non-controlling interests	2,632	2,794	306	729
Non-current assets	10,847	11,596	13,707	8,555
Current assets	18,915	17,500	4,514	6,136
Non-current liabilities	1,088	1,427	7,316	4,134
Current liabilities	1,870	2,031	4,478	4,751
Net assets	**26,804**	**25,638**	**6,427**	**5,807**
of which attributable to non-controlling interests	11,591	10,972	0	2,665
Cash flow from operating activities	2,428	1,698	1,706	3,449
Cash flow from investing activities	–139	–154	–5,607	–3,433
Cash flow from financing activities	–773	–850	3,239	172
of which dividends to non-controlling interests	2,013	0	0	0
Change in cash and cash equivalents	**1,516**	**694**	**–662**	**188**

(27) TERMINATION BENEFIT AND PENSION PROVISIONS

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

Actuarial assumptions – in %	1/31/2016	1/31/2015
Discount rate (termination benefit provision)	2.00	1.70
Discount rate (pension provision)	1.80	1.70
Future wage or salary increases (termination benefit provision)	2.40	2.40

Assumptions about 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 a retirement pension was taken as a basis for the assumed retirement age. A company-specific deduction for staff turnover was applied.

TERMINATION BENEFIT PROVISIONS

in TEUR	1/31/2016	1/31/2015
Present value of termination benefit obligations (DBO) = opening balance	**26,579**	**21,981**
Current service cost	1,186	1,020
Interest expense	549	757
Termination benefit payments	–1,500	–2,176
Actuarial gains (–)/losses (+) from changes in financial assumptions	–975	4,268
Actuarial gains (–)/losses (+) from changes in experience assumptions	–19	731
Present value of termination benefit obligations (DBO) = closing balance	**25,820**	**26,579**

Expected payments from termination benefit obligations for fiscal year 2016–2017 are TEUR 749 (previous year: TEUR 654).

The weighted average duration of defined benefit obligations as of January 31, 2016, was 12.6 years (previous year: 13.3 years).

[27] Up to increase in shareholding

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 1/31/2016, in TEUR	Increase	Decrease
Discount rate (1% change)	–2,924	3,509
Future wage or salary increases (0.5% change)	1,658	–1,528

Effect as of 1/31/2015, in TEUR	Increase	Decrease
Discount rate (1% change)	–3,157	3,814
Future wage or salary increases (0.5% change)	1,793	–1,648

PENSION PROVISIONS

in TEUR	1/31/2016	1/31/2015
Present value of pension obligations (DBO) = opening balance	**8,941**	**7,687**
Interest expense	150	260
Pension payments from plan assets	–401	–401
Employer pension payments	–144	–144
Actuarial gains (–)/losses (+) from changes in financial assumptions	–71	1,438
Actuarial gains (–)/losses (+) from changes in experience assumptions	37	101
Present value of pension obligations (DBO) = closing balance	**8,512**	**8,941**
Value of plan assets (pension liabilities insurance)	–5,395	–5,570
Pension provisions	**3,117**	**3,371**

There is an individual agreement which provides for an annual consumer price index-related pension adjustment for the material pension benefit to a former member of the Management Board included in pension obligations.

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 1/31/2016, in TEUR	Increase	Decrease
Future pension adjustments (0.5% change)	423	–393

Effect as of 1/31/2015, in TEUR	Increase	Decrease
Future pension adjustments (0.5% change)	464	–430

Plan assets include two insurance contracts which were entered into to cover this direct pension commitment.

There is also another individual agreement which provides for an increase of 1.0 percentage point per year for another pension. None of the other pension obligations provide for any further pension adjustments.

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

in TEUR	1/31/2016	1/31/2015
Value of plan assets at beginning of fiscal year	**5,570**	**5,728**
Interest income from plan assets	91	193
Income from plan assets (excluding interest income)	135	49
Pension payments from plan assets	–401	–401
Value of plan assets at end of fiscal year	**5,395**	**5,570**

Expected payments from pension obligations for fiscal year 2016–2017 amount to TEUR 549 (previous year: TEUR 548).

The weighted average duration of defined benefit obligations as of January 31, 2016, was 10.2 years (previous year: 10.4 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 1/31/2016, in TEUR	Increase	Decrease
Discount rate (1 % change)	–786	927

Effect as of 1/31/2015, in TEUR	Increase	Decrease
Discount rate (1 % change)	–806	953

(28) FINANCIAL LIABILITIES

This item includes all interest-bearing liabilities with a remaining maturity of more than one year.

in TEUR	1/31/2016	1/31/2015
Bond	74,833	74,783
Liabilities to banks	32,110	22,205
of which with a remaining maturity of more than 5 years	9,866	0
Liabilities to non-banks (loans)	3,197	2,827
of which with a remaining maturity of more than 5 years	145	0
Liabilities under finance leases	11,312	12,613
of which with a remaining maturity of more than 5 years	5,804	6,229
Total	**121,452**	**112,428**
of which with a remaining maturity of more than 5 years	15,815	6,229

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.

(29) OTHER NON-CURRENT LIABILITIES

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

in TEUR	1/31/2016	1/31/2015
Personnel obligations	6,519	6,109
of which with a remaining maturity of more than 5 years	6,519	6,109
Payments on account received in respect of orders	31	283
Investment subsidies	18	25
Total	**6,568**	**6,417**
of which with a remaining maturity of more than 5 years	6,519	6,109

(30) PROVISIONS

in TEUR	Balance 2/1/2015	Foreign exchange differ-ences	Utilized	Reversals	Alloca-tion to pro-visions	Balance 1/31/2016
Other non-current personnel provisions	1,833	0	0	0	433	2,266
Other personnel provisions	7,150	61	5,861	4	6,433	7,778
Other provisions	11,704	–3	8,188	570	2,981	5,923

Other non-current personnel provisions relate to long-term oriented remuneration components for members of the Management Board.

After the initial allocation, one version of this variable remuneration component changes in line with the performance of equity as of each reporting date. After a holding period of three years, the beneficiaries have the option of a cash settlement.

A new version of long-term oriented remuneration entitles the owner to a cash settlement at the expected date of retirement. The amount paid out also depends on the change in group equity.

Other personnel provisions mostly consist of variable remuneration components and will become due for payment within one year.

Other provisions mainly comprise provisions for onerous contracts and warranties. It is assumed that payment will become due within one year.

(31) TRADE PAYABLES

in TEUR	1/31/2016	1/31/2015
Trade payables due to third parties	83,783	59,164
Liabilities to unconsolidated affiliated companies	1,271	1,638
Liabilities to proportionately consolidated affiliated companies	380	449
Total	**85,433**	**61,250**

Since fiscal year 2014–2015, the Miba Group has been using reverse factoring as part of its working capital financing. In cooperation with Austrian banks, suppliers' Miba Group receivables are bought by the banks. This gives suppliers the opportunity to discount their receivables before the payment period expires. The Miba Group settles the liability as it falls due by payment to the banks. As of January 31, 2016, trade payables in the amount of TEUR 25,640 (previous year: TEUR 8,093) were subject to reverse factoring. As the criteria for the derecognition of trade payables and the recognition as new financial liabilities do not apply, the original trade payables continue to be reported as such. Details on this are provided in note (47) *Accounting policies*.

(32) CURRENT FINANCIAL LIABILITIES

This item includes all interest-bearing liabilities with a remaining maturity of less than one year.

in TEUR	1/31/2016	1/31/2015
Liabilities to banks	15,544	17,139
Other loans	943	704
Liabilities under finance leases	1,526	1,470
Other financial liabilities	5,728	8,123
Total	**23,741**	**27,436**

(33) OTHER CURRENT LIABILITIES

in TEUR	1/31/2016	1/31/2015
Payments on account received in respect of orders	1,746	626
Other liabilities	1,467	7,165
Other personnel-related liabilities	16,047	11,394
Other liabilities from non-controlling interests in limited partnerships	14,251	12,471
Other liabilities to tax authorities	2,306	3,149
Other liabilities from social obligations	3,660	3,611
Deferred income	516	624
Total	**39,994**	**39,041**

Other liabilities from non-controlling interests in limited partnerships include the direct and indirect non-controlling interests in Miba Energy Holding GmbH & Co KG and its subsidiaries. The direct non-controlling interest in Miba Energy Holding GmbH & Co KG is held by the higher-tier affiliated company, Mitterbauer Beteiligungs-Aktiengesellschaft.

This is reported in other liabilities because the 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.

Miba Energy Holding GmbH & Co KG's principal place of business is in Laakirchen, Austria. The direct non-controlling interest in Miba Energy Holding GmbH & Co KG is 51.0 percent. The direct non-controlling interest in Miba Energy Holding GmbH & Co KG is held by the higher-tier affiliated company, Mitterbauer Beteiligungs-Aktiengesellschaft. Miba Energy Holding GmbH & Co KG's direct and indirect subsidiaries include EBG Elektronische Bauelemente GmbH, EBG & DAU Kühlerentwicklung GmbH, EBG Shenzhen Ltd., EBG LLC, EBG Resistors LLC, EDMS d.o.o., DAU GmbH & Co KG, Dau GmbH, DAU Thermal Solutions North America Inc., Miba Energy Holding LLC, Miba Asia Holding Pte. Ltd. and shares in Miba China Holding GmbH.

Other liabilities from non-controlling interests in limited partnerships changed as follows:

in TEUR	1/31/2016	1/31/2015
Carrying amount 2/1	**12,471**	**6,980**
Change in consolidated group	0	234
Share of profit/loss for the year	1,752	3,673
Currency translation	28	1,585
Carrying amount 1/31	**14,251**	**12,471**

(34) CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Contingent liabilities were as follows:

in TEUR	1/31/2016	1/31/2015
Guarantees	5,666	5,702

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.

(35) 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 a remaining 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.

(36) FINANCIAL INSTRUMENTS

The carrying amounts (classified according to IAS 39 measurement categories) and fair values (classified into the fair value hierarchy, see explanation below) of financial assets and financial liabilities as of January 31, 2016, and January 31, 2015, were as follows:

				IAS 39 measurement category						Fair value hierarchy		
as of January 31, 2016, in TEUR	**Carrying amount under IAS 39 at**	**Balance sheet item**	**Total carrying amount 1/31/2016**	**At fair value through profit or loss**	**Held to maturity**	**Loans and receiv-ables**	**Available for sale**	**Other financial liabilities**	**Total fair value 1/31/2016**	**Level 1**	**Level 2**	**Level 3**
Financial assets recognized at fair value												
Securities (held for trading)	FV	Financial and current financial assets	3,981	3,981	0	0	0	0	3,981	3,981	0	0
Securities (fair value option)	FV	Financial assets	18,699	18,699	0	0	0	0	18,699	18,699	0	0
Securities (available for sale)	FV	Financial and current financial assets	18,034	0	0	0	18,034	0	18,034	18,034	0	0
			40,714	**22,680**	**0**	**0**	**18,034**	**0**				
Financial assets not recognized at fair value												
Investments in affiliated companies (unconsolidated) and other equity investments	C	Financial assets	1,171	0	0	0	1,171	0	0	0	0	0
Securities (held to maturity)	AC	Financial assets	10,000	0	10,000	0	0	0	10,493	10,493	0	0
Loans	AC	Financial assets	30,117	0	0	30,117	0	0	30,338	0	0	30,338
Trade receivables	AC	Trade receivables	91,348	0	0	91,348	0	0	0	0	0	0
Receivables from long-term construction contracts	N/A	Trade receivables	185	0	0	185	0	0	0	0	0	0
Other financial receivables	AC	Financial and current financial assets	5,826	0	0	5,826	0	0	0	0	0	0
Current investments	AC	Current financial assets	5,495	0	0	5,495	0	0	0	0	0	0
Cash and cash equivalents	AC	Cash and cash equivalents	160,876	0	0	160,876	0	0	0	0	0	0
			305,019	**0**	**10,000**	**293,848**	**1,171**	**0**				
Financial liabilities recognized at fair value												
Derivatives with negative fair values not in hedging relationships	FV	Current financial liabilities	1,373	1,373	0	0	0	0	1,373	0	1,373	0
			1,373	**1,373**	**0**	**0**	**0**	**0**				
Financial liabilities not recognized at fair value												
Financial liabilities	AC	Financial and current financial liabilities	126,627	0	0	0	0	126,627	126,776	0	0	126,776
Liabilities under finance leases	N/A	Financial and current financial liabilities	12,837	0	0	0	0	12,837	12,837	0	0	12,837
Other financial liabilities	AC	Current financial liabilities	4,356	0	0	0	0	4,356	0	0	0	0
Trade payables	AC	Trade payables	85,433	0	0	0	0	85,433	0	0	0	0
			229,253	**0**	**0**	**0**	**0**	**229,253**				

FV = fair value
C = cost
AC = amortized cost

as of January 31, 2015, in TEUR	Carrying amount under IAS 39 at	Balance sheet item	Total carrying amount 1/31/2015	IAS 39 measurement category						Fair value hierarchy		
				At fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total fair value 1/31/2015	Level 1	Level 2	Level 3
Financial assets recognized at fair value												
Securities (held for trading)	FV	Financial and current financial assets	3,635	3,635	0	0	0	0	3,635	3,635	0	0
Securities (fair value option)	FV	Financial assets	13,442	13,442	0	0	0	0	13,442	13,442	0	0
Securities (available for sale)	FV	Financial and current financial assets	18,018	0	0	0	18,018	0	18,018	18,018	0	0
			35,095	**17,077**	**0**	**0**	**18,018**	**0**				
Financial assets not recognized at fair value												
Investments in affiliated companies (unconsolidated) and other equity investments	C	Financial assets	1,241	0	0	0	1,241	0	0	0	0	0
Securities (held to maturity)	AC	Financial assets	10,000	0	10,000	0	0	0	10,901	10,901	0	0
Loans	AC	Financial assets	27,432	0	0	27,432	0	0	27,606	0	0	27,606
Trade receivables	AC	Trade receivables	94,861	0	0	94,861	0	0	0	0	0	0
Receivables from long-term construction contracts	N/A	Trade receivables	2,246	0	0	2,246	0	0	0	0	0	0
Other financial receivables	AC	Financial and current financial assets	4,175	0	0	4,175	0	0	0	0	0	0
Current investments	AC	Current financial assets	4,432	0	0	4,432	0	0	0	0	0	0
Cash and cash equivalents	AC	Cash and cash equivalents	133,492	0	0	133,492	0	0	0	0	0	0
			277,879	**0**	**10,000**	**266,638**	**1,241**	**0**				
Financial liabilities recognized at fair value												
Derivatives with negative fair values not in hedging relationships	FV	Current financial liabilities	449	449	0	0	0	0	449	0	449	0
			449	**449**	**0**	**0**	**0**	**0**				
Financial liabilities not recognized at fair value												
Financial liabilities	AC	Financial and current financial liabilities	117,659	0	0	0	0	117,659	117,989	0	0	117,989
Liabilities under finance leases	N/A	Financial and current financial liabilities	14,083	0	0	0	0	14,083	14,083	0	0	14,083
Other financial liabilities	AC	Current financial liabilities	7,674	0	0	0	0	7,674	0	0	0	0
Trade payables	AC	Trade payables	61,250	0	0	0	0	61,250	0	0	0	0
			200,666	**0**	**0**	**0**	**0**	**200,666**				

FV = fair value
C = cost
AC = amortized cost

FAIR VALUE MEASUREMENT

Fair values of financial assets and liabilities 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, receivables from long-term construction contracts and from current investments, 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.

The 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 (unconsolidated) affiliated companies 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, observable market parameters (interest rates and currencies) and unobservable parameters (credit ratings of counterparties) into account.

The fair values of derivative financial instruments are measured using recognized actuarial techniques (DCF method) which are based on observable market parameters (yield curves, exchange rates, quoted copper prices) and unobservable parameters (credit ratings and counterparty credit risk). In addition, as of the reporting date, market prices established by banks are used and adjustments made taking account of the credit risk (credit/debit value adjustments) if these adjustments are material.

Fair values of financial liabilities are, if material, calculated as present values of the payments associated with the liabilities, based on current observable market parameters (yield curves and exchange rates) and unobservable parameters (Miba AG's credit rating).

Liabilities under finance leases are recognized at the present value of future lease payments because they bear variable interest.

OFFSET

Financial assets and liabilities are generally reported gross. They are only offset if Miba AG currently has a legally enforceable right and intends to set off the amounts. There are also master netting agreements within the Miba Group which allow for derivative-related offsetting. The IFRS 7 disclosures have not been provided, as there were no amounts requiring offset as of the reporting date.

NET INCOME

Net income from financial instruments, broken down by the IAS 39 measurement categories, was as follows in fiscal year 2015–2016 and 2014–2015:

		From subsequent measurement				
Fiscal year 2015–16 in TEUR	**From interest**	**at fair value through profit or loss**	**at fair value outside profit or loss**	**Allowance for impair-ment**	**From disposals**	**Total**
Loans and receivables	1,271	0	0	–37	–50	1,184
Held to maturity	360	0	0	0	0	360
Financial assets at fair value through profit or loss (held for trading)	19	–45	0	0	0	–26
Financial assets at fair value through profit or loss (fair value option)	0	110	0	0	0	110
Available for sale	0	0	19	–3	0	16
Financial liabilities at amortized cost	–4,517	0	0	0	0	–4,517
Financial liabilities at fair value through profit or loss	–71	–1,095	0	0	0	–1,166
Total	**–2,937**	**–1,029**	**19**	**–40**	**–50**	**–4,038**

Fiscal year 2014–15 in TEUR	From interest	From subsequent measurement: at fair value through profit or loss	at fair value outside profit or loss	Allowance for impairment	From disposals	Total
Loans and receivables	1,169	0	0	20	–214	975
Held to maturity	360	0	0	0	0	360
Financial assets at fair value through profit or loss (held for trading)	10	112	0	0	0	122
Financial assets at fair value through profit or loss (fair value option)	0	150	0	0	0	150
Available for sale	29	0	35	0	0	64
Financial liabilities at amortized cost	–4,626	0	0	0	0	–4,626
Financial liabilities at fair value through profit or loss	–55	–406	0	0	45	–416
Total	**–3,114**	**–144**	**35**	**20**	**–169**	**–3,372**

The loans and receivables category includes interest income, allowances for impairment and expenses from the derecognition of trade receivables. The held to maturity category comprises interest income. Financial assets at fair value through profit or loss include dividend income as well as expenses from impairment losses and income from the reversal of impairment losses. The available for sale category includes interest income, income from the reversal of impairment losses, income from the disposal of financial assets and expenses from impairment losses. Financial liabilities at amortized cost comprise interest expenses. Financial liabilities at fair value through profit or loss include expenses from the measurement of derivatives not in hedging relationships, interest expenses and income from the disposal of derivatives.

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 fair values are reported under current financial assets, while those with negative fair values are reported under current financial liabilities.

A multiple settlement commodity swap based on the "LME Copper Cash" index was entered into during the fiscal year. The hedged item was the future purchase of copper as a raw material. 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) purchase costs. The maximum remaining maturity of the commodity hedges is five months.

In order to hedge the planned adjustment to lease payments provided for 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) were entered into in fiscal year 2013–2014 as hedging instruments, in which Miba AG, who pays fixed interest and receives variable interest, is transferring variable payments into fixed payments in order to hedge against rising interest rates.

The Company has power purchase agreements with minimum purchase obligations that generally meet the definition of a derivative. Previously, the electricity purchased had only been for own use and had therefore not been accounted for as a derivative (own use exemption). Price optimization was applied to parts of the electricity purchased in the past fiscal year, as a result of which the exemption provisions could no longer be utilized and measurement is now at fair value. The maximum remaining term of the minimum purchase obligation is eleven months.

Net losses of TEUR 1,166 (previous year: TEUR 416) 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:

	1/31/2016			1/31/2015		
	Notional amount in TUSD (copper)/ in TEUR (interest rate)	Positive fair value in TEUR	Negative fair value in TEUR	Notional amount in TUSD (copper)/ in TEUR (interest rate)	Positive fair value in TEUR	Negative fair value in TEUR
Commodity price hedge (copper)	2,559	0	–342	1,306	0	–187
Interest rate hedge	6,500	0	–288	6,500	0	–262
Energy price hedge (electricity)	2,461	0	–743	0	0	0

(37) FINANCIAL RISK MANAGEMENT

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

It is corporate policy to identify emerging risks at an early stage through the close monitoring of existing exposures 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 assets and 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.

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 4.0 percent (previous year: 4.8 percent) of outstanding receivables.

For banks, an internal credit assessment is performed continually 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. Furthermore, rating and/or risk is discussed with the most important investment partners at least once a year.

As the majority (87.5 percent) of trade receivables are insured, their risk of default is regarded as low. The carrying amounts of receivables and other financial assets represent the maximum credit or default risk as of the reporting date.

A risk analysis of trade receivables outstanding as of the reporting date is presented under note (22) *Trade receivables*.

LIQUIDITY RISK

Liquidity safeguarding must ensure the Group's solvency at all times. The Group's liquidity is managed via a central treasury department which is responsible for the administration of internal and external cash flows, for managing and minimizing financial risks and for the provision and investment of capital at the best possible terms. Solvency is ensured through 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.

Together with the additional financing available, the current excess of available financial assets over financial liabilities represents an adequate liquidity buffer. This results in an excess of financial assets over debt of TEUR 117,946 as of January 31, 2016 (previous year: TEUR 90,366).

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.

The contractually agreed (undiscounted) payments of interest and principal for primary financial liabilities as well as for derivative financial liabilities with negative fair values comprised the following as of January 31, 2016, and January 31, 2015:

in TEUR	Carrying amount 1/31/2016	Cash flows 2016–17 Interest	Cash flows 2016–17 Principal	Cash flows 2017–18 to 2020–21 Interest	Cash flows 2017–18 to 2020–21 Principal	Cash flows from 2021–22 Interest	Cash flows from 2021–22 Principal
Nonderivative financial liabilities							
Interest-bearing liabilities	126,627	4,339	16,487	11,883	100,297	70	10,011
Liabilities under finance leases	12,837	302	1,526	853	5,508	853	5,804
Other financial liabilities	4,356	0	4,356	0	0	0	0
Trade payables	85,433	0	85,433	0	0	0	0
Total	**229,253**	**4,641**	**107,801**	**12,736**	**105,805**	**923**	**15,815**
Derivative financial liabilities							
Derivatives with negative fair values not in hedging relationships	1,373	288	0	0	0	0	0
Total	**1,373**	**288**	**0**	**0**	**0**	**0**	**0**

in TEUR	Carrying amount 1/31/2015	Cashflows 2015–16 Interest	Cashflows 2015–16 Principal	Cash flows 2016–17 to 2019–20 Interest	Cash flows 2016–17 to 2019–20 Principal	Cash flows from 2020–21 Interest	Cash flows from 2020–21 Principal
Nonderivative financial liabilities							
Interest-bearing liabilities	117,659	4,661	17,843	14,252	100,032	0	0
Liabilities under finance leases	14,083	336	1,470	971	6,384	992	6,229
Other financial liabilities	7,674	0	7,674	0	0	0	0
Trade payables	61,250	0	61,250	0	0	0	0
Total	**200,666**	**4,997**	**88,238**	**15,223**	**106,416**	**992**	**6,229**
Derivative financial liabilities							
Derivatives with negative fair values not in hedging relationships	449	262	0	0	0	0	0
Total	**449**	**262**	**0**	**0**	**0**	**0**	**0**

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 fixed before the reporting date. Financial liabilities that are repayable at any time are always allocated to the earliest maturity banding.

MARKET RISK

Market risks which are material to the Miba Group and related sensitivity analyses are presented below. 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.

Currency risk

Transactions which are not in the local (functional) currency of a Group company can lead to currency risk. In other words, Group companies in the USD currency area are, for example, subject to currency risk when engaging in EUR transactions, and vice versa.

There are three main currency areas within the Miba Group (euro, US dollar and renminbi yuan) which reflect the majority of transactions, cash flows, financial assets and liabilities (including trade receivables and payables). Currency risk is reduced through natural hedges when production sites are located in these currency areas and customers are supplied locally.

Currency risks on the asset side of the balance sheet mainly relate to the US dollar and result from trade receivables from international customers as well as cash balances and investments. 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 (functional) currency.

- Sensitivity analysis for currency risk

The following table shows the material net risk exposure in euros, US dollars and renminbi yuan which existed in Group companies in the three currency areas as foreign currency items as of the reporting date. Since Group companies in the USD and CNY currency areas also report EUR foreign currency items, foreign currency risks can also arise in euro.

	1/31/2016			1/31/2015		
in thousand	**EUR**	**USD**	**CNY**	**EUR**	**USD**	**CNY**
Financial assets (incl. trade receivables)	252	67,976	42,043	219	42,371	120
Financial liabilities(incl. trade payables)	–38,794	–1,787	–496	–25,375	–12,865	–666
Net risk exposure	**–38,543**	**66,189**	**41,547**	**–25,155**	**29,507**	**–546**

If the euro had appreciated against the US dollar or the renminbi yuan by 10 percent as of the reporting date, then profit and equity would have changed by the following amounts:

	1/31/2016		1/31/2015	
Appreciation of EUR by 10% in TEUR	**Effect on profit (after tax)**	**Effect on equity**	**Effect on profit (after tax)**	**Effect on equity**
EUR-USD	–4,543	–4,543	–2,510	–2,510
EUR-CNY	–2,600	–2,600	–1,002	–1,002

If the euro had depreciated against the US dollar or the renminbi yuan by 10 percent as of the reporting date, then profit and equity would have changed by the following amounts:

	1/31/2016		1/31/2015	
Devaluation of EUR by 10% in TEUR	**Effect on profit (after tax)**	**Effect on equity**	**Effect on profit (after tax)**	**Effect on equity**
EUR-USD	5,552	5,552	3,068	3,068
EUR-CNY	3,178	3,178	1,224	1,224

It has been assumed in this analysis that all other variables, particularly interest rates, remain constant. Foreign currency effects from intra-Group receivables and liabilities (transaction effects) were taken into account in the calculation. Foreign currency effects from the translation of the financial statements of foreign subsidiaries into the euro, the Group currency (translation effects), have not been taken into account.

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, variable interest and short-term 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.

- Sensitivity analysis for interest rate risk

Variable interest-bearing assets and liabilities that are exposed to interest rate risk are presented in the following table:

in TEUR	1/31/2016	1/31/2015
Variable interest-bearing assets	159,533	193,024
Variable interest-bearing liabilities	–51,424	–53,721
Interest rate hedges (interest rate swaps)	6,500	6,500
Total	**114,609**	**145,804**

An increase in the market interest rate by 100 basis points as of the reporting date would have the following effect on profit and group equity:

	1/31/2016		1/31/2015	
Increase in market interest rate by 100 basis points, in TEUR	Effect on profit (after tax)	Effect on equity	Effect on profit (after tax)	Effect on equity
Variable interest-bearing assets and liabilities	811	811	1,045	1,045
Interest rate hedges (interest rate swaps)	49	49	49	49
Total	**860**	**860**	**1,094**	**1,094**

The derivative financial instruments used to hedge interest rates (interest rate swaps) transfer variable payments into fixed payments. As the variable interest rate recipient, an increase in the market interest rate of 100 basis points would result in an increase in profit and equity by the amounts presented in the above table, as the fixed payments are not affected by interest rate changes.

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

It was assumed in this analysis that all other variables, particularly exchange rates, remain constant. The sensitivity of group equity was solely affected by profit (after tax). Moreover, only the cash flow risk was taken into account since fair value risk is not material.

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. Changes in commodity prices can have an effect on the profit of the Group. These effects are partly reduced by derivative financial instruments used to hedge commodity prices (copper price hedge).

Copper purchasing volumes in fiscal year 2015–2016 amounted to 3,330 tons (previous year: 2,951 tons), of which a total of 680 tons (previous year: 700 tons) were hedged by financial instruments (680 tons by forward transactions and 0 by option contracts). Price escalator clauses in customer contracts are a further hedge.

- Sensitivity analysis for commodity price risk

As of the reporting date of January 31, 2016, 480 tons (previous year: 200 tons) of copper were hedged by forward transactions. If the copper price as of the reporting date had been 20 percent lower, then the profit (after tax) from commodity derivatives would have declined by TEUR 294 (previous year: TEUR 154). An increase of 20 percent in the copper price would have improved the profit (after tax) accordingly. Equity would have been affected in the same way.

No option contracts were entered into to hedge commodity prices in fiscal year 2015–2016. In fiscal year 2014–2015, there were still option contracts in place which cap the risk of rising commodity prices and limit participation in falling prices (zero cost collar option). A volume of 80 tons was hedged in this way and neither the cap nor the floor of this derivative was reached. As a result, there were no compensatory payments in the previous year and profit and equity were unaffected.

Market risk

Securities traded in the market are exposed to the risk of fluctuating prices. Quoted securities (debt instruments) that are subject to market risk are held primarily for investment purposes. The volume of securities recognized at fair value as of the reporting date was TEUR 40,714. Risk is managed in accordance with a documented risk management strategy.

- Sensitivity analysis for market risk

The quoted securities which are subject to market risk comprise the held-for-trading and fair value option securities recognized at fair value (both through profit or loss) and the available-for-sale securities (outside of profit or loss).

A 5 percent rise in market prices would result in an increase in profit (after tax) of TEUR 851 (previous year: TEUR 640) and equity of TEUR 1,527 (previous year: TEUR 1,316). A 5 percent decline in market prices would result in a reduction in profit (after tax) and equity by the same amounts.

It was assumed in this analysis that all other variables remain constant.

(38) CAPITAL MANAGEMENT

Miba AG's Articles of Incorporation do not specify any minimum capital requirements. The primary objective of the Miba Group's capital management is to ensure the financial independence of the Group as well as the availability of the liquidity that is necessary to operate.

Financial independence is managed using two key performance indicators:

- Equity ratio, measured against group equity and group total assets, and
- Excess of debt over financial assets, or excess of financial assets over debt, measured as net liquidity plus (current and non-current) financial assets, excluding securities to cover pension provisions.

The company does not have specific targets for the group equity ratio or the excess of debt over financial assets.

The equity ratio has remained constantly above 50 percent in the last few years and was 57.2 percent as of the reporting date (previous year: 56.9 percent).

Since the middle of fiscal year 2012–2013, the Miba Group has been operating with an excess of financial assets over debt. Having an excess of financial assets over financial liabilities in the Miba Group is not a cast-iron target; however, the solid performance in the last few years has ensured that this has continued to be achieved. As of January 31, 2016, the excess of financial assets over debt was TEUR 117,946 (previous year: TEUR 90,366).

		1/31/2016	1/31/2015
Group equity	in TEUR	462,029	421,975
Group total assets	in TEUR	807,793	741,867
Group equity ratio	in %	57.2	56.9

(39) SEGMENT REPORTING

Operating segments are reported in accordance with IFRS 8. The accounting policies of the segments correspond 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.

For the purpose of corporate management, the Miba Group's business activities are classified into three regions (Miba Europe, Miba Americas and Miba Asia) and one global service area (Miba Shared Services). In line with its strategy, Miba has therefore focused its management structure on a local-to-local approach for supplying and supporting customers. Each region represents a strategic unit whose objective is to largely be able to offer the whole Miba portfolio to regional customers with local production and local product specifications. The segments are managed independently. The classification corresponds to the internal organization and management structure of the Group. The central operating profit control metric is the IFRS EBIT.

The segments are as follows:

- Miba Europe

Miba Europe comprises all consolidated production plants and trading branches of the Miba Group which are domiciled in Europe. This segment encompasses the manufacture and sale of sintered components (sinter products), engine bearings (bearing products), friction materials (friction products), power electronics components, coatings (coating processes) and special machinery (equipment manufacturing).

- Miba Americas

Miba Americas comprises all consolidated production plants and trading branches of the Miba Group which are domiciled in North or South America. This segment also includes Miba Energy Holding LLC, McConnelsville, Ohio, USA, which also serves as the North America service center in addition to its holding company function. There are currently no consolidated companies in South America. The Miba Americas segment encompasses the manufacture and sale of sintered components (sinter products), engine bearings (bearing products), friction materials (friction products) and power electronics components.

- Miba Asia

Miba Asia comprises all consolidated production plants and trading branches of the Miba Group which are domiciled in Asia. This segment also includes Miba Asia Holding Pte. Ltd., Singapore, which serves as a holding company for the Asia region. The Miba Asia segment encompasses the manufacture and sale of sintered components (sinter products), engine bearings (bearing products), friction materials (friction products), power electronics components and coatings (coating processes).

- Miba Shared Services

The Miba Shared Services segment comprises all companies which serve as holding companies for or provide services to more than one region.

MIBA EUROPE

Miba Europe generated revenue of EUR 493.6 million in the past year and thus remains the Miba region with the highest revenue. This equates to an increase of 3.2 percent compared with the previous year (EUR 478.2 million).

Miba Europe invested EUR 44.5 million in capacity expansion and in new plant and machinery during the past fiscal year (previous year: EUR 29.2 million). For example, both Miba sites in Vorchdorf – Miba Sinter Austria GmbH and High Tech Coatings GmbH – were renovated and expanded. At the sinter site, the administrative building was renovated and extended, thereby also taking into account the growth in the automotive industry and thus in this segment, too. At the neighboring coatings site, Miba prepared the way for future growth by doubling the production and administration space. In power electronics, a second site for the manufacturing of resistors was opened in St. Stefan (Styria). This has since carried out the first stages in the production of EBG resistors, resulting in an improvement in production space at the original site in Kirchbach. Further stages of production will be moved to St. Stefan during the current fiscal year in order to further optimize the workflow in Kirchbach.

MIBA AMERICAS

Miba Americas – taken to mean all consolidated production sites in America – more than offset the downturn in the capital goods industry thanks to the strength of the automotive industry, including with regard to new product launches. It generated revenue of EUR 130.0 million in fiscal year 2015–2016, 14.5 percent more than in 2014–2015 (previous year: EUR 113.5 million). The growth came purely from currency translation effects. This segment contributed 18.1 percent to the Miba Group's total revenue.

Capital expenditure in the Miba Americas segment amounted to EUR 19.1 million (previous year: EUR 11.8 million). Most of the capital expenditure related to capacity expansion at Miba Sinter USA, where Miba has created additional production capacity due to strong demand from the US automotive industry. Meanwhile, Miba HydraMechanica in Sterling Heights invested in improvements to the IT systems and, by connecting to SAP, took an important step for the site's future development.

MIBA ASIA

Despite the sometimes sluggish performance in the sales markets, Miba was able to lift its revenue in Asia. With its consolidated production sites in China and India, Miba Asia recorded revenue of EUR 95.5 million in fiscal year 2015–2016 (previous year: EUR 77.5 million), an increase of 23.1 percent in just one year. This growth is due mainly to three factors. Firstly, the increase in revenue was buoyed by currency translation effects, without which organic growth would have been just 2.4 percent. In addition, the full-year effect of the acquisition of EBG Shenzhen contributed EUR 5.1 million to revenue. Lastly, growth from the automotive sector in China also had a positive impact.

Miba Asia's capital expenditure amounted to EUR 10.9 million in fiscal year 2015–2016 (previous year: EUR 12.9 million). Most of the capital expenditure related to new projects and capacity expansion for the sinter section of the plant in Suzhou.

MIBA SHARED SERVICES

The Miba Shared Services segment comprises all Miba Group companies that provide internal (management) services to all or to a number of segments. These companies therefore do not generate any external revenue.

(Intragroup) revenue in this segment was EUR 42.7 million in fiscal year 2015–2016 (previous year: EUR 37.9 million).

Capital expenditure in the Miba Shared Services segment amounted to EUR 4.5 million in fiscal year 2015–2016 (previous year: EUR 1.3 million) and, as in the previous year, related to construction measures and IT applications. The largest capital expenditure project in this segment is the construction of the Miba Forum at the headquarters site in Laakirchen, Austria. This building will be a customer, technology and learning center to enable new models of working, learning, gathering and collaborating. Office, conference, meeting and training rooms are being constructed across an area of almost 4,000 m^2.

SEGMENT INFORMATION BY REGION

The following table shows revenue on the basis of Group company location:

	Miba Europe		Miba Americas		Miba Asia		Miba Shared Services		Consolidation		Group	
in TEUR	**2015–16**	**2014–15**	**2015–16**	**2014–15**	**2015–16**	**2014–15**	**2015–16**	**2014–15**	**2015–16**	**2014–15**	**2015–16**	**2014–15**
Revenue	516,004	500,538	134,120	118,246	97,558	78,073	42,680	37,863	–71,261	–65,418	719,102	669,302
of which intersegment revenue	22,363	22,312	4,142	4,711	2,075	532	42,680	37,863	–71,261	–65,418	0	0
of which external revenue	493,641	478,226	129,979	113,535	95,483	77,542	0	0	0	0	719,102	669,302
Depreciation, amortization and impairment losses	29,718	30,390	12,580	6,492	6,887	3,755	1,784	1,781	–536	–523	50,433	41,895
EBIT	57,231	43,102	3,260	13,956	10,558	14,914	11,435	12,202	410	–2,302	82,892	81,871
Investment income from equity-accounted investees	0	0	0	2,030	0	0	0	0	–2,230	–1,731	–2,230	299
Assets	405,015	422,923	195,925	171,307	137,251	128,794	387,027	315,086	–317,424	–296,244	807,793	741,867
of which investments in associates	0	0	–1,641	–1,641	0	0	6,706	6,706	–4,864	–1,911	202	3,155
Debt	193,164	203,497	83,147	62,566	63,039	51,594	119,843	119,990	–113,430	–117,754	345,764	319,892
Capital expenditure (excluding financial assets)	44,536	29,215	19,063	11,792	10,950	12,930	4,517	1,254	167	–1,747	79,233	53,444
Other non-cash income (–) and expenses (+)	4,557	2,498	3,220	1,472	238	912	2,949	1,297	0	0	10,964	6,179
Average number of employees	3,433	3,382	670	628	773	629	130	115	0	0	5,005	4,753
Employees as of the reporting date	3,471	3,429	682	651	774	742	143	114	0	0	5,070	4,936

INFORMATION ABOUT PRODUCT GROUPS IN ACCORDANCE WITH IFRS 8.32

The Miba Group generated external revenue of TEUR 293,550 (previous year: TEUR 251,521) from sintered components, TEUR 212,748 (previous year: TEUR 205,645) from engine bearings, TEUR 138,287 (previous year: TEUR 139,262) from friction materials, TEUR 52,246 (previous year: TEUR 45,992) from power electronics, TEUR 17,616 (previous year: TEUR 17,600) from coatings and TEUR 4,655 (previous year: TEUR 9,281) from special machinery.

INFORMATION ABOUT GEOGRAPHICAL AREAS IN ACCORDANCE WITH IFRS 8.33

The geographical information below shows external revenue and non-current assets analyzed by country. Revenue has been analyzed in line with the geographical domicile of customers, segment assets on the basis of the geographical location of the assets.

External revenue in TEUR	2015–16	2014–15
Austria	51,510	48,048
Germany	193,870	193,996
USA	134,155	110,491
People's Republic of China	68,504	47,830
Other	271,062	268,938
Total	**719,102**	**669,302**

Non-current assets in TEUR	1/31/2016	1/31/2015
Austria	129,640	121,028
USA	77,904	69,261
People's Republic of China	59,957	56,302
Slovakia	65,178	56,615
Other	8,410	9,525
Consolidation	–1,147	–1,875
Total	**339,941**	**310,856**

(40) EVENTS AFTER THE REPORTING DATE

Events after the reporting date which are significant to measurement as of the reporting date, such as ongoing litigation or claims for damages and 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.

(41) BUSINESS RELATIONSHIPS WITH RELATED PARTIES

Related entities include members of the same group, Mitterbauer Beteiligungs-Aktiengesellschaft and Mitterbauer Privatstiftung. Related persons include managing directors, members of the Management Board and Supervisory Board, and close members of their families.

Related party transactions are conducted at arm's length.

BUSINESS RELATIONSHIPS UNDER IAS 24 WITH ASSOCIATES, UNCONSOLIDATED AFFILIATED COMPANIES, JOINT OPERATIONS, THE PARENT COMPANY AND OTHER RELATED ENTITIES

in TEUR	Equity-accounted companies	Joint operations	Unconsoli-dated affiliated companies	Mitterbauer Beteiligungs-Aktien-gesellschaft	Mitterbauer Privatstiftung
Amount of transactions in fiscal year 2015–16					
Other income	510	736	55	82	141
interest income	0	40	0	0	0
Material costs	0	–12,120	0	0	0
Other expenses	–4	0	–2,187	–729	–633
Tax allocation	0	0	0	–697	0
Balances outstanding as of 1/31/2016					
Loans	0	1,975	0	0	0
Trade receivables	48	40	0	7	0
Other receivables	0	0	0	5	0
Trade payables	–62	–759	–331	–238	0
Tax allocation liabilities	0	0	0	–702	0

in TEUR	Equity-accounted companies	Joint operations	Unconsolidated affiliated companies	Mitterbauer Beteiligungs-Aktiengesellschaft	Mitterbauer Privatstiftung
Amount of transactions in fiscal year 2014–15					
Revenue	38	0	0	0	0
Other income	42	662	0	76	0
Material costs	0	–14,525	0	0	0
Other expenses	–28	0	–2,562	–790	–312
Tax allocation	0	0	0	–832	0
Balances outstanding as of 1/31/2015					
Loans	0	3,098	71	0	0
Trade receivables	120	6	88	9	0
Trade payables	–62	–897	–449	–264	0
Tax allocation liabilities	0	0	0	–832	0
Other liabilities	0	0	0	0	–49

Mitterbauer Beteiligungs-Aktiengesellschaft, Laakirchen, Austria, is the majority shareholder of Miba AG. Mitterbauer Privatstiftung, Laakirchen, Austria, is the majority shareholder of Mitterbauer Beteiligungs-Aktiengesellschaft.

There are lease agreements at arm's length terms between Mitterbauer Privatstiftung and three consolidated subsidiaries (Miba Automation Systems Ges.m.b.H, Miba Bearings Materials GmbH, EBG Elektronische Bauelemente GmbH) for the rental of production facilities and offices. Rental expenses for the past fiscal year were TEUR 633 (previous year: TEUR 312). Outstanding liabilities under these agreements as of the January 31, 2016, reporting date were TEUR 0 (previous year: TEUR 49).

In addition to the obligations under the above rental and lease agreements, there were outstanding contractual obligations with related entities for the acquisition of property, plant and equipment in the amount of TEUR 0 (previous year: TEUR 0).

For repeated clarification, the explanations about the takeover offer to non-controlling interests in relation to business relationships and the identity of governing bodies between Miba AG and Mitterbauer Beteiligungs-Aktiengesellschaft (MBAG) are cited here again.

In terms of the takeover offer to Miba AG's non-controlling interests, MBAG is the acquirer and Miba AG the target company. MBAG is the majority shareholder of Miba AG. The target company and the acquirer maintain business relationships; these are limited to the recharge of services rendered, particularly consulting projects.

The following members of the acquirer's governing bodies are members of Miba AG's Supervisory Board or Management Board:

- DI F. Peter Mitterbauer, MBA, is Chairman of the Management Board of Miba AG and has an interest in the share capital of the acquirer.
- DI DDr. h.c. Peter Mitterbauer is a member of the Supervisory Board and the Management Board of the target company and has an interest in the share capital of the acquirer.
- Dkfm. Dr. Wolfgang C. Berndt is Chairman of the Supervisory Board of the target company and is also Chairman of the Supervisory Board of the acquirer.
- Dipl.-Bw. Alfred Heinzel is Vice Chairman of the Supervisory Board of the target company and also Vice Chairman of the Supervisory Board of the acquirer.
- Prof. KR Ing. Siegfried Wolf is a member of the Supervisory Board of the target company and also a member of the Supervisory Board of the acquirer.

On December 21, 2015, Miba AG acquired shares in High Tech Coatings GmbH from Dr. Maria-Theresia Niss, member of the Management Board of Mitterbauer Beteiligungs-Aktiengesellschaft. Disclosures on the increase in the shareholding in High Tech Coatings GmbH through the acquisition of the shares held by Dr. Maria-Theresia Niss are provided under note (3) *Changes to the consolidated group in fiscal year 2015–2016*.

BUSINESS RELATIONSHIPS UNDER IAS 24 WITH MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD, AS WELL AS KEY MANAGEMENT PERSONNEL

Remuneration of the Management Board, the Supervisory Board and key management personnel is shown in the note on governing bodies and employees below. There are no other business relationships with the Management Board, the Supervisory Board or key management personnel. There are also no business relationships with close family members of this group of persons and their companies, or business relationships with any companies which are subject to the control or significant influence of this group of persons or are under joint control.

REMUNERATION OF THE MANAGEMENT BOARD, SUPERVISORY BOARD AND KEY MANAGEMENT PERSONNEL

The objective of the Management Board remuneration system is to provide remuneration to members of the Management Board and key management personnel 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 consists of individual and earnings-oriented targets.

In addition, long-term oriented remuneration components were agreed for members of the Management Board.

Management Board members have individual pension arrangements under which the Company pays predetermined amounts to a pension fund. There is also a long-term oriented incentive agreement which allows the holder to receive a cash settlement at the expected date of retirement.

The former Chairman of the Management Board and current member of the Supervisory Board has a pension arrangement which provides for a fixed, guaranteed level of pension. This obligation is covered by pension liabilities insurance.

Management Board remuneration during the fiscal year was TEUR 2,952 (previous year: TEUR 2,767), which was attributable to:

in TEUR	1/31/2016	1/31/2015
Short-term benefits payable to members of the Management Board	1,582	1,577
Post-employment benefits	150	231
Other long-term benefits payable to members of the Management Board	1,220	959
Total	**2,952**	**2,767**

Post-employment benefits include direct retirement contributions for members of the Management Board in the amount of TEUR 88 (previous year: TEUR 89).

As of the January 31, 2016, reporting date, there were outstanding items for variable Management Board remuneration (variable and short-term phantom shares) in the amount of TEUR 2,039 (previous year: TEUR 1,219) which must be allocated to short-term benefits. In addition, there were outstanding items for long-term remuneration in the amount of TEUR 2,725 (previous year: TEUR 2,301).

Remuneration paid to a former member of the Management Board and current member of the Supervisory Board amounted to TEUR 45 (previous year: TEUR 45).

In the past fiscal year, remuneration totaling TEUR 95 (previous year: TEUR 95) was paid to members of the Supervisory Board for their services. As of January 31, 2016, there were outstanding items in the amount of TEUR 95 (previous year: TEUR 95).

The managing directors earned remuneration in the amount of TEUR 4,963 in the past fiscal year (previous year: TEUR 5,562), with outstanding items as of the January 31, 2016, reporting date being TEUR 1,356 (previous year: TEUR 1,471).

(42) DISCLOSURES ON GOVERNING BODIES AND EMPLOYEES

MEMBERS OF THE MANAGEMENT BOARD IN THE YEAR UNDER REVIEW

DI F. Peter Mitterbauer, MBA, Chairman of the Management Board, regional responsibility for Miba Europe, also responsible for the Miba Power Electronics Group, Communications, Management Accounting, Human Capital, Strategy, Innovation & Technology and Internal Audit
Dr. Wolfgang Litzlbauer, Vice Chairman of the Management Board, regional responsibility for Miba Asia, also responsible for the Miba Bearing Group, the Miba Friction Group, the Miba Coating Group and Purchasing
Dr.-Ing. Harald Neubert, regional responsibility for Miba Americas, also responsible for the Miba Sinter Group, the Miba Equipment Manufacturing Group and Quality
MMag. Markus Hofer, regional responsibility for Miba Shared Services, Chief Financial Officer, also responsible for Corporate Finance, IT and Business Excellence

MEMBERS OF THE SUPERVISORY BOARD IN THE YEAR UNDER REVIEW

Dkfm. Dr. Wolfgang C. Berndt, Seewalchen am Attersee, Austria (Chairman)
Dipl.-Bw. Alfred Heinzel, Vorchdorf, Austria (Vice Chairman)
DI DDr. h. c. Peter Mitterbauer, Gmunden, Austria
MMag. Peter Oswald, Vienna, Austria, until June 25, 2015
Prof. KR Ing. Siegfried Wolf, Weikersdorf, Austria, from June 25, 2015
Hermann Aigner, Vorchdorf, Austria (delegated by the Works Council)
Johann Forstner, Pinsdorf, Austria (delegated by the Works Council)

NUMBER OF EMPLOYEES

The number of employees changed as follows during fiscal year 2015–2016:

	1/31/2016 Reporting date	2015–16 Average	1/31/2015 Reporting date	2014–15 Average
Wage earners	3,556	3,524	3,489	3,361
Salaried employees	1,514	1,482	1,447	1,392
Total	**5,070**	**5,005**	**4,936**	**4,753**

(43) 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 8 percent of the part of the share capital 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). This equates to EUR 0.59 per share. 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.

		2015–16	2014–15
Profit after tax (EAT)	in TEUR	53,339	56,951
Profit attributable to ordinary and preferred shareholders	in TEUR	50,316	54,938
Weighted average number of ordinary and preferred shares issued	Number of shares	1,202,021	1,203,857
Basic earnings per share[28]	in EUR/share	41.86	45.64
Diluted earnings per share[28]	in EUR/share	41.86	45.64

[28] For ordinary and preferred shares

(44) 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, 2016. The net retained profit reported in these annual financial statements is TEUR 93,932.

The Management Board proposes to pay a dividend of around EUR 41.60 per share (previous year: EUR 8.00 per share) to preferred and ordinary shareholders, as follows:

in TEUR	
Category A preferred shareholders	5,408
Category B preferred shareholders	8,403
Ordinary shareholders	36,189
Total	**50,000**

The dividend payment to category B preferred shareholders is calculated by deducting treasury shares which have no dividend entitlement and amounted to 97,979 shares as of January 31, 2016.

(45) NEW ACCOUNTING PRONOUNCEMENTS

STANDARDS AND INTERPRETATIONS REQUIRED TO BE APPLIED FOR THE FIRST TIME IN THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JANUARY 31, 2016

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 IFRSs and IFRICs which have also already been adopted by the European Commission:

	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)
Annual Improvements to IFRSs 2010–2012 Cycle	7/1/2014	Yes	2/1/2015
Annual Improvements to IFRSs 2011–2013 Cycle	7/1/2014	Yes	1/1/2015
Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions	7/1/2014	Yes	2/1/2015
IFRIC 21 Levies	1/1/2014	Yes	6/17/2014

The Annual Improvements to IFRSs 2010–2012 Cycle resulted in enhanced notes disclosures for segment reporting. The other amendments do not affect Miba AG's financial statements.

The Annual Improvements to IFRSs 2011–2013 Cycle and the amendments to IAS 19 do not affect Miba AG's financial statements.

IFRIC Interpretation 21 contains rules on the accounting for liabilities to pay statutory levies which are not levies within the meaning of IAS 12. The interpretation does not affect Miba AG's financial statements.

PUBLISHED STANDARDS AND INTERPRETATIONS WHICH ARE ONLY REQUIRED TO BE APPLIED IN LATER FISCAL YEARS

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

	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)
IFRS 9 Financial Instruments	1/1/2018	No	
IFRS 10, IFRS 12 and IAS 28:Investment Entities – Applying the Consolidation Exception	1/1/2016	No	
IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1/1/2016	Yes	1/1/2016
IFRS 14 Regulatory Deferral Accounts	1/1/2016	No	
IFRS 15 Revenue from Contracts with Customers	1/1/2018	No	
IFRS 16 Leases	1/1/2019	No	
Annual Improvements to IFRSs 2012–2014 Cycle	1/1/2016	Yes	1/1/2016
IAS 1 Disclosure Initiative	1/1/2016	Yes	1/1/2016
IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	1/1/2016	Yes	1/1/2016
IAS 16 and IAS 41: Agriculture: Bearer Plants	1/1/2016	Yes	1/1/2016
IAS 27 Equity Method in Separate Financial Statements	1/1/2016	Yes	1/1/2016

IFRS 9 Financial Instruments sets out changes in the classification and measurement of financial instruments, impairment of financial assets and hedge accounting rules. From today's perspective, the Miba Group is expecting the application of IFRS 9 to primarily affect financial assets (especially classification and, in individual cases, measurement). As a result of converting to a uniform expected credit loss model, there will be a tendency to recognize impairments of financial instruments (particularly for trade receivables) earlier than has been the case thus far. The hedge accounting rules are simplifications, the effects of which are still being examined. From a current perspective, however, they will not result in any change for the Miba Group as the criteria for hedge accounting are not currently being met. IFRS 7 (Financial instruments: Disclosures), which was revised as part of IFRS 9, will lead to amended or enhanced note disclosures, specifically in relation to impairment allowances and the classification of financial instruments.

IFRS 10, IFRS 12 and IAS 28 Investment Entities: These deal with the application of the consolidation exception for investment entities. The standard will not affect the consolidated financial statements of Miba AG.

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations serves to clarify how to account for acquisitions of interests which constitute a business. The effects on the consolidated financial statements of Miba AG are currently being examined.

IFRS 14, which allows regulatory deferral accounts for first-time adopters of IFRSs, does not apply to Miba AG.

IFRS 15 replaces the current revenue recognition requirements in IAS 11 and IAS 18 as well as the associated interpretations. IFRS 15 sets out whether, in what amount and at what point in time revenue must be recognized. The new standard provides for a five-tier revenue recognition model which must generally be applied to all customer contracts. In addition, the note disclosures are extensively enhanced. The Miba Group expects the standard to have an effect on transactions involving a number of partial services and on revenue recognition according to the stage of completion in plant engineering. The effects have not yet been fully examined.

IFRS 16 Leases: As a result of the changes, all leases and the associated contractual rights and obligations must generally be recognized in the lessee's balance sheet. The precise effects still need to be analyzed; however, it can be assumed that total assets will increase. The Miba Group is not currently planning to apply this standard early.

IAS 1 Disclosure Initiative: In the first instance, this deals with clarifications concerning materiality, presentation in the income statement and in other comprehensive income, and disclosure requirements. The effects on the consolidated financial statements of Miba AG are currently being examined.

The amendments to IAS 16 and IAS 38 clarify which methods of depreciating property, plant and equipment and amortizing intangible assets are acceptable. The amendments do not affect the consolidated financial statements of Miba AG.

IAS 16 and IAS 41, Agriculture – Bearer Plants: These amendments clarify the scope of IAS 16. The standard does not affect the consolidated financial statements of Miba AG.

IAS 27 allows future investments in subsidiaries, joint ventures and associates to be accounted for in IFRS separate financial statements using the equity method. The standard will not affect the consolidated financial statements of Miba AG.

(46) CONSOLIDATION

CONSOLIDATION PRINCIPLES

Under IFRS 3, subsidiaries acquired 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 with 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 recognized 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.

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

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 affiliated companies", 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.

If there is a joint operation, the entities are proportionately consolidated in Miba AG's consolidated financial statements. This requires contractually agreed joint control and the right to the attributable assets, liabilities and provisions of the company.

Associates, i.e., interests where the Company can exercise significant influence over financial and operating policies, but which it does not control, are accounted for under the equity method. This generally applies where the percentage of voting rights is between 20 and 50 percent. Only the recognized investments and receivables from and liabilities to these investees are reported in the consolidated balance sheet. The consolidated income statement includes the share of the companies' profit or loss for the year. If the Group's share of losses equates to or exceeds its interest in the associate, the recognition of losses is discontinued unless the Group is liable for the associate's losses.

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

The necessary deferred tax debits and credits are applied to temporary differences arising from the consolidation.

BASIS OF CONSOLIDATION

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

The basis of consolidation has been determined in accordance with the principles of IFRS 10, resulting in 17 (previous year: 15) Austrian and 24 (previous year: 22) foreign subsidiaries in which Miba AG directly or indirectly holds the majority of voting rights being consolidated (100 percent) in the consolidated Group.

Miba Energy Holding GmbH & Co KG, Laakirchen, Austria, and the companies held by Miba Energy Holding GmbH & Co KG in which the indirect share of capital is 49 percent or less are also controlled and consolidated, as Miba Energy Holding GmbH, the managing general partner, is a wholly owned subsidiary of Miba AG. Miba Energy Holding GmbH as the only partner has the right to manage Miba Energy Holding GmbH & Co KG. The Miba Group therefore controls Miba Energy Holding GmbH & Co KG and its subsidiaries via Miba Energy Holding GmbH, as it has the ability to use its power to affect variable returns.

One (previous year: one) company has been proportionately consolidated in Miba AG's consolidated financial statements. 50 percent of the shares of ABM Advanced Bearing Materials LLC, with its principal place of business in Greensburg, Indiana, USA, are owned by Miba Bearings US LLC, McConnelsville, Ohio, USA; this is a strategic partnership for the input stock production of engine bearings. Control over the net assets of the company is limited to the extent that the second shareholder has tender rights if a transfer is desired. The joint arrangement was classified as a joint operation, as the parties have a contractual right to all the economic benefits.

Furthermore, two (previous year: two) investments in associates have been accounted for under the equity method.

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

Miba AG's consolidated group includes a special fund (held-to-maturity fund) which is classified as a structured entity. Fund assets are controlled on the basis of comprehensive codetermination rights and therefore consolidated. The fund invests in corporate bonds and serves as a long-term investment vehicle. The significant risks are credit risk and market risk. Miba AG does not intend to provide financial support or any other assistance to the fund.

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	
	1/31/2016	1/31/2015	2015-–16	2014–15
Brazilian real (BRL)	4.4507	3.0045	3.8016	3.1046
British pound (GBP)	0.7641	0.7511	0.7247	0.8011
Indian rupee (INR)	73.9500	70.2100	71.2330	80.0390
Renminbi yuan (CNY)	7.1810	7.0639	6.9655	8.1021
Singapore dollar (SGD)	1.5550	1.5292	1.5255	1.6674
Czech koruna (CZK)	27.0260	27.7970	27.2087	27.5699
US dollar (USD)	1.0920	1.1305	1.1033	1.3119

(47) ACCOUNTING POLICIES

REVENUE AND EXPENSE RECOGNITION

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

Revenue

Revenue includes all revenue arising from the typical business activities of the Miba Group.

Revenue from the sale of goods and merchandise is recognized at the time when the risks and rewards are transferred to the buyer. The legal terms arising from statutory, contractual and general terms and conditions, and primarily from the Incoterms, are significant for the transfer of risk.

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 proportion that contract costs incurred up to the reporting date bear to estimated total contract costs.

Income

Expenditure-related **government grants** for research and development and for **measures to promote the labor market** have been 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 awarded.

Research and development expenses

According to IAS 38, **research** is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. In compliance with IAS 38.54, research expenses are not capitalized.

Development is the application of research findings with the aim of improving and innovating materials, devices, products and processes. The Miba Group's **development expenses** do not meet all the criteria listed in IAS 38.57 and are therefore not capitalized. In fiscal year 2015–2016, research and development costs amounting to EUR 31.8 million (previous year: EUR 27.9 million) were expensed.

Dividends

Dividends are reported when the right to receive payment is established.

Interest

Interest income is recognized on a time proportion basis using the effective interest method under IAS 39.

Income taxes

Tax expense is the total of current and deferred tax expense. Current tax and deferred tax are recognized in profit or loss, except to the extent that they relate to a business combination or an item recognized directly in equity or in other comprehensive income.

Current tax is the expected tax liability or tax receivable on the taxable income or taxable loss for the fiscal year, based on tax rates which apply as of the reporting date or will apply shortly, as well as all adjustments to the tax liability for earlier years. The amount of the expected tax liability or tax receivable reflects the amount that represents the best estimate, taking account of any tax uncertainties, if they exist. Current tax assets and liabilities are only offset under certain conditions.

Miba Aktiengesellschaft, as a tax group parent, forms a tax group under section 9 of the Austrian Corporate Income Tax Act 1988 (KStG) in which the taxable profit of all material Austrian subsidiaries and the losses of a few foreign subsidiaries are combined. Future tax obligations from the offset of the losses of foreign subsidiaries are recognized in the consolidated financial statements.

The tax allocation is determined by the tax group parent. If the tax group member attributes positive income within the meaning of section 9(6) no. 1 of the Austrian Corporate Income Tax Act (KStG), taking account of section 9(6) no. 4 of the Austrian Corporate Income Tax Act (KStG), to the tax group parent, the positive tax allocation from the tax group member to the tax group parent amounts to 25 percent. If negative income within the meaning of section 9(6) no. 1 of the Austrian Corporate Income Tax Act (KStG) is attributed to the tax group parent, the tax group member receives a negative tax allocation of 25 percent.

Deferred taxes are recognized for temporary differences between the carrying amounts of assets and liabilities for group accounting purposes and the amounts used for tax purposes. Deferred taxes are not recognized for

- temporary differences arising from the initial recognition of assets or liabilities in a transaction which is not a business combination and which affects neither the accounting profit before tax nor the taxable profit,
- temporary differences associated with interests in subsidiaries, associates and jointly controlled entities if the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future, and
- taxable temporary differences arising from the initial recognition of goodwill.

A deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Future taxable profits must be determined on the basis of the individual business plans of the subsidiaries. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the associated tax benefit will be recovered; write-downs are reversed if the probability of future taxable profits has increased.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it is probable that future taxable profit will allow recovery.

Deferred taxes are measured using the tax rates that are expected to apply to temporary differences when they reverse, using the tax rates enacted or announced as of the reporting date.

The measurement of deferred taxes reflects the tax consequences that follow from the manner in which the Group expects to recover or settle the carrying amount of its assets and liabilities as of the reporting date.

Deferred tax assets and deferred tax liabilities are offset when certain conditions are met.

Earnings per share

Earnings per share (basic and diluted) are determined by dividing the profit or loss for the period by the weighted average number of shares issued.

NON-CURRENT ASSETS

Goodwill

Goodwill is not amortized. An IAS 36 impairment test is performed at least once a year or if there are internal or external indicators of impairment.

The carrying amount of each cash-generating unit to which goodwill has been assigned is compared, inclusive of goodwill, with the recoverable amount for this unit. In the Miba Group, goodwill has always been assigned to a legally independent entity. Recoverable amount is defined as the higher of fair value less costs to sell and value in use. Fair value is the amount achievable in a sales transaction conducted at arm's length. Value in use is determined using a discounted cash flow (DCF) calculation. If the recoverable amount does not cover the carrying amount, impairment losses are recognized in profit or loss in accordance with the requirements of IAS 36. The impairment loss is first allocated to the goodwill of the cash-generating unit. An impairment loss in excess of the amount of goodwill is allocated to the CGU's other assets. If there is an indication that an impairment no longer exists, the need to reverse the impairment loss in full or in part is examined.

The discount rate used in the DCF calculation equates to the interest rate after tax which reflects current market assessments of the time value of money and the specific risks of the assets for each country in which a branch is located. This is calculated based on the weighted average cost of capital (WACC) for the company's equity and debt, using current market information. Cost of equity is determined based on the capital asset pricing model (CAPM), taking account of a country risk premium adapted for each country in which a branch is located. Borrowing costs consist of a country-specific base rate plus a premium determined using credit spreads, also including the prevailing corporate income tax rate of the respective country in which the branch is located (tax shield). The beta factors used in the CAPM, the credit spread and the capital structure on which the weighting of equity and debt is based arise from comparisons with peer group companies (market perspective). The country-specific WACC after tax is recalculated at least once a year.

To determine cash flows, a detailed annual budget for the following fiscal year is prepared and approved. The financial information for the calculation of the cash flows for the subsequent two years is taken from the medium-term planning. The assumptions on which the budget and medium-term planning (first detailed planning phase) are based are established separately for revenue and cost trends. Revenue planning is based on reported customer demand at the individual part level and on general economic forecasts; planning of cost of goods sold (COGS) is based on product contributions while also taking account of developments in commodity markets and collective agreements on wage or salary increases. Sales, general and administration costs are determined using zero-based budgeting. For the subsequent fourth year (second detailed planning phase), the projected planning is adapted based on a growth rate depending on the country where the branch is located. Growth rates here equate to 50 percent of the average of the rates of inflation forecast by the IMF for 2016 and 2020.[29] For the period after the two detailed planning phases, a nil perpetual bond growth rate was used in fiscal year 2015–2016 based on the assumptions for the second detailed planning phase.

[29]cf. International Monetary Fund (IMF), World Economic Outlook: Adjusting to Lower Commodity Prices, October 2015.

The DCF calculations performed in fiscal year 2015–2016 were based on the cost of capital (WACC) after tax and growth rates for the second detailed planning phase and perpetual bonds listed in the following table.

Fiscal year 2015–16 in %	Weighted average cost of capital (WACC) after tax	Second detailed planning phase growth rate	Perpetual bond growth rate
Miba Europe			
Austria	7.9	1.0	0.0
Miba Americas			
USA	8.6	0.9	0.0
Brazil	14.6	2.5	0.0
Miba Asia			
People's Republic of China	9.2	1.2	0.0

The DCF calculations performed in the previous year were based on the cost of capital (WACC) after tax and growth rates listed in the following table.

Fiscal year 2014–15 in %	Weighted average cost of capital (WACC) after tax	Second detailed planning phase growth rate	Perpetual bond growth rate
Miba Europe			
Austria	8.3	0.9	0.0
Miba Americas			
USA	9.2	1.0	0.0
Brazil	14.9	2.6	2.6
Miba Asia			
People's Republic of China	10.3	1.4	0.0

No impairment losses had to be recognized for goodwill as a result of the impairment tests performed during fiscal year 2015–2016 (previous year: TEUR 0). Even a possible change, after prudent judgment, in these key assumptions would not result in a requirement to recognize an impairment loss.

Intangible assets and property, plant and equipment

Intangible assets with finite useful lives are measured at cost less straight-line amortization and impairment losses in accordance with IAS 38.

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.

If these assets show evidence of **impairment**, e.g., external or internal information which indicates a potential loss in value, they are written down to the lower recoverable amount. The latter amount equates to the higher of the asset's value in use determined from the discounted cash flow (DCF) calculation and fair value less costs to sell. As part of the DCF calculation – for general details on the DCF calculation and the necessary parameters for this, see also *Goodwill* in note (47) *Accounting policies* – assets are combined at the lowest level for which separate cash flows can be identified. If cash flows are not separately identifiable for an asset, the impairment test is based on the cash-generating unit (CGU) to which the asset belongs. Determination of fair value less costs to sell is based on observable purchase and sales transactions of identical or comparable assets and, if the former are not available, on management's estimates of the amounts. Further disclosures on impairment losses recognized in fiscal year 2015–2016 for intangible assets and property, plant and equipment are outlined in note (11) *Depreciation, amortization and impairment losses*. If the reasons for previously recognized impairment losses no longer apply, the impairment losses are reversed.

The production cost for internally generated plant and equipment includes a share of fixed and variable production overheads as well as costs that are 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 amortization and depreciation is based mainly on the following useful lives:

Asset category	Useful life (in years)
Patents and licenses	3 to 20
Customer relationships	5 to 15
Other rights	3 to 20
Buildings	10 to 40
Technical equipment	4 to 10
Other equipment, operating and office equipment	3 to 10

Investment subsidies are recognized as liability items and reversed in accordance with the useful life of the asset. They relate exclusively to property, plant and equipment.

Leases

Leased property, plant and equipment for which substantially all risks and rewards incidental to the ownership of the asset are transferred to the Miba Group (**finance lease**) is recognized at fair value or at the lower present value of minimum lease payments at inception of the lease and depreciated over the expected useful life or the shorter lease term in accordance with IAS 17.

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

Associates

The carrying amount of an interest in an **associate** is tested for impairment if there are indications when applying IAS 39 that the interest might be impaired. When determining the present value in use of investments in associates, the future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate as well as the proceeds from the ultimate disposal of the investment, are discounted.

CURRENT ASSETS

Inventories

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 recovery 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 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.

Trade receivables

In the Group, **bills of exchange** are transferred to banks and suppliers by means of endorsement. When transferring a bill of exchange, it is checked whether the derecognition rules of IAS 39 have been met. The right to receive cash flows is always transferred here; therefore, in the event of a transfer, Miba checks whether the material risks and rewards from the financial asset have also been transferred. Credit risk is the most significant risk here. The bill of exchange receivable is only derecognized if credit risk has been transferred; otherwise the bill of exchange receivable is not derecognized and a liability is recognized for the bill of exchange as soon as the transfer takes place. In this case, Miba continues to be liable to the holder of the bill of exchange if other endorsers or the issuer who is jointly and severally liable cannot meet their payment obligations.

For accounting policies relating to trade receivables, please refer to the section on "Financial assets and liabilities".

Tax receivables

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

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 amount of the 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 *Mitarbeitervorsorgekasse* (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 2.00 percent p.a. (previous year: 1.70 percent) and including a wage and salary increase rate of 2.40 percent p.a. for salaried employees and wage earners (previous year: 2.40 percent). Taking transitional regulations into account, the earliest possible date of entitlement to a 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 ANG* (AVÖ–P08 ANG 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 1.80 percent p.a. (previous year: 1.70 percent).

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 eight Austrian and six foreign subsidiaries, whereby the employer pays contributions to external funds. The contributions to the funds are a current period expense.

In addition, long-term oriented remuneration components were agreed for members of the Management Board. One version of this remuneration entitles the holder to a cash settlement after three years. The amount paid out depends on the change in group equity as of each reporting date. The Group accounts for these obligations from entitlements which have not yet been paid out under other current and non-current personnel provisions.

A new version of long-term oriented remuneration entitles the holder to a cash settlement at his or her expected date of retirement. The amount paid out also depends on the change in group equity. This version is reported under other non-current personnel provisions.

PROVISIONS

Provisions are reported under other current or non-current liabilities and comprise all legal or constructive obligations to third parties resulting from 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.

FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are recognized 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 transferred substantially all risks and rewards associated with ownership.

Under IAS 39, financial assets are classified as either loans and receivables, available for sale, held to maturity or financial assets at fair value through profit or loss, with the latter also being subdivided into held for trading and fair value option. Financial liabilities are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss.

Loans and receivables

In the Miba Group, trade receivables, loans, current investments, other financial receivables and cash and cash equivalents are classified as loans and receivables. Financial instruments in this category are recognized at amortized cost, using the effective interest method if applicable.

If there are doubts concerning collectability, the financial assets in this category are recognized at the lower recoverable amount. Payment delays or defaults by a debtor (credit risk) are indications of an impairment. The conclusion of insolvency proceedings results in the derecognition of the respective item. Valuation allowances are applied to trade receivables by using allowance accounts. Impairment losses are recognized in the income statement under other operating expenses.

Available for sale
Securities comprising bonds and bond funds (debt instruments) are classified as available for sale and recognized at fair value. Changes in fair value are 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 between cost and fair value. In addition to measuring the change in fair value, the debtor's credit risk is evaluated on a regular basis. If the causes of the impairment loss no longer exist, it is reversed through profit or loss.

Investments in affiliated (unconsolidated) companies and other equity investments are generally classified as available for sale. 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.

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

Financial assets at fair value through profit or loss
In the Miba Group, securities comprising bonds and bond funds (debt instruments) that are held for trading are classified as financial assets at fair value through profit or loss. In addition, securities which mainly comprise bonds (debt instruments) and which meet the IAS 39 criteria are allocated to this category on initial recognition (fair value option). These are securities which are managed and reported on the basis of fair value while complying with a documented risk management strategy. They are accounted for at fair value at the date of acquisition and in subsequent periods. Changes in fair value, if material, are recognized in the income statement.

Positive fair values (if available) of derivative financial instruments for which the Miba Group does not use hedge accounting are classified into this category (held for trading). They are reported under current financial assets.

Financial liabilities at amortized cost
Trade payables and all non-current and current financial liabilities (with the exception of liabilities under finance leases) are classified into this category and are measured at amortized cost, using the effective interest method if applicable. Liabilities under finance leases are generally recognized as a liability at the present value of future lease payments.

Financial liabilities at fair value through profit or loss
Negative fair values of derivative financial instruments for which the Miba Group does not use hedge accounting are classified into this category (held for trading). These comprise commodity price hedges, interest rate hedges and energy price hedges. They are reported under current financial liabilities.

Hedge accounting
If a 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, as the IAS 39 criteria are not being met.

Fair value measurement
Fair values of financial assets and liabilities generally equate to market prices as of the reporting date. If prices in active markets are not directly available, fair values are – if they are not immaterial – calculated using recognized actuarial valuation techniques and current market parameters (especially interest rates, exchange rates and credit ratings of counterparties). Financial instrument cash flows are discounted to the reporting date. Detailed information on fair value measurements of individual financial instruments is presented under note (36) *Financial instruments*.

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. Further details are presented under note (36) *Financial instruments*.

TRADE PAYABLES

For liabilities which are part of a reverse factoring agreement, it is examined whether the original **trade payable** must continue to be reported or whether it must be derecognized because of the agreement and a new financial liability recognized. First, it is examined whether the Group has been released from its original obligation and, for example, an obligation to the bank must now be reported based on an acknowledgment of debt. If the Group was not released from its original obligation, it is further examined whether the Group has, through the reverse factoring agreement, entered into a new obligation to the bank which must be recognized in addition to the trade payable. If this is not the case either, it is examined whether the reverse factoring agreement has resulted in material changes to the contract terms for the trade payable which result in the derecognition of the trade payable and the recognition of a new financial liability within the meaning of IAS 30.40, IAS 39.AG62. A present value test is performed in this regard. The trade payable is derecognized if the present value of the trade payable changes by 10 percent or more, or where the deviation is less than 10 percent, if qualitative criteria, such as, e.g., waiver of plea, interest payments between contract parties, make derecognition necessary. The difference is immediately recognized through profit or loss in the income statement.

(48) 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 April 29, 2016.

Laakirchen on April 29, 2016
The Management Board of Miba AG

DI F. Peter Mitterbauer, MBA
Chairman of the Management Board,
Regional responsibility for Miba Europe,
also responsible for the Miba Power Electronics Group, Communications, Management Accounting, Human Capital, Strategy, Innovation & Technology and Internal Audit

Dr. Wolfgang Litzlbauer
Vice Chairman of the Management Board,
Regional responsibility for Miba Asia,
also 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,
Regional responsibility for Miba Americas,
also responsible for the Miba Sinter Group, the Miba Equipment Manufacturing Group and Quality

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

Appendix 1 to the notes: Investees

Investees as of January 31, 2016

Appendix 1/1

Overall, equity interests were held in 51 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, 41 consolidated subsidiaries, 1 proportionately consolidated company, 2 associates as well as 5 unconsolidated subsidiaries and 2 associates not accounted for under the equity method:

Company	Company domicile	Nominal capital in thousand	Currency	Direct and indirect holding %	Type of consoli-dation
Affiliated company					
Miba Aktiengesellschaft	Laakirchen, AUT	9,500	EUR		C
Miba Shared Services					
Miba Sinter Holding GmbH	Laakirchen, AUT	35	EUR	100.00	C
Miba Sinter Holding GmbH & Co KG	Laakirchen, AUT	110	EUR	100.00	C
Miba Bearings Holding GmbH	Laakirchen, AUT	8,750	EUR	100.00	C
Miba Friction Holding GmbH	Laakirchen, AUT	35	EUR	100.00	C
Miba Energy Holding GmbH	Laakirchen, AUT	35	EUR	100.00	C
Miba Energy Holding GmbH & Co KG	Laakirchen, AUT	10	EUR	49.00	C
Miba Engineering Center India Pvt. Ltd.[2]	Pune, IND	100	INR	97.45	C

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

C = consolidation
[2] Reporting date: March 31, 2016

Appendix 1/2

Company	Company domicile	Nominal capital in thousand	Currency	Direct and indirect holding %	Type of consoli-dation
Miba Europe					
Miba Sinter Austria GmbH	Laakirchen, AUT	8,400	EUR	100.00	C
Miba Sinter Slovakia s.r.o.	Dolný Kubín, SVK	3,699	EUR	100.00	C
Miba Deutschland GmbH	Stuttgart, DEU	26	EUR	100.00	NC
Miba France SARL	Paris, FRA	20	EUR	100.00	NC
Miba Italia S.r.l.	Turin, ITA	20	EUR	100.00	NC
Miba Gleitlager Austria GmbH	Laakirchen, AUT	35	EUR	100.00	C
Miba Bearings Materials GmbH	Laakirchen, AUT	35	EUR	100.00	C
Miba Frictec GmbH	Laakirchen, AUT	40	EUR	100.00	C
Miba Steeltec s.r.o.	Vráble, SVK	5,163	EUR	100.00	C
Fibertec Steti s.r.o.	Štětí, CZE	200	CZK	100.00	C
High Tech Coatings GmbH	Laakirchen, AUT	1,000	EUR	100.00	C
Teer Coatings Ltd.	Droitwich, GBR	1	GBP	100.00	C
EBG Elektronische Bauelemente GmbH	Laakirchen, AUT	364	EUR	49.00	C
DAU GmbH & Co KG	Laakirchen, AUT	291	EUR	49.00	C
Dau GmbH	Laakirchen, AUT	36	EUR	49.00	C
EBG & DAU Kühlerentwicklung GmbH	Laakirchen, AUT	40	EUR	49.00	C
EDMS d.o.o.[1)]	Šentjernej, SVN	13	EUR	24.01	C
Miba Automation Systems Ges.m.b.H.	Laakirchen, AUT	45	EUR	100.00	C
Miba Kantinen GmbH[1)]	Laakirchen, AUT	116	EUR	100.00	NC
Miba China Holding GmbH	Laakirchen, AUT	4,706	EUR	97.45	C

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

C = consolidation
NC = not consolidated
[1] Reporting date: December 31, 2015

Appendix 1/3

Company	Company domicile	Nominal capital in thousand	Currency	Direct and indirect holding %	Type of consoli-dation
Miba Americas					
Miba Sinter USA LLC	McConnelsville, Ohio, USA	12,000	USD	100.00	C
Miba Sinter Sales Corp.	McConnelsville, Ohio, USA	10	USD	100.00	C
Metalaxis Precision Machining LLC	McConnelsville, Ohio, USA	1	USD	100.00	C
Mahle Metal Leve Miba Sinterizados Ltda.[1)]	São Paulo, BRA	100	BRL	40.00	EM
Miba Bearings US LLC	McConnelsville, Ohio, USA	29,000	USD	100.00	C
Miba Bearings Sales Corp.	McConnelsville, Ohio, USA	10	USD	100.00	C
ABM Advanced Bearing Materials LLC[1)]	Greensburg, Indiana, USA	4,540	USD	50.00	PC
Miba HydraMechanica Corp.	Sterling Heights, Michigan, USA	0	USD	100.00	C
Miba Energy Holding LLC	McConnelsville, Ohio, USA	100	USD	49.00	C
EBG Resistors LLC	Middletown, Pennsylvania, USA	40	USD	34.30	C
EBG LLC	Middletown, Pennsylvania, USA	10	USD	49.00	C
DAU Thermal Solutions North America Inc.	Middletown, Pennsylvania, USA	10	USD	49.00	C

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

C = consolidation
PC = proportionate consolidation
EM = equity method
[1] Reporting date: December 31, 2015

Appendix 1/4

Company	Company domicile	Nominal capital in thousand	Currency	Direct and indirect holding %	Type of consoli-dation
Miba Asia					
Miba Precision Components (China) Co. Ltd.[1)]	Suzhou, Industrial Park, CHN	115,802	CNY	97.45	C
Sintercom India Pvt. Ltd. [2)]	Pune, IND	191,868	INR	26.00	EM
Miba Far East Pte. Ltd.	Singapore, SGP	1,075	SGD	100.00	C
Miba Drivetec India Pvt. Ltd.[2]	Pune, IND	20,002	INR	100.00	C
Miba Coatings Trading (Suzhou) Ltd.[1)]	Suzhou, Industrial Park, CHN	349	CNY	100.00	C
Dong Guang ART – Teer Coating Techn. Co.°Ltd.[1)]	Hong Kong, CHN	1,500	HKD	35.00	NC
Hangzhou Hui – Teer Surface Advanced Coatings Ltd. [1)]	Linan, CHN	10,321	CNY	41.00	NC
EBG Shenzhen Ltd.[1)]	Shenzhen, CHN	10,860	CNY	41.49	C
Shenzhen Rui Xi Si Te Industry Co. Ltd.[1]	Shenzhen, CHN	3,000	CNY	97.45	C
Miba Asia Holding Pte. Ltd.	Singapore, SGP	0	SGD	97.45	C

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

C = consolidation
EM = equity method
NC = not consolidated
[1] Reporting date: December 31, 2015
[2] Reporting date: March 31, 2016

Investees
as of January 31, 2015

Appendix 1/5

Overall, equity interests were held in 51 companies. Of these, 11 companies have not been included in the consolidated financial statements on grounds of immateriality. The following list contains the parent company, 37 consolidated subsidiaries, 1 proportionately consolidated company, 2 associates as well as 9 unconsolidated subsidiaries and 2 associates not accounted for under the equity method:

Company	Company domicile	Nominal capital in thousand	Currency	Direct and indirect holding %	Type of consoli-dation
Affiliated company					
Miba Aktiengesellschaft	Laakirchen, AUT	9,500	EUR		C
Miba Shared Services					
Miba Sinter Holding GmbH	Laakirchen, AUT	35	EUR	100.00	C
Miba Sinter Holding GmbH & Co KG	Laakirchen, AUT	110	EUR	100.00	C
Miba Friction Holding GmbH	Laakirchen, AUT	35	EUR	100.00	C
Miba Energy Holding GmbH	Laakirchen, AUT	35	EUR	100.00	C
Miba Energy Holding GmbH & Co KG	Laakirchen, AUT	10	EUR	49.00	C

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

C = consolidation

Appendix 1/6

Company	Company domicile	Nominal capital in thousand	Currency	Direct and indirect holding %	Type of consoli-dation
Miba Europe					
Miba Sinter Austria GmbH	Laakirchen, AUT	8,400	EUR	100.00	C
Miba Sinter Slovakia s.r.o.	Dolný Kubín, SVK	3,699	EUR	100.00	C
Miba Deutschland GmbH	Stuttgart, DEU	26	EUR	100.00	NC
Miba France SARL	Paris, FRA	20	EUR	100.00	NC
Miba Italia S.r.l.	Turin, ITA	20	EUR	100.00	NC
Miba Gleitlager GmbH	Laakirchen, AUT	8,750	EUR	100.00	C
Miba Bearings Materials GmbH	Laakirchen, AUT	35	EUR	100.00	NC
Miba Bearings Austria GmbH	Laakirchen, AUT	35	EUR	100.00	NC
Miba Frictec GmbH	Laakirchen, AUT	40	EUR	100.00	C
Miba Steeltec s.r.o.	Vráble, SVK	5,163	EUR	100.00	C
Fibertec Steti s.r.o.	Štětí, CZE	200	CZK	100.00	C
High Tech Coatings GmbH	Laakirchen, AUT	1,000	EUR	50.10	C
Teer Coatings Ltd.	Droitwich, GBR	1	GBP	100.00	C
EBG Elektronische Bauelemente GmbH	Laakirchen, AUT	364	EUR	49.00	C
DAU GmbH & Co KG	Laakirchen, AUT	291	EUR	49.00	C
Dau GmbH	Laakirchen, AUT	36	EUR	49.00	C
EBG & DAU Kühlerentwicklung GmbH	Laakirchen, AUT	40	EUR	49.00	C
EDMS d.o.o.[1]	Šentjernej, SVN	13	EUR	24.01	C
Miba Automation Systems Ges.m.b.H.	Laakirchen, AUT	45	EUR	100.00	C
Miba Kantinen GmbH[1]	Laakirchen, AUT	116	EUR	100.00	NC
Miba China Holding GmbH	Laakirchen, AUT	4,706	EUR	94.96	C

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

C = consolidation
NC = not consolidated
[1] Reporting date: December 31, 2014

Appendix 1/7

Company	Company domicile	Nominal capital in thousand	Currency	Direct and indirect holding %	Type of consoli-dation
Miba Americas					
Miba Sinter USA LLC	McConnelsville, Ohio, USA	12,000	USD	100.00	C
Miba Sinter Sales Corp.	McConnelsville, Ohio, USA	10	USD	100.00	C
Metalaxis Precision Machining LLC	McConnelsville, Ohio, USA	1	USD	100.00	C
Mahle Metal Leve Miba Sinterizados Ltda.[1]	São Paulo, BRA	100	BRL	40.00	EM
Miba Bearings US LLC	McConnelsville, Ohio, USA	29,000	USD	100.00	C
Miba Bearings Sales Corp.	McConnelsville, Ohio, USA	10	USD	100.00	C
ABM Advanced Bearing Materials LLC[1]	Greensburg, Indiana, USA	4,540	USD	50.00	PC
Miba HydraMechanica Corp.	Sterling Heights, Michigan, USA	8,284	USD	100.00	C
Miba Energy Holding LLC	McConnelsville, Ohio, USA	100	USD	49.00	C
EBG Resistors LLC	Middletown, Pennsylvania, USA	40	USD	34.30	C
EBG LLC	Middletown, Pennsylvania, USA	10	USD	49.00	C
DAU Thermal Solutions North America Inc.	Middletown, Pennsylvania, USA	10	USD	49.00	C

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

C = consolidation
PC = proportionate consolidation
EM = equity method
[1] Reporting date: December 31, 2014

Appendix 1/8

Company	Company domicile	Nominal capital in thousand	Currency	Direct and indirect holding %	Type of consoli-dation
Miba Asia					
Miba Precision Components (China) Co. Ltd.[1]	Suzhou, Industrial Park, CHN	115,802	CNY	94.96	C
Miba Engineering Center India Pvt. Ltd.[2]	Pune, IND	100	INR	94.96	NC
Sintercom India Pvt. Ltd.[2]	Pune, IND	191,868	INR	26.00	EM
Miba Far East Pte. Ltd.	Singapore, SGP	1,075	SGD	100.00	C
Miba Drivetec India Pvt. Ltd.[2]	Pune, IND	20,002	INR	100.00	C
Miba Coatings Trading (Suzhou) Ltd.[1]	Suzhou, Industrial Park, CHN	349	CNY	50.10	C
Dong Guang ART – Teer Coating Techn. Co. Ltd.[1]	Hongkong, CHN	1,500	HKD	35.00	NC
Hangzhou Hui – Teer Surface Advanced Coatings Ltd.[1]	Linan, CHN	10,321	CNY	41.00	NC
EBG Shenzhen Ltd.[1]	Shenzhen, CHN	10,860	CNY	40.74	C
Shenzhen Rui Xi Si Te Industry Co. Ltd.[1]	Shenzhen, CHN	3,000	CNY	94.96	NC
Miba Asia Holding Pte. Ltd.	Singapore, SGP	0	SGD	94.96	C

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

C = consolidation
EM = equity method
NC = not consolidated
[1] Reporting date: December 31, 2014
[2] Reporting date: March 31, 2015

Auditor's report

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of **Miba Aktiengesellschaft, Laakirchen, Austria**, which comprise the consolidated balance sheet as of **January 31, 2016**, the consolidated income statement/consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ending on this reporting date, and the notes to the consolidated financial statements.

Management's responsibility for the consolidated financial statements
The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements under section 245a of the Austrian Commercial Code (UGB), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit of the financial statements in accordance with Austrian generally accepted standards for the audit of financial statements. These standards require the application of the International Standards on Auditing (ISAs). Under these standards, we must comply with professional ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and other disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the consolidated financial statements, whether due to fraud or error. When assessing these risks, 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, 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, 2016, and of its financial performance and its cash flows for the fiscal year then ended in accordance with International Financial Reporting Standards 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, on April 29, 2016
KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Dr. Helge Löffler
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 matters that are relevant to the development of the business, as well as for the careful monitoring of its activity.

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. The agreement of the Supervisory Board was obtained for those transactions where this was required 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.

The composition of the Supervisory Board changed as follows:
MMag. Peter Oswald retired from the Supervisory Board on June 25, 2015.
Prof. KR Ing. Siegfried Wolf was newly elected to the Supervisory Board at the Annual General Meeting on June 25, 2015.
We would like to thank MMag. Peter Oswald for his valuable contribution and look forward to continuing the productive collaboration with Prof. KR. Ing. Siegfried Wolf.

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 Chairman of the Supervisory Board also regularly discussed specific current topics.

The Supervisory Board set up two subcommittees: The Audit Committee 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 examination and preparation of the adoption of the consolidated financial statements and the Group management report. The Remuneration Committee deals with the content of the contracts of employment of the members of the Management Board and with remuneration matters. The Audit Committee met twice during the past year; the Remuneration 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 GmbH, 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 and Group management 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, April 2016
Dr. Wolfgang Berndt
Chairman

Editorial details

Publisher
Miba Aktiengesellschaft
Dr.-Mitterbauer-Straße 3
4663 Laakirchen, Österreich
www.miba.com

Editor
Miba Aktiengesellschaft, Laakirchen, Austria

Image sources
Miba Aktiengesellschaft, Laakirchen, Austria
Frank Lübke, Munich, Germany
Christian Schneider, Salzburg, Austria

Design & layout
SPS MARKETING GmbH, Linz, Austria

Financial reporting system
This annual report was produced in-house with FIRE.sys.

Translation & language services
ASI GmbH, Vienna, Austria

Printing
Vorarlberger Verlagsanstalt GmbH, Dornbirn, Austria

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.
To deliver a more mellifluous read, we have chosen to dispense with dual gender references. The choice of a specific gender when making general comments is not intended to diminish the value we place on the equal treatment of both sexes.

www.miba.com