Innovation in Motion

# Shareholder Information 3 2007|08

# Report for Q1-Q3 2007-08



## General Economic Setting

Since the start of the year the world's economy has experienced dynamic growth, though growth slowed in the third quarter due to the surge in the price of oil and the US sub-prime crisis. Worldwide production of cars and light utility vehicles (up to 6 tons) is at a high level. For the year as a whole, a 3% increase in production to almost 68 million units is forecasted. Market volume in heavy utility vehicles (6 tons and above) is expected to remain constant, at about 2.8 million units.

During the first three quarters of 2007-08, Miba performed well under the dynamic market conditions. This was largely thanks to a successful strategy of focusing on high technology, resulting in profitable growth during the reporting period (February 1 to October 31).

## Sales and Performance Analysis

During the reporting period sales rose around 3% relative to Q1-Q3 2006–07, to 286.8 million euros. Adjusted for lost sales resulting from the sale of the Italy and Spain sites, the increase was in fact 14%, which is significantly higher.

Miba Sinter Group accounted for the largest proportion (42.8%) of group sales, followed by Miba Bearing Group (38.7%) and Miba Friction Group (17.6%).

Sales growth resulted in a significant increase in EBIT, which rose to 18.0 million euros (Q1-Q3 2006–07: million euros). EBT rose from 8.1 million to 15.7 million euros. These figures take into account final consolidation of the Spanish subsidiary Miba Sinter Spain S.A. as of August 1, 2007.

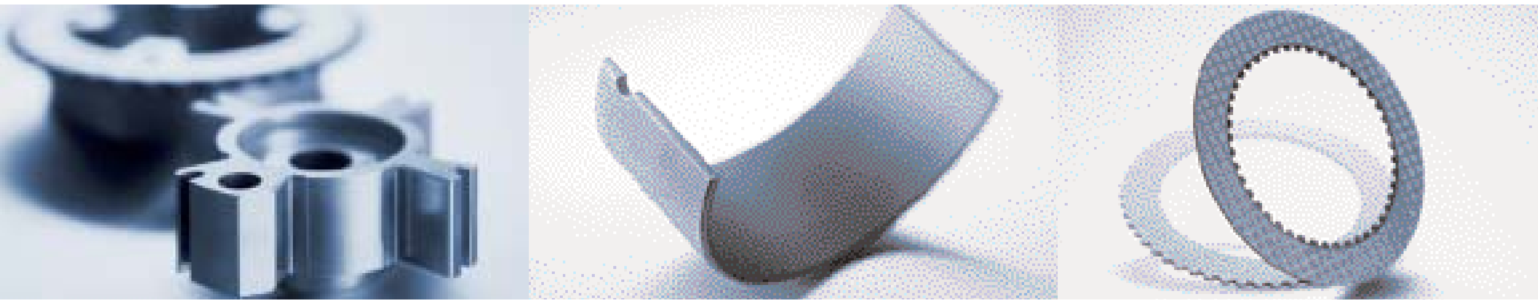
## Financial Position

Total assets remained at 328.5 million euros, i.e. roughly the same as last year, despite the increase in sales. Accounts receivable and other receivables fell relative to Q1-Q3 2006–07, by 9.4 million euros. Short-term liquid funds (as of October 31) increased by 13.5 million euros. Long-term liabilities were reduced by 5.3 million euros, short-term liabilities by 1.7 million euros.

Investments (not including financial assets) increased from 24.8 million euros (Q1-Q3 2006–07) to 25.7 million euros. Most of this investment went towards expanding production capacities at the Austrian sites Laakirchen and Vorchdorf: Those sites accounted for three quarters of total investment during the period.

Despite negative effects in the amount of 4.2 million euros due to exchange rate fluctuations, group shareholders' equity rose approximately 6%, to 174.5 million euros (October 31, 2006: 163.9 million euros). The equity ratio is at 53.1%, which is considerably higher than last year's figure (50.4%), and reflects the company's long-term orientation with respect to independence and financial strength.

Cash flow from operations increased by 43%, to 43.2 million euros, primarily as a result of earnings.





## Order Situation

As of October 31, 2007 orders on the books were at 174.6 million euros, a new record. This constitutes an 18.8% increase relative to October 31, 2006 (147.0 million euros).

## Employees

Employee headcount for Miba group worldwide was 2,606 as of October 31, 2007. After adjustment for changes in headcount resulting from the sale of the Italy and Spain sites, this constitutes an increase of 8% (205 employees) relative to the end of October '06. The increase in staff headcount took place largely at the Austrian sites, which as of the end of October employed 1,535 people.

## Other Events

In Q3 the dollar continued to fall against the euro. As of October 31, 2007 the dollar was at 1.44 to the euro, i.e. down 12% relative to the balance sheet date. However, the Slovak crown has risen 5% in value. In total, exchange rate changes reduced group shareholders' equity by 4.2 million euros. For the remainder of the business year, the management board expects the dollar to fall somewhat further and the Slovak crown to undergo a stable sideways movement.

The Suzhou (China) plant opened in March 2007, which produces sintered components and engine bearings, has successfully completed a series of samplings. The first production deliveries for Chinese customers and for European customers with operations in China have been carried out.

## Segment

### Miba Sinter Group

Since the start of the year, production of automobiles in Europe has risen by 6% year on year, to 16.4 million units. Miba Sinter Group sales remained at the same level year on year, at 122.9 million euros. After adjustment for sales lost as a result of the sale of the Italy and Spain sites, Miba Sinter Group achieved a 30.8% increase in sales. This is attributable to the new strategic orientation towards high technology and the fact that numerous new products in the areas of engine and transmission are gaining momentum. In order to be able to meet the increased demand, at the Vorchdorf site alone 11.4 million euros has been invested in expanding production capacity.

### Miba Bearing Group

In Q1-Q3 Miba Bearing Group further bolstered its strong market position. Sales rose by just under 4%, to 110.9 million euros. Orders on the books and new orders were once again at record levels on October 31. Buyer market trends varied by region and product group: While the general economic outlook in the US market is muted, key buyers in the area of large engines in China and Korea are on the point of further expanding their capacity.

### Miba Friction Group

The Miba Friction Group's new plant in Vráble, Slovakia was officially opened in September. The transfer of steel disc production from the UK to Slovakia has been completed. The economic background was positive, and in Q1-Q3 the Friction Group achieved a 9% increase in sales year on year, to 50.5 million euros. It profited from growth in all target segments, particularly friction pads for wind generators.

### Significant Risks and Uncertainties

In Q1-Q3 of the current business year there were no major changes to the risk categories listed in the report dated January 31, 2007. Based on the information currently available to it, the management team does not see any significant risks that might jeopardize the Miba Group's assets, earnings or financial position.

### Outlook

Thanks to the full order books and continuing strong demand in buyer markets, the Miba AG management board anticipates a year-on-year increase in group sales during the current 2007-08 business year, despite the sale of the Spanish site. Trends on buyer markets will continue to be shaped by the price of oil and the euro/dollar exchange rate. The management board hopes to improve

# Segment Reports

**Primary segments** (segment information according to business segment)

| | Sinter | | Bearing | | Friction | | Consolidation | | Total Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| TEUR | Q1–Q3 2007/08 | Q1–Q3 2006/07 | Q1–Q3 2007/08 | Q1–Q3 2006/07 | Q1–Q3 2007/08 | Q1–Q3 2006/07 | Q1–Q3 2007/08 | Q1–Q3 2006/07 | Q1–Q3 2007/08 | Q1–Q3 2006/07 |
| Revenue from sales | 122,853 | 122,990 | 110,885 | 106,862 | 50,549 | 46,276 | 2,496 | 1,604 | 286,783 | 277,732 |
| EBITDA | 2,741 | 5,677 | 28,761 | 27,887 | 4,442 | 441 | 687 | 1,180 | 36,630 | 35,185 |
| EBIT | –5,616 | –5,147 | 22,996 | 22,118 | 1,628 | –1,975 | –1,043 | –365 | 17,966 | 14,630 |
| Investments (excluding financial assets) | 14,250 | 10,934 | 8,274 | 7,557 | 2,361 | 5,735 | 842 | 525 | 25,728 | 24,751 |
| Number of employees (10/31) | 1,050 | 1,467 | 935 | 868 | 529 | 492 | 92 | 90 | 2,606 | 2,917 |

margins and results via an increased focus on high-tech products.




## The Miba Share

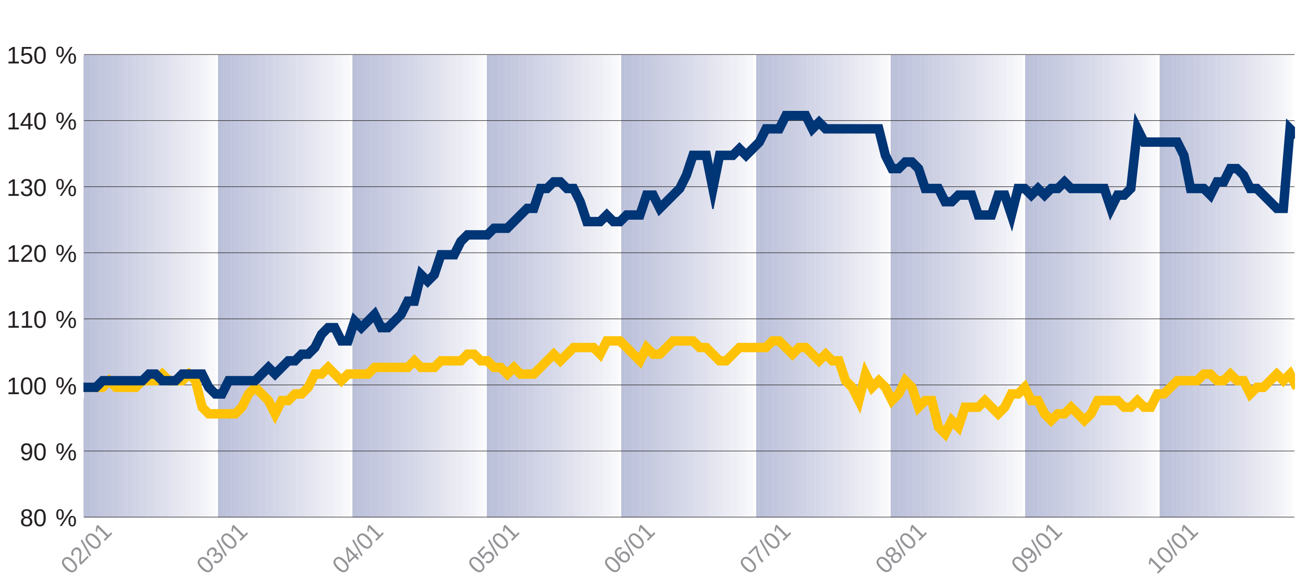
In the first three quarters of 2007-'08, the Miba share fared well, with a performance well above the reference index (WBI). The share price at the beginning of February was 103.55 euros, and reached its high point for the year to date in July (146 euros). The price on October 31 was 143.85 euros.

In a meeting on July 14, 2007 the Miba AG management board passed a resolution to make use of the authorization to buy back own shares. The share buyback program has a time limit (July 23, 2007-July 31, 2008), and relates to Miba Category B preferred stock only. The buyback price range is between 80 and 180 euros. The target buyback volume is 15,000 shares, i.e. about 1.15% of the capital stock.

As of October 31, 2007, 1,503 shares had been bought back, at an average price of 134.03 euros. That represents about 0.12% of the capital stock.

**Development of the Miba share from 02/01/2007 to 10/31/2007**

Quotation as at February 1st, 2007 = 100 %



# Consolidated Balance Sheet

| in TEUR | 31/10/2007 | 01/31/2007 | 10/31/2006 |
|---|---|---|---|
| **Assets** | | | |
| **A. Fixed assets** | | | |
| Intangible assets | 25,239 | 30,045 | 30,935 |
| Property, plant and equipment | 124,818 | 126,497 | 129,564 |
| Equity interests in associated companies | 7,028 | 7,478 | 7,185 |
| Other financial investments | 6,909 | 7,053 | 3,532 |
| Deferred tax assets | 12,149 | 9,393 | 3,933 |
| | **176,144** | **180,465** | **175,150** |
| **B. Long term assets intended for disposal** | **0** | **27** | **394** |
| **C. Current assets** | | | |
| Inventories | 54,099 | 49,656 | 55,209 |
| Accounts receivable and other receivables | 72,171 | 81,550 | 81,578 |
| Cash and cash equivalents | 26,051 | 15,059 | 12,588 |
| | **152,320** | **146,265** | **149,375** |
| | **328,464** | **326,757** | **324,919** |
| **Liabilities** | | | |
| **A. Consolidated shareholder´s equity** | | | |
| Share capital | 9,500 | 9,500 | 9,500 |
| Additional paid-in capital | 18,089 | 18,089 | 18,089 |
| Retained earnings | 147,000 | 144,722 | 136,182 |
| Treasury stock | –201 | 0 | 0 |
| Minority interests | 86 | 77 | 98 |
| | **174,473** | **172,388** | **163,869** |
| **B. Long-term liabilites** | | | |
| Post-retirement benefits and severance payments | 18,181 | 17,119 | 19,413 |
| Deferred taxes | 1,075 | 861 | 1,129 |
| Interest-bearing liabilities | 36,557 | 39,106 | 39,119 |
| Other long-term liabilities | 13,499 | 14,565 | 14,999 |
| | **69,312** | **71,650** | **74,659** |
| **C. Current liabilities** | | | |
| Current accruals | 41,768 | 30,773 | 30,327 |
| Accounts payable | 26,089 | 31,278 | 31,124 |
| Current portion of interest-bearing liabilities | 6,457 | 9,506 | 4,679 |
| Other current liabilities | 10,365 | 11,161 | 20,261 |
| | **84,678** | **82,719** | **86,391** |
| | **328,464** | **326,757** | **324,919** |

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

# Consolidated Income Statement

| in TEUR | Q3 2007/08 | Q3 2006/07 | Q1–Q3 2007/08 | Q1–Q3 2006/07 |
|---|---|---|---|---|
| Revenue from sales | 90,442 | 88,380 | 286,783 | 277,732 |
| Changes in inventory of finished and unfinished products | 1,499 | –2,153 | 2,228 | –80 |
| Internally produced and capitalized assets | 742 | 439 | 2,594 | 1,369 |
| **Operating result** | **92,684** | **86,666** | **291,605** | **279,021** |
| Other operating income | 1,478 | 1,406 | 7,451 | 5,684 |
| Expenses for materials and other purchased manufacturing services | –36,154 | –32,355 | –111,994 | –107,081 |
| Personnel expenses | –28,623 | –31,230 | –90,863 | –95,881 |
| Other operating expenses | –17,648 | –16,501 | –59,569 | –46,558 |
| **Earnings before interest, taxes and depriciation (EBITDA)** | **11,737** | **7,987** | **36,630** | **35,185** |
| Depreciation | –5,734 | –7,264 | –18,664 | –20,180 |
| **Earnings before interest, taxes and goodwill amortization (EBITA)** | **6,003** | **723** | **17,966** | **15,005** |
| Goodwill amortization | 0 | –125 | 0 | –375 |
| **Earnings before interest and taxes (EBIT)** | **6,003** | **598** | **17,966** | **14,630** |
| Income and losses from investments in associated companies | 453 | 426 | 1,251 | 1,123 |
| Net interest income | –883 | –823 | –2,310 | –2,273 |
| Other financial income | –1,225 | –5,155 | –1,166 | –5,421 |
| **Financial results** | **–1,655** | **–5,553** | **–2,225** | **–6,571** |
| **Earnings before taxes (EBT)** | **4,348** | **–4,955** | **15,741** | **8,059** |
| Taxes on income and earnings | –2,487 | –409 | –5,593 | –4,069 |
| **Earnings after taxes** | **1,861** | **–5,364** | **10,148** | **3,990** |
| Earnings participation of minority shareholders | 2 | 1 | –9 | 18 |
| **Consolidated net income for the mid-year** | **1,864** | **–5,363** | **10,139** | **4,008** |
| Earnings per share in EUR | 5.74 | –16.50 | 23.40 | 9.25 |
| Diluted earnings per share in EUR = undiluted earnings per share in EUR | 5.74 | –16.50 | 23.40 | 9.25 |

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

# Changes in Shareholders' Equity

| TEUR | Share capital | Additional paid-in capital | Currency translation gain/loss | Retained earnings | Treasury stock | Minority shares | Total |
|---|---|---|---|---|---|---|---|
| **As of February 1, 2006** | **9,500** | **18,089** | **–8,844** | **145,901** | **0** | **116** | **164,762** |
| Dividend payment | 0 | 0 | 0 | –3,640 | 0 | 0 | –3,640 |
| Foreign currency translation | 0 | 0 | –1,243 | 0 | 0 | 0 | –1,243 |
| Other neutral changes | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Actuarial profits/ losses according to IAS 19 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Annual consolidated net income | 0 | 0 | 0 | 4,008 | 0 | –18 | 3,990 |
| **As of October 31, 2006** | **9,500** | **18,089** | **–10,087** | **146,269** | **0** | **98** | **163,869** |
| | | | | | | | |
| **As of February 1, 2007** | **9,500** | **18,089** | **–9,945** | **154,667** | **0** | **78** | **172,388** |
| Dividend payment | 0 | 0 | 0 | –3,640 | 0 | 0 | –3,640 |
| Foreign currency translation | 0 | 0 | –4,221 | 0 | 0 | 0 | –4,221 |
| Other neutral changes | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in treasury stock | 0 | 0 | 0 | 0 | –201 | 0 | –201 |
| Actuarial profits/ losses according to IAS 19 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Annual consolidated net income | 0 | 0 | 0 | 10,139 | 0 | 9 | 10,148 |
| **As of October 31, 2007** | **9,500** | **18,089** | **–14,166** | **161,166** | **–201** | **87** | **174,474** |

# Consolidated Cash Flow Statement

| TEUR | Q1–Q3 2007/08 | Q1–Q3 2006/07 |
|---|---|---|
| Consolidated cash flow from operations | 43,206 | 30,165 |
| Consolidated cash flow from investment activities | –23,821 | –18,530 |
| Consolidated cash flow from financing activities | –8,394 | –9,574 |
| **Change in cash and cash equivalents and consolidated marketable securities** | **10,991** | **2,061** |

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

# Notes on the Interim Consolidated Financial Statements as at October 31, 2007



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

Miba Aktiengesellschaft is an Austria-based group with international operations. The group focusses on sintered components, engine bearings and friction materials. Group headquarters is at 4663 Laakirchen, Dr.-Mitterbauer-Strasse 3, Austria. The company is registered at the Wels Regional and Commercial Court under Company number FN 107386 x.

These financial statements as of October 31, 2007 (February 1, 2007 to October 31, 2007) have been prepared in accordance with the International Financial Reporting Standards (IFRS), in particular IAS 34 (Interim Financial Reporting), valid on the financial statements date. No changes have been made to the accounting and valuation principles of January 31, 2007. For further information regarding the accounting and valuation methods, please refer to the group financial statements as of January 31, 2007, which constitute the basis for the present interim financial statements.

For purposes of transparency, basically all amounts are shown in thousand euros (TEUR).

### Consolidated Group

The consolidated entity is defined per IAS 27 (“Consolidated and Separate Financial Statements”). Accordingly, it includes 10 domestic and 13 foreign subsidiaries where Miba Aktiengesellschaft directly or indirectly holds the majority of the voting rights.

Effective August 1, 2007, the subsidiary Miba Sinter Spain S.A., Ripollet, Spain was sold and subjected to final consolidation. In the present financial statements, it is shown in the group income statement with revenues and expenses from February 1 to July 31, but not on the balance sheet. The change to the consolidated entity resulted in a negative effect upon the group income statement in the amount of 10.4 million euros.

### Business Seasonality

Miba group sales are distributed more or less evenly across all four quarters.

### Events Occurring after the Balance Sheet

Events after the balance sheet date which are of significance to valuation on the balance sheet date (e.g. unresolved court cases, damages claims or other obligations, threatened losses) which must be posted or disclosed per IAS 10 have been taken into account in the present financial statements or are not known.

### Estimates and Uncertainties

Please refer to the Miba group financial statements as of January 31, 2007 for information regarding discretionary decisions and uncertainties arising from estimates.

### Statement by the Management Board

To the best of our knowledge, these Miba Aktiengesellschaft interim financial statements as of October 31, 2007 prepared in accordance with IFRS present as accurate as possible a picture of the assets, earnings and financial position of all the consolidated companies.

The interim report presents as accurately as possible a picture of the assets, earnings and financial position with regard to the information required per § 87 Paragraphs 2 and 4 of Austria’s Stock Exchange Act [BörseG]. For the present report, no audit or auditor’s inspection by an auditor has been carried out.

Laakirchen, December 2007

The Management Board
DI DDr. h. c. Peter Mitterbauer (Chairman) e.h.
KR Siegfried Dapoz e.h.
Dr.-Ing. Norbert Schrüfer e.h.
Dr. Wolfgang Litzlbauer e.h.
Ing. Alfred Hörtenhuber e.h.

www.miba.com

**Editor:**
Miba Aktiengesellschaft,
Dr.-Mitterbauer-Str. 3,
4663 Laakirchen, Austria
e-mail: info@miba.com
http://www.miba.com