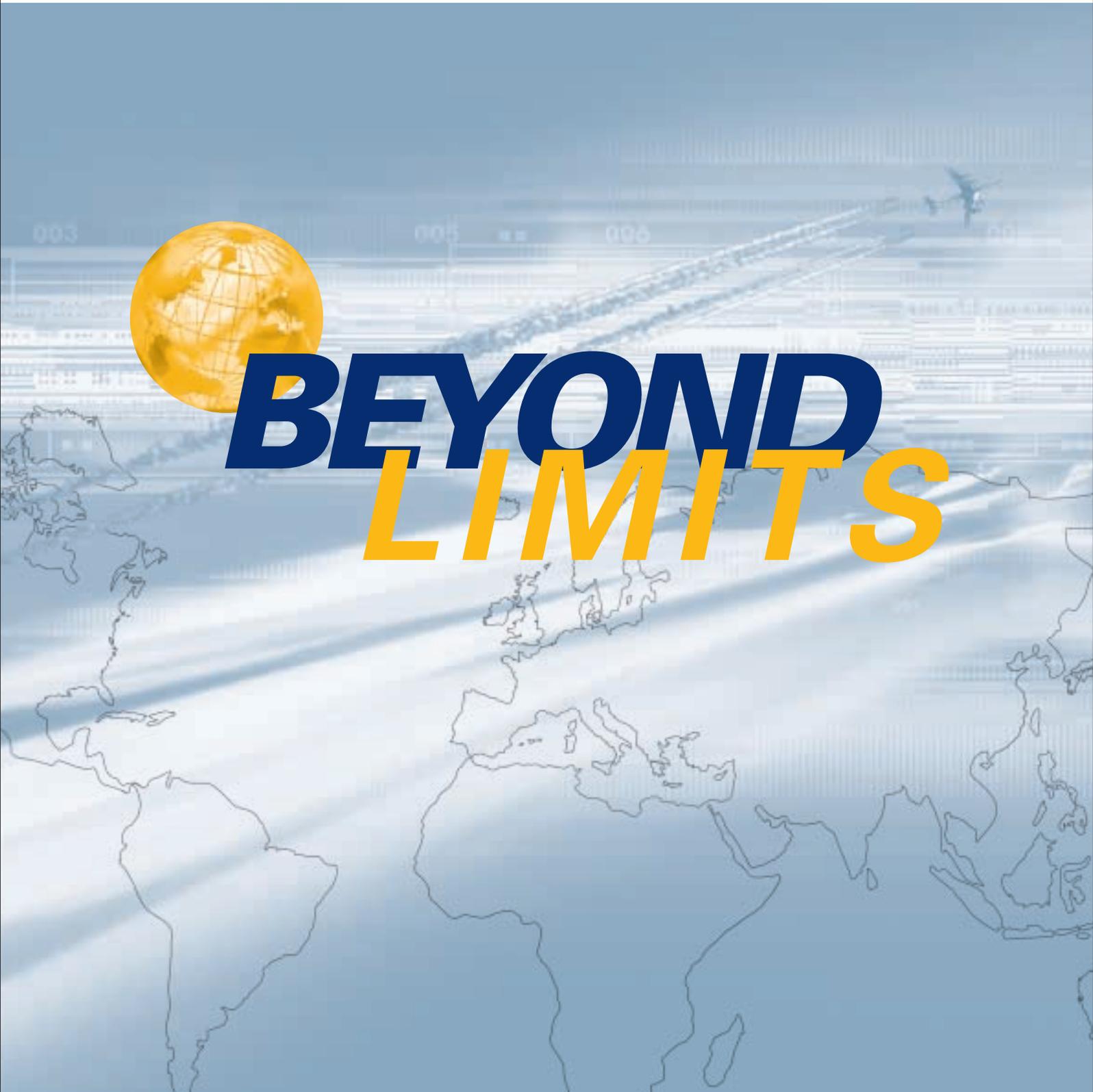


*Information for shareholders 3/2004
Report on the first three quarters 2004/05*



BEYOND LIMITS



Dear shareholders,

The Austrian Miba group, strategic partner and supplier to the international engine and vehicle industry, is in excellent shape. The group which operates all over the world demonstrated this effectively in the first three quarters of the fiscal year 2004/05. The most important markets of the group proved to be sound, however, there was no perceptible recovery in the markets and, in particular, in the automobile industry. Nevertheless Miba was able to significantly increase both its sales and results in comparison to the same period in the preceding year thus recording higher market shares.

In the first three quarters of the fiscal year 2004/05, Miba recorded sales of € 244.46 million. This represents an increase of more than 9% compared to the previous year despite the permanent increase in the Euro vis-à-vis the Dollar which had a considerably negative impact on business. Between February and October, 50.1% of the group sales were accounted for by the Sinter Group, 33.5% by the Bearing Group and 16.4% by the Miba Friction Group.

The increase in sales also had a positive effect on the earnings before tax: this rose from € 16.6 to € 17.3 million in the first three quarters of the present fiscal year. In this respect it should be taken into consideration that extraordinary depreciation and the extraordinary expenditure for the sale of the site in Turin had a negative effect on results in the third quarter at around € 0.9 million. The cash-flow from operations developed in the first three quarters of the present fiscal year in a satisfactory manner: up until the end of October this equaled € 35.7 million, following € 24.6 million in the same period in the previous year.

On the reporting date of 31.10.2004, Miba employed 2,489 employees around the globe. This represents around one hundred fewer employees than as of 31.07.2004 and can be explained by the management buyout of the site in Turin.

Sinter Group

Momentum as a result of new developments

In the third quarter the production of automobiles in Europe increased by 2.6% compared to the same period in the previous year. No clear recovery in the European automobile market was, however, noticeable. The individual markets developed differently: whilst suppliers to premium markets were able to increase their share, mass producers met with more and more problems. In the third quarter the Miba Sinter Group was able to increase its sales by 7% compared to the previous year despite the sale of the site in Turin. With the help of these new projects it was possible to make up for losses from market models not selling so well.

The order intake is at the level planned and guarantees high capacity utilization at the four European factories of the Sinter Group. The extension of the site in Dolny Kubin – particularly of our own tool construction along the lines of the parent company in Vorchdorf – is going full steam ahead. The factory in Naples has developed in a sta-

ble manner after the sale of the second Italian site in Turin as of 31 July of this year. In Barcelona production bottlenecks were encountered in part in the third quarter as a result of unplanned increases in call-up amounts. These were countered by the use of more manpower. In the parent company in Vorchdorf, the production of new products, which will secure further growth in the years to come, was commenced.

One of these new developments is a sintering process for the powder metallurgy production of toothed wheels for camshaft drives registered under the trade name of "Densgrad TM". The Miba Sinter Group was presented with the "Innovations in Powder Metallurgy Award 2004" for this process at the World Powder Metallurgy Congress in October in Vienna.

The Sinter Group can also demonstrate its technological leadership when it comes to parts for all-wheel gearboxes, new applications for hand-operated and automated gearboxes and in the field of engine management. The components boast material properties which could not, until now, be realized on a sintering basis. New development orders were concluded with almost all the reputed gearbox and engine manufacturers.

For the current fiscal year now about to end, the management of the Sinter Group anticipates an increase in sales compared to the previous year also taking the sale of the site in Turin into consideration.

Bearing Group

Strong signals from the Far East

The results of the Miba Bearing Group were also very good in the third quarter of the current fiscal year. The positive signs in the first half of the year have continued and are having a snowball effect on all the markets of the Bearing Group. In the third quarter it was possible to increase sales in the engine bearings business by 22% compared to the same period in the previous year. The supply of a production line from Miba Automation Systems, which belongs to the Bearing Group, made a major contribution towards this. Without this line, sales are 12% higher than in the same period in the previous year.

The US market has undergone particular growth in the third quarter. In part this involves preferential deals since new environmental standards will enter into force in the USA at the beginning of the year 2005. The two largest American engine manufacturers for locomotives will exclusively use engine bearings from Miba as of 2005. It is necessary to secure this strategic position of the Miba Bearing Group in the future. In Europe growth evened out in the third quarter at a high level.

On the other hand, growth in the Far East, particularly in Korea and China, continues to be strong. Due to these sustained positive signals from China, the Miba Bearing Group is considering constructing a production facility there. The Bearing Group benefits in the Far East from the good economic development with regard to shipyards which are operating with a high utilization of capacity. The market for large engines is stable at a high level.

Strong demand is also perceptible in the commercial vehicles sector. To further extend their excellent market position, the Miba Bearing Group is investing in the site in Laakirchen in new and competitive plant structures for small engine bearings. In addition, the Bearing Group is encouraging the development of new and economic processes for the surface treatment of engine bearings. Tests have produced positive results so that this new technology can be pursued further. The investment in product developments and plants also helps the group to stand out from its competitors overseas who are anxious to get a foothold in Europe.

The positive development in business in the third quarter should continue until the end of the current fiscal year. The management of the Miba Bearing Group anticipates that the goals for the year in terms of sales and results can likewise be surpassed.

Friction Group

New factory in Slovakia

An increase in production figures was witnessed in the third quarter both in the automobile industry and in the most important markets of the Miba Friction Group in construction machinery, tractors and in the truck industry. The Friction Group has benefited from this: in the first three quarters of the current fiscal year it was possible to increase sales by 5.4% compared to the same period in the previous year. In the third quarter growth, colored by the development of the dollar, was slightly above the level of the previous year by 2%.

As a result of shortages with regard to raw materials such as steel and nonferrous heavy metal, the customers of the Friction Group began to stock their warehouses to an unaccustomed degree. This led to a high level of order intake at the Friction Group which will likewise secure the fiscal year 2004/5. Apart from increased demand new products, which have now entered series production, on the basis of newly developed friction linings will also contribute to growth. Thus the series production of a new high-performance friction lining for a large European manufacturer of tractor gearboxes has now commenced. The export business in the USA is impaired by the decline in the US-Dollar.

In the third quarter the Supervisory Board of Miba AG approved the construction of a modern production facility for steel lamellas in Vrábľe, 100 kilometers to the East of Bratislava. The steel lamellas for couplers and brake linings are primarily used in heavy-duty vehicles such as in trucks, tractors and construction machinery. The new factory in Slovakia with 150 places of work is to run to full production by the end of 2006. The Miba site in England – now outdated – will then be closed down.

An investment in an automated production line for coupler linings was decided for the Roitham site. The new line is to be started-up in 2005. All the sites of the Friction Group were audited in accordance with ISO-TS 2, the highest international quality standard of the automobile industry.

How business will continue in 2004/5 will depend quite considerably on the development of the market for raw materials and the relation of the Euro-Dollar. However, the management of the Friction Group assumes that the positive development will continue.

Prospects

Solid growth

The economic development in the international engine and vehicle industry has proved to be stable in the first three quarters of the current fiscal year. Miba, as a strategic partner and supplier to industry, was able to record solid growth compared to the previous year. The order intake is according to plan following the first three quarters. The same is true of sales and results.

The continuous increase in the Euro compared to the US-Dollar also, however, influences the export business of the Miba group. In the fiscal year now drawing to a close, the effects on sales and results will, however, not be major. Miba anticipates that the announced increase in sales of 5% can be surpassed despite the decline of the US-Dollar. From today's point of view, it will even be possible to improve on the results of the previous year. Uncertainty does, however, prevail with regard to the exchange rate and the availability and pricing of steel and nonferrous heavy metals.



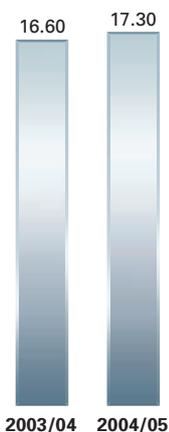
Development
in sales from
1 – 3 quarter
in € million



An overview of the first three quarters

- **Clear increase in sales**
- **Sinter Group:**
Momentum as a result of new developments
- **Bearing Group:**
Strong signals from the Far East
- **Friction Group:**
New factory in Slovakia
- **Prospects:**
Solid growth

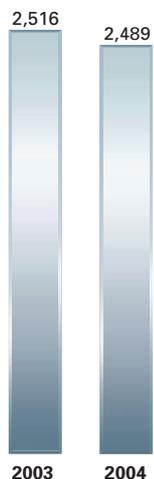
Development in
earnings before
tax from
1 – 3 quarter
in € million



Development of Miba group in the first three quarters 2004/05

	1 – 3 quarter 2003/04	1 – 3 quarter 2004/05
Sales in € million	223.61	244.46
Orders level as of 31. 10. in € million	120.27	131.48
Earnings before tax in € million	16.60	17.30
Cash-flow from operations in € million	24.60	35.70
Investments in € million	14.39	16.63
Number of employees as of 31. 10.	2,516	2,489

Development
in the number
of employees
as of 31. 10.



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