

Innovation in Motion



2006|07



Shareholder Information 1

Ladies and Gentlemen!

Miba's customer markets fared well during the first quarter of the 2006/07 business year. Demand for commercial vehicles and construction machinery increased, with Miba Friction Group and Miba Bearing Group benefiting from this trend. Ship-building in Europe and the Far East also performed well. Production figures in the European automotive industry, Miba Sinter Group's primary market, have recovered slightly following the decline in the previous year.

In the first quarter, Miba as a strategic partner and supplier of the international motor and vehicle industry, increased its sales by almost seven percent to 92.4 million EUR. Miba Sinter Group generated the largest share of consolidated sales with 45.4 percent, followed by Miba Bearing Group with 38.1 and Miba Friction Group with 15.9 percent. The remaining 0.6 percent of sales was accounted for by High Tech Coatings (HTC), located in Niklasdorf, which was acquired in May 2005. The Group's order status increased from 143.3 to 149.4 million EUR.

Commodity markets proved difficult in the first quarter. Copper, steel and metal powders were significantly more expensive than in the comparative period of the previous year. In addition to the increasing cost of materials, higher energy prices also had an impact.

After a successful quarter in the previous year, earnings before taxes (EBT) fell from 8.2 to 6.1 million EUR. This was due to the start-up and transfer costs of the new

friction material plant in Slovakia. The efficiency enhancement programs at the sinter locations in Naples and Barcelona and resulting staff reduction costs also affected earnings. Miba's 6.5 percent return on sales remains a respectable figure in this business sector. In the first quarter, Cash flow from operations amounted to 2 million EUR as compared to 4 million EUR in the same quarter of the previous year. This was partly due to building-up of stocks required for transferring friction material production from England to Slovakia.

As of the reporting date of April 30, 2006, employee headcount was 2,822, an increase of 241 compared to the year before. This increase in the number of employees was the result of hiring for the Vrable site in parallel with production in England, and of our acquisitions in Slovakia and Austria during the second quarter of the previous year.

Miba has budgeted an investment volume of 36.3 million EUR for the current business year. In the first quarter, 5.7 million EUR thereof was invested (7.1 million EUR in the same quarter of the previous year). In the first quarter, the groundbreaking ceremony took place for the new production plant for truck bearings and sintered components for truck engines at the Suzhou industrial park, 90 kilometers west of Shanghai. The construction of this plant is Miba's long-term answer to the enormous market potential in the Far East. The installation of equipment is planned to take place in September 2006. The first Chinese employees are already undergoing training in Austria.

A slight increase in automobile production

Automobile production in Europe rose by 0.8 percent to 6.2 million vehicles during the first four months of the current year in comparison with the same period of the previous year. There was considerable difference from one producer to the next: While automobile production in Central and Eastern Europe once again increased considerably, production fell by three percent in Western Europe.

As a supplier to the European automotive industry, Miba Sinter Group recorded approximately 2 percent higher sales than in the previous year. This increase in sales was due to the start-up of new projects in the motor parts division. The high-tech sites in Vorchdorf and Dolny Kubin/Slovakia benefited from this development. Preparatory work for tooling and sample production has already been carried out for additional new contracts, which will be showing up in sales and earnings figures in the upcoming months.

In addition to the costs for product development, Miba Sinter Group was confronted with additional price hikes for metal powders and energy, and was only partially able to pass these on to the customers. Increased efforts to enhance productivity at all our sites were made to offset the rising costs. Programs for efficiency enhancement in conjunction with staff reductions were initiated at our sinter sites in Naples and Barcelona. These programs go hand in hand with the strategic adjustment of our product portfolio and an increase in the degree of automation for high-volume components.

For the 2006/07 business year, Miba Sinter Group expects a moderate increase in sales resulting from the start-up of various new projects. The automobile producers' relocation of production to Central and Eastern European countries as well as increased cost and price pressures remain the decisive factors influencing market trends.



Dynamic growth

Miba Bearing Group sustained the momentum from the previous business year and continued its dynamic growth in the first quarter of 2006/07. It posted a 14 percent increase in sales compared to the first quarter of the previous year .

Miba Bearing Group achieved dynamic growth in all our primary markets due to the increased demand for transportation capacity, especially for ships and commercial vehicles.

To optimally meet this growing demand, and to ensure we are ready for further growth, we are increasing capacities at the Laakirchen site. The tooling and preliminary set-ups are currently being modernized, and the production area is being expanded. Through this investment, Miba Bearing Group is further enhancing its high tech production standards for components for diesel engines and ship drives.

During the first quarter, the McConnellsville site in the US benefited from the favorable market environment in the core segments of locomotives and compressors. In the newly-established production plant for input stock, Advanced Bearing Materials in Greensburg/US, an efficient series production line for steel lead-bronze strips is currently being set up to ensure independence from suppliers.

For the 2006/07 business year, Miba Bearing Group's Management is expecting sales to increase by five percent compared with last year's figures, while earnings should remain stable.



Market environment remains stable

In the first quarter, demand among Miba Friction Group's main customers was stable. The major markets for commercial vehicles, including construction machinery and tractors, were in excellent shape. From February to April, Miba Friction Group's sales remained at the high level achieved in the previous year.

The situation on the international commodity markets proved difficult. The extreme price hikes for copper had a negative impact on earnings. The steel industry also announced further price increases during the first quarter. Miba Friction Group is trying to pass the price increases for materials on to its customers. However, this is only possible to a limited extent, due to global competition.

Miba Friction Group's Austrian site in Roitham performed very favorably in the first quarter. This was largely thanks to strong demand for steel plates for 4-wheel drive vehicle locking differentials for European and US markets, as well as for wind turbine brake linings.

The transfer of production of steel plates from Sheffield/England to Vráble/Slovakia was initiated at the beginning of the year and is essentially progressing according to plan. In April, the first production equipment was moved to Vráble. The hiring of managerial and technical staff at the new site has already been completed. As of the reporting date, April 30, 2006, Miba Steeltec s.r.o. employed 79 people. Additional staffing will take place as relocation progresses.

Based on its impressive order volume, Miba Friction Group's Management expects the positive sales trend to continue during the course of the year. In addition to the one-time effects of the move, the earnings situation will be influenced by future developments on the international commodity markets and the EUR/USD exchange rate.



Cautiously optimistic

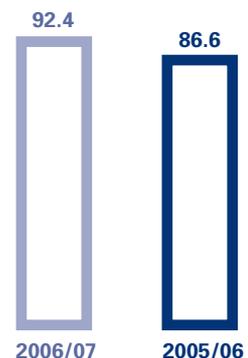
For the current business year, Miba is counting on a friendly economic environment in our strategic markets and a continuation of our projected growth. Slightly increasing production figures are expected for the motor and vehicle industry, and economic trends in the Far East will provide further stimulus. In general, business developments will be influenced by the trends witnessed on the international commodity markets and the EUR/USD exchange rate. A further increase in the price of oil – and the corresponding increase in fuel prices – poses a threat to economic growth.

Miba's Management Board is expecting modest growth in sales and earnings for 2006/07. The only way to offset the anticipated increase in costs of materials, energy and staff will be via higher productivity and efficiency at all Miba sites. Nonetheless, as a strategic partner of the international motor and vehicle industry with sites in the major economic centers of the world, Miba is well-prepared for the challenges of the current business year.

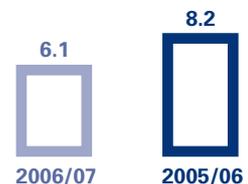
Development of the Miba Group for the 1st Quarter 2005/ 06

	1 st Quarter 2006/07	1 st Quarter 2005/06
Sales Volume in million EUR	92.4	86.6
Order Status in million EUR	149.4	143.3
Earnings Before Taxes in million EUR	6.1	8.2
Cash Flow from Operations in million EUR	2.0	4.0
Investments in million EUR	5.7	7.1
Number of Employees as at April 30, 2006	2822	2581

Development of Sales 1st Quarter in million EUR



Development of Earnings before Taxes 1st Quarter in million EUR



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