Innovation in Motion

Miba Shareholder Information 3 2010|11

Contents

Financial Report on the First Three Quarters of 2010-2011

General Economic Setting

The global economy continued its positive performance in the third quarter. The high growth rates of the emerging markets, particularly the BRIC countries, are contributing to the economic recovery overall. In the Western industrialized nations, however, growth is still restrained due to high unemployment. The International Monetary Fund (IMF) is currently forecasting global economic growth of 4.8 percent for 2010. For 2011, it anticipates a slight downward trend to 4.2 percent.

In its "World Economic Outlook" from October 2010, the IMF is projecting growth rates of 7.1 percent, while anticipating a growth rate of only 2.7 percent in the industrialized countries. China and India are expected to experience the strongest growth at 10.5 percent and 9.7 percent, respectively. Brazil is also anticipating a boost of 7.5 percent, making it an important growth driver in Latin America.

The IMF is expecting growth of only 2.6 percent on the US market, which is characterized by high unemployment.

During the third quarter, economic performance in the euro zone has been highly differentiated: Germany has been growing quickly, while Spain, Ireland and Greece are under pressure to rehabilitate their state finances. Overall, momentum in Europe is slowing down.

Sales and Performance Analysis

Miba has emerged from the crisis stronger than before and continues to consistently implement its growth strategy. After the takeover of the British coatings specialist Teer Coatings (TCL) in the first quarter, in the third quarter, Miba entered the technology field of power electronics by acquiring the Styrian companies EBG and DAU. The takeover of Hoerbiger's friction lining business for off-highway applications as of January 1, 2011, will mean growth for Miba in the strategic core segment of friction.

Sales and earnings during the first nine months of the year reflected the positive economic development in Miba's target markets. Sales during the reporting period (February 1 to October 31, 2010) totaled EUR 313.7 million, an increase of 37.4 percent or EUR 85.4 million from the same period in the previous year.

The acquisition of TCL, EBG and DAU are contributing EUR 8.8 million to the sales revenue reported in the interim consolidated financial statements.

Thus, sales during the first three quarters of the current business year are already higher than last year's total annual sales. Compared to 2008, the year prior to the economic crisis, Group sales revenue rose by EUR 15.7 million or 5.3 percent.

Miba Sinter Group accounted for the largest share of Group sales at 40.5 percent, followed by Miba Bearing Group with 38.4 percent and Miba Friction Group at 17.0 percent. In the present interim financial statements, EBG and DAU as well as the Coating Group are recorded under "Other". This business unit is responsible for 4.2 percent of total Miba sales.

The Group's successful response to the crisis is also reflected in the consolidated net income. Earnings before interest and taxes (EBIT) reached the best value in the company's history, rising to EUR 41.1 million (previous year: EUR 5.4 million). All Miba business segments contributed to this increase. The EBIT margin of 13.1 percent was well above the industry average. At EUR 40.7 million, the earnings before taxes (EBT) were also exponentially higher than the weak results in same period of the previous year (EUR 4.3 million).

Earnings per share totaled EUR 25.60 in the first three quarters (previous year: EUR 2.61).

Financial Position

The balance sheet total increased in the first three quarters from EUR 343.9 to EUR 432.7 million. This increase is the result of the initial consolidation of the newly acquired companies on one hand, and on the other, of the effect of the positive business trend on the value of the current assets.

In the first three quarters, capital expenditures in property, plant and equipment came to EUR 22.1 million (previous year: EUR 10.8 million).

Cash flow from operations totaled EUR 66.9 million in the first nine months of 2010-2011 (previous year: EUR 34.3 million).

Free cash flow (cash flow from operations minus cash flow from investment activities) totaled EUR 17.3 million or 5.5 percent of sales (previous year: EUR 22.5 million)

Net cash (cash and cash equivalents minus current and non-current interest-bearing liabilities) rose in comparison with the last balance sheet date of January 31, 2010, by EUR 14.3 million to EUR 21.4 million.

Group equity went up since the last reporting date on January 31, 2010, by EUR 32.2 million to EUR 239.0 million. Dividend payments in the amount of EUR 3.1 million made during the second quarter and exchange losses reported directly in equity of EUR 1.7 million were taken into account.

The equity ratio is therefore 55.2 percent. Together with a robust financing structure, it ensures the financial autonomy and independence of the Miba Group.

Level of Orders

Incoming orders as of October 31, 2010, totaled EUR 192.3 million, a new record. New acquisitions accounted for EUR 13.1 million of that amount. Thus, incoming orders were 35.8 percent above the level at the end of the previous business year.

Employees

Employee headcount for the Miba Group worldwide was 3,148 as of October 31, 2010. This figure represents an increase of 20.2 percent or 527 employees in comparison to the previous year. Adjusted for the inclusion in the current business year of the employees of TCL, EBG and DAU, the increase totaled 13.0 percent or 341 employees. Adjusted for the acquisitions, the increase in staff took place largely at Miba's foreign sites, above all in Slovakia.

For many years, Miba has been a reliable provider of apprenticeship training in the region. By investing in the qualified specialists of tomorrow, the company will be able to draw junior staff from within its own ranks. The training center at company headquarters in Laakirchen is not the only place where Miba is training young people. Miba has had a training program in Slovakia for a number of years. As of the reporting date of October 31, 2010, 149 apprentices were being trained in the Miba Group (140 in the previous year). Currently, 114 apprentices are being trained at Austrian sites, while at Slovakian sites, 35 young people are undergoing training.

Other Events

As of January 1, 2011, Miba is taking over the friction lining segment for off-highway applications, as well as a production site in India from Hoerbiger. This will enable Miba to be represented in the growth market of India with a friction lining manufacturing site, thus enhancing its global presence.

Segment Reporting

Miba Sinter Group

As a supplier to the automotive industry, Miba Sinter Group continued to expand its position as a strategic development partner and supplier of high-tech components.

At EUR 127.0 million, sales during the reporting period were 41.2 percent higher than last year's figure of EUR 89.9 million.

The production sites in Austria, the USA and Slovakia each accounted for about one third of the capital expenditures, which totaled EUR 8.4 million (previous year: EUR 7.5 million).

The performance of the newly opened sinter site in the USA, which is headquartered in McConnelsville, Ohio, continues to be positive. The present interim consolidated financial statements contain its first sales revenue of EUR 1.4 million. The opening of the site was celebrated in June 2010, and series production has already been underway since August. Miba Sinter USA currently has 30 employees.

Miba Bearing Group

Miba Bearing Group sales for the reporting period totaled EUR 120.4 million, a 20.4 percent increase from the same period in the previous year.

At EUR 4.1 million, investments were significantly above last year's level of EUR 1.9 million; they are being used to expand production capacity at the sites in Austria, the USA and China.

The environment in the Bearing Group's markets is very gratifying, and all the companies are reporting a good order situation. Demand in the truck bearings segment has been growing rapidly, and now we have to successfully manage this steep surge. The recovery trend in the marine segment, on the other hand, has been slight.

Miba Friction Group

The markets of Miba Friction Group, which were most strongly affected by the worldwide recession, are also recovering. Demand is rising substantially. The Friction Group's sales during the first three quarters were at EUR

Segment Reporting Segment Information by Business Segment

TEUR	Bearing Q1-Q3 2010-11	Bearing Q1-Q3 2009-10	Sinter Q1-Q3 2010-11	Sinter Q1-Q3 2009-10	Friction Q1-Q3 2010-11	Friction Q1-Q3 2009-10	Other Q1-Q3 2010-11	Other Q1-Q3 2009-10	Consolidation Q1-Q3 2010-11	Consolidation Q1-Q3 2009-10	Total Group Q1-Q3 2010-11	Total Group Q1-Q3 2009-10
Revenues	120,744	100,088	127,548	90,293	54,019	36,196	22,283	2,699	10,895	969	313,699	228.307
Intercompany sales only	374	137	582	380	749	452	9,190	0	10,895	969		
External sales	120,369	99,951	126,966	89,912	53,271	35,744	13,093	2,699				
EBITDA	24,734	17,429	27,012	11,145	7,599	–2,777	4,488	1,514	–1,329	0	62,504	27,311
EBIT	18,178	10,787	18,025	1,838	4,150	–7,528	619	283	149	27	41,121	5,408
Investments (excluding financial investments)	4,114	1,932	8,446	7,491	8,934	1,105	682	267	–91	0	22,085	10,794
Employees (at end of reporting period)	1,036	1,031	1,219	1,057	605	441	288	92	0	0	3,148	2,621

53.3 million, 49.0 percent above the same period in the previous year (EUR 35.7 million). The performance of all sites of Miba Friction Group continues to be positive.

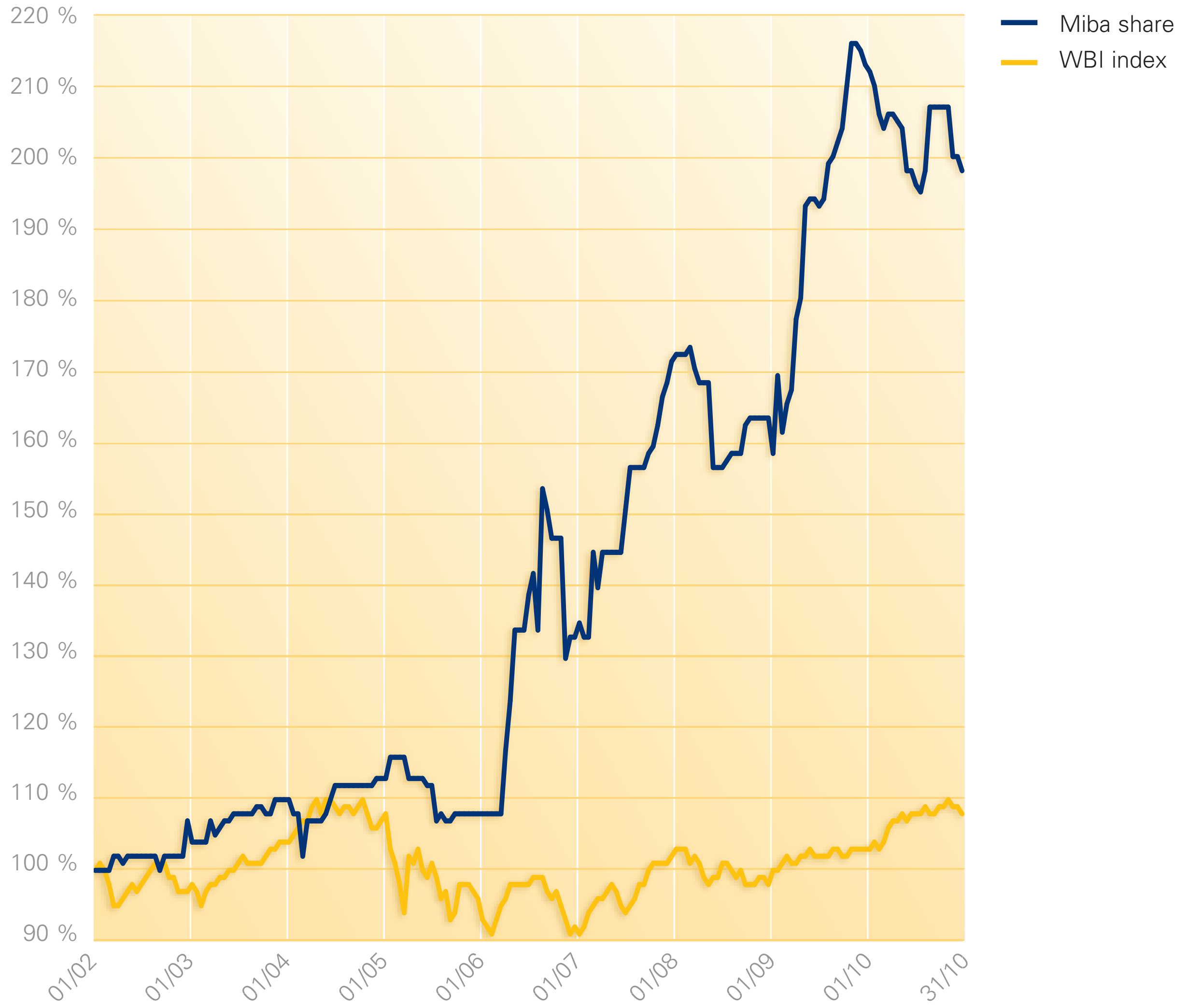
Capital expenditure in Miba Friction Group in the reporting period totaled EUR 8.9 million. Of this total, EUR 8.0 million went to Miba Steeltec s.r.o., Vráble, Slovakia. Miba Steeltec will use this investment to expand its capacity and skills in off-road steel discs and steel lining carriers.

Significant Risks and Uncertainties

During the first three quarters of the current business year, there were no major changes in the risk categories listed in the 2009-2010 Annual Report. For further information, please refer to the risk report in the 2009-2010 Annual Report.

Development of the Miba Share February 1, 2010 until October 31, 2010

Quotation as at February 1, 2010 = 100 %



Outlook

We anticipate a stable and high production level in all segments for the rest of the year. However, customers tend to take short-term action, and cost pressure is mounting. As a result, medium term planning and forecasting is difficult. The situation in the individual segments differs considerably and is volatile. The challenge is to cope with the rapid increase in demand, while ensuring stable processes and, at the same time, enabling the greatest degree of flexibility.

In the coming months, continuing integration of the newly acquired companies EBG and DAU into the Miba Group will be particularly important. Miba Friction Group is working hard on the preparations for the takeover of the friction lining business from Hoerbiger effective January 1, 2011. Machinery and equipment will be relocated from Hoerbiger in Germany to Miba sites in Roitham and Vráble, which will mean significant growth for both sites.

Miba is future-oriented. Expansion into new business fields is complementing growth in our core segments and is helping Miba to achieve the ambitious expansion targets set forth in the corporate vision statement "Miba 2015".

Share

In the first three quarters of 2010-2011, the Miba share price gained considerably. The Miba share's positive trend significantly outperformed the reference index (WBI). At the beginning of February, the share price was at EUR 83 and as of the end of the third quarter, it was at EUR 165.

Within the scope of the buyback programs carried out thus far, Miba AG has purchased a total of 66,381 preferred shares (Issue B). This represents about 5.1 percent of share capital. Detailed information about the buyback program is available at www.miba.com.

Statement by the Management Board

We hereby confirm that the condensed interim consolidated financial statements and the Group Management Report of Miba Aktiengesellschaft as per October 31, 2010, prepared in accordance with authoritative accounting standards – namely, the IFRS – as applicable in the European Union, provide a true and fair view of the Group's assets, financial position and performance regarding significant events during the first nine months of the current business year and their effects on the condensed consolidated financial statements, regarding important risks and uncertainties in the remaining three months of the business year, as well as regarding significant business relations with related parties, which are subject to disclosure.

The present interim financial report for the first nine months of the business year was neither audited nor reviewed by an auditor.

Laakirchen, December 2010

The Management Board of Miba Aktiengesellschaft
DI DDr. h. c. Peter Mitterbauer (Chairman), hon.
Dr.-Ing. Norbert Schrüfer, hon.
Dr. Wolfgang Litzlbauer, hon.
Dr.-Ing. Harald Neubert, hon.

Interim Consolidated Financial Statements
Consolidated Balance Sheet

in TEUR	10/31/2010	1/31/2010	10/31/2009
Assets			
A. Non-current assets			
Intangible assets	36,877	15,409	15,076
Property, plant and equipment	151,633	144,071	143,105
Investments in associates	8,093	7,971	7,108
Other financial investments	4,443	4,825	5,545
Deferred tax assets	6,179	6,038	9,155
	207,225	**178,315**	**179,989**
B. Current assets			
Inventories	63,511	46,403	49,844
Trade and other receivables	91,130	68,399	64,819
Cash and cash equivalents	70,800	50,814	46,164
	225,441	**165,616**	**160,827**
	432,666	**343,931**	**340,816**
Equity and Liabilities			
A. Group equity			
Share capital	9,500	9,500	9,500
Capital reserves	18,089	18,089	18,089
Retained earnings	213,738	186,911	169,878
Treasury shares	–8,074	–8,060	–8,060
Minority shares	5,705	347	361
	238,958	**206,787**	**189,767**
B. Non-current liabilities			
Provisions for severance payments and pensions	16,268	15,006	19,191
Provision for deferred taxes	433	668	1,125
Interest-bearing liabilities	38,339	31,849	31,768
Other non-current liabilities	17,229	11,560	12,472
	72,269	**59,082**	**64,556**
C. Current liabilities			
Current accruals	48,305	27,848	34,193
Trade payables	42,197	25,075	23,133
Current portion of interest-bearing liabilities	11,074	11,860	17,935
Other current liabilities	19,863	13,280	11,232
	121,439	**78,062**	**86,493**
	432,666	**343,931**	**340,816**

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

Consolidated Income Statement

in TEUR	Q3 2010-11	Q3 2009-10	Q1–Q3 2010-11	Q1–Q3 2009-10
Revenues	110,564	79,847	313,699	228,307
Changes in inventory of finished goods and work in progress	3,560	280	8,194	–3,771
Internally produced and capitalized assets	1,272	149	3,057	2,832
Operating result	**115,395**	**80,276**	**324,950**	**227,367**
Other operating income	324	828	9,767	4,514
Expenses for materials and other purchased manufacturing services	–44,753	–31,963	–129,343	–87,746
Personnel costs	–32,481	–26,252	–95,369	–82,535
Other operating expenses	–17,529	–12,758	–47,502	–34,289
Earnings before interest and taxes (EBITDA)	**20,956**	**10,130**	**62,504**	**27,311**
Depreciation and amortization	–7,766	–5,716	–21,383	–20,541
Earnings before interest and goodwill amortization (EBITA)	**13,190**	**4,415**	**41,121**	**6,770**
Amortization of goodwill	0	–1,362	0	–1,362
Earnings before interest and taxes (EBIT)	**13,190**	**3,053**	**41,121**	**5,408**
Income and losses from investments in associated companies	366	257	1,178	539
Net interest income	–434	–552	–1,238	–1,764
Other financial income	30	114	–378	122
Financial results	**–38**	**–182**	**–438**	**–1,103**
Earnings before taxes (EBT)	**13,152**	**2,871**	**40,683**	**4,305**
Income taxes	–3,773	–364	–9,271	–1,030
Earnings after taxes	**9,379**	**2,507**	**31,413**	**3,275**
Attributable to minority shareholders	–256	57	–169	54
Attributable to parent company shareholders	9,635	2,450	31,582	3,221
Weighted average of the number of shares issued (in units)	1,233,619	1,233,771	1,233,690	1,233,771
Earnings per share in EUR	7.81	1.99	25.60	2.61
Diluted earnings per share in EUR = undiluted earnings per share in EUR	7.81	1.99	25.60	2.61

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

Statement of Comprehensive Income

in TEUR	Q1–Q3 2010-11	Q1–Q3 2009-10
Earnings after taxes	**31,413**	**3,275**
Unrealized gains (+) / losses (-) from foreign currency translation	–1,671	–7,057
Actuarial losses/gains	0	–146
Other changes	0	7
Income and expenses included directly in equity	**–1,671**	**–7,196**
Total of all recognized income and expenses (comprehensive income)	**29,742**	**–3,921**
Attributable to		
Shareholders of Miba AG only	29,911	–3,975
Minority interests only	–169	54

Statement of Changes in Group Equity

TEUR	Share capital	Capital reserves	Treasury shares	Currency translation differences	Retained earnings	Shares held by Miba AG Shareholders	Minority shares	Total
As at February 1, 2009	**9,500**	**18,089**	**–8,060**	**–7,578**	**185,132**	**197,083**	**338**	**197,421**
Total comprehensive income	0	0	0	–7,057	3,082	–3,975	54	–3,921
Dividend payments	0	0	0	0	–3,701	–3,701	0	–3,701
Change in scope of consolidation	0	0	0	0	0	0	–31	–31
As at October 31, 2009	**9,500**	**18,089**	**–8,060**	**–14,635**	**184,513**	**189,406**	**361**	**189,767**
As at February 1, 2010	**9,500**	**18,089**	**–8,060**	**–9,354**	**196,264**	**206,438**	**347**	**206,787**
Total comprehensive income	0	0	0	–1,671	31,582	29,911	–169	29,742
Dividend payments	0	0	0	0	–3,084	–3,084	0	–3,084
Changes in treasury shares	0	0	–14	0	0	–14	0	–14
Change in scope of consolidation	0	0	0	0	0	0	5,527	5,527
As at October 31, 2010	**9,500**	**18,089**	**–8,074**	**–11,026**	**224,762**	**233,251**	**5,705**	**238,958**

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

Consolidated Statement of Cash Flows

in TEUR	Q1-Q3 2010-11	Q1-Q3 2009-10
Consolidated cash flow from operating activities	66,878	34,316
Consolidated cash flow from investment activities	–49,568	–11,857
Consolidated cash flow from financing activities	2,591	128
Changes in cash and securities (curent assets)	**19,901**	**22,587**
Opening balance cash and cash equivalents	50,814	24,592
Currency differences due to changes in exchange rates	85	–1,015
Closing balance of cash and cash equivalents	**70,800**	**46,164**

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

Notes on the Interim Consolidated Financial Statements as of October 31, 2010

Information on the Company

Miba Aktiengesellschaft is an Austria-based Group with international operations. The core business of the Miba Group comprises the product segments engine bearings, sintered components and friction materials. The Group's head office is located at Dr.-Mitterbauer-Str. 3, 4663 Laakirchen, Austria. The company is registered with the Regional Court Wels serving as Commercial Court (Landes- als Handelsgericht Wels) under Commercial Register No. 107386 x.

Financial Statements Prepared in Accordance with the International Financial Reporting Standards (IFRS)

The present interim financial statements as of October 31, 2010 (February 1, 2010 to October 31, 2010), were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at the end of the reporting period (as required in the European Union), in particular IAS 34 (Interim Financial Reporting).

Accounting Principles and Valuation Rules

Miba AG has applied the accounting standards that became obligatory beginning with the 2010-2011 business year. These are, primarily, IFRS 3 Business Combinations (revised 2008) and IAS 27 Consolidated and Separate Financial Statements (amended).

The other accounting standards to be applied for the first time in 2010 business year have no material effect on the presentation of the assets, financial position and financial performance of the Miba Group.

The accounting principles and valuation rules used as of January 31, 2010 have been applied. unchanged in the preparation of the interim financial statements. For further information regarding accounting and valuation methods, please refer to the consolidated financial statements as of October 31, 2010.

For the purpose of clarity, all figures are shown exclusively in thousands of euros (TEUR).

Scope of Consolidation

The scope of consolidation was defined in accordance with the principles of IAS 27 (Consolidated and Separate Financial Statements). Accordingly, the consolidated entity includes 16 Austrian and 14 foreign subsidiaries in which Miba Aktiengesellschaft, directly or indirectly, holds the majority of voting rights.

As of March 31, 2010, Miba acquired the remaining shares (75.1 percent) of the company Teer Coatings Ltd. in Droitwich, UK, which up to that point in time had been included in the consolidated financial statements using the equity method. The initial inclusion of the acquired entity occurred on the basis of preliminary figures.

Effective May 31, 2010, an interest in High Tech Coatings GmbH totaling 24.8 percent of the share capital was sold.

In the first nine months of the business year, the following major subsidiaries were established and/or acquired:

Miba Energy Holding GmbH, Laakirchen, as of August 7, 2010. Miba AG holds a 100 percent interest in Miba Energy Holding GmbH.

As of August 28, 2010, Miba Energy Holding GmbH & Co. KG, Laakirchen, was established. Miba Energy Holding GmbH holds 49 percent of Miba Energy Holding GmbH & Co. KG. As Miba Energy Holding GmbH holds a majority voting interest in Miba Energy Holding GmbH & Co. KG, this company will be fully consolidated pursuant to IAS 27.13. As of September 1, 2010, Miba Energy Holding GmbH & Co. KG acquired 100 percent of EBG GmbH, Graz, which holds a 100 percent interest in Dau GmbH, Graz, and a 100 percent interest in Dau GmbH & Co. KG, Ligist. Dau GmbH & Co. KG holds a 75 percent interest in EBG & Dau GmbH, Graz.

All of the previously listed companies will be fully consolidated.

Additionally, EBG GmbH holds a 49 percent interest in EBG d.o.o., Šentjernej, Slovenia. The company is included in the consolidated financial statements as an associated company accounted for using the equity method.

The provisional fair value of the acquired assets and liabilities from the takeover of the EBG-Dau companies are as follows:

Business Seasonality

The sales of the Miba Group are approximately equally distributed across the four quarters of the business year.

Events after the reporting date

Events after the balance sheet date that are relevant for valuation on the balance sheet date, such as pending legal disputes or claims for damages and any other obligations or anticipated losses that must be disclosed in accordance with IAS 10, are reflected in the present interim consolidated financial statements or are unknown.

	Book value	Adjustments to fair value	Provisional fair value
Intangible assets	178	17,906	18,084
Other non-current assets	2,064	1,619	3,683
Current assets	11,880		11,880
Total assets	**14,122**	**19,526**	**33,647**
Non-current liabilities	484	0	484
Current liabilities	1,805	0	1,805
Total liabilities	**2,289**	**0**	**2,289**
Net assets acquired	**11,832**	**19,526**	**31,358**

The companies contributed EUR 7.2 million to sales revenue and EUR 1.6 million to earnings after taxes. If the mergers had been completed as of February 1, the consolidated sales revenue from February to October 2010 would have totaled EUR 340.9 million and the consolidated net income before taxes would have come to EUR 45.6 million.

Estimates and Uncertainties

With regard to discretionary decisions and uncertainties resulting from estimates, please consult the Miba Group's consolidated financial statements as of January 31, 2010.

Statement by the Management Board

We hereby confirm that the condensed interim consolidated financial statements and the Group Management Report of Miba Aktiengesellschaft as per October 31, 2010, prepared in accordance with authoritative accounting standards – namely, the IFRS – as applicable in the European Union, provide a true and fair view of the Group's assets, financial position and performance regarding significant events during the first nine months of the current business year and their effects on the condensed consolidated financial statements, regarding important risks and uncertainties in the remaining three months of the business year, as well as regarding significant business relations with related parties, which are subject to disclosure.

The present interim financial report for the first nine months of the business year was neither audited nor reviewed by an auditor.

Laakirchen, December 2010

The Management Board of Miba Aktiengesellschaft
DI DDr. h. c. Peter Mitterbauer (Chairman), hon
Dr.-Ing. Norbert Schrüfer, hon
Dr. Wolfgang Litzlbauer, hon
Dr.-Ing. Harald Neubert, hon

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