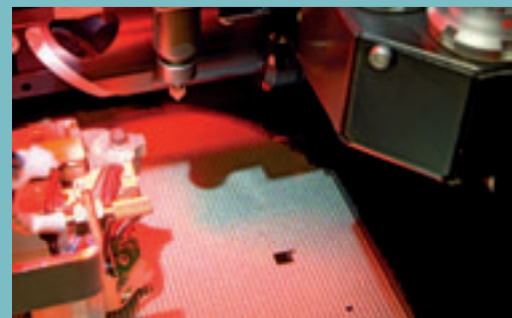




Mühlbauer
High Tech International

Interim report

1. Quarter 2008



Content

Interim Management Report	03
Consolidated Statements of Income	08
Consolidated Balance Sheets	09
Consolidated Statements of Cashflows	10
Consolidated Statements of Changes in Shareholders' Equity	11
Notes	12
Financial Calendar	20

Group overview		Q1/2008	Q1/2007
Order income	EUR million	48.2	33.7
Order backlog	EUR million	76.9	75.8
Sales	EUR million	43.1	34.5
EBIT	EUR million	7.1	3.9
EBT	EUR million	7.6	4.2
Net earnings	EUR million	5.7	2.5
Earnings per share	EUR	0.39	0.16
Employees	Number	1,788	1,657

Interim Management Report

OVERVIEW OF THE BUSINESS DEVELOPMENT IN THE GROUP

The increase of order placements recorded in the past months for the introduction of security-oriented ID systems and Mühlbauer's strong positioning as a unique provider of complete technology and software solutions in the so called TECURITY® market led to an encouraging start to the current financial year for the technology group, enabling the company to continue the positive business trend of the previous quarters.

Key ratios for the first quarter of 2008 are:

- Increase in order income by 42.9% to EUR 48.2 million from EUR 33.7 million – Order book in the core business area SmartID increased significantly by 79.3%
- Order backlog of EUR 76.9 million slightly exceeded last year's level (75.8)
- Significant increase of group sales by 24.9% to EUR 43.2 million (34.6)
- Strong increase in EBIT by 80.8% to EUR 7.1 million (3.9) – EBIT margin of 16.4% (11.3%)
- EBT improved by 82.9% to EUR 7.6 million – after EUR 4.2 million in the comparable previous years' quarter
- Earnings per share of EUR 0.39 more than doubled year-on-year (0.16)
- Free cashflow of plus EUR 2.3 million compared to minus EUR 0.1 million in the previous year

FRAMEWORK CONDITIONS

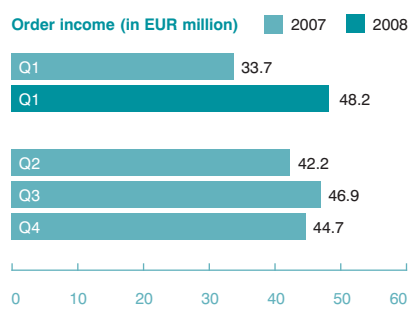
In the first quarter of 2008, the global economy was overshadowed by the real estate and financial crisis in the USA and the ensuing global turbulences of the financial market. The USA was moving towards the brink of a recession, while the economy in Europe cooled off somewhat and the aggregate economic demand in Japan experienced only weak growth. Despite these negative factors, the aggregate global economic rate of expansion remained respectable, due particularly to the appreciable rise in production in the emerging markets, which supported the global economy. Despite the adverse influences worldwide, economic development in Germany proved robust.

Global economy

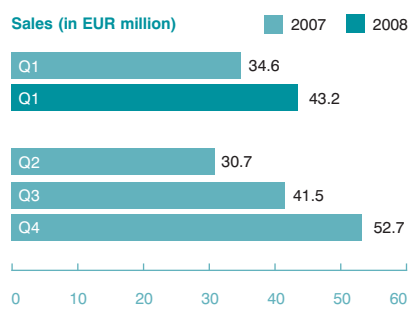
With respect to the developments described in the 2007 annual report, no significant changes have occurred in the first quarter of 2008 in markets and sectors relevant for Mühlbauer. While the global transformation process towards new and innovative identification documents and chip cards has resulted in a positive development in the Cards & TECURITY® market and in an increasing demand for technology and software solutions for the production and personalization of documents of, for instance, electronic passports and ID cards, stable development was generally noted in the RFID market. The latter also profited in the first quarter of 2008 from the intensification and continually increasing use of contactless identification, particularly in the areas of Supply-Chain-Management and Ticketing. The growth dynamics in the general semiconductor market, in which Mühlbauer participates with specifically selected equipment in certain niche areas, has slightly weakened.

Industry development

Order income and order backlog



Sales¹



Order income improved in the first three months of 2008 by 42.9% to EUR 48.2 million compared to the same period of the previous year (33.7). The largest share of order income was from the business area SmartID, which increased by 79.3% to EUR 32.0 million from EUR 17.8 million and which profited, among other things, from the demand for technology solutions for the personalization of ID-documents. Notable growth was also generated in the business areas Traceability and Precision Parts & Systems: Traceability increased its order income by 34.0% to EUR 4.6 million (3.4); Precision Parts & Systems exceeded last year's order income by 24.3% to EUR 6.0 million (4.8). However, order income from Semiconductor Related Products continued to weaken, falling by 26.3% to EUR 5.6 million from EUR 7.7 million due to the deceleration of the growth dynamics in the semiconductor market. At the end of the first quarter, order backlog for the globally active technology group increased by 1.5% to EUR 76.9 million compared to the previous year's value (75.8).

The technology group Mühlbauer generated sales in the reporting period of EUR 43.2 million, exceeding the comparable quarterly sales figure of the previous year by 24.9% (34.6). This increase was most notably borne by increasing calls of placed orders in the core business area SmartID and the ensuing significantly higher sales volume in the reporting period of EUR 27.0 million (19.8), an increase of 37.0%. A positive development in sales was also noted in the business areas Semiconductor Related Products and Traceability: the Mühlbauer Group generated EUR 7.2 million in sales in its semiconductor related business area – an increase of 15.5% over the comparable quarter the previous year (6.2) – whereas Traceability was even able to increase sales by 45.5% to EUR 4.1 million (2.8). Mühlbauer was also able to generate respectable sales totaling EUR 4.9 million in its business area Precision Parts & Systems, although last year's sales figure of EUR 5.8 million could not be achieved.

From a regional perspective, Europe remained the largest export region for the product portfolio of the technology group with a sales share of 53.1%, decreasing, however, by 15.8 percentage points from the comparable quarter in the previous year (68.9%). Whereas the sales share in Asia increased to 34.4% in the reporting period (21.1%), sales generated in North and South America increased to 11.3% (4.8%). The African and Australian continents contributed 1.2% of total quarterly sales (5.2%). For further detailed information regarding regional sales developments, we refer to the notes on page 17.

EARNINGS, FINANCIAL AND ASSET SITUATION

Earnings

In the reporting period, the Mühlbauer technology group recorded a significant improvement in earnings. While EBIT grew by 80.8% to EUR 7.1 million from EUR 3.9 million, earnings per share more than doubled to EUR 0.39 compared to the same period last year (0.16).

One reason for the significant increase in earnings is the relative decrease in cost of sales of 56.4% in the reporting period compared to 62.6% in the previous year due to modified product mix, higher activity level of existing production capacities compared to the previous year, the resulting effect of economies of scale and less need to adjust values on inventory. The almost unchanged administrative expenses were offset by the significant increase in selling and research and development expenses. Selling expenses increased by EUR 1.9 million to EUR 3.9 million mainly due to order-related direct expenses (EUR 1.4 million; PY: EUR 0.3 million), while R&D expenses were affected by extraordinary expenses totaling EUR 1.2 million due to the modified assessment of the future applicability of individual development results. These expenses were offset mainly by higher non-recurring earnings not originating from the company's core business area, leading to an increase in other operating income of EUR 0.4 million (0.1). The financial result for the quarter also increased by EUR 0.3 million as opposed to the comparable previous year's quarter mainly due to higher realized profits from the sale of securities and earnings from dividends on securities held. The tax rate was 25.4% in the first quarter – 39.5% in the comparable quarter in the

¹ Sales figures are gross values before subtraction of any deductions on sales proceeds in the amount of EUR 0.1 million for Q1 (0.1).

If no other statement, figures in brackets from reference period of the previous year. The percentages were determined on the basis of the exact figures and may differ from the rounding figures.

previous year. The reduced tax rate was mainly a result of the corporate tax reform 2008, which resolved to lower the profit tax for German corporations. Additionally, taxable earnings achieved in the reporting period in certain foreign group companies are not subject to taxation due to tax exemptions spanning several years, leading to a further reduction of the corporate tax rate. In the first quarter of the previous year, however, initial losses incurred by a foreign group company, for which no deferred tax assets were created because of a tax exemption lasting several years, resulted in an increase of the corporate tax rate. After deduction of tax expenditures, net earnings for the reporting period were achieved of EUR 5.7 million – after EUR 2.5 million in the comparable previous year's quarter.

In the first three months of the current financial year, cashflow from operating activities was reduced by EUR 4.4 million to minus EUR 2.3 million and fell below the level of the comparable previous year's quarter (plus EUR 2.1 million). This decrease is primarily attributable to the increase in working capital by EUR 4.0 million (0.6) and higher outflow for the purchase of short-term securities, balanced by inflows from the sale of such securities, in the amount of EUR 6.3 million (1.0). Whereas cashflow from investment activities in the amount of minus EUR 3.2 million corresponds to the last year's level, the cashflows in this position exhibit varying developments. In the period under review, payments were made on long-term loans in the amount of EUR 1.4 million – whereas there were no such payments in the comparable quarter the previous year. On the other hand, lower payments for investments in fixed assets in the amount of EUR 1.1 million (2.8) resulted in reduced outflow in the period under review. Free cashflow of EUR 2.3 million exceeded that of the comparable quarter in the previous year (minus EUR 0.1 million). Net liquidity decreased in same reporting period to EUR 41.7 million from EUR 45.6 million.

Cashflow

The balance sheet total of the company increased by 4.4% to EUR 182.2 million in comparison with EUR 174.6 million at 31 December 2007. The ratio of short-term assets to the balance sheet increased to 65.9% from 64.7%, whereas the equity ratio decreased slightly to 80.2% from 81.2%. Due to business expansion, net working capital increased by EUR 4.0 million to EUR 50.1 million. The increase in trade account receivables (EUR 4.2 million) and inventories (EUR 2.5 million) are mainly offset by increased trade accounts payable (EUR 1.9 million) and other accruals (EUR 1.1 million). Long-term assets increased by EUR 0.5 million. An increase in long-term trade account receivables (EUR 0.8 million) and other loans (EUR 1.1 million) is primarily offset by a decrease in intangible assets (EUR 1.2 million). Shareholders' equity increased in the period under review to EUR 146.1 million from EUR 141.7 million. The primary reason for the increase of shareholders' equity was net earnings of EUR 5.7 million in the first quarter of 2008. Shareholder's equity was reduced by the decrease in other comprehensive income by EUR 1.3 million (refer to the notes (14) – Other comprehensive income).

Assets

FACTOR INPUT

In the reporting period, gross investment volume for the Mühlbauer technology company totaled EUR 1.3 million, significantly lower than investments made in the comparable period the previous year in the amount of EUR 2.6 million. The largest share of investment expenses was EUR 0.7 million for the acquisition of property required for the company's continuing internationalization process.

Investments

Research and development expenditures amounted to EUR 6.3 million in the first three months of the current financial year – EUR 1.1 million more than incurred in the comparable period last year (5.2). Reasons for this increase are mainly the modified assessment of the future applicability of individual development results and the ensuing adjustments of the value of capitalized development results in the amount of EUR 1.2 million. Irrespective of this extraordinary charge, the innovation ratio decreased to 14.6% in the reporting year from 15.2% the previous year due to the increase in sales. In the Cards & TECURITY® area, the spectrum of existing process modules for card production and personalization was expanded, and new machines for low volume production were developed. In addition to efforts undertaken in the development of processes for specific customer applications, the focus of research and development in the ID government sector centered on the ex-

Research and Development

pansion of the portfolio by developing new equipment technology used in the production of covers for electronic passports (eCoverLine). Additionally, further development was undertaken of new verification techniques for electronic travel documents, and the product portfolio was expanded to include a new electronic gate for airports and border crossings. The focus of research and development capacity in the semiconductor sector is centered on the new Die-Sorter generation that is scheduled to reach market maturity towards the middle of this year.

Employment At 31 March 2008, the Mühlbauer technology group employed 1,788 people, 131 employees more than at the comparable reporting date of the previous year (1,657). The increasing number of employees was primarily due to the global expansion undertaken by the Mühlbauer Corporation and the ensuing staffing requirements generated by the establishment of the new locations in Malaysia and Slovakia. The number of highly qualified specialists, engineers and technicians increased from 315 to 340 employees. Furthermore, at the end of the reporting period, 249 (210) young people are being provided with training in 14 different commercial and occupational vocations. This corresponds to a training quota of 13.9% (12.6%).

POTENTIAL CHANGES TO THE TAX BASIS

With regard to the suit filed by the personally liable shareholder contesting the taxation of his share of profits, which is described in detail in the notes (31) of the Annual Report for the year ended 31 December 2007, no changes have occurred up until the reporting date.

SPECIAL EVENTS AFTER THE END OF THE QUARTER

The special events occurring between the reporting date of the quarter (31 March 2008) and publication date (28 April 2008) are described in the notes (16) of the interim financial statements.

RISK REPORT

Against the background of a systematic and efficient risk management system, risks at Mühlbauer are delimited and manageable. At the moment, risks constituting a threat to the continuity of the company are not discernible. The group encounters all temporary volatility from the increasing project business and resultant changes with regard to the probability of cost, liquidity and personnel risks with intensive controlling measures, to be able to react to unfavorable developments with countermeasures in a timely manner. Our professional project management and intensive project controlling of large projects ensures that we meet our predetermined goals and can quickly identify any deviations from these goals. The company confronts risks arising from the use of certain development results with systematic research, analysis and valuations to develop – also in coordination with external advisors – corresponding reactive strategies. Market opportunities and entrepreneurial risks that could potentially arise from the group's continuing internationalization expansion in Asia, Eastern Europe and the USA were and will continue to be closely monitored and assessed. The statements contained in the risk report of the 2007 Annual Report still apply.

OUTLOOK

Global economy In view of the considerable strains, global economic growth will lose headway and at a rate of 2.7% be noticeably slower than in the previous years. The main risk currently facing the global economy continues to be the crisis in the real estate and financial sectors in the USA. According to leading economic institutes, however, the high growth dynamics of emerging markets will protect the global economy from a major collapse. The economy in the Euro zone will continue to expand, despite the burdening appreciation of the collective currency, but growth here will also remain below last year's level. Economic institutions expect an increase of gross domestic product (GDP) for Germany of 1.8% in the current year.

The market for electronic identification documents and innovative chip cards continues to provide medium and long term growth potential. Mühlbauer's TECURITY® solutions particularly profit from the interest expressed by numerous countries and authorities to replace their existing ID documents with new and more innovative ID applications. Demand for electronic passports, ID cards, driver's licenses and health cards will therefore continue to increase. Continual growth is also expected for bank/EMV and SIM cards. While conventional magnetic strip cards, for example in the banking sector, are replaced by contactless readable chip cards, the SIM card market profits from the expansion of mobile services in developing and emerging countries. A positive trend in the market for contactless identification using RFID labels is also anticipated. The use of contactless readable labels is becoming increasingly diverse in the area of logistics, and the application, for example, of RFID tickets to ensure reliable access control continues to increase, so that market researchers such as IDTechEX confirm RFID technology the high growth potential. Despite the long-term positive prospects for the RFID market, there is still the possibility for near-term delays in the demand for the technologies required for the production of RFID Smart Labels due to the inconsistent supply and demand developments. Market researchers and industry experts diverge in their assessment of the semiconductor market in which Mühlbauer acts as a niche provider. Whereas industry expert Semiconductor Industry Association (SIA) continues to predict 7.7% growth in the semiconductor market for the year 2008, market researcher Gartner cut his market prognosis nearly in half from 6.2% to 3.4% due especially to pricing pressure in the chip sector.

Industry development

The technology group Mühlbauer anticipates positive developments in both sales and earnings for the current year. Mühlbauer expects that sales growth for the current financial year in the core business SmartID area will be strongly affected by the product area Cards & TECURITY®. For this reason, the continuing transformation process undertaken by numerous countries and authorities to introduce new security oriented ID documents in the Smart Card and passport format and the additional conversion of conventional bank/EMV cards to chips as well as the increasing demand for SIM cards is of particular significance for the development of the business area SmartID. Development on the RFID market should be supportive: not only the use of RFID technology is continually increasing, but also Mühlbauer's strategy in positioning itself as a complete solution provider in all aspects of Smart Label and RFID ticket is designed so that Mühlbauer can profit from the ensuing long-term growth. In the area of Semiconductor Related Products, Mühlbauer is concentrating on certain niches that do not necessarily mirror the general development in the semiconductor market. Of significance here are particularly the technological advantages that accommodate changing customer demands and highly competitive market developments. Mühlbauer is therefore forcing the pace of bringing new product solutions to the market in order to further expand its market position in the course of this financial year. Additionally the positive trend in the business areas Traceability and Precision Parts & Systems should be continued. Strategically, Mühlbauer will continue to press ahead with the company's internationalization process. By having commenced the construction of a modern state-of-the-art Customer Relation Center, the company's positioning in the United States will be strengthened, while the strategic expansion of the development location in the Slovakian city of Nitra is progressing as planned.

Business development

IMPORTANT NOTICE

This Interim Management Report contains future-oriented statements; statements that are not based on historical facts but on current plans, assumptions and estimates. Forward-looking statements are only applicable to the period in which they are made. Mühlbauer accepts no liability to revise these once new information becomes available. Future-oriented statements are always subject to risk and uncertainty. We therefore wish to point out that a range of factors can impact the actual results to the extent that these deviate considerably from those forecast. Some of these factors are described in the "Risk Report" and in other sections of the Annual Report 2007 and other parts of this interim report.

**CONSOLIDATED STATEMENTS OF INCOME (IFRS) FROM JANUARY 1 TO MARCH 31, 2008
OF MÜHLBAUER HOLDING AG & Co. KGaA¹⁾**

	Notes	January 1. - March 31, 2008 TEUR	January 1. - March 31, 2007 TEUR
1. Sales		43,150	34,470
2. Cost of sales	(3)	(24,329)	(21,564)
3. Gross profit		18,821	12,906
4. Selling expenses	(4)	(3,893)	(1,960)
5. Administrative expenses		(1,896)	(1,927)
6. Research and development	(5)	(6,276)	(5,226)
7. Other income		384	134
8. Other expenses		(82)	(23)
9. Operating income		7,058	3,904
10. Financial result			
a) Financial income	(6)	1,041	363
b) Financial expenses	(6)	(501)	(114)
11. Income before income taxes		7,598	4,153
12. Income taxes	(7)	(1,930)	(1,641)
13. Net earnings		5,668	2,512
Earnings per share in EURO			
basic	(8)	0.39	0.16
fully diluted	(8)	0.39	0.16
Weighted average of shares			
basic	(8)	6,110,412	6,090,170
fully diluted	(8)	6,110,412	6,090,374

¹⁾ uncertified

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS (IFRS) AS AT MARCH 31, 2008
OF MÜHLBAUER HOLDING AG & Co. KGaA

	Notes	March 31, 2008 ¹⁾ TEUR	December 31, 2007 ²⁾ TEUR
ASSETS			
Short-term assets			
Cash and cash equivalents		11,177	16,425
Marketable securities	(9)	26,491	21,062
Trade accounts receivable	(10)	33,719	29,536
Other current assets		4,707	4,770
Tax receivables		1,530	1,233
Inventories	(11)	42,400	39,913
		120,024	112,939
Long-term assets			
Investment and long-term financial assets			
Marketable securities		4,625	4,562
Trade accounts receivable	(10)	2,301	1,536
Other loans	(12)	3,332	2,150
		10,258	8,248
Fixed assets			
Land and buildings		26,418	26,276
Technical equipment		7,992	8,217
Furniture and office equipment		5,030	5,315
Buildings and equipment in progress		270	179
		39,710	39,987
Intangible assets			
Software and licenses		802	1,001
Capitalized development costs	(5)	7,642	8,603
		8,444	9,604
Other long-term assets			
Long-term tax receivables		2,412	2,389
Deferred tax assets		58	162
Plan assets	(13)	1,291	1,302
		3,761	3,853
		182,197	174,631
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term liabilities			
Financial liabilities			
Trade accounts payable		8,017	6,068
Downpayments		6,851	6,769
Other liabilities		4,829	5,226
Accrued income taxes		2,040	1,962
Other accruals		10,553	9,350
		32,901	29,396
Long-term liabilities			
Deferred tax liabilities		3,155	3,492
		3,155	3,492
Shareholders' equity			
Ordinary share capital		8,038	8,038
Own shares	(14)	(214)	(214)
Fixed capital contribution		(2,980)	(2,980)
Additional paid-in capital	(14)	60,557	60,483
Other comprehensive income	(14)	(1,018)	326
Retained earnings	(14)	81,758	76,090
		146,141	141,743
		182,197	174,631

¹⁾ uncertified ²⁾ certified

The accompanying notes are an integral part of these Consolidated Financial Statements.

**CONSOLIDATED STATEMENTS OF CASHFLOWS (IFRS)
OF MÜHLBAUER HOLDING AG & Co. KGaA¹⁾**

	January 1. - March 31, 2008 TEUR	January 1. - March 31, 2007 TEUR
Cash provided by operating activities		
1. Net earnings	5,668	2,512
2. + Income taxes	1,930	1,641
3. + Interest expenses	121	72
4. - Interest incomes	(110)	(97)
Adjustments for non cash expenses and income		
5. +/- Expenses/(income) from employee profit-sharing programs	75	154
6. +/- Depreciations/(appreciations) to fixed assets	1,549	1,582
7. +/- Depreciations/(appreciations) to intangible assets	176	171
8. +/- Depreciations/(appreciations) to capitalized development costs	1,578	468
9. +/- (Gains)/losses from the sale of fixed assets	(7)	(9)
10. +/- Currency differences from the transition of long-term assets	-	3
11. +/- Realized net (gains)/losses from short- and long-term marketable securities	(291)	(57)
12. +/- (Gains)/losses from the change in fair value of financial instruments	(121)	53
13. +/- (Increase)/decrease of deferred tax assets	105	(403)
14. +/- Increase/(decrease) of deferred tax liabilities	(336)	(98)
Changes in long-term assets and working capital		
15. +/- (Increase)/decrease of inventories	(2,487)	(2,607)
16. +/- (Increase)/decrease of trade accounts receivables and other short-term assets	(4,880)	784
17. +/- Increase/(decrease) of trade accounts payables and other liabilities	3,032	2,572
18. + Proceeds from sales of short-term marketable securities (available-for sale papers)	5,966	984
19. - Acquisitions of short-term marketable securities (available-for sale papers)	(12,225)	(1,945)
20. = Cash generated from operating activities	(257)	5,780
21. - Income tax paid	(2,187)	(3,720)
22. - Interest paid	(1)	(63)
23. + Interest received	104	78
24. = Cash provided by operating activities	(2,341)	2,075
Cashflow from investing activities		
25. + Proceeds from disposals of fixed assets	16	760
26. +/- (Increase)/decrease of other loans	(1,380)	-
27. - Purchase of fixed assets	(1,148)	(2,784)
28. - Purchase of intangible assets	(116)	(139)
29. - Expenditures for capitalized development costs	(617)	(271)
30. + Proceeds from sales of long-term marketable securities (available-for sale-papers)	-	1,000
31. - Acquisitions of long-term marketable securities (available-for sale-papers)	-	(1,672)
32. = Cash used for investing activities	(3,245)	(3,106)
Cashflow from financing activities		
33. +/- Increase/(decrease) of short-term financial liabilities	590	7
34. + Proceeds from sales of own shares	-	-
35. - Dividends paid	-	-
36. +/- Tax withdrawal personally liable shareholder	-	-
37. = Cash used for financing activities	590	7
38. +/- Increase/(decrease) of currency exchange rate changes	(252)	(2)
39. = Net increase/(decrease) in cash and cash equivalents (Total of lines 24, 32, 37 and 38)	(5,248)	(1,026)
40. + Liquid funds on January 1	16,425	11,311
41. = Liquid funds on March 31	11,177	10,285

¹⁾ uncertified

The accompanying notes are an integral part of these Consolidated Financial Statements.

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)
OF MÜHLBAUER HOLDING AG & Co. KGaA**

	Notes	Total number of shares	Own shares Number	Ordinary share capital TEUR	Fixed capital TEUR	Additional paid-in capital TEUR	Other comprehensive income/(loss)			Total TEUR
							Cumulative transaction adjustments TEUR	Available for-sale- securities TEUR	Retained earnings TEUR	
Balance January 1, 2007 ¹⁾		6,279,200	(187,502)	7,798	(2,980)	59,872	101	1,158	74,350	140,299
Net earnings		-	-	-	-	-	-	-	2,512	2,512
Other comprehensive income/(loss)	(14)	-	-	-	-	-	(2)	223	-	221
Total comprehensive income/(loss)	(14)	-	-	-	-	-	(2)	223	2,512	2,733
Deferred compensation	(14)	-	-	-	-	154	-	-	-	154
Proceeds from sales of own shares	(14)	-	-	-	-	-	-	-	-	-
Balance March 31, 2007 ²⁾		6,279,200	(187,502)	7,798	(2,980)	60,026	99	1,381	76,862	143,186
Balance January 1, 2008 ¹⁾		6,279,200	(167,240)	7,824	(2,980)	60,483	(88)	414	76,090	141,743
Net earnings		-	-	-	-	-	-	-	5,668	5,668
Other comprehensive income/(loss)	(14)	-	-	-	-	-	(325)	(1,019)	-	(1,344)
Total comprehensive income/(loss)	(14)	-	-	-	-	-	(325)	(1,019)	5,668	4,324
Deferred compensation	(14)	-	-	-	-	75	-	-	-	75
Proceeds from sales of own shares	(14)	-	840	-	-	(1)	-	-	-	(1)
Balance March 31, 2008 ²⁾		6,279,200	(166,400)	7,824	(2,980)	60,557	(413)	(605)	81,758	146,141

¹⁾ certified ²⁾ uncertified

The accompanying notes are an integral part of these Consolidated Financial Statements.

Notes

A. GENERAL INFORMATION

(1) BASIC PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS

Description of business activities

Mühlbauer Holding AG & Co. Kommanditgesellschaft auf Aktien (referred to as the company) and its subsidiaries (together referred to as the Mühlbauer Group) develop, produce and distribute products and services within the chip card, passport, Smart Label and semiconductor industries. The development and production sites of the company are located in Germany, Malaysia and Slovakia. Sales are effected globally, via the company's own sales and services network and trade representations in different countries.

Principles of presentation

The present unaudited and unrevised consolidated interim financial statements were drawn up in accordance with International Financial Reporting Standards (IFRS) and the relevant interpretation of the International Accounting Standards Board (IASB) for interim reporting, as applicable in the European Union. As a result, these consolidated interim financial statements notes do not contain all the information and notes required by the IFRS for consolidated financial statements at the end of a financial year.

In the personally liable shareholder's view, the present unaudited and unrevised consolidated interim financial statements contain all adjustments necessary to reflect the actual earnings situation of the interim result. The results for the reporting period ending on 31 March 2008, do not necessarily enable the drawing of conclusions with regard to the development of future results.

In the context of drawing up consolidated interim financial statements in accordance with IAS 34 'Interim Financial Reporting', the personally liable shareholder has to make assessments, estimates and assumptions that impact the application of reporting principles within the group and the statement of assets and liabilities as well as income and expenses. The actual results may deviate from these estimates.

(2) SUMMARY OF KEY ACCOUNTING PRINCIPLES

Principles of Consolidation

The accounting principles applied to the consolidated interim financial statements correspond with those of the last consolidated financial statements at the end of the financial year. A detailed description of accounting principles is provided in the notes to the consolidated financial statements of our 2007 Annual Report.

B. EXPLANATIONS TO THE CONSOLIDATED STATEMENT OF INCOME

Apart from directly attributable costs such as those related to materials, personnel, power and overheads, cost of sales also comprise the balance of devaluations and revaluations on inventories. In Q1 2008 this resulted in expenses of TEUR 1,448 (PY: TEUR 2,065).

Selling expenses in the reporting period include order-related direct expenses in the amount of TEUR 1,421 (PY: TEUR 330).

The research and development expenses for the reporting period include value adjustments of TEUR 1,236 relating to amended evaluations pertaining to the future usability of individual development results.

Included in the financial results for the reporting period are realized gains on sales as well as profit distributions and interest income from securities in the amount of TEUR 735 (PY: TEUR 98). Financial expenses comprise realized losses from the sale of securities in the amount of TEUR 178 (PY: TEUR 42) and expenses from the discounting of long-term assets in the amount of TEUR 320 (PY: TEUR 9).

Income taxes totaled TEUR 1,930 (PY: TEUR 1,641), which corresponds to a tax rate of 25.4% (PY: 39.5%). The decreased tax rate is primarily due to the reduced real tax burden in the reporting period, resulting from the corporate tax reform 2008 announced on 17 August 2007.

The basic and diluted earnings per share are calculated as follows:

		1. Quarter 2008	2. Quarter 2007
Income before income taxes	TEUR	7,598	4,153
Portion of share capital in total capital	%	42.73	42.73
Portion of income before income taxes applicable to the shareholders of the limited partnership	TEUR	3,247	1,775
Effective tax rate	%	27.2	44.9
Effective tax amount	TEUR	883	797
Portion of net earnings for the year applicable to the shareholders of the limited partnership	TEUR	2,364	978
Weighted average of common shares	No.	6,279,200	6,279,200
Repurchased shares (weighted)	No.	(168,788)	(189,030)
Weighted average of shares outstanding	No.	6,110,412	6,090,170
Dilution effects from subscription rights of employees and executives	No.	-	204
Weighted average of shares outstanding (diluted)	No.	6,110,412	6,090,374
Basic earnings per share	EUR	0.39	0.16
Diluted earnings per share	EUR	0.39	0.16

(3) COST OF SALES

(4) SELLING EXPENSES

(5) RESEARCH AND DEVELOPMENT

(6) FINANCIAL RESULT

(7) INCOME TAXES

(8) EARNINGS PER SHARE

C. EXPLANATIONS ON THE CONSOLIDATED BALANCE SHEET

(9) MARKETABLE SECURITIES

in TEUR	31 March 2008	31 Dec. 2007
Securities of the category "available-for-sale"		
Shares and comparable securities	24,347	18,424
Bonds	2,144	2,638
	26,491	21,062

Earnings totaling TEUR 5,466 (PY: TEUR 984) were achieved in the reporting period from the sale of shares and comparable securities. Payments for the purchase of shares and comparable securities amounted to TEUR 12,225 (PY: TEUR 1,945) in the reporting period.

Proceeds from the sale of bonds during the reporting period amounted to TEUR 500.

(10) TRADE ACCOUNTS RECEIVABLE

in TEUR	31 March 2008			31 December 2007		
	With a residual term of up to 1 year	With a residual of more than 1 year	Total	With a residual term of up to 1 year	With a residual of more than 1 year	Total
Trade accounts receivable	34,763	2,301	37,064	30,500	1,536	32,036
Less value adjustments	(1,044)	-	(1,044)	(964)	-	(964)
	33,719	2,301	36,020	29,536	1,536	31,072

(11) INVENTORIES

in TEUR	31 March 2008	31 Dec. 2007
Raw materials, auxiliary and operating materials	7,091	6,818
Unfinished products	30,792	27,962
Finished products and trade goods	4,517	5,133
	42,400	39,913

In the reporting period, inventory assets were devalued by TEUR 1,448 (PY: TEUR 2,065).

(12) OTHER LOANS

Other loans comprise a secured loan in the nominal amount of TEUR 4,000, within the scope of which an additional sum in the amount of TEUR 1,380 was extended in the reporting period.

During the reporting period the value in respect of "Pension provisions and similar obligations", recorded in the balance sheet, changed as presented below. The composition of the amounts recorded as income in the statements of income can also be found in the following table:

in TEUR	1 Jan. - 31 March 2008	31 March 2008	1 Jan. - 31 Dec. 2007	31 Dec. 2007
Accruals for pension obligations at the beginning		(1,302)		(926)
Amounts recorded as income				
Current service cost	49		446	
Interest expenses on obligations	59		199	
Expected earnings on plan assets	(48)		(173)	
Amortization of actuarial losses	-	60	31	503
Contributions to plan assets		(49)		(879)
Accruals for pension obligations at the end		(1,291)		(1,302)

Own shares

On the basis of the resolution passed by the Annual General Meeting on 26 April 2007, the personally liable shareholder is authorized to purchase company shares of up to 10% of the current ordinary share capital until 30 September 2008, for specific pre-defined purposes.

Of its stock of 167,240 own shares with a nominal value of EUR 214,067.20 at the beginning of the financial year, 840 shares with a nominal value of EUR 1,075.20 were ceded in the form of anniversary shares free of charge. As per 31 March 2008, the company holds a stock of 166,400 own shares of a nominal value of EUR 212,992.00. At this point in time, the percentage of own shares in the ordinary share capital is 2.65%.

Appropriation of earnings

No dividends were paid in the reporting period.

Other comprehensive income

The following table shows the development of the changes in equity that do not affect income.

in TEUR	Financial assets of the category "available-for-sale"	Difference due to currency translation	Total
Status as per 01 January 2008	414	(88)	326
Adjustments to market values	(727)	-	(727)
Currency adjustments	-	(325)	(325)
Deferred taxes in shareholders' equity	(1)	-	(1)
Reclassification in income statement	(291)	-	(291)
Status as per 31 March 2008	(605)	(413)	(1,018)

(13) PENSION AND POSTRETIREMENT BENEFITS

(14) SHAREHOLDERS' EQUITY

Stock purchase programs

On the basis of specific accomplished personal or team goals, the employees of the Mühlbauer Group held a total of 1,294 subscription rights at the end of the reporting period. Every single subscription right authorizes its holder to subscribe to one common share issued to the bearer.

The average exercise price is EUR 27.94. All subscription rights can be exercised without observing a waiting period. The company intends to make use of its right to make cash payments to beneficiaries instead of transferring shares, thus meeting all subscription rights from cash and cash equivalents.

Moreover, neither the personally liable shareholder nor the Supervisory Board held subscription rights or comparable securities in accordance with § 160 (1) No. 5 AktG (Stock Corporation Act).

Employee stock programs

Pursuant to § 19a EstG the company is obliged to distribute 8,405 own shares with a nominal value of EUR 10,758.40 to the employees and trainees of the Mühlbauer Group under the company's stock option plans conducted on March 2008. This equals 0.13% of the share capital. The purchasing price per share is EUR 15.51. The difference between the purchasing and market price of TEUR 57 were recognized as personnel expenses. The own shares are distributed on April 2008.

(15) LIABILITY AND OTHER FINANCIAL OBLIGATIONS

The liability and other financial obligations decreased compared to the notes (29) of the Annual Report as per 31 December 2007 by TEUR 570 to the end of the reporting period.

D. SEGMENT REPORTING

Segment information for the 1. Quarter 2008/2007:

	1. Quarter 2008 TEUR	1. Quarter 2007 TEUR
Sales by application area		
Smart Identification	27,036	19,739
Semiconductor Related Products	7,190	6,226
Precision Parts and Systems	4,930	5,837
Traceability	4,066	2,795
	43,222	34,597
Deductions on sales	(72)	(127)
	43,150	34,470

	1. Quarter 2008 TEUR	1. Quarter 2007 TEUR
Sales by regions		
Asia	14,878	7,288
Rest of Europe	13,726	12,596
Germany	9,208	11,244
America	4,887	1,677
Other	523	1,792
	43,222	34,597
Deductions on sales	(72)	(127)
	43,150	34,470

E. NOTES TO THE STATEMENTS OF CASHFLOWS

The free cashflow is derived as follows:

	1. Quarter 2008 TEUR	1. Quarter 2007 TEUR
Cash provided by operating activities	(2,341)	2,075
Cash used for investing activities	(3,245)	(3,106)
Subtotal	(5,586)	(1,031)
Transition to free cashflow		
Gains/(losses) from the sale of fixed assets and intangible assets	7	9
Currency differences from the translation of long-term assets	-	(3)
Realized net gains/(losses) from short and long-term marketable securities	291	57
Proceeds from disposals of long-term assets	(16)	(760)
Payments from long-term loans	1,380	-
Proceeds from sale of long-term assets (marketable securities)	-	(1,000)
Investments in long-term assets (marketable securities)	-	1,672
Proceeds from sale of short-term assets (marketable securities)	(5,966)	(984)
Investments in short-term assets (marketable securities)	12,225	1,945
Free cashflow	2,335	(95)

F. OTHER NOTES

(16) EVENTS AFTER THE REPORTING DATE

On 14 April 2008, the company extended an irrevocable and absolute payment guarantee on behalf of an affiliated subsidiary in the amount of TEUR 6,350. The payment guarantee serves to provide security for firmly defined due dates upon achieving certain contractually agreed upon milestones and has a maximum term until 31 December 2013.

(17) RELATIONSHIPS WITH ASSOCIATED COMPANIES AND PERSONS

The parties considered associated companies and persons within the meaning of IAS 24 'Related Party Disclosures' are outlined in the notes (36) of the Annual Report as per 31 December 2007. In the reporting period, major business transactions with these associated companies and persons were:

Mühlbauer Aktiengesellschaft, ASEM Präzisions-Automaten GmbH and takeID GmbH rent office space from Mr. Josef Mühlbauer. In the first three months 2008, rental costs amounted to TEUR 78 (PY: TEUR 68).

Mühlbauer Aktiengesellschaft utilizes certain services in respect of the conveyance of passengers, sales promotion and staff development, offered by companies that are indirectly controlled by Mr. Josef Mühlbauer. For these services Mühlbauer Aktiengesellschaft paid TEUR 50 in the first three months 2008 (PY: TEUR 42).

(18) NUMBER OF EMPLOYEES

At the end of the period under review the Group employed:

	31 March 2008 Number	31 March 2007 Number
Production and assembly	933	879
Research and development	328	305
Administration and sales	175	166
	1,436	1,350
Apprentices and trainees as well as part-time employees	352	307
Total	1,788	1,657

Number of employees by region at the end of the reporting period:

	31 March 2008 Number	31 March 2007 Number
Germany	1,614	1,545
Asia	124	84
Rest of Europe	25	8
America	19	15
Others	6	5
Total	1,788	1,657

The annual general meeting, scheduled to take place on 29 April 2008, will be proposed to distribute a dividend of EUR 1.00 per share with dividend entitlement (previous year EUR 1.00 and additionally a special dividend of EUR 0.25) to be used from the net income for the 2007 business year. If the annual general meeting agrees to the proposal, Mühlbauer Holding AG & Co. Verwaltungs KG in its character as the personally liable shareholder will receive a profit share of TEUR 8,357 according to its capital share (57.27%). Taxes of TEUR 1,758, paid by the company and to be borne by Mühlbauer Holding AG & Co. Verwaltungs KG are deducted from this amount.

This consolidated interim report was authorized to be published by the personally liable shareholder on 28 April 2008.

**Mühlbauer Holding AG & Co.
Kommanditgesellschaft auf Aktien**

The personally liable shareholder

**(19) PROPOSAL FOR THE
APPROPRIATION OF EARNINGS**

Financial calendar

29 April 2008	Annual General Meeting
31 July 2008	Interim report II / 2008
30 October 2008	Interim report III / 2008
March 2009	Annual report 2008
April 2009	Annual General Meeting

Mühlbauer Holding AG & Co. KGaA

Headquarters: Josef-Mühlbauer-Platz 1
93426 Roding, Deutschland
Phone +49-9461-952-0
Fax +49-9461-952-1101

Contact Investor Relations:
investor-relations@muehlbauer.de
Phone +49-9461-952-1653
Fax +49-9461-952-8520

Visit us on the web at:
www.muehlbauer.de