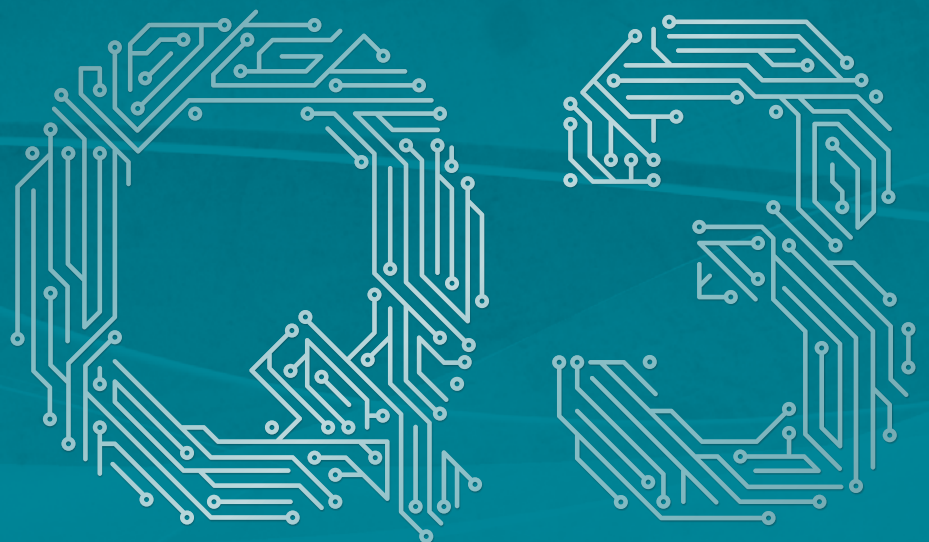


Interim report
3rd Quarter 2011





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Group overview*		Q3/2011	Q3/2010	Change %	9m/2011	9m/2010	Change %
Order income	EUR million	56.4	62.8	(10.2)	199.2	235.9	(15.6)
Order backlog	EUR million	213.8	155.6	37.4	213.8	155.6	37.4
Sales	EUR million	53.3	54.5	(2.2)	144.6	147.3	(1.8)
EBIT	EUR million	4.7	11.4	(58.8)	16.8	27.6	(39.1)
EBIT margin **	%	8.9	20.9	(12.0)	11.6	18.7	(7.1)
EBT	EUR million	4.7	11.5	(59.1)	17.1	27.9	(38.7)
Net earnings	EUR million	3.5	9.2	(62.0)	12.8	21.8	(41.3)
Earnings per Share	EUR	0.23	0.63	(63.5)	0.87	1.50	(42.0)
Free cashflow	EUR million	(3.7)	10.4	(135.6)	(6.3)	24.6	(125.6)
Employees ***	Number	2,845	2,225	27.9	2,845	2,225	27.9

* Negative figures in brackets

** Change % in percentage points

*** As per end of period



Interim consolidated Management Report

OVERVIEW OF THE BUSINESS DEVELOPMENT IN THE GROUP

The globally active Mühlbauer technology group continued to fill its order books in Q3 2011. At the same time, the solution provider pushed ahead its market position and invested more in research and development than ever before to gear up for the markets that are becoming noticeably rougher. Even though the company's earning power was unable to benefit equally as in the same period of the previous year, Mühlbauer remains optimistic and is still expecting to achieve total sales of approx. EUR 200 million. Based on its more than thirty years of technology and market expertise in respect of the launch of innovative ID documents and eGovernment solutions, the company still considers itself in an excellent position for further growth in the 2012 financial year, despite the current clouding of economic prospects.

The key developments in Q3 2011 were:

- To the end of the period under review, at EUR 213.8 million, the order book increased by a further 3.1% against the previous quarter (EUR 207.3 million).
- At EUR 56.4 million, consolidated order income lags the figure for the same period of the previous year by 10.2% (PY: EUR 62.8 million), due to a decline in demand for semiconductor-related products.
- At EUR 53.4 million, quarterly sales¹ remained nearly unchanged year-on-year (PY: EUR 54.6 million) – sales decline in the core area Cards & TECURITY® due to project-related differences in sales and service recognition pertaining to ID projects virtually fully compensated by higher sales in Semiconductor Related Products.
- Due to higher project-related personnel costs, higher investment-related depreciations and general cost increases, gross profit was 11.1% lower year-on-year, at EUR 19.6 million (PY: EUR 22.0 million).
- EBIT dropped 58.6% from EUR 11.4 million to EUR 4.7 million due to a significant rise in selling expenses as well as research and development expenses. This corresponds to an EBIT margin of 8.9%, after 20.9% year-on-year.
- The statement of income for the period under review reports net earnings of EUR 3.5 million, EUR 5.7 million less than in the same period of the previous year (PY: EUR 9.2 million). During the reporting period, earnings per share totals EUR 0.23, after EUR 0.63 year-on-year.
- Lower net earnings for the year, higher outflows to finance order-related production costs, to increase the inventory to ensure short delivery times and ongoing investment activities resulted in the fact that free cashflow totaled EUR -3.7 million in the quarter under review, after EUR +10.4 million year-on-year.

¹ The sales figures for Q3 2011 are the gross value before the deduction of earnings of EUR 0.1 million (PY: EUR 0.1 million)

FRAMEWORK CONDITIONS

Global economy

The stable upwards trend of the global economy still observed in the 1HY 2011 leveled off in Q3 2011. The global economy only recorded very restrained growth. This was at least partly due to psychological factors. The political squabbling regarding the raising of debt limits in the USA and the subsequent downgrading of the country's AAA rating by Standard & Poor's upset the markets in August. The persistent high unemployment rate in the USA also dampened the mood. Not all figures, however, are cause for concern. On the contrary. According to reports, the balance sheets in the US corporate sector are very strong. The same applies to the cash positions of US industrial businesses, which are recording a 30-year high and represent 9.9% of the GDP. In Q3 2011, the low-indebted emerging countries remained the motor of the global economy. While the economy slackened somewhat in China during the reporting period – as expected – overall economic production continued to rise significantly. Even the Japanese economy, which was hard hit by the natural catastrophe in March 2011, seems to be able to disconnect from the global economy's current development and is slowly recovering. In Europe, economic momentum declined slightly in Q3. The attempts of the Euro zone's core countries to save Greece from national bankruptcy by means of an aid package that is becoming increasingly more expensive for the Community, and the extension of the European sovereign debt crisis to Spain and Italy – as a result of which the European banking system was exposed to an increasing level of stress – were partly responsible for this development. In contrast to the sluggish economy of the countries in the European periphery, Germany continued to act as a pacemaker for Europe's economy, irrespective of the temporary turbulences on the financial markets.

Industry development

Governments, ministries and their downstream administrative bodies worldwide are responsible for providing their citizens with safe, nationally and internationally acknowledged identification and travel documents. In the period under review there have not been any major changes compared with the positive developments on the ID market forecast in the 2010 Annual Report.

The stable growth recorded in the RFID industry in Q2 2011, continued during the period under review. The development in Board Handling and Marking Solutions was also characterized by an upwards trend – largely initiated by the recovery in the automotive industry. By contrast, the semiconductor market lost some of its momentum in recent months, which is partly due to the current weak demand for consumer electronics (PCs, Smart Phones, mobile phones, etc.) and the general global economic situation.

Mechanical engineering and plant construction, a sector relevant to Precision Parts & Systems, again developed extremely positively in Q3. As a result of the 16.7% production increase during the first eight months of 2011 against the same period of the previous year, the capacity utilization of currently 89.9% accompanied by a constant rise in employee numbers and a 5.8 month order backlog, this branch of industry typifies the flagship industry of the German economy.

BUSINESS DEVELOPMENT

Order income and order backlog

The consolidated order income of the worldwide system partner for ID solutions totaled EUR 56.4 million in Q3 2011 and was thus 10.2% lower year-on-year (EUR 62.8 million).

The reason for this decline was primarily the decrease in demand for semiconductor back-end products in the second half of 2011, after the strong growth experienced in the previous year. Against this background, the orders booked in Semiconductor Related Products were 27.8% lower year-on-year, at EUR 14.8 million, while orders in respect of the core business area Cards & TECURITY® exceeded the previous year's value slightly, at EUR 35.4 million (PY: EUR 35.3 million). After consistent and distinct growth in the previous four quarters, order income achieved in Precision Parts & Systems during the reporting period was, for the first time, somewhat lower. At EUR 6.2 million (PY: EUR 7.0 million), the order volume posted here exceeds the previous year's value by 11.4%.

Based on the first nine months of 2011, order income amounted to EUR 199.1 million, which corresponds to a decline of 15.6% against the order value of EUR 235.9 million achieved in the first nine months of 2010. In this context, the decline related exclusively to the two business areas Cards & TECURITY® and Semiconductor Related Products. While order income in Cards & TECURITY® was 18.3% lower year-on-year, at EUR 130.6 million (PY: EUR 159.8 million), the order volume in Semiconductor Related Products lagged the previous year's value by 19.4%, at EUR 46.4 million (PY: EUR 57.6 million). On a nine-month comparison, however, Precision Parts & Systems increased significantly. With orders worth EUR 22.1 million, the previous year's value of EUR 18.5 million was outstripped by 19.5%.

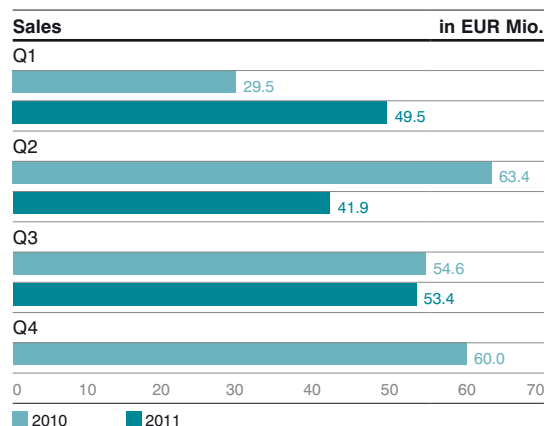
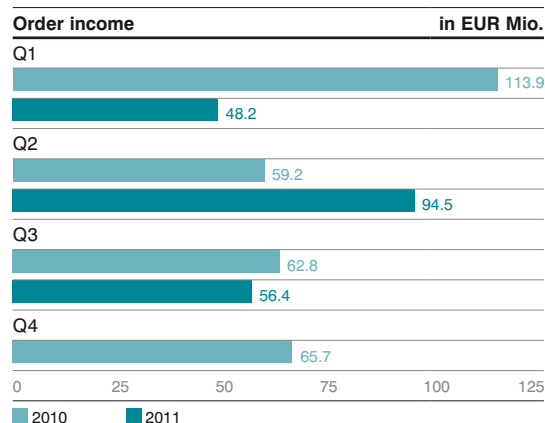
The order backlog rose further during the reporting period and climbed to EUR 213.8 million (PY: EUR 155.6 million) by 30 September 2011. This represents an increase of 37.4%

At EUR 53.4 million (PY: EUR 54.6 million), total sales achieved by the solution provider during the reporting period were almost at the same level year-on-year. While sales revenues in the core business area Cards & TECURITY® dropped 11.1% due to project-related differences in sales and service recognition pertaining to ID projects – from EUR 35.6 million in the third quarter of the previous year to EUR 31.6 million in the quarter under review – Semiconductor Related Products recorded a significant upturn of 20.4% against the same period of the previous year, with sales revenues totaling EUR 16.1 million (PY: EUR 13.4 million). Sales in Precision Parts & Systems remained comparatively stable and, on a quarterly comparison, were unchanged at EUR 5.7 million.

Sales¹

On a nine-month comparison, consolidated sales amounted to EUR 144.9 million, which is 1.8% lower than the figure for the same period of the previous year (PY: 147.5 million). While the core business area Cards & TECURITY® lagged the previous year's value by 11.9%, at EUR 82.1 million (PY: EUR 93.2 million), *Semiconductor Related Products* recorded an increase of 8.5%, at EUR 42.4 million (PY: EUR 39.0 million). Moreover, on a nine-month comparison, Precision Parts & Systems grew strongly. With sales worth EUR 20.4 million, the previous year's value of EUR 15.3 million was outstripped by 33.9%.

On a regional breakdown, at 46.9% (PY: 52.1%) Europe remained the largest contributor to sales within the Group in Q3 2011. Germany rose by 2.8% points, to 19.8%, while the share of sales relating to the remaining European countries dropped by 7.9%, to 27.1%. Asia also declined on a percentage basis. On a quarterly comparison, its regional share in total sales decreased by 3.3% points, to 33.0%. The Americas increased. Its share in total sales grew by 7.9% on a quarterly comparison, to 13.6%, while the percentage pertaining to the African region dropped by 0.3% points, to 6.5%. Please refer to page 22 of the notes for more in-depth information on regional sales development.



¹ The sales figures for Q3 2011 are the gross values prior to any deductions in earnings of EUR 0.1 million (PY: EUR 0.1 million)

EARNINGS, FINANCIAL AND ASSET SITUATION

Earnings development

Earnings before interest and taxes (EBIT) in respect of the quarter under review dropped by EUR 6.7 million year-on-year, from EUR 11.4 million to EUR 4.7 million. While net sales remained almost constant with a decline of 2.2%, a 3.7% point climb of the cost-of-sales ratio (63.3%; PY: 59.6%) resulted in a EUR 2.4 million lower gross profit year-on-year (EUR 19.6 million; PY: EUR 22.0 million). The EUR 3.0 million rise in selling expenses and the EUR 1.4 million personnel-related rise in research and development expenses also impacted operating income negatively. Based on the sales achieved during the quarter, this results in an EBIT margin of 8.9% (PY: 20.9%). The statement of income for the period under review reports net earnings of EUR 3.5 million, EUR 5.7 million less than in the same period of the previous year (PY: EUR 9.2 million). During the reporting period, earnings per share totals EUR 0.23, after EUR 0.63 year-on-year.

Based on the nine-month period, EBIT decreased by EUR 10.8 million year-on-year, from EUR 27.6 million to EUR 16.8 million. If the income in respect of the comparative period is adjusted by special effects from legal disputes that have since been finalized, this results in a downturn of EBIT by EUR 8.5 million. While gross profit declined only slightly to EUR 57.5 million, from EUR 58.3 million in the nine-month period of the previous year, the operating income was in particular affected by the rise in selling as well as research and development expenses. The net gains achieved in the nine-month period total EUR 12.8 million, after EUR 21.8 million in the first nine months of the previous year. Earnings per share amounted to EUR 0.87 (PY: EUR 1.50).

Analysis of earnings development

Higher cost of sales associated with a comparatively slight decline in sales resulted in a drop of gross profit of EUR 2.4 million, from EUR 22.0 million to EUR 19.6 million. The rise in cost of sales largely resulted from higher personnel costs due to project-related recruitment in the production and assembly areas, higher investment-related depreciations and a project-related rise of provisions for contingent losses, originally formed in Q2 2011. Based on sales, the gross profit margin therefore deteriorated by 3.7% points and dropped from 40.4% to 36.7%. Apart from a rise in personnel costs, the increase of selling expenses by EUR 3.0 million against the third quarter of the previous year was in particular due to the distinct rise of project-related selling expenses. Administrative expenses recorded an upturn of EUR 0.3 million, which is largely due to the progressive internationalization and expansion of the Mühlbauer Group. Research and development expenses rose EUR 1.4 million, from EUR 6.4 million to EUR 7.8 million. This increase is, on the one hand, due to the boost of personnel capacity in this area. On the other hand, the lower capitalization of development results means that research and development expenses could not be relieved to the extent they were relieved in the same quarter of the previous year. The increase of the balance of other income and other expenses by EUR 0.5 million largely results from higher reversals of accruals during the quarter under review. Compared with the third quarter of the previous year the financial result declined by EUR 0.2 million. Apart from lower financial earnings due to the reduction of cash and cash equivalents as well as securities, the disposal of securities for the delimitation of the exposure to loss following the sharp downturn at the stock markets resulted in higher financial expenses. Due to the lower amount of earnings before taxes, income taxes dropped by EUR 1.1 million, from EUR 2.3 million to EUR 1.2 million.

On a nine-month comparison, gross profit was only marginally lower year-on-year following a slight decline in sales and cost of sales – by EUR 0.8 million or 1.3%. This corresponds to a gross profit margin of 39.8%, after 39.6% year-on-year. Cost increases pertaining to selling and general administrative expenses as well as in the research and development area ultimately resulted in the fact that the EBIT of EUR 16.8 million, achieved in the first nine months of 2011, lagged the previous year's result of EUR 27.6 million significantly - by EUR 10.8 million. The EUR 3.9 million increase in costs in the sales area is essentially due to the rise in personnel costs as well as project-related selling expenses. The rise in costs of EUR 0.8 million recorded in respect of administrative expenses is largely due to expenses in connection with the successive streamlining of the organization and the progressive internationalization and expansion of the Mühlbauer Group. Research and development expenses have risen markedly with an increase of EUR 5.2 million on a nine-month comparison. The reasons for this were first and foremost

the capacity build-up and the comparatively lower capitalization of development results. Furthermore, project-related research activities played a decisive role in this cost increase. During the reporting period the positive balance of other income and expenses was at the level of the previous year. The same applies to the financial result, which was at the level of the same period of the previous year for the first nine months of 2011. Income taxes decreased by EUR 1.8 million due to the decline in result, dropping from EUR 6.1 million to EUR 4.3 million. Over the same period, earnings per share dropped from EUR 1.50 to EUR 0.87.

In the first nine months of the current financial year, cashflow from operating activities was EUR +26.1 million, which is EUR 10.7 million below the previous year's level (PY: EUR +36.8 million). Adjusted for cashflows from transactions with short-term marketable securities (reporting period: EUR +11.8 million; PY: EUR -5.9 million), cashflow from operating activities for the first nine months of the year under review is EUR 28.4 million lower than for the same period of the previous year. Apart from the EUR 9.0 million lower net earnings for the year, the main reasons for this decline were primarily the outflow for the financing of order-related production costs and the increase of inventory to ensure short delivery times, which represented a EUR 20.0 million impact on cashflow. The rise of outflows in respect of income taxes by EUR 3.8 million, to EUR 8.8 million, comprises higher income-related tax payments in respect of the previous year and EUR 2.2 million pertaining to capital gains taxes from dividend payments that were not incurred during the same period of the previous year.

Cashflow

In the first nine months of the current financial year, outflows from investment activities were EUR 2.1 million above the previous year's level, at EUR 20.2 million (PY: EUR 18.1 million). This increase is essentially due to final payments made on the structural extensions at the Group's headquarters, primarily executed in the second half of 2010, as well as the extension and modernization of production facilities at domestic sites.

Largely due to the development outlined above, free cashflow was EUR 30.9 million lower year-on-year, at minus EUR 6.3 million (PY: EUR 24.6 million). In the first nine months of the year under review, cash and cash equivalents as well as short-term marketable securities dropped from EUR 38.4 million to EUR 14.9 million or by 61.3%.

The Group's balance sheet total declined 11.3% against 31 December 2010 (EUR 213.3 million), to EUR 237.5 million. While the ratio of short-term assets to the balance sheet total hardly changed (61.9%; PY: 61.5%), it climbed by a total of EUR 16.0 million in the year under review, due largely to the extension of business volume. In parallel, against the background of massive investments, the share of long-term assets rose by EUR 8.2 million, in real terms; in relation to the balance sheet total, however, it remained virtually constant year-on-year, at 38.1% (PY: 38.5%). As expected, the extension of value-added activities during the first nine months led to a strong increase of liabilities. As a result, the share of liabilities in the balance sheet total climbed from 26.5% to 36.9%, while the equity ratio dropped from 73.5% to 63.1%.

Assets

Cash and cash equivalents as well as securities decreased by EUR 23.5 million to EUR 14.9 million in the first nine months of 2011. The key factors in this decline were the rise in inventories by EUR 29.0 million to EUR 81.8 million, caused by the extension of business volume, the dividend payment made to shareholders during the reporting period and the profit distribution to the personally liable shareholder in the amount of EUR 19.0 million. In parallel, trade accounts receivable rose significantly, by EUR 7.3 million to EUR 36.9 million, also caused by the extension of business volume. The rise in long-term assets from EUR 82.2 million to EUR 90.4 million is due to the investment-related increase in tangible fixed assets.

The increase in short-term liabilities by EUR 31.9 million primarily results from higher advance payments by customers (EUR 18.7 million) the rise of other accruals (EUR 6.4 million) and higher other short-term provisions (EUR 5.0 million). The above mentioned dividend payment to shareholders and the profit distribution to the personally liable shareholder as well as the decline of other comprehensive income of EUR 1.1 million were key factors in respect of the decline of shareholders' equity. The latter is directly connected with the devaluation of the currencies of certain group companies abroad against the group currency (euro), recorded during the period under review.

FACTOR INPUT

Investments

In Q3 2011 gross investments in respect of purchased intangible and fixed assets amounted to EUR 6.4 million (PY: EUR 4.1 million). In the accumulated nine-month comparison the investment volume thus comprised EUR 16.2 million and was therefore slightly above the previous year's investment level of EUR 15.9 million. The investments effected in the period under review largely related to the purchase of state-of-the-art machines and systems for the two production sites Roding and Stollberg, for the modernization and extension of the machinery.

Research and development

In Q3, research and development expenses of the Mühlbauer technology group totaled EUR 7.8 million (PY: EUR 6.4 million) thus adding up to EUR 22.0 million (PY: EUR 16.8 million) over the first nine months of 2011. Based on sales, the R&D rate for this period thus rose from 11.4% to 15.2%.

In the Cards & TECURITY® area development focused both on the continual increase of efficiency of standard products and the extension of the product range. The company's portfolio was, for example, extended by a new entry level card inspection machine with a throughput of 20,000 cards per hour. Research and development activities in the card production area also centered on the development of new solutions for the application of so-called DOVIDs (Diffractive Optically Variable Image Device), i.e. visual security features for ID cards and other security documents.

With regard to the personalization systems for ID1 and ID3 formats, research and development activities in Q3 2011 focused on the supplementation of new process modules. Thus, SCP800/1500 was, for example, extended by an inline connection to a mailing system. A newly developed sorting module for the two GSM6000 and SCP4000 systems improved their speed and reliability. With regard to the SCP60 system, the focus was on banking and instant issuance solutions, which are reflected in a newly developed embosser generation. In the passports area the Persys 6000 was extended by the laser engraving function. At the same time, the standardization of basic modules was pushed ahead so that customers can benefit from synergy effects; individual customer requirements can be efficiently met by utilizing these simplified modules.

In Semiconductor Related Products the emphasis of research and development activities was on the new development of an industrial personalization system for RFID Smart Labels and Tickets, which will most likely extend the technology group's product range from April 2012 onwards. The "Recipe-Management-System_Gen2.0" was developed in order to further improve the user-friendliness of machines with image processing cameras. This is software that allows for the transmission of so-called recipes from one machine to the other, including the necessary auto-calibrations. Moreover, the Tag-Assembly-Line TAL15.000 was extended by a "Visual Bump Inspection". A forward-looking milestone was reached in the solar sector following the acceptance of the first system for the production of flexible solar cells.

Employment

To the end of Q3 2011, the Mühlbauer Group employed 2,845 staff worldwide. The distinct rise of employees by 620 people or 27.9% in contrast to the same period of the previous year (PY: 2,225) is largely due to the creation of temporary project-related positions. On a regional breakdown, staff numbers were primarily raised on the American continent and at the European sites, in particular at the company headquarters in Roding. The functional new employment again focused on the area of production and assembly, in which the number of employees rose by 405 or 35.5% year-on-year, from 1,140 to 1,545. Furthermore, staff numbers in Research and Development, which employed approx. 510 people to the end of the Q3 2011, rose by 106 or 26.2%. In the course of sustainability the number of trainees and apprentices within the Group was also increased. To the end of the reporting period Mühlbauer employed a total of 385 trainees and apprentices, which amounts to 20 more year-on-year (PY: 365).

EVENTS AFTER THE END OF THE QUARTER

No special events occurred between the reporting date of the quarter (30 September 2011) and the approval for publication (2 November 2011) that require reporting.

RISK REPORT

An in-depth report of the Mühlbauer Group's risk and opportunity situation was provided in the 2010 Annual Report. In the context of the regular review of these risks and opportunities, certain risk situations were reevaluated and substantiated as per the reporting date.

The extension of business volumes with governments and government-related institutions involves a constant rise of new, partly complex large-scale projects in respect of which Mühlbauer accepts overall responsibility. The nature of such large-scale projects means that Mühlbauer must occasionally provide prior performance, which could narrow down the existing scope of liquidity if Mühlbauer consistently continues its investment activities. As a result of the increasing involvement of customers in the financing of projects, the use of existing liquidity reserves and available cash credit lines, as well as the further intensification of the corporate working capital management, the company has various options at its disposal to counter such trends.

Compared with the risk analysis of 31 December 2010 a significant intensification of competition, caused by the actions of new providers, is discernible in the market-competition environment in respect of the Mühlbauer Group's industrial area. As a result of continual technological innovations and cost reductions in the areas affected, Mühlbauer is already actively countering this change in market situation.

Irrespective of the clouding of economic development forecast by experts, at the current point in time competition for all types of skilled employees is intensifying at the Mühlbauer Group's national and some of its international sites, which can lead to corresponding personnel- or payment-related adjustments. The company's independence from local labor markets is maintained by offering an approved and good initial professional training, close contacts to select universities and an internationally oriented personnel recruitment - securing high-quality young talent at all levels.

In the first nine months of the 2011 financial year there have been no significant changes in respect of all other risks outlined in the consolidated management report for the 2010 financial year.

OUTLOOK

Global economy

Following the GDP growth rates of 4.3% forecast in Q2 in respect of 2011 as a whole, the leading market research institutions have corrected their forecasts for the growth of the global economy downward in view of the further leveling off of growth momentum over the summer months. Despite massive speculation, however, experts currently consider a slide of the global economy into a new recession very unlikely. The economic situation of individual states or regions, however, remains rather varied. While China is anticipating GDP growth of 9.5% in 2011 and 9.0% in 2012, the US economy will likely only record a plus of 1.5% or 1.8%. Sustained high unemployment, open budgetary issues and more difficult general conditions for political compromises just prior to the presidential elections in 2012 surely represent genuine problems. According to the report published by the World Economic Forum last month, the country ranks fifth on the list of the world's most competitive economies – despite the above. The observed deceleration of economic recovery in Europe also does not come as a surprise. After all, a recovery boom cannot last forever, as the Director of IW Köln states. According to the corrected outlook, however, Germany's economic performance is to rise by 3%. IWF experts expect Europe to achieve growth rates of 1.6% and 1.1% in 2011 and 2012, respectively. In so doing, the progressive state indebtedness, turbulences on the financial markets and the resultant insecurity remain a considerable risk for the future development of the economy.

Industry development

The aim of being able to reliably identify people around the globe using state-of-the-art electronic ID documents equipped with biometric data will continue to provide further growth impulses to the government-related TECURITY® market in future. States and governments worldwide are continuously pushing ahead the process of transformation from conventional ID documents to electronic, chip-based documents such as ePassports, ID cards, healthcare cards or driver's licenses, in order to offer their citizens greater security internationally, as well as greater comfort and flexibility nationally. The latter is likely to ensure that the importance of the dual interface technology, i.e. both the contact-based and contactless transmission of chip data, will steadily increase. Apart from modernizing existing data structures and guaranteeing the security of their people, states are extremely interested in rationalizing internal administrative structures in the context of the so-called eGovernment, thus rendering processes more efficient.

The RFID technology is no longer merely an issue of individual technological pioneers. Medium-sized businesses are increasingly discovering the tremendous potential for optimization that the use of RFID offers. Meanwhile, high annual rates of growth are forecasted for the sector for the years to come, which are to amount to between 14% and 28%. Market development is expected to be extremely volatile over the next few months. However, there are also positive signs for substantial growth over the course of the next year. The development in Board Handling and Marking Solutions is expected to stabilize at the current level short-term; a long-term forecast is currently still difficult, however, due to the general economic insecurity. According to the market analyst Gartner, the current weakness of the market in the semiconductor industry is to continue for several months yet. According to the outlook which has just been revised downward, this year sales in this area will not rise 5% against the previous year but rather decline by 0.1%. As is common on the semiconductor market, however, sales can very rapidly develop growth momentum again.

The prospects for mechanical engineering and plant construction, which is one of the key indicators for Precision Parts & Systems will remain positive, even though the upward trend will lose some of its momentum in the year to come. According to VDMA (German Engineering Federation), production is expected to grow by 4% in 2012.

Business development

The business model of the Mühlbauer Group is based on a solid groundwork that has evolved for a period of thirty years. The high innovative strength and early positioning of the company in promising emerging markets involving the intelligent identification of people or flows of goods have turned Mühlbauer into a globally leading partner of numerous governments and prestigious industrial companies. The company is ensuring that it retains and extends its leading position in future with even larger investments of up to EUR 30 million in the year under review and significantly intensified research and development activities.

Even though the company's earning power was unable to benefit equally as in the same period of the previous year, the company remains optimistic and is still expecting to achieve total sales of approx. EUR 200 million. The diversification of the market between government and industry will continue to ensure that the dependence on economic cycles is put into perspective. Against this background the company sees itself very well positioned to undergo further growth in the 2012 financial year, despite the increase of signs during Q3 indicating a clouding of the economy.

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 2010 Annual Report and other parts of this interim report.

**CONSOLIDATED STATEMENT OF INCOME (IFRS) FROM JANUARY 1 to SEPTEMBER 30, 2011
OF MÜHLBAUER HOLDING AG & CO. KGaA¹⁾**

	Notes	July 1 - September 30, 2011 TEUR	July 1 - September 30, 2010 TEUR	Jan. 1 - September 30, 2011 TEUR	Jan. 1 - September 30, 2010 TEUR
1. Sales		53,325	54,505	144,621	147,275
2. Cost of sales	(3)	(33,768)	(32,497)	(87,104)	(88,995)
3. Gross profit		19,557	22,008	57,517	58,280
4. Selling expenses	(4)	(5,820)	(2,841)	(14,723)	(10,779)
5. Administrative expenses		(2,008)	(1,702)	(6,544)	(5,708)
6. Research and development	(5)	(7,774)	(6,366)	(22,039)	(16,834)
7. Other income	(6)	979	797	3,507	3,665
8. Other expenses		(209)	(493)	(885)	(1,025)
9. Operating income		4,725	11,403	16,833	27,599
10. Financial result					
a) Financial income		68	211	577	557
b) Financial expenses		(140)	(90)	(310)	(252)
11. Income before income taxes		4,653	11,524	17,100	27,904
12. Income taxes		(1,183)	(2,295)	(4,303)	(6,090)
13. Net earnings		3,470	9,229	12,797	21,814
- <i>Minority interests</i>		(8)	(5)	(16)	(23)
- <i>Attributable to shareholders of Mühlbauer Holding AG & Co. KGaA</i>		3,478	9,234	12,813	21,837
Earnings per share in EURO					
basic	(7)	0.23	0.63	0.87	1.50
fully diluted	(7)	0.23	0.63	0.87	1.50
Weighted average of shares					
basic	(7)	6,134,234	6,131,061	6,134,234	6,131,061
fully diluted	(7)	6,134,234	6,131,062	6,134,234	6,131,062

¹⁾ uncertified

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS) FROM JANUARY 1 TO SEPTEMBER 30, 2011
OF MÜHLBAUER HOLDING AG & CO. KGaA¹⁾**

		July 1 - September 30, 2011 TEUR	July 1 - September 30, 2010 TEUR	Jan. 1 - September 30, 2011 TEUR	Jan. 1 - September 30, 2010 TEUR
Net earnings		3,470	9,229	12,797	21,814
Change of market value of available-for-sale securities	(15)	-	63	(54)	57
Difference due to currency translation	(15)	644	(1,819)	(1,052)	2,494
Deferred taxes	(15)	-	(14)	-	(15)
Total income and expenses recognized in equity		644	(1,770)	(1,106)	2,536
Total income and expenses		4,114	7,459	11,691	24,350
- <i>Minority interests</i>		(8)	(4)	(16)	(22)
- <i>Attributable to shareholders of Mühlbauer Holding AG & Co. KGaA</i>		4,122	7,463	11,707	24,372

¹⁾ uncertified

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS) AS AT SEPTEMBER 30, 2011
OF MÜHLBAUER HOLDING AG & CO. KGaA**

	Notes	September 30, 2011 ¹⁾ TEUR	December 31, 2010 ²⁾ TEUR
ASSETS			
Short-term assets			
Cash and cash equivalents		13,315	25,209
Marketable securities	(8)	1,537	13,190
Trade accounts receivable	(9)	36,932	29,589
Other current assets	(10)	10,522	8,345
Tax receivables		2,996	1,976
Inventories	(11)	81,798	52,825
		147,100	131,134
Long-term assets			
Investment and long-term financial assets			
Trade accounts receivable	(9)	940	1,904
		940	1,904
Fixed assets			
Land and buildings		47,147	46,125
Technical equipment		17,114	14,463
Furniture and office equipment		7,847	6,588
Buildings and equipment in progress		4,722	940
		76,830	68,116
Intangible assets			
Software and licenses		2,455	2,087
Capitalized development costs		4,710	5,313
		7,165	7,400
Other long-term assets			
Long-term tax receivables		1,718	1,952
Deferred tax assets		2,058	1,486
Plan assets	(14)	1,644	1,305
		5,420	4,743
		237,455	213,297
PASSIVA			
Short-term liabilities			
Financial liabilities		1,762	-
Trade accounts payable		15,089	10,962
Downpayments		35,548	16,849
Other liabilities	(12)	12,931	10,690
Accrued income taxes	(13)	4,265	4,146
Other accruals	(13)	16,992	12,023
		86,587	54,670
Long-term liabilities			
deferred tax liabilities		1,040	1,825
		1,040	1,825
Shareholders' equity			
Ordinary share capital		8,038	8,038
Own shares	(15)	(180)	(189)
Fixed capital contribution		(2,980)	(2,980)
Additional paid-in capital		61,136	60,840
Other comprehensive income	(15)	1,476	2,582
Retained earnings		82,341	88,498
Equity excluding minority interests		149,831	156,789
Minority interests		(3)	13
		149,828	156,802
		237,455	213,297

¹⁾ uncertified ²⁾ certified

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

**CONSOLIDATED STATEMENT OF CASH-FLOWS (IFRS) FROM JANUARY 1 TO SEPTEMBER 30, 2011
OF MÜHLBAUER HOLDING AG & CO. KGaA¹⁾**

	Jan. 1 - September 30, 2011 TEUR	Jan. 1 - September 30, 2010 TEUR
Cash provided by operating activities		
1. Net earnings	12,797	21,814
2. + Income taxes	4,303	6,090
3. + Interest expenses	250	31
4. - Interest income	(320)	(291)
Adjustments for non cash expenses and income		
5. +/- Expenses/(income) from employee profit-sharing programs	120	25
6. +/- Depreciations/(appreciations) to fixed assets	7,094	5,431
7. +/- Depreciations/(appreciations) to intangible assets	778	477
8. +/- Depreciations/(appreciations) to capitalized development costs	1,855	1,817
9. +/- (Gains)/losses from the sale of fixed assets	(306)	(189)
10. +/- Realized net (gains)/losses from short- and long-term marketable securities	(285)	(173)
11. +/- (Gains)/losses from the the change in fair value of financial instruments	104	(54)
12. +/- (Increase)/decrease of deferred tax assets	(572)	53
13. +/- Increase/(decrease) of deferred tax liabilities	(785)	(57)
Changes in long-term and short-term assets		
14. +/- (Increase)/decrease of inventories	(28,973)	(8,978)
15. +/- (Increase)/decrease of trade accounts receivables and other short-term assets	(9,214)	6,025
16. +/- Increase/(decrease) of trade accounts payables and other liabilities	36,220	15,661
17. + Proceeds from sales of short-term marketable securities	28,395	13,491
18. - Cash outflows for short-term marketable securities	(16,575)	(19,379)
19. = Cash generated from operating activities	34,886	41,794
20. - Income tax paid	(8,833)	(5,048)
21. - Interest paid	(9)	(7)
22. + Interest received	95	78
23. = Cash provided by operating activities	26,139	36,817
Cashflow from investing activities		
24. + Proceeds from disposals of fixed assets	1,034	384
25. - Purchase of fixed assets	(18,274)	(13,943)
26. - Purchase of intangible assets	(1,189)	(2,163)
27. - Expenditures for capitalized development costs	(1,740)	(2,333)
28. = Cash used for investing activities	(20,169)	(18,055)
Cashflow from financing activities		
29. +/- Increase/(decrease) of short-term financial liabilities	1,762	-
30. + Proceeds from sales of own shares	185	-
31. + Capital increase at subsidiaries (of other shareholders)	-	24
32. - Dividends paid	(17,305)	(13,929)
33. +/- Tax withdrawal personally liable shareholder	(1,948)	(1,665)
34. = Cash used for financing activities	(17,306)	(15,570)
35. +/- Increase/(decrease) of currency exchange rate changes	(558)	1,582
36. = Net increase/(decrease) in cash and cash equivalents (Total of lines 23, 28, 34 and 35)	(11,894)	4,774
37. + Liquid funds at beginning of reporting period	25,209	18,798
38. = Liquid funds at end of reporting period	13,315	23,572

¹⁾ uncertified

We refer to additional informations on page 22 of the accompanying notes.
The accompanying notes are an integral part of these Consolidated Financial Statement.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS) FROM JANUARY 1 TO SEPTEMBER 30, 2011
OF MÜHLBAUER HOLDING AG & CO. KGaA**

	Notes	Total number of shares	Own shares Number	Ordinary share capi- tal in consi- deration of own shares TEUR	Fixed capital TEUR	Additional paid-in capital TEUR	Other compre- hensive income / (loss) TEUR	Retained earnings TEUR	Minority interests TEUR	Total TEUR
Balance Jan. 1, 2010 ¹⁾		6,279,200	(148,995)	7,847	(2,980)	60,817	(664)	72,112	-	137,132
Net earnings		-	-	-	-	-	-	21,837	(22)	21,815
Other comprehensive income/(loss)	(15)	-	-	-	-	-	2,536	-	-	2,536
Total comprehensive income/(loss)		-	-	-	-	-	2,536	21,837	(22)	24,351
Deferred compensation	(15)	-	-	-	-	25	-	-	-	25
Proceeds from sales of own shares	(15)	-	1,335	2	-	(2)	-	-	-	-
Dividend		-	-	-	-	-	-	(13,930)	-	(13,930)
Cash capital increase		-	-	-	-	-	-	-	24	24
Balance September 30, 2010 ²⁾		6,279,200	(147,660)	7,849	(2,980)	60,840	1,872	80,019	2	147,602
Balance Jan. 1, 2011 ¹⁾		6,279,200	(147,660)	7,849	(2,980)	60,840	2,582	88,498	13	156,802
Net earnings		-	-	-	-	-	-	12,813	(16)	12,797
Other comprehensive income/(loss)	(15)	-	-	-	-	-	(1,106)	-	-	(1,106)
Total comprehensive income/(loss)		-	-	-	-	-	(1,106)	12,813	(16)	11,691
Deferred compensation	(15)	-	-	-	-	120	-	-	-	120
Proceeds from sales of own shares	(15)	-	7,316	9	-	176	-	-	-	185
Dividend		-	-	-	-	-	-	(18,970)	-	(18,970)
Cash capital increase		-	-	-	-	-	-	-	-	-
Balance September 30, 2011 ²⁾		6,279,200	(140,344)	7,858	(2,980)	61,136	1,476	82,341	(3)	149,828

¹⁾ certified ²⁾ uncertified

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

Notes

(1) BASIC PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS

A. GENERAL INFORMATION

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, semiconductor and electronic technology. Furthermore, the Mühlbauer Group markets precision parts manufactured by means of chipping and the processing of metals and plastics, as well as products, modules and systems based on such precision parts. 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 project related agents 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 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 30 September 2011, 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.

Amendments of published standards and interpretations which must be applied for the first time in 2011 and which have not been applied in the past

Improvements in the International Financial Reporting Standards (issued by the IASB in May 2010): The amendments must be applied at the latest as of the commencement of the first financial year starting after 30 June 2010 (IFRS 3, IFRS 7 – impact of amendments in IFRS 3, IAS 32, IAS 39, IAS 21, IAS 28 and IAS 31) and/or the first financial year starting after 31 December 2010 (IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC 13). Mühlbauer has applied the improvements as of 1 January 2011. Most of the amendments consist of clarifications or corrections of already existing International Financial Reporting Standards and/or changes as a consequence of amendments to the IFRS that were implemented previously. In the case of amendments to IFRS 1 and IAS 34, existing requirements have been modified or additional guidelines have been issued for the implementation of those requirements. This does not affect the financial statements and the notes of the Mühlbauer Group.

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 2010 Annual Report.

Changes in the scope of consolidation

On 4 July 2011, the company founded Muehlbauer Technologies d.o.o., which has its registered office in Stara Pazova, Serbia. The company's entry into the Commercial Register of the Republic of Serbia was effected under the number 20764422. Muehlbauer Technologies d.o.o. functions as a sales, production and service company. The subscribed capital of Muehlbauer Technologies d.o.o. is RSD 50,222.15 and has been fully paid up.

Recognition of new facts and circumstances on the balance sheet

Concession agreements with government institutions that were for the first time entered into in the financial year are disclosed in the financial statements in accordance with IFRIC 12 "Service Concession Agreements". According to IFRIC 12, the infrastructure created is not activated by the concession holder due to a lack of respective powers. Pursuant to IAS 11 "Construction Contracts" and IAS 18 "Revenue", earnings derived from the services rendered are disclosed; in so doing, the return received for such services shall be broken down into the respective fair values of the individual services provided (development and production). If the return consists of unconditional, contractual claims, a financial asset value is assessed. If the return consists of the right to charge fees from users, an intangible asset is assessed.

SUMMARY OF KEY (2) ACCOUNTING PRINCIPLES

B. EXPLANATIONS TO THE CONSOLIDATED STATEMENT OF INCOME

(3) COST OF SALES

Apart from directly attributable costs such as material and personnel costs, contracted services and depreciations, cost of sales also comprise overhead costs as well as the balance of devaluations and revaluations on inventories. In Q3 and the first nine months of 2011 this resulted in expenses of TEUR 2,001 (PY: TEUR 5,455) and TEUR 777 (PY: TEUR 12,546). A total provision for anticipated losses of TEUR 1,153 was formed in respect of a pending transaction entered into in Q2 2011, of which TEUR 318 related to Q3 2011.

(4) SELLING EXPENSES

The selling expenses of Q3 2011 comprise project-related selling expenses of a total of TEUR 1,685.

(5) RESEARCH & DEVELOPMENT

The research and development expenses of Q3 and the first nine months of 2011 include value adjustments of TEUR 194 (PY: TEUR 239) and TEUR 895 (PY: TEUR 664), respectively, due to amended evaluations pertaining to the future usability of individual development results.

(6) OTHER OPERATING INCOME

In Q3, other operating income includes income of TEUR 499 (PY: TEUR 56) from the dissolution of accruals.

(7) EARNINGS PER SHARE

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

		1 July – 30 Sept 2011	1 July – 30 Sept 2010	1 Jan – 30 Sept 2011	1 Jan – 30 Sept 2010
Income before income taxes*	TEUR	4,661	11,529	17,116	27,927
Portion of share capital in total capital	%	42.73	42.73	42.73	42.73
Portion of income before income taxes applicable to the shareholders of the limited partnership	TEUR	1,992	4,926	7,314	11,933
Effective tax rate*	%	27.51	20.81	26.79	22.83
Effective tax amount*	TEUR	548	1,025	1,959	2,724
Portion of net earnings for the year applicable to the shareholders of the limited partnership*	TEUR	1,444	3,901	5,355	9,209
Weighted average of common shares	No.	6,279,200	6,279,200	6,279,200	6,279,200
Repurchased shares (weighted)	No.	(144,966)	(148,139)	(144,966)	(148,139)
Weighted average of shares outstanding	No.	6,134,234	6,131,061	6,134,234	6,131,061
Dilution effects from subscription rights of employees and executives	No.	-	1	-	1
Weighted average of shares outstanding (diluted)	No.	6,134,234	6,131,062	6,134,234	6,131,062
Basic and diluted earnings per share*	EUR	0.23	0.63	0.87	1.50

* Without minority interests

C. EXPLANATIONS ON THE CONSOLIDATED BALANCE SHEET

In Q3 and in the first nine months of 2011, the disposal of “at fair value through profit or loss” securities resulted in earnings of TEUR 6,588 and TEUR 23,972 (PY: TEUR 5,258 and TEUR 13,491, respectively). In the first nine months of 2011, the outflows for the purchase of such securities total TEUR 14,637 (PY: TEUR 14,436) and relate exclusively to the first half of the year. In the third quarter of the previous year, securities of the “at fair value through profit or loss” category were purchased for a total of TEUR 2,698.

The outflows for the purchase of “available for sale” securities amounted to TEUR 1,981 in the first nine months of 2011 and related exclusively to Q1. In the previous year these outflows totaled TEUR 4,943 and related exclusively to Q2. The disposal of such securities resulted in earnings of TEUR 4,423 in the first nine months of 2011 and related exclusively to Q2. No securities of this category were disposed of in the first nine months of the previous year.

SHORT-TERM SECURITIES (8)

in TEUR	30 September 2011			31 December 2010		
	With a residual term of up to 1 year	With a residual term of more than 1 year	Total	With a residual term of up to 1 year	With a residual term of more than 1 year	Total
Trade accounts receivable	38,337	940	39,277	31,270	1,904	33,174
Less value adjustments	(1,405)	-	(1,405)	(1,681)	-	(1,681)
	36,932	940	37,872	29,589	1,904	31,493

TRADE ACCOUNTS (9) RECEIVABLE

in TEUR	30 September 2011	31 December 2010
Claims on investment and technology grants	2,765	2,644
Receivables from the personally liable shareholder	1,948	1,665
VAT receivables	1,879	1,669
Advance payments made	1,331	458
Prepaid expenses	833	869
Receivables from suppliers	357	149
Claims on investment subsidies	247	134
Receivables from insurance companies	120	-
Guarantees	5	5
Other	1,037	752
	10,522	8,345

OTHER CURRENT ASSETS (10)

in TEUR	30 September 2011	31 December 2010
Raw materials, auxiliary and operating materials	11,106	11,492
Unfinished products	62,027	36,194
Finished products and trade goods	8,665	5,139
	81,798	52,825

INVENTORIES (11)

Of the inventories reported, TEUR 997 (PY: TEUR 720) are stated at their net disposal values. In Q3 2011, inventory assets were devalued by TEUR 2,001 (PY: TEUR 5,455) and by TEUR 777 (PY: TEUR 12,546) in the first nine months of 2011.

(12) OTHER SHORT-TERM LIABILITIES

in TEUR	30 September 2011	31 December 2010
Salaries and wages	9,081	7,273
Commissions	1,147	517
Liabilities to customers	744	972
Income tax on salaries and wages	670	1,049
Social security contributions	338	282
Capital formation	72	68
Liabilities on repurchase obligations	59	-
Other liabilities – personnel	57	100
VAT payable	106	57
Other	657	372
	12,931	10,690

(13) ACCRUED INCOME TAXES AND OTHER ACCRUALS

in TEUR	As per				As per 30 Sept 2011
	1 Jan 2011	Consumption	Addition	Dissolution	
Accrued income taxes	4,146	(1,851)	1,971	(1)	4,265
Personnel and social security obligations	1,389	(1,211)	990	(178)	990
Guarantee obligations	5,010	(4,925)	7,649	(41)	7,693
Service in progress	2,887	(1,848)	2,594	(319)	3,314
Litigation risks	323	(77)	204	(143)	307
Other	2,414	(464)	3,267	(529)	4,688
Other accruals	12,023	(8,525)	14,704	(1,210)	16,992
	16,169	(10,376)	16,675	(1,211)	21,257

The addition to the remaining other provisions can primarily be attributed to a provision for risk that was implemented for the impending assertion of claims and to a provision that was formed to cover anticipated losses from pending transactions.

(14) PENSION AND POSTRETIREMENT BENEFITS

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 – 30 Sept 2011	30 Sept 2011	1 Jan – 31 Dec 2010	31 December 2010
Accruals for pension obligations at the beginning of the reporting period		(1,305)		(966)
Amounts recorded as income				
Current service cost	134		176	
Interest expenses on obligations	213		277	
Expected earnings on plan assets	(179)		(226)	
Reductions of profits	-	168	(348)	(121)
Contributions to plan assets		(507)		(218)
Accruals for pension obligations at the end of the reporting period		(1,644)		(1,305)

Own shares

On the basis of the resolution passed by the Annual General Meeting on 29 April 2010, the personally liable shareholder is authorized to purchase company shares of up to 10% of the current ordinary share capital until 28 April 2015, for specific pre-defined purposes.

Of its stock of 147,660 own shares with a nominal value of EUR 189,004.80 at the beginning of the financial year, 1,042 shares with a nominal value of EUR 1,333.76 were ceded free of charge in the form of anniversary shares in the period from January up to and including September 2011. During the period under review, employees with a specific number of years of seniority received 1 share for every 2 years of employment with the company free of charge, whereby the expenditure in the amount of TEUR 41 was posted as personnel costs. During the same period of time, in the course of the asset formation campaign the company executed on behalf of the employees of the Mühlbauer Group, a further 6,274 own shares with a nominal value of EUR 8,030.72 were disposed of at a unit price of EUR 29.50 each. This corresponds to a portion in the ordinary share capital of 0.10%. The earnings of a total of TEUR 185 were used to reinforce the operating capital. As at 30 September 2011, the company holds 140,344 own shares with a nominal value of EUR 179,640.32. On this date the percentage of the company's own shares in the ordinary share capital is 2.24%.

Other comprehensive income

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

in TEUR	Fair value of securities	Difference due to currency translation	Total
Status as per 1 January 2010	-	(664)	(664)
Unrealized gains/(losses)	57	-	57
Reclassification with an effect on the income statement	-	-	-
Currency adjustments	-	2,494	2,494
Deferred taxes			
Tax effect from unrealized gains/(losses)	(15)	-	(15)
Reclassification with an effect on the income statement	-	-	-
Status as per 30 September 2010	42	1,830	1,872
Status as per 1 January 2011	54	2,528	2,582
Unrealized gains/(losses)	13	-	13
Reclassification with an effect on the income statement	(67)	-	(67)
Currency adjustments	-	(1,052)	(1,052)
Deferred taxes			
Tax effect from unrealized gains/(losses)	(3)	-	(3)
Reclassification with an effect on the income statement	3	-	3
Status as per 30 September 2011	-	1,476	1,476

Stock purchase programs

In Q3 2011, 26 options of tranche 1, which had been granted, expired. No subscription rights were held at the end of the reporting period.

To the end of the period under review, the contractual obligations from the purchase of fixed and intangible assets as well as from other purchase and service agreements increased by TEUR 10,553 to TEUR 28,731 against 31 December 2010 (see Note (28) of the Annual Report as per 31 December 2010).

CONTINGENT LIABILITIES (16) AND OTHER FINANCIAL OBLIGATIONS

D. SEGMENT REPORTING

Segment information for Q3 2011/2010 and the first nine months 2011/2010:

	Q3 2011 TEUR	Q3 2010 TEUR	1 Jan – 30 Sept 2011 TEUR	1 Jan – 30 Sept 2010 TEUR
Sales by application area				
Cards & TECURITY®	31,621	35,564	82,145	93,216
Semiconductor Related Products	16,101	13,369	42,350	39,038
Precision Parts & Systems	5,697	5,652	20,424	15,256
	53,419	54,585	144,919	147,510
Deductions on sales	(94)	(80)	(298)	(235)
	53,325	54,505	144,621	147,275

	Q3 2011 TEUR	Q3 2010 TEUR	1 Jan – 30 Sept 2011 TEUR	1 Jan – 30 Sept 2010 TEUR
Sales by region				
Asia	24,310	17,391	60,629	42,455
Germany	11,290	8,487	31,087	22,448
America	9,424	6,221	18,627	16,131
Rest of Europe	5,421	7,529	26,400	29,401
Africa	2,974	14,957	8,176	37,075
	53,419	54,585	144,919	147,510
Deductions on sales	(94)	(80)	(298)	(235)
	53,325	54,505	144,621	147,275

E. NOTES TO THE STATEMENT OF CASHFLOWS

The free cashflow is derived as follows:

	1 Jan – 30 Sept 2011 TEUR	1 Jan – 30 Sept 2010 TEUR
Cash provided by operating activities	26,139	36,817
Cash used for investing activities	(20,169)	(18,055)
Subtotal	5,970	18,762
Transition to free cashflow		
Gains/(losses) from the sale of fixed assets and intangible assets	306	189
Realized net gains/(losses) from short and long-term marketable securities	285	173
Proceeds from disposals of long-term assets	(1,034)	(384)
Proceeds from sale of short-term assets (marketable securities)	(28,395)	(13,491)
Investments in short-term assets (marketable securities)	16,575	19,379
Free Cashflow	(6,293)	24,628

F. OTHER NOTES

No events of major significance occurred after the end of Q3 2011.

The parties considered associated companies and persons within the meaning of IAS 24 'Related Party Disclosures' are outlined in the notes (34) of the Annual Report as per 31 December 2010. In the reporting period, major business transactions with these associated companies and persons were:

Dr. Thomas Zwissler, Chairman of the Supervisory Board until 6 May 2011, is also an attorney and partner of the law firm Zirngibl Langwieser. The company occasionally provides legal consultation to the Mühlbauer Group. The fees for such services amounted to TEUR 16 for the first half of 2011 (and TEUR 48 for the first nine months of the previous year).

The legal entities Mühlbauer Aktiengesellschaft, ASEM Präzisions-Automaten GmbH and takeID GmbH rent office space from Mr. Josef Mühlbauer or companies controlled by him. In the first nine months of 2011, rental costs amounted to TEUR 265 (PY: TEUR 234).

Group companies utilize certain services in respect of the conveyance of passengers, sales promotion, the organization of travel, accommodation and catering, offered by companies that are controlled by Mr. Josef Mühlbauer. After deduction of commissions, the Group paid TEUR 802 (PY: TEUR 624) plus the current amount of VAT for such services in the first nine months of 2011, while the previous year's value also includes sales promotion payments. In the first nine months of 2011, the legal entity Mühlbauer Aktiengesellschaft generated proceeds of TEUR 13 (PY: TEUR 34) plus the current amount of VAT, in respect of services provided and products sold to Mr. Josef Mühlbauer or companies controlled by him.

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

	30. September 2011 Anzahl	30. September 2010 Anzahl
Produktion und Montage	1,545	1,140
Forschung und Entwicklung	510	407
Verwaltung und Vertrieb	282	212
	2,337	1,759
Auszubildende und Teilzeitarbeitskräfte	508	466
Gesamt	2,845	2,225

The number of employees by region at the end of the reporting period is shown in the following table:

	30. September 2011 Anzahl	30. September 2010 Anzahl
Deutschland	1,966	1,779
Asien	274	238
Übriges Europa	321	161
Amerika	263	30
Sonstige	21	17
Gesamt	2,845	2,225

This consolidated interim report was authorized to be published by the personally liable shareholder on 2 November 2011.

Mühlbauer Holding AG & Co. Kommanditgesellschaft auf Aktien

The personally liable shareholder

**EVENTS AFTER (17)
THE REPORTING DATE**

**RELATIONSHIPS WITH (18)
ASSOCIATED COMPANIES
AND PERSONS**

NUMBER OF EMPLOYEES (19)

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