

Interim report
3. Quarter 2009



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Group overview		Q3/2009	Q3/2008	9m/2009	9m/2008
Order income	EUR million	44.8	40.5	128.1	142.9
Order backlog	EUR million	82.4	78.8	82.4	78.8
Sales	EUR million	41.7	43.1	123.0	130.6
EBIT	EUR million	2.4	1.5	7.5	16.1
EBT	EUR million	2.4	1.5	7.5	16.5
Net earnings	EUR million	1.8	1.3	5.4	12.7
Earnings per share	EUR	0.12	0.09	0.36	0.87
Employees	Number	1,917	1,932	1,917	1,932

Interim Management Report

OVERVIEW OF THE BUSINESS DEVELOPMENT IN THE GROUP

In Q3 2009, the globally active Mühlbauer technology group continued to benefit from its equally attractive and advantageous business model in its core business area Cards & TECURITY®, and increased order income and sales significantly in this area year-on-year. At the same time, the technology leader exceeded the consolidated order income of the same quarter of the previous year and virtually compensated the economy-related sales decline in its industry business. Although the company no longer expects to achieve its targeted and ambitious goal for the overall year of retaining the same level of sales and earnings as in the previous financial year – irrespective of this positive development – due to the sustained weakness in demand in its industry business and the special effects recorded in the year under review, the acceptance of the bid for the provision of personalization equipment and services for the production of biometric passports by De La Rue Identity Systems in the period under review once again confirms the high level of competence and good long-term market positioning of Mühlbauer with regard to the processing of complete ID projects.

Key events in Q3 2009 were:

- Order income increased by 10.6% to EUR 44.8 million (PY: EUR 40.5 million) as a result of higher order income in the core business area Cards & TECURITY® (+26.6%) and in Semiconductor Related Products (+18.2%)
- At EUR 82.4 million (PY: EUR 78.8 million), order backlog was 4.6% higher year-on-year
- The strong increase in sales in the company's core business area Cards & TECURITY® (26.3%) almost fully compensated the anticipated weak industry business – Group sales¹ lag the figure for the same quarter of the previous year only slightly, at EUR 41.8 million (PY: EUR 43.1 million)
- EBIT adjusted for special effects from further net allocations to provisions for legal fees in connection with patent infringement suits that do not impact liquidity, at EUR 4.2 million (adjusted PY: EUR 4.5 million) – taking into account the special effect, EBIT rose from EUR 1.5 million in the previous year to EUR 2.4 million whereas higher risk provisions of EUR 1.0 million made with regard to future usability of individual development results in the reporting period had additionally negative effects to the earnings
- Earnings per share at EUR 0.12 – after EUR 0.09 year-on-year
- Free cashflow (FCF) of EUR +7.9 million in Q3 pushes net liquidity significantly, to EUR 25.2 million – FCF at EUR +3.2 million (PY: EUR +4.3 million) on a nine month comparison
- Against the background of the recovery trend in the industry-related sectors, which is still affected by economic risk, and the special effects impacting earnings, posted in the year under review, the personally liable shareholder is no longer expecting to reach his ambitious goal targeted for the overall year of achieving the same level of sales and earnings as in the previous financial year.

¹ The sales figures are the gross value before the deduction of earnings of EUR 0.02 million (PY: EUR 0.06 million) for Q3.

FRAMEWORK CONDITIONS

Global economy

In Q3 2009, in view of a largely synchronous upturn internationally, the global economy has gradually started recovering. The situation on global finance markets has relaxed considerably and macroeconomic production has ended its decline and has started to rise. Both the stabilization on the financial markets effected by the monetary and fiscal supporting measures worldwide and the increasing number of stimulating effects triggered by the state economic stimulus packages are considered to be the major reasons for the economic turnaround.

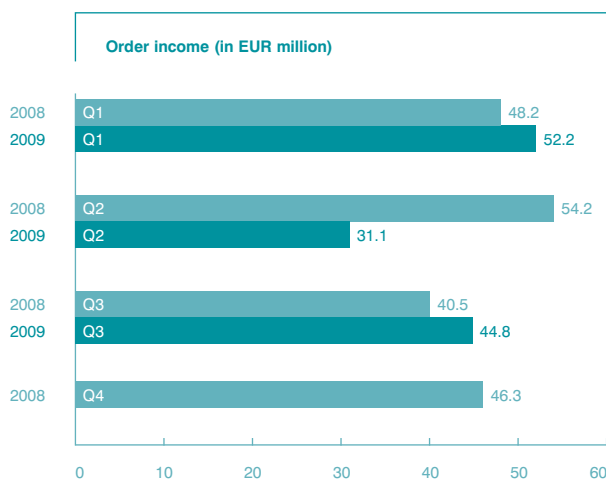
Industry development

The developments in the industries and markets relevant to Mühlbauer, forecast to the end of the first half-year, were confirmed in Q3 2009: in the period under review, the Cards & TECURITY® industry continued to benefit in particular from the sustained interest of several states and authorities in replacing their official ID documents with new innovative ID documents in Smart Card and passport formats. Further acceptance of the technology also continued on the market for contactless identification by means of RFID labels. The general semiconductor industry, in which Mühlbauer focuses on promising niches in the semiconductor backend process, showed signs of a gradual recovery in Q3, while demand in the industries relevant to Traceability and Precision Parts & Systems – such as electronics, automotive and machine construction – did not supply any significant stimuli.

Business development

Order income and order backlog

Due to the increase of orders in the core area Cards & TECURITY® and in Semiconductor Related Products order income in Q3 2009 rose 10.6%, to EUR 44.8 million.



With new orders totaling EUR 33.8 million (PY: EUR 26.7 million) – including an order for the provision of personalization equipment for the production of biometric passports and corresponding machine service and support, placed in the UK – the Cards & TECURITY® area achieved a year-on-year increase of 26.6%. Together with the year-on-year order increase of 18.2% to EUR 6.5 million (PY: EUR 5.5 million) achieved in Semiconductor Related Products, to which the increase in demand for both backend and Smart Label product lines contributed, the drop in orders of Traceability (EUR 1.2 million; PY: EUR 3.9 million) and Precision Parts & Systems (EUR 3.3 million; PY: EUR 4.4 million) resulting from the sustained economy-related weakness in demand in the industry business was more than overall compensated.

On a nine-month comparison order income amounted to EUR 128.1 million (PY: EUR 142.9 million) so that the discrepancy to the same period of the previous year declined to -10.4%. To the end of the reporting period the order backlog recorded a 4.6% increase, totaling EUR 82.4 million (PY: EUR 78.8 million).

Sales²

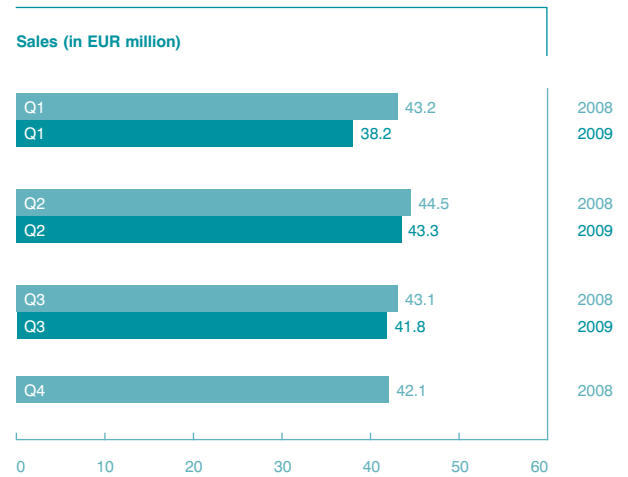
In Q3 2009 the globally active Mühlbauer technology group benefited from the persistent implementation of worldwide government projects for the introduction of security oriented ID systems in smart card and passport format and thus almost fully compensated the economic related weakness in the industry business as expected. Overall, Mühlbauer achieved sales proceeds of EUR 41.8 million (PY: EUR 43.1 million), thus lagging the year-on-year result slightly, at 3.0%.

While Mühlbauer continued its positive development in the core area Cards & TECURITY® due to the acceptance of services for the production and personalization particularly of official documents such as electronic passports, ID cards and driver's licenses, and achieved a sales increase of 26.3%, to EUR 29.8 million (PY: EUR 23.6 million), the remaining business areas were under the comparable quarter of the previous year, due to the economy-related declines in orders of previous quarters. At EUR 7.2 million (PY: EUR 9.9 million), sales in semiconductor-related production solutions were 27.3% lower year-on-year, while sales in Traceability dropped 66.7%, to EUR 1.7 million (PY: EUR 5.1 million). Precision Parts & Systems contributed EUR 3.1

² The sales figures are the gross value before the deduction of earnings of EUR 0.02 million (PY: EUR 0.06 million) for Q3

million (PY: EUR 4.5 million) to total sales. This corresponds to a decline of 31.1%. In the nine-month comparison, the sales of EUR 123.3 million (PY: EUR 130.8 million) achieved were 5.7% lower year-on-year.

With regard to the regional sales breakdown Europe reached a share of sales of 63.4%(PY: 62.9%) and thus remained the largest export region in Q3 2009. While Asia recorded a slight decrease in turnover in percentage with 27.0% compared with the same quarter of last year (29.6 %), the share of sales for North and South America increased from 4.8% to 8.0%. The remaining continents of Africa and Australia contributed 1.6% (2.7%) of the quarterly sales. Please refer to page 21 of the notes for more detailed information on regional sales development.



EARNINGS, FINANCIAL AND ASSET SITUATION

Earnings before interest and taxes (EBIT) in Q3 2009, which amounted to EUR 4.2 million, adjusted for special effect from further net allocations to provisions for legal fees (EUR 1.8 million) in connection with patent infringement suits that do not impact liquidity was 6.7% lower than the EBIT for the same period of the previous year (EUR 4.5 million), which was also adjusted by EUR 3.0 million. In relation to sales, the adjusted EBIT margin was thus 10.1%, after adjusted 10.4% in the same period of the previous year. Including the above mentioned special effect, the EBIT achieved during the reporting period totals EUR 2.4 million (PY: EUR 1.5 million), whereas higher risk provisions of EUR 1.0 million made with regard to future usability of individual development results in the reporting period had additionally negative effects to the earnings.

While sales proceeds were 3.1% lower on a quarterly comparison, at 64.2% the cost of sales ratio dropped 1.2% points year-on-year, due largely to increases in efficiency that are reflected in lower personnel costs. The 23.0% year-on-year decline in selling expenses is primarily the result of the abolition of risk provisions formed in the previous year in respect of trade accounts receivable, while the abolition of past pension expenses (PY: EUR 0.4 million), formed in the same quarter of the previous year, reduced administrative costs significantly by EUR 0.5 million. The additional depreciation on capitalized development services of EUR 1.0 million, which does not impact liquidity, effected in the period under review in respect of revised estimations concerning the future usability of individual development projects, resulted in an 18.3% year-on-year increase in research and development costs. The expense balance of other income and expenses of EUR 1.4 million (PY: EUR 1.9 million) largely results from the further net allocation to provisions for legal fees in connection with patent infringement suits. Taking into account the financial result, which improved slightly year-on-year by EUR 0.1 million and a considerably higher tax rate of 27.0% against the same quarter of the previous year (12.3%), the increase of which is primarily due to the value adjustment in respect of capitalized deferred taxes on loss carryovers of EUR 0.5 million effecting during the reporting period, net earnings for the period under review amounted to EUR 1.8 million, after EUR 1.3 million year-on-year.

With regard to the first nine months of 2009, EBIT adjusted for special effects from patent disputes was EUR 7.4 million lower, at EUR 11.7 million, than in the same period of the previous year (EUR 19.1 million), adjusted for such expenses. The reason for this decline in earnings is largely the decline in sales by EUR 7.6 million or 5.8% and the simultaneous increase of the cost of sales ratio by 4.7% points to 64.3%. This increase is, in the main, due to the risk provisions for inventories that do not affect liquidity, predominantly effected in the first half of 2009, and a higher level of depreciation on the production lines set up in the showrooms of the national and international sites. Lower selling and administrative expenses as well as the declining

Earnings

development of research and development costs had a reverse effect. While selling expenses declined considerably by EUR 1.1 million against the background of abolishing the risk provisions, formed in previous year in respect of trade accounts receivable, research and development costs declined by EUR 0.8 million – due primarily to a comparatively higher share of development expenditure that can be capitalized. Including all special effects from patent disputes that affect earnings, EBIT for the first nine months of 2009 totals EUR 7.5 million, after EUR 16.1 million year-on-year. After including the lower financial result and the relative increase of the tax burden through value adjustments on tax loss carryovers of EUR 0.8 million, net earnings for the first nine months of 2009 amounted to EUR 5.4 million, after EUR 12.7 million year-on-year. In the same period, earnings per share dropped from EUR 0.87 to EUR 0.36.

Cashflow

Net liquidity rose significantly posting a plus of EUR 7.7 million in Q3 2009, which is largely due to the further optimization of working capital and the considerably lower payments for investments in fixed and intangible assets – following the scheduled completion of investments in respect of the development of international sites. In the first nine months of 2009 net liquidity dropped from EUR 33.5 million to EUR 25.2 million. This decline is primarily due to the above mentioned scheduled investments and the distribution of profits resolved by the Annual General Meeting held in Q2.

On a nine month comparison, the cashflow from operating activities significantly exceeded the level of the previous year, at EUR +35.3 million (PY: EUR +16.4 million). The EUR 7.3 million lower net earnings year-on-year and the EUR 3.1 million increase in long-term trade accounts receivable are primarily offset by higher net inflows from the acquisition and the disposal of short-term securities totaling EUR 14.8 million, a reduction in working capital of EUR 9.9 million and EUR 3.4 million decline in income tax payments. The expected higher outflow from investment activities of EUR 14.0 million (PY: EUR 7.5 million) was in the first nine months of 2009 predominantly due to the higher payments for fixed assets in respect of the completion of the new technology centers in the USA and Slovakia. As a result of the development presented above, free cashflow was EUR 1.1 million lower year-on-year, at EUR 3.2 million (PY: EUR 4.3 million).

Assets

The Group's balance sheet total dropped 4.1%, to EUR 179.3 million against 31 December 2008 (EUR 187.0 million). In so doing, the ratio of short-term assets to the balance sheet total declined from 68.6% to 64.4%, while the equity ratio diminished slightly, from 77.5% to 75.1%. Against the background of a further optimized working capital and a project-related significant extension of downpayments received, working capital dropped by a total of EUR 5.9 million, to EUR 47.9 million. Long-term assets increased markedly, by EUR 5.1 million, which is primarily due to the rise in fixed assets (EUR 4.0 million) and long-term trade accounts receivable (EUR 1.9 million). In the first nine months of 2009, shareholders' equity decreased from EUR 145.0 million to EUR 134.7 million. A major factor in this decline is the dividend payment to shareholders in Q2 2009 and the parallel distribution of profits to the personally liable shareholder totaling EUR 15.1 million. The net earnings of EUR 5.4 million, achieved during the first nine months of 2009, contributed greatly to the increase in shareholders' equity.

FACTOR INPUT

Against the background of the scheduled completion of the technology centers in the USA and Slovakia in the first half of the year, gross investment in fixed assets and immaterial assets decreased to EUR 0.7 million in Q3 2009; this is substantially lower than the investment of the same quarter of last year (EUR 4.5 million). Investment has mainly been made in the construction of and equipment for the technology locations of Malaysia and Slovakia as well as in the domestic vehicle fleet. Despite the low investment compared with the same quarter last year, in the nine-month comparison the accumulated amount of investment of EUR 10.1 million was considerably higher than last year's level of EUR 7.7 million based on capital expenditures in the first half of the year.

Investments

In Q3 2009, the research and development expenses of Mühlbauer amounted to EUR 6.3 million (PY: EUR 5.4 million) and were thus EUR 16.6 million (PY: EUR 17.4 million) for the first nine months of 2009. Based on sales, this corresponds to a R&D ratio of 13.5% (PY: 13.3%) for this period. In the Cards & TECURITY® area the research and development activities in card systems related to the reduction of process times while simultaneously boosting performance for greater efficiency and economy and, in passport personalization systems, on the further development of modules with regard to function and speed. Furthermore, in Q3, Mühlbauer announced the market launch of a newly developed system for the fully automatic production of passport booklets subsequent to the eCoverLine, which can not only process the passport-specific ID 3 format but other formats as well, with a minimum of adjustment. In Semiconductor Related Products the focus of development was on applications for a new generation of machines (Variation), the goal of which it is to bring together existing machine platforms. Customers are thus provided with significantly more flexibility and can cover a wider range in the semiconductor backend niche with the new system. In Traceability, Mühlbauer presented trade with a newly developed fiber-laser module as well as with a additional labeling system based on laser technology.

Research and development

As at 30 September 2009, the number of staff employed by the Mühlbauer Group declined slightly, to 1,917 (PY: 1,932). The increase of staff at the international sites in consequence of the internationalization of the group was opposed by a somewhat higher decline of staff at the national sites, which was not fully compensated for by the increase in trainees and apprentices against the previous year. At the end of Q3 the Mühlbauer Group provided training to 358 young people (PY: 328) – 30 more than in the previous year. The share of highly qualified engineers and technicians in the R&D area amounted to 336 employees (PY: 354).

Employment

EVENTS AFTER THE END OF THE QUARTER

The special events occurring between the reporting date of the quarter (30 September 2009) and the approval for publication (28 October 2009) are described in the notes (19) of the interim financial statements.

RISK REPORT

In the 2008 Annual Report, Mühlbauer provides detailed information on the different risks it considers the Group exposed to. It also explains how the Group counters the individual risks. The statements of the risk report contained in the 2008 Annual Report still apply.

OUTLOOK

Global economy

According to the International Monetary Fund (IMF), the global economy will emerge from the most severe recession in decades more rapidly than initially anticipated. Overall, however, the following upturn will only be weak and accompanied by many risks. Meanwhile, the IMF is only forecasting a negative growth of 1.1% in respect of performance for the current year, to be followed by growth of 3.1% in the following year. US American economic performance will decline by 2.7% this year but will be back on course for growth of 1.5% next year. In the euro zone the decline is to be as high as 4.2%, as in Germany however, it is forecast to record slight growth of approximately 0.3% in 2010. The greatest stimulus for the growth of the global economy is admittedly expected to be derived from China: an increase of 8.5% is anticipated for the current year and a plus of 9% for the next.

Industry development

Due to the sustained high level of interest, in particular in innovative and reliable technology and software solutions for the production of security-oriented documents in Smart Card and passport formats, the growth potential of the market for electronic ID systems and chip cards should remain unbroken irrespective of the volatility in connection with the project business. The focus is on the worldwide interest of government and public authorities in guaranteeing greater security and flexibility by converting conventional ID documents into new ID applications. The RFID market also holds potential for growth long-term. While the overall market will not be accompanied by major roll-outs in the current year, the industry will still be influenced by a host of individual projects such as in the logistics, ticketing or product safety areas, which the industry expert IDTechEX forecasts will lead to RFID growth of 5% – irrespective of economic impacts. The general semiconductor market, within which Mühlbauer focuses on niches in the semiconductor backend process, is already experiencing initial symptoms of recovery. Whether they are ongoing remains to be proven. Industry experts and market research institutes view the stabilizing economic development as a factor of recovery. For example the market research institute iSuppli has therefore, in its recent forecast, changed the sales decline of the semiconductor industry for 2009 from 23% to 16.5%. In the electronics and automotive-related industries relevant to Traceability there are initial symptoms that the downturn has passed the trough and that recovery is possible at a low level if there is a sustained willingness to invest.

Business development

The anticipated perpetuation of the positive trend regarding the introduction by many countries of security-oriented ID systems in Smart Card and passport formats and the outstanding competence and market positioning of Mühlbauer in the processing of worldwide ID projects will continue to exert a considerable influence on the economic development of the Group. While the company expects the government-related TECURITY® business to generate the greatest demand – apart from the volatile project business – the industry business, which is slack as a result of the current economic trend, is providing only minor stimuli, the sustainability of which cannot be estimated, as yet.

Against the background of the recovery trend in the industry-related sectors, which is still affected by economic risk, and the special effects impacting earnings, posted in the year under review, the personally liable shareholder is no longer expecting to reach his ambitious goal targeted for the overall year of achieving the same level of sales and earnings as in the previous financial year.

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 2008 and other parts of this interim report.

**CONSOLIDATED STATEMENT OF INCOME (IFRS) FROM JANUARY 1 TO SEPTEMBER 30, 2009
OF MÜHLBAUER HOLDING AG & CO. KGaA¹⁾**

	Notes	July 1 - September 30, 2009 TEUR	July 1 - September 30, 2008 TEUR	January 1 - September 30, 2009 TEUR	January 1 - September 30, 2008 TEUR
1. Sales		41,737	43,070	123,030	130,625
2. Cost of sales	(3)	(26,816)	(28,162)	(79,115)	(77,875)
3. Gross profit		14,921	14,908	43,915	52,750
4. Selling expenses		(2,824)	(3,667)	(10,004)	(11,153)
5. Administrative expenses		(1,993)	(2,462)	(6,157)	(6,276)
6. Research and development	(4)	(6,334)	(5,352)	(16,580)	(17,429)
7. Other income		281	1,060	1,108	1,700
8. Other expenses	(5)	(1,677)	(2,953)	(4,821)	(3,473)
9. Operating income		2,374	1,534	7,461	16,119
10. Financial result					
a) Financial income	(6)	94	1,708	301	3,278
b) Financial expenses	(6)	(46)	(1,784)	(263)	(2,915)
11. Income before income taxes		2,422	1,458	7,499	16,482
12. Income taxes	(7)	(655)	(180)	(2,098)	(3,811)
13. Net earnings		1,767	1,278	5,401	12,671
Earnings per share in EURO					
basic	(8)	0.12	0.09	0.36	0.87
fully diluted	(8)	0.12	0.09	0.36	0.87
Weighted average of shares					
basic	(8)	6,125,301	6,116,022	6,125,301	6,116,022
fully diluted	(8)	6,125,301	6,116,024	6,125,301	6,116,024

¹⁾ uncertified
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM JANUARY 1 TO SEPTEMBER 30, 2009
OF MÜHLBAUER HOLDING AG & CO. KGaA¹⁾**

	Notes	July 1 - September 30, 2009 TEUR	July 1 - September 30, 2008 TEUR	January 1 - September 30, 2009 TEUR	January 1 - September 30, 2008 TEUR
Net earnings		1,767	1,278	5,401	12,671
Change of market value of available-for-sale securities	(17)	(9)	607	41	(323)
Difference due to currency translation	(17)	(452)	369	(751)	(69)
Deferred taxes	(17)	1	(50)	-	(22)
Total income and expenses recognized in equity		(460)	926	(710)	(414)
Total income and expenses		1,307	2,204	4,691	12,257

¹⁾ uncertified

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS) AS AT SEPTEMBER 30, 2009
OF MÜHLBAUER HOLDING AG & CO. KGaA**

	Notes	September 30, 2009 ¹⁾	December 31, 2008 ²⁾
		TEUR	TEUR
ASSETS			
Short-term assets			
Cash and cash equivalents		23,267	17,122
Marketable securities	(9)	1,911	17,981
Trade accounts receivable	(10)	36,722	34,033
Other current assets	(11)	2,915	5,830
Tax receivables		2,438	2,882
Inventories	(12)	48,126	50,398
		115,379	128,246
Long-term assets			
Investment and long-term financial assets			
Trade accounts receivable	(10)	2,593	741
		2,593	741
Fixed assets			
Land and buildings		36,586	27,819
Technical equipment		9,495	8,895
Furniture and office equipment		4,885	5,251
Buildings and equipment in progress		111	5,083
		51,077	47,048
Intangible assets			
Software and licenses		473	591
Capitalized development costs		5,430	6,413
		5,903	7,004
Other long-term assets			
Long-term tax receivables		2,114	2,334
Deferred tax assets	(13)	1,239	759
Plan assets	(16)	953	913
		4,306	4,006
		179,258	187,045
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term liabilities			
Financial liabilities		-	22
Trade accounts payable		5,923	10,578
Downpayments		13,550	7,439
Other liabilities	(14)	9,149	10,689
Accrued income taxes	(15)	2,557	1,900
Other accruals	(15)	11,170	8,789
		42,349	39,417
Long-term liabilities			
Deferred tax liabilities		2,219	2,658
		2,219	2,658
Shareholders' equity			
Ordinary share capital		8,038	8,038
Own shares	(17)	(191)	(202)
Fixed capital contribution		(2,980)	(2,980)
Additional paid-in capital		60,816	60,677
Other comprehensive income	(17)	(1,159)	(449)
Retained earnings	(17)	70,166	79,886
		134,690	144,970
		179,258	187,045

¹⁾ uncertified ²⁾ certified

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

**CONSOLIDATED STATEMENT OF CASH-FLOWS (IFRS)
OF MÜHLBAUER HOLDING AG & CO. KGaA¹⁾**

	January 1 - September 30, 2009 TEUR	January 1 - September 30, 2008 TEUR
Cash provided by operating activities		
1. Net earnings	5,401	12,671
2. + Income taxes	2,098	3,811
3. + Interest expenses	237	110
4. - Interest incomes	(173)	(403)
Adjustments for non cash expenses and income		
5. +/- Expenses/(income) from employee profit-sharing programs	71	75
6. +/- Depreciations/(appreciations) to fixed assets	5,013	4,711
7. +/- Depreciations/(appreciations) to intangible assets	337	478
8. +/- Depreciations/(appreciations) to capitalized development costs	2,832	2,467
9. +/- (Gains)/losses from the sale of fixed assets	(24)	(92)
10. +/- Realized net (gains)/losses from short- and long-term marketable securities	(74)	264
11. +/- (Gains)/losses from the change in fair value of financial instruments	17	(13)
12. +/- (Increase)/decrease of deferred tax assets	(480)	(1,183)
13. +/- Increase/(decrease) of deferred tax liabilities	(439)	(514)
Changes in long-term assets and working capital		
14. +/- (Increase)/decrease of inventories	2,272	(5,807)
15. +/- (Increase)/decrease of trade accounts receivables and other short-term assets	(3,285)	(8,422)
16. +/- Increase/(decrease) of trade accounts payables and other liabilities	5,200	9,826
17. + Proceeds from sales of short-term marketable securities (available-for sale and held-to-maturity papers)	25,641	38,622
18. - Acquisitions of short-term marketable securities (available-for sale and held-to-maturity papers)	(7,545)	(35,322)
19. = Cash generated from operating activities	37,099	21,279
20. - Income tax paid	(1,896)	(5,249)
21. - Interest paid	(23)	(5)
22. + Interest received	152	367
23. = Cash provided by operating activities	35,332	16,392
Cashflow from investing activities		
24. + Proceeds from disposals of fixed assets	179	144
25. +/- (Increase)/decrease of other loans	-	2,395
26. - Purchase of fixed assets	(12,117)	(7,340)
27. - Purchase of intangible assets	(213)	(271)
28. - Expenditures for capitalized development costs	(1,854)	(997)
29. - Acquisitions of long-term marketable securities (available-for sale-papers)	-	(1,476)
30. = Cash used for investing activities	(14,005)	(7,545)
Cashflow from financing activities		
31. +/- Increase/(decrease) of short-term financial liabilities	(22)	(19)
32. + Proceeds from sales of own shares	79	131
33. - Dividends paid	(12,790)	(13,364)
34. +/- Tax withdrawal personally liable shareholder	(1)	(1,114)
35. = Cash used for financing activities	(12,734)	(14,366)
36. +/- Increase/(decrease) of currency exchange rate changes	(537)	(142)
37. = Net increase/(decrease) in cash and cash equivalents (Total of lines 23, 30, 35 and 36)	8,056	(5,661)
38. + Liquid funds on January 1	17,122	16,425
39. = Liquid funds on September 30	25,178	10,764

¹⁾ uncertified

We refer to additional informations on page 21 of the accompanying notes.

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

**CONSOLIDATED STATEMENT 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 com- prehensive income/ (loss) TEUR	Retained earnings TEUR	Total TEUR
Balance January 1, 2008 ¹⁾		6,279,200	(167,240)	7,824	(2,980)	60,483	326	76,090	141,743
Net earnings		-	-	-	-	-	-	12,671	12,671
Other comprehensive income/(loss)	(17)	-	-	-	-	-	(414)	-	(414)
Total comprehensive income/(loss)	(17)	-	-	-	-	-	(414)	12,671	12,257
Deferred compensation	(17)	-	-	-	-	75	-	-	75
Proceeds from sales of own shares	(17)	-	9,245	12	-	119	-	-	131
Dividends	(17)	-	-	-	-	-	-	(14,478)	(14,478)
Balance September 30, 2008 ²⁾		6,279,200	(157,995)	7,836	(2,980)	60,677	(88)	74,283	139,728
Balance January 1, 2009 ¹⁾		6,279,200	(157,995)	7,836	(2,980)	60,677	(449)	79,886	144,970
Net earnings		-	-	-	-	-	-	5,401	5,401
Other comprehensive income/(loss)	(17)	-	-	-	-	-	(710)	-	(710)
Total comprehensive income/(loss)	(17)	-	-	-	-	-	(710)	5,401	4,691
Deferred compensation	(17)	-	-	-	-	71	-	-	71
Proceeds from sales of own shares	(17)	-	9,000	11	-	68	-	-	79
Dividends	(17)	-	-	-	-	-	-	(15,121)	(15,121)
Balance September 30, 2009 ²⁾		6,279,200	(148,995)	7,847	(2,980)	60,816	(1,159)	70,166	134,690

¹⁾ certified ²⁾ uncertified

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

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. 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 in different countries via trade representations depending on projects.

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 2009, 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, which must be applied from 2009 onwards and which have not been applied in the past

- Amendment to IAS 39 and IFRS 7 “Reclassification of Financial Assets: Effective Date and Transition“:
The amendment to IAS 39 and IFRS 7 becomes effective 13 September 2009 after acceptance by the European Commission from 9 September 2009. A backdated application is not required. Mühlbauer applies the amendments as of Q3 2009. The amendment to IAS 39 and IFRS 7 concretizes the amendments to both standards published by the European Commission in October 2008. This does not affect the financial statements and notes of the Mühlbauer Group.

Published interpretations and amendments to published standards, that need not yet be urgently applied and that were not applied prematurely

- IFRIC 15 “Agreements for the Construction of Real Estate“:
IFRIC 15 shall, at the latest, be applied to financial years commencing on or after 1 January 2010. Premature application is permitted. Mühlbauer will apply IFRIC 15 as of 1 January 2010. The interpretation defines when the agreements for the construction of real estate fall within the scope of IAS 11 or IAS 18. To the extent to IAS 18 is applicable, IFRIC 15 contains guidelines when the revenue recognition is effected for agreements in connection with the construction of real estate. This does not affect the financial statements and notes of the Mühlbauer Group.
- Amendment to IAS 39 „Financial Instruments: Recognition and Measurement: Eligible Hedged Items“:
IAS 39 shall, at the latest, applied to financial years commencing on or after 1 July 2009. Premature application is permitted. Mühlbauer will apply the amendment to IAS 39 as of 1 January 2010. The amendment of IAS 39 contains guidelines for the determination hedged items, for the determination of the financial items as hedged items and for the evaluation of the effectiveness of a hedging relationship. This does not affect the financial statements and 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 2008 Annual Report.

SUMMARY OF KEY ACCOUNTING PRINCIPLES

(2)

B. EXPLANATIONS TO THE CONSOLIDATED STATEMENT OF INCOME

(3) COST OF SALES

Apart from directly attributable costs such as material and personnel costs as well as depreciations, cost of sales also comprise overhead costs as well as the balance of devaluations and revaluations on inventories. In Q3 2009 this resulted in expenses of TEUR 1,413 (PY: earnings of TEUR 199) and in the first nine months of 2009 expenses of TEUR 5,985 (PY: TEUR 2,012).

(4) RESEARCH & DEVELOPMENT

The research and development expenses in Q3 2009 include value adjustments of TEUR 1,017 due to amended evaluations pertaining to the future usability of individual development results. In the first nine months 2009 TEUR 1,350 (PY: TEUR 1,236) were expended for this purpose.

(5) OTHER EXPENSES

In Q3 2009, other expenses mainly include the further increase of accruals for legal fees and other costs totaling TEUR 1,776 (PY: TEUR 2,986) for legal procedures in connection with the utilization of specific development results. In the first nine months 2009 expenses for such lawsuits amounted to TEUR 4,602 (PY: TEUR 3,461).

(6) FINANCIAL RESULT

	1 July - 30 Sep 2009 TEUR	1 July - 30 Sep 2008 TEUR	1 Jan - 30 Sep 2009 TEUR	1 Jan - 30 Sep 2008 TEUR
Realized income from securities and financial assets	9	553	97	1,123
Interest and dividend income	44	176	100	955
Other interest and similar earnings	41	979	104	1,200
Financial income	94	1,708	301	3,278
Realized losses from securities and financial assets	-	(1,076)	(22)	(1,387)
Unrealized losses from securities and financial assets	-	(626)	-	(626)
Interest and similar expenses	(46)	(82)	(241)	(902)
Financial expenses	(46)	(1,784)	(263)	(2,915)
Total	48	(76)	38	363

(7) INCOME TAXES

The income taxes of Q3 2009 contain value adjustments of TEUR 484 on deferred tax assets, formed in connection with tax loss carryovers. In the first nine months 2009 value adjustments in the amount of TEUR 784 were formed.

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

EARNINGS PER SHARE (8)

		1 July - 30 Sep 2009	1 July - 30 Sep 2008	1 Jan - 30 Sep 2009	1 Jan - 30 Sep 2008
Income before income taxes	TEUR	2,422	1,458	7,499	16,482
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	1,035	623	3,204	7,043
Effective tax rate	%	29.08	16.93	30.29	24.75
Effective tax amount	TEUR	301	105	970	1,743
Portion of net earnings for the year applicable to the shareholders of the limited partnership	TEUR	734	518	2,234	5,300
Weighted average of common shares	No.	6,279,200	6,279,200	6,279,200	6,279,200
Repurchased shares (weighted)	No.	(153,899)	(163,178)	(153,899)	(163,178)
Weighted average of shares outstanding	No.	6,125,301	6,116,022	6,125,301	6,116,022
Dilution effects from subscription rights of employees and executives	No.	-	2	-	2
Weighted average of shares outstanding (diluted)	No.	6,125,301	6,116,024	6,125,301	6,116,024
Basic earnings per share	EUR	0.12	0.09	0.36	0.87
Diluted earnings per share	EUR	0.12	0.09	0.36	0.87

C. EXPLANATIONS ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(9) MARKETABLE SECURITIES

In Q3 2009 and in the first nine months 2009, earnings of TEUR 3,205 (PY: TEUR 10,256) and TEUR 25,641 (PY: TEUR 35,972) were achieved from the sale of securities of the categories "available for sale". Payments for the purchase of "available for sale" securities amounted to TEUR 7,544 in the first nine months 2009 and concern exclusively the first quarter. In the previous year TEUR 10,468 were expended for the purchase of such securities in Q3 and TEUR 33,350 in the first nine months.

Payments for the purchase of securities of the category "held to maturity" amounted to TEUR 1,912 in the first nine months 2009 and concern exclusively Q2. In the previous year TEUR 984 in Q3 and TEUR 1,972 in the first nine months were paid for the purchase of such securities. In the previous year earnings from the disposal of such securities totaled TEUR 1,200 in Q3 and TEUR 2,650 in the first nine months.

(10) TRADE ACCOUNTS RECEIVABLE

in TEUR	30 September 2009			31 December 2008		
	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	38,730	2,593	41,323	35,684	741	36,425
Less value adjustments	(2,008)	-	(2,008)	(1,651)	-	(1,651)
	36,722	2,593	39,315	34,033	741	34,774

(11) OTHER CURRENT ASSETS

in TEUR	30 September 2009	31 December 2008
Claims on investment and technology grants	1,093	626
Deferred expenses	520	477
VAT-receivables	460	899
Advance payments made	257	344
Receivables from suppliers	135	107
Guarantees	134	85
Claims on investment subsidies	5	703
Receivables from the personally liable shareholder	1	2,331
Derivative financial instruments	-	17
Other	310	241
	2,915	5,830

(12) INVENTORIES

in TEUR	30 September 2009	31 December 2008
Raw materials, auxiliary and operating materials	7,676	8,181
Unfinished products	31,299	35,484
Finished products and trade goods	9,151	6,733
	48,126	50,398

In Q3 2009, the inventory assets were devalued by TEUR 1,413 (PY: write-up in value TEUR 199) and in the first nine months of 2009 by TEUR 5,985 (PY: TEUR 2,012)

(13) DEFERRED TAX ASSETS

In Q3 2009 value adjustments of TEUR 484 were effected in respect of deferred tax assets that were linked to loss carryovers. In the first nine months such value adjustments amounted to TEUR 784.

(14) OTHER LIABILITIES

in TEUR	30 September 2009	31 December 2008
Salaries and wages	6,757	6,207
Commissions	937	155
Income tax on salaries and wages	540	1,039
Customer liabilities	455	2,242
Social security contributions	154	151
Other liabilities – personnel	65	64
Capital formation	61	65
VAT-tax burden	25	570
Other	155	196
	9,149	10,689

in TEUR	As per 1 January 2009	Difference due to currency				As per 30 September 2009
		translation	Consumption	Addition	Dissolution	
Accrued income taxes	1,900	-	(826)	1,483	-	2,557
Personnel and social security obligations	1,125	-	(454)	677	(644)	704
Guarantee obligations	3,035	-	(2,604)	3,220	-	3,651
Service in progress	776	-	(776)	1,396	-	1,396
Litigation risks	3,234	9	(3,234)	4,620	(438)	4,191
Other	619	-	(310)	1,003	(84)	1,228
	10,689	9	(8,204)	12,399	(1,166)	13,727

ACCRUED INCOME TAXES AND OTHER ACCRUALS

(15)

The addition in accruals for litigation risks is largely the result of the further increase in legal fees and other expenses for the defense of an action for infringement of a patent and obligations for the acceptance of opposing legal charges.

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 September 30 Sep 2009		1 Jan - 31 December 31 Dec 2008	
		2009		2008
Accruals for pension obligations at the beginning of the reporting period		(913)		(1,302)
Amounts recorded as income				
Current service cost	129		212	
Interest expenses on obligations	200		249	
Expected earnings on plan assets	(156)		(192)	
Amortization of past service costs	-		361	
Amortization of actuarial losses	-	173	-	630
Contributions to plan assets		(213)		(241)
Accruals for pension obligations at the end of the reporting period		(953)		(913)

PENSION AND POST- RETIREMENT BENEFITS

(16)

Own shares

On the basis of the resolution passed by the Annual General Meeting on 29 April 2009, the personally liable shareholder is authorized to purchase company shares of up to 10% of the current ordinary share capital until 30 September 2010, for specific pre-defined purposes.

Of its stock of 157,995 own shares with a nominal value of EUR 202,233.60 at the beginning of the financial year, 1,385 shares with a nominal value of EUR 1,772.80 were ceded in the form of anniversary shares free of charge in the period from January up to including September 2009. In the course of the asset formation campaign undertaken on behalf of employees of the Mühlbauer Group 7,615 own shares were disposed with a nominal value of EUR 9,747.20 for a price per share of EUR 10.50. This corresponds to a portion of the ordinary share capital of 0.12%. The profit totalling TEUR 80 will be used to enhance the working capital. As per 30 September 2009 the company holds a stock of 148,995 own shares of a nominal value of EUR 190,713.60. At this point in time, the percentage of own shares in the ordinary share capital is 2.37%.

SHAREHOLDERS' EQUITY

(17)

Other comprehensive income

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

in TEUR	Fair value measurement of securities	Difference due to currency translation	Total
Status as per 1 January 2008	414	(88)	326
Additions	587	-	587
Retirements	(1,166)	-	(1,166)
Reclassification affecting income	256	-	256
Currency adjustments	-	(69)	(69)
Deferred taxes			
Additions	35	-	35
Retirements	(30)	-	(30)
Reclassification affecting income	(27)	-	(27)
Status as per 30 September 2008	69	(157)	(88)
Status as per 1 January 2009	(41)	(408)	(449)
Additions	90	-	90
Retirements	-	-	-
Reclassification affecting income	(49)	-	(49)
Currency adjustments	-	(751)	(751)
Deferred taxes			
Additions	-	-	-
Retirements	(2)	-	(2)
Reclassification affecting income	2	-	2
Status as per 30 September 2009	-	(1,159)	(1,159)

Stock purchase programs

As per 27 April 2009 1,158 granted option rights of the tranche 2 were forfeited. On the basis of specific accomplished personal or team goals, the employees of the Mühlbauer Group held a total of 26 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 21.00. 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).

To the end of the reporting period the contractual obligations from purchase and service agreements decreased by TEUR 11,348 to TEUR 7,557 compared to 31 December 2008 (see notes (29) of the 2008 Annual Report).

(18)

LIABILITY AND OTHER FINANCIAL OBLIGATIONS

D. SEGMENT REPORTING

Segment information for the Q3 2009/2008 and the first nine months 2009/2008:

Sales by application area	Q3/2009 TEUR	Q3/2008 TEUR	1 Jan - 30 Sep 2009 TEUR	1 Jan - 30 Sep 2008 TEUR
Cards & TECURITY® Semiconductor	29,830	23,584	87,919	71,990
Related Products	7,224	9,909	21,891	30,422
Precision Parts and Systems	3,059	4,530	9,286	14,664
Traceability	1,645	5,110	4,188	13,777
	41,758	43,133	123,284	130,853
Deductions on sales	(21)	(63)	(254)	(228)
	41,737	43,070	123,030	130,625

Sales by regions	Q3/2009 TEUR	Q3/2008 TEUR	1 Jan - 30 Sep 2009 TEUR	1 Jan - 30 Sep 2008 TEUR
Rest of Europe	17,097	15,516	40,820	50,221
Asia, Australia	11,303	12,788	27,071	35,097
Germany	9,374	11,611	23,380	31,808
America	3,333	2,048	14,733	11,887
Africa	651	1,170	17,280	1,840
	41,758	43,133	123,284	130,853
Deductions on sales	(21)	(63)	(254)	(228)
	41,737	43,070	123,030	130,625

E. NOTES TO THE STATEMENT OF CASH-FLOWS

The free cashflow is derived as follows:

	1 Jan - 30 Sep 2009 TEUR	1 Jan - 30 Sep 2008 TEUR
Cash provided by operating activities	35,332	16,392
Cash used for investing activities	(14,005)	(7,545)
Subtotal	21,327	8,847
Transition to free cashflow		
Gains/(losses) from the sale of fixed assets and intangible assets	24	92
Realized net gains/(losses) from short and long-term marketable securities	74	(264)
Proceeds from disposals of long-term assets	(179)	(144)
Balance of payments-in and payouts from long-term loans	-	(2,395)
Investments in long-term assets (marketable securities)	-	1,476
Proceeds from sale of short-term assets (marketable securities)	(25,641)	(38,622)
Investments in short-term assets (marketable securities)	7,545	35,322
Free Cashflow	3,150	4,312

F. OTHER NOTES

(19) EVENTS AFTER THE REPORTING DATE

No events of major significance occurred after the end of Q3 2009.

(20) 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 2008. In the reporting period, major business transactions with these associated companies and persons were:

Dr. Thomas Zwissler, Chairman of the Supervisory Board, 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 61 (PY: TEUR 30) in the first nine months of 2009.

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 2009, rental costs amounted to TEUR 233 (PY: TEUR 235).

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 commission services the Group paid TEUR 545 (PY: TEUR 206) additionally the current amount of VAT for such services in the first nine months of 2009. In the first nine months of 2009, Mühlbauer Aktiengesellschaft generates proceeds of TEUR 15, additionally 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:

NUMBER OF EMPLOYEES | (21)

	30 September 2009 Number	30 September 2008 Number
Production and assembly	932	972
Research and development	335	342
Administration and sales	205	195
	1,472	1,509
Apprentices and trainees as well as part-time employees	445	423
Total	1,917	1,932

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

	30 September 2009 Number	30 September 2008 Number
Germany	1,641	1,719
Asia	153	138
Rest of Europe	91	50
America	22	18
Other	10	7
Total	1,917	1,932

This consolidated interim report was authorized to be published by the personally liable shareholder on 28 October 2009.

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

The personally liable shareholder

Financial calendar

November 10, 2009	German Equity Forum (Frankfurt a. Main)
November 25, 2009	Technology & Engineering Conference (London)
March 2010	Annual Report 2009
April 28, 2010	Annual General Meeting



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