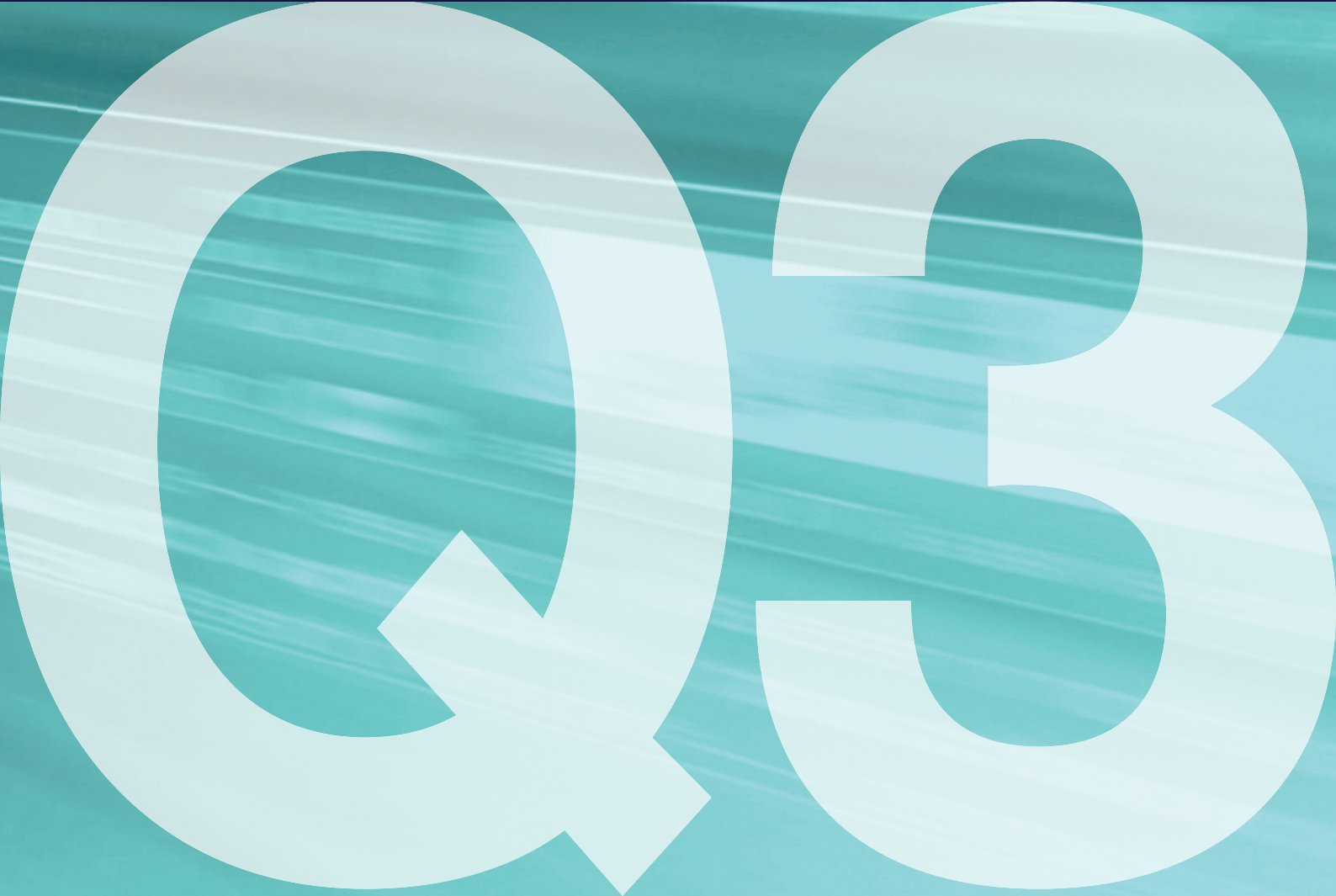




Interim report
3. Quarter 2012



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Group overview *		Q3/2012	Q3/2011	Change %	9m/2012	9m/2011	Change %
Order income	EUR million	61.1	56.4	8.3	197.4	199.1	(0.9)
Order backlog	EUR million	212.7	213.8	(0.5)	212.7	213.8	(0.5)
Sales**	EUR million	65.0	53.4	21.9	177.0	144.9	22.2
EBIT	EUR million	3.0	4.7	(36.2)	7.1	16.8	(58.1)
EBIT margin ***	%	4.5	8.9	(4.3)	4.0	11.6	(7.6)
EBT	EUR million	2.7	4.7	(42.6)	6.8	17.1	(60.2)
Net earnings	EUR million	3.6	3.5	2.9	6.7	12.8	(47.7)
Earnings per Share	EUR	0.21	0.23	(8.7)	0.44	0.87	(49.4)
Free Cashflow	EUR million	5.8	(3.7)	256.8	6.7	(6.3)	206.3
Employees ****	Number	2,797	2,845	(1.7)	2,797	2,845	(1.7)

* Negative figures in brackets

** The sales figures are to be understood as the gross value before deduction of revenue reductions amounting to EUR 0.1 million (previous year EUR 0,1 million).

** Change % in percentage points

*** As per end of period

Interim Management Report

OVERVIEW OF THE BUSINESS DEVELOPMENT IN THE GROUP

Overall, the Mühlbauer technology group successfully managed to counter the difficult market environment resulting from the European financial and debt crisis and the decline of growth in newly industrializing and developing countries, and to step up its order income against the corresponding quarter of the previous year. Sales also climbed in the quarter under review - as expected - and the company is still assuming it will achieve a year-on-year increase in sales for the entire year. Meanwhile, management is increasingly exercising caution and further raising its risk provisions, due to the continuous bad news in respect of the global economy and the intensification of competition from price-aggressive providers, in particular from Asia. Against this background, the company is expecting to achieve an operating margin for the entire year that is in the middle single-digit percentage range and thus at the bottom end of the bandwidth forecast so far. Even though experts do not believe that the global economy is likely to improve significantly in the next financial year, Mühlbauer still considers itself well positioned medium to long-term, due to its worldwide unique solution orientation. The company will therefore reinforce its attempts to benefit strongly from this.

The key developments in Q3 2012 were:

- Based on the distinct growth in the core area *Cards & TECURITY®*, at EUR 61.1 million, the consolidated order income of the Mühlbauer Group in Q3 2012 was EUR 4.7 million or 8.3% higher year-on-year (PY: EUR 56.4 million); this does not take into account a government order with a pro rata order volume of EUR 27.6 million placed with a group company, as the final decision on how this order is to be processed is still outstanding. The decline in *Semiconductor Related Products* resulting from an investment stop on the semiconductor market and a hesitant attitude on the RFID market, was thus fully compensated.
- On 30 September 2012, at EUR 212.7 million, the consolidated backlog of the globally active technology group was EUR 1.1 million or 0.5% under last year's value (EUR 213.8 million), due to the continual processing of backlogs.
- Sales¹ for the quarter under review totaled EUR 65.0 million and were thus up EUR 11.6 million or 21.9% year-on-year (EUR 53.4 million). While all business areas contributed to this rise, the semiconductor backend business recorded the largest sale increase, both percentage-wise and absolute.
- Earnings before interest and taxes (EBIT) in respect of the quarter under review dropped by EUR 1.7 million against Q3 2011, to EUR 3.0 million (PY: EUR 4.7 million). The reason for this earnings decline is the further rise of the cost-of-production ratio from 63.3% to the current 78.6%, the increase of which is in particular due to higher investment-related depreciations and value adjustments on inventory assets. The latter is the result of the sustained bad news in respect of the global economy and the intensification of competition from price-aggressive providers, in particular from Asia. Based on the sales of EUR 65.0 million achieved in the period under review, the operating result achieved corresponds to an EBIT margin of 4.5% - after 8.9% year-on-year. During the reporting period, the share of profit applicable to each share totals EUR 0.21, after EUR 0.23 year-on-year.
- Despite a comparatively higher investment expenditure by EUR 1.9 million, at EUR 6.7 million, the adjusted free cashflow was EUR 13.0 million higher year-on-year (PY: minus EUR 6.3 million) as a result of the EUR 11.1 million lower working capital (PY: minus EUR 2.3 million).

¹ The sales figures are to be understood as the gross value before deduction of revenue reductions amounting to EUR 0.1 million (previous year EUR 0.1 million) for Q2.

FRAMEWORK CONDITIONS

Economic framework conditions

Global economy

The global economy remains exposed to elevated risks. The dampened global economic growth has been slackening even more since spring. The uncertain outcome of the crisis is still impacting the European as well as the global economy discernibly. As a whole, the euro area is at the brink of a slight recession – as a result of the debt crisis. The growth momentum is, however, also slowing down in the newly industrializing countries such as China. Thus, the slackening of the global economy impacts the economy of the largest People's Republic noticeably: Industrial production in China is at its lowest level in three years; investments are continuing to decline and foreign trade is reporting unusually poor figures. Overall, the Asian economy is cooling down significantly, as countries such as India, Japan and South Korea are to a great measure dependent on European demand. Even the recovery of the US economy is extremely hesitant. Despite the fact that the mood in the USA is brightening up somewhat, the high level of unemployment is threatening to become a permanent problem. In Germany, unemployment is also increasing slightly, adjusted for seasonal fluctuations. This is an indicator of the easing economic momentum, even though the German economy has so far proven robust and resilient during the crisis. The trend indicators also do not allow for the all-clear just yet: the downward risks in respect of the economy still prevail.

Industry development

Cards & TECURITY®. The market in the core area *Cards & TECURITY®* remains unchanged. More and more governments and public authorities are pushing for the introduction or further development of biometrically based ID documents and government ID solutions to guarantee their citizens the utmost in mobility and security without neglecting the aspect of comfort. The governments are still targeting the rationalization of their administrative procedures – rendering them less bureaucratic, simplifying and accelerating them by means of eGovernment. The trend towards contactless payments is also increasing. Customers of Sparkasse can already settle amounts of up to EUR 20 contactless and even several mobile phone or network providers such as O2 or E-Plus introduced a Germany-wide system, which enables wireless payment via mobile phone.

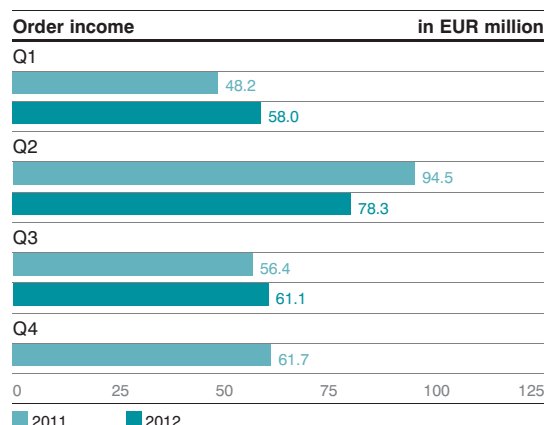
Semiconductor Related Products. The RFID market is characterized by continual growth. While the market volume in the past year was still USD 6.37 billion, according to a study by IDTechEx, it grew to USD 7.46 billion in 2012. This market growth is largely determined by ever new applications in the retail sector. In the textile retail industry, in particular, RFID solutions are increasingly being used in the areas of inventory management and retail security. Apart from government applications such as passports, the continuously rising investments in RFID solutions, including RFID technologies for the payment of road tolls, vehicle identification, ticketing and the tagging of library books, are also factors that drive the market. The semiconductor market is still characterized by the high demand for smartphones and tablet PCs, even though a significant decline in demand for semiconductor technology is discernible in Q3, after the two strong first quarters in 2012. The situation on the European automobile market is tense. The automotive industry relevant to Traceability, is increasingly suffering from the insecure economic situation in Europe. As a result, 11% fewer new cars were, for example, registered in September than in the previous year. On the market for flexible thin-film solar modules there were no changes compared to previous quarters: The market, which is still at its very beginning, is furthermore forecast to have great potential long term, due to its various application benefits.

Precision Parts & Systems. The insecurity regarding the further economic development is strongly impacting the mechanical engineering industry relevant to *Precision Parts & Systems*. Customers are refraining from investing in machines and systems so that order income in August dropped for the tenth month in succession. According to the VDMA (German Engineering Federation), domestic business was again disappointing. In contrast to previous months, though, neither the euro partner countries nor the countries outside Europe were able to compensate for this decline.

Business Development

In Q3 2012, at EUR 61.1 million, the consolidated order income of the Mühlbauer Group was EUR 4.7 million or 8.3% higher year-on-year (PY: EUR 56.4 million). The company's core business area *Cards & TECURITY®*, which boosted order income by EUR 7.9 million or 22.3%, to EUR 43.3 million (PY: EUR 35.4 million) was the cause of this increase. This figure does not take into account a government order placed with a group company at the beginning of the quarter under review with a pro rata order volume of EUR 27.6 million, as the final decision on how this order is to be processed is still outstanding. The rise of order income in *Cards & TECURITY®* also compensated for the decline in *Semiconductor Related Products* - caused by an investment stop on the semiconductor market and a hesitant attitude on the RFID market – in which order income was EUR 3.4 million or 23.0% lower, at EUR 11.4 million than in Q3 2011 (PY: EUR 14.8 million). Despite the economic insecurity caused by the European debt crisis, *Precision Parts & Systems* proved stable: With an order income of EUR 6.4 million (PY: EUR 6.2 million), the year-on-year values were in fact exceeded by EUR 0.2 million or 3.2%.

Order income and order backlog

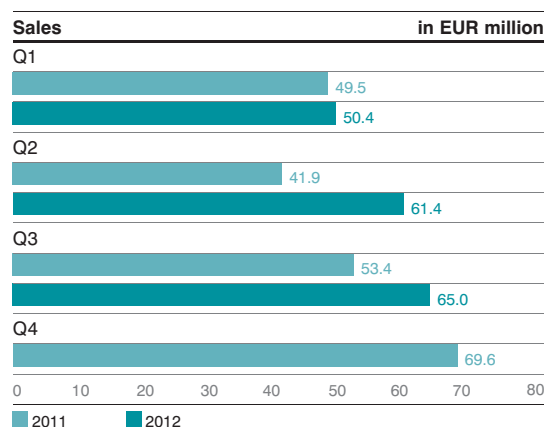


With regard to the first nine months of 2012, at EUR 197.4 million, consolidated order income was slightly under the level of the previous year (PY: EUR 199.1 million). This slight decline by EUR 1.7 million or 0.9% is primarily due to *Cards & TECURITY®*, which, at EUR 117.7 million (PY: EUR 130.6 million) lagged the previous year's value by EUR 12.9 million or 9.9%, as a result of project-related fluctuations. In contrast, significant growth of order income is discernible in *Semiconductor Related Products*. While order income of EUR 46.4 million was recorded for the first nine months of the past year, this value was exceeded by EUR 13.7 million or 29.5% and amounted to EUR 60.1 million for the same period of this year. In *Precision Parts & Systems* order income was EUR 2.5 million or 11.3% lower year-on-year, at EUR 19.6 million (PY: EUR 22.1 million).

On 30 September 2012, at EUR 212.7 million, the consolidated backlog of the globally active technology group was EUR 1.1 million or 0.5% under last year's value (EUR 213.8 million).

In the past quarter, the technology group achieved sales of EUR 65.0 million, thus recording a plus of EUR 11.6 million or 21.9% against the corresponding quarter of the previous year (PY: EUR 53.4 million). This rise is due to increases in all three business areas. While *Cards & TECURITY®* recorded a slight upturn by EUR 1.7 million or 5.2%, from EUR 31.6 million in Q3 2011 to EUR 33.3 million in the third quarter of this year, *Semiconductor Related Products* reported a significant sales increase: In the past quarter the company posted sales of EUR 24.8 million, which corresponds to a EUR 8.7 million or a 54.3% rise against the same quarter of the previous year (PY: EUR 16.1 million). The reason for this tremendous increase was first and foremost the semiconductor backend business, which almost achieved a seven-fold increase in sales against Q3 2011, thanks in particular to the constant high demand for smartphones and tablet PCs. At EUR 6.9 million (PY: EUR 5.7 million), *Precision Parts & Systems* also achieved a sales rise and grew EUR 1.2 million or 21.0% year-on-year.

Sales²



In the first nine months of the current year all three business areas increased sales year-on-year, resulting in a rise of consolidated sales by EUR 32.1 million or 22.2%, from EUR 144.9 million to EUR 177.0 million. Sales of EUR 100.3 million were recorded in *Cards & TECURITY®*, which corresponds to an increase of EUR 18.2 million or 22.1% against the previous year (PY: EUR 82.1 million). *Semiconductor Related Products* also climbed significantly, with a rise of EUR 13.4 million or 31.8%, from EUR 42.4 million to EUR 55.8 million. Even *Precision Parts & Systems* achieved a sales increase of EUR 0.4 million or 1.7%,

² The sales figures are to be understood as the gross value before deduction of revenue reductions amounting to EUR 0.1 million (previous year EUR 0.1 million) for Q2.

from EUR 20.4 million in the first nine months of the past year to EUR 20.8 million in the current year – despite the difficult global economic situation.

Compared to Q3 2011, sales in Asia rose slightly, by EUR 0.3 million or 1.4% to EUR 24.6 million (PY: EUR 24.3 million). Thus, at 37.9%, the focus of total sales is still in the Asian region. Europe and the USA are virtually equal: While sales in the USA increased significantly, at EUR 17.0 million (PY: EUR 9.4 million), by EUR 7.6 million or 80.9%, and thus holds a percentage of 26.1 in total sales, sales in Europe rose slightly, by EUR 1.1 million or 6.6% to EUR 17.8 million (PY: EUR 16.7 million). Consequently 27.4% of total sales were achieved on the European continent. Of this percentage, Germany achieved a share of EUR 10.3 million, amounting to 15.9% of consolidated sales. The African continent recorded a considerable rise in sales: While sales in Q3 2011 were still at EUR 3.0 million, they rose by EUR 2.5 million or 83.3% to EUR 5.5 million during the reporting period, corresponding to 8.5% of total group sales.

EARNINGS SITUATION

Earnings development

Earnings before interest and taxes (EBIT) in respect of the quarter under review, dropped by EUR 1.7 million against Q3 2011, to EUR 3.0 million (PY: EUR 4.7 million). Based on the sales of EUR 65.0 million achieved in the period under review, the operating result corresponds to an EBIT margin of 4.5% – after 8.9% year-on-year.

Taking into consideration a EUR 0.1 million lower financial result and an earnings-related EUR 2.0 million lower tax expenditure, the company achieved net earnings of EUR 3.6 million in the period under review, which is in fact EUR 0.1 million higher year-on-year (PY: EUR 3.5 million). During the reporting period, the share of profit applicable to each share totals EUR 0.21, after EUR 0.23 year-on-year.

As a result of the consistently significantly weaker first three quarters of 2012, the operating income of EUR 7.1 million achieved in the first nine months of 2012 is EUR 9.7 million or 58.1% lower than in the first nine months of the previous year (PY: EUR 16.8 million). In proportion to the sales achieved in the first nine months of 2012, the operating income corresponds to an EBIT margin of 4.0%, after 11.6% year-on-year.

At EUR 6.7 million, the net profit achieved in the first nine months of 2012 undershoots the result for the same period of the previous year (PY: EUR 12.8 million) by EUR 6.1 million – due to a EUR 0.5 million lower financial result and a EUR 4.2 million lower tax expenditure. As at 30 September 2012, the share of profit applicable to each share totaled EUR 0.44 and was thus EUR 0.43 under the value achieved in the first nine months of 2011 (PY: EUR 0.87).

Analysis of earnings development (Q3 2012)

Compared with the same quarter of the previous year, gross profit deteriorated in Q3, despite EUR 11.7 million or 21.9% higher sales, and dropped by EUR 5.6 million, to EUR 13.9 million. This development is the result of a further rise of cost-of-production ratio to the current 78.6%, after 63.3% year-on-year. The significant rise of costs of goods sold is due in particular to higher investment-related depreciations and value adjustments on inventory assets. The latter is the result of the sustained bad news in respect of the global economy and the intensification of competition from price-aggressive providers, in particular from Asia. The lower gross profit was compensated somewhat by the project-related EUR 1.6 million drop in selling expenses. EUR 2.5 million lower research and development expenses also had a supportive effect, while administrative expenses rose by EUR 0.5 million. The earnings of the summarized balance of other operating income and expenses resulting from effects outside the group's core activities, is EUR 0.3 million higher in the period under review than for the same period of the previous year.

The financial result declined by EUR 0.1 million year-on-year, largely due to the compounding of long-term accounts receivable.

The strong increase of cost of production by EUR 42.3 million or 48.6% in comparison to the sales growth of 22.2%, is largely due to the investment-related higher depreciation and the value adjustments on inventory assets. In total, this results in a decline of gross profit by EUR 10.2 million or 17.8%.

Analysis of earnings development (nine-month period 2012)

On a nine-month comparison, selling expenses were EUR 0.5 million lower, while research and development expenses dropped by EUR 2.2 million during the same period. In contrast, general administrative expenses rose by EUR 0.7 million. The earnings of the summarized balance of other operating income and expenses resulting from effects outside the group's core activities, is EUR 1.6 million lower on a nine-month comparison.

The decline of financial result by EUR 0.5 million was primarily characterized by EUR 0.3 million lower earnings from securities and the EUR 0.2 million higher compounding of long-term accounts receivable.

FINANCIAL SITUATION

In the first nine months of 2012, at EUR 28.8 million, cashflow from operating activities was EUR 2.7 million higher year-on-year (PY: EUR 26.1 million), despite EUR 6.1 million lower net earnings for the year. Adjusted for the proceeds from the disposal of securities received in the previous year, the cashflow achieved in the first nine months of 2012 was in fact EUR 14.2 million higher year-on-year.

The operative cashflow reflects the marked decrease of stocks of finished and semi-finished goods associated with the improved working capital management. While the build-up of stocks during the same period of the previous year had led to a commitment of funds of EUR 29.0 million, the decrease of stocks in the period under review resulted in an inflow of EUR 22.1 million. The positive development of operative cashflow was also boosted by the increase in trade accounts payable and other liabilities (EUR 4.6 million; PY: EUR 36.2 million), while the increase of trade accounts receivable by EUR 3.2 million, resulting from the extension of sales, had the opposite effect.

In the quarter under review, at EUR 22.1 million, outflows from investment activities were EUR 1.9 million higher year-on-year (PY: EUR 20.2 million). This increase is largely due to the investments into the new building for large part production in Roding, the construction of a technology centre in Serbia as well as the modernization and extension of the technological basis in *Precision Parts & Systems*.

The cashflow from financing activities of minus EUR 10.6 million is characterized by the dividend distribution of EUR 6.1 million to the limited partners and the payment of EUR 4.0 million to the personally liable shareholder as part of the share of profit.

According to the balance the outflow recorded in the first nine months of 2012 thus dropped to EUR 3.3 million, after EUR 11.9 million for the same period of the previous year.

Due largely to the Group's development outlined above, the adjusted free cashflow (please also confer with the notes E) was EUR 13.0 million higher year-on-year, at plus EUR 6.7 million (PY: minus EUR 6.3 million).

ASSET SITUATION

Balance sheet total

Compared with the end of the previous year (PY: EUR 235.4 million), the Group's balance sheet total dropped by EUR 6.7 million or 2.8% to EUR 228.7 million as per 30 September 2012. In this context, the decline of short-term assets by EUR 14.7 million or 10.4%, which was primarily caused by the also depreciation-related decrease of semi-finished goods by EUR 19.6 million, was opposed by a rise of long-term assets by EUR 8.1 million or 8.5%. This rise was in particular due to completed investment projects (EUR 4.3 million), higher long-term accounts receivable (EUR 2.1 million) and higher deferred taxes (EUR 1.6 million).

In relation to the balance sheet total, short-term assets declined from 59.7% in the previous year to 55.0% in the reporting period, while long-term assets climbed from 40.3% in the previous year to 45.0% to the end of the quarter under review.

Assets

Although inventories decreased by a total of EUR 22.1 million, trade accounts receivable only rose by EUR 10.1 million. The reasons for the distinctly disproportionate increase of trade accounts receivable compared to the decrease of stocks are the advance payments to be deducted on realization of sales and the value adjustments on inventory assets effected as a result of the continued bad news regarding the global economy and the intensification of competition from price-aggressive providers, in particular from Asia. The decline of inventories relates primarily to the semi-finished and finished goods, which dropped by EUR 19.6 million and EUR 4.8 million, respectively. In contrast, raw materials, auxiliary and operating materials increased by EUR 2.3 million.

Due to the improved working capital management and the resultant free cashflow of EUR 6.7 million that was achieved, cash and cash equivalents only decreased by EUR 3.3 million despite the dividend payment of EUR 10.1 million in Q2 2012.

Liabilities

Total liabilities increased only slightly, by EUR 0.8 million or 1.1%. Short-term liabilities rose by EUR 1.0 million or 1.4%, while long-term liabilities decreased by EUR 0.2 million or 23.7%. Trade accounts payable reduced by EUR 8.2 million or 36.5%. They are opposed by an increase of short-term financial liabilities by EUR 1.4 million, of downpayments received by EUR 1.3 million, of other accruals by EUR 2.4 million, of other short-term liabilities by EUR 1.7 million and liabilities in respect of the personally liable shareholder of EUR 2.6 million from 2011 shares of profit that have not yet been paid.

Long-term liabilities exclusively comprise deferred tax debts, which dropped by EUR 0.2 million or 23.7% to EUR 0.8 million to the end of the quarter.

As at 30 September 2012, the shareholders' equity of EUR 152.9 million decreased by a total of EUR 7.4 million or 4.6%, due largely to the appropriation of earnings of EUR 14.7 million resolved by the Annual General Meeting, and partly compensated by the net earnings of EUR 6.7 million achieved in the first nine months of 2012, as well as the currency-related rise of other comprehensive income by EUR 0.5 million. As a result of the strong decline of shareholders' equity in comparison with total capital, the equity ratio dropped to 66.9% on 30 September 2012, against 68.1% on 31 December 2011, while improving by 5.5% against 30 June 2012 (61.4%).

FACTOR INPUT

In the context of the investment drive for the modernization, extension and internationalization of the company, which was launched a good two years ago, gross investments in intangible and fixed assets in Q3 2012 totaled EUR 7.5 million (PY: EUR 6.4 million). Overall, a total of EUR 22.6 million (PY: EUR 16.2 million) were invested in the first nine months of the current financial year. Compared to the previous year, this corresponds to an increase of EUR 6.4 million or 39.5%. The investments focused on the procurement of technical equipment for the areas *Cards & TECURITY®* and *Precision Parts & Systems*.

Investments

In Q3 2012, the research and development expenses of the innovation leader amounted to EUR 5.3 million (PY: EUR 7.8 million) and were thus EUR 2.5 million or 32.1% lower year-on-year. In the first nine months of the year, investments in research and development thus totaled EUR 19.9 million (PY: EUR 22.0 million), corresponding to an R&D ratio of 11.2% (PY: 15.2%) with regard to sales.

Research and development

In the past quarter, the research and development expenses in *Cards & TECURITY®* focused on increasing the modularity of the Mühlbauer eGate for border and access controls via multibiometry and ID documents. A cost optimization was also performed in this area to boost competitiveness on the market. The newly revised design of the eGate can be excellently integrated into any environment, from airports through to access controls of office buildings. Furthermore, a new desktop passport personalization system that features a modular structure was developed. This system enhances the machine's flexibility and enables the configuration of the machine precisely in line with customer requirements. As a result, the machine can easily be extended by new process modules - if necessary, even on-site at the customer's location.

In *Semiconductor Related Products*, conceptual verification that the systems developed by Mühlbauer enable an extremely efficient LED production, was provided for the Die Sorting/ Pick&Place area by means of numerous evaluations, some of which were also effected in cooperation with potential customers. In a next step, a prototype line will be implemented – again in close cooperation with a customer. On the semiconductor market, the “offline laser system” was completed. This machine sets new standards, in particular with regard to complete traceability of products and throughput. In the solar area, a lot of hard work is being put into the thin-film solar system, which was already mentioned in the quarterly report for Q2 2012. Meanwhile, the system has been mechanically completed and partly commenced operation. The current focus is on stabilizing the laser scribing process.

EMPLOYMENT³

On 30 September 2012, the employee figures for the Mühlbauer Group showed a year-on-year decline. While the technology group employed 2,845 staff to the end of Q3 2011, this figure dropped by 48 or 1.7% to 2,797 staff by the end of the reporting period. The development of the individual items, however, varies considerably: While the number of staff employed in Research & Development decreased by 35 or 7.5%, from 468 to 433 year-on-year, the number of trainees within the Group rose by 15 or 3.9%, from 385 to 400. The number of employees in the assembly area remained virtually equal: At 1,538 employees in the current reporting period, 2.3% less or 36 fewer staff were employed in production than a year ago (PY: 1,574).

³ The employment figures of the previous year were adapted to the current organizational structure to improve comparability.

EVENTS AFTER THE END OF THE QUARTER

Out of court settlement negotiations were conducted in respect of the legal action filed in November 2011 before the United States District Court for the Southern District of Florida, in Miami. These were successfully concluded at the end of October 2012. All parties involved have since agreed a comprehensive written settlement, according to which both the proceedings before the United States District Court for the Southern District of Florida and before the Nuremberg-Fürth regional court, where Mühlbauer filed a cross action in respect of the same issue in February 2012, will resolve themselves.

There were no other events of fundamental importance that occurred after the end of the third quarter 2012.

RISK REPORT

An in-depth report of the Mühlbauer Group's risk and opportunity situation was provided in the 2011 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 and which partly have long terms of contract. Sometimes the character of such large-scale projects requires Mühlbauer to provide a financial input, which can place a constraint on liquidity, in particular if the company is, at the same time, forced to make investments and compensatory short-term inflows from transactions with industrial sector clients decline due to the aggravation of the competitive environment. As a result of continually developing innovative, competitive products, the increasing involvement of clients in the financing of projects and the use of liquidity reserves and available cash credit lines, the company has options at its disposal to counter these risks.

A progressive intensification of competition is discernible in respect of the Mühlbauer Group's industrial sector, caused by the actions of price-aggressive providers, in particular from Asian region. Apart from that, a distinct attenuation of the market was recorded on the semiconductor market in Q3 2012. Mühlbauer counters these altered framework conditions by means of continual technological innovations and the implementation of concrete cost reduction measures. As Mühlbauer's industrial sector has to deal with partly extremely volatile order income volumes, the risk of insufficient or extensive capacity is always imminent. This risk is minimized by means of forward-looking corporate planning, the constant optimization and flexibilisation of manufacturing processes as well as a comprehensive diversification of the market.

In the first nine months of the 2012 financial year there have been no significant changes in respect of all other risks outlined in the consolidated management report for the 2011 financial year.

OUTLOOK

The European bank and debt crisis still represents the greatest risk to the global economy. Due to the uncertain outcome of the crisis, the further development of the global economy can hardly be predicted. It is for this reason that the International Monetary Fund (IMF) dropped its worldwide growth forecasts to 3.3% for this year and 3.6% for next. While the IMF considered the probability of the large industrial nations undergoing a recession to be 4% in spring, it now considers it to be 17%. According to the IMF, there is in fact a 80% risk that the euro area will experience a recession. It reduced the outlook for the euro countries Italy, Spain and the UK particularly distinctly. Global growth is still borne by newly industrializing countries such as China or India. The IMF, however, even reduced the outlook for these countries considerably. In China, for example, double-digit rates of growth were no longer to be expected. Overall, the Asian economy is growing more slowly. One of the reasons for this is the decline in demand from Europe and the USA. The growth of the US economy remains weak, at approx. 2%, due to the high level of private debt, the difficult lending situation and the reorganization of state finances. Even Germany, which has so far faced the crisis with stability, is now starting to feel the effects of the debt crisis of its euro partners. The IMF is therefore only expecting growth of 0.9%, after issuing a forecast of 1.4% in July.

Even though no reliable forecast in respect of the further development of the global economy can be made, the risks in respect of a serious cooling of the global economy are alarmingly high.

Cards & SECURITY®. Apart from the unbroken trend towards the introduction of forgery-proof ID documents to boost mobility and security and the progressive debureaucratization of government processes through eGovernment, the launch of contactless payment will represent a driving force on the market, in future. Visa Europe conducted pilot studies on this, which verified that the interest in mobile payments is rising day by day. The launch of the EMV chip technology contributes significantly to a higher level of security and comfort with regard to conventional card transactions. Currently, 4000 banks throughout Europe are issuing more than a quarter of a billion EMV chip cards that are capable of payments via wireless technology and upgrading millions of card terminals. In 2012, Visa alone will have around 50 million contactless cards in circulation in Europe. Europe is a trailblazer with regard to the launch of the EMV chip technology. Thanks to the global implementation of EMV programs, this trend will also assert itself at an international level.

Semiconductor Related Products. Businesses, governments and industries are moreover increasingly interested in rendering their operating procedures more efficient, based on RFID solutions. Despite the numerous application options that already exist, RFID is still a market of the future: According to ABI Research, the market will grow by USD 4.5 billion until 2017. The cyclical semiconductor market is losing steam, according to a study conducted by HIS iSuppli. While 3% growth were previously forecast for 2012, it must now be assumed that worldwide semiconductor sales for the year will stagnate at the level of the previous year. The automotive industry, which is important to Traceability, is heading towards difficult times. The European debt crisis is affecting the automobile market tremendously. Thus, Opel and Ford have, for example, already commenced short-time work, other manufacturers could follow. According to the Center Automotive Research (CAR), of the University of Duisburg-Essen, three difficult years are in store for the industry; however, due to the uncertain outcome of the debt crisis, reliable forecasts are extremely difficult. The outlook in respect of the market for thin-film solar modules is unchanged: Due to the numerous benefits in production and, in particular, in application, the market, which is as yet in its early stages, still holds tremendous potential.

Precision Parts & Systems. The mechanical engineering industry, which is important to *Precision Parts & Systems*, is hoping for an act of liberation through the permanent euro rescue package and the measures taken by the European Central Bank. Long-term, the VDMA is expecting order income to increase as soon as these measures take effect with investors. The Federation is, however, not assuming business to be good in Q4, as both national and international customers and investors will most likely exercise restraint with regard to investments, in view of the insecure economic situation.

Global economy

Industry development

Business development

Furthermore, the European bank and debt crisis not only impacts the European economy but the global economy. Its uncertain outcome renders outlooks on the further global economic development virtually impossible.

While demand for innovative ID documents in *Cards & TECURITY®* should continue for the Mühlbauer technology group, a distinct decline in orders is already discernible in respect of *Semiconductor Related Products* in Q3, due to the investment stop on the semiconductor market and a hesitant attitude on the RFID market, which is set to continue - at least for the remainder of the year. Due to the poor economic data, the investment behavior in the automotive and mechanical engineering industries, which are relevant to *Precision Parts & Systems*, is expected to decline progressively.

Even though the company is still assuming that it will succeed in raising sales against the previous year, based on its good order backlog for the whole of the year, the company's management is increasingly exercising caution and further raising its risk provisions, due to the continuous bad news in respect of the global economy and the intensification of competition from price-aggressive providers, in particular from Asia. Against this background, the company is expecting to achieve an operating margin for the entire year that is in the middle single-digit percentage range and thus at the bottom end of the bandwidth forecast so far.

According to experts, the global economy will not improve significantly in the next financial year. Despite this, the Mühlbauer technology group still considers itself well positioned medium to long-term, due to its worldwide unique solution orientation. The company will therefore reinforce its attempts to benefit strongly from this.

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 2011 Annual Report and other parts of this interim report.

**CONSOLIDATED STATEMENTS OF INCOME (IFRS) FROM JANUARY 1 TO SEPTEMBER 30, 2012
OF MÜHLBAUER HOLDING AG & CO. KGaA¹⁾**

	Notes	July 1 - Sept. 30, 2012 TEUR	July 1 - Sept. 30, 2011 TEUR	Jan. 1 - Sept. 30, 2012 TEUR	Jan. 1 - Sept. 30, 2011 TEUR
1. Sales		64,993	53,325	176,689	144,621
2. Cost of sales	(3)	(51,071)	(33,768)	(129,412)	(87,104)
3. Gross profit		13,922	19,557	47,277	57,517
4. Selling expenses	(4)	(4,244)	(5,820)	(14,182)	(14,723)
5. Administrative expenses		(2,477)	(2,008)	(7,204)	(6,544)
6. Research and development	(5)	(5,317)	(7,774)	(19,881)	(22,039)
7. Other income		(309)	(209)	(1,258)	(885)
8. Other expenses	(6)	1,378	979	2,302	3,507
9. Operating income		2,953	4,725	7,054	16,833
10. Financial result					
a) Financial income		77	68	224	577
b) Financial expenses		(285)	(140)	(472)	(310)
11. Income before income taxes		2,745	4,653	6,806	17,100
12. Income taxes		831	(1,183)	(102)	(4,303)
13. Net earnings		3,576	3,470	6,704	12,797
- <i>Minority interests</i>		9	(8)	1	(16)
- <i>Attributable to shareholders of Mühlbauer Holding AG & Co. KGaA</i>		3,567	3,478	6,703	12,813
Earnings per share in EURO					
basic	(7)	0.21	0.23	0.44	0.87
fully diluted	(7)	0.21	0.23	0.44	0.87
Weighted average of shares					
basic	(7)	6,139,579	6,134,234	6,139,579	6,134,234
fully diluted	(7)	6,139,579	6,134,234	6,139,579	6,134,234

¹⁾ uncertified**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (IFRS) FROM JANUARY 1 TO SEPTEMBER 30, 2012
OF MÜHLBAUER HOLDING AG & CO. KGaA¹⁾**

	July 1 - Sept. 30, 2012 TEUR	July 1 - Sept. 30, 2011 TEUR	Jan. 1 - Sept. 30, 2012 TEUR	Jan. 1 - Sept. 30, 2011 TEUR
Net earnings	3,576	3,470	6,704	12,797
Change of market value of available-for-sale securities	0	0	0	(54)
Difference due to currency translation	22	644	511	(1,052)
Total income and expenses recognized in equity	22	644	511	(1,106)
Total income and expenses	3,598	4,114	7,215	11,691
- <i>Minority interests</i>	9	(8)	1	(16)
- <i>Attributable to shareholders of Mühlbauer Holding AG & Co. KGaA</i>	3,589	4,122	7,214	11,707

¹⁾ uncertified

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (IFRS) AS AT SEPTEMBER 30, 2012
OF MÜHLBAUER HOLDING AG & CO. KGaA**

	Notes	Sept. 30, 2012 ¹⁾ TEUR	Dec. 31, 2011 ²⁾ TEUR
ASSETS			
Short-term assets			
Cash and cash equivalents		11,899	15,183
Marketable securities	(8)	0	0
Trade accounts receivable	(9)	42,828	32,715
Other current assets	(10)	14,177	15,305
Tax receivables		4,134	2,388
Inventories	(11)	52,827	74,946
		125,865	140,537
Long-term assets			
Investment and long-term financial assets			
Trade accounts receivable	(9)	2,826	733
		2,826	733
Fixed assets			
Land and buildings		53,673	47,463
Technical equipment		25,685	23,875
Furniture and office equipment		7,827	8,069
Buildings and equipment in progress		66	3,352
		87,251	82,759
Intangible assets			
Software and licenses		2,916	2,914
Capitalized development costs		3,957	4,112
		6,873	7,026
Other long-term assets			
Long-term tax receivables		1,477	1,749
Deferred tax assets		2,582	939
Plan assets	(14)	1,874	1,624
		5,933	4,312
		228,748	235,367
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term liabilities			
Financial liabilities		1,371	0
Trade accounts payable		14,200	22,356
Downpayments		24,199	22,877
Other liabilities	(12)	15,011	10,720
Accrued income taxes	(13)	2,118	2,261
Other accruals	(13)	18,172	15,808
		75,071	74,022
Long-term liabilities			
Deferred tax liabilities		767	1,006
		767	1,006
Shareholders' equity			
Ordinary share capital		8,038	8,038
Own shares	(15)	(179)	(180)
Fixed capital contribution		(2,980)	(2,980)
Additional paid-in capital		61,163	61,136
Other comprehensive income		3,331	2,820
Retained earnings		83,563	91,531
Equity excluding minority interests		152,936	160,365
Minority interests		(26)	(26)
		152,910	160,339
		228,748	235,367

¹⁾ uncertified ²⁾ certified

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

**CONSOLIDATED STATEMENTS OF CASH-FLOWS (IFRS) FROM JANUARY 1 TO SEPTEMBER 30, 2012
OF MÜHLBAUER HOLDING AG & CO. KGaA¹⁾**

	Jan. 1 - Sept. 30, 2012 TEUR	Jan. 1 - Sept. 30, 2011 TEUR
Cash provided by operating activities		
1. Net earnings	6,704	12,797
2. + Income taxes	102	4,303
3. + Interest expenses	472	250
4. - Interest income	(224)	(320)
Adjustments for non cash expenses and income		
5. +/- Expenses/(income) from employee profit-sharing programs	29	120
6. +/- Depreciations/(appreciations) to fixed assets	11,682	7,094
7. +/- Depreciations/(appreciations) to intangible assets	1,585	778
8. +/- Depreciations/(appreciations) to capitalized development costs	1,691	1,855
9. +/- (Gains)/losses from the sale of fixed assets	74	(306)
10. +/- Exchange rate differences from the translation of long-term assets	(244)	0
11. +/- Realized net (gains)/losses from short- and long-term marketable securities	0	(285)
12. +/- (Gains)/losses from the the change in fair value of financial instruments	(292)	104
13. +/- (Increase)/decrease of deferred tax assets	(1,643)	(572)
14. +/- Increase/(decrease) of deferred tax liabilities	(239)	(785)
Changes in long-term and short-term assets		
15. +/- Increase)/decrease of inventories	22,119	(28,973)
16. +/- (Increase)/decrease of trade accounts receivables and other short-term assets	(12,396)	(9,214)
17. +/- Increase)/(decrease) of trade accounts payables and other liabilities	4,642	36,220
18. + Cash outflows for short-term marketable securities	0	28,395
19. +/- Investments in short-term assets (securities)	0	(16,575)
20. = Cash generated from operating activities	34,062	34,886
21. - Income tax paid	(5,193)	(8,833)
22. - Interest paid	(31)	(9)
23. + Interest received	8	95
24. = Cash provided by operating activities	28,846	26,139
Cashflow from investing activities		
25. + Proceeds from disposals of fixed assets	41	1,034
26. - Purchase of fixed assets	(19,000)	(18,274)
27. - Purchase of intangible assets	(1,567)	(1,189)
28. - Expenditures for capitalized development costs	(1,529)	(1,740)
29. = Cash used for investing activities	(22,055)	(20,169)
Free Cashflow		
	6,676	(6,293)
Cashflow from financing activities		
30. +/- Increase)/(decrease) of short-term financial liabilities	1,371	1,762
31. + Proceeds from sales of own shares	(1)	185
32. - Dividends paid	(10,140)	(17,305)
33. + Tax withdrawal personally liable shareholder	(1,816)	(1,948)
34. = Cash used for financing activities	(10,586)	(17,306)
35. +/- Increase)/(decrease) of currency exchange rate changes	511	(558)
36. = Net increase)/(decrease) in cash and cash equivalents (Total of lines 24, 29, 35 and 36)	(3,284)	(11,894)
37. + Liquid funds at beginning of reporting period	15,183	25,209
38. = Liquid funds at end of reporting period	11,899	13,315

¹⁾ uncertified

We refer to additional informations on page 25 of the accompanying notes.
The accompanying notes are an integral part of these Consolidated Financial Statements.

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS) FROM JANUARY 1 TO SEPTEMBER 30, 2012
 OF MÜHLBAUER HOLDING AG & CO. KGaA**

	Notes	Total number of shares	Own shares Number	Ordinary share capital in considera- tion 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, 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 31, 2011 ²⁾		6,279,200	(140,344)	7,858	(2,980)	61,136	1,476	82,341	(3)	149,828
Balance Jan. 1, 2012 ¹⁾		6,279,200	(140,344)	7,858	(2,980)	61,136	2,820	91,531	(26)	160,339
Net earnings		-	-	-	-	-	-	6,704	-	6,704
Other comprehensive income/(loss)	(16)	-	-	-	-	-	511	-	-	511
Total comprehensive income/(loss)		-	-	-	-	-	511	6,704	-	7,215
Deferred compensation	(16)	-	-	-	-	29	-	-	-	29
Proceeds from sales of own shares	(16)	-	1,348	1	-	(2)	-	0	-	(1)
Dividend	(16)	-	-	-	-	-	-	(14,672)	-	(14,672)
Cash capital increase		-	-	-	-	-	-	-	-	-
Balance September 30, 2012 ²⁾		6,279,200	(138,996)	7,859	(2,980)	61,163	3,331	83,563	(26)	152,910

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 market chip card, passport, Smart Label, semiconductor and electronics-related products and services. The Mühlbauer Group also distributes precision parts manufactured by means of cutting and processing metals and plastics, as well as products, components and systems that are based on such precision parts. The development and production sites of the company are located in Germany, Slovakia, Serbia and Malaysia. Sales are effected worldwide through the company's own sales and service network, as well as project-dependent commercial agencies 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 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 2012, 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 from 2012 onwards and which were not applied in the past

a) EU endorsement has already been issued

Amendment of IFRS 7 "Disclosures – Transfers of Financial Assets":

The amendments of IFRS 7 relate to extended disclosure requirements when transferring financial assets. This is supposed to improve comprehension of the relations between financial assets that are not completely deleted from the books and the corresponding financial liabilities. Furthermore, the goal is to improve the assessment of the type and, in particular, the risks of a continuing involvement in the case of financial assets that have been deleted from the books. Alongside the amendments, additional information is required if a disproportionately large number of transfers with continuing involvement occurs toward the end of a reporting period, for example.

The amendment must be applied for the first time in financial years starting on or after 1 July 2011.

b) EU endorsement is still pending

- Amendment to IAS 12 "Deferred Tax on Investment Property":

With regard to real estate held as a financial investment it is often difficult to assess whether existing temporary tax differences are reversed in the context of continued use or a disposal. With the amendment to IAS 12 it is now clarified that deferred taxes must be assessed on the basis of the rebuttable presumption that the reversal is effected by disposal.

The amendment, which is as yet subject to a pending adoption as EU legislation, shall for the first time be applied in financial years starting on or after 1 January 2012.

- Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters":

Through this amendment of IFRS 1, the references to the date of 1 January 2004, as fixed date of transition, used so far, will be replaced by the "Date of transition to IFRS". Furthermore, regulations will now be incorporated into IFRS 1 for cases in which a company was unable to comply with the IFRS provisions for some time, due to the fact that its functional currency was subject to hyperinflation.

The amendment, which is as yet subject to a pending adoption as EU legislation, shall be applied for the first time in financial years starting on or after 1 July 2011.

This does not affect the financial statements and notes of the Mühlbauer Group.

Principles of consolidation

The accounting and valuation principles applied in 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 2011 Annual Report.

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, cost of sales also comprises the overheads and the balance of devaluations and revaluations on inventories.

(4) SELLING EXPENSES

The selling expenses of Q3 2012 comprise earnings from the discontinuation of value adjustments on trade accounts receivable, offset against expenses from the formation of such value adjustments of TEUR 143 (PY: expenses of TEUR 292). In the first nine months of 2012, this resulted in an expenditure of TEUR 290 (PY: earnings of TEUR 136).

(5) RESEARCH AND DEVELOPMENT EXPENSES

In Q3 and the first nine months of 2012, research and development expenses contain value adjustments of TEUR 164 (PY: TEUR 194) and TEUR 573 (PY: TEUR 895) due to a change in assessment regarding the future usability of individual development results.

(6) OTHER OPERATING INCOME

In Q3, the other operating income comprises earnings from the reversal of client orders of TEUR 988.

(7) EARNINGS PER SHARE

Undiluted and diluted earnings per share are calculated as follows:

		1 July - 30 Sept 2012	1 July - 30 Sept 2011	1 Jan. - 30 Sept. 2012	1 Jan. - 30 Sept. 2011
Income before income taxes	TEUR	2,722	4,661	6,803	17,116
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	1,163	1,992	2,907	7,314
Effective tax rate	%	(12,12)	27,51	6,61	26,79
Effective tax amount	TEUR	(141)	548	192	1,959
Portion of net earnings for the year applicable to the shareholders of the limited partnership	TEUR	1,304	1,444	2,715	5,355
Weighted average of common shares	No.	6,279,200	6,279,200	6,279,200	6,279,200
Repurchased shares (weighted)	No.	(139,621)	(144,966)	(139,621)	(144,966)
Weighted average of shares outstanding (undiluted and diluted)	No.	6,139,579	6,134,234	6,139,579	6,134,234
Undiluted and diluted earnings per share*	EUR	0.21	0.23	0.44	0.87

* Without the shares held by other shareholders

C. EXPLANATIONS ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In the period under review, there were no transactions involving short-term securities. In Q3 and 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. Outflows for the purchase of such securities amounted to TEUR 14,637 in the first nine months of 2011 and related exclusively to the first half of the financial year.

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 the first quarter. The disposal of such securities achieved TEUR 4,423 in the first nine months of 2011; these disposals related exclusively to Q2.

	30 September 2012			31 December 2011		
	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
in TEUR (thousand euro)						
Trade accounts receivable	44,055	2,826	46,881	33,800	733	34,533
Less value adjustments	(1,227)	-	(1,227)	(1,085)	-	(1,085)
	42,828	2,826	45,654	32,715	733	33,448

SHORT-TERM SECURITIES (8)

TRADE ACCOUNTS RECEIVABLE (9)

	30 September 2012	31 December 2011
in TEUR (thousand euro)		
Claims on investment and technology grants	6,808	4,802
Advance payments made	2,439	2,659
Receivables from the personally liable shareholder	1,846	1,948
VAT receivables	949	2,801
Prepaid expenses	897	629
Receivables from suppliers	278	167
Claims on investment subsidies	146	853
Other	814	1,446
	14,177	15,305

OTHER ACCOUNTS RECEIVABLE AND OTHER ASSETS (10)

	30 September 2012	31 December 2011
in TEUR (thousand euro)		
Raw materials, auxiliary and operating materials	11,813	9,493
Unfinished products	35,491	55,124
Finished products and trade goods	5,523	10,329
	52,827	74,946

INVENTORIES (11)

	30 September 2012	31 December 2011
in TEUR (thousand euro)		
Salaries and wages	8,869	7,510
Liabilities to shareholders	2,631	-
Liabilities to customers	1,134	556
Commissions	684	788
Income tax	669	1,033
Social security contributions	376	326
VAT burden	63	71
Capital formation	59	74
Other liabilities - personnel	132	150
Other	394	212
	15,011	10,720

OTHER LIABILITIES (12)

(13) TAX ACCRUALS AND OTHER ACCRUALS

in TEUR (thousand euro)	As per 1 Jan. 2012	Difference due to currency translation	Consumption	Addition	Dissolution	As per 30 Sept. 2012
Tax accruals	2,261	42	(875)	1,513	(823)	2,118
Personnel and social security obligations	1,395	1	(936)	1,533	(442)	1,551
Guarantee obligations	7,955	9	(2,566)	3,883	(382)	8,899
Service in progress	2,876	(8)	(3,123)	5,349	(613)	4,481
Litigation risks	302	-	(139)	313	(42)	434
Other	3,280	(48)	(1,448)	1,564	(541)	2,807
Other accruals	15,808	(46)	(8,212)	12,642	(2,020)	18,172
	18,069	(4)	(9,087)	14,155	(2,843)	20,290

The addition to the remaining other accruals is primarily due to risk provisions in respect of 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, developed as follows. The composition of the amounts recorded in the statement of income with an effect on income can also be found in the following table:

in TEUR (thousand euro)	1 Jan. - 30 Sept. 2012	30 Sept. 2012	1 Jan. - 31 Dec. 2011	31 December 2011
Plan assets as per 1 January		(1,624)		(1,305)
Amounts recorded as income				
Current service cost	92		179	
Interest expenses on obligations	237		283	
Expected earnings on plan assets	(205)		(239)	
Amortization of actuarial losses	21	145	-	223
Contributions to plan assets		(395)		(542)
Plan assets as per 30 September		(1,874)		(1,624)

(15) SHAREHOLDERS' EQUITY**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 140,344 own shares with a nominal value of EUR 179,640.32, the company issued 1,348 shares with a nominal value of EUR 1,725.44 free of charge in the form of anniversary shares in the period from 1 January up to and including 30 September 2012. As at 30 September 2012, the company holds a portfolio of 138,996 of its own shares with a nominal value of EUR 177,914.88. On this date, the percentage of the company's own shares in the ordinary share capital is 2.21%.

Other comprehensive income

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

in TEUR (thousand euro)	Fair value of securities	Difference due to currency translation	Total
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
Status as per 1 January 2012	-	2,820	2,820
Unrealized gains/(losses)	-	-	-
Reclassification with an effect on the income statement	-	-	-
Currency adjustments	-	511	511
Deferred taxes			
Tax effect from unrealized gains/(losses)	-	-	-
Reclassification with an effect on the income statement	-	-	-
Status as per 30 September 2012	-	3,331	3,331

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 decreased by TEUR 37 to TEUR 16,369 against 31 December 2011 (see Note (28) of the 2011 Annual Report).

In September 2012, Mühlbauer Aktiengesellschaft and Mühlbauer Technologies Sdn. Bhd. were served a summons to legal proceedings before the Jakarta Selatan regional court in Indonesia. The summons was served on the basis of the legal action instituted by a former Indonesian business associate of Mühlbauer Aktiengesellschaft and Mühlbauer Technologies Sdn. Bhd. who confronted both companies with supposed claims for defects and the alleged breach of confidentiality obligations. The former business associate is asserting damages of EUR 21 million and IDR 575 billion (Indonesian rupiah) with the legal action and is thus claiming a total of EUR 67.2 million. From the viewpoint of Mühlbauer Aktiengesellschaft and Mühlbauer Technologies Sdn. Bhd. the charges are unfounded. Mühlbauer Aktiengesellschaft and Mühlbauer Technologies Sdn. Bhd. will therefore defend themselves comprehensively and ward off the action in the legal proceedings before the Jakarta Selatan regional court. The first hearing in the proceedings is scheduled for January 2013.

**CONTINGENT LIABILITIES (16)
AND OTHER
FINANCIAL OBLIGATIONS**

D. SEGMENT REPORTING

Segment information for Q3 2012/2011 and the first nine months of 2012/2011:

	Q3 2012 TEUR	Q3 2011 TEUR	1 Jan. - 30 Sept. 2012 TEUR	1 Jan. - 30 Sept. 2011 TEUR
Sales by business area				
Cards & TECURITY®	33,267	31,621	100,287	82,145
Semiconductor Related Products	24,843	16,101	55,823	42,350
Precision Parts & Systems	6,985	5,697	20,868	20,424
	65,095	53,419	176,978	144,919
Deductions on sales	(102)	(94)	(289)	(298)
	64,993	53,325	176,689	144,621

	Q3 2012 TEUR	Q3 2011 TEUR	1 Jan. - 30 Sept. 2012 TEUR	1 Jan. - 30 Sept. 2011 TEUR
Sales by region				
Asia	24,641	24,310	65,826	60,629
Africa	16,968	9,424	29,424	18,627
Germany	10,412	11,290	31,148	31,087
America	7,512	5,421	22,771	26,400
Rest of Europe	5,523	2,974	27,443	8,176
Australia	39	-	366	-
	65,095	53,419	176,978	144,919
Deductions on sales	(102)	(94)	(289)	(298)
	64,993	53,525	176,689	144,621

E. NOTES TO THE STATEMENT OF CASH-FLOWS

The free cashflow is derived as follows:

	1 Jan. - 30 Sept. 2012 TEUR	1 Jan. - 30 Sept. 2011 TEUR
Inflow/(Outflow) from operating activities	28.846	26,139
Inflow/(Outflow) from investing activities	(22.055)	(20,169)
Subtotal	6,791	5,970
Transition to free cashflow		
Gains/(Losses) from the sale of fixed assets and intangible assets	(74)	306
Realized net gains/(losses) from short- and long-term securities	-	285
Proceeds from disposals of long-term assets	(41)	(1,034)
Proceeds from the sale of short-term assets (securities)	-	(28,395)
Investments in short-term assets (securities)	-	16,575
Free cashflow	6,676	(6,293)

F. OTHER NOTES

(17) EVENTS AFTER THE REPORTING DATE

Out of court settlement negotiations were conducted in respect of the legal action filed in November 2011 before the United States District Court for the Southern District of Florida, in Miami. These were successfully concluded at the end of October 2012. All parties involved have since agreed a comprehensive written settlement, according to which both the proceedings before the United States District Court for the Southern District of Florida and before the Nuremberg-Fürth regional court, where Mühlbauer filed a cross action in respect of the same issue in February 2012, will resolve themselves.

There were no other events of fundamental importance that occurred after the end of the third quarter 2012.

(18) 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 (34) of the 2011 Annual Report. In the reporting period, major business transactions with these associated companies and persons were:

Dr. Jürgen Honert, Chairman of the Supervisory Board, is also an attorney and partner of the law firm Honert + Partner Partnergesellschaft in Munich. The firm occasionally provides legal consultation to the Mühlbauer Group. The fees for these services amounted to TEUR 11 in Q3 and TEUR 52 in the first nine months of 2012.

Mühlbauer Aktiengesellschaft, ASEM Präzisions-Automaten-GmbH and takeID GmbH rent office space from Mr. Josef Mühlbauer and from a company in which Mr. Mühlbauer holds a participation. In the first nine months of 2012, rental costs amounted to TEUR 318 (PY: TEUR 265).

Group companies utilize certain services in respect of the transport of passengers, sales promotion, travel arrangements, accommodation and catering, offered by companies that are controlled by Mr. Josef Mühlbauer. After deduction of commissions, the Group paid TEUR 727 (PY: TEUR 802) plus the current amount of VAT for such services in the first nine months of 2012. In the first nine months of 2012, the Mühlbauer Group generated proceeds of TEUR 40 (PY: TEUR 13) plus the current amount of VAT in respect of services provided and products sold to Mr. Josef Mühlbauer or companies controlled by him.

(19) NUMBER OF EMPLOYEES⁴

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

	30 Sept. 2012 Number	30 Sept. 2011 Number
Production and assembly	1,538	1,574
Research and development.	433	468
Administration and sales	293	295
	2,264	2,337
Apprentices and trainees as well as part-time employees	533	508
Total	2,797	2,845

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

	30 Sept. 2012 Number	30 Sept. 2011 Number
Germany	1,906	1,966
Asia	299	274
Rest of Europe	313	321
America	246	263
Other	33	21
Total	2,797	2,845

⁴ The employment figures of the previous year were adapted to the current organizational structure to improve comparability.

This consolidated interim report was authorized to be published by the personally liable shareholder on 7 November 2012.

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

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