

Interim report
1. Quarter 2009



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Group overview		Q1/2009	Q1/2008
Order income	EUR million	52.2	48.2
Order backlog	EUR million	94.7	76.9
Sales	EUR million	38.1	43.2
EBIT	EUR million	2.4	7.1
EBT	EUR million	2.4	7.6
Net earnings	EUR million	1.8	5.7
Earnings per share	EUR	0.12	0.39
Employees	Number	1,901	1,788

Interim Management Report

OVERVIEW OF THE BUSINESS DEVELOPMENT IN THE GROUP

Irrespective of the further aggravation of the worldwide financial and economic crisis, the Mühlbauer technology group recorded a positive start to the 2009 financial year. While earnings before interest and taxes (EBIT) was significantly lower year-on-year, largely due to the higher depreciation of inventories and further allocations to provisions for legal fees, the new record high in order income achieved in the company's core business area Cards & TECURITY® confirms the excellent positioning and sustained attractiveness as a leading global system partner for the entire transfer of technology and expertise for the production of electronic ID documents. Furthermore, the order backlog to the end of the reporting period is a good starting point for the current financial year.

Key events in Q1 2009 were:

- Order income benefited from the strong demand for technology solutions in the core business area Cards & TECURITY® and, at EUR 52.2 million (PY: EUR 48.2 million) exceeds the high level of the previous year by a further 8.3%
- Order backlog records an increase of 23.1% to EUR 94.7 million (PY: EUR 76.9 million)
- Due to the investment restraint in the short-term industry business caused by the current economic trend, and client-related project delays, sales¹ were down 11.6% year-on-year, at EUR 38.2 million (PY: EUR 43.2 million)
- At EUR 2.4 million (PY: EUR 7.1 million), EBIT was significantly lower year-on-year, due to special charges from the depreciation on the production lines in the international showrooms and other allocations to provisions for legal fees in connection with patent infringement suits
- Earnings per share at EUR 0.12 (PY: EUR 0.39)
- Free cashflow at EUR -0.4 million (PY: EUR +2.3 million) due to scheduled payments made during the reporting period in respect of the completion of the new technology centers in the USA and Slovakia

¹ The sales figures are the gross value before the deduction of earnings of EUR 0.09 million (PY: EUR 0.07 million) for Q1.

FRAMEWORK CONDITIONS

Global economy

In Q1 2009 the global economy underwent an economic decline. Meanwhile, the recession has encompassed all regions. According to estimates of economic research institutions, the first quarter of 2009 is the first time since the 1930s that global GDP dropped year-on-year. While governments and central banks are attempting to stabilize the banking industry and stimulate the economy, they have so far not been able to bring about an economic turnaround.

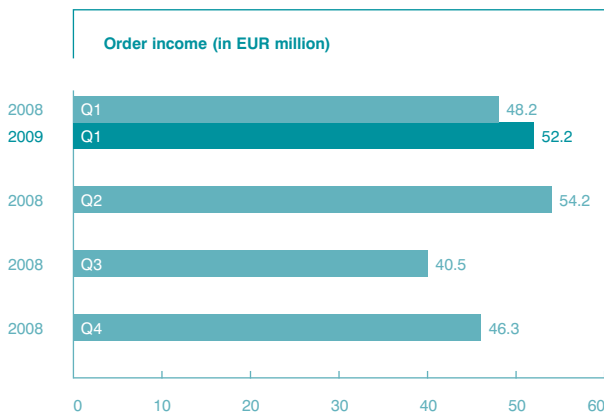
Industry development

In Q1 2009, the developments in the industries and on the markets relevant to Mühlbauer, forecast in the 2008 Annual Report, were confirmed. During the reporting period the government-related TECURITY® market was very robust and benefited from structural decisions regarding the introduction of ID systems in Smart Card and passport formats. Irrespective of the economic slowdown, potential was also discernible on the RFID market, while the general semiconductor industry was characterized by the sustained economy-related weakness in demand. The markets and industries round the Traceability sector – such as the electronics and automotive industries – have increasingly been impacted by the economic crisis, so that severe downturns were recorded with regard to the demand for capital goods.

Business development

Order income and order backlog

Due to a significant increase in orders in the company's core business area Cards & TECURITY® the Mühlbauer technology group once again succeeded in fully compensating for the decline in orders in the other business areas, caused primarily by the current economic trend. At the same time, the high reference value of the previous year (EUR 48.2 million) climbed 8.3% to EUR 52.2 million.



While the investments in the core business area Cards & TECURITY® in respect of the implementation of the strategic development goal from a technology supplier to a system partner for the entire transfer of technology and expertise for the production of electronic ID documents are increasingly bearing fruit and were acknowledged with a distinct increase of order income of 36.7% to EUR 40.6 million (PY: EUR 29.7 million), the remaining areas developed quite differently. Thus, order income of Semiconductor Related Products was only moderately lower year-on-year, at EUR 7.6 million (PY: EUR 7.9 million). The reason for this comparatively constant development was the rise in interest for Smart Label production lines, while the classic niche business suffered from the stagnation of the semiconductor industry, which has been ongoing for more than two years. Severe declines in order were, however, recorded in Traceability and Precision Parts & Systems. While Traceability was – as expected – confronted with the slump in the automotive industry and achieved order incomes of EUR 0.8 million (PY: EUR 4.6 million), which is 82.6% lower year-on-year, order income in Precision Parts & Systems dropped 46.7%, to EUR 3.2 million (PY: EUR 6.0 million), due to the cyclical decline in demand in the automotive industry and the change in Formula 1 regulations since the 2007 racing season.

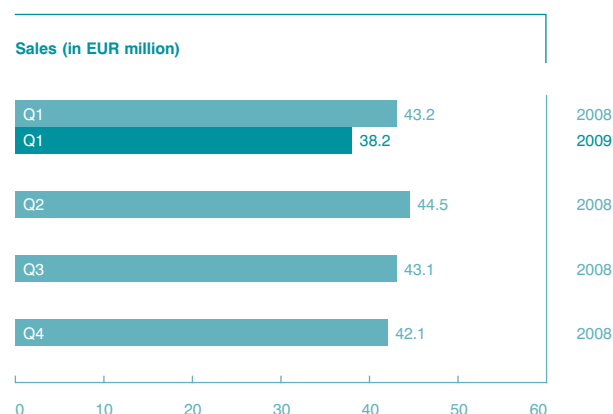
The order backlog recorded at the end of Q1 2009 amounted to EUR 94.7 million (PY: EUR 76.9 million) and thus underwent a significant increase of 23.1%.

Sales²

The investment restraint recorded in the short-term industry business and client-related project delays were primarily responsible for the fact that sales of the internationally active technology group in Q1 2009 lagged sales for the same period of the previous year by 11.6%, at EUR 38.2 million (PY: EUR 43.2 million).

² The sales figures are the gross value before the deduction of earnings of EUR 0.09 million (PY: EUR 0.07 million) for Q1.

Although the core business area Cards & TECURITY® recorded a sales increase of 7.6% to EUR 25.6 million (PY: EUR 23.8 million) due to the call of orders in particular for the personalization of official documents such as ID cards and electronic passports, the occasionally longer duration of projects associated with the cyclical focus on government business does not allow for a short-term realization of sales, despite comparatively high project volumes. This resulted in the fact that a full compensation for sales declines was not possible in Semiconductor Related Products, Traceability and Precision Parts & Systems. While sales of semiconductor-related production solutions of EUR 7.5 million (PY: EUR 10.4 million) – which corresponds to a 27.9% year-on-year decline – were recorded due to sustained project delays, sales in Traceability dropped 61.0% to EUR 1.6 million (PY: EUR 4.1 million) and 28.6% in Precision Parts & Systems to EUR 3.5 million (PY: EUR 4.9 million).



In Q1 2009 a shift could be observed in the regional breakdown of sales. Although Europe still contributed the greatest share to quarterly sales with 50.3% (PY: 53.1%), Africa, with its share of 21.2% (PY: 1.2%) in regional sales, overtook the previously second-ranking Asia (19.9%; PY: 34.4%). With a share of 8.6% (PY: 11.3%), the sales markets of North and South America lagged the previous year's figure slightly. Please refer to page 21 of the notes for more detailed information on regional sales development.

EARNINGS, FINANCIAL AND ASSET SITUATION

In Q1 2009, with earnings before interest and taxes (EBIT) of EUR 2.4 million, the Mühlbauer technology group lagged the comparable value of the previous year (EUR 7.1 million) by EUR 4.7 million. The reasons for the distinct decline of the quarterly result can be found not only in the lower volume of sales but largely in the strong reduction in gross profit on sales, as well as other allocations to provisions for legal fees in connection with patent infringement suits.

While sales proceeds were 11.7% lower year-on-year, the cost of sales ratio increased from 56.4% to 62.2%. The reasons for this increase are primarily the special charges from the depreciation on the production lines set up in the showrooms of the national and international sites and the relative increase of the share in fixed costs resulting from the sales decline. Due to this development the gross profit margin was 5.8% points lower in the reporting period, at 37.8%, than in the same quarter of the previous year (PY: 43.6%). Furthermore, the 3.7% higher selling expenses, resulting from the higher risk provisions in respect of trade accounts receivable and the 11.4% higher administrative costs from the greater volume of travel and organizational changes, impacted the Q1 result. Other operating expenses were EUR 1.1 million higher year-on-year, largely due to currency-related adjustments and the increase of accruals for legal fees and other costs in connection with the utilization of specific development results. The regrouping of our securities portfolio to securities with lower risk and thus lower return, effected in the course of the global financial crisis, as well as the distinct decline of interest levels for demand deposits, essentially led to the drop of the financial result from EUR +0.5 million to EUR +0.1 million year-on-year. At 25.8%, the tax ratio of Q1 2009 is virtually at the same level of the comparable quarter of the previous year (PY: 25.4%). After the deduction of tax expenses, net earnings for the period amounted to EUR 1.8 million, after EUR 5.7 million year-on-year.

Earnings

Cashflow

At EUR +2.7 million (PY: EUR -2.3 million), cashflow from operating activities for the first three months of the current financial year was considerably higher than for the same period of the previous year. The year-on-year drop in net earnings of EUR 3.9 million is largely opposed by a EUR 6.8 million lower working capital and EUR 2.8 million lower net outflows from the acquisition and disposal of short-term securities. In Q1 2009, at EUR 6.4 million, outflows from investment activities were significantly higher year-on-year (PY: EUR 3.2 million). The increase primarily resulted from the EUR 4.4 million higher payments for fixed assets in respect of the completion of the new technology centers in the USA and Slovakia. Expenses for long-term loans – which amounted to EUR 1.4 million for the same quarter of the previous year and remained undone in the reporting period – had a reverse effect. Largely due to the development already described, free cashflow was EUR -2.7 million lower year-on-year, at EUR -0.4 million (PY: EUR +2.3 million). For the same period, net liquidity dropped from EUR 41.7 million to EUR 35.0 million.

Assets

The Group's balance sheet total rose 2.9% to EUR 192.5 million, against 31 December 2008 (EUR 187.0 million). The ratio of short-term assets to the balance sheet total decreased from 68.6% to 66.6%. The equity ratio dropped from 77.5% to 76.5%. Due to the adjustment of the working capital management to the current development, working capital declined by EUR 2.8 million to EUR 50.9 million in the first quarter. In so doing, increases in inventory assets (EUR 1.4 million), in downpayments received (EUR 4.2 million), other accruals (EUR 0.6 million) and other receivables (EUR 2.5 million) are opposed by reductions in trade accounts receivable (EUR 4.0 million) and other short-term liabilities (EUR 2.1 million). Long-term assets increased significantly by EUR 5.5 million. This increase largely comprises the rise in fixed assets (EUR 4.1 million), trade accounts receivable (EUR 0.9 million) and intangible assets (EUR 0.4 million). During the first three months of 2009, shareholders' equity rose from EUR 145.0 million to EUR 147.3 million. The net earnings of EUR 1.8 million, achieved in the first quarter of the year under review, played a decisive role with regard to the increase of shareholders' equity, while other comprehensive income rose by EUR 0.5 million.

FACTOR INPUT

Investments

Gross investments of the Mühlbauer technology group in fixed and intangible assets totaled EUR 5.4 million (PY: EUR 1.3 million). Expenses relating to the completion of the research and development center in the Slovakian city of Nitra and the technology center in Newport News (USA) were the main emphasis of investments in the reporting period.

Research and development

At EUR 5.0 million (PY: EUR 6.3 million), research and development expenses in Q1 2009 were under the level of the previous year. Based on sales, this corresponds with an R&D ratio of 13.1%, against 14.6% year-on-year. In Q1 2009, the focus was on developments in the Cards & TECURITY® sector. Mühlbauer concentrated its research and development activities on achieving productivity increases in card production and inspection solutions and on supplementing its entire product portfolio. The development of the new personalization system Hyprint 50 represents a crucial step: as a result of combining a laser and a thermal print module, Smart Cards can be personalized in either black & white or color, using a single system. Furthermore, Mühlbauer has developed a new inlay assembly system for the production of contactless cards or electronic passports, which fits a host of different chip modules to antennas of various sizes and make. Apart from hardware developments, the production and personalization management system INCAPE was fitted with new access procedures concerning the chip coding and quality control in accordance with the new requirements for electronic travel documents.

Employment

To the end of Q1 the Mühlbauer Group employed 1,901 members of staff worldwide. Thus the number of employees rose by 113 persons year-on-year. The higher number of employees is due to the higher staffing requirements resulting from the internationalization of the group and the greater number of trainees and apprentices. While the Group provided training to 249 young people during the same period of the previous year, Mühlbauer employed 289 trainees and apprentices at the end of the reporting period. With a figure of 340 engineers and technicians, the number of highly qualified employees in the research and development sector remained stable.

EVENTS AFTER THE END OF THE QUARTER

The special events occurring between the reporting date of the quarter (31 March 2009) and publication date (27 April 2009) are described in the notes (17) 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

According to the evaluation of economy research institutions, an end of the global economy's downward slide cannot yet be anticipated. Based on the indicators at hand, it can only be assumed that the ongoing global downslide will – at the earliest – reach its temporary trough at the beginning of the second half-year. The sustained uncertainty on the financial markets is still a key issue. All in all, the global economy is set to decline by 1.7%, according to the World Bank, while a downturn of 2.7% is forecast for the euro zone. The German economy will also experience the wake of the worldwide recession. Forecasts of a decline of GDP by an annual average of 4% in 2009 might prove to be too optimistic.

Irrespective of the economic crisis in a host of industrial sectors, the Cards & SECURITY® market still holds potential for growth medium- to long-term. Demand for innovative and reliable technology and software solutions for the production of security-oriented documents in Smart Card and passport formats is not determined by economic trends but by the interest of governments and public authorities in great security and, at the same time, increasing flexibility and speed. Although it cannot be fully excluded that the global economic and financial crisis could result in delays with regard to the implementation of scheduled projects, demand for intelligent identification should remain high overall and continue to contribute to growth in the industry.

Global economy

Industry development

Long-term positive signals are also discernible on the RFID market. Apart from the increasing use of contactless readable tickets in public transport and for major events or of radio labels in logistics processes, the issue of brand protection and the identification of tax evaders in the automotive area through intelligent security labels is set to play a greater role. Due to the delayed development of the structural requirements for the use of Smart Labels, delays in demand for technologies for the production of RFID Smart Labels can, however, not be excluded, even though IDTechEx is anticipating market growth of more than 20% for the 2009 financial year. The general semiconductor industry is set to develop less positively: according to its most recent calculations, Gartner has forecast a sales decline of 25% for the semiconductor industry, while the trough is to be reached mid-year. The economic crisis is also affecting the electronics and automotive industries relevant to Traceability. It is to be expected that sales in these areas might dampen further as a result of the economic downside.

Business development

Mühlbauer's ambitious goal to achieve a stable development of sales and earnings in the 2009 financial year, represents a growing challenge, in view of the aggravation of the economic crisis. Due to the distinct cyclical decline of the majority of the industrial business, it is to be expected that the ongoing business development will be strongly characterized by the government-related TECURITY® business. In this area, Mühlbauer is therefore focusing on qualifying for further ID projects and on providing the complete technology and entire expertise for the production of electronic ID documents as a worldwide leading system partner. In so doing, the company benefits, in particular, from the rising demand for innovative security-oriented ID documents in Smart Card and passport formats and the resultant high demand for system solutions. Furthermore, new solutions in the company's product portfolio, such as fully automatic verification and border crossing systems should arouse the interest of states and public authorities medium-term. Even though the project business around TECURITY® can naturally be subject to fluctuations and may involve an extension of project terms – depending on the project – Mühlbauer is currently still expecting that medium- and long-term growth prospects of Cards & TECURITY® continue.

While Mühlbauer's core business has so far largely proved independent of economic influences, the remaining business areas of the technology group are more strongly impacted by economic influences. Although Mühlbauer is attempting to reduce the cyclicity of the general semiconductor industry in its semiconductor-related business area by focusing on special promising niches and the extension of its market leadership in the product line Smart Label, the sustained weak demand for semiconductor-related automation solutions is anticipated to impact the development of the area in the current financial year. Sharp declines in demand are also expected for the Traceability and Precision Parts & Systems areas, which are facing client-related investment delays as a result of the current economic situation. Mühlbauer will therefore continue to push ahead its previous efforts to generate more business by intensifying its market diversification in its remaining business areas.

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 MARCH 31, 2009
OF MÜHLBAUER HOLDING AG & CO. KGaA¹⁾**

	Notes	Jan. 1 - Mar. 31, 2009 TEUR	Jan. 1 - Mar. 31, 2008 TEUR
1. Sales		38,119	43,150
2. Cost of sales	(3)	(23,706)	(24,329)
3. Gross profit		14,413	18,821
4. Selling expenses		(4,037)	(3,893)
5. Administrative expenses		(2,113)	(1,896)
6. Research and development	(4)	(4,975)	(6,276)
7. Other income		265	384
8. Other expenses	(5)	(1,177)	(82)
9. Operating income		2,376	7,058
10. Financial result			
a) Financial income	(6)	98	1,041
b) Financial expenses	(6)	(36)	(501)
11. Income before income taxes		2,438	7,598
12. Income taxes		(630)	(1,930)
13. Net earnings		1,808	5,668
Earnings per share in EURO			
basic	(7)	0.12	0.39
fully diluted	(7)	0.12	0.39
Weighted average of shares			
basic	(7)	6,120,736	6,110,412
fully diluted	(7)	6,120,736	6,110,412

¹⁾ uncertified

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM JANUARY 1 TO MARCH 31, 2009
OF MÜHLBAUER HOLDING AG & CO. KGaA¹⁾**

	Notes	Jan. 1 - Mar. 31, 2009 TEUR	Jan. 1 - Mar. 31, 2008 TEUR
Net earnings		1,808	5,668
Change of market value of available-for-sale securities	(15)	103	(1,018)
Difference due to currency translation	(15)	369	(325)
Deferred taxes	(15)	(2)	(1)
Total income and expenses recognized in equity		470	(1,344)
Total income and expenses		2,278	4,324

¹⁾ uncertified

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS) AS AT MARCH 31, 2009
OF MÜHLBAUER HOLDING AG & CO. KGaA**

	Notes	March 31, 2009 ¹⁾ TEUR	Dec. 31, 2008 ²⁾ TEUR
ASSETS			
Short-term assets			
Cash and cash equivalents		13,504	17,122
Marketable securities	(8)	21,507	17,981
Trade accounts receivable	(9)	30,008	34,033
Other current assets	(10)	8,343	5,830
Tax receivables		3,030	2,882
Inventories	(11)	51,783	50,398
		128,175	128,246
Long-term assets			
Investment and long-term financial assets			
Trade accounts receivable	(9)	1,680	741
		1,680	741
Fixed assets			
Land and buildings		33,223	27,819
Technical equipment		8,781	8,895
Furniture and office equipment		5,251	5,251
Buildings and equipment in progress		3,854	5,083
		51,109	47,048
Intangible assets			
Software and licenses		554	591
Capitalized development costs		6,838	6,413
		7,392	7,004
Other long-term assets			
Long-term tax receivables		2,390	2,334
Deferred tax assets		785	759
Plan assets	(14)	926	913
		4,101	4,006
		192,457	187,045
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term liabilities			
Financial liabilities		6	22
Trade accounts payable		10,926	10,578
Downpayments		11,648	7,439
Other liabilities	(12)	8,570	10,689
Accrued income taxes	(13)	1,714	1,900
Other accruals	(13)	9,367	8,789
		42,231	39,417
Long-term liabilities			
Deferred tax liabilities		2,907	2,658
		2,907	2,658
Shareholders' equity			
Ordinary share capital		8,038	8,038
Own shares	(15)	(201)	(202)
Fixed capital contribution		(2,980)	(2,980)
Additional paid-in capital		60,747	60,677
Other comprehensive income	(15)	21	(449)
Retained earnings	(15)	81,694	79,886
		147,319	144,970
		192,457	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⁾**

	Jan. 1 - Mar. 31, 2009	Jan. 1 - Mar. 31, 2008
	TEUR	TEUR
Cash provided by operating activities		
1. Net earnings	1,808	5,668
2. + Income taxes	630	1,930
3. + Interest expenses	22	121
4. - Interest incomes	(58)	(110)
Adjustments for non cash expenses and income		
5. +/- Expenses/(income) from employee profit-sharing programs	70	75
6. +/- Depreciations/(appreciations) to fixed assets	1,646	1,549
7. +/- Depreciations/(appreciations) to intangible assets	115	176
8. +/- Depreciations/(appreciations) to capitalized development costs	411	1,578
9. +/- (Gains)/losses from the sale of fixed assets	1	(7)
10. +/- Realized net (gains)/losses from short- and long-term marketable securities	8	(291)
11. +/- (Gains)/losses from the change in fair value of financial instruments	(16)	(121)
12. +/- (Increase)/decrease of deferred tax assets	(26)	105
13. +/- Increase/(decrease) of deferred tax liabilities	249	(336)
Changes in long-term assets and working capital		
14. +/- (Increase)/decrease of inventories	(1,385)	(2,487)
15. +/- (Increase)/decrease of trade accounts receivables and other short-term assets	411	(4,880)
16. +/- Increase/(decrease) of trade accounts payables and other liabilities	2,459	3,032
17. + Proceeds from sales of short-term marketable securities (available-for sale and held-to-maturity papers)	4,114	5,966
18. - Acquisitions of short-term marketable securities (available-for sale and held-to-maturity papers)	(7,544)	(12,225)
19. = Cash generated from operating activities	2,915	(257)
20. - Income tax paid	(291)	(2,187)
21. - Interest paid	(1)	(1)
22. + Interest received	46	104
23. = Cash provided by operating activities	2,669	(2,341)
Cashflow from investing activities		
24. + Proceeds from disposals of fixed assets	37	16
25. +/- (Increase)/decrease of other loans	-	(1,380)
26. - Purchase of fixed assets	(5,537)	(1,148)
27. - Purchase of intangible assets	(68)	(116)
28. - Expenditures for capitalized development costs	(836)	(617)
29. = Cash used for investing activities	(6,404)	(3,245)
Cashflow from financing activities		
30. +/- Increase/(decrease) of short-term financial liabilities	(16)	590
31. + Proceeds from sales of own shares	-	-
32. - Dividends paid	-	-
33. +/- Tax withdrawal personally liable shareholder	-	-
34. = Cash used for financing activities	(16)	590
35. +/- Increase/(decrease) of currency exchange rate changes	133	(252)
36. = Net increase/(decrease) in cash and cash equivalents (Total of lines 23, 29, 34 and 35)	(3,618)	(5,248)
37. + Liquid funds on January 1	17,122	16,425
38. = Liquid funds on March 31	13,504	11,177

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		-	-	-	-	-	-	5,668	5,668
Other comprehensive income/(loss)	(15)	-	-	-	-	-	(1,344)	-	(1,344)
Total comprehensive income/(loss)	(15)	-	-	-	-	-	(1,344)	5,668	4,324
Deferred compensation	(15)	-	-	-	-	75	-	-	75
Proceeds from sales of own shares	(15)	-	840	-	-	(1)	-	-	(1)
Balance March 31, 2008²⁾		6,279,200	(166,400)	7,824	(2,980)	60,557	(1,018)	81,758	146,141
Balance January 1, 2009 ¹⁾		6,279,200	(157,995)	7,836	(2,980)	60,677	(449)	79,886	144,970
Net earnings		-	-	-	-	-	-	1,808	1,808
Other comprehensive income/(loss)	(15)	-	-	-	-	-	470	-	470
Total comprehensive income/(loss)	(15)	-	-	-	-	-	470	1,808	2,278
Deferred compensation	(15)	-	-	-	-	70	-	-	70
Proceeds from sales of own shares	(15)	-	1,385	1	-	-	-	-	1
Balance March 31, 2009 ²⁾		6,279,200	(156,610)	7,837	(2,980)	60,747	21	81,694	147,319

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 trade representations in different countries.

Principles of presentation

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

In the personally liable shareholder's view, the present unaudited and unrevised consolidated interim financial statements contain all adjustments necessary to reflect the actual earnings situation of the interim result. The results for the reporting period ending on 31 March 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.

Interpretations and amendments of published standards, which must be applied from 2009 onwards and which have not been applied in the past

- IFRIC 13 “Customer Loyalty Programs”:
IFRIC 13 shall be applied to financial years commencing on or after 1 July 2008. Mühlbauer applies IFRIC 13 as of 1 January 2009. The interpretation regulates the statement, valuation and disclosure of “award credits” in the context of customer loyalty programs. This does not affect the financial statements and notes of the Mühlbauer Group.
- Amendment to IAS 23 Borrowing Costs:
The amendments shall be applied to financial years commencing on or after 1 January 2009. Mühlbauer applies the amendment of IAS 23 as of 1 January 2009. The amendment relates to the removal of the option of immediately recognizing as an expense borrowing costs that relate directly to the purchase, the generation or the production of a qualified asset – in favor of capitalization. This does not affect the financial statements and notes of the Mühlbauer Group.
- Amendment to IAS 1 Presentation of Financial Statements: “A Revised Presentation”:
The amendments shall be applied to financial years commencing on or after 1 January 2009. Mühlbauer applies the amendments of IAS 1 as of 1 January 2009. The amendments relate to both the terminology and the new components of an IFRS financial statement:
As a result, the names for the balance sheet and cashflow statement will change. “Other comprehensive income” can either be reported together with the statement of income in a statement of comprehensive income or in a separate statement. The net result for the year and the overall result incl. changes in shareholders’ equity with no effect on the income statement shall be allocated to the shareholders of the parent company and to minority shareholders. With regard to the individual components, the corresponding income tax effects and the effects caused by restructures shall e.g. be provided in a preliminary column of the statement of income or in the notes. Additionally, three reporting dates must be depicted if a reporting method was used retrospectively, the correction of the statement, the valuation or the disclosure of items must be retrospectively performed or an item was restructured as per the reporting date. To Mühlbauer this largely affects the depiction of “other comprehensive income”, which was previously explained in the Notes and which will – from 2009 onwards – be presented in a separate “statement of comprehensive income”, as a part of the overall result.
- Amendment to IFRS 2 Share-based Payment: „Vesting Conditions and Cancellations”:
The amendments shall be applied to financial years commencing on or after 1 January 2009. Mühlbauer applies the amendments of IFRS 2 as of 1 January 2009. The amendments relate to two facts. On the one hand it has been defined, that “vesting conditions” merely means “service conditions” and “performance conditions”. On the other hand, it is specified that all terminations must be equally taken into consideration in accounting, irrespective of whether they were issued by the company or other parties. This does not result in any effects on the financial statements or notes of the Mühlbauer Group.

- Amendments to IAS 32 and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation:
The amendments shall be applied to financial years commencing on or after 1 January 2009. Mühlbauer has been applying the amendments to IAS 32 and IAS 1 since 1 January 2009. Several financial instruments that previously complied with the definition of a financial liability, will in future be classified as shareholders' equity, as a result of the amendments. This does not result in any effects on the financial statement or notes of the Mühlbauer Group.
- Amendments to IFRS 1 and IAS 27 Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate:
The amendments shall be applied to financial years commencing on or after 1 January 2009. Mühlbauer has been applying the amendments to IFRS 1 and IAS 27 since 1 January 2009. According to IFRS 1 the historical costs of participations must be determined retrospectively in the individual financial statement. To make matters simpler, the possibility exists to utilize the fair value or the book value as cost of the participation, in accordance with the previous national accounting principles. This choice can be exercised separately for each participation. With regard to the determination of the basis for the payment of a dividend, the obligation to reduce historical costs when paying a dividend on retained earnings deriving from a period of time prior to the acquisition of the participation has been deleted. All dividend payments must be recorded as income and if dividend payment exceed the annual result, an impairment test must be performed. This does not result in any effects on the financial statement or notes of the Mühlbauer Group.
- IFRIC 12 "Service Concession Agreements":
IFRIC 12 shall be applied to financial years commencing on or after 1 January 2008. Mühlbauer has been applying IFRIC 12 since 1 January 2009. The interpretation regulates the recording, valuation and reporting of service concession agreements. Infrastructure facilities for the fulfillment of public sector responsibilities in which private investors participate with regard to development, financing, operation and maintenance, form the background for this. This does not result in any effects on the financial statement or notes of the Mühlbauer Group.

(2)

SUMMARY OF KEY ACCOUNTING PRINCIPLES

Principles of consolidation

The accounting principles applied to the consolidated interim financial statements correspond with those of the last consolidated financial statements at the end of the financial year. A detailed description of accounting principles is provided in the notes to the consolidated financial statements of our 2008 Annual Report.

Changes in the scope of consolidation

On 12 January 2009, the Group founded "Muehlbauer Smart Identification Technology (Shanghai) Co. Ltd.", headquartered in Shanghai, China. Its entry into the Commercial Register of Shanghai, China, was effected under the number 310115400251020. Muehlbauer Smart Identification Technology (Shanghai) Co. Ltd. is a marketing, trading and service company. The subscribed capital of the company totals TEUR 525 and is half paid up.

B. EXPLANATIONS TO THE CONSOLIDATED STATEMENT OF INCOME

Apart from directly attributable costs such as those related to materials, personnel, power and overheads, cost of sales also comprise the balance of devaluations and revaluations on inventories. In Q1 2009 this resulted in earnings of TEUR 384 (PY: expenses in the amount of TEUR 1,448).

The research and development expenses in the comparable quarter of the previous year include value adjustments of TEUR 1,236 relating to amended evaluations pertaining to the future usability of individual development results.

In Q1, other expenses include currency-related adjustments and the increase of accruals for legal fees and other costs totaling TEUR 1,039, in respect of legal procedures in connection with the utilization of specific development results.

COST OF SALES (3)

RESEARCH & DEVELOPMENT (4)

OTHER INCOME AND EXPENSES (5)

FINANCIAL RESULT (6)

	1. Quarter 2009 TEUR	1. Quarter 2008 TEUR
Realized income from securities and financial assets	2	469
Interest and dividend income	42	568
Other interest and similar earnings	54	4
Financial income	98	1,041
Realized losses from securities and financial assets	(10)	(179)
Interest and similar expenses	(26)	(322)
Financial expenses	(36)	(501)
Total	62	540

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

EARNINGS PER SHARE (7)

		1. Quarter 2009	1. Quarter 2008
Income before income taxes	TEUR	2,438	7,598
Portion of share capital in total capital	%	42.73	42.73
Portion of income before income taxes applicable to the shareholders of the limited partnership	TEUR	1,042	3,247
Effective tax rate	%	28.7	27.2
Effective tax amount	TEUR	299	883
Portion of net earnings for the year applicable to the shareholders of the limited partnership	TEUR	743	2,364
Weighted average of common shares	No.	6,279,200	6,279,200
Repurchased shares (weighted)	No.	(158,464)	(168,788)
Weighted average of shares outstanding	No.	6,120,736	6,110,412
Dilution effects from subscription rights of employees and executives	No.	-	-
Weighted average of shares outstanding (diluted)	No.	6,120,736	6,110,412
Basic earnings per share	EUR	0.12	0.39
Diluted earnings per share	EUR	0.12	0.39

C. EXPLANATIONS ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(8) MARKETABLE SECURITIES

In Q1 2009, earnings of TEUR 4,114 were achieved from the sale of money market funds. In the same period of the previous year the disposal of such securities and share certificates achieved earnings of TEUR 5,466. Payments for the purchase of money market funds amounted to TEUR 7,544 in the reporting period. Year-on-year, TEUR 12,225 were paid for the purchase of such securities and share certificates.

(9) TRADE ACCOUNTS RECEIVABLE

in TEUR	31 March 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	32,456	1,680	34,136	35,684	741	36,425
Less value adjustments	(2,448)	-	(2,448)	(1,651)	-	(1,651)
	30,008	1,680	31,688	34,033	741	34,774

(10) OTHER CURRENT ASSETS

The other current assets comprise tax receivables of TEUR 4,418 (PY: TEUR 3,781), advance payments of TEUR 1,172 (PY: TEUR 344) and commission payments of TEUR 1,079.

(11) INVENTORIES

in TEUR	31 March 2009	31 December 2008
Raw materials, auxiliary and operating materials	7,248	8,181
Unfinished products	37,505	35,484
Finished products and trade goods	7,030	6,733
	51,783	50,398

In Q1 2009, the revaluation in inventory assets amounted to TEUR 384 TEUR (PY: devaluation TEUR 1,448).

(12) OTHER LIABILITIES

in TEUR	31 March 2009	31 December 2008
Salaries and wages	6,439	6,207
Income tax on salaries and wages	553	1,039
Commissions	528	155
Customer liabilities	404	2,242
Other liabilities – personnel	154	64
Social security contributions	147	151
VAT-tax burden	85	570
Capital formation	67	65
Other	193	196
	8,570	10,689

(13) ACCRUED INCOME TAXES AND OTHER ACCRUALS

in TEUR	Difference- due to currency					As per 31 March 2009
	As per 1 January 2009	translation	Consumption	Addition	Dissolution	
Accrued income taxes	1,900	-	(589)	403	-	1,714
Personnel and social security obligations	1,125	-	(126)	184	(2)	1,181
Guarantee obligations	3,035	-	(5)	83	-	3,113
Service in progress	776	-	(90)	214	-	900
Litigation risks	3,234	51	(861)	1,016	(75)	3,365
Other	619	-	(219)	429	(21)	808
	10,689	51	(1,890)	2,329	(98)	11,081

The addition in accruals for litigation risks is largely the result of the 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 - 31 March 2009	31 March 2009	1 Jan - 31 Dec. 2008	31 December 2008
Accruals for pension obligations at the beginning		(913)		(1,302)
Amounts recorded as income				
Current service cost	43		212	
Interest expenses on obligations	67		249	
Expected earnings on plan assets	(52)		(192)	
Amortization of past service costs	-		361	
Amortization of actuarial losses	-	58	-	630
Contributions to plan assets		(71)		(241)
Accruals for pension obligations at the end		(926)		(913)

PENSION AND POST-RETIREMENT BENEFITS

(14)

Own shares

On the basis of the resolution passed by the Annual General Meeting on 29 April 2008, the personally liable shareholder is authorized to purchase company shares of up to 10% of the current ordinary share capital until 30 September 2009, 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. As per 31 March 2009 the company holds a stock of 156,610 own shares of a nominal value of EUR 200,460.80. At this point in time, the percentage of own shares in the ordinary share capital is 2.49%.

Appropriation of earnings

No dividends were paid in the reporting period

SHAREHOLDERS' EQUITY

(15)

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	Gesamt
Status as per 01 January 2008	414	(88)	326
Additions	109	-	109
Retirements	(564)	-	(564)
Reclassification affecting income	(563)	-	(563)
Currency adjustments	-	(325)	(325)
Deferred taxes			
Additions	7	-	7
Retirements	-	-	-
Reclassification affecting income	(8)	-	(8)
Status as per 31 March 2008	(605)	(413)	(1,018)
Status as per 01 January 2009	(41)	(408)	(449)
Additions	84	-	84
Retirements	-	-	-
Reclassification affecting income	19	-	19
Currency adjustments	-	369	369
Deferred taxes			
Additions	-	-	-
Retirements	(2)	-	(2)
Reclassification affecting income	-	-	-
Status as per 31 March 2009	60	(39)	21

Stock purchase programs

On the basis of specific accomplished personal or team goals, the employees of the Mühlbauer Group held a total of 1,184 subscription rights at the end of the reporting period. Every single subscription right authorizes its holder to subscribe to one common share issued to the bearer.

The average exercise price is EUR 27.85. All subscription rights can be exercised without observing a waiting period. The company intends to make use of its right to make cash payments to beneficiaries instead of transferring shares, thus meeting all subscription rights from cash and cash equivalents.

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

Employee stock programs

Pursuant to § 19a EstG the company is obliged to distribute 7,615 own shares with a nominal value of EUR 9,747.20 to the employees and trainees of the Mühlbauer Group under the company's stock option plans conducted on March 2009. This equals 0.12% of the share capital. The purchasing price per share is EUR 10.50. The difference between the purchasing and market price of TEUR 48 were recognized as personnel expenses. The own shares are distributed on April 2009.

To the end of the reporting period the contractual obligations from purchase and service agreements decreased by TEUR 3,935 to TEUR 14,434 over 31 December 2008 (see notes (29) of the 2008 Annual Report).

D. SEGMENT REPORTING

Segment information for the 1. Quarter 2009/2008:

Sales by application area	Q1/2009 TEUR	Q1/2008* as reported TEUR	Q1/2008* Reclassification TEUR	Q1/2008* TEUR
Cards & TECURITY®	25,649	27,036	(3,203)	23,833
Semiconductor Related Products	7,482	7,190	3,197	10,387
Precision Parts and Systems	3,518	4,930	6	4,936
Traceability	1,562	4,066	-	4,066
	38,211	43,222	-	43,222
Deductions on sales	(92)	(72)	-	(72)
	38,119	43,150	-	43,150

* The company altered the contents of its previous application areas "SmartID" and "Semiconductor Related Products" as of 1 April 2008. The change largely consists of the change of name of the application area "SmartID" to "Cards & TECURITY®", the restructure of the product line "Smart Label", previously managed within "Smart ID", to the application area "Semiconductor Related Products" and the allocation of specific sales, reported within the application area "Semiconductor Related Products" to the application area "Precision Parts & Systems". The segment information for Q1/2008 is depicted in accordance with the new structure, the previous year was correspondingly reconciled.

Sales by regions	Q1/2009 TEUR	Q1/2008 TEUR
Rest of Europe	12,607	13,726
Asia	7,590	14,878
Germany	6,620	9,208
America	3,269	4,887
Other	8,125	523
	38,211	43,222
Deductions on sales	(92)	(72)
	38,119	43,150

E. NOTES TO THE STATEMENT OF CASH-FLOWS

The free cashflow is derived as follows:

	1 Jan - 31 March 2009 TEUR	1 Jan - 31 March 2008 TEUR
Cash provided by operating activities	2,669	(2,341)
Cash used for investing activities	(6,404)	(3,245)
Subtotal	(3,735)	(5,586)
Transition to free cashflow		
Gains/(losses) from the sale of fixed assets and intangible assets	(1)	7
Realized net gains/(losses) from short and long-term marketable securities	(8)	291
Proceeds from disposals of long-term assets	(37)	(16)
Balance of payments-in and payouts from long-term loans	-	1,380
Proceeds from sale of short-term assets (marketable securities)	(4,114)	(5,966)
Investments in short-term assets (marketable securities)	7,544	12,225
Free Cashflow	(351)	2,335

F. OTHER NOTES

(17) EVENTS AFTER THE REPORTING DATE

No events of major significance occurred after the end of Q1 2009.

(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 (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 15 (PY: TEUR 3) in the first three months 2009.

Mühlbauer Aktiengesellschaft, ASEM Präzisions-Automaten GmbH and takeID GmbH rent office space from Mr. Josef Mühlbauer. In the first three months 2009, rental costs amounted to TEUR 79 (PY: TEUR 78).

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 175 (PY: TEUR 50) additionally the current amount of VAT for such services in the first three months. In the first three months, Mühlbauer Aktiengesellschaft paid TEUR 4, additionally the current amount of VAT, to Mr. Josef Mühlbauer or companies controlled by him in respect of services provided and products sold.

(19) NUMBER OF EMPLOYEES

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

	31 March 2009 Number	31 March 2008 Number
Production and assembly	982	933
Research and development	328	328
Administration and sales	206	175
	1,516	1,436
Apprentices and trainees as well as part-time employees	385	352
	1,901	1,788

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

	31 March 2009 Number	31 March 2008 Number
Germany	1,655	1,614
Asia	140	124
Rest of Europe	75	25
America	21	19
Other	10	6
Total	1,901	1,788

The annual general meeting, scheduled to take place on 29 April 2009, will be proposed to distribute a dividend of EUR 1.00 per share with dividend entitlement (PY EUR 1.00) to be used from the net income for the 2008 financial year. If the annual general meeting agrees to the proposal, Mühlbauer Holding AG & Co. Verwaltungs KG in its character as the personally liable shareholder will receive a profit share of TEUR 8,991 according to its capital share (57.27%). Taxes of TEUR 2,331, paid by the company and to be borne by Mühlbauer Holding AG & Co. Verwaltungs KG are deducted from this amount.

This consolidated interim report was authorized to be published by the personally liable shareholder on 27 April 2009.

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

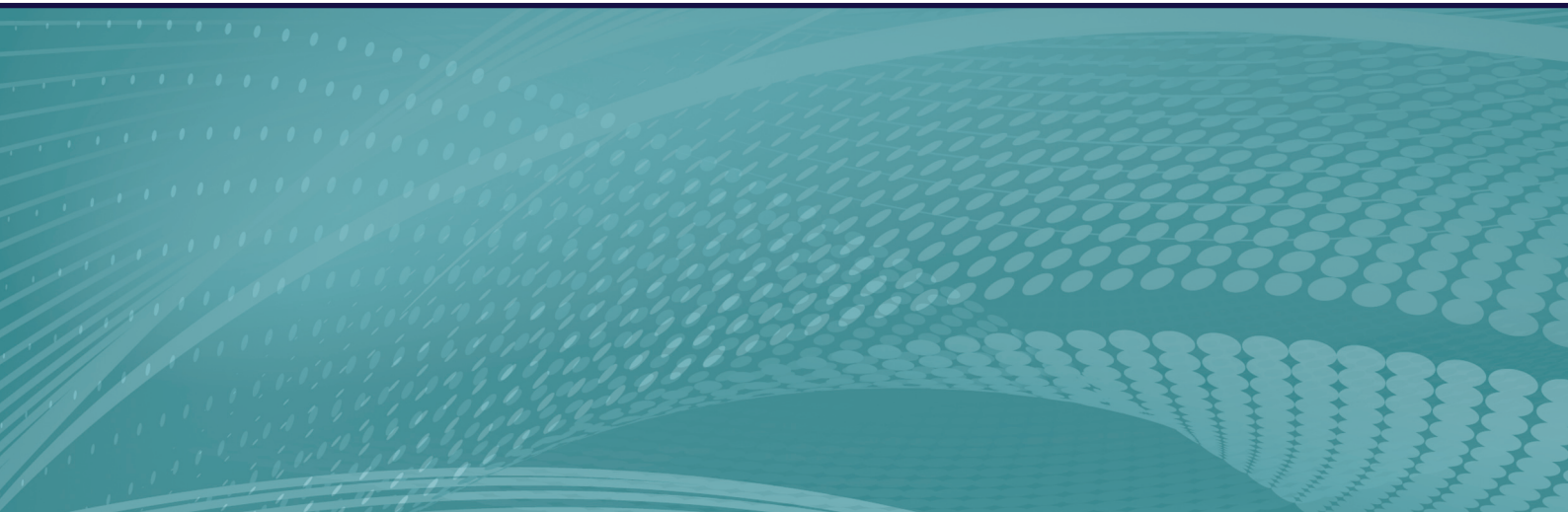
The personally liable shareholder

**PROPOSAL FOR
THE APPROPRIATION
OF EARNINGS**

(20)

Financial calendar

29 April 2009	Annual General Meeting, Roding
30 July 2009	Quarterly Report II/2009
29 October 2009	Quarterly Report III/2009
March 2010	Annual Report 2009



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