



BAVARIA Industriekapital AG
Munich

Quarterly Report as of 31.03.2008

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Letter to shareholders

May 2008

Dear Shareholders,

Dear Business Associates,

BAVARIA Industriekapital AG is continuing on its growth track: The turnover of the group went up by 24% to EUR 117 million during the first three months of 2008. The EBITDA of the operating companies has increased from EUR 0.6 million to EUR 4.7 million. The portfolio companies, which have been acquired less than a year ago (Xenterio GmbH, previous year: SwissTex) and therefore have not yet been fully turned around, have contributed a loss of EUR -1.6 million (previous year: EUR -1.8 million).

The operating income on a group level is EUR 22.8 million (previously EUR 1.0 million). However, this is distorted by consolidation effects such as the sale of the Almec S.p.A. in April, which resulted in a book gain of EUR 19.0 million.

The net cash in the holding has increased by 17% at the end of the quarter to EUR 33.3 million and on the group level by 78% to EUR 71.2 million. The change is mainly due to the sale of Almec S.p.A. and the acquisition of Xenterio GmbH in January 2008.

We would like to take this opportunity to thank our employees in the Group – all 2,600 as of 31 March 2008 – and our managing directors for their successful work.

We can assure our shareholders and business associates that we have every confidence in the development of the Bavaria group. We thank you for your trust. Please let us know any suggestions, improvements or ideas on new transactions you might have.



Reimar Scholz

Chief Executive Officer

Group Key Figures

	31.03.2008	31.12.2007	31.03.2007
Key earnings figures in EUR million			
Group turnover	117,1	409,7	94,4
EBITDA (before dissolution of negative goodwill)	22,8	29,1	1,0
Group net result	20,7	5,2	-0,1
- thereof dissolution of negative goodwill	3,1	8,9	2,5
Key balance sheet figures in EUR million			
Equity	80,0	58,6	61,2
Total Assets	296,5	277,4	237,3
Fixed Assets	73,0	82,2	54,2

The Share

Number of shares	6.615.000
Share type	Bearer share certificates
Share capital	EUR 6.615.000
Voting rights	Each share has a vote entitlement
WKN	260555
ISIN	DE0002605557
Stock exchange code	B8A
Stock exchange segment	Entry Standard
Fiscal year	Same as calendar year
Accounting	In acc. with HGB (Commercial Code)
Designated sponsor	Equinet AG
Announcements	Electronic Bundesanzeiger (German Federal Gazette)
Top price (04.01.2008)	EUR 12,50
Lowest price (23.01.2008)	EUR 10,10
Closing price (31.03.2008)	EUR 11,20
Market capitalization (31.03.2008)	EUR 74,1 million
Earnings Holding per share	EUR 3,56 (fiscal year 2007)
Dividend per share	EUR 3,00 (fiscal year 2007)

Until 31 March 2008, a number of 220,500 BAVARIA Industriekapital shares were acquired under a resolution of the Annual Meeting on 25 May 2007 for a total acquisition value of EUR 2,8 million via the stock exchange. The Executive Board, with approval from the Supervisory Board, has resolved to withdraw these shares in April 2008.

Consolidated Profit And Loss Account: 01 January – 31 March 2008

	31 March 2008		31 March 2007	
	<u>TEUR</u>	<u>TEUR</u>	<u>TEUR</u>	<u>TEUR</u>
1. Sales	117.103		94.429	
2. Increase or reduction of inventories in finished and on-finished products	3.853		5.770	
3. Other work capitalized	<u>241</u>		<u>174</u>	
		121.197		100.374
4. Other operating income		23.871		3.541
5. Cost of materials				
a) Raw materials, supplies and merchandise for resale	-66.617		-55.455	
b) Purchased services	<u>-5.079</u>		<u>-4.978</u>	
		-71.695		-60.433
6. Personnel costs				
a) Wages and salaries	-24.821		-21.438	
b) Social insurance and other social charges and benefits pensions	<u>-6.990</u>		<u>-5.426</u>	
		-31.811		-26.864
7. Depreciation on intangible assets of the fixed assets and property, plant and equipment		-3.468		-2.839
8. Other operating expenses		-15.716		-13.118
9. Other interest and similar income		455		465
10. Interest and similar expenses		-253		-124
11. Depreciation on financial assets and on marketable securities of the current assets		-144		-22
12. Profit/ loss on ordinary operations		<u>22.435</u>		<u>981</u>
13. Tax on income and earnings		-1.087		-1.052
14. Other taxes		-628		-24
15. Net income		<u>20.720</u>		<u>-95</u>
16. Net profit carried forward from previous year		39.828		41.041
17. Transfer to revenue reserves		-779		0
18. Profit relating to other shareholders		-54		759
19. Consolidated profit		<u><u>59.714</u></u>		<u><u>41.704</u></u>

Consolidated Balance Sheet as of 31 March 2008

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	31 March 2008		31 March 2007	
	TEUR	TEUR	TEUR	TEUR
A. Fixed assets				
I. Intangible assets				
1. Patents, trademarks, licenses and similar rights	412		361	
2. Goodwill	5.767		6.542	
3. Prepayments on account	<u>39</u>		<u>0</u>	
		6.219		6.903
II. Property, plant & equipment				
1. Land, leasehold rights and buildings incl., buildings on leased land	27.201		24.288	
2. Machinery and equipment	32.262		19.104	
3. Other equipment, plant and office equipment	3.262		2.800	
4. Advanced payments and construction-in-progress	<u>4.008</u>		<u>1.145</u>	
		66.733		47.336
III. Financial assets				
1. Shareholdings in affiliated companies	52		1	
2. Investments	9		0	
3. Other loans	<u>0</u>		<u>0</u>	
		61		1
		73.013		54.240
B. Current assets				
I. Inventories				
1. Raw materials and supplies	38.557		23.294	
2. Work-in-progress	23.171		22.953	
3. Finished products and merchandise	14.831		17.918	
4. Advanced payments	<u>434</u>		<u>1.313</u>	
		76.993		65.477
II. Account receivables and other assets				
1. Receivables from trade	59.801		48.977	
2. Receivables from group companies	329		0	
3. Other assets	<u>13.400</u>		<u>8.225</u>	
		73.530		57.202
III. Marketable securities				
1. Treasury stock	2.481		0	
2. Other marketable securities	<u>6.225</u>		<u>0</u>	
		8.706		0
IV. Cash and cash equivalent		<u>63.119</u>		<u>59.601</u>
		222.347		182.280
C. Prepaid expenses		1.136		738
		<u>296.495</u>		<u>237.258</u>

Equity and liabilities

	31 March 2008		31 March 2007	
	TEUR	TEUR	TEUR	TEUR
A. Equity				
I. Subscribed capital		6.615		2.205
Contingent capital: 561.000,00 Euro				
II. Capital reserve		8.385		12.795
III. Revenue reserves		2.486		6
1. Restricted reserve	6		6	
2. Reserve for treasury stock	2.481		0	
IV. Difference from currency translation		1.095		1.716
V. Offsetting item for holdings of other shareholders		1.668		2.815
VI. Consolidated profit		59.714		41.704
		79.962		61.242
B. Difference from consolidation of capital (negative goodwill)		52.106		6.714
C. Accruals			0	
1. Accruals for pensions and similar commitments	54.326		52.055	
2. Tax reserves	4.606		6.305	
3. Other accruals	35.122		29.824	
		94.055		88.184
D. Liabilities				
1. Debt due to banks	651		2.570	
2. Advanced payments received on orders	9.666		24.938	
3. Trade payables	49.744		41.345	
4. Notes payables	8.462		7.617	
		68.523		76.470
E. Deferred income		1.849		4.649
		296.495		237.258

Development of Group Equity

TEUR	<i>Subscribed capital</i>	<i>Capital reserve</i>	<i>Revenue reserves</i>	<i>Difference from currency translation</i>	<i>Offsetting item for holdings of other shareholders</i>	<i>Consolidated profit</i>	Group equity
31. December 2007	6.615	8.385	1.707	269	1.815	39.827	58.618
Net profit 31.03.2008						20.720	20.720
Dividend pay-out							0
Capital increase							0
Adjustment in retained earnings			779			-779	0
Foreign currency differences				825			825
Shares of other partners						-147	-201
31. March 2008	6.615	8.385	2.486	1.094	1.668	59.714	79.962

Notes to Quarterly Report

Accounting and Valuation Techniques

These consolidated financial statements have been drawn up on accordance with the valid HGB (German Commercial Code) and were not subject to the audit. The interim report has not been changed in the accounting and valuation techniques compared with the financial statements in fiscal year 2007.

Scope of Consolidation

The consolidated financial statements include BAVARIA Industriekapital AG as the parent company, and affiliated companies in which BAVARIA Industriekapital AG either directly or indirectly has the majority of the voting rights or in which direct control is handled in another way. Ten subsidiaries have not been included in the consolidation, consisting of companies for which consolidation is optional according to § 296 HG.

The scope of consolidation has changed as follows in comparison to consolidated financial statements as of 31 December 2007:

- Elfotec AG, Mönchaldorf/ Switzerland has stopped its business operations in 2007 and is deconsolidated in Q1 2008.
- Elfotec Ltd., Annacotty/ Irland, has started the liquidation in April 2008 and is deconsolidated in Q1 2008.
- ALMEC S.p.A., Nusco/ Italien, has been sold April 2008 and is deconsolidated in Q1 2008.
- Xenterio GmbH, Offenburg (previously named: Elcoteq Communications Technology GmbH), was acquired in January 2008 and is consolidated for the first time in Q1 2008.

Notes to Individual Balance Sheet and P&L Items

Goodwill from consolidation of capital

Development as of 31 March 2008 in EUR thousands

Book value 31.12.2007	Addition	Amortization	Merger within group	Book value 31.03.2008
6.852	0	-187	-898	5.767

Development as of 31 March 2007 in EUR thousands

Book value 31.12.2006	Addition	Amortization	Final consolidation	Book value 31.03.2007
6.696	0	-154	0	6.542

Subscribed capital

As of 31 March 2008, the nominal capital amounts to EUR 6.615.000, 00.

The “contingent capital I” (employee participation program) amounts to EUR 511.500,00 (up to 511.500 bearer shares).

The “contingent capital II” (convertible bonds for members of the Supervisory Board) amounts to EUR 49.500,00 (up to 49.500 bearer shares).

Until 31 March 2008, a number of 220,500 BAVARIA Industriekapital shares were acquired under a resolution of the Annual Meeting on 25 May 2007 for a total acquisition value of EUR 2,8 million via the stock exchange. The Executive Board, with approval from the Supervisory Board, has resolved to withdraw these shares in April 2008.

Difference from consolidation of capital (acquisition profits)

Development as of 31 March 2008 in EUR thousands

Book value 31.12.2007	Addition	Dissolution	Merger within group	Book value 31.03.2008
32.339	23.699	-3.076	-856	52.106

Development as of 31 March 2007 in EUR thousands

Book value 31.12.2006	Addition	Dissolution	Final consolidation	Book value 31.03.2007
9.233	0	-2.519	0	6.714

List of Share Ownership as of 31 March 2008

Group parent company	Proportion of capital in%	
	direct	indirect
BAVARIA Industriekapital AG, München		
Share ownership		
Executive Consulting AG, München	100,00	
Hering Wärmetauscher Holding AG, München	95,00	
Hering AG, Gunzenhausen		90,00
Neef IT Solutions AG, Karlsruhe	78,00	
BAVARIA Maschinenbau Holding II AG, München	88,75	
Langbein & Engelbracht GmbH, Bochum		83,43
Langbein & Engelbracht Industrial Eng.& Co., Shanghai/ China		83,43
Verwaltungsgesellschaft 0906 GmbH, München	100,00	
Blitz 05-316 GmbH & Co. KG, München	100,00	
R&E Automationstechnik GmbH, Fellbach-Schmidlen	✓(1)	50,00
Kienle + Spiess GmbH, Sachsenheim		94,90
Kienle + Spiess Hungary Kft, Tokod/ Ungarn		94,90
Wardstorm Ltd., Ellesmere Port/ UK		94,90
Sankey Laminations Ltd., Ellesmere Port/ UK		94,90
G.L. Scott & Co. Ltd., Ellesmere Port/ UK		94,90
Bavariaring 0906 GmbH, München	100,00	
SwissTex Winterthur AG, Winterthur/ Schweiz	100,00	
Force Ltd., Birmingham/ UK	✓(1)	75,00
Oldenburg Ltd., Birmingham/ UK	✓(1)	100,00
Bavaria Chemicals GmbH, München		75,00
Bavaria Maschinenbau Ltd., Sliema/ Malta	✓(1)	100,00
Elfotec AG, Mönchaldorf/ Schweiz	✓(1)	75,00
Elfotec Ltd., Annacotty/ Irland	✓(1)	75,00
baikap Holding 010607 GmbH, München		100,00
baikap Holding 020607 GmbH, München	✓(1)	100,00
ALMEC S.p.A., Nusco/ Italien	✓(1)	100,00
baikap Holding 030807 GmbH, München		100,00
baikap Holding 040807 GmbH, München	✓(1)	100,00
Fonderies Aluminium de France SAS (vorher TK Aluminum-France SAS), Paris/ Frankreich		100,00
Fonderie du Poitou Aluminium SAS, Ingrandes sur Vienne/ Frankreich		100,00
Teksid Deutschland GmbH, Heilbronn (in Abwicklung)	✓(1)	100,00
Xenterio GmbH (vormals Elcoteq Communications Technology GmbH), Offenburg		100,00

(1) not consolidated in accordance with § 296 HGB

Financial Calendar

20 June 2008:

Annual Shareholder Meeting FY 31.12.2007

August 2008 (prospective):

Half-year report 1st half 2008

November 2008 (prospective):

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