



BAVARIA Industriekapital AG
Munich

Quarterly Report as of 31.03.2009

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Letter to the shareholders

May 2009

Fellow shareholders and
business associates,

The portfolio companies of BAVARIA Industriekapital AG were unable to escape the impact of the economic crisis in first quarter 2009. Turnover declined by 18% to EUR 95.8 million compared to the first quarter of the previous year. If the changes to the scope of the consolidation are not taken into consideration, then there was actually a 31% decrease in turnover to be reported as compared to the first quarter of the prior year. The EBITDA of the operating companies declined from plus EUR 4.6 million a year ago to minus EUR 4.9 million in the current year. With a comparable scope of consolidation, the EBITDA of minus EUR 5.5 million was even somewhat less. The K + S Group and the Fonderie du Poitou in particular were unable to repeat their strong earnings performance of the previous year. Appropriate cost-savings measures have already been implemented, but will not become fully effective until sometime in the second quarter.

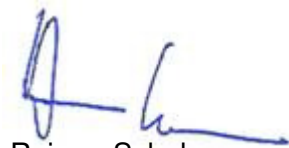
The development of financial resources mirrored the operating performance. The BAVARIA Group had cash and cash equivalents of EUR 54.1 million as at 31 March 2009, compared to EUR 62.9 million as at 31 December 2008. The amount of debt owed to banks increased at the same time from EUR 8.8 million as at 31 December 2008 to EUR 16.1 million as of 31 March 2009, which is due primarily to the funding of investments by the K+S Group. Of these liabilities to banks, EUR 7.2 million, or almost one half, is attributable to the new equity interest in Hunsfos. Cost-cutting drives were approved at the end of 2008 and in first quarter 2009, the effects of which will be apparent only at a later time. Long-term material orders, for example, were unable to be adjusted to the decline in demand. We do however expect to see these measures having a significant effect on earnings and financial resources as early as in second quarter 2009, such as a reduction in already ordered inventories improving the second-quarter liquidity.

Our companies are using a variety of measures to master what is a difficult economic environment. We expect clear positive results for the BAVARIA Group for the full 2009 year thanks to a number of different marketing activities, a program of strict cash management (e.g. optimizing the working capital) and additional cost savings. And finally, another important factor is that after acquisition by BAVARIA, our portfolio companies did not need to

take on any additional debt and hence do not have any structural problems of a financial nature.

We have a very positive assessment of the market for making new acquisitions at attractive terms. Our excellent track record in restructuring and revitalizing about twenty companies by now and our good reputation, particularly in the important automotive industry, are especially helpful for this.

We can assure our shareholders and business associates that we have every confidence in the development of the Bavaria group in spite of the tense economic conditions. We are especially optimistic about the possibility to complete new acquisitions at attractive terms. 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

	31.03.2009	31.12.2008	31.03.2008	31.12.2007
Key earnings figures in EUR million				
Group turnover	95.8	485.4	117.1	409.7
EBITDA (before dissolution of negative goodwill)	-4.9	37.3	22.8	29.1
Group net result	-6.6	23.2	20.7	5.2
- thereof dissolution of negative goodwill	3.3	13.1	3.1	8.9
Key Balance Sheet figures in EUR million				
Equity	50.8	58.5	80.0	58.6
Total assets	323.2	321.7	296.5	277.4
Fixed assets	115.8	104.5	73.0	82.2
Cash and cash equivalents	54.1	62.9	69.3	55.5

The Share

Number of shares	6,394,500
Share type	Bearer share certificates
Share capital	EUR 6,394,500.00
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 G
Top price up to reporting date (30.03.2009)	EUR 12.20
Lowest price up to reporting date (16.03.2009)	EUR 7.86
Closing price (31.03.2009)	EUR 11.97
Market capitalization (31.03.2009)	EUR 69.1 million
Earnings Holding per share	EUR 2.17 (fiscal year 2008)
Dividend per share	EUR 3.15 (fiscal year 2008)

Until 31.03.2009, a number of 150,986 BAVARIA Industriekapital shares were acquired under the resolution of the Annual Meeting on 20 June 2008 for a total acquisition value of EUR 1.4 million.

Consolidated Profit And Loss Account: 01 January – 31 March 2009

	31. Mrz 09		31. Mrz 08	
	TEUR	TEUR	TEUR	TEUR
1. Sales	95,753		117,103	
2. Increase or reduction of inventories in finished and non-finished products	-4,376		3,853	
3. Other work capitalized	<u>350</u>		<u>241</u>	
		91,727		121,197
4. Other operating income		5,621		23,871
5. Cost of materials				
a) Raw materials, supplies and merchandise for resale	-46,809		-66,617	
b) Purchased services	<u>-5,868</u>		<u>-5,079</u>	
		-52,677		-71,695
6. Personnel costs				
a) Wages and salaries	-24,469		-24,821	
b) Social insurance and other social charges and benefits pensions	<u>-6,732</u>		<u>-6,990</u>	
		-31,201		-31,811
7. Depreciation on intangible assets of the fixed assets and property, plant & equipment		-4,683		-3,468
8. Other operating expenses		-15,127		-15,716
9. Other interest and similar income		348		455
10. Other interest and similar income		-214		-253
11. Depreciation on financial assets and on marketable securities of the current assets		0		-144
12. Profit/loss on ordinary operations		<u>-6,206</u>		<u>22,435</u>
13. Tax on income and earnings		150		-1,087
14. Other taxes		-534		-628
15. Net result		<u>-6,590</u>		<u>20,720</u>
16. Net profit carried forward from previous year		41,134		39,828
17. Adjustment in reserves		-127		-779
18. Profit relating to other shareholders		90		-54
19. Consolidated profit		<u><u>34,507</u></u>		<u><u>59,714</u></u>

Consolidated Balance Sheet as 31 March 2009

Assets

	31 March 2009		31 March 2008	
	TEUR	TEUR	TEUR	TEUR
A. Fixed assets				
I. Intangible assets				
1. Patents, trademarks, licenses and similar rights	1,176		412	
2. Goodwill	6,982		5,767	
3. Prepayments on account	<u>0</u>		<u>39</u>	
		8,158		6,219
II. Property, plant & equipment				
1. Land, leasehold rights and buildings incl. buildings on leased land	35,753		27,201	
2. Machinery and equipment	56,698		32,262	
3. Other equipment, plant and office equipment	3,593		3,262	
4. Advanced payments and construction-in-progress	<u>11,601</u>		<u>4,008</u>	
		107,645		66,733
III. Financial assets				
1. Shareholdings in affiliated companies	2		52	
2. Investments	40		9	
3. Other loans	<u>0</u>		<u>0</u>	
		42		61
		115,845		73,013
B. Current assets				
I. Inventories				
1. Raw materials and supplies	35,459		38,557	
2. Work-in-progress	19,336		23,171	
3. Finished products and merchandise	17,190		14,831	
4. Advance payments	<u>323</u>		<u>434</u>	
		72,308		76,993
II. Accounts receivable and other assets				
1. Receivables from trade	63,623		59,801	
2. Receivables from group companies	91		329	
3. Other assets	<u>13,729</u>		<u>13,400</u>	
		77,443		73,530
III. Marketable securities				
1. Treasury stock	1,425		2,481	
2. Other marketable securities	<u>5,717</u>		<u>6,225</u>	
		7,142		8,706
IV. Cash and cash equivalents		<u>48,336</u>		<u>63,119</u>
		205,229		222,347
C. Prepaid expenses		2,171		1,136
		<u>323,245</u>		<u>296,495</u>

Equity and liabilities

	31 March 2009		31 March 2008	
	TEUR	TEUR	TEUR	TEUR
A. Equity				
I. Subscribed capital		6,395		6,615
Contingent capital: 561,000.00 Euro				
II. Capital reserve		8,605		8,385
III. Revenue reserves		1,431		2,486
1. Restricted reserve	6		6	
2. Reserve for treasury stock	1,425		2,481	
IV. Difference from currency translation		-939		1,095
V. Offsetting item for holdings of other shareholders		793		1,668
VI. Consolidated profit		34,507		59,714
		50,792		79,962
B. Difference from consolidation of capital (negative goodwill)		74,569		52,106
C. Accruals				
1. Accruals for pensions and similar commitments	59,903		54,326	
2. Tax reserves	7,913		4,606	
3. Other accruals	40,238		35,122	
		108,054		94,055
D. Liabilities				
1. Debt due to banks	16,136		651	
2. Advanced payments received on orders	3,783		9,666	
3. Trade payables	47,799		49,744	
4. Notes payables	20,557		8,462	
		88,275		68,523
E. Deferred income		1,556		1,849
		323,245		296,495

Development of Group Equity

EUR thousands	Subscribed capital	Capital reserve	Revenue reserves	Difference from currency translation	Offsetting item for holdings of other shareholders	Consolidated profit	Group equity
31 December 2008	6,395	8,605	1,304	-6	1,088	41,134	58,520
Net result 31.03.2009						-6,590	-6,590
Dividend pay-out							0
Capital increase							0
Reclassification in retained earnings			127			-127	0
Foreign currency differences				-933			-933
Shares of other partners					-295	90	-205
31 March 2009	6,395	8,605	1,431	-939	793	34,507	50,792

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 an audit. The interim report has not been changed in the accounting and valuation techniques compared with the financial statements in fiscal year 2008.

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. Seven subsidiaries have not been included in the consolidation, consisting of companies for which consolidation is optional according to § 296 HGB.

The scope of consolidation has materially changed as follows in comparison to consolidated financial statements as of 31 December 2008:

- OSNY Pharma S.A.S., OSNY/ France, and OSNY Pharma Holding S.A.S., OSNY/ France, were acquired in March 2009 and were consolidated for the first time in Q1 2009. Due to the short period between acquisition and establishment of the Quarterly Report, preliminary figures were used for the first consolidation

Notes to Individual Balance Sheet Items

Goodwill from consolidation of capital

Development as of 31 March 2009 in EUR thousands

Book value 31.12.2008	Addition	Amortization	Merger within group	Final consolidation	Book value 31.03.2009
7,210	0	-228	0	0	6,982

Development as of 31 March 2008 in EUR thousands

Book value 31.12.2007	Addition	Amortization	Merger within group	Final consolidation	Book value 31.03.2008
6,852	0	-187	-898	0	5,767

Subscribed capital

As of 31 March 2009, the subscribed capital amounts to EUR 6,394,500.00.

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 31.03.2009, a number of 150,986 BAVARIA Industriekapital shares were acquired under the resolution of the Annual Meeting on 20 June 2008 for a total acquisition value of EUR 1.4 million.

Difference from consolidation of capital (acquisition profits)

Development as of 31 March 2009 in EUR thousands

Book value 31.12.2008	Addition	Dissolution	Final consolidation	Book value 31.03.2009
69,603	8,258	-3,292	0	74,569

The additions result from the first consolidation of OSNY Pharma S.A.S. and OSNY Pharma Holding S.A.S.

Development as of 31 March 2008 in EUR thousands

Book value 31.12.2007	Addition	Dissolution	Final consolidation	Book value 31.03.2008
32,339	23,699	-3,076	-856	52,106

The additions result from the first consolidation of Xenterio GmbH.

List of Share Ownership as of 31 March 2009

Group parent company	proportion of capital in %	
	direct	indirect
Share ownership		
BAVARIA Industriekapital AG, Munich		
Executive Consulting AG, Munich	100.00	
Hering Wärmetauscher Holding AG, Munich	75.00	
Hering AG, Gunzenhausen		71.06
Neef IT Solutions AG, Karlsruhe	78.00	
BAVARIA Maschinenbau Holding II AG, Munich	88.75	
Langbein & Engelbracht GmbH, Bochum		83.43
Langbein & Engelbracht Industrial Eng.& Co., Shanghai/ China		83.43
Verwaltungsgesellschaft 0906 GmbH, Munich	100.00	
Blitz 05-316 GmbH & Co. KG, Munich	100.00	
R&E Automationstechnik GmbH, Fellbach-Schmidlen	(1)	50.00
Kienle + Spiess GmbH, Sachsenheim		99.74
Kienle + Spiess Hungary Kft, Tokod/ Ungarn		99.74
Wardstorm Ltd., Ellesmere Port/ UK		99.74
Sankey Laminations Ltd., Ellesmere Port/ UK		99.74
G.L. Scott & Co. Ltd., Ellesmere Port/ UK		99.74
Bavariaring 0906 GmbH, Munich	100.00	
SwissTex Winterthur AG, Winterthur/ Switzerland	100.00	
Force Ltd., Birmingham/ UK	(1)	75.00
Oldenburg Ltd., Birmingham/ UK	(1)	100.00
Bavaria Chemicals GmbH, Munich		75.00
Bavaria Maschinenbau Ltd., Valletta/ Malta	(1)	100.00
Elfotec AG, Mönchaldorf/ Switzerland (in liquidation)	(1)	75.00
Elfotec Ltd., Annacotty/ Irland (in liquidation)	(1)	75.00
baikap Holding 010607 GmbH, Munich	100.00	
baikap Holding 020607 GmbH, Munich	100.00	
baikap Holding 030807 GmbH, Munich	100.00	
baikap Holding 040807 GmbH, Munich	100.00	
Fonderies Aluminium de France SAS, Paris/ France		100.00
Fonderie du Poitou Aluminium SAS, Ingrandes sur Vienne/ France		100.00
Teksid Deutschland GmbH, Heilbronn (in liquidation)	(1)	100.00
Xenterio GmbH (previously Elcoteq Communications Technology GmbH), Offenburg		100.00
FARAL S.p.A., Modena/ Italy		100.00
K+S Holding GmbH & Co. KG, Munich		94.80
Kienle + Spiess Logisztikai, Tokod/ Hungary		99.74
FARAL France SAS, Carmaux/ France		100.00
Hunfos Fabrikker AS, Vennesla/ Norway		100.00
baikap Holding 051108 GmbH, Munich	100.00	
baikap Holding 061108 GmbH, Munich	100.00	
OSNY Pharma SAS, OSNY / France		100.00
OSNY Pharma Holding SAS, OSNY/ France		100.00
(1) not consolidated in accordance with § 296 HGB		

Financial Calendar

(prospective)

29 May 2009

Annual Shareholder Meeting

24 August 2009:

Quarterly report Q2 2009

23 November 2009:

Quarterly report Q3 2009

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