



BAVARIA Industriekapital AG
Munich

Quarterly Report as of 31.03.2011

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Letter to the shareholders

May 2011

Fellow shareholders and
business associates,

Fiscal year 2011 has gotten off to a resounding start for BAVARIA Industriekapital AG. Thus, consolidated Group turnover surged to EUR 204.6 million, a 77 percent increase over the prior year's EUR 115.4 million!

The following chart illustrates the positive trend over the last five quarters:

	Q1/ 2010	Q2/ 2010	Q3/ 2010	Q4/ 2010	Q1/ 2011
TURNOVER [in EUR millions]					
Serial Production/Automotive	60.3	64.1	107.1	113.9	130.0
Plant Engineering & Construction	5.6	18.8	25.1	40.6	28.2
Business Services	49.5	51.9	52.0	49.5	46.4
Total	115.4	134.8	184.2	204.0	204.6

Meanwhile, the total operating result of our investee companies (EBITDA) improved by EUR 8.0 million, from EUR 0.6 million in Q1 2010 to EUR 8.6 million in Q1 2011.

The following chart shows the trend of operating results for our individual segments over the last five quarters:

	Q1/ 2010	Q2/ 2010	Q3/ 2010	Q4/ 2010	Q1/ 2011
EBITDA [in EUR millions]					
Serial Production/Automotive	4.3	4.4	8.5	7.4	12.3
Plant Engineering & Construction	-2.2	1.4	1.7	3.3	-0.1
Business Services	-1.5	-2.9	-1.3	-3.0	-3.6
Total	0.6	2.9	8.9	7.7	8.6

A particularly noteworthy development was the recovery of the automotive industry, which helped to drive the positive performance of our Serial Production business segment. A one-time extraordinary effect was generated by our acquisition of the Tri-Stone Group. This company was not yet included on the books in the comparison quarter, Q1 2010.

In the Plant Construction and Engineering business segment, the economic recovery helped us to grow turnover to EUR 28.2 million an increase of about EUR 22.6 million to the prior year, and to improve our quarterly result (EBITDA) to EUR -0.1 million from EUR -2.2 million. In the Business Services segment, on the other hand, turnover fell by EUR 3.1 million to EUR 46.4 million, while the operating loss increased by EUR 2.1 million to EUR -3.6 million. This was mainly due to the deconsolidation of the OSNY company. The fact that higher commodity prices could not be passed on in full to the customer also prevented us from boosting the operating result, despite the many improvement measures taken.

The following overview shows how the consolidated Group surplus was derived from the operating result (EBITDA):

Reconciliation of EBITDA to Group net result

	Q1/2010 in EUR millions	Q1/2011 in EUR mlions	change
EBITDA of operating portfolio companies	0,6	8,6	8,0
Depreciation and amortization	-4,9	-5,9	-1,0
Interest result	-1,3	-1,8	-0,5
Taxes	-1,2	-2,8	-1,6
Extraordinary result	1,5	-0,5	-2,0
<i>Consolidation entries</i>			
Dissolution of negative goodwill	4,5	4,9	0,4
Deconsolidations	0,0	0,0	0,0
Other consolidation entries	0,0	0,3	0,3
Group net result	-0,9	2,8	3,7

The consolidated Group result for the 1st quarter of 2011 amounted to EUR 2.8 million, an increase of EUR 3.7 million over the prior year. The driving factors behind this growth in profitability were a significant improvement in the results of our operating companies and the reversal of negative goodwill in the amount of EUR 4.9 million.

For the year as a whole, we expect to see aggregate turnover of over EUR 800 million from our investee companies. The bullish trend is also borne out by a marked improvement in our investee companies' order backlog over the prior year, so that we look forward to profitable business performance in the coming quarters as well.

Thus, we can assure our shareholders as well as our business partners and associates that the future prospects of BAVARIA Industriekapital AG look very promising indeed. What makes us particularly optimistic is the development potential of our existing investee companies, as well as our ability to acquire new shareholdings at favorable terms going forward.

We would like to thank you once again for the trust you have placed in us. We are always happy to receive your feedback, improvement suggestions or leads regarding new company acquisitions.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'R. Scholz', with a stylized initial 'R' and a long horizontal stroke.

Reimar Scholz
Spokesman of the Executive Board

A handwritten signature in blue ink, appearing to read 'H. Ender', with a stylized initial 'H' and a long horizontal stroke.

Harald Ender
Head of Operations

Group Key Figures

	2010				2011
	31.03.	30.06.	30.09.	31.12.	31.03.
Key earnings figures in EUR million (cumulated)					
Group Turnover	115,4	250,3	434,4	638,4	204,6
EBITDA of operational active subsidiaries	0,6	3,5	12,4	16,4	8,6
Group net income	-0,9	-1,0	-0,8	-0,8	2,8
-thereof dissolution of negative goodwill	4,5	9,0	13,7	18,4	4,9
Key balance sheet figures in EUR million					
Equity	41,1	32,9	34,1	34,1	37,4
Total assets	349,0	361,5	476,5	448,5	471,6
Total fixed assets	110,0	107,9	151,1	140,5	139,3
Cash and cash equivalents	69,9	58,9	59,7	56,0	46,1

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	Close Brothers Seydler Bank AG
Announcements	Electronic Bundesanzeiger (German Federal)
Top price up to reporting date 2011 (14.02.2011)	EUR 16.85
Lowest price up to reporting date 2011 (17.03.2011)	EUR 13.50
Closing price (31.03.2011)	EUR 14.00
Market capitalization (31.03.2011)	EUR 89.5 million
Earnings Holding per share	EUR 0,79 (fiscal year 2010)
Dividend per share	EUR 0.04 (fiscal year 2010)

Until 31 March 2011, a number of 150,986 BAVARIA Industriekapital shares were acquired under the resolution of the Annual Shareholder Meeting on 20 June 2008, a number of 70,150 shares were acquired under the resolution of the Annual Shareholder Meeting on 29 May 2009 and a number of 16,364 shares were acquired under the resolution of the Annual Shareholder Meeting on 11 June 2010.

As of 31 March 2011, BAVARIA Industriekapital is therefore in possession of a total number of 237,500 BAVARIA Industriekapital shares for an acquisition value of EUR 2.3 million.

Consolidated Profit And Loss Account 01 January – 31 March 2011

	31 March 2011		31 March 2010	
	TEUR	TEUR	TEUR	TEUR
1. Sales	204,673		115,448	
2. Increase or reduction of the inventories in finished and non-finished products	6,974		19,808	
3. Own work capitalized	<u>116</u>	211,763	<u>404</u>	135,660
4. Other operating income		9,586		8,283
5. Cost of materials				
a) Raw materials, supplies and merchandise for resale	-118,943		-76,588	
b) Purchased services	<u>-13,588</u>	-132,531	<u>-10,737</u>	-87,325
6. Personnel costs				
a) Wages and salaries	-38,443		-27,632	
b) Social insurance and other social charges and benefits pensions	<u>-9,844</u>	-48,287	<u>-7,020</u>	-34,652
7. Depreciation on intangible assets of the fixed assets and property, plant and equipment		-5,910		-5,015
8. Other operating expenses		-26,747		-16,930
9. Other interest and similar income		65		50
10. Interest and similar expenses		-1,886		-1,170
11. Profit/loss on ordinary operations		<u>-6,053</u>		<u>-1,099</u>
12. Extraordinary income	3		4,747	
13. Extraordinary expenses	<u>-495</u>		<u>-3,266</u>	
14. Extraordinary result		-492		1,481
15. Taxes on income and earnings		-2,456		-854
16. Other taxes		-330		-431
17. Net profit/ loss for the period		<u>2,775</u>		<u>-903</u>
18. Net profit carried forward from previous year		15,230		24,375
19. Allocation for own shares acquired in past periods		0		1,910
20. Acquisition of own shares		-5		1,826
21. Profit relating to other shareholders		142		228
22. Consolidated profit		<u><u>18,142</u></u>		<u><u>23,616</u></u>

Consolidated Balance Sheet as of 31 March 2011

Assets

	31 March 2011		31 March 2010	
	TEUR	TEUR	TEUR	TEUR
A. Fixed assets				
I. Intangible assets				
1. Patents, trademarks, licenses and similar rights	2,559		2,247	
2. Goodwill	8,098		6,030	
3. Prepayments on account	<u>0</u>		<u>0</u>	
		10,657		8,277
II. Property, plant & equipment				
1. Land, leasehold rights and buildings incl. buildings on leased land	49,790		40,304	
2. Machinery and equipment	68,413		54,953	
3. Other equipment, plant and office equipment	4,097		3,347	
4. Advanced payments and construction-in-progress	<u>6,109</u>		<u>3,108</u>	
		128,409		101,712
III. Financial assets				
1. Shareholdings in affiliated companies	0		0	
2. Investments	18		18	
3. Other loans	<u>227</u>		<u>0</u>	
		245		18
		139,311		110,007
B. Current assets				
I. Inventories				
1. Raw materials and supplies	38,130		22,158	
2. Work-in-progress	50,015		31,215	
3. Finished products and merchandise	31,713		19,702	
4. Advance payments	<u>444</u>		<u>233</u>	
		120,302		73,308
II. Accounts receivable and other assets				
1. Receivables from trade	120,275		68,897	
2. Receivables from group companies	25		1	
3. Other assets	<u>37,733</u>		<u>23,987</u>	
		158,033		92,885
III. Marketable securities				
1. Treasury stock	0		0	
2. Other marketable securities	<u>70</u>		<u>5,798</u>	
		70		5,798
IV. Cash and cash equivalents		<u>46,024</u>		<u>64,087</u>
		324,429		236,078
C. Prepaid expenses		7,824		2,730
D. Deferred Tax Assets		0		204
		<u>471,564</u>		<u>349,020</u>

Equity and liabilities

	31 March 2011		31 March 2010	
	TEUR	TEUR	TEUR	TEUR
A. Equity				
I. Issued capital		6,157		6,173
1. Subscribed capital	6,395		6,395	
2. Nominal value of treasury stock	-237		-221	
II. Capital reserve		8,605		8,605
III. Revenue reserves		243		6
1. Legal reserve	6		6	
2. Reserve restricted in relation to treasury stock	238		0	
3. Reserve for treasury stock	0		0	
IV. Consolidated profit		18,142		23,616
V. Offsetting item for holdings of other shareholders		1,356		1,068
VI. Difference from currency translation		2,867		1,593
		37,370		41,061
B. Difference from consolidation of capital (negative goodwill)		84,724		67,137
C. Accruals				
1. Accruals for pensions and similar commitments	70,189		65,865	
2. Tax reserves	5,061		3,626	
3. Other accruals	51,297		51,326	
		126,547		120,817
D. Liabilities				
1. Debt due to banks	74,301		19,930	
2. Advanced payments received on orders	10,837		12,134	
3. Trade payables	113,767		72,481	
4. Notes payables	21,119		13,341	
		220,024		117,886
E. Deferred income		1,631		2,103
F. Deferred Tax Liabilities		1,268		16
		<u>471,564</u>		<u>349,020</u>

Development of Group Equity

	Subscribed capital	Capital reserve	Earned surplus	Difference from currency translation	Offsetting item for holdings of other shareholders	Consolidated profit	Group equity
TEUR							
31 December 2009	6,395	8,605	1,832	1,020	1,293	24,375	43,520
Net los 31 March 2010						-903	-903
Dividend payouts							0
Capital decrease							0
Compensation for treasury stock as of former years	-194		-1,826			194	-1,826
Appropriation to the reserve restricted in relation to treasury stock							0
Purchases of treasury stock	-28					-278	-306
Foreign currency differences				573			573
Shares of other partners					-225	228	3
31 March 2010	6,173	8,605	6	1,593	1,068	23,616	41,061
31 December 2010	6,157	8,605	243	2,549	1,365	15,230	34,149
Net income 31 March 2011						2,775	2,775
Dividend payouts							0
Capital decrease							0
Compensation for treasury stock as of former years							0
Appropriation to the reserve restricted in relation to treasury stock							0
Purchases of treasury stock						-5	-5
Foreign currency differences				318			318
Shares of other partners					-9	142	133
31 March 2011	6,157	8,605	243	2,867	1,356	18,142	37,370

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 2010. The new accounting guidelines in form of an amendment to the German Commercial Code called "BilMoG" (Bilanzmodernisierungsgesetz, law updating German GAAP) must be applied for all fiscal years starting on or after January 1, 2010. This quarterly report reflects those new accounting guidelines.

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. Six 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 not changed in comparison to the consolidated financial statements as of 31 December 2010.

Notes to Individual Balance Sheet Items

Goodwill from consolidation of capital

Development as of 31 March 2011 in EUR thousands

Book value 31.12.2010	Addition	Amortization	Final consolidation	Book value 31.03.2010
8,516	0	-418	0	8,098

Development as of 31 March 2010 in EUR thousands

Book value 31.12.2009	Addition	Amortization	Final consolidation	Book value 31.03.2010
6,258	0	-228	0	6,030

Subscribed capital

As of 31 March 2011, the subscribed capital amounts to EUR 6,394,500.00.

The calculative nominal value of the circulating shares remains unchanged at the value of 1.00 EUR per share.

Following the introduction of the Accounting Law Modernisation Act (BilMoG), the treasury shares (own shares) listed as securities in the prior year have been stated separately from subscribed capital and were applied against the reserve for treasury stocks.

Contingent capital

The "contingent capital II" (convertible bonds for members of the Supervisory Board) amounts to EUR 49,500.00 (up to 49,500 bearer shares). This contingent capital increase can be implemented only insofar as the associated convertible bonds are issued and the embedded options to convert said bonds to no-par shares are exercised.

Capital reserve

As of the reporting date 31 March 2011, the capital reserve amounted to EUR 8,605,500.00.

Reserve due to own shares

Following the adoption of the Accounting Law Modernisation Act (BilMoG), it is no longer permitted to state repurchased shares as assets on the balance sheet along with a corresponding reserve for own shares – regardless of the purpose of the share repurchase.

Accordingly, the reserve for own shares was reversed in 2010 and the corresponding amount freed up was added to the balance sheet profit. In addition, the subscribed capital was reduced by the nominal value of said repurchased shares. The excess amount was allocated to balance sheet profit. In the process, the treasury shares were taken off the books.

In order to avoid including own shares in the distributable balance sheet profit, as required by the new legislation, and in order to make due provision for creditor protection, a new “reserve due to own shares” was formed.

Difference from consolidation of capital (acquisition profits)

Development as of 31 March 2011 in EUR thousands

Book value 31.12.2010	Addition	Dissolution	Non-effective adaption	Book value 31.03.2011
90,301	0	-4,952	-625	84,724

The non-effective adaption results of an additional purchasing-price allocation of one of our subsidiaries.

Development as of 31 March 2010 in EUR thousands

Book value 31.12.2009	Addition	Dissolution	Non-effective adaption	Book value 31.03.2010
71,213	382	-4,458	0	67,137

The additions result from the first consolidation of R+E Automationstechnik GmbH.

List of Share Ownership as of 31 March 2011

Group parent company	Currency	Share of equity in %	
		direct	indirect
<hr/>			
BAVARIA Industriekapital AG, Munich			
<hr/>			
Schedule of shareholdings			
Executive Consulting AG, Munich	EUR	100.00	
Hering Wärmetauscher Holding AG, Munich	EUR		62.59
Hering AG, Gunzenhausen	EUR		59.28
Nevira Vermögensverwaltung AG, Munich (in liquidation)	(2) EUR	78.00	
BAVARIA Maschinenbau Holding II AG, Munich	EUR	88.75	
Langbein & Engelbracht GmbH, Bochum	EUR		83.43
Langbein & Engelbracht Industrial Eng.& Co., Shanghai/ China	CNY		83.43
Verwaltungsgesellschaft 0906 GmbH, Munich	EUR	100.00	
Blitz 05-316 GmbH & Co. KG, Munich	EUR	100.00	
R+E Automationstechnik GmbH, Fellbach-Schmidlen	EUR	100.00	
Kienle + Spiess GmbH, Sachsenheim	EUR		99.74
Kienle + Spiess Hungary Kft, Tokod/ Hungary	HUF		99.74
Wardstorm Ltd., Ellesmere Port/ UK	GBP		99.74
Sankey Laminations Ltd., Ellesmere Port/ UK	GBP		99.74
G.L. Scott & Co. Ltd., Ellesmere Port/ UK	GBP		99.74
Bavariaring 0906 GmbH, Munich	EUR	100.00	
SwissTex Winterthur AG, Winterthur/ Switzerland	CHF		100.00
Bavaria Chemicals GmbH, Munich	EUR	75.00	
Elfotec AG, Mönchaldorf/ Switzerland (in liquidation)	(1), (2) CHF		75.00
Elfotec Ltd., Annacotty/ Irland (in liquidation)	(1), (2) EUR		75.00
baikap Holding 010607 GmbH, Munich	EUR	100.00	
baikap Holding 020607 GmbH, Gräfelfing	EUR	100.00	
EMS Holding Bavaria GmbH, Gräfelfing	EUR	100.00	
Pharma Holding Bavaria GmbH, Munich	EUR	100.00	
Bavaria France Holding SAS , Neuilly sur Seine/ France (prev. Fonderies Aluminium de France SAS)	EUR		100.00
Fonderie Aluminium de Cléon SAS, Cléon/ France	(1) EUR		100.00
Fonderie d'Ingrandes, Neuilly sur Seine/ France (prev. Fonderie du Poitou Aluminium SAS)	EUR		100.00
Teksid Deutschland GmbH, Heilbronn (in liquidation)	(1), (2) EUR		100.00
Xenterio GmbH, Offenburg	EUR		100.00
FARAL S.p.A., Modena/ Italy	EUR		100.00
K+S Holding GmbH & Co. KG, Munich	EUR		94.80
Kienle + Spiess Logisztikai, Tokod/ Hungary	HUF		99.74
FARAL France SAS, Carmaux/ France	EUR		100.00
Hunfos Fabrikker AS, Vennesla/ Norway	NOK		100.00
Die-Cast Holding Bavaria GmbH, Munich	EUR	100.00	
baikap Holding 061108 GmbH, Munich	EUR		100.00
baikap Holding 070309 GmbH, Munich	EUR	100.00	
Inasa Foil GmbH (prev. baikap Holding 080309 GmbH), Munich	EUR		100.00
OSNY Pharma SAS, Osny/ France	(1) EUR		100.00
OSNY Pharma Holding SAS, Osny/ France	(1) EUR		100.00
Tech-FORM SAS, Auxi-Le-Château/ France	EUR		100.00
Austria Druckguss GmbH & Co KG, Gleisdorf/ Austria	EUR		100.00
Austria Druckguss GmbH, Gleisdorf/ Austria	EUR		100.00

(1) Not consolidated pursuant to § 296 of the German Commercial Code (HGB).

(2) Company is in liquidation.

	Currency	Share of equity in %	
		direct	indirect
baikap Holding 090709 GmbH, Munich	EUR	100,00	
Bavaria Purchasing Group GmbH (prev. baikap Holding 100709 GmbH), Munich	EUR	100,00	
Inasa Foil Sabiñánigo S.L. (prev. Laminados Sabiñánigo S.L.), Sabiñánigo, Huesca/ Spain	EUR		100,00
INASA Foil S.A., Iruztun near Pamplona/ Spain	EUR		100,00
L&E America Environmental Technologies LLC, Kaukauna, Wisconsin/ USA	USD		66,74
baikap Holding 110510 GmbH, Munich	EUR	100,00	
baikap Holding 120510 GmbH, Munich	EUR	100,00	
SwissTex France SAS, Valence/ France	EUR		100,00
TriStone Flowtech Holding SAS, Carquefou/ France	EUR		100,00
Tristone Flowtech Slovakia spol Sro, Nova Bana/ Slovakia	EUR		100,00
Tristone Flowtech Poland Sp zoo, Walbrzych/ Poland	EUR		100,00
Tristone Flowtech France SAS, Carquefou/ France	EUR		100,00
Tristone Flowtech Czech Republic s.r.o, Hradek nad Nisou/ Czech Republic	EUR		100,00
Tristone Flowtech Istanbul Otomotive SVTLS, Çerkezköy/ Turkey	TRY		100,00
TriStone Flowtech Italy SpA, Cirie/ Italy	EUR		100,00
Tristone Flowtech Germany GmbH, Frankfurt on the Main	EUR		100,00
TriStone Flowtech Spain SAU, Tarazona/ Spain	EUR		100,00
TriStone Flowtech Solutions SNC, Carquefou/ France	EUR		100,00
baikap Holding 130810 GmbH, Munich	EUR	100,00	
baikap Holding 140810 GmbH, Munich	EUR	100,00	

(1) Not consolidated pursuant to § 296 of the German Commercial Code (HGB).

(2) Company is in liquidation.

Financial Calendar

(prospective)

1 June 2011

Annual Shareholder Meeting

12 August 2011:

Quarterly report Q2 2011

15 November 2011:

Quarterly report Q3 2011

Imprint

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