



BAVARIA Industriekapital AG
Munich

Quarterly Report as of 30.09.2009

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Letter to the shareholders

1m November 2009

Fellow shareholders and
business associates,

Given that our companies were able to overcome the effects of the sales crisis in Q3 2009, we can confidently say that BAVARIA Industriekapital AG has managed to turn the corner. Admittedly, our turnover of roughly EUR 289 million represents a year-on-year decline of 23%. If we exclude our new acquisitions during the current year, the erosion in sales was actually as high as 37%. On the other hand, our EUR 0.9 million operating profit (EBITDA) from shareholdings in Q3 (Q2: a loss of EUR -1.9 million) is proof positive that our cost-cutting efforts are taking hold. Our turnover, meanwhile, once again rose slightly over the prior quarter (+2.5%, given a comparable basis of consolidation). Though the consolidated result declined significantly, this was due at least in part to non-cash consolidating entries in 2008, since the prior year's result had included de-consolidation effects of roughly EUR 19 million (2009: EUR -0.2 million). The state of our companies' financial resources also confirms the overall positive trend: After declining from EUR 60 million (year-end 2008) to EUR 42 million (Q2 2009) – mainly due to a dividend payout of EUR 20 million – financial resources have climbed back up to EUR 47 million. The level of debt remains essentially unchanged at EUR 20 million.

We are also encouraged by the growth in orders for our portfolio companies in the “Plant Engineering and Construction” segment, since experience has shown that this particular sector tends to be pro-cyclical. Case in point: The SwissTex company, which specialises in the manufacture of textile machinery, was able to acquire several major job orders for new equipment in recent months. The company looks forward to a significantly reinvigorated order volume in Q4 2009 as well.

Despite the still fraught economic environment, we expect to close business year 2009 with a positive result. Our confidence is reflected in our Managing Board's recent decision to once again repurchase own shares this year. (The Board is empowered to do so under a standing authorisation.) Given that the market capitalisation of our shares currently amounts to roughly EUR 70 million, we consider the holding company and its participations to be undervalued. This opens up attractive buying opportunities. We believe that one of the key bases for any reasonable valuation must be the sum total of the valuations of those companies that have proven to be profitable and viable. This analysis should be performed

independently of the individual money-losing companies, which are still in the process of reorganisation. Thus, if we exclude the three main money-losers, we arrive at a Q3 operating profit (EBITDA) of EUR 4.0 million.

We are also pleased with the increasing recognition being accorded to BAVARIA and certain of its companies in foreign countries. For instance, the French ambassador recently paid a visit to our headquarters in Munich, betokening our status as a significant investor in France, with six acquisitions under our belt thus far. We are also proud of having finalised our most recent French and Spanish takeovers with the express consent of the local work force, although we cannot rule out future job cuts as a result of the economic crisis. We ostensibly have a competitive advantage in those business segments where sellers are strongly interested in ensuring the takeover company's continued existence and stability, as well as maintaining its key supplier relationships. Thus, we were careful to secure the goodwill and support of key French customers well in advance of acquiring the Thyssenkrupp Sofedit works (in Auxi) and the Teksid Group.

As part of our constant striving to improve, we have decided to intensify our public relations efforts going forward. This will enhance our communication with shareholders and business partners, as well as strengthen our market image and reputation. We also believe it will prove especially important when it comes to financial reporting with regard to individual investee companies. We are of course always open to suggestions for further improvements or potentially promising new deals.



Reimar Scholz
Chief Executive Officer

Group Key Figures

	2009			2008			
[in EUR million]	31.03.	30.06.	30.09.	31.03.	30.06.	30.09.	31.12.
Key earnings figures							
Group Turnover	95.8	187.3	289.4	117.1	244.4	375.5	485.4
EBITDA Group (before dissolution of negative goodwill)	-4.9	-6.5	-5.5	22.8	29.8	37.4	37.3
EBITDA of operational active subsidiaries	-4.9	-6.8	-5.9	4.6	10.7	18.6	18.1
Group net income	-6.6	-10.0	-10.4	20.7	26.5	28.3	23.2
- thereof dissolution of negative goodwill	3.3	6.6	12.5	3.1	7.8	10.1	13.1
Key balance sheet figures							
Equity	50.8	29.0	29.3	80.0	63.6	65.4	58.5
Total assets	323.2	315.6	313.6	296.5	333.0	342.0	321.7
Total fixed assets	115.8	125.2	122.1	73.0	98.8	97.7	104.5
Cash and cash equivalents	54.1	41.8	47.1	69.3	54.1	61.2	62.9

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 Gazette)
Top price up to reporting date (13.05.2009)	EUR 15.32
Lowest price up to reporting date (16.03.2009)	EUR 7.86
Closing price (30.09.2009)	EUR 11.10
Market capitalization (30.09.2009)	EUR 71.0 million
Earnings Holding per share	EUR 2.17 (fiscal year 2008)
Dividend per share	EUR 3.15 (fiscal year 2008)

Until 30 September 2009, a number of 150,986 BAVARIA Industriekapital shares were acquired under the resolution of the Annual Shareholder Meeting on 20 June 2008 for a total acquisition value of EUR 1.4 million.

On 29 May 2009 the Annual Shareholder Meeting decided to repeal the previous authorization for the share buyback program and decided a new authorization. The buyback program, approved by the Annual Shareholder Meeting on 29 May 2009, was started in October 2009.

Consolidated Profit And Loss Account 01 January – 30 September 2009

	30 September 2009		30 September 2008	
	TEUR	TEUR	TEUR	TEUR
1. Sales	289,363		375,518	
2. Increase or reduction of the inventories in finished and non-finished products	-7,689		407	
3. Own work capitalized	<u>1,098</u>		<u>921</u>	
		282,771		376,846
4. Other operating income		19,025		37,356
5. Cost of materials				
a) Raw materials, supplies and merchandise for resale	-136,303		-210,613	
b) Purchased services	<u>-21,516</u>		<u>-17,608</u>	
		-157,819		-228,221
6. Personnel costs				
a) Wages and salaries	-72,520		-73,309	
b) Social insurance and other social charges and benefits pensions	<u>-22,344</u>		<u>-21,242</u>	
		-94,864		-94,551
7. Depreciation on intangible assets of the fixed assets and property, plant and equipment		-15,595		-11,953
8. Other operating expenses		-42,122		-43,844
9. Other interest and similar income		585		1,436
10. Interest and similar expenses		-1,003		-821
11. Depreciation on financial assets and on marketable securities of the current asset		0		-31
12. Profit/loss on ordinary operations		<u>-9,022</u>		<u>36,217</u>
13. Extraordinary income	1,675		0	
14. Extraordinary expenses	<u>-235</u>		<u>-1,006</u>	
15. Extraordinary result		1,440		-1,006
16. Taxes on income and earnings		-793		-5,232
17. Other taxes		-2,038		-1,672
18. Net income		<u>-10,413</u>		<u>28,306</u>
19. Net profit carried forward from previous year		21,467		20,644
20. Transfer to reserve for treasury stock		-127		-1,537
21. Transfer from share capital reduction		0		221
22. Profit relating to other shareholders		193		-217
23. Consolidated profit		<u><u>11,120</u></u>		<u><u>47,416</u></u>

Consolidated Balance Sheet as of 30 September 2009

Assets

	30 Sept. 2009		30 Sept. 2008	
	TEUR	TEUR	TEUR	TEUR
A. Fixed assets				
I. Intangible assets				
1. Patents, trademarks, licenses and similar rights	1,952		420	
2. Goodwill	6,487		7,752	
3. Prepayment on account	<u>0</u>		<u>39</u>	
		8,439		8,211
II. Property, plant & equipment				
1. Land, leasehold rights and buildings incl. buildings on leased land	36,264		34,695	
2. Machinery and equipment	59,669		46,950	
3. Other equipment, plant and office equipment	3,395		3,310	
4. Advanced payments and construction-in-progress	<u>14,310</u>		<u>4,357</u>	
		113,638		89,313
III. Financial assets				
1. Shareholdings in affiliated companies	1		136	
2. Investments	40		15	
3. Other loans	<u>1</u>		<u>0</u>	
		42		151
		122,119		97,675
B. Current Assets				
I. Inventories				
1. Raw materials and supplies	27,050		33,351	
2. Work-in-progress	21,294		26,091	
3. Finished products and merchandise	13,777		17,409	
4. Advance payments	<u>325</u>		<u>2,071</u>	
		62,446		78,921
II. Accounts receivable and other assets				
1. Receivables from trade	62,612		83,149	
2. Receivables from group companies	77		6	
3. Other assets	<u>16,001</u>		<u>19,720</u>	
		78,690		102,875
III. Marketable securities				
1. Treasury Stock	1,425		351	
2. Other marketable securities	<u>5,829</u>		<u>6,014</u>	
		7,254		6,365
IV. Cash and cash equivalents		<u>41,234</u>		<u>54,808</u>
		189,624		242,969
C. Prepaid expenses		1,886		1,347
		313,629		341,991

Equity and liabilities

	30 Sept. 2009		30 Sept. 2008	
	TEUR	TEUR	TEUR	TEUR
A. Equity				
I. Subscribed capital		6,395		6,395
Contingent capital: 561,000.00 Euro				
II. Capital reserve		8,605		8,605
III. Revenues reserves		1,431		357
1. Restricted reserve	6		6	
2. Reserve for treasury stock	1,425		351	
IV. Difference from currency translation		855		1,588
V. Offsetting item for holdings of other shareholders		892		1,066
VI. Consolidated profit		11,120		47,416
		29,298		65,426
B. Difference from consolidation of capital (negative goodwill)		75,777		72,372
C. Accruals				
1. Accruals for pensions and similar commitments	61,396		57,398	
2. Tax reserves	6,197		8,078	
3. Other accruals	43,311		38,059	
		110,904		103,535
D. Liabilities				
1. Debt due to banks	20,657		5,852	
2. Advanced payments received on orders	7,321		18,490	
3. Trade payables	46,892		57,590	
4. Other liabilities	15,195		16,181	
		90,065		98,112
E. Deferred Income		7,585		2,546
		313,629		341,991

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 30.09.2009						-10,413	-10,413
Dividend pay-out						-19,667	-19,667
Capital increase							0
Reclassification in retained earnings			127			-127	0
Foreign currency differences				861			861
Shares of other partners					-196	193	-3
30 September 2009	6,395	8,605	1,431	855	892	11,120	29,298

Notes to Quarterly report

Accounting and valuation techniques

These consolidated financial statements have been drawn up in accordance with the valid German commercial code (HGB) 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. Eight 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 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 are consolidated for the first time in first quarter 2009.
- tech-FORM s.a.r.l., Auxi-le-Château/ France was acquired in June 2009 and is consolidated for the first time in second quarter 2009.
- Austria Druckguss GmbH & Co. KG, Gleisdorf/ Austria, and Austria Druckguss Verwaltungs GmbH, Gleisdorf/ Austria, were acquired in June 2009 and were consolidated for the first time in second quarter 2009.

Notes to Individual Balance Sheet and P&L Items

Goodwill from consolidation of capital

Development as of 30 September 2009 in TEUR

Book Value 31.12.2008	Addition	Amortization	Merger within group	Final Consolidation	Book Value 30.09.2009
7,210	0	-686	0	-37	6,487

Development as of 30 September 2008 in TEUR

Book Value 31.12.2007	Addition	Amortization	Merger within group	Final Consolidation	Book Value 30.09.2008
6,852	2,601	-631	- 899	-171	7,752

Subscribed capital

As of 30 September 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).

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Difference from the consolidation of capital (negative goodwill)

Development as of 30 September 2009 in TEUR

Book value 31.12.2008	Addition	Dissolution	Final consolidation	Book value 30.09.2009
69,603	18,698	-12,524	0	75,777

The additions mainly result from the acquisition of the three companies OSNY Pharma, Austria Druckguss and tech-FORM.

Development as of 30 September 2008 in TEUR

Book value 31.12.2007	Addition	Dissolution	Final consolidation	Book value 30.09.2008
32,339	51,029	-10,140	-856	72,372

The additions mainly result from the acquisition of the two companies Faral and Xenterio.

Schedule of shareholdings as of 30 September 2009

Group parent company	Currency	Proportion of capital in %	
		direct	indirect
Group parent company			
BAVARIA Industriekapital AG, Munich			
Share ownership			
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 (formerly Neef IT Solutions AG, Karlsruhe)	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	(1) EUR	50.00	
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	
Bavaria Maschinenbau Ltd., Valletta/ Malta	(1) EUR	100.00	
Elfotec AG, Mönchaldorf/ Switzerland (in liquidation)	(1) CHF		75.00
Elfotec Ltd., Annacotty/ Ireland (in liquidation)	(1) EUR		75.00
baikap Holding 010607 GmbH, Munich	EUR	100.00	
baikap Holding 020607 GmbH, Munich	EUR	100.00	
baikap Holding 030807 GmbH, Munich	EUR	100.00	
baikap Holding 040807 GmbH, Munich	EUR	100.00	
Fonderies Aluminium de France SAS, Paris/ France	EUR		100.00
Fonderie Aluminium de Cléon SAS, Cléon/ France	(1)		100.00
Fonderie du Poitou Aluminium SAS, Ingrandes sur Vienne/ France	EUR		100.00
Teksid Deutschland GmbH, Heilbronn (in liquidation)	(1) 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, Vennessla/ Norway	NOK		100.00
baikap Holding 051108 GmbH, Munich	EUR	100.00	
baikap Holding 061108 GmbH, Munich	EUR		100.00
baikap Holding 070309 GmbH, Munich	EUR	100.00	
baikap Holding 080309 GmbH, Munich	EUR	100.00	
OSNY Pharma SAS, OSNY / France	EUR		100.00
OSNY Pharma Holding SAS, OSNY/ France	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 Verwaltungs GmbH, Gleisdorf/ Austria	EUR		100.00
baikap Holding 090709 GmbH, Munich	(1) EUR	100.00	
baikap Holding 100709 GmbH, Munich	(1) EUR	100.00	

(1) not consolidated in accordance with § 296 HGB

Financial Calendar

(prospective)

31 March 2010:

Publication of Group Accounts and Individuals Accounts as of 31 December 2009

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Annual Shareholder Meeting

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Issuer

Bavaria Industriekapital AG
Bavariaring 24
80336 München

Phone: +49 (0)89 - 729 8967 - 0

Fax: +49 (0)89 - 729 8967 - 10

info@baikap.de

www.baikap.de

Editor

Svea Strohm
Head of Finance

svea.strohm@baikap.de