



BAVARIA Industriekapital AG  
Munich

Quarterly Report as of 30.09.2011

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## Letter to the Shareholders

In November 2011

Dear Shareholders and Business Associates,

The consolidated group surplus of BAVARIA Industriekapital AG for the first nine months of this year amounted to EUR 11.2 million – following a loss of EUR 0.8 million in the prior year. The surplus earned by our investee companies also improved during this period, rising by EUR 10.9 million to EUR 3.7 million. The Group's equity ratio remains at a high level with 27.4%; while the stated amount of equity capital was EUR 39.8 million, additional capital of EUR 67.5 million was derived as a result of a variance from capital consolidation.

Liquid resources amounted to EUR 53.9 million as of September 30, 2011. Debts and bank liabilities, including factoring of receivables, amounted to EUR 60.4 million.

Hunsfos, Xenterio and Faral, three money-losing companies that had been in liquidation since the third quarter, were deconsolidated. The rise in operating results caused tax expense to increase by 126% to EUR 5.2 million.

The following overview provides a reconciliation between the consolidated Group surplus, which is heavily influenced by consolidation bookings, and the overall result achieved by our investee companies, which is really the relevant measure of our performance.

### **Bridge of consolidated profit to group net result**

	Q3/2011 EUR Mio.	in Q3/2010 EUR Mio.	in change
Consolidated Profit	11.2	-0.8	12.0
Dissolution of negative goodwill	-10.9	-13.7	2.8
Other consolidation entries	-10.2	0.0	-10.2
Profit adjustment deconsolidated companies	13.6	7.3	6.3
Group net result	3.7	-7.2	10.9

In the first nine months of 2011, the surplus earned by our investee companies, adjusted for deconsolidated companies, rose by EUR 10.9 million to EUR 3.7 million. After the addition of consolidation bookings of EUR 21.1 million and the elimination of the result contributed by deconsolidated companies of EUR 13.6 million, the stated consolidated Group surplus for the first nine months of 2011 amounted to EUR 11.2 million.

A comparison of the annual surpluses actually achieved by individual business segments follows below:

**Group net result of the first three quarters in sectors**

	Q3/2011 EUR Mio.	in Q3/2010 EUR Mio.	in change
Serial Production/Automotive	12.6	4.0	8.6
Plant Engineering & Construction	-4.5	-0.6	-3.9
Business Services	-3.7	-10.0	6.3
Others	-0.7	-0.6	-0.1
<b>Group net result</b>	<b>3.7</b>	<b>-7.2</b>	<b>10.9</b>

The annual surplus of our Serial Production/Automotive business segment amounted to EUR 12.6 million – an increase of EUR 8.6 million in relation to the prior year. In the Plant Construction & Engineering business segment, we expect to see a significantly improved result in the fourth quarter, given that the last three months of the year normally exhibit a rise in output. In the Business Services business segment, we do not expect to see improved results until 2012, however.

BAVARIA's market capitalization amounted to EUR 81.2 million as of September 30, 2011. The company exploited this favorable valuation during 2011 to buy back additional own shares; by the end of October, EUR 1.9 million (2.5% of share capital) had been allocated to this purpose. It is our intention to convert the relevant shares into treasury stock (5.9% as of the end of October) and to pave the way for further share repurchases at the next General Shareholders' Meeting.

We are watching the future macroeconomic trend with some concern, even though we have not yet had to absorb any significant decline in incoming orders. Accordingly, our planning for 2012 will be cautious. Developments on the currency and commodity markets have contributed to the uncertainty of the prevailing environment. Thus, the operating results of SwissTex Winterthur were encumbered particularly in the third quarter by the strength of the Swiss Franc, while Inasa was disadvantaged by the sharp increase in the price of aluminum.

On the positive side, the companies in our Serial Production/Automotive continued to operate profitably, since they had managed, for the most part, to conclude materials-adjustment clauses with their customers thanks to their strong market position. For the year as a whole, we expect to see turnover of over EUR 750 million from all of our active financial participations, as well as a further increase in the operating result.

We would like to assure all of our shareholders and business associates that we remain confident about the future prospects of BAVARIA Industriekapital AG. The improvement potential of our existing investee companies as well as our ability to acquire new participations on favorable terms give us particularly strong grounds for optimism.

We would like to thank you again for the trust you have placed in our company. We are always happy to hear your comments and/or suggestions for improvement, as well as any leads regarding potential new transactions.

Sincerely yours,

A handwritten signature in blue ink, appearing to be 'R. Scholz', with a long horizontal stroke at the end.

Reimar Scholz  
Executive Board Chairman

A handwritten signature in blue ink, appearing to be 'H. Ender', with a stylized 'H' and 'E'.

Harald Ender  
Head of Operations

## Group Key Figures

	2010				2011		
	31.03.	30.06.	30.09.	31.12.	31.03.	30.06.	30.09.
<b>Key earnings figures in EUR million (cumulated)</b>							
Group Turnover	115.4	250.3	434.4	638.4	204.6	408.7	598.0
EBITDA of operational active subsidiaries	0.6	3.5	12.4	16.4	8.6	15.9	17.9
Group net income	-0.9	-1.0	-0.8	-0.8	2.8	3.4	11.2
-thereof dissolution of negative goodwill	4.5	9.0	13.7	18.4	4.9	9.1	10.9
<b>Key balance sheet figures in EUR million</b>							
Equity	41.1	32.9	34.1	34.1	37.4	37.7	39.8
Total assets	349.0	361.5	476.5	448.5	471.6	482.2	392.0
Total fixed assets	110.0	107.9	151.1	140.5	139.3	135.9	105.3
Cash and cash equivalents	69.9	58.9	59.7	56.0	46.1	45.2	53.9

## 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	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 (13.09.2011)	EUR 12.60
Closing price (30.09.2011)	EUR 12.70
Market capitalization (30.09.2011)	EUR 81.2 million
Earnings AG (Holding) per share	EUR 0,79 (fiscal year 2010)
Dividend per share	Nil (fiscal year 2010)

By virtue of the authorization granted by the General Shareholders' Meeting of June 11, 2010, BAVARIA Industriekapital AG repurchased an additional 134,051 company shares. As of the reporting date of September 30, 2011 the company therefore held treasury stock comprising a total of 355,187 shares at an acquisition cost of roughly EUR 4.0 million (about EUR 11.26 per share).

## Consolidated Profit And Loss Account 01 January – 30 September 2011

	<b>30 September 2011</b>		<b>30. June 2010</b>	
	TEUR	TEUR	TEUR	TEUR
1. Sales	598,014		434,358	
2. Increase or reduction of inventories in finished and non-finished products	10,358		14,294	
3. Own work capitalized	<u>293</u>		<u>462</u>	
		608,665		449,114
4. Other operating income		31,901		23,076
5. Cost of materials				
a) Raw materials, supplies and merchandise for resale	-349,480		-241,573	
b) Purchased services	<u>-35,151</u>		<u>-28,746</u>	
		-384,631		-270,319
6. Personnel costs				
a) Wages and salaries	-108,979		-90,056	
b) Social insurance and other social charges and benefits pensions thereof for pensions kEUR 1.637 (previous year kEUR 2.385)	<u>-28,119</u>		<u>-23,039</u>	
		-137,098		-113,095
7. Depreciation on intangible assets of the fixed assets and property, plant and equipment		-17,356		-15,990
8. Other operating expenses		-81,100		-63,055
9. Other interest and similar income		258		162
10. Depreciation on financial assets and trade securities		-71		0
11. Interest and similar expenses		<u>-5,845</u>		<u>-4,253</u>
<b>12. Profit/loss on ordinary operations</b>		<b>14,723</b>		<b>5.640</b>
13. Extraordinary income	4,784		4,877	
14. Extraordinary expenses	<u>-2,034</u>		<u>-7,888</u>	
15. Extraordinary result		-2,750		-3,011
16. Taxes on income and earnings		-5,154		-2,264
17. Other taxes		<u>-1,134</u>		<u>-1,154</u>
<b>18. Net profit/ loss for the period</b>		<b>11,185</b>		<b>-789</b>
19. Net profit carried forward from previous year		15,230		16,658
20. Transfer from retained earnings		0		1,826
21. Allocation for own shares acquired in past periods		0		-1,632
22. Acquisition of own shares		-1,640		-421
23. Profit relating to other shareholders		<u>-136</u>		<u>84</u>
<b>24. Consolidated profit</b>		<b><u>24,639</u></b>		<b><u>15,726</u></b>



## Consolidated Balance Sheet as of 30 September 2011

### Assets

	30 September 2011		30 September 2010	
	TEUR	TEUR	TEUR	TEUR
<b>A. Fixed assets</b>				
I. Intangible assets				
1. Patents, trademarks, licenses and similar rights	2,257		2,240	
2. Goodwill	6,890		8,749	
3. Prepayments on account	<u>0</u>		<u>0</u>	
		9,147		10,989
II. Property, plant & equipment				
1. Land, leasehold rights and buildings incl. buildings on leased land	41,287		58,594	
2. Machinery and equipment	42,730		70,179	
3. Other equipment, plant and office equipment	3,685		4,494	
4. Advanced payments and construction-in-progress	<u>8,181</u>		<u>6,868</u>	
		95,883		140,135
III. Financial assets				
1. Shareholdings in affiliated companies	0		0	
2. Investments	12		18	
3. Investment securities	238		0	
4. Other loans	<u>0</u>		<u>0</u>	
		250		18
		<b>105,280</b>		<b>151,142</b>
<b>B. Current assets</b>				
I. Inventories				
1. Raw materials and supplies	28,531		31,632	
2. Work-in-progress	46,994		45,159	
3. Finished products and merchandise	25,729		30,433	
4. Advance payments	<u>397</u>		<u>2,131</u>	
		101,651		109,355
II. Accounts receivable and other assets				
1. Receivables from trade	96,644		108,54	
2. Receivables from group companies	2		0	
3. Other assets	<u>32,285</u>		<u>40,768</u>	
		128,931		148,922
III. Marketable securities				
1. Treasury stock	0		0	
2. Other marketable securities	<u>917</u>		<u>290</u>	
		917		290
IV. Cash and cash equivalents		<u>52,993</u>		<u>59,384</u>
		<b>284,492</b>		<b>317,951</b>
<b>C. Prepaid expenses</b>		<b>2,259</b>		<b>7,284</b>
<b>D. Deferred Tax Assets</b>		<b>0</b>		<b>129</b>
		<u><b>392,031</b></u>		<u><b>476,506</b></u>

## Equity and liabilities

	30 September 2011		30. September 2010	
	TEUR	TEUR	TEUR	TEUR
<b>A. Equity</b>				
I. Issued capital		6,039		6,161
1. Subscribed capital	6,395		6,395	
2. Nominal value of treasury stock	-355		-234	
II. Capital reserve		8,605		8,605
III. Revenue reserves		361		6
1. Legal reserve	6		6	
2. Reserve restricted in relation to treasury stock	355		0	
3. Reserve for treasury stock	0		0	
IV. Consolidated profit		24,639		15,726
V. Offsetting item for holdings of other shareholders		1,121		1,163
VI. Difference from currency translation		-981		2,435
		<b>39,784</b>		<b>34,096</b>
<b>B. Difference from consolidation of capital (negative goodwill)</b>		<b>67,482</b>		<b>102,906</b>
<b>C. Accruals</b>				
1. Accruals for pensions and similar commitments	58,609		71,359	
2. Tax reserves	6,745		4,256	
3. Other accruals	45,916		58,922	
		<b>111,270</b>		<b>134,537</b>
<b>D. Liabilities</b>				
1. Debt due to banks	60,369		54,612	
2. Advanced payments received on orders	14,039		18,441	
3. Trade payables	76,017		100,271	
4. Liabilities towards affiliated companies	473			
4. Notes payables	19,612		29,319	
		<b>170,510</b>		<b>202,643</b>
<b>E. Deferred income</b>		<b>1,694</b>		<b>2,324</b>
<b>F. Deferred Tax Liabilities</b>		<b>1,291</b>		<b>0</b>
		<b>392,031</b>		<b>476,506</b>

## 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
<b>TEUR</b>							
<b>31 December 2009</b>	6,395	8,605	1,832	1,020	1,293	24,375	<b>43,520</b>
Net loss 30 September 2010						-789	-789
Dividend payouts						-7,717	-7,717
Compensation for treasury stock as of former years	-194		-1,826			194	-1,826
Purchases of treasury stock	-40					-421	-461
Foreign currency differences				1,415			1,415
Shares of other partners					-130	84	-46
<b>30 September 2010</b>	<b>6,161</b>	<b>8,605</b>	<b>6</b>	<b>2,435</b>	<b>1,163</b>	<b>15,726</b>	<b>34,096</b>
<b>31 December 2010</b>	6,157	8,605	243	2,549	1,365	15,230	<b>34,149</b>
Net income 30 September 2011						11,185	11,185
Purchases of treasury stock	-118		118			-1,640	-1,640
Foreign currency differences				-3,530			-3,530
Shares of other partners					-244	-136	-380
<b>30 September 2011</b>	<b>6,039</b>	<b>8,605</b>	<b>361</b>	<b>-981</b>	<b>1,121</b>	<b>24,639</b>	<b>39,784</b>

## Notes to the Quarterly Report

### **Principles of financial reporting and valuation**

The present interim report was prepared in compliance with the applicable provisions of the German Commercial Code (HGB) and has not been audited. The interim report does not contain any changes in the accounting principles and methods applied as compared to the Consolidated Group Annual Report for fiscal year 2010.

### **Scope of consolidation**

The present report takes due account of all subsidiaries of material importance under the control of BAVARIA Industriekapital AG. Ten companies were not included in the scope consolidation. These companies were covered by the right to voluntary consolidation pursuant to § 296 of the German Commercial Code (HGB).

The scope of consolidation has changed in relation to the previous Consolidated Group Annual Report of December 31, 2010. Thus, the companies Faral S.p.A., Hunsfos Fabrikker AS and Xenterio GmbH were deconsolidated as of third quarter 2011.

## Notes to Individual Balance Sheet Items

### Goodwill arising from capital consolidation

Development as of 30 September 2011 in EUR thousands

Book value 31.12.2010	Addition	Amortization	Disposal	Deconsolidation	Book value 30.09.2011
8,516	302	-1,240	-248	-440	6,890

Development as of 30 September 2010 in EUR thousands

Book value 31.12.2009	Addition	Amortization	Deconsolidation	Book value 30.09.2010
6,258	3,260	-769	0	8,749

### Subscribed capital

Subscribed capital amounted to EUR 6,394,500 as of September 30, 2011. The calculated nominal value of shares in circulation amounted to EUR 1.00 per share. Pursuant to the GAAP, the calculated nominal value of own shares repurchased as of the reporting date has been deducted from subscribed capital on the face of the balance sheet.

### Contingent capital 2006/I

Contingent capital 2006/I (Convertible bonds for Members of the Supervisory Board) amounted to EUR 49,500 (up to 49,500 no-par bearer shares). The contingent capital increase will be implemented only insofar as insofar as the convertible bonds are issued and converted into no-par shares by exercising the associated conversion option.

### Capital reserve

As of September 30, 2011 the capital reserve amounted to EUR 8,605,500.

### Difference from consolidation of capital (acquisition profits)

Development as of 30 September 2011 in EUR thousands

Book value 31.12.2010	Addition	Dissolution	Deconsolidation	Neutral adjustment	Book value 30.09.2011
90,301	0	-10,869	-10,185	-1,764	67,482

An adjustment with no effect on income was made due to a retroactive purchase-price allocation in connection with a financial participation.

Development as of 30 September 2010 in EUR thousands

Book value 31.12.2009	Addition	Dissolution	Neutral adjustment	Book value 30.09.2010
71,213	45,368	-13,675	0	102,906

The additions resulted from the initial consolidation of TriStone Group in the first half of year.

## List of Share Ownership as of 30 September 2011

Group parent company	Currency	Share of equity in %	
		direct	indirect
<b>Schedule of shareholdings</b>			
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	(1), (2) EUR		100.00
FARAL S.p.A., Modena/ Italy	(1) 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	(1) EUR		100.00
Hunsfos Fabrikker AS, Vennesla/ Norway	(1), (2) 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), (2) EUR		100.00
OSNY Pharma Holding SAS, Osny/ France	(1), (2) 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 SV/TLs, 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
Tristone Flowtech Mexico S. de R.L. de C.V.	EUR		100.00
baikap Holding 130810 GmbH, Munich	EUR	100.00	
baikap Holding 140810 GmbH, Munich	EUR	100.00	
baikap Holding 150911 GmbH, München	EUR	100.00	
baikap Holding 160911 GmbH, München	EUR	100.00	

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

(2) Company is in liquidation.



## Financial Calendar

(prospective)

**15 May 2012:**

Quarterly Report Q1 2012

**25 May 2012:**

Annual Shareholder Meeting

**14 August 2012:**

Quarterly Report Q2 2012

## Imprint

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