



BAVARIA Industriekapital AG  
Munich

Half-Year Report as of 30.06.2009

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## Letter to the shareholders

August 2009

Fellow shareholders and  
business associates,

The drastic downturn in the economy left an indelible mark on the BAVARIA Group's revenues, earnings and financial situation in 2009.

Group turnover in the first half-year of 2009 declined 23% to EUR 187.3 million compared to the same period a year ago. Not accounting for changes in the scope of the consolidation, the decline would have been 40%. Since personnel costs decreased only slightly by EUR 1.7 million to EUR 62.7 million, the personnel cost rate for the reporting period surged to 35% (compared to 26% in the prior-year period). Consequently, the net earnings (EBITDA) for the operating subsidiaries declined from EUR 10.7 million in the year-earlier period to minus EUR 6.8 million. Compared to first quarter 2009, the loss in second quarter 2009 was able to be significantly reduced from EUR 4.9 million to EUR 1.9 million.

The BAVARIA Group had cash and cash equivalents totaling EUR 41.8 million as at 30 June 2009 (compared to EUR 54.1 million in the previous quarter). The dividend distribution of EUR 19.7 million has since been made. The amount of debt to banks increased to EUR 19.7 million compared to EUR 16.1 million in the previous quarter. This increase is attributable to payments for investments undertaken especially in the K+S Group.

How did we respond to these developments?

In light of uncertainties in terms of assessing the nature and scope of the economic crisis, our portfolio companies drew their conclusions and took the necessary steps with varying degrees of delay. For this reason we had to make some changes in management. We expect that we can again achieve operational profitability in the second half of the year through the actions that were initiated. We can already see a significant recovery in the June results for the larger equity holdings K+S Group and Fonderie du Poitou.

The important thing, and as expected, is that we were able to benefit from this crisis when making new acquisitions. After taking over the French production of hormone products from Catalent in first quarter 2009, we succeeded in expanding our involvement in the automotive sector in second quarter 2009 by acquiring operational elements of ThyssenKrupp AG in France and a light metals casting facility from Georg Fischer in Austria. Each of the

acquisitions in France was made with the approval of the works council and the unions. Even the French and German automotive clients gave their consent prior to the sale to BAVARIA.

We expect to make further acquisitions in the second half of the year, particularly in the automotive segment. There is a relatively small demand on the part of reputable buyers in contrast to the large supply of available companies. As always, the things that help us here are our solid financial situation and the excellent reputation we have earned from having successfully turned around more than twenty companies. So far no corporate buy-out has been funded through borrowing. We are also extremely proud of the fact that we made all our restructurings a success with no government subsidies or guarantees.

We have a very positive outlook for BAVARIA Industriekapital AG's future performance despite the difficult economic situation. We know that we can rely and build on the trust placed in us, the proven relationships with our partners and the dedication of our staff.

Best regards,

A handwritten signature in blue ink, appearing to read 'Reimar Scholz', with a stylized, cursive script.

Reimar Scholz  
Chief Executive Officer

## Group Key Figures

	30.06.2009	31.12.2008	30.06.2008	31.12.2007
<b>Key earnings figures in EUR million</b>				
Group turnover	187.3	485.4	244.4	409.7
EBITDA of operational active subsidiaries	-6.8	18.1	10.7	18.2
EBITDA Group (before dissolution of negative goodwill)	-6.5	37.3	29.8	29.1
Group net income	-10.0	23.2	26.5	5.2
- thereof dissolution of negative goodwill	6.6	13.1	7.8	8.9
<b>Key balance sheet figures in EUR million</b>				
Equity	29.0	58.5	63.6	58.6
Total assets	315.6	321.7	333.0	277.4
Total fixed assets	125.2	104.5	98.8	82.2
<b>Cashflow in EUR million</b>				
Cashflow from current operations	-6.4	38.2	26.9	-4.9
Cashflow from investments	-9.5	-13.2	-10.4	9.7
Cashflow from financing	-9.1	-20.3	-23.5	-9.4
Cash and cash equivalents	41.8	62.9	54.1	57.2

## 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 (30.06.2009)	EUR 9.61
Market capitalization (30.06.2009)	EUR 61.5 million
Earnings Holding per share	EUR 2.17 (fiscal year 2008)
Dividend per share	EUR 3.15 (fiscal year 2008)

## Group Management Report (Update)

### Comments to group companies

#### A. Series manufacturers/ automotive

##### Kienle + Spiess Group

Take-over by BAVARIA: June 2006  
First-time consolidation: 30 June 2006

[in TEUR]	12 Months 2007	6 Months 1. HY 2008	12 Months 2008	6 Months 1. HY 2009
Sales	237,307	118,535	219,314	73,770
	<b>31.12.2007</b>	<b>30.06.2008</b>	<b>31.12.2008</b>	<b>30.06.2009</b>
Employees	1,398	1,357	1,349	1,179

Kienle + Spiess group with sites in Germany, Hungary and UK is Europe's leading supplier of stamp and diecast components for constructing electrical machinery and generators.

Due to the worldwide economic crisis the Kienle + Spiess Group shows 38% lower sales in the first half-year of 2009 in comparison to last year. Although there have been some successful adjustments in the variable and fixed cost structure, the sales collapse could not be compensated in time. As a consequence of the disproportionate fixed costs the margins deteriorated significantly. Currently we are working intensely on a further reduction of the fixed costs in order to readjust K+S Group to the new business environment with lower sales. In spite of K+S Group's adequate financial strength, several projects in order to further improve the liquidity situation and to keep the debt financing at a low level were launched.

For the full year 2009 we expect for Kienle + Spiess Group sales totalling EUR 150 million and in consideration of the cost reduction projects a slightly positive EBITDA. For 2010 and the time after we consider the Group well prepared in view of the adapted cost structure.

## Fonderie du Poitou S.A.S.

Take-over by BAVARIA: October 2007  
First-time consolidation: 1 October 2007

[in TEUR]	<b>12 Months 2007</b>	<b>6 Months 1. HY 2008</b>	<b>12 Months 2008</b>	<b>6 Months 1. HY 2009</b>
Sales	103,733 <sup>1)</sup>	54,503	85,507	36,062
	<b>31.12.2007</b>	<b>30.06.2008</b>	<b>31.12.2008</b>	<b>30.06.2009</b>
Employees	581	575	573	553

<sup>1)</sup> Fonderie du Poitou has been consolidated in BAVARIA in 2007 since 01.10.2007. The numbers mentioned above are for comparison purposes only.

Fonderie du Poitou S.A.S., which is based in Ingrandes sur Vienne/ France, specializes in the construction, development and production, as well as the distribution of aluminium cylinder heads and safety components. The low pressure process ensures the adherence to the mechanical properties required for cylinder heads that are subject to high stress.

As Fonderie du Poitou is a Tier-1-supplier in automotive, they were hit extremely by the economic crisis. Renault, one of its main customers, has reduced its orders drastically since the third quarter 2008, so that the sales in the first half-year of 2009 in comparison to last year went down by 34%. Another reason for the sales decrease was the significant reduction of prices for aluminium, as the prices for raw material are passed on to the clients. Due to high fixed costs FDPA closed the first half-year - despite of some actions to cost reductions - with a negative EBITDA. Nevertheless it was possible in the last months to close deals with clients and suppliers in order to keep the manufacturing plant operating.

For the full year 2009 we expect sales totalling EUR 70 million and a slightly positive EBITDA. For 2010 and the time after we anticipate stable sales on this low level, accompanied by positive results in view of the adapted cost structure.

## Faral S.p.A.

Take-over by BAVARIA: May 2008 / Acquisition of additional French activities in Nov. 2008  
First-time consolidation: 1 May 2008 / 31 December 2008

[in TEUR]	12 Months 2007	12 Months 2008	6 Months 1. HY 2009
Sales	50,367	34,266 <sup>1)</sup>	11,033
	<b>31.12.2007</b>	<b>31.12.2008</b>	<b>30.06.2009</b>
Employees	240	162	157

<sup>1)</sup> annual turnover, in 2008 there were consolidated 8 months only.

Faral was founded in 1966 in Campogalliano (Modena/ Italy) and is a producer of die-cast aluminium radiators. FARAL is in the forefront in its sector thanks to a vast range of models and solutions.

Compared to the second quarter 2008 the sales of the Italian company went down by more than 44% in the first six months of 2009. But as there have been taken intensive actions shortly after the acquisition to improve the results, the EBITDA increased both absolutely and relatively. The company even closed the first half-year with a positive result. The results of the French companies were negative in the first half-year of 2009 however, so that the whole Group achieved only a slightly positive EBITDA.

Especially in view of the current economic crisis we keep working hard on developing new markets, especially in Eastern Europe, in order to raise the sales again. For the full year 2009 and after, we anticipate a positive EBITDA in the Faral group, since the cost structure has already been adapted to the low sales level.

## B. Plant engineering and construction

### Langbein & Engelbracht

Take-over by BAVARIA: May 2004

First-time consolidation: 24 May 2004

[in TEUR]	12 Months 2007	6 Months 1. HY 2008	12 Months 2008	6 Months 1. HY 2009
Sales	38,319	10,525	32,271	7,508
	<b>31.12.2007</b>	<b>30.06.2008</b>	<b>31.12.2008</b>	<b>30.06.2009</b>
Employees	123	130	126	126

Langbein & Engelbracht GmbH (L&E) with branches in Bochum/ Germany and Shanghai/ China is a company operating worldwide in plant engineering and construction with a focus on paper, surface and process technology.

The sales of the first half-year 2009 of EUR 7.5 million are significantly below the prior year's first half-year sales of EUR 10.5 million. This is due to a low number of new orders in the fourth quarter 2008 and first quarter 2009, since the longer processing time of L&E as an engineering and construction business result in a delayed revenue effect of the order intake. Partially, deliveries were also postponed by clients. But nevertheless there was only a slightly negative EBITDA in the first half-year of 2009, which reflects the result of flexible cost structures, which were established already some years ago.

The order intake of EUR 12.8 million is – due to the economic crisis – still below the prior year's order intake of EUR 18.5 million. The order intake has however significantly improved in the second quarter of 2009. The expected sales for 2009 of approximately EUR 30 million is therefore only slightly below the prior year's value. We expect a positive EBITDA for 2009. The focusing on environmental technology, which has already begun, will be continued and we expect to be able to increase our sales in the years to follow.

## SwissTex

Take-over by BAVARIA: December 2006  
First-time consolidation: 1 December 2006

[in TEUR]	<b>12 Months 2007</b>	<b>6 Months 1. HY 2008</b>	<b>12 Months 2008</b>	<b>6 Months 1. HY 2009</b>
Sales	36,894	11,510	30,049	4,697
	<b>31.12.2007</b>	<b>30.06.2008</b>	<b>31.12.2008</b>	<b>30.06.2009</b>
Employees	86	85	79	64

SwissTex, based in Wintherthur/ Switzerland, is active in the development, production and distribution of textile machinery for technical textiles and bulk continuous filaments (BCF).

The order intake of EUR 8.4 million in the first half-year 2009 was again on a low level as it has already been in the second half-year 2008. However there was a significant increase of new orders in the second quarter of 2009. The budgeted sales of EUR 24 million for 2009 have been reduced to EUR 15 million mainly due to the decreasing business with new machines. In spite of a significantly reduced cost structure, we expect a negative EBITDA for 2009. The outlook for 2010 is however positive, since the order intake and order pipeline for new machines have experienced a brisk upturn in the last weeks.

The cyclical low trough seems to have passed. The increasing service revenues which we noted in the past months also point to this conclusion. As a consequence we expect to witness a further pick-up in order intake and therefore significantly increased sales and return in 2010 and after.

## Hering

Take-over by BAVARIA: Januar 2004  
First-time consolidation: 1 Januar 2004

[in TEUR]	<b>12 Months 2007</b>	<b>6 Months 1. HY 2008</b>	<b>12 Months 2008</b>	<b>6 Months 1. HY 2009</b>
Sales	10,014	5,472	11,585	3,496
	<b>31.12.2007</b>	<b>30.06.2008</b>	<b>31.12.2008</b>	<b>30.06.2009</b>
Employees	93	92	90	84

Hering AG is a traditional company in the heat exchanger field and for many years now has been the international leader in oil cleaning units.

Hering shows 36% lower sales in the first half-year of 2009 in comparison to last year. The new orders even went down by more than 50% in comparison to last year. Due to this unsatisfying order situation Hering is expected to only generate sales in the amount of ca. EUR 8 million in 2009. In order to achieve a positive EBITDA the cost structure needs to be reduced quickly. Several actions have already been identified and started. By increasingly cooperating with our portfolio company Langbein & Engelbracht, we also intend to profit from synergies.

For the upcoming year, the company plans slightly increasing sales and aims to increase profitability.

## C. Business Services

### Xenterio GmbH

Take-over by BAVARIA: Januar 2008

First-time consolidation: 1 Januar 2008

[in TEUR]	12 Months 2007	6 Months 1. HY 2008	12 Months 2008	6 Months 1. HY 2009
Sales	119,164	36,238	80,813	27,222
	<b>31.12.2007</b>	<b>30.06.2008</b>	<b>31.12.2008</b>	<b>30.06.2009</b>
Employees	400	385	359	349

Xenterio GmbH traces its origins back to the 1960s, and the establishment of the now defunct AEG-Telefunken. As a so-called provider of “EMS” (Electronic Manufacturing Services), Xenterio offers a wide range of partnership options in the field of electronics manufacturing. The firm’s core business consists of the production and rigging of network systems for the telecommunications market. The company’s services range from industrialisation (through mass production) to after-sales services.

In the first half-year, the sales were by 25% considerably below the prior year’s first half-year sales, mainly caused by lower demands of the main customers. Due to low order intake and the still lasting economic crisis the sales budget for 2009 has been reduced to EUR 50 million. Despite of cost cuts the cost could not adapt fast enough to the rapidly decreasing sales. As a consequence the results of the company are still negative. We also expect a negative EBITDA for the full year 2009. Since the beginning of 2009, the sales and marketing activities have been increased consistently in order to tap new markets. The positive results from these activities are expected to show in the fiscal years 2010 and after.

## Hunfos Fabrikker AS

Take-over by BAVARIA: December 2008  
First-time consolidation: 31 December 2008

[in TEUR]	12 Months 2007	12 Months 2008	6 Months 1. HY 2009
Sales	44,003	38,603	18,935
	<b>31.12.2007</b>	<b>31.12.2008</b>	<b>30.06.2009</b>
Employees	158	140	126

The Hunfos Fabrikker paper mill was established in Vennesla, Southern Norway in 1886. Today, Hunfos' entire product range is made using sustainable, environmentally friendly cellulose pulp. This not only conforms to BAVARIA's environmental standards but also helps Hunfos adapt to customer/end-user requirements. The firm's three most important business segments are unvarnished speciality paper, „high white”, solid fibreboard lamination, and so-called “transfer paper” for the textile industry. Hunfos boasts an annual production capacity of 58,000 tons, all of which is earmarked for export. While the main sales market is Europe, Hunfos also supplies customers in Asia as well North and South America.

The sales of the first half-year 2009 of EUR 18.9 million are about 20% below the budgeted sales. This is mostly a result of the sinking prices of raw material, which are passed on to the customers. The produced tonnage however still equals prior year's produced tonnage. Nevertheless the result of the company was very close to the budgeted result, as there has been implemented a result improvement program very fast. It is notable that the EBITDA of the company was already positive throughout the full first half-year of. Due to a stable order situation we expect for the full year 2009 sales in the amount of EUR 44 million and a significantly positive EBITDA. For fiscal year 2010 and the years after, we do not expect a significant decline in the business. As consequence we expect stable sales and returns.

## OSNY Pharma SAS

Take-over by BAVARIA: March 2009

First-time consolidation: 31 March 2009

[in TEUR]	12 Months 2007 <sup>1)</sup>	12 Months 2008 <sup>2)</sup>	12 Months 2009 <sup>3)</sup>	3 Months 1. HY 2009 <sup>4)</sup>
Sales	33,988	29,358	19,090	4,561
	<b>31.12.2007</b>	<b>31.12.2008</b>	<b>30.06.2009</b>	<b>30.06.2009</b>
Employees	175	174	168	168

<sup>1)</sup> fiscal year 1 June 2006 – 30 June 2007, these numbers are only for comparison purposes.

<sup>2)</sup> fiscal year 1 June 2007 – 30 June 2008, these numbers are only for comparison purposes.

<sup>3)</sup> fiscal year 1 June 2008 – 30 June 2009, these numbers are only for comparison purposes.

<sup>4)</sup> consolidated numbers for 1 April – 30 June 2009.

OSNY produces medicaments for oral taking as well as for sprays. As Contract Research Organisation (CRO) OSNY offers synthesis development of an agent up to the authorization of a pharmaceutical and offers therefore a reliable and smooth service for manufacturing services. A major benefit to the customers is the one-stop service and experience of OSNY in synthesis development and each following step up to the registration. Besides, OSNY offers manufacturing and packaging services for pharmaceutical, biotechnology and consumer healthcare as well as pharmaceutical analysis.

After the takeover of OSNY the whole management was replaced in March 2009 and the strategy of the company reconsidered. In 2009 it was agreed with the customers to not purchase the so called “Active Principal Ingredient” (API, a causative agent) any longer from OSNY, but place it at OSNY’s disposal instead. In the past the resale of API accounted for 30% of the sales. Although we hence expect a decline in sales we anticipate an increasing profitability of the company and expensive investments to be saved.

For the future we expect sales in the region of EUR 20 million up to EUR 22 million per year. In 2009 we expect a slightly negative EBITDA, for fiscal 2010 and after we already expect a positive EBITDA.

### **Subsequent events after the balance sheet date**

There have not been any significant events after the balance sheet date.

### **Outlook**

We expect a favourable development of the present portfolio. Statements of sales and result expectation of BAVARIA cannot be made precisely, since this depends substantially on the number and the size as well as the restructuring level of the enterprises acquired and sold.

Based on the existing portfolio, sales for 2009 will presumably amount to approximately EUR 420 million; on this basis we expect an operational EBITDA of approximately EUR 8 million (not including releases from negative goodwill and consolidation effects).

We expect further company acquisitions and sales up to the end of the year 2009.

## Consolidated Profit And Loss Account 01 January – 30 June 2009

	30 June 2009		30 June 2008	
	TEUR	TEUR	TEUR	TEUR
1. Sales	187,307		244,375	
2. Increase or reduction of the inventories in finished and non-finished products	-10,783		5,552	
3. Own work capitalized	<u>753</u>		<u>572</u>	
		177,277		250,499
4. Other operating income		11,585		30,636
5. Cost of materials				
a) Raw materials, supplies and merchandise for resale	-86,365		-138,184	
b) Purchased services	<u>-10,987</u>		<u>-10,681</u>	
		-97,352		-148,865
6. Personnel costs				
a) Wages and salaries	-48,456		-49,930	
b) Social insurance and other social charges and benefits pensions thereof pensions TEUR 2.385 (Previous year TEUR 2.623)	<u>-14,207</u>		<u>-14,470</u>	
		-62,663		-64,400
7. Depreciation on intangible assets of the fixed assets and property, plant and equipment		-9,810		-7,671
8. Other operating expenses		-28,808		-30,248
9. Other interest and similar income		545		1,176
10. Interest and similar expenses		<u>-568</u>		<u>-538</u>
<b>11. Profit/loss on ordinary operations</b>		<b>-9,794</b>		<b>30,588</b>
12. Extraordinary Income		1,400		0
13. Taxes on income and earnings		-376		-2,852
14. Other taxes		<u>-1,229</u>		<u>-1,262</u>
<b>15. Net income</b>		<b>-9,999</b>		<b>26,474</b>
16. Net profit carried forward from previous year		21,467		20,644
17. Transfer to reserve for treasury stock		-127		-1,186
18. Transfer from share capital reduction		0		220
19. Profit relating to other shareholders		<u>243</u>		<u>8</u>
<b>20. Consolidated profit</b>		<b><u>11,584</u></b>		<b><u>46,160</u></b>

## Consolidated Balance Sheet as of 30 June 2009

### Assets

	30 June 2009		30 June 2008	
	TEUR	TEUR	TEUR	TEUR
<b>A. Fixed assets</b>				
I. Intangible assets				
1. Patents, trademarks, licenses and similar rights	2,193		479	
2. Goodwill	6,753		8,104	
3. Prepayment on account	<u>0</u>		<u>39</u>	
		8,946		8,622
II. Property, plant & equipment				
1. Land, leasehold rights and buildings incl. buildings on leased land	37,188		35,473	
2. Machinery and equipment	61,014		48,134	
3. Other equipment, plant and office equipment	3,602		3,351	
4. Advanced payments and construction-in-progress	<u>14,436</u>		<u>3,163</u>	
		116,240		90,122
III. Financial assets				
1. Shareholdings in affiliated companies	0		27	
2. Investments	39		15	
3. Other loans	<u>1</u>			
		40		42
		<b>125,226</b>		<b>98,786</b>
<b>B. Current assets</b>				
I. Inventories				
1. Raw materials and supplies	36,976		36,901	
2. Work-in-progress	19,361		30,788	
3. Finished products and merchandise	12,597		18,681	
4. Advance payments	<u>255</u>		<u>987</u>	
		69,189		87,357
II. Accounts receivable and other assets				
1. Receivables from trade	60,899		69,152	
2. Receivables from group companies	89		2	
3. Other assets	<u>14,869</u>		<u>21,773</u>	
		75,857		90,928
III. Marketable securities				
1. Treasury Stock	1,425		0	
2. Other marketable securities	<u>5,392</u>		<u>6,120</u>	
		6,817		6,120
IV. Cash and cash equivalents		<u>36,360</u>		<u>48,006</u>
		<b>188,223</b>		<b>232,412</b>
<b>C. Prepaid expenses</b>		<b>2,155</b>		<b>1,764</b>
		<u><b>315,605</b></u>		<u><b>332,961</b></u>

## Equity and liabilities

	30 June 2009		30 June 2008	
	TEUR	TEUR	TEUR	TEUR
<b>A. Equity</b>				
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		6
1. Restricted reserve	6		6	
2. Reserve for treasury stock	1,425		0	
IV. Difference from currency translation		302		1,799
V. Offsetting item for holdings of other shareholders		640		621
VI. Consolidated profit		11,584		46,160
		<b>28,957</b>		<b>63,586</b>
<b>B. Difference from consolidation of capital (negative goodwill)</b>		<b>81,730</b>		<b>74,736</b>
<b>C. Accruals</b>				
1. Accruals for pensions and similar commitments	60,844		57,147	
2. Tax reserves	5,201		5,556	
3. Other accruals	46,210		40,138	
		<b>112,256</b>		<b>102,841</b>
<b>D. Liabilities</b>				
1. Debt due to banks	19,703		1,308	
2. Advanced payments received on orders	6,234		12,589	
3. Trade payables	44,321		57,891	
4. Other liabilities	14,804		17,550	
		<b>85,062</b>		<b>89,338</b>
<b>E. Deferred Income</b>		<b>7,599</b>		<b>2,460</b>
		<b>315,605</b>		<b>332,961</b>

## Development of Group Equity

TEUR	Subscribed capital	Capital reserve	Revenue reserves	Difference from currency translation	Offsetting item for holdings of other shareholders	Consolidated profit	Group equity
<b>31 December 2008</b>	6,395	8,605	1,304	-6	1,088	41,134	<b>58,520</b>
Net result 30.06.2009						-9,999	-9,999
Dividend pay-out						-19,667	-19,667
Capital increase							0
Reclassification in retained earnings			127			-127	0
Foreign currency differences				308			308
Shares of other partners					-448	243	-205
<b>30 June 2009</b>	6,395	8,605	1,431	302	640	11,584	<b>28,957</b>

## Consolidated statement of cash flows 01 January – 30 June 2009

The cash and cash equivalent funds include all cash balances and cash equivalents as far as they are not subject to third-party claims. The effects from changes of consolidation scope have been eliminated.

	01.01- 30.06.2009 <u>TEUR</u>	01.01. - 30.06.2008 <u>TEUR</u>
Consolidated net income ahead of extraordinary items	-11,399	26,474
Earnings proportions of minority shareholders		
Without-payment effective holdings	-12	105
Depreciation on fixed asset items	9,810	7,671
Gains on sales of fixed assets	132	-67
Changes in accruals	-3,860	1,620
Dissolution of differences from the capital consolidation	-6,570	-7,776
Income from the final consolidation of group companies	0	-18,955
Payments from extraordinary items	1,400	0
<b>Gross cash flow</b>	<b>-10,499</b>	<b>9,072</b>
Change in inventories	13,468	-954
Change in receivables, other assets and the rest of the assets	12,208	8,228
Changes in liabilities und the rest of total equities and liabilities	-21,582	10,558
<b>Cash flow from current operations</b>	<b>-6,405</b>	<b>26,904</b>
Payments for investments in fixed assets	-9,163	-6,811
Currency differences in fixed assets	-748	-588
Payments from disposals of items of intangible fixed assets	381	423
Payments from disposals of items of the financial assets	0	100
Payments for capital expenditure into the financial assets	0	-3,500
<b>Cash flow from investment activities</b>	<b>-9,530</b>	<b>-10,376</b>
Dividends to the shareholders	-19,667	-19,184
Purchase of treasury shares	-127	-2,666
Pay-outs to minority shareholders	-194	0
Proceeds from borrowing of financial liabilities	10,927	0
Payments from repayments of financial liabilities	0	-1,616
<b>Cash flow from financing activities</b>	<b>-9,061</b>	<b>-23,466</b>
Payment-effective change of cash and cash equivalents	-24,996	-6,938
Net funds addition from change in scope of consolidation	3,525	2,481
Currency differences	308	1,386
Cash and cash equivalents at start of the period	62,765	57,047
<b>Cash and cash equivalents as of 30 June (not including pledged funds)</b>	<b>41,602</b>	<b>53,976</b>

# Segment Reporting

## Segment reporting in TEUR

<b>30.06.2009</b>	<b>Serie/ Automotive</b>	<b>Engineering</b>	<b>Business Services</b>	<b>Others</b>	<b>Conso- lidation</b>	<b>Group</b>
<i>Sales</i>						
- with external third parties	120,865	15,701	50,718	0	0	<b>187,284</b>
- with group companies	1	0	0	2,128	-2,106	<b>23</b>
<i>Segment profit and loss</i>						
- Segment net income	-12,195	-2,632	-2,132	562	6,398	<b>-9,999</b>
- depreciation included therein	7,477	269	1,881	9	174	<b>9,810</b>
<i>Balance Sheet</i>						
- Total assets	202,179	2,520	80,963	22,410	-12,467	<b>315,605</b>
- Investments in fixed assets	8,346	91	721	5	0	<b>9,163</b>
- Liabilities, Provisions, Accruals	146,974	15,252	70,169	3,544	-31,021	<b>204,918</b>

<b>30.06.2008</b>	<b>Serie/ Automotive</b>	<b>Engineering</b>	<b>Business Services</b>	<b>Others</b>	<b>Conso- lidation</b>	<b>Group</b>
<i>Sales</i>						
- with external third parties	178,094	27,507	38,598	0	0	<b>244,199</b>
- with group companies	12	0	0	1,918	-1,754	<b>176</b>
<i>Segment profit and loss</i>						
- Segment net income	4,341	-806	-4,655	1,282	26,312	<b>26,474</b>
- depreciation included therein	6,357	266	934	10	104	<b>7,671</b>
<i>Balance Sheet</i>						
- Total assets	219,594	37,866	50,023	27,979	-2,501	<b>332,961</b>
- Investments in fixed assets	6,421	292	71	27	2,601	<b>9,412</b>
- Liabilities, Provisions, Accruals	141,174	28,064	41,323	2,852	55,962	<b>269,375</b>

### **Serie/ Automotive**

Kienle + Spiess Group, FDPA, Faral Group, tech-FORM, Austria Druckguss

### **Engineering**

Hering, Langbein & Engelbracht Group, SwissTex

### **Business Services**

Neef IT, Xenterio, Hunsfos, OSNY Pharma

## Notes to the half-year 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. 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 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 are 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 June 2009 in TEUR

Book value 31.12.2008	Addition	Amortization	Final consolidation	Book value 30.06.2009
7,210	0	-457	0	6,753

Development as of 30 June 2008 in TEUR

Book value 31.12.2007	Addition	Amortization	Final consolidation	Book value 30.06.2008
6,852	2,601	-450	-899	8,104

### Subscribed capital

The subscribed capital as of 30 June 2009 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.

### Consolidated retained earnings

The annual shareholders' meeting of 29 May 2009 passed the resolution to pay a dividend of EUR 19,667,069.10 and carry forward the remaining net profit of TEUR 21,467.

	TEUR
Net profit carried forward from previous year 31.12.2008	41,134
./. Dividend distribution according to Shareholders' Resolution dated 29.05.2009	./. 19,667
Net profit carried forward from previous year 30.06.2009	21,467

## Difference from the consolidation of capital (negative goodwill)

Development as of 30 June 2009 in TEUR

Book value 31.12.2008	Addition	Dissolution	Final consolidation	Book value 30.06.2009
69,603	18,697	-6,570	0	81,730

The additions mainly result from the companies OSNY Pharma SAS, tech-FORM s.a.r.l. and Austria Druckguss GmbH & Co. KG, which were acquired in the first six months of fiscal 2009.

Development as of 30 June 2008 in TEUR

Book value 31.12.2007	Addition	Dissolution	Final consolidation	Book value 30.06.2008
32,339	51,029	-7,776	-856	74,736

The additions mainly result from the companies Xenterio GmbH and Faral S.p.A., which were acquired in the first six months of fiscal 2008.

**Other operating income**

	<b>30.06.2009</b>	<b>30.06.2008</b>
	<b>TEUR</b>	<b>TEUR</b>
Income from the dissolution of negative goodwill	6,570	7,776
Exchange rate gains on company level	3,223	419
Release of accruals and provisions	597	884
Rental income	124	811
Income from the disposal of fixed assets	8	118
Exchange rate gains from consolidation	1	254
Income from the final consolidation	0	19,066
Other operating income	1,062	1,308
	<b>11,585</b>	<b>30,636</b>

**Other operating expense**

	<b>30.06.2009</b>	<b>30.06.2008</b>
	<b>TEUR</b>	<b>TEUR</b>
External services, insurance and contributions	6,064	5,021
Repair and maintenance	3,615	3,827
Packaging and freight	2,659	3,667
Administrative expenses	2,238	2,323
Exchange rate losses	2,381	2,259
Rent	1,583	2,103
Commissions	1,035	1,193
Travel and entertainment	929	1,017
Leasing and other rent	790	807
Advertisement	394	385
Losses from final consolidation	0	111
Others	7,120	7,535
	<b>28,808</b>	<b>30,248</b>

## Schedule of shareholdings as of 30 June 2009

Group parent company	Currency	Proportion of capital in %	
		direct	indirect
<b>Share ownership</b>			
BAVARIA Industriekapital AG, Munich			
Executive Consulting AG, Munich	EUR	100.00	
Hering Wärmetauscher Holding AG, Munich	EUR	75.00	
Hering AG, Gunzenhausen	EUR		71.06
nevira Vermögensverwaltung AG, München (previously NEEF IT Solutions)	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, Mönchaltorf/ Switzerland (in liquidation)	(1) CHF		75.00
Elfotec Ltd., Annacotty/ Irland (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	
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 (previously Elcoteq Communications Technology 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
Hunsfos Fabrikker AS, Vennesla/ 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 s.a.r.l., Auxi-Le-Chateau/ France	EUR		100.00
Austria Druckguss GmbH & Co KG, Gleisdorf/ Austria	EUR		100.00
Austria Druckguss Verwaltungs GmbH, Gleisdorf/ Austria	EUR		100.00
(1) not consolidated in accordance with § 296 HGB			

## Financial Calendar

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