



BAVARIA Industriekapital AG
Munich

Half-Year Report as of 30.06.2011

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Letter to the shareholders

August 2011

Fellow shareholders and
business associates,

The first half of 2011 was a positive one for BAVARIA Industriekapital AG. Thus, consolidated Group turnover surged to EUR 408.7 million, a 63 percent increase over the prior year's EUR 250.3 million. The total operating result of our investments (EBITDA) improved in the same period by EUR 12.4 million, from EUR 3.5 million to EUR 15.9 million. The operating result in the second quarter 2011 alone was EUR 7.3 million – an improvement of EUR 4.4 million compared to last year.

	Q1/ 2010	Q2/ 2010	Q3/ 2010	Q4/ 2010	Q1/ 2011	Q2/ 2011
TURNOVER [in EUR millions]						
Serial Production/Automotive	60,3	64,1	107,1	113,9	130,0	126,4
Plant Engineering & Construction	5,6	18,8	25,1	40,6	28,2	31,1
Business Services	49,5	51,9	52,0	49,5	46,4	46,7
Total	115,4	134,8	184,2	204,0	204,6	204,1

	Q1/ 2010	Q2/ 2010	Q3/ 2010	Q4/ 2010	Q1/ 2011	Q2/ 2011
EBITDA [in EUR millions]						
Serial Production/Automotive	4,3	4,4	8,5	7,4	12,3	9,0
Plant Engineering & Construction	-2,2	1,4	1,7	3,3	-0,1	0,5
Business Services	-1,5	-2,9	-1,3	-3,0	-3,6	-2,2
Total	0,6	2,9	8,9	7,7	8,6	7,3

The segment Serial Production contributed EUR 9.0 million in the second quarter – a return of 7.1% on sales. The segment Plant Engineering was slightly positive with EUR 0.5 million, while Business Services continued to produce losses in the second quarter with EUR -2.2 million. More restructuring measures were implemented and we expect further improvements in results.

The BAVARIA Group funds were EUR 45.1 million as of 30 June 2011 – a slight decrease of one million to the previous quarter.

While we worked extensively with our portfolio companies to improve the operations in the last months, we expect to spend more time now on new opportunities. Our investment focus remains companies with improvement potential or those with a portfolio fit.

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. 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, cursive script.

Reimar Scholz
Spokesman of the Executive Board

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

Harald Ender
Head of Operations

Group Key Figures

	2010				2011	
	31.03.	30.06.	30.09.	31.12.	31.03.	30.06.
Key earnings figures in EUR million (cumulated)						
Group Turnover	115,4	250,3	434,4	638,4	204,6	408,7
EBITDA of operational active subsidiaries	0,6	3,5	12,4	16,4	8,6	15,9
Group net income	-0,9	-1,0	-0,8	-0,8	2,8	3,4
-thereof dissolution of negative goodwill	4,5	9,0	13,7	18,4	4,9	9,1
Key balance sheet figures in EUR million						
Equity	41,1	32,9	34,1	34,1	37,4	37,7
Total assets	349,0	361,5	476,5	448,5	471,6	482,2
Total fixed assets	110,0	107,9	151,1	140,5	139,3	135,9
Cash and cash equivalents	69,9	58,9	59,7	56,0	46,1	45,2

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	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 (08.04.2011)	EUR 13.35
Closing price (30.06.2011)	EUR 14.50
Market capitalization (30.06.2011)	EUR 92.7 million
Earnings AG (Holding) per share	EUR 0,79 (fiscal year 2010)
Dividend per share	Nil (fiscal year 2010)

BAVARIA Industriekapital AG acquired 150,986 own shares under the resolution of the Annual Shareholder Meeting on 20 June 2008. 70,150 shares were acquired under the resolution of the Annual Shareholder Meeting on 29 May 2009 and 16,364 shares under the resolution of the Annual Shareholder Meeting on 11 June 2010.

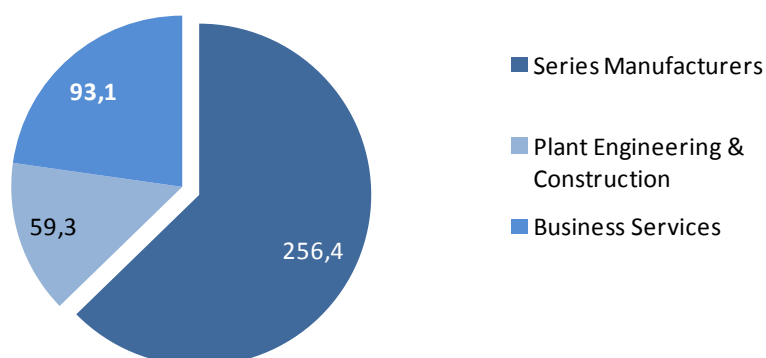
As of 30 June 2011, BAVARIA Industriekapital AG owns 277,634 treasury shares purchased at EUR 2.9 million and currently valued at EUR 4.0 million.

Group Management Report (Update)

Shareholding Portfolio

A. Series Manufacturers

Turnover BAVARIA Group first half year 2011 (in EUR million)



The segment “Series Manufacturers” accounted for ca. 63% (prior year: 50%) or EUR 256.4 million (prior year: EUR 124.4 million) of the BAVARIA Group’s turnover.

A.1 Segment Turnover and Earnings

The EBITDA in the segment “Series Manufacturers” reached EUR 21.3 million in the first half of 2011. The growth in earnings (at 145%) was significantly stronger than the increase in turnover (at 106%) and was due to operational improvements and the contribution of TriStone Group (first consolidated July 2010).

A.2 Investments, depreciation and personnel changes

Capital expenditures in the Segment „Series Manufacturers“ were EUR 5.4 million in the first half year 2011 (EUR 3.1 million prior year) while depreciation on fixed assets increased to EUR 9.1 million (EUR 6.7 million prior year). The number of employees also grew from 1,676 to 3,943, which is mainly due to the purchase of TriStone Group, in July 2010 (ca. 2,100 employees).

A.3 Outlook

We are forecasting stable sales and earnings for our companies in the segment „Series Manufacturers“.

A.4 Portfolio companies

Kienle + Spiess Group

Date of acquisition June 2006
Managing Director Wolfgang Werheid
Legal domicile Sachsenheim, Bilston / UK, Tokod / Hungary

The Kienle + Spiess Group is the leading European provider of stamped and die-cast components for electrical machinery and generators. Since 1935, the company has been known for the stamping and packing of rotor and stator laminations and all types of electrical drives. The main plant at Vaihingen and at Sachsenheim has been in existence since the 1960s. In addition, Kienle + Spiess also has branch operations in the UK and Hungary.

Faral Group

Date of acquisition May 2008
Managing Director Richard Mori, Biagio Sissini
Legal domicile Modena / Italy and Carmaux / France

Faral S.p.A. was established in 1966 in Campogalliano (Modena / Italy), and became the first company to sell radiators made of aluminium (the “Tropical” line). Faral supplies the European market via 3 plants: a foundry and 2 varnishing/assembly works. Since October 2008, the Faral Group also has a branch location in France.

tech-FORM SAS

Date of acquisition June 2009
Managing Director Jérôme Della Siega
Legal domicile Auxi-le-Château / France

Formerly known as ThyssenKrupp Sofedit Auxi-le-Château, the Tech-FORM company was founded in 1917 in Auxi-le-Château, 200 km north of Paris. With its expertise in metal forming processes such as stamping and flow forming, tech-FORM specializes in the development and manufacturing of steel and aluminium pulleys, torsional vibration dampers and gearbox components for automotive applications. Thanks to investments in development and testing equipment, Tech-Form is able to design and produce top-quality, competitively priced components tailored to the technical requirements of its customers (mainly in the automotive sector).

Austria Druckguss GmbH & Co. KG

Date of acquisition May 2009
Managing Director Alexander Schröfl
Legal domicile Gleisdorf / Austria

ADG is a provider of complex, die-casting components, as well as machining services. The components' weight ranges from a few grams to as much as 3 kilos. A wide variety of aluminium alloys are used, with some allowing for up to 8% distension. By collaborating with partners in low-wage countries, the company will be able to better meet customer needs in the near future. Solid expertise in stamping and chipping processes, coupled with outstanding project management and the ability to produce cost effectively: these are the advantages that ADG can pass on to its customers.

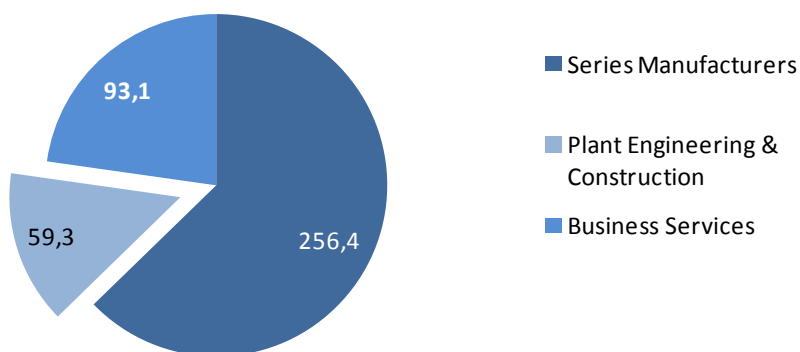
TriStone Flowtech Group

Date of acquisition July 2010
Managing Director Günter Frölich
Legal domicile Frankfurt on the Main/Germany, Carquefou/France, Cirié/Italy, Walbrzych/Poland, Nová Bana/Slovakia, Tarazona/Spain, Hrádek nad Nisou/Czech Republic, Çerkezköy/Turkey, São Paulo/Brazil

TriStone Flowtech specialises in “flowtech” solutions for the automobile industry, which it develops and prototypes at 3 separate R&D locations and manufactures at 7 separate plants. Besides its proven expertise in products and systems and its ability to produce flexibly and efficiently in proximity to the customer, TriStone also offers on-site support from experienced project teams and in-house engineers. The result: Cutting-edge technical solutions in the areas of engine cooling, air charge and air intake, as well as long-term, successful supplier relationships with all major automakers.

B. Plant Engineering & Construction

Turnover BAVARIA Group first half year 2011 (in EUR million)



The segment “Plant Engineering & Construction“ accounted for ca. 15% (prior year: 10%) or EUR 59.3 million (prior year: EUR 24.4 million) of the BAVARIA Group’s sales revenue.

B.1 Segment Turnover and Earnings

The EBITDA was EUR 0.5 million in the first half of 2011 (prior year EUR -0.8 million). The demand for machines and equipment stayed strong in the first half of 2011.

B.2 Investments, depreciation and personnel changes

Capital expenditures amounted to EUR 0.5 million in the first half year 2011 (EUR 0.1 million prior year) while depreciation on fixed assets amounted to EUR 0.4 million (EUR 0.3 million prior year). The number of employees increased from 402 to 430.

B.3 Outlook

The results in the second half will be partly affected by the strong appreciation of the Swiss franc against the Euro .

B.4 Portfolio companies

Langbein & Engelbracht Group

Date of acquisition May 2004
Managing Director Franz Josef Schanze
Legal domicile Bochum

With branches in Bochum/ Germany, Shanghai / China, and Kaukauna (Wisconsin) / USA, Langbein & Engelbracht GmbH (L&E) is a globally operating machine-construction company focusing on paper, surface technology and process technology. Boasting a long tradition, the company develops, produces and installs customised systems for leading manufacturers in the following industries: automotives, chemicals, paper, synthetics, packaging, wood processing and waste incineration.

SwissTex Group

Date of acquisition December 2006
Managing Director André Lienert
Legal domicile Winterthur / Switzerland

Based in Winterthur / Switzerland, SwissTex Winterthur AG develops, manufactures and distributes systems for the production of technical and industrial yarns (T&I) and bulk continuous filaments (BCF). In April 2010, SwissTex Winterthur AG acquired the assets of the company RITM SAS by the newly formed entity SwissTex France SAS and complemented its product range with machines and systems affiliated to the Textiles, BCF, T&I and glass industries fields.

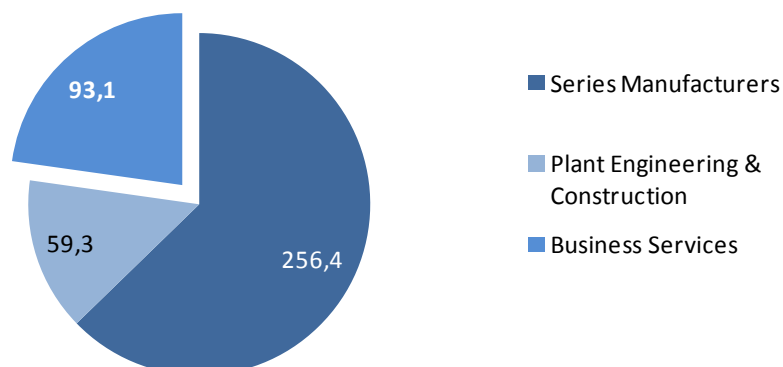
Hering AG

Date of acquisition January 2004
Managing Director Franz Josef Schanze
Legal domicile Gunzenhausen

Hering AG, a well-established name in the heat-exchanger sector, has been a leading international supplier of oil-purification systems for many years. This systems-construction company develops and manufactures equipment such as heat exchangers, ventilators, dryers and vacuum units. Hering supplies well-known manufacturers in the following industries: chemicals, foodstuffs, environmental protection and cooling technology.

C. Business Services

Turnover BAVARIA Group first half year 2011 (in EUR million)



The segment “Business Services“ accounted for ca. 23% (prior year: 40%) or EUR 93.1 million (prior year: EUR 101.5 million) of the BAVARIA Group’s sales revenue.

C.1 Segment Turnover and Earnings

The EBITDA for the segment was EUR -5.8 million in the first half of 2011 (previous year EUR -4.4 million). The sales decreased mainly due to the deconsolidation of OSNY Pharma. Increasing raw material costs burdened the results in particular.

C.2 Investments, depreciation and personnel changes

Capital expenditures in the Segment „ Business Services “ amounted to EUR 0.7 million in the first half year 2011 (EUR 2.1 million prior year) while depreciation on fixed assets amounted to EUR 2.1 million (EUR 2.9 million prior year). The number of employees decreased from 738 to 709 which is mainly due to the deconsolidation of OSNY Pharma (ca. 120 employees).

C.3 Outlook

We are expecting similar sales levels but improving results in the second half of 2011.

C.4 Portfolio companies

Xenterio GmbH

Date of acquisition January 2008
Managing Director Hans Joachim Hermann
Legal domicile Offenburg

Xenterio 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.

Hunfos Fabrikker AS

Date of acquisition December 2008
Managing Director Mark Gooseman
Legal domicile Vennesla / Norway

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 3 most important business segments are unvarnished special 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 its main sales market is Europe, Hunfos also supplies customers in Asia as well North and South America.

Inasa Foil Group

Date of acquisition December 2009
Managing Director Santiago Gonzales
Legal domicile Sabiñánigo and Irurtzun / Spain

The Inasa aluminium foil factory was originally established as a cable works in 1957 in Irurtzun (near Pamplona). In 1968, the plant began producing aluminium foil, switching over to the “continuous casting” process in 1980. Inasa’s foil products are used not only in the kitchen, but also in sophisticated construction solutions, high-grade packaging for beverages, foods and cosmetics, as well as in a range of technical goods.

The Sabiñánigo aluminium-foil factory was established in 1927 in Sabiñánigo, Huesca (Spain), 120 km north of Zaragoza. Able to look back on an eventful history, the operation today produces high-grade aluminium foil used in packing solutions for the foodstuffs, cosmetics and pharmaceutical industries. The plant's flexible approach to production and stringent service orientation allow Sabiñánigo to keep pace with fast-changing customer requirements. Sabiñánigo has a production capacity of about 22,500 tonnes of foil. The plant's products are marketed primarily in Central Europe and Spain.

Significant events after the reporting date

Despite the successful completion of a new restructuring tariff agreement in Inasa Foil SA, it was unfortunately not possible to reach similar agreement in Inasa Foil's subsidiary (Inasa Foil Sabiñanigo). The Sabiñanigo plant is a pure production plant, employing approx. 120 workers and has no own sales and marketing function.

Management and the shareholders consequently decided to apply for a court supervised restructuring of the Sabiñanigo plant. Request for such restructuring was filed 29 July 2011.

Outlook

Based on the existing portfolio, sales for 2011 will presumably amount to a minimum of EUR 750 million; we also expect a positive operational EBITDA (not including releases from negative goodwill and consolidation effects).

We expect further company acquisitions up to the end of the year 2011.

Consolidated Profit And Loss Account 01 January – 30 June 2011

	30 June 2011		30. June 2010	
	TEUR	TEUR	TEUR	TEUR
1. Sales	408.742		250.287	
2. Increase or reduction of inventories in finished and non-finished products	14.430		9.689	
3. Own work capitalized	<u>241</u>		<u>442</u>	
		423.413		260.418
4. Other operating income		14.520		15.527
5. Cost of materials				
a) Raw materials, supplies and merchandise for resale	-240.151		-137.475	
b) Purchased services	<u>-25.012</u>		<u>-18.744</u>	
		-265.163		-156.219
6. Personnel costs				
a) Wages and salaries	-77.137		-55.314	
b) Social insurance and other social charges and benefits pensions	<u>-19.701</u>		<u>-14.126</u>	
thereof for pensions kEUR 1.637 (previous year kEUR 2.385)		-96.838		-69.440
7. Depreciation on intangible assets of the fixed assets and property, plant and equipment		-11.837		-9.993
8. Other operating expenses		-51.708		-38.150
9. Other interest and similar income		122		97
10. Interest and similar expenses		<u>-3.998</u>		<u>-2.635</u>
11. Profit/loss on ordinary operations		8.511		-395
12. Extraordinary income	13		4.743	
13. Extraordinary expenses	<u>-867</u>		<u>-3.253</u>	
14. Extraordinary result		-854		1.490
15. Taxes on income and earnings		-3.533		-1.332
16. Other taxes		<u>-722</u>		<u>-766</u>
17. Net profit/ loss for the period		3.402		-1.003
18. Net profit carried forward from previous year		15.230		16.658
19. Transfer from retained earnings		0		1.826
20. Allocation for own shares acquired in past periods		0		-1.632
21. Acquisition of own shares		-570		-317
22. Profit relating to other shareholders		<u>60</u>		<u>256</u>
23. Consolidated profit		<u>18.122</u>		<u>15.788</u>

Consolidated Balance Sheet as of 30 June 2011

Assets

	30 June 2011		30 June 2010	
	TEUR	TEUR	TEUR	TEUR
A. Fixed assets				
I. Intangible assets				
1. Patents, trademarks, licenses and similar rights	2.592		2.126	
2. Goodwill	7.675		5.801	
3. Prepayments on account	<u>0</u>		<u>0</u>	
		10.267		7.927
II. Property, plant & equipment				
1. Land, leasehold rights and buildings incl. buildings on leased land	49.028		39.261	
2. Machinery and equipment	65.824		52.623	
3. Other equipment, plant and office equipment	4.044		3.667	
4. Advanced payments and construction-in-progress	<u>6.520</u>		<u>4.308</u>	
		125.416		99.869
III. Financial assets				
1. Shareholdings in affiliated companies	0		37	
2. Investments	18		18	
3. Investment securities	237		0	
4. Other loans	<u>0</u>		<u>0</u>	
		254		55
		135.937		107.851
B. Current assets				
I. Inventories				
1. Raw materials and supplies	36.766		25.154	
2. Work-in-progress	66.546		36.660	
3. Finished products and merchandise	30.253		24.355	
4. Advance payments	<u>456</u>		<u>901</u>	
		134.021		87.070
II. Accounts receivable and other assets				
1. Receivables from trade	127.392		68.029	
2. Receivables from group companies	5		1	
3. Other assets	<u>35.523</u>		<u>37.059</u>	
		162.920		105.089
III. Marketable securities				
1. Treasury stock	0		0	
2. Other marketable securities	<u>70</u>		<u>5.299</u>	
		70		5.299
IV. Cash and cash equivalents		<u>45.129</u>		<u>53.646</u>
		342.140		251.104
C. Prepaid expenses		4.089		2.422
D. Deferred Tax Assets		0		110
		<u>482.166</u>		<u>361.488</u>

Equity and liabilities

	30 June 2011		30. Juni 2010	
	TEUR	TEUR	TEUR	TEUR
A. Equity				
I. Issued capital		6.117		6.170
1. Subscribed capital	6.395		6.395	
2. Nominal value of treasury stock	-278		-225	
II. Capital reserve		8.605		8.605
III. Revenue reserves		283		6
1. Legal reserve	6		6	
2. Reserve restricted in relation to treasury stock	278		0	
3. Reserve for treasury stock	0		0	
IV. Consolidated profit		18.122		15.788
V. Offsetting item for holdings of other shareholders		1.439		1.025
VI. Difference from currency translation		3.176		1.287
		37.742		32.881
B. Difference from consolidation of capital (negative goodwill)		79.948		64.726
C. Accruals				
1. Accruals for pensions and similar commitments	70.740		65.764	
2. Tax reserves	5.148		3.060	
3. Other accruals	52.046		53.053	
		127.934		121.877
D. Liabilities				
1. Debt due to banks	84.290		28.624	
2. Advanced payments received on orders	13.629		17.664	
3. Trade payables	112.634		78.185	
4. Notes payables	22.970		15.536	
		233.523		140.010
E. Deferred income		1.698		1.993
F. Deferred Tax Liabilities		1.321		0
		482.166		361.488

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 loss 30 June 2010						-1.003	-1.003
Dividend payouts						-7.717	-7.717
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	-31					-317	-348
Foreign currency differences				267			267
Shares of other partners					-268	256	-12
30 June 2010	6.170	8.605	6	1.287	1.025	15.788	32.881
31 December 2010	6.157	8.605	243	2.549	1.365	15.230	34.149
Net income 30 June 2011						3.403	3.403
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	-40		40			-570	-570
Foreign currency differences				627			627
Shares of other partners					74	59	133
30 June 2011	6.117	8.605	283	3.176	1.439	18.122	37.742

Consolidated statement of cash flows 01 January – 30 June 2011

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- 30.06.2011 TEUR	01.01. - 30.06.2010 TEUR
Consolidated net income ahead of extraordinary items	3,403	-1,003
Earnings proportions of minority shareholders		
Without-payment effective holdings	0	-12
Depreciation on fixed asset items	11,837	9,993
Gains on sales of fixed assets	49	0
Changes in accruals	-168	9,993
Dissolution of differences from the capital consolidation	7,675	3,251
Payments from extraordinary items	-9,083	-9,022
Gross cash flow	13,713	3,207
Change in inventories	-23,674	-20,279
Change in receivables, other assets and the rest of the assets	-25,363	-18,489
Changes in liabilities und the rest of total equities and liabilities	10,777	22,527
Cash flow from current operations	-24,547	-13,034
Payments for investments in fixed assets	-6,668	-5,381
Currency differences in fixed assets	-989	0
Payments from disposals of items of intangible fixed assets	123	280
Payments for capital expenditure into the financial assets	0	-1,061
Cash flow from investment activities	-7,534	-6,162
Dividends to the shareholders	-570	-348
Purchase of treasury shares	0	-7,717
Pay-outs to minority shareholders	0	0
Proceeds from borrowing of financial liabilities	21,187	8,658
Cash flow from financing activities	20,617	593
Payment-effective change of cash and cash equivalents	-11,464	-18,603
Net funds addition from change in scope of consolidation	0	1,076
Currency differences	626	267
Cash and cash equivalents at start of the period	55,874	75,543
Cash and cash equivalents as of 30 June	45,036	58,283

Segment Reporting

Segment reporting in EUR thousands

30.06.2011 in EUR thousands	Series Manufacturers	Plant Engineering & Construction	Business Services	Others	Conso- lidation	Group
<i>Sales</i>						
- with external third parties	256.360	59.301	93.061	20	0	408.742
- with group companies	0	0	0	2.403	-2.383	20
<i>Profit and Loss Statement</i>						
- Segment net income	5.355	-415	-9.440	-205	8.108	3.403
- depreciation included therein	9.115	420	2.062	6	234	11.837
- Interest result included therein	2.732	219	1.158	-233	0	3.876
- taxes included therein	3478	192	173	417	-5	4.255
- extraordinary income and expense included therein	617	31	205	0	0	853
EBITDA	21.297	447	-5.842	-15	-746	15.141
<i>Balance Sheet</i>						
- Total assets	280.399	83.383	83.236	48.745	-13.597	482.166
- Investments in fixed assets	5.425	524	709	0	0	6.658
- Provision, accruals and liabilities	214.338	72.302	86.083	11.738	-21.306	363.155
<i>Employees</i>	3.943	430	615	8	0	4.996
<hr/>						
30.06.2010 in EUR thousands	Series Manufacturers	Plant Engineering & Construction	Business Services	Others	Conso- lidation	Group
<i>Sales</i>						
- with external third parties	124.390	24.415	101.467	15	0	250.287
- with group companies	0	0	0	2.512	-2.512	0
<i>Profit and Loss Statement</i>						
- Segment net income	-1.328	-1.401	-7.022	753	7.995	-1.003
- depreciation included therein	6.571	296	2.943	8	175	9.993
- Interest result included therein	1.722	82	1.159	-423	0	2.540
- taxes included therein	1.339	276	364	120	0	2.099
- extraordinary income and expense included therein	385	-4	-1.871	0	0	-1.490
EBITDA	8.689	-751	-4.427	458	8.170	12.139
<i>Balance Sheet</i>						
- Total assets	162.435	51.573	141.327	22.746	-16.593	361.488
- Investments in fixed assets	3.103	140	2.128	10	0	5.381
- Provision, accruals and liabilities	141.531	39.795	103.585	10.060	-31.091	263.880
<i>Employees</i>	1.676	402	738	8	233	3.057

Series Manufacturers

2011: Kienle + Spiess Group, Faral Group, tech-FORM, Austria Druckguss, TriStone Group

2010: Kienle + Spiess Group, Faral Group, tech-FORM, Austria Druckguss, Poitou

Aluminium

Plant Engineering & Construction

2011: Hering, Langbein & Engelbracht Group, SwissTex (inkl. French activities), R+E

2010: Hering, Langbein & Engelbracht Group, SwissTex (inkl. French activities), R+E

Business Services

2011: Xenterio, Hunsfos, Inasa Foil Group (Sabiñánigo, Inasa)

2010: Xenterio, Hunsfos, OSNY Pharma, Inasa Foil Group (Sabiñánigo, Inasa)

Notes to the half-year 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 1 January 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 30 June 2011 in EUR thousands

Book value 31.12.2010	Addition	Amortization	Final consolidation	Book value 30.06.2011
8,516	0	-841	0	7,675

Development as of 30 June 2011 in EUR thousands

Book value 31.12.2009	Addition	Amortization	Final consolidation	Book value 30.06.2010
6,258	0	-456	0	5,802

Subscribed capital

The subscribed capital as of 30 June 2011 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. According to the new guidelines of BilMoG the nominal value of those shares was visibly set off against the share capital. The amount in excess thereof was deducted from the revenue reserves.

Consolidated retained earnings

The annual shareholders' meeting of 1 June 2011 decided that the retained earnings from 2010 will be fully forwarded to a new account.

Difference from consolidation of capital (acquisition profits)

Development as of 30 June 2011 in EUR thousands

Book value 31.12.2010	Addition	Dissolution	Non-effective adaption	Book value 30.06.2011
90,301	0	-9,103	-1,250	79,948

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

Development as of 30 June 2011 in EUR thousands

Book value 31.12.2009	Addition	Dissolution	Non-effective adaption	Book value 30.06.2010
71,213	2,535	-9,022	0	64,726

The additions result from the newly acquired company SwissTex SAS.

Other operating income

	30.06.2011	30.06.2010
	TEUR	TEUR
Income from the dissolution of negative goodwill	8,866	9,022
Exchange rate gains on company level	2,320	3,121
Release of accruals and provisions	404	1,905
Rental income	123	7
Exchange rate gains from consolidation	76	30
Income from the disposal of fixed assets	74	140
Other operating income	2,658	1,302
	14,521	15,527

Other operating expense

	30.06.2011	30.06.2010
	TEUR	TEUR
External services, insurance and contributions	10,556	8,435
Packaging and freight	10,084	6,600
Repair and maintenance	7,113	5,457
Exchange rate losses	2,876	2,340
Administrative expenses	2,393	1,277
Travel and entertainment	2,262	1,535
Rent	1,806	1,248
Commissions	1,384	3,804
Leasing and other rent	1,308	1,084
Advertisement	558	615
Others	11,368	5,755
	51,708	38,150

List of Share Ownership as of 30 June 2011

Group parent company	Currency	Share of equity in %	
		direct	indirect
BAVARIA Industriekapital AG, Munich			
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-Schmiden	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, Mönchaltorf/ 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

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