

## Letter to shareholders

May 2008

Dear Shareholders,

Dear Business Associates,

BAVARIA Industriekapital AG is continuing on its growth track: The turnover of the group went up by 24% to EUR 117 million during the first three months of 2008. The EBITDA of the operating companies has increased from EUR 0.6 million to EUR 4.7 million. The portfolio companies, which have been acquired less than a year ago (Xenterio GmbH, previous year: SwissTex) and therefore have not yet been fully turned around, have contributed a loss of EUR -1.6 million (previous year: EUR -1.8 million).

The operating income on a group level is EUR 22.8 million (previously EUR 1.0 million). However, this is distorted by consolidation effects such as the sale of the Almec S.p.A. in April, which resulted in a book gain of EUR 19.0 million.

The net cash in the holding has increased by 17% at the end of the quarter to EUR 33.3 million and on the group level by 78% to EUR 71.2 million. The change is mainly due to the sale of Almec S.p.A. and the acquisition of Xenterio GmbH in January 2008.

We would like to take this opportunity to thank our employees in the Group – all 2,600 as of 31 March 2008 – and our managing directors for their successful work.

We can assure our shareholders and business associates that we have every confidence in the development of the Bavaria group. We thank you for your trust. Please let us know any suggestions, improvements or ideas on new transactions you might have.



Reimar Scholz

Chief Executive Officer