

## 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
<b>TURNOVER [in EUR millions]</b>						
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
<b>EBITDA [in EUR millions]</b>						
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 initial 'R' and a long horizontal stroke.

Reimar Scholz  
Spokesman of the Executive Board

A handwritten signature in blue ink, appearing to read 'H. Ender', with a stylized initial 'H' and a long horizontal stroke.

Harald Ender  
Head of Operations