

Letter to the Shareholders

August 2016

Dear shareholders and business associates,

The money currently losing value and many are trying to get rid of liquidity resulting in a strong bubble in the financial markets. At the moment much is paid in auctions for companies and many managers of assets are trying for the first time on corporate takeovers. What are we doing? Nothing at all! We are waiting for the next crisis, as in 2009, when we were able to announce five acquisitions in one year, while in the past 1½ years we have made no contribution. Even on the stock market prevail in our view high ratings that force us to exercise restraint. In the meantime, we look at our portfolio companies that develop with two exceptions to our great satisfaction.

The net earnings of our portfolio companies developed in the first half year as follows:

	1 HY 2016	1 HY 2015
Serial Production / Automotive	9.4	6.2
Plant Engineering & Construction	-3.6	-3.3
Business Services	-9.4	-11.7
Others	2.1	16.9
Consolidation	-1.1	-6,1
Group	-2.6	2.0

Our investments have evolved in the first half year as follows:

(in EUR million)	30.06.2016	31.12.2015	%
Securities (Sale Value)	58.9	63.1	-6.6
Cash	65.2	64.0	1.9
Total	124.1	127.1	-2.3

Our five largest positions have thereby developed in the first half year as follows:

(in EUR million)	Value 30.06.2016	Performance
Berkshire Hathaway	9.9	0.6
Inv. AG TGV	6.0	-0.2
Brederode	5.9	-0.8
Euler Hermes Group	7.0	-0.6
EL.EN	3.8	1.1
Total	32.6	0.1

Overall, our book value and the value of our total portfolio compared to year end of 2015 developed as follows:

(in EUR million)	30.06.2016	31.12.2015	%
Investee companies	237.5	216.3	9.8
Financial Assets	124.2	126.0	-1.5
Total	361.7	342.3	5.7

We are very confident about the further development of BAVARIA Industries Group AG in the current year. Here we depend on good working relationships and trust. We remain open to suggestions and proposals for improvement or pointers towards new transactions.

Yours sincerely



Reimar Scholz

Spokesman for the Board



Harald Ender

Director Operations