



I N T E R I M R E P O R T
JANUARY 1 TO SEPTEMBER 30, 2005

INDUS Holding AG at a Glance

		Sep. 30, 2005	Sep. 30, 2004
Parent Company			
Income from investments	EUR million	60.2	56.4
Earnings before taxes	EUR million	34.7	32.4
Net profit for the period	EUR million	32.2	31.1
Earnings per share	EUR	1.79	1.73
Group			
Net sales	EUR million	521.6	520.3
Foreign share of net sales	%	37	38
Earnings before interest and taxes	EUR million	29.8	22.1
Net profit for the period	EUR million	9.9	6.7
Earnings per share	EUR	0.55	0.37
Operating cash flow	EUR million	49.4	56.7
Workforce (as of the cut-off date)		5,129	4,576

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Ladies and Gentlemen,

Our portfolio companies (including the two new acquisitions) displayed a very encouraging business trend in the third quarter. Net sales were slightly higher year on year. Earnings grew as well, with gains posted in both earnings before interest and taxes as well as net profit for the period. Our portfolio companies thus displayed very positive developments against the backdrop of Germany's persistently difficult general economic situation.

In the third quarter, we continued to pursue our time-tested strategy of investing in profitable medium-sized enterprises with strong positions in attractive market niches. With the acquisition of SELZER and MIGUA, we expanded our portfolio of equity holdings to 42 companies. Both of these businesses were consolidated pro rata temporis for the first time in the third quarter. In addition to our two new acquisitions, we

increased our stakes in M. BRAUN Inertgas-Systeme and IMECO Einwegprodukte, two existing portfolio companies, to 100% in the first quarter of 2005. We used part of our liquid assets to fund these transactions. As of September 30, 2005, we had EUR 137 million in liquid assets, and thus maintained our comfortable level of liquidity.

Therefore, we are well-equipped for the future and continue to expect a rise in net sales and earnings for fiscal 2005 as a whole.

Sincerely,



Helmut Ruwisch
Chairman of the Board of Management

Sales and Earnings Trend

– Parent Company

In the first nine months of 2005, the **parent company's** income from investments advanced by 6.7%, from EUR 56.4 million to EUR 60.2 million. This rise is due to the positive development displayed by our portfolio companies including the prorated earnings contributed by the two acquisitions we made in 2005. This enabled us to more than offset the effect of the sale of OKIN.

Earnings before taxes grew by 7.1%, from EUR 32.4 million to EUR 34.7 million, while net profit increased by 3.5%, from EUR 31.1 million to EUR 32.2 million. Accordingly, earnings per share in the first nine months of 2005 amounted to EUR 1.79 following EUR 1.73.

In the third quarter, earnings before taxes (EBT) were up 31.6% to EUR 17.5 million (Q3/2004: EUR 13.3 million), and net profit for the period advanced by 23% to EUR 15.5 million (Q3/2004: EUR 12.6 million).

– Group

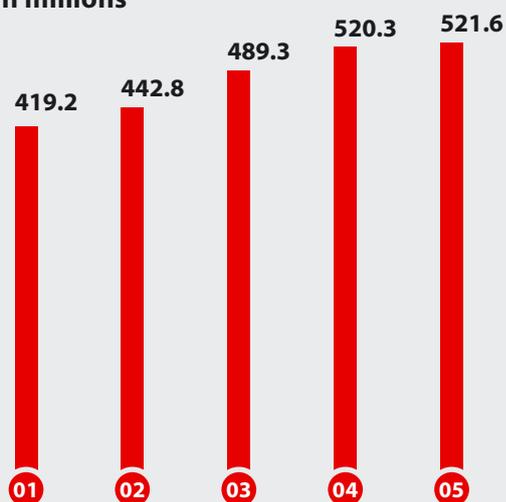
Consolidated net sales for the third quarter were up 24.5% to EUR 204.5 million (Q3/2004: EUR 164.3 million). This is partially due to the prorated consolidation of SELZER and MIGUA. However, our existing portfolio companies displayed very positive developments as well. In

sum, INDUS generated EUR 521.6 million in net sales in the first nine months, marginally besting the EUR 520.3 million recorded a year earlier (including OKIN).

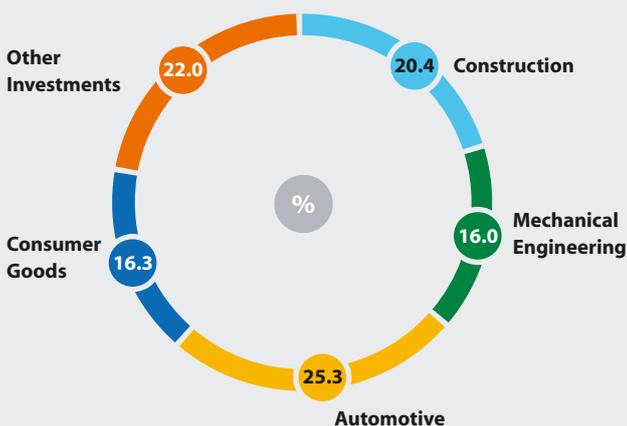
Despite persistently high raw material prices, the ratio of material costs to total assets declined by 5.8 percentage points to 41.5% in the third quarter (Q3/2004: 47.3%) and by 1.9 percentage points to 45.5% in the first nine months (prior year: 47.4%). This decrease was in part driven by the settlement of invoices for large orders. In the third quarter, staff costs rose by EUR 8.1 million to EUR 52.9 million, primarily due to the newly added companies.

In principle, the Group's earnings differ from those of the parent company in that write-downs from first-time consolidations are recognized at the Group level. Taking this circumstance into account, in the third quarter, earnings before interest and taxes (EBIT) were up 78.8%, from EUR 13.7 million to EUR 24.5 million. Earnings before taxes climbed from EUR 7.4 million to EUR 17.8 million. Payable income taxes rose from EUR 3.9 million to EUR 8.7 million. In this context, one must take into account the fact that we were able to make use of MABEG's tax loss carryforwards in the same period last year. Accordingly, net profit for the quarter increased considerably, from EUR 2.9 million to EUR 9.1 million. The Group's share in net profit for the quarter improved from EUR 2.3 million to EUR 7.2 million.

Net Sales
September 30, 2005
EUR in millions



Net Sales by Segment
September 30, 2005
Percentages



In the first nine months, earnings before interest and taxes (EBIT) were up 20.0%, from EUR 40.5 million to EUR 48.6 million. Earnings before taxes totaled EUR 29.8 million, and were thus some 35% higher than the EUR 22.1 million posted a year earlier. Taxes on income increased from EUR 10.4 million to EUR 16.9 million. Net profit for the first nine months was up 31.6% to EUR 12.9 million (prior year: EUR 9.8 million). The Group's share in net profit for the first nine months improved from EUR 6.7 million to EUR 9.9 million (+47.8%). This results in earnings per share of EUR 0.55, compared with the EUR 0.37 recorded in the corresponding period last year.

Segment Reporting

– Construction

Germany's construction sector appeared to be stabilizing earlier in the year—a trend that manifested itself as the year progressed. Demand in the construction industry has risen gradually since May this year, causing orders received to advance by 3% from May to August. However, owing to the poor first quarter, the German construction sector saw orders received from January to August decline by 3.6%. The positive trend witnessed over the course of the year confirms the moderately positive assessment made by Germany's Central Construction Industry Association. Assuming conditions are favorable, net sales are anticipated to grow by up to 1% for the full year.

Once again, INDUS Holding AG's eight portfolio companies significantly outperformed the market. Net sales as well as earnings rose considerably, thanks to the individual companies' high degree of specialization and strong market positions. In the first nine months, net sales grew 32.8% to EUR 108.5 million (prior year: EUR 81.7 million). This increase was largely due to the settlement of invoices from several major contracts and the first-time consolidation of MIGUA. Earnings before taxes (EBT) improved much more strongly than sales, rising by 114.9% to EUR 15.9 million (prior year: EUR 7.4 million).

– Mechanical Engineering

The German engineering industry has maintained its course for growth. In the third quarter, orders received were 6% up on last year's corresponding quarter. Two contrasting developments continued. Whereas domestic business stagnated, foreign orders received rose by 9%. Based on the consistent strength displayed by foreign business, in October, the Federation of German Engineering Industries (VDMA) made an upward correction to its forecast for the full year, predicting 4% growth to about EUR 144 billion.

INDUS Holding AG's nine segment companies also benefited from the improved demand in the first nine months. Net sales rose by 14.9% to EUR 85.4 million (prior year: EUR 74.3 million). Earnings before taxes (EBT) posted an even steeper climb, advancing by 28.4% to EUR 8.6 million (prior year: EUR 6.7 million).

– Automotive

New vehicle registrations were up 3.3% to 2.5 million units in the first nine months. In August, a strong upward trend manifesting itself in an increase of 11.7% was recorded over the same month in 2004 in the run-up to the IAA. New model introductions and special offers thus led to a significant surge in the German automobile market. Exports posted a considerable rise as well. In the first nine months, exports were up 2%, posting an all-time high of over 2.8 million cars. Automotive suppliers only partially benefited from the positive trend experienced by manufacturers, as they are still exposed to fierce competition that goes hand in hand with a corresponding pressure on prices.

The enormous price pressure faced by suppliers is also reflected in the business trends displayed by INDUS Holding AG's ten segment companies. Although net sales rose by 6.3% to EUR 134.4 million (prior year: EUR 126.4 million) earnings before taxes (EBT) dropped by 25.9% to EUR 10.0 million (prior year: EUR 13.5 million).

– Consumer Goods

Consumer spending did not display a sustained upward trend in the third quarter, either. Persistent consumer restraint led to a further decrease of 0.2%. This caused consumer spending to decline for the third straight quarter. A turnaround only seems likely once the required social security and labor reforms have been implemented and have eradicated the current uncertainty.

The development of the Consumer Goods segment continues to be marked by the deconsolidation of OKIN in 2004. Prior-year figures are suitable for comparison only to a limited extent.

Net of the OKIN effect, net sales increased from EUR 85.2 million to EUR 86.5 million (1.5%). Corresponding earnings before taxes rose by EUR 1.2 million to EUR 6.4 million. Taking the effect of OKIN in 2004 into account, however, net sales and earnings in the period under review were down 35.4% and 37.9% year on year, respectively.

– Other Investments

Gross domestic product (GDP), the only appropriate yardstick for this segment due to the heterogeneous structure of these companies' customer bases, grew by approximately 0.6% in the third quarter of 2005, compared with the same quarter a year earlier. Furthermore, the main growth stimuli came from strong exports, with investments rising compared with the same quarter last year as well.

The eight portfolio companies subsumed in this segment continued to display positive developments. Net sales were up 2.6% to EUR 117.1 million. Earnings before taxes (EBT) improved much more strongly than sales, rising by 45.2% to EUR 6.1 million (prior year: EUR 4.2 million). This reflected the positive impact of the first-time consolidation of Turmbau Steffens & Nölle GmbH (TSN) and the deconsolidation of MABEG.

Asset and Financial Position

– Parent Company

The **parent company's** balance sheet total rose to EUR 993.2 million (December 31, 2004: EUR 906.8 million). Fixed assets were up by EUR 71.7 million to EUR 746.3 million, owing to new acquisitions. Current assets increased by a marginal EUR 14.8 million to EUR 246.2 million. Equity rose from EUR 476.7 million to EUR 487.7 million.

– Group

As of September 30, 2005, the **Group's** balance sheet total was up by some EUR 87 million to EUR 794.2 million (December 31, 2004: EUR 707.3 million), principally as a result of the fact that SELZER and MIGUA were consolidated pro rata temporis for the first time. EUR 60.5 million of this sum was attributable to fixed assets. Intangible assets increased by EUR 41.8 million, with property, plant and equipment posting a rise of EUR 18.0 million. Financial assets were essentially unchanged. Current assets were up by EUR 25.2 million. Inventories expanded by 13.1% and accounts receivable and other assets recorded a gain of 23.1%, in part due to the inclusion of SELZER and MIGUA. Liquid assets dropped slightly, from EUR 150.4 million to EUR 137.3 million, on conclusion of the acquisitions.

The Group's equity capital totaled EUR 118.2 million (December 31, 2004: EUR 124.3 million). Accounts payable to banks were up 10.5%, and accounts payable for supplies and services rose by 8.8%. The 41.2% rise in other liabilities exclusively stems from the EUR 40 million promissory note bond with Allianz Versicherungs-AG. With this form of financing, INDUS broadened its financing base. Moreover, the grant of this loan is proof of the INDUS Group's robustness and high creditworthiness.

Operating cash flow (net cash from operating activities) and net cash from financing activities amounted to EUR 49.4 million and EUR 26.8 million, respectively (prior year: EUR 56.7 million and EUR 5.9 million, respectively). Since capital

expenditure on acquisitions was higher year on year, net cash from investing activities totaled – EUR 89.4 million, following – EUR 61.0 million.

Acquisitions

INDUS Holding AG expanded its portfolio to 42 portfolio companies in the third quarter by acquiring another two medium-sized enterprises.

In July 2005, INDUS acquired a 70% stake in SELZER Fertigungstechnik GmbH & Co. KG, headquartered in Driedorf-Roth. In fiscal 2004, the specialist system supplier to the automotive and electronics industries employed some 600 people and generated roughly EUR 80 million in sales. The Selzer family retained a 30% shareholding in the company. Hans-Joachim Selzer will maintain his position as chief operating officer in his capacity as managing shareholder.

In September 2005, INDUS acquired a 100% interest in the MIGUA Group. With its two subsidiaries, MIGUA Fugensysteme GmbH & Co. KG and Mapotrix Dehnfugen GmbH & Co. KG, the MIGUA Group is by far the largest supplier of profile assemblies for the closure and sealing of movable joints in Germany and commands a strong position in Europe. In the 2004 financial year, the MIGUA Group employed more than 80 people, generating roughly EUR 15 million in sales. The company's long-established general managers will remain in charge of operations, guaranteeing the continuity of the company's development.

SELZER and MIGUA have been assigned to the Automotive and Construction segments, respectively.

Capital Expenditure

Capital spending by portfolio companies and INDUS Holding AG in the first nine months totaled EUR 77.8 million (prior year: EUR 35.1 million). The increase was driven by new acquisitions as well as the new plant built by WIESAUPLAST, among other things.

Workforce

As of September 30, 2005, the INDUS Group employed 5,129 people. This corresponds to an increase of 553 employees year on year. The rise is predominantly due to SELZER and MIGUA.

Share

In the first nine months of 2005, INDUS' share price rose by 23.4% to EUR 27.12. Following a moderate start—with the low for the year of EUR 22.20 recorded in March—the share advanced considerably towards the end of the reporting period, closing at a new high for the year. As of September 30, 2005, the overall market capitalization was EUR 488,16 million.

At this year's Annual Shareholders' Meeting on July 12, 2005 in Cologne, a large majority of INDUS Holding AG shareholders approved the decision proposals set forth in the agenda, including the proposal to authorize share buy-backs. The shareholders approved a dividend of EUR 1.18 per share, corresponding to a dividend yield of 4.7% based on the share's closing price on the day of the Annual Shareholders' Meeting. The dividend payment remained at EUR 21.24 million.

Events After the Period Under Review

There were no special reportable events after the end of the reporting period from January 1, 2005 to September 30, 2005.

Risks

There were no major changes in the opportunities and risks presented in the review of operations of the Corporation and the Group in the financial statements for fiscal 2004 in the first nine months of the current fiscal year.

Outlook

The general economic environment remained difficult in the third quarter. Strong exports and the positive stimuli injected by domestic investment resulted in a moderate rise in gross domestic product (GDP). But the first signs pointing to a significant improvement in the economic trend by the middle of the year did not materialize, causing GDP to increase by just 0.6% in the third quarter. Once again, high oil prices may jeopardize any hopes of economic recovery.

Thanks to the constantly positive business trend displayed by our portfolio companies and the completion of the acquisition of SELZER and MIGUA, the Board of Management of Indus Holding AG can uphold the sales and earnings growth forecast published at the beginning of the year. The financial statements for fiscal 2005 will be prepared in compliance with International Financial Reporting Standards (IFRS) for the first time. Including the positive effect of the transition from the German Commercial Code (HGB) to IFRS, the Group will post an increase in earnings over fiscal 2004. The parent company will continue to prepare its accounts according to the German Commercial Code and, as forecasted, is also set to record an increase in earnings over last year.

INDUS Group Consolidated Balance Sheet

Assets

EUR '000	Sep. 30, 2005	Dec. 31, 2004
Noncurrent assets		
Intangible assets	211,189	169,436
Property, plant and equipment	171,424	153,382
Financial assets	11,943	11,257
Current assets		
Inventories	140,242	123,995
Receivables and other assets	117,673	95,582
Cash on hand, central bank balances, balances at other financial institutions and checks	137,265	150,406
Advance payments	4,473	3,260
	794,209	707,318

Liabilities and Equity

EUR '000	Sep. 30, 2005	Dec. 31, 2004
Equity		
Subscribed capital	46,800	46,800
Additional paid-in capital	50,731	52,467
Retained earnings	1,324	668
Minority interest	9,414	4,825
Distributable profit	9,939	19,504
	118,208	124,264
Exceptional items with a reserve element	2,589	3,175
Provisions	58,831	40,529
Liabilities		
Accounts payable to banks	480,945	435,208
Prepayments received on orders	893	6,379
Accounts payable for supplies and services	31,024	28,530
Accounts payable to investees	243	8
Other liabilities	96,928	68,647
	610,033	538,772
Deferred income	4,548	578
	794,209	707,318

INDUS Group Consolidated Income Statement

EUR '000	Q3 2005	Q3 2004	Jan. 1–Sep. 30, 2005	Jan. 1–Sep. 30, 2004
Net sales	204,500	164,270	521,619	520,296
Changes in finished goods and work in progress	– 2,396	3,347	14,120	11,849
Other own work capitalized	104	97	295	1,269
Other operating income	5,620	2,849	9,151	6,878
	207,828	170,563	545,185	540,292
Cost of materials	84,766	77,695	237,339	246,667
Staff costs	52,914	44,813	143,491	137,150
Depreciation and amortization of intangible fixed assets and property, plant and equipment	16,829	12,868	40,885	45,118
Other operating expenses	28,832	21,627	75,009	71,211
Income from associated companies	75	200	225	500
Income from other securities and long-term loans classified as financial assets	42	20	129	68
Other interest and similar income	455	416	1,939	1,167
Depreciation and amortization of financial assets and current securities	38	38	113	113
Interest and similar expenses	7,208	6,780	20,842	19,680
Profit from operating activities	17,813	7,378	29,799	22,088
Extraordinary expenses	–	600	–	1,900
Taxes on income	8,727	3,924	16,923	10,399
Net profit for the period	9,086	2,854	12,876	9,789
Profit allocable to outside shareholders	– 1,916	– 597	– 2,937	– 3,094
Group share in net profit for the period	7,170	2,257	9,939	6,695

INDUS Group Segment Reporting

EUR '000	Q3 2005	Q3 2004	Jan. 1–Sep. 30, 2005	Jan. 1–Sep. 30, 2004
Net sales				
Construction	51,009	32,964	108,456	81,691
Mechanical Engineering	28,469	24,553	85,430	74,310
Automotive	59,309	42,158	134,362	126,407
Consumer Goods	28,174	28,816	86,500	133,832
Other Investments	41,864	38,786	117,064	114,108
Group reconciliation	– 4,325	– 3,007	– 10,193	– 10,052
Group	204,500	164,270	521,619	520,296
Earnings (EBT)				
Construction	11,290	3,662	15,908	7,413
Mechanical Engineering	3,913	2,884	8,601	6,736
Automotive	3,467	3,740	9,974	13,543
Consumer Goods	2,172	3,390	6,376	10,271
Other Investments	2,752	2,050	6,056	4,231
Group reconciliation	– 7,697	– 9,545	– 20,053	– 25,100
Group	15,897	6,181	26,862	17,094

INDUS Group Consolidated Statement of Changes in Equity

2004 EUR '000	Subscribed capital	Additional paid-in capital	Retained earnings	Distributable profit	Equity
Balance as of January 1, 2004	46,800	62,191	938	11,516	121,445
Dividend		– 9,724		– 11,516	– 21,240
Currency exchange differences			666		666
Net profit for the period				6,695	6,695
Balance as of September 30, 2004	46,800	52,467	1,604	6,695	107,566

2005 EUR '000	Subscribed capital	Additional paid-in capital	Retained earnings	Distributable profit	Equity
Balance as of January 1, 2005	46,800	52,467	668	19,504	119,439
Dividend		– 1,736		– 19,504	– 21,240
Currency exchange differences			656		656
Net profit for the period				9,939	9,939
Balance as of September 30, 2005	46,800	50,731	1,324	9,939	108,794

INDUS Group Consolidated Cash Flow Statement

EUR '000	Jan. 1–Sep. 30, 2005		Jan. 1–Sep. 30, 2004	
1. Result for the reporting period (including prorated results contributed by minority interests) before exceptional items	+ 12,876		+ 11,689	
2. Fixed-asset write-downs/write-ups	+ 40,998		+ 45,231	
3. Increase (+) or decrease (–) in provisions	+ 3,221		+ 6,168	
4. Other non-cash expenses and income	– 586		– 152	
5. Profit (–) and loss (+) from the disposal of fixed assets	– 267		– 377	
6. Increase (–) or decrease (+) in other assets				
Inventories	– 8,872		– 22,138	
Accounts receivable for supplies and services	– 9,425		– 10,635	
Accounts receivable from investees	+ 57		+ 64	
Other assets	– 162		– 17,029	
Prepaid expenses	– 1,133	– 19,535	– 501	– 50,239
7. Increase (+) or decrease (–) in other liabilities and equity				
Prepayments received on orders	– 5,486		+ 11,327	
Accounts payable for supplies and services	– 2,412		+ 8,129	
Accounts payable to investees	+ 235		+ 677	
Other liabilities	+ 16,406		+ 24,861	
Deferred income	+ 3,970	+ 12,713	+ 1,269	+ 46,263
8. Net change in extraordinary items	–		– 1,900	
9. Net cash from operating activities	+ 49,420		+ 56,683	
10. Proceeds from disposition of fixed assets	+ 1,810		+ 407	
11. Capital expenditure on fixed assets	– 32,159		– 35,055	
12. Payments made for the acquisition of consolidated companies	– 59,016		– 26,355	
13. Net cash from investing activities	– 89,365		– 61,003	
14. Payments made to shareholders (dividend)	– 21,240		– 21,240	
Share of profits paid to minority interests	– 2,937	– 24,177	– 3,094	– 24,334
15. Change in retained earnings	+ 655		+ 666	
16. Minority interests	+ 4,589		+ 4,349	
17. Change in credit lines	+ 45,737		+ 25,194	
18. Net cash provided by financing activities	+ 26,804		+ 5,875	
19. Net change in financial facilities (sum of 9, 13 & 18)	– 13,141		+ 1,555	
20. Financial facilities at beginning of reporting period	150,406		100,337	
21. Financial facilities at end of reporting period	137,265		101,892	

Additional Information

– Accounting and Valuation Methods

This interim report for the period ended September 30, 2005 was prepared according to the accounting principles set forth in Sec. 264 et seqq. of the German Commercial Code (HGB). The accounting and valuation methods did not change compared with the ones applied when preparing the consolidated financial statements for the 2004 financial year. Detailed explanations of the individual methods have been published on pages 42 and 43 of the 2004 annual report.

– Scope of Consolidation

The scope of consolidation changed in the third quarter of 2005. The newly acquired companies SELZER and MIGUA were consolidated pro rata temporis for the first time. SELZER was consolidated as of July 1, 2005 and MIGUA as of September 1, 2005. There were no further changes to the scope of consolidation.

– Segment Reporting

INDUS Holding AG divides its portfolio of companies into five segments: Construction, Mechanical Engineering, Automotive, Consumer Goods and Other Investments. Companies are generally assigned to segments based on the areas in which their sales are concentrated. Net sales comprise the segments' external net sales. Income before taxes (EBT) disclosed in the Group reconciliation primarily includes write-downs resulting from first-time consolidations. Assignments of portfolio companies to the individual segments did not change in the period being reviewed.

– Earnings per Share

Earnings per share are calculated by dividing the result generated in the reporting period by the number of shares.

	Sep 30, 2005	Sep 30, 2004
Group net profit for the period	EUR 9.9 million	EUR 6.7 million
Parent company net profit for the period	EUR 32.2 million	EUR 31.1 million
Number of shares	18.0 million	18.0 million
Group net profit per share	EUR 0.55	EUR 0.37
Parent company net profit per share	EUR 1.79	EUR 1.73

In the reporting period and last year's comparable period, there were no other financing vehicles such as convertible and warrant-linked bonds or stock options that could have caused a dilution in earnings per share.

– Dividend

At this year's Annual Shareholders' Meeting on July 12, 2005 in Cologne, INDUS Holding AG shareholders approved the profit appropriation proposal submitted by the Board of Management and Supervisory Board, thus passing a resolution to set the dividend for fiscal 2004 at EUR 1.18 per share.