INDUS Holding
AKTIENGESELLSCHAFT

INTERIM REPORT
JANUARY 1 TO JUNE 30, 2005

INDUS Holding AG at a Glance (without new acquisitions)

		June 30, 2005	June 30, 2004
Parent Company			
Income from investments	EUR million	34.1	39.2
Earnings before taxes	EUR million	17.2	19.1
Net profit for the half-year	EUR million	16.7	18.5
Group			
Net sales	EUR million	317.1	356.0
Foreign share of net sales	%	39	38
Earnings before interest and taxes (EBIT)	EUR million	24.0	26.8
Net profit for the half-year	EUR million	2.8	4.4
Operating cash flow	EUR million	32.2	16.1
Workforce (as of the cut-off date)		4,288	5,148

INDUS Holding
Aktiengesellschaft
Kölner Straße 32
51429 Bergisch Gladbach
Germany
PO Box 10 03 53
51403 Bergisch Gladbach
Germany
Phone: +49-22 04-40 00-0
Fax: +49-22 04-40 00-20
E-mail: indus@indus.de
Internet: www.indus.de

Investor relations contact:
Haubrok Investor
Relations GmbH
Michael Werneke
Kaistraße 8
40221 Düsseldorf
Germany
Phone: +49-2 11-3 01 26-109
Fax: +49-2 11-3 01 26-172
E-mail: m.werneke@haubrok.de
Internet: www.haubrok.de

Dear Shareholders,

the existing portfolio companies developed positively in the second quarter of 2005. Earnings before taxes were nearly on par with the level achieved in the first half of 2004, with net sales coming in only slightly below the figure recorded in the same period last year. This enabled us to nearly entirely offset the negative effect of the deconsolidation of OKIN. In the corresponding period last year, the company contributed about EUR 48 million in net sales along with corresponding earnings. Moreover, this result was achieved without the additional consolidation of the acquired company SELZER. The sales and earnings trend experienced in the first half of the year was thus according to plan both at the Group and parent company levels. Although we are still slightly down on the level recorded in the same period last year, the positive development of our existing portfolio companies is more than remarkable against the backdrop of Germany’s persistently difficult general economic situation.

Our strategy of investing in medium-sized enterprises with strong positions in attractive niches results in satisfactory performances even in times that are rather difficult. The focal point lies in holding investments over the long term. This clearly sets us apart from purely financial investors, who only have a short-term economic interest in the companies they purchase.

At the beginning of the year, we announced that we intended to invest more in external growth again in 2005. We are following through with this as planned. The takeover of 70% of SELZER Fertigungstechnik GmbH & Co. KG in Driedorf-Roth shortly after the end of the first half of the year was our first acquisition in 2005, for which we took advantage of our comfortable liquidity position. Last year, the specialist system supplier to the automotive and electronics industries employed some 600 people and generated roughly EUR 80 million in sales. At the same time, in the first quarter, we increased our stakes in our existing portfolio companies M. BRAUN Inertgas-Systeme and IMECO Einwegprodukte to 100%.

Our financial basis for further acquisitions continues to be comfortable even after having completed these transactions. We are well-equipped for the challenges of the year underway and expect to grow net sales and earnings over last year.

Sincerely,

Helmut Ruwisch
Chairman of the Board of Management

Sales and Earnings Trend

– Parent Company

In the first half of 2005, the **parent company's** income from investments amounted to EUR 34.1 million, following EUR 39.2 million in the same period last year. The change in the scope of consolidation arising from the sale of OKIN and MABEG had an impact on this.

Earnings before taxes dropped from EUR 19.1 million to EUR 17.2 million, with net profit for the first half declining from EUR 18.5 million to EUR 16.7 million. Earnings per share totaled EUR 0.93 as compared to EUR 1.03 in the first half of 2004.

A look at the figures for the second quarter reveals the positive trend so far this year. Earnings before taxes (EBT) were up 9.0% to EUR 8.5 million (Q2/2004: EUR 7.8 million), and net profit for the quarter advanced by 6.6% to EUR 8.1 million (Q2/2004: EUR 7.6 million). Thus, the effects of the deconsolidation of OKIN were more than offset by existing portfolio companies in the second quarter.

– Group

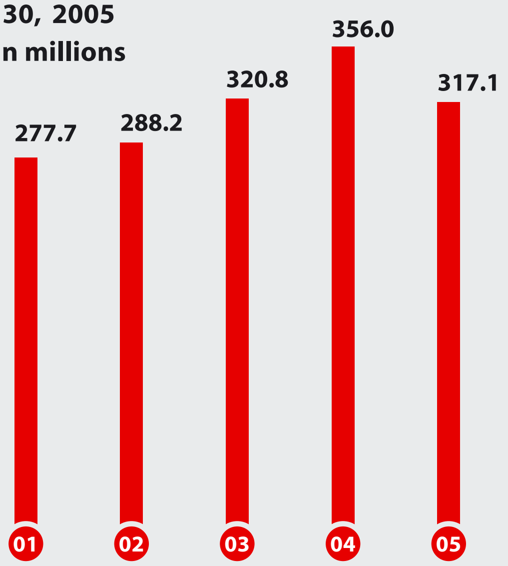
Group net sales in the second quarter of 2005 came in at EUR 170.4 million, remaining only slightly below the EUR 178.3 million recorded in last year's corresponding period. Accordingly, the effect from the deconsolidation of OKIN was nearly offset by the positive business trend displayed by the 40 existing portfolio companies. Excluding this effect, net sales were significantly higher year-on-year. All in all, INDUS generated EUR 317.1 million in net sales in the first half, following EUR 356.0 million in the same period last year.

The considerable increase in finished goods and work in progress from EUR 8.5 million to EUR 16.5 million stems from major individual contracts won primarily in the Mechanical Engineering segment.

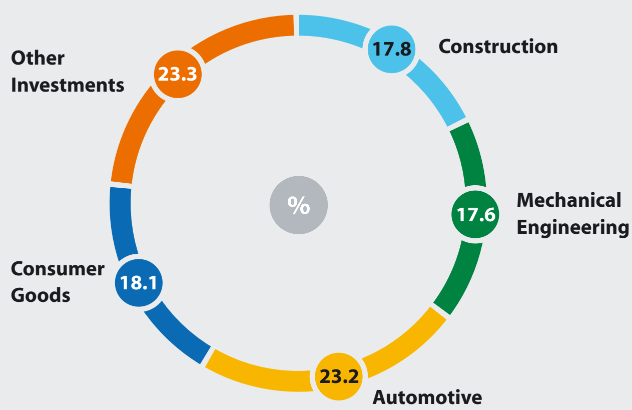
Higher raw material prices had a negative effect on the ratio of material costs to total assets. It rose by 0.9 percentage points in the second quarter and by 0.6 percentage points in the first half of the year, whereas in absolute terms, the cost of materials decreased, largely due to the sale of OKIN. The other cost items such as staff costs, depreciation and amortization as well as other operating expenses declined in absolute terms as well.

In the second quarter, earnings before interest and taxes (EBIT) were up a marginal 1.6%, from EUR 12.2 million to EUR 12.4 million. The profit from operating activities totaled EUR 6.2 million, remaining on par with last year's corresponding level, which included a sizeable earnings contribution from OKIN. Payable income taxes rose from EUR 2.7 million to EUR 4.3 million. In this context, one must take into account the fact

Net Sales
June 30, 2005
EUR in millions



Net Sales by Segment
June 30, 2005
Percentages



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 decreased slightly, from EUR 2.3 million to EUR 2.0 million. In the second quarter, the Group's share in net profit for the quarter amounted to EUR 1.8 million, nearly matching the level achieved in the same period last year despite the absence of earnings contributed by OKIN (Q2/2004: EUR 1.9 million).

In the first six months of 2005, earnings before interest and taxes (EBIT) totaled EUR 24.0 million, which was slightly less than the EUR 26.8 million recorded in the same period last year. The profit from operating activities amounted to EUR 12.0 million compared with the EUR 14.7 million achieved in the first half of 2004. Taxes on income increased by EUR 1.7 million to EUR 8.2 million (H1/2004: EUR 6.5 million). This results in a Group net profit for the first half of 2005 of EUR 3.8 million (H1/2004: EUR 6.9 million). The Group's share in net profit for the first half of 2005 was EUR 2.8 million following EUR 4.4 million in last year's corresponding period, and the Group's corresponding earnings per share were EUR 0.16 (H1/2004: EUR 0.24).

Segment Reporting

– Construction

The decrease in orders received in the German construction industry has continued so far this year. In sum, orders dropped by 11.2% in the first four months of 2005. Residential construction was especially hard hit, posting a decline of 12.1%, as was public construction, recording a decrease of 11.4%. Although the number of orders received dropped in the commercial construction sector (–10.6%) as well, initial signs of a possible stabilization are visible. In the first quarter, structural engineering permits were up 8.8% year-on-year. All in all, sales recorded by the building and civil engineering sector slipped by 12.2% to EUR 29.6 billion in the first half.

INDUS Holding AG's eight portfolio companies succeeded in lifting both sales and earnings against this negative trend. Net sales were up 17.9% to EUR 57.4 million (H1/2004: EUR 48.7 million), while earnings before taxes (EBT) increased by 21.1%, from EUR 3.8 million to EUR 4.6 million. The pleasing development displayed by the portfolio companies is predominantly due to the individual companies' high degree of specialization and their strong positions on the market.

– Mechanical Engineering

Following the loss in momentum in order intake in the German engineering sector at the turn of the year, the second quarter of 2005 experienced an extremely positive trend, posting a rise of 14%. Domestic business expanded by 2%, with foreign demand picking up by 20%. It was above all the foreign business' return to strength that exceeded the expectations of the Federation of German Engineering Industries (VDMA), resulting in a positive overall business trend in the first half of 2005.

The nine segment companies also benefited from the resurgence in demand in the first half. Net sales climbed by 14.5%, from EUR 49.8 million to EUR 57.0 million. Major contracts, which can only be invoiced over the remaining course of the year, resulted in a rise in finished products and work in progress. Earnings before taxes (EBT) grew more strongly than sales, rising by 20.5%, from EUR 3.9 million to EUR 4.7 million.

– Automotive

In the first half of 2005, new car registrations were up 2.4% to 1.7 million. This was the first gain in five years. This positive half-year result was driven by the popularity of new models and mounting domestic orders. Based on this performance, the Federation of German Automotive Industries (VDA) adjusted its forecast for the full year, and now expects 1% growth in new car registrations to 3.3 million instead of the slight decline originally envisioned. At the same time, automotive suppliers are still under price pressure because products from low-wage countries have caused competition to become even fiercer.

This is also reflected in the business trend shown by the ten segment companies. Net sales declined by 10.8%, from EUR 84.2 million to EUR 75.1 million, with earnings before taxes (EBT) dropping from EUR 9.8 million to EUR 6.5 million, largely as a result of the price reductions demanded by end customers.

Consumer Goods

Adjusted for price changes, private consumer spending declined by another 0.3% in the second quarter after a weak first quarter. Consumer sentiment thus remained subdued. It appears that a sustainable upward trend will only come to pass once the required social and labor market reforms have been carried out, stabilizing consumers' personal situations and financial security.

In the first half of 2005, OKIN's deconsolidation resulted in a considerable 44.5% drop in net sales to EUR 58.3 million (H1/2004: EUR 105.0 million). However, the trend also reveals that, on a comparable basis, the five portfolio companies slightly improved their net sales. Earnings before taxes (EBT) declined by 39.1%, from EUR 6.9 million to EUR 4.2 million, due to OKIN.

– Other Investments

Our fifth segment includes companies which, owing to their very heterogeneous customer structures, cannot be clearly allocated to any one of the four aforementioned segments. Therefore, gross domestic product (GDP) is the only suitable benchmark. GDP posted 0.8% (revised) year-on-year growth in the first quarter, after which it stagnated in the second quarter. Exports cooled somewhat in the second quarter, but remained the key stimulus for Germany's economy in the first half of the year. Domestic consumption provided a first positive growth stimulus, as it increased by 0.3%, driven by high government consumption spending as well as gross capital investments and changes in inventories.

This segment's eight portfolio companies developed positively in the first half. Net sales totaled EUR 75.2 million, essentially matching the EUR 75.3 million achieved in the same period last year. Thus, as opposed to last year's corresponding period, the first-time consolidation of Turmbau Steffens & Nölle GmbH (TSN) offset the negative effects stemming from the sale of MABEG. This had an especially positive impact on the earnings trend. Earnings before taxes (EBT) rose by 50.0%, from EUR 2.2 million to EUR 3.3 million.

Asset and Financial Position

– Parent Company

The **parent company's** balance sheet total rose to EUR 982.2 million (December 31, 2004: EUR 906.8 million). At EUR 677.8 million, fixed assets were essentially unchanged since December 31, 2004 (EUR 674.6 million). Current assets increased from EUR 231.4 million to EUR 303.7 million above all due to the high level of liquidity amounting to EUR 107.3 million. Equity as of June 30, 2005, was up from EUR 476.7 million to EUR 493.4 million. This results in an equity ratio of 50.2% (December 31, 2004: 52.6%). Net debt dropped from EUR 350.3 million to EUR 323.6 million.

– Group

The **Group's** balance sheet total was up 8.5% to EUR 767.4 million as compared with December 31, 2004. Fixed assets were virtually flat. Intangible assets dropped by EUR 7.9 million owing to scheduled depreciation, whereas property, plant and equipment rose by EUR 6.0 million due to the investment activity of individual portfolio companies. Financial assets remained unchanged. The increase in the balance sheet total exclusively stems from the development of current assets. Inventories were up 10.7% due to several major contracts which could not yet be invoiced in the period under review. The 14.2% rise in accounts receivable for services is primarily seasonally-induced.

The high level of net cash from operating activities in connection with the successful placement of a promissory note bond in the first quarter caused liquid assets to post a considerable, EUR 32.8 million rise to EUR 183.2 million.

The Group's equity capital increased by a slight EUR 1.2 million to EUR 125.5 million. While provisions were flat vis-à-vis the December 31, 2004 balance sheet date, accounts payable to banks as well as for supplies and services advanced by 5.8% and 4.8%, respectively. The 48.4% 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.

Gross cash flow in the first six months amounted to EUR 32.8 million compared with EUR –22.2 million in the first half of last year. Operating cash flow (net cash from operating activities) and net cash from financing activities improved by EUR 16.1 million and EUR 7.6 million, respectively. Net cash used for investing activities was much lower, since this figure included EUR 26.4 million in cash paid to acquire consolidated companies in the corresponding period last year.

Capital Expenditure

Capital spending by portfolio companies and INDUS Holding AG totaled EUR 22.8 million in the first six months of 2005 (H1/2004: EUR 27.2 million).

Workforce

As of June 30, 2005, the INDUS Group employed 4,288 people (H1/2004: 5,148). This reduction in staff is largely due to the deconsolidation of OKIN and MABEG.

Share

INDUS' share price as of June 30, 2005 was up 10.3% to EUR 24.23 since the beginning of the year, closing the reporting period just slightly down on the high for the year of EUR 24.65. The share's low in the first half of 2005 was EUR 22.20. Average daily share turnover grew substantially to some 36,000 shares last year, increasing even more to just under 47,000 shares in the first six months of 2005 due to capital market-related measures. INDUS shares displayed a positive trend in the SDAX as well. Having achieved a weighting of 3.48%, the INDUS share moved up from fifth to fourth spot.

Events After the Period Under Review

After the period under review, 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, the company's years-long managing partner, will stay in charge of the company's operational development even after INDUS concludes the share acquisition.

SELZER possesses extensive expertise in the development and production of complete, ready-to-install metal sub-assemblies predominantly for gearboxes, brakes and engines. The company provides end-to-end service, running the gamut from product engineering and prototype manufacturing to production. SELZER generates the lion's share of its sales with manufacturers in the automotive industry, focusing on commercial vehicles. Enterprises active in the electronics sector are a second major customer group.

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 first half of 2005.

Outlook

As expected, the general economic environment in the first half of the year continued to be extremely difficult. Whereas the gross domestic product (GDP) posted 0.8% growth in the first quarter over the previous one, GDP lost momentum in the second quarter, causing the key macroeconomic indicator to stagnate. However, some sentiment indicators such as the order trend as well as initial, weak impetus stemming from domestic demand show that an improvement may be on the horizon in the next few months. However, high oil prices and the euro's recent slight resurgence constitute two risk factors, which may keep the economy from recovering. This would primarily affect high-export industries such as the mechanical engineering and automotive sectors.

The positive trend displayed by the existing portfolio companies as well as the acquisition of SELZER, which has already been completed, support the forecast made by the Board of Management of INDUS Holding AG at the beginning of the year. Therefore, despite the rather difficult economic environment, we expect growth in both sales and earnings. Furthermore, INDUS plans to take advantage of its persistently comfortable level of liquidity to acquire additional companies this year. We are currently in promising negotiations that will lead to a further acquisition in the near future.

INDUS Group Consolidated Balance Sheet

Assets

EUR '000	June 30, 2005	Dec. 31, 2004
Noncurrent assets		
Intangible assets	161,577	169,436
Property, plant and equipment	159,431	153,382
Financial assets	11,335	11,257
Current assets		
Inventories	137,276	123,995
Receivables and other assets	109,115	95,582
Cash on hand, central bank balances, balances at other financial institutions and checks	183,200	150,406
Advance payments	5,454	3,260
	767,388	**707,318**

Liabilities and Equity

EUR '000	June 30, 2005	Dec. 31, 2004
Equity		
Subscribed capital	46,800	46,800
Additional paid-in capital	52,467	52,467
Retained earnings	1,041	668
Minority interest	2,917	4,825
Distributable profit	22,273	19,504
	125,498	124,264
Exceptional items with a reserve element	2,662	3,175
Provisions	40,005	40,529
Liabilities		
Accounts payable to banks	460,437	435,208
Prepayments received on orders	5,168	6,379
Accounts payable for supplies and services	29,906	28,530
Accounts payable to investees	322	8
Other liabilities	101,894	68,647
	597,727	538,772
Deferred income	1,496	578
	767,388	**707,318**

INDUS Group Consolidated Income Statement

EUR '000	Q2 2005	Q2 2004	H1 2005	H1 2004
Net sales	170,418	178,314	317,119	356,026
Changes in finished goods and work in progress	4,701	6,989	16,516	8,502
Other own work capitalized	160	824	191	1,172
Other operating income	1,415	2,306	3,531	4,029
	176,694	**188,433**	**337,357**	**369,729**
Cost of materials	82,904	85,138	152,573	168,972
Staff costs	45,677	46,123	90,577	92,337
Depreciation and amortization of intangible fixed assets and property, plant and equipment	12,121	19,471	24,056	32,250
Other operating expenses	23,582	25,586	46,177	49,584
Income from associated companies	75	150	150	300
Income from other securities and long-term loans classified as financial assets	44	– 19	87	48
Other interest and similar income	730	400	1,484	751
Depreciation and amortization of financial assets and current securities	37	37	75	75
Interest and similar expenses	7,011	6,371	13,634	12,900
Profit from operating activities	**6,211**	**6,238**	**11,986**	**14,710**
Extraordinary expenses	–	1,180	–	1,300
Taxes on income	4,253	2,720	8,196	6,475
Net profit for the period	**1,958**	**2,338**	**3,790**	**6,935**
Profit allocable to outside shareholders	– 198	– 437	– 1,021	– 2,497
Group share in net profit for the period	**1,760**	**1,901**	**2,769**	**4,438**

INDUS Group Segment Reporting

EUR '000	Q2 2005	Q2 2004	H1 2005	H1 2004
Net sales				
Construction	33,159	24,740	57,447	48,727
Mechanical Engineering	31,483	22,810	56,961	49,757
Automotive	40,068	44,847	75,053	84,249
Consumer Goods	29,679	49,665	58,326	105,016
Other Investments	39,036	40,009	75,200	75,322
Group reconciliation	– 3,007	– 3,757	– 5,868	– 7,045
Group	**170,418**	**178,314**	**317,119**	**356,026**
Earnings (EBT)				
Construction	2,548	2,508	4,618	3,751
Mechanical Engineering	2,452	1,936	4,688	3,852
Automotive	3,570	5,152	6,507	9,803
Consumer Goods	2,333	3,317	4,204	6,881
Other Investments	1,511	1,209	3,304	2,181
Group reconciliation	– 6,401	– 9,501	– 12,356	– 15,555
Group	**6,013**	**4,621**	**10,965**	**10,913**

INDUS Group Consolidated Statement of Changes in Equity and Minority Interests

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
Currency exchange differences			1,366		1,366
Net profit for H1 2004				4,438	4,438
Balance as of June 30, 2004	**46,800**	**62,191**	**2,304**	**15,954**	**127,249**

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
Currency exchange differences			373		373
Net profit for H1 2005				2,769	2,769
Balance as of June 30, 2005	**46,800**	**52,467**	**1,041**	**22,273**	**122,581**

INDUS Group Consolidated Cash Flow Statement

EUR ’000	H1 2005		H1 2004	
1. Result for the reporting period (including prorated results contributed by minority interests) before exceptional items		+ 3,790		+ 8,236
2. Fixed-asset write-downs/write-ups		+ 24,130		+ 32,325
3. Increase (+) or decrease (–) in provisions		– 524		+ 687
4. Other non-cash expenses and income		– 513		+ 290
5. Profit (–) and loss (+) from the disposal of fixed assets		– 275		– 181
6. Increase (–) or decrease (+) in other assets				
Inventories	– 13,281		– 20,306	
Accounts receivable for supplies and services	– 8,100		– 11,878	
Accounts receivable from investees	+ 114		+ 784	
Other assets	– 5,547		– 6,762	
Prepaid expenses	– 2,194	– 29,008	– 1,367	– 39,529
7. Increase (+) or decrease (–) in other liabilities and equity				
Prepayments received on orders	– 1,210		+ 7,693	
Accounts payable for supplies and services	+ 1,376		+ 12,160	
Accounts payable to investees	+ 313		+ 478	
Other liabilities	+ 33,247		– 5,751	
Deferred income	+ 917	+ 34,643	+ 986	+ 15,566
8. Net change in extraordinary items		–		– 1,300
9. Net cash from operating activities		**+ 32,243**		**+ 16,094**
10. Proceeds from disposition of fixed assets		+ 703		+ 164
11. Capital expenditure on fixed assets		– 22,827		– 27,211
12. Payments made for the acquisition of consolidated companies		–		– 26,355
13. Net cash from investing activities		**– 22,124**		**– 53,402**
14. Payments made to shareholders				
Share of profits paid to minority interests	– 1,021	– 1,021	– 2,497	– 2,497
15. Change in retained earnings		+ 373		+ 1,366
16. Minority interests		– 1,907		+ 1,147
17. Change in credit lines		+ 25,230		+ 15,060
18. Net cash provided by financing activities		**+ 22,675**		**+ 15,076**
19. Net change in financial facilities (sum of 9, 13 & 18)		+ 32,794		– 22,232
20. Financial facilities at beginning of reporting period		150,406		100,337
21. Financial facilities at end of reporting period		**183,200**		**78,105**

Additional Information

– Accounting and Valuation Methods

This interim report for the period ended June 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 did not change in the first half of 2005. However, mention should be made of the fact that the subsidiaries MABEG Kreuschner GmbH & Co. KG and OKIN Gesellschaft für Antriebstechnik mbH & Co. KG were consolidated pro-rata temporis until January 1, 2004 and June 30, 2004, respectively, and that therefore, the figures for the corresponding period last year are only of limited use when drawing comparisons.

– Segment Reporting

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

– Earnings per Share

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

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.

	June 30, 2005	June 30, 2004
Group net profit for the period	EUR 2.8 million	EUR 4.4 million
Parent company net profit for the period	EUR 16.7 million	EUR 18.5 million
Number of shares	18.0 million	18.0 million
Group earnings per share	EUR 0.16	EUR 0.24
Parent company earnings per share	EUR 0.93	EUR 1.03

– Dividend

Shareholders did not receive a dividend in the first half of the year. The shareholders approved the joint profit appropriation proposal put forth by the Board of Management and the Supervisory Board at this year's Annual Shareholders' Meeting on July 12, 2005. Accordingly, a dividend of EUR 1.18 per share was paid for the 2004 financial year on conclusion of the period under review. The dividend yield is 4.7%. The dividend payment remained at EUR 21.24 million. This represents a dividend payout rate of 42.0% (2004: 37.3%).