



**I N T E R I M   R E P O R T**  
**JANUARY 1 TO MARCH 31, 2005**

## INDUS Holding AG in Figures

		Mar. 31, 2005	Mar. 31, 2004
<b>Parent Company</b>			
Income from investments	EUR million	16.5	19.2
Earnings before taxes	EUR million	8.7	11.3
Net profit for the quarter	EUR million	8.6	10.9
<b>Group</b>			
Net sales	EUR million	146.7	177.7
Foreign share of net sales	%	38	39
Earnings before interest and taxes (EBIT)	EUR million	11.6	14.6
Net profit for the quarter	EUR million	1.0	2.5
Cash flow	EUR million	14.7	- 1.3
Workforce (as of the cut-off date)		4,372	5,014

**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**  
**Internet: [www.indus.de](http://www.indus.de)**  
**E-mail: [indus@indus.de](mailto:indus@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](mailto:m.werneke@haubrok.de)**  
**Internet: [www.haubrok.de](http://www.haubrok.de)**

The first quarter of 2005 transpired as expected both on the Group and parent company levels, recording sales and earnings in line with our planning. The Board of Management anticipates that the effect of the deconsolidation of OKIN will be more than offset by new acquisitions over the course of 2005.

### Sales and Earnings Trend

**Consolidated** net sales generated by INDUS Holding AG totaled EUR 146.7 million in the first quarter of 2005. The significant decline compared with the EUR 177.7 million recorded in the first quarter of 2004 is nearly exclusively due to the change in the scope of consolidation owing to the sale of the portfolio companies OKIN and MABEG in the second half of 2004. Total output was EUR 160.7 million (Q1/ 2004: EUR 181.3 million). The strong increase in finished goods and work in progress from EUR 1.5 million to EUR 11.8 million stems from major contracts won by portfolio companies, including companies in the Engineering segment, which could not yet be invoiced in the period under review.

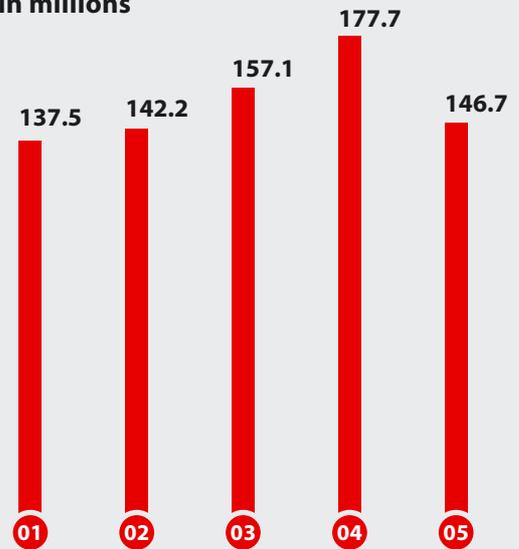
Net of this deconsolidation effect, net sales in the first quarter would be on par year-on-year despite the weak economic environment. INDUS Holding AG's strategy of investing in medium-sized niche enterprises and further developing them over the long term thus again proved its remarkable stability vis-à-vis the general economic environment.

The effects of the absence of sales from OKIN and MABEG are also reflected in the other items on the income statement. The cost of materials amounted to EUR 69.7 million, and was thus EUR 14.1 million down on the same quarter last year. The other cost items decreased as well: Among other things, staff costs dropped by EUR 1.3 million to EUR 44.9 million (last year: EUR 46.2 million).

Consolidated earnings before interest and taxes (EBIT) totaled EUR 11.6 million, following EUR 14.6 million in the first quarter of 2004. The financial result improved from EUR -6.0 million to EUR -5.8 million. The Group's profit from operating activities amounted to EUR 5.8 million (Q1/2004: EUR 8.5 million). There were no extraordinary restructuring expenses in the first

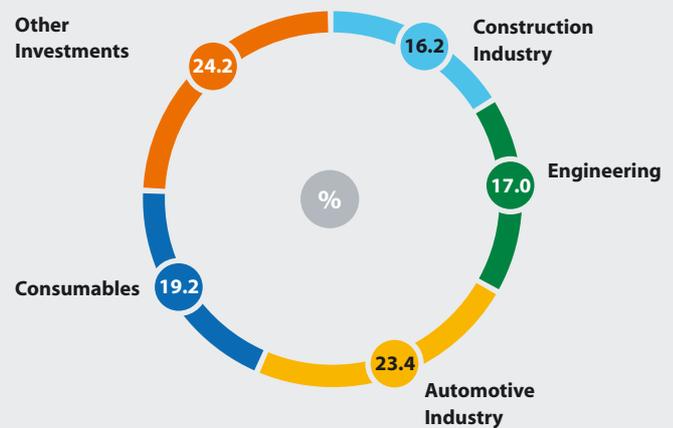
### Net Sales as of March 31, 2005

EUR in millions



### Net Sales as of March 31, 2005

by Segment  
Percentages



quarter (Q1/2004: EUR 0.1 million). Net profit for the quarter decreased from EUR 4.6 million to EUR 1.8 million. Due to the deconsolidation of OKIN, the Group's share in net profit for the quarter amounted to EUR 1.0 million (Q1/2004: EUR 2.5 million). Consolidated earnings per share for the first quarter of 2005 totaled EUR 0.10 compared with EUR 0.26.

Income from investments recorded by the **parent company** in the first quarter of 2005 totaled EUR 16.5 million, compared with EUR 19.2 million in the same quarter last year. Earnings before taxes posted by the parent company amounted to EUR 8.7 million (Q1/2004: EUR 11.3 million) while after taxes, they totaled EUR 8.6 million (Q1/2004: EUR 10.9 million). Earnings per share posted by the parent company amounted to EUR 0.48 following EUR 0.61 a year ago.

## Segment Reporting

### – Construction Industry

Germany's construction industry got off to a bad start primarily due to the difficult general economic situation and the cold weather. Commercial construction was especially hard hit, posting a decrease of 25.8%, whereas the declines recorded by the residential (–14.7%) and public construction sectors (–6.6%) were less significant.

Despite these framework conditions, the eight portfolio companies grew both sales and earnings. Net sales were up 1.3% to EUR 24.3 million (Q1/2004: EUR 24.0 million), while profit before tax (EBT) rose to EUR 2.1 million due to successful restructurings (Q1/2004: EUR 1.2 million).

### – Engineering

As expected, in 2005, Germany's engineering sector was unable to continue the strong growth trend displayed in 2004. Orders received in the first quarter dropped by 2% compared with the same period last year. The strong export business continued to inject positive stimuli, resulting in a gain of 3%, while the domestic business experienced a decline of 10%.

Portfolio companies generated segment sales of EUR 25.5 million, falling 5.2% short of the EUR 26.9 million recorded in the same quarter last year. The decrease is solely due to invoicing-related reasons, and it should be possible to make up for it over the remaining course of the year. This segment's earnings trend was pleasing. Earnings before tax rose 15.8% to EUR 2.2 million (Q1/2004: EUR 1.9 million).

### – Automotive Industry

The 1.06 million new car registrations in the first four months of 2005 matched the level achieved in the same period last year. The first quarter recorded a disappointing decrease of 2%, but a surprisingly strong April secured this well-balanced performance for the quarter with a gain of 4% over the same month last year. Nevertheless, according to estimates made by the Federation of German Engineering Industries (VDMA), business in the automotive sector will remain difficult.

The weak sectoral trend and pressure on prices exerted by major car manufacturers on suppliers also affected the development displayed by the ten companies subsumed under the Automotive Industry segment. Net sales slipped by 11.1% to EUR 35.0 million (Q1/2004: EUR 39.4 million) and EBT dropped by 38.3% to EUR 2.9 million (Q1/2004: EUR 4.7 million).

### – Consumables

Following the marginal recovery by 0.3% that became apparent in each of the last two quarters of 2004, private consumption in the first three months of 2005 decreased by 0.2% from the last quarter of 2004. Consumer sentiment is still clouded.

The trend displayed by the Consumables segment is clearly marked by the absence of sales contributed by OKIN, which amounted to about EUR 27 million in the same quarter last year. Net sales generated by the five remaining portfolio companies in the first quarter of 2005 totaled EUR 28.6 million (Q1/2004: EUR 55.4 million; excluding OKIN: EUR 28.4 million) and were

thus nearly unchanged on a comparable basis of consolidation. Accordingly, earnings before tax only amounted to EUR 1.9 million (Q1/2004: EUR 3.6 million).

#### – Other Investments

This segment includes sales which are very heterogeneous relative to their sectors and cannot be clearly allocated to any one of the four aforementioned segments. Therefore, gross domestic product (GDP) is used as a benchmark. In the first quarter, real gross domestic product net of seasonal and calendar effects was up 1.0% compared with the last quarter of 2004. The surprisingly steep incline was exclusively driven by the significant expansion of the export business, whereas the domestic trend remained disappointing.

In the first quarter, this segment's eight portfolio companies displayed positive developments. Net sales advanced on aggregate by 2.5% to EUR 36.2 million (Q1/2004: EUR 35.3 million). The loss of sales due to the divestment of MABEG was more than offset by the consolidation of Turmbau Steffens & Nölle GmbH (TSN), which was acquired in November 2004. The positive impact of the acquisition of TSN was felt above all in earnings, which jumped 80.0% to EUR 1.8 million (Q1/2004: EUR 1.0 million).

#### Asset and Financial Position

The **consolidated** balance sheet total of INDUS Holding AG was up 6.0% to EUR 749.6 million. This principally stems from the increase in current assets.

At EUR 329.9 million, fixed assets as of March 31, 2005 were essentially unchanged since December 31, 2004. Property, plant and equipment was slightly up to EUR 154.7 million owing to the investing activities of individual portfolio companies, while intangible assets were down exclusively due to scheduled depreciation. Conversely, current assets advanced by 11.8% to EUR 413.5 million.

The high level of net cash from operating activities in connection with the successful placement of a promissory note bond caused liquid assets to post a considerable, EUR 24.1 million rise to EUR 174.5 million.

Equity recorded a slight EUR 0.3 million increase to EUR 124.6 million. Accounts payable for supplies and services as well as provisions declined marginally, whereas accounts payable to banks and other liabilities grew by 4.3% and 37.2%, respectively. The rise in other liabilities stems from the EUR 40 million promissory note bond with Allianz-Versicherungs AG. INDUS Holding AG thus broadened its financing base, providing proof of the Group's high creditworthiness.

Gross cash flow in the first quarter amounted to EUR 24.1 million compared with EUR –27.1 million in the same quarter last year. Net cash from operating activities totaled EUR 14.7 million and net cash from financing activities amounted to EUR 17.0 million, both up on the level achieved in the same period last year. At EUR 7.6 million, net cash used for investing activities was markedly lower. In the first quarter of 2004, net cash from investing activities totaled EUR –36.7 million, which included EUR 20.8 million in cash used to acquire consolidated companies.

The **parent company's** balance sheet total rose to EUR 963.7 million (last year: EUR 906.8 million). Fixed assets were essentially unchanged, totaling EUR 675.0 million. The parent company had EUR 485.3 million in equity capital (last year: EUR 476.7 million), resulting in an equity

ratio of 50.4% (Q1/2004: 51.9%). Net accounts payable to banks in the first quarter were down by EUR 24.3 million to EUR 326.0 million.

### **Capital Expenditure**

Capital spending by the INDUS Group in the first quarter of 2005 totaled EUR 8.2 million (Q1/2004: EUR 16.0 million).

### **Workforce**

As of March 31, 2005, the INDUS Group employed 4,372 people (Q1/2004: 5,014). This reduction in staff is largely due to the sale of the portfolio companies OKIN and MABEG.

### **Share**

INDUS' share price on March 31, 2005 was EUR 22.81—3.8% up on the quotation at the end of 2004. During the first quarter of 2005, the INDUS share recorded a high of EUR 24.65 and a low of EUR 22.20. Daily share turnover was about 50,000 shares—up 38% on the same period last year. INDUS Holding AG's share achieved a weighting of 3.61% in the SDAX, putting it in fifth spot.

### **Events After the Period Under Review**

There were no material events after the period under review.

### **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 three months of 2005.

### **Outlook**

The economic environment continued to be difficult in the first quarter. Forecasts by leading economic research institutes now only have the economy growing by 0.7%. Trends vary largely from one branch of the industry to the next. While the engineering sector is still benefiting from healthy exports, the automobile industry is stagnating. However, the construction and private consumables sectors are likely to post an additional decrease following the weak start into the current year. Companies with high export ratios may pose additional burdens if the euro continues to appreciate.

Despite the weak market environment, the Board of Management of INDUS Holding AG expects both sales and earnings for 2005 as a whole to grow over last year's level. Over the remaining course of the year, the company intends to take advantage of its comfortable level of liquidity to acquire further companies and thus expand its portfolio. Intensive negotiations are already underway with potential portfolio companies.

## INDUS Group—Consolidated Balance Sheet

### Assets

EUR '000	Mar. 31, 2005	Mar. 31, 2004
<b>Noncurrent assets</b>		
Intangible assets	164,455	169,436
Property, plant and equipment	154,674	153,382
Financial assets	10,814	11,257
<b>Current assets</b>		
Inventories	137,800	123,995
Receivables and other assets	101,240	95,582
Cash on hand, central bank balances, balances at other financial institutions and checks	174,504	150,406
<b>Advance payments</b>	6,110	3,260
	<b>749,597</b>	<b>707,318</b>

### Liabilities and Equity

EUR '000	Mar. 31, 2005	Mar. 31, 2004
<b>Equity</b>		
Subscribed capital	46,800	46,800
Additional paid-in capital	52,467	52,467
Retained earnings	1,019	668
Minority interest	3,785	4,825
Distributable profit	20,513	19,504
	124,584	124,264
<b>Exceptional items with a reserve element</b>	2,893	3,175
<b>Provisions</b>	39,566	40,529
<b>Liabilities</b>		
Accounts payable to banks	453,745	435,208
Prepayments received on orders	5,723	6,379
Accounts payable for supplies and services	27,543	28,530
Accounts payable to investees	45	8
Other liabilities	94,157	68,647
	581,213	538,772
<b>Deferred income</b>	1,341	578
	<b>749,597</b>	<b>707,318</b>

## INDUS Group—Consolidated Income Statement

EUR '000	Q1/2005	Q1/2004
<b>Net sales</b>	146,701	177,712
Changes in finished goods and work in progress	11,815	1,513
Other own work capitalized	31	348
Other operating income	2,116	1,723
	<b>160,663</b>	<b>181,296</b>
Cost of materials		
Cost of raw materials and consumables used and of purchased merchandise	61,905	74,721
Costs of purchased services	7,764	9,113
	69,669	83,834
Staff costs		
Wages and salaries	37,692	38,377
Social security, retirement and other benefits	7,208	7,837
	44,900	46,214
Depreciation and amortization of intangible fixed assets and property, plant and equipment	11,935	12,779
Other operating expenses	22,595	23,998
Income from associated companies	75	150
Income from other securities and long-term loans classified as financial assets	43	67
Other interest and similar income	754	351
Depreciation and amortization of financial assets and current securities	38	38
Interest and similar expenses	6,623	6,529
<b>Profit from operating activities</b>	<b>5,775</b>	<b>8,472</b>
Extraordinary expenses	–	120
Taxes on income	3,943	3,755
<b>Net profit for the quarter</b>	<b>1,832</b>	<b>4,597</b>
Profit allocable to outside shareholders	– 823	– 2,060
<b>Group share in net profit for the quarter</b>	<b>1,009</b>	<b>2,537</b>

## INDUS Group—Segment Reporting

Q1/2005 EUR '000	Construction Industry	Engineering	Automotive Industry	Consum- ables	Other Investments	Group Reconciliation	Group
Net sales	24,288	25,478	34,985	28,647	36,164	– 2,861	146,701
Earnings (EBT)	2,070	2,236	2,937	1,871	1,793	– 5,955	4,952

Q1/2004 EUR '000	Construction Industry	Engineering	Automotive Industry	Consum- ables	Other Investments	Group Reconciliation	Group
Net sales	23,987	26,947	39,402	55,351	35,313	– 3,288	177,712
Earnings (EBT)	1,243	1,916	4,651	3,564	972	– 6,054	6,292

## 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			1,233		1,233
Net profit for Q1/2004				2,537	2,537
<b>Balance as of March 31, 2004</b>	<b>46,800</b>	<b>62,191</b>	<b>2,171</b>	<b>14,053</b>	<b>125,215</b>

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			351		351
Net profit for Q1/2005				1,009	1,009
<b>Balance as of March 31, 2005</b>	<b>46,800</b>	<b>52,467</b>	<b>1,019</b>	<b>20,513</b>	<b>120,799</b>

## INDUS Group—Consolidated Cash Flow Statement

EUR '000	March 31, 2005		March 31, 2004	
1. Result for the reporting period (including prorated results contributed by minority interests) before exceptional items		+ 1,832		+ 4,717
2. Fixed-asset write-downs/write-ups		+ 11,935		+ 12,817
3. Increase (+) or decrease (-) in provisions		- 963		+ 130
4. Other non-cash expenses and income		- 372		+ 44
5. Profit (-) and loss (+) from the disposal of fixed assets		- 178		- 77
6. Increase (-) or decrease (+) in other assets				
Inventories	-	13,805	-	6,791
Accounts receivable for supplies and services	-	3,105	-	12,145
Accounts receivable from investees	+	560	+	532
Other assets	-	3,024	-	2,478
Prepaid expenses	-	2,850	-	1,882
		- 22,224		- 22,764
7. Increase (+) or decrease (-) in other liabilities and equity				
Prepayments received on orders	-	655	+	2,581
Accounts payable for supplies and services	-	988	+	11,588
Accounts payable to investees	+	37	+	355
Other liabilities	+	25,510	-	11,798
Deferred income	+	763	+	1,186
		+ 24,667		+ 3,912
8. Net change in extraordinary items		-		- 120
<b>9. Net cash from operating activities</b>		<b>+ 14,697</b>		<b>- 1,341</b>
10. Proceeds from disposition of fixed assets		621		+ 69
11. Capital expenditure on fixed assets		- 8,246		- 15,955
12. Payments made for the acquisition of consolidated companies		-		- 20,833
<b>13. Net cash from investing activities</b>		<b>- 7,625</b>		<b>- 36,719</b>
14. Payments made to shareholders				
Share of profits paid to minority interests	-	823	-	2,060
15. Change in retained earnings		+ 351		+ 1,232
16. Minority interests		- 1,040		- 150
17. Change in credit lines		+ 18,538		+ 11,973
<b>18. Net cash provided by financing activities</b>		<b>+ 17,026</b>		<b>+ 10,995</b>
19. Net change in financial facilities (sum of 9, 13 & 18)		+ 24,098		- 27,065
20. Financial facilities at beginning of reporting period		150,406		100,337
<b>21. Financial facilities at end of reporting period</b>		<b>174,504</b>		<b>73,272</b>

## Additional Information

### – Accounting and Valuation Methods

This interim report for the period ended March 31, 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 quarter 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 Industry, Engineering, Automotive Industry, Consumables 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.

	March 31, 2005	March 31, 2004
Group net profit for the quarter	EUR 1.8 million	EUR 4.6 million
Parent company net profit for the quarter	EUR 8.6 million	EUR 10.9 million
Number of shares	18.0 million	18.0 million
Group earnings per share	EUR 0.10	EUR 0.26
Parent company earnings per share	EUR 0.48	EUR 0.61

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

The Board of Management and the Supervisory Board will propose to this year's Annual Shareholders' Meeting that an unchanged dividend of EUR 1.18 be paid per share for the 2004 financial year on July 12, 2005.