INDUS Holding
AKTIENGESELLSCHAFT

INTERIM REPORT
JANUARY 1 TO SEPTEMBER 30, 2004

INDUS Holding AG in Figures

Group		Sept. 30, 2004	Sept. 30, 2003
Net sales	EUR million	520.3	489.3
Workforce		4,576	4,511
Net profit for the period	EUR million	9.8	9.9
Total assets	EUR million	765.9	725.8*
Noncurrent assets	EUR million	369.9	362.8*
Capital stock	EUR million	46.8	46.8

*The comparable figure relates to December 31, 2003.

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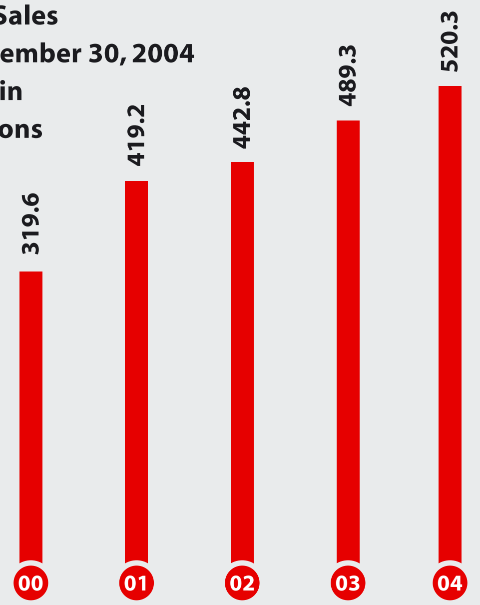
Sales and Earnings Trend

In the first nine months of 2004, consolidated net sales of INDUS Holding AG rose by 6.3 percent, totaling EUR 520.3 million (up from EUR 489.3 million in the same period of 2003). In the third quarter, consolidated net sales edged down by 2.5 percent to EUR 164.3 million (Q3/2003: EUR 168.5 million). This is mainly to be attributed to the divestment of Okin Gesellschaft für Antriebstechnik mbH & Co. KG (Q3/2003: approx. EUR 23 million) on July 1, 2004. Net sales generated by Bilstein & Siekermann GmbH & Co. KG and Helmut Rübsamen GmbH & Co. KG, the investments that were acquired in the fourth quarter of 2003 and consolidated for the first time on January 1, 2004, almost entirely neutralized this sales shortfall.

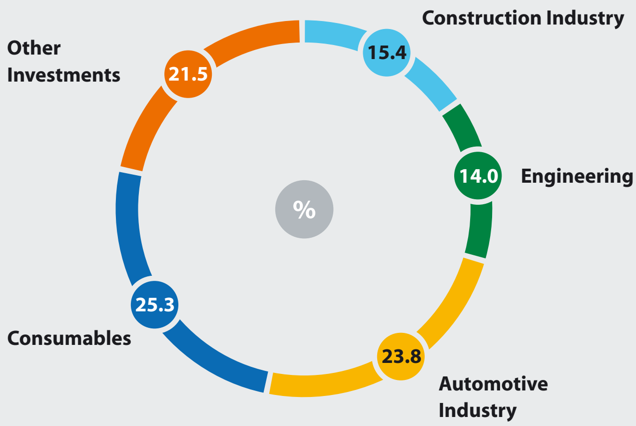
The development in the first nine months highlights the stability of INDUS Holding AG's strategy. Despite the rather disappointing economic performance, the specialized investments in niche markets achieved encouraging results. Joint-venture companies generated positive net sales and profits from operating activities. The drop in profit from operating activities to EUR 22.1 million, from EUR 24.4 million in the previous year, is attributable to Okin's sales shortfall and higher material costs, which were due to increased prices for raw materials. Net profit for the first nine months totaled EUR 9.8 million (previous year: EUR 9.9 million); extraordinary expenses of EUR 1.9 million related to additional measures for the strategic reorganization of Neutrasoft GmbH & Co. KG were taken into account. The significant decrease in outside investors' shares in profits for the third quarter from EUR 5.9 million to EUR 3.1 million led to an increase in the Group's share in profits, which rose to EUR 6.7 million from EUR 4.0 million. This development is due to the divestment of Okin. A considerable stake was held by outside parties.

In the third quarter, the profit from operating activities came in at EUR 7.4 million (previous year: EUR 9.5 million); profit in the third quarter amounted to EUR 2.9 million (previous year: EUR 3.3 million) excluding minority interests. In the third quarter, the Group's share in the profit rose from EUR 1.0 million to EUR 2.3 million.

Net Sales
September 30, 2004
EUR in millions



Net Sales by Segment
September 30, 2004
Percentages



Note:
Since the acquisitions were effected at different points in time during the year and as the financial years of existing holdings partly differ, the determination of INDUS Holding AG's interim results calls for a special procedure. In order to ensure the necessary degree of comparability, as a rule, the new acquisitions' sales and earnings are only consolidated at the end of the respective financial year. In the case of companies with differing financial years, the sales and earnings of the period under review (January 1 to September 30) are recorded. For details on the scope of consolidation, please turn to page 11.

Consolidated earnings per share for the third quarter are EUR 0.54 (previous year: EUR 0.55).

Including amortization of first-time consolidations, net profit generated by the holding company in the first three quarters amounted to EUR 31.1 million (previous year: EUR 30.7 million). The equity ratio remained at 50 percent.

Segment Reporting

– Construction Industry

Hopes for a stable construction sector have again not materialized. From January to August 2004, net sales and recorded orders received decreased by 5.2 percent and 5.7 percent respectively, compared to the previous year. Due to this development, the German umbrella association for the construction industry made a downward adjustment to its sales forecast, reducing it to –4.5 percent from –2 percent.

The unfavorable economic situation had negative effects on commercial and public construction, decreasing sales by 8.5 percent and 8.1 percent, respectively. Residential construction benefited from the ongoing debates on abolishing home owner allowances. Net sales were up by 1.1 percent compared to the previous year. Orders received dropped by 6.5 percent and building permit issuances for single-family homes and duplexes dropped by 8.9 percent—an indication of a considerable slowdown in the pace of the exceptional boom. This trend is unlikely to be reversed in the near future. The German umbrella association for the construction industry expects the sector to see sales slip by up to 3 percent.

Despite the unfavorable underlying conditions, INDUS Holding AG portfolio companies slightly lifted net sales to EUR 81.7 million (previous year: EUR 81.1 million) in the first nine months. Profit before tax (EBT) amounted to EUR 7.4 million, thus almost besting the EUR 7.8 million posted a year earlier.

– Engineering

After two rather sluggish years, the German engineering industry has been picking up again this year. Orders received rose by 16 percent in the first eight months, which was mainly due to surging exports. Domestic orders, however, increased by only 9 percent. Based on this positive development, the German engineering association VDMA raised its sales forecast for 2004 to 5 percent in October.

Figures for September show that the export business is slowing down. Domestic and foreign orders rose by 10 percent and 8 percent, respectively. This was the first time that domestic orders increased at a faster pace than foreign orders. Thus the VDMA was rather cautious with regard to its forecast for next year. Industry experts expect production to grow by about 3 percent in 2005.

Joint-venture companies in this sector displayed very positive developments. Fueled by strong exports, net sales increased by 13.1 percent to EUR 74.3 million (previous year: EUR 65.7 million). EBT surged from EUR 5.1 million to EUR 6.7 million, primarily due to invoice-related effects.

– Automotive Industry

Domestic demand remained sluggish in the third quarter. Based on new vehicle registrations, decreases of 7 percent, 3 percent and 4 percent were registered in July, August and September, respectively. New vehicle registrations were down 2 percent, or approximately 60,000, compared with the previous year. Thanks to the wide range of new models launched by German manufacturers, orders received were up by 17 percent in August and 8 percent in September. This encouraging development will have only very little effect on new vehicle registration figures for 2004. VDA, the German automotive association, expects new domestic vehicle registrations to top out at 3.24 million, which would be on par with the level achieved in 2003.

Germany’s auto manufacturers continued to have strong exports. Exports edged up by 329,000 vehicles—an increase of 0.4 percent on the previous year. This year, German auto manufacturers have increased their exports by 6 percent so far.

Despite the stagnant market, joint-venture companies improved their results considerably. Net sales rose by 12.7 percent to EUR 126.4 million from EUR 112.2 million. EBT grew at an above-average rate from EUR 10.6 million to EUR 13.5 million. This positive development mainly stems from companies that were acquired and consolidated for the first time last year.

– Consumables

Whereas the rise in consumer spending of 0.6 percent was slightly higher than expected in the first quarter, the increase in the second quarter only amounted to a marginal 0.1 percent. Consumer sentiment deteriorated again over the course of the year. Discussions relating to the unemployment benefit reform (Arbeitslosengeld II), job cuts in renowned major German companies as well as the government's continued efforts to reform the welfare system suppressed the positive stimuli of the second phase of the income tax reform, which came into force in early 2004. In addition, wage components in excess of the agreed scale and increased energy prices noticeably reduced consumer purchasing power.

The development in the Consumables segment has to be adjusted to exclude disposal effects from the Okin divestment. The absence of Okin's prorated sales (EUR 23.0 million) was easily compensated for by the positive development of the companies in this segment. While net sales dropped to EUR 133.8 million (previous year: EUR 149.3 million), EBT climbed to EUR 10.3 million over the previous year (EUR 10.2 million).

– Other Investments

Joint-venture companies in the Other Investments segment deliver their products to companies of various branches of industry. There is no sector-specific indicator. Gross domestic product (GDP), which measures economic activity in Germany, is a benchmark for segment development. Following strong GDP growth of 0.4 percent and 0.5 percent in the first two quarters compared to the corresponding quarters last year, economic activity slowed down in the third quarter. Due to the surprising decrease in orders received by 0.2 percent in September, a slowdown of economic activity in industry and marginal GDP growth in the third quarter seems extremely likely.

The rise in segment sales by 26.4 percent from EUR 90.3 million to EUR 114.1 million can be attributed to acquisition-related effects. The negative effects of Mabeg Kreuschner GmbH & Co. KG no longer exist since the management buyout; yet they led to a decline of EBT to EUR 4.2 million from the EUR 6.9 million recorded last year.

Capital Expenditure

Investments in joint-venture companies are made as budgeted. Overall, capital spending on fixed assets at INDUS Holding AG and its joint-venture companies totaled EUR 35.1 million in the first nine months of 2004.

Workforce

As of September 30, 2004, INDUS employed 4,590 people. This is a slight increase compared with the 4,511 employees on the previous year's corresponding reporting date.

Share

After a good start and an encouraging development in the first quarter of 2004, the INDUS share was not spared by the trend towards lower prices on German stock markets in the following months. Following a strong increase from the beginning of the year to the end of the first half of 2004, the share price remained within a narrow range of between EUR 23 and EUR 26. The share price picked up again, thanks to robust figures in the first half of 2004 and a positive outlook for the whole fiscal year, following a temporary dip in prices. This positive trend continued after the reporting date, among other things due to the hopes of an early M-DAX quotation.

Events After the End of the Reporting Period

After the end of the reporting period, INDUS Holding AG concluded the acquisition of Turmbau Steffens & Nölle GmbH (TSN). With effect from September 30, 2004, INDUS acquired 100 percent of TSN's shares. TSN looks back on a long tradition and is a leading specialist in Germany for free-standing towers and radio, television and telecommunications poles. In 2004, the company is expected to generate earnings of about EUR 10 million with a workforce of some 40 employees. TSN focuses on interesting engineering services such as planning, construction and statics as well as installation. Activities in the fields of foundations and steel construction are outsourced.

Outlook

At present, it seems unlikely that Germany's economy will rebound substantially. The Ifo business climate index slipped considerably in November, following a constant performance three times in a row. The general business outlook has become more cautious due to the problems posed by the labor market and social security systems, which have decoupled the EU economy from the world economy, and above all as a result of the persistently high oil and raw material prices.

INDUS Holding AG will be able to achieve its objective of generating EUR 740 million in net sales despite the sale of Mabeg and Okin once the new successful acquisitions have been taken into account. The Board of Management expects to be able to surpass last year's consolidated earnings and to secure the dividend's continuity. Based on the budget, the Board of Management anticipates that the general business trend will improve next year.

INDUS Group Consolidated Balance Sheet

Assets

EUR '000	Sept. 30, 2004	Dec. 31, 2003
Noncurrent assets		
Intangible assets	196,346	191,712
Property, plant and equipment	150,191	147,546
Financial assets	23,381	23,587
Current assets		
Inventories	175,308	155,549
Receivables and other assets	115,167	103,950
Marketable securities	–	2
Cash on hand, central bank balances, balances at other financial institutions and checks	101,892	100,335
Advance payments	3,598	3,111
	765,883	**725,792**

Liabilities and Equity

EUR '000	Sept. 30, 2004	Dec. 31, 2003
Equity		
Subscribed capital	46,800	46,800
Additional paid-in capital	52,467	62,191
Retained earnings	1,604	938
Minority interest	7,449	3,100
Distributable profit	6,695	11,516
	115,015	124,545
Exceptional items with a reserve element	624	777
Provisions	44,329	38,922
Liabilities		
Accounts payable to banks	448,542	423,348
Prepayments received on orders	31,520	20,292
Accounts payable for supplies and services	30,377	22,567
Accounts payable to investees	699	22
Other liabilities	93,032	94,844
	604,170	561,073
Deferred income	1,745	475
	765,883	**725,792**

INDUS Group Consolidated Income Statement

EUR '000	Q3 2004	Q3 2003*	9 months 2004	9 months 2003*
Net sales	164,270	168,458	520,296	489,300
Changes in finished goods and work in progress	3,347	– 1,410	11,849	14,510
Other own work capitalized	97	711	1.269	845
Other operating income	2,849	7,648	6,878	12,152
	170,563	**175,407**	**540,292**	**516,807**
Cost of materials	77,695	81,931	246,667	225,659
Staff costs	44,813	41,936	137,150	131,848
Depreciation and amortization of intangible fixed assets and property, plant and equipment	12,868	14,085	45,118	41,853
Other operating expenses	21,627	23,653	71,211	77,770
Income from associated companies	200	386	500	386
Income from other securities and long-term loans classified as financial assets	20	13	68	13
Other interest and similar income	416	1,012	1,167	1,830
Depreciation and amortization of financial assets and current securities	38	–	113	–
Interest and similar expenses	6,780	5,752	19,680	17,488
Profit from operating activities	**7,378**	**9,461**	**22,088**	**24,418**
Extraordinary expenses	600	283	1,900	283
Taxes on income	3,924	5,880	10,399	14,258
Net profit for the period	**2,854**	**3,298**	**9,789**	**9,877**
Profit allocable to outside shareholders	597	2,286	3,094	5,880
Group share in net profit for the period	**2,257**	**1,012**	**6,695**	**3,997**

* Comparable figures have been determined in accordance with the reconciliation from the parent company's 2003 financial statements. Figures include estimates since the consolidated financial statements had not been finalized when they were determined.

INDUS Group Segment Reporting

EUR '000	Q3 2004	Q3 2003*	9 months 2004	9 months 2003*
Net sales				
Construction Industry	32,964	34,000	81,691	81,100
Engineering	24,553	20,300	74,310	65,700
Automotive Industry	42,158	37,000	126,407	112,200
Consumables	28,816	47,900	133,832	149,300
Other Investments	38,786	30,800	114,108	90,300
Group reconciliation	– 3,007	– 1,542	– 10,052	– 9,300
Group	**164,270**	**168,458**	**520,296**	**489,300**
Earnings (EBT)				
Construction Industry	3,662	4,695	7,413	7,812
Engineering	2,884	1,082	6,736	5,090
Automotive Industry	3,740	2,419	13,543	10,555
Consumables	3,390	2,826	10,271	10,164
Other Investments	2,050	3,303	4,231	6,937
Group reconciliation	– 9,545	– 7,433	– 25,100	– 22,303
Group	**6,181**	**6,892**	**17,094**	**18,255**

* Comparable figures have been determined in accordance with the reconciliation from the parent company's 2003 financial statements. Figures include estimates since the consolidated financial statements had not been finalized when they were determined.

INDUS Group Consolidated Statement of Changes in Equity and Minority Interests

2003 EUR '000	Subscribed capital	Additional paid-in capital	Retained earnings	Distributable profit	Total equity
Balance as of January 1, 2003	46,800	72,375	606	10,516	130,297
Dividend		– 10,184		– 10,516	– 20,700
Currency exchange differences			332		332
Net profit for 2003				11.516	11.516
Balance as of December 31, 2003	**46,800**	**62,191**	**938**	**11,516**	**121,445**

2004 EUR '000	Subscribed capital	Additional paid-in capital	Retained earnings	Distributable profit	Total equity
Balance as of December 31, 2003	46,800	62,191	938	11,516	121,445
Dividend		– 9,724		– 11,516	– 21,240
Currency exchange differences			666		666
Net profit for nine months 2004				6.695	6.695
Balance as of September 30, 2004	**46,800**	**52,467**	**1,604**	**6,695**	**107,566**

INDUS Group Consolidated Cash Flow Statement

EUR '000	Jan. 1 to Sept. 30, 2004		Jan. 1 to Dec. 31, 2003	
1. Result for the reporting period (including prorated results contributed by minority interests) before exceptional items		+ 11,689		+ 26,386
2. Fixed-asset write-downs/write-ups		+ 45,231		+ 56,949
3. Increase (+) or decrease (–) in provisions		+ 6,168		– 1,811
4. Other non-cash expenses and income		– 152		– 411
5. Profit (–) and loss (+) from the disposal of fixed assets		– 377		– 15,521
6. Increase (–) or decrease (+) in other assets				
Inventories	– 22,138		– 8,616	
Accounts receivable for supplies and services	– 10,635		+ 10,882	
Accounts receivable from investees	+ 64		+ 651	
Other assets	– 17,029		+ 7,745	
Prepaid expenses	– 501	– 50,239	– 209	+ 10,453
7. Increase (+) or decrease (–) in other liabilities and equity				
Prepayments received on orders	+ 11,327		+ 6,049	
Accounts payable for supplies and services	+ 8,129		– 6,433	
Bills payable			– 500	
Accounts payable to investees	+ 677		– 147	
Other liabilities	+ 24,861		– 3,924	
Deferred income	+ 1,269	+ 46,263	– 39	– 4,994
8. Net change in extraordinary items		– 1,900		– 10,347
9. Net cash from operating activities		**+ 56,683**		**+ 60,704**
10. Proceeds from disposition of fixed assets		+ 407		+ 7,986
11. Capital expenditure on fixed assets		– 35,055		– 53,938
12. Payments made for the acquisition of consolidated companies		– 26,355		– 11,253
13. Net cash from investing activities		**– 61,003**		**– 57,205**
14. Payments made to shareholders				
Dividend	– 21,240		– 20,700	
Share of profits paid to minority interests	– 3,094	– 24,334	– 4,523	– 25,223
15. Change in retained earnings		+ 666		+ 1,534
16. Minority interests		+ 4,349		– 3,985
17. Change in credit lines		+ 25,194		+ 27,091
18. Net cash provided by financing activities		**+ 5,875**		**– 583**
19. Net change in financial facilities (sum of 9, 13 & 18)		+ 1,555		+ 2,916
20. Financial facilities at beginning of reporting period		100,337		97,421
21. Financial facilities at end of reporting period		**101,892**		**100,337**

The cash flow statement was derived using the indirect method. Due to the necessary neutralization of non-cash transactions and the breakdown of various financial facilities, however, information provided in the cash flow statement cannot be directly derived from the balance sheet or the income statement.

Additional Information:

Comparability

INDUS Holding AG started publishing quarterly figures on a Group basis on January 1, 2004. Therefore, the company is complying with the requirements of international capital markets and fulfilling the provisions of the German Stock Exchange. Comparable figures for 2003 were calculated retrospectively and plausibly derived for consolidation purposes. Special attention is drawn to such cases throughout this report. As a rule, the consolidated figures only reflect the actual economic performance once the amortization of first-time consolidations is taken into account.

Accounting Principles

This interim report for the first three quarters of the fiscal year was prepared in compliance with the accounting principles set forth in Sec. 264 et seqq. of the German Commercial Code (HGB).

Accounting and valuation principles applied in preparing the consolidated financial statements for the 2003 financial year were adopted in unamended form for the period ended September 30, 2004. A detailed description can be found on page 52 in the notes to the consolidated financial statements for fiscal 2003.

Scope of Consolidation

The sale of Soest-based Mabeg Kreuschner GmbH & Co. KG resulted in the company's deconsolidation effective January 1, 2004. As of September 30, 2004, the formal conditions for deconsolidating Okin Gesellschaft für Antriebstechnik mbH & Co. KG, which was sold effective July 1, 2004, had not yet been met. There were no further changes compared with the annual report for fiscal 2003.

Segment Reporting

Companies are assigned to segments based on their respective sales structures. Assignments were not changed in the period under review. Net sales comprise the segments' external net sales. Earnings (EBT) in the Group reconciliation largely consist of amortization on 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 allocable to the capital stock. In the reporting periods, 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

Subsequent to this year's Annual Shareholders' Meeting, the company paid out a dividend, which had been increased from EUR 1.15 to EUR 1.18 per share. The total dividend amount was EUR 21.24 million (2003: EUR 20.7 million). The pay-out ratio was 37.3 percent (2003: 36.7 percent).