INDUS Holding
AKTIENGESELLSCHAFT

INTERIM REPORT
JANUARY 1 TO JUNE 30, 2004

INDUS Holding AG in Figures

Group		June 30, 2004	June 30, 2003
Net sales	EUR million	356.0	320.8
Workforce		5,148	4,537
Net profit for the half-year	EUR million	6.9	6.6
Total assets	EUR million	743.9	725.8*
Noncurrent assets	EUR million	372.7	362.8*
Capital stock	EUR million	46.8	46.8

*The comparable figure relates to December 31, 2003.

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
E-mail: indus@indus.de

Investor Relations contact:

Haubrok Investor Relations
Kaistraße 8
40221 Düsseldorf
Germany
Phone: +49-2 11-3 01-260
Fax: +49-2 11-3 01-2 61 72
E-mail: office@haubrok.de

Sales and Earnings Trend

Consolidated net sales generated by INDUS Holding AG were up 8.9 percent to EUR 178.3 million in the second quarter of 2004 (Q2/2003: EUR 163.7 million). Consolidated net sales for the first half of 2004 amounted to EUR 356.0 million, surpassing the EUR 320.8 million recorded a year earlier by 11.0 percent.

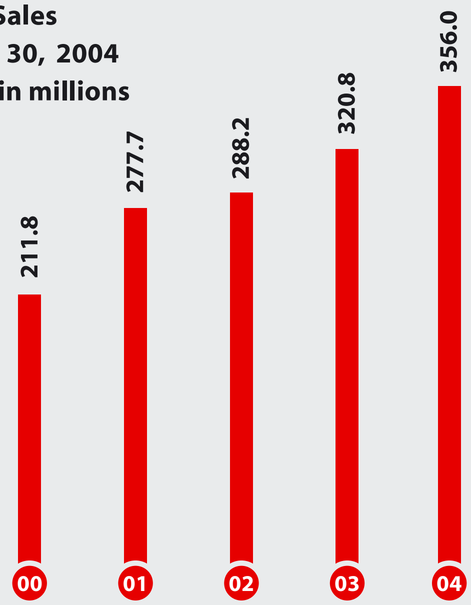
In light of the economy's performance, which continues to be very restrained, the encouraging sales trend is yet further proof of the strength the joint ventures have in their respective niche markets. Besides existing investments, the increase in net sales was also attributable to Bilstein & Siekermann GmbH + Co. KG and Helmut Rübsamen GmbH & Co. KG, both of which were acquired in the fourth quarter of 2003.

The profit from operating activities produced by INDUS Holding AG joint-venture companies also developed better than last year. However, the divestment of Mabeg Kreuschner GmbH & Co. KG as part of a management buyout (MBO) and the company's resulting deconsolidation led to one-off charges, which did not have an impact on liquidity, but reduced the profit. This is primarily reflected in the fact that depreciation and amortization rose by EUR 4.5 million. By consequence, the profit from operating activities totaled EUR 6.2 million in the second quarter of 2004, falling below the figure recorded in the corresponding period last year (Q2/2003: EUR 7.6 million).

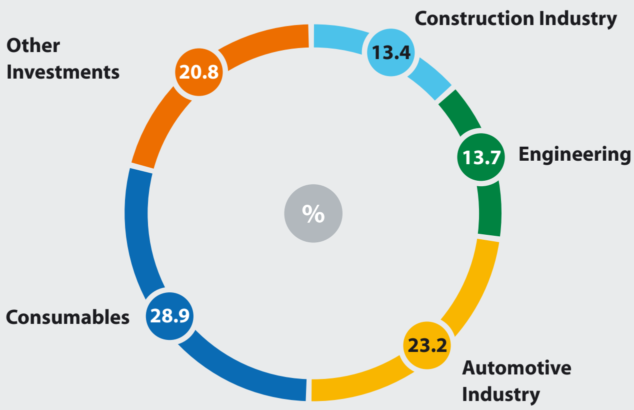
In the first half of 2004, the profit from operating activities came in at EUR 14.7 million, and was thus nearly on par year-on-year (1st half of 2003: EUR 15.0 million).

Additional measures taken to secure the future of Neutrasoft GmbH & Co. KG led to EUR 1.3 million in extraordinary expenses. Taking taxes due into account, net profit for the second quarter was EUR 2.3 million (Q2/2003: EUR 3.5 million). In the first half of 2004, net profit totaled EUR 6.9 million. Compared with the corresponding EUR 6.6 million achieved last year, this translates into a 4.5 percent gain. This results in consolidated earnings per share of EUR 0.38 (1st half of 2003: EUR 0.37).

Net Sales
June 30, 2004
EUR in millions



Net Sales by Segment
June 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 June 30) are recorded.

Including amortization of first-time consolidations, net profit generated by the holding company amounted to EUR 18.5 million (1st half of 2003: EUR 19.9 million). The equity ratio remained above 50 percent.

Segment Reporting

– Construction Industry

Hopes for a stable construction sector have not yet materialized this year. Owing to the much more favorable development in the four preceding months, recorded orders received in the first five months of the fiscal year were only 5.5 percent down to EUR 17.4 billion compared with last year's corresponding period. The German umbrella association for the construction industry expects the sector to see sales slip by 2 percent, following the 2.5 percent drop in the first four months of 2004.

Despite the unfavorable underlying conditions, INDUS Holding AG portfolio companies lifted net sales by 3.4 percent, from EUR 47.1 million to EUR 48.7 million, in the first half of 2004. Profit before tax (EBT) amounted to EUR 3.8 million, thus clearly besting the EUR 3.1 million posted a year earlier.

– Engineering

Strong foreign demand caused orders received to rise markedly (18 percent) in the first four months of the current financial year. However, this has not yet had a significant effect on the level of employment. At about 83 percent, it remained relatively low. Nevertheless, in light of the strong exports, VDMA, the German engineering association, raised its sales forecast for 2004 from 2 percent to 4 percent.

Businesses in this field were also able to benefit from strong exports, increasing net sales by 9.7 percent, from EUR 45.4 million to EUR 49.8 million. But mounting competitive pressure coupled with the domestic market's weakness depressed the profit. Nevertheless, at EUR 3.9 million, EBT was essentially unchanged from the EUR 4.0 million recorded in the first half of 2003.

– Automotive Industry

In light of weak demand, the most optimistic domestic prognosis for 2004 is a stagnant market. VDA, the German automotive association, made a downward correction to its sales forecast based on new vehicle registrations in June and now only anticipates approximately 3.24 million new vehicle registrations, which would be on par with the level achieved in 2003. New vehicle registrations were down 1 percent to 1.65 million in the first six months. Conversely, Germany's auto manufacturers continued to have strong exports. In June, 345,100 units were exported – 26 percent more than in June 2003, which however, was a weak month.

Joint-venture companies in this segment showed positive development. Net sales for the first half of 2004 rose from EUR 75.2 million to EUR 84.2 million primarily as a result of the companies acquired and consolidated last year. EBT posted stronger growth, climbing from EUR 8.1 million to EUR 9.8 million.

– Consumables

The moderate resurgence in consumer spending that has been observed since the beginning of the year has steadied itself over the course of the year. Growth in consumer spending was 0.6 percent in the first quarter, slightly exceeding expectations. Consumer uneasiness has persisted nevertheless, against the backdrop of efforts to reform the welfare system, which have already been initiated by the government and are currently a topic of discussion.

The inhomogeneous trend in consumer spending is also reflected in the subsidiaries' development. Net sales advanced 3.6 percent from EUR 101.4 million to EUR 105.0 million, while EBT decreased 5.5 percent from EUR 7.3 million to EUR 6.9 million.

– Other Investments

Management chose to measure the performance of the Other Investments segment against the development of the domestic economy as a whole. Gross domestic product (GDP) was up 0.4 percent in the first quarter of 2004. According to leading economic research institutes, GDP will grow by some 1.7 percent for the full year, buoyed by strong exports. However, unlike the world economy, for which the Ifo Institute predicts 4.6 percent growth, Germany shows little signs of economic revitalization.

INDUS Holding AG portfolio companies were unable to fully extricate themselves from this environment. Nevertheless, net sales increased from EUR 59.5 million to EUR 75.3 million, partly due to acquisitions. AT EUR 2.2 million, EBT was below the EUR 3.6 million recorded in last year's corresponding period. This was principally a result of the aforementioned effects of deconsolidating Mabeg and the related one-off expenses.

Capital Expenditure

Capital spending by INDUS Holding AG and its portfolio companies in the first six months of the year totaled EUR 27.2 million. The Board of Management expects the portfolio of equity holdings to be expanded even further over the course of the year, and that corresponding amounts of capital will be spent.

Workforce

As of June 30, 2004, INDUS Holding AG employed 5,148 people throughout the Group. This corresponds to an increase of 611 employees year-on-year. Growth in personnel is nearly exclusively due to the newly acquired joint-venture companies.

Share

The INDUS share delivered a positive performance in the first half of 2004, rising by 23.3 percent. Following a strong increase at the beginning of the year, the price of INDUS shares remained within a narrow range between EUR 23 and EUR 26. It closed the period ended June 30, 2004 at EUR 25.55. Thanks to this positive development, the INDUS share again outperformed the DAX (+ 0.9 percent), the MDAX (+ 12.9 percent) and the SDAX (+ 12.2 percent).

However, in the two subsequent months, the INDUS share was unable to emerge from the German stock markets' weakness unscathed.

The change in the shareholder structure, which was completed at the end of June, led to a significant increase in the free float. As a result, the prerequisites for the INDUS share's inclusion in the MDAX have improved considerably.

Dividend

At this year's Annual Shareholders' Meeting on July 5, 2004, the shareholders approved the joint profit appropriation proposal by the Board of Management and the Supervisory Board. The dividend was thus increased from EUR 1.15 to EUR 1.18 per share. This corresponds to an aggregate dividend payment of EUR 21.24 million (2003: EUR 20.7 million), with a payout ratio of 37.3 percent (2003: 36.7 percent).

Events After the End of the Reporting Period

After the end of the period under review, INDUS Holding AG sold its stake in Gummersbach-based Okin Gesellschaft für Antriebstechnik mbH & Co. KG to the Bad Homburg-based Harald Quandt Group company Equita Management GmbH effective July 1, 2004. Okin's strong growth in the past, and especially the growth forecast for the future, had reached an order of magnitude which, in the opinion of INDUS management, could have upset the portfolio's balance. Furthermore, Okin had the highest proportion of outside shareholders among INDUS portfolio companies.

Proceeds from the sale will be invested in new joint ventures. This will enable INDUS to further diversify its portfolio in terms of earnings and risks.

Moreover, INDUS sold its entire 100 percent shareholding in Soest-based Mabeg Kreuschner GmbH & Co. KG to the commercial director Stefan Lichte as part of a management buyout (MBO). Lichte, who joined the company in 1982, will continue to manage Mabeg strictly in line with the restructuring measures that have already been carried out. For INDUS, this translates into yet another step towards optimizing its portfolio of equity holdings even better.

Outlook

Although the Ifo business climate index rose to 95.6 points in July after a steep decline in the two preceding months, Germany's economic recovery is still rather weak. Raw material prices will cause costs to rise over the remaining course of the year against the backdrop of oil prices, which reached an all-time high, and the price of steel, which advanced by roughly 50 percent. Our joint ventures will do whatever they can to pass these additional costs on to their customers. Their success in this endeavor remains to be seen.

INDUS Holding AG will continue to pursue its goal of generating net sales of EUR 740 million for fiscal 2004 as a whole although Okin and Mabeg have been sold. Planned acquisitions have already been included in this figure.

Due to the aforementioned uncertainty, it is difficult to issue an earnings forecast, but based on the performance in the first half of the financial year, the Board of Management is confident of being able to increase the Group's consolidated profit and safeguard the dividend's continuity.

INDUS Group Consolidated Balance Sheet

Assets

EUR '000	June 30, 2004	Dec. 31, 2003
Noncurrent assets		
Intangible assets	202,135	191,712
Property, plant and equipment	147,527	147,546
Financial assets	23,085	23,587
Current assets		
Inventories	175,855	155,549
Receivables and other assets	112,692	103,950
Marketable securities	–	2
Cash on hand, central bank balances, balances at other financial institution and checks	78,105	100,335
Advance payments	4,478	3,111
	743,877	**725,792**

Liabilities and Equity

EUR '000	June 30, 2004	Dec. 31, 2003
Equity		
Subscribed capital	46,800	46,800
Additional paid-in capital	62,191	62,191
Retained earnings	2,304	938
Minority interest	4,247	3,100
Distributable profit	15,954	11,516
	131,496	124,545
Exceptional items with a reserve element	1,067	777
Provisions	39,609	38,922
Liabilities		
Accounts payable to banks	438,408	423,348
Prepayments received on orders	27,985	20,292
Accounts payable for supplies and services	34,727	22,567
Accounts payable to investees	500	22
Other liabilities	68,624	94,844
	570,244	561,073
Deferred income	1,461	475
	743,877	**725,792**

INDUS Group Consolidated Income Statement

EUR '000	Q2 2004	Q2 2003*	H1 2004	H1 2003*
Net sales	178,314	163,743	356,026	320,842
Changes in finished goods and work in progress	6,989	2,856	8,502	15,920
Other own work capitalized	824	100	1,172	134
Other operating income	2,306	3,140	4,029	4,504
	188,433	**169,839**	**369,729**	**341,400**
Cost of materials	85,138	69,014	168,972	143,728
Staff costs	46,123	45,466	92,337	89,912
Depreciation and amortization of intangible fixed assets and property, plant and equipment	19,471	13,991	32,250	27,768
Other operating expenses	25,586	28,386	49,584	54,117
Income from associated companies	150	-.--	300	-.--
Income from other securities and long-term loans classified as financial assets	– 19	-.--	48	-.--
Other interest and similar income	400	467	751	818
Depreciation and amortization of financial assets and current securities	37	-.--	75	-.--
Interest and similar expenses	6,371	5,818	12,900	11,736
Profit from operating activities	**6,238**	**7,631**	**14,710**	**14,957**
Extraordinary expenses	1,180	-.--	1,300	-.--
Taxes on income	2,720	4,168	6,475	8,378
Net profit for the period	**2,338**	**3,463**	**6,935**	**6,579**
Profit allocable to outside shareholders	– 437	– 2,313	– 2,497	– 3,594
Group share in net profit for the period	**1,901**	**1,150**	**4,438**	**2,985**

* 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	Q2 2004	Q2 2003*	H1 2004	H1 2003*
Net sales				
Construction Industry	24,740	25,000	48,727	47,100
Engineering	22,810	22,600	49,757	45,400
Automotive Industry	44,847	39,000	84,249	75,200
Consumables	49,665	49,800	105,016	101,400
Other Investments	40,009	31,000	75,322	59,500
Group reconciliation	– 3,757	– 3,657	– 7,045	– 7,758
Group	**178,314**	**163,743**	**356,026**	**320,842**
Earnings (EBT)				
Construction Industry	2,508	1,821	3,751	3,117
Engineering	1,936	1,422	3,852	4,008
Automotive Industry	5,152	4,335	9,803	8,136
Consumables	3,317	3,449	6,881	7,338
Other Investments	1,209	1,726	2,181	3,634
Group reconciliation	– 9,501	– 7,435	– 15,555	– 14,870
Group	**4,621**	**5,318**	**10,913**	**11,363**

* 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	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	Equity
Balance as of December 31, 2003	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**

INDUS Group Consolidated Cash Flow Statement

EUR '000		June 30, 2004		December 31, 2003
1. Result for the reporting period (including prorated results contributed by minority interests) before exceptional items		+ 8,236		+ 26,386
2. Fixed-asset write-downs/write-ups		+ 32,325		+ 56,949
3. Increase (+) or decrease (–) in provisions		+ 687		– 1,811
4. Other non-cash expenses and income		+ 290		– 411
5. Profit (–) and loss (+) from the disposal of fixed assets		– 181		– 15,521
6. Increase (–) or decrease (+) in other assets				
Inventories	– 20,306		– 8,616	
Accounts receivable for supplies and services	– 11,878		+ 10,882	
Accounts receivable from investees	+ 784		+ 651	
Other assets	– 6,762		+ 7,745	
Prepaid expenses	– 1,367	– 39,529	– 209	+ 10,453
7. Increase (+) or decrease (–) in other liabilities and equity				
Prepayments received on orders	+ 7,693		+ 6,049	
Accounts payable for supplies and services	+ 12,160		– 6,433	
Bills payable			– 500	
Accounts payable to investees	+ 478		– 147	
Other liabilities	– 5,751		– 3,924	
Deferred income	+ 986	+ 15,566	– 39	– 4,994
8. Net change in extraordinary items		– 1,300		– 10,347
9. Net cash from operating activities		**+ 16,094**		**+ 60,704**
10. Proceeds from disposition of fixed assets		+ 164		+ 7,986
11. Capital expenditure on fixed assets		– 27,211		– 53,938
12. Payments made for the acquisition of consolidated companies		– 26,355		– 11,253
13. Net cash from investing activities		**– 53,402**		**– 57,205**
14. Payments made to shareholders				
Dividend			– 20,700	
Share of profits paid to minority interests	– 2,497	– 2,497	– 4,523	– 25,223
15. Change in retained earnings		+ 1,366		+ 1,534
16. Minority interests		+ 1,147		– 3,985
17. Change in credit lines		+ 15,060		+ 27,091
18. Net cash provided by financing activities		**+ 15,076**		**– 583**
19. Net change in financial facilities (sum of 9, 13 & 18)		– 22,232		+ 2,916
20. Financial facilities at beginning of reporting period		100,337		97,421
21. Financial facilities at end of reporting period		**78,105**		**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 situation once the amortization of first-time consolidations is taken into account.

Accounting Principles

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 June 30, 2004. A detailed description can be found in the notes to the consolidated financial statements for fiscal 2003.

Scope of Consolidation

All of the subsidiaries existing in the 2003 financial year were included, with one exception. Soest-based Mabeg Kreuschner GmbH & Co. KG was deconsolidated on conclusion of the sale and is thus no longer included in the scope of consolidation.

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.