INDUS

HOLDING AG

2005

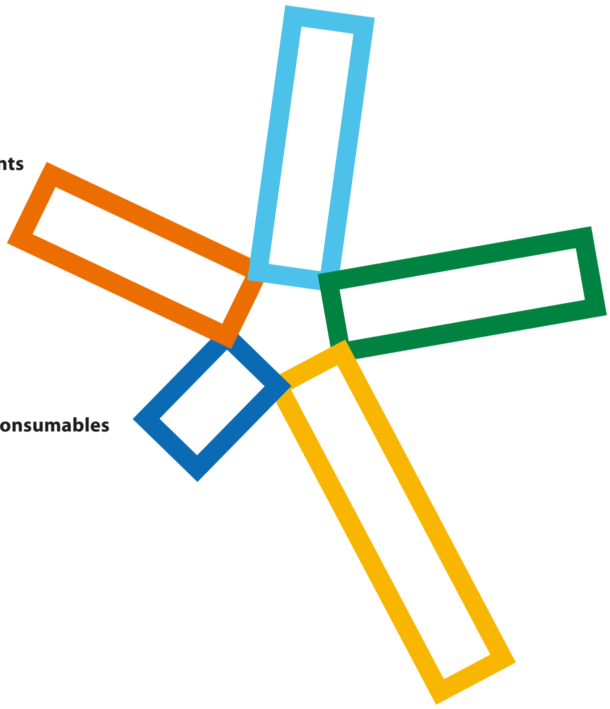
Parent Company		2001	2002	2003	2004	**2005**
Income from investments	EUR in millions	73.6	83.4	78.7	77.3	**84.4**
EBIT	EUR in millions	71.6	74.6	74.8	69.3	**74.8**
Net profit	EUR in millions	56.2	56.5	56.9	50.5	**52.7**
Total assets	EUR in millions	715.5	804.8	881.9	906.8	**986.5**
Fixed assets	EUR in millions	493.0	573.5	619.0	674.6	**756.4**
Capital stock	EUR in millions	46.8	46.8	46.8	46.8	**46.8**
Equity	EUR in millions	375.4	411.2	447.4	476.7	**508.2**
Equity ratio	%	52.4	51.1	50.7	52.6	**51.5**

Group*		2001	2002	2003	2004	**2005**
		HGB	HGB	HGB	IFRS	**IFRS**
Revenue	EUR in millions	589.2	680.3	706.2	660.5	**735.3**
Export share	%	32.0	35.0	36.0	35.0	**35.8**
EBIT	EUR in millions	53.9	54.2	67.9	78.5	**79.2**
Net income	EUR in millions	22.0	10.5	11.5	27.7	**26.9**
Depreciation	EUR in millions	51.1	61.3	59.9	38.6	**42.7**
Total assets	EUR in millions	594.4	678.8	725.8	829.0	**915.4**
Equity	EUR in millions	142.4	137.4	124.5	192.8	**197.0**
Equity ratio	%	24.0	20.2	17.2	23.3	**21.5**
Employees		4,053	4,484	4,727	4,641	**4,996**
– Holding company		12	11	12	14	**17**
– Portfolio companies		4,041	4,473	4,715	4,627	**4,979**

** The financial statements for fiscal 2005 were prepared in compliance with International Financial Reporting Standards (IFRS) for the first time. To improve comparability, key performance indicators for 2004 were adjusted to comply with IFRS as well. Therefore, figures for the previous year (2004) may deviate from the ones published in the last annual report.*

Share		2001	2002	2003	2004	**2005**
Market capitalization	EUR in millions	361.80	310.86	368.10	395.46	**530.10**
Earnings per share (parent company)	EUR	3.12	3.14	3.16	2.81	**2.93**
Earnings per share (Group)	EUR	1.22	0.58	0.64	1.62*	**1.50**
Dividend	EUR	1.15	1.15	1.18	1.18	**1.20**

** According to IAS 33.*


Construction Industry
Other Investments
Engineering
Consumables
Automotive Industry

Dear Shareholders,

Helmut Ruwisch
Chairman

Fiscal 2005 has impressively shown that we can continue to grow with our strategy of investing in medium-sized niche companies. Generating EUR 735.3 million in consolidated sales and EUR 57.6 million in earnings before taxes (EBT) at the parent company we over-achieved the goals we set for ourselves. Once again, the driver was the positive development of our portfolio companies. They increased their sales by another 4.7% compared with the previous year. Following a year of consolidation, in 2005, we returned to investing heavily in external growth, acquiring two further companies.

The balance between internal and external growth achieved last year is thus in line with INDUS' tried and tested philosophy of generating major growth stimuli above all from the expansion of its portfolio of equity holdings. Our portfolio still consists of the following five segments: Construction Industry, Engineering, Automotive Industry, Consumables and Other Investments. By diversifying our business among these five segments, we have structured our portfolio to ensure that we have a balanced risk-return profile. A glance at the development of the individual segments reveals that, as in the past, thanks to this diversification, we can compensate for less favorable trends in certain sectors or portfolio companies with positive developments in other sectors or portfolio companies. In fact, companies in the Construction Industry segment posted a significant gain last fiscal year, with the companies belonging to Engineering and Other Investments displaying positive developments as well. The weaker performance put in by the Automotive Industry's companies, which was characterized by considerable pressure on prices, was thus more than offset.

Last year, we continued to strengthen our business first and foremost in the Automotive and Construction Industry sectors by acquiring SELZER and MIGUA. SELZER Fertigungstechnik GmbH & Co. KG is a system supplier to the automotive and electronic machinery industries. SELZER possesses extensive expertise in the development and production of complete, ready-to-install metal sub-assemblies predominantly for gearboxes, brakes and engines. With its two subsidiaries, MIGUA Fugensysteme GmbH & Co. KG and MAPOTRIX Dehnfugen GmbH & Co. KG, the MIGUA Group is by far the largest supplier of profile assemblies for the closure and sealing of movable joints in Germany and commands a strong position in Europe. Additional information on our two most recent acquisitions is included in our segment report as well as in our portfolio company brochure, which accompanies this annual report. Besides acquiring SELZER and MIGUA, we increased our stakes in IMECO and M. BRAUN last year to 100% each.

We are adopting new standards to report on the development of our business for the first time by applying International Financial Reporting Standards (IFRS) and largely fol-lowing the recommendations of German generally accepted accounting principle (DRS) 15. The transition to these accounting policies results in some fundamental changes. For example, goodwill amortization from first-time consolidation that had to be recognized at the Group level, has been discontinued in compliance with IFRS. This increases the amounts stated for earnings and equity and considerably reduces the differences between the individual and consolidated financial statements. We are convinced that this will make us more attractive—especially to international investors. You will find detailed information on the impact of the change in accounting policies on the results we have reported on pages 68 to 72.

As in the past, in 2006, we will adhere to our proven strategy of growing our portfolio of equity holdings by making further acquisitions. With EUR 133.5 million in liquid assets and other existing financing commitments by banks, we have acceptable room for maneuver to take advantage of attractive opportunities on the market at any time, without any financing restrictions. We expect to grow sales in the 2006 financial year, buoyed by the continuously positive development of our existing portfolio companies and additional acquisitions. Our key earnings indicators are expected to show a corresponding trend.

I would like to take this opportunity to thank my fellow management board member, Burkhard Rosenfeld, who retired from our company at the end of the year, for his outstanding dedication to INDUS Holding AG. During his 15 years of service, he was extremely influential in our company's successful development. Likewise, I should like to express my gratitude to the general managers of our portfolio companies and the entire staff. Their formidable work and daily commitment have been and will continue to be the basis for our success.

Sincerely,

Helmut Ruwisch
Chairman of the Board of Management

Ladies and Gentlemen,

Dr. Winfried Kill
Chairman

In fiscal 2005 the Supervisory Board regularly, topically and comprehensively kept abreast of the company's situation and major transactions. The Supervisory Board fulfilled the tasks entrusted to it by law, the articles of association, corporate governance policies, and the bylaws. Furthermore, it constantly monitored the Board of Management and provided it with advisory assistance. This was done based on detailed written and oral reports received from the Board of Management. In addition, the Chairman of the Supervisory Board regularly shared information and ideas with the Chairman of the Board of Management. Thus, the Supervisory Board was always abreast of business policies, compliance with the corporate budget—including the financial, investment and personnel budgets—the company's profitability, and the development of the business. Subsequent to in-depth examination, the members of the Supervisory Board passed resolutions on all management decisions and measures requiring approval.

In total, the Supervisory Board held four meetings in 2005. Furthermore, resolutions were passed by circular. None of the Supervisory Board members attended less than half of the meetings. With the exception of one occasion, all of the members of the Supervisory Board attended all of these meetings. The Personnel Committee, which was formed as in prior years, held two sessions. No other committees were formed. In its deliberations, the Supervisory Board focused on the optimization of portfolio management, the development of the individual portfolio companies, and the future acquisition strategy. Major topics in this context were the acquisitions of SELZER and MIGUA, the refinement of corporate governance practices, and the adoption of International Financial Reporting Standards (IFRS).

The Supervisory Board of INDUS Holding AG ascribes high importance to corporate governance. In the last financial year, the Supervisory Board and the Board of Management determined the additional recommendations that could be followed and dealt in depth with changes made to the German Corporate Governance Code in June 2005. As in previous years, INDUS largely complied with the recommendations suggested by the Code, deviating from them only in a few exceptional cases both in the past and in the future. For further information, please read the Corporate Governance Report presented on page 46 of this annual report. It also contains the Statement of Compliance.

In line with the resolution passed by the Annual Shareholders' Meeting on July 12, 2005, Treuhand- und Revisions-Aktiengesellschaft Niederrhein, Krefeld, was commissioned to audit the financial statements of INDUS Holding AG and the consolidated financial statements of the Group as well as the review of operations of the Corporation and the Group management report. The Supervisory Board received a statement from the auditor regarding all of the INDUS Group's business and financial related party disclosures. This statement did not give rise to any objections.

The consolidated financial statements were prepared in compliance with International Financial Reporting Standards (IFRS) for the first time; the financial statements of INDUS Holding AG continue to comply with the German Commercial Code (HGB). The auditor audited the consolidated financial statements of the Group and the financial statements of INDUS Holding AG as well as the Group management report and the review of operations. With the exception of the following qualification, no objections were raised by the audit. "As in previous years, the company has not reported the business results of the previous financial year for companies in which it owns at least one-fifth of the shares in the notes to the consolidated financial statements (list of investments). This disclosure in accordance with Sec. 285, Item 11 and Sec. 313, Para. 2 of the German Commercial Code (HGB) has become mandatory." Thus, the Board of Management and the Supervisory Board decided to renounce publishing individual results, in order to protect the individual subsidiaries. This is the only way one can prevent the business operations of portfolio companies active in niche markets from being put at a disadvantage.

The Supervisory Board discussed in detail the audit report in its meeting on April 26, 2006. Both the Board of Management and the auditor were present at this meeting. The auditor explained the material findings of the report and was available to answer additional questions.

The Supervisory Board reviewed the financial statements and the review of operations of the Corporation, the proposal for the distribution of dividends, the consolidated financial statements, and the Group management report. No objections were raised. The Supervisory Board thus approves the results of the audit and adopts the financial statements of the Corporation and the consolidated financial statements. The Corporation's financial statements are thus adopted. The Group management report and the review of operations present a true and fair view of the company's development in the Supervisory Board's opinion as well. The Supervisory Board also concurs with the Board of Management's proposal for the distribution of a dividend of EUR 1.20 per share.

The Supervisory Board thanks Burkhard Rosenfeld, who has retired from the Board of Management, for his 15 years of commitment and successful work. He was instrumental in shaping the strategy of our Group of companies. We wish him all the best for the years ahead.

Furthermore, the Supervisory Board should like to take this opportunity to express its gratitude to the Board of Management, the portfolio companies' managing directors, and the entire staff for their outstanding work in fiscal 2005. INDUS Holding AG would not have been able to deliver such a successful performance without them.

Bergisch Gladbach, April 2006

On behalf of the Supervisory Board

Dr. Winfried Kill
Chairman

The Board of Management of INDUS Holding AG from left to right: Dr. Johannes Schmidt, Michael Eberhart, Helmut Ruwisch, Dr. Lars Bühring

Board of Management

Dipl.-Kfm. (MBA equivalent)
Helmut Ruwisch
– Chairman –

Dipl.-Volkswirt
(MA equivalent in economics)
Dr. Lars Bühring

Dipl.-Wirtsch.-Ing. (MA equivalent
in industrial engineering)
Michael Eberhart

Dipl.-Ing.
(MA equivalent in engineering)
Burkhard Rosenfeld
– Until December 31, 2005 –

Dr.-Ing. (PhD in engineering)
Johannes Schmidt
– Since January 1, 2006 –

Supervisory Board

Dipl.-Kfm. (MBA equivalent)
Dr. Winfried Kill,
Bergisch Gladbach
– Chairman –

Dipl.-Kfm. (MBA equivalent)
Günter Kill,
Cologne
– Deputy Chairman –

Prof. Dr. Axel Kollar,
Düsseldorf

Dr. Uwe Jens Petersen,
Attorney-at-law, Hamburg

Dr. Egon Schlütter,
Attorney-at-law, Cologne

Dipl.-Kfm. Bernhard Scholten,
Maisons-Laffitte, France

Business and Economic Environment

Report of the Board of Management

INDUS is continuing its course for growth. The company succeeded in repeating or improving the key revenue and earnings figures achieved in the previous year. Given the persistent weakness of Germany's markets, this is further impressive proof of the sustainability of our corporate strategy. Main growth stimuli stemmed primarily from the acquisitions of SELZER and MIGUA last year. However, our existing portfolio companies also displayed positive developments. Our financial and asset situation improved as well. Subject to shareholder approval, INDUS will pay an increased dividend of EUR 1.20 per share. INDUS will thus enable its shareholders to adequately partake of the company's results. INDUS has sufficient liquid funds and financing commitments from banks to continue rolling out its growth strategy by acquiring attractive medium-sized enterprises.

Group Structure

Tasks within the INDUS Group are clearly divided between the holding company and the individual portfolio companies. The holding company assists the portfolio companies in classical functions such as financing, controlling, accounting, tax affairs and legal issues and optimizes finance conditions available to its subsidiaries on the capital market, among other things.

INDUS divides its portfolio companies among the following five segments: Construction Industry, Engineering, Automotive Industry, Consumables and Other Investments. Each portfolio company is assigned to one of these five segments, depending on the sector to which it predominantly supplies its products. Managing directors are in charge of the individual investments' operations. Due to the decentralized management system implemented in the Group, the portfolio companies are responsible for steering their own research and development work, production processes and sales activities. As of the balance sheet date, the portfolio of investments included a total of 42 operating units. INDUS is the majority shareholder in all its investments. The objective is to acquire 100% shares.

Management System

In cooperation with its investments and based on their individual strategies, the holding company develops detailed short- and medium-term budgets and monitors budget compliance and status via an efficient controlling system. Business management centers on key performance indicators such as revenue, return on capital and cash flow.

Strategy

INDUS exclusively acquires majority stakes in medium-sized enterprises which have a strong market position in an attractive sector. In so doing, INDUS focuses predominantly on manufacturing companies that have a robust business model and a successful product range.

Acquisition candidates are companies with revenues of between EUR 15 and EUR 80 million which achieve above-average earnings before interest and taxes (EBIT). This ensures that the overall portfolio has a well-balanced risk-return profile. In addition, candidates preferably have an equity ratio of at least 30% and little to no bank debt.

Moreover, INDUS has developed a set of quality criteria. Business model analysis is the main point of focus. While the stability of corporate development over the long term is the decisive factor, prospects for growth are indispensable as well. Our broad customer base prevents us from being dependent on individual clients. Moreover, when making acquisitions, INDUS sees to it that the overall portfolio's stability is maintained.

Acquiring medium-sized enterprises is the key factor for growth at INDUS. INDUS only makes long-term investments without exit strategies. INDUS provides medium-sized enterprises with unique support in refining their operations in rapidly changing global markets. In so doing, the acquired companies' successful structures are preserved. To optimize its portfolio, INDUS implements programs to increase the return on investment of its individual portfolio companies, in order to achieve goals set internally. All relevant measures are planned and carried out in close coordination with the general managers in charge.

General Economic Trend

Last year, the world economy showed stable growth, albeit failing to match the substantial momentum gained in the previous one. Low interest rates worldwide made a significant contribution to buffering the impact of the rise in the price of energy and basic commodities. Once again, the main growth stimuli came from the US and China. As in previous years, Western Europe's economic growth lagged the general trend.

For 2005 as a whole, Eurostat, the European Union's statistical bureau for the Eurozone economy, found that growth in terms of real gross domestic product (GDP) was 1.3%, following 2.1% in the preceding year. In consequence, the Eurozone's economy lagged the US for the fourth straight year. Only four of the twelve Eurozone countries, i.e. Spain, Ireland, Greece and Luxembourg, succeeded in at least matching the 3.5% growth recorded by the US. The three major economies in the Eurozone, i.e. Germany, France and Italy, were far from keeping up with this pace, with their economies waning considerably especially towards the end of the year. For instance, Italy's GDP recorded an uptick of just 0.2%, with France gaining 1.5%.

According to initial calculations published by the German Federal Statistical Bureau, Germany's real GDP advanced 0.9% in 2005. Thus, the economic resurgence witnessed in the prior year, in which growth was 1.6%, did not continue. Net of the lower number of working days available in 2005, growth amounted to 1.1%, falling substantially shy of the level achieved in 2004. As in the previous year, in 2005, economic growth was driven above all by very strong exports. Real exports were up 6.2%, again clearly outpacing imports at 5.0%. The resulting foreign trade surplus contributed growth of 0.7 percentage points. The remaining 0.2 percentage point contribution to growth is attributable to the domestic consumption of GDP. Whereas consumer spending stagnated compared with the previous year, government spending (–0.4%) slipped, as did investment in construction (–3.6%). Only capital expenditure on plant, machinery and equipment displayed a positive development, rising by 4.0%.

Status of INDUS Holding AG

Earnings Situation

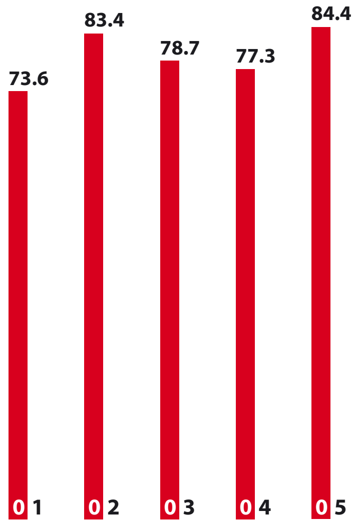
In its role as holding company, the parent company provides centralized consulting services in the fields of financing, controlling, accounting, and tax and legal affairs to the INDUS Group's 42 operating units. In the financial year that just came to a close, this caused revenue to remain essentially flat, at EUR 3.2 million. As in the previous years, no external revenue was generated.

Other income amounting to EUR 13.2 million and write-downs of financial assets must be seen in context. Amounts stated on the balance sheet in several companies that were written down in prior years were partially recovered due to the positive development of income.

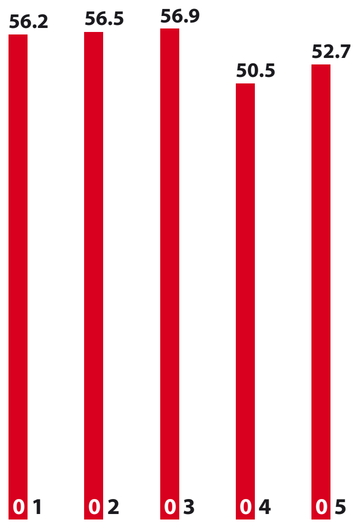
Staff costs increased to EUR 4.1 million (previous year: EUR 2.3 million) primarily due to one-off effects, the expansion of the holding company's workforce, and the rise in the share of compensation accounted for by the variable component. Depreciation and amortization of intangible assets and property, plant and equipment were marginally up to EUR 465,000 (previous year: EUR 377,000). At EUR 7.6 million (previous year: EUR 6.8 million), other operating expenses were 11.8% higher than a year earlier. This rise is largely a result of a follow-on effect of the divestment of OKIN in 2004.

In the fiscal year just ended, income from investments advanced by EUR 7.1 million to EUR 84.4 million (previous year: EUR 77.3 million), reaching a record high. Drivers were the positive trend displayed by portfolio companies and income generated by SELZER and MIGUA, the companies acquired in 2005. Income from operating activities jumped 57.4%, from EUR 36.6 million to EUR 57.6 million. At EUR 52.7 million, net income surpassed the EUR 50.5 million posted in the prior year by 4.4%. Accordingly, earnings per share grew from EUR 2.81 to EUR 2.93.

Parent company income from investments EUR in millions

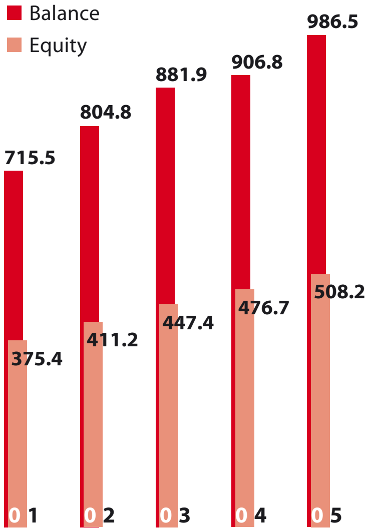


Parent company net income EUR in millions



The Board of Management and Supervisory Board will propose to this year's Annual General Meeting on July 11, 2006, that the dividend be lifted to EUR 1.20 per share. Based on the closing quotation of EUR 29.45 at the end of 2005, this corresponds to a dividend yield of 4.1%. If the shareholders pass the draft resolution, the dividend payment would total EUR 21.6 million. With this dividend distribution, INDUS is enabling its shareholders to adequately partake of the increase in earnings and, by retaining a corresponding portion of earnings, it ensures that its equity will be strengthened further.

Parent company balance sheet structure EUR in millions



Financial and Net Assets Position

Owing to acquisitions, shares in affiliated companies rose by EUR 69.1 million to EUR 657.0 million. Accounts receivable from affiliated companies totaled EUR 282.3 million, following EUR 244.3 million in the prior year.

INDUS Holding AG again improved its solid balance sheet structure in the financial year under review. Equity rose by EUR 31.5 million to EUR 508.2 million (previous year: EUR 476.7 million). At 51.5% after 52.6% a year earlier, the equity ratio remained very comfortable.

Accounts payable to banks posted a slight increase to EUR 428.2 million (previous year: EUR 410.6 million).

Workforce

On average, the parent company employed 17 people last fiscal year. This corresponds to an increase of 3 staff members year on year.

Group Accounting

The consolidated financial statements for fiscal 2005 were prepared in compliance with International Financial Reporting Standards (IFRS) for the first time. To improve comparability, key performance indicators for 2004 were restated to comply with IFRS as well. Therefore, figures for the previous year deviate from the ones published in the last annual report. Comments on material changes stemming from transitioning accounting policies from HGB to IFRS can be found in the annual report.

Earnings Situation

Revenue generated by the INDUS Group rose to EUR 735.3 million (prior year: EUR 660.5 million). This is in part due to the pro rata temporis consolidation of the companies newly acquired in 2005, SELZER and MIGUA. Last year, these two investments contributed some EUR 44 million to total revenue. Building on the positive development displayed by existing portfolio companies—internal growth amounted to 4.7% last year—revenue clearly exceeded the previous year's level. As regards the EUR 660.5 million posted a year earlier, however, one must take into account that OKIN's prorated revenue for 2004 was excluded, in line with IFRS. In 2005 the foreign share of total revenue advanced to 35.8% (previous year: 35.0%).

Group revenue
EUR in millions

Other operating income dropped to EUR 17.4 million (previous year: EUR 25.1 million) owing to the deconsolidation of OKIN in 2004. Changes in finished goods and work in progress amounted to EUR 2.4 million (previous year: EUR –3.9 million). In 2005 the Group's total output increased from EUR 659.3 million to EUR 742.6 million.

Last year, the cost of materials recorded another significant rise, climbing 13.7%, from EUR 288.5 million to EUR 328.1 million, predominantly due to the change in the scope of consolidation, with higher basic commodity prices also playing a role, especially as regards prices for crude oil and steel. Commodity-intensive sectors such as engineering and the automotive industry were especially hard hit by the rise in costs. The ratio of material costs to total assets thus rose to 44.2% (previous year: 43.8%).

Staff costs rose by 13.0% to EUR 202.5 million (prior year: EUR 179.2 million). This was largely due to the two newly acquired enterprises. INDUS employed an average of 4,996 people in 2005. The ratio of staff costs to total assets was kept stable at 27.3%. Other operating expenses advanced from EUR 99.7 million to EUR 107.4 million—a 7.7% increase. This rise is largely a result of changes in the scope of consolidation.

Earnings before interest, taxes, depreciation and amortization (EBITDA) were up 4.1% to EUR 121.9 million (previous year: EUR 117.1 million). Depreciation and amortization of property, plant and equipment and intangible assets increased by 19.4% to EUR 29.5 million (prior year: EUR 24.7 million) owing to the enlargement of the scope of consolidation. Earnings before interest and taxes (EBIT) in the financial year that just ended posted a marginal rise to EUR 79.2 million (previous year: EUR 78.5 million).

Net interest and financial income totaled EUR –27.2 million—markedly down on a year earlier (EUR –24.2 million). Drivers were higher interest expenses resulting from the rise in liabilities, including the promissory note bond drawn and non-recurrent effects. This caused earnings before tax (EBT) to slip somewhat, from EUR 54.3 million to EUR 52.0 million. In 2005 taxes on income totaled EUR 23.9 million and were thus 16.6% higher than the EUR 20.5 million in taxes payable in 2004. The marked rise is primarily due to non-recurrent fiscal effects caused both in the reporting as well as in prior years. After minorities, net income was marginally down, from EUR 27.7 million to EUR 26.9 million. This results in earnings per share of EUR 1.50.

Financial Position

Cash flows from operating activities in the fiscal year that just came to a close amounted to EUR 56.8 million—down from the EUR 73.9 million achieved in the previous year. This was occasioned by higher interest and income tax payments as well as the increase in other liabilities, above all accounts payable to outside shareholders. EUR 76.6 million in cash was spent on investing activities (prior year: EUR 18.1 million). This includes EUR 42.9 million in capital expenditure on fixed assets (previous year: EUR 42.1 million) and EUR 41.5 million spent to acquire consolidated companies (previous year: EUR 30.5 million). This mainly consisted of the acquisitions of SELZER and MIGUA. When drawing comparisons to the prior year, one must take into account the deconsolidation of OKIN in 2004. Cash flows from financing activities of EUR 22.4 million (previous year: EUR –1.9 million) largely stem from the EUR 47.9 million net increase in debt assumed. This was contrasted by cash used to pay the dividend and profits allocable to minority interests totaling EUR 25.5 million.

In the last financial year, net debt grew by EUR 64.8 million to EUR 380.0 million (prior year: EUR 315.2 million). Contributing factors were the promissory note bond drawn and the reduction in the liquidity position due to acquisitions. Leases were the main off-balance sheet financing instruments used by INDUS. Above all, various properties were leased over the long term.

Net Worth

The INDUS Group increased its balance sheet total by EUR 86.3 million to EUR 915.4 million over the previous year. This significant rise was primarily caused by the first-time consolidation of SELZER and MIGUA.

Due to acquisitions, non-current assets rose by EUR 72.7 million to EUR 524.3 million. Goodwill and intangible assets amounted to EUR 290.9 million, exceeding the previous year's figure of EUR 253.6 million by EUR 37.3 million. Property, plant and equipment totaled EUR 215.8 million (prior year: EUR 182.9 million). Financial assets increased by EUR 2.8 million to EUR 8.2 million.

Current assets amounted to EUR 391.1 million, following EUR 377.4 million a year earlier. Inventories were up 10.0% to EUR 137.3 million. This development can be traced back to the higher valuation of inventories, owing to the rise in the cost of basic commodities, and to the expansion of the scope of consolidation. Accounts receivable grew by 20.9% to EUR 89.0 million, primarily influenced by the newly consolidated companies. Other assets dropped by 10.3% to EUR 18.3 million. On completion of the two acquisitions, cash and cash equivalents slipped to EUR 133.5 million (previous year: EUR 150.4 million)—a figure that continues to be notable.

At EUR 197.0 million, equity surpassed the year-earlier level (EUR 192.8 million). The main positive impact felt here was the Group's income of EUR 26.9 million. In consequence, the equity base was further strengthened in the year under review, despite the dividend payment made for fiscal 2004. The equity ratio changed owing to the increase in the balance sheet total, dropping to 21.5% (prior year: 23.3%).

In 2005 non-current financial liabilities decreased by EUR 65.9 million to EUR 362.4 million. This must be viewed in the context of the EUR 113.8 million increase in current financial liabilities to EUR 151.2 million. As mentioned in the supplementary report, the EUR 100.0 million syndicated credit line was repaid in February 2006. This caused the syndicated credit line to be reclassified from non-current financial liabilities to current financial liabilities as of December 31, 2005.

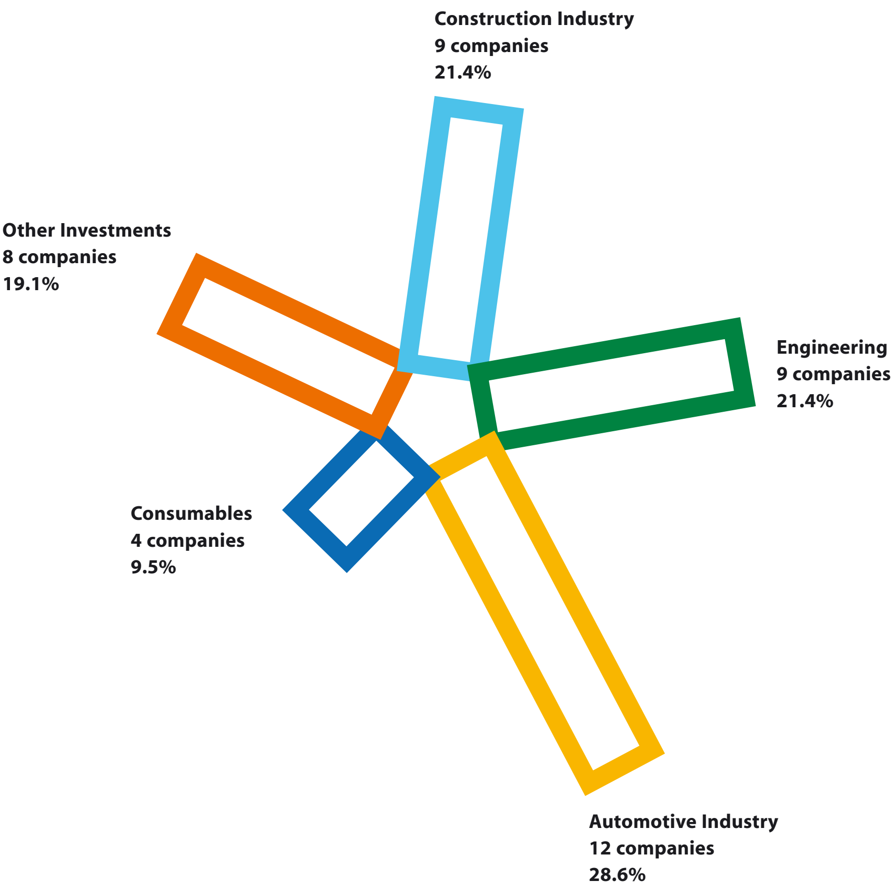
The rise in financial liabilities is primarily due to the Allianz Versicherungs-AG promissory note bond. With this form of financing, INDUS broadened its financing base. In addition, the grant of this long-term loan provides further evidence of the INDUS Group's solidity and creditworthiness.

The rise in provisions for pensions from EUR 8.9 million to EUR 14.7 million is primarily due to the change in the scope of consolidation. In 2005 stated deferred taxes amounted to EUR 15.6 million (prior year: EUR 14.4 million). The rise in current provisions is exclusively a result of the first-time consolidation of the newly acquired companies.

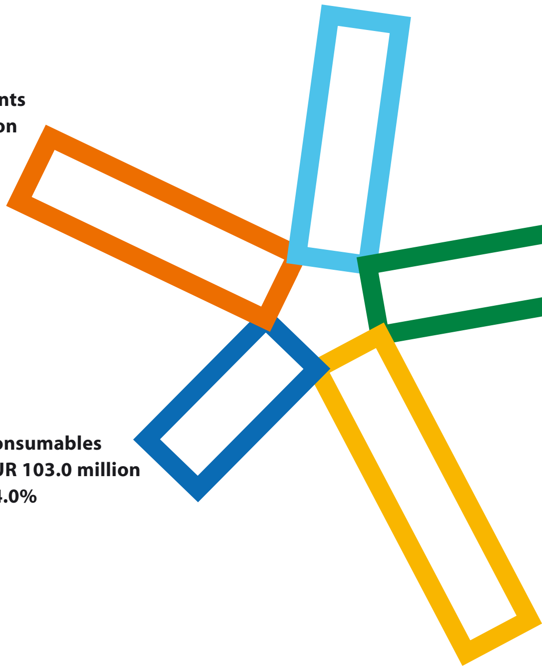
The change in other current liabilities from EUR 81.2 million to EUR 101.7 million was driven by consolidation effects.

Segment Report

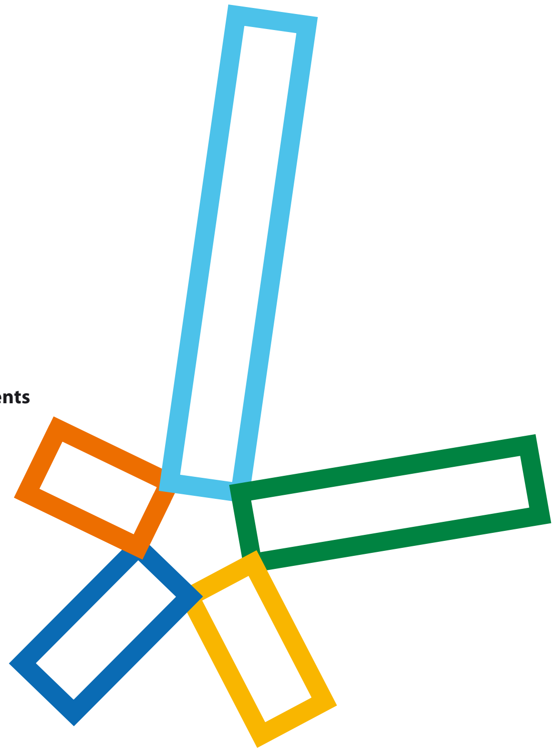
2005 Investments by Segment

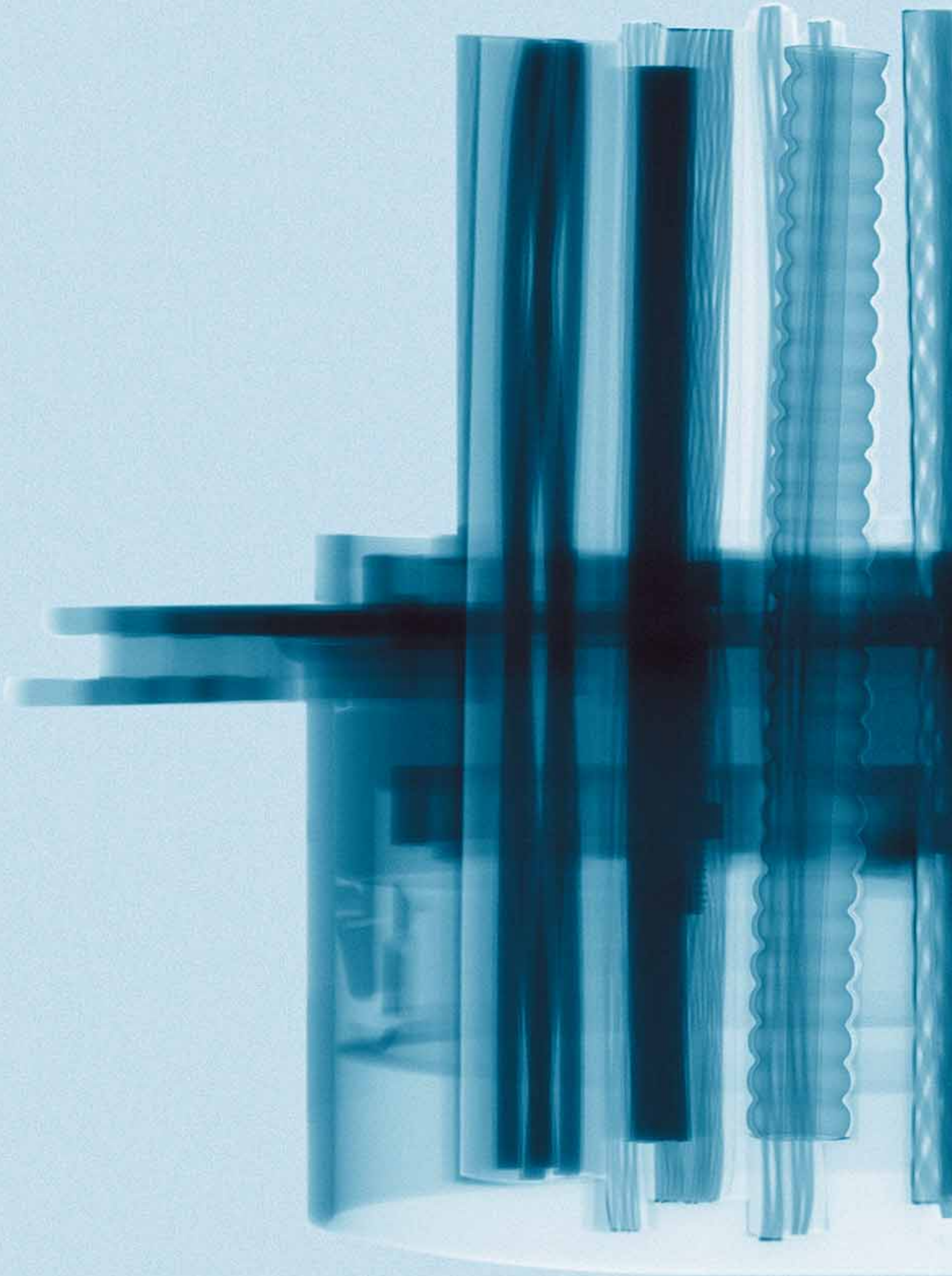


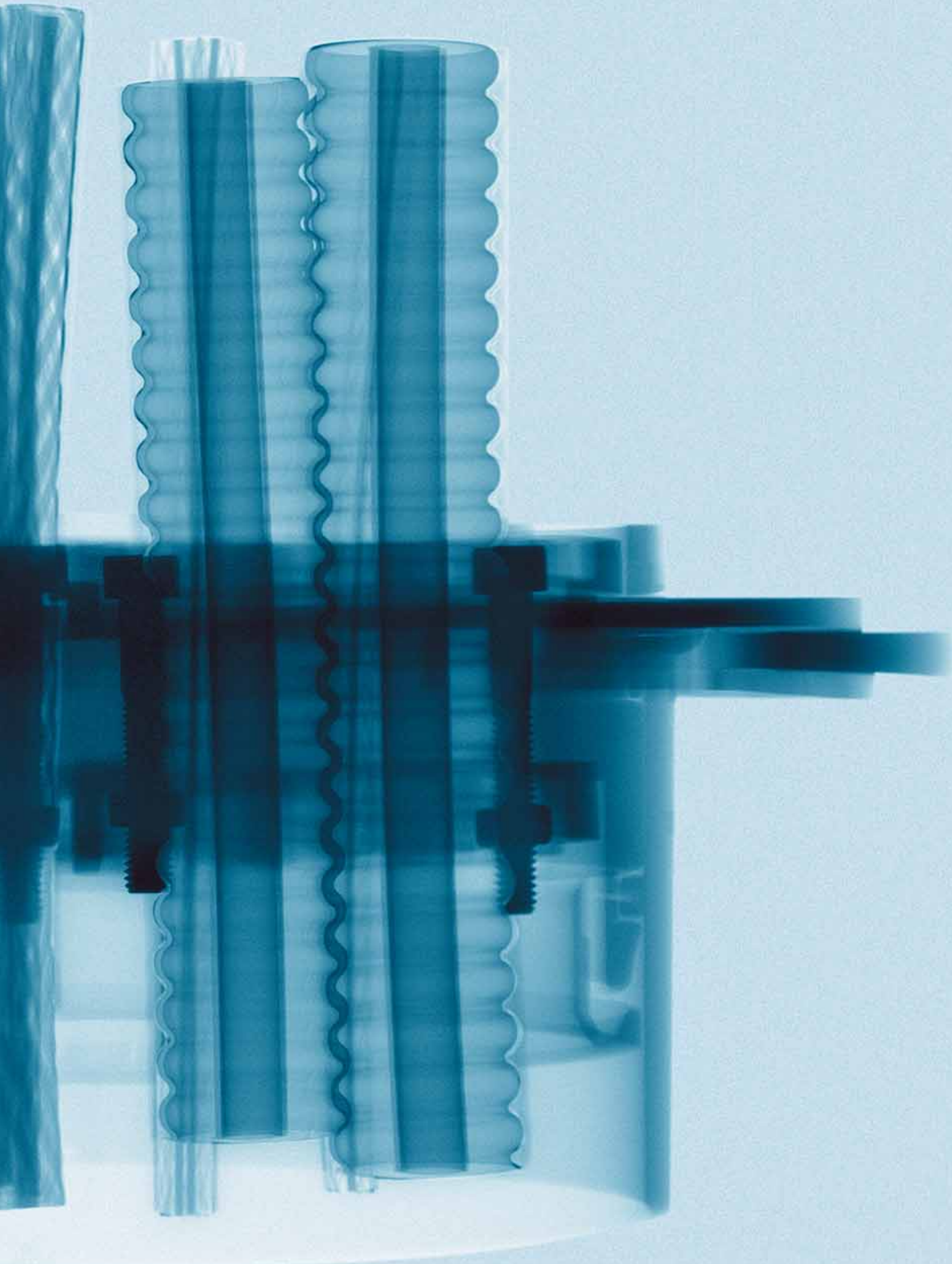
2005 Revenue by Segment



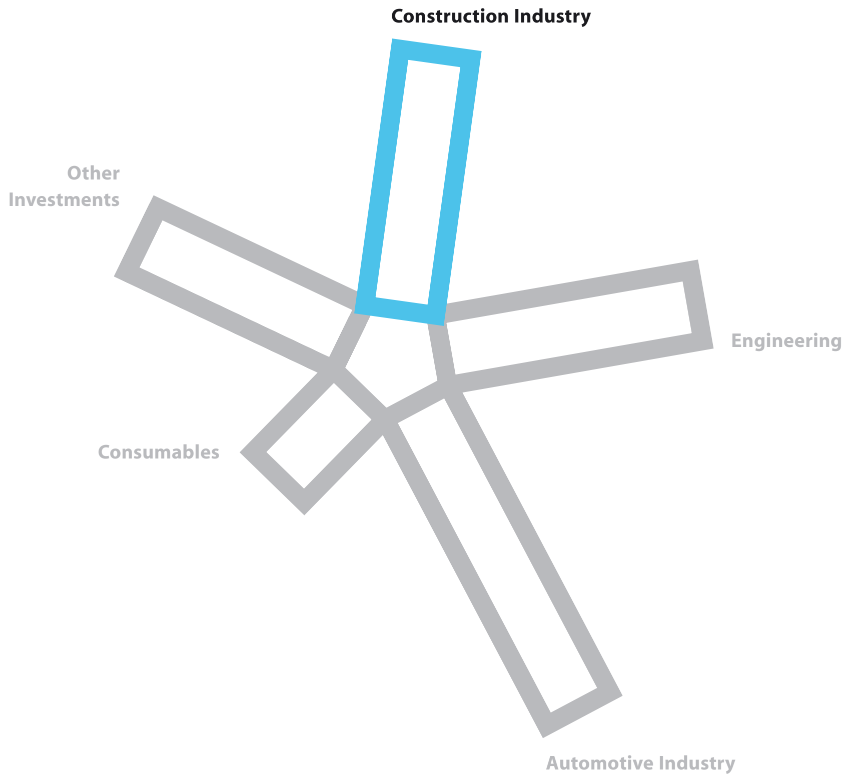
2005 Income (EBT) by Segment







Cable lead-in by HAUFF-Technik



Construction Industry

The estimate issued by Germany's Central Construction Industry Association, which forecasted sales growth of up to 1% even at mid-year, proved to be too optimistic over the remaining course of the year. For the year as a whole, sales generated by the German construction industry dropped by 5.7%. Thus, the downward trend persisted. Despite the positive finish at year-end, with marked growth rates in December, incoming orders fell significantly short of expectations for the full year. Public construction posted a decline of 1.1%, with residential construction recording a drop of 7.2%. Business construction was the only sector capable of countering the weak cyclical trend, achieving a 2.1% increase in incoming orders.

As of the balance sheet date, the Construction Industry segment comprised a total of nine operating units. Compared with 2004, the number of companies in this segment rose by one last year, owing to the acquisition of a 100% stake in the MIGUA Group. With its two subsidiaries, MIGUA Fugensysteme GmbH & Co. KG and MAPOTRIX Dehnfugen GmbH & Co. KG, the MIGUA Group is by far the largest supplier of profile assemblies for the closure and sealing of movable joints in Germany and commands a strong position on the European market. In the fiscal year that just came to a close, the company generated about EUR 15 million in revenue with more than 80 employees. The consolidation of the MIGUA Group was performed pro rata temporis, effective September 1, 2005. Information on the other companies of the Construction Industry segment can be found in the brochure accompanying this annual report.

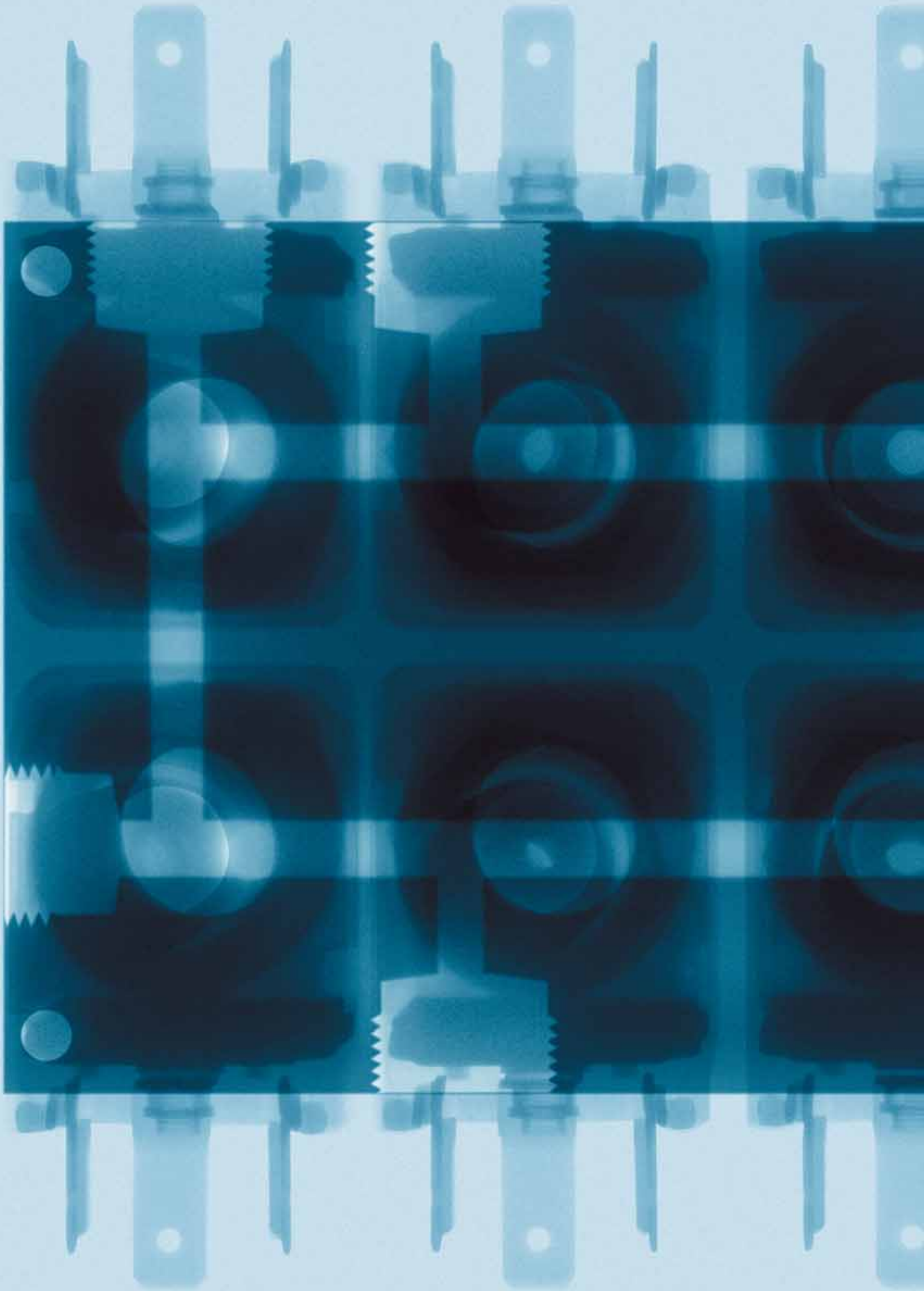
In 2005 revenue earned by the Construction Industry segment posted significant, 13.5% growth, climbing to EUR 147.4 million. Despite the persistently weak sectoral environment, segment companies recorded respectable growth. This is principally due to the companies' first-class market positions and the relentlessly high demand for specialized products.

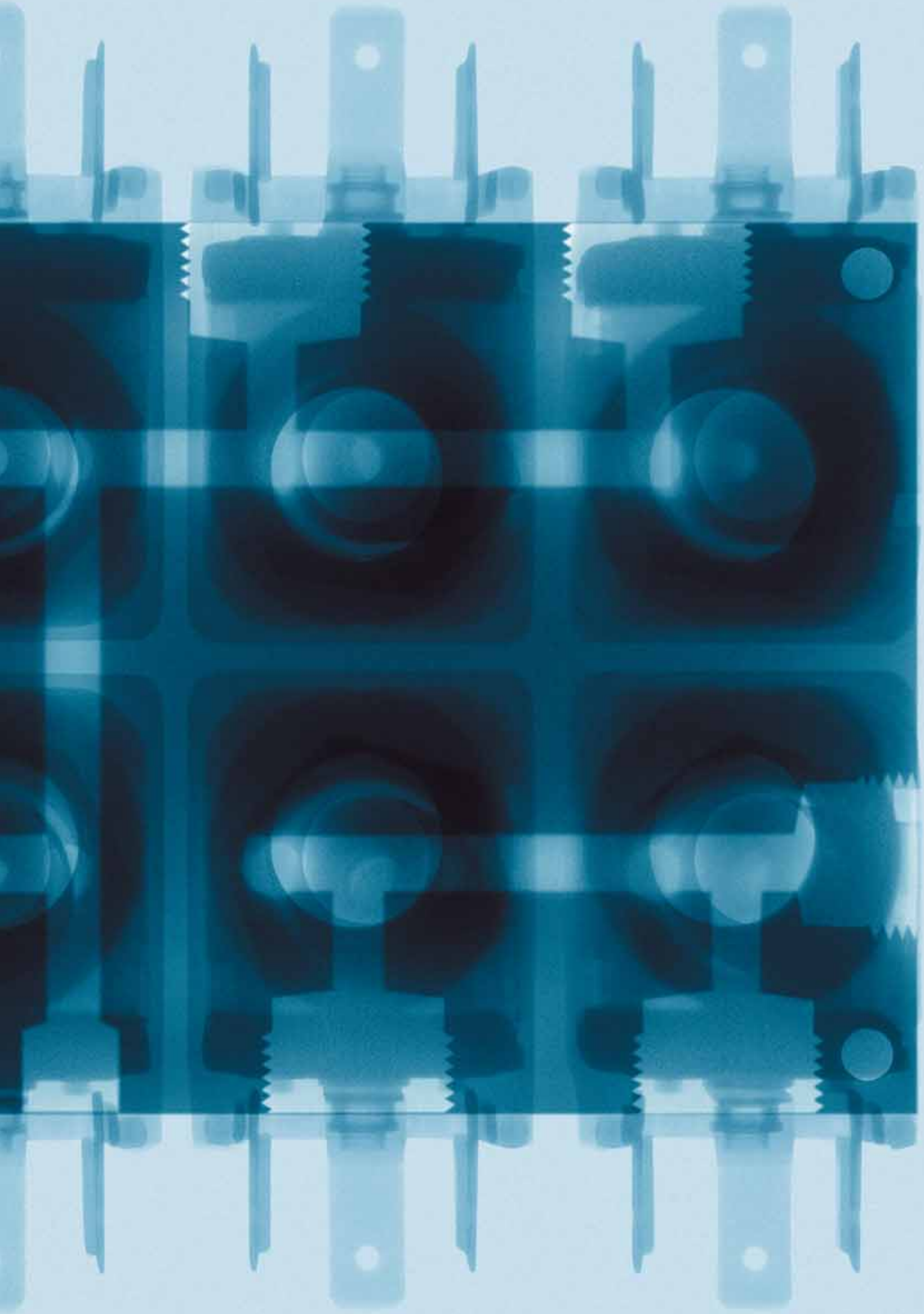
The earnings situation showed decidedly positive developments. Earnings before taxes (EBT) advanced disproportionately to EUR 20.3 million. This was primarily due to the fact that several major orders were settled. The EBT margin was 13.8%, following 12.5% in the preceding year.

Capital expenditure rose substantially, partially due to the acquisition of the MIGUA Group. The average employee headcount grew by 97. This, too, is largely a result of the fact that the MIGUA Group was consolidated for the first time.

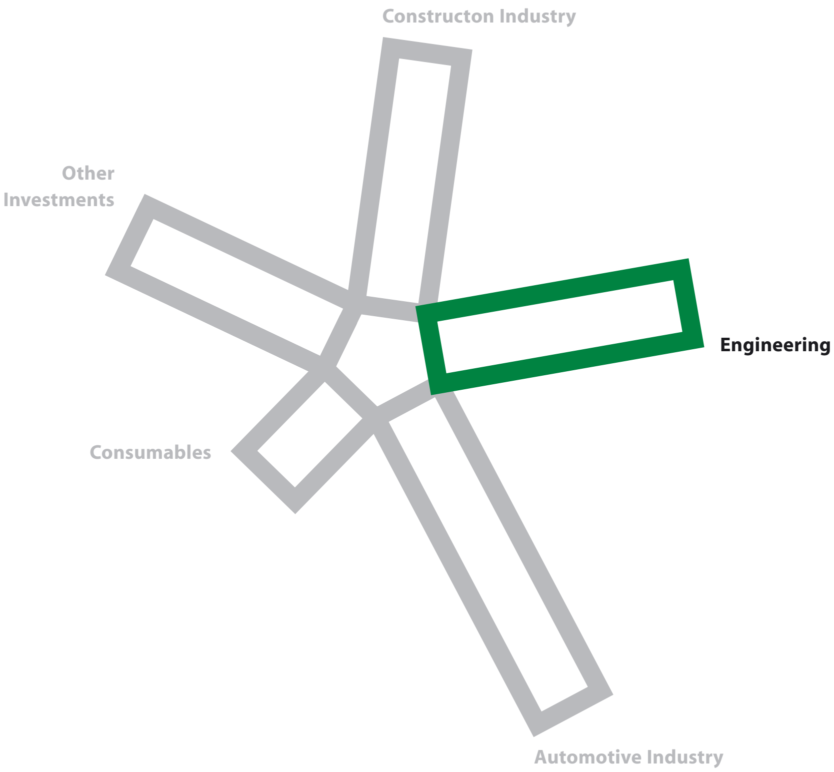
Construction Industry Segment		2001 HGB	2002 HGB	2003 HGB	2004 IFRS	**2005 IFRS**
Revenue	EUR in millions	107.5	113.4	119.2	129.9	**147.4**
EBT	EUR in millions	7.5	7.7	8.2	16.2	**20.3**
Depreciation	EUR in millions	3.3	4.6	8.3	3.9	**4.1**
Capital expenditure	EUR in millions	17.3	15.0	2.8	3.4	**22.1**
Workforce	Ø	599	626	613	576	**673**

The financial statements for fiscal 2005 were prepared in compliance with International Financial Reporting Standards (IFRS) for the first time. To improve comparability, key performance indicators for 2004 were restated to comply with IFRS as well. Therefore, figures for the previous year (2004) deviate from the ones published in the last annual report.





Servo-controlled plunger-type solenoid valves by GSR



Engineering

In 2005 Germany's mechanical engineering sector experienced the third straight year of growth. According to the German Engineering Federation, aggregate revenue was up 4.4%, clearly eclipsing the previous year's level. As in prior years, this positive trend was largely due to the strong exports business. Exports surpassed the EUR 100 billion mark for the first time, advancing by a total of 7.7% compared with the previous year. The domestic trend was more moderate. Although domestic business was not yet able to record an increase in sales, it is on an upward trend, which is buoyed by the high level of order intake seen in the last few months of 2005.

As of the balance sheet date, the Engineering segment encompassed nine operating entities, as in the preceding year. For a brief overview of the individual companies in the Engineering segment, please refer to the brochure of investments accompanying this annual report.

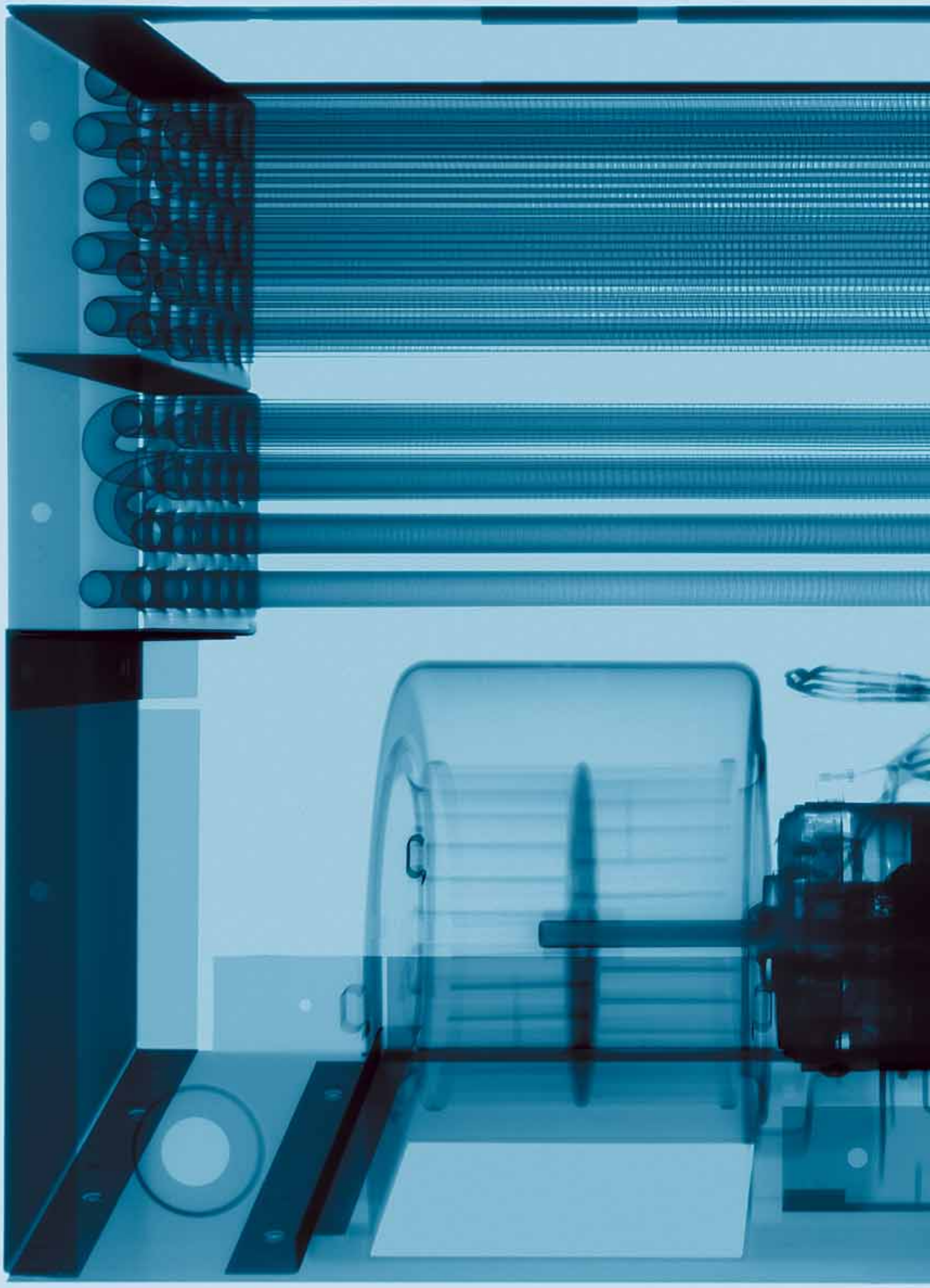
Segment revenue rose by a total of 12.3% to EUR 122.6 million. Strong exports were among the factors contributing to this positive development.

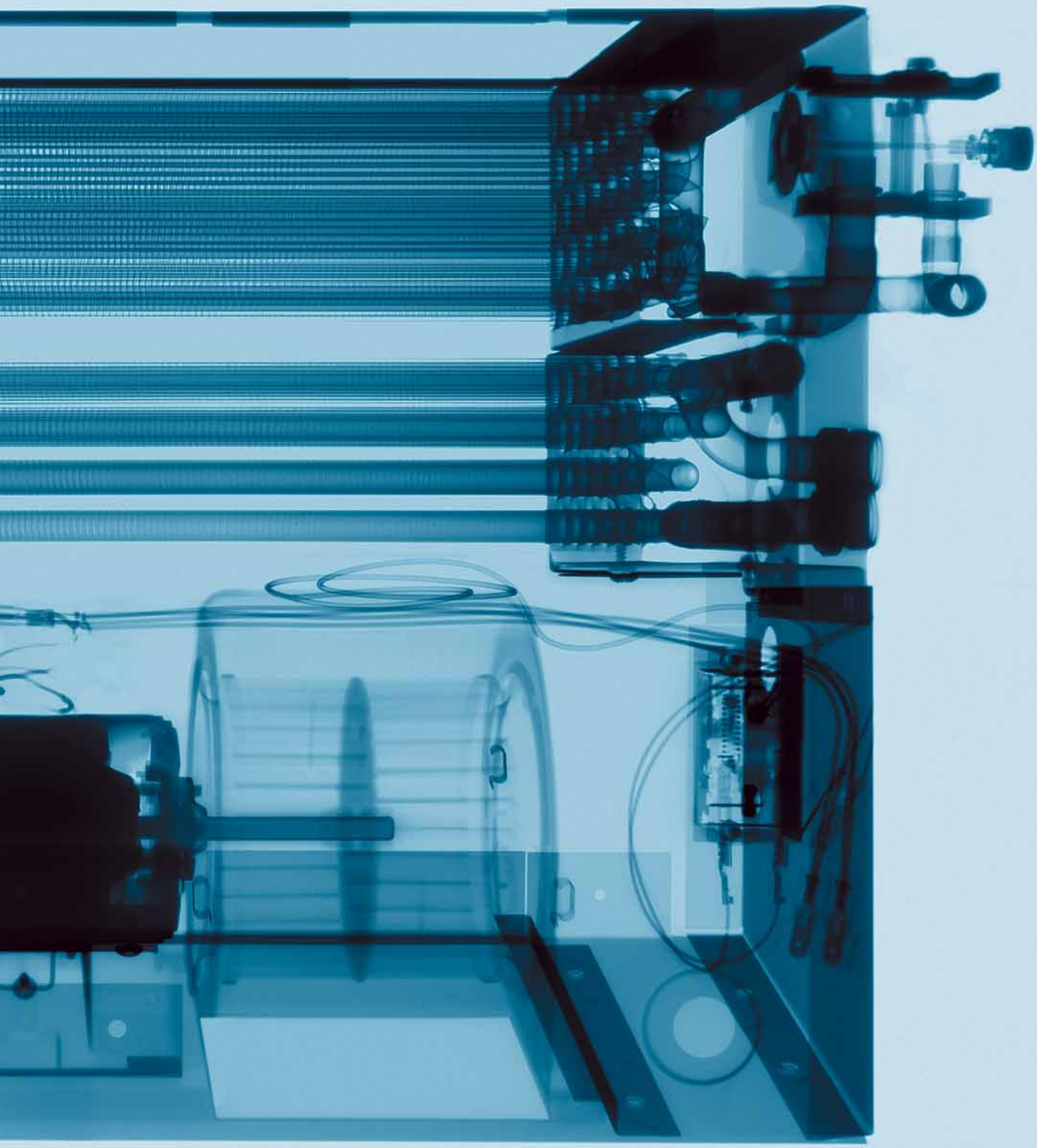
Despite the increase in the price of basic commodities, earnings before taxes (EBT) posted a marked, disproportionate rise to EUR 12.6 million, compared with the EUR 5.5 million achieved a year earlier. One-off effects in individual sectors and the settlement of major orders were the key drivers. The adjusted EBT margin increased accordingly, from 5.1% to 10.3%.

Capital expenditure amounted to EUR 2.8 million, falling slightly shy of the prior year's level. The average employee headcount was 606, virtually remaining stable.

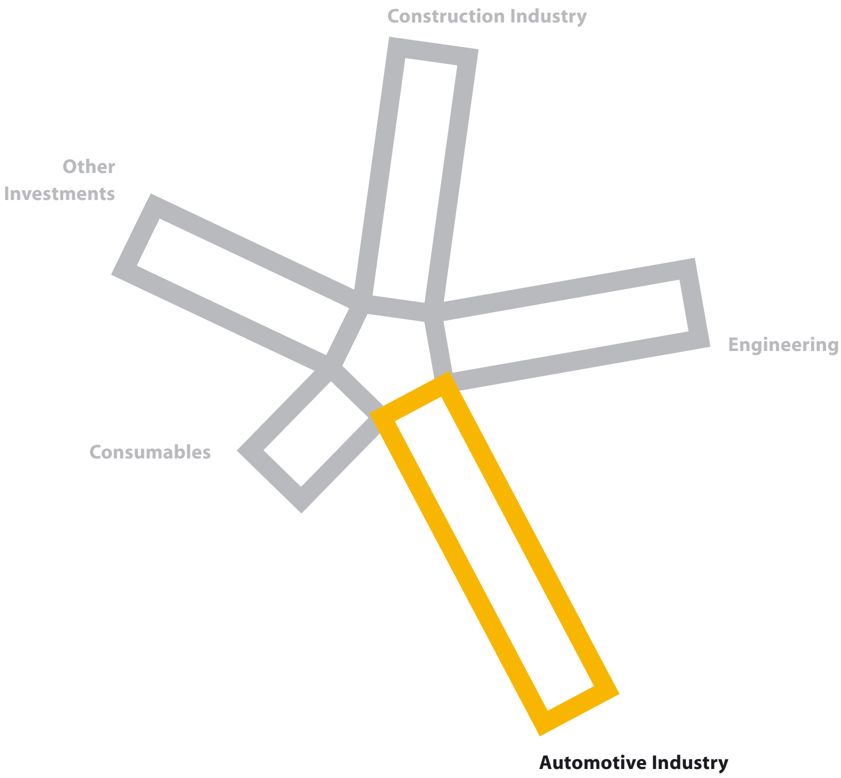
Engineering Segment		2001 HGB	2002 HGB	2003 HGB	2004 IFRS	**2005 IFRS**
Revenue	EUR in millions	91.8	95.6	99.2	109.2	**122.6**
EBT	EUR in millions	10.3	7.2	7.0	5.5	**12.6**
Depreciation	EUR in millions	2.1	2.5	6.1	6.8	**4.2**
Capital expenditure	EUR in millions	3.5	12.1	7.2	3.2	**2.8**
Workforce	Ø	483	526	593	602	**606**

The financial statements for fiscal 2005 were prepared in compliance with International Financial Reporting Standards (IFRS) for the first time. To improve comparability, key performance indicators for 2004 were restated to comply with IFRS as well. Therefore, figures for the previous year (2004) deviate from the ones published in the last annual report.





AURORA air conditioning unit for commercial vehicles



Automotive Industry

The German automotive sector increasingly gained momentum last year. German manufacturers expanded production by 3% to a new record level. New passenger vehicle registrations also posted a considerable rise, growing 2% to 3.34 million units. According to the German Association of the Automotive Industry (VDA) this positive trend is owed above all to the new, attractive models launched by auto manufacturers. Whereas domestic sales only rose moderately, the automotive industry also benefited from strong exports. This was not least driven by German manufacturers' resolute increases in productivity and the additional cost savings realized by both manufacturers and suppliers.

As of the balance sheet date, the Automotive Industry segment comprised a total of twelve operating units. SELZER Fertigungstechnik GmbH & Co. KG was the company added in the period under review. SELZER is a supplier of systems to the automotive and electronic machinery industries and possesses extensive expertise in the development and production of complete, ready-to-install metal subassemblies predominantly for gearboxes, brakes and engines. In the fiscal year that recently came to a close, SELZER generated some EUR 80 million in revenue with approximately 600 staff members. INDUS acquired a 70% stake in the company as of July 1, 2005. This enterprise was consolidated pro rata temporis, accordingly. Furthermore, one portfolio company was assigned to a different segment due to the dynamic change in its customer structure. By consequence, WIESAUPLAST, which was previously subsumed under the Consumables segment, is now assigned to the Automotive Industry segment.

Information on the other companies of the Automotive Industry segment can be found in the brochure accompanying this annual report.

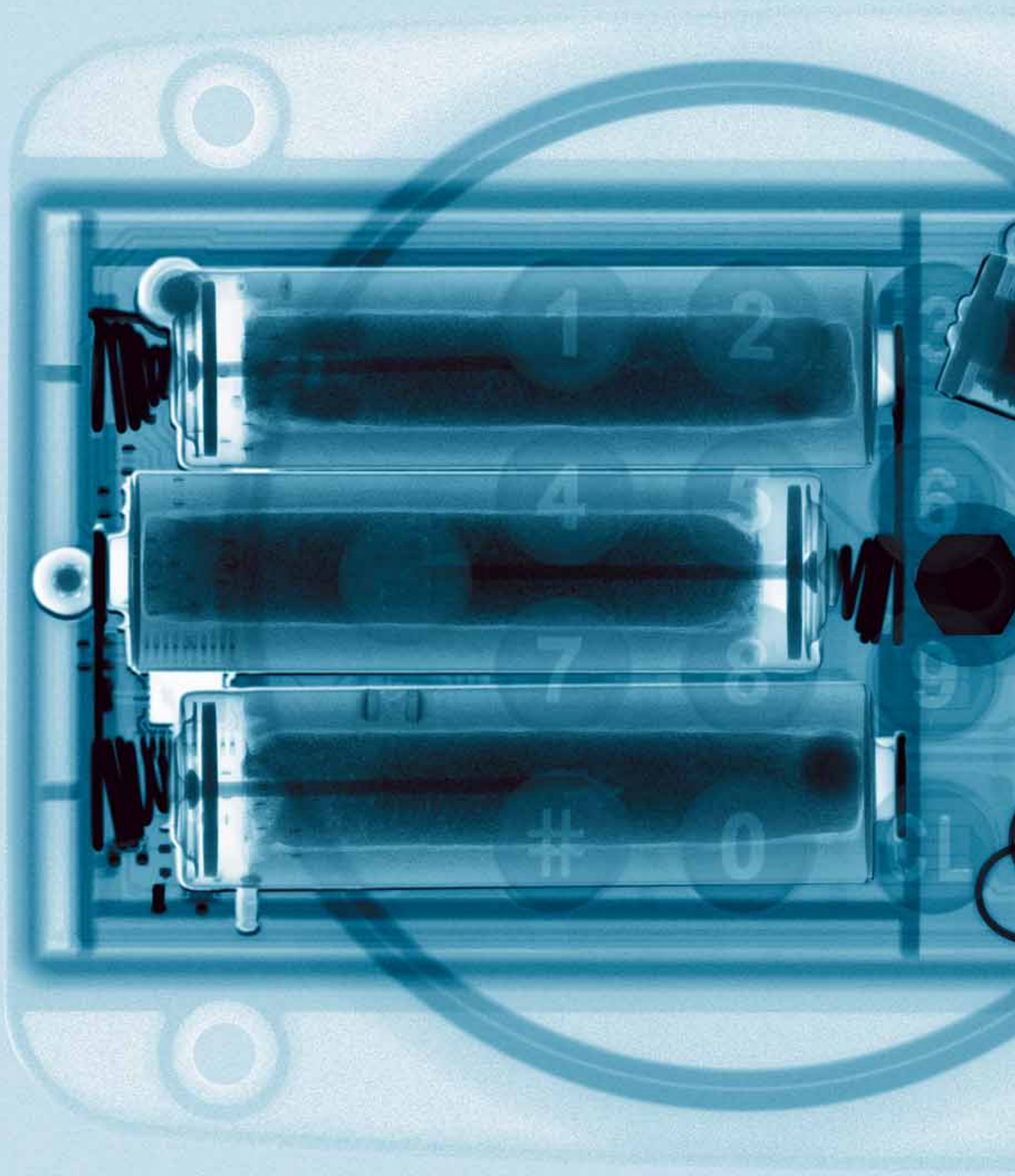
In 2005 revenue earned by the Automotive Industry segment climbed 12.1% to EUR 196.3 million. Roughly EUR 40 million of this sum is attributable to SELZER. However, our existing portfolio companies displayed very positive developments as well.

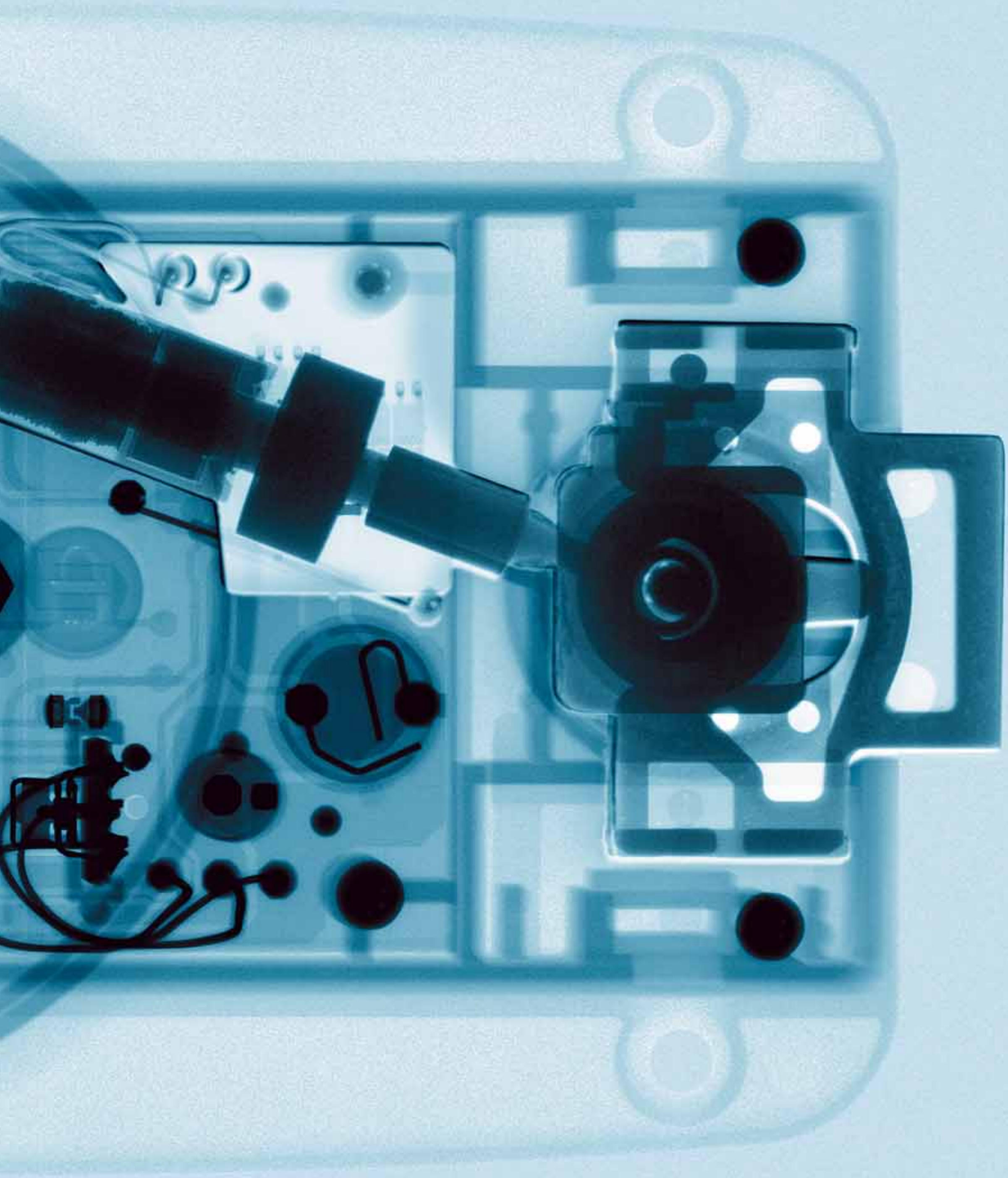
The revenue trend witnessed in the year being reviewed was significantly affected by the rise in the price of basic commodities and—above all—from the pressure on prices inflicted on suppliers by major manufacturers. Earnings before taxes (EBT) decreased accordingly, dropping from EUR 12.4 million to EUR 6.8 million. The EBT margin recorded a considerable reduction to 3.5% (prior year: 7.1%).

Capital expenditure rose substantially, in part as a result of the acquisition of SELZER. The average employee headcount grew by 474. This also reflects the effect of SELZER's first-time consolidation.

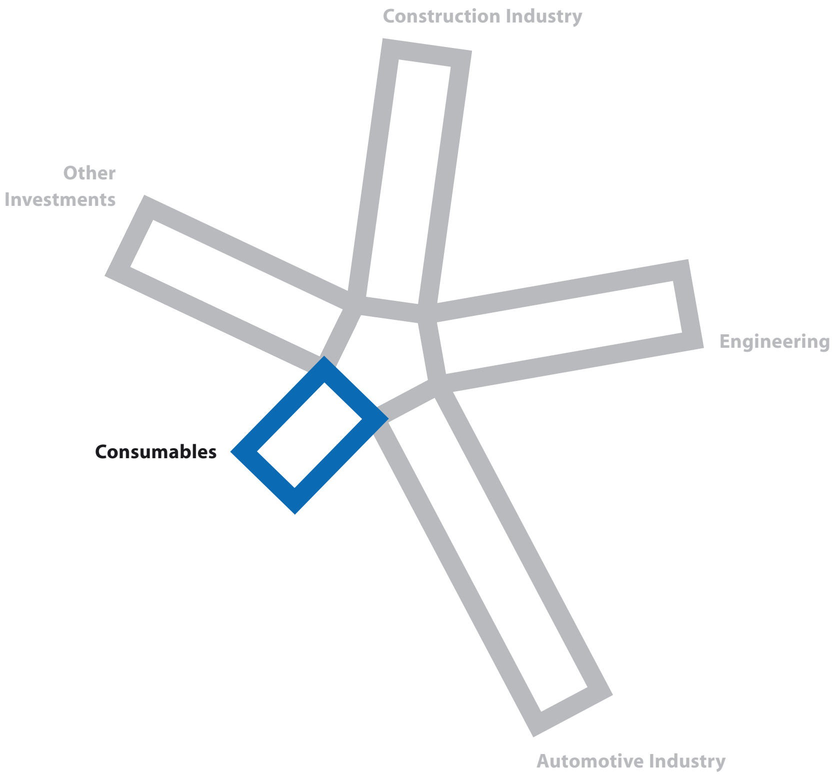
Automotive Industry Segment		2001 HGB	2002 HGB	2003 HGB	2004 IFRS	**2005 IFRS**
Revenue	EUR in millions	140.4	151.3	157.5	175.0	**196.3**
EBT	EUR in millions	19.5	19.0	18.4	12.4	**6.8**
Depreciation	EUR in millions	6.8	8.8	17.8	13.8	**18.9**
Capital expenditure	EUR in millions	19.3	41.1	33.1	19.5	**62.3**
Workforce	Ø	944	1,045	1,071	1,172	**1,646**

The financial statements for fiscal 2005 were prepared in compliance with International Financial Reporting Standards (IFRS) for the first time. To improve comparability, key performance indicators for 2004 were adjusted to comply with IFRS as well. Therefore, figures for the previous year (2004) may deviate from the ones published in the last annual report.





Door lock by SIMON



Consumables

The strong development displayed by the export business last year did not have any positive effects on consumer spending whatsoever. Last year, isolated signs of an improved consumer climate did not prove to be of lasting nature. Consumer spending experienced stagnation in real terms vis-à-vis the previous year. Consequently, the gross domestic product's largest driver of demand by far was absent once again. As in the preceding year, issues dominating consumer worries were fear over jobs as well as the ramifications of the country's problem-ridden social security systems for their private lives. This is also mirrored by the increase in the rate of home savings. Accounting for 10.6% of discretionary income, it matched the level recorded ten years earlier.

As of the balance sheet date, the Consumables segment encompassed four operating entities, as in the preceding year. As mentioned earlier, WIESAUPLAST was classified under the Automotive Industry segment owing to the change in its customer structure. Moreover, there was an additional change within the scope of consolidation. In the first quarter of 2005, INDUS lifted its shareholding in IMECO Einwegprodukte from 92.5% to 100%. Additional information on this company—and naturally the other segment companies as well—is provided in the brochure of investments accompanying this annual report.

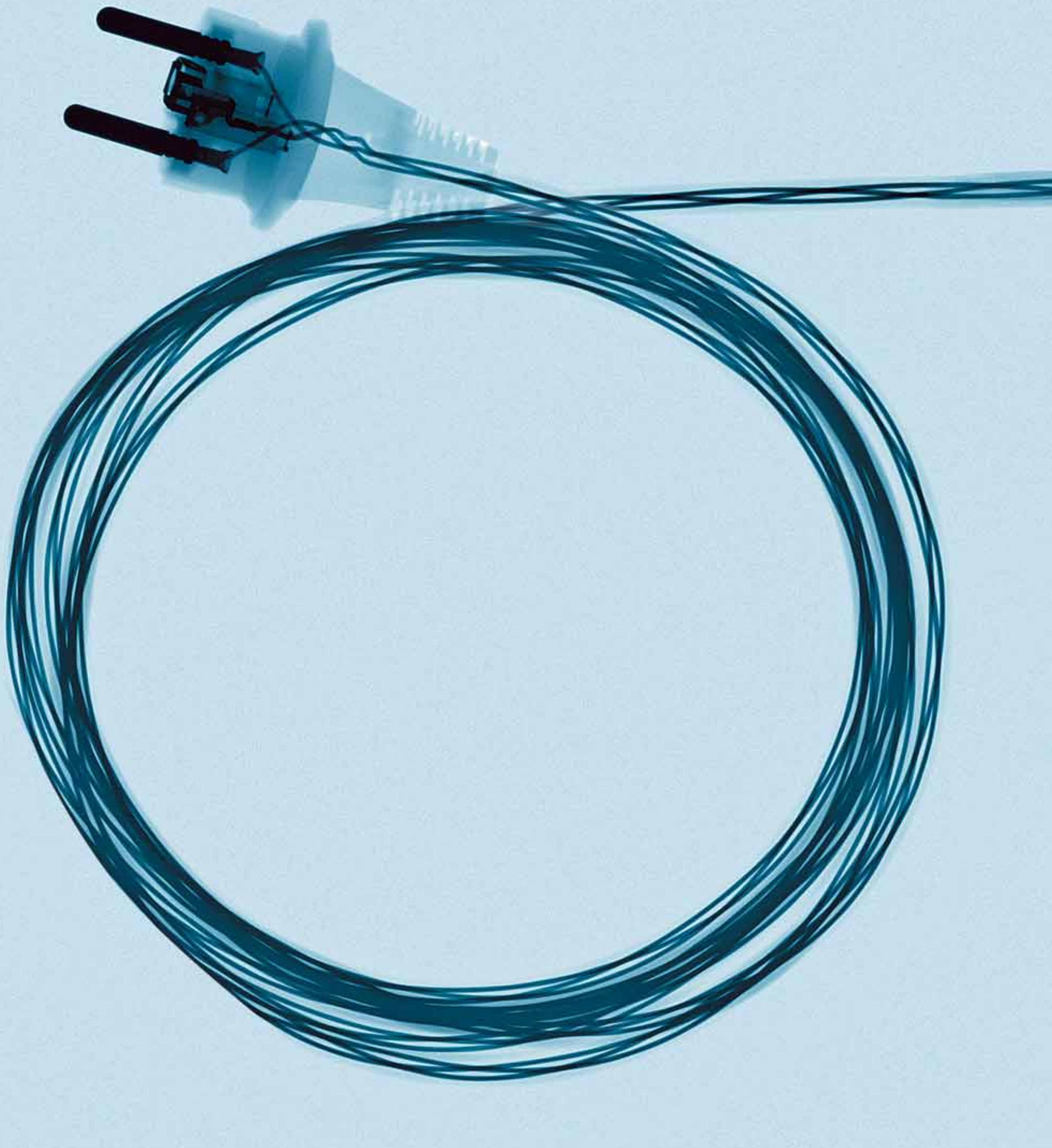
Segment revenue rose marginally, gaining 0.8% to EUR 103.0 million.

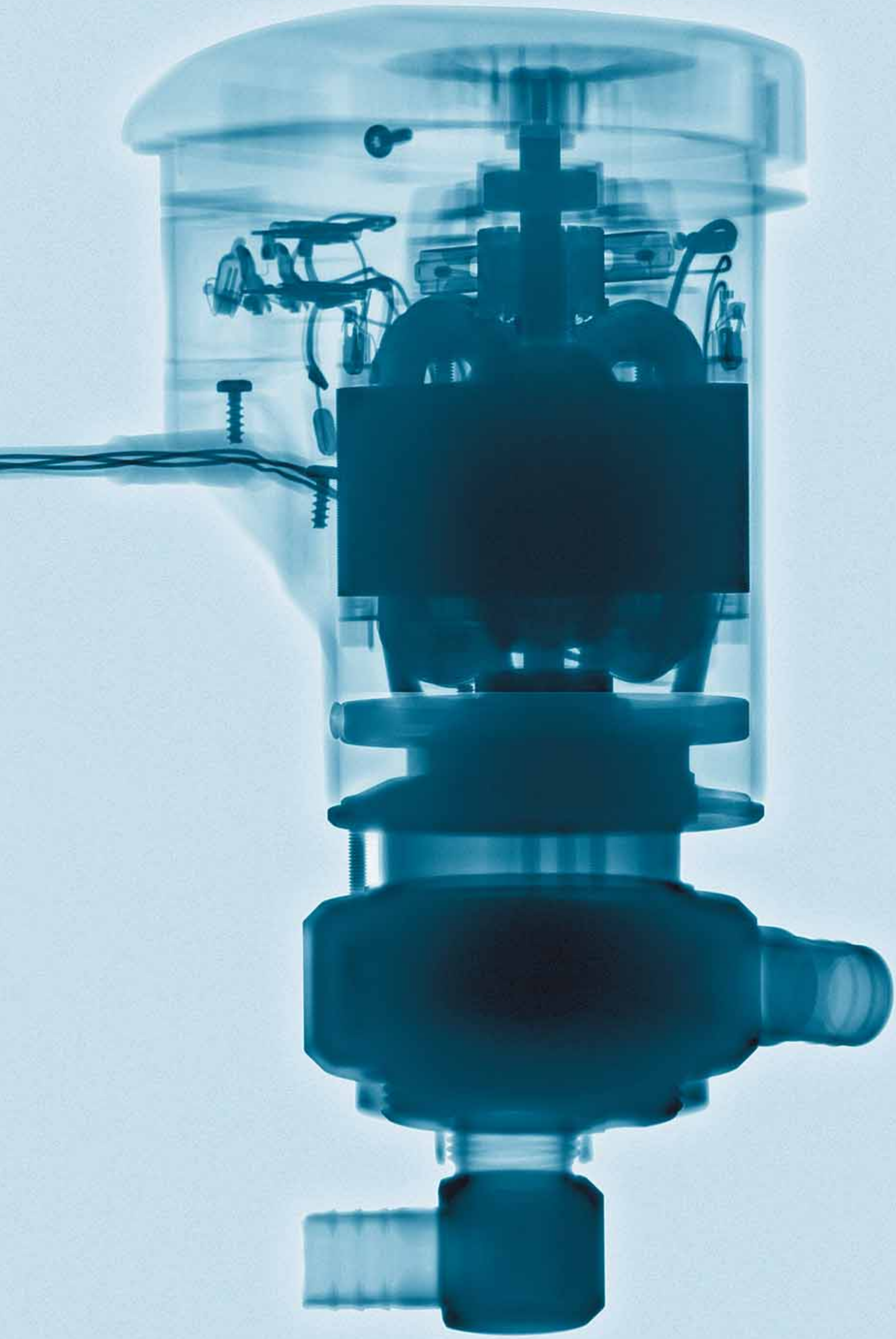
Higher basic commodity prices had an impact on this segment as well. Earnings before taxes (EBT) declined to EUR 7.0 million. Reasons for this decrease alongside the change in the price of basic commodities were predominantly the effects of OKIN's deconsolidation in 2004. The EBT margin dropped correspondingly, from 16.6% to 6.8%.

Capital expenditure amounted to EUR 10.6 million, falling slightly shy of the prior year's level. On average, the labor force shrank by 235 people, again reflecting OKIN's impact.

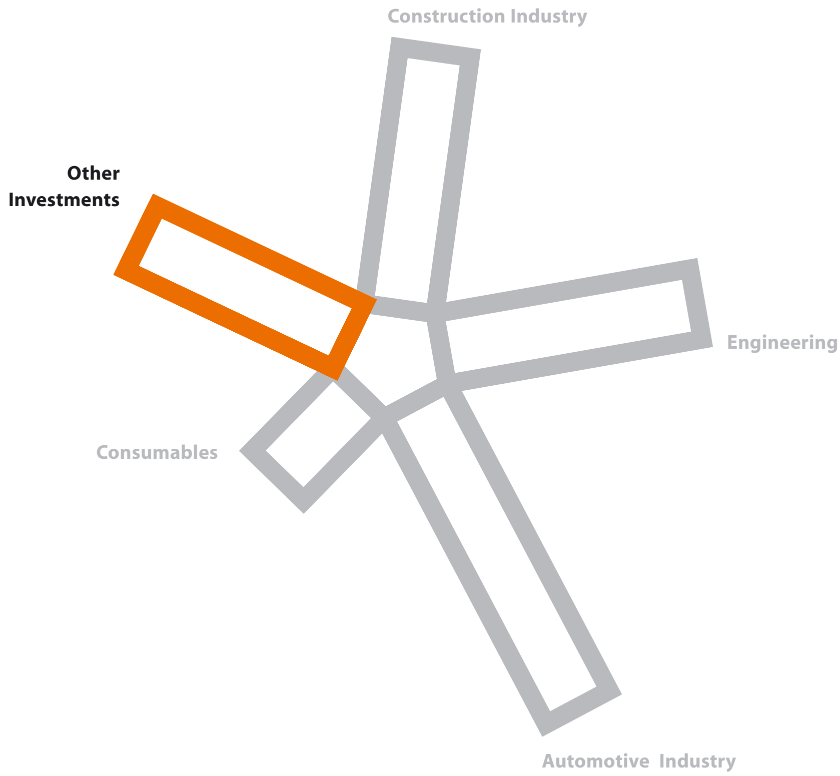
Consumables Segment		2001 HGB	2002 HGB	2003 HGB	2004 IFRS	**2005 IFRS**
Revenue	EUR in millions	169.3	191.9	198.3	102.2	**103.0**
EBT	EUR in millions	15.2	14.2	22.6	17.0	**7.0**
Depreciation	EUR in millions	6.4	6.7	12.2	6.7	**6.6**
Capital expenditure	EUR in millions	9.1	14.4	9.5	11.7	**10.6**
Workforce	Ø	1,259	1,335	1,322	1,090	**855**

The financial statements for fiscal 2005 were prepared in compliance with International Financial Reporting Standards (IFRS) for the first time. To improve comparability, key performance indicators for 2004 were restated to comply with IFRS as well. Therefore, figures for the previous year (2004) deviate from the ones published in the last annual report.





Hybrid pump by HORN



Other Investments

Other Investments, the fifth INDUS segment, subsumes companies which deliver products to customers in a variety of sectors, precluding them from being allocated to one of the four preceding segments. Therefore, unlike the other segments, there is no specific sectoral indicator that can be used to compare economic developments. Germany's general economic trend, measured on the basis of the gross domestic product (GDP) is the only parameter that can serve as a yardstick. Last year, GDP rose 0.9% in real terms. For additional commentary, please read the section entitled "Business and Economic Environment" in the review of operations and the group management report.

As of the balance sheet date, the Other Investments segment comprised eight companies, as in the previous year. Nevertheless, the investment structure changed. In the first quarter of 2005, the existing shareholding in M. BRAUN Inertgas-Systeme was increased from 80% to 100%. You will find additional information on this and the other segment companies in the brochure of investments accompanying this annual report.

Revenue generated by companies included in this segment advanced by 15.1% to EUR 165.9 million in 2005. This is predominantly due to the improvement of this segment's portfolio companies' business trend and TSN's first-time full consolidation (pro rata temporis in 2004).

The earnings situation also recorded a considerable improvement. Earnings before taxes (EBT) advanced by EUR 2.1 million to EUR 5.3 million. The EBT margin rose correspondingly, from 2.2% to 3.2%.

Capital expenditure totaled EUR 17.1 million, surpassing the year-earlier level. This was primarily driven by the increase in the stake held in M. BRAUN. The average personnel headcount was 1,217 (prior year: 1,201 employees).

Other Investments Segment		2001 HGB	2002 HGB	2003 HGB	2004 IFRS	**2005 IFRS**
Revenue	EUR in millions	89.2	144.7	145.4	144.2	**165.9**
EBT	EUR in millions	7.0	10.8	3.2	3.2	**5.3**
Depreciation	EUR in millions	4.3	5.1	15.5	7.4	**8.9**
Capital expenditure	EUR in millions	6.3	40.3	38.8	14.4	**17.1**
Workforce	Ø	756	941	1,116	1,201	**1,217**

The financial statements for fiscal 2005 were prepared in compliance with International Financial Reporting Standards (IFRS) for the first time. To improve comparability, key performance indicators for 2004 were restated to comply with IFRS as well. Therefore, figures for the previous year (2004) deviate from the ones published in the last annual report.

Workforce

An average of 4,996 people were employed throughout the INDUS Group in 2005 (previous year: 4,641). The rise in the labor force by 355 staff members over the previous year is principally a result of the acquisitions of SELZER and MIGUA made last year.

The success of these highly specialized portfolio companies depends to a considerable extent on their employees. Their expertise and commitment are the cornerstone of the positive development of every single company. Once again, last year, seeking to bolster these key factors, the portfolio companies and their parent initiated a variety of customized continued education programs, which were attended by numerous employees.

Training young people is a tradition accorded significant importance in Germany's medium-sized enterprises. In 2005 our portfolio companies trained a total of 244 people to embark on white- and blue-collar careers (prior year: 194). The trainee-to-workforce ratio was thus 4.9% (previous year: 4.2%).

Environmental Protection

Both the portfolio companies and the holding company ascribe high importance to protecting the environment and making rational use of nature's resources. Efforts center primarily on making responsible use of energy, raw materials and supplies as well as avoiding and managing waste. Environmental issues addressed are significantly oriented towards the portfolio companies' individual business fields.

Research and Development Report

Research and development work done by INDUS portfolio companies focuses sharply on product engineering, which has been reflected in a large number of patent applications. In 2005 a total of EUR 10.8 million was spent on these activities (prior year: EUR 7.4 million).

Events After the Balance Sheet Date

Thanks to our good liquidity position, we redeemed the EUR 100 million syndicated credit line ahead of schedule in February 2006. Owing to extensive credit guarantees, this did not affect INDUS' financial flexibility.

As of January 2, 2006, INDUS divested NEUTRASOFT IT für den Handel GmbH & Co. KG, a division of the portfolio company NEUTRASOFT GmbH & Co. KG, enabling the latter company to concentrate entirely on its core business. NEUTRASOFT IT für den Handel GmbH & Co. KG generated EUR 3.1 million in revenue in 2004.

No further major operating or structural changes or business transactions occurred in the INDUS Group, which would have been reportable here, or would have caused us to amend the information disclosed in the financial statements for 2005.

Risk Management

In the course of their business operations, the portfolio companies and their parent are exposed to a large number of risks that are inextricably linked to entrepreneurial activity. INDUS mitigates these risks with an extensive risk management system, which is integrated into its business and decision-making processes. The objective of the system being implemented is to put management in a position to detect and counter risks at an early stage. The risk management system's effectiveness is regularly verified both internally and by the auditor of the financial statements, in line with statutory regulations.

Risks Affecting the Business and Sectoral Environment

The success of the portfolio companies and—in turn—the holding company also depends on the economic trend in the individual countries and markets. Although all of the portfolio companies are headquartered in Germany or in German-speaking countries, the 35.8% export share achieved in the year under review reflects the mounting significance of international markets. By strategically advancing this development, the INDUS Group is becoming less dependent on the German economy, which continues to be weak.

INDUS exclusively acquires medium-sized enterprises, all of which command strong positions in attractive market niches. Thanks to the portfolio companies' high degree of specialization, short-term cyclical fluctuations had much less of an impact on their business trend than on their sectors as a whole.

As of December 31, 2005, the portfolio of investments consisted of 42 operating entities active in the construction, engineering, automotive and consumables industries, all of which are core sectors, as well as in other attractive branches of industry, such as medical engineering and gas scrubbing plants, which are grouped under the Other Investments segment. When viewing the portfolio in its entirety, this mix of sectors combined with the diversity afforded by the divergent sizes and cyclicality of our individual companies reduces risks considerably.

Risks Associated with Corporate Strategy

The INDUS Group's success hinges substantially on its acquisition and portfolio management. The holding company is solely responsible for these activities. When acquiring companies, it makes use of a comprehensive array of tools to analyze the targeted branch of industry, resolutely applies qualitative and quantitative criteria, and draws on management's years-long experience. Management of the shareholdings is founded on a standardized controlling program and broad-based budgeting and reporting. Based on select key figures, pre-defined risk fields are constantly monitored, enabling the early detection of risks. All of the portfolio companies submit monthly reports on their business trends and risk situations to the holding company. Short- and medium-term plans established for each of the portfolio companies and the holding company itself give the Board of Management and Supervisory Board a continuous, topical overview of the INDUS Group's risk position.

Performance Risks

Our portfolio companies are exposed to a number of performance risks. These mainly include risks encountered in the procurement market as well as in production and sales. The companies individually mitigate these risks with a comprehensive array of measures aiming to detect price and volume risks on the procurement market early on, constantly optimize production processes, and enhance product quality. Moreover, the companies undergo a continuous certification process administered by independent auditors. In light of our widely diversified portfolio, the Group's performance risks are limited to a significant degree.

Personnel Risks

Employees working for the individual portfolio companies and the holding company secure the Group's success through their know-how and commitment. With a view to prevent key, highly-qualified experts and executives from being poached, the portfolio companies and their parent implement a variety of personnel retention measures of both tangible and intangible nature. Above and beyond this, INDUS has deputy and substitute policies in place to preempt absences.

IT Risks

IT risks are associated with computer system crashes and network failure. The probability of unauthorized third-party access to IT systems residing in individual portfolio companies and the holding company also constitutes a potential risk. IT system protection and optimization are ensured via the deployment of highly-qualified internal and external experts as well as various security measures and the Group's decentralized IT infrastructure.

Financial Risks

The holding company handles the financing of portfolio company operations on the basis of their individual budgets. Financing is generally long term in nature and constantly safeguards the possibility of capitalizing on opportunities arising on the market through high reserve liquidity. As of the balance sheet date on December 31, 2005, the Group had EUR 133.5 million in cash and cash equivalents (prior year: EUR 150.4 million). INDUS manages financing risks via its strong equity position (the Group's equity ratio was 21.5%) and a broadly diversified debt-finance structure—both in terms of counterparties and maturities—as well as through long-term interest rate hedges using derivative financial instruments and fixed interest rates.

Since most of the portfolio companies are predominantly active in the Eurozone, currency risks are immaterial. Currency forwards and suitable options are used to hedge currencies on a case-by-case basis.

Other Risks

In addition, individual portfolio companies may face environmental risks, even if applicable guidelines are adhered to and their employees act responsibly. No such risks are known at present, and potential risks are covered by appropriate insurance policies.

In the 2005 reporting period, the INDUS Group's risk position did not change significantly vis-à-vis the previous year. No future risks that could jeopardize the company's subsistence are discernible at present.

Outlook

Leading market research institutes predict a much more dynamic economic trend for 2006 despite the rather weak development witnessed last year. Early economic indicators also point in this direction. For instance, in February, the ifo business climate index posted the third consecutive rise. Exports are likely to remain the mainstay of Germany's economy owing to the positive outlook for the world economy. It remains to be seen whether this alone will suffice to stabilize the labor market and, in turn, stimulate private consumption. Two non-recurrent effects will undoubtedly have a positive impact on domestic demand in 2006. The FIFA World Cup and the three percentage point sales tax increase slated for 2007 will probably lead to a one-off boom in the second half of 2006, which is why economic research institutes forecast real gross domestic product growth for the full year at up to 1.5 %.

Expectations concerning the individual sectors are very divergent. Accordingly, following the extremely weak development witnessed in 2005 and based on the positive trend in incoming orders, Germany's Central Construction Industry Association forecasts that the industry will do a little better than break even in 2006. This target is substantiated by a sentiment survey of more than 1,500 construction firms conducted by the German Chamber of Industry and Commerce. According to the study, which was administered in February 2006, the assessment of the situation in the construction business is in line with the level achieved in February 2000 for the first time since then. This appears to have put an end to the persistent trend of declining sales in the German construction industry and reveals the first signs of a return to a stable development of business. In 2006 Germany's mechanical engineering sector will again benefit from strong exports. Nevertheless, the German Engineering Federation (VDMA) expects growth for the full year to total 2%, reflecting a slowdown in economic momentum. According to statements made by the German Association of the Automotive Industry (VDA), the positive development displayed by the German automobile industry is likely to continue in 2006 as well. The VDA expects the German market to grow, driven by new, attractive product launches. Domestic consumption is likely to remain subdued. Owing to the poor situation on the labor market and persistent social security problems, research institutes do not prognosticate a fundamental change in consumer spending for 2006. Advance effects from the planned sales tax hike are the only factor deemed likely to stimulate growth in 2006. It is questionable whether this dynamism will be maintained in 2007.

As in the past, in 2006, INDUS will adhere to its proven strategy of growing its portfolio of equity holdings, taking risk-return issues into consideration, by making further acquisitions. In so doing, it will continue to focus on specialized medium-sized manufacturing enterprises. Having considerably strengthened the Automotive Industry segment last year by acquiring SELZER, acquisitions in other sectors can be expected over the course of this year. As of the balance sheet date, INDUS had EUR 133.5 million in cash and cash equivalents and additional existing financing guarantees, the company has enough leeway to seize attractive opportunities on the market whenever needed. As in the past, our declared goal is to steadily expand our portfolio of investments.

The Board of Management expects revenue for fiscal 2006 to continue growing to approximately EUR 800 million. Based on the plans currently in place, both the continued positive development of our existing investments as well as additional acquisitions will contribute to the rise. Key earnings figures are anticipated to follow a similar trend. The Board of Management expects the company to maintain its trend for long-term growth in 2007 as well. It also appears realistic to be able to adhere to our current dividend policy over the next two years within the scope of these plans.

Bergisch Gladbach, April 21, 2006

The Board of Management

Helmut Ruwisch | Dr. Lars Bühring | Michael Eberhart | Dr. Johannes Schmidt

Investors experienced an extremely successful year on the stock market in 2005. After tending to trade sideways at the beginning of the year—a phenomenon marked by uncertainty amongst market participants over mounting oil prices—the German stock market saw prices pick up considerably from the middle of May onwards. One of the major signals sent to the capital market was the announcement of early federal elections made by the government incumbent at the time. This trend persisted until the end of the year, only briefly interrupted by a short phase of consolidation in October. On December 29, the German share index, the DAX, reached its high for the year at 5,458.58 points, closing the year at 5,408.26 points. This represents a 27.1% increase. Small- and mid-cap indices outperformed the DAX, which includes Germany's top 30 blue chips. The MDAX was up 36% to 7,311.53 points, with the SDAX gaining 35.1% to 4,248.90 points.

INDUS shares closed 2005 having risen by 34.0%. Including the EUR 1.18 dividend paid per share, the total return to INDUS shareholders in 2005 was 39.4%. At the beginning of the year, our share price benefited from the early communication of the positive outlook for fiscal 2005, combined with the Board of Management's announcement to continue its progressive dividend policy. The INDUS share then lost what it had gained, falling to a low for the year of EUR 22.20 on March 24, 2005. Buoyed by the publication of the company's positive business trend and acquisitions, the INDUS share then continued to rise, undergoing normal fluctuation in the process, recording its high for the year of EUR 29.50 on December 29. At EUR 29.45, the closing quotation was only marginally lower.

INDUS Share Key Figures		2001	2002	2003	2004	**2005**
12-month high	EUR	28.15	26.12	25.10	27.25	29.50
12-month low	EUR	19.75	16.34	14.30	19.80	22.40
Price at year-end	EUR	20.10	17.27	20.45	21.97	29.45
Average daily turnover	No. of shares	10,819	18,372	23,472	36,067	49,509
Market capitalization on Dec. 31	EUR in millions	361.80	310.86	368.10	395.46	530.10
Earnings per share (Group)	EUR	1.22	0.58	0.64	1.62*	1.50
Earnings per share (parent company)	EUR	3.12	3.14	3.16	2.81	2.93
Dividend per share	EUR	1.15	1.15	1.18	1.18	1.20
Dividend payout	EUR in millions	20.70	20.70	21.24	21.24	21.60

*According to IAS 33.

Last year, the INDUS share was included in the same indices as in the previous one. Accordingly, it is still part of the SDAX small cap index, the GEX owner-managed company index, and the CDAX general index. The INDUS share's weighting dropped slightly in the SDAX, from 3.73% to 3.31%. This trend is partially due to the fact that several sizeable companies were added to the SDAX, having dropped out of the MDAX, or completed an IPO before immediate inclusion, and that some of the index companies' share prices displayed extraordinary developments.

However, the increased demand for INDUS shares is also reflected in the development of their average trading volume on all stock exchanges. Following a marked rise in turnover in the preceding year, the volume expanded in 2005 by a further 37.3% to 49,509 shares per day. INDUS again drew positive reviews from various analyst firms. Last year, comprehensive research reports were published by renowned establishments the likes of WestLB, Bankhaus Lampe and WGZ-Bank.

The Board of Management and Supervisory Board will jointly propose to this year's Annual Shareholders' Meeting that a dividend of EUR 1.20 per share be paid for fiscal 2005 following the EUR 1.18 paid in the prior year. This will ensure that our shareholders adequately partake of the rise in earnings. Based on the share price at year-end, and subject to a corresponding shareholder resolution, the dividend yield will be 4.1%. This would represent a total payout of EUR 21.60 million to shareholders (2004: EUR 21.24 million). Another EUR 30.0 million would be transferred to retained earnings, and EUR 2.6 million would be carried forward.

In 2005 investor relations work continued to center on a timely, continuous flow of communication with the capital market's participants. The Board of Management provided the public with far-reaching information on INDUS' business trend and future prospects at the company's annual press and analyst conferences. Furthermore, the Board of Management regularly maintained dialogue with investors and financial analysts via telephone, on road shows, at round tables and in one-on-ones. All of the measures taken by INDUS are tailored to inform the capital market rapidly and topically about developments unfolding in the company and present investment opportunities for medium-term investors seeking attractive dividends while minimizing risk.

INDUS plans to further intensify its investor relations activities in 2006. We have already taken the first step in this direction with this annual report, which largely complies with the recommendations of German Accounting Standard DRS 15. Our aim is to make use of the financial statements we have prepared in accordance with IFRS for the first time as a basis for talks with institutional investors. In addition, we plan to extend the central platform for disseminating information among both institutional and private investors, i.e. our website, which can be accessed at www.indus.de.

INDUS Share Data

ISIN:
DE0006200108

Stock exchange abbreviation:
INH

Share class:
Non-par value registered shares

Market segment:
Prime Standard

Indices:
SDAX, GEX, CDAX

Capital stock:
EUR 46.8 million

Number of shares:
18,000,000

Corporate Governance Report

The Board of Management and the Supervisory Board of INDUS Holding AG accord high importance to creating value transparently, responsibly and sustainably. In this light, our company is committed to complying with the recommendations of the German Corporate Governance Code and implements them whenever possible and sensible given the nature of the company. Only in justifiable exceptional cases does INDUS deviate from the recommendations. A retrospective analysis of corporate governance within the company found that in 2005 there were no negative deviations from the statement of compliance pursuant to Sec. 161 of the German Stock Corporation Act (AktG) made in December 2004.

Amendments to the Statement of Compliance

Due to the adoption of International Financial Reporting Standards (IFRS), INDUS will follow an additional recommendation (Code Item 7.1.1) in the future. Moreover, the company complies with the most important of the 10 recommendations, which were issued for the first time in the new version of the German Corporate Governance Code. This includes separate elections for each member of the Supervisory Board, the independent staffing of the Supervisory Board based on assessments made by the appropriate committees, and compliance with the recommendation that the appointment of members of the Board of Management to the chairmanship of the Supervisory Board should not be a rule.

Shareholders and Annual Shareholders' Meeting

The company's website, accessible at www.indus.de, serves as a centralized information portal for our shareholders. It is used by INDUS as a platform to which all necessary information concerning the Annual Shareholders' Meeting is posted. Shareholders exercise their decision-making and monitoring rights at the Annual Shareholders' Meeting. INDUS has made it easier for its shareholders to exercise their voting right. Every share bears a vote, which can also be cast by a voting proxy in the shareholder's absence. Corresponding authorizations and instructions can be issued using electronic documents posted to the Internet. No countermotions were submitted prior to the Annual Shareholders' Meeting.

More than 1,600 shareholders in total, representing 35.89% of our capital stock, agreed with all of the items on the agenda by a large majority. Agenda items included the approval of the acts of the Board of Management and Supervisory Board, the appointment of the auditor, and the passage of a resolution to authorize share buybacks.

Cooperation between the Board of Management and the Supervisory Board

Between the four sessions held by the Supervisory Board, the Board of Management and Supervisory Board constantly shared information on the development of INDUS Holding AG and its portfolio companies. All of the Supervisory Board meetings were held in the presence of the Board of Management, with the Supervisory Board withdrawing for debates excluding the Board of Management whenever necessary. Both corporate bodies are dedicated exclusively to pursuing the best interests of the company. Conflicts of interest of members of the Board of Management and of the Supervisory Board must be disclosed to the Supervisory Board as soon as they arise. No such reports were filed in the year under review, which proves that there were no such conflicts.

Board of Management

No changes occurred in the company's Board of Management, consisting of the Chairman Helmut Ruwisch and Messrs. Lars Bühring, Burkhard Rosenfeld and Michael Eberhart. Burkhard Rosenfeld retired from the Board of Management effective December 31, 2005. He was succeeded by Dr. Johannes Schmidt.

The Board of Management's compensation system remained unchanged in fiscal 2005. Remuneration consists of a fixed and a variable component and depends on their responsibilities, performance, and the company's commercial success. As usual, the Board of Management's compensation was reviewed by the Supervisory Board last year.

Supervisory Board

The Supervisory Board's composition did not change last year. All of the Supervisory Board members' tenure ends on conclusion of the Ordinary Shareholders' Meeting in 2007. The Supervisory Board is of the opinion that it has a sufficient number of outside directors. All of the new recommendations of the German Corporate Governance Code under Items 5.4.3 and 5.4.4 are, and will continue to be complied with by the company.

The Supervisory Board's compensation system remained unchanged in fiscal 2005. Members of the Supervisory Board receive fixed and variable remuneration in accordance with the Articles of Association. Accordingly, the Chairman and the deputy receive twice and one-and-a-half times the amount of basic pay.

Transparence

INDUS informs its shareholders of the company's business trend, financial position and earnings situation four times a year. The annual and interim reports were published in due course after the conclusion of the periods under review, and the deadlines recommended by the German Corporate Governance Code were missed only marginally. In the future, the period spanning the end of the reporting period and the publication of the corresponding report is to be reduced successively, and compliance with the rules prescribed by the Code is to be verified.

Besides issuing regular reports, INDUS informs its shareholders on late-breaking developments and business transactions via ad hoc releases. Last financial year, the company published two ad hoc releases in accordance with Sec. 15 of the German Securities Trading Act (WpHG), in addition to ten press releases. Furthermore, the Board of Management publishes communications in the gazette as soon as it gains knowledge of anyone exceeding or falling below the voting right hurdles of 5%, 10%, 25%, 50 % or 75%.

Accounting

This year, INDUS has published its parent company financial statements and consolidated financial statements pursuant to International Financial Reporting Standards (IFRS) for the first time. To learn about the main impact of the transition from accounting under the German Commercial Code (HGB) to IFRS, please turn to pages 68 to 72 of this annual report. Quarterly reports will also be prepared in line with IFRS in the future.

Neither INDUS Holding AG, nor its portfolio companies, have had stock option plans in the past or have any at present.

Audit of the Financial Statements

On July 12, 2005, the Annual Shareholders' Meeting appointed Treuhand- und Revisions-Aktiengesellschaft Niederrhein Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Krefeld, auditor of the parent company and consolidated financial statements for fiscal 2005. Subsequent to this appointment, the Supervisory Board commissioned the auditor and established the focal points of the audit.

Statement of Compliance with the German Corporate Governance Code in 2005

The Board of Management and the Supervisory Board of INDUS Holding AG make the following declaration regarding the recommendations of the German Government Corporate Governance Code Commission in accordance with the June 2, 2005, version of Sec. 161 of the German Stock Corporation Act (AktG):

The Board of Management and the Supervisory Board of INDUS Holding AG identify themselves with the objectives of the German Corporate Governance Code. At INDUS Holding, corporate governance aims to foster the trust of its shareholders, employees, the public at large and its customers in company leadership and in turn, to increase the company's value over the long term.

As regards the recommendations of the German Government Corporate Governance Code Commission, the Board of Management and Supervisory Board issue the following statement of compliance in accordance with the June 2, 2005, version of Sec. 161 of the German Stock Corporation Act (AktG): INDUS Holding AG complied, and continues to comply, with the recommendations of the German Government Corporate Governance Code Commission, with the following exceptions:

Code Item 3.8
When concluding a D&O insurance policy, members of the Board of Management and the Supervisory Board did not, and do not, pay a deductible.

Code Item 4.2.3
The fundamentals of the compensation system for the Board of Management and the Supervisory Board, stock option plan details, and comparable details concerning long-term incentive components bearing risks were not, and are not, published on the company's website or set out in the annual report.

Code Items 4.2.4 and 5.4.7
The total remuneration received by members of the Board of Management and Supervisory Board is presented in the notes to the consolidated financial statements, being broken down into fixed and performance-linked components. Individualized accounts of these figures were and are not rendered.

Code Items 5.1.2 and 5.4.1
There was no age limit for members of the Board of Management or Supervisory Board.

Code Item 5.3.2

An audit committee did not and does not exist on the Supervisory Board.

Code Item 5.4.2

It was, and is, possible to have more than two former members of the Board of Management sit on the Supervisory Board.

Code Item 6.6

Directors' dealings pursuant to Sec. 15 of the German Securities Trading Act were not, and are not mentioned in the corporate governance report.

Code Item 6.6

The notes to the consolidated financial statements did not, and will not, include information on the purchase or sale of treasury stock by members of the Board of Management or Supervisory Board. Furthermore, the consolidated financial statements did not, and will not, include information on shares held by individual members of the Board of Management or Supervisory Board exceeding 1%. Even if the combined share ownership of the Board of Management and Supervisory Board exceeded 1% of the stock issued by the company, it was not, and will not be, disclosed separately by member of the Board of Management or Supervisory Board.

Code Item 7.1.1

The consolidated financial statements and interim reports for fiscal 2005 were prepared in compliance with internationally accepted accounting principles for the first time.

Code Item 7.1.2

Publication of the consolidated financial statements within 90 days of the end of the financial year and publication of the interim report within 45 days of the end of the period under review was not, and is not, possible with the required care and diligence.

Bergisch Gladbach, December 2005

On behalf of the Board of Management
Helmut Ruwisch
Michael Eberhart

On behalf of the Supervisory Board
Dr. Winfried Kill

Parent Company

Assets

EUR		Dec. 31, 2005	Dec. 31, 2004
Non-current assets			
Intangible assets			
Software		30,564.00	82,851.00
Property, plant and equipment			
Leasehold rights and buildings	3,586,254.00		3,836,830.00
Other plant, fixtures, furniture and office equipment	425,081.00		346,071.00
		4,011,335.00	4,182,901.00
Financial assets			
Shares in affiliated companies	657,036,578.38		587,904,955.98
Long-term loans to affiliated companies	94,400,000.00		81,500,000.00
Other long-term loans	958,579.00		958,579.00
		752,395,157.38	670,363,534.98
Current assets			
Accounts receivable and other assets			
Accounts receivable from affiliated companies	187,854,701.56		162,783,448.43
– of which with a remaining term of more than 1 year: –.–– previous year: –.––			
Other assets	9,018,355.88		8,311,075.56
– of which with a remaining term of more than 1 year: 266,246.50 previous year: 8,600.00			
		196,873,057.44	171,094,523.99
Cash on hand and bank balances		32,926,743.98	60,259,803.33
Advance payments			
Discount	96,630.00		115,080.00
Other	214,500.00		707,520.00
		311,130.00	822,600.00
		986,547,987.80	**906,806,214.30**

Parent Company

Equity and Liabilities

EUR			Dec. 31, 2005	Dec. 31, 2004
Equity				
Subscribed capital		46,800,000.00		46,800,000.00
Capital reserve		116,155,194.86		116,155,194.86
Retained earning				
Statutory reserve		1,022,583.76		1,022,583.76
Other retained earnings		290,000,000.00		261,000,000.00
Distributable profit				
Profit carried forward		1,505,959.70		1,210,740.74
Net profit		52,667,476.95		50,535,218.96
			508,151,215.27	476,723,738.32
Provisions				
Provisions for pensions		219,000.00		–.––
Provisions for taxes		274,000.00		219,000.00
Other provisions		746,000.00		1,589,000.00
			1,239,000.00	1,808,000.00
Liabilities				
Accounts payable to banks		428,219,598.63		410,555,382.95
Accounts payable for supplies and services		301,493.42		513,184.64
Other liabilities		48,636,680.48		17,205,908.39
– of which resulting from taxes:	309,064.57			
previous year:	130,589.78			
– of which associated with social security:	24,665.20			
previous year:	18,680.31			
			477,157,772.53	428,274,475.98
			986,547,987.80	**906,806,214.30**

Income Statement of the Parent Company

EUR			2005	2004
Net sales			3,242,274.08	3,184,038.67
Other operating income			13,208,482.74	1,087,818.10
			16,450,756.82	**4,271,856.77**
Staff costs				
Wages and salaries		3,728,371.21		2,216,024.01
Cost of social security, retirement and other benefits		387,735.94		104,946.62
of which for retirement benefits: previous year:	239,167.22 13,380.64			
			4,116,107.15	2,320,970.63
Depreciation and amortization of intangible fixed assets and property, plant and equipment			465,173.67	376,754.95
Other operating expenses			7,593,369.41	6,770,478.88
Income from investments		84,409,938.58		77,329,261.03
of which from affiliated companies: previous year:	84,409,938.58 77,329,261.03			
Income from long-term loans classified as financial assets		2,909,011.97		369,177.50
of which from affiliated companies: previous year:	2,863,943.61 323,869.01			
Other interest and similar income		8,520,406.14		8,246,594.24
of which from affiliated companies: previous year:	5,780,239.92 7,102,418.39			
Depreciation and amortization of financial assets		11,000,000.00		17,780,104.79
Cost of the assumption of losses		2,894,079.57		2,229,888.96
Interest and similar expenses		28,648,792.40		24,130,149.40
of which paid to affiliated companies: previous year:	25,601.41 229,013.13			
			53,296,484.72	41,804,889.62
Profit from operating activities			**57,572,591.31**	**36,608,541.93**
Extraordinary income		–.––		17,200,000.00
Extraordinary result			–.––	17,200,000.00
Taxes on income			5,522,918.19	3,273,322.97
Other taxes			– 617,803.83	–.––
Net profit			**52,667,476.95**	**50,535,218.96**
Profit carried forward			1,505,959.70	1,210,740.74
Distributable profit			**54,173,436.65**	**51,745,959.70**

Consolidated Income Statement

EUR '000	Note	2005	2004
Revenue	(1)	735,323	660,492
Other operating income	(2)	17,358	25,116
Own work capitalized	(3)	4,848	2,789
Change in inventories	(3)	2,383	– 3,940
Cost of materials	(4)	– 328,054	– 288,509
Staff costs	(5)	– 202,538	– 179,160
Depreciation	(6)	– 42,698	– 38,575
Other operating expenses		– 107,381	– 99,720
Operating result		**79,241**	**78,493**
Net interest	(7)	– 29,257	– 25,686
Financial result	(8)	2,032	1,528
Income before taxes		**52,016**	**54,335**
Taxes	(9)	– 23,875	– 20,489
Income from discontinued operations	(10)	– 35	– 1,487
Income after taxes		**28,106**	**32,359**
Minus minority interests		– 1,169	– 4,677
Income allocable to INDUS shareholders		**26,937**	**27,682**
Diluted earnings per share in EUR	(11)	1.50	1.62
Undiluted earnings per share in EUR		1.50	1.62

Consolidated Balance Sheet

Assets

EUR '000	Note	Dec. 31, 2005	Dec. 31, 2004
Goodwill	(12)	269,356	231,994
Intangible assets	(12)	21,570	21,619
Property, plant and equipment	(12)	215,776	182,870
Financial assets	(13)	8,205	5,413
Shares accounted for using the equity method	(13)	4,072	3,119
Other non-current assets	(14)	2,062	3,104
Deferred taxes	(15)	3,242	3,496
Non-current assets		**524,283**	**451,615**
Cash and cash equivalents		133,519	150,418
Accounts receivable	(16)	99,915	81,770
Inventories	(17)	137,250	124,832
Other current assets	(14)	18,307	20,407
Assets held for sale	(18)	2,080	–
Current assets		**391,071**	**377,427**
Balance sheet total		**915,354**	**829,042**

Equity and Liabilities

EUR '000	Note	Dec. 31, 2005	Dec. 31, 2004
Paid-in capital		162,955	162,955
Generated capital		31,643	24,349
Shareholders' equity of INDUS shareholders		194,598	187,304
Minority interests in capital		2,413	5,507
Group equity	(19)	**197,011**	**192,811**
Non-current financial liabilities	(20)	362,359	428,254
Provisions for pensions	(21)	14,719	8,908
Other non-current provisions	(22)	3,402	1,581
Other non-current liabilities	(23)	6,495	5,123
Deferred taxes	(15)	15,609	14,418
Non-current liabilities		**402,584**	**458,284**
Current financial liabilities	(20)	151,162	37,400
Trade accounts payable		26,185	28,734
Current provisions	(22)	36,400	30,653
Other current liabilities	(23)	101,669	81,160
Liabilities held for sale	(18)	343	–
Current liabilities		**315,759**	**177,947**
Balance sheet total		**915,354**	**829,042**

Consolidated Cash Flow Statement

EUR '000	2005	2004
Income (including minorities) before income taxes and finance costs	**79,697**	**71,487**
Interest paid	– 31,548	– 27,605
Income tax paid	– 23,879	– 13,760
Depreciation/write-backs		
– of non-current assets (excluding deferred taxes)	41,176	37,051
– due to gains (–)/losses (+) from the disposal of assets	– 610	– 7,953
Changes in provisions	– 2,658	3,754
Increase/decrease in inventories, trade accounts receivable and other assets not allocable to investing or financing activities	– 4,127	– 9,773
Increase/decrease in trade accounts payable and other liabilities not allocable to investing or financing activities	– 1,202	20,654
Cash flows from operating activities	**56,849**	**73,855**
Cash flows from investments in		
– shares in fully consolidated companies	– 60,960	– 30,473
– intangible assets	– 7,301	– 4,187
– property, plant and equipment	– 33,320	– 37,261
– financial assets	– 2,232	– 683
Income from the disposal of		
– shares in fully consolidated companies	–	48,734
– other assets	4,752	3,397
Income from companies accounted for using the equity method	– 887	119
Interest portion	3,714	2,109
Dividend portion	122	128
Cash flows from investing activities	**– 96,112**	**– 18,117**
Dividends paid to shareholders	– 21,240	– 21,240
Dividends paid to minority interests	– 4,262	– 4,391
Cash flows from the issuance of debt	102,594	53,397
Cash flows from the repayment of debt	– 54,728	– 29,636
Cash flows from financing activities	**22,364**	**– 1,870**
Net cash change in financial facilities	**– 16,899**	**53,868**
Financial facilities at the beginning of the reporting period	**150,418**	**96,550**
Financial facilities at the end of the reporting period	**133,519**	**150,418**
Cash transactions related to the sale of investments	–	53,890
Financial facilities sold	–	– 5,156
	–	**48,734**
Cash transactions related to the acquisition of investments	– 60,514	– 29,664
Financial facilities assumed	3,991	–
Financial facilities acquired	– 4,437	– 809
	– 60,960	– 30,473

Financial facilities on hand include an EUR 375,000 account for which INDUS has limited discretionary powers.

Consolidated Statement of Equity

2005 EUR '000	Opening balance Jan. 1, 2005	Dividend payment	Recognized expenses and income	Deferred taxes	Closing balance Dec. 31, 2005
Subscribed capital	46,800	–	–	–	46,800
Additional paid-in capital	116,155	–	–	–	116,155
Paid-in capital	**162,955**	**–**	**–**	**–**	**162,955**
Accumulated earnings	32,212	– 21,240	26,937	–	37,909
Currency translation reserve	– 454	–	941	–	487
Reserve for the marked-to-market measurement of financial instruments	– 7,409	–	891	– 235	– 6,753
Capital generated	**24,349**	**– 21,240**	**28,769**	**– 235**	**31,643**
Equity of INDUS shareholders	**187,304**	**– 21,240**	**28,769**	**– 235**	**194,598**
Minority interests	5,507	– 4,263	1,169	–	2,413
Group equity	**192,811**	**– 25,503**	**29,938**	**– 235**	**197,011**

2004 EUR '000	Opening balance Jan. 1, 2004	Dividend payment	Recognized expenses and income	Deferred taxes	Closing balance Dec. 31, 2004
Subscribed capital	46,800	–	–	–	46,800
Additional paid-in capital	116,155	–	–	–	116,155
Paid-in capital	**162,955**	**–**	**–**	**–**	**162,955**
Accumulated earnings	25,770	– 21,240	27,682	–	32,212
Currency translation reserve	– 1,372	–	918	–	– 454
Reserve for the marked-to-markett measurement of financial instruments	– 4,610	–	–3,801	1,002	– 7,409
Capital generated	**19,788**	**– 21,240**	**24,799**	**1,002**	**24,349**
Equity of INDUS shareholders	**182,743**	**– 21,240**	**24,799**	**1,002**	**187,304**
Minority interests	5,221	– 4,391	4,677	–	5,507
Group equity	**187,964**	**– 25,631**	**29,476**	**1,002**	**192,811**

Reserves for currency translation and the marked-to-market valuation of financial instruments include unrealized gains and losses. The change in reserves for the marked-to-market valuation of financial instruments is based solely on continuous changes in marked-to-market valuation; there were no effects from reclassification.

Minority interests in equity relate to external shareholders in public limited companies and corporations. In accordance with IAS 32, due to the theoretical retirability and redeemability of the shares, minority interests in private limited companies are reported as debt and stated under other liabilities in the amount of EUR 9,667,000 (previous year: EUR 765,000).

General Information

INDUS Holding AG, based in Bergisch Gladbach, Germany, entered in the Cologne commercial register (HRB 46360), prepared its consolidated financial statements for fiscal 2005 in accordance with International Financial Reporting Standards (IFRS) and the interpretation of such by the International Financial Reporting Interpretations Committee (IFRIC). All of the Standards required to be adopted as of December 31, 2005, were applied retrospectively in the accounts, taking into consideration the specific provisions of IFRS 1 (First-Time Adoption of International Financial Reporting Standards). The consolidated financial statements are prepared in euros (EUR). Unless otherwise noted, all amounts are stated in thousands of euros (EUR '000). The consolidated financial statements are prepared using historical cost accounting, with the exception of financial instruments, which must be marked to market. The financial statements of the companies included in the scope of consolidation were prepared as of the balance sheet date of INDUS Holding AG and are based on uniform accounting policies.

Consolidation Principles

Capital consolidation is performed in accordance with the purchase method. In respect of business combinations, assets, liabilities and contingent liabilities are measured at fair value as of the time of purchase. Goodwill is determined as the difference between the acquisition costs of the business combination and the purchaser's share of the fair value of the acquired assets, liabilities and contingent liabilities. Positive goodwill is not amortized. Instead, it is tested at least once annually for impairment. A negative difference is recognized immediately with an effect on income.

When acquired companies are included in the scope of consolidation for the first time, the carrying amount of the investments in the parent company's accounts is offset against assets and liabilities. In periods thereafter, the carrying amount of the parent company's investment is offset against the carrying amount of the subsidiary's equity capital.

Receivables and liabilities as well as expenses and income between consolidated companies are offset against each other. Intercompany results in inventories and non-current assets are eliminated. Deferred taxes are accrued for consolidation adjustments affecting net income.

Currency Translation

Foreign currency transactions in the individual financial statements are translated at the exchange rates prevailing at the time of the transaction. The fair value of monetary items is converted as of the balance-sheet date using the appropriate exchange rate, with an effect on the income statement.

In accordance with the concept of functional currency, companies located outside of the Eurozone prepare their financial statements in the currency of the country in which they are domiciled. For assets and liabilities, translation of these financial statements into euros occurs using the exchange rate prevailing on the balance-sheet date. With the exception of items recognized directly in equity, equity capital is carried at historical rates. Items in the income statement are translated at average exchange rates, and any differences resulting from currency translation are recognized without an effect on the income statement. The exchange rates used are shown in the following table:

		Exchange rate as of the balance-sheet date		Average exchange rate	
1 EUR =		**2005**	**2004**	**2005**	**2004**
China	RMB	9.589	11.306	10.222	10.308
Canada	CAD	1.373	1.642	1.509	1.617
Poland	PLN	3.860	4.085	4.023	4.527
Switzerland	CHF	1.555	1.543	1.548	1.544
South Africa	ZAR	7.464	7.690	7.918	7.972
Turkey	TRL	1.592	1.836	1.667	1.777
Hungary	HUF	252.870	245.970	248.055	251.656
USA	USD	1.180	1.362	1.244	1.244

In the presentation of the development of property, plant and equipment, provisions and equity capital, the opening and closing balances are translated using the exchange rate prevailing on the balance-sheet date, while changes during the year under review are translated using the average exchange rate. Exchange rate differences are reported separately, without an effect on the income statement.

Accounting policies

Due to its undetermined useful life, **goodwill** is not amortized, but is tested at least once annually for impairment. In the course of this, the value in use is taken as a basis, in accordance with the current planning prepared by management. Such planning takes into account both current knowledge and historical developments. After the 3-year planning periods, future cash flows are calculated using a growth rate of 0.5% to 1.0%. Results obtained in this manner are discounted using a capital cost rate of 11%.

Individually acquired **intangible assets** are measured at cost and amortized over their useful lives of 3 to 8 years. Internally generated intangible assets which fulfill the criteria of IAS 38 are capitalized at cost; otherwise the expenses are recognized with an effect on the income statement in the year in which they are incurred. Amortization begins upon use, using the straight-line method over a period of 3 to 8 years.

Property, plant and equipment is stated at cost less scheduled depreciation and impairments, if applicable. Depending on the actual useful life, depreciation using both the straight-line and the declining-balance method is applied. If the reason for an impairment loss recognized in prior years has ceased to exist, a write-back is performed. Investment subsidies are recorded as liabilities. The cost of self-constructed property, plant and equipment consists of the direct costs and appropriate allocations of relevant overheads; interest is not included. Expenses for maintenance and repairs are charged against income, unless they must be capitalized. Depreciation periods are mainly based on the following useful lives:

	Years
Buildings	20 to 50
Improvements	8 to 20
Technical equipment, plant and machinery	5 to 15
Fixtures, furniture and office equipment	3 to 15

Depending on the distribution of the major benefits and risks, **lease** agreements are classified as operating leases or finance leases, whereby finance leases are recognized as assets. For sale-and-leaseback transactions, the accounting treatment of the result of the transaction varies: if the underlying transaction is classified as a finance lease, or if in the event of an operating lease the sale price is higher than the market value, the result is distributed over the term of the lease.

Inventories are measured at the lower of cost or net realizable value. Cost consists of all direct costs and appropriate allocations of relevant overheads; interest is not included. Overheads are generally allocated on the basis of actual capacity, if this essentially corresponds to normal capacity.

Raw material and goods for resale are measured at average cost. In the event of longer storage periods or reduced realizable value, inventories are written down to the lower net realizable value.

Customer-specific **construction contracts** are recognized using the percentage of completion (POC) method. Sales revenues are recognized based on the percentage of completion. The result of the contract is not recognized solely upon transfer of risk, but rather based on the degree of completion. Revenues from the contract agreed with the customer and the anticipated costs of the contract are taken as a basis. The percentage of completion is calculated on the basis of the ratio of costs incurred to the total costs of the contract.

Anticipated losses from customer-specific construction contracts are recognized as expenses as soon as they are identified. If the result of a customer-specific construction contract is not certain, the revenues are only recognized to the extent of the costs of the contract that have been incurred.

Financial instruments are contracts, which result in a financial asset at one company and a financial liability or equity instrument at another company. In the event of a normal purchase, financial instruments are recognized on the date of performance. When measured for the first time, they are stated at fair value. Subsequent asset valuations are carried out in the four following categories: "measured at fair value through profit or loss," "held-to-maturity investments," "loans and receivables," and "available for sale." Financial liabilities are recognized in the two categories "measured at fair value through profit or loss" and "measured at amortized cost."

The fair value of financial instruments is determined on the basis of market information available on the balance-sheet date or by way of accepted valuation methods, such as the discounted cash flow method. The interest rates employed are adjusted to the maturity and risk of the underlying financial instrument.

Non-derivative financial instruments: Loans and receivables and liabilities as well as financial investments held to maturity are carried at amortized cost. Financial assets available for sale are stated at fair value. Changes in fair value are recognized in equity, without an effect on the profit or loss, taking into account deferred taxes. Changes in the fair value of financial instruments which are designated as "measured at fair value through profit or loss" have a direct effect on the results for the period.

Investments stated under **financial assets** are carried at cost, as no quoted market price exists for such and their fair value cannot be reliably determined at a reasonable cost. Associated companies, in which INDUS Holding AG exercises significant influence by holding between 20% and 50% of the voting rights, are accounted for using the equity method. When measured for the first time, they are stated at cost. For subsequent measurement, the carrying amount of the pro-rata changes in equity of the associated company is amortized.

Receivables and other assets are stated at net realizable value. Individual risks are taken into account through suitable impairments. General credit risks are recognized through impairments to receivables, based on past empirical experience or more current knowledge.

For current receivables and liabilities, the amortized costs essentially correspond to the net realizable cost or the repayable amount.

INDUS primarily employs **derivative financial instruments** to hedge underlying transactions based on future cash flows. Derivatives employed as hedging instruments are primarily swaps, although forwards and suitable options are also used. A prerequisite for hedge accounting is that the effectiveness of the hedge between the underlying transaction and the hedge instrument is documented and continuously monitored.

The statement of documented hedges depends on the type of relationship in question. In the case of hedging the fair value of a balance-sheet item (fair value hedges), the underlying transaction and the hedge transaction are recognized through profit or loss with counteracting effects. In the case of hedging cash flows (cash flow hedges), the change in the fair value is recorded in equity without an effect on income, taking into account all deferred taxes. Termination of the position with an effect on income occurs either upon completion of the underlying transaction or when it is determined that the hedge is ineffective.

Non-current assets available for sale are classified as such if the corresponding carrying amount is to be realized primarily by sale and not by continued use. This is considered to be the case if the probability of sale is high and specific objective measures have taken place. Such assets are stated at the lower of the carrying amount or fair value less costs to sell. Amortization has been discontinued.

Pensions: Upon first-time consolidation, some of the benefit plans with different characteristics were taken over, in part for former shareholders. All of the benefit plans stated in the financial accounts are closed, and some are already in the pay-out phase.

Expenses from defined contribution plans relate to payments by INDUS to external institutions, without any additional obligations for the beneficiary.

With regard to defined benefit obligations, pensions and other benefits on termination of the employment contract are calculated in accordance with the projected unit credit method. Future obligations are measured based on the benefit claims earned pro rata up to the balance-sheet date and thus reflect the portion of benefit obligations that have been recognized with an effect on income up to such date. The valuation uses assumptions about the future development of several different parameters, in particular increases in wages and pensions.

For each pension plan, the projected benefit obligation is reduced by the fair value of the plan assets. Actuarial gains and losses are not recognized if the cumulative value of such remains within what is referred to as a "corridor." This corridor is calculated for each pension plan as the greater of 10% of the defined benefit obligation and the fair value of the qualified plan assets. Actuarial gains or losses outside the corridor are distributed prospectively over the expected average remaining working lives of the employees participating in the plan, with an effect on income. Periods of 1 to 15 years may be applied in this regard.

Other provisions are calculated for existing legal or constructive obligations relating to past events, in respect of which it is probable that an outflow of resources will be required and for which it is possible to make a reliable estimate of the amount of the obligation. The settlement amount is calculated on the basis of the best possible estimation. Provisions are discounted when their effect is significant. Individual provisions are formed for known damages. Provisions for product warranties are calculated for the sales with warranty and the relevant warranty period, based on past empirical experience. Provisions for pending expenses, pending losses on contracts and other obligations from sales activities are calculated on the basis of the services to be performed.

Contingent liabilities and assets essentially consist of possible obligations or assets resulting from past events, the existence of which depends on uncertain future events, and which cannot be influenced in full by INDUS. As long as an outflow of resources cannot be completely ruled out, information on contingent liabilities is included in the notes.

Deferred taxes are identified for all temporary differences between the value recognized in the IFRS financial statements and the corresponding tax bases of assets and liabilities based on the balance sheet approach. Temporary differences arise when the realization of the asset or settlement of the liability leads to tax-relevant income or expenses. Deferred taxes on goodwill are only accrued to the extent that they may be deducted. This is the case for German private limited companies. Deferred taxes must also be recalculated if the realization of this goodwill, e.g. by way of disposal of the relevant private limited company, is not planned. This leads to a continuous accrual of deferred tax liabilities for INDUS.

Deferred tax assets are recognized for tax loss carryforwards with regard to which it is probable that sufficient taxable income will be available over the normal planning horizon.

Deferred tax assets are recognized as soon as it is probable that sufficient taxable income will be available against which the deductible temporary difference can be offset.

Deferred taxes are measured using the tax rate valid for the periods in which the difference is expected to be reversed. Regardless of maturity, deferred taxes are not discounted. Deferred taxes are recognized on the basis of the tax rates prevailing or approved in the various countries, in accordance with the current legal situation. Due to the broadly long-term nature of deferred taxes at INDUS, short-term fluctuations in tax rates are not taken into account. In Germany, the corporate income tax rate is 25%. Taking into consideration the average local trade tax multiplier of 370% and the solidarity surcharge of 5.5%, the tax rate on earnings for companies in Germany amounts to 37.8% for all reporting periods. Foreign tax rates range from 15% to 40%.

Recognition of expenses and income: With the exception of revenue from customer-specific construction contracts (see above), sales revenues are recognized when the services are performed, or when the goods or products are delivered with simultaneous transfer of risk to the customer. Rebates are deducted from sales revenues. One general prerequisite for this is that the amount of revenue can be reliably determined and that there is sufficient certainty that INDUS will derive economic benefits from such. Income and expense items are recognized in accordance with the principle of accrual as per the IAS framework.

In accordance with the provisions of IAS 7, the **cash flow statement** is divided into the sections "Cash flows from operating activities," "Cash flows from investing activities," and "Cash flows from financing activities." Effects of changes in the scope of consolidation are eliminated in the relevant items, and interest and dividends received are assigned to cash flows from investing activities. Financial facilities on hand are equivalent to the balance-sheet item "Cash and cash equivalents." Cash flows from operating activities are determined using the indirect method. Operating expenses and income without an effect on net cash are eliminated in cash flows from operating activities. As a result, data in the cash flow statement cannot be directly derived from the balance sheet and the income statement.

Management estimates and judgments: The preparation of consolidated financial statements is influenced by accounting and valuation principles and requires assumptions and estimates to be made which have an impact on the recognized value of the assets and liabilities carried on the balance sheet, as well as on contingent liabilities as well as income and expenses. When estimates are made regarding the future, actual values may deviate from the estimates. If the original basis for the estimates changes, the statement of the relevant items is adjusted with an effect on income.

The realization of balance-sheet items can be influenced by future events which cannot be controlled. This can relate to the loss of receivables, useful lives of intangible assets or property, plant and equipment or other aspects, as well as risks that are integrally related to business activities. The recognition of such items is based on long-term experience and the assessment of current conditions.

Systemic uncertainties derive from balance-sheet items in respect of which future cash flows must be discounted. The path of such cash flows depends on future events regarding which assumptions must be made. In particular, this is the case when testing assets for impairment in terms of value in use, as well as the calculation of pension provisions pursuant to the projected unit credit method.

Other uncertainties stem from items that must be measured on the basis of a range of possible future values; in particular this relates to other provisions.

As of the date on which the consolidated financial statements were prepared, it is not presumed that there will be a material change in the assumptions and estimates made by INDUS, and therefore, viewed from the current perspective, there are no expectations of material adjustment of the balance-sheet items.

Notes on the Transition to IFRS Accounting

Pursuant to Article 4 of EC Regulation No. 1606/2002, INDUS Holding AG is required to prepare consolidated financial statements for fiscal 2005 in accordance with International Financial Reporting Standards for the first time. In addition, the financial statements for fiscal 2005 contain comparable figures for fiscal 2004. The opening balance for 2004 need not be published.

Upon transition to IFRS accounting, all IFRS standards were applied in full, taking into account the special provisions of IFRS 1 (First-Time Adoption of International Financial Reporting Standards). Pursuant to IFRS 1, INDUS is required to retrospectively apply in full all IFRS standards that were in force as of December 31, 2005, in their current version. Exceptions to this principle are allowed in the form of exemptions and prohibitions. The exemptions are available in the form of options:

Business combinations: Exemptions in IFRS 1 on this subject were **not** applied. As the acquisition of investments is a core business of INDUS, only the full retrospective application of IFRS 3 allows for the best possible quality of the IFRS financial statements. To this end, first-time consolidation as per IFRS 3 was performed fully for all companies since the founding of INDUS Holding AG in 1990. IAS 36 (Impairment of assets) and IAS 38 (Intangible assets) were applied simultaneously.

The special role of goodwill is explained in the INDUS financial statements in a special reporting section both in the balance sheet and in the statement of changes in fixed assets.

Initial measurement of property, plant and equipment: The exemptions in the form of new measurement of plant, property and equipment at fair value or indication of the cost were not applied. Instead, upon transition from the German Commercial Code (HGB) to IFRS, all property, plant and equipment was reviewed according to IFRS measurement principles and—if substantial differences were identified—adjustments to this measurement principle were made.

Employee benefits: In the measurement of pensions, INDUS uses the "corridor" approach. The exemption rules in IFRS 1 allow for first-time adopters to forego full-scale retrospective pension plans and to capture actuarial gains and losses as of the date of transition to IFRS in equity. INDUS has made use of this option as it is impossible to determine the necessary information at a reasonable cost, and the possible impact on the consolidated financial statements is of secondary importance.

Cumulative translation differences: Pursuant to IAS 21, financial statements of subsidiaries whose functional currency is not the euro are to be calculated in a differentiated manner and all resulting translation differences are to be carried in equity. The exemption in IFRS 1 allows for first-time adopters to forego the retroactive determination of these differences and to deem the cumulative translation difference to be zero at the date of transition to IFRS. INDUS has made use of this option as it is impossible to determine the necessary information at a reasonable cost, and the possible impact on the consolidated financial statements is of secondary importance.

Share-based payment: As there are no schemes involving share-based payment at INDUS, the corresponding exemptions are not relevant.

Financial instruments: Compound financial instruments with separate liability and equity components do not exist at INDUS. Upon transition to IFRS, other financial instruments are classified in accordance with the regulations set forth in IAS 32 and IAS 39. Accordingly, the exemptions for financial instruments are not applied.

Reconciliation of Equity from HGB to IFRS

EUR '000	**Jan. 1, 2004**	**Dec. 31, 2004**
HGB equity	**124,545**	**124,264**
Assets added due to first-time consolidations	81,020	101,337
Adjustment of depreciation and amortization	2,577	2,391
Long-term construction contracts	1,306	1,366
Intangible assets	540	2,103
Fair value of securities	– 917	–
Provisions for pensions	– 1,562	– 1,451
Lease liabilities	– 3,815	– 2,566
Market value of financial derivatives	– 5,925	– 10,063
Deferred taxes	– 8,588	– 10,839
Disposals due to changes in the scope of consolidation		– 12,609
Other adjustments	– 1,217	– 1,122
Difference between IFRS and HGB	**63,419**	**68,547**
IFRS equity	**187,964**	**192,811**

Reconciliation of Income from HGB to IFRS for the 2004 Reporting Period

EUR '000		
HGB net income: fiscal 2004		**24,344**
Amortization of assets added due to first-time consolidations – accounted for in the HGB financial statements – accounted for in the IFRS financial statements	 34,211 13,894	
Income added due to the adoption of IFRS	**20,317**	
Intangible assets	1,563	
Leasing	1,249	
Fair value of securities	917	
Provisions for pensions	111	
Long-term construction contracts	60	
Adjustment of depreciation and amortization	– 186	
Income added due to the adoption of IFRS	**3,714**	
Deferred taxes	– 3,196	
Disposals due to changes in the scope of consolidation	– 12,609	
Other	– 211	
IFRS net income: fiscal 2004		**32,359**

Explanation of the Transition to IFRS

The improvement in equity capital and the result stemming from the transition from HGB to IFRS stems from a number of individual items. The most significant impacts result from the accounting treatment of goodwill and deferred taxes.

Whereas in the HGB financial statements, goodwill is amortized over a period of 15 years and impairments are an exception, pursuant to IFRS, **goodwill** from the first-time allocation of the purchase price is no longer subject to amortization, but instead is regularly tested for impairment. In the event that a discrepancy between the value in use and the stated value is identified, an impairment loss is recognized. In the opening balance sheet, cumulative impairment losses of EUR 28.9 million were recognized, resulting from the retrospective application of IAS 36.

INDUS Holding AG's business model is more faithfully reflected by this accounting regulation in the consolidated financial statements than was the case with the HGB regulations, as the portion of the purchase price in excess of the equity capital acquired need no longer be written off in full. Provided that this business model is maintained, this effect on the result is expected to be permanent.

Pursuant to IFRS, **deferred taxes** are calculated for all temporary differences between the tax bases of assets or liabilities and their reported amounts in the consolidated balance sheets, based on the tax rate for computational purposes. Pursuant to German accounting regulations, the calculation was only carried out for timing differences on the basis of the current tax rate. Pursuant to HGB accounting regulations, deferred tax liabilities and deferred tax assets must be recognized with regard to consolidation procedures. The capitalization of other deferred taxes is an option which INDUS has not made use of. For pseudo-permanent differences between the tax base and the base as per HGB regulations, which are resolved only over a longer period of time by way of sale or liquidation, no deferred taxes may be recognized according to HGB regulations.

Pseudo-permanent differences occur with regard to private limited companies, when goodwill is amortized over a period of 15 years. Deferred taxes must be calculated with regard to the different stated value as per IFRS until the company is removed from the scope of consolidation. This has a counteractive effect on the additional capital and result stemming from the difference between the HGB regulations and IFRS regulations on accounting for goodwill.

Pursuant to German accounting law, no deferred tax assets are accrued for loss carryforwards which are to be realized with a sufficient degree of probability, whereas this is required in IFRS statements.

Under HGB, self-generated **intangible assets** may not be capitalized. According to IFRS, such assets must be capitalized under certain conditions. This initially leads to the figures under IFRS being stated higher than under HGB. Pursuant to HGB, **property, plant and equipment** is partially reduced due to tax-motivated write-downs. When these values are not acceptable pursuant to IFRS, IFRS-adequate values are recognized, which are always higher than those under the HGB regulations. With the exception of goodwill, higher figures stated for non-current assets lead to a burden on the results due to higher depreciation.

The classification of **lease** agreements in HGB statements essentially corresponds to the tax law treatment of such. Under IFRS, the classification of lease agreements is essentially based on the economic substance of the contract, and the definition of operating leases is narrower. Substantial effects of the transition to accounting in accordance with IFRS also result from the accrual of the results of sale-and-leaseback transactions, if the sales revenues are higher than the fair value, or if this cannot be determined reliably.

The result of long-term **construction contracts** is recognized through the percentage of completion method. This contradicts the principle of realization in HGB regulations. The amount of capital as per IFRS is increased by orders on hand of this nature as of the date of the opening balance sheet.

The calculation of **pension provisions** according to IFRS is different than under HGB, essentially due to the assumption of future growth parameters, which basically leads to an increase in reserves for pensions. Another difference is that the discount rate selected depends on the balance-sheet date. Fluctuations in the stated values result from changes in interest rates in particular, and within a "corridor" such changes are carried off the balance sheet.

The maximum value of **securities**, which are grouped with non-current assets pursuant to HGB principles, is their historical cost. Impairments are only recognized if they are expected to be permanent. Pursuant to IFRS, however, such securities must be measured at fair value and are carried in equity with or without an effect on income, depending on certain particulars. Special securities with a carrying amount of EUR 10,140,000 pursuant to HGB, in respect of which an exchange or market price can be reliably determined, are designated as "measured at fair value through profit and loss."

Changes in the fair value of **derivatives** for hedging purposes are carried in equity without an effect on income. In the opening balance, the negative market value of interest rate swaps results in a reduction of equity. The corresponding impacts on the income statement occur when the hedge is no longer effective. This was not found to be the case in the period between the opening balance and the balance-sheet date in the year under review.

Disposals through changes in the scope of consolidation have different effects on the results in the various accounting groups, due to differences in residual carrying amounts. The lower result of the transition to IFRS mainly stems from the disposal of goodwill, which had already been written down in the comparable statements prepared in accordance with HGB. With regard to the calculation of deferred taxes, it should be taken into account that the stated values can differ in terms of taxes from the amounts stated pursuant to HGB.

Other adjustments essentially contain the effects from the changes in the scope of consolidation upon transition from HGB to IFRS. Moreover, additional effects from currency translation must be taken into account in the reconciliation of equity.

Scope of Consolidation

In the consolidated financial statements all subsidiary companies are fully consolidated, if INDUS Holding AG has the direct or indirect possibility of influencing the companies' finance and business policy to the benefit of the INDUS Group. Associated companies, whose finance and business policy can be significantly influenced are consolidated using the equity method. Companies purchased during the course of the fiscal year are consolidated as of the date of transfer of control over their finance and business policy. Companies which are sold are no longer included in the scope of consolidation starting on the date on which the business is transferred. After the date upon which the decision is made to dispose of the company, they are classified as "held for sale."

Number of companies included	Germany	Abroad	Total
Fully consolidated subsidiaries			
Jan. 1, 2004	**97**	**15**	**112**
Additions	1	0	1
Disposals	4	3	7
Jan. 1, 2005	**94**	**12**	**106**
Additions	9	0	9
Disposals	0	0	0
Dec. 31, 2005	**103**	**12**	**115**
Companies accounted for using the equity method			
Jan. 1, 2004	**2**	**4**	**6**
Additions	0	0	0
Disposals	0	2	2
Jan. 1, 2005	**2**	**2**	**4**
Additions	2	0	2
Disposals	0	0	0
Dec. 31, 2005	**4**	**2**	**6**

Eight other associated companies, which are of lesser importance for the consolidated financial statements due to their small size or very limited economic activity, were recognized at carrying amounts in accordance with IAS 39 (Financial Instruments: Recognition and Measurement).

The data presented as at December 31, 2005, in these statements includes 40 fully liable limited liability companies, which form what is termed a "unit company" with the related limited commercial partnerships (as of December 31, 2004: 39 fully liable limited liability companies). The most important operative companies are presented in the appendix. The complete list of shareholdings is deposited at the Cologne commercial register (HRB 46360).

In the opening balance of the IFRS statements three real estate companies, in which INDUS Holding AG directly or indirectly holds less than one-half of the voting rights, are classified as special purpose entities and are fully consolidated. The balance sheet total of these companies amounts to EUR 22.5 million altogether. Five more companies, with whom real estate rental contracts have been concluded, are not consolidated, as they neither fulfill the conditions of IAS 17 (Leases) nor the conditions of IAS 27 (Consolidated and Separate Financial Statements) in relation to SIC 12 (Consolidation—Special Purpose Entities). Liabilities vis-à-vis these companies are reported under other financial liabilities and account for approximately 50% of this item.

Business Combinations Pursuant to IFRS 3

In 2005 the INDUS Group acquired the following companies: the MIGUA Group was acquired as per a purchase agreement concluded on September 5, 2005 and has been fully consolidated since September 2005. INDUS acquired 70% of the shares in the SELZER Group as per June 27, 2005; the company has been fully consolidated since July 2005. A 90% stake in Volker WITZEL GmbH, a distribution partner of REMKO GmbH & Co. KG Klima- und Wärmetechnik, was acquired as a sub-subsidiary as per a purchase agreement concluded on April 21, 2005, and has been fully consolidated since April 2005.

Furthermore, shareholdings in existing majority interests were increased in 2005, consisting mainly of the purchase of 7.5% of the shares in IMECO Einwegprodukte GmbH & Co. KG and 20% of the shares in M. BRAUN Inertgas-Systeme GmbH. INDUS now owns 100% of the shares in both of these companies.

In 2004 TSN Turmbau Steffens & Nölle GmbH was acquired as per a purchase agreement concluded on September 24, 2004; the company has been consolidated since October 2004.

Acquisition costs for all additions including the minority shareholdings acquired amounted to EUR 65 million (previous year: EUR 10 million). The purchase prices were determined on the basis of a standardized enterprise valuation model.

Revenue generated by the newly consolidated companies for the period January 1 to December 31 would amount to EUR 93 million (previous year: EUR 9 million).

Disposals Pursuant to IFRS 5

In fiscal 2005 INDUS decided to sell its investment in NEUTRASOFT IT für den Handel GmbH & Co. KG as of January 2, 2006. NEUTRASOFT IT GmbH & Co. KG is a peripheral operation of the NEUTRASOFT Group. The company has now joined forces with a larger competitor in this niche market, in order to improve its long-term prospects. In accordance with this decision, the assets, liabilities and results of the company were reclassified as "held for sale" in the balance sheet and in the income statement.

In fiscal 2004 MABEG Kreuschner GmbH & Co. KG and the OKIN Group were sold.

At MABEG Kreuschner GmbH & Co. KG, the sustained decline in demand from public bodies resulted in a business situation, in which it was no longer sensible to continue with the far-reaching cost optimization program. Accordingly, the company was sold to the managing directors in the framework of a management buy-out (MBO). The OKIN Group was sold because the outlook for further growth might have upset the balanced structure of INDUS' portfolio of investments. As the decisions in this regard were reached in 2003, reclassification into the category "held for sale" took place in the opening balance for 2004.

	Acquisitions made in 2005			**Other**
EUR '000	Carrying amounts at time of addition	Assets added due to first-time consolidations	Additions consolidated balance sheet	Reclassifications held for sale
Non-current assets	17,595	59,818	77,413	1,554
Current assets	45,109	3,595	48,704	526
Total assets	**62,704**	**63,413**	**126,117**	**2,080**
Non-current liabilities	10,416	1,712	12,128	94
Current liabilities	42,244	7,085	49,329	249
Total liabilities	**52,660**	**8,797**	**61,457**	**343**

	Acquisitions made in 2004			**Other**
EUR '000	Carrying amounts at time of addition	Assets added due to first-time consolidations	Additions consolidated balance sheet	Reclassifications held for sale
Non-current assets	257	6,830	7,087	
Current assets	7,353		7,353	
Total assets	**7,610**	**6,830**	**14,440**	**–**
Non-current liabilities		565	565	
Current liabilities	4,163		4,163	
Total liabilities	**4,163**	**565**	**4,728**	**–**

The purchase price allocation for the new acquisitions resulted in goodwill of EUR 36.9 million (previous year: EUR 6.1 million). Of this, in 2005 the Construction Industry segment accounted for EUR 15.5 million, the Automotive Industry segment for EUR 17.0 million, and the Other Investments segment for EUR 4.4 million. In 2004 goodwill was accounted for in full by the Other Investments segment.

INDUS Group: Notes to the Income Statement

[1] Revenue

Revenue includes EUR 29,068,000 in revenue for services (prior year: EUR 21,185,000) and EUR 327,000 in service fees (previous year: EUR 311,000). The increase in revenue from services stems mainly from changes in the scope of consolidation. Revenue also includes EUR 32,652,000 in revenue from customer-specific construction contracts (prior year: EUR 24,487,000). Of the EUR 74,831,000 increase in revenue, EUR 43,499,000 resulted from changes in the scope of consolidation in fiscal 2005. In fiscal 2004, EUR 48,697,000 in revenue was reclassified to income from discontinued operations.

A more detailed presentation of revenue can be found in the section entitled "Segment Reporting."

[2] Other Operating Income

EUR '000	2005	2004
Transfer to earnings/release of deferrals carried as liabilities	1,113	720
Release of provisions	1,689	1,602
Release of valuation allowances	1,105	1,076
Income from currency translation	1,435	509
Income from asset disposals	807	689
Insurance coverage for disposals of property, plant and equipment	314	175
Income from deconsolidations	–	8,215
Other operating income	10,895	12,130
Total	**17,358**	**25,116**

The increase in miscellaneous other operating income essentially stems from changes in the scope of consolidation and effects from external tax audits. Income from currency translation was offset by expenses amounting to EUR 854,000 (prior year: EUR 588,000); hence, currency translation differences included in the result amounted to EUR 581,000 (previous year: EUR –79,000). Income from first-time consolidation was related to disposals from the scope of consolidation in 2004 and also stemmed from the lower carrying amounts in the Group due to the amortization of assets added.

[3] Own Work Capitalized

EUR '000	2005	2004
Own work capitalized in accordance with IAS 38	2,267	940
Other own work capitalized	2,581	1,849
Total	**4,848**	**2,789**

Changes in Finished Goods and Work in Progress

EUR '000	2005	2004
Work in progress	1,642	– 2,243
Finished goods	741	– 1,697
Total	**2,383**	**– 3,940**

Research and development expenses amounting to EUR 8,513,000 were recognized in the expenses for the period (previous year: EUR 7,229,000).

[4] Cost of Materials

EUR '000	2005	2004
Raw materials and goods for resale	– 289,347	– 253,524
Purchased services	– 38,707	– 34,985
Total	**– 328,054**	**– 288,509**

[5] Staff Costs

EUR '000	2005	2004
Wages and salaries	– 168,805	– 149,317
Social security	– 31,969	– 28,492
Pensions	– 1,764	– 1,351
Total	**– 202,538**	**– 179,160**

Staff costs do not include interest accretion to transfers to pension provisions, which amounted to EUR 523,000 (previous year: EUR 503,000) and was stated in net interest.

[6] Depreciation, Amortization, Write-Downs, Impairment Losses

EUR '000	2005	2004
Depreciation of property, plant, equipment and intangible assets	– 29,543	– 24,681
Amortization of first-time consolidations	– 11,155	– 11,394
Impairment losses from first-time consolidations	– 2,000	– 2,500
Total	**– 42,698**	**– 38,575**

In fiscal 2005 impairment losses from first-time consolidation affected the goodwill of the Automotive Industry segment, whereas in the previous year this was related to the Engineering segment. Additionally, impairment losses of EUR 73,000 were recognized on property, plant and equipment (prior year: EUR 50,000) and of EUR 642,000 on intangible assets (previous year: EUR 36,000).

[7] Net Interest

EUR '000	2005	2004
Interest and similar income	3,714	2,313
Interest and similar expenses	– 32,971	– 27,999
Total	**– 29,257**	**– 25,686**

[8] Financial Result

EUR '000	2005	2004
Income from associated companies	1,154	801
Income from the sale of securities	–	406
Depreciation of financial assets	– 128	– 61
Other income from financial assets	1,006	382
Total	**2,032**	**1,528**

[9] Taxes

EUR '000	2005	2004
Non-recurrent taxes	– 1,929	665
Current taxes	– 21,076	– 17,958
Deferred taxes	– 870	– 3,196
Total	**– 23,875**	**– 20,489**

The increase in non-recurrent taxes primarily results from effects from external tax audits, mostly in relation to the extension of the useful lives of supplementary tax balance sheets.

Special Tax Aspects

The INDUS business model is based on the idea of building up a portfolio of medium-sized niche enterprises which hold leading positions in their respective markets, while retaining the independence of the individual companies. Synergies play a secondary role in respect of acquisitions. Each company is responsible for its own success, supported if necessary by the holding company's resources.

INDUS focuses above all on the acquisition of German private limited companies. Acquiring such companies has the following tax consequences:

Assets added from the purchase price allocation for tax purposes are deductible as write-downs from supplementary balances, distributed over the relevant useful life. This means that the tax base is reduced by the write-downs; for companies with stronger earnings this can result in a tax loss with corresponding tax savings, in trade tax at private limited companies, and in corporate tax at INDUS. There are no longer any positive effects on earnings due to the recognition of deferred taxes pursuant to the temporary concept as per IFRS. Recognition of deferred tax assets for tax carryforwards only occurs in the Group if the realization of such is possible within the normal planning horizon.

Trade tax is due at the level of the private limited companies. With regard to trade tax, offsetting tax gains and losses between private limited companies is not allowed. The taxable earnings after trade tax are ascribed to INDUS and then subject to corporate tax. Tax group contracts to avoid this trade tax effect are not possible for private limited companies, and are also not desired, in line with the idea of preserving the autonomy of the businesses. Accordingly, no tax group contracts are concluded with stock corporations for tax accounting. These effects are reflected in the item "No offsetting of income for independent subsidiaries."

In accordance with the business model, the holding company assumes the financing functions for all of the portfolio companies. The financial expenses of the Group are thus incurred by the parent company to a great degree. Financial expenses for stock corporations are tax-deductible for the parent company, whereas distributions are tax-exempt. As a result, the parent company incurs trade tax losses, which increase the tax rate in the Group.

The item "tax-free disposals" results from the different stated values of investments in the balance for tax purposes and the IFRS financial statements.

Reconciliation from the Expected to the Actual Tax Expense

EUR '000		**2005**	**2004**
Income before income taxes		**52,016**	**54,335**
Expected tax expense	37.8%	19,662	20,539
Reconciliation			
Goodwill amortization		756	945
Capitalization or value allowance of deferred tax loss carryforwards		– 808	– 1,511
Non-recurrent taxes		1,929	– 665
Equity measurement of associated companies		– 436	– 303
Structural effects of – deviating local tax rates – deviating national tax rates		 – 660 – 571	 224 – 459
Commercial tax losses of INDUS AG		720	511
No offsetting of income for independent subsidiaries		1,876	1,427
Foreign withholding tax on tax-free dividends		314	329
Other non-deductible expenses or tax-free income		1,712	852
Use of actual tax loss carryforwards		– 619	– 437
Tax-free divestments within the Group		–	– 963
Actual tax expense		**23,875**	**20,489**
As a percentage of income		45.9%	37.7%

[10] Income from Discontinued Operations

This item includes the earnings after taxes of NEUTRASOFT IT GmbH & Co. KG. In the previous year, this item included the disposal of the OKIN Group and of MABEG Kreuschner GmbH & Co. KG.

The tax expense resulting from income from discontinued operations amounted to EUR 0 (prior year: EUR 662,000). The tax expense resulting from disposals of companies amounted to EUR 0 (previous year: EUR 2,426,000).

[11] Earnings per Share

Pursuant to IAS 33, earnings per share pertain to consolidated income after taxes from continuing operations and thus, adjusted for income from discontinued operations, amount to EUR –0.00 per share (previous year: EUR –0.08 per share). The number of shares remained unchanged at 18,000,000 in both financial years. Dilution is possible in the event that the authorized capital increase is exercised [19]. The earnings taken as a basis are derived from the earnings of the INDUS shareholders, with income from discontinued operations eliminated.

Notes to the Balance Sheet

[12] Development of intangible Assets and Property, Plant and Equipment

Cost EUR '000	Opening balance Jan. 1, 2005	Changes in the scope of con-solidation	Additions	Disposals	Transfers	Currency translation	Closing balance Dec. 31, 2005
Goodwill	**263,466**	**36,316**	**3,045**	**–**	**–**	**1**	**302,828**
Capitalized development costs	1,480	– 107	2,266	–	–	–	3,639
Licenses, commercial rights, and other intangible assets	81,334	5,140	2,804	690	69	1	88,658
Total intangible assets	**82,814**	**5,033**	**5,070**	**690**	**69**	**1**	**92,297**
Land and buildings	110,589	8,418	1,869	2,160	13,289	3	132,008
Technical plant and machinery	181,446	18,923	13,482	2,900	5,297	2	216,250
Other plant, fixtures, furniture and office equipment	71,792	5,899	8,413	5,106	1,513	4	82,515
Advance payments and work in progress	18,168	798	7,640	165	– 20,168	1	6,274
Total property, plant and equipment	**381,995**	**34,038**	**31,404**	**10,331**	**– 69**	**10**	**437,047**

Depreciation EUR '000	Opening balance Jan. 1, 2005	Changes in the scope of con-solidation	Additions	Write-ups	Disposals and Transfers	Currency translation	Closing balance Dec. 31, 2005
Goodwill	**31,472**		**2,000**	**–**	**–**	**–**	**33,472**
Capitalized development costs	–		138	–	–	–	138
Licenses, commercial rights, and other intangible assets	61,195		9,718	307	17	–	70,589
Total intangible assets	**61,195**		**9,856**	**307**	**17**	**–**	**70,727**
Land and buildings	22,122		4,292	63	1,148	13	25,216
Technical plant and machinery	127,608		17,316	573	2,247	– 196	141,908
Other plant, fixtures, furniture and office equipment	49,395		9,234	300	3,993	– 189	54,147
Advance payments and work in progress	–		–	–	–	–	–
Total property, plant and equipment	**199,125**		**30,842**	**936**	**7,388**	**– 372**	**221,271**

Cost EUR '000	Opening balance Jan. 1, 2004	Changes in the scope of con-solidation	Additions	Disposals	Transfers	Currency translation	Closing balance Dec. 31, 2004
Goodwill	**256,539**	**6,289**	**638**	**–**	**–**	**–**	**263,466**
Capitalized development costs	540	–	940	–	–	–	1,480
Licenses, commercial rights, and other intangible assets	79,607	647	2,043	980	17	–	81,334
Total intangible assets	**80,147**	**647**	**2,983**	**980**	**17**	**–**	**82,814**
Land and buildings	103,226	–	3,929	224	3,658	–	110,589
Technical plant and machinery	171,010	12	11,106	4,038	3,356	–	181,446
Other plant, fixtures, furniture and office equipment	66,294	85	8,646	4,593	1,360	–	71,792
Advance payments and work in progress	8,799	–	17,896	136	– 8,391	–	18,168
Total property, plant and equipment	**349,329**	**97**	**41,577**	**8,991**	**– 17**	**–**	**381,995**

Depreciation EUR '000	Opening balance Jan. 1, 2004	Changes in the scope of con-solidation	Additions	Write-ups	Disposals and Transfers	Currency translation	Closing balance Dec. 31, 2004
Goodwill	**28,972**		**2,500**	**–**	**–**	**–**	**31,472**
Capitalized development costs	–		–	–	–	–	–
Licenses, commercial rights, and other intangible assets	52,943		9,146	–	881	– 13	61,195
Total intangible assets	**52,943**		**9,146**	**–**	**881**	**– 13**	**61,195**
Land and buildings	18,802		3,565	1	240	– 4	22,122
Technical plant and machinery	116,086		15,211	906	2,763	– 20	127,608
Other plant, fixtures, furniture and office equipment	45,363		8,153	650	3,481	10	49,395
Advance payments and work in progress	–		–	–	–	–	–
Total property, plant and equipment	**180,251**		**26,929**	**1,557**	**6,484**	**– 14**	**199,125**

Additions in the statement of changes in fixed assets relate to a number of individual assets at different companies and are recognized with an effect on income under other operating income. **Residual carrying amounts** of fixed assets developed as follows:

EUR '000	Dec. 31, 2005	Jan. 1, 2005	Jan. 1, 2004
Goodwill	**269,356**	**231,994**	**227,567**
Capitalized development costs	3,501	1,480	540
Licenses, commercial rights, and other intangible assets	18,069	20,139	26,664
Total intangible assets	**21,570**	**21,619**	**27,204**
Land and buildings	106,792	88,467	84,424
Technical plant and machinery	74,342	53,838	54,924
Other plant, fixtures, furniture and office equipment	28,368	22,397	20,931
Advance payments and work in progress	6,274	18,168	8,799
Total property, plant and equipment	**215,776**	**182,870**	**169,078**

[13] Financial Assets

EUR '000	2005	2004
Investments	859	105
Loans	7,346	5,308
Shares accounted for using the equity method	4,072	3,119
Total	**12,277**	**8,532**

Loans relate to loans granted by the company, which are carried at amortized cost. Some of the loans are extended interest-free, but the majority of them have interest rates suitable for their durations and long-term fixed rates. The negative deviation between the market values and the carrying amounts totals less than EUR 500,000.

The following overview contains additional information on associated companies:

Associated Companies

EUR '000	2005	2004
Costs incurred for associated companies	2,857	3,032
Appropriated income	1,154	801
Key figures of associated companies		
Assets	5,422	6,575
Liabilities	3,246	3,970
Capital	2,176	2,605
Income	18,981	20,241

[14] Other Assets

EUR '000	2005	2004
Tax refunds	10,135	10,994
Accrual of non-recurrent payments	1,782	3,705
Capital cover for reinsurance policies	1,583	1,591
Loans and other receivables	558	837
Other assets	6,311	6,384
Total	**20,369**	**23,511**
– of which current	18,307	20,407
– of which non-current	2,062	3,104

Market values of the current assets essentially correspond with their fair values. On the whole, deviations between the market value of non-current assets with low interest rates are of secondary importance.

[15] The origin of **deferred tax assets and deferred tax liabilities** for the balance-sheet items is detailed in the following:

2005 EUR '000	Assets	Liabilities	Balance
Goodwill of private limited companies	2,390	– 16,599	– 14,209
Intangible assets	3,098	– 3,049	49
Property, plant and equipment	1,281	– 3,751	– 2,470
Other non-current assets	457	– 444	13
Receivables and inventories	12,114	– 2,553	9,561
Other current assets	565	215	780
Long-term provisions	969	– 249	720
Current liabilities	4,345	– 12,131	– 7,786
Capitalization of losses carried forward	975	–	975
Netting-out of accounts at the company level	– 16,506	16,506	–
Netting-out of accounts at the Group level	– 6,446	6,446	–
Deferred taxes	**3,242**	**– 15,609**	**– 12,367**

2004 EUR '000	Assets	Liabilities	Balance
Goodwill of private limited companies	2,693	– 14,725	– 12,032
Intangible assets	4,259	– 3,544	715
Property, plant and equipment	1,092	– 4,725	– 3,633
Other non-current assets	755	– 709	46
Receivables and inventories	7,871	– 2,561	5,310
Other current assets	286	559	845
Long-term provisions	512	– 253	259
Current liabilities	5,565	– 8,738	– 3,173
Capitalization of losses carried forward	741	–	741
Netting-out of accounts at the company level	– 13,703	13,703	–
Netting-out of accounts at the Group level	– 6,575	6,575	–
Deferred taxes	**3,496**	**– 14,418**	**– 10,922**

The netting-out of deferred tax assets and deferred tax liabilities at the company level (for the same tax entity) primarily relates to receivables, inventories and current liabilities, resulting from treatment pursuant to IAS 11 (Construction Contracts). Netting within the Group (between different tax entities) is undertaken for income tax which is due to the same tax authority. This essentially pertains to corporate income tax at INDUS for private limited companies in Germany.

Deferred tax liabilities mainly result from the calculation of deferred taxes on the tax-deductible goodwill of private limited companies. For tax purposes, rules governing the purchase price allocation are similar to those under IFRS for private limited companies, and the resulting assets are tax-deductible, as is goodwill of fiscal nature. As goodwill is no longer amortized pursuant to IFRS, henceforth deferred taxes will be accrued in line with the amortization of fiscal goodwill in accordance with the conditions of IAS 12.21B. Deferred taxes must be recognized up until the sale of the company. As INDUS principally engages in long-term investments in subsidiaries, this item will increase constantly in the future.

The change in the balance of deferred taxes was recognized with an effect on income in the income statement and amounted to EUR 870,000 (previous year: EUR 3,196,000). This also results from adjustments without an effect on income within the framework of capital consolidation and reserves for the marked-to-market valuation of financial instruments.

Due to the decline in the opportunities to realize such, deferred tax assets in the amount of EUR 1,940,000 were not recognized (previous year: EUR 2,871,000). The capitalization of the applicable tax carryforwards amounted to EUR 234,000 in 2005 and EUR 8,000 in 2004. Tax carryforwards amounting to a total of EUR 105,765,000 were not capitalized, as it is not probable that such can be realized within the normal planning horizon. The vast majority of this pertains to loss carryforwards for trade tax resulting from the special tax aspects of INDUS, as explained in note 9. Possible future opportunities to realize such carryforwards are determined by the trade tax rate. The single-largest item is the tax loss carryforward for trade tax of the parent company. Use of loss carryforwards is not subject to any time limits.

Deferred taxes of EUR 2,419,000 (prior year: EUR 2,654,000) were accrued for the items recognized in equity without an effect on income.

[16] Accounts Receivable

EUR '000	**2005**	**2004**
Accounts receivable from customers	88,992	73,550
Future accounts receivable from customer-specific construction contracts	6,753	6,775
Accounts receivable from associated companies	4,170	1,445
Total	**99,915**	**81,770**

Trade accounts receivable are due within one year. In total, impairment losses of EUR 2,809,000 (previous year: EUR 2,500,000) were recognized. Of the future receivables from customer-specific construction contracts, EUR 259,000 is due later than one year (long-term) (prior year: EUR 4,344,000). Further information on construction contracts is contained in the following table:

Completion of Contracts

EUR '000	**2005**	**2004**
Costs incurred including prorated income	33,181	22,190
Advance payments received	31,520	23,104
Construction contracts with a positive balance	6,753	6,775
Construction contracts with a negative balance	5,092	7,689
Contingent liabilities	**2,715**	**5,545**

Construction contracts with a balance on the liabilities side are reported under other liabilities.

[17] Inventories

EUR '000	2005	2004
Raw materials and supplies	46,506	40,596
Unfinished goods	35,698	29,966
Finished goods and goods for resale	54,010	53,201
Prepayments to third parties for inventories	1,036	1,069
Total	**137,250**	**124,832**

Carrying amounts of inventories include downward valuation adjustments of EUR 6,795,000 (previous year: EUR 2,395,000), of which EUR 1,478,000 were applied to the fair value (prior year: EUR 564,000). No inventories were pledged as collateral for liabilities.

[18] Liabilities Held for Sale

This item contains the reclassification of assets and liabilities of NEUTRASOFT IT GmbH & Co. KG (cf. [10]).

[19] Equity

Subscribed Capital

As of the balance-sheet date, the company's capital stock amounted to EUR 46,800,000 and was divided into 18,000,000 fully paid-up bearer share certificates.

Subject to the approval of the Supervisory Board, the Board of Management is authorized to increase the company's capital stock by up to EUR 18,720,000 through the one-time or multiple issuance of new bearer shares in exchange for contributions in cash (authorized capital I) by June 30, 2009. Shareholders are to be awarded subscription rights in the event of a capital increase. However, subject to Supervisory Board approval, the Board of Management is empowered to exempt fractional amounts from the shareholder subscription rights. Subject to the approval of the Supervisory Board, the Board of Management is authorized to increase the company's capital stock by up to EUR 4,680,000 through the one-time or multiple issuance of new bearer shares in exchange for contributions in cash and/or in kind (authorized capital II) by June 30, 2009. Subject to the approval of the Supervisory Board, the Board of Management is entitled to decide on the exclusion of shareholder subscription rights and to determine other details of the capital increase. The authorization to exclude shareholder subscription rights shall only be valid with the proviso that, pursuant to the limitation to 10% of the capital stock stipulated by Sec. 186, Para. 3, Sentence 4 of the German

Stock Corporation Act (AktG), the shares taken into account are those which are sold in the period from July 5, 2004, until said authorization is exercised based on an authorization by the company to sell treasury stock with the exclusion of shareholder subscription rights. The Board of Management has not made use of this authorization.

Reserves and Consolidated Net Income Available for Distribution

The development of reserves is presented in the statement of changes in equity and includes INDUS Holding Aktiengesellschaft's additional paid-in capital. As of the balance-sheet date, the equity ratio was 21.5% (previous year: 23.3%).

Minority Interest

Interests held by other shareholders essentially consist of the minority interests in the public limited companies WEIGAND Bau GmbH, VULKAN INOX GmbH and ASS Maschinenbau GmbH. Minority interests in private limited companies were reclassified to other liabilities [23]. This primarily relates to SELZER Fertigungstechnik KG (only in 2005) and Helmut RÜBSAMEN GmbH & Co. KG, as well as IMECO Einwegprodukte GmbH & Co. KG (only in 2004).

Application of Profits

A proposal was submitted to the Annual Shareholders' Meeting for a dividend of EUR 1.20 per individual share certificate (18,000,000). The complete text of the dividend proposal is published separately.

[20] The following tables contain information on **financial liabilities** and the related derivatives:

Information on contractual repayment obligations/ remaining terms EUR '000	**Dec. 31, 2005** Carrying amount period under review	Repayment obligations 1 year	Over 1 year to 5 years	More than 5 years
Accounts payable to banks				
– in the Group's currency (euro)	346,070	47,040	208,793	90,237
– in Swiss franks	27,386	1,557	16,120	9,709
Notes payable	40,000	2,500	30,000	7,500
Syndicated credit line	100,000	100,000	–	–
Other loans	65	65	–	–
Total financial liabilities	**513,521**	**151,162**	**254,913**	**107,446**
Derivatives/interest rate swaps (nominal values)	206,171	11,963	172,516	21,692

Information on contractual repayment obligations/ remaining terms EUR '000	**Dec. 31, 2004** Carrying amount period under review	Repayment obligations 1 year	Over 1 year to 5 years	More than 5 years
Accounts payable to banks				
– in the Group's currency (euro)	326,155	35,286	186,025	104,844
– in Swiss franks	28,937	1,552	7,226	20,159
Notes payable	10,000	–	10,000	–
Syndicated credit line	100,000	–	100,000	–
Other loans	562	562	–	–
Total financial liabilities	**465,654**	**37,400**	**303,251**	**125,003**
Derivatives/interest rate swaps (nominal values)	193,066	6,896	162,494	23,676

EUR '000 Interest obligation period	Risk-free going interest rates	Weighted interest rate based on the carrying amount	Nominal volume/ historical cost	Financial liabilities Carrying amount as of Dec. 31, 2005	Carrying amount as of Dec. 31, 2004	Derivatives: interest rate swaps Nominal value as of Dec. 31, 2005	Nominal value as of Dec. 31, 2004
< 1 year	2.71%	3.20%	241,242	188,911	163,548	3,323	–
1 to < 2 years	2.86%	6.12%	36,356	18,032	18,465	–	3,579
2 to < 3 years	2.95%	5.25%	75,674	47,434	21,010	42,613	–
3 to < 4 years	3.02%	5.25%	65,680	54,201	50,900	104,091	45,880
4 to < 5 years	3.08%	5.76%	70,704	58,528	47,412	13,062	104,346
>5 years	3.34%	4.79%	152,717	146,415	164,319	43,082	39,261
Total			**642,373**	**513,521**	**465,654**	**206,171**	**193,066**
Market value of non-derivative and derivative financial instruments				**502,791**	**453,110**	**196,999**	**183,004**

In order to optimize its financing structure, INDUS Holding AG decided to completely repay a syndicated line of credit in the amount of EUR 100 million and to reorient its borrowing activities. This repayment was undertaken in February 2006 using the liquidity reserve held for strategic purposes. As a result, in 2005 the line of credit, which was originally planned to be paid off in 2009, was transferred from non-current financial liabilities to current financial liabilities.

Financial liabilities with a remaining term to maturity of less than one year primarily consist of short-term loans with variable interest rates. In accordance with the medium-range goals of the INDUS Group's financing policy, these liabilities are hedged with interest rate swaps for extended periods of time. The declining market value of these derivative financial instruments during periods when interest rates are falling is recognized in equity, without an effect on income, taking into consideration deferred taxes.

[21] Disclosures in Accordance with IAS 19: Balance Sheet and Income Statement

EUR '000	2005	2004	Difference changes in the scope of consolidation	Other difference
Income statement				
Current service cost	180	165	15	–
Interest cost	523	503	38	– 18
Income from plan assets	– 100	– 94	–	– 6
Recognized actuarial gain or loss	42	4	–	38
Service cost subject to retrospective settlement	21	14	–	8
Cost of defined benefit obligation	**666**	**592**	**53**	**22**
+ Defined contribution plan cost	141	165	–	– 24
= Cost of pension commitments for the period carried on the income statement	807	757	53	– 2

Balance sheet statement				
Present value of benefit obligations financed by provisions	15,909	9,369	5,723	817
Present value of funded benefit obligation	902	897	–	5
DBO: accumulated benefit obligation	**16,811**	**10,266**	**5,723**	**822**
– Market value of plan assets	– 755	– 757	–	2
Net obligation	**16,056**	**9,509**	**5,723**	**824**
– Unrecognized actuarial result	– 1,337	– 601	–	– 736
Closing balance: amount carried on the balance sheet as of December 31	**14,719**	**8,908**	**5,723**	**88**
Pension obligation expenses	666	592	53	21
Pension payments	– 578	– 388	– 53	– 137
Changes in the scope of consolidation	5,723	–	5,723	–
Opening balance: amount carried on the balance sheet as of January 1	**8,908**	**8,704**		
Underlying assumptions				
Discount rate	4.5%	5.0%		
Salary trend	1.5%	1.5%		
Pension trend	1.0%	1.0%		
Expected income from plan assets	4.0%	4.5%		

Interest expenses are stated in the item "interest result." The anticipated income on plan assets essentially corresponds to actual income.

[22] Provisions

2005 EUR '000	Opening balance Jan. 1, 2005	Changes in scope of con-solidation	Amount used	Unused amounts released	Additions/ new accruals	Currency adjust-ments	Closing balance Dec. 31, 2005
Obligations from the sales business	8,298	1,121	7,199	849	8,076	– 18	9,429
Staff costs	6,278	3,702	7,318	114	9,129	– 1	11,676
Provisions for taxes	8,688	3,901	8,429	352	6,847	39	10,694
Other provisions	8,970	1,525	6,941	877	5,266	60	8,003
Total	**32,234**	**10,249**	**29,887**	**2,192**	**29,318**	**80**	**39,802**

2004 EUR '000	Opening balance Jan. 1, 2004	Changes in scope of con-solidation	Amount used	Unused amounts released	Additions/ new accruals	Currency adjust-ments	Closing balance Dec. 31, 2004
Obligations from the sales business	7,663	58	6,574	524	7,677	– 2	8,298
Staff costs	5,727	122	4,934	249	5,610	2	6,278
Provisions for taxes	4,715	1,662	2,975	35	5,316	5	8,688
Other provisions	8,696	41	4,664	1,359	6,261	– 5	8,970
Total	**26,801**	**1,883**	**19,147**	**2,167**	**24,864**	**–**	**32,234**

Additions to provisions for pensions [21] include EUR 523,000 in interest accretion (previous year: EUR 503,000). There is no other significant interest accretion. Tax provisions were formed for expected actual tax expenses. Liabilities from sales activities include provisions for warranties based on legal or constructive obligations, obligations for customer bonuses and rebates, as well as estimated values for anticipated invoices. Provisions for staff costs are formed for staff credit hours, service anniversaries, old-age part-time work, severance commitments and similar obligations. Other provisions relate to a range of possible individual risks, which are measured in terms of their probability of occurrence. There are no significant expected reimbursements in relation to obligations recognized as per IAS 37.

[23] Other Liabilities

EUR '000	**2005**	Current	Non-current	**2004**	Current	Non-current
Accounts payable due to the sale of receivables	25,179	25,179	–	22,872	22,872	–
Accounts payable to outside shareholders	15,395	15,395	–	2,578	2,578	–
Accounts payable for staff	13,383	13,383	–	10,715	10,715	–
Tax liabilities	10,682	10,682	–	9,083	9,083	–
Derivative financial instruments	9,172	9,172	–	10,063	10,063	–
Accrual of non-recurrent payments	6,069	6,069	–	1,488	1,488	–
Construction contracts with a negative balance	5,092	5,092	–	7,689	7,689	–
Advance payments received	4,632	4,002	630	4,312	4,312	–
Investment subsidies	3,716	402	3,314	2,830	186	2,644
Miscellaneous other liabilities	14,844	12,293	2,551	14,653	12,174	2,479
Total	**108,164**	**101,669**	**6,495**	**86,283**	**81,160**	**5,123**

The INDUS Group sells receivables within the framework of an asset-backed security (ABS) program. The purchasing company is not a special purpose entity in the INDUS Group; the share of purchased receivables in the INDUS Group is considerably lower than 10% with regard to the company's main counterparties. As upon sale all material risks devolve upon the purchaser, this program meets the requirements for the derecognition of assets. The liabilities stemming from the sale of receivables in the amount of EUR 25 million result from open collection items from this ABS program. As of the balance-sheet date, this was counterbalanced by EUR 35 million in sold receivables.

The minority interests in the capital of private limited companies (EUR 9,667,000; previous year: EUR 765,000), in which other external shareholders hold stakes, is reported under liabilities vis-à-vis outside shareholders.

Segment Reporting

Primary Reporting Format: by Operation

2005 EUR '000	Construction Industry	Engineering	Automotive Industry	Con-sumables	Other Investments	Total
External revenue	147,957	123,459	205,316	110,168	176,651	763,551
Internal revenue	– 544	– 816	– 9,030	– 7,122	– 10,716	– 28,228
Segment revenue from third parties	**147,413**	**122,643**	**196,286**	**103,046**	**165,935**	**735,323**
Earnings before taxes (EBT)	**20,292**	**12,593**	**6,785**	**7,004**	**5,342**	**52,016**
EBT of discontinued operations					– 35	– 35
Capital expenditure	22,115	2,757	62,305	10,637	17,093	114,907
– of which due to changes in the scope of consolidation	19,317		45,514		10,557	75,388
– of which other capital expenditure	2,798	2,757	16,791	10,637	6,536	39,519
Depreciation	4,069	4,184	18,929	6,616	8,900	42,698
– of which for first-time consolidations/added assets	946	894	7,506	786	3,023	13,155
Non-cash expenses	1,884	708	1,141	205	775	4,713
Segment assets	**164,669**	**129,794**	**278,813**	**137,271**	**194,672**	**905,219**
Segment liabilities	**137,431**	**96,992**	**219,973**	**102,911**	**150,354**	**707,661**
Companies accounted for using the equity method						
– Earnings	244	– 101		1,011		1,154
– Assets	563	74		3,435		4,072
Workforce	673	606	1,646	855	1,216	4,996

2004 EUR '000	Construction Industry	Engineering	Automotive Industry	Con-sumables	Other Investments	Total
External revenue	130,199	109,616	184,648	108,876	155,568	688,907
Internal revenue	– 294	– 440	– 9,609	– 6,666	– 11,406	– 28,415
Segment revenue from third parties	**129,905**	**109,176**	**175,039**	**102,210**	**144,162**	**660,492**
Earnings before taxes (EBT)	**16,172**	**5,531**	**12,442**	**16,957**	**3,233**	**54,335**
EBT of discontinued operations				4,560	– 5,425	– 865
Capital expenditure	3,393	3,214	19,526	11,734	14,364	52,231
– of which due to changes in the scope of consolidation					7,032	7,032
– of which other capital expenditure	3,393	3,214	19,526	11,734	7,332	45,199
Depreciation	3,866	6,796	13,837	6,726	7,350	38,575
– of which for first-time consolidations/added assets	794	5,629	5,212	1,288	971	13,894
Non-cash expenses	1,107	833	2,741	1,227	1,511	7,419
Segment assets	**148,320**	**131,880**	**215,455**	**135,696**	**186,697**	**818,048**
Segment liabilities	**113,317**	**91,689**	**182,304**	**98,127**	**141,711**	**627,148**
Companies accounted for using the equity method						
– Earnings	222			579		801
– Assets	319			2,800		3,119
Workforce	576	602	1,172	1,090	1,201	4,641

The sales structure of the Group's individual portfolio companies determines their classification into the five segments in the primary reporting format.

Secondary Reporting Format: by Region

2005 EUR '000	Germany	Europe	Rest of the world	Total
External revenue	500,089	148,098	115,364	763,551
Internal revenue	– 27,911	– 257	– 60	– 28,228
Segment revenue from third parties	**472,178**	**147,841**	**115,304**	**735,323**
Segment assets	846,302	38,136	20,781	905,219
Capital expenditure on property, plant and equipment and intangible assets	38,071	1,074	374	39,519

2004 EUR '000	Germany	Europe	Rest of the world	Total
External revenue	457,540	123,828	107,539	688,907
Internal revenue	– 27,936	– 443	– 36	– 28,415
Segment revenue from third parties	**429,604**	**123,385**	**107,503**	**660,492**
Segment assets	755,596	36,209	26,243	818,048
Capital expenditure on property, plant and equipment and intangible assets	42,440	942	1,817	45,199

The regional breakdown of sales pertains to the sales markets. The other information relates to the domicile of the companies themselves. Further differentiation is not expedient, as the majority of the companies are domiciled in Germany.

Intersegment prices are based on arm's length prices to the extent that they can be established in a reliable manner and are determined using the cost-plus pricing method.

Additional Information

Contingent liabilities from customer-specific construction contracts are listed separately in the section on receivables and inventories. Collateral put up to back financial liabilities is presented in the following table.

Contingent Liabilities

EUR '000	2005	2004
Accounts payable due to the issuance and transfer of drafts	1,051	605

Pledged Assets

EUR '000	2005	2004
Land charges	17,061	21,896
Other collateral	1,375	2,891
Total collateral	**18,436**	**24,787**

Other Financial Obligations

Other financial obligations from rental, tenancy and operating lease contracts are reported as the sum totals falling due by the earliest possible cancellation date.

Maturities

EUR '000	2005	2004
Up to 1 year	18,322	11,386
Between 1 and 5 years	37,250	27,365
More than 5 years	61,584	55,171
Total	**117,156**	**93,922**

Obligations from orders for property, plant and equipment amount to EUR 5,015,000 (previous year: EUR 3,801,000) and to EUR 54,000 (prior year: EUR 89,000) for intangible assets.

Real estate leases are concluded with clauses allowing for the adjustment of the lease installments based on the development of price indices. The contracts also contain regular purchase options; the option price as of the end of the lease period is not expected to be considerably lower than on the exercise date of the option.

Lease installments in fiscal 2005 amounted to EUR 6,425,000 (previous year: 6,590,000).

Annual Average Workforce

	2005	2004
Wage earners	3,196	3,034
Salaried staff	1,800	1,607
Total	**4,996**	**4,641**

Risk Management and Financial Derivatives

INDUS Group runs an effective risk management system to detect business risks at an early stage, focusing on the key types of problems facing a diversified portfolio of investments. This system integrates the specific aspects of financial risk management as per the definition set forth in IAS 32. The fundamental principles and exercise of the financial risk management policies are established by the Board of Management every year and are continuously monitored by it.

Fundamental Principles of Financial Risk Management
In keeping with the philosophy of INDUS Holding AG, the financing of the individual companies in the portfolio is centrally controlled, while the assessment and management of operating risks is the responsibility of the portfolio companies and their management. Fundamentally speaking, risks which have an impact on the cash flow of the Group are hedged. Hedging of such risk occurs with the use of non-derivative and derivative financial instruments, whereby use of the latter is restricted solely to hedging.

Interest Rate Risk
INDUS Holding AG supports and coordinates the financing and liquidity of all of the portfolio companies, focusing on ensuring financing for the long-term development of the investment portfolio. Accordingly, financing with suitable maturity is obtained for the acquisition of investments. The means employed include fixed-rate and variable-rate financing instruments, which are transferred into fixed-rate instruments by way of interest rate swaps.

Liquidity Risk
Basically, the individual portfolio companies finance themselves based on their operating results. Depending on the particulars of the liquidity situation, transfers to INDUS Holding AG are made. The parent company has adequate reserves of liquidity to ensure its ability to act quickly at any time.

Currency Risk

Currency risks essentially stem from the operating activities of the Group companies and financing transactions between the portfolio companies abroad and the respective parent companies. Risk analysis is performed on a net basis, with hedging by the portfolio companies on a case-to-case basis, in accordance with the philosophy of business autonomy. The instruments employed are currency futures and suitable options.

Default Risk

In the field of financing transactions, contracts are only concluded with counterparties with first-class creditworthiness. In the field of operations, the portfolio companies are responsible for decentralized risk monitoring on a continuous basis. Default risk is taken into consideration by way of appropriate valuation allowances. The maximum default risk corresponds to the stated value of loans extended and receivables, while for derivatives it is equal to the sum total of their positive market value.

Hedging Activities

Currency hedges concluded as of the balance-sheet date primarily relate to USD and were junior. Their nominal volume was EUR 3.1 million (previous year: EUR 1.5 million). Market values largely correspond to these figures. A nominal EUR 206 million in interest-rate hedges were concluded (prior year: EUR 193 million). The corresponding market values are lower than the nominal values and amounted to EUR 197 million (previous year: EUR 183 million). The rationale for this lies in INDUS Holding AG's long-term financing strategy, which is being pursued within the scope of the company's strategic orientation. Further details on terms and maturities have been presented in the reports on financial liabilities.

Related Party Disclosures

Notification pursuant to Sec. 160, Para. 1, Item 8 of the German Stock Corporation Act (AktG): The company is notified that Dr. Winfried Kill, domiciled in Bergisch Gladbach, holds 5.97% of the voting rights in the company. F.K. Beteiligungsgesellschaft mbH, headquartered in Bergisch Gladbach, notified the company in August 2005 that its voting rights had fallen below the 5% threshold and that it only held 4.68% of the voting rights at that time.

Members of Management in Key Positions and Affiliated Persons

In accordance with the structure of the INDUS Group, members of management in key positions sit on the Supervisory Board (6 members in 2005 and 2004), the Board of Management of INDUS Holding AG (2005: 4 members; 2004: 4 members) and include the managing directors/boards of management of the operating companies (2005: 53 people; 2004: 47 people). The increase in the number of people in key positions at the operating companies is essentially due to the increase in the scope of consolidation. In fiscal 2005, 6 managing directors held minority interests in their companies (previous year: 5). Their shares in earnings are contained in minority interests.

There is no share-based payment in the sense of IFRS 2, in particular with regard to stock option plans. There are no pension commitments by INDUS Holding AG for members of the Board of Management which must be disclosed in the financial statements. In the year under review, payments of EUR 84,000 (prior year: EUR 70,000) were made within the framework of a defined contribution plan for members of the Board of Management.

Overview of Compensation

2005 EUR '000	Period expense	Of which severance	Of which wages and salaries	Of which pensions
INDUS AG				
– Supervisory Board	229	–	229	–
– Board of Management	2,060	–	2,060	–
Subsidiaries				
– Managing directors	10,029	52	9,915	62
– Family members	803	–	803	–
Total	**13,121**	**52**	**13,007**	**62**

2004 EUR '000	Period expense	Of which severance	Of which wages and salaries	Of which pensions
INDUS AG				
– Supervisory Board	229	–	229	–
– Board of Management	1,544	–	1,544	–
Subsidiaries				
– Managing directors	8,705	–	8,673	32
– Family members	866	–	866	–
Total	**11,344**	**–**	**11,312**	**32**

In fiscal 2005, 6 family members of partners or managing directors were employed at the portfolio companies (previous year: 5 members).

Remuneration of the Supervisory Board

The Supervisory Board met four times in both 2005 and 2004. For their services, each member of the Supervisory Board receives reimbursement for expenses and base compensation of EUR 10,000, as well as variable compensation depending on the amount of the dividend. The Chairman of the Supervisory Board receives twice the amount of the fixed and variable compensation amounts, and his deputy receives 1.5 times these sums. Variable pay in fiscal 2005 amounted to EUR 154,000 (previous year: EUR 154,000).

Remuneration of the Board of Management

The variable component of the compensation due to the Board of Management depends on the company's results and is determined based on the result of ordinary activities of INDUS Holding AG. The variable compensation component of the Board of Management amounted to EUR 926,000 (prior year: EUR 434,000) in fiscal 2005.

Other Relations

In fiscal 2005 the members of the Supervisory Board of INDUS Holding Aktiengesellschaft received EUR 20,000 (previous year: EUR 365,000) in compensation for services rendered on personal account and EUR 111,000 (prior year: EUR 101,000) for a leasehold obligation.

Above and beyond this, there were business relations with minority shareholders for consultation (EUR 120,000; previous year: EUR 120,000), lease of property and buildings (EUR 337,000; prior year: EUR 337,000) and other payments in kind (EUR 66,000; previous year: EUR 53,000). All obligations stemming from these business relations were settled in full as of the balance-sheet date and there were no unsettled claims.

In order to enhance clarity, information on business relations between associated companies is presented in the section on key figures [13, 16].

Expenses Related to Auditing of the Parent Company Financial Statements and Consolidated Financial Statements

The fee for audit services rendered by Treuhand- und Revisions-AG Niederrhein amounted to EUR 127,000; additionally, consultation services in the amount of EUR 94,000 were also performed.

Corporate Governance Code

In December 2005, the Board of Management and the Supervisory Board issued a declaration on the Corporate Governance Code, pursuant to Sec. 161 of the German Stock Corporation Act (AktG), and published it for the shareholders on INDUS Holding Aktiengesellschaft's website (http://www.indus.de).

Bergisch Gladbach, April 21, 2006

The Board of Management

Helmut Ruwisch Dr. Lars Bühring Michael Eberhart Dr. Johannes Schmidt

Report of the Independent Auditors

We have audited the consolidated financial statements prepared by INDUS Holding Aktiengesellschaft, Bergisch Gladbach—consisting of the income statement, balance sheet, statement of changes in equity, cash flow statement and notes—as well as the Group management report, which is combined with the review of operations from the parent company's annual financial statements, for the financial year from January 1 to December 31, 2005. These consolidated financial statements and the Group management report prepared in accordance with IFRS as adopted by the EU, the commercial rules applicable pursuant to Sec. 315a, Para. 1 of the German Commercial Code (HGB), and the supplementary provisions included in the articles of association are the responsibility of the company's legal representatives. Our responsibility is to express an opinion on these consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 of the German Commercial Code (HGB) and the German regulations for the audit of financial statements promulgated by the German Institute of Certified Public Accountants (IDW). Those standards require that we plan and perform the audit such that misstatements and violations materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used, and significant estimates made by the company's legal representatives, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

With the exception of the following qualification, no objections were raised by the audit:

As in previous years, the company has not reported the business results of the previous financial year for companies in which it owns at least one-fifth of the shares in the notes to the consolidated financial statements (list of investments). This disclosure in accordance with Sec. 313, Para. 2 of the German Commercial Code has become mandatory due to the elimination of the protective clause pursuant to Sec. 313, Para. 3 of the German Commercial Code.

In our opinion, based on the results of our audit, the consolidated financial statements, with the aforementioned exception, are in compliance with IFRS, as adopted by the EU, the additional provisions stated in Sec. 315a, Para. 1 of the German Commercial Code, and the supplementary provisions included in the articles of association, and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions. The Group management report is in accordance with the consolidated financial statements and provides, on the whole, a suitable understanding of the Group's position and suitably presents the opportunities and risks of future development.

Krefeld, April 25, 2006

Treuhand- und Revisions-Aktiengesellschaft
Niederrhein
Certified Public Accountants
Tax Consultants

(Dr. Ring)
German CPA

(Kuntze)
German CPA

Proposed Appropriation of Distributable Profit

Management proposes to the Annual Shareholders' Meeting that the distributable profit for fiscal 2005 be appropriated as follows:

Payment of a dividend of EUR 1.20 per individual share certificate (18,000,000) on the capital stock of EUR 46,800,000.00	21,600,000.00
Transfer to other retained earnings	30,000,000.00
Profit carried forward	2,573,436.65
Distributable profit	54,173,436.65

Bergisch Gladbach, April 21, 2006

The Board of Management

Helmut Ruwisch Dr. Lars Bühring Michael Eberhart Dr. Johannes Schmidt

Companies by Segment in 2005	Net sales EUR m	Capital EUR m	INDUS stake	Employees
Construction Industry				
BETOMAX Kunststoff- und Metallwarenfabrik GmbH & Co. KG, Neuss	17.4	3.10	100%	101
FS Kunststofftechnologie GmbH & Co. KG*, Reichshof/Hahn	39.1	0.72	100%	112
HAUFF-TECHNIK GmbH & Co. KG, Herbrechtingen	20.7	1.56	100%	111
MIGUA Fugensysteme GmbH & Co. KG*, Wülfrath	14.4***	1.85	100%	78
REMKO GmbH & Co. KG Klima- und Wärmetechnik*, Lage	19.1	1.56	100%	88
Max SCHUSTER Wärme • Kälte • Klima GmbH & Co. KG, Neusäß	8.8	1.05	100%	60
SEMET Maschinenbau GmbH & Co. KG, Meimsheim	4.4	0.80	100%	25
WEIGAND Bau GmbH, Bad Königshofen	14.8	1.00	70%	85
WEINISCH GmbH & Co. KG, Oberviechtach	5.3	0.53	100%	59
Engineering				
ALUCOLOR Dr.-Ing. Richard Heim GmbH & Co. KG, Hürth	5.1	1.05	100%	16
ASS Maschinenbau GmbH*, Overath	10.9	0.57	90%	65
BACHER AG*, Reinach/Switzerland	19.9 **	3.70 **	100%	88
Maschinenfabrik BERNER GmbH & Co. KG, Bischofsheim	8.1	1.31	100%	76
BETEK Bergbau- und Hartmetalltechnik Karl-Heinz Simon GmbH & Co. KG, Aichhalden	79.0	1.56	100%	136
GSR Ventiltechnik GmbH & Co. KG*, Vlotho	14.9	0.57	100%	113
MEWESTA Hydraulik GmbH & Co. KG, Münsingen	8.0	0.54	100%	49
NISTERHAMMER Maschinenbau GmbH & Co. KG, Nister	6.7	0.80	100%	65
PLANETROLL GmbH & Co. KG, Munderkingen	3.7	0.54	100%	38
Automotive Industry				
AURORA Konrad G. Schulz GmbH & Co. KG*, Mudau	20.8	3.07	100%	168
BILSTEIN & SIEKERMANN GmbH + Co. KG, Hillesheim	14.8	1.03	100%	87
Emil FICHTHORN GmbH & Co. KG, Hattingen	7.3	0.65	100%	58
IPETRONIK GmbH & Co. KG, Baden-Baden	12.7	0.54	100%	62
KIEBACK GmbH & Co. KG, Osnabrück	7.0	0.54	100%	77
REBOPLASTIC GmbH & Co. KG, Kalletal	6.6	0.80	100%	68
Konrad SCHÄFER GmbH*, Osnabrück	9.9	1.50	100%	99
SELZER Fertigungstechnik GmbH & Co. KG*, Driedorf-Roth	78.4***	6.26	70%	561
SITEK-Spikes GmbH & Co. KG, Aichhalden	18.9	1.05	100%	48
S.M.A. Metalltechnik GmbH & Co. KG*, Backnang	43.6	1.03	100%	352
WFV Werkzeug-, Formen- und Vorrichtungsbau GmbH & Co. KG, Lampertheim-Hüttenfeld	9.0	0.54	100%	63
WIESAUPLAST Kunststoff und Formenbau GmbH & Co. KG, Wiesau	45.9	0.59	100%	366
Consumables				
IMECO Einwegprodukte GmbH & Co. KG Vliesstoffvertrieb*, Hösbach	38.2	0.80	100%	299
OFA Bamberg GmbH, Bamberg	32.5	1.50	100%	267
SIKU GmbH, Rickenbach/Switzerland	2.7 **	0.80 **	100%	13
Karl SIMON GmbH & Co. KG, Aichhalden	31.7	2.19	100%	202
Other Investments				
M. BRAUN Inertgas-Systeme GmbH*, Garching	35.4	1.24	100%	157
HORN GmbH & Co. KG*, Flensburg	15.6	1.33	100%	98
MIKROP AG, Kronbühl/Switzerland	13.4 **	0.05 **	100%	55
NEUTRASOFT GmbH & Co. KG*, Greven	39.0	1.85	100%	171
Oskar OVERMANN GmbH & Co. KG, Sinsheim	3.4	0.57	100%	29
Helmut RÜBSAMEN GmbH & Co. KG, Bad Marienberg	29.2	0.53	88.89%	218
TSN Turmbau Steffens & Nölle GmbH, Berlin	9.0	0.50	100%	37
VULKAN INOX GmbH*, Hattingen	25.2	1.31	90%	59

* including subsidiaries ** CHF in millions *** The consolidated financial statements only disclose prorated revenue in accordance with IFRS.

Balance Sheet Press Conference	May 2, 2006
Analyst Conference	May 3, 2006
Interim report on the first quarter	May 31, 2006
Annual Shareholders' Meeting	July 11, 2006
Dividend payment	July 12, 2006
Interim report on the first half	End of August 2006
Interim report on the first three quarters	End of November 2006

This annual report is also available in German. Both the English and the German versions of the annual report can be downloaded from the Internet at www.indus.de under Investor Relations/Annual and Interim Reports. Only the German version of the annual report is legally binding.

INDUS Holding Aktiengesellschaft
Kölner Straße 32
D-51429 Bergisch Gladbach
PO Box 10 03 53
D-51403 Bergisch Gladbach
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 GmbH
Michael Werneke
Kaistraße 16
D-40221 Düsseldorf
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

Imprint:

Publisher:
INDUS Holding Aktiengesellschaft,
Bergisch Gladbach, Germany

Editors:
Haubrok Investor Relations GmbH,
Düsseldorf, Germany

Conception/Design:
Baisch Creative Consulting,
Düsseldorf, Germany

Pictures:
Markus Bollen,
Bergisch Gladbach, Germany
Artur Olligschläger,
Cologne, Germany

X-ray photographs:
Edzard Probst, Munich, Germany

Typesetting and lithography:
Lettern Partners, Düsseldorf, Germany

Printing:
Druckpartner, Essen, Germany