

**[INDUS]**  
HOLDING AG



**INTERIM REPORT  
JANUARY 1 TO JUNE 30, 2006**

Parent Company		June 30, 2006	June 30, 2005
Income from investments	EUR in millions	<b>39.5</b>	34.1
EBIT	EUR in millions	<b>34.9</b>	28.4
Net profit for the period	EUR in millions	<b>22.1</b>	16.7
Total assets*	EUR in millions	<b>954.5</b>	986.5
Fixed assets*	EUR in millions	<b>761.5</b>	756.4
Capital stock*	EUR in millions	<b>46.8</b>	46.8
Equity*	EUR in millions	<b>530.2</b>	508.2
Equity ratio*	%	<b>55.5</b>	51.5

Group		June 30, 2006	June 30, 2005
Revenue	EUR in millions	<b>405.4</b>	327.1
Export share	%	<b>38.0</b>	37.7
EBIT	EUR in millions	<b>48.3</b>	36.0
Net income for the period	EUR in millions	<b>16.2</b>	12.1
Depreciation	EUR in millions	<b>20.7</b>	17.3
Total assets*	EUR in millions	<b>882.6</b>	915.4
Equity*	EUR in millions	<b>219.1</b>	197.0
Equity ratio*	%	<b>24.8</b>	21.5
Workforce		<b>5,146</b>	4,335
– Holding company		<b>18</b>	16
– Investments		<b>5,128</b>	4,319

International Financial Reporting Standards (IFRS) were adopted for interim reporting from January 1, 2006, onwards for the first time. To improve comparability, key performance indicators for 2005 were restated to comply with IFRS as well. Therefore, figures for the previous year may deviate from the ones published in the last interim report for the first half of the year.

\* Comparable figures as of December 31, 2005.

Share		June 30, 2006	June 30, 2005
Market capitalization	EUR in millions	<b>501.84</b>	436.14
Earnings per share (parent company)	EUR	<b>1.23</b>	0.93
Earnings per share (Group)	EUR	<b>0.90</b>	0.68

Ladies and Gentlemen,

We posted significant growth in both revenue and income at the parent company and Group levels in the first half of 2006. Contributors alongside the positive development of portfolio investments were SELZER and MIGUA, the companies acquired in the second half of 2005, which were not part of the scope of consolidation in the prior-year period.

The trends observed within the segments in the first quarter continued. The Construction Industry segment recorded an especially considerable gain. Engineering nearly stood its ground, owing to high foreign demand. Our portfolio companies in the Consumables and Automotive Industry segments felt the impact of persistently high basic commodity and energy prices quite markedly in certain areas and were only partially able to pass through the higher costs to customers. Companies subsumed under Other Investments displayed very positive developments in the second quarter, despite the high price of basic commodities.

We will continue to expand our portfolio of investments with a target-oriented approach. We have already taken the first step in this direction with the acquisition of Swiss-based ANCOTECH by our subsidiary BETOMAX. Thanks to our liquidity position, which remains comfortable, and existing lines of credit, we are in a position to take action regarding acquisitions at any time. Given the current situation on the market, which is characterized by high demand driven by liquidity, we will continue to pursue our proven strategy and refrain from paying exorbitant prices.

The positive business trend recorded in the first half of the year confirms our forecast, envisioning an increase in revenue to approximately EUR 800 million as well as a corresponding rise in earnings with our existing investments.

Sincerely,



Helmut Ruwisch

Chairman of the Board of Management

## Revenue and Earnings Situation

### Parent Company

In the first half of 2006, income from investments, the company's key performance indicator, was up 15.8% from EUR 34.1 million to EUR 39.5 million. Drivers were the successful performance of portfolio companies and the positive earnings contributions made by SELZER and MIGUA, the companies which were not yet consolidated in the year-earlier period. Earnings before interest and taxes (EBIT) improved considerably, rising by 22.9%, from EUR 28.4 million to EUR 34.9 million. Net profit for the period amounted to EUR 22.1 million—substantially up on the EUR 16.7 million recorded in the same period last year. Accordingly, earnings per share at the parent company level improved from EUR 0.93 to EUR 1.23.

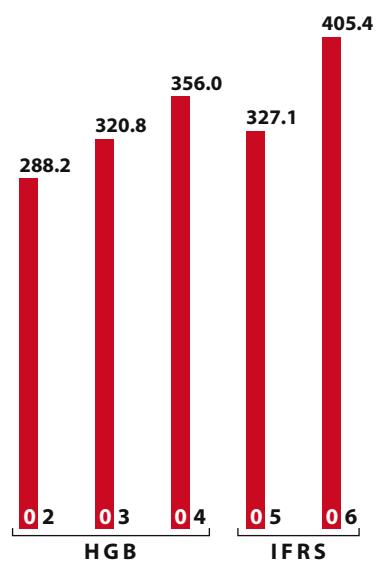
### Group

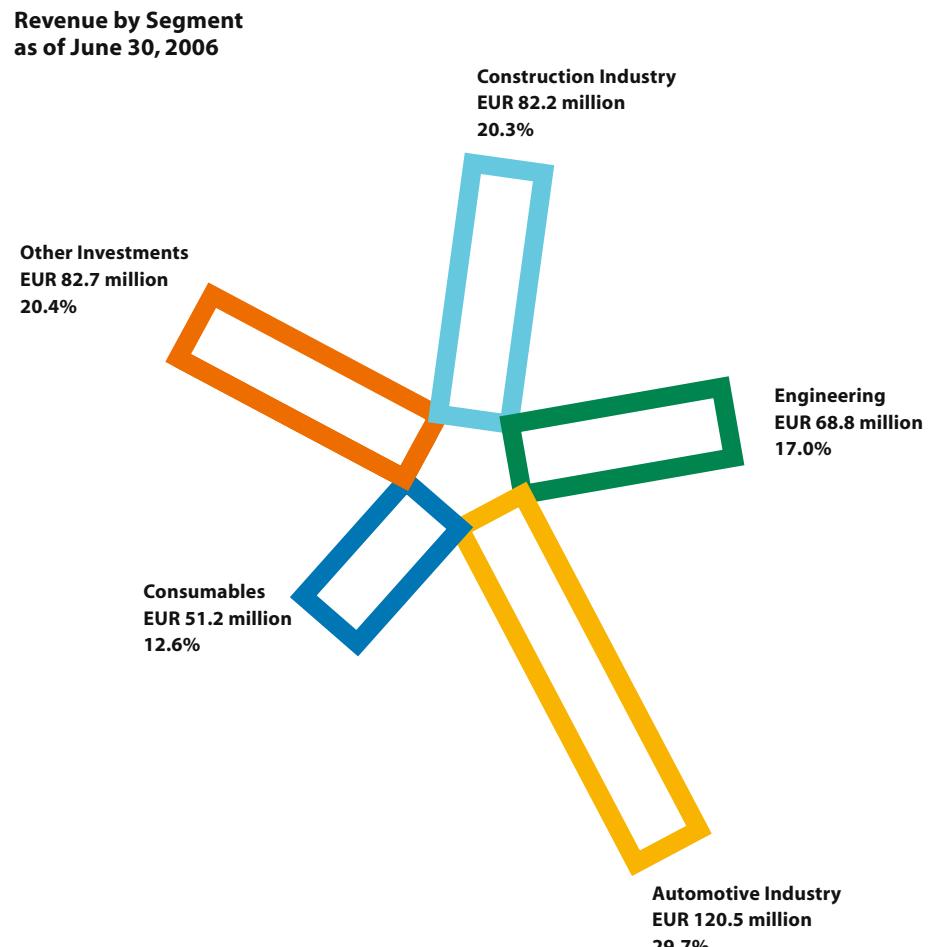
In the second quarter, revenue generated by the INDUS Group advanced 22.3% to EUR 212.7 million (Q2 2005: EUR 173.9 million). All in all, in the first six months, revenue grew 23.9% to EUR 405.4 million (H1 2005: EUR 327.1 million). This positive development was also influenced by SELZER and MIGUA, the two investments acquired in the second half of 2005.

In the **second quarter**, the ratio of material costs to total revenue was reduced despite markedly higher raw material prices, with oil and steel leading the way, as well as energy costs. In absolute terms, the cost of materials rose by 20.1% to EUR 99.6 million, net of consolidation effects. The substantial increase in the employee headcount caused staff costs to advance by 24.6% to EUR 56.2 million, owing to the newly consolidated companies. However, the ratio of staff costs to total revenue was essentially unchanged. Other operating expenses were up by EUR 3.0 million to EUR 25.9 million. In the second quarter, EBIT jumped 50.8% to EUR 28.8 million (Q2 2005: EUR 19.1 million). EBT increased by 68.3% from EUR 12.6 million to EUR 21.2 million. The Group's share in net profit for the second quarter improved from EUR 6.8 million to EUR 10.3 million, gaining 51.5%.

In the **first half of the year**, the cost of materials rose 25.2% to EUR 190.8 million, while staff costs advanced 20.9% to EUR 108.2 million. Their ratios to revenue displayed positive development. The ratio of material costs to total revenue was virtually stable, with the ratio of staff costs to total revenue even decreasing somewhat. Whereas depreciation on first-time consolidations was essentially flat at EUR 4.9 million, depreciation on fixed assets increased by 30.6% to EUR 15.8 million, owing to consolidation effects. Other operating expenses climbed 16.7% to EUR 52.5 million. In the first six months, EBIT improved by 34.2% to EUR 48.3 million. EBT advanced 43.7% to EUR 34.2 million. After taxes on income and minority interests, this results in EUR 16.2 million in net profit for the period (H1 2005: EUR 12.1 million). This represents a 33.9% increase. Earnings per share at the Group level thus amount to EUR 0.90 (+32.4%).

### Revenue as of June 30 EUR in millions





## Segment Report

INDUS Holding AG divides its portfolio of companies, which consisted of 42 investments at the end of the period under review, into five segments: Construction Industry, Engineering, Automotive Industry, Consumables and Other Investments. Companies are assigned to segments based on the areas in which their revenue is concentrated.

### Construction Industry

The economic stabilization process witnessed in the German construction sector has continued so far. Accordingly, orders received by companies active in Germany's main construction industry in the first quarter were up 10.2% year on year. All three segments benefited from the positive development. Order intake in the commercial construction sector grew 10.9%, with public and residential construction gaining 12.7% and 3.6%, respectively.

As of June 30, 2006, the Construction Industry segment comprised a total of nine operating units. Since the year-earlier period, one entity has been added with the MIGUA Group, which was consolidated as of September 1, 2005. Furthermore, Swiss-based ANCOTECH AG was fully acquired by the portfolio company BETOMAX GmbH & Co. KG in May this year. ANCOTECH generated CHF 12.0 million in revenue in fiscal 2005 and has more than 30 people on its payroll at present.

The company develops, manufactures and markets technically sophisticated and economically appealing special reinforcements and stainless steel parts for the construction industry.

First-half net sales generated by the Construction Industry segment were boosted by 36.1%, rising from EUR 60.4 million to EUR 82.2 million. This increase was driven by the changes in the scope of consolidation as well as the strong position commanded by INDUS investments in attractive niche markets. EBT posted disproportionately strong growth, advancing to EUR 9.9 million (H1 2005: EUR 4.8 million).

### **Engineering**

In the first half of the year, incoming orders in the German mechanical and plant engineering sectors continued their positive trend. They combined for a 15% year-on-year rise. In parallel, the tendency for domestic orders (+19%) to increase faster than foreign orders (+13%) was confirmed. This is primarily due to the tangible catch-up effects in the domestic business, whereas exports already succeeded in recording significant gains in previous years.

As of June 30, 2006, the Engineering segment comprised a total of nine operating units.

Revenue generated by Engineering in the first half of 2006 climbed 14.3%, rising from EUR 60.2 million to EUR 68.8 million. EBT was up, principally as a result of strong exports, increasing from EUR 6.4 million to EUR 7.4 million.

### **Automotive Industry**

Despite the continuous rise in German mobility costs, the country's automotive sector looks back on a gratifying first six months. The number of new passenger car registrations in Germany was up 1.4% to nearly 1.74 million. Growth reported by foreign business was more pronounced, rising 4% to 2 million exported passenger cars. German auto manufacturers experienced especially high demand in the US and Asia, with China leading the way.

As of June 30, 2006, the Automotive Industry segment comprised a total of twelve operating units. SELZER Fertigungstechnik GmbH & Co. (INDUS share: 70.0%) was consolidated for the first time effective July 1, 2005. Furthermore, WIESAUPLAST, which was previously subsumed under the Consumables segment, is now assigned to this segment due to the change in its customer structure.

In the first six months, revenue achieved by the Automotive Industry segment rose considerably, posting a sharp uptick of 49.7% from EUR 80.5 million to EUR 120.5 million. This jump in revenue is largely a result of the expansion of the scope of consolidation. Similarly, EBT was lifted to EUR 9.1 million (H1: EUR 5.5 million) despite the rise in raw material prices and the persistently high pressure on prices charged by auto manufacturers.

### **Consumables**

Consumer spending displayed a disappointing trend in the second quarter. Following a surprising 1.1% rise (revised) in the first quarter, it dropped by 0.4%

compared with the antecedent quarter. This confirms the fact that consumer spending may pick up over the short term, without however, being able to lastingly overcome the long-term negative trend, since the solution is to overcome the main problems prevailing in the labor market and the social security system.

As of June 30, 2006, Consumables comprised a total of four operating units, subsequent to the assignment of WIESAUPLAST to the Automotive Industry segment, as described earlier.

Revenue earned by the Consumables segment totaled EUR 51.2 million in the first half, which was on par with the year-earlier level. Owing to the high price of raw materials, EBT amounted to EUR 3.5 million, falling shy of the EUR 4.7 million posted in the same period last year.

#### **Other Investments**

Other Investments is a heterogeneous segment, as it includes companies that supply products to customers in the most diverse sectors and thus cannot be assigned to any of the four preceding segments. Therefore, the gross domestic product (GDP) is the only yardstick suitable for gauging their performance. In the second quarter, GDP was up 0.9% on the preceding quarter. Compared with the same quarter last year, growth amounted to 1.0%, or 2.4% net of seasonal effects.

As of June 30, 2006, the Other Investments segment comprised eight companies, as in the previous year.

Revenue generated by Other Investments in the first half of 2006 was boosted by 11.6%, rising from EUR 74.1 million to EUR 82.7 million. The earnings trend was extremely positive, following a rather moderate start to the year. EBT climbed 82.6%, from EUR 2.3 million to EUR 4.2 million.

#### **Asset and Financial Position**

##### **Parent Company**

INDUS Holding AG again improved its balance sheet structure in the first half of 2006. Total assets were down by EUR 32.0 million to EUR 954.5 million from their December 31, 2005, level. This is primarily due to the repayment of a EUR 100 million syndicated credit line in the first quarter of 2006. Fixed assets totaled EUR 761.5 million (December 31, 2005: EUR 756.4 million). Current assets decreased by EUR 37.1 million to EUR 193.0 million. Equity climbed by EUR 22.0 million to EUR 530.2 million. The equity ratio thus rose by four percentage points to 55.5 (December 31, 2005: 51.5%). Accounts payable to banks declined by EUR 60.1 million to EUR 368.1 million. At EUR 47.6 million, other liabilities were essentially unchanged.

##### **Group**

The Group's balance sheet total dropped by EUR 32.8 million to EUR 882.6 million. Non-current assets were up a marginal EUR 6.9 million to EUR 531.2 million as of June 30, 2006. This was predominantly due to the fact that ANCOTECH, the com-

pany acquired in May, was consolidated for the first time. Current liabilities decreased significantly, falling by EUR 39.7 million to EUR 351.4 million. Accordingly, as a result of the repayment of the syndicated credit line, cash and cash equivalents declined by EUR 57.4 million to EUR 76.2 million. Trade accounts receivable decreased by EUR 6.1 million, while inventories grew by EUR 18.3 million to EUR 155.5 million. Other current assets were up by EUR 7.6 million to EUR 25.9 million.

By June 30, 2006, the Group's shareholders' equity had climbed by EUR 22.1 million to EUR 219.1 million. Accordingly, the equity ratio improved by more than three percentage points to 24.8. Financial liabilities decreased by EUR 54.6 million to EUR 458.9 million. Trade accounts payable rose by EUR 15.9 million to EUR 42.0 million, while provisions only posted a moderate increase, advancing by EUR 2.3 million to EUR 38.7 million. Other current liabilities decreased by EUR 20.4 million to EUR 81.3 million.

In the first half of 2006, operating cash flow (cash flows from operating activities) rose by EUR 19.7 million to EUR 25.7 million. Cash flows from financing activities were markedly affected by the repayment of the syndicated credit line. They came in at EUR -55.8 million, compared with the EUR 51.3 million recorded in the corresponding period last year.

### **Capital Expenditure**

Capital spending by portfolio companies and the parent company in the first six months totaled EUR 25.7 million (H1 2005: EUR 22.8 million).

### **Workforce**

By June 30, 2006, the employee headcount had risen by 811 to a total of 5,146. The strong increase in staff is predominantly due to the acquisitions of SELZER and MIGUA, which were made in the second half of 2005. The holding company employs 18 people (H1 2005: 16 staff members).

### **Share**

After getting off to a good start to the year, the INDUS share was unable to extricate itself from the weak environment on the capital market, despite the fact that operations displayed a positive trend, as expected. So far, the high for the year is EUR 33.98 (April 7), and the low is EUR 25.80 (June 14). By the end of the period under review, the INDUS share managed to post a slight recovery, rising to EUR 27.88. Average turnover in the second quarter was up to 56,300 shares, and was thus again significantly higher than the 49,509 achieved in the same period last year.

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

There were no material events after the period under review.

## Risks

There were no major changes in the opportunities and risks presented in the risk report in the review of operations and the Group management report for fiscal 2005 in the first half of 2006.

## Outlook

The prospects for economic development continue to be bright, at least as far as this year is concerned. Although some of the key sentiment indicators have weakened, investments are expected to continue to increase in light of the higher capacity utilization and favorable corporate earnings. Consumer spending, which was rather disappointing in the second quarter, is anticipated to post a considerable rise in the second half of the year. Positive effects are expected to come above all from the advance effects of the planned sales tax hike. All in all, economic institutes forecast slightly more than 2% growth in gross domestic product for 2006.

The development of raw material prices and energy costs will continue to pose the major challenge to companies with production sites in Germany in the second half of the year. Companies in the Automotive Industry segment will feel the strongest impact of high prices. At the same time, they will be forced to cope with the steady increase in pressure on prices exerted by major manufacturers. We are countering this trend by gradually building up production capacity in low-wage countries. However, enterprises subsumed under the Consumables and Other Investments segments will be adversely affected by the high price of raw materials as well. In contrast, the situation faced by companies grouped under the Construction Industry segment remains positive. In the first half of the year, the German construction industry experienced a significant uptick, which is likely to benefit INDUS Holding AG's specialized portfolio companies disproportionately. However, it remains to be seen how big the advance impact of the planned sales tax increase will be.

The revenue and earnings trend witnessed in the first six months confirms the prognosis issued by the Board of Management at the beginning of the year. Accordingly, revenue is expected to grow to EUR 800 million at the Group level. Based on the current planning, this target will largely be achieved through the continued successful development of INDUS' existing investments. Key earnings figures are anticipated to follow a similar, positive trend.

## Additional Information

### Dividend

The company did not pay a dividend in the reporting period from January 1 to June 30, 2006. After the end of the reporting period, the shareholders passed a resolution to increase the dividend to EUR 1.20 per share at this year's Annual Shareholders' Meeting on July 11. INDUS will thus make an aggregate dividend payment of EUR 21.6 million. This represents a payout ratio of 41.0%.

**Consolidated Income Statement**

EUR '000	Note	June 30, 2006 Q2	June 30, 2005 Q2	June 30, 2006 H1	June 30, 2005 H1
<b>Revenue</b>		212,652	173,855	405,405	327,129
Other operating income		1,547	2,015	4,302	4,063
Own work capitalized		935	567	1,639	1,001
Change in inventories		5,614	2,310	9,285	8,014
Cost of materials		– 99,606	– 82,945	– 190,814	– 152,398
Staff costs		– 56,180	– 45,126	– 108,243	– 89,528
Depreciation	(3)	– 10,138	– 8,714	– 20,724	– 17,262
Other operating expenses		– 25,951	– 22,933	– 52,519	– 45,042
<b>Operating result</b>		<b>28,873</b>	<b>19,029</b>	<b>48,331</b>	<b>36,977</b>
Net interest		– 6,370	– 6,499	– 13,049	– 12,394
Financial result		– 1,287	35	– 1,113	181
<b>Income before taxes</b>		<b>21,216</b>	<b>12,565</b>	<b>34,169</b>	<b>23,764</b>
Taxes		– 9,514	– 5,579	– 15,346	– 10,683
Income from discontinued operations	(1)	–	– 19	–	– 140
<b>Income after taxes</b>		<b>11,702</b>	<b>6,967</b>	<b>18,823</b>	<b>12,941</b>
Thereof minority interests		– 1,374	– 168	– 2,586	– 890
Thereof income allocable to INDUS shareholders		10,328	6,799	16,237	12,051
Diluted earnings per share in EUR	(2)	0.57	0.38	0.90	0.68
Undiluted earnings per share in EUR		0.57	0.38	0.90	0.68

**Consolidated Balance Sheet****Assets**

EUR '000	Note	June 30, 2006	June 30, 2005
Goodwill		274,046	269,356
Intangible assets	(4)	20,393	21,570
Property, plant and equipment	(5)	217,293	215,776
Financial assets		10,461	8,205
Shares accounted for using the equity method		4,297	4,072
Other non-current assets		2,036	2,062
Deferred taxes		2,659	3,242
<b>Non-current assets</b>		<b>531,185</b>	<b>524,283</b>
Cash and cash equivalents		76,177	133,519
Accounts receivable	(6)	93,766	99,915
Inventories	(7)	155,529	137,250
Other current assets		25,895	18,307
Assets held for sale		–	2,080
<b>Current assets</b>		<b>351,367</b>	<b>391,071</b>
<b>Balance sheet total</b>		<b>882,552</b>	<b>915,354</b>

**Equity and Liabilities**

EUR '000	Note	June 30, 2006	June 30, 2005
Paid-in capital		162,955	162,955
Generated capital		52,290	31,643
Shareholders' equity of INDUS shareholders		215,245	194,598
Minority interests in capital		3,847	2,413
<b>Group equity</b>		<b>219,092</b>	<b>197,011</b>
Non-current financial liabilities		388,509	362,359
Provisions for pensions		15,028	14,719
Other non-current provisions		3,376	3,402
Other non-current liabilities		5,886	6,495
Deferred taxes		18,190	15,609
<b>Non-current liabilities</b>		<b>430,989</b>	<b>402,584</b>
Current financial liabilities		70,368	151,162
Trade accounts payable		42,047	26,185
Current provisions		38,748	36,400
Other current liabilities		81,308	101,669
Liabilities held for sale		–	343
<b>Current liabilities</b>		<b>232,471</b>	<b>315,759</b>
<b>Balance sheet total</b>		<b>882,552</b>	<b>915,354</b>

**Consolidated Cash Flow Statement**

EUR '000	June 30, 2006	June 30, 2005
<b>Income for the period (including minority interests) before income taxes and finance costs</b>	<b>46,172</b>	<b>36,000</b>
Interest paid	– 13,371	– 13,875
Income tax paid	– 13,979	– 9,184
Depreciation – on non-current assets (excluding deferred taxes)	20,724	17,262
Changes in provisions	1,861	801
Increase/decrease in inventories, trade accounts receivable and other assets not allocable to investing or financing activities	– 15,186	– 28,978
Increase/decrease in accounts payable and other liabilities not allocable to investing or financing activities	– 549	4,001
<b>Cash flows from operating activities</b>	<b>25,672</b>	<b>6,027</b>
Net cash change in property, plant and equipment and intangible assets	– 19,997	– 22,717
Net cash change in financial assets	– 2,458	– 894
Payments made for capital expenditure on shares in fully consolidated companies	– 6,752	– 1,015
Income from the disposal of shares in fully consolidated companies	1,988	–
<b>Cash flows from investing activities</b>	<b>– 27,219</b>	<b>– 24,626</b>
Payments made to minority interests	– 1,152	– 3,378
Net cash change in bank liabilities	– 54,643	54,647
<b>Cash flows from financing activities</b>	<b>– 55,795</b>	<b>51,269</b>
<b>Net cash change in financial facilities</b>	<b>– 57,342</b>	<b>32,670</b>
<b>Financial facilities at the beginning of the fiscal year</b>	<b>133,519</b>	<b>150,418</b>
<b>Financial facilities at the end of the period</b>	<b>76,177</b>	<b>183,088</b>
Cash transactions related to the sale of investments	2,100	–
Financial facilities sold	– 112	–
	<b>1,988</b>	–

**Consolidated Statement of Equity**

<b>Jan. 1 to June 30, 2006</b>	Opening balance EUR '000	Dividend payment	Recognized expenses and income	Deferred taxes	Closing balance June 30, 2006
Subscribed capital	46,800	–	–	–	46,800
Additional paid-in capital	116,155	–	–	–	116,155
<b>Paid-in capital</b>	<b>162,955</b>	–	–	–	<b>162,955</b>
Accumulated earnings	37,909	–	16,237	–	54,146
Currency translation reserve	487	–	– 680	–	– 193
Reserve for the marked-to-market measurement of financial instruments	– 6,753	–	6,913	– 1,823	– 1,663
<b>Generated capital</b>	<b>31,643</b>	–	<b>22,470</b>	<b>– 1,823</b>	<b>52,290</b>
<b>Equity of INDUS shareholders</b>	<b>194,598</b>	–	<b>22,470</b>	<b>– 1,823</b>	<b>215,245</b>
Minority interests	2,413	– 1,152	2,586	–	3,847
<b>Group equity</b>	<b>197,011</b>	<b>– 1,152</b>	<b>25,056</b>	<b>– 1,823</b>	<b>219,092</b>

<b>Jan. 1 to June 30, 2005</b>	Opening balance EUR '000	Dividend payment	Recognized expenses and income	Deferred taxes	Closing balance June 30, 2005
Subscribed capital	46,800	–	–	–	46,800
Additional paid-in capital	116,155	–	–	–	116,155
<b>Paid-in capital</b>	<b>162,955</b>	–	–	–	<b>162,955</b>
Accumulated earnings	32,212	–	12,051	–	44,263
Currency translation reserve	– 454	–	872	–	418
Reserve for the marked-to-market measurement of financial instruments	– 7,409	–	– 3,557	938	– 10,028
<b>Generated capital</b>	<b>24,349</b>	–	<b>9,366</b>	<b>938</b>	<b>34,653</b>
<b>Equity of INDUS shareholders</b>	<b>187,304</b>	–	<b>9,366</b>	<b>938</b>	<b>197,608</b>
Minority interests	5,507	– 3,378	890	–	3,019
<b>Group equity</b>	<b>192,811</b>	<b>– 3,378</b>	<b>10,256</b>	<b>938</b>	<b>200,627</b>

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 on continuous changes in marked-to-market valuation. EUR 1,093,000 of the change in the reserves had an effect on income. The EUR 100 million syndicated credit line was repaid in 2006, and new borrowings were far lower for business-related reasons. Resulting hedging inefficiencies relating to existing interest rate swaps were taken into account in the 2006 financial result.

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 11,019,000 (previous year: EUR 604,000).

## General Information

INDUS Holding AG, based in Bergisch Gladbach, Germany, entered in the Cologne commercial register under HRB 46360, prepared its unaudited interim report for the first half of fiscal 2006 in accordance with International Financial Reporting Standards (IFRS) and the interpretation of such by the International Financial Reporting Interpretations Committee (IFRIC). This interim report was prepared using the accounting policies applied in the consolidated financial statements for fiscal 2005. The consolidated financial statements are prepared in euros. Unless otherwise noted, all amounts are stated in thousands of euros (EUR '000).

**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 and 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.

**Taxes on Income:** In the interim report, the income tax expense is calculated on the basis of the most current tax budget. The figure for the first quarter of 2006 includes the anticipated tax expense arising from the sale of operations.

## 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 divest the company, they are classified as "held for sale."

## Business Combinations Pursuant to IFRS 3

In the first half of 2005, the stake held in IMECO Einwegprodukte GmbH & Co. KG was increased by 7.5% to 100%, and the interest held in M. BRAUN Inertgas-Systeme GmbH was lifted from 80% to 100%.

In the first half of 2006, 100% of the shares in Swiss-based ANCOTECH AG were purchased via the INDUS subsidiary BETOMAX GmbH & Co. KG.

This made a substantial contribution to the increase in goodwill in the first half of the year.

## 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. Accordingly, the assets, liabilities and results of the company were reclassified as "held for sale" in the balance sheets and income statements of all interim reports for fiscal 2005.

In the following tables, year-earlier figures (H1/2005) reflect the reclassifications made in accordance with IFRS 5:

### Assets and Liabilities

EUR '000	June 30, 2005
Non-current assets	1,236
Current assets	1,280
<b>Total assets</b>	<b>2,516</b>
Non-current liabilities	84
Current liabilities	818
<b>Total liabilities</b>	<b>902</b>

### Income and Losses

EUR '000	June 30, 2005
Income	1,309
Expenses	– 1,169
<b>Income before tax</b>	<b>140</b>
Current taxes	–
<b>Income after tax</b>	<b>140</b>

### [1] Income from Discontinued Operations

This item includes income after tax earned by NEUTRASOFT IT GmbH & Co. KG. The tax expense resulting from income from discontinued operations amounted to EUR 0 (prior year: EUR 0). The tax expense resulting from the sale of companies amounted to EUR 0 (prior year: EUR 420,000).

### [2] Earnings per Share

Pursuant to IAS 33, earnings per share are based on consolidated income after tax from continuing operations and is thus adjusted to exclude income from discontinued operations of EUR 0.00 per share (prior year: EUR –0.01 per share). At 18,000,000, the number of shares remained constant in both fiscal years. Dilution is possible in the event that the authorized capital increase is exercised. The earnings taken as a basis are derived from the earnings of the INDUS shareholders, adjusted to exclude income from discontinued operations.

The following passages provide explanations on select items included in this report:

### [3] Depreciation, Amortization, Impairment Losses

EUR '000	June 30, 2006	June 30, 2005
Depreciation of property, plant and equipment and intangible assets	– 15,776	– 12,108
Amortization of first-time consolidations	– 4,948	– 5,154
Impairment losses from first-time consolidations	–	–
<b>Total</b>	<b>– 20,724</b>	<b>– 17,262</b>

### [4] Intangible Assets

EUR '000	June 30, 2006	Dec. 31, 2005
Capitalized development costs	4,733	3,501
Licenses, commercial rights and other intangible assets	15,660	18,069
<b>Total</b>	<b>20,393</b>	<b>21,570</b>

**[5] Property, Plant and Equipment**

EUR '000	June 30, 2006	Dec. 31, 2005
Land and buildings	111,768	106,792
Technical plant and machinery	70,541	74,342
Other plant, fixtures, furniture and office equipment	28,093	28,368
Advance payments and work in progress	6,891	6,274
<b>Total</b>	<b>217,293</b>	<b>215,776</b>

**[6] Accounts Receivable**

EUR '000	June 30, 2006	Dec. 31, 2005
Accounts receivable from customers	86,603	88,992
Future accounts receivable from customer-specific construction contracts	6,211	6,753
Accounts receivable from associated companies	952	4,170
<b>Total</b>	<b>93,766</b>	<b>99,915</b>

**[7] Inventories**

EUR '000	June 30, 2006	Dec. 31, 2005
Raw materials and supplies	53,743	46,506
Unfinished goods	45,414	35,698
Finished goods and goods for resale	54,520	54,010
Prepayments to third parties for inventories	1,852	1,036
<b>Total</b>	<b>155,529</b>	<b>137,250</b>

## Segment Reporting

The reporting structure used in the preceding annual financial statements was maintained in this interim report with the exception that NEUTRASOFT IT für den Handel GmbH & Co. KG is no longer included in the figures reported for fiscal 2005.

### Primary Reporting Format: by Segment

Q2 2006 EUR '000	Construction Industry	Engineering	Automotive Industry	Con- sumables	Other Investments	Total
External revenue	45,274	36,061	64,344	27,984	46,843	220,506
Internal revenue	– 94	– 142	– 2,389	– 2,225	– 3,004	– 7,854
<b>Segment revenue from third parties</b>	<b>45,180</b>	<b>35,919</b>	<b>61,955</b>	<b>25,759</b>	<b>43,839</b>	<b>212,652</b>
<b>Earnings before taxes (EBT)</b>	<b>7,201</b>	<b>3,638</b>	<b>5,826</b>	<b>1,975</b>	<b>2,576</b>	<b>21,216</b>
EBT of discontinued operations	–	–	–	–	–	–
Workforce	719	621	1,780	821	1,205	5,146

Q2 2005 EUR '000	Construction Industry	Engineering	Automotive Industry	Con- sumables	Other Investments	Total
External revenue	34,442	32,527	44,845	28,384	40,372	180,570
Internal revenue	– 90	– 136	– 2,175	– 1,794	– 2,520	– 6,715
<b>Segment revenue from third parties</b>	<b>34,352</b>	<b>32,391</b>	<b>42,670</b>	<b>26,590</b>	<b>37,852</b>	<b>173,855</b>
<b>Earnings before taxes (EBT)</b>	<b>2,872</b>	<b>3,678</b>	<b>2,682</b>	<b>3,073</b>	<b>260</b>	<b>12,565</b>
EBT of discontinued operations	–	–	–	–	– 19	– 19
Workforce	578	584	1,231	858	1,084	4,335

H1 2006 EUR '000	Construction Industry	Engineering	Automotive Industry	Con- sumables	Other Investments	Total
External revenue	82,418	69,056	125,255	55,642	88,009	420,380
Internal revenue	– 195	– 293	– 4,797	– 4,397	– 5,293	– 14,975
<b>Segment revenue from third parties</b>	<b>82,223</b>	<b>68,763</b>	<b>120,458</b>	<b>51,245</b>	<b>82,716</b>	<b>405,405</b>
<b>Earnings before taxes (EBT)</b>	<b>9,931</b>	<b>7,422</b>	<b>9,065</b>	<b>3,505</b>	<b>4,246</b>	<b>34,169</b>
EBT of discontinued operations	–	–	–	–	–	–
Workforce	719	621	1,780	821	1,205	5,146

H1 2005 EUR '000	Construction Industry	Engineering	Automotive Industry	Con- sumables	Other Investments	Total
External revenue	60,538	60,430	84,638	55,623	79,095	340,324
Internal revenue	– 171	– 257	– 4,164	– 3,611	– 4,992	– 13,195
<b>Segment revenue from third parties</b>	<b>60,367</b>	<b>60,173</b>	<b>80,474</b>	<b>52,012</b>	<b>74,103</b>	<b>327,129</b>
<b>Earnings before taxes (EBT)</b>	<b>4,767</b>	<b>6,441</b>	<b>5,490</b>	<b>4,749</b>	<b>2,317</b>	<b>23,764</b>
EBT of discontinued operations	–	–	–	–	– 140	– 140
Workforce	578	584	1,231	858	1,084	4,335

### Secondary Reporting Format: by Region

#### Q2 2006

EUR '000	Germany	Europe	Rest of the world	Total
External revenue	145,939	57,165	17,402	220,506
Internal revenue	– 7,689	– 135	– 30	– 7,854
<b>Segment revenue from third parties</b>	<b>138,250</b>	<b>57,030</b>	<b>17,372</b>	<b>212,652</b>

#### Q2 2005

EUR '000	Germany	Europe	Rest of the world	Total
External revenue	121,297	44,508	14,765	180,570
Internal revenue	– 6,638	– 71	– 6	– 6,715
<b>Segment revenue from third parties</b>	<b>114,659</b>	<b>44,437</b>	<b>14,759</b>	<b>173,855</b>

#### H1 2006

EUR '000	Germany	Europe	Rest of the world	Total
External revenue	266,121	109,860	44,399	420,380
Internal revenue	– 14,707	– 215	– 53	– 14,975
<b>Segment revenue from third parties</b>	<b>251,414</b>	<b>109,645</b>	<b>44,346</b>	<b>405,405</b>

#### H1 2005

EUR '000	Germany	Europe	Rest of the world	Total
External revenue	216,885	82,311	41,128	340,324
Internal revenue	– 13,091	– 82	– 22	– 13,195
<b>Segment revenue from third parties</b>	<b>203,794</b>	<b>82,229</b>	<b>41,106</b>	<b>327,129</b>

### Continuation of the Reconciliation from HGB to IFRS

#### Reconciliation of Equity from HGB to IFRS

EUR '000	Jan. 1, 2004	Dec. 31, 2004	June 30, 2005
<b>HGB equity</b>	<b>124,545</b>	<b>124,264</b>	<b>125,498</b>
Assets added due to first-time consolidations	81,020	101,337	108,997
Adjustment of depreciation and amortization	2,577	2,391	2,303
Long-term construction contracts	1,306	1,366	4,166
Intangible assets	540	2,103	2,829
Fair value of securities	– 917	–	–
Provisions for pensions	– 1,562	– 1,451	– 1,451
Lease liabilities	– 3,815	– 2,566	– 1,916
Market value of financial derivatives	– 5,925	– 10,063	– 13,620
Deferred taxes/tax accruals	– 8,588	– 10,839	– 12,341
Disposals due to changes in the scope of consolidation		– 12,609	– 12,609
Other adjustments	– 1,217	– 1,122	– 1,229
Difference between IFRS and HGB	<b>63,419</b>	<b>68,547</b>	<b>75,129</b>
<b>IFRS equity</b>	<b>187,964</b>	<b>192,811</b>	<b>200,627</b>

#### Reconciliation of Income for the Period from HGB to IFRS

EUR '000	2004	June 30, 2005
<b>HGB net income</b>	<b>24,344</b>	<b>3,790</b>
Amortization of assets added due to first-time consolidations		
– accounted for in the HGB financial statements	34,211	11,914
– accounted for in the IFRS financial statements	13,894	5,154
<b>Income added due to the adoption of IFRS</b>	<b>20,317</b>	<b>6,760</b>
Intangible assets	1,563	726
Leasing	1,249	650
Fair value of securities	917	–
Provisions for pensions	111	–
Long-term construction contracts	60	2,800
Adjustment of depreciation and amortization	– 186	– 88
<b>Income added due to the adoption of IFRS</b>	<b>3,714</b>	<b>4,088</b>
Deferred taxes/tax accruals	– 3,196	– 2,440
Disposals due to changes in the scope of consolidation	– 12,609	–
Other	– 211	743
<b>IFRS net income</b>	<b>32,359</b>	<b>12,941</b>

**Comparison of Reconciled Figures: Consolidated Balance Sheet—First Half of 2005****Assets**

EUR '000	June 30, 2005	Dec. 31, 2004
Goodwill	234,676	231,994
Intangible assets	19,756	21,619
Property, plant and equipment	187,898	182,870
Financial assets	6,308	5,413
Shares accounted for using the equity method	3,269	3,119
Other non-current assets	2,798	3,104
Deferred taxes	2,966	3,496
<b>Non-current assets</b>	<b>457,671</b>	<b>451,615</b>
Cash and cash equivalents	183,088	150,418
Accounts receivable	90,690	81,770
Inventories	141,153	124,832
Other current assets	23,461	20,407
Assets held for sale	2,516	—
<b>Current assets</b>	<b>440,908</b>	<b>377,427</b>
<b>Balance sheet total</b>	<b>898,579</b>	<b>829,042</b>

**Equity and Liabilities**

EUR '000	June 30, 2005	Dec. 31, 2004
Paid-in capital	162,955	162,955
Generated capital	34,653	24,349
<b>Equity of INDUS shareholders</b>	<b>197,608</b>	<b>187,304</b>
Minority interests in capital	3,019	5,507
<b>Group equity</b>	<b>200,627</b>	<b>192,811</b>
Non-current financial liabilities	461,864	428,254
Provisions for pensions	8,898	8,908
Other non-current provisions	1,581	1,581
Other non-current liabilities	5,312	5,123
Deferred taxes	12,297	14,418
<b>Non-current liabilities</b>	<b>489,952</b>	<b>458,284</b>
Current financial liabilities	58,437	37,400
Trade accounts payable	30,759	28,734
Current provisions	31,494	30,653
Other current liabilities	86,408	81,160
Liabilities held for sale	902	—
<b>Current liabilities</b>	<b>208,000</b>	<b>177,947</b>
<b>Balance sheet total</b>	<b>898,579</b>	<b>829,042</b>

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