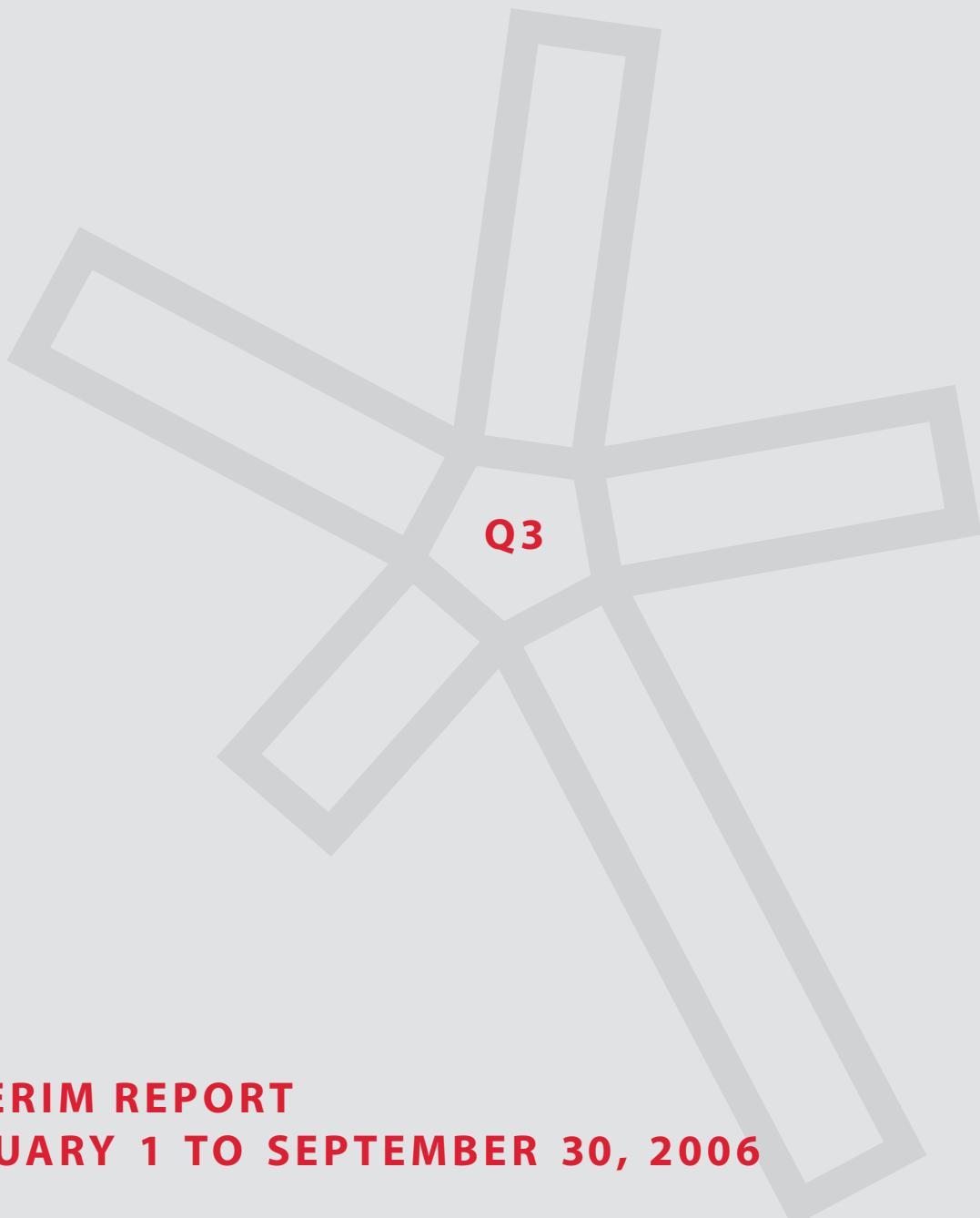


**[INDUS]**  
HOLDING AG



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

Parent Company		Sep. 30, 2006	Sep. 30, 2005
Income from investments**	EUR in millions	<b>57.4</b>	53.6
EBIT	EUR in millions	<b>50.3</b>	46.0
Net profit for the period	EUR in millions	<b>35.5</b>	32.2
Total assets*	EUR in millions	<b>954.8</b>	986.5
Fixed assets*	EUR in millions	<b>760.8</b>	756.4
Capital stock*	EUR in millions	<b>46.8</b>	46.8
Equity*	EUR in millions	<b>522.1</b>	508.2
Equity ratio*	%	<b>54.7</b>	51.5

Group		Sep. 30, 2006	Sep. 30, 2005
Revenue	EUR in millions	<b>618.6</b>	518.8
Export share	%	<b>38.4</b>	37.1
EBIT	EUR in millions	<b>72.6</b>	61.1
Net income for the period	EUR in millions	<b>25.9</b>	20.8
Depreciation	EUR in millions	<b>31.0</b>	28.7
Total assets*	EUR in millions	<b>895.2</b>	915.4
Equity*	EUR in millions	<b>205.8</b>	197.0
Equity ratio*	%	<b>23.0</b>	21.5
Workforce		<b>5,163</b>	5,094
– Holding company		<b>19</b>	17
– Investments		<b>5,144</b>	5,077

International Financial Reporting Standards (IFRS) were adopted for interim reporting on January 1, 2006, 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 three quarters of the year.

\* Comparable figures as of December 31, 2005.

\*\* Prior-year figure adjusted to reflect the interest cost related to INDUS.

Share		Sep. 30, 2006	Sep. 30, 2005
Market capitalization	EUR in millions	<b>506.16</b>	488.16
Earnings per share (parent company)	EUR	<b>1.97</b>	1.79
Earnings per share (Group)	EUR	<b>1.44</b>	1.16

Ladies and Gentlemen,

We can look back on a positive business trend in the first nine months of 2006. Consolidated revenue jumped 19.2%, and earnings before interest and taxes (EBIT) climbed 18.8%, combining for more than satisfactory growth. Drivers were both existing investments as well as the targeted expansion of our portfolio.

This year, SELZER and MIGUA, which were acquired in the second half of 2005, were consolidated on a full year basis for the first time. We further expanded our portfolio of investments in 2006. Our subsidiary BETOMAX acquired Swiss-based ANCOTECH, a supplier of special reinforcements and stainless steel components to the construction industry. Furthermore, in November, we increased our stake in VULKAN INOX to 100%. Effective January 1, 2007, we acquired OBUK, a specialist in the construction sector.

Our individual segments were affected by the high price of basic commodities and cost of energy to varying degrees. It was above all the Consumables segment that clearly felt the impact of this adverse factor. Thanks to the positive overall business trend, the Construction Industry segment marginally grew earnings over the high level achieved in the same period last year. The Automotive industry segment is still marked by the high price pressure exerted by the carmakers.

All in all, we believe that at 48.6%, the ratio of material costs to total revenue has peaked in the third quarter, and that the burden stemming from the high price of materials will lessen gradually.

We reduced the ratio of staff costs to total revenue to 26.5%. This reflected the impact of our constant streamlining measures.

The flexibility we have in acting on the investment market is due to the fact that we still have a good level of liquidity. As evidenced by the restrained expansion of our investment portfolio already this year, we will continue to act cautiously, without changing our proven valuation benchmarks, given the present situation on the market, which is characterized by high demand driven by liquidity.

Based on the first nine months, we expect that our existing investments will generate more than EUR 800 million in revenue and lift earnings for the year as a whole.

Sincerely,



Helmut Ruwisch

Chairman of the Board of Management

## Revenue and Earnings Situation

### Parent Company

Our existing portfolio companies displayed positive development in the first nine months of the current fiscal year. Income from investments, the company's key performance indicator, was up 7.1%, from EUR 53.6 million to EUR 57.4 million. Earnings before interest and taxes (EBIT) rose 9.3%, from EUR 46.0 million to EUR 50.3 million. Net profit for the period advanced 10.2%, from EUR 32.2 million to EUR 35.5 million. This results in a corresponding increase in earnings per share from EUR 1.79 to EUR 1.97 at the parent company level.

### Group

#### Business Performance in the First Nine Months of 2006

In the first nine months, Group revenue jumped 19.2%, from EUR 518.8 million to EUR 618.6 million. Contributors to this growth besides the positive business trend exhibited by existing portfolio companies were the increases in the consolidation periods of both SELZER and MIGUA to a full year, effective July 1, 2005, for SELZER and September 1, 2005, for MIGUA.

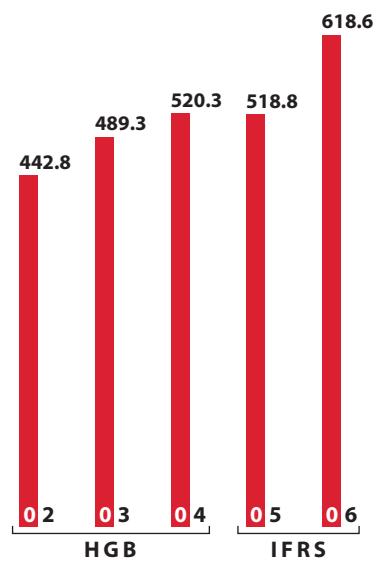
The high price of raw materials, especially for steel and crude oil, as well as the relentless rise in energy costs, caused the ratio of material costs to total revenue to increase by 1.3 percentage points to 47.6%, with material costs rising to EUR 294.4 million in absolute terms (+22.6%). Staff costs posted disproportionately low growth of 16.3%, advancing from EUR 140.8 million to EUR 163.8 million. The ratio of staff costs to total revenue thus dropped by 0.6 percentage points to 26.5%. This reflected the impact of our constant streamlining measures. Depreciation was up 8.0%, from EUR 28.7 million to EUR 31.0 million, largely owing to changes in the scope of consolidation. EUR 7.4 million thereof was attributable to depreciation on first-time consolidations (Q1–Q3 2005: EUR 8.5 million). Other operating expenses amounted to EUR 79.6 million—8.4% up year on year.

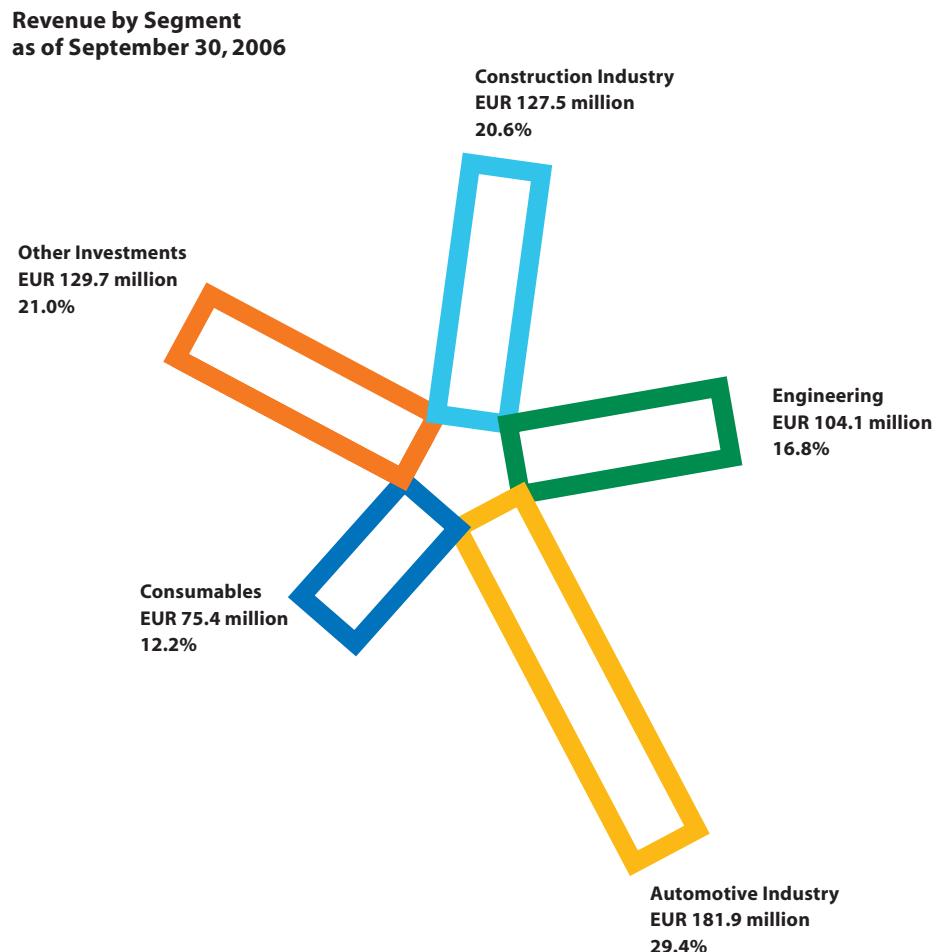
EBIT for the first nine months totaled EUR 72.6 million, following EUR 61.1 million in the same period last year. At EUR –20.8 million, the financial result was virtually unchanged. Earnings before taxes (EBT) rose 27.0%, from EUR 40.8 million to EUR 51.8 million. Taxes were up 28.7%, from EUR 18.1 million to EUR 23.3 million. After minorities, the Group's share in net profit for the period was EUR 25.9 million (+24.5%). Consolidated earnings per share amount to EUR 1.44 (+24.1%).

#### Business Performance in the Third Quarter of 2006

In the third quarter, revenue advanced 11.3%, from EUR 191.6 million to EUR 213.2 million. This is predominantly due to the positive performance put in by the existing portfolio companies. In the third quarter, the company was only partially able to pass through the increase in raw material prices and energy costs to its customers. The 2.8 percentage point rise in the ratio of material costs

**Revenue as of Sep. 30  
EUR in millions**





to total revenue had an adverse effect on the earnings trend in the quarter under review. By consequence, EBT recorded a disproportionately low 3.5% rise, from EUR 17.0 million to EUR 17.6 million. Taxes posted a moderate increase of 5.3% to EUR 7.9 million. After minorities, the Group's share in net profit for the period amounted to EUR 9.7 million—up 10.2% on the EUR 8.8 million achieved in the year-earlier quarter.

### Segment Reporting

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 positive development displayed by the German construction sector has continued so far. In the first half of the year, orders received by companies active in Germany's main construction industry were up 8.6%. All three areas have benefited from the sustained trend since the summer of 2005. Order intake in the commercial construction sector grew 11.2%, with public and residential construction gaining 7.6% and 5.1%, respectively.

As of September 30, 2006, the Construction Industry segment still comprised nine operating units. In May of this year, the portfolio company BETOMAX GmbH & Co. KG acquired a 100% stake in Swiss-based ANCOTECH AG. In 2005, the specialist in reinforcing and stainless steel components for the construction industry generated CHF 12.0 million in revenue with over 30 employees.

Revenue produced by the Construction Industry segment rose from EUR 102.7 million to EUR 127.5 million in the first nine months. Contributing factors were the positive development of existing investments as well as the first-time, full-year consolidation of MIGUA and the inclusion of ANCOTECH. EBT grew from EUR 14.7 million to EUR 15.3 million. As a result, the figure recorded a year earlier, which was characterized by a strong third quarter, was surpassed.

### **Engineering**

Germany's mechanical and plant engineering continued to grow in the third quarter. In terms of orders received, the segment gained 17% during this period. Exports, which experienced dynamic growth in previous years, increased another 14%, while domestic business was up 24%. This reflected the tangible catch-up effects of investment policies, which had been extremely restrained.

As of September 30, 2006, the Engineering segment still comprised nine operating units.

Revenue earned by Engineering in the first nine months climbed from EUR 85.2 million to EUR 104.1 million. EBT was up to EUR 11.5 million from EUR 8.7 million, principally driven by exports, which continued to be strong.

### **Automotive Industry**

The German automotive sector continued to display positive development. In the first nine months, the number of new passenger car registrations rose 1% to 2.54 million. Over the remaining course of the year, a positive effect is expected to come from the substantial increase in orders received for domestic passenger cars, thanks to the introduction of new models, an initial, cautious reduction in fuel prices, and successful marketing campaigns. Moreover, export business stabilized itself at a high level.

The Automotive Industry segment comprises a total of twelve operating units. Furthermore, WIESAUPLAST, which was previously subsumed under the Consumables segment, is now assigned to this segment due to the change in its customer structure.

Revenue generated by the Automotive Industry segment jumped 31.7%, from EUR 138.2 million to EUR 181.9 million. This significant uptick is primarily due to the first-time, full-year consolidation of SELZER. Due to changes in the scope of consolidation, among other things, EBT advanced to EUR 13 million, despite the continued rise of raw material prices, which could not be passed on, and the pressure exerted on prices paid by auto manufacturers.

**Consumables**

Consumer spending picked up some considerable momentum from July to September, as compared to the second quarter. Net of price, seasonal and calendar effects, it was 0.7% up on the previous quarter. At the same time, the rate of saving dropped slightly to 8.9%. It remains to be seen whether the rise in consumer spending was mainly driven by the advance effect of the sales tax hike effective January 1, 2007, or whether it is the beginning of a longer-term upward trend.

As of September 30, 2006, the Consumables segment consisted of four operating units. As explained earlier, WIESAUPLAST is no longer part of this segment, contrary to the same period last year.

Revenue generated by the Consumables segment in the first nine months amounted to EUR 75.4 million—2.3% down on the EUR 77.2 million in revenue earned a year earlier. Owing to the high level of raw material prices, EBT declined from EUR 5.6 million to EUR 4.6 million.

**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 third quarter, GDP was up 0.6% on the antecedent quarter. Compared with the same quarter last year, GDP growth amounted to 2.8%.

As of September 30, 2006, the Other Investments segment comprised eight companies, as before.

Revenue produced by Other Investments was boosted by 12.3%, rising from EUR 115.5 million to EUR 129.7 million in the first nine months. Earnings continued to develop positively. EBT climbed 62.2%, from EUR 4.5 million to EUR 7.3 million. Restructurings had an impact.

## Asset and Financial Position

### Parent Company

INDUS Holding AG constantly improved its balance sheet structure in the first nine months of 2006. Total assets were down EUR 31.7 million to EUR 954.8 million. This is primarily due to the repayment of a EUR 100 million syndicated credit line in the first quarter of 2006. Fixed assets posted a slight increase of EUR 4.4 million to EUR 760.8 million. Current assets recorded a substantial decrease, dropping by EUR 36.1 million to EUR 194.0 million. After the dividend payment (EUR 21.6 million in total) equity climbed by EUR 13.9 million to EUR 522.1 million. The equity ratio thus rose by 3.2 percentage points to 54.7%. Accounts payable to banks declined significantly, falling by EUR 53.3 million to EUR 374.9 million.

### Group

The Group's balance sheet total was down by EUR 20.2 million to EUR 895.2 million, compared with December 31, 2005. Non-current assets were up a marginal EUR 10.0 million to EUR 534.3 million. Current assets decreased significantly, falling by EUR 30.2 million. Accordingly, affected by the repayment of the syndicated credit line, cash and cash equivalents declined by EUR 63.3 million to EUR 70.2 million. Trade accounts receivable recorded a marginal gain, rising by EUR 2.0 million to EUR 101.9 million. Due to consolidation effects, inventories grew by EUR 25.9 million to EUR 163.2 million. Other current assets were up EUR 7.2 million to EUR 25.5 million.

The Group's shareholders' equity rose by EUR 8.8 million to EUR 205.8 million, despite the dividend payment. The equity ratio was 23.0%—1.5 percentage points higher than a year earlier. Financial liabilities declined by a total of EUR 48.5 million to EUR 465.1 million. Trade accounts payable advanced by EUR 13.8 million to EUR 40.0 million, while provisions rose by EUR 5.7 million to EUR 42.1 million. Other current liabilities were down EUR 7.6 million to EUR 94.1 million.

In the first nine months, operating cash flow (cash flows from operating activities) climbed by EUR 12.8 million to EUR 43.6 million. Cash flows from financing activities were markedly affected by the repayment of the syndicated credit line and the dividend payment. They totaled EUR –71.0 million, compared with the EUR 51.2 million in the corresponding period last year.

### Capital Expenditure

Capital spending by portfolio investments and the parent company in the first nine months amounted to EUR 34.8 million (Q1–Q3 2005: EUR 104.5 million).

## Workforce

By September 30, 2006, the employee headcount had risen by 67 to a total of 5,144 staff members, 19 of which are employed at the holding company.

## Share

This year, INDUS' share performance has been rather moderate thus far. After getting off to a good start to the year, the INDUS share achieved a high for the year of EUR 33.98 on April 7. The low for the year was EUR 24.71 on July 18. At the end of the period under review, our share price showed a considerable recovery, rising to EUR 28.12. Owing to the reduction in turnover in the summer, average turnover in the first nine months posted a slight drop to 47,186 shares (prior-year period: 49,509 shares).

Following this year's Annual Shareholders' Meeting on July 11, 2006, INDUS paid a dividend of EUR 1.20 per share, which was two cents higher year on year. The dividend payment thus totaled EUR 21.6 million (prior year: EUR 21.24 million). This corresponds to a dividend yield of 4.2%, relative to the current share price.

## Events After the Period Under Review

After the reporting period, INDUS further expanded its investment portfolio by acquiring a 75% stake in Oelde-based OBUK Haustürfüllungen GmbH & Co. KG as of January 1, 2007. The premium plastic and aluminum house door filling specialist expects to generate over EUR 23 million in revenue in the fiscal year underway and currently employs some 150 people. OBUK ranks among the premier manufacturers of house door fillings and commands a formidable position on the market with a broad customer base.

Effective January 1, 2006, INDUS acquired the remaining 10% shareholding in the Hattingen-based portfolio company VULKAN INOX GmbH. INDUS thus wholly owns a total of 37 of 42 portfolio companies.

As of October 31, 2006, INDUS divested the portfolio company Oskar OVERMANN GmbH & Co. KG, domiciled in Sinsheim, within the scope of a management buy-out. INDUS opted for this transaction and, in turn, the further optimization of its existing portfolio, because the business is relatively small (approx. EUR 3.4 million in revenue).

## 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 the first nine months of 2006.

## Outlook

Germany's economic trend has gained increasing momentum over the course of the year. Positive stimuli were provided by the rise in investment as well as the increase in consumer spending. The advance effect of the sales tax hike is anticipated to keep this trend stable in the fourth quarter of 2006 as well. Real GDP is expected to grow by about 2.5% for 2006 as a whole. However, the leading economic research institutes forecast a significant decline in private consumption for 2007, which should cause the development of GDP to be primarily characterized by exports and the continued rise in investment.

Basic commodity prices and energy costs are still high. However, due to the marginal ease in raw material prices witnessed worldwide in the last few months, costs have probably peaked for the time being. INDUS expects the burden from the high price of material to drop slowly.

Based on the first nine months, we expect that our existing investments will generate more than EUR 800 million in revenue and lift earnings for the year as a whole.

## Consolidated Income Statement

EUR '000	Note	Sep. 30, 2006 Q3	Sep. 30, 2005 Q3	Sep. 30, 2006 Q3 cumulated	Sep. 30, 2005 Q3 cumulated
<b>Revenue</b>		213,244	191,636	618,649	518,765
Other operating income		1,409	4,974	5,711	9,037
Own work capitalized		912	217	2,551	1,218
Change in inventories		5,266	7,051	14,551	15,065
Cost of materials		– 103,586	– 87,792	– 294,400	– 240,190
Staff costs		– 55,580	– 51,244	– 163,823	– 140,772
Depreciation	(3)	– 10,321	– 11,418	– 31,045	– 28,680
Other operating expenses		– 27,073	– 28,346	– 79,592	– 73,388
<b>Operating result</b>		<b>24,271</b>	<b>25,078</b>	<b>72,602</b>	<b>61,055</b>
Net interest		– 6,989	– 8,126	– 20,038	– 20,520
Financial result		304	90	– 809	271
<b>Income before taxes</b>		<b>17,586</b>	<b>17,042</b>	<b>51,755</b>	<b>40,806</b>
Taxes		– 7,947	– 7,451	– 23,293	– 18,134
Income from discontinued operations	(1)	–	– 7	–	– 147
<b>Income after taxes</b>		<b>9,639</b>	<b>9,584</b>	<b>28,462</b>	<b>22,525</b>
Thereof minority interests		73	– 824	– 2,513	– 1,714
Thereof income allocable to INDUS shareholders		9,712	8,760	25,949	20,811
Diluted earnings per share in EUR	(2)	0.54	0.49	1.44	1.16
Undiluted earnings per share in EUR		0.54	0.49	1.44	1.16

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

EUR '000	Note	Sep. 30, 2006	Sep. 30, 2005
Goodwill		274,494	269,356
Intangible assets	(4)	19,775	21,570
Property, plant and equipment	(5)	216,232	215,776
Financial assets		10,012	8,205
Shares accounted for using the equity method		4,410	4,072
Other non-current assets		2,052	2,062
Deferred taxes		7,366	3,242
<b>Non-current assets</b>		<b>534,341</b>	<b>524,283</b>
Cash and cash equivalents		70,228	133,519
Accounts receivable	(6)	101,929	99,915
Inventories	(7)	163,200	137,250
Other current assets		25,521	18,307
Assets held for sale		–	2,080
<b>Current assets</b>		<b>360,878</b>	<b>391,071</b>
<b>Balance sheet total</b>		<b>895,219</b>	<b>915,354</b>

**Consolidated Balance Sheet****Equity and Liabilities**

EUR '000	Note	Sep. 30, 2006	Sep. 30, 2005
Paid-in capital		162,955	162,955
Generated capital		38,840	31,643
Shareholders' equity of INDUS shareholders		201,795	194,598
Minority interests in capital		3,976	2,413
<b>Group equity</b>		<b>205,771</b>	<b>197,011</b>
Non-current financial liabilities		387,729	362,359
Provisions for pensions		14,864	14,719
Other non-current provisions		3,563	3,402
Other non-current liabilities		5,822	6,495
Deferred taxes		23,917	15,609
<b>Non-current liabilities</b>		<b>435,895</b>	<b>402,584</b>
Current financial liabilities		77,376	151,162
Trade accounts payable		39,965	26,185
Current provisions		42,147	36,400
Other current liabilities		94,065	101,669
Liabilities held for sale		–	343
<b>Current liabilities</b>		<b>253,553</b>	<b>315,759</b>
<b>Balance sheet total</b>		<b>895,219</b>	<b>915,354</b>

**Consolidated Cash Flow Statement**

EUR '000	Sep. 30, 2006	Sep. 30, 2005
<b>Income for the period (including minority interests) before income taxes and finance costs</b>	<b>69,234</b>	<b>62,962</b>
Interest paid	– 20,459	– 22,454
Income tax paid	– 20,313	– 17,983
Depreciation – on non-current assets (excluding deferred taxes)	31,045	28,680
Changes in provisions	5,282	3,796
Increase/decrease in inventories, trade accounts receivable and other assets not allocable to investing or financing activities	– 35,368	– 22,121
Increase/decrease in accounts payable and other liabilities not allocable to investing or financing activities	14,224	– 2,045
<b>Cash flows from operating activities</b>	<b>43,645</b>	<b>30,835</b>
Net cash change in property, plant and equipment and intangible assets	– 29,087	– 31,663
Net cash change in financial assets	– 2,121	– 2,747
Income from the disposal of shares in fully consolidated companies	1,988	–
Payments made to acquire shares in fully consolidated companies	– 6,752	– 60,960
<b>Cash flows from investing activities</b>	<b>– 35,972</b>	<b>– 95,370</b>
Dividend payments	– 21,600	– 21,240
Payments made to minority interests	– 949	– 2,707
Net cash change in bank liabilities	– 48,415	75,175
<b>Cash flows from financing activities</b>	<b>– 70,964</b>	<b>51,228</b>
<b>Net cash change in financial facilities</b>	<b>– 63,291</b>	<b>– 13,307</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>70,228</b>	<b>137,111</b>
Cash transactions related to the acquisition of investments	– 7,389	– 60,514
Financial facilities assumed	962	3,991
Financial facilities acquired	– 325	– 4,437
	<b>– 6,752</b>	<b>– 60,960</b>
Cash transactions related to the sale of investments	2,100	–
Financial facilities sold	– 112	–
	<b>1,988</b>	<b>–</b>

**Consolidated Statement of Equity**

<b>Jan. 1 to Sep. 30, 2006</b>	Opening balance EUR '000	Dividend payment	Recognized expenses and income	Deferred taxes	Closing balance Sep. 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	– 21,600	25,949	–	42,258
Currency translation reserve	487	–	– 997	–	– 510
Reserve for the marked-to-market measurement of financial instruments	– 6,753	–	5,222	– 1,377	– 2,908
<b>Generated capital</b>	<b>31,643</b>	<b>– 21,600</b>	<b>30,174</b>	<b>– 1,377</b>	<b>38,840</b>
<b>Equity of INDUS shareholders</b>	<b>194,598</b>	<b>– 21,600</b>	<b>30,174</b>	<b>– 1,377</b>	<b>201,795</b>
Minority interests	2,413	– 949	2,512	–	3,976
<b>Group equity</b>	<b>197,011</b>	<b>– 22,549</b>	<b>32,686</b>	<b>– 1,377</b>	<b>205,771</b>

<b>Jan. 1 to Sep. 30, 2005</b>	Opening balance EUR '000	Dividend payment	Recognized expenses and income	Deferred taxes	Closing balance Sep. 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	– 21,240	20,811	–	31,783
Currency translation reserve	– 454	–	1,155	–	701
Reserve for the marked-to-market measurement of financial instruments	– 7,409	–	– 2,047	540	– 8,916
<b>Generated capital</b>	<b>24,349</b>	<b>– 21,240</b>	<b>19,919</b>	<b>540</b>	<b>23,568</b>
<b>Equity of INDUS shareholders</b>	<b>187,304</b>	<b>– 21,240</b>	<b>19,919</b>	<b>540</b>	<b>186,523</b>
Minority interests	5,507	– 2,707	1,714	–	4,514
<b>Group equity</b>	<b>192,811</b>	<b>– 23,947</b>	<b>21,633</b>	<b>540</b>	<b>191,037</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 1,316,000 of the change in the reserves, minus EUR 347,000 in deferred taxes, 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 retractability 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 10,809,000 (previous year: EUR 14,410,000).

## 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 three quarters 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 2006 includes the deferral of 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 third quarter of 2005, the MIGUA Group (starting in September) and the SELZER Group (starting in July) were consolidated for the first time. Further details are included in INDUS AG's 2005 annual report.

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. In the third quarter, the Swiss-based second-tier subsidiary MECALAB AG was included in the consolidated financial statements.

This made a substantial contribution to the increase in goodwill in the period under review.

## 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 (Q3/2005) reflect the reclassifications made in accordance with IFRS 5:

### Assets and Liabilities

EUR '000	Sep. 30, 2005
Non-current assets	1,484
Current assets	1,053
<b>Total assets</b>	<b>2,537</b>
Non-current liabilities	84
Current liabilities	762
<b>Total liabilities</b>	<b>846</b>

### Income and Losses

EUR '000	Sep. 30, 2005
Income	2,129
Expenses	- 2,276
<b>Income before tax</b>	<b>- 147</b>
Current taxes	-
<b>Income after tax</b>	<b>- 147</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 -0.01 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	Sep. 30, 2006	Sep. 30, 2005
Depreciation of property, plant and equipment and intangible assets	- 23,630	- 20,218
Amortization of first-time consolidations	- 7,415	- 8,462
Impairment losses from first-time consolidations	-	-
<b>Total</b>	<b>- 31,045</b>	<b>- 28,680</b>

### [4] Intangible Assets

EUR '000	Sep. 30, 2006	Dec. 31, 2005
Capitalized development costs	5,176	3,501
Licenses, commercial rights and other intangible assets	14,599	18,069
<b>Total</b>	<b>19,775</b>	<b>21,570</b>

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

EUR '000	Sep. 30, 2006	Dec. 31, 2005
Land and buildings	111,164	106,792
Technical plant and machinery	70,442	74,342
Other plant, fixtures, furniture and office equipment	27,866	28,368
Advance payments and work in progress	6,760	6,274
<b>Total</b>	<b>216,232</b>	<b>215,776</b>

**[6] Accounts Receivable**

EUR '000	Sep. 30, 2006	Dec. 31, 2005
Accounts receivable from customers	94,813	88,992
Future accounts receivable from customer-specific construction contracts	6,434	6,753
Accounts receivable from associated companies	682	4,170
<b>Total</b>	<b>101,929</b>	<b>99,915</b>

**[7] Inventories**

EUR '000	Sep. 30, 2006	Dec. 31, 2005
Raw materials and supplies	56,754	46,506
Unfinished goods	49,839	35,698
Finished goods and goods for resale	55,438	54,010
Prepayments to third parties for inventories	1,169	1,036
<b>Total</b>	<b>163,200</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

Q3 2006 EUR '000	Construction Industry	Engineering	Automotive Industry	Con- sumables	Other Investments	Total
External revenue	45,389	35,460	63,652	26,245	49,673	220,419
Internal revenue	– 95	– 142	– 2,151	– 2,089	– 2,698	– 7,175
<b>Segment revenue from third parties</b>	<b>45,294</b>	<b>35,318</b>	<b>61,501</b>	<b>24,156</b>	<b>46,975</b>	<b>213,244</b>
<b>Earnings before taxes (EBT)</b>	<b>5,392</b>	<b>4,090</b>	<b>3,980</b>	<b>1,054</b>	<b>3,070</b>	<b>17,586</b>
Workforce	749	634	1,762	824	1,194	5,163

Q3 2005 EUR '000	Construction Industry	Engineering	Automotive Industry	Con- sumables	Other Investments	Total
External revenue	42,567	25,384	59,691	26,909	45,081	199,632
Internal revenue	– 246	– 368	– 1,955	– 1,694	– 3,733	– 7,996
<b>Segment revenue from third parties</b>	<b>42,321</b>	<b>25,016</b>	<b>57,736</b>	<b>25,215</b>	<b>41,348</b>	<b>191,636</b>
<b>Earnings before taxes (EBT)</b>	<b>9,896</b>	<b>2,308</b>	<b>1,849</b>	<b>826</b>	<b>2,163</b>	<b>17,042</b>
Workforce	678	591	1,765	870	1,190	5,094

Q3 2006 cumulated EUR '000	Construction Industry	Engineering	Automotive Industry	Con- sumables	Other Investments	Total
External revenue	127,807	104,516	188,907	81,887	137,682	640,799
Internal revenue	– 290	– 435	– 6,948	– 6,486	– 7,991	– 22,150
<b>Segment revenue from third parties</b>	<b>127,517</b>	<b>104,081</b>	<b>181,959</b>	<b>75,401</b>	<b>129,691</b>	<b>618,649</b>
<b>Earnings before taxes (EBT)</b>	<b>15,323</b>	<b>11,512</b>	<b>13,045</b>	<b>4,559</b>	<b>7,316</b>	<b>51,755</b>
EBT of discontinued operations	–	–	–	–	–	–
Workforce	749	634	1,762	824	1,194	5,163

Q3 2005 cumulated EUR '000	Construction Industry	Engineering	Automotive Industry	Con- sumables	Other Investments	Total
External revenue	103,105	85,814	144,329	82,532	124,176	539,956
Internal revenue	– 417	– 625	– 6,119	– 5,305	– 8,725	– 21,191
<b>Segment revenue from third parties</b>	<b>102,688</b>	<b>85,189</b>	<b>138,210</b>	<b>77,227</b>	<b>115,451</b>	<b>518,765</b>
<b>Earnings before taxes (EBT)</b>	<b>14,663</b>	<b>8,749</b>	<b>7,339</b>	<b>5,575</b>	<b>4,480</b>	<b>40,806</b>
EBT of discontinued operations	–	–	–	–	– 147	– 147
Workforce	678	591	1,765	870	1,190	5,094

### Secondary Reporting Format: by Region

#### Q3 2006

EUR '000	Germany	Europe	Rest of the world	Total
External revenue	136,925	56,846	26,648	220,419
Internal revenue	– 7,001	– 173	– 1	– 7,175
<b>Segment revenue from third parties</b>	<b>129,924</b>	<b>56,673</b>	<b>26,647</b>	<b>213,244</b>

#### Q3 2005

EUR '000	Germany	Europe	Rest of the world	Total
External revenue	131,371	47,023	21,238	199,632
Internal revenue	– 7,831	– 167	2	– 7,996
<b>Segment revenue from third parties</b>	<b>123,540</b>	<b>46,856</b>	<b>21,240</b>	<b>191,636</b>

#### Q3 2006 cumulated

EUR '000	Germany	Europe	Rest of the world	Total
External revenue	403,046	166,706	71,047	640,799
Internal revenue	– 21,708	– 388	– 54	– 22,150
<b>Segment revenue from third parties</b>	<b>381,338</b>	<b>166,318</b>	<b>70,993</b>	<b>618,649</b>

#### Q3 2005 cumulated

EUR '000	Germany	Europe	Rest of the world	Total
External revenue	348,256	129,334	62,366	539,956
Internal revenue	– 20,922	– 249	– 20	– 21,191
<b>Segment revenue from third parties</b>	<b>327,334</b>	<b>129,085</b>	<b>62,346</b>	<b>518,765</b>

### Continuation of the Reconciliation from HGB to IFRS

#### Reconciliation of Equity from HGB to IFRS

EUR '000	Jan. 1, 2004	Dec. 31, 2004	Sep. 30, 2005
<b>HGB equity</b>	<b>124,545</b>	<b>124,264</b>	<b>118,208</b>
Assets added due to first-time consolidations	81,020	101,337	107,547
Adjustment of depreciation and amortization	2,577	2,391	2,252
Long-term construction contracts	1,306	1,366	1,346
Intangible assets	540	2,103	2,215
Fair value of securities	– 917	–	–
Provisions for pensions	– 1,562	– 1,451	– 1,451
Lease liabilities	– 3,815	– 2,566	– 1,591
Market value of financial derivatives	– 5,925	– 10,063	– 12,109
Deferred taxes/tax accruals	– 8,588	– 10,839	– 11,550
Disposals due to changes in the scope of consolidation		– 12,609	– 12,609
Other adjustments	– 1,217	– 1,122	– 1,221
Difference between IFRS and HGB	<b>63,419</b>	<b>68,547</b>	<b>72,829</b>
<b>IFRS equity</b>	<b>187,964</b>	<b>192,811</b>	<b>191,037</b>

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

EUR '000	2004	Sep. 30, 2005
<b>HGB net income</b>	<b>24,344</b>	<b>12,876</b>
Amortization of assets added due to first-time consolidations		
– accounted for in the HGB financial statements	34,211	19,171
– accounted for in the IFRS financial statements	13,894	8,462
<b>Income added due to the adoption of IFRS</b>	<b>20,317</b>	<b>10,709</b>
Intangible assets	1,563	774
Leasing	1,249	975
Fair value of securities	917	–
Provisions for pensions	111	–
Long-term construction contracts	60	– 20
Adjustment of depreciation and amortization	– 186	– 139
<b>Income added due to the adoption of IFRS</b>	<b>3,714</b>	<b>1,590</b>
Deferred taxes/tax accruals	– 3,196	– 1,251
Disposals due to changes in the scope of consolidation	– 12,609	–
Other	– 211	– 99
<b>IFRS net income</b>	<b>32,359</b>	<b>22,525</b>

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

EUR '000	Sep. 30, 2005	Dec. 31, 2004
Goodwill	271,219	231,994
Intangible assets	23,154	21,619
Property, plant and equipment	217,901	182,870
Financial assets	7,935	5,413
Shares accounted for using the equity method	3,344	3,119
Other non-current assets	2,798	3,104
Deferred taxes	2,852	3,496
<b>Non-current assets</b>	<b>529,203</b>	<b>451,615</b>
Cash and cash equivalents	137,066	150,418
Accounts receivable	103,265	81,770
Inventories	143,308	124,832
Other current assets	21,032	20,407
Assets held for sale	2,537	—
<b>Current assets</b>	<b>407,208</b>	<b>377,427</b>
<b>Balance sheet total</b>	<b>936,411</b>	<b>829,042</b>

**Equity and Liabilities**

EUR '000	Sep. 30, 2005	Dec. 31, 2004
Paid-in capital	162,955	162,955
Generated capital	23,568	24,349
<b>Equity of INDUS shareholders</b>	<b>186,523</b>	<b>187,304</b>
Minority interests in capital	4,514	5,507
<b>Group equity</b>	<b>191,037</b>	<b>192,811</b>
Non-current financial liabilities	479,778	428,254
Provisions for pensions	13,398	8,908
Other non-current provisions	1,581	1,581
Other non-current liabilities	5,239	5,123
Deferred taxes	13,863	14,418
<b>Non-current liabilities</b>	<b>513,859</b>	<b>458,284</b>
Current financial liabilities	61,052	37,400
Trade accounts payable	31,418	28,734
Current provisions	45,040	30,653
Other current liabilities	93,159	81,160
Liabilities held for sale	846	—
<b>Current liabilities</b>	<b>231,515</b>	<b>177,947</b>
<b>Balance sheet total</b>	<b>936,411</b>	<b>829,042</b>

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