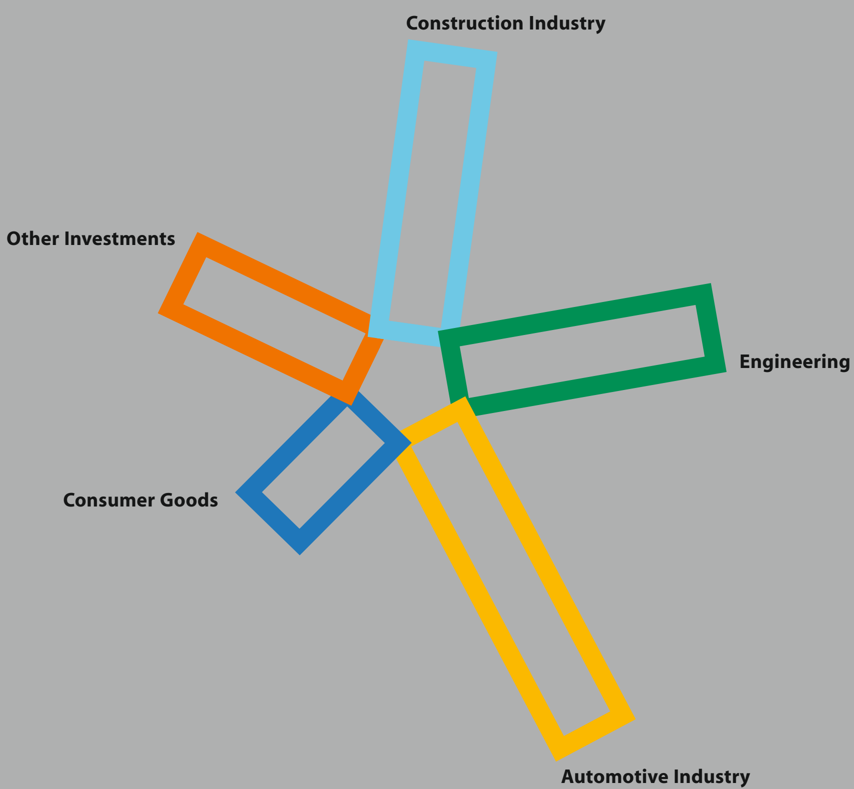
INDUS HOLDING AG

2007


Construction Industry
Other Investments
Engineering
Consumer Goods
Automotive Industry

Group		2004	2005	2006*	**2007**	+/– %
Revenue	EUR in millions	660.5	731.9	846.0	**929.8**	+ 9.9
– Germany	EUR in millions	429.3	469.1	524.4	**566.1**	+ 8.0
– Abroad	EUR in millions	231.2	262.8	321.6	**363.7**	+ 13.1
EBITDA	EUR in millions	118.6	125.0	146.7	**142.6**	– 2.8
EBIT	EUR in millions	80.0	82.3	85.6	**101.9**	+ 19.0
EBT	EUR in millions	54.3	45.3	61.8	**76.9**	+ 24.4
Net income	EUR in millions	27.7	21.6	29.1	**49.9**	+ 71.5
Cash flows from operating activities	EUR in millions	73.9	53.2	61.3	**82.1**	+ 33.9
Total assets	EUR in millions	829.0	921.4	900.4	**931.3**	+ 3.4
Equity	EUR in millions	192.8	197.0	204.6	**234.1**	+ 14.4
Equity ratio	%	23.3	21.4	22.7	**25.1**	+ 10.6
Employees		4,641	4,996	5,174	**5,777**	+ 11.7
– Holding company		14	17	18	**18**	0.0
– Portfolio companies		4,627	4,979	5,156	**5,759**	+ 11.7

** Prior-year figures adjusted to comply with IFRS.*

Holding Company		2004	2005	2006	**2007**	+/– %
Net profit	EUR in millions	50.5	52.7	–29.3	**52.7**	
Total assets	EUR in millions	906.8	986.5	900.3	**934.7**	+ 3.8
Fixed assets	EUR in millions	674.6	756.4	724.4	**762.2**	+ 5.2
Capital stock	EUR in millions	46.8	46.8	46.8	**46.8**	0.0
Equity	EUR in millions	476.7	508.2	457.2	**488.4**	+ 6.8
Equity ratio	%	52.6	51.5	50.8	**52.2**	+ 2.8

INDUS Share Key Figures

INDUS Share Key Figures		2004	2005	2006*	**2007**	+/– %
Earnings per share (Group)	EUR	1.62	1.24	1.73	**2.72**	+ 57.2
Cash flow per share (Group)	EUR	4.10	2.96	3.41	**4.52**	+ 32.6
Dividend per share	EUR	1.18	1.20	1.20	**1.20**	0.0
Dividend payout	EUR in millions	21.24	21.60	21.60	**21.60**	0.0
12-month high	EUR	27.25	29.50	33.98	**31.85**	– 6.3
12-month low	EUR	19.80	22.40	24.71	**22.00**	– 11.0
Price at year-end	EUR	21.97	29.45	29.60	**24.25**	– 18.1
Average daily turnover	No. of shares	36,067	49,509	42,353	**52,413**	+ 23.8
Market capitalization on Dec. 31	EUR in millions	395.46	530.10	532.80	**436.50**	– 18.1

** Prior-year figures adjusted to comply with IFRS.*

INDUS Share Data / New shares from the March 2008 capital increase

ISIN	DE0006200108 / DE000A0SMM20
Stock exchange abbreviation	INH
Share class	Non-par value registered shares
Capital stock	EUR 46.8 million / EUR 0.96 million
Number of shares	18,000,000 / 370,033
Market segment	Prime Standard
Indices	SDAX, CDAX

Financial Calendar

Balance Sheet Press Conference	May 5, 2008
Analyst Conference	May 6, 2008
Interim report on the first quarter	May 30, 2008
Annual Shareholders' Meeting	July 1, 2008
Dividend payment	July 2, 2008
Interim report on the first half	August 29, 2008
Interim report on the first three quarters	November 28, 2008

Ladies and Gentlemen,

Helmut Ruwisch
Chairman

Last year, despite all the turmoil on the capital markets, we unerringly continued to pursue our corporate strategy, which is proving to be successful over the long term. This was rewarded with good results. We significantly increased revenue to about EUR 930 million, primarily on the strength of organic growth. At the same time, consolidated earnings before interest and taxes (EBIT) came in at EUR 102 million, surpassing the EUR 100 million mark for the first time. This development reveals the potential harbored by our portfolio companies.

By implementing various efficiency-enhancement programs, we managed to counter the constant rise in raw material costs. Nevertheless, the increase in energy and metal prices are leaving their mark. Therefore, we optimized our internal processes and fortified the strengths of our portfolio companies even further.

As ever, our investment philosophy aims for broad diversification and a reasonable risk-reward profile. So far, we have mainly invested in the Construction Industry, Engineering, Automotive Industry and Consumer Goods segments. However, we believe attractive opportunities will also present themselves in other branches of industry such as the measuring, control and medical technology sectors in the future. Nevertheless, our acquisition targets must always be specialized companies that command excellent positions in manageable niche markets.

Acquiring medium-sized enterprises was and continues to be INDUS Holding AG's main growth engine alongside our strong organic growth. We constantly evaluate acquisition candidates. In the last few years, we have preferred to display restraint in view of the irrational prices witnessed on the market. It is a well known fact that the shareholding acquisition market was fuelled by the high and affordable liquidity of private equity companies. This resulted in a visible valuation bubble, going hand in hand with unreasonable prices.

The subprime crisis has caused turmoil on capital markets worldwide, which led to serious problems for German banks as well. In consequence, the shareholding acquisition market calmed down significantly. Valuations have dropped, causing purchase prices to decrease, and we expect that they will return to normal levels over the course of the year. We have a very good liquidity position, which will enable us to step up our acquisition activity once again. We will seize attractive opportunities with resolve. We expect the stock market to reward us appropriately for our anti-cyclical behavior.

We anticipate that our existing investments will display positive developments in the 2008 financial year. Our objective is to post further growth in terms of both revenue and earnings.

I would like to take this opportunity to thank my fellow management board member, Michael Eberhart, who left our company for personal reasons effective March 31, 2008, for his years-long dedication to INDUS Holding AG. My gratitude also goes out to all of our employees in both our portfolio companies and the holding company as well as to the managing directors. Their loyalty and outstanding achievements form the basis for our company's success. And I would like to thank you, our shareholders, for placing your trust in INDUS Holding AG.

Sincerely,

Helmut Ruwisch
Chairman of the Board of Management

Ladies and Gentlemen,

Dr. Winfried Kill
Chairman

In the financial year that just ended, the Supervisory Board regularly monitored the Board of Management's work and provided it with advice on all major issues. We fulfilled the tasks and met the obligations required of us by law, our articles of association, the German Corporate Governance Code, and the company's bylaws.

We dealt in depth with the company's current situation as well as with the risks and opportunities associated with our operations. This was done based on comprehensive written and oral reports on the general business trend that we received from the Board of Management. In addition, we held extensive discussions concerning fundamental matters of corporate policy. In my capacity as Chairman of the Supervisory Board, as always, I regularly shared information and ideas with the Chairman of the Board of Management. This dialogue ensured that 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 its operations.

Focal Points of the Supervisory Board's Consultations

In total, the Supervisory Board held six meetings in fiscal 2007. All of the Supervisory Board's members attended four of the sessions, while one member was absent from two of the meetings. The Supervisory Board's activity focused above all on the revaluation of the portfolio assets at the beginning of 2007 and determining the future acquisition strategy. When the Supervisory Board was in session, the Board of Management submitted detailed reports on the portfolio companies' quarterly financial statements and the latest expectations for the 2007 financial year. Our deliberations also centered on optimizing portfolio management, the continued development of the individual portfolio companies, and increasing our stake in SELZER Fertigungstechnik GmbH & Co. KG. The Supervisory Board passed the draft resolutions tabled by the Board of Management for all of the transactions requiring approval. Legal and tax experts were consulted on a case-by-case basis in order to discuss and review specific issues.

The Personnel Committee held four sessions. Among other things, it reviewed the compensation system for the Board of Management as well as additional matters concerning the Board of Management's remuneration. The search for a suitable successor to the Management Board member Michael Eberhart was another topic of debate on the Personnel Committee.

No conflicts of interest were reported to the Supervisory Board by a member of the Board of Management or of the Supervisory Board last fiscal year.

Corporate Governance

The Supervisory Board regularly concerns itself with compliance with, and the refinement of, corporate governance within the company. Last year, the Supervisory Board worked with the Board of Management to determine whether further recommendations of the Corporate Governance Code could be followed and whether the new recommendations included in the version of the Code that took effect on June 14, 2007, could be considered. Together with the Board of Management, we issued a statement of compliance in December 2007. It was put even more in line with the Corporate Governance Code in April 2008 and was published on the web at www.indus.de as well as in the Corporate Governance Report on page 57 of this annual report.

Financial Statements of the Holding Company and the Group

The consolidated financial statements and the Group management report were prepared in accordance with the principles set forth in the International Financial Reporting Standards (IFRS), and the financial statements and the review of operations of INDUS Holding AG were prepared in accordance with the regulations stipulated in the German Commercial Code (HGB). In line with the resolution passed by the Annual Shareholders' Meeting on July 3, 2007, the Supervisory Board enlisted the services of Treuhand- und Revisions-Aktiengesellschaft Niederrhein, based in Krefeld, Germany, as auditors of the financial statements of the holding company and the Group. The Supervisory Board received a statement from the auditors regarding all of the INDUS Group's business and financial related party disclosures. This statement did not give rise to any objections. The auditors audited the financial statements of the holding company and the Group as well as the review of operations and Group management report of INDUS Holding AG. The auditors of the consolidated financial statements set out the audit principles in their audit report. The result of the audit is that the rules set forth in the International Financial Reporting Standards and the German Commercial Code were adhered to with the following exception: "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, Item 4 of the German Commercial Code has become mandatory due to the non-applicability of the protective clause pursuant to Sec. 313, Para. 3 of the German Commercial Code. Furthermore, the notes to the consolidated financial statements do not include statements concerning business combinations pursuant to IFRS 3.67 d, f, h, i and 3.70 b (with special regard to information on the purchase prices and earnings of acquired companies)." Together with the Board of Management, we decided to accept this qualification in the audit opinion, in order to protect our portfolio companies and, in turn, the interests of our shareholders from severe disadvantages.

Publishing the results would severely curtail our organic development and—above all—our profit margins. Furthermore, when negotiating the acquisition of a medium-sized enterprise, it is of utmost importance to maintain discretion over the purchase price, which we do as a matter of course. Further acquisitions would be jeopardized if we failed to maintain discretion in this regard. This is one of the reasons we do not publish the purchase prices of any of our investments. The two aforementioned issues are of fundamental importance to our corporate strategy.

The financial statements and the review of operations, the consolidated financial statements and the audit reports by the auditors were made available to all of the members of the Supervisory Board in good time. After being subjected to a thorough review by the Supervisory Board, the documentation supporting the financial statements was discussed in detail at the Supervisory Board meeting on April 24, 2008, in the presence of the Board of Management and the auditors, who commented their audit report and were available to answer additional questions. Based on the result of its own review, the Supervisory Board did not raise any objections and approved the result of the audit of the financial statements. It endorses the financial statements prepared by the Board of Management for the holding company and the Group. The corporation's financial statements are thus adopted. We concur with proposed appropriation of distributable profit, which envisions paying an unchanged dividend of EUR 1.20 per share.

Changes on the Supervisory Board and Board of Management

At the last Annual Shareholders' Meeting, the shareholders decided on the staffing of the Supervisory Board. Management's proposals were widely accepted. Accordingly, Dr. Winfried Kill, Günter Kill, Dr. Uwe Jens Petersen and Dr. Egon Schlütter, who currently have seats on the Supervisory Board, were elected for a further five years. Dr. Jürgen Allerkamp, Chairman of the Board of Management of Norddeutsche Landesbank, and Dr. Ralf Bartsch, Speaker of the Board of Directors of the Brüder Schlau Hammer Group, were appointed to the Supervisory Board for the first time—also with a tenure of five years. Prof. Dr. Axel Kollar and Bernhard Scholten, who served on the Supervisory Board for a significant number of years, retired from the Board on expiry of their mandates. They are deserving of our gratitude for the years-long and dedicated work they did on the Supervisory Board. At the Supervisory Board's constituent meeting on September 3, 2007, Günter Kill was elected its Deputy Chairman, while I was elected Chairman of the Supervisory Board.

Furthermore, there were two changes on the Board of Management. Dr. Lars Bühring retired for age-related reasons as of March 31, 2007, after nearly twenty years of successful service to the company. We thank him for his outstanding commitment to the company and wish him many more fulfilling years. Management Board member Wolfgang E. Höper took charge of his tasks. After the end of the period under review, Michael Eberhart left the company of his own volition for personal reasons effective March 31, 2008. Starting on April 1, 2008, his responsibility for reporting and controlling will by assumed by Jürgen Abromeit, who was newly appointed to the Board of Management of INDUS Holding AG. We thank Michael Eberhart for his tireless commitment and unconditional loyalty and wish him all the best for his future personal endeavors.

The Supervisory Board expresses its gratitude to the members of the Board of Management, the portfolio companies' managing directors, and the entire workforce for yet another year of successful work in fiscal 2007. INDUS Holding AG would not have been able to deliver such a positive performance without them.

Bergisch Gladbach, April 2008

On behalf of the Supervisory Board

Winfried Kill

Dr. Winfried Kill
Chairman

The Board of Management of INDUS Holding AG from left to right: Jürgen Abromeit, Dr. Johannes Schmidt, Helmut Ruwisch, Wolfgang E. Höper

Board of Management

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

Jürgen Abromeit
– Since April 1, 2008 –

Dipl.-Volkswirt
(MA equivalent in economics)
Dr. Lars Bühring
– Until March 31, 2007 –

Dipl.-Wirtsch.-Ing. (MA equivalent in industrial engineering)
Michael Eberhart
– Until March 31, 2008 –

Dipl.-Kfm. (MBA equivalent)
Wolfgang E. Höper

Dr.-Ing. (PhD in engineering)
Johannes Schmidt

Supervisory Board

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

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

Dr. Jürgen Allerkamp, Hanover
– Since July 3, 2007 –

Dr. Ralf Bartsch, Porta Westfalica
– Since July 3, 2007 –

Prof. Dr. Axel Kollar, Düsseldorf
– Until July 3, 2007 –

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

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

Dipl.-Kfm. (MBA equivalent)
Bernhard Scholten,
Maisons-Laffitte, France
– Until July 3, 2007 –

Business and Economic Environment

Report of the Board of Management

Consolidated revenue and earnings before interest and taxes (EBIT) reached new record highs in the 2007 financial year. This growth was fuelled by the positive development displayed by our portfolio of investments. The holding company's equity ratio of clearly more than 50%, our cash and cash equivalents and firm financing commitments from our banks provide us with a comfortable basis for acting anticyclically and stepping up investment in the expansion of our portfolio of equity holdings once again, as long as valuations of medium-sized enterprises are attractive. Subject to approval from the Annual Shareholders' Meeting, we intend to have our shareholders partake of the successful performance we recorded in 2007 as well as of INDUS Holding AG's bright prospects by paying a dividend of EUR 1.20 per share, which corresponds to a payout ratio of approximately 40%.

Group Structure

INDUS Holding AG's Group structure consists of a holding company and individual portfolio companies acting as independent operating units, which largely determine the Group's economic development. As of December 31, 2007, INDUS Holding AG's investment portfolio counted a total of 42 operating units (prior year: 41). Furthermore, all of the major second-tier subsidiaries were included in the consolidated financial statements.

Portfolio companies are divided into five segments: Construction Industry, Engineering, Automotive Industry, Consumer Goods and Other Investments. Each portfolio company is assigned to one of these segments, depending only on the sector to which it predominantly supplies its products. The Other Investments segment includes companies that cannot be assigned to any of the four other segments due to their sales structures. It is absolutely conceivable that further segments be added over the medium to long term if we make acquisitions in specific sectors, e.g., medical technology.

The basis for our successful development is to have a clear assignment of duties between the holding company and the individual portfolio companies. The holding company is in charge of financing, controlling, accounting, tax affairs and legal matters. Since the holding company has been receiving investment-grade credit ratings for years, we can give our medium-sized portfolio companies access to financing options and conditions that would be out of their reach if they operated entirely independently. The portfolio companies' managing directors bear all the responsibility for their operations. They are given full reign over their research and development activities, production processes as well as marketing and sales operations. This decentralized structure gives our medium-sized enterprises the flexibility they need to act quickly and purposefully in their own market niches again once they have been integrated into the INDUS Group.

Management System

INDUS Holding AG is controlled via regular strategic discussions on the Board of Management and among managing directors as well as through the budget and planning sessions held between the Board of Management and the individual portfolio companies' managing directors over the year. During these discussions, detailed short and medium-term planning scenarios including individual profitability targets are established for each of the portfolio companies on the basis of refined strategies. Compliance with these scenarios and goals is constantly monitored using an efficient controlling system, thus ensuring that measures can be taken to counter deviations at any time. Portfolio companies are controlled primarily on the basis of such key performance indicators as earnings before taxes, cash flow after capital expenditure, the return on capital employed and working capital.

Strategy

INDUS pursues a clear corporate strategy which has proven itself for years and is based on the acquisition of majority stakes in medium-sized enterprises while constantly furthering their development within its portfolio of equity holdings. Acquisition targets are exclusively companies that command a strong position in an attractive niche within their market and are well established manufacturing companies with a robust business model and a successful product range. In consequence, startups and restructuring candidates are not part of INDUS' target group.

INDUS subjects acquisition candidates to in-depth analyses and evaluations. These processes build on an extensive list of criteria including both financial as well as quality indicators. Accordingly, acquisition candidates have a size cap in order to avoid cluster risks and a size floor in order to keep the door open to efficient future development prospects. Companies with annual revenues between EUR 15 million and EUR 100 million and sustainable, above-average earnings before interest and taxes (EBIT) have an optimal size. This is the fundamental prerequisite for ensuring that the overall portfolio's risk-reward profile is not jeopardized. Another financial criterion that a purchase target must fulfill is that it must have an equity ratio of above 30%. These requirements are to be interpreted as ballpark figures. In exceptional cases, it is absolutely conceivable that a company deviate from these preconditions if it has an outstanding market position or an attractive valuation.

The quality indicators are based on a thorough evaluation of the company's business model. The stability of corporate development over the long term, coupled with the candidate's prospects for sustainable growth in its business environment are the decisive factors. Acquisition targets should have a broad-based customer structure and thus depend on individual customers to a very limited extent. This helps maintain the aggregate portfolio's stability and achieve a well-balanced diversification of opportunities and risks.

INDUS' growth strategy is based on the fundamental concept of continuously developing the businesses of its existing portfolio companies and strengthening its portfolio by acquiring medium-sized enterprises. The long-term objective is to obtain 100% shareholdings. Our investment approach differs significantly from that of other investment firms and private equity companies. INDUS only makes long-term investments, thus pursuing a buy-and-hold strategy. Exits would only be considered in the event of substantial changes within niche markets that require INDUS to react in order to keep the impact from jeopardizing the stability of its portfolio as a whole.

General Economic Trend

The world economy stayed its course for expansion in 2007, recording a growth rate of 5.2%. However, the economic environment clouded increasingly over the course of the year, causing growth to slow tangibly both in the USA and in the Eurozone in the fourth quarter. One dampening factor was the marked rise in prices in industrial nations, largely driven by the significant increase in the price of oil and food. By December, the price of a barrel of Brent crude had risen to some 95 US dollars, following a low of about 52 US dollars at the beginning of the year. These negative trends were exacerbated by the US mortgage market's subprime crisis. Due to the increasing securitization of mortgages and the ensuing trading of credit risks on a global scale, the ramifications were not limited to the USA. The resulting write-downs affected European banks as well, leading to a general loss in trust in the world's financial markets.

Gross domestic product (GDP) posted by the Eurozone last year was up 2.6%, nearly matching the 2.7% achieved in the previous year. Once again, the strongest growth stimulus came from gross capital investment, which advanced 4.8%. However, consumer spending also rose against the backdrop of the favorable development displayed by the job market, posting a rise of 1.5%. Export growth was less pronounced than in preceding years, owing to the significant appreciation of the Euro over the US dollar, causing the foreign trade balance to deteriorate slightly. From a regional perspective, the economies of Spain, the Netherlands, Austria, Greece, Finland, Ireland, Slovenia and Luxemburg recorded the biggest gains. As in the prior year, GDP achieved by France, Italy and Portugal showed disproportionately weak growth.

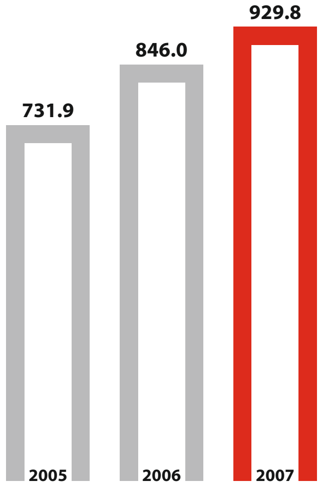
The German economy maintained its upward trend in 2007 as well. According to the German Federal Statistical Bureau, the country's gross domestic product posted 2.5% real growth year on year. Net of calendar effects, the rate of expansion was 2.6%. The German economy thus recorded strong growth once again, but failed to match the momentum witnessed in the previous year when GDP rose by 2.9%. The waning momentum also became apparent over the course of the year, with the fourth quarter displaying relatively weak development. As before, strong exports and capital expenditure were the growth drivers. Exports were up 7.8%. Given the euro's substantial rise in value over the US dollar, which dampened the effects of the rise in oil prices, but weakened the competitiveness of companies in the US, this is a remarkable development. Positive stimuli originated from gross investment, which advanced 5.0%. Consumer spending was up 0.2%, driven by the rise in spending by the public sector. However, consumer willingness to increase purchasing decreased considerably following the sales tax hike. This was compounded by the rise in inflation in the second half of the year, which had an additional dampening effect, causing home consumption to drop 0.5% year on year. Concurrently, the private household savings ratio in terms of discretionary income climbed from 10.5% to 10.8%.

Group Accounting

Earnings Situation

Revenue generated by the INDUS Group in the 2007 financial year was up 9.9% to EUR 929.8 million (previous year: EUR 846.0 million). INDUS Holding AG's continuous course for expansion predominantly fuelled by organic growth was thus maintained with resolve. Domestic revenue advanced 8.0% to EUR 566.1 million, while foreign revenue jumped 13.1% to EUR 363.7 million. The foreign share of aggregate revenue advanced to 39.1% (previous year: 38.0%).

Group revenue
EUR in millions

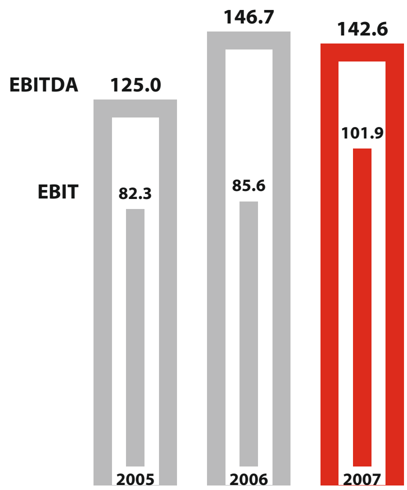


Other operating income declined by 15.2% to EUR 15.1 million (previous year: EUR 17.8 million).

The effects of the rise in raw material prices—with petroleum and metals leading the way—as well as the increase in energy costs caused the cost of materials to advance to EUR 437.1 million (previous year: EUR 393.3 million). Nevertheless, the ratio of material costs to total assets remained essentially flat year on year, at 47.0%. All in all, staff costs rose by 8.9% to EUR 245.2 million (previous year: EUR 225.2 million) primarily due to the enlargement of the scope of consolidation. The ratio of staff costs to total assets decreased again, amounting to 26.4% (previous year: 26.6%). Other operating expenses advanced by 9.6% to EUR 126.5 million (previous year: EUR 115.4 million). Logistical and packaging costs were the major cost drivers.

At EUR 142.6 million, earnings before interest, taxes, depreciation and amortization (EBITDA) were marginally down (previous year: EUR 146.7 million). Depreciation and amortization decreased to EUR 40.7 million (previous year: 61.2 million). The prior-year figure was affected by the well-known adjustment made to the valuation of our investments. Earnings before interest and taxes (EBIT) were boosted 19.0% to a record level of EUR 101.9 million (previous year: EUR 85.6 million). This represents an EBIT margin of 11%. Net interest totaled EUR –25.0 million, following EUR –23.8 million in the prior year. Due to the substantial rise in EBIT and the slight change in net interest, earnings before taxes (EBT) climbed by some 24% to EUR 76.9 million in the year being reviewed (previous year: EUR 61.8 million).

EBITDA / EBIT
EUR in millions



Key Figures—Earnings Situation in %		2005	2006	**2007**
EBIT margin	EBIT: revenue	11.2	10.1	**11.0**
Return on sales	EBT: revenue	6.2	7.3	**8.3**
Return on equity	EBT: shareholders' equity	23.0	30.2	**32.8**
Return on total capital employed	EBT: total capital employed	4.9	6.9	**8.3**

The unchanged tax expense combined with the low level of deferred taxes largely resulting from the German corporate tax reform led to a reduced tax rate of 34.5% (previous year: 48.5%). In consequence, income after taxes jumped 70.8% to EUR 50.9 million (previous year: EUR 29.8 million). The minority interest in income after taxes of EUR 1.0 million (previous year: EUR 0.7 million) was marginally higher. Net income totaled EUR 49.9 million (previous year: EUR 29.1 million). By consequence, earnings per share jumped 57.2%, from EUR 1.73 to EUR 2.72.

Financial Position

Since our portfolio companies have been generating high cash flows for years, the INDUS Group has a strong financial basis. Thanks to its comfortable level of liquidity and firm financing commitments from banks, INDUS has the flexible range of action it needs to take advantage of acquisition opportunities at all times.

Cash flows from operating activities increased by EUR 21.5 million to EUR 108.0 million (previous year: EUR 86.5 million). The main contributing factor was the improvement in income after taxes (EUR +21.1 million) and the smaller rise in inventories and accounts receivable. The reduction in depreciation and amortization had a counteracting effect. Net cash flows (= cash flows from operating activities) advanced by EUR 20.8 million to EUR 82.1 million (previous year: EUR 61.3 million).

The rise in capital expenditure last financial year resulted in cash flows from investing activities of EUR –73.4 million (previous year: EUR –53.3 million). Capital expenditure amounted to EUR 56.3 million (previous year: EUR 50.8 million) on intangible assets and property, plant and equipment, EUR 2.0 million (previous year: EUR 0.9 million) on financial assets, and EUR 17.9 million (previous year: EUR 8.1 million) on shares in fully consolidated companies. Capital expenditure was primarily dedicated to expansion projects to enhance capacity and streamlining projects to make the portfolio companies more competitive.

Cash flows from financing activities decreased substantially, slipping to EUR –23.6 million (previous year: EUR –48.4 million). The dividend payment of EUR 21.6 million (previous year: EUR 21.6 million) and credit repayments of EUR 67.6 million (previous year: EUR 157.1 million) were contrasted by cash flows from loans totaling EUR 66.1 million (previous year: EUR 131.9 million).

As of December 31, 2007, the INDUS Group had a comfortable level of financial facilities of EUR 77.6 million (previous year: EUR 92.7 million). Net debt amounted to EUR 440.4 million (previous year: EUR 426.9 million). Other financial obligations totaled EUR 113.4 million (previous year: EUR 140.1 million) and largely consisted of rental and leasehold agreements as well as operating leases for factory and office equipment.

Net Worth

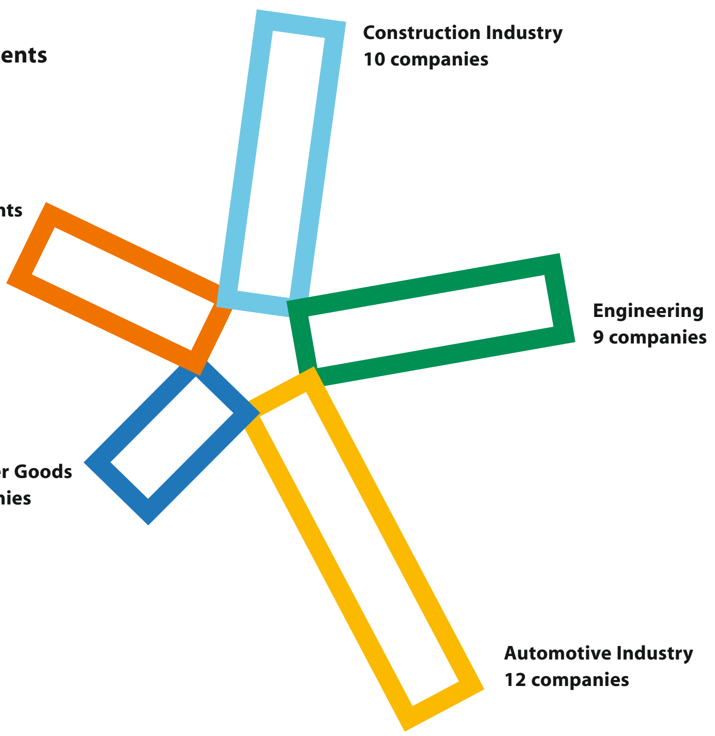
By December 31, 2007, the INDUS Group's balance-sheet total had risen by EUR 30.9 million to EUR 931.3 million (previous year: EUR 900.4 million). This development was primarily driven by the rise in goodwill and property, plant and equipment.

Non-current assets were up EUR 37.7 million to EUR 561.9 million (previous year: EUR 524.2 million). EUR 22.4 million in higher goodwill and EUR 12.6 million in added property, plant and equipment contributed to this increase. Current assets dropped to EUR 369.4 million (previous year: EUR 376.2 million). This decline is due to the decrease in cash and cash equivalents on reserve in the Group, whereas inventories (EUR +3.0 million) and accounts receivable (EUR +7.4 million) recorded disproportionately small rises. Other current assets were on par with the year-earlier level, at EUR 10.4 million (previous year: EUR 10.4 million).

Group equity climbed by EUR 29.6 million to EUR 234.1 million. The Group's equity ratio improved by another 2.4 percentage points to 25.1% (previous year: 22.7%). Non-current liabilities decreased by EUR 30.9 million to EUR 431.3 million (previous year: EUR 462.2 million). This was predominantly due to the repayment of long-term financial liabilities (EUR –33.3 million). At EUR 265.9 million, current liabilities were EUR 32.2 million up year on year (previous year: EUR 233.7 million). This increase largely stems from the rise in short-term financial liabilities (EUR +31.8 million).

Segment Report

2007 Investments by Segment



In the financial year that just came to a close, the Construction Industry segment generated 24.4% of the INDUS Group's revenue. OBUK is presented below as a portfolio company typical of this segment.

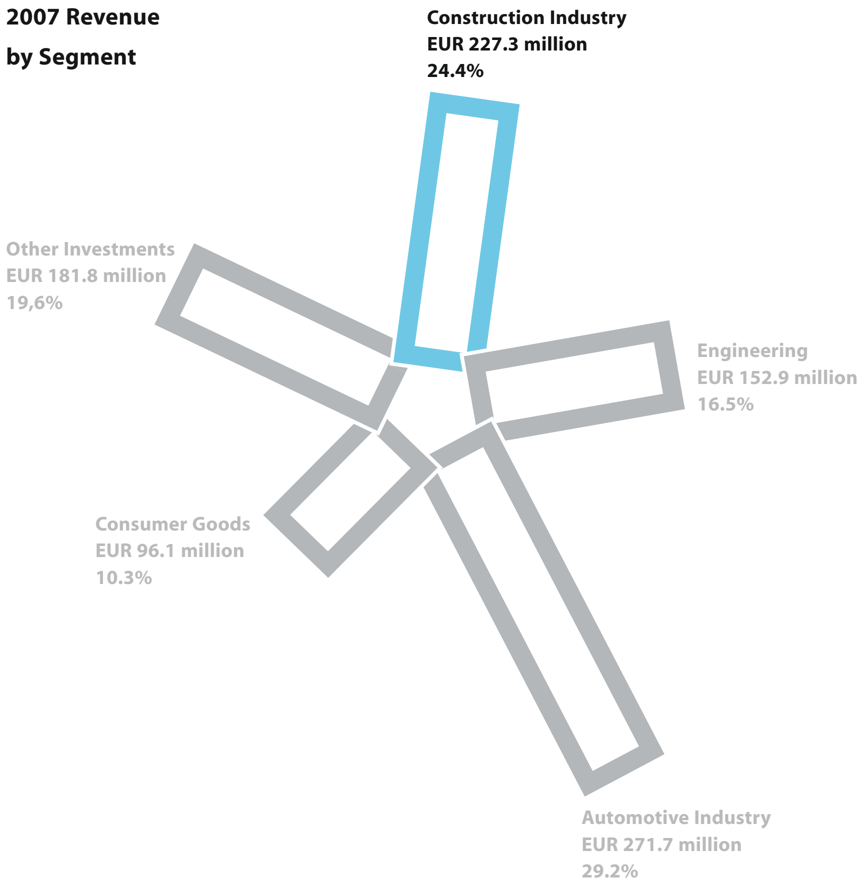
Based in the German region of Münsterland, OBUK GmbH & Co. KG has been part of the INDUS Group since January 1, 2007, when the Group acquired 75% of its shares. The company specializes in plastic and aluminum door fillings and ensures that its products are a perfect fit for its customer's applications and requirements. Optimal solutions using materials of the highest quality combined with a unique design are the key to OBUK's success. The tailor-made door fillings seamlessly blend into the architecture and interior decorating. OBUK has been supplying the market for over 20 years, offering a number of model variants, running the gamut from the classical to the modern, and is proud of its diverse product range.

OBUK's motto is to regard "the person behind the door as the measure of all things." The company has expanded its workforce to about 150 staff members since its inception in 1980 with a mere three employees. Some 30,000 door fillings leave OBUK's modern factories under the direction of the founder and current managing director Günther Keutmeier every year.

Managing director Günther Keutmeier (2nd from right) and his management team

Sales director
Michael Witte

2007 Revenue by Segment



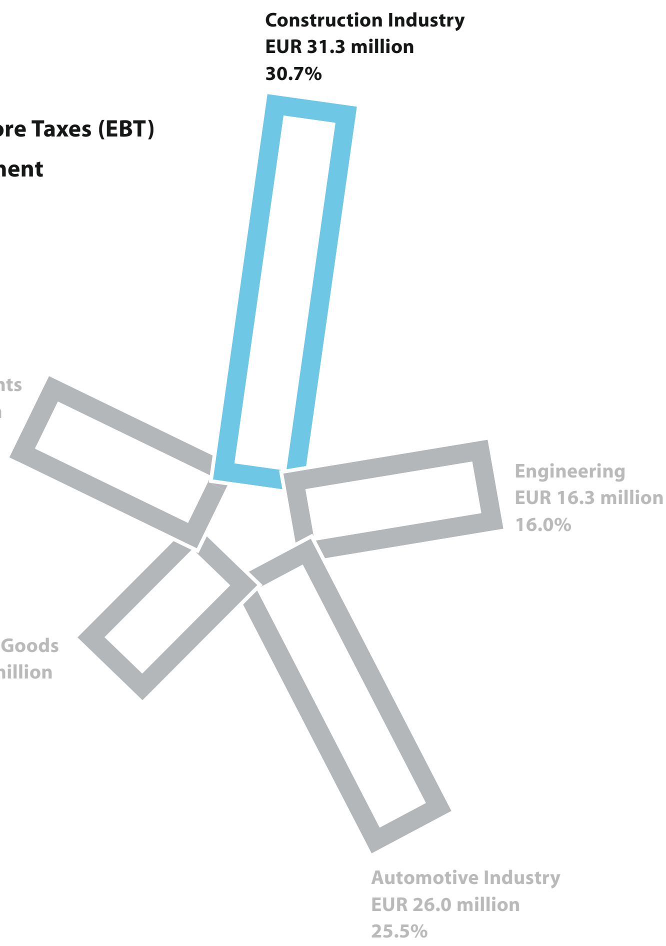
Construction Industry

The German construction industry continued to develop positively last year. The German Central Construction Industry Association reported a nominal 8.3% rise and a 2.0% real increase in investment in the construction sector. Commercial construction surged 9.1%, again proving to be the German construction industry's main growth engine. Public construction injected positive stimuli, buoyed by the improved finances of local authorities. Spending on building projects in this important sector advanced by 14.3%. Conversely, residential construction posted weaker growth, gaining 6.7%. This reflected the negative effect of the abolition of the home owner's allowance and the value added tax hike. There was another dramatic decrease in single-family home construction.

As of the balance-sheet date, the Construction Industry segment comprised a total of ten operating units. The portfolio company added since the previous year is OBUK Haustürfüllungen GmbH & Co. KG, based in Oelde, Germany. The first-time consolidation of the specialist for premium plastic and aluminum door fillings was performed effective January 1, 2007.

In fiscal 2007, revenue earned by the Construction Industry segment posted significant, 26.6% growth, climbing to EUR 227.3 million. Part of this is due to OBUK's inclusion in the scope of consolidation for the first time. Our existing portfolio companies displayed positive developments as well.

Earnings before Taxes (EBT) 2007 by Segment



Earnings before interest and taxes (EBIT) rose 17.7% to EUR 31.3 million (previous year: EUR 26.6 million). Although the EBIT margin was marginally down on the year-earlier level to 13.8% (previous year: 14.8%), companies in this segment continued to be considerably more profitable than the average for the sector.

Capital expenditure amounted to EUR 23.0 million, clearly besting the prior year's level. The focal points of capital expenditure on property, plant and equipment were automation systems in mass production factories and the creation of a logistics center at a portfolio company displaying marked growth in revenue. In part owing to OBUK's first-time consolidation, the average number of employees rose by 247 to 984.

Construction Industry Segment		2005	2006	**2007**	+/– %
Revenue	EUR in millions	147.4	179.6	**227.3**	+ 26.6
EBIT	EUR in millions	25.4	26.6	**31.3**	+ 17.7
Depreciation	EUR in millions	4.1	6.6	**5.2**	– 21.2
Capital expenditure	EUR in millions	22.1	14.1	**23.0**	+ 63.1
Workforce	Ø	673	737	**984**	+ 33.5

Here, we would like to showcase Swiss-based BACHER, a company we have selected to represent the Engineering segment, which contributed 16.5% of total revenue in 2007.

Reinach-based BACHER AG and its subsidiary HERRLI Industrie AG, which is domiciled in Brügg, joined the INDUS Group in 2000. BACHER was established as early as 1919 and has since become Switzerland's leading fine sheet processing company. BACHER designs customized holistic system solutions that are tailored to project and customer specifications.

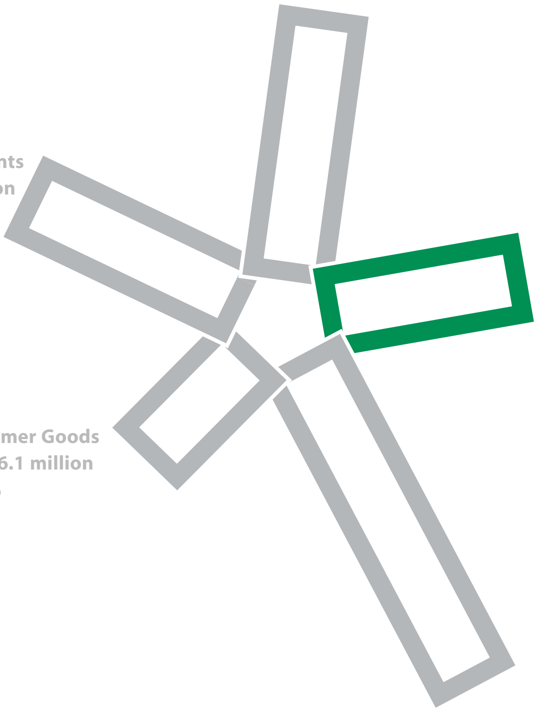
Working on 8,000 m² of production floor space, about 150 employees manufacture subassemblies made of steel, stainless steel and aluminum using modern machines. Expert consulting teams spearheaded by managing director Bruno Grob work with customers to develop built-to-order solutions. In so doing, BACHER has recently evolved into a specialist in the design and production of entire ceiling systems for passenger compartments for the European railroad industry. In addition, BACHER serves customers in the transportation, medical engineering, laboratory technology and mechanical engineering sectors. Drawing on its unique know-how, BACHER has set new standards in the Swiss fine sheet processing industry.

574.8 km/h—BACHER was on board for the TGV's world record.

BACHER supplied 186 subassemblies for the air conditioning system, the chassis, wiring and paneling.

Michel Scherrer (left), member of the board of directors (sales/engineering) and Bruno Grob (right), managing director and advisory board delegate

2007 Revenue by Segment



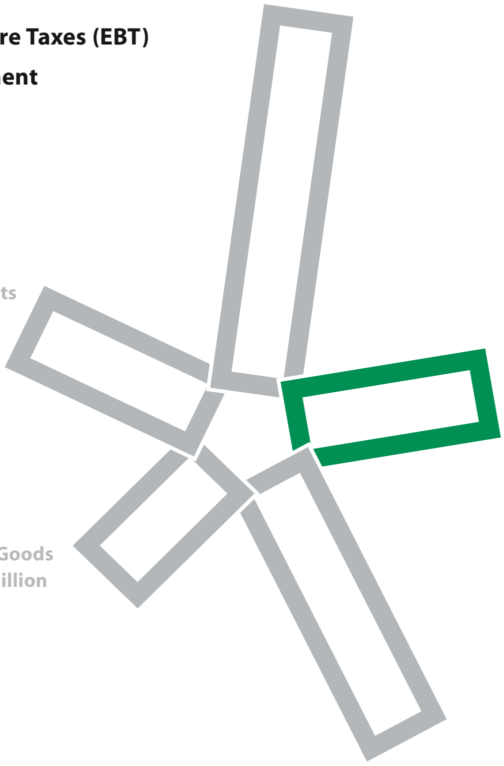
Engineering

In 2007, the German mechanical engineering sector seamlessly continued the development witnessed in preceding years, posting a double-digit growth rate for the first time since 1969. By the end of the fourth straight record year, the engineering industry had recorded an 11% gain in production to EUR 181 billion and revenue growth of 13% to EUR 193 billion, to which all sectors contributed, according to the German Engineering Federation (VDMA). As in the prior year, domestic business easily outgrew exports, posting a gain of 17.5%. However, the 12.7% increase in exports must be viewed as a clear sign of the German mechanical engineering industry's strength against the backdrop of the strong euro and the weaker economic trend displayed by the USA. Capacity utilization was at 92%—another all-time high.

As of the balance-sheet date, the Engineering segment encompassed nine operating entities, as in the preceding year.

Bolstered by strong exports, revenue generated by the Engineering segment was up 9.0% to EUR 152.9 million. This below-par growth relative to the overall market was accepted on purpose, in order to improve margins.

Earnings before Taxes (EBT) 2007 by Segment



Earnings before interest and taxes (EBIT) were boosted by 34.7% to EUR 16.3 million (previous year: EUR 12.1 million). The EBIT margin was thus 10.7% (prior year: 8.6%).

Capital expenditure by companies assigned to this segment totaled EUR 3.2 million.

Investment magnets were various expansion and automation projects. The average number of staff members rose by 39 to 683.

Engineering Segment		2005	2006	**2007**	+/– %
Revenue	EUR in millions	122.6	140.3	**152.9**	+ 9.0
EBIT	EUR in millions	16.4	12.1	**16.3**	+ 34.7
Depreciation	EUR in millions	4.2	7.6	**2.9**	– 61.8
Capital expenditure	EUR in millions	2.8	2.9	**3.2**	+ 10.3
Workforce	Ø	606	644	**683**	+ 6.1

S.M.A. Metalltechnik GmbH und Co. KG is profiled here as an example of a portfolio company in the Automotive Industry segment, which accounts for 29.2% of total revenue.

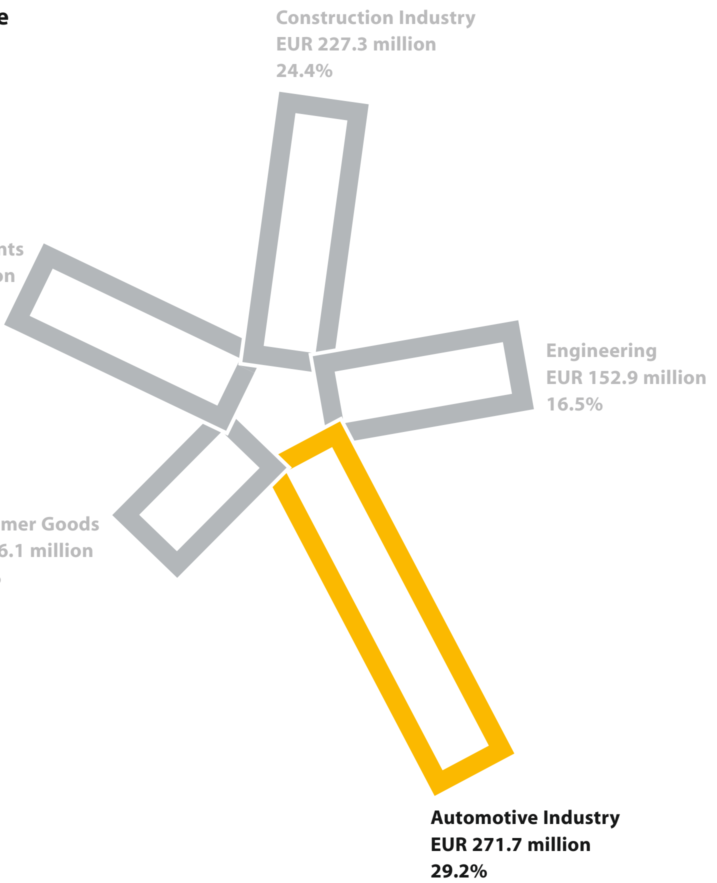
The company has been a subsidiary of INDUS Holding AG since 2001. S.M.A. is a reliable engineering partner and system supplier and, as an automotive supplier, specializes in the development, design and production of air conditioning, heating, cooling, power-assist cooling and lubricant recycling lines in automobiles. Founded in Backnang in 1990, the company has displayed steady growth ever since. This includes S.M.A. Engineering South Africa (Pty.) Ltd., a subsidiary established in East London, South Africa, in the year 2000. Today, approximately 450 employees at both sites rise to the challenges they are confronted with on a daily basis on the strength of their flexibility and unconditional determination to succeed. Under the leadership of managing directors Dieter Liehr and Dirk Schwenne, the company is the originator of numerous innovations in the engineering of products and production.

S.M.A. counters the present trend towards outsourcing manufacturing processes by having end-to-end production carried out by skilled workers on site. Innovative line systems are manufactured from steel, stainless steel or aluminum pipes as well as from low-permeation elastomeric tubes. The company cooperates closely with its customers to do development and design work years before a car goes into mass production. S.M.A. plays a proactive role in shaping the market. This explains the technological advantage that the Swabian firm has over the competition. As a supplier for vehicles in the premium segment, during multi-year engineering projects, S.M.A. maintains daily dialogue with its clients, which include all of Germany's renowned auto manufacturers.

Plants in Backnang, Germany (top), and East London, South Africa (left)

The two managing directors Dirk Schwenne (left) and Klaus-Dieter Liehr (CEO)

2007 Revenue by Segment

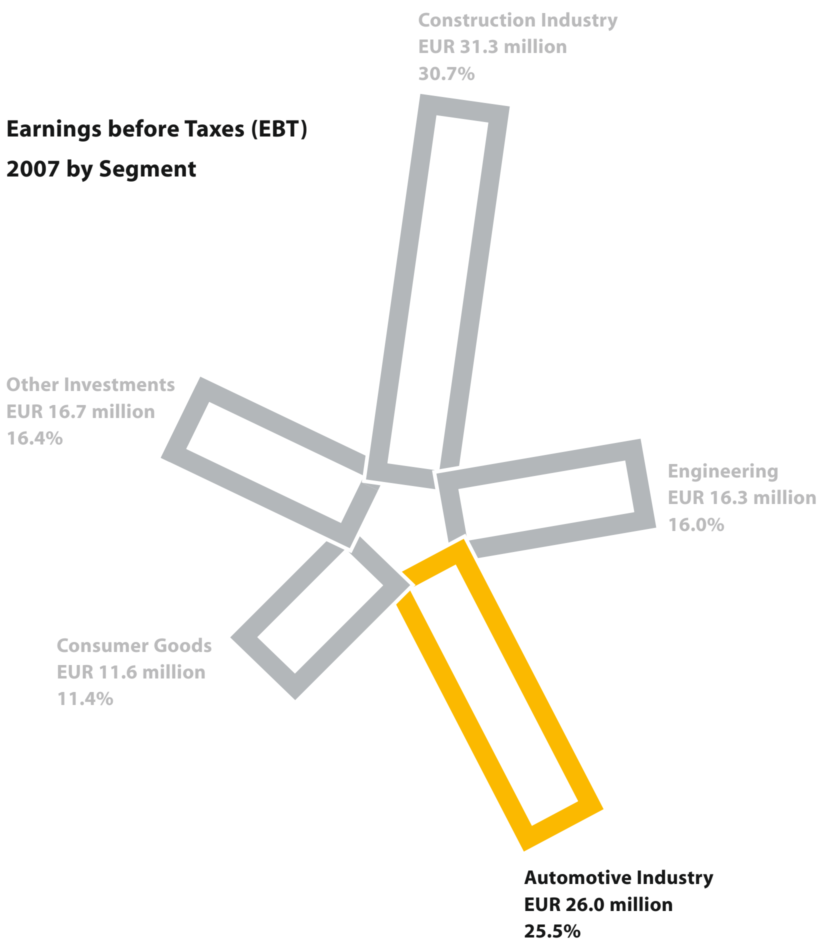


Automotive Industry

Last year, the German automotive industry benefited from strong exports and achieved a new production record for passenger vehicles. Exports advanced 11% to 4.3 million units, posting the fifth record figure in a row. Accordingly, passenger car output by German manufacturers rose by a total of 6% to 5.7 million units—a new all-time high. Domestic business experienced much weaker development owing to the sales tax hike. It posted a 9% drop in passenger car sales to 3.2 million compared with the prior year. New transporter and heavy-duty commercial vehicle registrations achieved the highest figures since German reunification, coming in at 229,000 (+12%) and 100,000 (+6%), respectively.

As of the balance-sheet date, the Automotive Industry segment comprised a total of twelve operating units, as in the preceding year. Effective August 1, 2007, INDUS increased its shareholding in SELZER Fertigungstechnik GmbH & Co. KG, Driedorf-Roth, from 70% to 85%. INDUS bought the shares from the company's exiting managing partner, Hans Joachim Selzer, who retired for age-related reasons. The Selzer family remains represented on the board of directors of the specialist in complete, ready-to-install metal subassemblies mainly used in gearboxes, brakes and engines, through Tobias Selzer.

In the 2007 financial year, revenue generated by the Automotive Industry segment climbed 10.6% to EUR 271.7 million.



The marked rise in crude oil and metal prices as well as the high level of collectively bargained wages were partially offset by extensive efficiency-enhancement and streamlining measures. Earnings before interest and taxes (EBIT) rose 23.8% to EUR 26.0 million (previous year: EUR 21.0 million). The EBIT margin went up to 9.6% (previous year: 8.6%).

Capital expenditure was up 17.8% to EUR 31.8 million, primarily due to the increase in the stake held in SELZER. The main areas of investing activity relating to property, plant and equipment were WIESAUPLAST, which built a manufacturing plant in Mexico, SELZER, which initiated several new projects, and numerous streamlining measures at other companies in this segment. The average employee headcount rose by 289 to 2,046.

Automotive Industry Segment		2005	2006	**2007**	+/– %
Revenue	EUR in millions	196.3	245.6	**271.7**	+ 10.6
EBIT	EUR in millions	14.6	21.0	**26.0**	+ 23.8
Depreciation	EUR in millions	18.9	24.9	**18.7**	– 24.9
Capital expenditure	EUR in millions	62.3	27.0	**31.8**	+ 17.8
Workforce	Ø	1,646	1,757	**2,046**	+ 16.4

Below, the Consumer Goods segment, which contributed 10.3% of INDUS' revenue in 2007, is represented by IMECO Einwegprodukte GmbH & Co. KG by way of example.

Established in 1984 and a member of the INDUS Group since 1999, the company ranks among the premier suppliers of nonwoven and paper products, offering a wide range of products. Its innovative articles are used for a number of applications, including uses in the medical, household and industrial sectors. The competitive price-performance ratio, the position IMECO commands as a highly qualified manufacturer, and its extensive and reliable service lay the groundwork for the company's success. Various certifications obtained by the products developed and sold by IMECO ensure a high standard of quality as well as high-quality products.

This is the basis on which the company has become the leader in various market segments. IMECO's long-term cooperation with its customers is evidence of their high degree of satisfaction. Roughly 300 employees are firmly committed to the company's success at all four of its locations (Hösbach, Kulmbach, Königswalde and Imakon in Poland) under the direction of managing director Dieter Joa.

Rüdiger Lauterbach (left), manager of the Kulmbach plant, and managing director Dieter Joa (right)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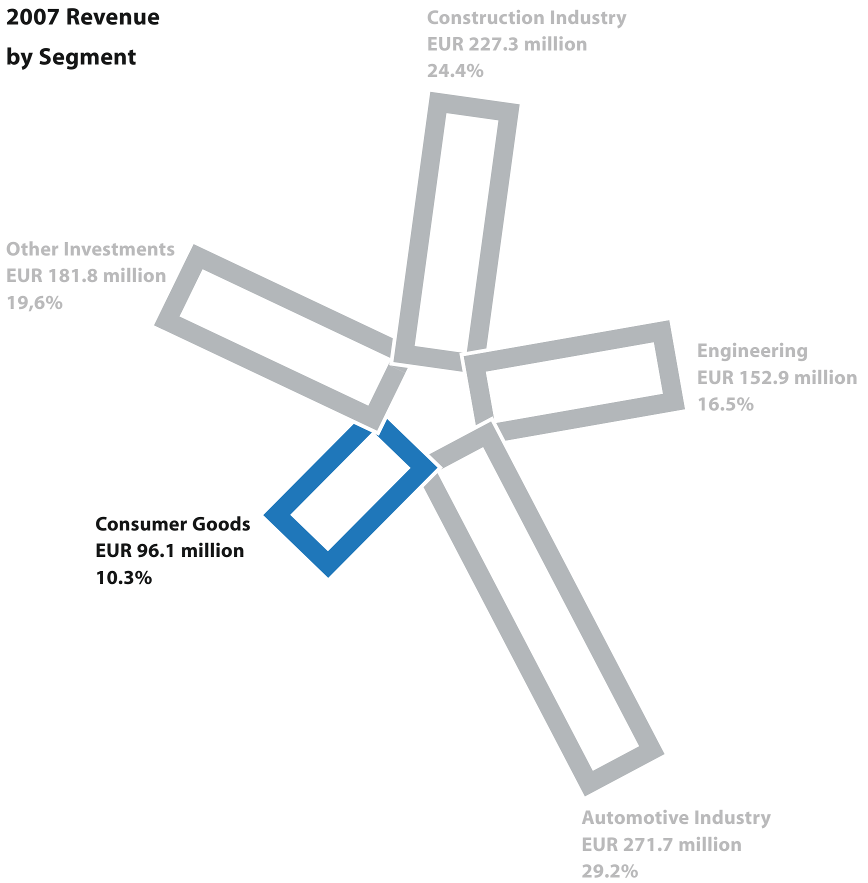
2007 Revenue by Segment



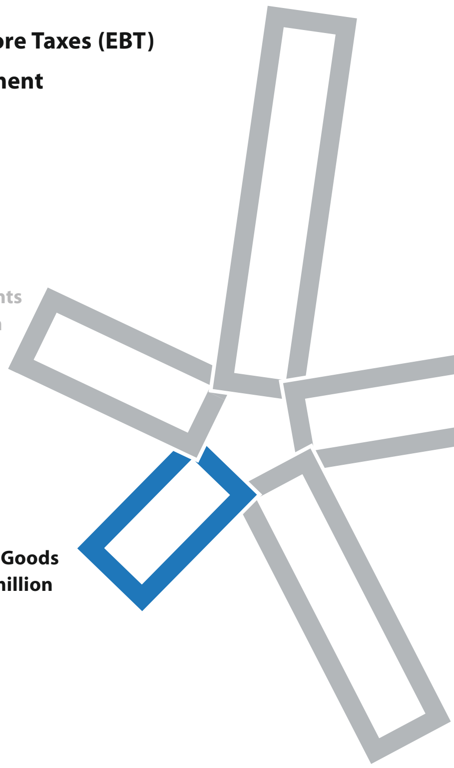
Consumer Goods

The value added tax hike which became effective at the beginning of the year substantially dampened consumer spending in Germany, as did price increases, with those of energy and food playing the biggest role. All in all, domestic consumer spending was 0.5% down year on year. Positive effects stemming from growth in discretionary income and the encouraging development on the labor market, which saw unemployment drop from 4.3 million to 3.6 million, were not strong enough to stimulate consumers. Debates over job relocations caused tangible uncertainty, which was clearly reflected in the rise in the savings ratio from 10.5% to 10.8%.

As of the balance-sheet date, the Consumer Goods segment still comprised a total of four operating units.

Revenue earned by the Consumer Goods segment dropped by 5.8% to EUR 96.1 million. Despite the decline in revenue, companies assigned to this segment succeeded in improving their key earnings figures, thanks to the optimization programs they implemented. Earnings before interest and taxes (EBIT) rose 11.5% to EUR 11.6 million (previous year: EUR 10.4 million). The EBIT margin thus advanced to 12.1% (previous year: 10.2%).

Earnings before Taxes (EBT) 2007 by Segment



Capital expenditure amounted to EUR 8.1 million, falling shy of the prior year's level. As a result of streamlining measures, the average employee headcount shrank by 62 to 784.

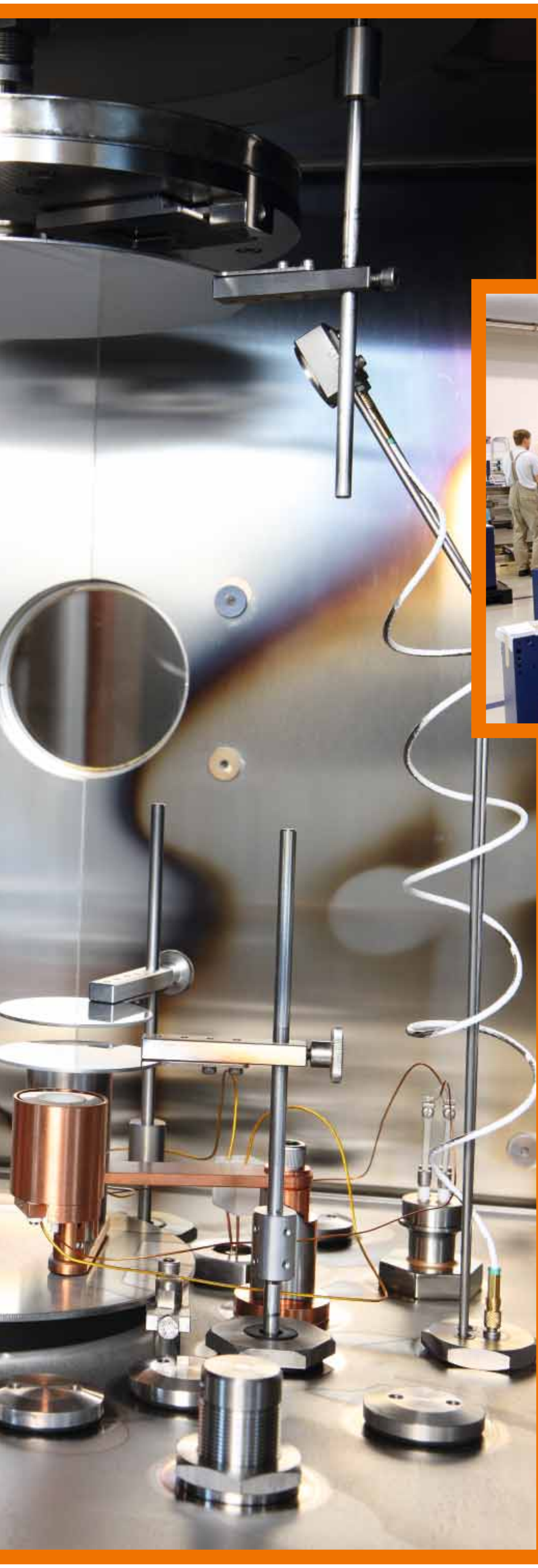
Construction Industry Segment		2005	2006	**2007**	+/– %
Revenue	EUR in millions	103.0	102.0	**96.1**	– 5.8
EBIT	EUR in millions	11.2	10.4	**11.6**	+ 11.5
Depreciation	EUR in millions	6.6	6.7	**6.0**	– 10.4
Capital expenditure	EUR in millions	10.6	12.8	**8.1**	– 36.7
Workforce	Ø	855	846	**784**	– 7.3

M. BRAUN Inertgas-Systeme GmbH belongs to the Other Investments segment, which earned 19.6% of revenue last fiscal year.

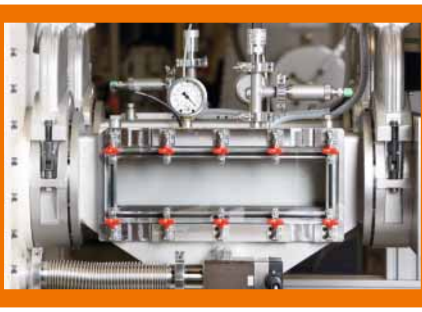
Domiciled in Garching, the company was founded as M. BRAUN Labortechnische Geräte GmbH in 1974 and joined the INDUS Group under its current name in 2002. M. BRAUN is recognized as a major supplier of systems to the research and industrial sectors. The company is specialized in the manufacture of glovebox systems and gas purification equipment, and is the world market leader in these fields. Among the applications of M. BRAUN products are the development and production of flat screens, xenon and gas-discharge light bulbs, and various pharmaceutical products. Its assortment runs the gamut from standard products to custom-made large-scale plants built to individual customer specifications.

Managing director Dr. Martin Reinelt

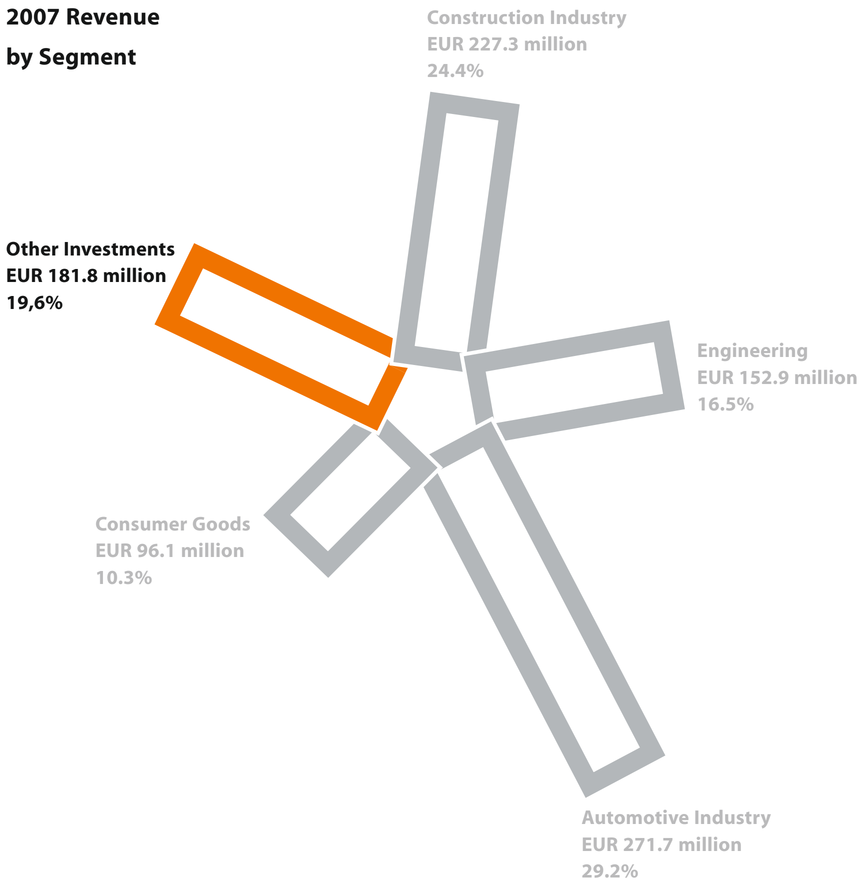
A labor force consisting of 181 employees works successfully under the leadership of Dr. Martin Reinelt. M. BRAUN's quality management system has been certified to ISO 9001:2000 since 2003. The company grows constantly and started running subsidiaries in the USA, China and Switzerland in 1994, 2002 and 2006, respectively, in addition to its German headquarters in Garching in the greater Munich area.



Jürgen Czupski, commercial director (left) and sales director Gerd Friedemann (right)



2007 Revenue by Segment

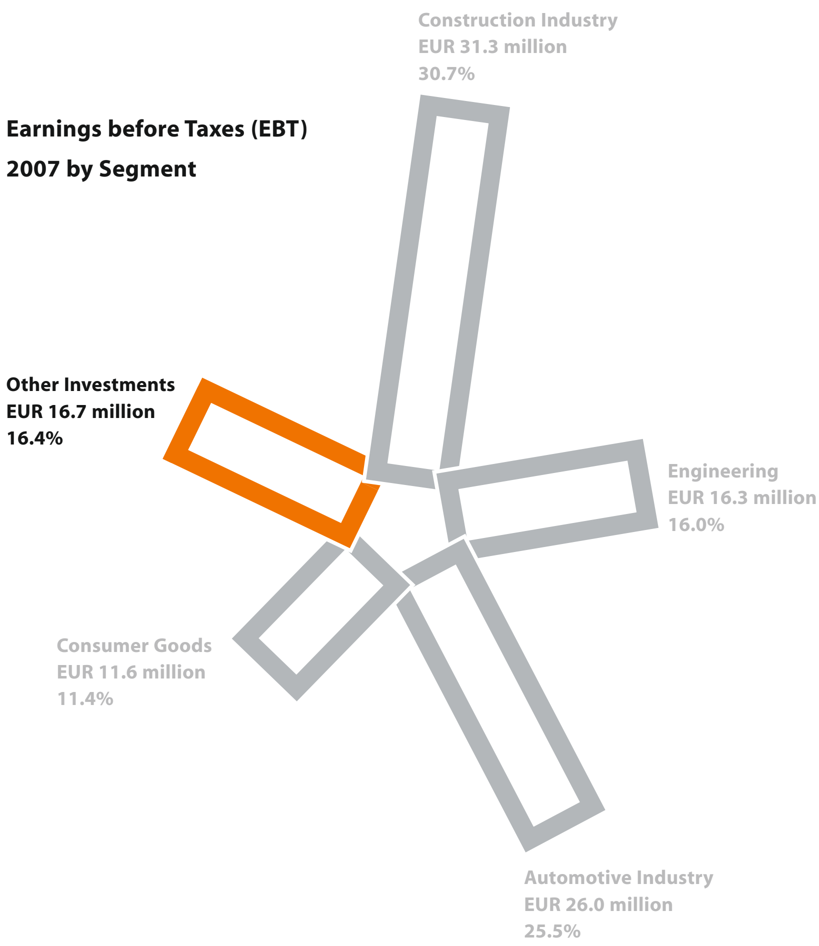


Other Investments

The Other Investments segment includes equity holdings that supply products to customers in the most diverse sectors and thus cannot be assigned to any of the four preceding segments. The economy's overall development, expressed as the gross domestic product, is used as a rough yardstick for this segment. Last year, GDP grew 2.6% year on year, net of price and calendar effects. Germany's economy thus continued to display positive development, although it lost considerable momentum especially in the second half of the year. Further comments on the general economic trend are included in the chapter on the business and economic environment in this management report.

As of the balance-sheet date, the Other Investments segment consisted of seven operating units, as in the preceding year.

Last fiscal year, revenue earned by the Other Investments segment advanced by a marginal 1.9% to EUR 181.8 million.



Restructuring measures initiated last year had already started to have positive effects. Earnings before interest and taxes (EBIT) rose 7.7% to EUR 16.7 million (previous year: EUR 15.5 million). The EBIT margin was 9.2% (previous year: 8.7%).

Capital expenditure by companies assigned to this segment totaled EUR 11.8 million.

The average number of staff members rose by 90 to 1,280.

Other Investments Segment		2005	2006	**2007**	+/– %
Revenue	EUR in millions	162.5	178.4	**181.8**	+ 1.9
EBIT	EUR in millions	14.7	15.5	**16.7**	+ 7.7
Depreciation	EUR in millions	8.9	15.4	**7.8**	– 49.4
Capital expenditure	EUR in millions	17.1	9.5	**11.8**	+ 24.2
Workforce	Ø	1,216	1,190	**1,280**	+ 7.6

Workforce

In the 2007 financial year, the INDUS Group had an average employee headcount of 5,777 (previous year: 5,174). The rise is due to the first-time consolidation of OBUK and the increased need for personnel in the Construction Industry and Automotive Industry segments triggered by the expansion of their business volumes. In the year under review, 4,972 of our employees were based in Germany (previous year: 4,531), while 805 worked abroad (previous year: 643).

The INDUS Group's medium-sized portfolio companies have a tradition of according high importance to training young adults for promising professions. Accordingly, the number of trainees rose by another 16 to 264 last year (previous year: 248). They receive training for various white and blue collar jobs. The ratio of trainees to total staff was 4.6% (previous year: 4.8%). This comprehensive program aims to enable the organization to continue recruiting specialists and executives from within its own ranks by guaranteeing high-quality training.

Human resources are INDUS Holding AG's most valuable assets. Their expert and social skills form the basis for the successful development of the individual portfolio companies and the Group. Promoting individual talent through continuous further education and continued training measures is the lynchpin of our personnel policy. It is devised and implemented decentrally by the individual portfolio companies in line with their respective quality requirements and objectives. It is not least due to the advancement opportunities offered to each and every employee that INDUS has a highly motivated and loyal workforce in all its portfolio companies. Proof of this can be seen in the fact that the churn rate has been low for years.

Research and Development

Each portfolio company is responsible for its own research and development activities. Center stage is taken by the refinement of products, the development of new, cutting-edge products, and the optimization of production processes. All methods are constantly refined and new technologies and materials are permanently examined to identify potential for improvement within the process chain. Increasing significance is being accorded to the environmental compatibility of both products and manufacturing. Spending on research and development including own work capitalized amounted to EUR 12.0 million in the year under review (previous year: EUR 11.3 million).

Environmental Protection

Safeguarding the environment and—above all—making responsible use of natural resources is an integral component of the corporate and social responsibility shouldered by INDUS Holding AG and its portfolio companies. All of the Group's employees are called upon to comply with environmental regulations in the fields of procurement, production and waste disposal. These processes are relentlessly refined, focusing on conserving energy, raw materials and operating auxiliaries and supplies as well as avoiding waste and disposing of waste in an environmentally compatible manner. Rules and action taken in this regard are autonomously developed and reviewed by the portfolio companies' managing directors in line with the corporate philosophy, while taking the business environment into account.

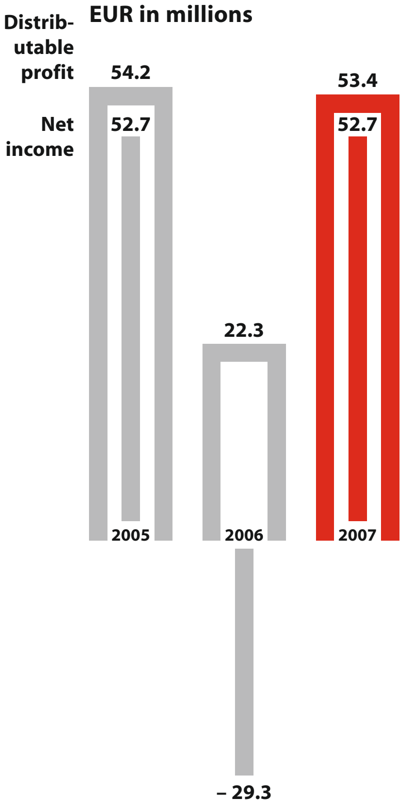
Status of INDUS Holding AG

Earnings Situation

Last year, the holding company's revenue dropped to EUR 3.6 million (previous year: EUR 7.2 million). This decline is due to the reduction in consulting services rendered to the portfolio companies by the holding company, as compared to the previous year which experienced a considerable rise in advisory services invoiced owing to the customized optimization programs implemented. Other operating income was slightly down on the year-earlier level, at EUR 2.8 million (previous year: EUR 3.2 million).

Staff costs increased to EUR 3.6 million (previous year: EUR 3.2 million). Whereas amortization on intangible assets and depreciation on property, plant and equipment remained flat at EUR 0.4 million, other operating expenses climbed to EUR 7.4 million (previous year: EUR 4.9 million).

Holding company distributable profit/net income
EUR in millions



At EUR 79.0 million, income from investments was nearly on par with the level achieved in the prior year (previous year: EUR 80.4 million). Income from long-term loans classified as financial assets rose to EUR 5.3 million (previous year: EUR 3.6 million), with other interest and similar income climbing to EUR 7.1 million (previous year: EUR 6.0 million). Following the remeasurement of total assets in the prior year, depreciation on financial assets dropped to a mere EUR 2.1 million (previous year: EUR 86.6 million). At EUR 23.6 million, interest expenses were virtually flat (previous year: EUR 24.3 million). In sum, the profit from operating activities advanced from EUR –20.2 million to EUR 60.0 million. After deducting EUR 7.3 million in tax payments (previous year: EUR 9.2 million), this results in a significant improvement in earnings to EUR 52.7 million (previous year: EUR –29.3 million). Earnings per share totaled EUR 2.90 after the EUR –1.63 achieved a year earlier. Taking the EUR 0.7 million in profit carried forward into account, the distributable profit amounted to EUR 53.4 million (previous year: EUR 22.3 million).

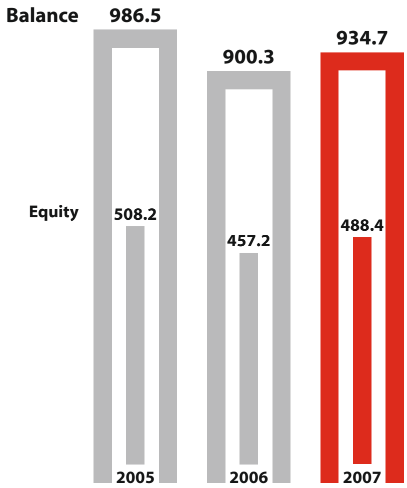
The joint proposal of the Board of Management and the Supervisory Board regarding the appropriation of the EUR 53.4 million in distributable profit calls for the payment of an unchanged dividend of EUR 1.20 per share to the shareholders. The aggregate dividend payment of EUR 21.8 million proves that INDUS Holding AG is maintaining its continuous dividend policy. The dividend payout ratio is 40.8%.

Financial and Net Assets Position

INDUS Holding AG's total assets increased by EUR 34.4 million to EUR 934.7 million (previous year: EUR 900.3 million). Total assets grew to EUR 762.2 million (previous year: EUR 724.4 million), largely due to the rise in shareholdings in affiliated companies and the EUR 37.8 million increase in long-term loans to affiliated companies. As regards current assets, accounts receivable and other assets totaled EUR 152.9 million, which was a marginal EUR 4.1 million more than the EUR 148.8 million achieved a year earlier. Cash and cash equivalents were down EUR 7.3 million to EUR 19.4 million (previous year: EUR 26.7 million), causing current assets to decline by a total of EUR 3.2 million to EUR 172.3 million (previous year: EUR 175.6 million).

On the shareholders' equity and liabilities side, shareholders' equity rose considerably, driven by the positive development displayed last fiscal year, jumping by EUR 31.2 million to EUR 488.4 million. Relative to the balance-sheet total, the equity ratio was 52.2%. This represents a 1.4-percentage-point improvement over the prior year. INDUS thus has an extremely healthy balance-sheet structure that affords it enough room for maneuver to achieve further organic and external growth. At EUR 390.2 million, accounts payable to banks were virtually flat (previous year: EUR 389.9 million).

Holding company balance-sheet structure EUR in millions



Workforce

As of the balance-sheet date, i.e., December 31, 2007, INDUS Holding AG had a labor force of 18 employees, as in the preceding year.

Events After the Balance-Sheet Date

The exercise of the put option of a co-shareholder in our portfolio company SELZER resulted in the partial utilization of the conditional capital II authorized by the Annual Shareholders' Meeting and an ensuing increase in the capital stock by 370,033 new, non-par value shares in the name of the bearer. These new shares bear profit entitlements from August 1, 2007, onwards. The entry of the capital increase in the commercial register at the Cologne District Court was made later, in March 2008.

Disclosure in Compliance with Sec. 289, Para. 4 and Sec. 315, Para. 4 of the German Commercial Code

As of December 31, 2007, INDUS Holding AG's capital stock pursuant to Items 4.1 and 4.2 of the articles of association amounted to EUR 46,800,000.00 and was divided into 18,000,000 non-par value common shares in the name of the bearer. Following the entry of the capital increase into the commercial register in March 2008 (see Events After the Balance-Sheet Date), the capital stock amounted to EUR 47,762,086.00 and was divided into 18,370,033 non-par value common shares in the name of the bearer. One share grants the bearer an imputed EUR 2.60 share of the capital stock. According to Item 7.9 of the articles of association, each share bears one vote at the Annual Shareholders' Meeting. The rights and obligations associated with common shares stem from the applicable provisions of the German Stock Corporation Act. The Board of Management has no knowledge of limitations pertaining to voting rights or the transfer of share ownership, including any that may arise from agreements between shareholders.

INDUS Holding AG did not receive any notices stating that a direct or indirect stake held by a third party exceeded 10.0% of the company's voting rights.

The Board of Management does not have any knowledge that voting rights may be monitored as defined by law to verify whether employees have shares in INDUS Holding AG's capital without exercising the monitoring rights directly. The company does not have any shares bearing privileges that would confer monitoring rights.

Members of the Board of Management are appointed and removed pursuant to Secs. 84 and 85 of the German Stock Corporation Act. In accordance with Item 5.1 of the articles of association, the Board of Management consists of one or several individuals. Furthermore, Items 5.1 and 5.2 of the articles of association stipulate that the Supervisory Board shall determine the number of members on the Board of Management, appoint the ordinary members of the Board of Management, and may appoint a member of the Board of Management chairman or spokesperson as well as a further member of the Board of Management deputy chairman.

The regulations applicable to the amendments to the articles of association comply with Sec. 179 et seqq. of the German Stock Corporation Act. They stipulate that amendments to the articles of association generally require approval from at least three quarters of the capital stock represented during the decision-making process. Pursuant to Item 7.12 of the articles of association, the Supervisory Board may adopt amendments to the articles of association that merely update it to reflect the latest events and, pursuant to Item 4.5, it may adopt amendments that only affect the wording in order to bring the articles in line with the extent to which authorized capital has been used.

In accordance with Item 4.3 of the articles of association, pursuant to a resolution passed by the Annual Shareholders' Meeting on July 11, 2006, 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 18,720,000.00 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.

Pursuant to Item 4.4 of the articles of association, subject to the approval of the Supervisory Board, the Board of Management is further authorized to increase the company's capital stock by up to EUR 3,717,914.00 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. The aforementioned sum of authorized capital II already takes the capital increase registered in March 2008 into account. 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, 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.

Pursuant to the resolution passed by the Annual Shareholders' Meeting on July 3, 2007, in accordance with Sec. 71, Para. 1, Item 8 of the German Stock Corporation Act, the company is authorized to buy back a maximum of 1,800,000 shares, corresponding to 10% of the current number of individual share certificates and thus to 10% of the company's current capital stock, until January 2, 2009. The authorization can be exercised in full or in part as well as either once or several times. However, no more than 10% of the company's capital stock may be bought back, including shares already purchased and owned by the company. The purchase shall be made on the stock market. The price of each share purchased may not exceed or fall short of 5% of the INDUS share's average closing quotation (excluding ancillary purchase costs) on the Frankfurt Securities Exchange on the three trading days prior to the buyback. The Board of Management is authorized to sell shares bought back on the stock exchange or—subject to Supervisory Board approval—by other means under exclusion of shareholder subscription rights. If the shares bought back are sold on the stock exchange, the sales price per share may not exceed or fall short of 5% of the INDUS share's average closing quotation (excluding ancillary sales costs) on the Frankfurt Securities Exchange on the three trading days prior to the sales transaction. If the shares bought back are sold over the counter, the sales price may not fall short of the INDUS share's average closing quotation on the Frankfurt Securities Exchange on the three trading days prior to the sales offer by more than 5% (excluding ancillary purchase costs). The sales price may not fall short of the shares' imputed par value. But the authorization to exclude shareholder subscription rights shall only apply as long as the shares sold under exclusion of shareholder subscription rights after raising authorized capital II are applied to the limit of 10% of the company's capital stock set by Sec. 186, Para. 3, Sentence 4 of the German Stock Corporation Act.

INDUS Holding AG and the members of its Board of Management have agreed on a change of control clause that has been included in their employment contracts, which becomes applicable in the event of a change of control or a takeover of control. When this clause becomes applicable, the members of the Board of Management have an extraordinary right of termination in conjunction with a right to a severance payment equaling total remuneration until the agreed expiry of their employment contracts. There are no further arrangements which would become applicable in the event of a change of control or a takeover of control.

Remuneration of the Board of Management and the Supervisory Board

The Board of Management's compensation is composed of a fixed and a variable component, in line with the individual's tasks and performance as well as the company's commercial success. Supervisory Board members receive fixed and variable remuneration in line with the dividend. Details of board remuneration are described in the compensation report included in the corporate governance report and the notes.

Risk Management

All entrepreneurial actions inevitably go hand in hand with opportunities and risks. In this light, it is indispensable to have an effective risk management system as an integral part of all decisions and business transactions implemented at INDUS Holding AG and its portfolio companies in order to detect, assess and mitigate risks. The risk management system thus helps safeguard and maintain the company's value as well. The management structure, budgeting system and our detailed reporting and information systems are to be regarded as the basis for organizationally integrating risk management in our operating processes. The Board of Management and the Supervisory Board of INDUS Holding AG receive detailed reports on the risk exposure of the holding company, the portfolio companies and the relevant sectors. These tools can be used on a regular and timely basis to verify whether the assessments and basic conditions have changed and to determine the measures that may have to be taken.

The risk management system's structure and effectiveness are regularly subjected to internal audits. A permanent process is in place to have findings from the internal audits as well as the assessment of the risk management system by the auditors of the consolidated financial statements that is part of their audit of the financial statements factored into the refinement of the risk management system. This ensures that the system is constantly improved.

Risks Affecting the Business and Sectoral Environment

INDUS Holding AG's investment portfolio comprises 42 medium-sized manufacturing enterprises domiciled in German-speaking regions. INDUS counters its dependence on cyclical trends in Germany by strategically extending its operations' international reach. In fiscal 2007, the foreign share was 39.1% (previous year: 38.0%). At the same time, the portfolio companies are positioning themselves abroad by setting up additional manufacturing plants outside Germany, so that they can take advantage of lower wages and remain competitive on the global market.

INDUS invests in specialist production companies active in the four following key sectors: the construction industry, engineering, the automotive industry, and consumer goods, as well as in other attractive branches of industry, e.g., medical technology. This intentionally broad sectoral mix reduces the Group's dependence on the developments of individual branches of industry. Furthermore, thanks to the high degree of specialization and strong shares of their niche markets, the portfolio companies' business performance is relatively resistant to cyclical downturns.

Risks Associated with Corporate Strategy

INDUS Holding AG's long-term success mainly hinges on the careful selection of acquisition targets and the holding company's management of its investment portfolio. The corporate strategy may be exposed to risks if the expectations placed in acquisitions or investments are not met. With a view to minimizing these risks, the holding company makes use of a wide range of tools to analyze the market in each of the relevant sectors and of quantitative in-house tools to analyze acquisition targets.

All of the portfolio companies submit monthly reports on their business trends and risk exposure in order to enable the early detection of risks associated with the investments. 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 portfolio companies' and the INDUS Group's risk positions.

Performance Risks

Performance risks primarily include risks encountered on the procurement market as well as in production and sales. Since our portfolio companies are manufacturing firms, they are exposed to these risks to varying degrees. Depending on the situation prevailing on the market, the price of purchasing raw materials and energy can fluctuate significantly, which may limit the extent to which businesses can pass rises in raw material costs on to their customers. Due to the portfolio's wide diversification, supply bottlenecks are of subordinate importance. INDUS mitigates performance risks with a comprehensive array of measures aiming to detect price and volume risks on procurement markets early on, constantly optimize production processes, and enhance product quality. At the Group level, the effects of performance risks are limited to a significant degree due to the wide diversification of the overall portfolio.

Personnel Risks

Employee skills and commitment are key to the success of the company's development. The holding company and each of the portfolio companies take targeted staff-retention and development measures of tangible and intangible nature, with a view to safeguarding and strengthening these factors. This enables INDUS to largely limit potential personnel risks such as churn, competition for skilled workers and executives, insufficient qualifications and the loss of know-how.

IT Risks

The rise in networking between different IT systems and their permanent availability place high demands on the information technologies in use. INDUS mitigates IT risks associated with computer system crashes, network failure, unauthorized access to data and data abuse by employing state-of-the-art hardware and software that meet the latest security standards. IT system protection and optimization are ensured via the deployment of highly qualified internal and external experts. At present, there are no specific, serious risks that would jeopardize the security of information or arise from the information technology in use.

Financial Risks

Financial risks can encompass liquidity, foreign exchange and interest rate risks, primarily arising from operating business transactions and associated hedges as well as from Group financing. The optimization of Group financing and the limitation of financial risks are handled centrally by the holding company. It also oversees the financing of portfolio company operations on the basis of their individual budgets. Financing is generally long-term in nature and independent of the completion of individual acquisition projects and constantly safeguards the possibility of capitalizing on opportunities arising on the market through the company's large liquidity reserve. As of December 31, 2007, the Group had EUR 77.6 million in cash and cash equivalents (previous year: EUR 92.7 million). Furthermore, various banks, with which INDUS has been working trustingly for a great many years, have made substantial financing commitments.

INDUS Holding AG's adequate equity ratio fortifies its financial position and limits financing risks, as does the high level of net liquidity in the Group. As of December 31, 2007, the Group's equity ratio was 25.1% (previous year: 22.7%) with the holding company's amounting to 52.2% (previous year: 50.8%). INDUS has a widely diversified debt-financing structure as an additional hedging tool that prevents the company from being dependent on a single lender. Diversifying maturities and hedging interest rates over the long term via derivative financial instruments and fixed interest rates are further means used to minimize financial risks. As of the balance-sheet date, we carried interest rate hedges with a nominal value of EUR 260.0 million on our books (previous year: EUR 248.0 million).

Our 42 portfolio companies are mostly active in the Eurozone. Although manufacturing was increasingly shifted to European countries outside Germany and foreign business was stepped up in recent years, leading to a 1.1-percentage-point rise in the foreign share of sales to 39.1%, currency risks do not play a material role. Currency forwards and suitable options are used to hedge currencies on a case-by-case basis. As of the cutoff date, the nominal value of hedged currency risks on our books was EUR 3.4 million (previous year: EUR 2.7 million).

Legal Risks

INDUS Holding AG and its portfolio companies are exposed to a number of legal risks. They primarily encompass risks related to the fields of competition and antitrust law, fiscal law and product liability. Neither INDUS Holding AG, nor any of its portfolio companies are involved in legal or arbitration proceedings which, based on our current perspective, would have a material adverse effect on the Group's economic situation.

Other Risks

Due to the public's mounting awareness of the importance of conserving natural resources, environmental regulations can be expected to become even stricter. INDUS raises its employees' sensitivity to the responsible use of nature's resources over the entire production process. No environmental risks to the holding company or its portfolio companies are currently identifiable. Damages arising from potential environmental risks are covered by appropriate insurance policies.

Assessment of Overall Risk Exposure

The INDUS Group's risk exposure in the period under review did not change materially compared with the previous year. This assessment of the overall risk exposure is based on findings resulting from the summarized review of all material risks. From our current perspective, no risks are identifiable that could jeopardize the Group's subsistence either individually or in combination with other risks.

Outlook

The momentum displayed by the economies of industrial nations is expected to weaken considerably in 2008. The burden borne by financial markets resulting from the subprime crisis, relentlessly high raw material prices, and the rise in inflation will have a dampening effect on the economy's development. The US economy's weakness threatens to spill over to other industrialized countries, giving rise to the expectation that the world economy will see growth rates decline to about 4%. Although this would be a substantial decrease, growth would still be higher than the long-term average. We anticipate that the gross domestic product in the Eurozone will expand by some 1.6%, driven by the drop in the global economy's momentum and the appreciation of the euro. This represents a considerable slowdown compared with the strong growth witnessed in 2007. Since the German economy is export-heavy, current developments will have a negative impact on the country's economy as well. Leading economic research institutes now expect the gross domestic product to grow by a mere 1.6% for the year as a whole.

Expectations for 2008 concerning the branches of industry that are of relevance to INDUS are definitely positive. According to Germany's Central Construction Industry Association, the construction sector stands a good chance of continuing the positive trend it displayed in 2008 by growing sales by a nominal 3%, despite the increase in macroeconomic risks. Based on the high level of orders on hand, the German Mechanical and Plant Engineering Federation (VDMA) forecasts growth at roughly 5%, while referring to the fact that the general economic environment is clouded. The German Association of the Automotive Industry (VDA) is cautiously optimistic in its prognosis that foresees continued strength in exports and anticipates a slight improvement in the domestic market based on the rising level of incoming orders. Consumer spending in 2008 is likely to increasingly establish itself as a pillar of domestic economic performance once again. Buoyed by rising employment and the ensuing increase in household purchasing power, growth in consumption is believed by leading economic research institutes to be around 1%. As positive as the high wage increases established by the collectively bargained wage agreements that have already been concluded may be for employees, they are causing production costs to rise and prices to mount further, which could have a dampening effect on the economy as the foreseeable wage-price spiral develops. In this context, all that can be done is to call upon the trade unions to continue acting with good measure.

In 2008, we will continue to pursue our proven corporate strategy, which is designed to achieve success over the long term. We will strengthen the positions commanded on the market by our existing investments and thus fortify their profitability sustainably by continuously optimizing processes and taking additional customized measures to enhance efficiency. The INDUS portfolio companies' prospects for 2008 remain positive.

We expect the subprime crisis to cause liquidity to drop considerably above all among private equity firms, which seemed to have unlimited access to cash and cash equivalents in recent years. This already caused the market for shareholding acquisitions to calm markedly in the fourth quarter of 2007. This trend will continue in 2008, which should return company valuations to a level that is attractive to INDUS once again over the remaining course of the year. After a phase in which the company purposefully pursued a restrained acquisition policy to stay in line with its corporate policy, external transactions are moving back into focus. We will make target-oriented acquisitions in 2008/09.

In sum, we believe that our company will post further growth in the 2008 financial year, on the strength of our existing portfolio companies' positive organic development. Our objective is to lift consolidated revenue and EBIT even higher. We intend to have our shareholders continue benefiting from our successful performance going forward via a continuous dividend policy and a dividend payout ratio of about 40%.

Bergisch Gladbach, April 11, 2008

The Board of Management

Helmut Ruwisch | Jürgen Abromeit | Wolfgang E. Höper | Dr. Johannes Schmidt

2007 Stock Market Year: DAX Wins, MDAX and SDAX Lose

A look at the development of the German stock market in 2007 reveals that investor willingness to take on risks changed especially in the second half of the year against the backdrop of the rougher climate on the world's capital markets. Whereas second and third-tier high-growth companies increasingly took center stage in previous years, they experienced a substantial cash drain-funds that went into select blue chips, which are alleged to be less hard hit by cyclical downturns.

Last year, the German share index (DAX) rose by 22.3% to 8,067.32 points. The DAX thus weathered the turmoil caused by the subprime crisis, the substantial write-offs performed by financial institutions resulting from it, and the cyclical downturn, closing the year just slightly below the high of 8,105.69 points recorded for the year in July. The low for the year was 6,447.70 points, which was witnessed in March. In contrast, the year ended with a loss for the small and mid-caps. After having significantly outperformed the DAX in the preceding years, they suffered losses in 2007, some of which were dramatic. Following a positive development in the first half of the year, the SDAX and MDAX lost considerable ground over the continued course of the year, closing barely higher than their lows. The SDAX ended the year down 6.7%, at 5,191.56 points. The decrease posted by the MDAX was more substantial, as it dropped by 13.3% to 9,864.62 points.

INDUS Share Lags Organic Trend

Last year, INDUS' share performance clearly failed to meet our expectations based on the company's organic trend. The subprime crisis and the steady rise in financing costs resulting from higher risk premiums led to an indiscriminate view of INDUS, especially among Anglo-Saxon investors. In contrast to private equity firms, which clearly suffer from the higher cost of liquidity and the scarcity of available funds, thanks to its restrained acquisition activity in earlier years, INDUS has a comfortable liquidity cushion as well as firm bank commitments, which keep the company from being affected by the credit crunch.

Having gotten off to a positive start in 2007, buoyed by the good operating figures for fiscal 2006, the INDUS share achieved its high of EUR 31.85 for the year on April 26, which was nearly equaled in July. With its performance tangibly affected by the general turmoil on the markets in the second half of the year, the INDUS share hit its low of EUR 22.00 for the year on November 27. On the strength of the robust development in the first nine months and a confirmation of the forecast for the full year, the INDUS share gained back some ground, closing the year at EUR 24.25. This represents a decrease of 18.1%.

Continuity of the Dividend Policy

We intend to maintain our dividend policy's continuity this year as well. The Board of Management and the Supervisory Board of INDUS Holding AG will propose to the Annual Shareholders' Meeting that an unchanged dividend of EUR 1.20 per share be paid for the 2007 financial year. Therefore, the dividend payment based on the 18.3 million shares bearing dividend entitlements will total EUR 21.8 million. The dividend payout ratio based on the distributable profit will thus be 40.8%. Relative to the share's closing quotation, the dividend yield will amount to some 5%.

Trading Volume and Index Classification

The INDUS share continues to trade on the regulated market in Frankfurt (Prime Standard) and Düsseldorf as well as over the counter in Berlin-Bremen, Hamburg, Munich and Stuttgart. In 2007, the average trading volume on domestic exchanges was up 23.8% to 52,413 shares. A total of 13,155,693 shares were thus traded last year. With a weighting of 1.84% (previous year: 2.09%), the INDUS share remains an integral component of the SDAX small cap index. Our share is also included in the following indices: the Prime Financial Services Index, Prime Allshare Index, Classic All-share Index and the CDAX. The shareholder structure did not change significantly last year.

Investor Relations Work Intensified

Our investor relations activities aim to provide institutional investors, analysts, private shareholders and financial journalists with a timely and continuous flow of information. INDUS stepped up its investor relations work even further last year. Center stage was taken primarily by addressing institutional investors and analysts in a target-oriented manner. This was achieved by way of the annual analyst conference in Frankfurt, several road shows in Germany and abroad, and numerous one-on-ones. Feedback garnered from institutes that analyze INDUS Holding AG and regularly publish reports about the company remained positive. Last year, the most notable of these banks were WestLB, Commerzbank and Bankhaus Lampe. The recommendations issued by analysts across the board were "buy" or "hold".

As before, the most important opportunity to engage in direct dialogue with private shareholders last year was the Annual Shareholders' Meeting, to which INDUS welcomed more than 1,300 shareholders. The central source of information is the investor relations space accessible to shareholders at www.indus.de. All of our corporate publications such as annual and interim reports along with additional information on the latest developments within the company have been made available to our shareholders on this platform.

Corporate Governance Report

The maxims of good corporate governance are the responsible management and monitoring of a company with a view to creating value over the long term. The Board of Management and the Supervisory Board of INDUS Holding AG have a long tradition of applying these principles to all decision-making and monitoring processes both at the holding and portfolio companies. Refining corporate governance was accorded high importance last year yet again. Compliance with the requirements of the German Corporate Governance Code—with due regard to the new recommendations included in the version of the Code dated June 14, 2007—is constantly reviewed, while taking the circumstances specific to the company into account in a reasonable and justifiable manner. Only in justifiable exceptional cases does INDUS deviate from the recommendations. The statement of compliance issued by the Board of Management and the Supervisory Board in accordance with Sec. 161 of the German Stock Corporation Act in April of 2008 is permanently available to our shareholders at www.indus.de. It has also been printed on page 57 of this report.

Amendments to the Statement of Compliance

INDUS Holding AG follows the new recommendations of the June 14, 2007, version of the German Corporate Governance Code. In the future, the Supervisory Board will form a Nomination Committee exclusively staffed by shareholder representatives that will propose to the Supervisory Board suitable candidates that the Supervisory Board can suggest as candidates to the Annual Shareholders' Meeting. There were two changes compared with the prior year: Supervisory Board members will be elected individually. We renounced the option of electing the entire Supervisory Board on a single ballot and adhering to the limitation pursuant to Item 4.2.3 of the Code.

Shareholders and Annual Shareholders' Meeting

INDUS Holding AG shareholders exercise their rights—primarily consisting of their right to vote and ask questions—within the scope of the Annual Shareholders' Meeting, which regularly takes place once a year. More than 1,300 shareholders and numerous guests attended the last Annual Shareholders' Meeting on July 3, 2007 in Cologne. INDUS helps its shareholders exercise their voting rights by granting them the option to issue instructions regarding the individual agenda items to a proxy nominated by the company. To this end, the company publishes a form that can be used to issue an authorization and instructions to a proxy on its website.

Cooperation between the Board of Management and the Supervisory Board

The Board of Management informs the Supervisory Board about the corporate budget and business trend as well as the company's risk situation in a regular, timely and comprehensive manner. The Board of Management and the Supervisory Board constantly shared information in between the six Supervisory Board sessions held last year. The topics of discussion with the Supervisory Board were the Group's strategic orientation and continued development. In addition, the latest budgets were commented on. In the year under review, members of the Board of Management and the Supervisory Board had no conflicts of interest that would have been immediately reportable to the Supervisory Board.

Board of Management

The Board of Management consists of four members. It runs the company, and this responsibility is shared by all its members. It is the Board of Management's task to define the company's strategic orientation and to refine it continuously. The Board of Management establishes the entrepreneurial goals, the internal control and risk management system, and the investments' controlling practices. Last year, Dr. Lars Bühring, who had served on the Board for a great many years, retired for age-related reasons as of March 31, 2007. His duties have been entrusted to Wolfgang E. Höper. Michael Eberhart left the company of his own volition for personal reasons after the end of the year being reviewed. He was succeeded by Jürgen Abromeit, who joined the organization effective April 1, 2008.

Supervisory Board

As before, the Supervisory Board consists of six members. Dr. Winfried Kill, Günter Kill, Dr. Uwe Jens Petersen and Dr. Egon Schlütter, who already had seats on the Supervisory Board, were individually elected for a further five years by the shareholders at the last Annual Shareholders' Meeting. Dr. Jürgen Allerkamp, Chairman of the Board of Management of Norddeutsche Landesbank, and Dr. Ralf Bartsch, Speaker of the Board of Directors of the Brüder Schlau Hammer Group, were appointed to the Supervisory Board for the first time—also with a tenure of five years. Prof. Dr. Axel Kollar and Bernhard Scholten, who served on the Supervisory Board for a significant number of years, retired from the Board on expiry of their mandates. It is the Supervisory Board's duty to monitor and advise the Board of Management. The Supervisory Board is directly involved in making decisions of fundamental importance to the company. The Supervisory Board coordinates the company's strategic alignment with the Board of Management and regularly discusses the implementation of the corporate strategy with the Board of Management.

Compensation Report

The compensation report explains the compensation system that applies to the Board of Management and the Supervisory Board and determines remuneration, broken down by components for the preceding financial year. The compensation of the Board of Management and the Supervisory Board is disclosed in summarized fashion for each of the bodies pursuant to a resolution passed by the Annual Shareholders' Meeting in accordance with Sec. 286, Para. 5 and Sec. 315, Para. 2, Item 4 of the German Commercial Code.

Remuneration of the Supervisory Board

The Supervisory Board's compensation is governed by the provisions in Item 6.16 of the articles of association. In addition to being reimbursed for out-of-pocket expenses incurred in connection with their Supervisory Board activities, Supervisory Board members receive a fixed base remuneration of EUR 10,000.00 as well as a variable compensation of EUR 500.00 for every percentage point by which the dividend paid to the shareholders exceeds 4% of the capital stock. The Chairman of the Supervisory Board receives twice the two aforementioned sums, and his Deputy receives one-and-a-half times these amounts. INDUS Holding AG does not have any stock option plans or similar securities-based incentive systems. Therefore, there are no stock option plans or comparable compensation components that would be a long-term incentive to the members of the Supervisory Board.

A total of EUR 75,000 (2006: EUR 75,000) and EUR 158,000 (2006: EUR 158,000) in fixed and variable compensation were paid to the Supervisory Board for fiscal 2007, respectively. In sum, the remuneration paid for Supervisory Board activities including expenses totaled EUR 233,000 (2006: EUR 233,000). Furthermore, Supervisory Board members received EUR 8,000 (2006: EUR 5,000) for personal advisory services rendered and EUR 105,000 (2006: EUR 105,000) in payments for a leasehold obligation.

Remuneration of the Board of Management

The sums and provisions set forth in the compensation system for the Board of Management are determined and constantly reviewed by the Supervisory Board. Each member of the Board of Management is remunerated based on his or her tasks and performance, the performance of the Board of Management as a whole, and the company's economic situation. The compensation component that is independent of performance consists of a monthly salary. In addition, members of the Board of Management receive various payments in kind, consisting of the use of company cars. No payments in kind or fringe benefits are granted in addition to this. Performance-linked remuneration is solely determined by the company's operational success. INDUS Holding AG does not have any stock option plans or similar securities-based incentive systems. Therefore, there are no stock option plans or comparable compensation components that would be a long-term incentive to the members of the Board of Management. With the exception of pension commitments financed by a portion of the salaries that is renounced, members of the Board of Management are not entitled to any other pension benefits that would have to be disclosed on the balance sheet. Severance agreements are only in place in the event of the early termination of a contract with a member of the Board of Management caused by a change of control (change of control clause). In such an event, every member of the Board of Management has an extraordinary right of termination in conjunction with a right to a severance payment equaling total remuneration until the agreed expiry of his or her employment contract.

A total of EUR 1,191,000 (2006: EUR 1,225,000) and EUR 768,000 (2006: EUR 618,000) in fixed and variable compensation were paid to the Board of Management for fiscal 2007, respectively. The Board of Management thus received a total of EUR 1,959,000 (2006: EUR 1,843,000) in compensation. Furthermore, EUR 154,000 in compensation were converted to grant pension benefits in the fiscal year.

The compensation report is part of the consolidated financial statements and the Group management report.

Transparence

INDUS provides its shareholders, analysts, the media and the interested public with a timely and continuous flow of information on the development of the company's business. The primary objective in this regard is to ensure that the various stakeholder groups are simultaneously informed by publishing all key documents such as the annual and interim reports as well as press and ad-hoc releases on the web. The annual report is published four months after the end of each financial year, and the interim reports are published two months after the end of the corresponding reporting periods. In 2007, a total of two ad-hoc releases pursuant to Sec. 15 of the German Securities Trading Act (WpHG) and seven press releases were published. No notices concerning voting rights in accordance with Sec. 26 of the German Securities Trading Act or directors' dealings pursuant to Sec. 15a of the German Securities Trading Act were issued.

Accounting and Audit of the Financial Statements

Since the beginning of 2005, the consolidated financial statements of INDUS Holding AG have been prepared in compliance with the principles set forth in the International Financial Reporting Standards (IFRS). As before, the separate financial statements are prepared in accordance with the provisions of the German Commercial Code (HGB). The audit of the financial statements was performed by Treuhand- und Revisions-Aktiengesellschaft Niederrhein, Krefeld. The auditing firm's corresponding statement of independence in accordance with Item 7.2.1 of the German Corporate Governance Code was made available to the Supervisory Board. The audit assignment for the holding company financial statements and consolidated financial statements of INDUS Holding AG was issued by the Supervisory Board following the resolution passed by the Annual Shareholders' Meeting.

Statement of Compliance with the German Corporate Governance Code in 2008

The Board of Management and the Supervisory Board declare that the company has complied—and continues to comply—with the major recommendations set forth in the June 14, 2007, version of the German Corporate Governance Code.The Board of Management and the Supervisory Board intend to follow the recommendations in the future as well. The following exceptions shall be made:

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 Items 5.1.2 and 5.4.1
There was, and is, 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 5.4.7
The remuneration received by members of the Supervisory Board was, and is, presented in the notes to the consolidated financial statements in total, broken down into fixed and performance-linked components. An itemized statement was not, and is not, made 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 7.1.2
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, April 2008

On behalf of the Board of Management
Helmut Ruwisch
Wolfgang E. Höper

On behalf of the Supervisory Board
Dr. Winfried Kill

Consolidated Income Statement*

EUR '000	Note	2007	2006
Revenue	(1)	929,775	846,015
Other operating income	(2)	15,145	17,750
Own work capitalized	(3)	5,081	5,394
Change in inventories	(3)	– 137	10,439
Cost of materials	(4)	– 437,104	– 393,279
Staff costs	(5)	– 245,236	– 225,213
Depreciation	(6)	– 40,685	– 61,168
Other operating expenses	(7)	– 126,460	– 115,355
Income from shares accounted for using the equity method		1,196	763
Other financial result	(8)	368	231
Operating result (EBIT)		**101,943**	**85,577**
Interest income		3,706	1,945
Interest expenses		– 28,709	– 25,712
Net interest	(9)	– 25,003	– 23,767
Income before taxes		**76,940**	**61,810**
Taxes	(10)	– 26,579	– 29,958
Income from discontinued operations	(11)	582	– 2,024
Income after taxes		**50,943**	**29,828**
Minus minority interests		– 999	– 719
Income allocable to INDUS shareholders		**49,944**	**29,109**
Diluted earnings per share in EUR Undiluted earnings per share in EUR	(12)	2.72 2.72	1.73 1.73
Earnings allocable to INDUS shareholders, net of volatility and interest-rate hedges		48,351	25,041

** The previous year's figures have been restated.*

Summary of Income and Expenses Recognized in Equity

	2007	2006
Currency translation adjustment	45	46
Changes in the fair value of derivative financial instruments	744	1,228
Netting of deferred taxes	– 118	– 324
Income and expenses directly recognized in equity	**671**	**950**
Income after taxes	50,943	29,828
Total income and expenses recognized in equity	**51,614**	**30,778**
– of which minority interests	999	719
– of which shares allocable to INDUS shareholders	50,615	30,059

Consolidated Balance Sheet*

Assets

EUR '000	Note	Dec. 31, 2007	Dec. 31, 2006
Goodwill	(13)	285,606	263,195
Intangible assets	(13)	18,147	19,046
Property, plant and equipment	(13)	239,381	226,791
Financial assets	(14)	7,853	6,304
Shares accounted for using the equity method	(14)	4,657	4,314
Other non-current assets	(15)	2,109	1,449
Deferred taxes	(16)	4,144	3,128
Non-current assets		**561,897**	**524,227**
Cash and cash equivalents		77,617	92,664
Accounts receivable	(17)	115,543	108,129
Inventories	(18)	161,351	158,437
Other current assets	(15)	10,442	10,374
Current income taxes	(16)	4,463	6,592
Assets held for sale		–	–
Current assets		**369,416**	**376,196**
Balance sheet total		**931,313**	**900,423**

Equity and Liabilities

EUR '000	Note	Dec. 31, 2007	Dec. 31, 2006
Paid-in capital		162,955	162,955
Generated capital		69,117	40,102
Shareholders' equity of INDUS shareholders		232,072	203,057
Minority interests in capital		2,058	1,503
Group equity	(19)	**234,130**	**204,560**
Non-current financial liabilities	(20)	386,568	419,924
Provisions for pensions	(21)	15,124	14,793
Other non-current provisions	(22)	2,452	3,043
Other non-current liabilities	(23)	8,435	5,223
Deferred taxes	(16)	18,705	19,203
Non-current liabilities		**431,284**	**462,186**
Current financial liabilities	(20)	131,410	99,625
Trade accounts payable		33,286	33,908
Current provisions	(22)	28,834	29,532
Other current liabilities	(23)	61,986	63,298
Current income taxes	(16)	10,383	7,314
Liabilities held for sale		–	–
Current liabilities		**265,899**	**233,677**
Balance sheet total		**931,313**	**900,423**

** The previous year's figures have been restated.*

Consolidated Statement of Equity

2007 EUR '000	Opening balance Jan. 1, 2007	Dividend payment	Recognized expenses and income	Closing balance Dec. 31, 2007
Subscribed capital	46,800	–	–	46,800
Additional paid-in capital	116,155	–	–	116,155
Paid-in capital	**162,955**	**–**	**–**	**162,955**
Accumulated earnings	40,055	– 21,600	49,944	68,399
Currency translation reserve	533	–	45	578
Reserve for the marked-to-market measurement of financial instruments	– 486	–	626	140
Capital generated	**40,102**	**– 21,600**	**50,615**	**69,117**
Equity of INDUS shareholders	**203,057**	**– 21,600**	**50,615**	**232,072**
Minority interests	1,503	– 444	999	2,058
Group equity	**204,560**	**– 22,044**	**51,614**	**234,130**

2006 EUR '000	Opening balance Jan. 1, 2006	Dividend payment	Recognized expenses and income	Closing balance Dec. 31, 2006
Subscribed capital	46,800	–	–	46,800
Additional paid-in capital	116,155	–	–	116,155
Paid-in capital	**162,955**	**–**	**–**	**162,955**
Accumulated earnings	32,546	– 21,600	29,109	40,055
Currency translation reserve	487	–	46	533
Reserve for the marked-to-market measurement of financial instruments	– 1,390	–	904	– 486
Capital generated	**31,643**	**– 21,600**	**30,059**	**40,102**
Equity of INDUS shareholders	**194,598**	**– 21,600**	**30,059**	**203,057**
Minority interests	2,413	– 1,629	719	1,503
Group equity	**197,011**	**– 23,229**	**30,778**	**204,560**

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 exclusively based on continuous changes in marked-to-market valuation. There were no effects from reclassification. The dividend payment is based on a dividend of EUR 1.20 per share distributed to INDUS shareholders.

Minority interests in equity relate to external shareholders in limited liability companies and corporations. In accordance with IAS 32, due to the theoretical retirability and redeemability of the shares, minority interests in limited partnerships are reported as debt and stated under other liabilities in the amount of EUR 4,887,000 (previous year: EUR 9,052,000).

Consolidated Cash Flow Statement*

EUR '000	2007	2006
Income after taxes	**50,943**	**29,828**
Depreciation/write-backs		
– of non-current assets (excluding deferred taxes)	40,733	61,285
– due to gains (–)/losses (+) from the disposal of assets	30	– 993
Taxes	26,579	29,958
Net interest	25,003	23,767
Cash earnings of discontinued operations	– 100	– 64
Income from companies accounted for using the equity method	– 1,196	– 763
Other non-cash transactions	929	354
Changes in provisions	– 1,961	3,046
Increase (–)/decrease (+) in inventories, trade accounts receivable and other assets not allocable to investing or financing activities	– 7,214	– 20,624
Increase (+)/decrease (–) in trade accounts payable and other liabilities not allocable to investing or financing activities	– 2,385	– 15,634
Income taxes received/paid	– 24,145	– 24,251
Dividend portion	831	640
Operating cash flow	**108,047**	**86,549**
Interest paid	– 29,617	– 27,597
Interest portion	3,706	2,362
Cash flows from operating activities	**82,136**	**61,314**
Cash flows from investments in		
– intangible assets	– 8,729	– 6,369
– property, plant and equipment	– 47,538	– 44,473
– financial assets	– 2,022	– 866
– shares in fully consolidated companies	– 17,935	– 8,121
Income from the disposal of		
– shares in fully consolidated companies	715	1,714
– other assets	2,105	4,846
Cash flows from investing activities of discontinued operations	– 6	– 28
Cash flows from investing activities	**– 73,410**	**– 53,297**
Dividends paid to shareholders	– 21,600	– 21,600
Dividends paid to minority interests	– 444	– 1,628
Cash flows from the issuance of debt	66,058	131,862
Cash flows from the repayment of debt	– 67,629	– 157,053
Cash flows from financing activities	**– 23,615**	**– 48,419**
Net cash change in financial facilities	**– 14,889**	**– 40,402**
Changes in cash and cash equivalents caused by currency exchange rates	**– 158**	**– 498**
Cash and cash equivalents at the beginning of the period	**92,664**	**133,564**
Cash and cash equivalents at the end of the period	**77,617**	**92,664**

EUR '000	2007	2006
Cash transactions related to the sale of investments	720	1,905
Plus financial liabilities sold	–	–
Minus financial facilities sold	– 5	– 191
Net sales proceeds	**715**	**1,714**
Cash transactions related to the acquisition of investments	– 19,452	– 7,625
Plus financial liabilities assumed	–	– 984
Minus financial facilities purchased	1,517	488
Net purchase price	**– 17,935**	**– 8,121**

** The previous year's figures have been restated.*

Cash and cash equivalents include a limited-authorization account with a balance of EUR 282,000 (previous year: EUR 242,000). EUR 1,520,000 in investing and financing transactions not affecting cash and cash equivalents are not part of the cash flow statement (previous year: EUR 7,842,000). The non-cash change in cash and cash equivalents caused by foreign exchange rates has been stated separately for the first time. In the preceding years, this effect was included in other non-cash transactions. Cash and cash equivalents of discontinued operations stated separately on the balance sheet amount to EUR 0 (previous year: EUR 111,000).

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 2007 in accordance with International Financial Reporting Standards (IFRS) and the interpretation of such by the International Financial Reporting Interpretations Committee (IFRIC). 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. Pursuant to Sec. 315a of the German Commercial Code (HGB), Indus Holding AG is obligated to prepare its consolidated financial statements in compliance with IFRS. Information that must be included in the notes in accordance with the German Commercial Code (HGB) and goes above and beyond statements mandatory pursuant to IFRS is thus presented in the notes to the consolidated financial statements as well. Prior-year figures were adjusted in all relevant presentations in order to reflect the reclassification of discontinued operations. The financial statements were released for submission to the Supervisory Board on April 24, 2008.

Application and Impact of New and Revised Standards

All standards mandatory as of December 31, 2007, were taken into account. We did not exercise the discretionary right to apply standards that will become mandatory in the future early on.

In fiscal 2007, IFRS 7 (Financial Instruments: Disclosures) and the amendments to IAS 1 (Presentation of Financial Statements) were applied for the first time. These standards require expanded disclosure on financial instruments and capital management . The new standards do not affect the classification or measurement of financial instruments.

In addition, the following interpretations became mandatory for the first time: IFRIC 7 (Applying the Restatement Approach under IAS 29 "Financial Reporting in Hyperinflationary Economies"), IFRIC 8 (Scope of IFRS 2), IFRIC 9 (Reassessment of Embedded Derivatives) and IFRIC 10 (Interim Financial Reporting and Impairment). The application of these interpretations did not have an impact on the consolidated financial statements.

Standards adopted by the EU which are not yet mandatory for these financial statements are IFRS 8 (Operating Segments; replaces IAS 14) and IFRIC 11 (IFRS 2 —Group and Treasury Share Transactions). The application of IFRIC 11 is not expected to have an impact; the effects of IFRS 8 on the consolidated financial statements are currently being assessed.

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 holding company's accounts is offset against assets and liabilities. In periods thereafter, the carrying amount of the holding 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 =	**2007**	**2006**	**2007**	**2006**
Brazil	BRL	2.613	2.823	2.669	2.738
Canada	CAD	1.445	1.528	1.468	1.424
China	RMB	10.772	10.025	10.435	10.321
Mexico	MXN	16.089	14.318	14.989	13.722
Poland	PLN	3.594	3.831	3.784	3.896
Serbia	RSD	81.390	–	81.070	–
Slovakia	SKK	33.583	–	33.775	–
South Africa	ZAR	10.030	9.212	9.660	8.531
Switzerland	CHF	1.655	1.607	1.643	1.573
Turkey	TRY	1.717	1.864	1.786	1.809
USA	USD	1.472	1.317	1.370	1.256

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 rates 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 no more than 1%. Results obtained in this manner are discounted using a capital cost rate of 10%. Goodwill is tested for impairment at the level at which this is reasonable from an economic point of view. In most cases, goodwill is assigned to the portfolio companies and their subsidiaries. These are the operating units that are listed in the notes. In the few cases in which there is a close intragroup trade relationship between these companies, they are combined to form operating units, and goodwill is tested for impairment on this basis.

Individually acquired **intangible assets** are measured at cost and amortized over their useful lives of 3 to 8 years, as long as they are determinable. 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 and reversed over their useful life. 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 sales 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. The 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 (usually 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 hedge between the underlying transaction and the hedge instrument is effective and that this 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: There are several benefit plans with different characteristics, in part for former shareholders of acquired companies. 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 has 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 bearing a 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 rendered.

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 income or expenses that differ from a tax perspective. Deferred taxes on goodwill are only accrued to the extent that they may be deducted. This is generally the case for German limited partnerships. Deferred taxes must be recalculated if the realization of this goodwill, e.g., by way of disposal of the relevant limited partnerships, 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 a planning horizon of 5 years.

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. Germany's corporate tax has been 15% since the 2008 German corporate tax reform. 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 28.8% for all reporting periods. Foreign tax rates range from 10% 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 rendered, 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 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.

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 the assumptions that 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; this applies to other provisions in particular.

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, based on our current perspective, no material adjustments to the balance-sheet items are expected.

Adjustment of Prior-Year Figures

When accounting for discontinued operations in compliance with IFRS 5.34, one has to adjust prior-year figures. In addition, reclassifications were performed in compliance with the current version of IAS 1.

Income Statement

Adjustment to the previous year's income statement EUR '000	**2006** published	Classification	Restatement **IFRS 5**	**2006** comparable
Revenue	849,270	–	– 3,255	846,015
Other operating income	17,778	–	– 28	17,750
Own work capitalized	5,394	–	–	5,394
Change in inventories	10,474	–	– 35	10,439
Cost of materials	– 394,287	–	1,008	– 393,279
Staff costs	– 226,434	–	1,221	– 225,213
Depreciation	– 61,168	–	–	– 61,168
Other operating expenses	– 116,703	–	1,348	– 115,355
Income from shares accounted for using the equity method	–	763	–	763
Other financial result	994	– 763	–	231
Operating result (EBIT)	**85,318**	**–**	**259**	**85,577**
Interest income	1,948	–	– 3	1,945
Interest expenses	– 25,771	–	59	– 25,712
Net interest	– 23,823	–	56	– 23,767
Income before taxes	**61,495**	**–**	**315**	**61,810**
Taxes	– 29,869	–	– 89	– 29,958
Income from discontinued operations	– 1,798	–	– 226	– 2,024
Income after taxes	**29,828**	**–**	**–**	**29,828**
– Minority interests	– 719	–	–	– 719
– Amount allocable to INDUS shareholders	29,109	–	–	29,109
Diluted earnings per share in EUR	1.72	0.00	0.01	1.73
Undiluted earnings per share in EUR	1.72	0.00	0.01	1.73
Earnings allocable to INDUS shareholders, net of volatility and interest-rate hedges	25,041			25,041

Balance Sheet

EUR 714,000 in non-current assets and EUR 5,878,000 in current assets were reclassified to capitalized current taxes, totaling EUR 6,592,000. Current tax liabilities amount to EUR 7,314,000 and consist of reclassifications of other current liabilities totaling EUR 1,115,000 and current provisions of EUR 6,199,000.

Consolidation and Scope of Consolidation

In the consolidated financial statements, all subsidiary companies are fully consolidated if the INDUS Group 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 on which control over their finance and business policy is transferred. 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 on which the decision is made to divest the company, they are classified as "held for sale."

Number of companies included	**Germany**	**Abroad**	**Total**
Fully consolidated subsidiaries			
Jan. 1, 2006	**103**	**12**	**115**
Additions	1	6	7
Disposals	6	0	6
Jan. 1, 2007	**98**	**18**	**116**
Additions	3	2	5
Disposals	3	1	4
Dec. 31, 2007	**98**	**19**	**117**
Companies accounted for using the equity method			
Jan. 1, 2006	**4**	**2**	**6**
Additions	0	1	1
Disposals	3	0	3
Jan. 1, 2007	**1**	**3**	**4**
Additions	0	0	0
Disposals	0	1	1
Dec. 31, 2007	**1**	**2**	**3**

Four 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).

One of the disposals of fully consolidated subsidiaries resulted from its folding into another company. The data presented as at December 31, 2007, in these statements includes 36 fully liable limited liability companies, which form what is termed a "unit company" with the related limited commercial partnerships (as of December 31, 2006: 38 fully liable limited liability companies). The most important operating companies are presented in the notes. The complete list of shareholdings is submitted to the operator of the electronic version of Germany's Federal Gazette.

Business Combinations Pursuant to IFRS 3

Per a purchase agreement dated September 28, 2006, INDUS Holding AG acquired a 75% stake in OBUK Haustürfüllungen GmbH & Co. KG as of January 1, 2007. The remaining shares are held by the company's founder, who has remained responsible for operations as general manager. Furthermore, per a purchase agreement dated May 2, 2007, a 100% shareholding in TOMCAST GmbH Antennenanlagen was acquired . The company was included in the consolidated statements for the first time effective May 2007.

Moreover, shares in existing majority stakes were increased in 2007, largely by contributing a 15% stake in SELZER Fertigungstechnik GmbH & Co. KG to INDUS Holding AG and by acquiring a 10% shareholding in M. BRAUN INC, USA, via the INDUS subsidiary M. BRAUN Inertgas-Systeme GmbH. INDUS now holds an 85% stake in SELZER Fertigungstechnik GmbH & Co. KG and a 100% shareholding in M. BRAUN INC.

Acquisition costs for all additions including the minority shareholdings acquired amounted to EUR 30.8 million (previous year: EUR 15 million). The purchase prices were determined on the basis of a standardized enterprise valuation model.

Revenue generated by all newly consolidated companies for the financial year running from January 1, to December 31 would amount to EUR 21.9 million (previous year: EUR 15 million). These companies contributed EUR 21.7 million to the revenue stated in the 2007 consolidated financial statements. EUR 19.0 million thereof are allocable to OBUK, and EUR 2.7 million are attributable to TOMCAST. The share in consolidated revenue in the preceding year amounted to EUR 11.2 million, of which EUR 7.5 million were allocable to ANCOTECH, with five smaller companies accounting for the rest.

The purchase price allocation for the new acquisitions resulted in goodwill of EUR 16.0 million (previous year: EUR 4.7 million). In 2007, EUR 15.7 million of this sum was allocable to the Construction Industry segment, while EUR 0.3 million was attributable to the Other Investments segment.

The following tables contain further mandatory disclosure regarding **first-time consolidations:**

Acquisitions made in 2007

EUR '000	Carrying amounts at time of addition	Assets added due to first-time consolidations	Additions consolidated balance sheet
Non-current assets	1,330	18,071	19,401
Current assets	5,680	420	6,100
Total assets	**7,010**	**18,491**	**25,501**
Non-current liabilities	347	59	406
Current liabilities	4,449	1,194	5,643
Total liabilities	**4,796**	**1,253**	**6,049**

Acquisitions made in 2006

EUR '000	Carrying amounts at time of addition	Assets added due to first-time consolidations	Additions consolidated balance sheet
Non-current assets	2,039	5,676	7,715
Current assets	2,978	574	3,552
Total assets	**5,017**	**6,250**	**11,267**
Non-current liabilities	374	–	374
Current liabilities	3,111	148	3,259
Total liabilities	**3,485**	**148**	**3,633**

Disposals Pursuant to IFRS 5

In the 2006 financial year, NEUTRASOFT IT GmbH & Co. KG was sold effective January 1, 2006, and Oskar OVERMANN GmbH & Co. Kommanditgesellschaft was divested effective October 31, 2006. In fiscal 2007, INDUS decided to sell its investment in MAPOTRIX Dehnfugen GmbH & Co. KG as of January 1, 2007. The company was sold to the years-long managing director in the framework of a management buy-out (MBO). The prior year's income statement was adjusted. Details are included in the reconciliation above.

In fiscal 2007 and 2006, income and expenses attributable to discontinued operations broke down as follows:

Disclosure in Accordance with IFRS 5

EUR '000	**2007**	**2006**
Revenue	427	5,984
Expenses and other income	– 520	– 7,720
Operating result	**– 93**	**– 1,736**
Net interest	– 20	– 57
Taxes	30	479
Income after taxes from continuing operations	– 83	– 1,314
Income from deconsolidations	665	– 710
Income from discontinued operations	**582**	**– 2,024**
Tax expense/revenue from divestments	– 79	254

Call and Put Options

There are call and put options for minority interests in fully consolidated companies. In all major cases, purchase price models ensure that the shares can be assessed objectively taking company-specific risk structures into account, which enables one to exchange the minority interests at fair value. As a rule, both of the contractual parties can exercise the options. In some cases, provisions establish when the call or put option may be exercised for the first time.

Notes to the Consolidated Income Statement

[1] Revenue

Revenue includes EUR 17,710,000 in revenue from services (previous year: EUR 16,452,000) and EUR 261,000 in service fees (previous year: EUR 1,202,000). Revenue also includes EUR 42,644,000 in revenue from customer-specific construction contracts (prior year: EUR 46,218,000). EUR 21,684,000 of the EUR 83,760,000 increase in revenue stems from the first-time consolidation of companies in 2007. In fiscal 2006, EUR 3,255,000 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	**2007**	**2006**
Income from the release of accruals	2,099	2,151
Income from currency translation	1,319	676
Release of valuation allowances	1,009	1,454
Transfer to earnings/release of deferrals carried as liabilities	702	1,276
Income from asset disposals	534	881
Insurance coverage for disposals of property, plant and equipment	653	3,512
Other operating income	8,829	7,800
Total	**15,145**	**17,750**

Income from currency translation was contrasted by EUR –2,728,000 in expenses (previous year: EUR –2,144,000). Currency differences included in income thus amounted to EUR –1,409,000 (prior year: EUR –1,468,000).

[3] Own Work Capitalized

EUR '000	**2007**	**2006**
Other own work capitalized	2,856	2,782
Own work capitalized in accordance with IAS 38	2,225	2,612
Total	**5,081**	**5,394**

Furthermore, EUR 9,774,000 in research and development expenses were recognized as part of the expenses for the period (prior year: EUR 8,679,000).

Changes in Finished Goods and Work in Progress

EUR '000	2007	2006
Work in progress	5,234	4,400
Finished goods	– 5,371	6,039
Total	**– 137**	**10,439**

[4] Cost of Materials

EUR '000	2007	2006
Raw materials and goods for resale	– 389,560	– 344,908
Purchased services	– 47,544	– 48,371
Total	**– 437,104**	**– 393,279**

[5] Staff Costs

EUR '000	2007	2006
Wages and salaries	– 205,330	– 187,362
Social security	– 37,773	– 35,435
Pensions	– 2,133	– 2,416
Total	**– 245,236**	**– 225,213**

Staff costs do not include the interest accretion to transfers to pension provisions, which amounted to EUR 768,000 and was recognized as part of the net interest (previous year: EUR 763,000).

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

EUR '000	2007	2006
Depreciation of property, plant, equipment and intangible assets	– 32,453	– 33,040
Amortization of value added within the Group	– 8,232	– 9,855
Impairment losses from first-time consolidations	–	– 18,273
Total	**– 40,685**	**– 61,168**

Impairment losses from first-time consolidation are broken down by segment in the segment report. Additionally, EUR 309,000 in impairment losses were recognized for property, plant and equipment (previous year: EUR 948,000), while EUR 3,000 were recognized for intangible assets (prior year: EUR 509,000).

[7] Other Operating Expenses

EUR '000	2007	2006
Operating expenses	– 43,729	– 38,929
Selling expenses	– 51,190	– 46,522
Administrative expenses	– 23,908	– 21,582
Other expenses	– 7,633	– 8,322
Total	**– 126,460**	**– 115,355**

[8] Financial Result

EUR '000	2007	2006
Depreciation of financial assets	– 48	– 117
Income from financial assets	416	348
Total	**368**	**231**

[9] Net Interest

EUR '000	2007	2006
Interest and similar income	3,706	1,945
Interest and similar expenses	– 29,564	– 29,251
= Interest from operations	– 25,858	– 27,306
IFRS interest: market value of interest-rate swaps	2,049	5,524
IFRS interest: minority interests	– 1,194	– 1,985
= IFRS interest	855	3,539
Total	**– 25,003**	**– 23,767**

Although some interest derivatives are very commercially effective hedges, they cannot be accounted for as hedges for purely formal reasons. Above, we have adjusted the change in the market value of these interest-rate derivatives in the item "IFRS interest: market value of interest-rate swaps" with an effect on net income.

The item "IFRS interest: minority interests" includes income after taxes that is allocable to minority interests in limited partnerships. Since in principle, shares in limited partnerships can be retired by minority shareholders, their shares in capital are stated as part of other liabilities and the associated changes are presented as the return on this item.

[10] Taxes

EUR '000	2007	2006
Non-recurrent taxes	61	– 73
Current taxes	– 28,316	– 28,706
Deferred taxes	1,676	– 1,179
Total	**– 26,579**	**– 29,958**

Income from deferred taxes in 2007 largely results from the change in future tax rates occasioned by the German 2008 tax reform.

Special Tax Aspects

INDUS Holding AG's 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. 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 limited partnerships. 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; even for companies with stronger earnings, this can result in a tax loss with corresponding tax savings, in trade tax at limited partnerships, and in corporate tax at INDUS Holding. 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 probable over a 5-year planning period.

Trade tax is due at the level of the limited partnerships. With regard to trade tax, offsetting tax gains and losses between limited partnerships is not allowed. The taxable earnings after trade tax are ascribed to INDUS Holding AG and then subject to corporate tax. No tax group contracts have been concluded with any of the limited liability companies. This is reflected in the item "No offsetting of income for independent subsidiaries."

In accordance with the corporate philosophy, the holding company handles financing for all of the portfolio companies. Most of the Group's financial expenses are thus incurred by the holding company. Financial expenses for stock corporations are tax-deductible for the holding company, whereas distributions are tax-exempt. As a result, the holding company incurs trade tax losses, which increase the Group's tax rate.

Reconciliation from the Expected to the Actual Tax Expense

EUR '000		**2007**	**2006**
Income before income taxes		**76,940**	**61,810**
Expected tax expense	37.8 %	29,083	23,364
Reconciliation			
Goodwill amortization		–	6,907
Capitalization or value allowance of deferred tax loss carryforwards		– 969	– 949
Non-recurrent taxes		– 61	73
Equity measurement of associated companies		– 452	– 288
Structural effects of			
– deviating local tax rates		– 198	– 606
– deviating national tax rates		129	– 395
Commercial tax losses of INDUS Holding AG		823	–
No offsetting of income for independent subsidiaries		1,046	1,028
Foreign withholding tax on tax-free dividends		–	231
Other non-deductible expenses or tax-free income		2,995	1,382
Use of actual tax loss carryforwards		– 1,064	– 789
Change in domestic tax rates		– 4,753	–
Actual tax expense		**26,579**	**29,958**
As a percentage of income		34.5 %	48.5%

As in the preceding year, the tax expense expected for fiscal 2007 was 37.8%, based on the domestic tax regulations in effect for these years. Based on a corporate tax rate of 25%, taking into account an average commercial tax assessment rate of 370% and the 5.5% solidarity surcharge, the income tax rate for domestic companies is 37.8%. Due to the German 2008 corporate tax reform, the future tax rate is expected to be 28.8%. Since this tax rate is decisive for calculating deferred tax, the net deferred tax liability decreased by EUR –4.7 million as a result of this one-off effect.

[11] Income from Discontinued Operations

Income from discontinued operations in 2007 includes income after taxes generated by MAPOTRIX Dehnfugen GmbH & Co. KG. In the preceding year, this item also included income after tax earned by NEUTRASOFT IT GmbH & Co. KG and Oskar OVERMANN GmbH & Co. KG.

[12] Earnings per Share

Earnings per share total EUR 2.72 (previous year: EUR 1.73). In 2007, the weighted average number of shares was 18,154,180 (prior year: 18,000,000). Please turn to note [19] for further details.

The earnings taken as a basis are derived from the earnings of the INDUS shareholders, adjusted to exclude income from discontinued operations. Including income from discontinued operations in the basis would affect earnings per share to the tune of EUR +0.03 (prior year: EUR –0.11).

Notes to the Consolidated Balance Sheet

[13] Development of Intangible Assets and Property, Plant and Equipment

Cost in 2007 EUR '000	Opening balance Jan. 1, 2007	Changes in the scope of consolidation	Additions	Disposals	Transfers	Currency translation	Closing balance Dec. 31, 2007
Goodwill	**302,768**	**15,950**	**6,478**	**17**	**–**	**–**	**325,179**
Capitalized development costs	6,251	–	2,225	255	–	–	8,221
Licenses, commercial rights, and other intangible assets	90,885	282	2,637	1,332	– 7	–	92,465
Total intangible assets	**97,136**	**282**	**4,862**	**1,587**	**– 7**	**–**	**100,686**
Land and buildings	143,266	9	7,810	1,262	2,863	–	152,686
Technical plant and machinery	235,950	2,153	21,022	3,016	2,719	–	258,828
Other plant, fixtures, furniture and office equipment	83,893	616	9,978	3,562	596	–	91,521
Advance payments and work in progress	4,886	–	8,373	100	– 6,171	–	6,988
Total property, plant and equipment	**467,995**	**2,778**	**47,183**	**7,940**	**7**	**–**	**510,023**

Cost in 2006 EUR '000	Opening balance Jan. 1, 2006	Changes in the scope of consolidation	Additions	Disposals	Transfers	Currency translation	Closing balance Dec. 31, 2006
Goodwill	**302,828**	**– 7,136**	**7,286**	**210**	**–**	**–**	**302,768**
Capitalized development costs	3,639	–	2,612	–	–	–	6,251
Licenses, commercial rights, and other intangible assets	88,658	378	1,998	306	157	–	90,885
Total intangible assets	**92,297**	**378**	**4,610**	**306**	**157**	**–**	**97,136**
Land and buildings	132,008	3,731	6,708	1,537	2,356	–	143,266
Technical plant and machinery	216,250	165	23,431	6,991	3,095	–	235,950
Other plant, fixtures, furniture and office equipment	82,515	– 1,326	8,759	6,395	340	–	83,893
Advance payments and work in progress	6,274	–	5,543	977	– 5,948	– 6	4,886
Total property, plant and equipment	**437,047**	**2,570**	**44,441**	**15,900**	**– 157**	**– 6**	**467,995**

Depreciation in 2007 EUR '000	Opening balance Jan. 1, 2007	Changes in the scope of con-solidation	Additions	Write-ups	Disposals and transfers	Currency translation	Closing balance Dec. 31, 2007
Goodwill	**39,573**	**–**	**–**	**–**	**–**	**–**	**39,573**
Capitalized development costs	452	–	513	–	–	–	965
Licenses, commercial rights, and other intangible assets	77,638	–	5,275	–	1,343	4	81,574
Total intangible assets	**78,090**	**–**	**5,788**	**–**	**1,343**	**4**	**82,539**
Land and buildings	28,850	–	4,833	–	212	6	33,477
Technical plant and machinery	155,067	– 56	20,603	–	2,609	332	173,337
Other plant, fixtures, furniture and office equipment	57,287	– 34	9,461	–	2,871	– 15	63,828
Advance payments and work in progress	–	–	–	–	–	–	–
Total property, plant and equipment	**241,204**	**– 90**	**34,897**	**–**	**5,692**	**323**	**270,642**

Depreciation in 2006 EUR '000	Opening balance Jan. 1, 2006	Changes in the scope of con-solidation	Additions	Write-ups	Disposals and transfers	Currency translation	Closing balance Dec. 31, 2006
Goodwill	**33,472**	**– 11,962**	**18,273**	**–**	**210**	**–**	**39,573**
Capitalized development costs	138	–	314	–	–	–	452
Licenses, commercial rights, and other intangible assets	70,589	– 121	7,411	–	238	– 3	77,638
Total intangible assets	**70,727**	**– 121**	**7,725**	**–**	**238**	**– 3**	**78,090**
Land and buildings	25,216	–	4,760	–	1,126	–	28,850
Technical plant and machinery	141,908	– 234	20,305	–	6,860	– 52	155,067
Other plant, fixtures, furniture and office equipment	54,147	– 1,458	10,105	–	5,475	– 32	57,287
Advance payments and work in progress	–	–	–	–	–	–	–
Total property, plant and equipment	**221,271**	**– 1,692**	**35,170**	**–**	**13,461**	**– 84**	**241,204**

Residual carrying amounts of fixed assets developed as follows:

EUR '000	Dec. 31, 2007	Jan. 1, 2007	Jan. 1, 2006
Goodwill	**285,606**	**263,195**	**269,356**
Capitalized development costs	7,256	5,799	3,501
Licenses, commercial rights, and other intangible assets	10,891	13,247	18,069
Total intangible assets	**18,147**	**19,046**	**21,570**
Land and buildings	119,209	114,416	106,792
Technical plant and machinery	85,491	80,883	74,342
Other plant, fixtures, furniture and office equipment	27,693	26,606	28,368
Advance payments and work in progress	6,988	4,886	6,274
Total property, plant and equipment	**239,381**	**226,791**	**215,776**

[14] Financial Assets and Shares Accounted for Using the Equity Method

EUR '000	2007	2006
Other investments	173	96
Other loans	7,680	6,208
Shares accounted for using the equity method	4,657	4,314
Total	**12,510**	**10,618**

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. There were no defaults in either of the financial years.

The following overview contains additional information on associated companies:

Associated companies

EUR '000	**2007**	**2006**
Purchase price of associated companies	2,857	2,971
Appropriated income	1,196	763
Key figures of associated companies		
Assets	9,657	7,618
Liabilities	5,084	4,442
Capital	4,573	3,176
Sales	31,224	22,383
Earnings	2,352	1,584
Relations with associated companies		
Accounts receivable	1,039	826
Sales	2,067	1,879
Goods purchased	1,955	1,420

Accounts receivable from associated companies include EUR 0 in valuation allowances (previous year: EUR 100,000).

[15] Other Assets

EUR '000	**2007**	**2006**
Other tax refund claims	2,243	2,645
Accrual of payments not relating to the period under review	2,378	2,257
Reinsurance premiums	1,747	1,147
Loans and other accounts receivable	860	444
Positive SWAP market value	1,964	–
Miscellaneous assets	3,359	5,330
Total	**12,551**	**11,823**
– of which current – of which non-current	10,442 2,109	10,374 1,449

[16] Deferred Taxes

EUR 725,000 in capitalized current income taxes are long-term in nature (previous year: EUR 714,000) and principally stem from capitalized corporate tax credits. EUR 372,000 in current income tax liabilities are allocable to income tax liabilities (prior year: 1,115,000), while EUR 10,011,000 are attributable to income tax provisions (previous year: EUR 6,199,000).

The origin of **deferred tax** assets and deferred tax liabilities is broken down by balance-sheet item as follows:

2007 EUR '000	**Assets**	**Liabilities**	**Balance**
Goodwill of limited partnerships	1,559	– 20,969	– 19,410
Intangible assets	2,329	– 1,669	660
Property, plant and equipment	3,614	– 1,987	1,627
Other non-current assets	240	– 2	238
Receivables and inventories	5,611	– 2,273	3,338
Other current assets	152	–	152
Long-term provisions	802	– 81	721
Current liabilities	910	– 5,690	– 4,780
Capitalization of losses carried forward	2,893	–	2,893
Netting-out of accounts at the company level	– 12,230	12,230	–
Netting-out of accounts at the Group level	– 1,736	1,736	–
Deferred taxes	**4,144**	**– 18,705**	**– 14,561**

2006 EUR '000	**Assets**	**Liabilities**	**Balance**
Goodwill of limited partnerships	2,559	– 26,298	– 23,739
Intangible assets	4,122	– 2,233	1,889
Property, plant and equipment	5,663	– 3,350	2,313
Other non-current assets	292	–	292
Receivables and inventories	7,511	– 3,633	3,878
Other current assets	613	–	613
Long-term provisions	1,181	–	1,181
Current liabilities	1,530	– 5,956	– 4,426
Capitalization of losses carried forward	1,924	–	1,924
Netting-out of accounts at the company level	– 17,242	17,242	–
Netting-out of accounts at the Group level	– 5,025	5,025	–
Deferred taxes	**3,128**	**– 19,203**	**– 16,075**

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.

Deferred tax liabilities mainly result from the calculation of deferred taxes on the tax-deductible goodwill of limited partnerships. For tax purposes, rules governing the purchase price allocation are similar to those under IFRS for limited partnerships, 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 +1,676,000 (previous year: EUR –1,179,000). 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 550,000 were not recognized (previous year: EUR 884,000). We believe that EUR 22,200,000 in losses carried forward (previous year: EUR 11,700,000) are realizable over a planning horizon of 5 years. EUR 89,475,000 in losses carried forward (previous year: EUR 93,876,000), which are unlikely to be realized, were not capitalized. The vast majority of this pertains to trade tax loss carryforwards resulting from the special tax conditions existing at INDUS Holding AG, as explained in note [10]. Possible future opportunities to realize such carryforwards are determined by the trade tax rate. The single-largest item is the holding company's trade tax loss carryforward. The use of loss carryforwards is not subject to any time limits.

Taking applicable tax rates into account, this results in EUR 2,893,000 in capitalized tax loss carryforwards (previous year: EUR 1,924,000). The impact this has on earnings is EUR 969,000 (previous year: EUR 949,000).

In fiscal 2007, EUR 26,000 (prior year: EUR 174,000) in deferred taxes were accrued for the items recognized in equity without an effect on net income.

[17] Accounts Receivable

EUR '000	2007	2006
Accounts receivable from customers	109,140	98,828
Future accounts receivable from customer-specific construction contracts	5,364	8,475
Accounts receivable from associated companies	1,039	826
Total	**115,543**	**108,129**

Accounts receivable from customers are due within one year.

EUR 893,000 of accounts receivable from customer-specific construction contracts in the future have long-term maturities (previous year: EUR 8,000). Further information on construction contracts is contained in the following table:

Completion of Contracts

EUR '000	2007	2006
Costs incurred including prorated income	21,724	21,669
Advance payments received	19,520	15,490
Construction contracts with a positive balance	5,364	8,475
Construction contracts with a negative balance	3,160	2,296
Contingent liabilities	11,905	5,971

Construction contracts with a balance on the liabilities side are reported under other liabilities. No major collateral was retained.

Accounts receivable include EUR 4,337,000 in **valuation allowances** (previous year: EUR 4,840,000). They developed as follows:

EUR '000	2007	2006
Valuation allowances as of January 1	4,840	5,453
Currency translation	– 3	– 24
Changes in the scope of consolidation	– 17	187
Additions	1,908	1,742
Usage	– 1,388	– 796
Releases	– 1,003	– 1,722
Valuation allowances as of December 31	4,337	4,840

[18] Inventories

EUR '000	2007	2006
Raw materials and supplies	58,720	56,840
Unfinished goods	40,552	39,387
Finished goods and goods for resale	60,680	61,172
Prepayments to third parties for inventories	1,399	1,038
Total	**161,351**	**158,437**

The value of the carrying amounts of inventories was adjusted downward by EUR 6,557,000 (prior year: EUR 7,178,000), EUR 1,387,000 of which were reductions to fair value (previous year: EUR 1,652,000). No inventories were pledged as collateral for liabilities.

[19] Equity

Subscribed Capital

As of the balance-sheet date, the capital stock amounted to EUR 46,800,000.00. The capital stock is divided into 18,000,000 (non-par-value) bearer share certificates. The shares are in the name of the bearer and each grant the bearer one vote at the Annual Shareholders' Meeting. The shares are registered for regulated trading on the Düsseldorf and Frankfurt Stock Exchanges and for over-the-counter trading in Berlin, Hamburg and Stuttgart. The company is listed in the SDAX and CDAX.

According to Item 4.3 of the articles of association, 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 18,720,000.00 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.

According to Item 4.4 of the articles of association, 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 3,717,914.00 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 authorized to decide on the exclusion of shareholders' subscription rights and to determine other details of the capital increase. The sum of authorized capital II already takes into account the capital increase that was approved on November 14, 2007, including the partial use of authorized capital II (see page 93: Events After the Balance-Sheet Date).

In accordance with Sec. 71, Para. 1, Item 8 of the German Stock Corporation Act, the company is authorized to buy back a maximum of 1,800,000 shares, corresponding to 10% of the current number of individual share certificates and thus to 10% of the company's current capital stock, until January 2, 2009. The authorization can be exercised in full or in part as well as either once or several times. However, no more than 10% of the company's capital stock may be bought back, including shares already purchased and owned by the company. But the authorization to exclude shareholder subscription rights shall only apply as long as the shares sold under exclusion of shareholder subscription rights after raising authorized capital II are applied to the limit of 10% of the company's capital stock set by Sec. 186, Para. 3, Sentence 4 of the German Stock Corporation Act.

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 AG's additional paid-in capital. As of the balance-sheet date, the equity ratio was 25.1% (previous year: 22.7%).

Minority Interest

Interests held by other shareholders essentially consist of the minority interests in the limited liability companies WEIGAND Bau GmbH and ASS Maschinenbau GmbH. Minority interests in limited partnerships were reclassified to other liabilities [23]. This primarily relates to SELZER Fertigungstechnik GmbH & Co. KG, OBUK Haustürfüllungen GmbH & Co. KG and Helmut RÜBSAMEN GmbH & Co. KG.

Application of Profits

The Board of Management will propose to the Annual Shareholders' Meeting that the following dividend payments be made:
- payment of a dividend of EUR 1.20 per individual share certificate bearing the number WKN 620010/ISIN DE 0006200108. Based on 18,000,000 shares, this corresponds to a payment of EUR 21,600,000.00, and
- payment of a dividend of EUR 0.50 per individual share certificate bearing dividend entitlements as of August 1, 2007, resulting from the capital increase and bearing the number WKN A0SMM2/ISIN DE 000A0SMM20. Based on 370,033 shares, this corresponds to a payment of EUR 185,016.50.

The complete text of the dividend proposal is published separately.

Equity: Events After the Balance-Sheet Date

In a written communication dated July 23, 2007, the co-shareholder SELZER Fertigungstechnik GmbH & Co. KG exercised its right to tender 15% of the shares in its limited partnership to INDUS Holding AG. The shares were transferred to INDUS Holding AG as a contribution in kind with commercial effect as of August 1, 2007. On November 14, 2007, the Board of Management passed a resolution to implement the capital increase required to implement the contribution, which was approved by the Supervisory Board on December 5, 2007, and was entered into the commercial register on March 26, 2008.

In this connection, 370,033 shares were issued, which increased subscribed capital by EUR 962,086. The difference compared with the total value of the issuance has been earmarked to be transferred to additional paid-in capital as an agio. Since the associated capital increase had not yet been entered in the commercial register as of the balance-sheet date, it was recognized as debt as of December 31, 2007, which was stated as part of other liabilities. Once the entry was made in the commercial register, the number of shares rose, and equity increased, with the balance-sheet total remaining the same. The new shares have a 5/12 profit entitlement for fiscal 2007.

Managing Capital

INDUS Holding AG manages its capital in order to increase its return on equity. The ratio of equity to interest-bearing debt is constantly optimized to the same end. Interest-bearing capital comprises provisions for pensions and financial liabilities, less cash and cash equivalents, and amounts to EUR 455,485,000 (previous year: EUR 441,678,000). Relative to total interest-bearing capital employed, the equity ratio rose from 31.7% in 2006 to 34.0% in 2007. Had the contribution of the SELZER shares been entered into the commercial register in 2007, the ratio would be 35.4%.

INDUS Holding AG is not subject to any capital requirements stipulated by the articles of association.

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

Information on contractual repayment obligations/ remaining terms EUR '000	**Dec. 31, 2007** 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)	407,797	78,721	231,127	97,949
– in Swiss franks	25,183	3,261	19,901	2,021
– in other currencies	3,316	246	1,189	1,881
ABS financing	46,682	46,682	–	–
Notes payable	35,000	2,500	30,000	2,500
Total financial liabilities	**517,978**	**131,410**	**282,217**	**104,351**
Derivatives/interest-rate swaps (nominal values)	260,393	33,282	177,529	49,582

Information on contractual repayment obligations/ remaining terms EUR '000	**Dec. 31, 2006** 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)	408,355	48,139	248,276	111,940
– in Swiss franks	26,768	2,060	19,304	5,404
– in other currencies	–	–	–	–
ABS financing	46,926	46,926	–	–
Notes payable	37,500	2,500	30,000	5,000
Total financial liabilities	**519,549**	**99,625**	**297,580**	**122,344**
Derivatives/interest-rate swaps (nominal values)	248,224	7,872	124,791	115,561

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, 2007	Carrying amount as of Dec. 31, 2006	Derivatives: interest-rate swaps Nominal value as of Dec. 31, 2007	Nominal value as of Dec. 31, 2006
< 1 year	4.07%	5.20%	295,187	224,861	204,578	32,500	–
1 to < 2 years	4.08%	5.21%	65,680	47,676	40,023	113,579	35,000
2 to < 3 years	4.11%	5.84%	70,705	47,250	50,968	11,385	103,835
3 to < 4 years	4.15%	4.62%	44,861	34,104	53,593	9,775	12,228
4 to < 5 years	4.20%	4.86%	58,653	41,904	37,000	6,546	11,499
> 5 years	4.46%	5.02%	143,713	122,183	133,387	86,608	85,662
Total			**678,799**	**517,978**	**519,549**	**260,393**	**248,224**
Market value of non-derivative and derivative financial instruments				**517,810**	**517,465**	**327**	**– 3,085**

As of the balance-sheet date, EUR 52,917,000 in accounts receivable (prior year: EUR 53,034,000) were transferred within the scope of ABS financing, since they could not be retired due to the remaining credit risk. In this context, EUR 46,682,000 in financing (previous year: EUR 46,926,000), which had been classified as collateralized debt in the consolidated financial statements, was recognized in the balance sheet.

Additions to financial facilities from the sale of accounts receivable were stated as part of financial liabilities with short maturities and adjusted interest rates in both the year under review and in the previous year.

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

EUR '000	2007	2006	Deviation—change in the scope of consolidation	Other difference
Income statement				
Current service cost	243	283	–	– 40
Interest cost	768	763	–	5
Income from plan assets	– 58	– 89	–	31
Recognized actuarial gain or loss	– 16	18	–	– 34
Service cost subject to retrospective settlement	40	139	40	– 139
Cost of defined benefit obligation	**977**	**1,114**	**40**	**– 177**
+ Defined contribution plan cost	1,485	1,318	41	126
= Cost of pension commitments for the period carried on the income statement	2,462	2,432	81	– 51

Balance sheet statement				
Present value of benefit obligations financed by provisions	14,910	15,190	210	– 490
Present value of funded benefit obligation	1,587	1,375	195	17
DBO: accumulated benefit obligation	**16,497**	**16,565**	**405**	**– 473**
– Market value of plan assets	– 1,587	– 1,375	– 195	– 17
Net obligation	**14,910**	**15,190**	**210**	**– 490**
– Unrecognized actuarial result	214	– 397	–	611
Closing balance: amount carried on the balance sheet as of December 31	**15,124**	**14,793**	**210**	**121**
Pension obligation expenses	977	1,114	40	– 177
Pension payments	– 816	– 748	–	– 68
Changes in the scope of consolidation	170	– 292	–	–
Opening balance: amount carried on the balance sheet as of January 1	**14,793**	**14,719**	**–**	**–**
Underlying assumptions				
Discount rate	5.25%	4.75%		
Salary trend	2.00%	1.50%		
Pension trend	1.50%	1.25%		
Expected income from plan assets	4.25%	3.75%		

Interest expenses are stated in the item “interest result.” The anticipated income on plan assets essentially corresponds to actual income. In 2007, the change to the scope of consolidation was due to the fact that OBUK Haustürfüllungen GmbH & Co. KG was consolidated for the first time.

Plan assets only include reinsurance policies. Plan assets developed as follows:

Development of plan assets EUR '000	2007	2006
Assets as of January 1	**1,375**	**755**
Expected return on plan assets	58	55
Ongoing employer contributions	64	114
Benefits paid	– 74	– 61
Reclassification of pension plans	–	545
Changes in the scope of consolidation	195	–
Other	– 31	– 33
Assets as of December 31	**1,587**	**1,375**

The other adjustments mainly reflect the impact of the upper limit pursuant to IAS 19.58(b).

The following table provides an overview of the development of pension obligations, the fair value of plan assets, and the benefit obligation exceeding the assets for the year under review and the four preceding years. No material adjustments based on experience were made to pension obligations or assets not stemming from changes in actuarial assumptions.

EUR '000	2007	2006	2005	2004	2003
Defined benefit obligation (DBO)	16,497	16,565	16,811	10,266	9,408
Fair value of plan assets	– 1,587	– 1,375	– 755	– 757	– 704
Benefit obligation	14,910	15,190	16,056	9,509	8,704
Unrecognized actuarial gain/loss	214	– 397	–1,337	– 601	–
Closing balance: amount carried on the balance sheet as of December 31	**15,124**	**14,793**	**14,719**	**8,908**	**8,704**

[22] Provisions

2007 EUR '000	Opening balance Jan. 1, 2007	Changes in scope of consolidation	Amount used	Unused amounts released	Additions/ new accruals	Currency adjustments	Closing balance Dec. 31, 2007
Obligations from the sales business	10,074	348	7,650	970	9,799	– 9	11,592
Staff costs	11,529	162	8,262	609	8,333	– 15	11,138
Other provisions	10,972	22	4,622	876	3,089	– 29	8,556
Total	**32,575**	**532**	**20,534**	**2,455**	**21,221**	**– 53**	**31,286**

2006 EUR '000	Opening balance Jan. 1, 2006	Changes in scope of con-solidation	Amount used	Unused amounts released	Additions/ new accruals	Currency adjust-ments	Closing balance Dec. 31, 2006
Obligations from the sales business	9,429	3	7,675	966	9,282	1	10,074
Staff costs	11,676	39	9,517	486	9,831	– 14	11,529
Other provisions	8,003	86	5,178	666	8,738	– 11	10,972
Total	**29,108**	**128**	**22,370**	**2,118**	**27,851**	**– 24**	**32,575**

Additions to provisions for pensions [21] include EUR 768,000 in interest accretions (previous year: EUR 763,000). There is no other significant interest accretion. Liabilities from sales activities include provisions for warranties based on legal or construction 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 were no significant expected reimbursements in relation to obligations recognized as per IAS 37.

[23] Other Liabilities

EUR '000	**2007**	Current	Non-current	**2006**	Current	Non-current
Accounts payable to outside shareholders	18,674	18,674	–	19,379	19,379	–
Accounts payable for staff	9,202	9,202	–	8,557	8,557	–
Other tax liabilities	8,214	8,214	–	7,369	7,369	–
Accrual of non-recurrent payments	7,347	2,646	4,701	7,432	7,432	–
Advance payments received	5,765	5,765	–	4,215	4,215	–
Construction contracts with a negative balance	3,160	3,160	–	2,296	2,296	–
Investment subsidies	3,488	382	3,106	3,572	873	2,699
Derivative financial instruments	1,536	1,536	–	2,421	2,421	–
Miscellaneous other liabilities	13,035	12,407	628	13,280	10,756	2,524
Total	**70,421**	**61,986**	**8,435**	**68,521**	**63,298**	**5,223**

The minority interests in the capital of limited partnerships (EUR 4,887,000; previous year: EUR 9,052,000) in which other external shareholders own stakes is reported under liabilities vis-à-vis outside shareholders.

Information on the Significance of Financial Instruments

Financial Instruments: Assets

EUR '000	**2007**	Measured by other standards*	Financial instruments IFRS 7	**2006**	Measured by other standards*	Financial instruments IFRS 7
Financial assets	7,853	–	7,853	6,304	–	6,304
Cash and cash equivalents	77,617	–	77,617	92,664	–	92,664
Accounts receivable	115,543	5,364	110,179	108,129	8,475	99,654
Current income taxes	4,463	4,463	–	6,592	6,592	–
Other assets	12,551	2,243	10,308	11,823	2,645	9,178
Total financial instruments			**205,957**			**207,800**

** IAS 11, IAS 12*

Financial Instruments: Equity and Liabilities

EUR '000	**2007**	Measured by other standards*	Financial instruments IFRS 7	**2006**	Measured by other standards*	Financial instruments IFRS 7
Financial liabilities	517,978	–	517,978	519,549	–	519,549
Accounts payable for supplies and services	33,286	–	33,286	33,908	–	33,908
Current income taxes	10,383	10,383	–	7,314	7,314	–
Other liabilities	70,421	14,862	55,559	68,521	13,237	55,284
Total financial instruments			**606,823**			**608,741**

** IAS 11, IAS 12 and IAS 20*

Financial Instruments by Valuation Category

2007 EUR '000	Carrying amount	Market value	Net gains/ losses
Measured at fair value with an effect on income			
For trading purposes	1,964	1,964	* –
Designated instrument	–	–	–
Held-to-maturity financial investments	–	–	–
Loans and receivables	203,820	203,618	– 2,078
Financial assets available for sale	173	173	–
Financial instruments: assets	**205,957**	**205,755**	**– 2,078**
Measured at fair value with an effect on income			
For trading purposes	1,536	1,536	* 2,049
Designated instrument	–	–	–
Financial liabilities measured at their residual carrying amounts	605,287	604,351	– 1,227
Financial instruments: equity and liabilities	**606,823**	**605,887**	**822**

** Net gains and losses on interest-rate derivatives are stated as liabilities.*

Financial Instruments by Valuation Category

2006 EUR '000	Carrying amount	Market value	Net gains/ losses
Measured at fair value with an effect on income			
For trading purposes	–	–	* –
Designated instrument	–	–	–
Held-to-maturity financial investments	–	–	–
Loans and receivables	207,704	206,920	– 688
Financial assets available for sale	96	96	–
Financial instruments: assets	**207,800**	**207,016**	**– 688**
Measured at fair value with an effect on income			
For trading purposes	2,421	2,421	* 5,524
Designated instrument	–	–	–
Financial liabilities measured at their residual carrying amounts	606,320	604,021	– 1,143
Financial instruments: equity and liabilities	**608,741**	**606,442**	**4,381**

** Net gains and losses on interest-rate derivatives are stated as liabilities.*

Financial assets available for sale consist of financial investments which do not have a price quoted on an active market and have a fair value which cannot be determined reliably. According to IAS 39.46c, they are accounted for at acquisition costs.

Net gains and losses on loans and receivables as well as financial liabilities accounted for at their residual carrying amounts largely stem from valuation allowances (EUR 2,673,000; prior year: EUR 1,757,000), income from payments received and currency translation. Net gains and losses on financial assets available for sale correspond to the result from these financial investments.

Net gains and losses on financial instruments recognized at fair value take into account the change in the market value of interest-rate swaps which do not meet the formal requirements of hedge accounting. Since they are directly related to financial liabilities, the netted result is stated as a liability.

Interest income and expenses associated with financial instruments measured at fair value total EUR –20,090,000 (previous year: EUR –26,543,000).

Types and Scope of Risks Resulting from Financial Instruments

Principles of Financial Risk Management

In keeping with the philosophy of INDUS Holding AG, the financing of individual companies within the portfolio is centrally controlled, while the assessment and management of operating risks is the responsibility of the portfolio companies and their management. Risks which have an impact on the cash flow of the Group are generally hedged. Such risks are hedged via non-derivative and derivative financial instruments, whereby the use of the latter is restricted solely to hedging.

Risk Management and Financial Derivatives

The 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 IFRS 7. The principles and exercise of the financial risk management policies are established by the Board of Management every year and are continuously monitored by it.

Liquidity Risk

Basically, the individual portfolio companies finance themselves based on their operating results. Transfers to INDUS Holding AG are made depending on the particulars of the liquidity situation. The holding company has adequate reserves of liquidity to ensure that it can act quickly at any time. Borrowings are widely diversified, which prevents the company from depending on individual lenders. The existing level of liquidity and firm financing commitments enable the company to take advantage of acquisition opportunities at any time. The financing risk is limited since financing is planned with a long-term perspective and risk clusters associated with the revolving refinancing of the existing financial requirement were identified and dissolved in the past.

The following cash flows, which are considered in the INDUS Group's long-term financial planning, were determined, taking the conditions for financial instruments set as of the balance-sheet date into account:

Cash Outflow

EUR '000	1 year	Between 1 and 5 years	More than 5 years
Financial liabilities	154,964	339,134	121,708
Interest derivatives	665	561	–
Trade accounts payable	33,286	–	–
Other liabilities	60,450	8,435	–
Financial instruments	**249,365**	**348,130**	**121,708**

Cash flows consist of principal payments and associated interest. They also include interest payments on derivatives with a positive market value which act as commercial hedges for financial liabilities.

Default Risk

When 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 risks are 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.

Corporate risk is widely diversified since INDUS Group companies are independent and each offer a variety of products on a different market.

The only concentration of default risks arising from business relationships with debtors is in the Automotive Industry segment and stems from its oligopolistic customer structure. On both cutoff dates, fewer than 10 customers accounted for more than 1% of total accounts receivable from customers. These customers account for approximately 20% of accounts receivable. This basically corresponds to the share of revenue they accounted for in the 2006 and 2007 financial years.

As in the prior year, as of the balance-sheet date, none of the accounts receivable from customers and associated companies would have been overdue without renegotiation. Furthermore, some accounts receivable from customers and associated companies are overdue, but no valuation allowances were recognized for them. In general, there are no major payment defaults with due dates of up to three months, since overdue payments largely result from timing differences in their booking.

Accounts Receivable from Customers and Associated Companies

EUR '000	**2007**	**2006**
Amount carried on the balance sheet*	110,179	99,654
+ valuation allowances included	4,337	4,840
= gross value of accounts receivable before valuation allowances	114,516	104,494
of which as of the balance-sheet date – neither with a valuation allowance, nor overdue:	80,006	73,628
– without a valuation allowance and due within the following periods:		
– less than 3 months	26,529	21,864
– between 3 and 6 months	2,292	1,624
– between 6 and 9 months	528	864
– between 9 and 12 months	237	838
– more than 12 months	646	1,052

** Excluding accounts receivable from construction contracts in accordance with IAS 11.*

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 its 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 converted to fixed-rate instruments by way of interest rate swaps.

Changes in interest rates affect the market value of financial instruments and their cash flows. These effects are calculated by performing a sensitivity analysis which involves shifting each of the relevant interest-rate structure curves by 100 basis point in parallel. The effects that are calculated are those of the conditions of financial instruments on the books as of the balance-sheet date.

Changes in market values have an impact on the presentation of the net worth as well as the financial and earnings positions, depending on the valuation categories of the underlying financial instruments. Changing the interest-rate level by ±100 basis points changes the market values of all financial instruments by approximately EUR ±15 million (prior year: EUR ±12 million). The market values of interest-rate derivatives change by about EUR ±5 million (previous year: EUR ±3.0 million), of which EUR ±1.5 million (prior year: EUR ±0.8 million) would be recognized as part of equity due to closed hedges. The impact on net interest would amount to EUR ±3.5 million (prior year: EUR ±2.2 million). The effects on earnings and equity are reversed in subsequent periods until the derivatives' final maturities.

Since interest-rate risks have nearly completely been hedged from a commercial perspective, changes in the interest rates of variable-interest financial liabilities and derivative financial instruments would offset each other. Therefore, future cash flows were not significantly affected.

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 analyses are performed on a net basis, while hedges are concluded by the portfolio companies on a case-by-case basis, in accordance with the philosophy of business autonomy. The instruments employed are currency futures and suitable options.

Currency risks have an effect on the presentation of the net worth as well as the financial and earnings positions when financial instruments are denominated in currencies other than the functional currency of the Group company in question.

Assuming that the exchange rates of all foreign currencies were 10% down on the euro as of the balance-sheet date, net income from currency translation would increase by EUR 3.1 million (previous year: EUR 2.8 million). This is primarily due to the EUR 2.9 million loan taken out by INDUS Holding AG in Swiss franks (prior year: EUR 3.1 million).

Hedge Accounting

Hedging Activities

Currency hedges concluded as of the balance-sheet date primarily relate to US dollars and were junior. Their nominal volume was EUR 3.4 million (previous year: EUR 2.7 million). Market values largely correspond to these figures. A nominal EUR 260 million in interest-rate hedges were on our books (prior year: EUR 248 million). They had a combined positive market value of EUR +327,000 (previous year: EUR –3,085,000). Further details on terms and maturities are included in the report on financial liabilities.

Segment Reporting

Primary Reporting Format: by Operation

2007 EUR '000	Construction Industry	Engineering	Automotive Industry	Consumer Goods	Other Investments	Total
External revenue	229,890	154,226	287,613	104,488	192,479	968,696
Internal revenue	– 2,635	– 1,321	– 15,903	– 8,356	– 10,706	– 38,921
Segment revenue from third parties	**227,255**	**152,905**	**271,710**	**96,132**	**181,773**	**929,775**
EBIT	**31,328**	**16,275**	**26,003**	**11,590**	**16,747**	**101,943**
Income from discontinued operations (EBIT)	572					572
Capital expenditure	22,952	3,182	31,812	8,094	11,764	77,804
– of which due to changes in the scope of consolidation	18,933	–	–	–	347	19,280
– of which other capital expenditure	4,019	3,182	31,812	8,094	11,417	58,524
Depreciation	5,179	2,930	18,730	5,999	7,847	40,685
– of which for first-time consolidations	1,773	338	3,754	131	2,236	8,232
– of which impairment	–	–	–	–	–	–
Workforce	984	683	2,046	784	1,280	5,777
Segment assets	**202,154**	**122,328**	**303,982**	**128,087**	**170,299**	**926,850**
Segment liabilities	**151,216**	**85,634**	**229,206**	**91,545**	**129,199**	**686,800**
Non-cash expenses	827	345	1,051	371	925	3,519
Companies accounted for using the equity method						
– Earnings	673	–	–	523	–	1,196
– Assets	1,144	–	–	3,513	–	4,657

2006* EUR '000	Construction Industry	Engineering	Automotive Industry	Consumer Goods	Other Investments	Total
External revenue	180,065	140,984	256,333	110,402	188,904	876,688
Internal revenue	– 430	– 645	– 10,704	– 8,386	– 10,508	– 30,673
Segment revenue from third parties	**179,635**	**140,339**	**245,629**	**102,016**	**178,396**	**846,015**
EBIT	**26,608**	**12,089**	**20,962**	**10,378**	**15,540**	**85,577**
Income from discontinued operations (EBIT)	259				– 2,441	– 2,182
Capital expenditure	14,096	2,879	26,960	12,752	9,512	66,199
– of which due to changes in the scope of consolidation	7,449	33	2,076	–	304	9,862
– of which other capital expenditure	6,647	2,846	24,884	12,752	9,208	56,337
Depreciation	6,572	7,566	24,944	6,725	15,361	61,168
– of which for first-time consolidations	1,391	591	3,912	102	3,859	9,855
– of which impairment	1,438	3,635	7,000	1,000	5,200	18,273
Workforce	737	644	1,757	846	1,190	5,174
Segment assets	**170,421**	**132,520**	**277,318**	**135,301**	**178,271**	**893,831**
Segment liabilities	**143,396**	**96,792**	**215,795**	**98,577**	**133,989**	**688,549**
Non-cash expenses	667	1,296	672	136	1,622	4,393
Companies accounted for using the equity method						
– Earnings	313	– 51	–	501	–	763
– Assets	851	22	–	3,441	–	4,314

** Figures adjusted.*

Companies are assigned to segments based on their sales markets.

Secondary Reporting Format: by Region

2007 EUR '000	Germany	Europe	Rest of the world	Total
External revenue	604,041	210,264	154,391	968,696
Internal revenue	– 37,984	– 450	– 487	– 38,921
Segment revenue from third parties	**566,057**	**209,814**	**153,904**	**929,775**
Segment assets	843,525	53,481	29,844	926,850
Capital expenditure on property, plant and equipment and intangible assets	69,520	2,411	5,873	77,804

2006 EUR '000	Germany	Europe	Rest of the world	Total
External revenue	554,110	187,870	134,708	876,688
Internal revenue	– 29,707	– 811	– 155	– 30,673
Segment revenue from third parties	**524,403**	**187,059**	**134,553**	**846,015**
Segment assets	817,945	40,411	35,475	893,831
Capital expenditure on property, plant and equipment and intangible assets	50,934	1,458	13,807	66,199

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.

Other 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	**2007**	**2006**
Accounts payable due to the issuance and transfer of drafts	50	77

Pledged Assets

EUR '000	**2007**	**2006**
Land charges	22,922	17,541
Other collateral	55,656	54,922
Total collateral	**78,578**	**72,463**

Other collateral primarily consists of pledged property, plant and equipment as well as accounts receivable pledged on the basis of short-term, rolling ABS financing totaling EUR 52,917,000 (prior year: EUR 53,034,000).

Other Financial Obligations

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

Maturities

EUR '000	**2007**	**2006**
Up to 1 year	11,448	40,354
Between 1 and 5 years	36,687	27,410
More than 5 years	65,258	72,333
Total	**113,393**	**140,097**

Other financial obligations include EUR 29,759,000 in possible purchase price payments that would come due in the event that minority shareholders exercised their option rights at the probable exercise date (previous year: EUR 49,152,000).

Purchase obligations relating to fixed assets amount to EUR 6,605,000 (prior year: EUR 9,055,000), broken down into EUR 6,538,000 for property, plant and equipment (previous year: EUR 9,286,000) and EUR 67,000 for intangible assets (prior year: EUR 231,000).

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

Lease installments in the year under review amounted to EUR 12,518,000 (prior year: EUR 11,333,000).

Workforce

Averaged over the fiscal year	**2007**	**2006**
Wage earners	3,869	3,361
Salaried staff	1,908	1,813
Total	**5,777**	**5,174**

Related Party Disclosures

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 (8 members in 2007 and 6 members in 2006), the Board of Management of INDUS Holding AG (2007: 4 members; 2006: 4 members) and include the managing directors/boards of management of the operating companies (2007: 56 individuals; 2006: 58 individuals). In fiscal 2007, 5 managing directors held minority interests in their companies (previous year: 6). Their shares in earnings are contained in minority interests.

There is no share-based payment as defined in 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 154,000 (prior year: EUR 114,000) were made within the framework of a defined contribution plan for members of the Board of Management.

Overview of Compensation

2007 EUR '000	Period expense	Of which severance	Of which wages and salaries	Of which pensions
INDUS Holding AG				
– Supervisory Board	233	–	233	–
– Board of Management	2,113	–	2,113	–
Subsidiaries				
– Managing directors	10,959	–	10,902	57
– Family members	594	–	592	2
Total	**13,899**	**–**	**13,840**	**59**

2006 EUR '000	Period expense	Of which severance	Of which wages and salaries	Of which pensions
INDUS Holding AG				
– Supervisory Board	233	–	233	–
– Board of Management	1,957	–	1,957	–
Subsidiaries				
– Managing directors	11,450	–	11,376	74
– Family members	478	–	478	–
Total	**14,118**	**–**	**14,044**	**74**

In fiscal 2007, 11 family members of partners or managing directors were employed at the portfolio companies (previous year: 10 members).

Remuneration of the Supervisory Board

The Supervisory Board held six sessions in 2007 and four in 2006. For their services, Supervisory Board members are reimbursed for out-of-pocket expenses and receive a 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 or her deputy receives 1.5 times these sums. Variable pay in both fiscal years amounted to EUR 158,000.

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 component amounted to EUR 768,000 (prior year: EUR 618,000).

Other Relations

EUR 101,000 were paid to former members of the Board of Management for consulting services (previous year: EUR 150,000). In fiscal 2007, the members of the Supervisory Board received EUR 8,000 (previous year: EUR 5,000) in compensation for services rendered to Group companies on personal account and EUR 105,000 (prior year: EUR 105,000) for a leasehold obligation.

Above and beyond this, business relations existed with minority shareholders involving consulting (EUR 245,000; prior year: EUR 232,000), property and building leases (EUR 663,000; previous year: EUR 337,000) and other services (EUR 1,464,000; prior year: EUR 626,000). There were EUR 228,000 in outstanding accounts receivable from affiliated companies as of the balance-sheet date (prior year: EUR 646,000). There were also EUR 484,000 in loans (previous year: EUR 0) with arm's length interest rates.

In order to enhance clarity, information on business relations between associated companies is presented in the section on key figures [14, 17].

Expenses Related to the Audit of the Holding Company Financial Statements and Consolidated Financial Statements

Treuhand- und Revisions-AG Niederrhein was paid the following fees: EUR 176,000 (prior year: EUR 153,000) for the audit of the financial statements, EUR 3,000 (previous year: EUR 4,000) for other services involving opinions and valuations, EUR 37,000 (prior year: EUR 0) for tax consulting, and EUR 17,000 (previous year: EUR 56,000) for other services.

Corporate Governance Code

In December 2007, 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 AG's website (http://www.indus.de).

Application of Sec. 264, Para. 3, and Sec. 264b of the German Commercial Code (HGB)

Subsidiaries making use of their exemption from the obligation to make disclosures in accordance with Sec. 264, Para. 3, or Sec. 264b of the German Commercial Code have been flagged in the list of shareholdings filed in the electronic version of the commercial register.

Bergisch Gladbach, April 11, 2008

The Board of Management

Helmut Ruwisch | Jürgen Abromeit | Wolfgang E. Höper | Dr. Johannes Schmidt

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the holding company, and the Group management report includes a fair review of the development and performance of the business and the position of the Group and the holding company, together with a description of the principal opportunities and risks associated with the expected development of the Group and the holding company.

Bergisch Gladbach, April 11, 2008

The Board of Management

Helmut Ruwisch | Jürgen Abromeit | Wolfgang E. Höper | 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 holding company's annual financial statements, for the financial year from January 1 to December 31, 2007. 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 qualifications, 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, Item 4 of the German Commercial Code has become mandatory because the protective clause pursuant to Sec. 313, Para. 3 of the German Commercial Code is not applicable.

Furthermore, the notes to the consolidated financial statements do not include statements concerning business combinations pursuant to IFRS 3.67 d, f, h, i and 3.70 b (with special regard to information on the purchase prices and earnings of acquired companies).

In our opinion, based on the results of our audit, the consolidated financial statements, with the aforementioned exceptions, 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 23, 2008

Treuhand- und Revisions-Aktiengesellschaft
Niederrhein
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

(Dr. Schlotter)
German CPA

(Oymanns by proxy)
German CPA

Balance Sheet of the Holding Company

Assets

EUR			Dec. 31, 2007	Dec. 31, 2006
Non-current assets				
Intangible assets				
Software			12,477.00	4,027.00
Property, plant and equipment				
Leasehold rights and buildings		3,074,394.00		3,330,324.00
Other plant, fixtures, furniture and office equipment		413,299.00		336,241.00
			3,487,623.00	3,666,565.00
Financial assets				
Shares in affiliated companies		612,725,071.68		584,607,675.74
Long-term loans to affiliated companies		144,900,267.00		135,250,000.00
Other long-term loans		1,080,966.77		907,337.11
			758,706,305.45	720,765,012.85
Current assets				
Accounts receivable and other assets				
Accounts receivable from affiliated companies		146,133,429.27		137,091,373.30
– of which with a remaining term of more than 1 year: previous year:	–.–– –.––			
Other assets		6,757,485.30		11,731,400.25
– of which with a remaining term of more than 1 year: previous year:	521,146.32 404,956.00			
			152,890,914.57	148,822,773.55
Cash on hand and bank balances			19,385,178.67	26,746,850.81
Advance payments				
Discount		59,730.00		78,180.00
Other		152,500.00		240,500.00
			212,230.00	318,680.00
			934,694,728.69	**900,323,909.21**

Balance Sheet of the Holding Company

Equity and Liabilities

EUR			Dec. 31, 2007	Dec. 31, 2006
Equity				
Subscribed capital		46,800,000.00		46,800,000.00
Capital reserve		116,155,194.86		116,155,194.86
Retained earnings				
Statutory reserve		1,022,583.76		1,022,583.76
Other retained earnings		271,000,000.00		271,000,000.00
Distributable profit				
Profit carried forward		669,986.22		2,573,436.65
Net income/loss		52,716,380.50		– 29,303,450.43
Usage of retained earnings		–.––		49,000,000.00
			488,364,145.34	457,247,764.84
Provisions				
Provisions for pensions		457,500.00		340,700.00
Provisions for taxes		1,030,000.00		724,000.00
Other provisions		3,588,000.00		3,295,000.00
			5,075,500.00	4,359,700.00
Liabilities				
Accounts payable to banks		390,172,665.42		389,933,063.85
Accounts payable for supplies and services		414,063.03		411,969.46
Accounts payable to affiliated companies		–.––		678,183.13
Other liabilities		50,668,354.90		47,693,227.93
– of which resulting from taxes: previous year:	209,980.43 181,106.98			
– of which associated with social security: previous year:	–.–– –.––			
			441,255,083.35	438,716,444.37
			934,694,728.69	**900,323,909.21**

Income Statement of the Holding Company

EUR			2007	2006
Net sales			3,597,947.40	7,154,265.52
Other operating income			2,775,392.86	3,203,629.14
			6,373,340.26	**10,357,894.66**
Staff costs				
Wages and salaries		3,350,195.46		2,928,448.58
Cost of social security, retirement and other benefits		299,321.42		291,307.76
– of which for retirement benefits: – previous year:	145,346.11 146,005.15			
			3,649,516.88	3,219,756.34
Depreciation and amortization of intangible fixed assets and property, plant and equipment			412,903.34	441,994.49
Other operating expenses			7,374,654.71	4,919,869.27
Income from investments		78,955,608.71		80,442,355.09
– of which from affiliated companies: – previous year:	78,955,608.71 80,442,355.09			
Income from long-term loans classified as financial assets		5,299,892.12		3,595,613.31
– of which from affiliated companies: – previous year:	5,254,876.84 3,551,471.74			
Other interest and similar income		7,141,896.24		6,039,978.35
– of which from affiliated companies: – previous year:	6,039,347.53 5,238,056.69			
Depreciation and amortization of financial assets		2,076,370.34		86,638,721.32
Cost of the assumption of losses		603,559.90		1,021,832.64
Interest and similar expenses		23,639,739.18		24,344,141.68
– of which paid to affiliated companies: – previous year:	195,469.37 326,962.67			
			65,077,727.65	–21,926,748.89
Profit from operating activities			**60,013,992.98**	**–20,150,474.33**
Taxes on income			7,297,612.48	9,152,976.10
Net income/loss			**52,716,380.50**	**–29,303,450.43**
Profit carried forward			669,986.22	2,573,436.65
Usage of retained earnings			–.––	49,000,000.00
Distributable profit			**53,386,366.72**	**22,269,986.22**

Proposed Appropriation of Distributable Profit

Having received Supervisory Board approval on December 5, 2007, the Board of Management passed a resolution to increase the company's capital stock from EUR 46,800,000.00 by EUR 962,086.00 to EUR 47,762,086.00 under the exclusion of shareholder subscription rights by making partial use of authorized capital II in exchange for a contribution in kind and by issuing 370,033 individual share certificates in the name of the bearer. These new shares, which bear the numbers WKN A0SMM2/ISIN DE 000A0SMM20, are entitled to profits starting on August 1, 2007. The implementation of the capital increase was entered into the commercial register of the Cologne District Court on March 26, 2008.

On this condition, the Board of Management will propose to the Annual Shareholders' Meeting that the EUR 53,386,366.72 in distributable profit for the 2007 financial year be appropriated as follows:

Payment of a dividend of EUR 1.20 per individual share certificate (18,000,000) bearing the number WKN 620010/ISIN DE0006200108	21,600,000.00 EUR
Payment of a prorated dividend of EUR 0.50 per individual share certificate (370,033) from the impending capital increase bearing the number WKN A0SMM2/ISIN DE 000A0SMM20	185,016.50 EUR
Transfer to other retained earnings	31,000,000.00 EUR
Profit carried forward	601,350.22 EUR
Distributable profit	53,386,366.72 EUR

Bergisch Gladbach, April 11, 2008

The Board of Management

Helmut Ruwisch Jürgen Abromeit Wolfgang E. Höper Dr. Johannes Schmidt

By Segment	Capital EUR in millions	INDUS stake
Construction Industry		
BETOMAX Kunststoff- und Metallwarenfabrik GmbH & Co. KG*, Neuss	3.19	100%
FS Kunststofftechnologie GmbH & Co. KG*, Reichshof/Hahn	0.72	100%
HAUFF-TECHNIK GmbH & Co. KG, Herbrechtingen	1.56	100%
MIGUA Fugensysteme GmbH & Co. KG*, Wülfrath	1.85	100%
OBUK Haustürfüllungen GmbH & Co. KG*, Oelde	0.29	75%
REMKO GmbH & Co. KG Klima- und Wärmetechnik*, Lage	1.56	100%
Max SCHUSTER Wärme • Kälte • Klima GmbH & Co. KG, Neusäß	1.05	100%
SEMET Maschinenbau GmbH & Co. KG, Meimsheim	0.80	100%
WEIGAND Bau GmbH, Bad Königshofen	1.00	80%
WEINISCH GmbH & Co. KG, Oberviechtach	0.53	100%
Engineering		
ALUCOLOR Dr.-Ing. Richard Heim GmbH & Co. KG, Hürth	1.05	100%
ASS Maschinenbau GmbH*, Overath	0.54	90%
BACHER AG*, Reinach/Switzerland	3.70**	100%
Maschinenfabrik BERNER GmbH & Co. KG, Bischofsheim	1.31	100%
BETEK Bergbau- und Hartmetalltechnik Karl-Heinz Simon GmbH & Co. KG, Aichhalden	1.56	100%
GSR Ventiltechnik GmbH & Co. KG*, Vlotho	0.57	100%
MEWESTA Hydraulik GmbH & Co. KG, Münsingen	0.54	100%
NISTERHAMMER Maschinenbau GmbH & Co. KG, Nister	0.80	100%
PLANETROLL GmbH & Co. KG, Munderkingen	0.54	100%
Automotive Industry		
AURORA Konrad G. Schulz GmbH & Co. KG*, Mudau	3.07	100%
BILSTEIN & SIEKERMANN GmbH + Co. KG, Hillesheim	1.03	100%
Emil FICHTHORN GmbH & Co. KG, Hattingen	0.65	100%
IPETRONIK GmbH & Co. KG*, Baden-Baden	0.55	100%
KIEBACK GmbH & Co. KG, Osnabrück	0.54	100%
REBOPLASTIC GmbH & Co. KG, Kalletal	0.80	100%
Konrad SCHÄFER GmbH*, Osnabrück	1.50	100%
SELZER Fertigungstechnik GmbH & Co. KG*, Driedorf-Roth	7.54	85%
SITEK-Spikes GmbH & Co. KG, Aichhalden	1.05	100%
S.M.A. Metalltechnik GmbH & Co. KG*, Backnang	1.08	100%
WFV Werkzeug-, Formen- und Vorrichtungsbau GmbH & Co. KG, Lampertheim-Hüttenfeld	0.54	100%
WIESAUPLAST Kunststoff und Formenbau GmbH & Co. KG*, Wiesau	1.76	100%
Consumer Goods		
IMECO Einwegprodukte GmbH & Co. KG Vliesstoffvertrieb*, Hösbach	0.88	100%
OFA Bamberg GmbH, Bamberg	1.50	100%
SIKU GmbH, Rickenbach/Switzerland	0.80**	100%
Karl SIMON GmbH & Co. KG, Aichhalden	2.19	100%
Other Investments		
M. BRAUN Inertgas-Systeme GmbH*, Garching	1.32	100%
HORN GmbH & Co. KG*, Flensburg	1.33	100%
MIKROP AG*, Kronbühl/Switzerland	0.05**	100%
NEUTRASOFT GmbH & Co. KG*, Greven	0.62	100%
Helmut RÜBSAMEN GmbH & Co. KG, Bad Marienberg	0.53	88.89%
TSN Turmbau Steffens & Nölle GmbH, Berlin	0.50	100%
VULKAN INOX GmbH*, Hattingen	1.11	100%

** including subsidiaries   ** CHF in millions*

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This annual report contains forward-looking statements that are subject to certain risks and uncertainties. Future results can significantly deviate from the results that are expected at present. This can be caused by various risk factors such as changes in the business, economic and competitive situation, amendments to laws, fluctuations in currency exchange rates, and further influential factors. INDUS Holding AG cannot assume responsibility for updating the forward-looking statements made in this annual report.