



WE STRENGTHEN MEDIUM-SIZED BUSINESSES

ANNUAL REPORT 2009

INDUS
HOLDING AG

PROFILE

INDUS is the leading specialist in the field of sustainable investment in German small and medium-sized companies. We mainly acquire owner-managed companies and support their business development entrepreneurial with a long-term orientation. **Our subsidiaries are characterized in particular by their strong positions on specific niche markets.** Our goal is to achieve lasting value appreciation for our portfolio that is both healthy and measured. We do this by maintaining a diversified investment structure and a corporate policy geared toward stable yields.

The guideline for all of our decisions is the long-term development of each and every company. We give your company reliable perspectives and allow you entrepreneurial scope for action.

In 2009, our Group's workforce of over 5,400 generated sales of EUR 770 million and EBIT of EUR 54.6 million. This meant that INDUS, thanks to its swift intervention in the economic crisis, still managed to generate 60% of the earnings it posted in the boom year 2008. In 2010, we intend to continue along this successful path by integrating more companies that are suitable for us.

Key Figures

EUR millions	2005	2006	2007	2008*	2009
Sales	731.9	846.0	915.0	920.1	769.5
EBITDA	125.0	146.7	143.1	133.4	100.7
EBIT	82.3	85.6	102.4	90.3	54.6
EBT	45.3	61.8	77.4	60.0	26.9
Net income for the year	21.6	29.1	49.9	27.9	11.4
Total assets	921.4	900.4	931.3	965.5	913.5
Group equity	197.0	204.6	234.1	246.4	241.7
Net debt	411.2	426.9	440.4	438.5	408.3
Equity ratio in the Group (in %)	21.4	22.7	25.1	25.5	26.5
Equity of the holding company	508.2	457.2	488.4	506.7	484.5
Equity ratio of the holding company (in %)	51.5	50.8	52.2	53.1	53.0
Operating cash flow	81.0	86.0	108.0	107.3	106.6
Cash flow from operating activity	53.2	60.8	82.1	80.7	77.1
Cash flow from investing activity	-99.1	-53.3	-73.4	-55.5	-32.7
Cash flow from financing activity	-29.3	-48.4	-23.6	-14.9	-39.1
Cash and cash equivalents as per Dec. 31	133.6	92.7	77.6	87.8	93.5
Earnings per share (in EUR)	1.20	1.73	2.74	1.78	0.77
Cash flow per share (in EUR)	3.00	3.41	4.52	4.39	4.20
Dividend per share (in EUR)	1.20	1.20	1.20	0.80	0.50**
Employees	4,996	5,174	5,777	5,862	5,371
Investments (number as per Dec. 31)	42	41	42	41	40

* Previous year's figures adjusted in accordance with IFRS

** Proposed



We give new perspectives to SME success stories.

We are entrepreneurial, independent, and fair.

With an investment policy that takes the long view, INDUS stands for continuity – for its investors, its managing companies, and its partners.

Over a period of twenty-five years, we at INDUS have succeeded in building up a portfolio that reflects the key commercial segments of the German-speaking small and medium-sized companies. We are going to continue down this path in the coming years. One sign of this is the reorganization of our segments and the first-time incorporation of the growth sectors infrastructure and medical technology.

EUR millions	Construction/Infrastructure		Engineering		Automotive
	2008	2009	2008	2009	
Sales (external)	193.3	189.2	136.5	108.3	
EBIT	21.6	28.1	14.3	9.9	



INDUS Portfolio

- SME hidden champions
- Niche players with a strong market position
- Innovation-driven production companies
- Focused on the German-speaking part of Europe
- Strong exporters with over 40 % of their business international
- Sales between EUR 10 and 100 million

INDUS Holding AG

- Long-term investor for twenty-five years
- Commercially stable
- Sustainable investment policy
- Guarantor of SMEs' independence
- Bundling of across-the-board financial management functions
- Strategic sparring partner

Our Perspective:

Solid, long-term value appreciation and continuous yields

Automotive Components/

Engineering		Metal/Metal Processing		Medical Engineering/Life Science		Total *	
2008	2009	2008	2009	2008	2009	2008	2009
90.5	199.3	219.5	195.7	81.0	76.9	920.1	769.5
21.1	– 8.4	24.9	18.5	12.5	10.8	90.3	54.6

* before consolidation



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Our Investments

Letter to the Shareholders

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

Ladies and Gentlemen,

One of the most challenging years in the history of the INDUS Group is now behind us. Despite the severe recession, we succeeded in two important ways: We stayed reliably on course even in those turbulent times, and we laid a solid strategic foundation for growing profitably after the crisis.

The INDUS business model of managing risks by maintaining a diversified portfolio has proven its durability, above all in times of crisis. Additionally, the crisis management activities that we launched in the fall of 2008 ensured that declines in sales were absorbed and a respectable operating result of EUR 54.6 million was generated. Our sales of EUR 770 million were over 80% of the amount generated in 2008, and they remained profitable even in the difficult first quarter. Our liquidity remained consistently high over the course of the year at levels of between EUR 80 and 100 million. In this area, the rigorous financial and liquidity management that we have practiced for years paid off handsomely. In 2009, our cash flow from operating activity of EUR 107 million was again at its previous year's level. In many talks with customers held by our subsidiaries during the crisis, reference to the fact that the company was part of the financially strong, solvent INDUS Group was an important sales argument.

The crisis began in the late summer of 2008, reached rock bottom at the turn of the year, and continued almost unabated in the first three months of 2009. The automotive industry was particularly badly affected. The existing overcapacity accentuated the sharp fall in demand, which could be absorbed to some extent only thanks to governmental measures such as the "cash for clunkers" program. The premium segment which is relevant for the INDUS subsidiaries, however, hardly benefited from that. In the construction industry, by way of contrast, business developed gratifyingly for INDUS. The increase in public-sector orders and the stable positions of our subsidiaries on their respective markets even led to an improvement in earnings. In the mid-year period, the general economic situation stabilized. The worst was behind us. INDUS resumed its healthy sales and earnings growth in the third quarter. This upward trend continued into the fourth quarter.

Our successful crisis management strategy was comprised of a bundle of measures: strict cost management, the postponement of capital expenditure, a reduction in our working capital, and the rigorous exhaustion of flexibility potential in the capacity-relevant cost pools – to name the most important elements. In order to maintain, and in some cases to stabilize our competitiveness, we were forced to make unavoidable personnel adjustments. The overriding goal in the Group was to retain our regular employees wherever possible, also while utilizing state aid such as an expansion of the reduced working hours program. To equip ourselves for the economic upturn, we exempted the research and development and sales areas from the reductions.

The crisis also opened up opportunities for INDUS: Having not made any more acquisitions in recent years due to what we regarded as excessive prices, we stepped up our soundings of the market again in 2009. These activities led to two acquisitions at the beginning of 2010. INDUS acquired a 25 % stake in OBUK and purchased the Swiss company HAKAMA AG, a specialist supplier of medical equipment. Parallel to that, we sold our portfolio company WFV to a strategic investor as per the end of 2009. As a manufacturer of lower casting pressure molds, WFV had increasingly concentrated on special orders last year. In the new investors' group, it now has an optimum strategic environment with production and capacity utilization synergies that are urgently required.

The market segment medical engineering/life science is one of the future segments defined by INDUS in which we want to carry on growing. We can see further growth potential in the fields of environmental technology, infrastructure, and energy. In order to emphasize these prospects, we have reorganized our segments for the 2010 fiscal year. We are underlining this new structure with a restructured and redesigned annual report.

At this year's Annual Shareholders' Meeting on July 1, the Board of Management and the Supervisory Board will propose a dividend of EUR 0.50 per share. In this way, we are taking account of the negative trend in earnings while remaining determined to declare our faith in the future. We want to increase our distribution of dividends again as soon as possible, since on the stock market, the INDUS share is rightly regarded as a dividend share.

We are cautiously optimistic for the year ahead, as the volume of business is noticeably increasing and, with steady growth, we will benefit disproportionately from our improved cost structure. As a result, profits should increase more strongly than sales. As early as the fourth quarter of 2009, there were signs that INDUS had largely withstood the crisis. Developments in the first quarter of 2010 have confirmed this cautiously positive general attitude. However, we do not believe that there will be a strong upward trend. Instead, it will be a step-by-step recovery which may well include one or two setbacks.

»We are cautiously optimistic for the year ahead.«

The perspective that we have for 2010 is to increase our sales to well over EUR 800 million with our existing portfolio and to achieve an above-average increase in EBIT. In addition, we are aiming for further external growth by way of acquisitions. Thanks to our conservative financing policy and our comfortable liquidity position, we are well-equipped to achieve these goals.

To be successful, we need good, motivated managers and staff. The INDUS Holding AG Board of Management thanks all of you for your outstanding work over the past year. Together, we are going to take on and withstand whatever challenges the future holds for us. We also thank you, dear shareholders, for your trust and support.

Sincerely,
The Board of Management



Helmut Ruwisch



Jürgen Abromeit



Dr. Wolfgang Höper



Dr. Johannes Schmidt

Boards

Management Board

Helmut Ruwisch

Chief Executive Officer
Strategy, Banks/Finance, Public Relations,
Human Resources, Investment Management

Helmut Ruwisch, 63, was appointed as Chairman of the Board of Management at INDUS Holding AG in 2002 after over twenty-five years in responsible positions at a variety of banks. After graduating with a degree in business administration, he spent a number of successful years at the financial institutions WestLB, IKB, and WGZ. At Westdeutsche Genossenschaftszentralbank, he held responsibility for corporate and equity holdings transactions for a total of ten years as general agent and was then responsible for money, currency, bond, and share transactions, including treasury, as a member of the Board of Management. He was a board member at Bankhaus Lampe until 2002. Helmut Ruwisch has been appointed until June 2011.

Dr. Wolfgang Höper

Accounts, Treasury, Taxes, Investment Management

Dr. Wolfgang Höper, 44, has been a member of INDUS Holding AG's Board of Management since 2006. In 1988, as part of his officer's training course, he graduated with a degree in economic and organizational studies. Later, he gained his doctorate at Cottbus University of Technology. After gaining experience in the financial sector at Aachener und Münchener Beteiligungs AG, Dr. Höper spent the next fifteen years in operating management functions at small and medium-sized industrial companies – first for nine years at the building materials manufacturer Readymix as regional managing director and subsequently as divisional head. Following that, as managing director at the South African-British packaging specialist Mondi, he was responsible for the company's activities in Germany, and latterly for its northern European business as a member of the international operational committee. Dr. Wolfgang Höper has been appointed until December 2012.

Jürgen Abromeit

M+A Coordination, IT/Services, Compliance/Corporate Governance, Reengineering Processes, Investment Management

Jürgen Abromeit, 49, has been a member of INDUS Holding AG's Board of Management since 2008. After completing his professional training, the bank manager occupied a number of positions at Dresdner Bank and Commerzbank in the small and medium-sized corporate customers segment before switching to Georgsmarienhütte (GMH) as Chief Financial Officer in 1998. During his eleven years at GMH, Abromeit took on the management of several subsidiaries and, as board-level divisional director, was responsible for the steel and mechanical and plant engineering division that he had built up in the GMH Group. Jürgen Abromeit has been appointed until March 2013.

Dr.-Ing. Johannes Schmidt

Technology, Research/Development, Capital Expenditure, Risk Management, Investment Management

Dr. Johannes Schmidt, 48, has been a member of INDUS Holding AG's Board of Management since 2005. After graduating with a degree in applied mathematics and gaining his doctorate in the field of mechanical science, he first assumed development tasks at Richard Bergner GmbH, a manufacturer of electrical instruments from Schwabach, before rising to become managing director during the course of his twelve years at the company. In 2000, he switched to Landshut-based ebm-papst GmbH, a manufacturer of blower motors and fans, as sole managing director. During his time there, he advanced the development of new product platforms and the internationalization of the production sites, among other things. Dr. Johannes Schmidt has been appointed until September 2011.

Supervisory Board

Burkhard Rosenfeld*

Chairman of the Supervisory Board since December 9, 2009

Burkhard Rosenfeld, 69, is a graduate engineer and was a member of INDUS Holding AG's Board of Management from the company's establishment up until 2005. He has been a member of INDUS Holding AG's Supervisory Board since December 7, 2008, and was elected as its Chairman in December 2009.

Dr. Jürgen Allerkamp**

Deputy Chairman of the Supervisory Board

Dr. Jürgen Allerkamp, 53, is a lawyer and political scientist. Dr. Allerkamp has been chairman of the management board at Deutsche Hypo AG in Hanover since February 2010, having previously been a member of the management board at Nord/LB from 1998 until 2010. He was elected to INDUS Holding AG's Supervisory Board in 2006.

Dr. Ralf Bartsch**

Dr. Ralf Bartsch, 50, is a businessman and executive spokesman of the SCHLAU/HAMMER Group, Porta Westfalica. He has been a member of INDUS Holding AG's Supervisory Board since 2006.

Dr. Uwe Jens Petersen**

Dr. Uwe Jens Petersen, 65, is a lawyer in Hamburg. He has been a member of INDUS Holding AG's Supervisory Board since 2002.

Dr. Egon Schlüter**

Dr. Egon Schlüter, 78, is a lawyer and is co-partner in the law firm Schlüter Bornheim Seitz in Cologne. He has been a member of INDUS Holding AG's Supervisory Board, or that of its predecessor company, since 1991.

Carl Martin Welcker

Carl Martin Welcker, 49, is managing partner at the medium-sized mechanical engineering company Alfred H. Schütte GmbH & Co. KG in Cologne. He was appointed as a member of the Supervisory Board by the Cologne District Court in February 2010. His appointment will remain in force until the next Ordinary Shareholders' Meeting.

Günter Kill

Chairman of the Supervisory Board up until December 9, 2009

Personnel Committee

Burkhard Rosenfeld

Dr. Jürgen Allerkamp

Dr. Egon Schlüter

* Appointed until the conclusion of the Annual Shareholders' Meeting at which a resolution will be passed on the discharge of the Supervisory Board for the 2014 fiscal year

** Appointed until the conclusion of the Annual Shareholders' Meeting at which a resolution will be passed on the discharge of the Supervisory Board for the 2011 fiscal year

Report of the Supervisory Board

Ladies and Gentlemen,

2009 was an exceptional year in the long corporate history of INDUS Holding AG. INDUS, too, felt the full force of the global economic crisis. The Group nevertheless remained profitable in all four quarters. This can be attributed equally to its broad portfolio and its timely and rigorous crisis management activities which encompassed all the decision-makers within the Group. With sales of EUR 770 million and an operating result of EUR 54.6 million, INDUS certainly closed the year in a satisfactory manner when the difficult economic situation is taken into account.

The Supervisory Board diligently fulfilled the tasks required of it by law and the company's articles of incorporation in the year under review. It continuously advised the Board of Management and monitored the company's management. In the process, it was informed by the Board of Management regularly, promptly, and comprehensively about the company's position and all of its significant transactions. The Supervisory Board, thereby, received the latest information about the company's business trend, sales, and earnings situation as well as its asset and financial position. Reports were also submitted regularly on the subjects of financial, investment, and personnel planning, as well as the risk position and risk management. The Supervisory Board scrutinized all of the information and was able to compare it with the company's strategic plans. Outside of its regular meetings, all transactions with significance for INDUS Holding AG were also discussed with the Supervisory Board. In this way, it was always integrated into all of the company's pivotal decisions.

In 2009, there were five regular meetings of the Supervisory Board, at which the Board of Management was also present. All of the Supervisory Board's members were present at all of these meetings. The main focal points of their discussions were the crisis management measures adopted and the maintenance of the Group's stability. The Personnel Committee convened once in the fiscal year. Besides permanently monitoring the compensation system for the Board of Management, it addressed various matters concerning the Board of Management.

Changes in the Composition of the Supervisory Board

The Chairman of the Supervisory Board, Mr. Günter Kill, stepped down from that body for personal reasons effective from December 9, 2009. The Supervisory Board thanks Mr. Günter Kill for his unstinting commitment in the interests of INDUS Holding AG, which he has helped to guide since 1991 as a member of the Supervisory Board. At its meeting held on December 9, 2009, the Supervisory Board elected the undersigned as its Chairman. At the suggestion of the Supervisory Board and the Board of Management, the District Court finally appointed the businessman Carl Martin Welcker, of Cologne, to fill the vacant seat on the Supervisory Board on February 2, 2010. His appointment shall remain in force until the next Ordinary Shareholders' Meeting.

Discussion Topics

The Supervisory Board received detailed risk reports from the Board of Management and concerned itself in particular with financing topics. The credit status, redemption structure, liquidity status, and liquidity planning aspects were the primary focal points. Existing currency risks and their hedging were also reported in detail to the Supervisory Board. Other major areas of concern during the regular discussions were the updating of the strategy and the according implementation measures in the light of the crisis.



Burkhard Rosenfeld

In addition, the Supervisory Board discussed steps to stabilize the shareholding structure. With regard to the existing shareholdings, the Supervisory Board received from the Board of Management detailed reports on the monitoring of the existing shareholdings and information on changes in the portfolio, such as the disposal of WVF Werkzeug- und Formenbau, Lampertheim, Germany. Last, but not least, the Supervisory Board devoted particular attention to the company's personnel strategy. As a medium-sized group of companies, INDUS depends first and foremost on the quality and commitment of its management and employees.

Corporate Governance

The Supervisory Board regularly concerns itself with compliance with, and the refinement of, corporate governance within the company. In the year under review, the Supervisory Board and the Board of Management discussed the amendments to the version of the German Corporate Governance Code that entered into force on June 18, 2009, and adopted a joint statement of compliance in accordance with Sec. 161 of the German Stock Corporation Act (AktG) at the meeting held on December 9, 2009. This meeting decided not only that INDUS Holding AG would comply with the recommendations of the Code in its amended form, but also that the number of divergences which are regarded as necessary has been reduced from seven to three. This statement of compliance was published on the company's website thereafter, making it permanently available to the public. Furthermore, it is part of the Corporate Governance Report in this annual report (see page 11 ff).

Discussion on the Annual Financial Statements and the Dividend Recommendation

Treuhand- und Revisions-Aktiengesellschaft Niederrhein, based in Krefeld, Germany, which was appointed as company and Group auditor by resolution of the Shareholders' Meeting of July 1, 2009, audited the annual financial statements and management report of INDUS Holding AG and the INDUS Holding Group in accordance with the Supervisory Board's instructions. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standard (IFRS). The auditor granted the annual financial statements the unqualified audit certificate. Moreover, the auditor confirmed that the risk management system complied with statutory regulations and that there were no identifiable risks that might jeopardize the company's continued existence. The interim financial reports were not subjected to a perusal or review.

The financial statements and the review of operations, the consolidated financial statements and the Group management report, and the audit reports were submitted to all the members of the Supervisory Board in good time. They were reviewed thoroughly at the Supervisory Board meeting for adopting the statement of financial position on April 22, 2010. The auditor participated in these discussions, reported on all the audit's significant results, and was available to answer any additional questions. The Supervisory Board reviewed and discussed all of the submissions and audit reports in depth.

Following the final result of our own audit of the documents submitted to us, the Supervisory Board raises no objections, concurs with the result ascertained by the auditor, and endorses the financial statements prepared by the Board of Management for the company and the Group. The financial statements of INDUS Holding AG are, thereby, adopted. The Supervisory Board concurs with the Board of Management's proposed appropriation of distributable profit.

Events After the Statement of Financial Position Date

At its meeting held on February 11, 2010, the Supervisory Board decided to revise the Board of Management's compensation system. This was occasioned by the new German Act on the Appropriateness of Management Board Remuneration (VorstAG). In a number of discussions, the Supervisory Board dealt with the requirements of the Act and examined the Board of Management's remuneration system with the help of external advice, using a benchmark analysis among other things. The alterations now also include a sustainability component and will be applicable for future contracts for Board of Management members. Existing contracts were adapted to the new regulations as of January 1, 2010.

The Supervisory Board knows that the INDUS Group's success results essentially from the people who commit themselves to our company every day with their inventiveness, willingness, and community spirit. In return, INDUS regards it as its duty to create scope for its employees to build stable, reliable prospects for those ideas and that commitment. It is with this conviction that the Supervisory Board thanks all the employees for their committed and successful work over the past year. We would particularly like to thank the Board of Management and the local managing directors, who, so far, have successfully withstood the most severe economic crisis for INDUS since the end of World War II.

Bergisch Gladbach, Germany, April 2010

The Supervisory Board



Burkhard Rosenfeld
Chairman

Declaration on Management and Corporate Governance

The principles of good and responsible management of a company determine the actions of INDUS Holding AG's management and monitoring bodies. In this declaration, the Board of Management reports – also for the Supervisory Board – on corporate governance in accordance with Item 3.10 of the German Corporate Governance Code and Sec. 289a (1) of the German Commercial Code (HGB).

Our actions are geared toward long-term success. These behavioral maxims have shaped the INDUS corporate culture since the company was founded. The German Corporate Governance Code documents the principles of value-oriented, transparent company management and monitoring. These, too, are geared toward sustainable value creation. INDUS Holding AG's Board of Management and Supervisory Board, therefore, adhere to the Code's recommendations with only a few exceptions. In the statement of compliance, we explain why we diverge from the recommendations on a small number of points.

■ Corporate Governance Report

In December 2009, the Board of Management and Supervisory Board jointly submitted the statement of compliance necessitated by Sec. 161 of the German Stock Corporation Act (AktG) and made it permanently available to its shareholders on the company's website at www.indus.de. It is also printed on page 15 of this report and is, therefore, part of the declaration on corporate governance.

Shareholders and the Annual Shareholders' Meeting

The shareholders of INDUS Holding AG exercise their rights within the framework of the Annual Shareholders' Meeting. Each share carries one vote. INDUS publishes all of the documents required for making a decision in good time on its website. INDUS helps its shareholders exercise their voting rights by nominating proxies who cast votes at the Annual Shareholders' Meeting in accordance with the instructions they receive from the shareholders. Last year's Annual Shareholders' Meeting was held in Cologne on July 1, 2009. Around 900 shareholders approved the management's draft resolutions with a clear majority vote.

The Board of Management and the Supervisory Board

The Board of Management informs the Supervisory Board in a regular, timely, and comprehensive manner, particularly about all relevant issues pertaining to the corporate budget, strategic development, the earnings and financial position, and the risk situation. Decisions of material significance for the Group require Supervisory Board approval. In the year under review, there were no consulting, service, or other work and labor contracts between individual members of the Supervisory Board and the company. 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 of INDUS Holding AG runs the company and manages its business activities. It develops the company's strategic orientation, coordinates it with the Supervisory Board, and ensures its implementation. Furthermore, the Board of Management determines entrepreneurial goals, the annual and multi-year budgets, the internal control and risk management system, and the associated companies' controlling practices. Another of the Board of Management's duties is to prepare the quarterly, semi-annual, and annual consolidated financial statements. The Board of Management consisted of four people in the year under review. As in the previous year, its members were Helmut Ruwisch (Chairman), Jürgen Abromeit, Dr. Wolfgang Höper, and Dr.-Ing. Johannes Schmidt.

Supervisory Board

The Supervisory Board of INDUS Holding AG appoints the Board of Management, advises it in matters concerning company management, and monitors its management activities. Detailed information on the focal points of Supervisory Board

activity last year has been printed on page 8ff. et seq. of the Supervisory Board's report.

The Supervisory Board consisted of six people in the year under review. With two exceptions, the tenure of all the members of the Supervisory Board ends on conclusion of the Annual Shareholders' Meeting at which a resolution will be passed on the discharge of the Supervisory Board for the 2011 financial year. These exceptions relate to Burkhard Rosenfeld and Carl Martin Welcker. Burkhard Rosenfeld has been elected until the conclusion of the Annual Shareholders' Meeting at which a resolution will be passed on the discharge of the Supervisory Board for the 2014 fiscal year. Carl Martin Welcker has been appointed by resolution of the District Court effective as of February 2, 2010 to serve as a member of the Supervisory Board until the next Ordinary Shareholders' Meeting.

No member of the Supervisory Board performs or performed executive, supervisory, or consulting functions at any material competitors of INDUS. The company also observes the Code's recommendation that the Supervisory Board should contain no more than two former members of the Board of Management. The Supervisory Board currently contains one former member of the Board of Management. The age limitation policy adopted by the Supervisory Board for members of the Management Board, which provides for their stepping down upon reaching the age of 68, was complied with. The regular age limit of 70 years set for the appointment of the Supervisory Board's members was also complied with.

■ Compensation Report

The following compensation report is also part of the consolidated financial statements and the Group management report. The German Act on the Appropriateness of Management Board Remuneration (VorstOG) provides for individualized disclosure of the compensation paid to the Board of Management's members for the year under review. It stipu-

lates that this compensation should be itemized by fixed and performance-related components, as well as components with a long-term incentive effect. The disclosures being demanded can be withheld if the Annual Shareholders' Meeting has passed a resolution to that effect with a three-quarters majority of the capital stock represented when the resolution was passed. On July 1, 2006, the Ordinary Shareholders' Meeting of INDUS Holding AG resolved to withhold these disclosures for a period of five years as from the resolution passed with 87.49 % of the voting rights present.

In the fall and winter of 2009, the Supervisory Board examined the stipulations of the German Act on the Appropriateness of Management Board Remuneration (VorstAG) and reviewed the compensation system for the Board of Management. With the help of external consultants, a benchmark analysis was carried out and changes discussed. At its meeting in February 2010, the Supervisory Board decided to change the compensation system for future Board of Management contracts. The revised features now also contain a sustainability component.

Board of Management

The structure of the compensation system for the Board of Management is determined and constantly reviewed by the Supervisory Board. The main criteria for determining the appropriateness of the compensation paid to a member of the Board of Management are the tasks fulfilled, personal performance, the accomplishments of the Board of Management as a whole, and the company's economic situation. The compensation paid to the Board of Management's members consists of a performance-linked component and a component unrelated to performance. The compensation unrelated to performance is made up of fixed compensation as well as payments in kind and fringe benefits. The performance-linked component is paid as a bonus. With the exception of pension commitments financed by a waived proportion of the respective salaries, members of the Board of Management are not entitled to any other pension

commitments that would have to be disclosed in the statement of financial position. There are no stock option plans or comparable compensation components involving long-term incentives.

The basic compensation unrelated to performance is paid as a monthly salary and reviewed by the Supervisory Board when contracts are extended. In addition, members of the Board of Management receive payments in kind consisting of the use of company cars. The bonus is determined solely on the basis of the company's operating performance. In the 2009 fiscal year, the Board of Management's compensation totalled EUR 1,649,000 (previous year: EUR 1,798,000). Of this sum, EUR 1,322,000 was accounted for by compensation unrelated to performance (previous year: EUR 1,261,000) and EUR 327,000 by performance-linked compensation (previous year: EUR 537,000). An additional EUR 54,000 in compensation was converted into pension entitlements (previous year: EUR 54,000).

Supervisory Board

The Supervisory Board's compensation is determined by the Annual Shareholders' Meeting of INDUS Holding AG. It is governed by Item 6.16 of the articles of incorporation. It stipulates that Supervisory Board members receive a fixed base salary of EUR 10,000 and variable compensation in addition to the reimbursement of out-of-pocket expenses. EUR 500 in variable compensation is paid 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 double the two aforementioned sums, and his deputy receives one-and-a-half times these amounts. There are no stock option plans or similar securities-based incentive systems for the Supervisory Board either.

In the 2009 fiscal year, the Supervisory Board's remuneration totalled EUR 176,250 (previous year: EUR 227,000). In the year under review, Supervisory Board members received EUR 0 (previous year: EUR 27,000) for advisory services rendered in person to Group companies.

The members of the Supervisory Board received the following compensation in 2009:

EUR	Basic Compensation	Dividend-related Compensation	Total
Burkhard Rosenfeld	10,000.00	13,500.00	23,500.00
Dr. Jürgen Allerkamp	15,000.00	20,250.00	35,250.00
Dr. Uwe Jens Petersen	10,000.00	13,500.00	23,500.00
Dr. Ralf Bartsch	10,000.00	13,500.00	23,500.00
Dr. Egon Schlüter	10,000.00	13,500.00	23,500.00
Günter Kill (up to Dec. 9, 2009)	20,000.00	27,000.00	47,000.00
Total	75,000.00	101,250.00	176,250.00

Reportable Securities Transactions

There were no reports of transactions by members of the senior management (directors' dealings) as defined by Sec. 15 a of the German Securities Trading Act (WpHG) in 2009. Should any such dealings occur, they will be disclosed in prompt announcements on the company's website.

The direct and indirect ownership of shares or derivatives related to shares by members of the Board of Management and the Supervisory Board has not exceeded the threshold value of 1 % of the issued shares either in any individual case or in total.

Transparency

INDUS provides the shareholders, shareholder associations, analysts, the media, and the interested public with information on the company's current business trend and situation in a regular and timely manner. The company treats these groups simultaneously while treating them equally. To this end, all significant information, consisting primarily of annual and interim reports, press releases and ad-hoc statements, analyst estimates, and a financial calendar, are published on the company's website. To ensure that the consolidated financial statements and the interim reports are prepared with the necessary care, the annual report is published four months after the end of the fiscal year, and the interim reports are released two months after the end of the quarter. In the year under review, INDUS did not publish any ad-hoc statements pursuant to Sec. 15 of the German Securities Trading Act (WpHG). Important news about the company was published promptly via press releases.

Accounting and Audit of the Financial Statements

Since the beginning of 2005, the consolidated financial statements have been prepared in compliance with the principles set forth in the International Financial Reporting Standards (IFRS). As before, the separate financial statements of INDUS Holding AG are prepared in accordance with the provisions of the German Commercial Code (HGB). The audit of the consolidated and separate financial statements was performed by Treuhand- und Revisions-Aktiengesellschaft Niederrhein, Krefeld, Germany. The corresponding statement of independence in accordance with Item 7.2.1 of the German Corporate Governance Code was obtained by the Supervisory Board. The audit assignment for the individual and consolidated financial statements was issued by the Supervisory Board following the resolution passed by the Annual Shareholders' Meeting. The Supervisory Board and the auditor of the financial statements agreed that the Chairman of the Supervisory Board be informed immediately about any grounds for exemption or bias during the audit. Furthermore, the auditor of the financial state-

ments should immediately report on any findings and events material to the Supervisory Board's tasks.

■ Composition of the Supervisory Board, the Board of Management, and the Committees

The composition of the Board of Management and the Supervisory Board themselves, and of the Supervisory Board's committees, is described under Boards (page 6). Reference is made to the working method of the Board of Management and the Supervisory Board in the Corporate Governance Report (see above). The Board of Management has no committees.

The Supervisory Board of INDUS Holding AG constituted the Personnel Committee. This committee consists of three members. Its duties are to deal with personnel matters relating to the Board of Management, in particular, the employment contracts and other contracts with members of the Board of Management and approval for secondary employment pursued by members of the Board of Management. Decisions are delegated only if the full Supervisory Board is prevented by law from making them. This applies in particular to the decisions of the Supervisory Board regarding the structure of the compensation for the Board of Management's members and, since the German Act on the Appropriateness of Management Board Remuneration (VorstAG) came into effect, for the determination of the overall compensation for the individual members of the Board of Management. The committee must elaborate proposals on these points and submit them to the full Supervisory Board.

Meetings of the committees are held regularly in the form of meetings by personal attendance. Outside of meetings, resolutions in writing, are permissible insofar as they are stipulated by the Chairman of the Supervisory Board. As with the Supervisory Board itself, decisions by the committees require a simple majority if nothing to the contrary

is provided for by law. The execution of decisions by the Supervisory Board and its committees is incumbent upon the Chairman of the Supervisory Board.

■ Declaration of Conformity with the German Corporate Governance Code

In December 2009, the Board of Management and the Supervisory Board of INDUS Holding AG submitted a declaration of conformity with the following wording:

The Board of Management and the Supervisory Board declare that the company has in essential respects complied, and continues to comply, with the recommendations set forth in the June 18, 2009, version of the German Corporate Governance Code. In the future as well, the Board of Management and the Supervisory Board intend to comply with the recommendations. The following exceptions shall apply:

Code Item 3.8:

No deductible was agreed for the members of the Supervisory Board on conclusion of a D&O insurance policy.

The Code recommends that when concluding directors' and officers' liability insurance (D&O insurance) for members of the Supervisory Board, a deductible shall be provided for, while a deductible on conclusion of D&O insurance for members of the Board of Management is stipulated by law. INDUS Holding AG does not believe that agreeing on a deductible would be suitable for improving the motivation and sense of responsibility with which the members of the Supervisory Board perform the duties and functions assigned to them.

Code Item 5.3.2:

The Supervisory Board had and still has no audit committee.

The existing practice whereby the full Supervisory Board, with all six of its members, deals with every topic as far as possible, is to be retained. This shall also apply with regard to the constitution of an audit committee. No specific audit committee was constituted as the full Supervisory Board deals with the annual financial statements in a single meeting with the audit report.

Code Item 7.1.2:

Publication of the consolidated financial statements within 90 days of the end of the fiscal 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.

We comply with the statutory provisions and/or the regulations of the Frankfurt Stock Exchange, according to which the consolidated financial statements should be accessible for the public within four months of the fiscal year ending and interim reports within two months of the end of the reporting period in question. In view of INDUS Holding AG's business model, an appropriate time corridor is required, in particular for the safe and professional examination of the financial statements of all the subsidiaries and second-tier subsidiaries. Earlier publication of the financial statements would have a disproportionately adverse effect on their quality.

Bergisch Gladbach, Germany, December 2009

For the Board of Management



Helmut Ruwisch
(Chief Executive Officer)



Jürgen Abromeit
(Responsible Member
of the Management Board
for Corporate Governance)

For the Supervisory Board



Dr. Jürgen Allerkamp

(Responsible Member of the Supervisory Board for Corporate Governance)

Share

16

2009 was a turbulent year for the stock markets. In the first quarter, share prices collapsed as the recession took a turn for the worse. Paper sensitive to economic developments – such as the INDUS share – was hit hard by this development. Share prices bottomed out in early March. The market has been recovering since. Compared with the SDAX, this upswing has only resulted in a below-average improvement in the INDUS share price.

■ INDUS Share Performance

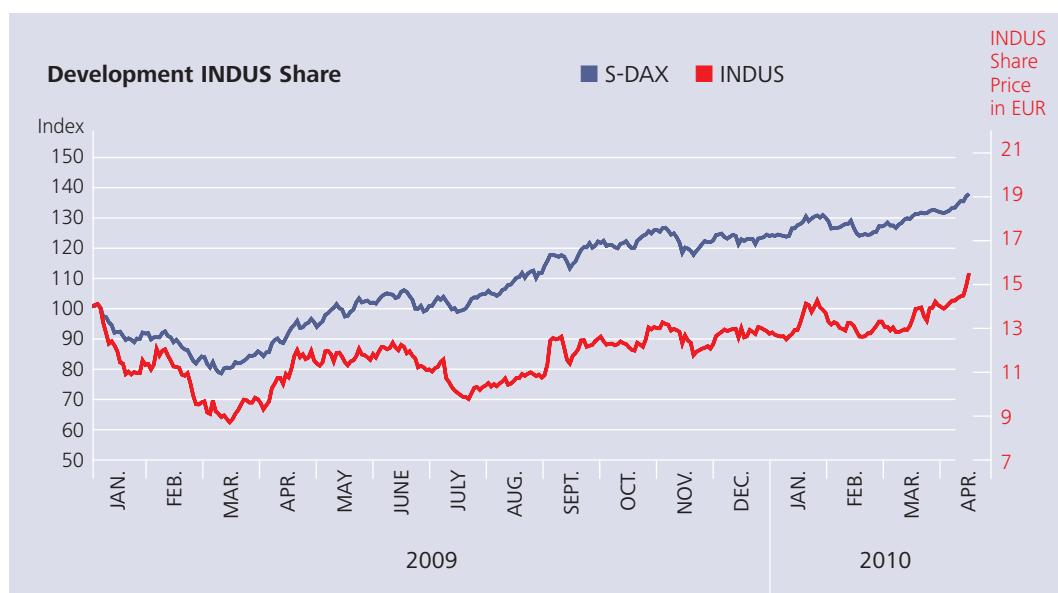
DAX and SDAX Stage Above-average Recovery after Substantial Losses

Following heavy losses in the 2008 stock market year (DAX –40.4%, SDAX –46.1%), share prices fell still further in the first quarter of 2009. As a result of the grave economic crisis, investors lost their trust in the stock markets and tried to safeguard their existing capital. At the same time, trust in the banking system was shaken to the core after the collapse of several major international banks. Many people feared for their savings deposits. The lowest point was reached at the beginning of March. Only comprehensive governmental undertakings to protect both private deposits and the ailing banks themselves calmed the situation. The increasingly positive news in the second half of the year put the markets in an optimistic mood. It seemed that manufacturing industry had bottomed out at around

the year's mid-point. Private consumption remained stable, unemployment confounded expectations by not increasing, and the governmental economic stimulus programs were taking effect. The DAX and the SDAX, with the latter being relevant for INDUS, staged a robust recovery and had risen strongly by the end of the year: SDAX by app. 125 % and DAX by app. 124 %.

INDUS Share Shows an Upward Trend at Year-end

The INDUS share was unable to escape the impact of the stock market slump. At the beginning the year, the share was quoted at EUR 13.54, and, in March, it reached its year's low of EUR 7.90. The share recovered during the three subsequent quarters, but remained below its level at the start of the year. Its closing price for the year was EUR 12.00, representing a drop of around 10 %. Although the INDUS Group posted no losses, even in the very



weak first quarter, and demonstrated its good crisis management with improving results, this was reflected only tentatively in the development of its share price. We believe that one of the reasons for this lies in the uncertainty about developments in our Automotive Industry segment. Some regarded INDUS as excessively dependent on the automotive sector, although only 12 out of the Group's 41 companies operate in this segment and the companies, even in the 2007 boom year, accounted for only 25 % of its EBIT. We suspect that another reason can be found in the decreasing involvement of institutional investors, especially funds, who had to liquidate positions at the beginning of the year on grounds of above-average cash outflows. In a parallel development, private investors on the stock markets, whose numbers are traditionally high at INDUS, showed restraint against the backdrop of the economic downturn.

INDUS Occupies Top-ten Position in the SDAX

The restraint of investors was reflected by a heavy decline in the trading volume. The daily average at all the German stock exchanges was 39,282 shares, compared with 57,419 in the previous year. All in all, 9,977,918 shares (previous year: 14,583,480) were traded. Gratifyingly, the significance of the INDUS share within the SDAX increased. In terms of market capitalization, the share was placed 10th out of 50, an improvement of two places compared with the end of 2008. In April 2009, in a number of announcements, Dr. Winfried Kill reported that he had fallen below, and temporarily exceeded, the reporting thresholds of 15 %, 10 %, 5 %, and 3 %. At the same time, FK Beteiligungsgesellschaft mbH informed us that its shareholding had fallen below the reporting threshold of 3 %. The share's free float is 100 %. The shares are widely strewn with, as far as we know, 45 % held by private and 55 % by institutional investors. As of the reporting date, there have been no announcements by investors that they have exceeded a threshold that must be reported.

INDUS Share Data	
SIN/ISIN	620010/DE0006200108
Stock exchange code	INH.DE
Share class	No-par-value registered shares
Stock exchanges	XETRA, Frankfurt, Düsseldorf (regulated market) Stuttgart, Berlin, Hamburg (regulated unofficial market)
Market segment	Prime Standard
Indices	SDAX, DAX International Mid 100, DAXsector Financial Services, Daxsub-sector Diversified Financial Services, Classic All Share, Prime All Share, CDAX
Designated sponsors	Commerzbank, WestLB
Market capitalization on Dec. 31 in EUR millions	220.44
Average daily turnover	39,282
Free-float capitalization	100 %
Number of shares on Dec. 31	18,370,033
Opening price	September 13, 1995
Last capital increase	March 31, 2008

The INDUS Share: Key Figures

in EUR	2008	2009
Earnings	1.78	0.77
Cash flow	4.39	4.20
Dividend	0.80	0.50*
Dividend yield in %	6.0	4.2*
12-month high	25.18	13.54
12-month low	10.10	7.90
Price at year-end**	13.37	12.00

* Subject to the consent of the Annual Shareholders' Meeting on July 1, 2010

** Basis: Closing prices in XETRA trading, December 31

Analyst Coverage of INDUS Holding AG

- Bankhaus Lampe
- Commerzbank
- Independent Research
- West LB
- WGZ

In View of the Still Unstable General Economic Recovery, a Dividend of EUR 0.50 per Share Was Proposed

The distribution of a dividend is not dependent on the consolidated income statements and corresponding consolidated financial statements prepared in accordance with IFRS, but rather the annual financial statements and statement of financial position of INDUS Holding AG based on the German Commercial Code (HGB).

The Board of Management and the Supervisory Board propose to the Annual Shareholders' Meeting that a dividend of EUR 0.50 per share be distributed. This reflects the effects of the recession while at the same time maintaining dividends at a level that is acceptable.

Consequently, total dividends paid amount to EUR 9.2 million.

Positive Analyst Coverage Across the Board in 2009

The five banks and investment companies which regularly observe the INDUS share recommended the share as "buy" throughout the course of the year. At the end of the year, all of the recommenda-

Dividend per Share with Dividend Yield 1999-2009



tions were either "Buy" or "Add." The target price at the end of 2009 was in a range from EUR 13 to EUR 16. At the moment, most of the analysts see the share's prospects as positive. They believe that the worst is over, thanks to rapid adjustment measures, and expect 2010 to bring increasing sales and a considerable improvement in income. Investors and interested members of the general public can find the current assessment under investor relations on the INDUS Holding AG website.

In addition to the regular publications containing information from INDUS, many one-on-one conversations were held. The Board of Management was also regularly available for interviews and questions on publication of the quarterly reports. The central element of our dialog with private investors was the Annual Shareholders' Meeting in Cologne, which was attended by 900 shareholders. In addition, the Investor Relations department answered many written and verbal questions. Interested investors were additionally provided with relevant information via an electronic newsletter.

■ Capital Market Communication

Creating Trust with Investor Relations Work

The primary objective of INDUS Holding AG's investor relations work is to disseminate transparent, timely, and comprehensive information on all of the company's events of relevance to the capital market. Center stage in this context is taken above all by shareholders, analysts, financial journalists, and shareholder associations. The Board of Management, therefore, sought a continuous exchange of views with existing and potential investors both in Germany and abroad in the period under review. With this purpose in mind, INDUS Holding AG was also present at selected roadshows in Europe's financial centers.

Objectives in 2010

We have been a member of the German investor relations association DIRK ("Deutscher Investor Relations Verband e.V.") since 2009, thereby, underlining our objective of providing transparent and continuous communication. For the new fiscal year, we are planning to increase the number of our roadshows, so that we can intensify our pitch for institutional investors in particular. In addition, we shall be holding our Annual Shareholders' Meeting in a new venue at the exhibition center in Cologne. The new venue will be more accessible for users of public transport as well as motorists and will provide more spacious premises for the meeting.

The financial calendar in the cover of this annual report provides an overview of the most important dates in the current fiscal year.

2009	Capital Market Events
April 26	Statement of financial position press conference Presentation of the 2008 Annual Report, Düsseldorf
April 27	Analysts' conference, Frankfurt am Main
August 13	Roadshow, Vienna
September 8	Roadshow, London
September 15	15. Cologne Share Forum, Cologne
September 30	Scherrer Small Cap Conference, Zurich
October 1	Roadshow, Zurich
November 10	German Equity Forum, Frankfurt am Main
November 30	Roadshow, Frankfurt am Main

We strengthen SMEs

The name INDUS stands for 25 years of dependable and sustainable corporate investment and development in the German-speaking SME sector. We acquire stakes in stable business concepts and take corporate histories further into a future of lasting success.

Our interest is focused on successful niche companies in the traditional industries, and on growth sectors of the future. This is where we find the conditions we are looking for: healthy development potential and the substance from which stable income can be developed. Our companies act with operational autonomy and grow organically. We help them to use their potential in a targeted way.

What we do is based on a solid foundation of values. This gives us our bearings when we make decisions and defines crucial behavioral standards. We operate **entrepreneurially, autonomously, and fairly**. This makes us predictable for partners and strengthens our relationship with our immediate environment. As a long-term investor with a modern understanding of management, we concern ourselves actively with this task even in turbulent times. We open up avenues for the INDUS companies and guide them along the road to success.

Interview with Helmut Ruwisch

The economy needs a strong SME sector.
Its companies are the pillar of the economy
and stand for continuity and innovation.

INDUS has focused its attention on medium-sized companies ever since it was founded in 1985. Why?

Helmut Ruwisch: Small and medium-sized companies embody entrepreneurship in its purest form – and in Germany this is closely associated with social values such as responsibility and provision for the workforce. The significance of industrial SMEs is usually underestimated. Indeed, 98% of all of Germany's industrial companies are SMEs. These companies produce around one-third of German industry's entire value-added. Sustainable thinking and solid business management have brought forth many hidden champions in industrial SME segments which are now playing a leading role on global markets.



When SMEs embody a successful concept, why are so many of them in crisis at the moment? A recent survey by Ernst & Young reveals that one-third of companies are not yet equipped for the upturn and that one in ten is in danger of going under.



Helmut Ruwisch: The world is more complex now and the economic processes are many times faster than they were twenty years ago. Globalization is demanding greater flexibility and speed from SMEs as well. Not moving quickly enough under these circumstances can soon become risky. INDUS, therefore, regards itself as a sparring partner for medium-sized companies. When we acquire a company, we want to develop it continuously rather than restructure it. We don't turn up claiming to know everything better, but, on a number of specific topics, we regard ourselves as specialists who can make a professional contribution.



... Interview



What can the large groups learn from SMEs?

Helmut Ruwisch: How to operate with an eye on the medium to long term. How to build up substance instead of aiming for short-term success. As the pressure on earnings increases, the big groups more than anyone else have forgotten how to develop reliable perspectives for the medium term as well. For SMEs, doing that is a life insurance policy. For them, fashionable terms like "sustainable business management" mean no more and no less than acting with common sense. The company's ownership and management being in the same hands is a characteristic feature of industrial SMEs. The protagonists' economic livelihood and the management of the company are closely linked. Their long-term commitment, their bond with their employees, and their roots in the surrounding regional and social environment make the heads of small and medium-sized companies ambassadors and guarantors of the social market economy.

Over 4,500 heads of family companies or sole proprietorships in Germany are currently at least 65 years of age. What does that mean for the years to come?

Helmut Ruwisch: Many of these companies have very serious tasks ahead. Today, by no means every company heir has the competence to lead the family business from the parents' generation into a secure future. At the same time, however, the family has a responsibility to the employees. This is why these companies are looking for a successor who accepts this responsibility and approaches the work in this spirit – after all, their life's work is at stake.

How can we take effective steps to counter the apparent beginnings of an erosion in the SME sector? How can SMEs be strengthened in the future?

Helmut Ruwisch: We need models that make it possible to carry on the founding generation's lifetime achievements in the long term. Integration into a secure holding structure is one possible solution. INDUS began to acquire medium-sized companies 25 years ago and, thereby, build up a network of affiliates with a long-term perspective. Back then, we made this promise: We will purchase your company to sustain it and develop it further. This promise has now been proving its worth for a quarter of a century. Our offer is not the only solution, however. For some SMEs, it can also make sense to look for a successor within the company, building up someone from the second tier of management. In this general area, financing the purchase price is often a problem.

»Substance instead of aiming for short-term success.«

»Partnership with us is an opportunity for both sides.«

Stock market listing and SME orientation – how can they be reconciled?

Doesn't that make conflict with shareholders inevitable?

Helmut Ruwisch: The INDUS equity story is precisely what unites these two seemingly contradictory elements. There are few competitors with whom we compare ourselves. We offer investors a means of participation in successful industrial SMEs and promise solid, but not exorbitant returns. As a management, we act solely in accordance with commercial criteria. Our practical expertise lies in tracking down hidden champions, integrating them into our Group, and developing them with a view to the long term. Many shareholders appreciate this concept; INDUS traditionally has a high proportion of private shareholders.

What is important when the head of an SME wants to sell his/her company?

What does INDUS look for as a buyer?

Helmut Ruwisch: In a sentence, we look for fundamentally healthy entrepreneurially-run companies which are prepared to preserve their strengths and enhance them successfully under new strategic management. Partnership with us is an opportunity for both sides. The company has the freedom to develop its operational and commercial prospects to the full, and we have a stake in that success.

Another point of great importance for us is that a portfolio company understands values in the same way that we do. We give our companies a great deal of operational scope – also because we are convinced that this will help them to be more successful than the competition. This makes it all the more important, though, to have comparable yardsticks and a functioning relationship of trust. The subject of "uniform group understanding" is going to be an important competitive advantage in the future – for our group of affiliates as well.



DEPENDABILITY...

...for our Group: The name INDUS stands for twenty-five years of strengthening SMEs. During this period, we have established a sustainable network of high-grade professional connections. This enables us to make commercial decisions independently of banks and free from obligations toward third-party interests. Contact with potential associated companies is also made primarily on a personal basis. In this way, we can carry through our acquisition processes in a purposeful, lean, and discreet way.



Where the foothold is firm, the steps are confident.

...for our companies: Our "Yes" is checked from every angle before we give it. Once we make a decision, we remain true to it. Since its founding, our company has acquired more than forty businesses. Forty-one of those are still part of our Group. And if, in exceptional cases, we dispose of a participating interest, we have a very good reason for doing so. We engage in a regular and detailed exchange of views and information with our associated companies. This is how dependability and trust grow.





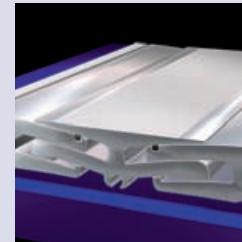
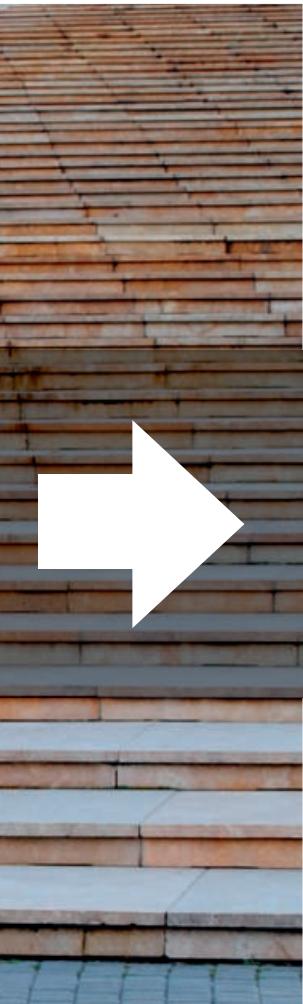
PERSPECTIVE...

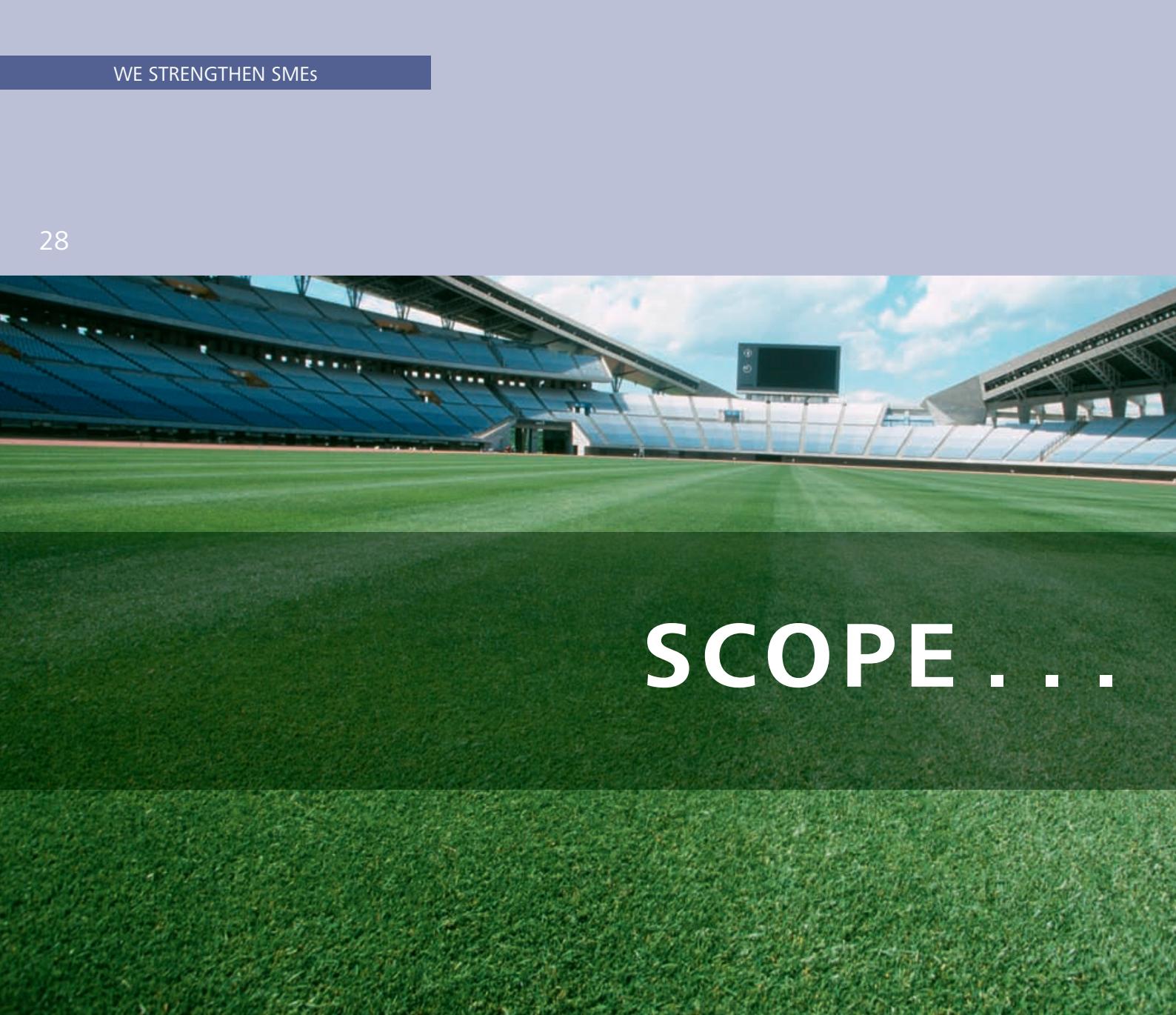
...for our Group: INDUS concentrates its attention on the long-term, healthy development of its portfolio. Our companies come from the German SME sector and are suited to this orientation. Our criteria are challenging, but keep on a clear course. In cases of doubt, our decisions give precedence to stability over short-term returns. This is because lasting success needs a firm foundation.



**The sign on the horizon
shortens the path
to the goal.**

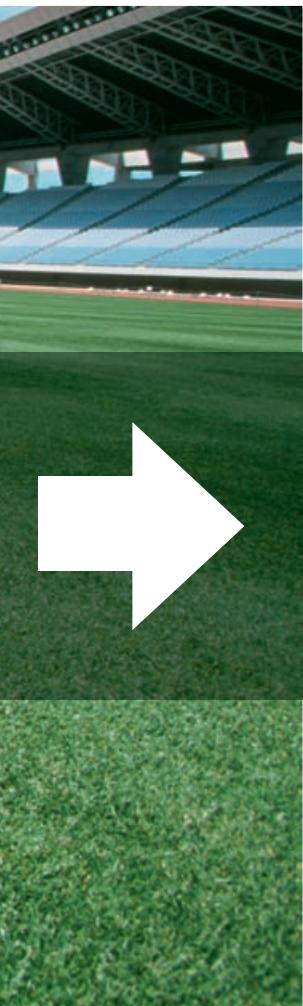
...for our companies: Business with our participating interests is founded on feasible commercial concepts geared toward the long term. As well as cultivating their specific niche competencies, our companies also safeguard their development paths as far as possible by aiming for a broad-based customer structure. This ensures that even during difficult market phases, their course of development is not impaired by short-term shift in direction.





SCOPE . . .

...for our Group: INDUS consciously puts its faith in portfolio diversification. Our companies reflect the entire German economic spectrum. In this way, we not only diversify our risks, but also remain open to the idea of integrating companies with attractive new business focal points, such as our recent infrastructure and medical technology acquisitions. However, we are also turning our attention to future-oriented areas such as energy and environmental technology. Wherever the future of business lies, we will adapt to it with our portfolio.



**Where there is
amount of space,
strength can unfold.**



...for our companies: The expertise and the areas of competence are there in our companies. This is also where they should blossom – out of their own operational management and the continuation of their established culture. We guide and support these associated companies strategically and, in terms of financial management, with the goal of enabling them to unfold all of their strength and their urge to develop on their markets.



RESTRAINT ...

...for our Group: INDUS gears its returns strategy not toward short-term success, but to consistently stable anticipated yields. This makes our share an investment with a long-term perspective. Our dividend distribution policy is concentrated on the regular payout of an appropriate, yet attractive dividend. We are convinced that our restrained business strategy will pay in the long run – for our investors, too.



Surplus in the rainy periods ensures supply in the dry season.

...for our companies: Our associated companies should be able to withstand turbulent phases safely. They should also be able to take the initiative when new opportunities for development arise on the market. To achieve this, we ensure that they have sufficient reserves at their disposal. We expect our associated companies to generate an ambitious, yet measured return on sales. In return, we assume that they will give free rein to their SME-style entrepreneurial spirit.



We Can Be Found Where SMEs Are



OUR SEGMENTS

Construction/Infrastructure



Living and working standards in central Europe are high. Small and medium-sized enterprises from the construction and infrastructure sectors ensure that we will be able to continue to enjoy these standards and enhance them still further, despite increasing complexity. Thanks to increasing mobility and the ever-increasing demands being made on logistics, the infrastructure sector in particular will become more significant in the future.

Engineering



No other industry embodies the term "Made in Germany" as well as the engineering industry. Industrial production would be unimaginable without the various branches of engineering. All over the world, German companies in this sector have a first-class reputation. With their expertise and their quality, SMEs from Germany have been ensuring for many decades that German products are in high demand internationally.



SMEs Are Building the Future.

Automotive Components/Engineering

The automotive industry is one of the pillars of the German economy. Around one-sixth of all German jobs are dependent on it. This sector is supported crucially by the expertise and skills of medium-sized manufacturers and suppliers. Their flexibility and innovative power ensure that Germany will remain a leading force on this market in the years to come.



Metal/Metal Processing

The metal and metal processing areas play a significant part in the base materials processing industry. It is mainly the smaller and medium-sized companies which, thanks to the precision of their work and the quality of their products, create the conditions for high-quality end products. The reliability of its performance makes this segment a stable pillar in the day-to-day economy.



Medical Engineering/Life Science

Due not least to demographic change, the healthcare sector is one of the huge markets of the future. It is driven by the high pace of technological innovation. SMEs seize the new knowledge and use it to develop products which are compatible with markets and everyday life. By focusing their efforts in this way, they become specialists that assert themselves outstandingly in the competitive environment.



COMBINED MANAGEMENT REPORT

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Against the backdrop of the poor general economic developments, INDUS is satisfied with the course of the 2009 fiscal year despite significantly lower sales and earnings. Following an extremely difficult start to the year, business improved continually from quarter to quarter. By the end of the year, a gradual economic recovery was becoming evident.

An Overview of the Fiscal Year

Last year, in the midst of the most severe economic crisis since World War II, INDUS once again demonstrated the resilience of its business model. Throughout all four reporting quarters, the Group remained profitable and maintained a strong capitalization level. We proved in the crisis year that our investments are lean, efficient, and more resilient than the competition. Despite capacity adjustments and strict cost reduction programs, we did not cut back in the R&D, sales, and marketing areas and acted in a socially responsible manner toward our employees.

We are delighted with two successful acquisitions as of the beginning of 2010. Thanks to our conservative financing policy, our continuing high cash flow in 2009, and the resultant comfortable liquidity position, we are well-positioned for the current fiscal year and ideally equipped for the emerging economic recovery.

Business Model and Strategy

Position and Business Model

Strong in the SME Sector

Since it was founded in 1985, INDUS Holding AG has gradually established itself as a specialist in the acquisition of small and medium-sized companies in the German-speaking parts of Europe. The Group consists of INDUS Holding AG as the managing company based in Bergisch Gladbach and forty production companies (Status: December 2009) based in Germany and Switzerland. The subsidiaries are operationally independent, while INDUS Holding AG takes on central functions such as finance, taxes, statements of financial position, and legal matters. The Group's economic development depends crucially on its directly or indirectly held subsidiaries in Germany and abroad. All of the material subsidiaries and sub-subsidiaries are included in the consolidated financial statements.

The Main Focus of the Investment Portfolio

Is in the Manufacturing Sector

INDUS reorganized its segments at the beginning of the 2010 fiscal year. The objective of this reorganization is improved transparency of presentation: INDUS takes the view that the previous segments "Consumer Goods" and "Other Investments", in particular, latterly provided investors with an inadequate picture of its business activities. INDUS Holding AG's portfolio is now structured in five segments: Construction/Infrastructure, Engineering, Automotive Components/Engineering, Metal/Metal Processing, and Medical Engineering/Life Science. The last segment, in particular, is an attractive one for INDUS in which the company is aiming for long-term growth. We also see interesting prospects in the environmental, energy, measuring and control technology areas.

Major Sales Markets and Competitive Positions

The INDUS Group's companies are active in a wide variety of sales markets. Information on the development of the individual industry branches can be found in the segment report. The German market continues to play a key role for the portfolio companies from a regional perspective. The foreign proportion of 45%, however, demonstrates the Group's high level of internationalization.

Objectives and Strategies

Our Maxims Are: Long-term Perspective and Sustainability

INDUS makes long-term investments in medium-sized manufacturing companies. This is INDUS Holding AG's key statement about its corporate strategy. It is founded on the acquisition of majority stakes in successful medium-sized companies and their ongoing further development. INDUS acquires only industrial companies which are active on interesting niche markets and occupy a leading position within those markets. We regard ourselves as the leading contact for succession plans. Our acquisitions are focused on companies which have already proven that, as established manufacturers, they already have a stable business model with high-growth products. Evidence of our long-term investment strategy is provided by HAUFF-Technik, a company which has been part of our portfolio since 1986.

We consistently exclude start-ups and companies undergoing restructuring from our portfolio. Exit strategies are not part of our corporate strategy. In legitimate individual cases, however, subsequent disposal is conceivable and perhaps necessary if, for example, the original framework and market conditions have changed fundamentally after years of success.

As well as expansion by acquisition, INDUS puts its faith in organic growth from the permanent cultivation of the portfolio. As an association of hidden champions, we see our future in complementing our portfolio with acquisitions on markets with above-average growth and the potential for sustainability. At the same time, we want to maintain our culture of medium-sized companies and enhance our technical emphasis by adding innovative, forward-looking products and solutions. In the medium term, we are setting ourselves ambitious goals with a sales target in excess of EUR 1 billion and an EBIT margin of over 10%. In aiming for these targets, we give due consideration to our risk strategy: the portfolio's diversification and balance as well as its continuous development are our foremost priorities. These principles have proven their worth in the recent crisis, as the various pillars of the INDUS Group's activities in different sectors ensure that we achieve satisfactory results in every phase of the economic cycle.

Precisely Defined Acquisition Profile

Ensures that Risks Are Spread

Before we decide whether to invest in a new company, we carry out a detailed analysis based on quantitative and qualitative criteria. Companies generating annual sales of between EUR 20 and EUR 100 million along with earnings before interest and taxes (EBIT) of between EUR 2 and EUR 10 million are a perfect fit for the INDUS portfolio. This limits the degree of interdependency within the investment portfolio, ensuring that the balanced risk-reward profile is not jeopardized. For efficiency reasons, acquisition candidates should not fall below a defined size.

During the course of an acquisition, our analysis is focused particularly on the business model and the general situation in the respective sector. We regard the business model's long-term stability as the crucial factor. Operating within an attractive niche, both the company and the sector in question should have long-term growth potential. To enhance this potential, we aim specifically for a successful and innovative product spectrum and a broad customer spectrum, with the latter being important for minimizing dependency on individual customers. With all of its acquisitions, INDUS pursues the objective of acquiring a 100 % stake in the long run. However, the company regards strong ties binding the companies' senior management after the acquisition has taken place as particularly significant for continued business success. These ties can be underpinned with appropriate investment models.

Management and Control
Clear Allocation of Tasks Ensures
Lean Organizational Structure

Tasks are clearly allocated between the individual portfolio companies and the holding company, based on a decentralized approach. Responsibility for the development of business operations is borne by the managing directors of the individual companies. This primarily encompasses the key areas of production and sales, marketing and administration, and research and development. The holding company focuses on classical corporate functions such as finance, controlling, accounting, taxes, and legal affairs. The strategic goals and milestones of operational development are defined in a permanent dialog between the companies' managing directors and the holding company's experts.

■ Non-financial Performance Indicators

Strict Management for Early Risk Recognition

INDUS Holding AG's management system is based on regular strategic discussions within the Board of Management and with the portfolio companies' managing directors. Furthermore, the Board of Management and the individual managing directors hold detailed budget and planning talks over the course of 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. An efficient controlling system monitors compliance with these scenarios and goals, thereby enabling the early detection of deviations from plans and the initiation of suitable corrective measures. The key performance indicators used for this purpose are primarily the EBIT margin, the return on sales, equity, and total capital; and the net cash flow.

Interconnectedness and High Levels of Niche-market Competence Are Integral Parts of the Business Model

As well as having access at any time to the expertise of the Board of Management's members and the controlling specialists, the portfolio companies benefit in particular from centralized financial management. Thanks to INDUS Holding AG's good credit ratings over many years, the INDUS companies have excellent access to the capital markets. In the over twenty years of its corporate history, the INDUS Group has built up a broad-based network. Our contacts at banks, M & A institutions, consulting firms, law firms, auditing companies, and other specialist enterprises ensure that we have a steady inflow of potential acquisitions. We attach importance to gaining exclusive access to a potential buyer and do not take part in invitations to tender. Our special area of competence lies in industrial niches. The management team at INDUS Holding AG has many years' expertise in the exercise of management positions in industry and the banking system.

Constant Growth Prospects Thanks to Innovative Research and Development

Continuous research and development work constitutes the foundation for the portfolio companies' establishment of successful positions in their respective niche markets. The goals of these activities, which are managed by the individual portfolio companies autonomously, are to enhance existing products, develop new, innovative products until they become marketable, conduct successful market introductions, and to optimize manufacturing processes. All of the methods employed are constantly refined and new technologies and materials are examined to identify potential for improvement within the process chain. The research and development activities are focused on the issue of the individual products' value added for customers and on environmental aspects.

One example of this is our portfolio company BETEK, a manufacturer of carbide wearing tools. In 2009, the company received an award as one of the 100 most innovative SMEs in Germany. Companies that were presented with this award generated two-thirds of their sales with innovations over the previous three years. By comparison, German SMEs in general come to just 30 % in that respect. In the meantime, BETEK has underlined its success with over fifty active patents. In 2010, more of the Group's subsidiaries are going to enter this competition. Our portfolio company IPETRONIK also provides further proof of our pronounced R&D orientation: by building its new technology centre, the company is investing in a globally unique climate and acoustic chamber in Baden-Baden. There, measurements of all kinds are going to be carried out on the cars of the future. Other examples of our companies' innovative orientation are the new

competence centers for optical calculation from MIKROP and MID technology at WIESAUPLAST. Molded interconnected devices, or MID for short, are electronic components in which metallic conductor paths are attached to molded plastic bases.

The INDUS Group's spending on R & D investment amounted to EUR 6.8 million (previous year: EUR 7.4 million).

INDUS Assumes Environmental and Social Responsibility

The INDUS Group's companies are serious about their ecological and social responsibility. Making responsible use of natural resources is a key element of the Group's corporate culture. All of the Group's employees are called upon to comply with environmental regulations in the fields of procurement, production, and waste disposal. The basic principles for action taken in this respect are detailed rules and measures which are developed and implemented by the portfolio companies' managing directors in line with the corporate philosophy while taking the prevailing environment into account. One example in the area of environmental protection is the current building project at our portfolio company Max SCHUSTER. The air-conditioning technology specialist is constructing its new operating site as a zero-energy building. For the 2009 reporting year, INDUS participated in the Carbon Disclosure Project (CDP). The CDP's objective is to ascertain for all companies the quantity of greenhouse gas that they have generated.

Responsible corporate governance is a major priority for INDUS Holding AG. It is part of our self-image. Constancy and sustainability are, therefore, crucial to INDUS as principles of business ethics. We see ourselves not only as a commercial undertaking which has obligations to its customers, owners, and employees, but also as an undertaking with an obligation to society. Our portfolio companies also assume their responsibility as active corporate citizens. The company AURORA, for example, supports local cultural initiatives such as Jazzwerk3Land, while the company M. BRAUN has been making donations to social projects in its neighborhood in Garching for years.

■ Other Mandatory Disclosures

Declaration on Management and Corporate Governance

The INDUS Holding AG Board of Management reports – simultaneously for the Supervisory Board – in accordance with Item 3.10 of the German Corporate Governance Code regarding corporate governance and in accordance with Sec. 289a of the German Commercial Code (HGB) with regard to the company's management. The relevant explanations can be found in a preceding section (page 11) of this annual report and on the company's website: www.indus.de.

Basic Features of the Compensation System for the Board of Management and the Supervisory Board

The Board of Management's compensation consists of fixed and variable elements and is determined on the basis of its members' tasks and performance, and the commercial success of the company. The members of the Supervisory Board receive fixed and variable compensation, with the latter depending on the amount of the dividend. The details of the management bodies' compensation are explained in the Compensation Report section of the Corporate Governance Report on pages 12 and 13.

Disclosures in Compliance with Sec. 289, Para. 4 and Sec. 315, Para. 4 of the German Commercial Code (HGB): Capital Stock, Voting Rights and Transfer of Shares

As of December 31, 2009, INDUS Holding AG's capital stock amounted to EUR 47,762,086 and was divided into 18,370,033 no-par-value bearer shares. Each share entitles its holder to one vote. The Board of Management has no knowledge of limitations pertaining to voting rights or the transfer of shares.

Shareholdings in Excess of 10%

INDUS Holding AG did not receive any notices stating that a direct or indirect stake held by a third party exceeded 10% of the company's voting rights.

Privileges and Monitoring of Voting Rights

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

Appointment and Dismissal of Members of the Board of Management

Members of the Board of Management are appointed and dismissed in accordance with the statutory provisions as set forth in Secs. 84 and 85 of the German Stock Corporation Act (AktG). The articles of incorporation do not contain any special rules in relation to this. The Supervisory Board appoints members of the Board of Management for a maximum of five years, and appointments may be repeated by the Supervisory Board. In accordance with Item 5.1 of the articles of incorporation, the Board of Management shall consist of one or more individuals. Pursuant to Item 5.2 of the articles of incorporation, the Supervisory Board may appoint a member of the Board of Management as Chairman of the Board of Management and another member Deputy Chairman of the Board of Management.

Amendments to the Articles of Incorporation

Amendments to the articles of incorporation are made in accordance with Sec. 179 of the German Stock Corporation Act (AktG) by resolution of the Annual Shareholders' Meeting. Basically, amendments to the articles of incorporation 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 incorporation, the Supervisory Board is empowered to adopt amendments to the articles of incorporation intended merely to reflect the latest events and, pursuant to Item 4.5, to adopt changes to the wording which merely reflect the extent to which the authorized capital has been utilized.

Powers of the Board of Management Relating to Share Issuance and Buybacks

According to Item 4.3 of the articles of incorporation, 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 14,328,626.00 through the one-time or multiple issuance of new bearer shares in exchange for contributions in cash (Authorized Capital I) by June 30, 2014. In the event of a capital increase, shareholders must be granted a subscription right. However, subject to Supervisory Board approval, the Board of Management is empowered to exempt fractional amounts from the shareholder subscription rights. The Board of Management remains empowered to determine the further details of the capital increase.

According to Item 4.4 of the articles of incorporation, subject to the approval of the Supervisory Board, the Board of Management is authorized to increase the company's capital stock additionally by up to EUR 9,552,417.00 through the one-time or multiple issuance of new bearer shares in exchange for contributions in cash and/or kind (Authorized Capital II) by June 30, 2014.

Subject to the approval of the Supervisory Board, the Board of Management is empowered to exclude shareholder subscription rights and to determine other details of the capital increase:

- if the issue amount for the new shares is not significantly below the stock market price of company shares of the same type at the time when the issue amount is determined, as defined by Sec. 203 Paras. 1 and 2, Sec. 186 Para. 3 Sentence 4 of the German Stock Corporation Act (AktG). The authorization to exclude shareholder subscription rights shall be valid only if the shares to be issued within the framework of the capital increase account for a proportion of the company's existing capital stock which is no higher than 10% both at the time when this authorization comes into effect and at the time when this authorization is exercised. This maximum amount for the exclusion of subscription rights must take into account the proportional amount of the capital stock accounted for by shares issued or sold to the exclusion of subscription rights during the term of this authorization under the direct or analogous application of Sec. 186, Para. 3, Sentence 4 of the German Stock Corporation Act (AktG). Also to be taken into account are shares which were or must be sold during the term of this authorization on the basis of bonds with conversion or option rights issued in accordance with this stipulation.

- in the event of a capital increase against contributions in kind for the purpose of acquiring companies, parts of companies, or investments in companies.

Furthermore, the Annual Shareholders' Meeting held on July 1, 2009 authorized the company in accordance with Sec. 71, Para. 1, Item 8 of the German Stock Corporation Act (AktG) to buy back a maximum of 1,837,003 shares, corresponding to approximately 10% of the current number of no-par-value shares and, therefore, to around 10% of the company's current capital stock, in the period until December 31, 2010. The authorization can be exercised in full or in part and 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 shares shall be purchased on the stock market. The purchase price per share may not exceed or fall short of 10% of the INDUS share's average closing quotation (excluding additional purchasing costs) on the Frankfurt Securities Exchange on the five trading days prior to the buyback.

The shares may also be purchased by making a public offer to all of the company's shareholders. If the shares are purchased as the result of a public offer to all the company's shareholders, the sale price per share, or the threshold values of the range offered (excluding ancillary sales costs), may not exceed or fall short of the INDUS share's average closing quotation in XETRA trading (or a functionally comparable successor system to XETRA) by more than 10% (excluding additional purchasing costs) on the five trading days prior to the public announcement of the offer.

The offer, or invitation, can provide for, among other things, a term of acceptance, conditions, and the possibility of adjusting the price range during the term of acceptance or the offer period if there are substantial share price fluctuations during the term of acceptance after a formal offer has been published. In the event of such an adjustment, the average closing prices quoted in XETRA trading (or a functionally comparable successor system to XETRA) for the company's shares on the Frankfurt

Securities Exchange on the five trading days prior to the Board of Management's resolution on the adjustment shall be authoritative. If the volume subscribed for exceeds the volume offered, acceptance shall be regulated by quota. If the number of shares with pre-emptive tender rights, therefore, exceeds the total number of shares offered by the company, the shareholders' right to tender can be excluded insofar as the shares are acquired proportionate to the shares with pre-emptive tender rights. This can provide for the preferential acceptance of small numbers of up to 100 shares with pre-emptive rights per shareholder.

The Board of Management is also authorized to sell the repurchased treasury shares on the stock exchange or, subject to Supervisory Board approval, by other means to the exclusion of shareholder subscription rights. If the repurchased treasury shares are sold on the stock exchange, the sale price per share may not exceed or fall short of 10% of the INDUS share's average closing quotation (excluding additional purchasing costs) on the Frankfurt Securities Exchange on the ten trading days prior to the sales transaction.

If the repurchased shares are sold over the counter, the sale price per share may not exceed or fall short of 10% of the INDUS share's average closing quotation (excluding additional purchasing costs) on the Frankfurt Securities Exchange on the ten trading days prior to the submission of the sale offer. The sale price may not fall short of the shares' imputed par value. The repurchased treasury shares, furthermore, can be sold against payment in kind to the exclusion of subscription rights, particularly in order to offer them to third parties in the event of a merger or the acquisition of companies, parts of companies, equity interests, or other capital assets. The term "sell" in this context also encompasses purchase options and cession by way of lending. The value of the payment in kind may not be disproportionately low in an overall assessment.

However, the authorization to exclude shareholder subscription rights shall apply only with the proviso that the shares sold to the exclusion of shareholder subscription rights are taken into account in observing the limit of 10 % of the company's capital stock prescribed directly or analogously by Sec. 186, Para. 3, Sentence 4 of the German Stock Corporation Act (AktG), particularly within the framework of Authorized Capital II.

The Board of Management shall also be authorized, subject to the approval of the Supervisory Board, to retire repurchased shares without this retirement or its implementation requiring a new resolution by the Annual Shareholders' Meeting.

Material Agreements in the Event of a Change of Control

In the event of a change of control, the members of INDUS Holding AG's Board of Management have a special right to terminate their employment contracts. If this happens, there are various rights to a severance payment. As a rule, this comprises the full compensation amount that the Board member would have received through the end of the employment contract.

Business Environment and Development

Macroeconomic Trend

Economic Output Falls More Sharply than Ever Before

In 2009, the German economy contracted for the first time in six years. The drop of 5 % in price-adjusted gross domestic product (GDP) was unprecedented in the post-war period. This sharp economic downturn occurred mainly in the winter half-year of 2008/2009. In the first quarter of 2008, GDP fell by a further 3.5 % compared with the already poor final quarter of 2008. Thereafter, the German economy returned to a moderate upward trend with 0.4 % in the second quarter and 0.7 % in the third quarter. Toward the end of the year, however, this trend stagnated and the fourth quarter remained at the previous quarter's level. Over the course of the year, then, the economic trend stabilized slightly at a low level.

GDP Growth Rate in Germany in %



This easing of the situation had a stabilizing effect on the unemployment rate. According to the German Federal Employment Agency, 3.3 million people were unemployed as of the end of December 2009, a rate of 7.8%. Although the number of unemployed is higher than in the previous year (December 2008: 3.1 million), the worst fears have not been realized. In addition, the number of those working reduced hours has fallen from its peak of some 1.5 million in May to "only" around 1 million as of the end of September 2009. Forecasts, however, are assuming that the unemployment rate will increase more strongly in 2010.

Private Consumption Shored Up the Economic Situation

Despite increasing unemployment and disposable incomes that were barely higher than before (+0.2%), private consumption did not decline sharply but shored up aggregate demand with a small increase of 0.3%. Positive impact on demand was generated by the car sales triggered by the German Federal Government's "cash for clunkers" program. Largely stable prices thanks to the steep fall in the price of oil also played a significant part in limiting the increase in consumer prices to 0.4%. The current upward trend being shown by important economic indicators and share prices is raising hopes that the economic recovery will continue. Early indicators such as the Institute for Economic Research (Ifo) Business Climate Index reflect the sector's cautious optimism. The index has been climbing steadily since its low point in March 2009. It experienced a first minor setback in February 2010, however. The uncertainty about the economic situation in the eurozone countries Spain, Greece, Portugal, and Ireland which has been increasing since early in 2010, moreover, is weakening the euro. The huge increases in government indebtedness in nearly every major economy involve substantial risks and show that the crisis is far from over.

Different economic trends were evident in the sectors with relevance for INDUS. The medical technology sector hardly declined at all. Automotive suppliers and metal processing firms, and engineering which tends to have later cycles, on the other hand, were badly affected. The construction industry benefited from the governmental economic stimulus programs. For details about the general conditions in the respective sectors, see the Segment Report starting on page 47.

Global Recovery Commences at the End of 2009

From a global perspective as well, the economic downturn gradually decelerated during the course of 2009. In the third quarter, the strongest recovery was staged by China and south and east Asia, while the situation in the USA and western Europe stabilized at a low level. Several economic indicators pointed to an easing of the situation as of the end of the year, thanks among other things to the building up of inventories in all branches of industry. It remains to be seen how lasting the recovery will be, however, as the global economy is still being shored up by government stimulus programs and targeted monetary policy. In its current annual economic report for 2010, the German Federal Government is predicting growth of 1.4% for 2010.

■ Development of Sales and Earnings

Table with overview of the INDUS Group's key figures

EUR millions	2009	2008*
Sales	769.5	920.1
EBITDA	100.7	133.4
EBIT	54.6	90.3
EBT	26.9	60.0
Net income for the year	11.4	27.9
Total assets	913.5	965.5
Group equity	241.7	246.4
Net debt	408.3	438.5
Equity ratio in the Group (in %)	26.5	25.5
Equity in the holding company	484.4	506.7
Equity ratio in the holding company (in %)	53.0	53.1
Operating cash flow	106.6	107.3
Cash flow from operating activity	77.1	80.7
Cash flow from investing activity	-32.7	-55.5
Cash flow from financing activity	-39.1	-14.9
Cash and cash equivalents as per Dec. 31	93.5	87.8
Earnings per share (in EUR)	0.77	1.78
Cash flow per share (in EUR)	4.20	4.39
Dividend per share (in EUR)	0.50**	0.80
Employees	5,371	5,862
Germany	4,549	4,999
Abroad	822	863
Investments (number as per Dec. 31)	40	41

* Previous year's figures adjusted in accordance with IFRS

** Proposed

Changes in the Scope of Consolidation

The financial statements include 116 fully consolidated subsidiaries and three companies valued using the equity method. The disposal of WVF in December of 2009 led to an adjustment of the previous year's figures.

Development of Sales in the INDUS Group: Moderate Decline Against Backdrop of the Crisis

The INDUS Group's consolidated sales fell by around 16% in the fiscal year to EUR 769.5 million (previous year: EUR 920.1 million). This meant that while sales declined, as had been announced beforehand, they exceeded the range of EUR 740 to 750 million that had been forecast during the year.

Development of Sales

EUR millions	2009	2008*
Group sales	769.5	920.1
Sales incl. internal sales	819.5	983.8
of which:		
Germany	451.4	544.5
abroad	368.1	439.3

* Previous year's figures adjusted in accordance with IFRS

Income and Expenses Influenced by Restructuring Program

Other operating income increased significantly in 2009 – from EUR 14.5 million in 2008 to EUR 23.6 million in 2009. This figure includes allowances amounting from reduced working hours of around EUR 3.7 million. The cost of materials fell both in absolute terms, from EUR 441.1 million to EUR 338.1 million, and as a percentage. As a result, the material costs rate fell sharply to 43.9 % in the year under review (previous year: 47.9 %). The severe economic crisis led to a considerable drop in raw materials prices, with intensified competition leading to dramatic price wars. Many of the subsidiaries were able to use this situation to conclude new supply agreements on improved terms. Our material-intensive companies in particular benefit from this.

Personnel costs also fell in absolute terms, from EUR 241.8 million to EUR 231.5 million, in 2009. This item includes one-off expenses incurred for severance payments and social compensation plans totaling some EUR 3.5 million which were necessitated by workforce adjustment measures resulting from the crisis. In addition, EUR 194.1 million was accounted for by wages and salaries, EUR 35.7 million by social security contributions, and EUR 1.7

million by pension expenses. Instead of falling in line with sales, the ratio of personnel costs to total sales increased to 30 % (previous year: 26 %). Adjusted for the allowances paid for reduced working hours and the extraordinary expenses incurred for personnel measures, personnel costs amounted to EUR 224.3 million.

Depreciation and amortization, at EUR 46.1 million, were only slightly above their previous year's level of EUR 43.1 million. Unscheduled depreciation and amortization resulting from the prescribed impairment test mainly affected the Automotive Components/Engineering segments and amounted to EUR 5.8 million (previous year: EUR 3.3 million). The basis of the impairment test is the rolling medium-term plan for the three subsequent fiscal years drawn up for every company. In view of the gradual nature of the economic recovery, INDUS is not assuming that there will be a V-shaped upturn over the next few years, and has based its future assessment of its cash flows on this assumption. Due to the reduced cost of capital, amongst other things, a WACC (weighted average cost of capital) of 8.5 % was estimated (previous year: 10 %).

Other operating expenses were well below their previous year's level, falling to EUR 109.7 million (previous year: EUR 131.7 million). As well as variable costs, this item includes fixed costs such as rental and lease obligations. The previous year's figure included one-off expenses incurred in the setting up of our subsidiary SELZER's US production plant, which in the event was not realized due to the decline in sales volumes on the American market.

Earnings Down as a Result of the Crisis

Earnings before interest, taxes, depreciation, and amortization (EBITDA) declined by EUR 133.4 million to EUR 100.7 million. The slight increase in depreciation and amortization led to earnings before interest and taxes (EBIT) falling to EUR 54.6 million, 60% of its previous year's level. The EBIT figure reflects the impact of the crisis-driven drop in sales. Furthermore, it contains not only the one-off expenses incurred for personnel measures amounting to EUR 3.5 million, but also the unscheduled impairment amortizations of EUR 5.8 million. The EBIT margin for the INDUS Group fell to 7.1% (previous year: 9.8%) in the recession year of 2009.



Net interest earnings improved from EUR –30.3 million to EUR –27.7 million as a result of lower market values for interest rate hedging transactions. The INDUS Group, thereby, benefited from its long-term loan agreements with favorable terms and its reduced liabilities. Net interest income fell to

EUR 1.4 million. The Group uses interest rate hedging instruments only for hedging risks and holds the derivatives to maturity. Earnings before taxes (EBT) decreased to EUR 26.9 million. The amount of taxes fell from EUR 26.8 million to EUR 12.2 million as a result of the lower level of earnings. The tax ratio, including deferred and non-periodic taxes, was therefore 45.2% below its previous year's level (previous year: 44.7%).

Consolidated net income fell to EUR 11.4 million (previous year: EUR 27.9 million). INDUS Holding AG's shareholders are due EUR 10.8 million of this sum (previous year: EUR 27.4 million), while the non-controlling interests are entitled to EUR 0.6 million (previous year: EUR 0.4 million). Earnings per share totalled EUR 0.77 (previous year: EUR 1.78).

Development of Key Earnings Figures

in %	2009	2008
EBIT margin	7.1	9.8
Equity ratio	4.5	11.1
Return on total capital	1.2	2.8

Application of Profits

Dividend of EUR 0.50 Proposed

Given that the recovery from the crisis in the 2009 fiscal year is still weak, the joint proposal for the appropriation of distributable profit made by the Board of Management and the Supervisory Board envisages a dividend of EUR 0.50. This represents a dividend yield of approximately 4.2% on the closing price at the end of the year.

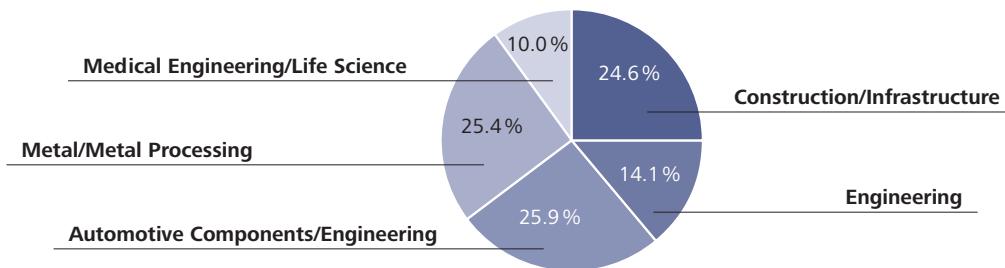
■ Segment Report

IINDUS restructured its segments for the current reporting year. The aim of this is to make the presentation of our core activities more transparent. The overriding goal was to present the companies in the former segments "Consumer Goods" and "Other Investments" more clearly and make our involvement in the forward-looking segment "Medical Engineering/Life Science" clear. INDUS does not manufacture any classical consumer goods in the narrower sense. It is rather the case that several companies from that sector manufacture health-

care products. The "Other Investments" segment grew again thanks to the acquisition of KÖSTER in 2008, thereby making a split necessary.

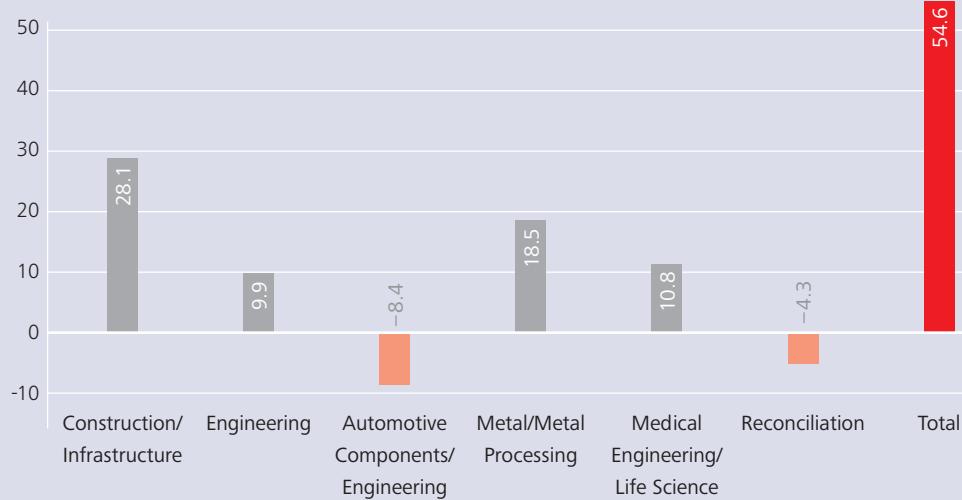
INDUS Holding AG's portfolio is now structured in five segments: Construction/Infrastructure, Engineering, Automotive Components/Engineering, Metal/Metal Processing, and Medical Engineering/Life Science. The last segment in particular is attractive for INDUS. We are aiming for long-term growth there. We also see interesting prospects in the environmental technology and measuring and control technology areas.

Breakdown of sales 2009 by segments



EBIT 2009 by segments

in EUR millions



[Construction/Infrastructure]

EUR millions	2009	2008
Sales	189.2	193.3
EBIT	28.1	21.6
EBIT margin (in %)	14.8	11.2
Depreciation/ Amortization	–4.8	–4.9

Economic Situation in the Construction Industry

Turnaround in the Summer of 2009

The German construction industry benefited from the governmental economic stimulus programs in 2009, and, from August onward, incoming orders increased. For the period from January to November 2009, the German Central Construction Industry Association reported nominal declines of 4.2 % and 6.3 % in sales and orders respectively; public construction and residential construction increasingly stabilized the situation. Public construction was the most important pillar of the construction sector in 2009. Over the period from January to November, incoming orders increased by 2.6 % and resulted in an increase of 3.1 % in sales. The crisis in commercial construction persisted in 2009, even if the pace of its downward trend decreased. Orders were down by 15.9 % in the first eleven months of 2009. Accordingly, sales in the construction sector from January to November fell by –8.8 %. There is no sign of a turnaround in commercial construction in the short term. The stabilization in the residential construction sector, on the other hand, is advancing. Incoming orders were up nominally by 2.2 % in November 2009 (Jan.-Nov.: –1.2 %), while building permits granted (number of residential units) even increased by 19 % (Jan.-Nov.: –0.2 %).

Sales and Earnings in the INDUS Segment Construction/Infrastructure Significantly

Above Sector Average

The Construction/Infrastructure segment encompassed nine operating units as of December 31, 2009. The sales generated by the Construction segment totalled EUR 189.2 million in the year under review, almost the same as in 2008 and, therefore, in line with the sector trend. The earnings situation, however, bucked the trend. The companies in the INDUS Group increased their earnings before income and taxes (EBIT) by EUR 6.5 million to EUR 28.1 million, thereby even outstripping the excellent economic year of 2008. This jump in earnings can be attributed to, among other things, the focal points in the infrastructure and building modernization areas. The EBIT margin improved to 14.8 % (previous year: 11.2 %). The profitability of the companies in this INDUS segment was, therefore, well above average for the construction industry.

[Engineering]

EUR millions	2009	2008
Sales	108.3	136.5
EBIT	9.9	14.3
EBIT margin (in %)	9.1	10.5
Depreciation/ Amortization	–2.6	–5.9

Economic Situation in the Engineering Sector

Machinery Orders Fell More Quickly and Dramatically than Ever Before

For Germany's mechanical and plant engineering sector, 2009 was the worst year for decades. The sector had to endure a drop in production of almost 25 % in real terms. The production volume amounted to only EUR 151 billion. In the construc-

tion and construction materials machinery, electronics production, woodworking machinery, and fluid technology areas in particular, orders were down by 40% or more. The manufacturers of smelter and rolling mill facilities and mining machinery were still able to report sales growth thanks to high order backlogs and long throughput times. All in all, the German Engineering Federation (VDMA) is assuming that the German mechanical engineering sector will be able to maintain its total production volume, with a slightly positive trend over the course of the year, in 2010.

INDUS Engineering Segment Shows Relative Strength

The Engineering segment encompassed eight operating units as of December 31, 2009. The companies in the Engineering segment were able to escape the general sector trend only partly in 2009. Their sales, at EUR 108.3 million, were around 20% below their previous year's level. At the start of the year, they benefited from a still high order backlog, although from the second quarter onward they increasingly felt the effects of the economic crisis. In view of the fact that sales were down by 40% or more throughout the sector, this segment proved to be relatively stable in comparison. The earnings before interest and taxes incorporate one-off expenses for personnel measures amounting to some EUR 1 million. EBIT amounted to EUR 9.9 million (previous year: EUR 14.3 million), with the EBIT margin at 9.1% (previous year: 10.5%). This means that compared with the earnings situation in the sector as a whole, the INDUS segment has set itself apart in a distinctly positive manner.

[Automotive Components/Engineering]

EUR millions	2009	2008
Sales	199.3	290.5
EBIT	–8.4	21.1
EBIT margin (in %)	–4.2	7.3
Depreciation/ Amortization	–26.2	–20.3

Economic Situation in the Automotive Industry – German "Cash for Clunkers" Program Prevents Even More Severe Slump on the Automobile Market

The international automobile sector developed much better than expected in 2009. A global fall of 15% to 20% was still being predicted for new vehicle registrations at the beginning of the year under review. On many foreign markets, however, governmental incentives led to a revival in new car sales, with the result that car sales in the year as a whole fell by only 3%. 3.8 million new vehicles were registered on the domestic market. As a result of the weak first half of the year, total car production of almost five million vehicles in Germany was 10% lower than in the previous year for 2009 as a whole. Exports, similarly, were down by 17% to just over 3.4 million units. In 2010, the German Association of the Automobile Industry (VDA) expects to see a normalization with 2.75 to 3 million new vehicle registrations. These hopes rest on Asia. In November 2009 alone, automobile sales in India increased by two-thirds. China will close 2009 with an increase of over 40%. The main worry remains the utility vehicles area. In the year as a whole, sales volume in Germany fell by 28% and production was cut back by half.

Roller Coaster Ride in the INDUS Segment

Automotive Components/Engineering

The segment encompassed 12 operating units as of December 31, 2009. It was hit hardest by the crisis in 2009. Sales in the Automotive Components/Engineering segment fell substantially to EUR 199.3 million (previous year: EUR 290.5 million) as a result of the sharp drop in demand in the first half of 2009. Despite the restructuring measures, most of which had already been implemented during the summer, and a recovery in the second half of the year, segment sales and earnings remained well below their previous year's level. Earnings were additionally burdened by extraordinary expenses of approximately EUR 2.5 million for personnel adjustments. Of the twelve companies in the segment, only one-third of the companies that supply auto manufacturers and major parts suppliers directly were particularly affected. In connection with this, INDUS reacted promptly and intensely, positioning the companies profitably again thanks to extensive reorganizational methods in 2009. Although some of the other companies in the segment posted declines in their sales, they generated positive operating income. EBIT fell from EUR 21.1 million to EUR -8.4 million, while the EBIT margin was correspondingly negative (2008 EBIT margin: 7.3%). The EBIT figure takes account of amortizations resulting from impairment tests in the amount of EUR 5.8 million.

[Metal/Metal Processing]

EUR millions	2009	2008
Sales	195.7	219.5
EBIT	18.5	24.9
EBIT margin (in %)	9.4	11.3
Depreciation/ Amortization	-8.7	-7.9

The Economic Situation in the Metal and Electrical Industry: Precipitous Decline in 2009, but the Worst Is Over

The global economic crisis hit the German metal and electrical industry with full force in 2009. From its peak in August of 2008, production fell by 29% in just six months. In the same period, incoming orders fell by 34%. A downturn of this magnitude is unprecedented in the history of the Federal Republic of Germany. However, the companies reduced their workforces by only around 5%. This strategy put profound pressure on many companies and drove the metal and electrical industry into loss-making territory in 2009 – for the first time since World War II.

INDUS Segment Metal/Metal Processing Shows Moderate Negative Trends Compared with the Sector as a Whole

The Metal/Metal Processing Industry segment encompassed eight operating units as of December 31, 2009. As in the Engineering segment, the companies in the Metal/Metal Processing segment were affected by the recession. All in all, however, the INDUS subsidiaries were able to assert themselves comparatively well with sales of EUR 195.7 million (previous year: EUR 219.5 million). One of the reasons for the limited fall in sales compared with the sector as a whole was the degree of diversification within the segment. Sharp declines in sales with activities such as those for the base materials industry in areas such as steel, cast iron, etc. were offset by, among other things, stable sales in the area of carbide tools for road construction. Segment earnings fell to EUR 18.5 million, but the EBIT margin was down by just 9.4% (previous year: 11.3%), a satisfactory result compared with the sector as a whole. In terms of earnings, then, this INDUS segment is well above the industry average.

[Medical Engineering/Life Science]

EUR millions	2009	2008
Sales	76.9	81.0
EBIT	10.8	12.5
EBIT margin (in %)	14.0	15.4
Depreciation/ Amortization	−3.5	−3.3

Economic Situation in the Medical Technology Industry

Crisis-proof Despite the Recession

Medical technology in Germany proved to be crisis-proof in 2009. Depending on the interest group and the sub-market segments, the industry reports a slight decrease in aggregate sales caused by savings in the healthcare system and modest growth in certain areas. In global terms, Germany is the third-largest market for medical engineering. In Germany, most of the companies are small and medium-sized enterprises. According to the German Medical Technology Association (BVMed), health expenditure in the area of medical products in Germany exceeds EUR 23 billion. The companies in the medical technology industry are withstanding the economic and financial crisis. Although the domestic pressure on prices persisted, it could be compensated for in most areas by further increases in sales volume thanks to increasing case numbers. The companies' contribution margins and profit situation suffered, however.

INDUS Segment Medical Engineering/Life Science Maintains Returns Despite Small Decrease in Sales

The Medical Engineering/Life Science segment encompassed three operating units as of December 31, 2009. The development in the segment was gratifying. Although the companies saw their sales

decrease slightly to EUR 76.9 million (previous year: EUR 81.0 million) as a result of the economic crisis, they were able to absorb most of this in their earnings situation. At EUR 10.8 million, earnings before interest and taxes were close to their previous year's level of EUR 12.5 million. The EBIT margin was 14.0% (previous year: 15.4%). This is a segment in which INDUS sees, among other things, a promising field of activity with good and stable future growth rates and profit margins.

■ Employees

Employee Numbers Down Due to the Crisis

Our business depends on the specialist knowledge and loyal commitment of our employees. They identify very strongly with their companies. In our view, this is one of the major strengths of small and medium-sized companies. That is why INDUS is aware of its great social responsibility. The personnel adjustments which the crisis made unavoidable in some sub-areas had the aim of preserving jobs and steering the companies through the crisis in a stable manner.

When the crisis began, INDUS reacted with flexible capacities; temporary employees were scaled back, time-limited contracts were not renewed, and overtime and vacation accounts were reduced. During the year, salaried jobs were cut only in unavoidable cases. In making and implementing these decisions, we gave priority to socially acceptable and sustainable individual solutions for the individual sites and workforces. In the year under review, the companies in the INDUS Group employed an average of 5,371 staff members (previous year: 5,862 staff members).

Employees

	2009	2008
Germany	4,549	4,999
Abroad	822	863
Total	5,371	5,862

In order to retain their highly-qualified regular workforce with their valuable expertise, several companies in the INDUS Group used the instrument of reduced working hours during the course of the year. At the end of the first quarter of 2009, around one quarter of the INDUS Group's employees were working reduced hours. This proportion rose to over 30% by the mid-year point. The stabilization of the general economic situation and the increasing demand in sub-areas, particularly the automotive industry, led to a lasting reversal of this instrument in the second half of the year. By the end of 2009, only around 600 employees were still working reduced hours.

Staff Development Remains in Focus

We attach great importance to the training of young people in technical and commercial occupations. External bodies, too, have acknowledged this attitude. In 2009, our portfolio company REMKO was given a special award by Lippe Chamber of Industry and Commerce (IHK) for its involvement in training, and our subsidiary OFA received the Bamberg municipal authority's "Bazubi" award.

In the year under review, our companies maintained their great commitment to this issue despite the crisis. Our portfolio company SIMON, for example, invested in the construction of a new teaching workshop and the automobile parts supplier SELZER guaranteed all participants in the two-track training program "Studium plus" that the program would be completed. The INDUS Group is currently providing 272 young people (previous year: 302) with occupational training. This means that the training ratio is 5.1% (previous year: 5.2%).

The specialist and social competence of a company's employees is its most important capital. To encourage and promote this capital, the portfolio companies offer comprehensive ongoing training programs geared toward the individual skills of the employees. The ongoing training programs' decentralized organization via the individual portfolio companies and their collaboration with local partners guarantees an expansion of practical expertise geared closely to the specific requirements.

Financial and Net Assets Position

Financial Management System

The financial management system is controlled centrally within the INDUS Group by the holding company. Essentially, financial management encompasses liquidity control, the procurement of loans, and the management of interest rate and currency risks. The objective of this centralized approach is to optimally utilize the traditionally high operational cash flow that is generated. INDUS takes care to ensure an optimum, broad-based blend of financial instruments and institutions so that its financing options can be purchased as cost-effectively as possible. The Group uses different instruments, such as ABS (asset-backed securities) programs, factoring, promissory note bonds, and long-term bank loans. These are spread over a variety of financial institutions.

We want to be able to invest flexibly at any time by means of a comfortable liquidity base in combination with firm financing commitments from banks. In the financing area, INDUS attaches importance to long-term cooperative links with a multiplicity of German financial institutions. Stabilizing factors in the Group's long-term financing are a broad diversification of the credit volume and a decreasing straight-line redemption structure. To control the market price risks, the Group utilizes interest rate and currency derivatives which all have a risk-hedging effect.

Statement of Cash Flows

EUR millions	2009	2008
Operating cash flow	106.6	107.3
Cash flow from operating activity	77.1	80.7
Cash flow from investment activity	-32.7	-55.5
Cash flow from financing activity	-39.1	-14.9
Cash and cash equivalents at the end of the period	93.5	87.8

Statement of Cash Flows

High Operating Cash Flow Despite the Severe Economic Downturn

The operating cash flow (cash inflow) amounted to EUR 106.6 million (previous year: EUR 107.3 million), roughly the same as in the previous year. Based on the assumption of earnings after taxes amounting to EUR 14.7 million in the continuing business segments, the reductions in inventories and trade accounts receivable were particularly significant contributors to this result.

The **cash flow from investing activities** (cash outflow) fell significantly to EUR –32.7 million (previous year: EUR –55.5 million). This significant

decrease was caused primarily by the self-imposed capital expenditure restraint exercised by the company in the light of the economic crisis.

The **cash flow from financing activities** (cash outflow) increased to EUR –39.1 million (previous year: EUR –14.9 million). In the year under review, INDUS redeemed loans amounting to EUR 108.5 million. This was EUR 25.3 million higher than the previous year's figure. At the same time, cash and cash equivalents were topped up with cash inflows from the raising of loans in the amount of EUR 84.1 million, with the result that as of the end of the year, the liquidity reserve was increased by EUR 5.7 million compared with the beginning of the year to EUR 93.5 million.

Capital Expenditure

EUR millions	2009	2008
Capital Expenditure	34.7	49.6
Investment in property, plant, and equipment	29.4	44.9
of which in:		
– plant and machinery	15.9	21.2
– other equipment, factory and office equipment	7.4	10.1
– land and buildings	2.0	3.4
– advance payments and plant under construction	4.1	10.2
Investment in intangible assets	5.3	4.7

Capital Expenditure

Depreciation and Amortization Shows the

Level of Capital Expenditure in Previous Years

Capital expenditure totalled EUR 34.7 million (previous year: EUR 49.6 million) in the year under review. EUR 29.4 million of this sum was invested in property, plant, and equipment, and EUR 5.3 million in intangible assets. Capital expenditure on

property, plant, and equipment related primarily to plant and machinery amounting to EUR 15.9 million, other equipment as well as factory and office equipment amounting to EUR 7.4 million, and land and buildings amounting to EUR 2.0 million. Depreciation and amortization totalled EUR 46.1 million, slightly above the previous year's figure of EUR 43.1 million due to the high level of capital expenditure in the previous year. The main focal points of capital expenditure were maintenance work and the completion of long-term expansion activities.

Drop in Other Financial Obligations

INDUS primarily uses rental and leasehold agreements, operating leases for IT equipment, and company cars as off-statement-of-financial-position financing vehicles. Lease obligations totalled EUR 75.3 million (previous year: EUR 81.8 million) as of

December 31, 2009. There were no other off-statement-of-financial-position financing vehicles which materially affected the company's economic situation.

Statement of Financial Position Structure

EUR millions	2009	2008
ASSETS	913.5	965.5
Noncurrent assets	564.1	583.9
Current assets	349.3	381.7
EQUITY AND LIABILITIES	913.5	965.5
Equity	241.7	246.4
Noncurrent liabilities	413.2	440.0
Current liabilities	258.6	279.1

■ Net Assets Position

Assets

Reduction in Inventories and Restrained Capital Expenditure on Property, Plant, and Equipment

Noncurrent assets decreased to EUR 564.1 million (previous year: EUR 583.9 million). Goodwill decreased to EUR 289.6 million basically as a result of impairment write-downs. At EUR 17.1 million, intangible assets remained at almost their previous year's level. Property, plant, and equipment fell to EUR 238.9 million. For more details about the

investments made in 2009, please see the "Capital Expenditure" section. Financial assets, shares valued using the equity method, and other noncurrent assets all remained virtually unchanged. Deferred taxes fell from EUR 3.8 million to EUR 2.0 million. Current assets fell by EUR 32.4 million to EUR 349.3 million, mainly because of the substantial reductions in inventories and receivables. Cash and cash equivalents increased by EUR 5.7 million over the previous year. Other current assets remained constant, while current income taxes decreased to EUR 5.0 million (previous year: EUR 6.5 million).

Equity and Liabilities

Total Financial Liabilities Reduced by Approximately EUR 25 Million

Equity decreased only slightly, by EUR 4.7 million to EUR 241.7 million, a pleasingly stable development when the economic situation is taken into account. As of December 31, 2009, the equity ratio had improved to 26.5 % (previous year: 25.5 %).

Noncurrent liabilities fell to EUR 413.2 million (previous year: EUR 440.0 million), primarily as a result of the decrease in noncurrent financial liabilities and other noncurrent liabilities. Other noncurrent provisions remained virtually unchanged at EUR 2.1 million. Deferred taxes fell by EUR 3.1 million compared with the previous year. Provisions for pensions fell slightly by EUR 0.2 million to EUR 16.0 million.

Current liabilities fell from EUR 279.1 million to EUR 258.6 million in all, primarily as a result of reduced current financial liabilities, lower current provisions, and a reduction in other current liabilities. Current income taxes fell by the substantial sum of EUR 8.9 million to EUR 4.1 million as a result of the operating trend.

Net Debt Reduced Again by Approximately EUR 30 Million

INDUS calculates net debt as the difference between noncurrent and current financial liabilities and cash and cash equivalents. As of December 31, 2009, net debt totalled EUR 408.3 million, well below the previous year's figure (previous year: EUR 438.5 million). The ratio of net debt to equity (gearing) consequently improved to 169 % (previous year: 178 %).

Statement of Financial Position Ratios

EUR millions	2009	2008
Total assets	913.5	965.5
Cash and cash equivalents	93.5	87.8
Equity	241.7	246.4
Equity ratio (in %)	26.5	25.5
Net debt	408.3	438.5
Gearing (in %)	169	178
Working Capital	211.3	244.4

Significant Reduction in Working Capital

Working capital is calculated by deducting trade accounts payable and prepayments received from inventories and trade accounts receivable. As of December 31, 2009, working capital had fallen by 14.0 % to EUR 211.3 million (previous year: EUR 244.4 million).

Position of INDUS Holding AG

■ Earnings Position

Sales at the holding company at EUR 3.4 million were below the previous year's level (previous year: EUR 6.1 million). They are comprised exclusively the services performed by the holding company for the individual portfolio companies. There were no transactions with external third parties, as in the previous years. The balance of other operating income and expenses declined slightly from EUR -4.5 million to EUR -3.7 million. Personnel expenses at EUR 2.9 million (previous year: EUR 3.0 million) remained below the level of the previous year.

The annual result for 2009 was fundamentally affected by the drop in income from portfolio companies and noncurrent loans as a result of the crisis. The total of this income amounted to EUR 64.5 million, which was EUR 22.1 million less than in 2008 (previous year: EUR 86.6 million). Income from portfolio companies decreased to EUR 33.7 million (previous year: EUR 51.5 million), while income from noncurrent loans fell from EUR 35.0 million to EUR 30.8 million. Interest income remained at the previous year's level. Depreciation and amortization on noncurrent intangible assets and property, plant, and equipment also went down slightly to EUR 0.3 million (previous year: EUR 0.4 million). Write-downs on financial assets increased by EUR 11.4 million to EUR 40.7 million (previous year: EUR 29.3 million). This development reflects the revaluation carried out on the portfolio of financial assets, and the correction takes into account the effects of the weak economic situation. The portfolio companies in the Automotive Components/Engineering segment, which supply car manufacturers and major automotive industry supply companies directly, were affected in particular, with EUR 30.3 million being attributable to this segment. One company in each of the Construction/Infrastructure, Metal/Metal Processing, and Engineering segments was also impacted. The increased expenses from loss transfer agreements of EUR 9.3 million (previous

year: EUR 1.3 million) also reflect the effects of the economic crisis. Interest expenses were at the previous year's level at EUR 24.9 million.

In total, the profit from operating activities sank to EUR -7.6 million (previous year: EUR 35.5 million). After taxes, the statement of income reports a loss for the year of EUR -7.6 million (previous year: profit of EUR 30.1 million). This corresponds to earnings per share of EUR -0.41 (previous year: EUR 1.64).

■ Financial and Net Assets Position

INDUS Holding AG's statement of financial position total fell by EUR 40.1 million to EUR 913.6 million (previous year: EUR 953.7 million). Noncurrent assets declined by EUR 16 million to EUR 756.9 million (previous year: EUR 772.9 million). Within current assets, receivables and other assets decreased by EUR 20.2 million to EUR 137.3 million (previous year: EUR 157.5 million). Cash and cash equivalents slumped to EUR 19.2 million (previous year: EUR 23.1 million), leaving current assets at a total of EUR 156.5 million or EUR 24.1 million below the previous year's figure of EUR 180.6 million.

Equity came to EUR 484.4 million (previous year: EUR 506.7 million), meaning that despite the write-downs carried out on the portfolio of financial assets the equity ratio remained unchanged at a solid 53.0% (previous year: 53.1%). Liabilities decreased to EUR 424.5 million (previous year: EUR 442.3 million).

■ Employees

As of December 31, 2009, INDUS employed 17 staff members (previous year: 18) at the holding company.

Risk Management

General Assessment

In the 2009 fiscal year, INDUS continued to pursue its proven long-term corporate strategy. The management intends to use the company's still comfortable liquidity situation, as well as the existing financing commitments from a variety of banks, to expand the portfolio selectively in 2010. Sales generated in the year under review at EUR 769.5 million were significantly lower than the previous years' level. Consequently, the INDUS Group posted an operating EBIT margin of 7.1 %, below its target of >10.0 % for recession-related reasons. The financing structure did not change materially. The equity ratio at Group level remained almost unchanged at a comfortable 26.5 % (previous year: 25.5 %) at Group level and 53.0 % (previous year: 53.1 %) at holding company level. All in all, INDUS assesses the business situation as stable, despite the difficult environment. The continued existence of the company was not under threat at any time in the past fiscal year.

Also in the medium term, INDUS will be able to avail itself of every conceivable option to seize opportunities that may arise in an economic environment that remains difficult. However, the economic environment will continue to present the portfolio companies with challenges in 2010.

Opportunity and Risk Management System

INDUS Holding AG and its portfolio companies are exposed to a multiplicity of risks as a result of their international activities. Entrepreneurial action is inextricably linked with risk-taking. At the same time, this enables the company to seize new opportunities and, thereby, defend and strengthen the position on the market occupied by itself and its portfolio companies. The company maintains an efficient risk management system for the early detection, comprehensive analysis, and resolute handling of risks.

The risk management system involves the portfolio companies submitting to the holding company reports on the status of, and changes in, material risks, while strictly adhering to existing controlling processes. As a result, opportunities and risks are continuously reassessed. In the process, both company-specific and external events and developments are analyzed and evaluated. Risks of significance for the Group as a whole which emerge suddenly are communicated to the responsible managers at the holding company directly by the portfolio companies' managing directors independently of the normal reporting lines. The fundamentals of the risk management system include the organizational integration of the opportunity and risk processes into everyday operations, an adequate management structure, a coordinated planning system, and detailed reporting and information systems.

The objective of implementing the risk management system is to identify, assess, control, and document risks systematically. The Board of Management regularly prepares detailed status reports presenting the major risk positions. Any necessary countermeasures can be developed and initiated promptly on this basis. The risk management system's structure and functional method are regularly subjected to internal audits. The results obtained by these audits continuously flow into the refinement of the risk management system, as do the remarks made by the external auditor within the scope of the audit of the annual financial statements.

Opportunities

Opportunity management is closely linked to risk management at INDUS. At the operating level, the managing directors of the individual portfolio companies analyze and control opportunities. These activities are based on comprehensive analyses of relevant markets and competitors and of various scenarios depicting the development of crucial cost drivers and success factors. Opportunities arise particularly due to the steady development of new products. This helps companies to enhance their strong positions on the respective niche markets.

The holding company exploits opportunities by analyzing the portfolio continuously and then optimizing it. The resolute parallel development of the portfolio companies and the acquisition of new companies constitute one of the most important growth opportunities for INDUS. In this area, the holding company has its eye in particular on expanding its portfolio by adding fast-growing companies generating stable returns on markets of the future.

Business Environment and Sector Risks

The portfolio companies' business activities basically involve a close interrelation between the development of business and the development of the overall economic environment. In addition to the risks inherent in the economic cycle, changes in energy and raw materials prices constitute risks for the development of the individual portfolio companies and the Group as a whole. INDUS avoids becoming dependent on individual sectors thanks to its well-balanced investment portfolio consisting of five segments. The portfolio companies' high degree of specialization and strong positions within their respective niche markets reduce both their sector risks and the general economic risk for those companies. A basic economic and sector-specific risk naturally remains in extreme situations.

INDUS concentrates on the acquisition of medium-sized production companies in Germany and other German-speaking countries. In Germany, 55 % of its total sales are generated (previous year: 59 %). The Group's development is, therefore, affected strongly by the economic trend in Germany. In recent years, this dependency on the German market has decreased slightly thanks to the strategic expansion of international business. The proportion of business generated abroad increased by five percentage points over the past three years. The regional diversification of operational activities reduces the economic risk for INDUS in one more way.

Risks Associated with Corporate Strategy

Risks associated with corporate strategy arise mainly from faulty assessments of the acquired portfolio companies' respective future business and market development. The company's long-term success depends mainly on the careful analysis of acquisition targets and the holding company's management of its investment portfolio. In order to minimize risks associated with corporate strategy, the holding company employs an extensive array of tools to analyze the market in each sector, as well as its own quantitative analysis tools.

INDUS counters potential risks associated with faulty assessments of business operations by monitoring both markets and competitors closely and by holding regular strategic reviews with the portfolio companies' managing directors, major customers, and suppliers. All the portfolio companies submit reports on their current development of business and individual risk situations on a monthly basis. The short and medium-term budgets for each of the portfolio companies and aggregated for the holding company constantly provide a comprehensive overview of the risk situation at each portfolio company and the Group as a whole. Any reengineering measures which may be required at the subsidiaries are guided and supported by the holding company.

Performance Risks

Besides risks associated with corporate strategy, INDUS and its portfolio companies are exposed to performance risks consisting primarily of procurement risks, production risks, and sales risks. The portfolio companies need raw materials and supplies sourced from various suppliers to manufacture their products. Given the wide diversification of the INDUS Group's overall portfolio, supply risks are of subordinate importance as regards their potential impact on the Group. Purchase prices of raw materials and energy sources can vary considerably. Depending on the situation prevailing on the market, it may not always be possible for the portfolio companies to pass the resulting burdens on to their customers quickly and in full. The managers with operational responsibility are in constant contact with the suppliers and customers. This enables them to react to any price and volume risks which may arise on procurement and sales markets.

The portfolio companies' production plants undergo a permanent optimization process. INDUS makes use of a variety of monitoring and control systems for this purpose. In this way, potential production risks can be detected early and the company can react to them appropriately. INDUS' strategic objective is to internationalize its manufacturing operations on the basis of a cost-benefit analysis and, thereby, to capitalize on further potential cost advantages.

Personnel Risks

The INDUS Group's long-term success depends largely on its employees' expertise and commitment. Potential risks arise primarily from the recruitment and development of staff and from the fluctuation of employees in key positions. INDUS limits these risks with a comprehensive spectrum of targeted basic and advanced training measures as well as a motivational remuneration system that includes a performance-linked incentive system. The totality of these measures makes INDUS and its portfolio companies attractive employers, leading to a proactive mitigation of risks associated with employee turnover, demographic trends, and the skills drain.

IT Risks

The basis of a modern work environment is a secure and effective IT infrastructure. The growth in networking between different IT systems and the need for them to be available permanently place high demands on the information technologies being used. INDUS mitigates risks associated with computer crashes, network failure, unauthorized

access to data, and data abuse by regularly investing in hardware and software, deploying virus scanners and firewall systems, and using effective access controls. These measures are continuously monitored by internal and external experts. To the best of our current knowledge, the company is not exposed to any material IT risks.

Financial Risks

The financial risks consist primarily of the liquidity risk, the default risk, the interest rate risk, and the foreign currency risk. The financing of the individual portfolio companies is controlled centrally by the holding company. Basically, the individual portfolio companies finance themselves via their operating income. Transfers to or from the holding company are made depending on the liquidity situation. The holding company keeps a suitable level of liquidity reserves so that it can take action at any time and so that adequate financing for the portfolio companies is ensured.

Moreover, its widely diversified financing structure, which is spread over fifteen banks, keeps it from being dependent on individual lenders. As a result, from our current perspective, the company is unlikely to be exposed to a liquidity risk, despite the current turmoil in the banking sector. Default risk is clearly limited by the widely diversified portfolio and the autonomy of the portfolio companies, which focus their activities on diverse markets that they serve with a variety of products. The investment portfolio, which is designed for the long term, is financed with matching maturities by the holding company, whereby revolving borrowings are used in order to avoid risk clusters. Loan hedging is not used. From the Group's current perspective, the covenants that have been agreed do not pose a financial risk. For financing purposes, INDUS uses a mix of fixed-interest and variable financing, with the latter being converted to fixed-interest financ-

ing arrangements via interest-rate swaps. A change in interest rates would hardly affect the earnings situation at all, as the aforementioned instruments almost completely hedge the interest-rate risks. This is because changes in the interest rates of variable-interest financial liabilities and derivative financial instruments offset each other. As of December 31, 2009, the nominal value of the hedged interest-rate risks totalled EUR 178.3 million (previous year: EUR 282.1 million).

Foreign currency risks are increasing in line with the growth of the individual portfolio companies' international activities and as a result of financing transactions concluded with our Swiss portfolio companies. INDUS mitigates these risks by hedging the transactions congruently with forward exchange contracts and suitable option transactions. As of December 31, 2009, the nominal value of hedged foreign currency risks totalled EUR 15.3 million (previous year: EUR 20.4 million).

Legal Risks

INDUS Holding AG and its portfolio companies are exposed to numerous legal risks. These risks relate primarily to the fields of competition law, antitrust law, and fiscal law. There are also risks which arise from the individual portfolio companies' operations in connection with warranty claims triggered by customer complaints. Efficient quality management minimizes this risk, but it cannot be ruled out completely. This is why EUR 10.7 million in provisions for warranties due to sales and purchasing were carried on the statement of financial position last year (previous year: EUR 12.8 million). Neither INDUS Holding AG, nor any of its portfolio companies, is exposed to risks resulting from the outcome of legal or arbitration proceedings which, based on our current perspective, would have a material adverse effect on the Group's economic situation.

Other Risks

Making responsible use of natural resources plays an important role at INDUS Holding AG. The individual portfolio companies' manufacturing processes are constantly optimized with a view to minimizing the burden they place on the environment, especially with regard to energy consumption. Moreover, the Group's entire workforce is urged to abide by the environmental regulations within their fields of activity and to submit suggestions for improved rules that go above and beyond the established standards. Any loss or damage arising from potential environmental risks is insured with sufficient coverage. No environmental risks to the holding company or any of its portfolio companies are currently identifiable.

Based on its strategy of pressing ahead with diversification by continuously enlarging its investment portfolio, the Group carried EUR 289.6 million in goodwill on its statement of financial position (previous year: EUR 296 million). IAS 36 stipulates that it must be subjected to an impairment test at least once a year. If impairment is established, the corresponding goodwill must undergo unscheduled amortization. In the year under review, unscheduled amortization amounting to EUR 5.8 million was carried out (previous year: EUR 3.3 million).

Internal Risk and Control Management

System in Respect of the Accounting Process

In accordance with Sec. 89 Para. 5 of the German Commercial Code (HGB) as amended after the German Accounting Law Modernization Act (BilMoG) came into effect, capital-market-oriented corporations must describe the main features of their internal control and risk management systems in their management reports in respect of the accounting process. Pursuant to Sec. 175 Para. 2 Sentence 1 of the German Stock Corporation Act (AktG) as amended in accordance with BilMoG, the explanatory report by the Board of Management to the Shareholders' Meeting must also refer to these disclosures.

As a company that operates internationally, INDUS Holding AG is exposed to various risks which are inherent in the activities under the umbrella of INDUS Holding AG. The incidence of risks can have adverse effects on the company's business activities and on its net worth, financial, and earnings position. INDUS Holding AG has, therefore, in compliance with the usual industry standards prevailing and the statutory provisions, established a control and risk management system in order to detect potential risks and to observe and assess them in all functional areas.

The control and risk management system, as an integral part of the business, planning, accounting, and control processes, is integrated into INDUS Holding AG's information and communication system and is an essential part of INDUS Holding AG's management system. INDUS Holding AG's control and risk management is based on a systematic process of risk recognition, assessment, and control that covers the entire Group. The structuring of the control and management system is the responsibility of the Board of Management, which ensures that the risks are monitored actively.

As part of its internal control and risk management, INDUS Holding AG uses controlling instruments that are established throughout the Group. INDUS Holding AG performs these tasks with the help of financial and non-financial performance indicators. The financial performance indicators mainly involve target/actual analyses to determine the extent to which INDUS Holding AG's business activities have achieved their targets. The monitoring of project costs and the degree of divergence from the plans are particularly significant as performance indicators. These performance indicators are examined in combination with the quantitative and qualitative non-financial performance indicators.

INDUS Holding AG monitors these indicators as part of the integrated project management and controlling. To this end, INDUS Holding AG's Board of Management is provided with regular reports, if necessary also of an unscheduled nature. In the reports, all of the projects are analyzed in detail with all the performance indicators being taken into consideration.

The risk management system is monitored by INDUS Holding AG's risk officer. The risk officer is responsible for the continuous monitoring of the risks recorded in the annual Group-wide risk inventory. A risk report is prepared each year on the basis of the risk inventory. Any new risks that emerge during the course of the fiscal year are included in the risk management system after being reported to the risk officer and then allocated to a person with responsibility for the risk. Risks are reported on a Group-wide basis and in accordance with uniform standards. If required, the analyses lead to the setting up of appropriate provisions.

INDUS Holding AG also monitors the intrinsic values of its shareholdings in subsidiaries as part of the control and management system. In the process, both qualitative and quantitative variables are taken into account.

The intrinsic value of receivables is regularly examined. The credit standing of debtors, if reported, is examined before the first delivery with the help of credit agencies, and, thereafter, at regular intervals. Specific checks are carried out as soon as there are any indications of a change in the credit standing. If necessary, appropriate depreciation and amortization is carried out.

Assessment of Overall Risk Exposure

The Group's overall risk exposure consists of the aggregation of individual risks in all risk categories. Among the material potential risks to INDUS Holding AG's future development are primarily those resulting from the current unfavorable economic situation. In the fiscal year just ended, no risks were identifiable that could materially influence the Group's continued existence either individually or in combination with other risks. From a current perspective, no such risks appear to be imminent either.

Start of 2010, Outlook

Events After the Reporting Date

Effective from January 1, 2010, INDUS Holding AG acquired a further 25 % shareholding in, and, therefore, the sole ownership of, OBUK Haustürfüllungen GmbH & Co. KG based in Oelde. INDUS had already acquired 75 % of the shares in OBUK in 2006. OBUK manufactures front door panels from synthetic materials and aluminum in the premium segment and, despite the economic crisis, managed to increase its sales and profits in 2009.

Also effective from January 1, 2010, INDUS acquired a 60 % in the Swiss company HAKAMA AG in Bättwil, near Basel. At the same time, it acquired an option for the remaining 40 % of the shares. The previous owners, Marius Haberthür and Fritz Kasper, will remain as managing directors of HAKAMA with their 40 % shareholding. In 2009, HAKAMA generated sales of CHF 24 million with a workforce of 145. The company specializes in the production of complex casings and components made from thin sheet metal, primarily for medical technology systems such as analytical and diagnostic equipment. The products are developed to order and delivered finished and ready-to-use. Their biggest customers include companies that supply analytical systems, for example to laboratories, doctors, and hospitals for blood diagnosis. Their major selling markets are Switzerland and Germany.

Except for those described above, no events that were of material significance to INDUS Holding AG's earnings, financial, or net assets position occurred after the 2009 fiscal year came to an end.

Likely Development of the Group

Overall Economic Conditions Stabilize at a Low Level

The German Federal Government is forecasting growth of 1.4 % for 2010, while the German Association of Chambers of Commerce and Industry is even estimating that growth will reach 2.3 %. The five members of the expert advisory board on macroeconomic developments are also predicting growth, namely 1.6 %. Despite this, however, they believe that the situation on the labor market will deteriorate in 2010. They are also assuming that the number of unemployed in Germany will increase to 4 million, as many companies would not be prolonging their reduced working hours in the first quarter of 2010. According to the German Federal Statistical Office, the German Federal deficit increased to 3.3 % of gross domestic product (GDP), and the experts estimate that the ratio is likely to be more than 5 % of GDP in 2010.

Manufacturing Industry Still Under Pressure

Developments within the sub-markets with relevance for INDUS are assessed differently by the individual industry associations. In view of the economically weak fourth quarter of 2009, many industry experts have partly revised their optimistic estimates.

The **Central Federation of the German Construction Industry** warns against seeing the current stabilization as an economic turnaround. Although the German Federal Government's economic stimulus programs had stopped the downward trend in the principal construction trade for the time being, the industry is expecting a further decline in its sales in 2010, although this will diminish to a nominal -1.5 % (2009: -4 %).

The **German Engineering Federation** (VDMA) is expecting a consolidation at a low level in 2010. It estimates that in the early months of 2010, results would often be well short of the previous year's level, and that they would not move back into the black until later in the year.

The German **automobile industry** is hoping that the slump will be succeeded by a normalization in 2010 and expects to see 2.75 to 3.0 million new car registrations – a level close to the long-term average on the domestic car market. The crucial factor will be how the international markets develop. In this area, the automobile industry can discern a small recovery on global markets and is hoping for a growth in exports and production, albeit at a low level.

The **metal and electrical industry** is assuming that it will take at least two years for the industry to stage a lasting recovery. Although incoming orders and production have been in the ascendant again for several months, each of them still has an almost 35 % slump to make good. Furthermore, the catching-up process noticeably slowed down in the fourth quarter of 2009. The business expectations for the first half of 2010 are more optimistic, however. In January, according to the employers' federation "Gesamtmetall", incoming orders were 6 % higher than in the previous month. Exports are proving to be the engine of the upturn.

The outlook formulated by the **medical technology companies** for 2010 is cautious and differentiated. Almost half expect to see better results, around 40 % are expecting stagnation, and 15 % are even anticipating declines in sales. This caution is based primarily on the worse financial situation of the German Federal government's health fund in 2010. When asked about the concrete effects of the economic and financial crisis, the companies referred in particular to increased pressure on prices and a generally strained financial position.

Divergent Expectations for the Recovery of the INDUS Segments in 2010

INDUS is assuming that in 2010, all the business segments will recover, or at any rate develop more positively than in 2009. We estimate that developments will differ from sector to sector.

By virtue of its specialization, the **Construction/Infrastructure** segment should benefit from the increasing demand in private residential construction and from the infrastructural measures being financed by German and international governmental economic stimulus programs. This is augmented by our segment companies' strong niche positions, a situation which promises stable margins. However, our subsidiaries, of which the selling markets are more strongly represented in commercial construction, are likely to endure a stronger downward trend in their sales. All in all, we are expecting the course of business in this segment to be stable at its previous year's level in 2010.

The companies in the **Engineering** segment have seen most of their order cushion from 2009 melt away and, being in a late cyclical industry, will hardly be able to achieve any sales or output growth in 2010. The lower order backlog as of the end of 2009 still shows no sign of recovery, especially in the long-term projects area. In this area, we are expecting the situation to improve in 2011. On the other hand, we are more optimistic for our subsidiaries with shorter-term projects as they have already received inquiries about new projects. All in all, we are not expecting any improvement in the segment's results in 2010.

For the **Automotive Components/Engineering** segment, we see both light and shadows. The companies that deliver their products directly to the major auto parts suppliers and auto manufacturers posted more orders and even partly benefited from market adjustments since the third quarter of 2009. 2010, however, will be at least as difficult as 2009 for the auto manufacturers as there is no artificial help in the form of government assistance. The small and medium-sized cars segment, in particular, will hardly grow at all because of the "cash for clunkers" program's pull-forward effects. Neither can it be foreseen whether there will be a catch-up effect in the premium segment which is important for many INDUS companies. In this area, INDUS has already set the course in 2009. Our capacities have been adjusted and the cost structure aligned with the crisis. We are assuming that there will be a lasting turnaround with a gradual return to acceptable yields. This estimate is being confirmed by the trend in the early months of 2010. This expectation is being underlined by the unfolding of our investments in the areas of development, prototypes, and pre-production assembly. At the present, all of the manufacturers are rethinking their model ranges and investing in new projects to safeguard their market positions. We are assuming that the segment will generate considerably better returns in 2010.

We are assuming that the companies in the **Metal/Metal Processing** segment are going to stage a considerable recovery. Our activities in the base materials area are gaining more orders. This development is proceeding parallel to the recovery in the steel production sector. A glance at the order position in the metal processing companies also gives reason for confidence.

We are taking an even more optimistic view of developments in the **Medical Engineering/Life Science** segment. In this segment, given our subsidiaries' order situations, we are expecting substantial sales growth and a corresponding increase in earnings.

Our Goal For 2010

Sales and Earnings Growth

In the current year, we shall again remain true to our proven strategy. INDUS puts its faith in internal and external growth. Internally, we intend to either keep our sales and earnings stable or increase them sharply in all of our segments. We laid the foundations for this in the crisis year by optimizing our capacities and reducing costs. We are putting as much faith as before in the further development of our existing portfolio companies and the expansion of our investment portfolio by making selective acquisitions. At the beginning of the year, we were able to make two major investments by acquiring the remaining shares in OBUK and by acquiring the Swiss company HAKAMA.

In the course of this year, we would, if possible, like to invest in further acquisitions, thereby pursuing an anticyclical policy in line with our philosophy. Our strong liquidity position and the financing commitments that we have received from banks are enabling us to take advantage of valuations for attractive SMEs which have fallen as a result of the crisis and of the private equity firms' difficult liquidity situation.

Medium-term Sales and Earnings Forecast

Significant Increase in Sales and Above-average Growth in Earnings

For the 2010 and 2011 fiscal years, INDUS is aiming for sales well in excess of EUR 800 million and disproportionate EBIT growth compared with sales. We want our 2010 EBIT margin significantly above the 2009 level, which was 7 %. If the current signs of an economic recovery continue, we anticipate a further improvement in sales and earnings for 2011 as well. Our medium-term goal is to achieve an EBIT yield of over 10 %.

Bergisch Gladbach, Germany, April 22, 2010

The Board of Management



Helmut Ruwisch



Jürgen Abromeit



Dr. Wolfgang Höper



Dr. Johannes Schmidt

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Consolidated Statement of Income

EUR '000	Notes	2009	2008*
Sales	[1]	769,512	920,100
Other operating income	[2]	23,605	14,450
Own work capitalized	[3]	4,508	4,543
Change in inventories	[3]	−18,163	7,881
Cost of materials	[4]	−338,139	−441,067
Personnel expenses	[5]	−231,471	−241,793
Depreciation and amortization	[6]	−46,061	−43,086
Other operating expenses	[7]	−109,724	−131,651
Income from shares accounted for using the equity method		335	686
Other financial result	[8]	190	263
Operating result (EBIT)		54,592	90,326
Interest income		1,357	3,897
Interest expenses		−29,030	−34,241
Net interest	[9]	−27,673	−30,344
Earnings before taxes		26,919	59,982
Taxes	[10]	−12,179	−26,809
Income from discontinued operations	[11]	−3,330	−5,308
Earnings after taxes		11,410	27,865
of which allocable to non-controlling shareholders		−624	−420
of which allocable to INDUS shareholders		10,786	27,445
Diluted earnings per share in EUR	[12]	0.77	1.78
Basic earnings per share in EUR		0.77	1.78
Earnings for the INDUS shareholders, adjusted for volatility from interest-rate hedging		10,974	30,565

* Previous year's figures adjusted

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COMPANY AND SHAREHOLDERS

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Statement of Income and Accumulated Earnings

EUR '000	2009	2008*
Earnings after taxes	11,410	27,865
of which due to adjustments under IAS 8	−	−440
Currency translation adjustment	−413	1,915
Change in the market values of derivative financial instruments	−1,114	−4,499
Netting of deferred taxes	176	711
Income and expenses recognized directly in equity	−1,351	−1,873
Total income and expenses recognized in equity	10,059	25,992
of which non-controlling interests	624	420
of which allocable to INDUS shareholders	9,435	25,572

* Previous year's figures adjusted

The netting of deferred taxes in equity relates solely to the change in market values of derivative financial instruments.

Consolidated Statement of Financial Position

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EUR '000	Notes	Dec. 31, 2009	Dec. 31, 2008*	Jan. 1, 2008*
Assets				
Goodwill	(13)	289,573	295,974	300,564
Intangible assets	(13)	17,116	17,360	18,147
Property, plant, and equipment	(13)	238,888	250,663	239,381
Financial assets	(14)	8,994	8,190	7,853
Shares accounted for using the equity method	(14)	4,578	4,663	4,657
Other noncurrent assets	(15)	3,010	3,168	2,109
Deferred taxes	(16)	1,989	3,834	4,144
Noncurrent assets		564,148	583,852	576,855
Cash and cash equivalents		93,506	87,791	77,617
Accounts receivable	(17)	99,267	104,546	115,543
Inventories	(18)	143,102	172,047	161,351
Other current assets	(15)	8,481	9,960	10,442
Current income taxes	(16)	4,975	6,493	4,463
Assets held for sale		0	856	0
Current assets		349,331	381,693	369,416
Total assets		913,479	965,545	946,271
Equity and Liabilities				
Paid-in capital		172,930	172,930	162,955
Generated capital		67,048	72,309	68,522
Equity held by INDUS shareholders		239,978	245,239	231,477
Non-controlling interests in the equity		1,736	1,134	2,058
Group equity	(19)	241,714	246,373	233,535
Noncurrent financial liabilities	(20)	363,501	378,413	386,568
Provisions for pensions	(21)	15,994	16,164	15,124
Other noncurrent provisions	(22)	2,108	2,410	2,452
Other noncurrent liabilities	(23)	14,679	23,067	23,988
Deferred taxes	(16)	16,899	19,981	18,705
Noncurrent liabilities		413,181	440,035	446,837
Current financial liabilities	(20)	138,345	147,841	131,410
Trade accounts payable		28,019	28,109	33,286
Current provisions	(22)	29,892	34,169	28,834
Other current liabilities	(23)	58,209	55,249	61,986
Current income taxes	(16)	4,119	13,054	10,383
Liabilities held for sale		0	715	0
Current liabilities		258,584	279,137	265,899
Total equity and liabilities		913,479	965,545	946,271

* Previous year's figures adjusted

Consolidated Statement of Cash Flows

EUR '000

2009 2008

	2009	2008
Income after taxes generated by continuing operations	14,740	33,173
Depreciation/Write-ups of noncurrent assets (excluding deferred taxes) due to gains (–)/losses (+) from the disposal of assets	46,196	43,277
	436	–426
Taxes	12,179	26,809
Net interest	27,673	30,344
Cash earnings of discontinued operations	–3,029	–1,514
Income from companies accounted for using the equity method	–335	–686
Other non-cash transactions	1,583	2,047
Changes in provisions	–4,078	3,470
Increase (–)/decrease (+) in inventories, trade accounts receivable and other assets not allocable to investing or financing activities	36,990	5,062
Increase (+)/decrease (–) in trade accounts payable and other liabilities not allocable to investing or financing activities	–5,465	–9,988
Income taxes received/paid	–20,718	–24,939
Dividends received	420	680
Operating cash flow	106,592	107,309
Interest paid	–30,858	–30,539
Interest received	1,357	3,897
Cash flow from operating activities	77,091	80,667
Cash outflow from investments in intangible assets property, plant, and equipment financial assets shares in fully consolidated companies	–5,297 –30,352 –1,251 0	–4,848 –43,643 –973 –9,354
Cash inflow from the disposal of shares in fully consolidated companies other assets	259 3,944	0 4,340
Cash flow from investing activities of discontinued operations	–12	–1,029
Cash flow from investing activities	–32,709	–55,507
Dividends paid to shareholders	–14,696	–21,785
Dividends paid to non-controlling shareholders	–22	–1,344
Cash inflows from the assumption of debt	84,122	91,472
Cash outflows from the repayment of debt	–108,530	–83,196
Cash flow from financing activities	–39,126	–14,853
Net cash change in financial facilities	5,256	10,307
Changes in cash and cash equivalents caused by currency exchange rates	459	–133
Cash and cash equivalents at the beginning of the period	87,791	77,617
Cash and cash equivalents at the end of the period	93,506	87,791
Cash transactions related to the sale of investments	818	
plus financial liabilities sold	0	
minus financial facilities sold	–559	
Net sale proceeds	259	
Cash transactions related to the sale of investments	0	–11,111
plus financial liabilities assumed	0	
minus financial facilities purchased	0	1,757
Net purchase price	0	–9,354

* Previous year's figures adjusted

Cash and cash equivalents include a limited-authorization account with a balance of EUR 238,000 (previous year: EUR 318,000). Investing and financing transactions amounting to EUR –954,000 which had no impact on cash and cash equivalents (previous year: EUR 9,495,000) are not part of the statement of cash flows and related primarily to the real capital increase in connection with the increase in the shareholding in SELZER.

Consolidated Statement of Equity

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Jan. 1 – Dec. 31, 2009	Opening balance Jan. 1, 2009	Dividend payment	Overall result	Capital increase	Closing balance Dec. 31, 2009
2009					
Subscribed capital	47,762	0	0	0	47,762
Capital reserve	125,168	0	0	0	125,168
Paid-in capital	172,930	0	0	0	172,930
Accumulated earnings	73,464	–14,696	10,786	0	69,554
Currency translation reserve	2,493	0	–413	0	2,080
Reserve for the marked-to-market valuation of financial instruments	–3,648	0	–938	0	–4,586
Capital generated	72,309	–14,696	9,435	0	67,048
Equity held by INDUS shareholders	245,239	–14,696	9,435	0	239,978
Interests allocable to non-controlling shareholders	1,134	–22	624	0	1,736
Group equity	246,373	–14,718	10,059	0	241,714

Jan. 1 – Dec. 31, 2008	Opening balance Jan. 1, 2008	Adjustments under IAS 8	Dividend payment	Overall result	Capital increase	Closing balance Dec. 31, 2008
2008						
Subscribed capital	46,800	0	0	0	962	47,762
Capital reserve	116,155	0	0	0	9,013	125,168
Paid-in capital	162,955	0	0	0	9,975	172,930
Accumulated earnings	68,399	–595	–21,785	27,445	0	73,464
Currency translation reserve	578	0	0	1,915	0	2,493
Reserve for the marked-to-market valuation of financial instruments	140	0	0	–3,788	0	–3,648
Capital generated	69,117	–595	–21,785	25,572	0	72,309
Equity held by INDUS shareholders	232,072	–595	–21,785	25,572	9,975	245,239
Interests allocable to non-controlling shareholders	2,058	0	–1,344	420	0	1,134
Group equity	234,130	–595	–23,129	25,992	9,975	246,373

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

The dividend payment is based on a dividend of EUR 0.80 per no-par-value share bearing the number SIN 620010/ISIN DE 0006200108 (18,370,033 shares).

Non-controlling interests in equity relate to external shareholders in limited liability companies and corporations. In accordance with IAS 32, based on the theoretical retranslatability and redeemability of the shares, non-controlling interests in limited partnerships are reported as debt.

Notes

■ General Information

INDUS Holding AG, based in Bergisch Gladbach, Germany, entered in the Cologne commercial register (HRB 46360), prepared its consolidated financial statements for the 2009 fiscal year from January 1, 2009 to December 31, 2009 in accordance with International Financial Reporting Standards (IFRS) and the interpretation of such by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Union. The consolidated financial statements are prepared in euros (EUR). Unless otherwise indicated, 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 reporting date of INDUS Holding AG and are based on uniform accounting methods. 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. The basis for this is Directive No. 1606/2002 of the European Parliament and Council on the application of international accounting standards in the European Union. Information that must be included in the notes in accordance with the German Commercial Code (HGB) and goes beyond what is mandatory under IFRS is presented in the notes to the consolidated financial statements as well. The previous year's figures were adjusted in all relevant presentations in order to reflect the reclassification of discontinued operations and changes in the accounting methods. The financial statements were released for submission to the Supervisory Board on April 22, 2010 by a resolution of the Board of Management.

■ Application and Impact of New and Revised Standards

Change in Accounting Method Following Adoption of IFRS 3 by the EU

In January 2008, the International Accounting Standards Board (IASB) published the amended IFRS 3. It was integrated into European law by the EU in June 2009. The standard has a material impact on the presentation of company acquisitions, especially with regard to the presentation of non-controlling interests when not all the shares in question are acquired. INDUS Holding AG has used the adoption of the "full goodwill" method by the EU as an opportunity to change the accounting method used in relation to the valuation of non-controlling interests in a partnership. In the full goodwill method, which is available as an option, there is now the possibility of consistent presentation for the compensation claims of non-controlling shareholders in a partnership, as demanded by IAS 32. The fair value of the non-controlling interest is carried as a liability and, extending the statement of financial position, derivative goodwill attributable to the non-controlling shareholder is posted. The goodwill is checked on a rotational basis as part of the impairment test. Changes in the fair value of the liability are recognized in profit or loss in the period in which they are established.

In order to facilitate the transparent presentation of the non-controlling interests of partnerships, the full goodwill method is applied to all partnerships where non-controlling shareholders have rights to severance payments in the current fiscal year, in line with international accounting practice. As a result, previous years' amounts in the statement of financial position have been adjusted (see Adjustment of Previous Year's Figures).

All standards mandatory as of December 31, 2009 were taken into account. No use was made of the discretionary right to apply standards before they become mandatory.

The **2009 mandatory standards** and interpretations for the fiscal year:

In November 2006, the International Accounting Standards Board (IASB) published the standard **IFRS 8** "Operating Segments", which was adopted by the EU in November 2007 and must be applied for the first time in these consolidated financial statements. The internally examined segments are presented in accordance with the management approach. In addition, any areas not assigned are disclosed in a reconciliation statement.

In March 2009, the IASB published amendments to **IFRS 7** which were adopted by the EU in November 2009 and must be applied in these consolidated financial statements. Among its stipulations are broader disclosures in the notes on the fair values of the financial instruments and on the liquidity risk.

In March 2007, the IASB published a revised version of **IAS 23** "Borrowing Costs", which was adopted by the EU in December 2008. Borrowing costs which can be attributed directly to the acquisition, construction, or production of a qualified asset must be capitalized and are part of the historical cost of the asset. Other borrowing costs should be recognized as expenses. The effects are explained under [9].

Amendments to **IAS 1** regulate the presentation of the financial statements and essentially have editorial effects. There were also further IASB announcements adopted by the EU that were mandatory in 2009. Their first-time application had no impact on Indus Holding AG's consolidated financial statements.

Standards adopted by the EU up to December 31, 2009 **which were not applied early in these financial statements:**

In 2009, a number of other IASB announcements of which the application becomes mandatory in 2010 or 2011 were integrated into European law by the EU. Most of these are interpretations and clarifications. They are not expected to have any material impact on the INDUS consolidated financial statements.

■ **Consolidation Principles**

Capital consolidation is carried out in accordance with the purchase method. In respect of business combinations, assets, liabilities, and contingent liabilities are measured at their fair values 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 values 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 through profit and loss.

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 the subsequent periods, the carrying amount of the holding company's investment is offset against the carrying amount of the subsidiaries' net equity.

Receivables and liabilities as well as expenses and income between consolidated companies are offset against each other. Intercompany results are eliminated from inventories and noncurrent assets. 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. Monetary items are measured through profit and loss at their fair values as of the reporting date using the exchange rate prevailing on that date.

In accordance with the concept of functional currency, companies located outside of the euro-zone prepare their financial statements in the currency of the country in which they are domiciled. For assets and liabilities, these financial statements are translated into euros using the exchange rate prevailing on the reporting date. Except for items recognized directly in equity, equity is carried at historical rates. Items in the income statement are translated at average exchange rates, and any resulted currency adjustments are recognized with no effect on the statement of income. The exchange rates used are shown in the following table:

1 EUR 1 =		Exchange rate as of reporting date		Average exchange rate	
		2009	2008	2009	2008
Brazil	BRL	2.511	3.244	2.767	2.674
Canada	CAD	1.513	1.700	1.585	1.559
Switzerland	CHF	1.484	1.485	1.510	1.587
China	CNY	9.835	9.496	9.528	10.224
Czech Republic	CZK	26.473	26.875	26.435	24.946
Mexico	MXN	18.922	19.233	18.799	16.291
Poland	PLN	4.105	4.154	4.328	3.512
Serbia	RSD	96.487	90.197	94.425	82.039
Slovakia	SKK	–	30.126	–	31.262
Turkey	TRY	2.155	2.149	2.163	1.906
USA	USD	1.441	1.392	1.395	1.471
South Africa	ZAR	10.666	13.067	11.674	12.059

In the presentation of the development of property, plant, and equipment, provisions, and equity, the opening and closing balances are translated using the exchange rates prevailing on the reporting date, while changes during the year are translated using the average exchange rate. Any resultant exchange rate differences are reported separately with no effect on the statement of income.

■ Accounting and Valuation

Goodwill is examined at least once a year for impairment rather than being amortized on grounds of its indeterminate useful life. In the process, the value in use is generally used as the basis in accordance with the current plans prepared by the management. The planning premises take into account both current knowledge and historical developments. After the three year planning period, future cash flows are projected using a growth rate of 1%. Cash flow series ascertained in this manner are discounted using a pre-tax capital cost rate of 8.5% (previous year: 10.0%). Goodwill is tested for impairment at the level at which this is reasonable from an economic point of view. In most cases, goodwill is attributed to the portfolio companies and their subsidiaries. These are the operating units which are listed in the notes. In the few cases in which there is a close trading relationship between these companies, they are combined to form operating units and goodwill is tested for impairment on this basis.

Purchased **intangible assets** are measured at cost and amortized using the straight-line method over their useful lives of three to ten years, provided that these are determinable. Internally generated intangible assets which fulfill the criteria of IAS 38 are capitalized at cost. Otherwise the expenses are recognized through profit and loss in the year in which they come into being. The assets are amortized upon commencement of their use, and this is done using the straight-line method over five to ten years.

Property, plant, and equipment is stated at cost less scheduled and, if applicable, unscheduled depreciation. Depending on the actual structure of their useful lives, depreciation using both the straight-line and the declining-balance method is applied. If the reason for an impairment loss recognized in previous years has ceased to apply, a write-up is performed. Investment subsidies are recorded as liabilities and reversed over their useful lives. 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 based primarily on the following useful lives:

	Years
Buildings	20 to 50
Improvements	8 to 20
Technical equipment, plant, and machinery	5 to 15
Factory 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, with finance leases being recognized as assets. With sale-and-leaseback transactions, the accounting treatment of the transaction's result must use differentiated methods. The result is distributed over the term of the lease if the underlying transaction constitutes a finance lease or if the sale price is higher than the market value in an operating lease transaction.

Borrowing costs are capitalized only for **qualifying assets**. This is being done for the first time in the 2009 fiscal year, with the application of the amended IAS 23 being mandatory. Qualifying assets are those of which the production takes at least one year to complete.

Inventories are measured at the lower of cost or net realizable value. Cost encompasses direct costs and proportional overheads. Overheads are generally allocated on the basis of actual capacity, if this basically corresponds to normal capacity.

Raw materials 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 level of their completion. The result of the contract is recognized not simply by the transfer of risk, but rather by the degree of completion. Revenue from the contract agreed with the customer and the anticipated costs of the contract are taken as the 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 yet certain, revenue is recognized only in the amount of the contractual costs that have been incurred.

Financial instruments are contracts which simultaneously 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 following four categories: "measured at fair value through profit or loss", "held to maturity", "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 option is not used.

The market values of financial instruments are determined on the basis of market information available on the reporting date or by using accepted valuation methods, such as the discounted cash flow method, and by confirmations from the banks carrying out the transactions. The interest rates employed are adjusted to the term and risk of the underlying financial instrument.

Non-derivative financial instruments: Loans and receivables, liabilities, and financial investments held to maturity are measured at amortized cost. Financial assets available for sale are stated at fair value. Changes in fair value are recognized in equity with no effect on profit or loss, taking deferred taxes into account. 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 investments and a 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. In the subsequent measurement, the carrying amount is adjusted by the proportional changes in the associated company's equity.

Receivables and other assets are stated at net realizable value. Individual risks are taken into account with appropriate valuation allowances. General credit risks are recognized by means of valuation allowances for receivables which are based on past experience or more up-to-date knowledge. Generally, valuation allowances for receivables are recognized in separate accounts.

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

Derivative financial instruments are used at INDUS to hedge underlying transactions based on future cash flows. Derivatives employed as hedging instruments are primarily swaps, although forward contracts and suitable option transactions are also used. The 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. Where the fair values of statement of financial position items are being hedged (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 with no effect on income, taking all deferred taxes into account. This position is reversed with effect on income either upon completion of the underlying transaction, or when it is determined that the hedge is ineffective.

The **noncurrent assets available for sale** are classified as such if their carrying amounts are 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 objective steps have been taken for this purpose. Such assets are stated at the lower of the carrying amount or fair value less costs to sell. Scheduled amortization has been discontinued.

Discontinued operations are operations that can be isolated and either have been sold or are held for sale. Assets and debt of these operations are reclassified as assets and liabilities held for sale in the statement of financial position until the sale has been completed. They are measured based on the principles applied to noncurrent assets held for sale. The result of this measurement, current income, and the sale proceeds are stated as "Income from discontinued operations". The previous year's figures in the statement of income are adjusted accordingly.

Pensions: There are several benefit plans with different characteristics, in part for former partners in acquired companies. All of the benefit plans stated in the accounts are closed.

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 are calculated on termination of the employment contract in accordance with the projected unit credit method. Future obligations are measured based on the benefit claims earned pro rata up to the reporting date and, thereby, reflect the proportion of benefit obligations that has been recognized with an effect on income up to that date. The valuation takes account of assumptions about the future development of several different parameters, in particular increases in salaries 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 their cumulative value remains within 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 spread prospectively through profit and loss over the expected average remaining working lives of the employees participating in the plan. Periods of 1 to 15 years may be applied for this purpose.

Other provisions are calculated for existing legal or constructive obligations to third parties 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 loss and/or damage. Provisions for product warranties are calculated for the sales bearing a warranty and the relevant warranty period, based on past 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.

Uncertainties regarding income (**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 their entirety 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 statement of financial position and the corresponding tax bases of assets and liabilities in accordance with the balance sheet approach. Temporary differences arise when the realization of the asset or settlement of the liability leads to income or expenses that diverge from a fiscal point of view. Deferred taxes on goodwill are formed only to the extent that they are tax-deductible. This is generally the case for German limited partnerships. Deferred taxes must be calculated even if the realization of this goodwill, e.g., via the disposal of the respective limited partnership, is not planned. This leads to a permanent accrual of deferred tax liabilities at INDUS.

Deferred tax assets are recognized as soon as it is probable that sufficient taxable income against which the deductible temporary difference can be offset will be available. For tax loss carryforwards, this occurs when it is either probable that sufficient taxable income will be available over a planning horizon of five years or nettable deferred tax liabilities exist in the corresponding amount.

Deferred taxes are measured using the tax rate valid for the periods in which the differences are expected to be reversed. Regardless of maturities, deferred taxes are not to be 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 position. Due to the predominantly long-term nature of the deferred taxes at INDUS, short-term fluctuations in tax rates are not taken into account. Germany's corporate income tax rate has been 15 % since the 2008 German corporate tax reform. Taking into consideration the average local trade tax assessment rate of 370 % and the solidarity surcharge of 5.5 %, the tax rate on earnings for companies based 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 sales 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. The general prerequisite of this is that the amount of income can be reliably determined and that there is sufficient certainty that INDUS will derive economic benefits from this. Income and expense items are recognized in accordance with the principle of accrual as per the IAS framework.

The **statement of cash flows** is divided into the sections "Cash flows from operating activities", "Cash flows from investing activities", and "Cash flows from financing activities" in accordance with the provisions of IAS 7. 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 operating activities. Financial facilities on hand are equivalent to the statement of financial position item "Cash and cash equivalents" and include demand deposits and cash on hand. Cash flows from operating activities are determined using the indirect method. Operating expenses and income with no effect on net cash are eliminated from cash flows from operating activities. As a result, the disclosures in the statement of cash flows cannot be derived directly from the statement of financial position and the statement of income.

Management estimates and assumptions: 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, liabilities, and contingent liabilities, as well as on 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 through profit and loss.

The realization of statement of financial position items can be influenced by future events which cannot be controlled. This can relate to bad debt losses, the useful lives of intangible assets or property, plant, and equipment, or similar circumstances, as well as risks that have an inherently close relationship with commercial activities. The recognition of such items in the accounts is based on many years' experience and the assessment of current conditions.

Systemic uncertainties derive from statement of financial position items in respect of which future cash flow series are discounted. The course of such cash flow series depends on future events about which trends assumptions must be made. This is the case when, in particular, assets are being tested for impairment in terms of their value in use, and when pension provisions are being calculated in accordance with the projected unit credit method.

Other relevant uncertainties result from items that must be measured on the basis of a range of possible future circumstances. This applies in particular to other provisions.

Global developments in the 2008 fiscal year led to distortions and turbulence on the financial markets. The impact of this on the real economy and, in turn, on the selling markets which are relevant for INDUS put some of the company's operational activities under considerable pressure in the fiscal year just ended. The management believes that the global economic crisis has bottomed out. This upward trend is also shown in continuously ascending developments in the individual quarters in 2009.

Nonetheless, our assumptions and estimates in these consolidated financial statements involve greater uncertainties than in the previous years. This applies in particular to the forecast cash flows and the discount rates used to measure long-term statement of financial position items.

While these consolidated financial statements were being prepared, the management was not aware of any new significant findings which might result in a material change in the valuation of statement of financial position items.

Change in Accounting and Valuation Methods

In conjunction with the above-mentioned change in the valuation of non-controlling interests in subsidiary partnerships, the comparison figures for previous periods were adjusted in the statement of financial position and the statement of income in accordance with the provisions of IAS 8.

ASSETS: Adjustment of previous year's figures EUR '000		Dec. 31, 2008 published	IAS8	Dec. 31, 2008 comparable	Jan. 1, 2008 published	IAS8	Dec 31, 2008 comparable
Goodwill	281,016	14,958	295,974	285,606	14,958	300,564	
Intangible assets	17,360		17,360	18,147		18,147	
Property, plant, and equipment	250,663		250,663	239,381		239,381	
Financial assets	8,190		8,190	7,853		7,853	
Shares accounted for using the equity method	4,663		4,663	4,657		4,657	
Other noncurrent assets	3,168		3,168	2,109		2,109	
Deferred taxes	3,834		3,834	4,144		4,144	
Noncurrent assets	568,894	14,958	583,852	561,897	14,958	576,855	
Cash and cash equivalents	87,791		87,791	77,617		77,617	
Accounts receivable	104,546		104,546	115,543		115,543	
Inventories	172,047		172,047	161,351		161,351	
Other current assets	9,960		9,960	10,442		10,442	
Current income taxes	6,493		6,493	4,463		4,463	
Assets held for sale	856		856	0		0	
Current assets	381,693		381,693	369,416		369,416	
Total assets	950,587	14,958	965,545	931,313	14,958	946,271	
EQUITY AND LIABILITIES: Adjustment of previous year's figures EUR '000		Dec. 31, 2008 published	IAS8	Dec. 31, 2008 comparable	Jan. 1, 2008 published	IAS8	Dec 31, 2008 comparable
Paid-in capital	172,930		172,930	162,955		162,955	
Generated capital	73,344	-1,035	72,309	69,117	-595	68,522	
Equity held by INDUS shareholders	246,274	-1,035	245,239	232,072	-595	231,477	
Non-controlling interests in the equity	1,134		1,134	2,058	0	2,058	
Group equity	247,408	-1,035	246,373	234,130	-595	233,535	
Noncurrent financial liabilities	378,413		378,413	386,568		386,568	
Provisions for pensions	16,164		16,164	15,124		15,124	
Other noncurrent provisions	2,410		2,410	2,452		2,452	
Other noncurrent liabilities	7,074	15,993	23,067	8,435	15,553	23,988	
Deferred taxes	19,981		19,981	18,705		18,705	
Noncurrent liabilities	424,042	15,993	440,035	431,284	15,553	446,837	
Current financial liabilities	147,841		147,841	131,410		131,410	
Trade accounts payable	28,109		28,109	33,286		33,286	
Current provisions	34,169		34,169	28,834		28,834	
Other current liabilities	55,249		55,249	61,986		61,986	
Current income taxes	13,054		13,054	10,383		10,383	
Liabilities held for sale	715		715	0		0	
Current liabilities	279,137		279,137	265,899	0	265,899	
Total equity and liabilities	950,587	14,958	965,545	931,313	14,958	946,271	

Further Adjustment of Previous Year's Figures

The recording of discontinued operations in accordance with IFRS 5.34 also necessitates an adjustment of the previous year's figures in the statement of income as shown below. The corresponding detailed information and disclosures in the notes relating to the previous year were also adjusted.

Adjustment to the previous year's statement of income EUR '000	2008 published	IFRS 8	IFRS 5	2008 comparable
Sales	928,429		−8,329	920,100
Other operating income	14,236	299	−85	14,450
Own work capitalized	4,543		0	4,543
Change in inventories	8,017		−136	7,881
Cost of materials	−443,680		2,613	−441,067
Personnel expenses	−245,416		3,623	−241,793
Depreciation	−47,012		3,926	−43,086
Other operating expenses	−132,926	−739	2,014	−131,651
Income from shares accounted for using the equity method	686			686
Other financial result	263			263
Operating result (EBIT)	87,140	−440	3,626	90,326
Interest income	3,951		−54	3,897
Interest expenses	−34,416	0	175	−34,241
Net interest	−30,465	0	121	−30,344
Earnings before taxes	56,675	−440	3,747	59,982
Taxes	−26,221		−588	−26,809
Income from discontinued operations	−2,149		−3,159	−5,308
Earnings after taxes	28,305	−440	0	27,865
of which non-controlling interests	−420			−420
of which allocable to INDUS shareholders	27,885	−440	0	27,445
Diluted earnings per share in EUR	1.63	−0.02	0.17	1.78
Basic earnings per share in EUR	1.63	−0.02	0.17	1.78

The changes in accordance with IFRS 5 affect the statements of income of WVF Werkzeug-Formen-, und Vorrichtungsbau GmbH & Co. KG and Volker WITZEL GmbH Klima- und Wärmetechnik.

■ 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' financial and business policy for the benefit of the INDUS Group. Associated companies of which the financial 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 as from the date on which the business is transferred. After the date on which the decision is made to divest the company in question, they are classified as "held for sale".

Number of companies included	Germany	Abroad	Total
Fully consolidated subsidiaries			
January 1, 2008	98	19	117
Additions	4	4	8
Disposals	3	0	3
January 1, 2009	99	23	122
Additions	0	0	0
Disposals	6	0	6
December 31, 2009	93	23	116
Companies valued using the equity method			
January 1, 2008	1	2	3
Additions	0	0	0
Disposals	0	0	0
January 1, 2009	1	2	3
Additions	0	0	0
Disposals	0	0	0
December 31, 2009	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 amortized cost in accordance with IAS 39 (Financial Instruments: Recognition and Measurement).

The disposals of fully consolidated subsidiaries resulted from their being sold or merged with or into other companies. On December 31, 2009, this disclosure encompasses 34 fully limited liability companies, which constitute what is termed a "unit company" with the related limited commercial partnerships (as of December 31, 2008: 35 fully limited liability companies). The material operating companies are presented in the notes. A full list of shareholdings is submitted to the management of the electronic German Federal Gazette.

■ Business Combinations

In the 2009 fiscal year, there were neither any first-time consolidations of new companies nor increases in the level of existing shareholdings in Group companies.

■ Disclosures about the Previous Year

Upon signing a contract of sale dated September 15, 2008, INDUS Holding AG acquired 100 % of the shares in Anneliese KÖSTER GmbH & Co. KG and its subsidiaries. The eight companies were included in the consolidated financial statements for the first time as per October 2008.

2008	Carrying amounts at time of addition	Assets added due to first-time consolidation	Additions consoli- dated statement of financial position
Noncurrent assets	1,412	4,974	6,386
Current assets	8,968	789	9,757
Total assets	10,380	5,763	16,143
Noncurrent liabilities	791	22	813
Current liabilities	3,777	442	4,219
Total liabilities	4,568	464	5,032

Including incidental expenses, the acquisition costs came to EUR 11,111,000 and were paid in cash. Financial facilities totaling EUR 1,757,000 were acquired. Noncurrent assets include goodwill worth EUR 1,798,000. Goodwill represents inseparable assets such as staff expertise and positive expectations for future income. In the 2008 fiscal year, the KÖSTER Group contributed sales of EUR 5,407,000 and earnings of EUR –437,000 to consolidated sales and income. Had its first-time consolidation taken place on January 1, 2008, the consolidated financial statements to December 31, 2008, would have included sales of EUR 23,785,000 and earnings of EUR 1,989,000 from the KÖSTER Group.

■ Disposals

In the 2008 fiscal year, INDUS decided to sell the operating activities of NEUTRASOFT GmbH & Co. KG. To this end, major proportions of the assets and debt of NEUTRASOFT GmbH & Co. KG were transferred to a new company. These are accordingly stated as assets and liabilities held for sale. The company which was up for sale bears the name WILKEN NEUTRASOFT GmbH and was sold to the Ulm-based WILKEN Group as per January 1, 2009. NEUTRASOFT's current earnings are included in the disclosures for 2008, and the income from the sale is dealt with in 2009.

In the 2009 fiscal year, WFV Werkzeug-, Formen- und Vorrichtungsbau GmbH & Co. KG was sold to a holding company as per December 31, 2009. WFV complements the purchaser's investment portfolio, with strategic effects and synergies generated by the purchase, therefore, playing a crucial role.

In addition, the sub-subsidiary Volker WITZEL GmbH Klima- und Wärmotechnik, which is of subordinate importance for the portfolio, was sold to the managing non-controlling shareholder in a management buyout effective from July 1, 2009.

The previous year's statement of income was adjusted. The details are included in the reconciliation shown above (see: adjustment of previous year's figures).

Income and expenses attributable to discontinued operations were as follows in the fiscal years 2009 and 2008:

Disclosures in Accordance with IFRS 5

EUR '000	2009	2008
Sales	3,376	21,757
Expenses and other income	-5,694	-27,967
Operating result	-2,318	-6,210
Net interest	-82	-152
Earnings before taxes	-2,400	-6,362
Taxes	387	1,054
Earnings after taxes from current operations	-2,013	-5,308
Income from deconsolidations	-1,317	0
Income from discontinued operations	-3,330	-5,308
Tax expense/revenue from divestments	72	0

The income from discontinued operations is predominantly for INDUS shareholders.

The assets and liabilities held for sale are made up as follows:

EUR '000	2009	2008
Noncurrent assets	-	630
Current assets	-	226
Total assets	-	856
Noncurrent liabilities	-	-
Current liabilities	-	715
Total liabilities	-	715

Events After the Reporting Date

As of January 1, 2010, INDUS Holding AG acquired the remaining 25 % shareholding in OBUK Haustürfüllungen GmbH & Co. KG based in Oelde. It now holds 100 % of the shares in the company.

The severance payment obligation is included in the consolidated financial statements to December 31, 2009, under accounts payable to outside shareholders.

Effective from January 1, 2010, INDUS Holding AG acquired a 60 % stake in the Swiss company HAKAMA AG in Bättwil, near Basle. The previous owners will remain as managing directors of HAKAMA with their 40 % shareholding. INDUS Holding AG has secured an option to purchase the non-controlling interest.

In 2009, HAKAMA generated sales equivalent to approximately EUR 16 million with its 145 employees. The base is being developed at present. The outcome will be reported in full in our report for the first quarter of 2010.

■ Notes to the Consolidated Statement of Income

[1] Sales

Sales include sales from services amounting to EUR 3,124,000 (previous year: EUR 4,723,000) and user charges amounting to EUR 230,000 (previous year: EUR 221,000). Sales also include EUR 61,442,000 in sales from customer-specific construction contracts (previous year: EUR 59,880,000). In the 2008 fiscal year, EUR –8,329,000 in sales was reclassified to income from discontinued operations. As a result, sales in the previous year fell from EUR 928,429,000 to EUR 920,100,000.

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

[2] Other Operating Income

EUR '000	2009	2008
Income from the release of accruals	5,701	1,858
Refund of reduced working hours allowances	3,698	–
Income from the subsequent valuation of non-controlling interests in partnerships	1,726	299
Income from currency translation	1,504	1,647
Release of valuation allowances	1,475	1,324
Transfer to earnings/release of deferrals carried as liabilities	1,004	781
Income from asset disposals	848	744
Insurance compensation for disposals of property, plant and equipment	730	663
Other operating income	6,919	7,134
Total	23,605	14,450

Income from currency translation of EUR 1,504,000 (previous year: EUR 1,647,000) was offset by expenses of EUR –1,674,000 (previous year: EUR –3,692,000). Currency differences included in income therefore amounted to EUR –170,000 (previous year: EUR –2,045,000). Income from the subsequent valuation of non-controlling interests in partnerships was offset by corresponding expenses of EUR –178,000 (previous year: EUR –739,000).

[3] Own Work Capitalized

EUR '000	2009	2008
Other own work capitalized	2,696	2,168
Own work capitalized in accordance with IAS 38	1,812	2,375
Total	4,508	4,543

Furthermore, EUR 6,817,000 in research and development expenses were recognized as part of the expenses for the period (previous year: EUR 7,398,000).

Changes in Finished Goods and Work in Process

EUR '000	2009	2008
Work in process	–6,155	3,428
Finished goods	–12,008	4,453
Total	–18,163	7,881

[4] Cost of Materials

EUR '000	2009	2008
Raw materials and goods for resale	–297,266	–391,148
Purchased services	–40,873	–49,919
Total	–338,139	–441,067

[5] Personnel Expenses

EUR '000	2009	2008
Wages and salaries	–194,071	–203,105
Social security	–35,654	–36,684
Pensions	–1,746	–2,004
Total	–231,471	–241,793

Personnel expenses do not include the interest accretion to transfers to pension provisions. These amounted to EUR –863,000 and were recognized as part of net interest (previous year: EUR –825,000).

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

EUR '000	2009	2008
Depreciation of property, plant, and equipment and intangible assets	–34,405	–32,660
Scheduled amortization of value-added within the Group	–5,880	–7,125
Impairment losses from first-time consolidations	–5,776	–3,301
Total	–46,061	–43,086

Unscheduled amortizations resulting from first-time consolidations relate to write-downs on goodwill caused by decreases in the planned future earning power of business areas. Write-downs on goodwill were carried out for business areas of which the value in use was below the carrying amount. Unscheduled amortizations from first-time consolidation are broken down by segment in the segment report. Furthermore, unscheduled depreciation amounting to EUR 83,000 was posted under property, plant and equipment (previous year: EUR 658,000).

[7] Other Operating Expenses

EUR '000	2009	2008
Operating expenses	–37,725	–41,801
Selling expenses	–43,064	–50,018
Administrative expenses	–23,887	–23,658
Other expenses	–5,048	–16,174
Total	–109,724	–131,651

[8] Financial Result

EUR '000	2009	2008
Write-downs of financial assets	–135	–191
Income from financial assets	325	454
Total	190	263

[9] Net Interest

EUR '000	2009	2008
Interest and similar income	1,357	3,897
Interest and similar expenses	–29,407	–31,038
Interest from operations	–28,050	–27,141
IFRS interest: market value of interest-rate swaps	–223	–3,617
IFRS interest: non-controlling interests	600	414
IFRS interest	377	–3,203
Total	–27,673	–30,344

Although some interest-rate derivatives are highly effective hedges from a commercial point of view, they are not accounted for as hedges on purely formal grounds. As a result, we have adjusted the change in the market values of these interest-rate derivatives in the item "IFRS interest: market values of interest-rate swaps" with effect on income.

The item "IFRS interest: non-controlling interests" includes income after taxes that to which non-controlling interests in limited partnerships are entitled. For consistency purposes it is recognized in net interest as the corresponding capital of non-controlling shareholders should be recognized in other liabilities as per IAS 32.

In the current fiscal year, thanks to the first-time application of the amended IAS 23, interest expenses were reduced by EUR 472,000 in capitalized borrowing costs. This was based on a financing cost rate of 5 %.

[10] Taxes

EUR '000	2009	2008
Non-recurrent taxes	–409	–1,731
Current taxes	–12,892	–23,142
Deferred taxes	1,122	–1,936
Total	–12,179	–26,809

The non-recurring taxes result predominantly from external tax audits. The deferred taxes include EUR 4,038,000 for capitalized loss carryforwards (previous year: EUR –1,496,000) and EUR –2,916,000 from temporary differences (previous year: EUR –440,000).

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 on their respective markets. Synergies play a secondary role with regard to acquisitions. Each company is responsible for its own results, supported if necessary by the holding company's resources.

INDUS focuses its acquisitions above all on German limited partnerships. The acquisition of a limited partnership has the following fiscal consequences:

The value-added from the purchase price allocation for tax purposes is deductible as write-downs from supplementary tax balance sheets, distributed over the respective useful life. This means that the tax assessment base is reduced by the write-downs. Even for companies with buoyant earnings, this can result in a tax loss with corresponding tax savings, in trade tax at limited partnerships and in corporate income tax at INDUS Holding. There are no longer any positive effects on earnings resulting from the recognition of deferred taxes in accordance with the temporary concept as per IFRS. Carryforwards are capitalized in the Group only if sufficient taxable income can be assumed in the five-year planning period.

Trade tax is due at the level of the limited partnerships. Offsetting tax gains and losses between limited partnerships is not permitted for trade tax. The taxable earnings after trade tax are ascribed to INDUS Holding AG and then subjected to corporate income tax. For the operating companies, no tax group contracts have been concluded with limited liability companies. This is dealt with in the item "No offsetting of income for independent subsidiaries".

Reconciliation from Expected to Actual Tax Expenses

EUR '000	2009	2008
Earnings before income taxes	26,919	59,982
Expected tax expenses	28.8 %	
	7,753	17,275
Reconciliation		
Goodwill amortization, corporate entities	72	951
Capitalization or write-down of deferred tax loss carryforwards	-4,038	1,496
Non-recurrent taxes	409	1,731
Equity measurement of associated companies	-96	-198
Structural effects of		
divergent local tax rates	-220	-209
divergent national tax rates	476	-285
Tax losses of INDUS Holding AG	1,498	40
No offsetting of income for autonomous subsidiaries	3,374	1,507
Foreign withholding tax on tax-free dividends	34	13
Effects of the interest deduction ceiling on INDUS Holding AG	1,667	1,572
Other non-deductible expenses or tax-free income	1,552	3,736
Use of actual tax loss carryforwards	-302	-821
Actual tax expenses	12,179	26,809
as a percentage of earnings	45.2	44.7

Based on a corporate income tax rate of 15 %, taking into account an average trade tax assessment rate of 370 % and the 5.5 % solidarity surcharge, the income tax rate for domestic companies is 28.8 %.

[11] Income from Discontinued Operations

In both fiscal years, income from discontinued operations includes the income after taxes attributable to WILKEN NEUTRASOFT GmbH, which was sold as of January 1, 2009. The earnings of WVF Werkzeug-, Formen- und Vorrichtungsbau GmbH & Co. KG and Volker WITZEL GmbH Klima- und Wärmotechnik were included in this item as well.

[12] Earnings per Share

Earnings per share amount to EUR 0.77 per share (previous year: EUR 1.78 per share). The weighted average number of shares 2009 was 18,370,033 (previous year: 18,370,033). Please see note [19] for further details.

EUR '000	2009	2008
Earnings attributable to INDUS shareholders	10,786	27,445
– Earnings attributable to discontinued operations	–3,330	–5,308
Earnings attributable to continuing operations	14,116	32,753
Shares in circulation (thousands)	18,370	18,370
Earnings per share, continuing operations (in EUR)	0.77	1.78
Earnings per share, discontinued operations (in EUR)	–0.18	–0.29

The earnings taken as the basis are derived from the earnings of the INDUS shareholders, adjusted to exclude income from discontinued operations.

In the event of the authorized capital being utilized, dilutions will arise in the future.

■ Notes to the Consolidated Statement of Financial Position

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

Cost in 2009 EUR '000	Changes in the scope of consoli- dation						Closing balance Dec. 31, 2009
	Opening	Additions	Disposals	Transfers	Currency translation		
Goodwill	340,675	-11,555	–	270	–	–	328,851
Capitalized development costs	10,596	–	2,042	–	–	–	12,638
Property rights, concessions, and other intangible assets	85,801	-1,251	3,254	1,179	-2	–	86,623
Total intangible assets	96,397	-1,251	5,296	1,179	-2	–	99,261
Land and buildings	159,453	-19	2,028	1,090	2,220	–	162,592
Plant and machinery	277,297	-4,607	15,855	7,618	5,917	–	286,844
Other equipment, factory and office equipment	95,730	-866	7,369	4,770	643	–	98,106
Advance payments and work in process	10,483	–	4,146	1,375	-8,778	-4	4,472
Total property, plant, and equipment	542,963	-5,492	29,398	14,853	2	-4	552,014

Cost in 2008 EUR '000	Opening balance Jan. 1, 2008	Changes in the scope of consoli- dation					Closing balance Dec. 31, 2008
		Additions	Disposals	Transfers	Currency translation		
Goodwill	340,137	125	413	–	–	–	340,675
Capitalized development costs	8,221	–	2,375	–	–	–	10,596
Property rights, concessions, and other intangible assets	92,465	-4,992	2,319	3,991	–	–	85,801
Total intangible assets	100,686	-4,992	4,694	3,991	–	–	96,397
Land and buildings	152,686	2,708	3,437	9	631	–	159,453
Plant and machinery	258,828	693	21,166	8,326	4,936	–	277,297
Other equipment, factory and office equipment	91,521	-1,685	10,115	4,402	181	–	95,730
Advance payments and work in process	6,988	-7	10,148	860	-5,748	-38	10,483
Total property, plant, and equipment	510,023	1,709	44,866	13,597	–	-38	542,963

Amortization in 2009	Opening balance Jan. 1, 2009	Changes in the scope of consolidation	Additions	Write-ups	Disposals and transfers	Currency translation	Closing balance Dec. 31, 2009
EUR '000							
Goodwill	44,701	-10,500	5,346	–	269	–	39,278
Capitalized development costs	1,835	–	980	–	–	–	2,815
Property rights, concessions, and other intangible assets	77,202	-1,193	4,379	–	1,009	-49	79,330
Total intangible assets	79,037	-1,193	5,359	0	1,009	-49	82,145
Land and buildings	38,643	-12	5,558	0	83	20	44,126
Plant and machinery	187,045	-3,057	21,225	0	6,625	14	198,602
Other equipment, factory and office equipment	66,612	-554	8,573	0	4,082	-151	70,398
Advance payments and work in process	–	–	–	–	–	–	–
Total property, plant, and equipment	292,300	-3,623	35,356	–	10,790	-117	313,126

Amortization in 2008	Opening balance Jan. 1, 2008	Changes in the scope of consolidation	Additions	Write-ups	Disposals and transfers	Currency translation	Closing balance Dec. 31, 2008
EUR '000							
Goodwill	39,573	-1,673	6,801	–	–	–	44,701
Capitalized development costs	965	–	870	–	–	–	1,835
Property rights, concessions, and other intangible assets	81,574	-8,931	4,924	–	364	-1	77,202
Total intangible assets	82,539	-8,931	5,794	–	364	-1	79,037
Land and buildings	33,477	0	5,170	–	9	5	38,643
Plant and machinery	173,337	0	20,792	–	7,186	102	187,045
Other equipment, factory and office equipment	63,828	-1,767	8,455	–	3,896	-8	66,612
Advance payments and work in process	–	–	–	–	–	–	–
Total property, plant, and equipment	270,642	-1,767	34,417	–	11,091	99	292,300

Intangible assets have determinable useful lives.

Changes in the scope of consolidation relate to additions under IFRS 3 and disposals under IFRS 5.

In 2009, the only change in the scope of consolidation related to company disposals. In the previous year, changes in the scope of consolidation included the following reclassifications as per IFRS 5: goodwill (cost: EUR 1,673,000, amortization: EUR 1,673,000, residual carrying amount: EUR 0), intangible assets (cost: EUR 9,295,000, amortization: EUR 8,931,000, residual carrying amount: EUR 364,000), and property, plant, and equipment (cost: EUR 2,033,000, depreciation: EUR 1,767,000, residual carrying amount: EUR 266,000).

When the depreciation and amortization from the fixed asset schedule and the statement of income in 2008 are coordinated, the reclassification of these shown in the "Adjustment of previous year's figures" must be included.

[13] The residual carrying amounts of fixed assets developed as follows:

EUR '000	Dec. 31, 2009	Jan. 1, 2009	Jan. 1, 2008
Goodwill	289,573	295,974	300,564
Capitalized development costs	9,823	8,761	7,256
Property rights, concessions, and other intangible assets	7,293	8,599	10,891
Total intangible assets	17,116	17,360	18,147
Land and buildings	118,466	120,810	119,209
Plant and machinery	88,242	90,252	85,491
Other equipment, factory and office equipment	27,708	29,118	27,693
Advance payments and work in process	4,472	10,483	6,988
Total property, plant, and equipment	238,888	250,663	239,381

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

EUR '000	2009	2008
Other investments	204	243
Other loans	8,790	7,947
Shares accounted for using the equity method	4,578	4,663
Total	13,572	12,853

The loans relate to loans originated 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 fiscal years.

The following overview contains additional information on associated companies:

Associated companies

EUR '000	2009	2008
Purchase price of associated companies	2,857	2,857
Appropriated income in the period	335	686
Key figures of the associated companies:		
Assets	7,840	8,514
Liabilities	3,420	3,888
Capital	4,420	4,626
Revenue	19,449	27,248
Earnings	658	1,857
Relations with associated companies:		
Accounts receivable	499	1,030
Sales	1,175	2,187
Goods purchased	902	1,344

There were no valuation allowances for receivables from companies valued using the equity method.

[15] Other Assets

EUR '000	2009	2008
Other tax refund claims	1,235	3,692
Accrual of payments not relating to the period under review	1,646	1,850
Reinsurance premiums	2,377	2,423
Loans and other receivables	963	728
Positive swap market value	771	842
Sundry assets	4,499	3,593
Total	11,491	13,128
of which current	8,481	9,960
of which noncurrent	3,010	3,168

[16] Current Income Taxes

Capitalized current income taxes amounting to EUR 571,000 are noncurrent (previous year: EUR 632,000) and result primarily from capitalized corporate income tax credits. Of the current income tax liabilities, EUR 466,000 is accounted for by liabilities from income taxes (previous year: EUR 4,487,000) and EUR 3,653,000 by income tax provisions (previous year: EUR 8,567,000).

The origin of the **deferred tax** assets and liabilities is broken down by statement of financial position item as follows:

2009 EUR '000	Assets	Liabilities	Balance
Goodwill of limited partnerships	2,237	-21,914	-19,677
Intangible assets	469	-2,270	-1,801
Property, plant, and equipment	2,335	-1,573	762
Other noncurrent assets	395	-	395
Receivables and inventories	-	-1,475	-1,475
Other current assets	-	-195	-195
Long-term provisions	793	-91	702
Current liabilities	1,548	-603	945
Capitalization of losses carried forward	5,434	-	5,434
Netting-out of accounts at the company level	-4,002	4,002	-
Netting-out of accounts at the Group level	-7,220	7,220	-
Deferred taxes in statement of financial position	1,989	-16,899	-14,910

2008 EUR '000	Assets	Liabilities	Balance
Goodwill of limited partnerships	1,351	-21,376	-20,025
Intangible assets	932	-1,906	-974
Property, plant, and equipment	2,964	-1,658	1,306
Other noncurrent assets	240	-	240
Receivables and inventories	-	-845	-845
Other current assets	150	-	150
Long-term provisions	787	-73	714
Current liabilities	2,565	-674	1,891
Capitalization of losses carried forward	1,396	-	1,396
Netting-out of accounts at the company level	-3,934	3,934	-
Netting-out of accounts at the Group level	-2,617	2,617	-
Deferred taxes in statement of financial position	3,834	-19,981	-16,147

In the interests of transparent presentation, all of the effects resulting from the accounting treatment of construction contracts pursuant to IAS 11 were shown in the "Receivables and inventories" item. The netting-out transactions in the company are reduced accordingly. The previous year was adjusted, affecting current assets and liabilities as well as receivables and inventories.

Netting within the Group (between different tax entities) is undertaken for income tax which is due to the same tax authority. This relates mainly to the corporate tax of INDUS Holding AG and those of its German subsidiaries which are incorporated companies by law.

Deferred tax liabilities result mainly 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 – and goodwill of a fiscal nature – are tax-deductible. As goodwill is no longer amortized in accordance with IFRS, deferred taxes will henceforth be accrued in line with the amortization of fiscal goodwill as per the conditions set forth in IAS 12.21B. Deferred taxes must be recognized by the time the company is sold. As INDUS principally engages in long-term investments in subsidiaries, this item will be increased continuously in the future.

The change in the balance of deferred taxes amounted to EUR 1,122,000 (previous year: EUR –1,936,000), was recognized through profit and loss in the statement of income, and results in other respects from adjustments with no effect on income within the framework of capital consolidation and reserves for the marked-to-market valuation of financial instruments.

Due to the lack of opportunities for realizing them, deferred tax assets of EUR 137,000 were not recognized (previous year: EUR 482,000).

The company believes that trade tax and corporate tax losses carried forward amounting to EUR 40,102,000 (previous year: EUR 10,740,000) are realizable by means of current income. Losses carried forward amounting to EUR 116,711,000 (previous year: EUR 103,152,000) which are unlikely to be realized were not capitalized. The bulk of these were trade tax loss carryforwards resulting from the fiscal particularities prevailing at INDUS Holding AG, as explained in note [10]. Potential opportunities to realize such carryforwards in the future will accordingly be determined by the prevailing trade tax rate. The largest single item is the holding company's trade tax loss carryforward. The utilization of these loss carryforwards is not subject to any time limits.

Deferred tax assets totaling EUR 1,350,000 (previous year: EUR 479,000) were recognized in addition to the relevant deferred tax liabilities for companies which have recently suffered tax losses. The current fiscal year should be seen as exceptional in the light of the global economic developments. For this reason, capitalization is based on the longer-term prospects as defined in conjunction with the plans approved by management.

Taking the applicable tax rates into account, this results in capitalized tax loss carryforwards amounting to EUR 5,434,000 (previous year: EUR 1,396,000). The impact this has on earnings is EUR 4,038,000 (previous year: EUR –1,496,000).

In the 2009 fiscal year, deferred taxes amounting to EUR 176,000 were accrued for the items recognized in equity which have no effect on income (previous year: EUR 711,000).

[17] Accounts Receivable

EUR '000	2009	2008
Accounts receivable from customers	88,382	95,068
Future accounts receivable from customer-specific construction contracts	10,386	8,448
Accounts receivable from associated companies	499	1,030
Total	99,267	104,546

In the year under review, EUR 388,000 in accounts receivable from customers were shown under noncurrent assets as they had maturities of over one year (previous year: EUR 487,000).

The accounts receivable from customer-specific construction contracts amounting to EUR 1,246,000 have long-term maturities (previous year: EUR 922,000). Further information on construction contracts is contained in the following table:

Completion of Contracts

EUR '000	2009	2008
Costs incurred including prorated income	43,444	27,250
Advance payments received	34,984	21,915
Construction contracts with a positive balance	10,386	8,448
Construction contracts with a negative balance	1,926	3,113
Contingent liabilities	8,785	13,935

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

The accounts receivable include **valuation allowances** amounting to EUR 4,884,000 (previous year: EUR 5,744,000). They developed as follows:

EUR '000	2009	2008
Valuation allowances as of January 1	5,744	4,337
Currency translation	-1	13
Changes in the scope of consolidation	-9	18
Additions	1,715	3,491
Utilization	-1,096	-700
Reversals	-1,469	-1,415
Valuation allowances as of December 31	4,884	5,744

[18] Inventories

EUR '000	2009	2008
Raw materials and supplies	51,797	60,737
Unfinished goods	40,355	44,864
Finished goods and goods for resale	50,148	65,593
Prepayments to third parties for inventories	802	853
Total	143,102	172,047

The value of the inventories carrying amounts was adjusted downward by EUR 9,497,000 (previous year: EUR 10,069,000), of which EUR 2,151,000 is comprised of reductions in fair value (previous year: EUR 2,274,000). No inventories were pledged as collateral for liabilities.

[19] Equity

Subscribed Capital

The capital stock amounted to EUR 47,762,086 as of the reporting date. The capital stock is divided into 18,370,033 no-par-value shares. The shares are in the name of the bearer and each grants 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 incorporation, 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 14,328,626.00 through the one-time or multiple issuance of new bearer shares in exchange for contributions in cash (Authorized Capital I) by June 30, 2014. In the event of a capital increase, shareholders must be granted a subscription right. However, subject to Supervisory Board approval, the Board of Management is empowered to exempt fractional amounts from the shareholder subscription rights. The Board of Management remains empowered to determine the further details of the capital increase.

According to Item 4.4 of the articles of incorporation, subject to the approval of the Supervisory Board, the Board of Management is authorized to increase the company's capital stock additionally by up to EUR 9,552,417.00 through the one-time or multiple issuance of new bearer shares in exchange for contributions in cash and/or kind (Authorized Capital II) by June 30, 2014.

Subject to the approval of the Supervisory Board, the Board of Management is empowered to exclude shareholder subscription rights and to determine other details of the capital increase:

- if the issue amount for the new shares is not significantly below the stock market price of company shares of the same type at the time when the issue amount is determined, as defined by Sec. 203 Paras. 1 and 2, Sec. 186 Para. 3 Sentence 4 of the German Stock Corporation Act (AktG). The authorization to exclude shareholder subscription rights shall be valid only if the shares to be issued within the framework of the capital increase account for a proportion of the company's existing capital stock which is no higher than 10% both at the time when this authorization comes into effect and at the time when this authorization is exercised. This maximum amount for the exclusion of subscription rights must take into account the proportional amount of the capital stock accounted for by shares issued or sold to the exclusion of subscription rights during the term of this authorization under the direct or analogous application of Sec. 186, Para. 3, Sentence 4 of the German Stock Corporation Act (AktG). Also to be taken into account are shares which were or must be sold during the term of this authorization on the basis of bonds with conversion or option rights issued in accordance with this stipulation.
- in the event of a capital increase against contributions in kind for the purpose of acquiring companies, parts of companies, or investments in companies.

Furthermore, the Annual Shareholders' Meeting held on July 1, 2009 authorized the company in accordance with Sec. 71, Para. 1, Item 8 of the German Stock Corporation Act (AktG) to buy back a maximum of 1,837,003 shares, corresponding to approximately 10% of the current number of no-par-value shares and, therefore, to around 10% of the company's current capital stock, in the period until December 31, 2010. The authorization can be exercised in full or in part and 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.

Reserves and Consolidated Net Income Available for Distribution

The development of reserves is presented in the statement of changes in equity and includes INDUS Holding Aktiengesellschaft's additional paid-in capital. As of the reporting date, the equity ratio was 26.5% (previous year: 25.5%).

Non-controlling Interests

Interests held by other shareholders essentially consist of the non-controlling interests in the limited liability companies WEIGAND Bau GmbH and SELZER-REMPPEL Automotiva Ltda. Non-controlling interests in limited partnerships were reclassified under other liabilities [23]. This relates primarily 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 0.50 per no-par-value share. For shares, this corresponds, with 18,370,033 shares, a payment of EUR 9,185,016.50. The full text of the dividend proposal is published separately.

Managing Capital

INDUS Holding AG manages its capital in order to increase its return on equity. The ratio of equity to interest-bearing total capital, consisting of interest-bearing debt and equity, 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 424,334,000 (previous year: EUR 454,627,000). Taking equity in the statement of financial position into account, total capital comes to EUR 666,048,000 (previous year: EUR 701,000,000). Relative to total interest-bearing capital used, the equity ratio rose from 35.1 % in 2008 to 36.3 % in 2009.

Apart from the German Stock Corporation Act's minimum capital regulations, INDUS Holding AG is not subject to any legally stipulated capital requirements. Furthermore, INDUS Holding AG has entered into obligations to maintain a minimum equity ratio at the stock corporation in connection with loan agreements. This enables it to keep receiving funds on reasonable terms. In the last fiscal year, the company by far exceeded the minimum equity ratio required.

[20] Information on **financial liabilities** and the related derivatives is contained in the following tables:

Information on contractual repayment obligations/ remaining terms EUR '000	Dec. 31, 2009 Carrying amount for period under review	Repayment obligation		
		1 year	1 to 5 years	Over 5 years
Liabilities to banks				
in the Group's currency EUR	408,306	81,497	248,352	78,457
in Swiss francs	22,134	11,461	8,872	1,801
in other currencies	2,805	286	1,381	1,138
ABS financing	38,601	38,601	–	–
Promissory note bonds	30,000	6,500	23,500	–
Total financial liabilities	501,846	138,345	282,105	81,396
Derivatives/interest-rate swaps				
Nominal values	178,283	29,846	115,155	33,282

Information on contractual repayment obligations/ remaining terms EUR '000	Dec. 31, 2008 Carrying amount for period under review	Repayment obligation		
		1 year	1 to 5 years	Over 5 years
Liabilities to banks				
in the Group's currency EUR	422,310	78,836	240,258	103,216
in Swiss francs	23,709	1,575	20,220	1,914
in other currencies	3,070	265	1,282	1,523
ABS financing	44,665	44,665	–	–
Promissory note bonds	32,500	22,500	10,000	–
Total financial liabilities	526,254	147,841	271,760	106,653
Derivatives/interest-rate swaps				
Nominal values	282,111	115,428	110,180	56,503

Remaining fixed- interest period EUR '000	Financial Liabilities					Derivatives: interest-rate swaps	
	Risk-free going interest rates	Weighted interest rate based on the carrying amount	Nominal volume/ historical cost	Carrying amount as of Dec. 31, 2009	Carrying amount as of Dec. 31, 2008	Nominal value as of Dec. 31, 2009	Nominal value as of Dec. 31, 2008
< 1 year	0.77 %	2.61 %	347,565	256,359	282,044	9,706	103,323
1 to < 2 years	1.33 %	4.63 %	45,113	28,383	41,601	11,329	10,546
2 to < 3 years	1.79 %	4.92 %	66,106	34,825	31,347	5,119	13,052
3 to < 4 years	2.18 %	4.83 %	56,483	29,920	38,073	10,417	5,832
4 to < 5 years	2.52 %	5.07 %	81,195	62,660	32,595	28,533	11,500
> 5 years	3.63 %	5.22 %	107,805	89,699	100,594	113,179	137,858
Total		704,267	501,846	526,254	178,283	282,111	
Market values of original and derivative financial instruments			482,785	507,453	–10,396	–7,918	

As of the statement of financial position date, EUR 43,379,000 in accounts receivable (previous year: EUR 50,062,000) was transferred within the framework of ABS financing as it could not be retired due to the remaining default risk. In connection with this, financing arrangements amounting to EUR 38,601,000 (previous year: EUR 44,665,000) which had been classified as collateralized debt in the consolidated financial statements were recognized in the statement of financial position.

Financial facilities from the sale of accounts receivable are stated as part of financial liabilities with short maturities and adjusted interest rates.

[21] Disclosure in Accordance with IAS 19: Statement of Financial Position and Statement of Income

Statement of Income	EUR '000	Deviation Change in the scope of consolidation		
		2009	2008	Other divergence
Current service cost	237	216	-15	36
Interest cost	863	825	-19	57
Income from plan assets	-77	-67	0	-10
Recognized actuarial gain or loss	0	-21	0	21
Service cost subject to retrospective settlement	0	40	0	-40
Cost of defined benefit obligation	1,023	993	-34	64
+ defined contribution plan cost	1,910	1,788	0	122
= cost of pension commitments for the period carried on the statement of income	2,933	2,781	-34	186
Statement of Financial Position Valuation	EUR '000	Deviation Change in the scope of consolidation		
		2009	2008	Other divergence
Present value of benefit obligations financed by provisions	15,765	16,211	-384	-62
Present value of funded benefit obligations	1,587	1,565	0	22
DBO: accumulated benefit obligation	17,352	17,776	-384	-40
Market value of plan assets	-1,587	-1,565	0	-22
Net obligation	15,765	16,211	-384	-62
Unrecognized actuarial result	229	-47	-10	286
Closing balance: amount carried on the statement of financial position as of December 31	15,994	16,164	-394	224
Pension obligation expenses	1,023	993	-34	64
Pension payments	-833	-830	-5	2
Change in the scope of consolidation	-360	877	0	0
Opening balance: amount carried on the statement of financial position as of January 1	16,164	15,124		
Underlying assumptions:				
Discount rate	5.25 %	5.25 %		
Salary trend	2.00 %	2.50 %		
Pension trend	1.50 %	1.75 %		
Expected income from plan assets	4.25 %	4.25 %		

Interest expenses are stated in the item "Net interest". The anticipated income from plan assets essentially corresponds to actual income. The change in the scope of consolidation in 2009 resulted from the disposal of Wfv Werkzeug-, Formen- und Vorrichtungsbau GmbH & Co. KG.

Plan assets consist solely of reinsurance policies. Plan assets developed as follows:

Development of Plan Assets

EUR '000	2009	2008
Assets as of January 1	1,565	1,587
Expected return on plan assets	77	67
Ongoing employer contributions	44	50
Pensions paid	–76	–156
Reclassification of pension plans	–	–
Change in the scope of consolidation	–	–
Other	–23	17
Assets as of December 31	1,587	1,565

The following table provides an overview of the development of pension obligations, the fair values 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 that do not result from changes in actuarial assumptions have been made to pension obligations or assets.

Development of Key Figures

EUR '000	2009	2008	2007	2006	2005
Defined benefit obligation (DBO)	17,352	17,776	16,497	16,565	16,811
Market value of plan assets	–1,587	–1,565	–1,587	–1,375	–755
Benefit obligation	15,765	16,211	14,910	15,190	16,056
Unrecognized actuarial gain/loss	229	–47	214	–397	–1,337
Closing balance: amount carried on the statement of financial position as of December 31	15,994	16,164	15,124	14,793	14,719

[22] Provisions

2009 EUR '000	Opening balance Jan. 1, 2009	Change in scope of consolidation	Amount utilized	Reversal	Additions/ new accruals	Currency adjustments	Closing balance Dec. 31, 2009
Sales and purchasing obligations	12,771	-43	8,556	2,050	8,556	-2	10,676
Personnel expenses	10,220	-19	7,755	451	7,523	27	9,545
Other provisions	13,588	-426	5,454	3,061	7,132	0	11,779
Total	36,579	-488	21,765	5,562	23,211	25	32,000

2008 EUR '000	Opening balance Jan. 1, 2008	Change in scope of consolidation	Amount utilized	Reversal	Additions/ new accruals	Currency adjustments	Closing balance Dec. 31, 2008
Sales and purchasing obligations	11,592	44	8,446	1,275	10,818	38	12,771
Personnel expenses	11,138	-252	8,796	348	8,426	52	10,220
Other provisions	8,556	142	5,427	672	10,955	34	13,588
Total	31,286	-66	22,669	2,295	30,199	124	36,579

The allocations to provisions for pensions [21] include interest accretions totaling EUR 863,000 (previous year: EUR 825,000). There is no other significant interest accretion. Liabilities from sales activities include provisions for warranties based on legal or de facto obligations, obligations for customer bonuses and rebates, as well as estimated values for anticipated invoices. Provisions for personnel expenses are formed for personnel credit hours, service anniversaries, partial retirement, 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	2009	Current	Noncurrent	2008	Current	Noncurrent
Accounts payable to outside shareholders	24,641	17,607	7,034	23,394	7,401	15,993
Accounts payable for personnel	7,994	7,994	-	9,120	9,120	-
Accrual of non-recurrent payments	5,442	5,442	-	8,828	8,828	-
Accrual of payments not relating to the period under review	7,181	3,038	4,143	6,254	2,638	3,616
Advance payments received	3,062	3,062	-	4,096	4,096	-
Construction contracts with a negative balance	1,926	1,926	-	3,113	3,113	-
Investment subsidies	2,817	285	2,532	3,116	365	2,751
Derivative financial instruments	9,131	9,131	-	7,686	7,686	-
Sundry other liabilities	10,694	9,724	970	12,709	12,002	707
Total	72,888	58,209	14,679	78,316	55,249	23,067

The non-controlling interests on the capital of limited partnerships in which other shareholders own stakes is reported with EUR 17,336,000 (previous year: EUR 19,811,000) under liabilities vis-à-vis outside shareholders. This is due to the principle redeemability and therefore refunding of the shares.

■ Information on the Significance of Financial Instruments

Financial Instruments: Assets

EUR '000	2009	Measured by other standards*	Financial instruments IFRS 7	2008	Measured by other standards*	Financial instruments IFRS 7
Financial assets	8,994	–	8,994	8,190	–	8,190
Cash and cash equivalents	93,506	–	93,506	87,791	–	87,791
Accounts receivable	99,267	10,386	88,881	104,546	8,448	96,098
Other assets	11,491	1,235	10,256	13,128	3,692	9,436
Total financial instruments			201,637			201,515

* IAS 11, IAS 12

Financial Instruments: Equity and Liabilities

EUR '000	2009	Measured by other standards*	Financial instruments IFRS 7	2008	Measured by other standards*	Financial instruments IFRS 7
Financial liabilities	501,846	–	501,846	526,254	–	526,254
Trade accounts payable	28,019	–	28,019	28,109	–	28,109
Other liabilities	72,888	10,185	62,703	78,316	15,068	63,248
Total financial liabilities	602,753		592,568			617,611

* IAS 11, IAS 12, and IAS 20

Financial Instruments by Valuation Categories

2009	Carrying amount	Market value	Net gains/losses
EUR '000			
Measured at fair value through profit and loss for trading purposes			
designated instrument	771	771	–71
	–	–	–
Held-to-maturity financial investments	–	–	–
Loans and receivables	200,662	201,189	–825
Available-for-sale financial assets	204	204	–63
Financial instruments: assets	201,637	202,164	–959
Measured at fair value through profit and loss for trading purposes			
designated instrument	9,131	9,131	–331
	–	–	–
Financial liabilities measured at their residual carrying amounts	583,437	564,233	–41
Financial instruments: equity and liabilities	592,568	573,364	–372

2008 EUR '000	Carrying amount	Market value	Net gains/ losses
Measured at fair value through profit and loss			
for trading purposes designated instrument	842	842	842
—	—	—	—
Held-to-maturity financial investments	—	—	—
Loans and receivables	200,430	200,700	–2,628
Available-for-sale financial assets	243	243	228
Financial instruments: assets	201,515	201,785	–1,558
Measured at fair value through profit and loss			
for trading purposes designated instrument	7,686	7,686	–3,617
—	—	—	—
Financial liabilities measured at their residual carrying amounts	609,925	590,821	–2,067
Financial instruments: equity and liabilities	617,611	598,507	–5,684

Available-for-sale financial assets consist primarily of long-term financial investments which have no price quoted on an active market and of which the fair value cannot be determined reliably. They are accounted for at acquisition cost in accordance with IAS 39.46c.

Net gains and losses on loans and receivables, as well as financial liabilities, accounted for at their residual carrying amounts largely originate from valuation allowances (EUR –949,000; previous year: EUR –2,675,000), income from payments received, and currency translation. Net gains and losses on available-for-sale financial assets correspond to these financial investments' contribution to Group earnings.

Net gains and losses on financial instruments recognized at fair value take into account the change in the market values of interest rate, currency, and raw materials hedges which do not meet the formal requirements of hedge accounting.

In both fiscal years, the market values of derivatives at fair value through profit and loss were measured using only market-related valuation methods. These correspond to the stage 2 procedures in accordance with IFRS 7.27A.b. There are, therefore, no effects from the changeover of valuation methods in accordance with stage 1 (market prices) or stage 3 (valuation procedures without observable market data).

Total interest income and expenses for financial instruments not measured at fair value through profit and loss amount to EUR –27,659,000 (previous year: EUR –26,316,000).

■ 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. In principle, those risks which have an impact on the Group's cash flow are hedged. Such risks are hedged using non-derivative and derivative financial instruments, with the latter being transacted solely for hedging purposes.

Risk Management and Financial Derivatives

The INDUS Group operates 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 in accordance with the definition in IFRS 7. The basic principles of the financial policies are established each year by the Board of Management and monitored by the Supervisory Board.

Liquidity Risk

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

The following cash outflows, which are incorporated into the INDUS Group's long-term financial planning, were determined in consideration of the conditions for financial instruments determined as of the reporting date:

Cash Outflow

EUR '000	1 year	1 – 5 years	Over 5 years
Financial liabilities	155,807	317,315	89,886
Interest rate derivatives	5,354	12,229	1,527
Trade accounts payable	28,019	–	–
Other liabilities	48,793	12,147	–
Total financial instruments	237,973	341,691	91,413

Cash flows consist of principal payments and their respective interest. They also include interest payments on derivatives with a positive market value which act as commercial hedges for the financial liabilities. The accumulated payment flows from financial liabilities and interest rate derivatives result in the payment flow from corresponding fixed-term loans.

Default Risk

In the financing area, contracts are concluded only with counterparties of first-class credit standing. In the operational area, the portfolio companies are responsible for ongoing decentralized risk monitoring. Default risks are taken into account by means of adequate valuation allowances. The maximum default risk corresponds to the stated value of loans and receivables originated by the company, while for derivatives it is equal to the sum total of their positive market values.

Corporate risk is widely diversified as INDUS Group companies are autonomous and they all develop and offer a variety of products on different markets.

A concentration of default risks arising from business relationships exists in the Automotive Components/Engineering segment and results from the segment's oligopolistic customer structure. The overall portfolio of trade accounts receivable shows that twelve customers (previous year: ten) each accounted for more than 1%. This amounts to 30% of the unsettled items in the consolidated financial statements (previous year: 20%). In the last two fiscal years, the proportion of the Group's sales accounted for by its top ten customers amounted to approximately 20%.

On the reporting date, as in the previous year, there were no non-overdue accounts receivable from customers and associated companies which would have been overdue without renegotiation.

Furthermore, there are accounts receivable from customers and associated companies which are overdue, but have had no valuation allowances carried out for them. There are generally no major payment defaults with due dates of up to three months, since overdue payments largely result from timing differences in their booking. Since trade accounts receivable were not subjected to valuation allowances and were not overdue, there were no indications as of the cutoff date that the debtors may not be able to meet their payment obligations.

Accounts Receivable from Customers and Associated Companies

EUR '000	2009	2008
Amount carried in the statement of financial position*	89,270	96,514
+ valuation allowances contained therein	4,884	5,744
= gross value of accounts receivable before valuation allowances	94,154	102,258
of which as per reporting date		
- neither impaired nor overdue	71,472	67,480
- not impaired and overdue by the following periods:		
less than 3 months	14,830	23,110
3 to 6 months	1,224	3,586
6 to 9 months	415	646
9 to 12 months	228	559
over 12 months	363	965

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

Interest-rate Risk

INDUS Holding AG ensures and coordinates the financing and liquidity of all of the portfolio companies. The main focus is on financing the long-term development of its investment portfolio. Accordingly, financing arrangements with adequate maturities are 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 might 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 points in parallel. The effects are calculated for the fixed conditions of the financial instruments in the portfolio as of the reporting date.

Changes in market values have an impact on the presentation of the net worth and financial and earnings position, depending on the valuation categories of the underlying financial instruments. Changing the interest-rate level by ± 100 base points changes the market values of all financial instruments by approximately \pm EUR 14.2 million (previous year: \pm EUR 16.5 million). The market values of the interest-rate derivatives change by approximately \pm EUR 5.2 million (previous year: \pm EUR 6.2 million), of which \pm EUR 2.0 million (previous year: \pm EUR 2.6 million) would be recognized as part of equity with no effect on income, while the impact on net interest would amount to \pm EUR 3.2 million (previous year: \pm EUR 3.6 million). The effects on earnings and equity are reversed in subsequent periods until the derivatives' final maturities.

Since, from a commercial point of view, interest-rate risks are almost completely hedged, changes in the interest rates of variable-interest financial liabilities and derivative financial instruments would offset each other. This means that future cash flows will not be significantly affected.

Currency Risk

Currency risks basically result from the operating activities of the Group companies and financing transactions between the foreign portfolio companies and the respective proprietary companies. Risk analyses are carried out on a net basis, while hedges are concluded by the portfolio companies on a case-by-case basis in accordance with the philosophy of commercial autonomy. The instruments employed are forward exchange transactions and suitable options.

Currency risks have an effect on the presentation of the net worth and the financial and earnings position when financial instruments are denominated in currencies other than the functional currency of the Group company in question. Risks arising from the currency translation of financial statements to the Group currency are not taken into consideration. Since currency hedges are not formally accounted for as hedges, this does not have an impact on provisions for the marked-to-market valuation of financial instruments.

Assuming that the exchange rates of all foreign currencies were to rise by 10 % against the euro as of the reporting date, net income from currency translation would increase by EUR 2.1 million (previous year: EUR +4.0 million). This is primarily due to the loan taken out by INDUS Holding AG in Swiss francs amounting to EUR +2.3 million (previous year: EUR +2.8 million) and the forward contracts in US dollars amounting to EUR +0.3 million (previous year: EUR +1.1 million) and in Swiss francs amounting to EUR -0.6 million (previous year: EUR 0 million).

■ Hedge Accounting

Hedging Activities

Currency hedges as of the reporting dates related almost entirely to US dollars (USD) and Swiss francs (CHF) and had a nominal volume of EUR 15.3 million (previous year: EUR 20.4 million). These hedges had 2009 a positive market value of EUR 156,000 (previous year: EUR 842,000).

The Group maintained interest-rate hedges with a nominal volume of 178,283,000 EUR (previous year: 282,111,000 EUR). They had market values amounting to –10.396,000 EUR (previous year: –7.918,000 EUR). Further details on terms and maturities are included in the report on financial liabilities.

■ Segment Reporting

The classification of the segments corresponds to the current status of internal reporting. The information relates to the continuing activities.

The companies are allocated to the segments on the basis of their selling markets insofar as the bulk of their product range is sold in that market environment (Automotive Components/Engineering, Medical Engineering/Life Science). Otherwise they are classified by common features in their production structure (Construction/Infrastructure, Engineering, Metal/Metal Processing). The reconciliations contain the figures of the holding company, non-operational units not allocated to any segment, and consolidations.

The central control variable for the segments remains operating earnings (EBIT) as defined in the consolidated financial statements. Segment assets are comprised of total assets adjusted for income tax claims. The segment information has been ascertained in compliance with the reporting and valuation methods that were applied during the preparation of the consolidated financial statements.

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.

Primary Reporting Format: By Segments Reconciliation

Segment reporting in accordance with IFRS 8 2009 EUR '000	Automotive Components/Engineering	Medical Engineering/Life Science	Construction/Infrastructure	Engineering	Metal/Metal Processing	Total segments	Reconciliation	Consolidated financial statements
External sales	199,320	76,869	189,231	108,346	195,680	769,446	66	769,512
Internal sales	13,012	3,076	7,608	6,192	20,126	50,014	-50,014	0
Sales	212,332	79,945	196,839	114,538	215,806	819,460	-49,948	769,512
Segment earnings (EBIT)	-8,435	10,790	28,078	9,924	18,458	58,815	-4,223	54,592
Earnings from equity valuation	-	320	15	-	-	335	-	335
Depreciation/Amortization of which scheduled depreciation for wear and tear from first-time consolidation of which unscheduled depreciation for wear and tear from first-time consolidation	-26,175	-3,451	-4,820	-2,623	-8,665	-45,734	-327	-46,061
	-3,735	-46	-1,027	-154	-917	-5,879	-	-5,879
	-5,776	-	-	-	-	-5,776	-	-5,776
Capital expenditure of which company acquisitions shares accounted for using the equity method	17,402	1,664	6,350	2,342	6,894	34,652	42	34,694
	-	3,409	1,169	-	-	4,578	-	4,578
Segment assets	281,508	92,943	199,289	104,114	197,135	874,989	33,515	908,504
Additional information: EBITDA	17,740	14,241	32,898	12,547	27,123	104,549	-3,896	100,653

Segment reporting in accordance with IFRS 8 2008 EUR '000	Automotive Components/Engineering	Medical Engineering/Life Science	Construction/Infrastructure	Engineering	Metal/Metal Processing	Total segments	Reconciliation	Consolidated financial statements
External sales	290,542	81,027	193,338	136,453	219,450	920,810	-710	920,100
Internal sales	23,048	4,665	8,202	6,434	20,602	62,951	-62,951	0
Sales	313,590	85,692	201,540	142,887	240,052	983,761	-63,661	920,100
Segment earnings (EBIT)	21,138	12,499	21,636	14,332	24,902	94,507	-4,181	90,326
Earnings from equity valuation	-	458	228	-	-	686	-	686
Depreciation/Amortization of which scheduled depreciation for wear and tear from first-time consolidation of which unscheduled depreciation for wear and tear from first-time consolidation	-20,340	-3,317	-4,943	-5,855	-7,942	-42,397	-689	-43,086
	-4,584	-44	-1,262	-242	-760	-6,892	-234	-7,126
	-	-	-	-3,301	-	-3,301	-	-3,301
Capital expenditure of which company acquisitions shares accounted for using the equity method	24,334	3,251	6,529	3,209	18,353	55,676	599	56,275
	-	-	-	-	6,301	6,301	-	6,301
	-	3,447	1,216	-	-	4,663	-	4,663
Segment assets	303,131	96,656	197,293	104,521	207,116	908,717	50,335	959,052
Additional information: EBITDA	41,478	15,816	26,579	20,187	32,844	136,904	-3,492	133,412

Reconciliation

EUR '000	2009	2008
Segment earnings (EBIT)	58,815	94,507
Areas not allocated, incl. holding company	−3,400	−5,053
Consolidations	−823	872
Net interest	−27,673	−30,344
Earnings before taxes	26,919	59,982

Secondary Reporting Format: By Region

The regionalization of sales is based on the selling markets. The further classification of the diverse foreign activities by country is not expedient as no country outside of Germany accounts for 10% of Group sales.

The segment assets are based on the domiciles of the respective companies. Further differentiation is not expedient, as the majority of the companies are domiciled in Germany.

2009 EUR '000	Germany	Abroad	Reconciliation	Group
Sales	451,388	368,072	−49,948	769,512
Segment assets	835,915	106,104	−33,515	908,504

2008 EUR '000	Germany	Abroad	Reconciliation	Group
Sales	544,456	439,305	−63,661	920,100
Segment assets	888,155	121,232	−50,335	959,052

Due to INDUS' diversification policy there were no individual product or service groups and no individual customers who accounted for more than 10% of sales.

■ Other Information

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

Contingent Liabilities

EUR '000	2009	2008
Liabilities from the issuance and transfer of bills	160	0

Pledged Assets

EUR '000	2009	2008
Land charges	31,094	32,862
Pledged receivables (ABS financing)	43,379	50,062
Other collateral	6	543
Total collateral	74,479	83,467

Other collateral consists primarily of pledged property, plant, and equipment.

Other Financial Obligations

Other financial obligations from rental, tenancy, and operating lease agreements are reported as the sum totals of the amounts which fall due by the earliest cancellation date:

Maturities

EUR '000	2009	2008
Up to 1 year	10,624	10,758
1 to 5 years	23,081	25,954
Over 5 years	41,605	45,125
Total	75,310	81,837

Purchase obligations for fixed assets amount to EUR 6,242,000 (previous year: EUR 5,505,000), of which EUR 5,546,000 (previous year: EUR 5,397,000) was for property, plant, and equipment, and EUR 696,000 (previous year: EUR 108,000) for intangible assets.

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

Lease installments in the year under review amounted to 11,281,000 EUR (previous year: 11,679,000 EUR).

Average Number of Employees in the Fiscal Year

	2009	2008
Wage earners	3,470	3,847
Salaried employees	1,901	2,015
Total	5,371	5,862

■ Related Party Disclosures

Members of Management in Key Positions and Affiliated Persons

In accordance with the structure of the INDUS Group, the members of management in key positions include the Supervisory Board (6 members in 2009 and 7 members in 2008), the Board of Management at INDUS Holding AG (2009: 4 members, previous year: 4 members), and the managing directors/boards of management of the operating units (2009: 58 individuals, previous year: 62 individuals). In the 2009 fiscal year, 3 managing directors held non-controlling interests in their companies (previous year: 4). Their shares in earnings are included under non-controlling interests.

There is no share-based payment as defined in IFRS 2, particularly in the form of 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 2009 fiscal year, payments of EUR 54,000 (previous year: EUR 54,000) were made within the framework of a defined contribution plan for members of the Board of Management.

Compensation Overview

2009 EUR '000	Period expense	Of which severance	Of which wages and salaries	Of which pensions
INDUS Holding AG				
Board of Management	176	–	176	–
Supervisory Board	1,649	–	1,649	–
Subsidiaries				
managing directors	11,014	454	10,522	38
family members	491	–	434	57
Total	13,330	454	12,781	95

2008 EUR '000	Period expense	Of which severance	Of which wages and salaries	Of which pensions
INDUS Holding AG				
Board of Management	227	–	227	–
Supervisory Board	1,798	–	1,798	–
Subsidiaries				
managing directors	11,336	361	10,859	116
family members	492	–	492	–
Total	13,853	361	13,376	116

In the 2009 fiscal year, 7 family members of partners or managing directors were employed at the portfolio companies (previous year: 9 individuals).

Remuneration of the Supervisory Board

The Supervisory Board held five sessions in 2009 and four in 2008. 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, and his or her deputy receives 1.5 times these sums. The variable remuneration amounted to EUR 101,000 in 2009 (previous year: EUR 154,000).

Remuneration of the Board of Management

The variable component of the compensation due to the Board of Management depends on the company's results and is determined based on the profit from operating activities generated by INDUS Holding AG. The variable component amounted to EUR 327,000 (previous year: EUR 537,000).

Other Relations

Former members of the Board of Management received EUR 0 for consulting services (previous year: EUR 150,000), as well as other emoluments amounting to EUR 13,000 (previous year: EUR 49,000). In the 2009 fiscal year, the members of the Supervisory Board received EUR 0 (previous year: EUR 27,000) in compensation for services rendered to Group companies on personal account and EUR 0 (previous year: EUR 88,000) for a leasehold obligation.

In addition, there were commercial relations with non-controlling shareholders and members of their families involving consulting (EUR 163,000; previous year: EUR 325,000), property and building leases (EUR 758,000, previous year: EUR 892,000) and other services (EUR 2,741,000, previous year: EUR 1,250,000). There were EUR 187,000 in outstanding accounts receivable from affiliated companies as of the reporting date (previous year: EUR 73,000). There were also EUR 500,000 in loans (previous year: EUR 450,000) with arm's length interest rates.

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

Expenses Incurred in the Audit of the Holding Company's Financial Statements and the Consolidated Financial Statements

Treuhand- und Revisions-AG Niederrhein was paid the following fees: EUR 167,000 (previous year: EUR 156,000) for the audit of the financial statements, EUR 5,000 (previous year: EUR 3,000) for other services involving opinions and valuations, EUR 1,000 (previous year: EUR 49,000) for tax consulting, and EUR 39,000 (previous year: EUR 10,000) for other services.

German Corporate Governance Code

In December 2009, the Board of Management and the Supervisory Board issued a declaration on the German Corporate Governance Code pursuant to Sec. 161 of the German Stock Corporation Act (AktG) and published it for the shareholders on INDUS Holding Aktiengesellschaft's website (<http://www.indus.de>).

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

Those subsidiaries which make use of the exemption from the obligation to make disclosures to which they are entitled under Sec. 264, Para. 3, and/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, Germany, April 22, 2010
INDUS Holding AG

Board of Management


Helmut Ruwisch


Jürgen Abromeit


Dr. Wolfgang Höper


Dr. Johannes Schmidt

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Responsibility Statement

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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 22, 2010

The Board of Management
INDUS Holding AG



Helmut Ruwisch



Jürgen Abromeit



Dr. Wolfgang Höper



Dr. Johannes Schmidt

Proposed Appropriation of Distributable Profit

Management proposes to the Annual Shareholders' Meeting that the EUR 9,994,509.42 in distributable profit for fiscal 2009 be appropriated as follows:

Payment of a dividend of EUR 0.50	
per individual share certificate (18,370,033)	
on the capital stock of EUR 47,762,086.00	9,185,016.50 EUR
Profit carried forward	809,492.92 EUR
Distributable profit	9,994,509.42 EUR

Bergisch Gladbach, April 22, 2010

Management Board



Helmut Ruwisch



Jürgen Abromeit



Dr. Wolfgang Höper



Dr. Johannes Schmidt

Report of the Independent Auditors

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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, 2009. 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.

Our audit has not led to any reservations.

In our opinion, based on the results of our audit, the consolidated financial statements 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 22, 2010

Treuhand- und Revisions-Aktiengesellschaft
Niederrhein
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

(Kuntze)
German CPA

(Oymanns by proxy)
German CPA

Balance Sheet of the Holding Company

EUR '000	31.12.2009	31.12.2008
Assets		
Intangible assets	12	21
Property, plant, and equipment	2,898	3,282
Financial assets	754,017	769,598
Fixed assets	756,927	772,901
Accounts receivable and other current assets	137,303	157,500
Cash on hand and bank balances	19,219	23,099
Current assets	156,522	180,599
Advance payments	106	152
Total assets	913,555	953,652
Equity and Liabilities		
Equity	484,447	506,701
Provisions	4,584	4,622
Liabilities	424,524	442,329
Total assets	913,555	953,652

Income Statement of the Holding Company

EUR '000	2009	2008
Sales	3,443	6,064
Other operating income and expenses	-3,702	-4,472
Personnel expenses	-2,921	-2,993
Income from investments	33,690	51,549
Income from long-term loans classified as financial assets	30,790	35,013
Other interest and similar income	6,357	6,378
Depreciation and amortization of financial assets cost of the assumption of losses	-326	-412
Depreciation and amortization of financial assets	-40,701	-29,295
Cost of the assumption of losses	-9,315	-1,301
Interest and similar expenses	-24,894	-24,986
Profit from operating activities	-7,579	35,545
Taxes on income	21	-5,398
Net result	-7,558	30,147
Profit carried forward	1,052	601
Transfer from retained earnings	16,500	0
Distributable profit	9,994	30,748

Investments of the INDUS Holding AG

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By Segment

Capital EUR millions	INDUS stake in %
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[Construction/Infrastructure]

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	1.58	100
MIGUA Fugensysteme GmbH & Co. KG*, Wülfrath	1.85	100
OBUK Haustürfüllungen GmbH & Co. KG*, Oelde (since Jan. 1, 2010)	0.29	100
REMKO GmbH & Co. KG Klima- und Wärmetechnik*, Lage	1.56	100
Max SCHUSTER Wärme • Kälte • Klima GmbH & Co. KG, Neusäß	1.05	100
WEIGAND Bau GmbH, Bad Königshofen	1.00	80
WEINISCH GmbH & Co. KG, Oberviechtach	0.53	100

[Engineering]

ASS Maschinenbau GmbH*, Overath	0.54	100
Maschinenfabrik BERNER GmbH & Co. KG, Bischofsheim	1.31	100
M. BRAUN Inertgas-Systeme GmbH*, Garching	1.32	100
GSR Ventiltechnik GmbH & Co. KG*, Vlotho	0.57	100
HORN GmbH & Co. KG, Flensburg	1.33	100
NISTERHAMMER Maschinenbau GmbH & Co. KG, Nister	0.80	100
SEMET Maschinenbau GmbH & Co. KG, Meimsheim	0.80	100
TSN Turmbau Steffens & Nölle GmbH, Berlin	0.50	100

[Automotive Components/Engineering]

AURORA Konrad G. Schulz GmbH & Co. KG*, Mudau	3.07	100
BILSTEIN & SIEKERMANN GmbH + Co. KG, Hillesheim	1.03	100
Emil FICHTHORN Metallwarenfabrik GmbH & Co. KG, Schwelm	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
SIKU GmbH, Rickenbach/Switzerland	0.80**	100
S.M.A. Metalltechnik GmbH & Co. KG*, Backnang	1.08	100
WIESAUPLAST Kunststoff und Formenbau GmbH & Co. KG*, Wiesau	1.76	100

By Segment	Capital EUR millions	INDUS stake in %
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[Metal/Metal Processing]

BACHER AG*, Reinach/Switzerland	3.70 **	100
BETEK Bergbau- und Hartmetalltechnik Karl-Heinz Simon GmbH & Co. KG, Aichhalden	1.56	100
HAKAMA AG, Bättwil/Switzerland (since Jan. 1, 2010)	5.00 **	60
Anneliese KÖSTER GmbH & Co. KG*, Ennepetal	2.57	100
MEWESTA Hydraulik GmbH & Co. KG, Münsingen	0.54	100
PLANETROLL GmbH & Co. KG, Munderkingen	0.54	100
Helmut RÜSAMEN GmbH & Co. KG, Metalldrückerei · Umformtechnik, Bad Marienberg	0.53	89
Karl SIMON GmbH & Co. KG, Aichhalden	2.19	100
VULKAN INOX GmbH*, Hattingen	1.11	100

[Medical Engineering/Life Science]

IMECO Einwegprodukte GmbH & Co. KG Vliesstoffvertrieb*, Hösbach	0.88	100
MIKROP AG*, Kronbühl/Switzerland	0.05 **	100
OFA Bamberg GmbH, Bamberg	1.50	100

* including subsidiaries

** CHF in million

Contact and Financial Calendar

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Contact

INDUS Holding AG

Kölner Strasse 32
D-51429 Bergisch Gladbach
Postfach 10 03 53
51403 Bergisch Gladbach
Phone: +49 (0)2204/40 00-0
Fax: +49 (0)2204/40 00-20
Internet: www.indus.de
Email: indus@indus.de

Responsible member

in the Management Board:
Jürgen Abromeit

Contact Public Relations

& Investor Relations:

Regina Wolter
Phone: +49 (0)2204/40 00-70
Fax: +49 (0)2204/40 00-20
Email: wolter@indus.de

Publisher:

INDUS Holding AG, Bergisch Gladbach

Concept/Design:

Berichtsmanufaktur GmbH, Hamburg

Photos:

Christoph Kniel, Mühlheim/Ruhr
(pages 2, 9, 21, 22), Andreas Wiese,
gettyimages, Corbis, fotolia

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Disclaimer:

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Financial Calendar

April 26, 2010	Publication annual report and annual earnings press conference, Dusseldorf
April 27, 2010	Analysts' conference, Frankfurt/Main
May 27, 2010	Interim report on the first quarter 2010
July 1, 2010	Annual shareholders' meeting 2010, Cologne/Trade Fair
August 26, 2010	Interim report H1 2010
November 22–24, 2010	German Equity Forum, Frankfurt/Main
November 25, 2010	Interim report on the first three quarters

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