011**2012**201320

INDUS – FOCUSING ON DEVELOPMENT

PORTFOLIO COMPANIES 2012

[INDUS]
HOLDING AG

OUR GROUP IS MOVING TOWARDS A STRONG FUTURE

INDUS is not just any enterprise. Our business model intelligently unites two different worlds that seem separate and unrelated: the capital markets and the SME segment. I believe our SME strategy of holding and developing companies is highly attractive to both investors looking for profitable opportunities and to mid-market firms interested in the extra stability that comes with being a part of a strong corporate group. I am more convinced than ever of the correctness of our business model, although there is one important aspect that is changing: "buy and hold" is going to become "buy, hold and develop." This means actively developing the portfolio through growth, internationalization and innovation. My two Board of Management colleagues and I have drawn up the roadmap for this. The bottom line is that INDUS will still be INDUS. But our portfolio will become stronger and grow over the years ahead. After years of consolidation, we are back on an expansion trajectory, which is good news for both our shareholders and SME portfolio holdings.

1.

FOCUSING ON DEVELOPMENT

2.

PORTFOLIO COMPANIES

FOCUSING ON DEVELOPMENT

Growth

Cross Section | Further Development | Discovering New Perspectives

Internationalization

Financial Latitude | Developing Markets | Represented Worldwide

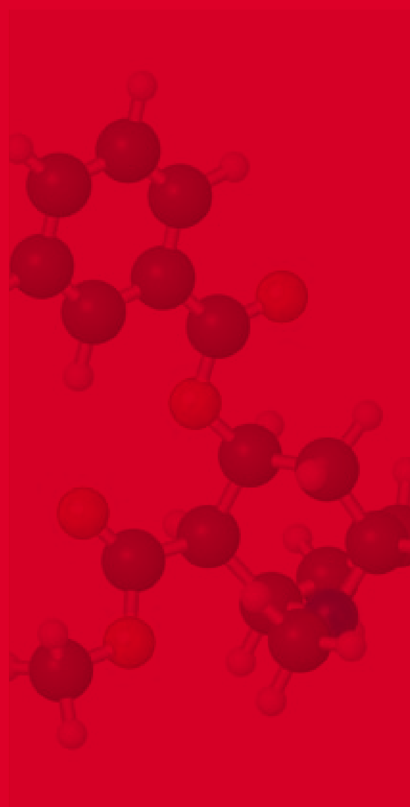
Innovation

R&D Investments | Beneficial Cooperation | Discarding the Old

Growth

Internationalization

Innovation



Growth

» We develop through strengthening our portfolio and making targeted purchases.«

GROWTH

Cross Section | Further Development | Discovering New Perspectives

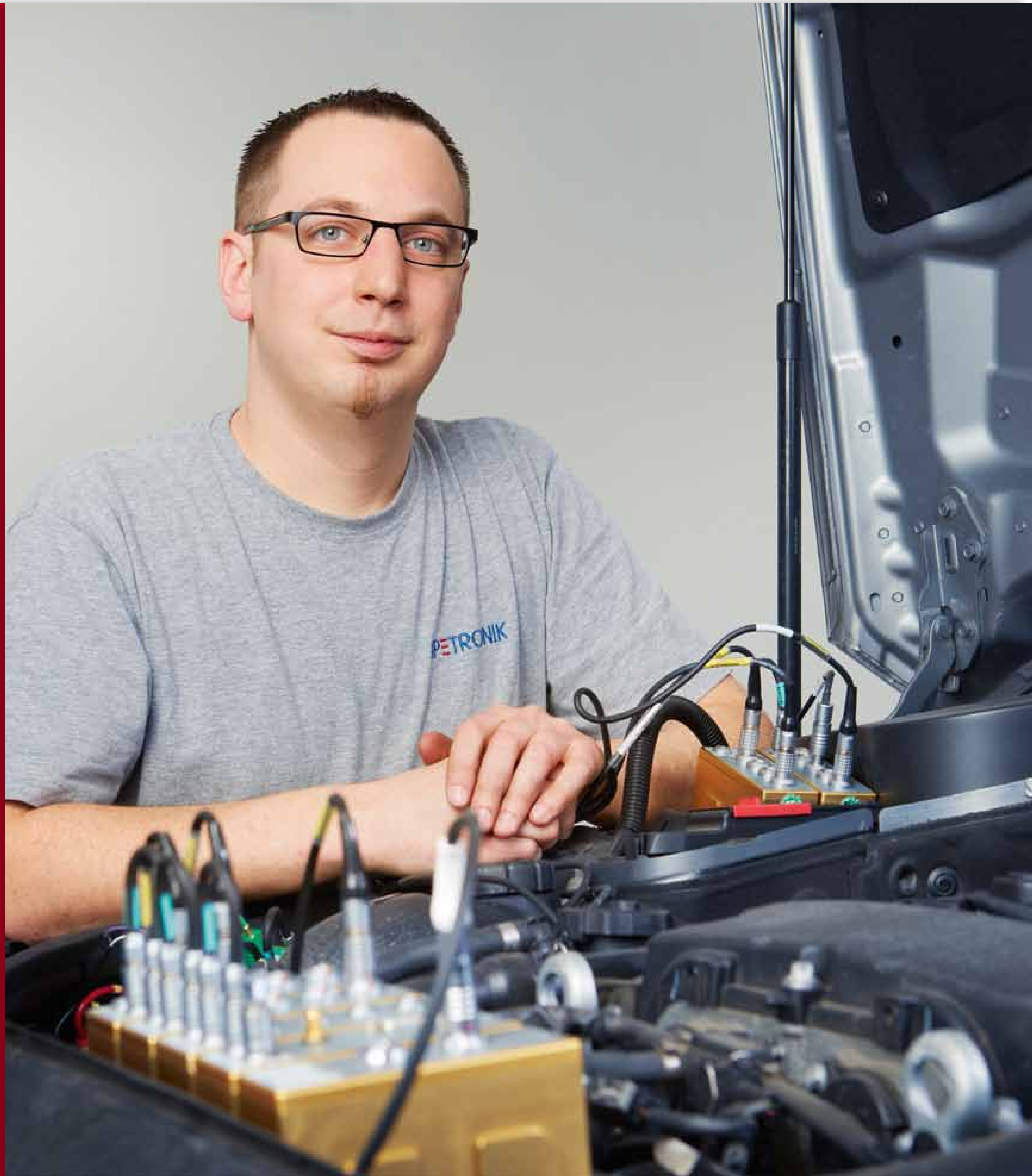
»We aim to have our portfolio represent a cross section of the most important industries, which is why we want to invest more heavily in segments of the future. This, in turn, means that our Group will continue to grow over the next few years.«

JÜRGEN ABROMEIT, CHAIRMAN OF THE INDUS BOARD OF MANAGEMENT

GROWTH
Further Development

»With IPETRONIK, we have succeeded in developing from a hardware-only provider to an international technology partner over the past two decades. Indeed, almost every automotive manufacturer in the world makes use of our technology and services. And we intend to continue on this growth trajectory in the years to come.«

ANDREAS WOCKE (L.) AND ERICH RUDOLF (R.),
MANAGING DIRECTORS OF IPETRONIK GMBH & CO. KG, BADEN-BADEN


PETRONIK

GROWTH
Discovering New Perspectives

»Working for a growing company involves constant changes. While these changes, and the task of continuously adapting to them, present challenges to all employees, they also provide us with a constant stream of new opportunities. This aspect is a lot of fun.«

HENNING WINTER, MECHATRONICS TECHNICIAN AT IPETRONIK GMBH & CO. KG, BADEN-BADEN

Internationalization

» The world still offers so much scope.«

INTERNATIONALIZATION

Financial Latitude | Developing Markets | Represented Worldwide

»In order to further enhance your success, our companies are continuing to expand their market presence, not through speculative measures, but rather on the basis of sound prognoses. INDUS supports their endeavors by providing them with expertise and capital.«

RUDOLF WEICHERT, INDUS BOARD OF MANAGEMENT

»With VULKAN INOX, we now distribute our stainless steel blasting abrasives for the treatment of surfaces through over 30 foreign agencies. Our share of the world market is in excess of 70 %. We are still not sure whether we have fully exploited our development potential.«

WILFRIED BRANDS, MANAGING DIRECTOR AT VULKAN INOX GMBH, HATTINGEN

INTERNATIONALIZATION
Represented Worldwide

»It's great working for a company whose product is in such high demand. Our granulates are used all over the world. This connection to markets around the world has created secure jobs in Germany's Ruhr region.«

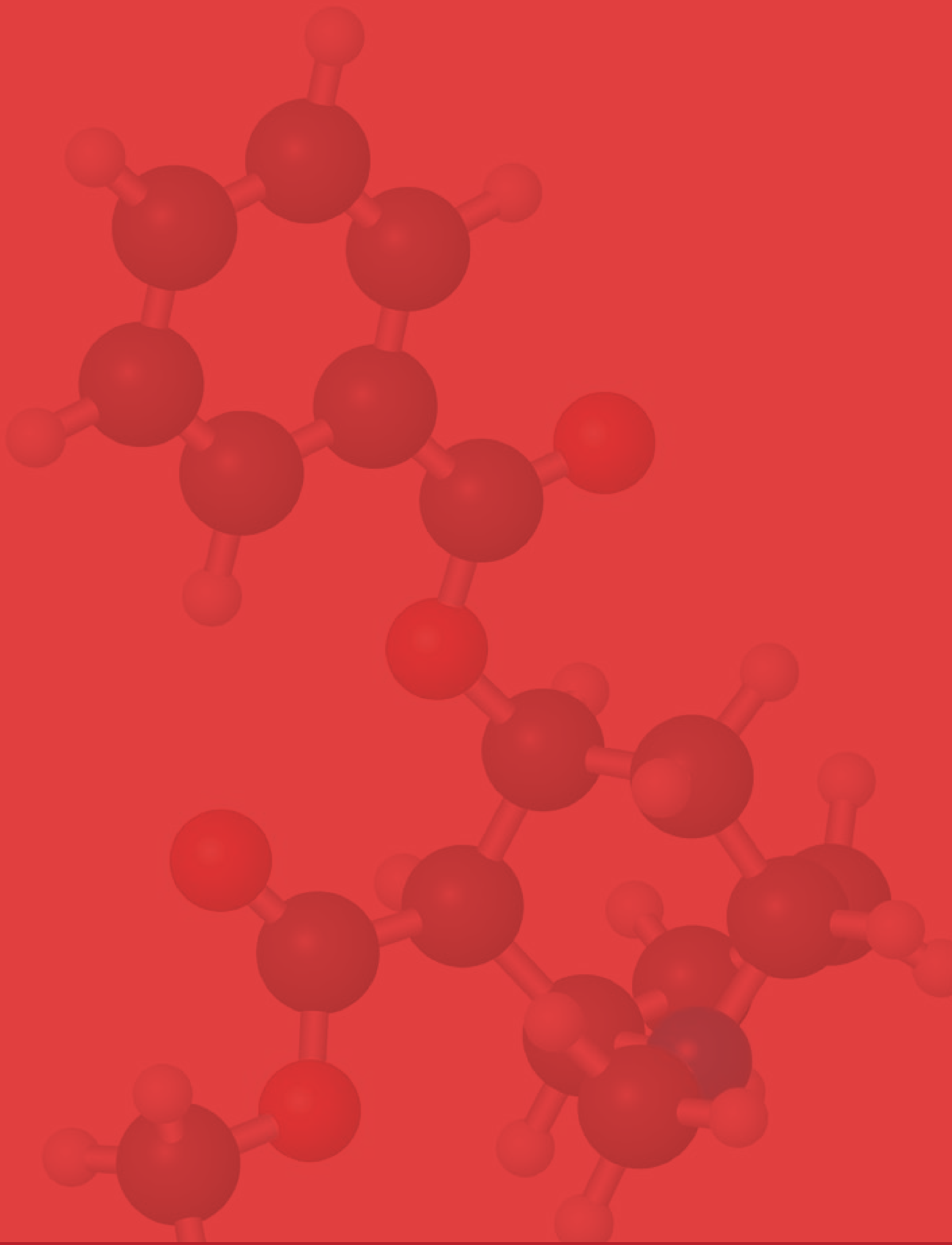
MANFRED TREDE, CONTROL STATION MANAGER FOR MELTING TECHNOLOGY AT VULKAN INOX GMBH, HATTINGEN, EMPLOYED SINCE 1993

Innovation

»New ideas from our subsidiaries secure our future.«

INNOVATION

R&D Investments | Beneficial Cooperation | Discarding the Old



»Sustained high performance is not achieved without effort. Through the targeted use of resources, we seek to drive innovative strength within our Group. Our aim is to ensure an above-average level of R&D activity in our respective industries.«

DR.- ING. JOHANNES SCHMIDT, INDUS BOARD OF MANAGEMENT

»M. BRAUN's excellence as a partner to its customers around the world is based on the company's ability to combine proven technological competence with creativity. Our innovative strength is borne out of our pronounced ability to cooperate, both with our customers and with the world of science.«

DR. MARTIN REINELT, MANAGING DIRECTOR AT M. BRAUN INERTGAS-SYSTEME GMBH, MUNICH

INNOVATION
Discarding the Old

»What I love about my work as Head of Technology is that I am allowed to dismantle old worlds and invent new ones. I am unaccommodating, and here I am even paid for being just that. Of course, together with my team I also contribute to M.BRAUN's continual improvement.«

DR. THOMAS BULTMANN, EXECUTIVE DIRECTOR AND HEAD OF TECHNOLOGY AND R&D AT M. BRAUN INERTGAS-SYSTEME GMBH, MUNICH

Our Strategy for the Next Decade

The INDUS business model has been successful for over 25 years, and our enterprise has steadily grown within shifting environments. The fundamentals of our business model are thus correct, but in recent years the pace of change has quickened, and increasingly rapid technological progress and globalization require us to re-review our business roadmap. That's why we developed the Compass 2020 strategy, within which we clearly formulate our goals for the future. In keeping with the strategy's motto "Buy & Hold & Develop," we intend to enhance portfolio quality and performance in order to execute on a targeted growth strategy.

»DEVELOP« – A NEW ELEMENT ENHANCING INDUS' PROVEN STRATEGY

Over the last 25 years INDUS has built up a sizable, diversified and stable portfolio by acquiring some 40 SME hidden champions. Long-term investment has been our focus, under the motto: "buy and hold." The Group's average operating margin of 10 % is quite good. It is worth considering however whether simply continuing this strategy will be enough in future. How will the world economy look three, five or ten years from now? What business conditions will we be facing?

Globalization continues to accelerate, more and more flexibility is required, and cycles are becoming shorter. The world today is not like it was 25, 10, or even 5 years ago. To be successful, businesses will have to deal with increasingly extreme change processes. Furthermore, it has been some while since growth was centered on traditional manufacturing in the Western world. New industries and emerging economies are gaining tremendous importance. And INDUS intends to maintain above-average profitability in this changed environment as well. This requires a faster pace of change within the Group, which brings us to the new element added to our proven strategy of "buy & hold," namely – "develop."

This means taking an active, focused approach to further developing our portfolio. Two key levers are involved here. The first is enhancing portfolio performance as a means of qualitative development. The second is portfolio expansion through targeted acquisitions in growth industries.

PORTFOLIO ENHANCEMENT – FURTHER IMPROVING OUR COMPANIES' PERFORMANCE

Our development strategy is focused on portfolio enhancement. This means we are working harder to achieve organic growth via portfolio management in close consultation with the entrepreneurial managing directors of our subsidiaries. Four activity areas have been outlined:

- Intensifying strategic dialog
- Internationalization
- Accelerated research and development
- Second-level acquisitions

1. Intensifying strategic dialog: INDUS will be assisting and guiding subsidiary managers through an ongoing process of strategic dialog. Mutual communication puts processes in motion, generates new ideas and facilitates the sharing of best practices.

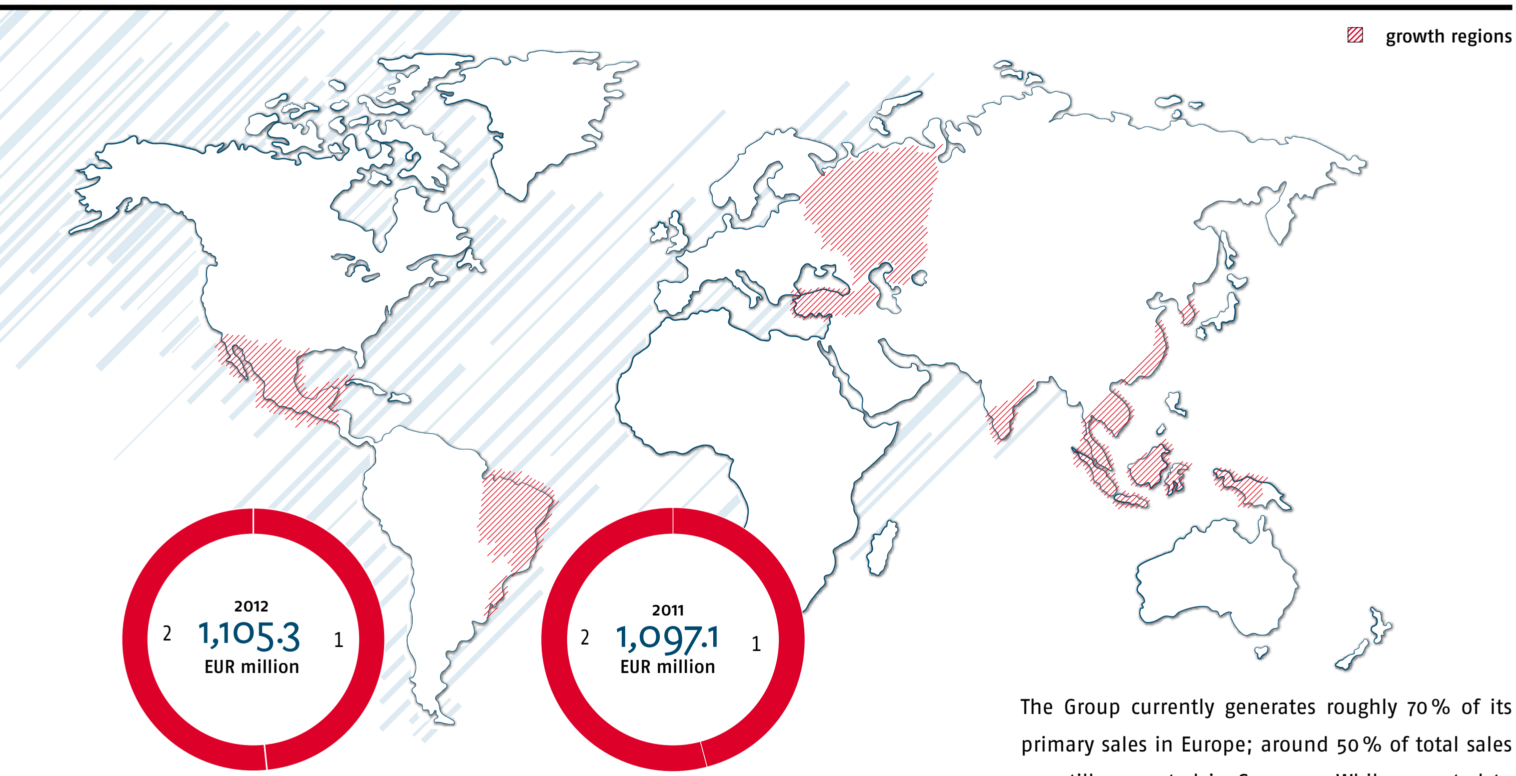
Importantly, INDUS management does not see itself as having a traditional control function. On the contrary, active support is given based on the premise that operational independence is a key strength of our portfolio companies. The main function performed by INDUS management is to provide constructive feedback to portfolio company managers and point out potentially overlooked considerations. This helps to avoid negative developments, as well as to capitalize on existing opportunities and open up new opportunities.

Another reason why strategic dialog is critical is that all businesses are subject to natural cycles, having a particular need for new ideas in >

> certain phases. This cyclicality means that a phase of growth will at some point give way to a mature, plateau phase. At this point it is unavoidable for an enterprise to have to reinvent itself to some extent. Because of our experience and network we are able to provide input that helps keep businesses on a successful trajectory.

2. Internationalization: Our specialized SMEs now have to be able to take on the global market. Following the rise of the BRIC countries (Brazil, Russia, India and China), we now see the emergence of the MIST countries – Mexico, Indonesia, South Korea and Turkey. INDUS portfolio companies have their sights on these markets, and are very selective when it comes to targeting countries with stable growth prospects. INDUS is already active in North, South and Central America, Asia, South Africa and Eastern Europe, but we have no intention of slowing down, and will resolutely continue to drive internationalization, mainly in the Americas and Asia.

A prime example of a Group company that is strong in the area of internationalization is VULKAN INOX, based in Hattingen, North Rhine-Westphalia. A manufacturer of steel abrasives, the firm now markets its products via subsidiaries and distribution partners in more



2012	
1 > Sales international	535.8
thereof EU	240.1
Rest of world	295.7
2 > Sales domestic	569.5

2011	
1 > Sales international	504.2
thereof EU	237.3
Rest of world	266.9
2 > Sales domestic	592.9

The Group currently generates roughly 70 % of its primary sales in Europe; around 50 % of total sales are still generated in Germany. While expected to remain a key region going forward, non-European sales are increasing relative to total, with business with non-EU customers up 11 % in 2012 versus 2011. These markets are now of more importance than Europe.

than 30 countries around the world. It holds a global market share of 70 %. Despite tough competition, VULKAN has established itself as the world leader in its niche, thanks in large part to very personalized customer service and high quality standards which have enabled the company to convince the most demanding customers of the technical benefits of its applications.

SMEs often have a hard time entering the international arena without setting up local structures like distribution, service and production. As a corporate group, INDUS is able to provide valuable assistance in this regard, playing to our strengths. We see it as a core responsibility to not only ensure that the portfolio companies have adequate financial means to grow these activities, but also to deliver valuable internationalization guidance via Group-wide knowledge-sharing and joint activity planning. This ensures our portfolio companies the benefit of quicker action, while avoiding costly mistakes.

3. Accelerated research and development: Our portfolio of SMEs, which are established hidden champions in technology manufacturing niches, makes us part of Germany's innovative corporate landscape. A look at the Group's current R&D activities reveals that INDUS' expenditures are in line with the industry average. Yet we are aware that we are able to do more. And that is our plan for the years ahead, for we firmly believe that above-average R&D investment is necessary to remain a leader. We will therefore be orienting ourselves around the level of R&D conducted by the top innovators in the respective industries.

Rather than being limited to further developing existing product lines and services, R&D will be geared as well toward launching new products and services. The portfolio company IPETRONIK is a perfect example of how this is to work, having innovated its way from being a pure measurement device manufacturer into a system solution provider that assists premium car makers throughout the new car development phase.

Increased R&D activity means that the Group will be even more stringent in analyzing potential investments. Most funding will go to where the greatest returns are expected. The excellent profitability figures recorded by our most successful portfolio companies confirm that this is the right approach. More targeted investments will significantly boost INDUS' business in the coming years. Every euro we spend on the right endeavor will pay for itself several times over in profits. >

R&D facts

1.4
USD trillion

According to a Roland Berger study, global corporate R&D spending totaled USD 1.4 trillion in 2012. While this figure is up 5 % year-on-year, the noteworthy thing is that emerging economies now comprise a substantial portion, China and India alone accounting for 20 % of global R&D spending.

35
%

In the past, many countries' R&D expenditure went mainly to developing simpler products for lower and mid-range market segments. In the area of high-tech as well, competition between industrialized nations and second-tier and emerging economies is heated. According to a government think-tank, Asian countries now account for 35 % of global value creation in high-tech manufacturing.

50
Euro billion

Last year Germany spent roughly 50 billion euros on research and development.

> Collaboration will also remain a focus for the Group in connection with development activities. Some portfolio companies are already collaborating closely with R&D organizations in both the private sector and at universities.

4. Second-level acquisitions: Second-level acquisitions remain a key part of the Group strategy alongside organic growth. Acquisitions like those completed to strengthen our Flensburg-based subsidiary HORN, which involved the purchase of domestic and international operations, will help ensure our portfolio companies' ability expand both geographically and in terms of performance. To this end we regularly meet with subsidiary management to discuss opportunities for expanding existing business lines and moving into new ones.

Acquisitions by the subsidiaries can be instrumental in triggering a new growth phase. The subsidiaries generally identify business lines of interest themselves. The role of INDUS is to review options presented from a strategic and financial standpoint.

GROWTH – EXTERNAL ACQUISITIONS IN BOTH PORTFOLIO AND NEW INDUSTRIES

The INDUS organic growth strategy of strengthening portfolio companies is augmented by an increasing number of targeted acquisitions, both in industries we already have investments in, and in ones we are moving into. In line with our business model, we remain focused on enterprises that manufacture engineering-driven niche products, and which thus have a high level of technological expertise.

It is important to us that our portfolio continues to represent a cross-section of German manufacturing. We want to have manufacturers that create their own value, through the kind of innovation and quality that backs up the phrase "Made in Germany." This reasoning behind this strategy is simple – it ensures stable income.

In recent years we have been analyzing manufacturing megatrends as part of efforts to ensure having the right portfolio mix in future as well; this led to the identification of four key areas in which we will be specifically looking for additions to the Group:

1. **Medical Technology/Life Science**
2. **Traffic technology, infrastructure and logistics**
3. **Automation, measurement and control technology**
4. **Energy and environmental technology**

It is evident looking at these areas why they are of such interest to INDUS:

1. Medical Technology/Life Science: Demand for healthcare services and the associated medical products is rapidly rising around the world. Population growth and rapidly rising per-capita incomes are driving demand for medical technology in emerging markets like

Medical Technology/Life Science
Studies estimate global sales of medical products at around USD 300 billion annually. Roughly 140,000 people are employed in the core medical technology industry in Germany alone.

Brazil, China and India. Healthcare quality will continue significantly improving in these countries, as in Eastern Europe. According to HWWI, the Hamburg Institute of International Economics, this catching-up process will spur demand for medical technology by an average of 9 % p.a. in Eastern Europe and 16 % p.a. in Asia by 2020, which is about twice the rate of GDP growth.

Demographic shifts and increasing standards of living make the domestic German market highly attractive. Medical technology sales in Germany are expected to increase at roughly 8 % annually through the year 2020. The global market leaders in medical technology are Germany and the United States. These are good conditions for finding suitable companies to add to the Group portfolio.

2. Traffic technology, infrastructure, logistics: Global traffic volume is multiplying rapidly. The world is growing closer and closer together as road, rail and air transport volume increases more or less annually. German airports alone recorded over 200 million passengers in 2012, setting a new record. Ten years ago this figure was still around 117 million. In >

SUCCESSFUL START TO 2013

INDUS acquires logistics specialist BUDDE, market ripe with opportunities

The BUDDE group, based in Bielefeld, North Rhine-Westphalia, is a leading provider of general cargo and bulk handling systems. The company provides mechanical and fully automated transport systems. In 2012 the BUDDE group had some 170 employees, and generated sales of roughly EUR 50 million. Customers from the courier, express and parcel services industry comprise 80 % of its business. This market is growing rapidly due to the e-commerce boom. Other customers are in the beverage and automotive industries.

BUDDE has systematically developed and expanded its expertise in conveyor systems technology over the last several years. The firm started out developing conveyor systems for gravel and complete beverage filling movement systems, then began designing such systems for parcel industry logistics hubs. As is often the case with SMEs, BUDDE's core strengths are customer focus, an ability to rapidly solve complex problems and innovation. BUDDE is now highly specialized, today designing and building complete, turnkey parcel distribution systems for customers on site, ready for startup.

> addition to increased shipping itself, inter-coordination challenges are becoming more frequently encountered. Without intelligent logistics operating in the background, complex transportation problems can no longer be solved.

Take parcel delivery for example: more and more people are shopping on the internet, so somebody has to get the goods out to customers. This is a niche occupied by a number of innovative SMEs like the latest INDUS acquisition, the BUDDE group based in Bielefeld.

3. Automation, measurement and control technology: The strength of German manufacturing today rests upon its technological development capability. For decades, the use of automation in manufacturing has been increasing, and it will continue to do so. As IT continues to converge with classical automation technology – referred to by some as the next industrial revolution or "Industry 4.0" – automation is a technology of the future worldwide. Germany is among the world leaders of this EUR 350 billion (plus) market, behind China, the US and Japan.

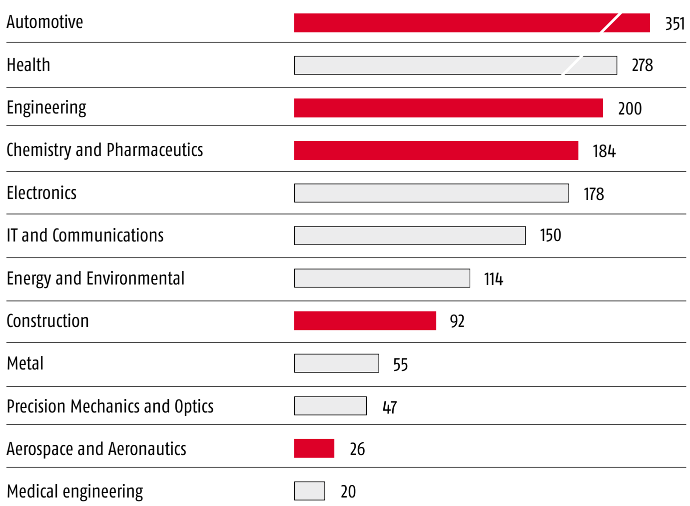
4. Energy and environmental technology: Environmental technology is strongly in demand in connection with the transition to cleaner energy; according to the Federal Environment Ministry, the global market for environmental technology is now over EUR two trillion in size. This figure could more than double by 2015. In parallel, the number of people employed in the industry in Germany alone could rise from 1.4 to 2.4 million.

Attractive specialist firms will undoubtedly be found in this SME-heavy industry. However, we will carefully avoid investing in subsidy-driven markets. We are interested in specific niches like air and water purification, reclamation and the processing or 'recycling' of nuclear materials.

Automation, measurement and control technology

Automation, measurement and control technology ( ) is used in many key German industries.

SALES IN GERMANYS STRONG INDUSTRIES (in EUR billion)



Status: 2011; Health and Medical engineering: 2010
Source: Statistisches Bundesamt, BMWi, BMBVS, GTAI, associations

COMPASS 2020 STRATEGY: INDUS STARTING A NEW PHASE OF DEVELOPMENT

In the years ahead INDUS will be pursuing qualitative and quantitative enhancements in its use of the two levers of organic growth through active portfolio management and acquisition-driven growth. At the same time we will continue our optimization efforts in such areas as administration and finance. In all that we do, we adhere steadily to our business plan of acquiring SMEs with successful business models and good prospects. We then work with these companies over the long term to facilitate their growth. Our strategy motto is thus receiving an important addition – one that reflects our active approach to developing our portfolio companies. From now on, therefore, INDUS's motto is "Buy & Hold & Develop."

2.

PORTFOLIO COMPANIES

Construction/ Infrastructure	Automotive Technology	Engineering	Medical Engineering/ Life Science	Metals Technology
				

Portfolio Companies

Overview of the Segments

Our portfolio companies operate independently within their markets. They use this freedom to actively develop their businesses further, tailoring them closely to customers' needs.

307.5

156.5

ENGINEERING

No other industry embodies the term "Made in Germany" as well as the engineering industry. Industrial production would be unimaginable without this segment. 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.

METALS TECHNOLOGY

The metal and metal processing areas play a significant part in the base materials processing industry. It is mainly 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.

229.2

CONSTRUCTION/INFRASTRUCTURE

Construction and infrastructure are elementary sectors for any country. Small and medium-sized construction firms ensure that we in Germany can live and work in comfort. They also ensure that standards are constantly raised. At the same time, mobility is increasing in our society. The infrastructure sector will therefore become even more significant in the future.

MEDICAL ENGINEERING/LIFE SCIENCE

Faced with an ageing population, healthcare will become a major market in the future. It is driven by a high pace of 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.

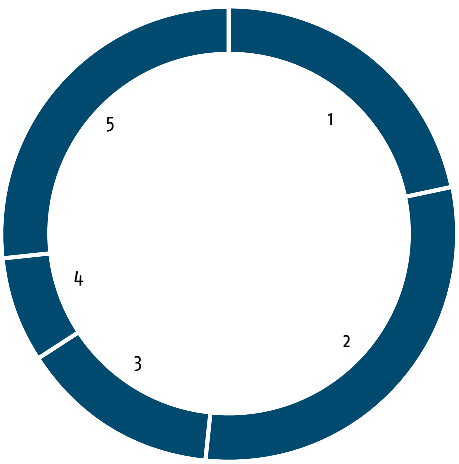
88.0

323.7

AUTOMOTIVE TECHNOLOGY

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.

2012 SALES OF THE INDUS GROUP BY SEGMENTS (in EUR millions)



1	Construction/Infrastructure (20.7 %)	229.2
2	Automotive Technology (29.3 %)	323.7
3	Engineering (14.2 %)	156.5
4	Medical Engineering/Life Science (8.0 %)	88.0
5	Metals Technology (27.8 %)	307.5

1,105.3

CONSTRUCTION/INFRASTRUCTURE

BETOMAX
GmbH & Co. KG, Neuss

SOLUTIONS IN CONCRETE CONSTRUCTION

BETOMAX and its subsidiary ANCOTECH provide intelligent solutions and systems for modern concrete construction and civil engineering. Their customers are construction companies, prefabricated part plants, and planning and structural design agencies. The companies manufacture anchoring and reinforcement technology and supply formwork systems and bridge-building vehicles for bridge building technology. Moreover, they offer planning agencies innovative software for dimensioning the reinforcement structures. With this software, the agencies can verify the safety of structures in accordance with the country-specific norms. BETOMAX and ANCOTECH products are sold and used all over the world.

Revenues 2012 in EUR millions	50.7
Employees	185
Established	1963
INDUS company since	1991
Locations	Neuss, Halle, Dielsdorf (CH), Końskie (PL)

www.betomax.de

FS Kunststofftechnologie
GmbH & Co. KG, Reichshof/Hahn

SEALANTS MADE FROM SILICONE AND ACRYLIC

FS Kunststofftechnologie formulates and packs high-quality silicone and acrylic sealants tailored to market segments such as skilled craftsmen, specialist retailers, section jointers, and DIY chains. A modern infrastructure and filling technology enable the company to continually reinforce and further enhance its leading position in Europe. Looking back on over 40 years on the market, FS has excellent networks at its disposal, both on the market and among suppliers.

Revenues 2012 in EUR millions	37.8
Employees	113
Established	1966
INDUS company since	1998
Location	Reichshof/Hahn

www.fs-kunststoff.de

HAUFF-TECHNIK
GmbH & Co. KG, Herbrechtingen

INNOVATIVE SEALING SYSTEMS FOR CABLES AND PIPES

HAUFF-Technik is one of Europe's leading manufacturers of cable and pipe ducts. Since its founding in 1955, HAUFF has developed from a factory to an SME sector champion. Indeed, today it is represented in more than 20 different countries and boasts a range of 3,000 products. Its customers include energy providers, public utility companies, construction firms, installation companies, industrial companies, and private construction clients. HAUFF is currently investing over EUR 15 million in new company headquarters in the town of Herbrechtigen, a move which will serve to consolidate the company's four previous locations. The aim of this consolidation is to optimize logistical procedures and to further reduce delivery times. Moreover, due to its pronounced culture of innovation, HAUFF is among the recipients of the title of "Top 100 Innovator."

Revenues 2012 in EUR millions	37.6
Employees	151
Established	1955
INDUS company since	1986
Locations	Herbrechtingen, Landshausen

www.hauff-technik.de

OBUK Haustürfüllungen
GmbH & Co. KG, Oelde

INDIVIDUAL FRONT DOOR PANELS

The company designs, produces, and sells around 30,000 plastic and aluminum panels each year for front doors in the premium segment. With its broad design-oriented product range, OBUK has positioned itself as a "manufacturer of front door panels." It markets the products it manufactures via a regionally organized sales structure in Germany, Austria, and the Netherlands. OBUK has operated on the market for more than 30 years and has a broad customer base.

Revenues 2012 in EUR millions	22.6
Employees	159
Established	1980
INDUS company since	2007
Locations	Oelde, Malacky (SK)

www.obuk.de

MIGUA Fugensysteme
GmbH & Co. KG, Wülfrath

SECTION CONSTRUCTION FOR EXPANSION JOINTS

MIGUA manufactures expansion joint sections for the bridging, closure, and sealing of movement joints made from aluminum, standard and high-grade steel, and elastomers, as well as combinations of these materials. Its products are predominantly used in large-scale projects such as airports, industrial plants, shopping malls and car parks. In global terms, MIGUA is represented in more than 60 countries via independent specialist firms. Possessing great innovative power and with decades of experience under its belt, the company offers its customers more than 600 different forms of profile construction together with an extremely high standard of advice, quality, punctuality of delivery, and safety.

Revenues 2012 in EUR millions	13.0
Employees	57
Established	1928
INDUS company since	2005
Location	Wülfrath

www.migua.de

REMKO Klima- und Wärmetechnik
GmbH & Co. KG, Lage

EFFICIENT HEATING TECHNOLOGY

REMKO develops and produces room air conditioners, hot-air heating systems and air de-humidifiers. Moreover, the company entered the promising "new energy" segment a few years ago, with inverter heat pumps as its core product. These environmentally friendly pumps cool, heat up water, and heat rooms using ambient air. With a current export share of around 25 %, REMKO sees foreign markets as harboring considerable growth potential. Furthermore, in addition to targeting private households, it is also increasingly focusing on industrial customers. Its newly developed hybrid heat pump, for instance, addresses the needs of the growing renovation market. After all, it is estimated that in Germany alone, 10 million heating systems are in need of overhauling.

Revenues 2012 in EUR millions	31.4
Employees	115
Established	1976
INDUS company since	1988
Locations	Lage, Luvia (FIN)

www.remko.de

SCHUSTER Klima Lüftung
GmbH & Co. KG, Friedberg

ENERGY-EFFICIENT VENTILATION AND AIR-CONDITIONING TECHNOLOGY

SCHUSTER is a specialist supplier in the field of planning and installing ventilation and air-conditioning systems in shopping malls, schools, and industrial and administrative buildings. The company is an acknowledged planning partner for architects, engineering consultants, and industry. Its high level of technical expertise and innovative technical solutions enable SCHUSTER to offer customers particularly energy-efficient comprehensive solutions that sustainably reduce buildings' operating costs. Its new headquarters in Friedberg was completed in 2010 as a zero-energy building and serves as a reference for energy-efficient construction. Increasingly stringent quality and environmental standards give SCHUSTER an excellent position on the market.

Revenues 2012 in EUR millions	12.1
Employees	71
Established	1945
INDUS company since	2001
Location	Friedberg

www.klima-schuster.de

WEINISCH
GmbH & Co. KG, Oberviechtach

HIGH-QUALITY POWDER COATING OF METALS

WEINISCH coats elements made from aluminum and galvanized steel for manufacturers of exterior, ceiling, and wall elements. As a premium coater, the company fulfills the highest international quality standards in this regard. Moreover, as a member of "GSB International", WEINISCH is itself involved in the further development of these standards at international level, and is thus constantly working to ensure the increased longevity of the coatings. Thanks to the high quality of its services, WEINISCH is often selected for prominent building projects. For instance, it was commissioned to coat the façade cladding for the "The Seven" residential tower and the "88 North" building in Munich, and also worked on the "Mumbai Airport" façade. As it has its own fleet, WEINISCH is able to supply its customers flexibly and independently of forwarders. This, in turn, further strengthens its market position as a quality leader.

Revenues 2012 in EUR millions	6.3
Employees	65
Established	1979
INDUS company since	2001
Location	Oberviechtach

www.weinisch.de

WEIGAND Bau
GmbH & Co. KG, Bad Königshofen

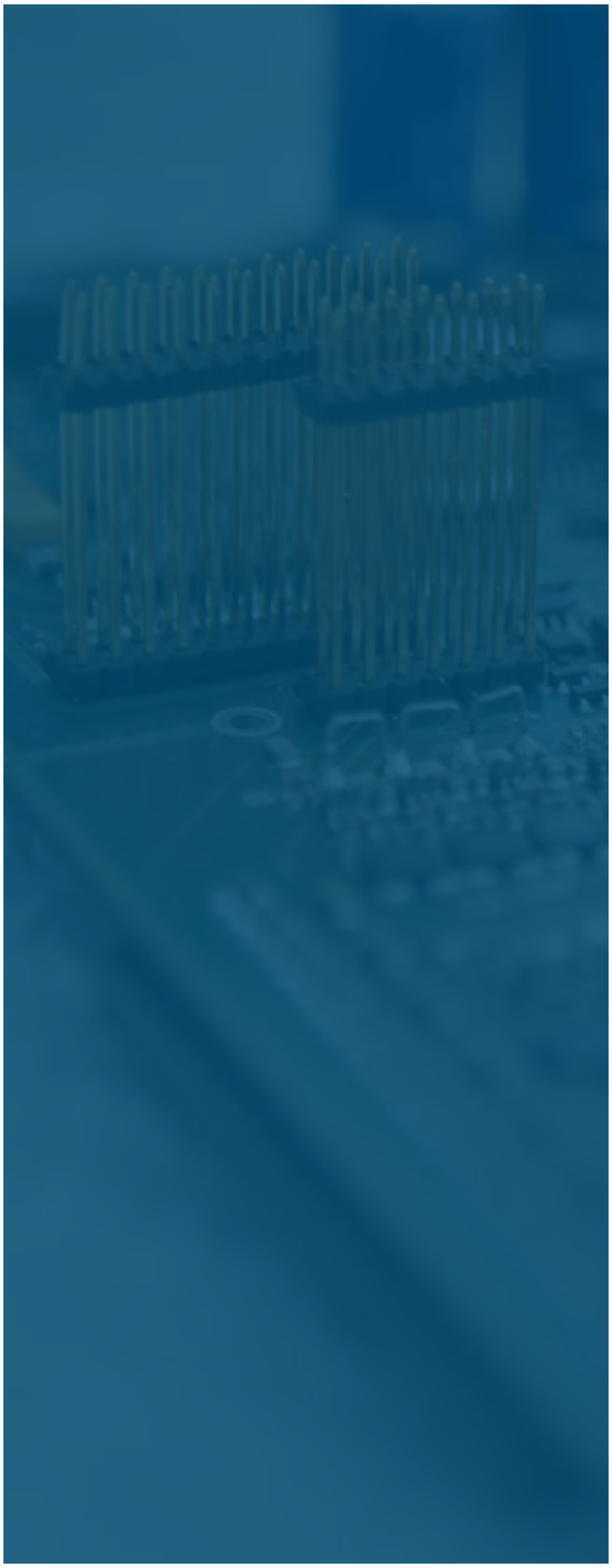
MODERN PIPELINE AND CABLE DUCT CONSTRUCTION

As an expert for special underground construction, WEIGAND's main area of work is the planning and laying of cable conduits for the telecommunications industry. Its services also encompass the areas of electricity, gas, water, and district heating. Moreover, as a "one-stop shop," the company also assumes all related sub-tasks, including planning, securing the right of way, surveying, documentation, as well as the scheduled maintenance of the cable networks. A particular specialty area of WEIGAND is the efficient laying of cable networks, even in geologically challenging areas such as rock. To do this, the company uses cutting-edge drilling technology and, in collaboration with the portfolio company BETEK, actively works on the further development of high performance drilling tools.

Revenues 2012 in EUR millions	26.6
Employees	130
Established	1990
INDUS company since	2002
Location	Bad Königshofen im Grabfeld

www.weigandbau.de

AUTOMOTIVE TECHNOLOGY



AURORA Konrad G. Schulz
GmbH & Co. KG, Mudau

HEATING AND AIR-CONDITIONING SYSTEMS FOR COMMERCIAL VEHICLES

AURORA Konrad G. Schulz GmbH supplies components, devices and entire systems for the heating, ventilation and air-conditioning of premium commercial vehicles. Busses, diggers, tractors, etc. from the companies MAN, Daimler/Evobus, Irisbus, Caterpillar, Agco and Terex, for instance, are all equipped with air-conditioning technology “Made in Mudau.” The company exports almost two thirds of its products and invests 8 % of its turnover in R&D. Moreover, thanks to a newly installed climate simulator, it can test large vehicles under reproducible conditions. AURORA’s successful growth is based on its extensive manufacturing expertise, its wide range of products comprising around 40,000 active items, and its targeted development work for over 500 active customers. Furthermore, it launches 20 to 30 new products for serial production per year.

Revenues 2012 in EUR millions	29.8
Employees	209
Established	1930
INDUS company since	1990
Locations	Mudau, Grand Rapids (USA), Istanbul (TR)

www.aurora-eos.com

BILSTEIN & SIEKERMANN
GmbH & Co. KG, Hillesheim

COLD EXTRUSION PARTS, TURNED PARTS AND LOCKING SCREWS

BILSTEIN & SIEKERMANN produces turned parts, cold extrusion parts, and locking screws made from steel, brass, and aluminum – primarily for the automotive and mechanical engineering industries, and for other high-tech sectors. The company is the market leader in the field of locking screws. Its innovative combination of cold extrusion and subsequent machining enable it to provide low-price solutions that, as compared with conventionally manufactured pieces, possess improved mechanical properties. A long-established company with decades of production experience, BILSTEIN & SIEKERMANN is characterized by a high level of technical know-how and close commercial relationships with its customers.

Revenues 2012 in EUR millions	19.4
Employees	94
Established	1956
INDUS company since	2003
Location	Hillesheim

www.bsh-vs.com

Emil FICHTHORN Metallwarenfabrik GmbH & Co. KG, Schwelm

METAL FORMING AND ASSEMBLY FOR SERIAL PRODUCTION

FICHTHORN designs and manufactures stamped, flexible, and embossed parts. Its customers come from the automotive parts supply and building hardware industries. FICHTHORN's drawn, pressed, stamped, and formed parts, as well as their assemblies, are used in door locking systems, suspension struts, and airbag and drive systems. From its recently rebuilt Schwelm location, the company manufactures its products using state-of-the-art multi-stage presses and within a modern infrastructure. FICHTHORN's ability to react and adapt flexibly to the requirements of its target markets has established it as a highly competent partner in the eyes of its customers.

Revenues 2012 in EUR millions	9.1
Employees	68
Established	1937
INDUS company since	1996
Location	Schwelm

www.fichthorn.de

KIEBACK GmbH & Co. KG, Osnabrück

PROTOTYPE PARTS AND SMALL SERIES FOR THE AUTOMOTIVE INDUSTRY

KIEBACK specializes in manufacturing prototype parts and small series from sheet metal and plastic parts for niche and special-purpose vehicles. While its sheet metal parts are used primarily for car bodies, its plastic parts are used for vehicle interiors. Using cutting-edge 3D technology, KIEBACK manufactures the parts in strict accordance with customer specifications and, in doing so, can make direct use of the respective customer's 3D construction data. The company's customers include major automotive, commercial vehicle, and agricultural machinery manufacturers. Among the company's distinguishing features are its flexibility and competence.

Revenues 2012 in EUR millions	10.1
Employees	73
Established	1985
INDUS company since	1998
Location	Osnabrück

www.kieback.de

IPETRONIK GmbH & Co. KG, Baden-Baden

MEASUREMENT SYSTEMS AND SERVICES FOR AUTOMOTIVE DEVELOPMENT

When it comes to measuring and examining physical parameters in automotive development, there's no getting past the name IPETRONIK. Indeed, almost every automotive manufacturer in the world now uses its technology and services. With its four divisions, IPEmeasure, IPEmotion, IPEtec, and IPEngineering, IPETRONIK provides a comprehensive range of services and products spanning measurement hardware, measured data recording software, measured data analysis software, the construction of testing stations and the development and testing of vehicle parts. In recent years, the company has invested over four million euros in the development of its infrastructure and construction of various testing stations and climatic/acoustic test chambers. Due to its high level of technical expertise, IPETRONIK's customers are increasingly involving the company in the development of entire systems for thermal management in motor vehicles.

Revenues 2012 in EUR millions	30.1
Employees	144
Established	1989
INDUS company since	1999
Locations	Baden-Baden, Düsseldorf, Eichstätt, Hamburg

www.ipetronik.com

Konrad SCHÄFER GmbH, Osnabrück

MODEL AND MOLD CONSTRUCTION FOR THE AUTOMOTIVE AND AVIATION INDUSTRIES

The model and mold maker Konrad SCHÄFER assists German and other European manufacturers from the automotive and aviation industries in implementing their ideas. The company takes sketches and digital images and turns them into reality, creating forms made of plastic and aluminum – five to ten years before the corresponding products go into serial production. In 2011, SCHÄFER's design expertise was further enhanced through the acquisition of renowned design studio G. Pollmann. Other areas of the future in which SCHÄFER provides its customers with creative impetus are weight reduction (e.g. through carbon fibers), individualized modeling policies and electric vehicles. It is also continuously entering new product areas, with the most recent such project involving the manufacture of 3D models for domestic devices. In 2013, SCHÄFER will be constructing a new design and model center at a cost of EUR 3.5 million.

Revenues 2012 in EUR millions	16.4
Employees	133
Established	1901
INDUS company since	2002
Locations	Osnabrück, Ingolstadt, Mühlhausen, Munich

www.konrad-schaefer.de

SELZER Fertigungstechnik GmbH & Co. KG, Driedorf

METAL-BASED PRECISION TECHNOLOGY FOR THE SERIAL PRODUCTION OF MOTOR VEHICLES

SELZER is a developer and manufacturer of ready-to-install metal components and assemblies for transmissions, brakes, and engines as well as for industrial applications. Having developed particular expertise in the areas of precision stamping, joining technology (especially in laser welding and gluing) and assembly automation, SELZER offers its customers technically sophisticated, yet cost-effective solutions for large-scale series. Moreover, thanks to its location in São Paulo, SELZER can also supply the dynamically growing Brazilian automotive market. The company is an established partner to the automotive and electrical industries and is renowned among its customers for its reliability and quality. SELZER safeguards its particularly high standards of precision by investing regularly in state-of-the-art technologies.

Revenues 2012 in EUR millions	86.5
Employees	602
Established	1923
INDUS company since	2005
Locations	Driedorf, Vinhedo (BR)

www.selzer-automotive.de

SITEK-Spikes GmbH & Co. KG, Aichhalden

TIRE STUDS AND CARBIDE TOOLS

SITEK manufactures car tire studs and carbide-tipped milling cutters. Producing well in excess of half a billion studs for cars and trucks per year, SITEK is a world market leader and, as a development partner to major tire manufacturers around the globe, also involved in the development of new tires, from stage one onwards. As it has its own carbide production facilities, SITEK is in a position to align material properties in strict accordance with the respective area of application. It has also recently developed new areas of application for stud technology, among them bicycle tires and horseshoe nails. The milling cutters are used on milling machines to remove coatings such as road markings and to roughen and clean floor surfaces. They are resistant to wear and tear and designed for economical use.

Revenues 2012 in EUR millions	23.8
Employees	59
Established	1970
INDUS company since	1992
Location	Aichhalden

www.sitek.de

S.M.A. Metalltechnik GmbH & Co. KG, Backnang

PRODUCTS FOR AUTOMOTIVE AIR-CONDITIONING AND SERVO TECHNOLOGY

S.M.A. designs and manufactures air-conditioning, heating, cooling, servo-cooling, and lubricant return ducts for motor vehicles. It specializes particularly in the dimensionally accurate forming of the ducts and the sealed joining of the various metallic and elastomer components, a process which, depending on the number of units, can be highly automated. It implements sophisticated helium leak testing to ensure that the seals are entirely tight. As a pioneer in the development of ducts for CO_2 technology, S.M.A. is already very well positioned to deal with the anticipated changes affecting cooling fluids for motor vehicle air conditioning systems. The company's main customers are German premium manufacturers such as Audi, BMW, Mercedes and VW. It has large manufacturing plant in South Africa and is the only manufacturer from the sector in that region. This plant also exports to the US in accordance with the NAFTA provisions. For some time now, S.M.A has also been manufacturing small quantities of products for customers from other industries.

Revenues 2012 in EUR millions	78.5
Employees	1,120
Established	1990
INDUS company since	2000
Locations	Backnang, Halle, East London (ZA)

www.sma-metalltechnik.de

WIESAUPLAST Kunststoff und Formenbau GmbH & Co. KG, Wiesau

PRECISION PLASTICS

WIESAUPLAST specializes in the precision manufacture of technical plastic parts for the automotive technology segment. These parts are predominantly safety critical components for braking systems – mainly control cabinets for power brake systems and containers for brake fluid. Using innovative special procedures in injection molding technology, WIESAUPLAST manufactures economically, functionally, and at an extremely high level of quality. Additional competencies range from the finishing of the products through to the production of integrated units. WIESAUPLAST's own mold construction capacity has been decisive in driving its success, as it enables the company to fulfill extremely stringent specifications for mass-produced products. With its new subsidiary MID-TRONIC, WIESAUPALAST has now positioned itself as a provider of three-dimensional printed circuit boards made of plastic, and is able to integrate both mechanical and electronic functions into one assembly. Moreover, thanks to having plants in both Germany and Mexico, WIESAUPLAST can supply all its key customers' global locations and has direct access to the North American automobile market, which is again experiencing dynamic growth.

Revenues 2012 in EUR millions	53.6
Employees	508
Established	1958
INDUS company since	1997
Locations	Wiesau, San José Iturbide (MEX)

www.wiesauplast.de

ENGINEERING

ASS Maschinenbau GmbH, Overath

ROBOTIC HANDS AND AUTOMATION SYSTEMS FOR MANUFACTURERS

The company builds and supplies grip parts, robotic hands, and automation systems, mainly for the plastics processing industry. Recently, ASS has also developed additional competencies in the field of image processing and today incorporates solutions that enable location-independent gripping and the optical inspection of components into its automation systems. ASS is an automation specialist and development partner for the supplier industry and has branches in 28 European and US locations. With over 6,000 applications, it offers extensive cross-sector solution expertise. It performs all of its core services, such as control system engineering, the programming of robots, and the integration of technology, in-house. At the beginning of 2013, ASS moved to new premises, in which it invested EUR 4 million.

Revenues 2012 in EUR millions	14.0
Employees	78
Established	1983
INDUS company since	2002
Locations	Overath, Livonia (USA)

www.ass-automation.com

BUDDE Fördertechnik GmbH, Bielefeld

SPECIALIST FOR LOGISTICS AND THE FLOW OF MATERIALS

BUDDE Fördertechnik is a leading provider of materials handling technology. BUDDE provides materials handling technology to optimize the flow of materials and logistics procedures within companies. It offers both standard individual material handling elements as well as customized system solutions. Its range of products spans from plant technology through to package distribution centers and handling systems for recycling plants. BUDDE specializes particularly in the construction of entire package distribution systems. Here, it collaborates with its subsidiary COMSORT to combine handling systems with package weighing systems, image recognition systems able to read the package labeling, and control stations that regulate and monitor system operation and document distribution procedures. The company's constant innovation has led it to develop the expertise of a full-service provider.

Revenues 2012 in EUR millions	50.0
Employees	170
Established	1952
INDUS company since	2013
Location	Bielefeld

www.budde-foerdertechnik.de

M. BRAUN Inertgas-Systeme
GmbH, Garching

INERT GAS GLOVE BOX SYSTEMS FOR INDUSTRY AND RESEARCH

M. BRAUN is known around the world as a manufacturer of inert gas glove box systems and gas purification systems, and is an international market leader in this field. These systems are used in the manufacture of high-tech products such as flat screens with LCD or OLED technology, xenon automotive lighting, lithium-ion batteries, and pharmaceutical products. Moreover, they have recently been gaining in importance within the nuclear industry, which uses them in the handling of radioactive substances. The company collaborates intensively with research institutes and development departments, and is the world's leading supplier to university laboratories. Furthermore, its production network in Germany, the USA and China, as well as its own branches in Switzerland, Great Britain and Korea, enable M. BRAUN to supply and offer regular service to its customers all over the world. The company is looking to expand strongly in future, in particular in Asia.

Revenues 2012 in EUR millions	66.2
Employees	238
Established	1974
INDUS company since	2002
Locations	Garching, Mansfield (GB), Seoul (ROK), Shanghai (CN), Stratham (USA), Wittenbach (CH)

www.mbraun.de

HORN
GmbH & Co. KG, Flensburg

FUELING TECHNOLOGY AND REPAIR SHOP SOLUTIONS FOR GLOBAL CUSTOMERS

HORN TECALEMIT develops and manufactures pumps, fuelling systems, liquid control systems, tire filling systems, oil management systems and technical components for motor vehicle repair shops. Its customers are from the fields of repair shops, petrol stations, petrol storage facilities, agriculture and fleet management, and value the company's wide product range highly. In 2011, HORN TECALEMIT took over the British company Pneumatic Components Limited (PCL), global market leader for analog and digital systems used in tire filling technology and related fields. Together with PCL, HORN TECALEMEIT today has branches in Great Britain, the USA, India and China. A further 2011 acquisition was the tank truck metering division of Hectronic GmbH. HORN's goal for the coming years is to strengthen global distribution for its entire product range and to intensify use of its own, cost-effective manufacturing locations in China and India.

Revenues 2012 in EUR millions	27.9
Employees	179
Established	1944
INDUS company since	1991
Locations	Flensburg, Mumbai (IND), Shanghai (CN), Sheffield (GB)

www.tecalemit.de

GSR Ventiltechnik
GmbH & Co. KG, Vlotho

INNOVATIVE VALVE TECHNOLOGY FOR HIGHLY DEMANDING INDUSTRIAL APPLICATIONS

GSR develops and manufactures automatically controlled valves for liquid and gaseous substances used in highly demanding industrial applications. GSR's technological expertise enables it to realize solutions for high pressure applications of up to 900 bar, for high temperature applications of up to 400 °C, for natural gas fuelling systems and for hydrogen applications. Since its founding in the 1970s, the company has expanded its product range to the point where it now includes 3,000 special valves. Moreover, thanks to its flexible manufacturing structure, it is easily able to realize individual customer wishes. Today, GSR comprises a global distribution network within which highly qualified specialists develop high quality customized solutions.

Revenues 2012 in EUR millions	20.2
Employees	141
Established	1971
INDUS company since	1999
Location	Vlotho

www.ventiltechnik.de

NISTERHAMMER Maschinenbau
GmbH & Co. KG, Nister

SPECIAL MACHINERY FOR BELT CLEANING

NISTERHAMMER develops and manufactures belt cleaning equipment and components for the wet chemical treatment of metal surfaces. Its customers come from the international steel and nonferrous metals industries. The company's facilities are equipped to conduct chemical, electrolytic, and mechanical procedures for cleaning metal substances using the through-feed method, and are used in processing lines, paint shops, hot-dipping lines, and machines for continuous annealing.

Revenues 2012 in EUR millions	9.7
Employees	61
Established	1725/1956
INDUS company since	1997
Location	Nister

www.nisterhammer.de

SEMET Maschinenbau
GmbH & Co. KG, Brackenheim

AUTOMATION AND MATERIALS HANDLING TECHNOLOGY FOR THE CONSTRUCTION MATERIALS AND STEEL INDUSTRIES

SEMET develops and manufactures materials handling equipment, automation solutions, and special constructions for the porous concrete, clay brick, sand-lime brick, gypsum and steel processing industries. The company positions itself as a global supplier of machinery and integral plant facilities – with its own independent development, construction, and commissioning. Together with its subsidiary RI MAC, SEMET manufactures production systems for the concrete block industry and packaging systems for metal profiles. With its team of experienced engineers and project managers, it provides customers with support from the concept development stage through to the commissioning of the manufactured systems, thus offering a high level of project security.

Revenues 2012 in EUR millions	11.7
Employees	63
Established	1978
INDUS company since	1994
Location	Brackenheim, Mauer

www.semet-gmbh.de

TSN Turmbau Steffens & Nölle
GmbH, Berlin

INTERNATIONAL CONSTRUCTION OF TOWERS

TSN Turmbau Steffens & Nölle is one of Germany's leading specialists in the construction of self-supporting steel towers, masts, and special structures. The structures are up to 370 meters high and are erected for customers from the fields of radio, television, and telecommunications. They can be found in almost every part of the world. The company's range of services encompasses project planning, foundation construction, steel supply, and construction. Highly specialized in conducting construction work at great heights, including executing construction measures from helicopters, TSN can also take on projects in related fields.

Revenues 2012 in EUR millions	14.1
Employees	51
Established	1893
INDUS company since	2004
Location	Berlin

www.turmbau-berlin.de

MEDICAL ENGINEERING/ LIFE SCIENCE

IMECO
GmbH & Co. KG, Hösbach

NONWOVEN PRODUCTS

IMECO produces and sells a variety of nonwoven fabric products for the areas of medicine, hygiene, cosmetics, cleaning, and nursing care. Its services encompass product conception, design creation, packaging development, and finishing on special machines. Efficient machinery ensures that IMECO can reliably deliver high quality and punctuality of delivery. The products are marketed using trade brands and branded companies. IMECO is also well-known around the world as a supplier of airbag covers. Among its products is "dymetrol", an innovative high-tech fabric for the construction of seats. Sold exclusively in Europe, dymetrol facilitates the manufacture of weight- and volume-reducing substructures which are used, for instance, in seats for passenger airplanes.

Revenues 2012 in EUR millions	24.1
Employees	221
Established	1984
INDUS company since	1999
Locations	Hösbach, Königswalde, Lubań (PL)

www.imeco.de

OFA Bamberg
GmbH, Bamberg

COMPRESSION HOSIERY AND BANDAGES

OFA Bamberg is a manufacturer of made-to-measure medical compression hosiery, bandages, and orthotic devices, as well as of preventive health products such as surgical and travel stockings. Other products on offer are stockings for athletes and diabetes sufferers. Its constant flow of new ideas has enabled the Franconia-based company to develop an extremely popular range of products that is primarily sold via specialist medical retailers and pharmacies. In 2012, OFA was distinguished by the world-famous "reddot design awards" for its new "Memory" range of stockings, an accolade that serves to again reaffirm the company's innovative strength. OFA sells its products in more than 40 countries around the world.

Revenues 2012 in EUR millions	55.0
Employees	390
Established	1928
INDUS company since	2000
Location	Bamberg

www.ofa.de

MIKROP
AG, Wittenbach (CH)

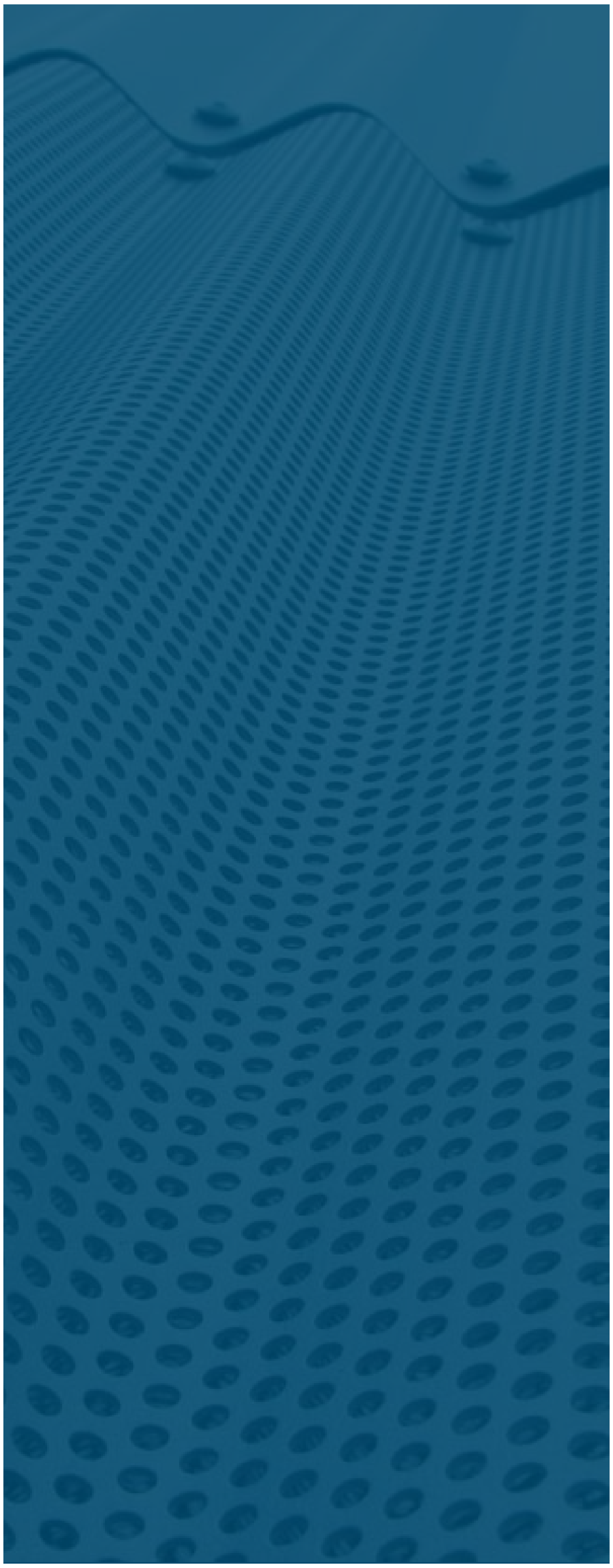
MINIATURIZED PRECISION OPTICS

MIKROP concentrates on the sophisticated development, production, and assembly of high precision individual lenses and lens systems with diameters of below one millimeter. Among its most important customers are companies from the medical technology, automotive, research, and telecommunications sectors. It has traditionally focused on developing lens systems for endoscopic purposes, an area in which the particular quality of MIKROP lenses is held in high regard throughout the world. MIKROP has its own lens development department through which the company can design produce special lenses for its customers. MIKROP occupies a strong position in a market with a high access threshold.

Revenues 2012 in EUR millions	12.8
Employees	115
Established	1981
INDUS company since	2000
Location	Wittenbach (CH)

www.mikrop.ch

METALS TECHNOLOGY



BACHER
AG, Reinach (CH)

COMPONENTS MADE FROM STEEL AND ALUMINUM

BACHER is a tier 1 supplier of components made from standard and stainless steel, and sheet aluminum. Its main area of work is the manufacture of elements for train interiors, in particular of entire ceiling systems including air ventilation ducts and lighting. As a development partner to manufacturers of trains for European rail transportation, BACHER has positioned itself as a problem solver, able to constantly come up with new ideas for ready-installed products with optimized overall costs. In the coming years, BACHER is set to further drive the targeted expansion of its engineering services and will thus be able to assume additional development tasks for its customers. As a supplier to the railway industry, BACHER has been awarded the ISO 9001 certification, the important IRIS certification, as well as special certifications for the welding and bonding of rail vehicles and vehicle components.

Revenues 2012 in EUR millions	27.2
Employees	122
Established	1919
INDUS company since	2000
Location	Reinach (CH)

www.bacherag.ch

BETEK
GmbH & Co. KG, Aichhalden

CARBIDE-TIPPED WEAR PARTS

BETEK is a leading manufacturer of special carbide tools for the areas of road construction, mining, surface mining, tunnel construction, special underground construction, recycling, railroad track construction and agriculture. With a constant flow of new product innovations, the company is continually opening up new business areas. Over the past few years, for instance, the company has developed wear-resistant tools for use in agricultural technology (e.g. chisel plow tips and plow blades) and so-called tung studs used to protect metal surfaces against wear (e.g. for excavator shovels). BETEK invests consistently in research and development, safeguarding its newly developed products by means of patents. Indeed, in the last five years alone, the company has filed over 30 patent applications. At the same time, BENTEK invests continuously in advancing its manufacturing procedures. For instance, it recently invested around EUR 2 million in a new spray tower for the manufacture of carbide powder using an alternative binder to cobalt.

Revenues 2012 in EUR millions	149.0
Employees	208
Established	1981
INDUS company since	1992
Locations	Aichhalden, Atlanta (USA)

www.betek.de

HAKAMA
AG, Bättwil near Basel (CH)

SHEET METAL TECHNOLOGY

HAKAMA specializes in the production of premium casings and components made from aluminum, steel, and stainless steel, primarily for medical technology systems such as analytical and diagnostic equipment, and also for professional coffee machines. Working closely with its customers, HAKAMA develops entire casing solutions, combining the metal components with high-quality surfaces and components made of plastic or wood according to the respective customer's wishes. These solutions include modular systems that facilitate the removal and replacement of entire machine components during servicing. HAKAMA not only manufactures casing components, but can also assist its customers with all stages of installation, from pre-assembly through to the fitting of electrical components and cable harnesses. Its core sales markets are Switzerland, the EU and the United States. Indirectly, HAKAMA's export share is well over 80 percent.

Revenues 2012 in EUR millions	23.0
Employees	161
Established	1956
INDUS company since	2010
Location	Bättwil/Basel (CH)

www.hakama.ch

MEWESTA Hydraulik
GmbH & Co. KG, Münsingen

HYDRAULIC CONTROL BLOCKS AND SYSTEMS

MEWESTA specializes in the construction and manufacture of hydraulic control blocks, hydraulic power units, and hydraulic components, and is among the leading companies in this field. A partner to companies from the mechanical and plant engineering industry, MEWESTA is today able to manufacture hydraulic block machines with individual weights of up to one ton, thanks to its investments over the past few years. The company can also, if the customer so requests, assume the entire assembly and testing of hydraulic control systems and is renowned for its broad spectrum of standard products and innovative solutions for customized products. Among its customers are manufacturers of machine tools, plastic injection molding machinery, construction machinery and materials handling technology.

Revenues 2012 in EUR millions	7.8
Employees	53
Established	1970
INDUS company since	1997
Location	Münsingen

www.mewesta.de

KÖSTER & Co.
GmbH, Ennepetal

COLD WORKING PARTS AND STUD WELDING TECHNOLOGY

KÖSTER develops, produces, and sells bolt welding machinery, weld bolts, and cold working parts for joining technology in different industrial fields. "KÖCO" technology is mainly used in structures where large components need to be safely and securely joined together, for example in bridge engineering, in the construction of multi-storey car parks, in the fireproofing industry, in machinery and power plant construction, and in ship and vehicle construction. Indeed, bolts and welding equipment from KÖSTER are today used in industrial projects in over 80 countries, for instance for the construction of bridges in India or the building of power plants in Finland. In 2011 and 2012 the company invested some four million euros in new machines and buildings with a view to opening up new markets and areas of application, in particular for cold working parts.

Revenues 2012 in EUR millions	19.0
Employees	94
Established	1952
INDUS company since	2008
Locations	Ennepetal, Žacléř (CZ)

www.koeco.net

PLANETROLL
GmbH & Co. KG, Munderkingen

POWER TRANSMISSION TECHNOLOGY, STIRRING TECHNOLOGY, PLANT ENGINEERING

PLANETROLL is an innovation-driven company in the engineering sector. As well as manufacturing planetary transmissions and developing software and hardware solutions, PLANETROLL is the market leader in the field of explosion-proof variable-speed gear boxes for power transmission. The company's stirring technology product division, built up over the past few years, offers a broad product spectrum ranging from explosion-proof lab stirring units through to industrial stirring facilities. Among its main areas of work is the manufacture of stirring systems for automotive industry paint shops. Thanks to the modular construction of its stirring systems, it can easily implement customer-specific solutions.

Revenues 2012 in EUR millions	5.7
Employees	38
Established	1976
INDUS company since	1998
Location	Munderkingen

www.planetroll.de

Helmut RÜBSAMEN
GmbH & Co. KG, Bad Marienberg

METAL PROCESSING AND FORMING

RÜBSAMEN is a specialist supplier of pressed, stamped, drawn, and formed parts made from malleable metals, laser-cut articles, and welded assemblies made from sheet steel, stainless steel, aluminum, and nonferrous heavy metals. The company's customers are German and international manufacturers, primarily from the iron, steel, and metallurgical industry, the heating and air-conditioning technology sector, and plant construction. RÜBSAMEN uses its production expertise by integrating it at an early stage into the construction processes on the customers' premises.

Revenues 2012 in EUR millions	38.8
Employees	261
Established	1960
INDUS company since	2003
Location	Bad Marienberg

www.helmut-ruebsamen.de

Karl SIMON
GmbH & Co. KG, Aichhalden

COMPONENTS AND ASSEMBLIES MADE FROM METAL AND PLASTIC

SIMON offers a wide range of products via its business segments of window and door hardware, powder metallurgy, and SIMON-Systems. Its window and door hardware products are bought by companies from the furniture and mobile home industries. Today, its main product focus is on air damping systems for drawer slides and doors and locking systems for mobile home equipment. Powder metallurgy produces molded parts made of steel and nonferrous heavy metals. It is a technology that facilitates the high precision manufacture of geometrically complex forms. SIMON Systems manufactures components and assemblies that combine the various production technologies available at SIMON. Its main area of focus is the manufacture or galvanically finished plastic components. These components are injection molded at its subsidiary SIKU and subsequently galvanized at SIMON. They are used in car interiors, in sanitary facilities and in consumer goods.

Revenues 2012 in EUR millions	45.1
Employees	252
Established	1918
INDUS company since	1992
Location	Aichhalden

www.simon.de

VULKAN INOX
GmbH, Hattingen

GRANULES FOR SURFACE TREATMENT

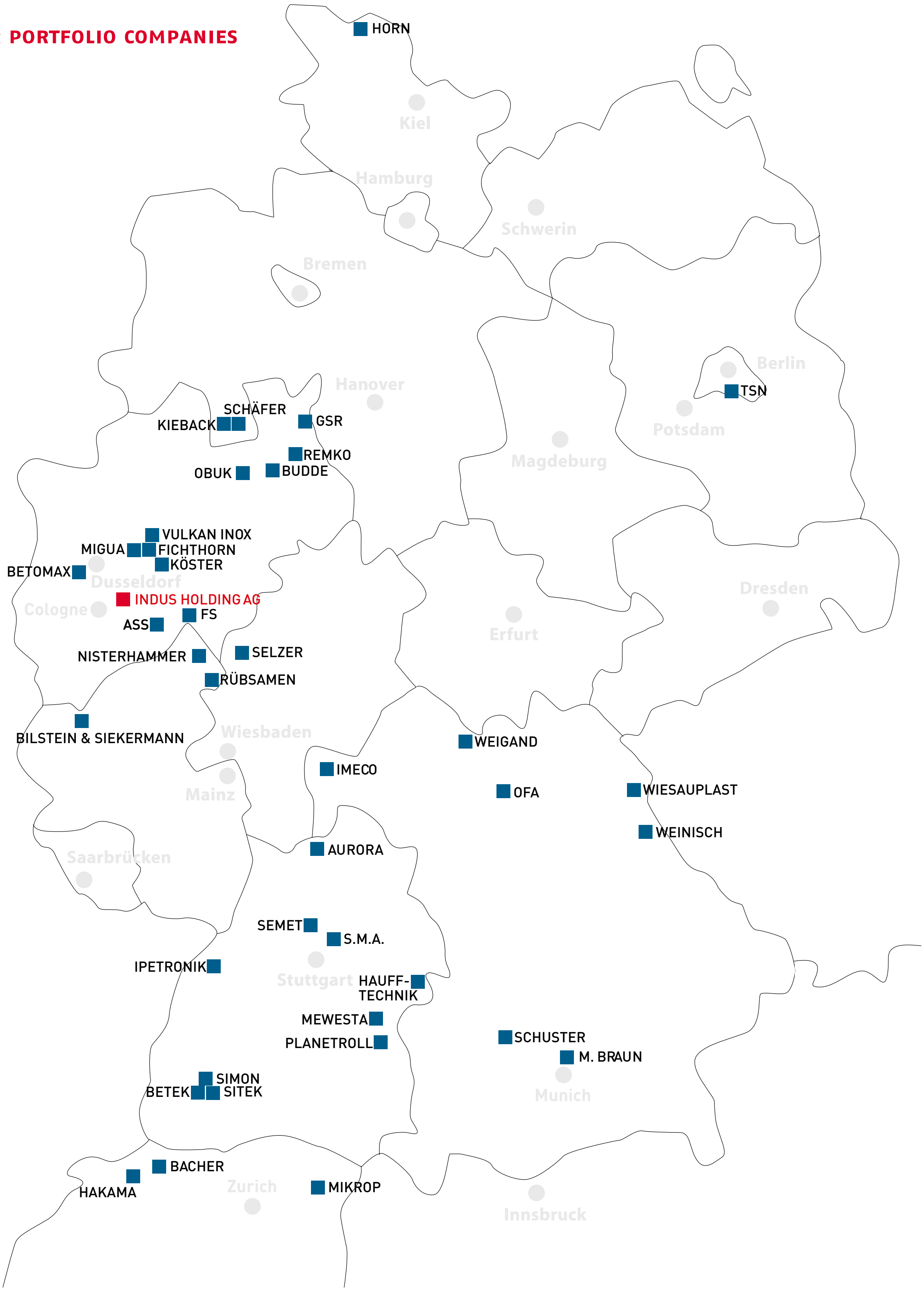
VULKAN INOX is one of the leading manufacturers of granulated stainless steel blasting agents for the treatment of surfaces of all kinds. The blasting agents it produces are rust-resistant thanks to the addition of nickel and chrome. Its product GRITTAL, which is manufactured in a patented process, was developed especially for the treatment of high quality surfaces. It requires shorter blasting times and is more durable than other agents. VULKAN INOX sells its products worldwide, partly through subsidiaries of its own. With an export ratio of more than 70 percent, the company has a global market share of 75 percent.

Revenues 2012 in EUR millions	22.7
Employees	50
Established	1984
INDUS company since	2002
Location	Hattingen

www.vulkan-inox.de

Locations

SITES OF OUR PORTFOLIO COMPANIES IN GERMANY



LOCATIONS OF THE INDUS GROUP WORLDWIDE


Finland
Poland
Czech Republic
Slovakia
nd
Serbia
Turkey
Korea
China
India
South Africa

2011 2012 2013 20

INDUS – FOCUSING ON DEVELOPMENT

ANNUAL REPORT 2012

INDUS HOLDING AG

INDUS – FINANCIAL YEAR 2012

KEY FIGURES (in EUR millions)

	2012	2011	2010
Sales	1,105.3	1,097.1	971.6
of which domestic	569.5	592.9	537.7
of which abroad	535.8	504.2	433.9
EBITDA	151.5	160.0	145.0
EBIT	105.7	113.2	101.4
EBT	84.6	90.3	74.0
Net income for the year	52.3	55.6	46.6
Total assets	1,052.7	1,040.2	973.1
Group equity	410.1	382.1	309.5
Net debt	341.8	311.2	379.4
Equity ratio in the Group (in %)	39.0	36.7	31.8
Equity of INDUS Holding AG	592.7	568.7	503.2
Equity ratio INDUS Holding AG (in %)	58.9	56.4	54.6
Operating cash flow	68.4	130.2	81.9
Cash flow from operating activity	45.9	106.2	54.3
Cash flow from investing activity	-53.5	-56.9	-38.4
Cash flow from financing activity	-16.5	-23.3	-13.9
Cash and cash equivalents as per Dec. 31	98.7	123.1	96.8
Earnings per share, basic in acc. with IFRS (in EUR)	2.46	2.75	2.59
Cash flow per share (in EUR)	2.06	4.78	2.69
Dividend per share (in EUR)	1.00*	1.00	0.90
Investments (number as per Dec. 31)	38	39	40

* Subject to the consent of the Annual Shareholders' Meeting on June 24, 2013

6,859 > 1,105

Our Group's workforce of around generated 2012 sales of EUR millions

> INDUS is the leading specialist for sustainable investment and growth in the German SME sector. We acquire mainly owner-managed companies, and then foster their business development by means of long-term strategies. As an active and growth-oriented financial investor, we ensure that our companies retain their special strength: their middle-market identity.

Our shareholders thus participate in the success of a diversified portfolio of hidden champions – a portfolio set for further growth.

3.

COMPANY AND SHAREHOLDERS

4.

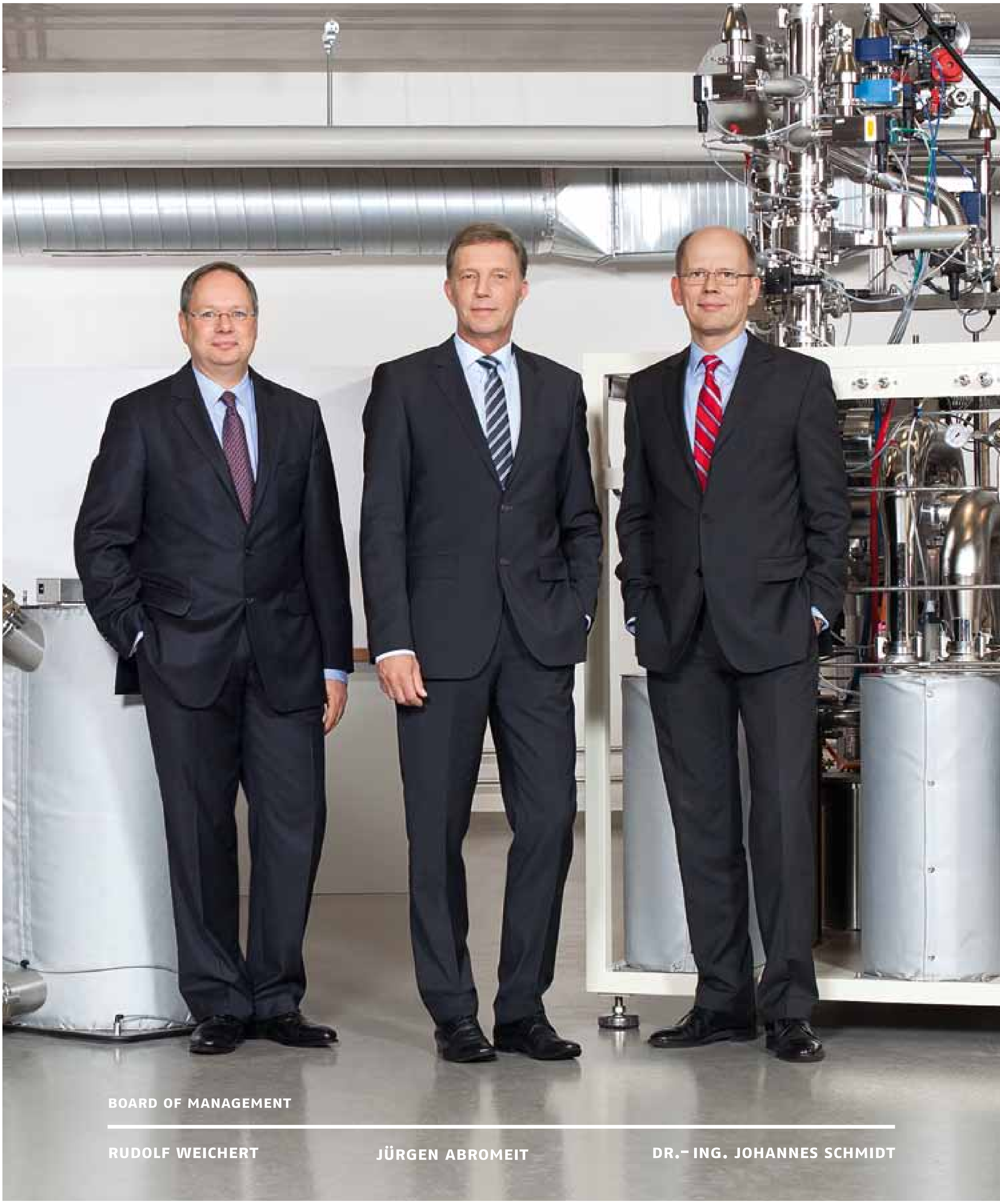
COMBINED MANAGEMENT REPORT

5.

CONSOLIDATED FINANCIAL STATEMENTS

6.

FURTHER INFORMATION


BOARD OF MANAGEMENT
RUDOLF WEICHERT
JÜRGEN ABROMEIT
DR.– ING. JOHANNES SCHMIDT

Letter to the Shareholders

Ladies and Gentlemen,

2012 was a challenging year. The weak economic forecast for the 2011/2012 winter half-year led us to remain cautious when formulating our prognosis for INDUS in the spring of 2012. However, in the course of the year, global economic conditions stabilized noticeably, which was also a result of stabilisation on the financial markets.

With sales of around EUR 1.1 billion and operating income of around EUR 106 million, our Group once again recorded good results. Indeed, we slightly surpassed the targets that we had originally considered as somewhat ambitious.

The status quo remains difficult, however. There is still no permanent solution for the sovereign debt crises in Europe and the USA. The view on the markets in this respect is that politics will only being able to prevent the break-up of the Eurozone through massive interventions, but that, as yet, there are no real signs of budget consolidation. Overall, the Eurozone economy has shrunk. Germany, with its industrial strength and high level of exports, is the only country to record slight growth. Europe is therefore in the midst of a structural crisis and will take years to emerge from this current recession.

In the years to come, our companies will undergo more intensive growth as a result of international markets.

JÜRGEN ABROMEIT

However, other markets are experiencing growth: for instance, in the emerging markets, of which Asia is at the forefront. INDUS is among those to benefit from this growth. While our domestic business declined by 5 %, we were more than able to make up for this thanks to strong growth in our foreign business segments. We expect this trend to continue in the coming years. By contrast, we only expect to see tepid growth in Germany over the next few years, and none at all in the rest of Europe.

After several years of development and, more recently, of consolidation, we are today all the more certain that, in order to grow and to foster profitability, INDUS will have to focus more intensely on internationalization in the future. The Board of Management thus sees INDUS as approaching a new phase of development. Our credo, formulated in our new strategy “Compass 2020,” is “controlled development.”

We call it "controlled development" because we are not seeking growth at any price, but rather want to grow in a purposeful manner, in line with our portfolio companies. As of now, therefore, our principle is no longer just "Buy and Hold", but has been extended to include "Develop." This strategy will see us working towards a profitable "INDUS portfolio 2020" that is fit for the future.

The main focus our strategy is to actively and resolutely develop the existing portfolio and to extend it through further acquisitions. These two leverage areas will enable INDUS to grow in the coming years, both in terms of quality and quantity. Our understanding of active portfolio management involves strengthening and developing the portfolio companies, investing more in research and development, and selective, strategic 2nd level (sub-subsidiary) acquisitions in order to enhance individual areas of activity.

Our focus is on companies that are exemplary of the excellence associated with "Made in Germany" given their innovative strength and high quality.

RUDOLF WEICHERT

With this objective in mind, we want to develop our portfolio by making targeted acquisitions, both in sectors that we have already invested in and in others that we consider sectors of the future. In keeping with our business model, our acquisitions drive focuses on businesses that engineer and manufacture niche products and thus boast a high level of technical expertise. In this respect, we have analysed and defined industrial mega-trends and key sectors. For our purposes, these sectors are Medical Technology, Infrastructure, Transport and Logistics, Energy and Environmental Technology, and Automation, Measurement and Control Technology.

Our acquisition of the BUDDE Group at the end of January 2013 represents not only a promising entry into our targeted sector of Logistics, but also an important first step on our course for the future.

Our goal, as always, is to develop a portfolio that represents a cross section of the industrial middle market. Our portfolio companies therefore have their own value added processes and, with their innovative strengths and high quality products, are exemplary of the excellence associated with "Made in Germany". Only by ensuring such portfolio quality can we achieve sustainable growth and continually improve on our results. This development process will therefore be the focal point of our work over the next few years.

The difficult economic situation is set to continue in 2013. This is due to the unsolved debt problems in the Eurozone and the lack of any growth dynamism in the USA and Europe. There are still

no signs of any significant market revival for the 2013 fiscal year. Despite this, however, we still expect consolidated sales to be on a par with last year's good level. The sector-specific conditions for our five sectors are stable. We expect to benefit from stable material prices, but to be burdened by high wage agreements. Overall, however, we see ourselves as well-positioned with our "niche specialists", and expect slight growth and stable earnings.
We expect consolidated sales of EUR 1.1 to 1.2 billion and are aiming for an operating result of over EUR 100 million, whilst naturally seeking to surpass the results for 2012.

> **In 2013, we aim to once again achieve the level of earnings of 2012. If the conditions are good, we may even surpass it.**
>
> **DR.-ING. JOHANNES SCHMIDT**

The Board of Management and Supervisory Board will propose a dividend of EUR 1.00 per share at this year's Annual Shareholders' Meeting scheduled for June 24. By maintaining the dividend, we remain in line with our stable dividend policy.

The success enjoyed last year is a result of the hard work of a large team. The Board of Management at INDUS Holding AG would therefore like to thank not only the company executives, but also all staff at the portfolio companies for their outstanding contributions. We also extend our thanks to you, our shareholders, for your confidence and support.

Bergisch Gladbach, April 2013

The Board of Management

Jürgen Abromeit | Dr. Johannes Schmidt | Rudolf Weichert

Management Bodies

Board of Management[1]

JÜRGEN ABROMEIT
CEO
Strategy, Finance, Public & Shareholder Relations, Human Resources, Acquisitions, Equity Holdings Management

Jürgen Abromeit (born 1960) has been a member of the INDUS Holding AG Board of Management since 2008. In July 2012 he assumed the position of CEO. After completing his professional training, the bank manager held a number of positions at Dresdner Bank and Commerzbank, primarily in the small and medium-sized corporate customers segment, before moving over to steel manufacturer Georgsmarienhütte (GMH) as chief financial officer in 1998. During his eleven years at GMH, Abromeit was responsible for management of several subsidiaries, and in his last position as board-level divisional director headed the steel/mechanical and plant engineering division which he had built up in the GMH Group.

DR.-ING. JOHANNES SCHMIDT
Technology & Capital Expenditure, Research & Development, CSR, Insurance, Equity Holdings Management

Dr. Johannes Schmidt (born 1961) has been a member of the INDUS Holding AG Board of Management since 2006. After graduating with a degree in applied mathematics and completing his doctorate in the field of mechanical science, Dr. Schmidt first assumed development tasks at Richard Bergner GmbH, a Schwabach-based manufacturer of electrical instruments, before ascending to become managing director in the course of his twelve years at the company. In 2000 he moved to ebm-papst Landshut GmbH, a manufacturer of ventilation motors and fans, to become its sole managing director. During his tenure there, some of his main achievements include advancing the development of new product platforms and the internationalization of production sites.

RUDOLF WEICHERT
Reporting, Accounting, Corporate Governance – Regulatory Compliance and Risk Management, Tax, IT, Equity Holdings Management

Rudolf Weichert (born 1963) has been a member of the INDUS Holding AG Board of Management since June 2012. Before joining the INDUS Board of Management, he was a partner at accounting firm KPMG for nine years. He spent three of these years in Detroit, Michigan, where he mainly worked with companies in the automotive, engineering and materials trading industries. Mr. Weichert, who holds a business degree, worked for KPMG for about 20 years, primarily at the firm's Düsseldorf offices where he chiefly worked with multi-national manufacturing corporations. He also worked extensively with clients in the biotechnology/life sciences and renewable energy sectors.

The Supervisory Board[1]

1 > Further information on page 144 f.

BURKHARD ROSENFELD

Chairman of the Supervisory Board

Burkhard Rosenfeld (born 1941) holds a degree in engineering and, as a member of the founding Board of Management from 1990 to 2006, contributed significantly to the development of INDUS Holding AG. He has been a member of the INDUS Holding AG Supervisory Board since the end of 2008, and was elected as its Chairman in December 2009.

DR. JÜRGEN ALLERKAMP

Deputy Chairman of the Supervisory Board

Dr. Jürgen Allerkamp (born 1956) is a lawyer and political scientist. From February 2010 to May 2012 he was CEO of Deutsche Hypothekenbank (Actien-Gesellschaft) in Hanover. Prior to holding this position, Dr. Allerkamp was a member of the board of management of Nord/LB from 1998 to 2010. He was initially appointed to the INDUS Holding AG Supervisory Board in 2007.

DR. RALF BARTSCH

Dr. Ralf Bartsch (born 1959) is a businessman and management spokesman for the SCHLAU/HAMMER Group, Porta Westfalica. He has been a member of the INDUS Holding AG Supervisory Board since 2007.

HANS JOACHIM SELZER

Hans Joachim Selzer (born 1943) holds a degree in industrial engineering, is an entrepreneur and former owner of Selzer Fertigungstechnik in Driedorf, an equity holding of INDUS Holding AG. He has been a member of the INDUS Holding AG Supervisory Board since July 2012.

HELMUT SPÄTH

Helmut Späth (born 1952) is a businessman, public accountant, tax advisor and deputy chairman of Versicherungskammer Bayern, Munich. He is a member of the board of management in charge of Finance and Accounting. He has been a member of the INDUS Holding AG Supervisory Board since July 2012.

CARL MARTIN WELCKER

Carl Martin Welcker (born 1960) is managing partner at the medium-sized mechanical engineering company Alfred H. Schütte GmbH & Co. KG in Cologne. He has been a member of the Supervisory Board since February 2010.

Personnel Committee: Burkhard Rosenfeld (Chairman) / Dr. Jürgen Allerkamp / Hans-Joachim Selzer / Helmut Späth
Audit Committee: Dr. Jürgen Allerkamp (Chairman) / Dr. Ralf Bartsch

Report of the Supervisory Board

Ladies and Gentlemen,

The Supervisory Board diligently fulfilled all the tasks required of it by law and the company's articles of association 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 significant transactions. In this respect, it received information about business and asset developments on an ongoing basis. In addition to financial, investment, and personnel planning, the Supervisory Board devoted its attention to the risk situation and risk management. It compared all information made available to it with the company's strategic planning. In the year under review, the Supervisory Board placed particular emphasis on monitoring compliance with the provisions of the German Corporate Governance Code.

Transactions of significance for INDUS Holding AG were also discussed with the Supervisory Board outside of its regular meetings to ensure that it was always involved in all major decisions.

In 2012, four regular Supervisory Board meetings were held and one extraordinary meeting; three resolutions were passed by written circulating ballot. With the exception of the opening meeting on July 3, 2012, all members of the Board of Management and Supervisory Board attended every meeting. Each committee meeting has full attendance as well.

Primary Meeting Topics

The priority at the first meeting on April 19 was the presentation and discussion of the 2011 annual financial statements, and the related resolution. Also up for vote were the Board of Management's dividend proposal and the agenda for the 2011 Annual Shareholders' Meeting. In addition, the Board presented the annual risk management reports on compliance and capital expenditures for 2011.

On May 7 the decision was made by circulating written ballot to sell the equity holding REBO-PLASTIC after extensive preliminary research and discussion in the prior meeting. On May 14 a vote was held, likewise by circulating written ballot, on the shareholder representatives to be proposed for appointment at the Annual Shareholders' Meeting.

The second regular meeting on May 24 concentrated on business developments and the company's financial position in the first quarter. In addition, the Board of Management presented its plan for enhanced portfolio management in the Automotive Technology segment.

Burkhard Rosenfeld / Chairman of the Supervisory Board

On the day of the Annual Shareholders' Meeting, the Supervisory Board held a regular meeting to prepare for the latest proposals. After the Annual Shareholders' Meeting, the opening meeting of the newly constituted Supervisory Board was held. The Chairman was elected unanimously, and the decision on the establishment and composition of the Audit Committee was passed unanimously. The main task, however, was greeting the newly constituted Board of Management.

At the fourth regular meeting held on October 10, the Board of Management presented an updated projection for full-year 2012. The most important agenda item however was the Board of Management's presentation of a new and comprehensive business strategy entitled Compass 2020. This involves internal organizational changes and implementation of a new holding IT structure.

The year's last meeting, held December 14, was devoted to examining the latest key figures for the 2012 fiscal year and projections for 2013. The Board of Management presented the required draft resolution for acquisition of Budde Group for approval. The Supervisory Board approved an insider trading policy governing purchase and sale windows (for INDUS shares) for those affected by insider trading regulations. In addition, the Chairmen of Supervisory Board and Board of Management as well as the member of the Board of Management responsible for corporate governance signed the updated declaration of conformity stipulated by Section 161 of the German Stock Corporation Act (AktG). The declaration of conformity was published on the company's website thereafter, making it permanently available to the public. It also forms part of the corporate governance report for the fiscal year.

Work of the Committees

For years, the Supervisory Board has had a Personnel Committee, which also functions as the Nomination Committee. In order to further eliminate deviations from Corporate Governance Code, in 2012 the Supervisory Board also formed an Audit Committee.

The Personnel Committee met twice during the fiscal year to discuss Board of Management structure and contracts. The positive changes in the Board of Management structure now apparent are based on unanimous decisions.

The Audit Committee was constituted in July 2012, and convened twice in the reporting period. The primary topics of discussion were the review of the auditing structure on the Group level and preparation of a method for selecting a new Group auditor.

Discussion on the Annual Financial Statements and Dividend Recommendation

Treuhand- und Revisions-Aktiengesellschaft Niederrhein, based in Krefeld, Germany, which was appointed as company and Group auditor by resolution at the Shareholders' Meeting of Tuesday, July 03, 2012, audited the annual financial statements and management report of INDUS Holding Group and INDUS Holding AG in accordance with the Supervisory Board's instructions. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The auditor awarded the annual financial statements with an unqualified audit certificate. The auditor also confirmed that the risk management system complied with statutory regulations, and that there are no identifiable risks that might jeopardize the company as a going concern. The interim financial reports were not subjected to audit.

The consolidated financial statements and Group management report, the individual financial statements and management report and the audit reports were submitted to all the members of the Supervisory Board in good time. They were discussed in detail at the Supervisory Board meeting for adoption of the financial statements on April 19, 2013. The auditor attended this meeting, reported on all audit findings, and was available to answer any additional questions. The Supervisory Board discussed all of the submissions and audit reports in depth.

Based on the final result of our own audit of the documents submitted to us and the Audit Committee's recommendations, the Supervisory Board raises no objections, and concurs with the Group auditor's findings. The Board endorses the financial statements prepared by the Board of Management and approves the consolidated financial statements. The Supervisory Board concurs with the Board of Management's proposed appropriation of distributable profit.

Thank you

The Supervisory Board would like to thank the all employees and managing directors at the equity companies, as well as the employees and Board of Management at the holding company for their hard work this past fiscal year.

The Supervisory Board is aware that the success of INDUS depends on teamwork and close internal cooperation to achieve the company's long-term objectives. Our local managing directors conduct the operating business of our equity holdings as entrepreneurs, laying the foundations for success jointly with their own staff members. The INDUS Holding AG Board of Management works to enhance portfolio value through valid, well-founded personnel-related decision-making, clear strategic objectives and decisive action to systematically execute on our growth strategy without losing perspective.

We firmly believe that this is the best way to reward our shareholders in return for the confidence they have placed in our organization.

Bergisch Gladbach, April 19, 2013

For the Supervisory Board
Burkhard Rosenfeld
Chairman

4.

COMBINED MANAGEMENT REPORT

Company

In 2012, INDUS held a portfolio of 38 companies as a financial investor. The portfolio is diversified across Germany's key SME industries. INDUS aims to constantly further develop this portfolio in the years to come.

STRUCTURE AND OPERATING ACTIVITIES

INDUS – the listed holding company with a focus on SMEs

INDUS Holding AG is a financial investor with a long-term strategy. Since its founding in 1985, INDUS has established itself as a specialist in the acquisition of small and medium-sized manufacturers in German-speaking Europe. The company's shares[2] began trading on the Frankfurt Stock Exchange in 1995. The shares are traded in the Prime Standard market segment, and included in the SDAX index. The shares are also registered for over-the-counter trading on the regional stock exchanges in Stuttgart and Düsseldorf. The operating companies are organized into five divisions: Construction/Infrastructure, Automotive Technology, Engineering, Medical Technology/Life Science, and Metals Technology. In fiscal year 2012 these divisions were again the reportable segments according to IFRS.

2 > Details on pages 31 ff.

The company is run by a three-member Board of Management. On the reporting date, the holding company had 18 employees at the company's headquarters in Bergisch Gladbach, Germany, not counting Board of Management members. The Supervisory Board comprises six members. It monitors the Board of Management and advises it in matters related to management of the company. The Supervisory Board has formed a Personnel Committee and an Audit Committee. Please see the Report of the Supervisory Board and the Corporate Governance section[3] for detailed information about corporate governance and collaboration between the Supervisory Board and the Board of Management at INDUS Holding AG.

3 > Details on pages 10 ff. and 24 ff.

Legal Organizational Structure: Holding Company Holds Majority Stakes in SMEs

In 2012 INDUS held direct stakes in 38 small and medium-sized manufacturing companies. All of these portfolio companies are based in Germany or Switzerland. The legal domicile of INDUS Holding AG is Bergisch Gladbach, Germany. Tasks are allocated in a decentralized way between the individual portfolio companies and the holding company. Responsibility for the development of business operations lies entirely with the managing directors of the individual companies. This includes the central areas of production and sales, marketing and administration, and research and development. The holding company focuses on performing corporate functions such as finance, controlling, and accounting. The strategic goals and milestones of operational development are defined as part of annual planning by the companies' managing directors and holding company experts in preparation for final decision by the Board of Management. Please see the Declaration on Corporate Governance[4] for details about the organizational structure of management and controlling at the holding company.

4 > Deklaration on page 24 and on www.indus.de/investoren_und_pressecorporate_governance.html

Organizational Structure: Decentralized Group

The subsidiaries operate independently, using their own funds to finance their operations, with support from the holding company as needed. The holding company guides strategic and long-term capital expenditure and essentially performs a coaching function for local management. Please see the list of shareholdings[5] in the Notes for a complete overview of the companies that belong to the Group.

5 > List of Shareholdings on pages 142 f.

Business Fields and Competitive Position: Diversified Activities

INDUS holds stakes in financially healthy manufacturing companies with good long-term growth prospects. The Group's companies are active in a wide variety of fields and markets. Portfolio diversification is a key part of the INDUS Group strategy. Investing in a range of businesses diversifies and thus minimizes risk. Please see the Economic Conditions section[6] and the Segment Report[7] for all significant information about the companies and the divisions to which they are allocated, as well as information on the development of the individual branches of industry.

6 > General Conditions on pages 36 ff.

7 > Segment Report on pages 44 ff.

The domestic market still plays a significant role for many portfolio companies as a business region. Thanks to increasing exports, INDUS Group consolidated sales generated abroad reached 48.5 % of total consolidated sales in the year under review (2011: 46 %). In accordance with the Group's decentralized structure, most of the independent portfolio companies are broadly geographically distributed throughout Germany, Switzerland and Western Europe. As part of internationalization efforts, some portfolio companies have established sites outside Europe. Key production facilities are located in Brazil, South Africa, China, North America, Mexico and India.

Acquisitions: No Acquisitions in the Year Under Review

In 2012 INDUS Holding AG made no individual acquisitions expanding the portfolio.

Legal and Economic Factors: Diversification Spreads Risk

> Portfolio Strategy: Diversification

The diversified nature of the activities of INDUS portfolio companies means that their success depends on a wide range of factors. Because exports comprise a large portion of many subsidiaries' business, the growth rate of the world economy is increasing in significance as an influencing factor. Prices of various materials also play an extremely important role, these costs amounting to nearly 50 % of sales. Salary and wage adjustments to keep in line with general market developments in the relevant industries and regions affect costs.

Disclosures per Sec. 315 Para. 4 of German Commercial Code (HGB): Capital Stock, Voting Rights, and Transfer of Shares

On December 31, 2012, the capital stock of INDUS Holding AG came to EUR 57,792,116.42. This is comprised of 22,227,737 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.

Investment Share more than 10 %

Per a voting rights notification received in November 2011, the insurer Versicherungskammer Bayern Versicherungsanstalt des öffentlichen Rechts holds 17.36 % of INDUS Holding AG voting rights.

Privileges and Voting Rights Control

The company does not have any shares with privileges conferring control rights. The Board of Management is not aware of any voting rights control in cases when employees hold shares of INDUS Holding AG capital without exercising their own control rights directly.

Appointment and Dismissal of Board of Management Members

Members of the Board of Management are appointed and dismissed in accordance with the statutory provisions 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 term of five years; repeat appointments by the Supervisory Board are permitted. In accordance with Item 5.1 of the articles of incorporation, the Board of Management consists 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 as 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 at the Annual Shareholders' Meeting. Amendments to the articles of incorporation require approval from at least three-quarters of capital stock represented in resolution voting. Pursuant to Item 7.12 of the articles of incorporation[8], the Supervisory Board is empowered to adopt purely editorial amendments to the articles of incorporation, and pursuant to Item 4.5, to adopt wording changes that reflect the respective utilization of authorized capital.

8 > Articles of Incorporation look at www.indus.de/investoren_und_presse-corporate_governance.html

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

According to Item 4.3 of the articles of incorporation, 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 cash contributions (Authorized Capital I) through June 30, 2014 subject to Supervisory Board approval. In the event of a capital increase, shareholders must be granted subscription rights. However, the Board of Management is empowered to exempt fractional amounts from the shareholder subscription rights, subject to Supervisory Board approval. The Board of Management also has the power to determine the further details pertaining to share offerings.

According to Item 4.4 of the articles of incorporation the Board of Management is authorized to increase the company's capital stock additionally by up to EUR 11,558,423 through the one-time or multiple issuance of new bearer shares in exchange for contributions in cash and/or kind (Authorized Capital II) through the date July 2, 2017, subject to Supervisory Board approval. Subject to Supervisory Board approval, the Board of Management is empowered to determine other details pertaining to share offerings/deals, and to exclude shareholder subscription rights.

A resolution passed at the Annual Shareholders' Meeting held July 1, 2010 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 8.3 % of the current number of no-par-value shares and therefore to 8.3 % of the company's current capital stock, in the period until June 30, 2015. This authorization can be exercised in full or in part, once or several times. However, no more than 10 % of the company's capital stock as per the time of the resolution may be bought back under this empowerment, including shares already purchased and owned by the company and shares attributable to the company per Sec. 71d Sentence 3 and Sec. 71e Para. 1 Sentence 1 of the German Stock Corporation Act (AktG).

The company's capital stock has been conditionally increased by up to EUR 26,269,145.61, consisting of 10,103,517 no-par-value bearer shares, or registered shares insofar as the company's articles of incorporation allow the issuance of registered shares at the time of issuance (Contingent Capital). A contingent capital increase will only be performed insofar as option or convertible bonds are issued or guaranteed on the basis of the authorization resolution from the Annual Shareholders' Meeting of July 5, 2011 until July 4, 2016, and the holders of option or conversion rights exercise their conversion rights, and/or those with option or conversion obligations fulfill these obligations.

Please see the company's articles of incorporation for more details regarding authorizations. The articles of incorporation are permanently available on the website of INDUS Holding AG[9].

9 > www.indus.de/investoren_und_presse-corporate_governance.html

Material Agreements in the Event of a Change of Controll

In the event of a material change in the composition of the Supervisory Board and the company's business approach (change of control), the members of the INDUS Holding AG Board of Management have a special right to terminate their employment contracts within one year. In such cases, the company will pay members of the Board of Management severance in the amount of their full compensation through the end of their employment contracts, subject to a minimum of total compensation for one fiscal year, including all fixed and variable remuneration components and non-cash benefits. If the Board of Management is dismissed within a year of a change of control without good reason as defined in Sec. 626 of the German Civil Code (BGB), the company will pay members of the Board of Management severance in the amount of the full compensation they would have received through the end of their employment contracts, subject to a minimum of total compensation for two fiscal years, including all fixed and variable remuneration components and non-cash benefits.

OBJECTIVES AND STRATEGY

Building up a Valuable Portfolio by Investing in Industrial Hidden Champions

INDUS is a listed German investment company focused on SMEs: solid, diversified and profitable. The INDUS Group pursues the challenging goal of maintaining a "10 % plus" EBIT margin and regularly distributing dividends to shareholders. The objective is to continuously increase the value of the investment portfolio while consistently generating appropriate returns. The widely diversified range of activities reduces risk exposure during times of crisis. The foundation for this strategy is the acquisition of majority stakes in profitable small and medium-sized industrial companies and optimizing their business on an ongoing basis. INDUS only acquires companies which are active and occupy a leading position in appealing niche markets.

> Goal: "10 % plus"

The company sees itself as the primary go-to for succession planning for small and medium-sized companies in German-speaking Europe. This remains a business focus. The Board of Management believes that succession will remain a highly important issue for German SMEs in the years ahead. Additional acquisition situations are being considered as well now, including carve-outs from a corporate group for units capable of establishing themselves independently in the market by following SME management principles.

Successful manufacturing companies are sought which have a stable business model and fast-growth products. Accordingly, INDUS does not consider acquiring start-up firms or investing in turnaround situations. The same applies for "mature" businesses that have already passed their prime.

Exit strategies are not part of purchase decisions, as the principle of "buy, hold and develop" is an essential part of INDUS's corporate strategy and philosophy. Additional INDUS business objectives are maintaining stable portfolio performance and continuous performance enhancement through attractive investment acquisitions. Thus in justified individual cases companies may be sold later on, for example if the original operating environment and market conditions have changed fundamentally for a portfolio company after years of success, so that keeping it would no longer make financial sense.

Investment Criteria and Portfolio Composition: Identifying Hidden Champions

The Board of Management only makes the decision to invest in a new company after carrying out a detailed quantitative and qualitative analysis. Companies generating annual sales of between EUR 20 and EUR 100 million with an EBIT margin of EUR "10 % plus"are a perfect fit for the INDUS portfolio. INDUS carefully analyzes the company's situation within its industry if an acquisition is being considered. A sustainably stable business model is crucial. Operating within an attractive niche, both the company and the industry in question should evidence long-term growth potential. In all of its acquisitions, INDUS pursues the objective of holding a majority stake. We believe in keeping the senior management of our target companies on board post-acquisition. This ensures continuity for successful businesses. These ties can be strengthened through appropriate equity incentives for managing directors.

INDUS Holding AG Acquisition Criteria

- Stable business model with a successful product range
- Broad customer spectrum
- Niche position
- Sales between EUR 20 and 100 million
- EBIT margin appr. 10 % or more
- Demonstrably positive net cash flow
- Equity ratio above 30 %
- Low level of liabilities to banks

INDUS shareholders invest in a broad and diversified corporate portfolio that buffers market fluctuations. On this basis INDUS pursues sustainable growth, a consistent "10 % plus" EBIT margin and appreciation of enterprise value. INDUS passes on its companies' profits to investors by paying regular dividends to shareholders (target = 50 % of holding company accumulated profit).

Strategy: Controlled Portfolio Development
Profitable growth is INDUS's objective. To accomplish this goal the Board of Management has made enhanced portfolio development a strategic focus for the next several years. Going forward INDUS will be actively coaching its portfolio companies to explore their individual potential and sustainably enhance their performance. Subsidiary managers and the Board of Management will actively conduct strategy dialogs for discussing individual strategic alignments. These dialogs are aimed at agreeing on binding measures for successful business growth involving definite milestones.

> Further growing with specialized SMEs

The Board of Management believes the INDUS Group's specialized SME holdings are capable of further organic growth, primarily through increased internationalization. Following the rise of the BRIC countries – Brazil, Russia, India and China – we now see the emergence of the MIST countries – Mexico, Indonesia, South Korea and Turkey. INDUS portfolio companies thus have their sights on countries with stable growth prospects to set up local operations, with assistance from the holding company to meet the corresponding challenges. INDUS is currently active in North, South and Central America, Asia, South Africa and Eastern Europe. Over the next few years INDUS' internationalization efforts will primarily center on the Americas and Asia.

INDUS also intends to expand Group research and development activities and promote a systematic, group-wide focus on innovation. INDUS also pursues investments and acquisitions through strategic complementary purchases at a sub-subsidiary level to enhance our subsidiaries' market positions.

The Board of Management's objective is to hold an array of investments representative of the industries that are relevant to the Group. To achieve this, manufacturing growth markets have been identified for increased acquisition activity. INDUS sees attractive investment opportunities in the existing areas of medical technology/life sciences as well as in the areas of infrastructure, logistics and transport, energy and environmental technology and measurement and control technologies.

Internal Corporate Management System:
Individual Companies Largely Responsible for Themselves

The INDUS Holding AG management system is based on regular strategic discussions with a multi-year outlook, both within the Board of Management and with the portfolio companies' managing directors. The Board of Management and individual managing directors also hold detailed budget and planning talks over the course of the year. In these discussions, short and medium-term planning scenarios are agreed on for each portfolio company, including individual profitability targets, on the basis of distinct subsidiary strategies. Accordingly, the annual projections for the individual companies essentially form the basis for defining INDUS Holding AG's corporate targets.

INDUS monitors the performance of each company versus projections based on monthly figures. Other metrics employed include incoming orders, order quality and order backlog. An efficient controlling system is employed to monitor adherence with these scenarios and targets, enabling the early detection of deviations from projections and discussion of suitable corrective measures with local-market managing directors as necessary. The managing directors of portfolio companies furthermore observe and analyze their own markets and specific competitive environment, reporting any significant changes to the Board of Management.

The main key performance indicators for holding company management are EBIT margin, sales, equity, return on total capital employed and net cash flow.

NON-FINANCIAL PERFORMANCE INDICATORS

INTEGRITY

Strong Reputation Earns Business Partners' Trust

Non-financial performance indicators play a major role in the Group's business success. Management integrity is absolutely crucial for maintaining the trust of our business partners. SME entrepreneurs looking for a long-term oriented buyer trust INDUS because of our business strategy of purchasing, holding, and developing small and medium-sized hidden champions, which has proven effective over our 25-year corporate history. INDUS is known as a reliable partner as well among our shareholders, who likewise appreciate the high level of transparency that comes from INDUS being traded on the Deutsche Börse Prime Standard SDAX. The management team has many years of experience gathered in executive positions in the manufacturing and banking sectors. This allows INDUS to bring its own expertise to bear when evaluating business developments in the relevant industries, and act as a coach for the managing directors of local subsidiaries.

RESEARCH AND DEVELOPMENT

Subsidiaries Conduct R&D Independently

As a financial investor, INDUS does not conduct its own research and development. These activities are conducted by the individual Group companies themselves. The role of INDUS is to promote and support the conducting of such activities by its portfolio companies. A systematic focus on innovation and investment in the development of new products and processes ensures long-term profitability and is a key factor in portfolio companies' maintaining a strong position in their respective niche markets.

The objectives of R&D, which is managed independently by the individual portfolio companies, are to enhance existing products, develop innovative products up to market-readiness, and launch these successfully on the market. Another goal is optimization of manufacturing processes, reflected in the continuous further development of all methods employed. New technologies and materials are examined for their improvement potential within the process chain. Research and development activities are oriented around individual products' added value for customers and around environmental considerations.

The INDUS Group's consolidated accounts show that R&D investment expenditure totaled EUR 8.8 million in 2012 (previous year: EUR 7.7 million).

Currently the Group's R&D investment level is in line with the industry average. The Board of Management's goal for the next few years is to invest more in R&D so as to be a top innovator in our respective industries. Rather than being limited to further developing existing product lines and services, the portfolio companies' R&D are to be geared as well toward launching new products and services. Increased R&D activity means that the Group will be even more stringent in analyzing potential investments going forward. Most funding will go to where the greatest returns are expected.

Collaboration will also remain a focus for the Group in connection with development activities. Some portfolio companies are already collaborating closely with R&D organizations in both the private sector and at universities.

SUSTAINABILITY

Code of Conduct Outlines Ethics Standards

INDUS is committed to the principles of sustainable business management: The holding company and portfolio companies foster a culture of fair and respectful interaction with employees, suppliers, and business partners. They support protection of the environment and the world's resources, and recognize their responsibility to society. Our employees are obligated to comply with laws and ethical standards at all times.

The Group implemented a code of conduct in 2011. This document outlines ethical standards of conduct for holding and portfolio company employees. The guideline is available on INDUS's company website (www.indus.de/investoren_und_presse-corporate_governance.html).

Responsible corporate governance is a major priority for INDUS Holding AG. It is an important part of how the corporation sees itself. INDUS considers constancy and sustainability to be fundamental to business ethics. INDUS portfolio companies also independently assume responsibility as a part of society – actively and in their own regions. As part of their commitment they support cultural and social projects in their immediate area.

Making responsible use of natural resources is extremely important for INDUS. The basic principles for action 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, taking their company-specific environments into account.

CO_2 Reduction Target Set

INDUS participated in the Carbon Disclosure Project (www.cdproject.com) for the fourth time in fiscal year 2012. The CDP project involves a systematic assessment of opportunities and risks related to climate change and deriving concrete measures for the reporting companies based upon this assessment. In addition, the total amount of CO_2 emitted globally is stated (CO_2 footprint).

In the 2009 and 2010 fiscal years, the INDUS Group merely stated its CO_2 emissions. However, the INDUS Group has now set itself a concrete annual reduction target of 2 % for its specific CO_2 emissions (measured in tons of CO_2 per EUR million in gross income) for 2011 and every subsequent year. The overall INDUS Group surpassed this goal: in 2010, it recorded 104.4 tons of CO_2 per EUR million income, a figure which it succeeded in reducing by 3.6 % in 2011 to 100.6 tons for the year. This reduction exceeded the announced target. INDUS intends to further reduce CO_2 emissions in 2012 by 2 %.

EMPLOYEES

Close Identification with the Company, Flat Hierarchies and Readiness to Take Responsibility

The success of INDUS Holding AG depends largely on its employees' technical and personal skills. Because of the small size of our staff, interdisciplinary qualifications and a team-oriented approach are extremely important. INDUS is quick to assign responsibility and competencies to its employees. Short decision-making processes and flat hierarchies are the hallmarks of INDUS's corporate structure. INDUS Holding AG had 18 employees at the end of the fiscal year (excluding members of the Board of Management). The structure reflects the importance given to clear delineation of responsibilities between INDUS as holding company and the operationally independent subsidiaries. Decentralized organization and delineation of responsibilities are core elements of the INDUS corporate philosophy.

Group Companies Committed to Improving Employee Skills

The professional and social skills of a company's employees are its most important capital. To develop this capital the portfolio companies offer a range of training programs geared toward employees' individual skills. The ongoing training program's decentralized organization via the individual portfolio companies and their collaboration with local partners ensures that expertise is enhanced to meet specific requirements.

The portfolio companies are responsible for conducting qualitative and quantitative personnel management independently. As part of the general planning between INDUS and the portfolio companies, INDUS is solely responsible for ensuring flexibility in production and personnel expenses, depending on the company in question. The companies are expected to have flexible capacities of approximately 20 % on average. On average throughout the year, companies in the INDUS portfolio had a total of 6,859 employees (previous year: 6,733).

CORPORATE GOVERNANCE

Board of Management and Supervisory Board Committed to the Principles, Four Well-Founded Deviations

The conduct of the management and supervisory bodies of INDUS Holding AG is governed by the principles of good and responsible corporate governance. In this declaration the Board of Management and Supervisory Board reports on the company's governance in line with Item 3.10 of the German Corporate Governance Code and Sec. 289a Para. 1 of the German Commercial Code (HGB).

INDUS's actions are geared toward long-term sucess. The Board of Management and Supervisory Board have thus for years followed German Corporate Governance Code recommendations. In December 2012 the Boards jointly submitted the statement of compliance required per Sec. 161 of the German Stock Corporation Act (AktG), made permanently available to shareholders on the company's website at www.indus.de. The declaration of conformity outlines the reasons why INDUS diverges from the recommendations in certain cases.

Declaration of Conformity with German Corporate Governance Code

The Board of Management and Supervisory Board declare that INDUS Holding AG has conformed with German Corporate Governance Code ("Code") recommendations, issued by the Federal Ministry of Justice, in the version dated 15 May 2012 since submission of the last declaration of conformity[10] in December 2012. The Board of Management and Supervisory Board furthermore intend to comply with the recommendations going forward. The following exceptions apply:

10 > www.indus.de/investoren_und_presse-corporate_governance.html

Code Item 3.8.3: No deductible was or is agreed for members of the Supervisory Board for concluded D&O insurance policies.

It is recommended per the Code that directors and officers liability insurance (D&O) taken out for supervisory board members should have a deductible. There is, however, no legal obligation to include a deductible in the D&O insurance policy for Supervisory Board members. INDUS Holding AG believes that a deductible would not be beneficial in terms of motivation or the sense of responsibility with which Supervisory Board members perform the duties and functions assigned to them; therefore, the recommendation has not been and will not be followed.

Code Item 5.3.2 sentence 1: The supervisory board should establish an audit committee.

The Code was not complied with through July 3, 2012 inasmuch as the INDUS Holding AG Supervisory Board had not formed an audit committee per Item 5.3.2, sentence 1 of the Code, as the entire board was instead to address all issues to the extent possible. To further enhance efficiency, the Supervisory Board resolved to form an audit committee on July 3, 2012. The Audit Committee commenced its work the same day. Since then, this former point of non-conformity has no longer been reportable.

Code Item 5.4.1 Para. 2 sentences 1 and 2 and Para. 3, sentences 1 and 2: Specification of concrete objectives regarding Supervisory Board composition.

The INDUS Holding AG Supervisory Board has not specified concrete objectives with regard to its composition. INDUS Holding AG believes that the intention expressed by the Code can be achieved without specifying objectives, and that specifying such objectives would in fact limit the Supervisory Board's ability to select suitable members. The Supervisory Board will however continue taking account of Code recommendations in its appointment proposals at the Annual Shareholders' Meeting, including, for example, diversity recommendations (albeit without gender discrimination), in addition to the knowledge, skills, experience and professional qualifications of potential candidates. INDUS Holding AG has additionally set age limits for Board membership for roughly two years now. These limits provide for a maximum age of 67 for Board of Management members and 70 for Supervisory Board members at the time of their appointment.

Code Item 7.1.2 sentence 4: INDUS Holding AG does not publish its annual report within 90 days of fiscal year end, nor its interim reports within 45 days of the end of the reporting period.

INDUS Holding AG has not historically published its annual report within 90 days of year end, nor its interim reports within 45 days of the end of the reporting period. The firm will not be observing these deadlines going forward, instead complying with the deadlines per Frankfurt Stock Exchange regulations and statutory rules according to which the consolidated financial statements must be made publicly accessible within four months of the end of the fiscal year and interim reports within two months of the end of the reporting period. In view of INDUS Holding AG's business model, an appropriate time corridor is required, in particular for the reliable, professional examination of the financial statements of all subsidiaries and second-tier subsidiaries. Earlier publication of the financial statements would have an adverse effect on their quality.

The Supervisory Board

The Supervisory Board of INDUS Holding AG appoints the Board of Management, provides guidance regarding company management and monitors management activities. Information on the focal points of Supervisory Board activity last year is available in the Supervisory Board's report. The Supervisory Board consisted of six members in the year under review. The next appointment date is at the 2014 Annual Shareholders' Meeting.

No member of the Supervisory Board performs or has performed executive, supervisory, or consulting functions at any significant competitors of INDUS. The Code recommendation is also followed that no more than two former Board of Management members should be allowed on the Supervisory Board, Chairman Burkhard Rosenfeld currently being the only former Board of Management member. Mr. Rosenfeld departed the Board of Management in 2005, and was appointed to the Supervisory Board in 2008.

Working Methods and Composition of the Supervisory Board and Committees

The INDUS Holding AG Supervisory Board has formed a Personnel and an Audit committee. The Audit Committee was established in early July 2012, consisting of two members. The Personnel Committee comprises four 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 Board of Management members. Decisions are only made by the full Supervisory Board if this is required by law. This applies in particular to Supervisory Board decisions regarding compensation models for Board of Management members and, since the German Act on the Appropriateness of Management Board Remuneration (VorstAG), regarding determination of overall compensation for the individual Board of Management members. The committee must present proposals on these points and submit them to the full Supervisory Board for resolution.

The committees generally convene in in-person meetings. Outside of meetings, resolutions in writing are permissible if called for by the Supervisory Board Chairman. As with the Supervisory Board itself, committee decisions require a simple majority, unless the law provides otherwise. The effectuation of resolutions by the Supervisory Board and its committees is the responsibility of the Supervisory Board Chairman.

The Board of Management

The INDUS Holding AG Board of Management runs the company and manages its business activities. The Board determines the company's strategic orientation, coordinates this with the Supervisory Board, and ensures its implementation. The Board of Management also outlines business goals, annual and multi-year projections, determines the internal control and risk management system and the portfolio companies' controlling practices. The Board of Management's duties also include preparation of the quarterly, semi-annual, and annual financial statements. The Board of Management had four members until the summer of 2012; since July 04, 2012 it has had three members. The Board's members are Jürgen Abromeit (CEO), Dr. Johannes Schmidt and Rudolf Weichert. Helmut Ruwisch, CEO until July 3, 2012, departed the Board on July 4. Board of Management member Dr. Wolfgang Höper also departed, in May 2012. 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.

Collaboration between the Board of Management and Supervisory Board

The composition of the Board of Management, the Supervisory Board, and the committees is described in the section 'Governance Bodies'. For a description of the working methods of the Board of Management and Supervisory Board, please refer to the corporate governance report (see above). The Board of Management has no committees. The Board of Management informs the Supervisory Board in a regular, timely, and comprehensive manner of all relevant issues, including particularly those pertaining to the corporate budget, strategic development, earnings and financial position, risk situation, risk management and compliance. The Board of Management provides the Supervisory Board with the semi-annual and quarterly reports for discussion prior to their publication. Deviations from targets and planning in the company's course of business are also elucidated, as well as the Group's strategic approach and development. Decisions of material significance for the Group require Supervisory Board approval according to the rules of procedure.

Avoiding Conflicts of Interest

In the year under review a consulting agreement was in place between Supervisory Board member Hans Joachim Selzer and the portfolio company SELZER. There were no other consulting, service or work contracts in place between individual Supervisory Board members and the company. In the year under review, members of the Board of Management and Supervisory Board had no conflicts of interest requiring immediate reporting to the Supervisory Board.

Compensation Report

The following compensation report is part of both the consolidated financial statements and the Group management report. The German Management Board Remuneration Disclosure Act (VorstOG) provides for individualized disclosure of compensation paid to Board of Management members. The Act stipulates that this compensation is to be itemized by fixed and performance-based components, as well as components with a long-term incentive effect.

Compensation System Complies with Management Board Remuneration Disclosure Act (VorstAG)

The Board of Management compensation system was reviewed in 2009 and presented by the Supervisory Board at the 2010 Annual Shareholders' Meeting. The revisions provide for a sustainability component as well. The compensation system was applied to all Board of Management contracts in 2010. The system does not involve any additional pension commitments. The compensation system now consists of three elements, in compliance with law: fixed salary, short-term incentive and long-term incentive. Variable components comprise roughly 40 % of compensation; components with a multi-year measurement base and short-term variable components are weighted accordingly.

The **short-term incentive** is determined on the basis of consolidated EBIT (earnings before interest and taxes). The target is set annually as part of the corporate planning process with Supervisory Board involvement. If the target is reached in full (100 %), the bonus factor is 100 %. If the target attainment level is below 50 %, the bonus factor is 0. If the target reached is between 100 % and 125 %, the bonus factor increases by two percentage points for each percentage point of growth. If the target reached is over 125 %, a cap (maximum/upper limit) applies.

The **long-term incentive** consists of "virtual" stock options (stock appreciation rights). These involve the setting of an exercise price for stock appreciation rights as of the issue date. The contractually agreed target amount determines the number of virtual stock options. A payout shall only be made if the share price is higher than this exercise price in the exercise period, and defined success hurdles are cleared (minimum price increase of 12 %). The earliest possible date of payout is subject to a four-year blocking period, and an upper limit (cap) applies when 200 % of the target bonus is reached.

The Board of Management members are granted virtual stock options in annual tranches. The amount of stock options granted is determined by the option price at the time of issue and the contractually agreed target amount. In fiscal year 2012, 142,605 SARs were issued (previous year: 116,475). At the time when they were granted, the fair value of the SARs totaled EUR 433,000 (previous year: EUR 350,000). The pro rata temporis fair value of the SARs granted amounted to EUR 855,000 as of the reporting date (previous year: EUR 326,000). A provision for this amount was formed in the annual financial statements. Personnel expenses include the EUR 574,000 change in fair value before discounting. The fair values were determined using an acknowledged actuarial option price model and taking account of the cap on the payout claims.

Board of Management members received the following direct compensation:

in EUR '000	Basic salary		Variable compensation		Virtual Stock options		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Helmut Ruwisch	533	522	429	448	193	114	1,155	1,084
Jürgen Abromeit	414	330	252	303	59	40	725	673
Dr. Wolfgang Höper	314	261	182	253	265	40	761	554
Dr. Johannes Schmidt	327	327	182	303	52	40	561	670
Rudolf Weichert	220	0	121	0	10	0	351	0
Total	**1,808**	**1,440**	**1,166**	**1,307**	**579**	**234**	**3,553**	**2,981**

EUR 53,000 was converted into pension entitlements (previous year: EUR 54,000). There neither are nor have been any other payment or pension commitments of any kind; the basic salary includes taxable non-cash benefits. Deferred salary plans resulted in the accumulation by former Board of Management members of pension rights. These were covered by reinsurance policies of corresponding value.

The Supervisory Board

Supervisory Board compensation is governed by Item 6.16 of the articles of incorporation. In addition to the reimbursement of out-of-pocket expenses incurred in performing their duties in the fiscal year ended, all Supervisory Board members receive basic compensation of EUR 30,000, as well as an attendance fee of EUR 3,000 per meeting. The Chairman receives double the two aforementioned sums, and his deputy receives one-and-a-half times these amounts. An additional fee is not paid to committee members for committee meetings held on the same day as Supervisory Board meetings. Attendance fees are not paid for resolutions by circulating written ballot. The chairman and deputy chairman of the Audit Committee and Nomination Committee do not receive additional fees. Supervisory Board members who do not serve for the entire fiscal year receive pro rata compensation. Compensation is reduced pro rata accordingly for failure to attend Supervisory Board meetings and/or committee meetings.

As in previous years, no loans or advances were granted to Supervisory Board members, nor any liabilities assumed on their behalf.

Supervisory Board members have value-added tax refunded if it is deductible for the company as input tax. There are no stock option plans or similar securities-based incentive systems in place for Supervisory Board members. Total compensation paid to Supervisory Board members in fiscal year 2012 was EUR 348,000 (previous year: EUR 373,500). In the year under review, Supervisory Board members received EUR 55 (previous year: EUR 0) for advisory services rendered in person to Group companies.

Supervisory Board members received compensation as follows in the year under review:

in EUR '000	Fixed compensation		Attendance fee		Total	
	2012	2011	2012	2011	2012	2011
Burkhard Rosenfeld	60	60	30	48	90	108
Dr. Jürgen Allerkamp	45	45	27	31.5	72	76.5
Dr. Ralf Bartsch	30	30	18	15	48	45
Dr. Uwe Jens Petersen	15	30	9	15	24	45
Dr. Egon Schlütter	15	30	9	24	24	54
Hans Joachim Selzer	15	0	9	0	24	0
Helmut Späth	15	0	6	0	21	0
Carl Martin Welcker	30	30	15	15	45	45
Total	**225**	**225**	**123**	**148.5**	**348**	**373.5**

Disclosable Management Securities Transactions

In 2012 members of the Board of Management and Supervisory Board and their reportable relatives disclosed reportable purchases of 4,000 INDUS shares. The share price was EUR 18.77 for a transaction volume of approximately EUR 75,000. The reported securities transactions are disclosed on the company website www.indus.de/investoren_und_presse-directors_dealing.html.

According to the notifications received, the direct and indirect ownership of shares or share derivatives by members of the Board of Management and the Supervisory Board did not exceed the threshold value of 1 % of issued shares, either in any individual case or in total.

Transparency

INDUS provides shareholders, shareholder associations, analysts, the media and the interested public with information on the company's current business and position in a regular and timely manner. The company notifies these groups simultaneously and with equal treatment. Accordingly, all significant information, including particularly 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 respective quarter. In the year under review, INDUS published one ad-hoc statement pursuant to Sec. 15 of the German Securities Trading Act (WpHG). This concerned the announcement of a personnel change at Board of Management level. Important news about the company was published promptly via press releases.

Shareholders and Annual Shareholders' Meeting

Shareholders and potential investors can find information about the company's current position online at any time. 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 documents required for decision-making in good time on its website. INDUS helps 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. In the year under review the Annual Shareholders' Meeting, held in Cologne on July 3, 2012, had attendance of roughly 500.

Accounting and Financial Statement Auditing

Since the beginning of 2005, the consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS). As before, the separate financial statements of INDUS Holding AG are prepared in accordance with the German Commercial Code (HGB). The consolidated and separate financial statements were audited by Treuhand- und Revisions AG 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 auditor of the financial statements agreed that the Chairman of the Supervisory Board is to be informed immediately of any grounds for exclusion or bias during the audit. Furthermore, the auditor of the financial statements is to immediately report on any findings and events material to the Supervisory Board's tasks.

THE INDUS SHARE

Share Price: Prolonged Euro Crisis and Stock Market Weakness Obscuring Valuation Potential

The debt crisis, unresolved problems in the banking sector; in Europe in particular, and macroeconomic development substantially impacted INDUS shares, largely obscuring positive factors proceeding from the Group's stable growth. Despite very strong business and repeated confirmation of sales and earnings guidance throughout the year, INDUS shares only advanced modestly in 2012, by around 3 %.

In 2012 INDUS shares[11] initially traded in line with the benchmark SDAX and DAX indices. Presentation of previous-year results in the spring and a stable outlook for 2012 encouraged some buying however, leading the shares to outperform the indices. The shares reached a high for the year of EUR 23.72 on March 27, 2012. Business in Q3 and Q4 reflected the deteriorating macroeconomic environment, although the interim reports published on June 30 and September 30 were received very positively by analysts and investors. The share price recovered toward the end of the year. On December 28, 2012 the shares closed at EUR 20.26, roughly 3 % higher than in the previous year.

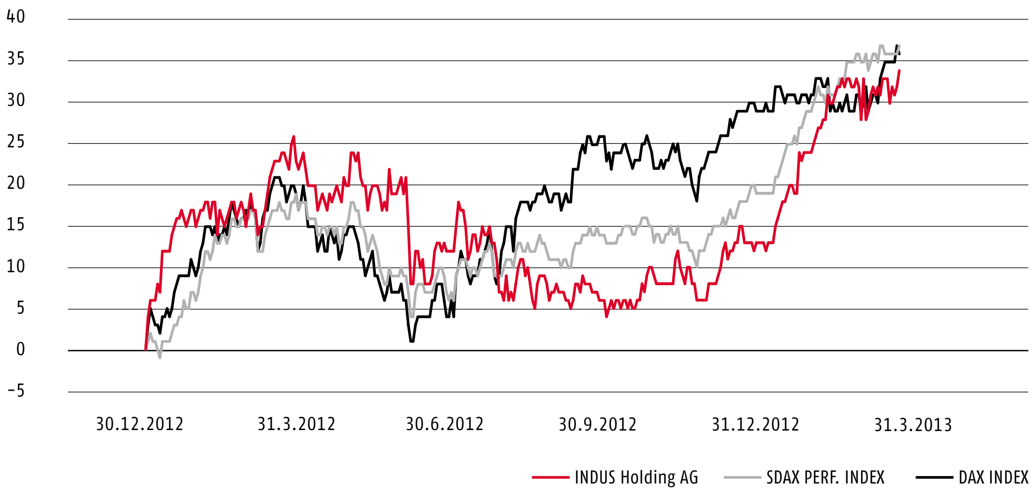
11 > www.indus.de/investoren_und_presse-indus_aktie.html

Share Liquidity: Low Trading Volume in INDUS Shares In Line with Overall Market

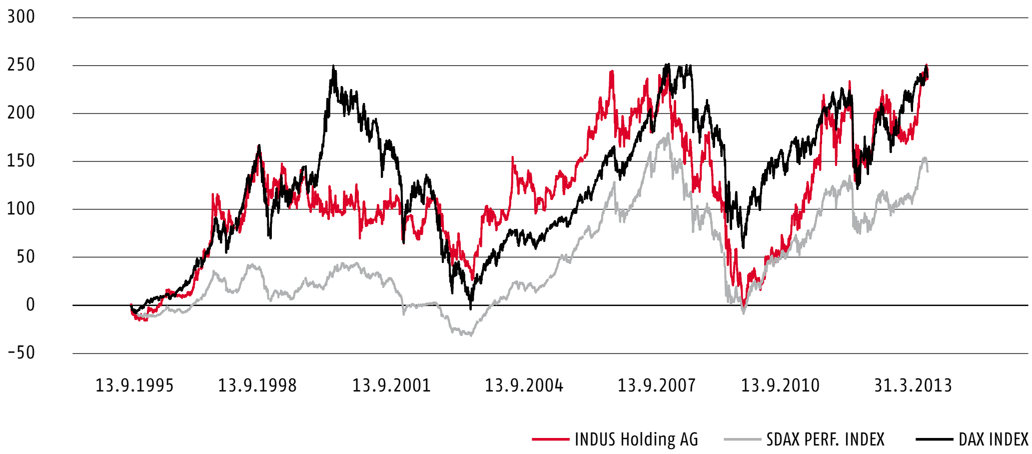
Trading volume in INDUS shares was very low in 2012, in line with the general trend. According to Deutsche Börse statistics, average daily trading volume in the fiscal year was only 24,792 shares (2011 average: 40,168). Germany's regional stock exchanges are still important for trading in the shares, accounting for some 17 % of volume or roughly 1 million shares in 2012.

Additional larger transactions occurred off the exchanges. According to Bloomberg's information system, approximately 4.8 million shares were traded on exchanges and another 2 million directly between buyers and sellers/via alternative trading platforms. At the end of 2012, the market capitalization of INDUS Holding AG was EUR 450.3 million (previous year: EUR 419.2 million).

INDUS SHARE PRICE CHANGE IN 2012 INCLUDING DIVIDENDS (in %)



INDUS SHARE PRICE SINCE IPO INCLUDING DIVIDENDS (in %)



Stable Shareholder Structure with Two Anchor Investors

The largest shareholder of INDUS Holding AG is Versicherungskammer Bayern of Munich. This organization holds 17.4 % of capital stock (per voting rights notification of November 2011) as part of its long-term investment strategy. The other anchor is formed by a group of private investors who are represented jointly. The spokesman for this group of proxy shareholders is Hans Joachim Selzer of Driedorf, Germany. According to the last voting rights notification (based on current equity) this group holds roughly 7.8 % of INDUS shares. The company's stock has a large free float. Domestic and international institutional investors hold roughly 55 % of capital stock, while private investors hold around 45 % according to INDUS data. INDUS Holding AG currently does not hold any treasury shares. The free float, which is generally applied for weighting INDUS shares in stock indices, is 74.8 % of capital stock.

KEY SHARE DATA (in EUR)

	2012	2011	2010	2009	2008
Earnings per share of the Group	2.46	2.75	2.59	0.77	1.78
Cash flow per share of the Group*	2.07	5.17	2.91	4.20	4.39
Dividend per share	1.00**	1.00	0.90	0.50	0.80
Dividend yield*** in %	4.9	5.3	4.1	4.2	6.0
Distribution sum in EUR millions	22.2	22.2	18.2	9.2	14.7
12-month high	23.72	24.90	24.39	13.54	25.18
12-month low	18.69	16.85	11.98	7.90	10.10
Price at year end	20.26	18.86	21.99	12.00	13.37
Market capitalization on Dec. 31 in EUR millions	450.3	419.2	444.5	220.4	245.6
Average daily turnover in number of shares	24,792	40,168	38,479	39,282	57,419
Free-float capitalization in %	74.8	74.8	91	100	100

* Details regarding the cash flow statement are provided in the section 'Earnings and Financial Position'
** Subject to approval at Annual Shareholders' Meeting on June 24, 2013
*** Basis: closing prices in XETRA trading on 2012 reporting date

Distribution: Proposed Dividend of EUR 1.00 Per Share

INDUS practices a stable dividend policy. The company wants shareholders to participate in its success by regularly paying out dividends. The amount of dividend distributions is generally based on results for the year. But even in weaker years a dividend is still paid if doing so is financially viable. The rule applies that INDUS Holding AG must record an accumulated profit on its annual financial statements.

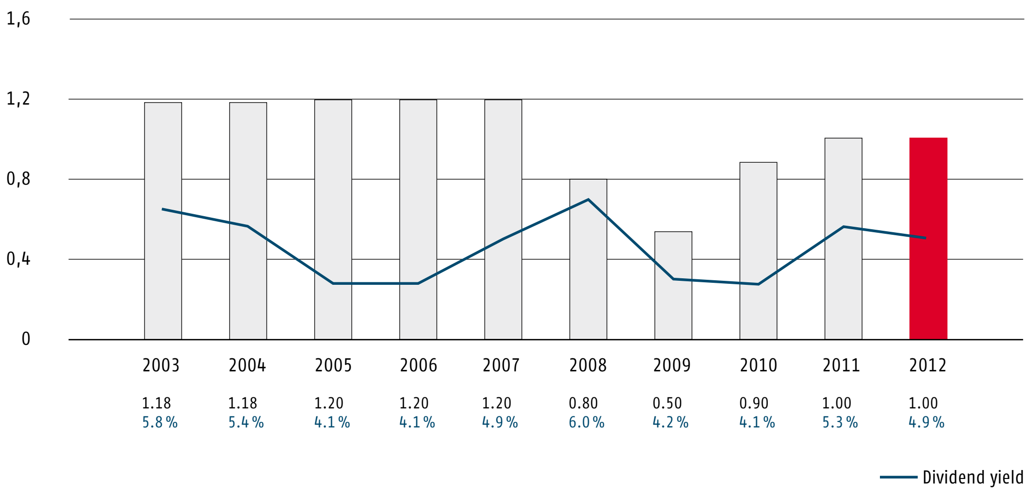
As of December 31, 2012, the holding company reported an accumulated profit of EUR 48.1 million, enough for a dividend to be distributed. The distribution policy provides for roughly 50 % of profits being paid out to shareholders and roughly 50 % being reinvested. INDUS will again apply this policy for this year's dividend proposal at the Annual Shareholders' Meeting, where the Board of Management and Supervisory Board will propose to shareholders a per-share dividend distribution of EUR 1.00. The total distribution amount is thus EUR 22.2 million. At 4.9 % applying the closing share price for the year, the dividend yield once again falls within the long-term average corridor of 4 % to 6 %.

> Dividend payout ratio 46 % of distributable profit of INDUS Holding AG

Research: Analysts Recommend INDUS Shares as a 'Buy'

Analysts at four banks and investment firms are now covering INDUS shares. All of these recommended purchasing the stock in the course of the fiscal year. At year end these recommendations were all either "buy" or "add." Following publication in March 2013 of the preliminary results for 2012, target prices ranged between EUR 27 and EUR 28. All of the analysts thus see the shares as having a favorable outlook. Investors and interested members of the public can find the current ratings on the INDUS Holding AG website under Investors and Media.

DIVIDEND PER SHARE WITH DIVIDEND YIELD 2003 TO 2012 (in EUR/in %)



Analyst Opinions on INDUS Holding AG

> Positive share price outlook

Bankhaus Lampe	> March 2013	> Buy, Target price EUR 27
Commerzbank	> March 2013	> Add, Target price EUR 28
Independent Research	> March 2013	> Buy, Target price EUR 28
WGZ	> March 2013	> Buy, Target price EUR 28

Dialog with Capital Markets: New Strategic Focus in Investor Relations

Due to change of CEO in the summer, the main investor relations topics addressed in the fiscal year were the Group's further strategic development, involving a reformulated strategy of "controlled growth". Our principal focus was on engaging shareholders, analysts, financial journalists, and shareholder associations in dialog. The Board of Management sought a continuous exchange of views with existing and potential investors in the period under review, both in Germany and abroad. With this purpose in mind, INDUS Holding AG was present at selected capital markets events in European financial centers.

CAPITAL MARKETS EVENTS IN FISCAL YEAR 2012

April 24	Annual earnings press conference: Presentation of the 2010 Annual Report, Düsseldorf
April 25	Analysts Conference, Frankfurt/Main
May 2	Roadshow, Frankfurt/Main
May 3	Roadshow, Zurich
May 10	Roadshow, Vienna
November 7	Roadshow, Hamburg
November 14	German Equity Forum, Frankfurt/Main
November 30	Roadshow, Zurich
December 10	Cologne Investor Forum

In addition to regularly publishing up-to-date information about INDUS – including interim reports – the Board of Management also held a number of one-to-one conversations. The Board was also regularly available for interviews and questions upon publication of the quarterly reports. Last year the main forum for dialog with private investors was again the Annual Shareholders' Meeting in Cologne. In addition, the Investor Relations department answered many written and verbal questions.

Investors can find the information they need in the company's statutory reports and electronic notifications about the latest developments. INDUS has been a member of the German Investor Relations Association (DIRK) since 2009.

By actively cultivating relations with the capital markets INDUS underscores its commitment to transparent and regular communication. The financial calendar appearing in the cover of this annual report provides an overview of the most important dates for the current fiscal year.

Contacting Investor Relations

To contact us or find information about dates upcoming in 2013, see the last page of this annual report or visit the Investors and Media section at www.indus.de.

INDUS SHARE DATA

SIN/ISIN	620010/DE0006200108
Stock exchange code	INH.DE
Share class	No-par-value bearer shares
Stock exchanges	XETRA, Frankfurt (regulated market), Düsseldorf (regulated unofficial market), Stuttgart (regulated unofficial market)
Market segment	Prime Standard
Indices	SDAX, DAX International Mid 100, DAXsector Financial Services, DAXsubsector Diversified, Financial Services, Classic All Share, Prime All Share, CDAX
Designated sponsors	Commerzbank, Bankhaus Lampe
Capital stock	57,792,116.42 EUR
Number of shares on Dec. 31	22,227,737
First trading day	September 13, 1995
Last capital increase	November 3, 2011

General Conditions

The economy boomed in 2011, but the unresolved sovereign debt crisis returned as a foreground problem in 2012. Governments were only able to stabilize the situation through massive intervention in the financial markets. The German economy was again driven by emerging market demand.

BOARD OF MANAGEMENT'S OVERALL ASSESSMENT OF GENERAL CONDITIONS IN 2012

In 2012 the economy lost some of the considerable momentum it showed in 2011. Concerns over the possible breakup of the Eurozone and a rising recession in southern Europe made for a sobering economic outlook. The year started out poorly, but measures to contain the sovereign debt crisis stabilized the financial markets over the course of the year. However, these could not prefent the economy of the Eurozone from contracting. The German economy, in contrast, again expanded slightly based on strong manufacturing and exports.

ECONOMIC CONDITIONS

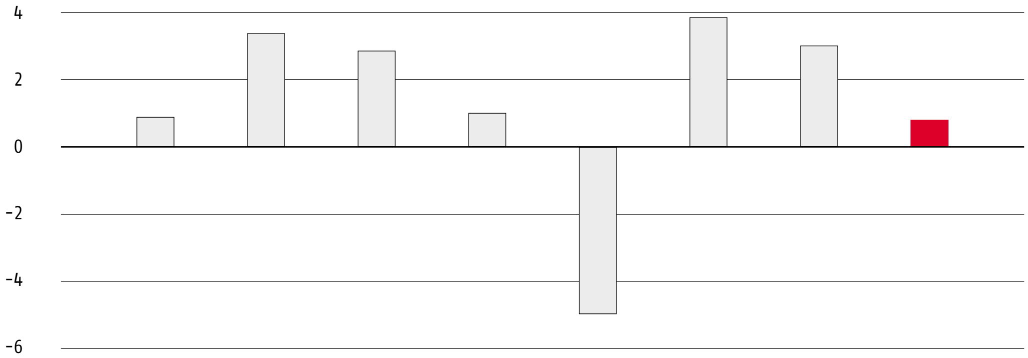
The Global Economy Slowed in 2012, but Germany Decoupled from the Rest of Europe's Economic Weakness

The global economy grew at a slower pace in 2012 than in 2011. Global gross domestic product (GDP) had declined 0.6 % in 2011 to 3.3 %, and fell again in 2012. According to the European Economic Advisory Group at CESifo[12] (EEAG), global GDP grew by 3.0 % in 2012. The US economy grew only moderately as well in 2012. The only slowly improving situation on the employment market and consolidation pressure on public budgets further burdened the economy. A slight increase in consumer spending and a high level of corporate capital expenditure made growth of 2.1 % possible. The fast-growing emerging markets lost significant momentum as well. China and India still expanded relatively robustly however, at 7.8 % and 3.7 % respectively.

12 > www.cesifo-group.de

The Eurozone economy was the most disappointing, where the growth expected by many businesses to simply continue on from 2011 failed to materialize, economic output declining instead by 0.3 % in 2012. The ongoing debt crisis has plunged southern Europe into deep recession. The German economy grew despite the trend, but at a significantly slower pace than in 2011. High exports and rising private consumption spurred by falling unemployment boosted German GDP by 0.7 % in 2012.

GROSS DOMESTIC PRODUCT IN GERMANY – REAL CHANGE YEAR ON YEAR (in %)



2005	2006	2007	2008	2009	2010	2011	2012
0.8	3.4	2.7	1.0	-4.7	3.8	3.0	0.7

Financial Markets: Anxiety over Smoldering Debt Crisis Contained

The sovereign debt crisis flared up repeatedly in the course of the 2012 fiscal year, keeping financial markets agitated. The US debt crisis remained unresolved, due partly to the upcoming election. The European Central Bank's announcement that it would buy an unlimited amount of bonds of Europe's periphery countries allayed concerns over a possible breakup of the Eurozone. This was reflected as well in narrowing yield spreads for these countries' bonds. The prospect of stabilization buoyed the markets going into 2013 as well. Portugal for example was able to float a new government bond issue in January 2013 with a volume of EUR 2 billion and an interest rate of only 5%. Since taking shelter under the euro rescue package, the country had not received any more long-term loans from private investors.

Corporate Acquisition Market: Good Buying Opportunities, but Financing Hard to Come By

In 2012 investment companies in Germany again saw a lot of demand for equity capital from interesting businesses. Attractive fast-growing start-ups and SMEs received continued financing. The overall economic outlook for Europe and ongoing euro debt crisis however did dampen the mood among equity investors. Investment companies were also faced with a significant deterioration in their fundraising situation and exit opportunities. Factors like Germany's relatively good economy compared to the rest of Europe were not enough to compensate for this deterioration.

SECTOR-SPECIFIC CONDITIONS

Business was mostly stable in the industries relevant to INDUS, although in metals technology and engineering demand was somewhat weaker than in construction, automotive technology and medical technology.

CONSTRUCTION/INFRASTRUCTURE

Building Boom in Germany, Demand Strong from Emerging Markets, Weak from Developed Countries
Business in developed countries was generally weak in the construction segment in 2012. The US real estate market stabilized over the course of the year at a low level, while southern European countries saw further declines. Construction output was better in the emerging Chinese and Indian markets. The German construction industry appeared to be in very good shape. According to the German Construction Industry Federation, the industry saw a nominal sales increase of 12.5 % for the full year, representing the best improvement since the early 1990s. Housing construction exhibited major growth, benefiting from the troubled financial markets. Low interest rates are attracting investors into real assets. In addition, demand for housing is strong in urban areas. Commercial construction saw further investment, with sales and incoming orders up sharply.

AUTOMOTIVE TECHNOLOGY

Global Auto Industry Stable Overall Though Some Firms in Crisis
Global automobile production rose 6 % in 2012 to 79 million passenger cars and light trucks. International automotive markets were stable in fiscal year 2012, with the US, Brazil, Russia, India and China seeing solid gains. Japan reported some 4.6 million new car registrations, the highest level since 2006. Sales in Western Europe however declined 8 %. Sales in southern European countries fell sharply, due to the debt crisis. New registrations and production levels were virtually unchanged in Germany, although a statistics-keeping change led to a reported production decline of 6 % to 5.7 million vehicles.

ENGINEERING

Pre-crisis Level Re-attained in 2012 in Absolute Terms
The industry was unable this past year to keep up the expansionary momentum of 2011, due in part to restrained investment in many countries in view of the economy. Engineering production growth slowed in the US to only 6 %, while China still recorded 12 %. German manufacturers increased production again slightly in 2012, thanks to robust order backlog from the previous year. Incoming orders rose for the German engineering industry in December, at the rate seen in September and October. Towards the end of the year the industry was boosted by resurgent business in the German domestic market. This time foreign orders came mainly from within the EU. The industry thus made it back to its pre-crisis level in absolute terms in the year under review.

MEDICAL ENGINEERING/LIFE SCIENCE

Further Rise in Demand

In the year under review the overall medical technology industry recorded sales of over EUR 22 billion according to the German industry association BVMed. The global growth industry of medical technology has been expanding at a rate of around 5 % annually (see Federal Ministry of Economics 2011 study “Innovation in the Life Sciences Industry”). The Medical Technology and Life Science industry is strongly influenced by legislative healthcare policies and demographic changes, as well as general consumer sentiment in the area of non-prescription medicine. Between 2000 and 2012 consumer spending rose 7.2 % in real terms in Germany. Consumer sentiment remained largely intact, due particularly to continuing stability in the labor market and favorable macroeconomic developments.

METALS TECHNOLOGY

Order Flow Slowing

Production increased roughly 13 % in 2011, but in Q4 growth began to abate. Production growth significantly declined for the metal and electrical industry in 2012, sales volume only increasing by an average 0 to 0.2 % for the year. Incoming orders recovered somewhat after a poor third quarter, mostly on foreign orders. Domestic orders are still declining. The industry anticipates lower earnings as well versus 2011. Unit labor costs rose more than expected in some cases due to wage agreements concluded. Materials and energy prices continue to have a negative impact. Although steel prices are still falling due to the faltering economy, energy prices rose sharply in 2012, with heating oil up 9.8 % year-on-year, natural gas up 13.8 % and electricity 4.1 %.

Performance and Business Situation

Results for fiscal year 2012 were in line with expectations. INDUS recorded sales exceeding EUR 1.1 billion and EBIT of EUR 105.7 million, on target with guidance. Increased expenditures due mainly to increased staffing cost pressures could not be entirely passed on to customers in the form of higher prices in view of the worsening economic climate, impacting operating margins. The 9.6 % margin attained was still satisfactory however.

BOARD OF MANAGEMENT'S SUMMARY ASSESSMENT OF BUSINESS RESULTS AND TARGET ATTAINMENT

Analysts saw INDUS as issuing conservative guidance in the spring of 2012 amid talk of a "challenging year", following a weak fourth quarter 2011 and similarly tepid start into 2012. Results for first half came in quite modest as well. In the months following, the economy recovered and business in the key INDUS industries and markets was largely stable. INDUS Holding AG thus again recorded another small increase in sales. Considerable wage increases in collective bargaining and margin pressures noticeably impacted costs however, thus EBIT declined slightly to EUR 105.7 million versus EUR 113.2 million for the previous year.

The INDUS Group's financial ratios remain healthy and balanced. Net debt increased only slightly to roughly EUR 342 million, but equity increased in parallel by roughly EUR 28 million to EUR 410.1 million. The equity ratio thus widened for the eighth consecutive year to 39 % (previous year: 36.7 %).

Due mainly to a change in receivables financing and the redemption of current operating liabilities in the year under review, which had increased last year, cash flow from operating activities (net inflow) came in at EUR 45.9 million for the year under review versus EUR 106.2 million for the previous year.

> INDUS reached targets 2012

The INDUS Group reached its targets for 2012. INDUS primarily measures its success using financial targets. Portfolio cash flow and earnings are thus important considerations for the Board of Management in estimating results. The operating performance indicators that were communicated to the capital markets in 2012 were confirmed several times over the course of the year in mandatory reporting. The Group sales target of over EUR 1 billion was achieved; the Board of Management then set its operating profit estimate at over EUR 100 million. These targets were likewise met, earnings coming in at EUR 105.7 million.

The Board of Management ensured that the Group remained competitively positioned. This involved strategic repositioning of INDUS subsidiaries in 2012 in order to achieve lasting performance improvements. Under the new Compass 2020 strategy the INDUS portfolio is being progressively moved in the direction of growth. In addition, the Group will be stepping up acquisition activity to generate growth. The Board of Management adopted these plans in the second half of 2012 and has already taken steps accordingly. The Board will continue its implementation efforts in 2013.

Note on Accounting and Reported Financial Data

All business figures in this management report are fully comparable with figures from other periods. EBIT is the abbreviation for earnings before interest and income taxes. The graphics and tables in the management report show IFRS figures for the years 2010, 2011 and 2012. There have been no significant changes to the accounting and valuation methods since 2004. The only alterations made were to reflect changes in legislation. Included in the financial statements are 114 consolidated subsidiaries and 4 companies valued at-equity.

Amendments to IFRS did not have any significant impact on the company's financial reporting. Relatively few options are provided for under IFRS. Exercise of such options has little effect on the Group's income and balance sheet. INDUS does exercise options regarding important balance sheet items to ensure maximum continuity in terms of valuation. All options were exercised without change in fiscal year 2012, allowing a full year-on-year comparison. Further information about the consolidation principles applied can be found in the Notes to the Consolidated Financial Statements[13].

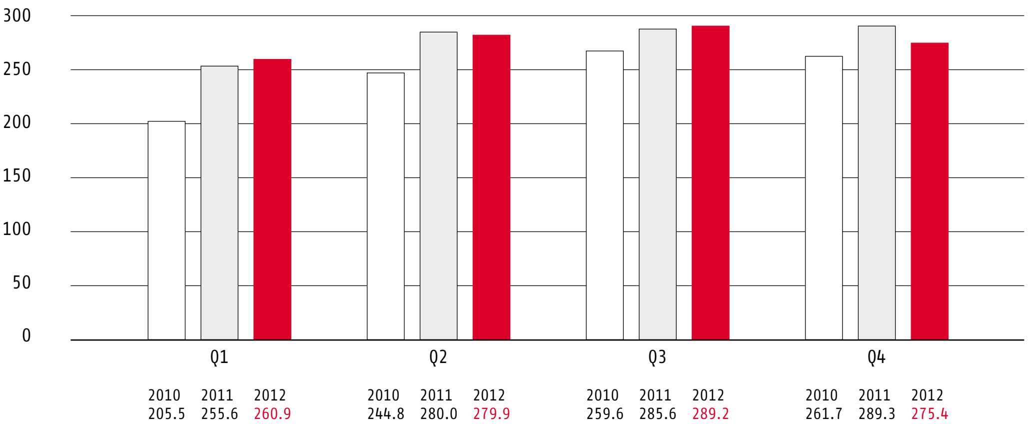
13 > Details on pages 85 ff.

SALES AND EARNINGS

Business was stable for INDUS Holding AG in 2012, in line with expectations. After a moderate start to 2012 combined with higher expenditures due particularly to higher personnel expenses, results improved over the course of the year. Sales were slightly higher year-on-year. Operating earnings before interest and taxes (EBIT) came in lower year-on-year due to the additional impact of wage increases in collective bargaining, which, as expected given the present environment, could not be passed on to customers.

INDUS Holding AG Sales and Operating Profit Quarter-on-quarter

SALES 2010 TO 2012 (in EUR millions)



In 2012 INDUS Holding AG Group sales increased 0.7 % to EUR 1,105.3 million (previous year: EUR 1,097.1 million). By substantially exceeding the billion-euro sales mark, INDUS fully met its estimate for the 2012 fiscal year announced at the beginning of the year. International sales were up significantly by 6 % to EUR 535.8 million (previous year: EUR 504.2 million). Domestic sales declined to EUR 569.5 million (previous year: EUR 592.9 million). The handsome growth in the international business is the first sign that the Group's internationalization efforts are effective, business with customers outside Europe was up sharply in 2012 (approx. +11 %). The Group generated roughly 22 % of total sales from customers within the EU, and just under 27 % outside the EU (the three largest business markets here being the USA, Switzerland and South Africa). Accordingly, non-domestic sales comprised 48.5 % of the total in the year under review (previous year: 46 %).

EARNINGS POSITION

CONSOLIDATED STATEMENT OF INCOME OF INDUS HOLDING AG (in EUR millions)

	2012	2011	2010
Sales	**1,105.3**	**1,097.1**	**971.6**
Other operating income	22.5	20.3	19.6
Own work capitalized	7.2	5.2	2.9
Change in inventories	0.4	21.1	18.2
Overall performance	**1,135.4**	**1,143.7**	**1,012.3**
Cost of materials	-523.6	-544.8	-462.0
Personnel expenses	-306.5	-292.1	-265.1
Other operating expenses	-154.3	-148.4	-140.0
Income from shares accounted for using the equity method	0.2	0.1	0.1
Other financial result	0.3	1.5	-0.4
EBITDA	**151.5**	**160.0**	**145.0**
Depreciation and amortization	-45.8	-46.8	-43.6
Operating result (EBIT)	**105.7**	**113.2**	**101.4**
Net interest	-21.1	-22.9	-27.4
Earnings before taxes (EBT)	**84.6**	**90.3**	**74.0**
Taxes	-29.7	-33.6	-25.3
Income from discontinued operations	-2.6	-1.0	-1.8
Earnings after taxes	**52.3**	**55.6**	**46.9**
of which allocable to non-controlling shareholders	0.2	-0.2	-0.3
of which allocable to INDUS shareholders	52.1	55.4	46.6

Other operating income increased slightly to EUR 22.5 million (previous year: EUR 20.3 million). This roughly 11 % increase in part reflected income of EUR 1.3 million from settlement of a legal dispute. This item consists mainly of income from the reversal of provisions and currency translation, reversals of impairments, remeasurement of minority interests, insurance benefits received and rental/lease income.

Own work capitalized amounted to EUR 7.2 million in the year under review (previous year: EUR 5.2 million). The much smaller change in inventories of EUR 0.4 million (previous year: EUR 21.1 million) chiefly reflects the slow growth in 2012, inventories were not built up further, the level decreasing marginally to EUR 219.1 million (previous year: EUR 222.8 million). Aggregate operating performance was thus slightly lower year-on-year at EUR 1,135.4 million (previous year: EUR 1,143.7 million).

In line with expectations, cost of materials fell roughly 4 % versus 2011 to EUR 523.6 million (previous year: EUR 544.8 million) due to lower purchasing prices resulting from the softening global economy and to lower aggregate operating performance. The cost of materials ratio (cost of materials/total sales) was 47.4 % (previous year: 49.7 %). The ratio was 1.5 % lower relative to aggregate operating performance. Chiefly this reflects lower purchasing prices.

This significant decline in cost of materials was more than offset by personnel expense increases as previously discussed, which in some cases were quite considerable. Personnel expenses rose by approximately 5 % to EUR 306.5 million (previous year: EUR 292.1 million) for personnel expenses ratio (personnel expenses/total sales) of 27.7 % (previous year: 26.6 %). Relative to aggregate operating performance the personnel expenses ratio rose 1.5 percentage points. This principally reflected higher wages under collective bargaining agreements, as well as additional hiring to a much lesser extent. Staff were added in Mexico for example, in view of the favorable labor market situation there.

The slight increase in other operating expenses to EUR 154.3 million (previous year: EUR 148.4 million) reflected in part higher operational and selling expenses. Administrative expenses remained largely unchanged. Operational cost increases occurred in operating leases, disposal costs and energy costs, the latter of which were up modestly. The primary selling cost increases resulted from the allocation of substantial provisions, particularly for potential losses on unprofitable orders in the automotive and metals technology segments.

EBITDA (Earnings before interest, tax, depreciation and amortization) came in at EUR 151.5 million for the year under review (previous year: EUR 160.0 million).

At EUR 45.8 million, depreciation/amortization was just under the 2011 level of EUR 46.8 million. Adjusting for write-downs of EUR 3.9 million (previous year: EUR 5.8 million), depreciation increased slightly by EUR 1.0 million in line with expectations, due to the high level of investing activity. Impairments were taken mainly in the Metals Technology segment, and to a much lesser extent in the segments Automotive Technology and Engineering segments.

The operating result or EBIT (earnings before interest and taxes) came in slightly below last year's record level at EUR 105.7 million (previous year: EUR 113.2 million), but well above the full-year target of over EUR 100 million communicated in the guidance. The operating margin (EBIT/total sales) was 9.6 % (previous year: 10.3 %). As forecast, net interest expense further improved in 2012 to EUR 21.1 million (previous year: EUR 23.0 million); interest rates remained low allowing refinancing on more favorable terms, which resulted in a EUR 1.9 million decline in expense. Earnings before taxes (EBT) came to EUR 84.6 million versus EUR 90.3 million for the previous year.

The tax rate of 35.2 % was average for INDUS (previous year: 37.2 %). The INDUS Group recorded tax expense of EUR 29.7 million including taxes from other periods and deferred taxes (previous year: EUR 33.6 million). Further information about taxes and details about the company's tax expenses can be found under Item 10 of the Notes to the Consolidated Financial Statements[14]. Earnings from discontinued operations of EUR -2.6 million (previous year: EUR -1.0 million) resulted from the sale of the portfolio company REBOPLASTIC in June 2012.

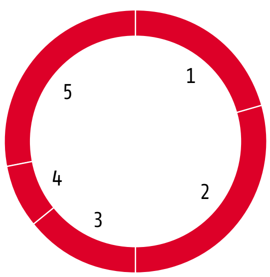
14 > Details on page 105

Though down slightly by 6 %, consolidated net income after taxes was robust at EUR 52.3 million, despite increased costs (previous year: EUR 55.6 million). Of this sum, EUR 52.1 million (previous year: EUR 55.4 million) is attributable to INDUS Holding AG shareholders. Earnings per share declined to EUR 2.46 (previous year: EUR 2.75).

SEGMENT REPORT

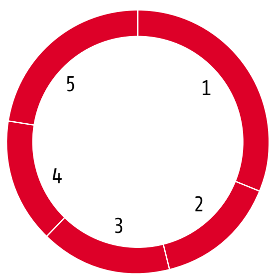
The INDUS Holding AG portfolio is divided into five segments: Construction/Infrastructure, Automotive Technology, Engineering, Medical Technology/Life Science, and Metals Technology. Please see the Business Conditions section for details on the business performance of individual sectors.

2012 SALES BY SEGMENTS (in EUR millions)



1	> Construction/Infrastructure (20.7 %)	**229.2**
2	> Automotive Technology (29.3 %)	**323.7**
3	> Engineering (14.2 %)	**156.5**
4	> Medical Engineering/Life Science (8.0 %)	**88.0**
5	> Metals Technology (27.8 %)	**307.5**

2012 EBIT BY SEGMENTS (in EUR millions)



1	> Construction/Infrastructure (31.4 %)	**34.1**
2	> Automotive Technology (14.8 %)	**16.1**
3	> Engineering (16.3 %)	**17.7**
4	> Medical Engineering/Life Science (15.1 %)	**16.4**
5	> Metals Technology (22.4 %)	**24.4**

CONSTRUCTION/INFRASTRUCTURE

Higher Earnings Despite Marginally Lower Sales

This segment encompasses nine operating units which represent the wide range of supplier companies involved in the construction industry – from reinforcements and construction materials to air conditioning and heating technology and accessories for private housing construction. Regular above and below-ground construction firms are not represented in the segment.

Segment sales of EUR 229.2 million for 2012 were only slightly lower versus 2011 (previous year: EUR 234.6 million), with private housing being the main driver in the German construction industry. The rather brief wintry period in February had a slightly negative effect on personnel expenses, as the frost did not last long enough for bad-weather compensation arrangements to come into play. The second quarter was better, followed by slowing momentum in the third quarter. Earnings before interest and taxes (EBIT) came in at EUR 34.1 million, for a very strong showing (previous year: EUR 37.4 million). The Construction segment's 14.9 % EBIT margin is thus again significantly above the industry average.

KEY FIGURES CONSTRUCTION/INFRASTRUCTURE (in EUR millions)

	2012	2011	2010
Sales	229.2	234.6	205.5
EBIT	34.1	37.4	27.9
EBIT Margin (in %)	14.9	15.9	13.6
Depreciation/Amortization	5.1	5.2	5.0

AUTOMOTIVE TECHNOLOGY

Continuing Severe Margin Pressure

The segment encompasses ten operating units whose solutions span the entire automotive industry value chain, from design and model/prototype construction to pilot and small-scale production, testing and measurement solutions, solutions for specialized vehicles and serial production of components for major manufacturers of cars and commercial/special-use vehicles.

INDUS sold the company REBOPLASTIC on June 1, 2012, as the company was no longer a fit for the INDUS portfolio given its outlook. The INDUS Group had owned the company since 1985. The buyer was Dr. Wolfgang Höper, who had overseen the company for years during his Board of Management tenure at INDUS Holding AG. Sales of thermo-made plastic parts for the automobile and automotive supplier industry generated roughly EUR 8.0 million in sales in 2011.

Thanks to continued strong order flow in the industry, companies in the Automotive Technology segment kept sales nearly even with the previous year's high level. Excluding inter-Group sales they generated EUR 323.7 million in sales (previous year: EUR 327.1 million). Earnings before interest and taxes (EBIT) came in approximately 17 % above the previous year's figure of EUR 13.8 million at EUR 16.1 million. The repositioning of a number of companies in this segment led to an improved operating result. Especially in the near-supply business INDUS initiated and oversaw significant restructuring measures across the entire value chain at some portfolio companies, particularly serial manufacturing suppliers (mainly WIESAUPLAST, FICHTHORN, SELZER). The sale of REBOPLASTIC was one of these repositioning measures.

Initial profit-enhancing effects from these measures are now being seen. Because of an improved earnings outlook, no impairments were recorded on goodwill or property, plant and equipment during the fiscal year, unlike in the previous year. However, provisions were allocated for potential losses from unprofitable serial orders. EBIT margin improved to 5.0 %. INDUS is working to substantially improve EBIT margin in this segment to well above 6 %.

KEY FIGURES AUTOMOTIVE TECHNOLOGY (in EUR millions)

	2012	2011	2010
Sales	323.7	327.1	284.8
EBIT	16.1	13.8	14.4
EBIT Margin (in %)	5.0	4.2	5.1
Depreciation/Amortization	20.8	26.2	23.0

ENGINEERING

Targets Met in Full Despite Weak First Half

The segment encompasses seven operating units in a wide range of submarkets ranging from robotic gripping system development and valve technology to equipment for clean room systems and radio tower construction.

Business in the Engineering segment was variable. Companies in this segment did record slightly higher total sales versus the previous-year period, but earnings did not follow suit. Segment sales rose to EUR 156.5 million, exceeding the previous year's figure of EUR 145.6 million by 7.5 %. A better-than-expected second half yielded a minor increase for the year. But at mid-year sales were still below the previous year's level. The figure for earnings before interest and taxes demonstrates how the economic boom of previous years is tapering off, EBIT increasing only modestly versus 2011 to EUR 17.7 million (previous year: EUR 17.0 million). This includes an impairment of EUR 0.5 million on capitalized development costs due to lacking market acceptance of the product.

EBIT margin is currently 11.3 %, indicating how the previous year's extremely strong earnings were not quite repeatable, in line with expectations. The latest results are however squarely in line with and even ahead of the estimates given by INDUS at the start of the year. Current incoming orders and order backlog further indicate that business in the late-cyclical Engineering segment will likely remain stable over the months ahead.

KEY FIGURES ENGINEERING (in EUR millions)

	2012	2011	2010
Sales	156.5	145.6	129.0
EBIT	17.7	17.0	14.3
EBIT Margin (in %)	11.3	11.7	11.1
Depreciation/Amortization	3.8	2.2	1.9

MEDICAL TECHNOLOGY/LIFE SCIENCE

Healthy Consumption Climate Keeping Business Stable

The Medical Technology/Life Science segment is comprised of three companies. These businesses produce orthotic devices and medical compression products, develop lenses and optical devices, and sell hygienic products for medical purposes and households.

Business remained good in the Medical Technology/Life Sciences segment in line with previous years thanks to remarkably stable consumer spending and Germany's growing healthcare market. Sales increased roughly 4 % to EUR 88.0 million (previous year: EUR 84.8 million). Segment companies recorded earnings before interest and taxes of EUR 16.4 million, which was a substantial improvement (previous year: EUR 12.9 million), yielding a record EBIT margin of 18.6 % (previous year: 15.2 %).

KEY FIGURES MEDICAL TECHNOLOGY/LIFE SCIENCE (in EUR millions)

	2012	2011	2010
Sales	88.0	84.8	81.6
EBIT	16.4	12.9	12.4
EBIT Margin (in %)	18.6	15.2	15.2
Depreciation/Amortization	2.6	2.8	3.1

METALS TECHNOLOGY

Sales Stable on High Capacity Utilization

The segment encompasses nine operating units which serve a large number of specialized customer businesses. The segment provides an extremely wide range of solutions, ranging from railway technology supply to producing carbide tools for road construction and mining, manufacturing housings for laboratory diagnostics, blasting agents for the steel industry and bolt welding technology for bridges.

In parallel to the strong order situation in the automotive industry, the INDUS Metals Technology segment experienced growth, which fell off somewhat however in the course of the year. Sales for 2012 rose again slightly year-on-year from EUR 304.8 million to EUR 307.5 million. Earnings before interest and taxes (EBIT) were significantly impacted however by expensive wage settlements, which elevated personnel costs. High start-up costs for a new galvanic production unit also had an effect. Higher production costs resulted from failure to meet target reject rates, necessitating the recording of provisions for potential losses on unprofitable orders. The Swiss subsidiaries had problems at times due to the exchange rate between Swiss francs and euros, and sharp price competition was seen in certain markets.

Earnings were burdened by EUR 2.5 million in charges taken following annual impairment testing. Because of these factors, EBIT fell short of the segment target at EUR 24.4 million, versus EUR 37.2 million for the previous year. INDUS considers earnings in the Metals Technology segment to be dissatisfactory overall. The EBIT margin was well below the target range at 7.9 % (previous year: 12.2 %). The Board of Management has initiated considerable restructuring efforts to get earnings back up to the INDUS target level of 10 % EBIT margin in fiscal year 2013.

KEY FIGURES METALS TECHNOLOGY (in EUR millions)

	2012	2011	2010
Sales	307.5	304.8	270.6
EBIT	24.4	37.2	39.6
EBIT Margin (in %)	7.9	12.2	14.6
Depreciation/Amortization	13.4	10.1	10.3

FINANCIAL AND ASSETS POSITION

Principles and Objectives of Financial and Liquidity Management

Financial management within the INDUS Group is conducted centrally by the holding company. Financial management primarily involves liquidity management obtaining debt financing and managing interest rate and currency risks. As a group of independent companies, INDUS does not engage in cash pooling.

The Group employs various instruments to conduct its financial management under supervision by the holding company, including ABS (asset-backed securities) programs, factoring and promissory note bonds. These instruments are spread across a variety of financial institutions.

> A comfortable liquidity base

INDUS can invest flexibly at any time thanks to a comfortable liquidity base, in combination with financing commitments from banks. In the financing area, INDUS makes use of its long-term partnership ties with a number of German financial institutions. Stabilizing factors for the Group's long-term financing needs include broad diversification of credit volume, a balanced redemption structure and use of the broadest possible spectrum of financing instruments. To contain market price risks the Group employs interest rate and currency derivatives, exclusively for risk hedging.

The three objectives of financial and liquidity management are income and cost optimization, risk containment and ensuring sufficient reserve liquidity. Liquidity management is particularly important to ensure that the Group is able to meet its payment obligations at all times and exploit acquisition opportunities without having to depend on banks (see also Risk Report).

Risk containment extends to all financial risks that potentially endanger the continuing existence of INDUS as a going concern. The main financing source is cash flow from operating activities (operating cash flow). Debt financing is only taken on by INDUS Holding AG as a policy. The Group Treasury department manages the use of funds for the benefit of the subsidiaries and the investing of cash and cash equivalents.

Another primary objective of the finance and liquidity management system is to optimize working capital. This frees up liquid assets, keeps debt low, and optimizes such performance indicators as the balance sheet structure and return on capital. In implementing measures to optimize working capital for the portfolio companies INDUS makes sure to avoid any negative impact on operating activities. INDUS Holding AG establishes company-specific targets for each individual company, and advises portfolio companies on how to achieve these targets. The portfolio companies are responsible for operational implementation and working capital management.

Financing Analysis

INDUS uses operating cash flow and short-term and long-term financing to cover its capital requirements. The main components are long-term unsecured credit agreements, promissory note bonds and factoring programs. To a lesser extent the Group also employs an off-balance sheet financing instruments such as operating leases. The total extent of their use is in line with INDUS business volume.

There was little change regarding financing instruments and obligations not listed in the statement of financial position in 2012. The primary off-balance sheet items INDUS employs are rental and leasehold agreements, finance leases for IT equipment and company cars. Future lease obligations (from rental, tenancy, and operating lease agreements) totaled EUR 75.9 million as of December 31, 2012 (previous year: EUR 80.3 million).

Liabilities to banks totaled EUR 413.7 million as of the reporting date (previous year: EUR 404.6 million); the vast majority of liabilities (nearly 99 %) are denominated in euros. The volume of loans in other foreign currencies, mainly in Swiss francs and US dollars, is low, totaling EUR 4.8 million at year end (previous year: EUR 18.4 million). The decrease in foreign-currency liabilities was due to the repayment of liabilities in Swiss francs. This was one of the measures taken to avoid the negative economic effects of the Swiss franc's sharp appreciation.

Financial liabilities include finance leases totaling EUR 11.2 million (previous year: EUR 12.7 million) related to real estate and machinery, the majority of which came about as part of the acquisition of HAKAMA in an asset deal in 2010.

As regards its financial liabilities, INDUS sells accounts receivable on a rolling basis to increase diversification of financing instruments. After ABS financing with WestLB expired in 2011 in accordance with terms, a similar instrument was implemented in 2012 under an agreement with Helaba Landesbank Hessen-Thüringen. As of the reporting date its total volume was EUR 25.1 million.

Furthermore, there are promissory notes totaling EUR 10.5 million, which will mature in two tranches of EUR 6.5 and 4.0 million. There are also unused lines of credit totaling approximately EUR 60.0 million (previous year: EUR 27.3 million).

INDUS is obliged to maintain a minimum equity ratio for the holding company with respect to credit agreements; the required ratio was exceeded considerably in the past fiscal year.

Rating

INDUS Holding AG does not have rating agencies assign a credit rating, as to date such ratings have not been important to lenders. This also saves INDUS a considerable amount of time and money. INDUS' lenders currently rate the Group as "investment grade".

STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS, SHORT FORM (in EUR millions)

	2012	2011	2010
Operating cash flow	**68.4**	**130.2**	**81.9**
Interest	-22.5	-24.0	-27.6
Cash flow from operating activities	**45.9**	**106.2**	**54.3**
Cash outflow from investments	-56.1	-58.9	-44.0
Cash inflow from the disposal of assets	2.6	2.0	5.6
Cash flow from investing activities	**-53.5**	**-56.9**	**-38.4**
Capital increase	0.0	37.1	33.4
Dividends paid to shareholders	-22.2	-18.2	-9.2
Dividends paid to non-controlling shareholders	-0.5	-0.3	-0.4
Cash inflows from the assumption of debt	159.0	96.8	60.0
Cash outflows from the repayment of debt	-152.8	-138.7	-97.7
Cash flow from financing activities	**-16.5**	**-23.3**	**-13.9**
Net cash change in financial facilities	-24.1	26.0	2.0
Changes in cash and cash equivalents caused by currency exchange rates	-0.3	0.3	1.3
Cash and cash equivalents at the beginning of the period	123.1	96.8	93.5
Cash and cash equivalents at the end of the period	**98.7**	**123.1**	**96.8**

Substantial Cash Holdings to Fund Vigorous Acquisition Strategy

Cash flow from operating activities declined by a considerable EUR 60.3 million year-on-year from EUR 106.2 million to EUR 45.9 million.

Earnings before tax from continuing operations were only slightly lower at EUR 54.8 million (previous year: EUR 56.7 million), and cash inflows from depreciation was nearly unchanged at EUR 46,0 million (previous year: EUR 46.8 million), but cash inflows and outflows from changes in current receivables and other assets and in trade payables had significant effects.

In the area of current operating assets a significant outflow resulted last year from increased inventories (EUR -44.0 million), which had not been offset by selling accounts receivable as of the reporting date. Building up inventories was discontinued in the year under review. Trade receivables increased significantly however due to a change in receivables financing (see notes on the financial position).

The most significant change versus the previous year was in current liabilities. In the year under review current operating liabilities were redeemed in the amount of EUR 21.9 million (cash outflow), as compared to a considerable increase (cash inflow) in current liabilities in the previous year (+ EUR 19.1 million). Operating cash flow thus decreased by EUR 41.0 million year-on-year.

Due mainly to a change in receivables financing and the redemption of current operating liabilities in the year under review, which had increased last year, cash flow from operating activities (cash inflow) was EUR 45.9 million for the year under review versus EUR 106.2 million in the previous year.

Cash flow from investing activities (cash outflow) declined by EUR 3.4 million to EUR -53.5 million (previous year: EUR -56.9 million). Capital expenditure on property, plant and equipment was substantial and again higher year-on-year; last year EUR 13.2 million was spent on the acquisition of a second-tier subsidiary, so this fiscal year's net cash outflow for investing activities was lower.

Capital expenditure for intangible assets remained practically unchanged at EUR 3.8 million (previous year: EUR 3.9 million), while capital expenditure for property, plant and equipment totaled EUR 49.5 million (previous year: EUR 40.8 million); EUR 2.8 million was used for financial assets, compared to EUR 1.0 million in the previous year. EUR 0 million went to the acquisition of shares (previous year: EUR 13.2 million). Please see the Capital Expenditure section for further details.

Cash flow from financing activities (cash outflow) was EUR -16.5 million (previous year: EUR -23.3 million). Net debt repayment last year (cash outflows for debt redemption netted against cash inflows from borrowing) was EUR 41.9 million; this high figure was related to inflows of EUR 37.1 million from a share offering. This fiscal year net debt repayment is nearly balanced out, with net borrowing of EUR 6.2 million. Of note for the current fiscal year is that roughly EUR 24.0 million in net borrowing results from a change in receivables financing (see notes on the financial position).

The dividend distributed in fiscal year 2012 was EUR -22.2 million, versus EUR -18.2 million in 2011. At the end of 2012 INDUS held a high level of cash as part of its overall financing strategy, some of which was used in early March to buy a 75 % stake in the BUDDE group. As of the reporting date cash and cash equivalents totaled EUR 98.7 million (previous year: EUR 123.1 million). INDUS plans to use this cash to finance further acquisitions in the course of 2013. A detailed statement of cash flows[15] is part of the consolidated financial statements.

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NET ASSETS POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SHORT FORM (in EUR millions)

	Dec. 31, 2012	Dec. 31, 2011
Assets		
Noncurrent assets	**580.6**	**575.3**
Property, plant and equipment	576.7	570.1
Accounts receivable	3.9	5.2
Current assets	**472.0**	**464.8**
Cash and cash equivalents	98.7	123.1
Accounts receivable	154.2	118.9
Inventories	219.1	222.8
Total assets	**1,052.7**	**1,040.2**
Equity and liabilities		
Noncurrent liabilities	**788.6**	**755.2**
Equity	410.1	382.1
Liabilities	378.5	373.1
thereof provisions	19.3	18.5
thereof current liabilities and income taxes	359.2	354.6
Current liabilities	**264.1**	**284.9**
thereof provisions	44.8	47.0
thereof liabilities	219.3	237.9
Total assets	**1,052.7**	**1,040.2**

The INDUS Group's net assets and capital structure changed once again in 2012, increasing equity. Total assets increased slightly to EUR 1,052.7 million (previous year: EUR 1,040.2 million).

Assets: Increase in Noncurrent and Current Assets
Noncurrent assets were higher by EUR 5.3 million at the end of 2012 versus the previous year, due primarily to increased investment in property, plant and equipment (EUR +9.5 million). Goodwill and intangible assets decreased, due particularly to impairments by EUR -4.8 million. Financial assets changed only slightly (EUR -0.8 million), while financial assets measured at equity increased, due mainly to the forming of a joint venture in the Automotive Technology segment. Other noncurrent assets declined to EUR 1.3 million (previous year: EUR -1.0 million).

Current assets increased by EUR 7.2 million as well. Changes in current assets resulted primarily from a change in the financing of trade receivables. In the year prior, trade receivables in the amount of EUR 24 million were legally and beneficially sold to a bank in a one-time transaction, thus these are no longer shown on the balance sheet. The level of cash and cash equivalents versus the previous year increased accordingly. As practiced in previous years, a revolving program is in place for receivables financing in the current fiscal year in which trade receivables are transferred monthly for (pre-)financing. The program functions as a financing transaction, so the receivables are not written off the statement of financial position. This increases cash and cash equivalents while showing financial liabilities at the same time. As of the reporting date trade receivables in the amount of EUR 27.8 million had been transferred for financing.

The increase in the receivables (EUR +28.7 million) resulted almost exclusively from the change in the receivables financing program outlined above. Inventories declined only slightly in fiscal year 2012 (EUR -3.7 million), and other current assets were largely unchanged at EUR 10.6 million (previous year: EUR 7.1 million). Current income tax receivables totaled EUR 6.6 million (previous year: EUR 3.4 million). A detailed statement of financial positions[16] is part of the consolidated financial statements.

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The change in cash and cash equivalents (EUR -24.4 million) resulted from the changes in operating cash flows and cash flows from investing and financing activities discussed above.

Liabilities and Equity: Equity Ratio Increases to Record High of 39 %
Equity increased by EUR 28.0 million to EUR 410.1 million (previous year: EUR 382.1 million); the equity ratio thus improved for the eighth time in a row to 39.0 % (previous year: 36.7 %). This development principally reflects the Group's excellent business results, regular re-investment of roughly half of profits generated and the share offerings conducted in the last two years.

Long-term debts increased slightly overall in 2012 from EUR 373.1 million to EUR 378.5 million at fiscal year end. Of the items under long-term debts, the greatest increases were recorded for financial liabilities (EUR +8.5 million) and noncurrent liabilities (EUR +5.3 million). Due to the right of tender for the remaining HAKAMA shares, effective as of 2013, the liabilities relating to the purchase price option were reclassified, thus changing from noncurrent to current liabilities; all other noncurrent liabilities changed slightly.

Current liabilities on the other hand fell by EUR 20.8 million to EUR 264.1 million (previous year: EUR 284.9 million), chiefly reflecting lower trade payables (EUR -8.7 million), other current liabilities (EUR -3.5 million) and current income taxes (EUR -4.0 million). Current financial liabilities were also down somewhat as of the reporting date to EUR 109.4 million (previous year: EUR 111.7 million). The decrease in current liabilities has in part to do with the decline in cash and cash equivalents as of the reporting date.

Other Key Financials: Net Debt Only Marginally Higher Despite Lower Earnings, Operating Working Capital Unchanged.

INDUS calculates working capital by deducting trade accounts payable and prepayments received from inventories and trade accounts receivable. Working capital totaled EUR 302.8 million (previous year: EUR 268.5 million) as of December 31, 2012. The main cause was again higher trade receivables resulting from the financing change, rather than operational factors. Trade payables were significantly lower year-on-year as of the reporting date (EUR -8.7 million).

Net debt, calculated as the difference between noncurrent and current financial liabilities and cash and cash equivalents, totaled EUR 341.8 million as of December 31, 2012, a decrease of EUR 30.6 million versus the previous year (12/31/2011: EUR 311.2 million). EUR 11.2 million of the aforementioned amount is accounted for largely by a long-term hire purchase contract for real estate which according to prevailing accounting rules must be classified as a finance lease contract.

> Gearing steady at 83%

The ratio of net debt to equity (gearing) was 83% (previous year: 81%). The ratio of net debt to EBITDA was 2.3 (previous year: 1.9). INDUS has thus achieved its long-term goal of keeping its debt redemption period within a range of 2 – 2.5 years, despite a weaker economy.

CAPITAL EXPENDITURE

CAPITAL EXPENDITURES AND DEPRECIATION/AMORTIZATION OF THE INDUS GROUP (in EUR millions)

	2012	2011	2010
Capital Expenditure	**53.9**	**58.3**	**52.0**
of which in:			
Company acquisitions	0	12.0	14.1
Capital expenditure in intangible assets	**3.9**	**4.4**	**4.6**
Capital expenditure in property, plant and equipment	**46.4**	**41.8**	**33.3**
of which in:			
Land and buildings	9.6	4.1	2.8
Plant and machinery	14.8	19.3	18.2
Other equipment, factory, and office equipment	10.8	10.0	8.1
Advance payments and work in process	11.1	8.5	4.2
Investment property	**3.6**	**0**	**0**
Depreciation/Amortization	**45.8**	**46.8**	**43.6**

Capital expenditure totaled EUR 53.9 million (previous year: EUR 58.3 million) in the year under review. EUR 0 million of this sum was invested in company acquisitions (previous year: EUR 12.0 million), EUR 46.4 million in property, plant and equipment (previous year: EUR 41.8 million), EUR 3.9 million in intangible assets (previous year: EUR 4.4 million), and EUR 3.6 million in real estate held as financial investments (previous year: EUR 0 million). INDUS thus kept investing heavily in its portfolio companies even though growth momentum slowed over the course of the year.

> Intangible assets

Capital expenditure focused on property, plant and equipment. This related primarily to plant and machinery amounting to EUR 14.8 million, other equipment and factory and office equipment totaling EUR 10.8 million, and land and buildings amounting to EUR 9.6 million. Steady growth resulted in some portfolio companies' using up their available land and buildings, requiring major investment in expansion to underpin further growth. The main new building projects are being conducted by the companies ASS Maschinenbau and IPETRONIK. Some major projects, among them the projects involving the new building of factories for HAUFF-Technik and REMKO, were begun in 2012, resulting in an accretion in advance payments and work in process of EUR 11.1 million.

Depreciation and amortization came to EUR 45.8 million versus EUR 46.8 million for the previous year.

ANNUAL FINANCIAL STATEMENTS OF INDUS HOLDING AG (SHORT FORM)

The tables below represent the annual financial statements of INDUS Holding AG in short form. The complete annual financial statements and management report are available as a separate report.

Earnings Position

STATEMENT OF INCOME OF INDUS HOLDING AG (in EUR millions)

	2012	2011	2010
Sales	**5.5**	**4.3**	**4.3**
Other operating income and expenses	5.7	2.9	-2.3
Personnel expenses	-5.1	-4.8	-4.7
Income from investments	32.2	43.3	43.7
Income from long-term loans classified as financial assets	50.3	54.2	49.1
Other interest and similar income	8.9	8.0	5.6
Depreciation and amortization of noncurrent intangible assets and property, plant and equipment	-0.3	-0.3	-0.3
Depreciation and amortization of financial assets	-20.8	-30.3	-28.7
Cost of the assumption of losses	-6.2	-3.4	-4.0
Interest and similar expenses	-18.4	-19.5	-22.4
Profit from operating activities	**51.8**	**54.5**	**40.1**
Extraordinary income	1.3	0	0
Taxes	-6.9	-8.0	-7.7
Net result	**46.2**	**46.5**	**32.4**
Profit carried forward	1.9	1.1	0.8
Distributable profit	**48.1**	**47.6**	**33.2**

INDUS Holding AG earnings primarily derive from income from portfolio companies and noncurrent loans.

Sales revenues of EUR 5.5 million for the holding company in 2011 were slightly higher year-on-year, deriving from services to individual portfolio companies performed by the holding company. There were no transactions with external third parties, as in the previous years. The net balance of other operating income versus expenses rose from EUR 2.9 million to EUR 5.7 million. This item also includes reversals of impairments recorded on financial assets in previous years. Personnel expenses were slightly higher versus 2011 at EUR 5.1 million.

Income from portfolio companies came in well below the previous year's level of EUR 43.3 million at EUR 32.2 million. Income from noncurrent loans was lower to a much lesser extent at EUR 50.3 million versus EUR 54.2 million for the previous year. At EUR 8.9 million, interest income was slightly higher than the previous year's figure of EUR 8.0 million.

Depreciation and amortization of noncurrent intangible assets and property, plant and equipment remained unchanged at EUR 0.3 million (previous year: EUR 0.3 million). Impairments on financial assets were lower by EUR 9.5 million at EUR 20.8 million, down from EUR 30.3 million in the previous year. This item includes write-downs recorded pursuant to impairment testing of portfolio company carrying values. Expenses from loss transfer agreements increased to EUR 6.2 million (previous year: EUR 3.4 million). Interest expenses again decreased from EUR 19.5 million to EUR 18.4 million.

Overall, profit from operating activities thus declined somewhat by roughly 5% from EUR 54.5 million to EUR 51.8 million. An after-tax profit for the year of EUR 46.2 million is thus reported on the statement of income (previous year: EUR 46.5 million). This corresponds to weighted earnings per share of EUR 2.08 (previous year, weighted: EUR 2.26).

Financial and Assets Position

STATEMENT OF FINANCIAL POSITION OF INDUS HOLDING AG (in EUR millions)

	Dec. 31, 2012	Dec. 31, 2011
Assets		
Intangible assets	0.2	0.2
Property, plant and equipment	2.4	2.4
Financial assets	790.7	753.0
Fixed assets	**793.3**	**755.6**
Accounts receivable and other current assets	200.5	224.7
Cash on hand and bank balances	12.7	28.6
Current assets	**213.2**	**253.3**
Advance payments	0.2	0.1
Total assets	**1,006.7**	**1,009.0**
Equity and liabilities		
Equity	**592.7**	**568.7**
Provisions	**4.8**	**5.0**
Liabilities	**369.0**	**395.3**
Nettable deferred tax liabilities	**40.2**	**40.0**
Total assets	**1,006.7**	**1,009.0**

Total assets for INDUS Holding AG were nearly unchanged at EUR 1,006.7 million (previous year: EUR 1,009.0 million). Noncurrent assets increased by EUR 37.7 million to EUR 793.3 million (previous year: EUR 755.6 million), due primarily to higher loans to associated companies. Current receivables and other assets decreased by EUR 24.2 million to EUR 200.5 million (previous year: EUR 224.7 million). This decline resulted primarily from lower increased accounts receivable from associated companies. Cash and cash equivalents totaled EUR 12.7 million (previous year: EUR 28.6 million). This left current assets at EUR 213.2 million, EUR 40.1 million below the previous year's level of EUR 253.3 million.

Equity amounted to EUR 592.7 million (previous year: EUR 568.7 million). This means INDUS has again sharply improved its equity ratio, which at 58.9 % (previous year: 56.4 %), is the highest this figure has been in many years. Liabilities declined to EUR 369.0 million (previous year: EUR 395.3 million).

Employees

As of December 31, 2012, INDUS employed 18 staff members (previous year: 15) at the holding company, not including the Board of Management.

Events after the Reporting Date

Significant Events after the Reporting Date

On January 29, 2013 INDUS acquired a 75 % stake in the BUDDE Group, an SME based in Bielefeld. The transaction was completed on March 7 following approval from the anti-trust authority. The BUDDE Group acquisition provides INDUS an attractive way to enter the targeted Logistics segment. The BUDDE Group, with locations in Bielefeld and Schmalkalden, plus Comsort GmbH located in Kamen, is a leading provider of general cargo and bulk handling systems. The company provides mechanical and fully automated transport systems. In 2012 the organization had some 170 employees, and generated sales of roughly EUR 50.0 million. Customers from the courier, express and parcel services industry comprise 80 % of its business. This market is growing rapidly due to the e-commerce boom. Other customers are in the beverage and automotive industries. The group was sold by Jürgen and Wolf-Eckehard Budde of the founding family. Jürgen Budde will continue leading the company as a managing minority shareholder. This acquisition represents an important step for INDUS in executing its more growth-oriented strategy focusing on up-and-coming manufacturing markets.

Opportunity and Risk Report

Using a professional opportunity and risk management system, INDUS makes every effort to identify and exploit opportunities in a timely manner, without ignoring risks involved. A systematic opportunity and risk management system has been a part of INDUS corporate governance for many years.

OPPORTUNITY AND RISK MANAGEMENT

Opportunity Management:
Holding Company Supports Portfolio Companies by Providing Expertise
The business policy of INDUS Holding AG focuses on continuously improving the value of its portfolio through the acquisition of 'hidden champions' and their ongoing further development. The company makes use of opportunities to purchase profitable companies with a promising future. INDUS uses an effective opportunity management system to capitalize on these opportunities, continuously observes relevant and attractive markets and analyzes growth opportunities. INDUS places particular emphasis on expanding its portfolio by adding fast-growing companies that generate stable returns in markets of the future.

Opportunities for strategic additions to the existing portfolio are pursued on the subsidiary level, strategic planning being coordinated by the respective Board of Management members responsible and the respective subsidiary managers. On the operating level, the managing directors of the individual portfolio companies analyze and manage opportunities. These activities are based on analyses of relevant markets and competitors and of various scenarios for changes in crucial cost drivers and success factors. Opportunities arise particularly from the steady development of new products. This helps businesses enhance an already strong position in their respective niche markets. They work closely together with customers and suppliers to analyze new areas of application for their technologies in the short, medium, and long terms. Product innovations by the companies' customers play a major role in growing their businesses. New products frequently require innovative production processes, to which the portfolio companies can contribute their expertise.

As a holding company, INDUS Holding AG supports the portfolio companies' opportunity management efforts and advises them in two ways: through joint annual analysis with the managing directors to outline new business opportunities as part of annual strategic planning, and by securing the necessary financing to seize opportunities identified.

Macroeconomic Opportunities: Emerging Markets Extremely Important

INDUS portfolio companies are benefiting primarily from positive macroeconomic developments in the manufacturing sector. Because the portfolio companies mainly produce capital goods, private demand is of secondary importance. In light of the Group-wide export ratio of 48.5 %, more weight should be given to sales in domestic markets, but it is expected that growth will be driven primarily by emerging markets in the future. The global presence and strengthening of INDUS's portfolio companies make a contribution towards exploiting these opportunities in the relevant markets. The companies sometimes act in coordination when entering new regional markets.

Industry-specific opportunities: Issues Like Sustainability and Demographic Change Hold New Business Potential

INDUS's hidden champions have considerable development expertise. Environmental protection and energy efficiency are relevant in all manufacturing industries, and will remain important issues in the future. Energy prices and environmental standards will continue to rise over the long term. For this reason, INDUS expects investment in sustainable and energy-efficient production processes to increase. INDUS believes this will result in promising opportunities, particularly for companies in the Automotive Technology, Engineering and Metals Technology segments. The Construction/Infrastructure segment will also benefit from strong domestic demand for construction in the medium term, triggered by worries over inflation and a growing trend towards investment in real estate. Home ownership is relatively low in Germany compared to other countries. For this reason, we expect a significant catch-up effect to take hold for several years. Over the medium to long term, INDUS believes there will be consistently good growth opportunities for the Medical Technology/Life Science segment, due to demographic changes and consistent demand for medical technologies and life science applications.

Corporate Strategy Opportunities: INDUS Monitoring New Manufacturing Industries

The most significant strategic opportunities for INDUS's business lie in acquiring, holding and developing portfolio companies. The investment team at INDUS Holding AG constantly identifies potential target firms and analyzes these thoroughly. In addition to its five segments, INDUS is also looking more closely at the areas of infrastructure, transport and logistics, energy and environmental technology, automation and measuring technology and control engineering in order to identify interesting acquisition opportunities.

INDUS believes it is in a special position in the marketplace due to having a wealth of experience in purchasing small and medium-sized hidden champions. INDUS has an excellent reputation in the SME sector because it acquires companies to develop rather than sell. Potential buyers often approach INDUS exclusively to make solid succession plans for their company.

Thanks to our extensive experience, successful track record, consistent business performance and sound financing policies, INDUS has the resources needed to purchase new companies without having to depend on banks. This puts the Group in a position to take advantage of opportunities emerging in the acquisition market and to negotiate sales without the involvement of third parties, within just a few weeks. For further details on financing policy see section 'Financial and Assets Position'.

Risk Management System: Detailed Risk Assessment and Ongoing Optimization

INDUS Holding AG and its portfolio companies are exposed to a multiplicity of risks as a result of their international activities. Entrepreneurial activity is inextricably linked with risk-taking. At the same time, this enables the company to seize new opportunities and thus defend and strengthen its market position and that of the portfolio companies. Risk incidents can have adverse effects on the company's business activities and on its net assets, financial, and earnings position. Thus in compliance with industry standards and regulations INDUS Holding AG has established a risk management system to identify potential risks and observe and assess these across all functional areas.

As an integral part of the business, planning, accounting, and control processes, the risk management system is integrated into INDUS Holding AG's information and communication system, and is a key element in the INDUS Holding AG management system. The structuring of the risk management system is the responsibility of the Board of Management, which ensures that risks are managed actively. The INDUS Holding AG risk management system is documented in the company's risk management manual.

The objective of the risk management system is to identify, take stock of, analyze, assess, manage and monitor risks systematically. The Board of Management regularly, and as required by events, examines and revises the company's risk register. On this basis, the necessary risk control measures are defined and documented and their effectiveness is also monitored using the risk register. The Supervisory Board is regularly informed regarding the company's risk situation.

The Board of Management subjects the risk management system's structure and functional method to internal audits on a scheduled basis and as required. The results of these audits, together with the remarks made by the external auditor within the scope of the audit of the annual financial statements, then flow into the systematic optimization of the risk management system. The monitoring of the risk position over the course of the year, the assessment of the effectiveness of the risk management system, and measures implemented to improve the risk management system's effectiveness are all documented once a year in the company's annual risk management report.

Reporting Processes: Close Coordination with Portfolio Companies

The fundamentals of the risk management system include the organizational integration of opportunity and risk processes into everyday operations, an adequate management structure, a coordinated planning system and detailed reporting and information systems. Accordingly, the risk management system involves the portfolio companies submitting reports on the status of and changes in material risks affecting the holding company. As a result, opportunities and risks are continuously reassessed by the INDUS Board of Management. Both company-specific and external events and developments are analyzed and evaluated in this process. Suddenly emerging risks that are of significance are communicated directly to the responsible managers at the holding company by the portfolio companies' managing directors – outside normal reporting procedures.

Insurance: Professional Management by the Holding Company

The holding company takes out central insurance policies to cover risks related to natural hazards, work stoppages, liability, product liability, and transport damage for all portfolio companies. Managing these insurance policies centrally ensures low premiums and extensive cover for the portfolio companies.

DISCUSSION OF INDIVIDUAL RISKS

OVERVIEW

Business risks (according to the assessment of the Board of Management)	Probability of occurring	Possible financial impact	Risk situation for 2013 in comparison to the previous year
Business environment and sector risks	probable	moderate	better
Risks associated with corporate strategy	possible	significant	same
Performance risks	possible	significant	same
Personnel risks	possible	moderate	same
IT risks	possible	moderate	same
Financial risks	possible	moderate	same
Legal risks	possible	moderate	same
Other risks	possible	significant	same

Business Environment and Sector Risks

The portfolio companies' business activities are subject to the close correlation between business results and developments in the overall economic environment. In addition to the risks inherent in the economic cycle, increases 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 through a well-balanced investment portfolio diversified into five segments. The portfolio companies' high degree of specialization and strong positions within their respective niche markets reduce their industry risk and the general economic risk. There is always residual economic and industry-specific risk however.

INDUS concentrates on the acquisition of medium-sized production companies in Germany and other German-speaking countries. Currently 51.5 % of total sales are generated in the domestic market (previous year: 54.3 %). The Group's business is thus still strongly affected by the state of the German economy. In recent years, this dependency on the German market has decreased thanks to strategic international business expansion. Regional diversification of operational activities also reduces business risk for INDUS. Further internationalization will gradually de-prioritize the domestic market.

Corporate Strategy Risks

Risks associated with corporate strategy arise mainly from incorrect assessment of acquired portfolio companies' respective future business results and market growth. The company's long-term success depends principally on careful analysis of acquisition targets, and on the holding company's management of its investment portfolio. To minimize corporate strategy risks the holding company employs an extensive array of instruments to analyze the market in every industry, as well as proprietary quantitative analysis tools. The Board of Management decides on all new acquisitions following extensive review; a unanimous vote is required.

INDUS counters potential risks associated with inaccurate assessment of the portfolio companies' strategic positioning through its own close monitoring of markets and competitors, and by holding regular strategic reviews with the portfolio companies' managing directors. All portfolio companies submit standardized reports on their current business results and individual risk situations on a monthly basis. The short and medium-term projections for each portfolio company separately and aggregated for the holding company provide a comprehensive overview at all times of the risk situation of the respective portfolio companies and the Group as a whole. Reengineering measures at the subsidiaries are guided and supported by the holding company.

Business 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 products. Given the wide diversification of the INDUS Group's overall portfolio, supply risks are of subordinate importance regarding their potential impact on the Group. Purchase prices of raw materials and energy sources can vary considerably. Depending on the prevailing market situation, it may not always be possible for portfolio companies to pass the resulting costs on to customers quickly and in full. Operations managers stay in constant contact with suppliers and customers. This enables them to react promptly to any price or volume risks which may arise on procurement and sales markets. INDUS additionally limits risks by means of commodity hedges. As of December 31, 2012, the nominal value of the commodity hedges totaled EUR 0.5 million (previous year: EUR 1.4 million). Business performance risks also exist in connection with high wage settlements with unions, as these costs generally cannot be passed on to customers, and can only be offset by productivity increases.

Portfolio companies' production plants undergo constant optimization. INDUS makes use of a variety of monitoring and control systems for this purpose. In this way, potential production risks can be identified early on, allowing the company to react appropriately. INDUS's strategic objective is to internationalize its manufacturing operations on the basis of a cost-benefit analysis, and thus reap further potential cost savings.

Personnel Risks

INDUS's long-term success depends largely on its employees' expertise and commitment. Potential risks arise primarily in connection with recruitment and development of staff and employee turnover in key positions. INDUS contains these risks via a broad spectrum of targeted basic and advanced training measures and appropriate remuneration. Employees appreciate this caring corporate culture. One sign of this appreciation is the average length of time employees stay with the holding company, which was more than seven years as of the reporting date. All these measures make INDUS an attractive employer, providing proactive mitigation of risks associated with employee turnover, demographic trends and skill drain.

IT Risks

The basis of a modern work environment is formed by a secure and effective IT infrastructure. Increased internetworking between different IT systems and the need for these to be constantly available place high demands on the information technologies 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 by 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

Financial risks consist primarily of liquidity risk, interest rate risk, foreign currency risk, and default risk. Individual portfolio companies finance themselves via their own operating income, as a policy. Transfers to or from the holding company are made depending on the liquidity situation. The holding company keeps a suitable level of liquidity reserves allowing it to take action at any time, ensuring adequate financing for the portfolio companies.

A widely diversified financing structure, which is spread over ten core banks, keeps the company from being dependent on individual lenders, so that at this time the bank-related default risk the company is exposed to is limited, despite the ongoing turmoil in the banking sector. The largest single liability represents roughly 17 %. The portfolio of companies, which is designed for the long term, is financed by the holding company via revolving long-term loans. Credit collateral is not held. The agreed covenants do not appear to pose a business risk at this time. For financing INDUS employs a mix of fixed-rate and variable financing, the latter being partially hedged via interest rate swaps. A change in interest rates during loan term would thus hardly affect income at all, as the aforementioned instruments nearly fully hedge interest rate risks, interest rate changes on variable debt being offset by the corresponding derivative financial instruments. As of December 31, 2012, the nominal value of the commodity hedges totaled EUR 202.5 million (previous year: EUR 196.3 million).

Customer default risk is substantially limited by the widely diversified portfolio and the autonomy of the portfolio companies, which focus their activities on selling a variety of products in diverse markets. The portfolio companies also maintain their own effective systems for monitoring customer-related risks, and report any such risks to the holding company on a monthly basis.

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 transactions congruently using forward exchange contracts and suitable option transactions. As of December 31, 2012, the nominal value of currency hedges totaled EUR 6.8 million (previous year: EUR 17.6 million); the portfolio companies account for the majority. For more details, please see the section Information on the Significance of Financial Instruments in the Notes to the Consolidated Financial Statements.

Legal Risks
INDUS Holding AG and its portfolio companies are exposed to numerous legal risks. These lie primarily in the areas of competition, antitrust, foreign trade, customs and tax law. Risks also arise from the individual portfolio companies' operations, through warranty and product liability claims triggered by customer complaints. Effective contract and quality management minimizes this risk, but it cannot be eliminated completely. The holding company provides the companies in the Automotive Technology segment with consulting services to support their contract management. To ensure adequate risk provisioning, provisions of EUR 47.3 million were carried on the balance sheet in 2012 for warranties due to obligations from selling or procurement, obligations for customer bonuses and rebates, as well as estimated values for anticipated invoices (previous year: EUR 49.3 million).

Neither INDUS Holding AG nor any of its portfolio companies are exposed to risks resulting from the outcome of legal or arbitration proceedings which are seen at this time as potentially having a material adverse effect on the Group's business situation.

Other Risks
The responsible use of natural resources is an important principle at INDUS Holding AG. The individual portfolio companies' manufacturing processes are constantly optimized with a view to minimizing their impact on the environment, especially with regard to energy consumption. Also, the Group's entire workforce is required to comply with the environmental regulations within their fields of activity, and requested to submit improvement suggestions going beyond established standards. Sufficient insurance coverage is held for losses and damage potentially arising from environmental risks. No environmental risks are currently identifiable for the holding company or any portfolio companies.

Based on its strategy of pressing ahead with diversification by continuously enlarging its investment portfolio, the Group carried EUR 292.3 million in goodwill on its statement of financial position (previous year: EUR 294.8 million). IAS 36 stipulates that impairment testing must be conducted at least once a year. If an impairment is found to be evidence, goodwill must be written down accordingly. In the year under review impairments of EUR 3.9 million were recorded, primarily reflecting negative currency effects for the portfolio company BACHER stemming from the Swiss franc (previous year: EUR 5.8 million).

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM FOR CONSOLIDATED AND UNCONSOLIDATED ACCOUNTING

(Report per Sec. 289 Para. 5 and Sec. 315 Para. 2 Item 5 of German Commercial Code HGB)

The scope and form of INDUS Holding AG's accounting-related internal control system (ICS) are at the discretion of and the responsibility of the Board of Management. The Supervisory Board monitors the accounting process and the effectiveness of the ICS.

The viability and effectiveness of the ICS at the portfolio companies are assessed by the INDUS Holding AG Controlling and the auditors of Group companies' financial statements. The viability and effectiveness of the ICS for INDUS Holding AG itself are assessed by the Board of Management. The parties performing assessment have comprehensive information, audit, and access rights.

The ICS is a set of principles, procedures and measures aimed at ensuring proper accounting, which undergoes continuous optimization. The ICS is structured in such a way that the consolidated financial statements of INDUS Holding AG are prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the European Union (EU), and with the commercial code provisions per Sec. 315a Para. 1 of the German Commercial Code (HGB), which must additionally be observed. The separate financial statements are prepared in accordance with German Commercial Code (HGB). The ICS is structured for maximum effectiveness with regard to the objectives. Regardless of its structuring however, the ICS cannot give provide absolute assurance of the avoidance or identification of material accounting errors.

The Group accounting and management report preparation processes are overseen by the responsible staff members in the INDUS Holding AG Controlling department. Changes in the law, accounting standards, and other official acts are assessed for their relevance to and impact on the accounting process. Any resultant changes in the accounting processes are incorporated into centrally available procedural instructions and systems used for accounting purposes. The Group's current accounting policy is communicated to all employees of INDUS Holding AG and the portfolio companies who are involved in the accounting process. These elements, together with the financial statements calendar that is applicable Group-wide, constitute the basis of the financial statement preparation process.

The portfolio companies prepare their financial statements in accordance with Group accounting policies. Reporting and consolidation processes are carried out at all portfolio companies by means of a standardized IT system which is made available by INDUS Holding AG via a centralized procedure. This process for uniform, proper Group accounting is supported by procedural instructions and standardized reporting formats. In some cases, external service providers are additionally hired, to assess pension obligations, for example.

To avoid risks in the accounting process, the ICS involves preventive and probing internal control procedures. These include in particular automated and manual reconciliation, separation of responsibilities and dual review. These controls and instruments are continually optimized whenever weaknesses are identified, to eliminate potential risks.

INDUS Holding AG Controlling implements appropriate processes to ensure that Group accounting policy specifications are complied with uniformly throughout the Group. Employees involved in the accounting process receive regular training. The portfolio companies are supported by central contact individuals throughout the entire accounting process.

The INDUS Holding AG Board of Management and the managing directors of the portfolio companies are responsible for full across-the-board compliance with accounting policies and procedures applicable Group-wide. They also ensure that their accounting-related processes and systems function properly and are executed and run on-schedule.

BOARD OF MANAGEMENT'S OVERALL ASSESSMENT OF THE OPPORTUNITY AND RISK SITUATION

No Going Concern Risks Discernible, Growth Opportunities in 2013

In fiscal year 2012 INDUS further pursued its proven long-term corporate strategy. Management intends to make further use of our extremely comfortable liquidity situation and existing financing commitments from a variety of banks to expand the portfolio selectively in 2013 through acquisitions. As part of a new development strategy, INDUS announced in 2012 that the company will be focusing more and with greater focus on manufacturing growth markets. INDUS seeks out hidden champions in the promising manufacturing fields of infrastructure/logistics, medical technology and life sciences, and energy and environmental technology. An initial step in this direction was taken already in January 2013 with INDUS' acquiring of a majority stake in the BUDDE Group in the targeted logistics industry (see 'Events After the Reporting Date').

The increased internationalization of existing operations presents growth opportunities for the portfolio which are to be actively pursued through planned investments totaling roughly EUR 50 million. Sales revenues came in slightly higher year-on-year at EUR 1,105.3 million, with an operating EBIT margin of 9.6 %. The financing structure remained stable, with net debt at EUR 341.8 million versus EUR 311.2 million in 2011. As of the reporting date the equity ratio was 39 % at Group level (previous year: 36.7 %) and 58.9 % at the holding company level (previous year: 56.4 %). The Board of Management believes the business situation will remain relatively stable in 2013, aware of both solid opportunities and risks associated with the Eurozone debt crisis. INDUS aims to increase sales and earnings in this environment.

The Group's overall risk exposure is the aggregate total of individual risks across all risk categories. Material potential risks for INDUS Holding AG's business going forward include in particular risks associated with macroeconomic problems which could affect multiple portfolio companies simultaneously, as well as financial risks connected with potential further problems in the banking sector. In the fiscal year ended, the Board of Management identified no risks that could materially affect the Group as a going concern, either individually or in combination with other risks. At this time, these appear unlikely in the foreseeable future as well. Over the medium term as well INDUS will be availing itself of every chance to capitalize on opportunities arising in a buoyant economic environment.

Forecast Report

Persistent debt problems in the US and European Union make for an adverse business environment. In early 2013, however, several leading indicators are pointing toward a gradual emergence from the present downturn phase. At this time INDUS, too, projects stable growth overall for the current fiscal year. This projection is based on the individual estimates of the now 39 subsidiaries.

ECONOMIC OUTLOOK

Global Economy Slowly Stabilizing, US and Europe Working to Solve Sovereign Debt Crisis, Germany Still Leading Eurozone in Growth

The US economy is working its way out of crisis step by step. Unemployment is falling, and the housing market has resumed growth. Fiscal policy is causing anxiety, however, which is dampening capital expenditure. The US economy will thus likely further stagnate throughout early 2013 getting back on track later in the year. This is because unresolved budget debates on spending cuts are creating uncertainty regarding tax and financial stimulus measures. Economic analysts forecast the US economy to grow 1.6 % this year, as opposed to 2.1 % in 2012. In China, economic growth stabilized in the fourth quarter of 2012. Analysts predict growth will end up at 7 – 8 % in 2013. Double-digit growth, however, will likely be a thing of the past for some time to come. According to media reports, the Chinese government is forecasting average annual growth of 7 %. This would suffice for nominal per capita income to double by 2020, in line with government plans.

The Eurozone recession deepened once again going into the end of 2012. But hope remains that the economic downturn will be over in mid-2013, as the sovereign debt crisis has improved after massive intervention by the ECB last summer. However, the crisis in Cyprus in the spring shows just how fragile the current mood is. Some sentiment indicators are signaling an economic turnaround, which taken together are surprisingly positive. The Center for European Economic Research's economic barometer rose to 31.5 in January, a level not seen since May 2010. Increased capital expenditure in combination with rising exports as global demand bounces back should lay the foundation for a sustained economic recovery in core countries. Commerzbank economic analysts project stagnation for 2013 overall, coming after an expected 0.3 % contraction in 2012. In more positive scenarios like that forecast by the CESifo Group, marginal growth of 0.1 % is projected.

The competitive German economy is anticipated to fare somewhat better. With the sovereign debt crisis ebbing, the primary drag on the German economy is likely out of the way. In the new year the economy will thus likely benefit increasingly from very good conditions created by an expansionary monetary policy. Forecasts for German growth are still modest however despite the better mood, in view of the major slump in GDP in fourth quarter 2012 down to 0.5 %. For the current year the German government and the Bundesbank currently project an increase of only 0.4 %, while other economic analysts project 0.7 %. We see the economy picking up momentum in 2013, leading to a resumption of more robust economic growth in 2014.

Outlook for INDUS-Relevant Industries: Cautious Optimism
The various industry associations project stable to positive growth for the submarkets relevant to the INDUS Group.

The outlook for the **German construction industry** remains good despite the fragile macroeconomic environment. The German Construction Industry Federation forecasts sales growth of 2% for the current year. As in previous years, housing will remain the growth engine for the construction industry. Positive economic signs are still seen across the board, with unemployment low, disposable income rising and mortgage rates at an historic low; the latter is spurring rental housing construction, and investors looking for stable-value investments are finding German housing properties attractive.

The global **automobile market** is set for further growth in 2013. The US and China will be the main growth drivers. In Western Europe however the automobile business is facing continuing problems. The Automobile Manufacturers Association estimates market volume at roughly 70 million units for this year. German manufacturers intend to hold on to this considerable share and make gains if possible, but emphasize that 2013 will be a "challenging year" for the German automotive industry.

The **engineering** business is in good shape going into 2013. Sales of approximately EUR 209 billion for 2012 exceeded the 2008 pre-crisis level by one billion. The German engineering business thus did far better in 2012 overall than was expected in the spring. Due to declining orders in 2012 and continuing high material, energy and labor costs, many businesses do not see a major upturn ahead in 2013. The industry forecasts overall growth of 2%.

Industry representatives are very optimistic about the **medical technology and life sciences** market. Medical technology remains a growth industry. This is due chiefly to the following factors: Progress in medical technology allowing the treatment of conditions considered untreatable 10 – 20 years ago. Innovative, less invasive methods have been found allowing more operations to be performed on patients at ever-higher ages. Demographic trends: an increasing number of elderly in Germany, many of who have multiple morbidities. An expanded view of health incorporating quality of life: patients are more actively seeking health-related services and increasingly willing to pay more for better quality and additional services. In consequence of these factors, demand for health-related services will continue to rise. This expectation appears realistic in light of the improved consumer climate in the first few months of 2013.

The **metal and electrical industry** had a poor fourth quarter 2012, production declining 4% versus the previous quarter. The industry average for production in 2012 was thus just short of negative. While in early 2013 only slow improvement is likely, a slight rise in orders and a noticeably improved business climate indicate a recovery is in store later in the year. Domestic orders are still declining however, foreign orders accounting for the rise. The business climate further improved in January, businesses again seeing their position as slightly positive and expressing much less pessimism now regarding the six months ahead than in previous months. Coming after a major 13.3% increase in 2011, average M+E production stagnated in 2012 at -0.1%. The industry projects slight growth for 2013 of around 0.5%.

BOARD OF MANAGEMENT'S OVERALL ASSESSMENT OF THE FUTURE DEVELOPMENT OF BUSINESS

Objectives and Alignment in 2013 and 2014:
Accelerated Organic Growth for Portfolio Companies Augmented by Acquisitions

Optimization and expansion of the portfolio via acquisitions will be a primary focus for INDUS in fiscal years 2013, 2014 and beyond. This focus was outlined by the Board of Management in the multi-year Kompass 2020 strategy paper presented in the fall of 2012. The aim of this strategy is to ensure profitable organic portfolio growth, pursued aggressively by targeted acquisitions. Finance, organizational and communications work will play a key role in making strategic portfolio acquisitions.

German GDP growth is the benchmark for organic growth. INDUS's goal is to outperform the market. The cornerstones of the organic growth initiative are increased internationalization (Asia and the Americas particularly), giving priority to future-oriented capital expenditure over maintenance-oriented capital expenditure, a sustained increase in R&D investment and enhanced strategic portfolio management involving the repositioning of individual portfolio companies.

The Board of Management's acquisition-growth objective is to buy one to two companies a year on average while ensuring the Group's financial stability. In early 2013 the first step on this path was taken with the BUDDE Group acquisition. Manufacturing firms with growth prospects are still the primary acquisition targets of interest. INDUS' present liquidity situation provides sufficient flexibility for this year's activities without requiring additional borrowing. Going forward the Board of Management will continue primarily employing company profits to finance growth while maintaining INDUS' strong balance sheet ratios.

Business results for the INDUS Group in 2013 will depend considerably on economic developments in Europe and emerging markets. At present all indicators are pointing toward minor growth for Germany and considerable stability for major economies including the US and China, while Europe remains the problem child. Analysts predict continued global economic growth for 2014 as long as the economic forecast for 2013 materializes. We believe however that the structural crisis in Southern Europe will not be resolved in 2013 or 2014. Accordingly, INDUS will be concentrating its foreign activities in non-European markets.

Business Outlook: Stability and Cautious Optimism

The Board of Management sees the business prospects of the SMEs held by the Group as positive at this time. Incoming orders and general customer mood indicate robust demand for capital goods. Also, the Group should benefit in the medium to long term from greater INDUS involvement in international markets. The German economy is likely to remain stable overall in 2013, growing minimally. The 2012 sales mark of roughly EUR 1.1 billion is thus the official minimum target. Satisfactory order backlog at the start of the year gives reason for cautious optimism. Commodity prices are expected to remain relatively low until mid-year at least. INDUS estimates that the cost of materials ratio will remain unchanged. It is furthermore expected that personnel costs will increase in view of current wage demands. Compensating for rising labor costs through productivity improvements and cost pass-ons will again be a significant challenge in 2013. Depreciation is expected to be up slightly in 2013 versus 2012. Despite continuing cost pressures and an economy with only moderate growth, the Board of Management has again set an ambitious EUR 100 million EBIT target. Given this expectation as well as a projected economic recovery in the second half of 2013 accelerating into 2014, INDUS should be on track for significant growth over the medium term.

Segment Outlook for 2013: Business Largely Stable

INDUS expects 2013 to be a difficult year for the **Construction/Infrastructure** segment in terms of sales and earnings. Public-sector construction remains weak, and for the last two years stimuli measures were in place in response to the economic crisis. INDUS believes the extraordinarily good results seen in 2012 will be hard to repeat in 2013. INDUS projects sales to come in a bit lower year-on-year and the operating profit margin to range between 11 and 13 %.

INDUS projects the **Automotive Technology** segment will record slightly higher sales for 2013, with earnings improvements. Continuing strong demand for products made by premium German manufacturers will likely keep portfolio companies' order backlog stable, and profitability enhancing measures implemented by some segment companies involved in serial manufacturing will take effect, so their repositioning should boost earnings significantly starting in 2013. Coming after last year's disappointing EBIT margin of about 5 %, INDUS seeks to improve its margin by “6 % plus” as its mid-term goal.

In the **Engineering** segment INDUS expects higher sales and earnings for full-year 2013, in view of the good start into the year. The company anticipates materials prices to remain stable in 2013, while wage and salary expenses increase. Productivity improvements should counterbalance these effects overall, allowing the 10 % EBIT margin target to be met.

INDUS also sees a slight rise in demand for the **Medical Technology/Life Science** segment, fueled by demographic trends. This segment’s solid operating result should be repeatable, segment companies likely seeing sales growth on par with 2012. The goal remains to again achieve a high EBIT margin above 15 %.

INDUS expects a substantial pickup for the **Metals Technology** segment in 2013. Order backlog at the start of the year points toward a modest increase in sales and earnings. An increase in segment earnings should thus be possible in 2013. INDUS projects EBIT margin of 9-10 %.

It is difficult to make reliable forecasts about the segment performance beyond the current fiscal year. Generally speaking however, all segments are in a healthy enough position for the companies to continue operating profitably, despite challenging conditions.

Financial Position Outlook: No Change in Key Figures

INDUS expects to have a good level of operating cash flow in 2013 due to stable income and earnings. Capital expenditure on property, plant and equipment, and intangible assets is expected to total around EUR 50 million in 2013 (excluding acquisitions). Cash will mostly be used for investing in innovation and efficiency. INDUS intends to maintain this level over the medium term. The company remains on the lookout for interesting acquisition opportunities to expand the portfolio and move into additional growth sectors.

Cash reserves for this purpose were considerable at the end of fiscal year 2012, some of which was used in early 2013 to acquire a 75 % stake in the BUDDE Group. The equity ratio is expected to remain unchanged in 2013 and 2014 (currently 39 %). The company intends to finance its planned acquisitions, maintenance investments and purchases of strategically relevant operations on the portfolio company level from operating cash flow and available cash and cash equivalents.

The repayments due over the course of the year are already covered by new loans agreed for a volume of around EUR 60 million; all of the loan agreements are long-term in nature (i. e. an average term of 6 to 8 years). Other lines with a volume of roughly EUR 50 million are additionally available for drawdown. INDUS intends to maintain its current balance sheet ratios unchanged over the long term. Having a healthy balance sheet structure enhances flexibility and the ability to realize value-adding medium and long-term opportunities for the benefit of shareholders.

5.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Income

in EUR '000	Anhang	2012	2011*
Sales	[1]	**1,105,271**	**1,097,125**
Other operating income	[2]	22,454	20,279
Own work capitalized	[3]	7,185	5,160
Change in inventories	[3]	384	21,138
Cost of materials	[4]	-523,555	-544,840
Personnel expenses	[5]	-306,528	-292,128
Depreciation and amortization	[6]	-45,818	-46,759
Other operating expenses	[7]	-154,256	-148,447
Income from shares accounted for using the equity method		189	184
Other financial result	[8]	346	1,501
Operating result (EBIT)		**105,672**	**113,213**
Interest income		1,498	1,463
Interest expenses		-22,591	-24,424
Net interest	[9]	-21,093	-22,961
Earnings before taxes		**84,579**	**90,252**
Taxes	[10]	-29,735	-33,570
Income from discontinued operations	[11]	-2,568	-1,047
Earnings after taxes		**52,276**	**55,635**
of which allocable to non-controlling shareholders		208	216
of which allocable to INDUS shareholders		52,068	55,419
Basic earnings per share in EUR	[12]	2.46	2.75
Diluted earnings per share in EUR		2.46	2.75

* Previous year figures adjusted

Statement of Income and Accumulated Earnings

in EUR '000	2012	2011
Earnings after taxes	**52,276**	**55,635**
Currency translation adjustment	607	54
Change in the market values of derivative financial instruments (cash flow hedge)	–2,528	–1,999
Netting of deferred taxes	399	316
Other earnings	**–1,522**	**–1,629**
Overall result	**50,754**	**54,006**
of which non-controlling interests	208	216
of which allocable to INDUS shareholders	50,546	53,790

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

Consolidated Statement of Financial Position

in EUR '000	Notes	Dec. 31, 2012	Dec. 31, 2011
ASSETS			
Goodwill	[13]	292,342	294,831
Intangible assets	[13]	16,689	19,046
Property, plant and equipment	[13]	248,829	245,453
Investment property	[13]	6,152	0
Financial assets	[14]	8,535	9,268
Shares accounted for using the equity method	[14]	4,151	1,508
Other noncurrent assets	[15]	1,300	2,276
Deferred taxes	[16]	2,649	2,956
Noncurrent assets		**580,647**	**575,338**
Cash and cash equivalents		98,710	123,107
Accounts receivable	[17]	137,054	108,422
Inventories	[18]	219,058	222,778
Other current assets	[15]	10,554	7,148
Current income taxes	[16]	6,639	3,374
Current assets		**472,015**	**464,829**
Total assets		**1,052,662**	**1,040,167**
EQUITY AND LIABILITIES			
Paid-in capital		243,464	243,464
Generated capital		165,406	137,088
Equity held by INDUS shareholders		408,870	380,552
Non-controlling interests in the equity		1,241	1,543
Group equity	[19]	**410,111**	**382,095**
Noncurrent financial liabilities	[20]	331,146	322,604
Provisions for pensions	[21]	16,839	16,281
Other noncurrent provisions	[22]	2,457	2,256
Other noncurrent liabilities	[23]	7,628	12,899
Deferred taxes	[16]	20,412	19,106
Noncurrent liabilities		**378,482**	**373,146**
Current financial liabilities	[20]	109,351	111,679
Trade accounts payable		37,313	46,056
Current provisions	[22]	44,844	47,015
Other current liabilities	[23]	66,777	70,336
Current income taxes	[16]	5,784	9,840
Current liabilities		**264,069**	**284,926**
Total equity and liabilities		**1,052,662**	**1,040,167**

Consolidated Statement of Equity

in EUR '000	Subscribed capital	Capital reserve	Retained earnings	Other earnings	Equity held by INDUS shareholders	Interests allocable to non-controlling shareholders	Group equity
Balance Dec. 31, 2010	**52,538**	**153,791**	**106,969**	**-5,485**	**307,813**	**1,676**	**309,489**
Income after taxes			55,419		55,419	216	55,635
Earnings				-1,629	-1,629		-1,629
Overall result			**55,419**	**-1,629**	**53,790**	**216**	**54,006**
Dividend payment			-18,186		-18,186	-349	-18,535
Capital increase	5,254	31,881			37,135		37,135
Balance Dec. 31, 2011	**57,792**	**185,672**	**144,202**	**-7,114**	**380,552**	**1,543**	**382,095**
Income after taxes			52,068		52,068	208	52,276
Earnings				-1,522	-1,522		-1,522
Overall result			**52,068**	**-1,522**	**50,546**	**208**	**50,754**
Dividend payment			-22,228		-22,228	-510	-22,738
Capital increase					0		0
Balance Dec. 31, 2012	**57,792**	**185,672**	**174,042**	**-8,636**	**408,870**	**1,241**	**410,111**

The cost of raising equity capital as part of the 2011 share offering (capital increase) was EUR 46,000. This sum was treated as having no effect on income and deducted from the capital reserve.

The dividend payment is based on a dividend of EUR 1,00 per no-par-value share bearing the number SIN 620010/ISIN DE 0006200108 (22.227.737 shares).

Consolidated Statement of Cash Flows

in EUR '000	2012	2011*
Income after taxes generated by continuing operations	54,844	56,682
Depreciation/Write-ups		
of noncurrent assets (excluding deferred taxes)	45,953	46,759
due to gains (–)/losses (+) from the disposal of assets	-128	-268
Taxes	29,735	33,570
Net interest	21,093	22,961
Cash earnings of discontinued operations	-781	508
Income from companies accounted for using the equity method	-189	-184
Other non-cash transactions	1,459	188
Changes in provisions	-1,091	2,115
Increase (–)/decrease (+) in inventories, trade accounts receivable and other assets not allocable to investing or financing activities	-33,530	-26,598
Increase (+)/decrease (–) in trade accounts payable and other liabilities not allocable to investing or financing activities	-21,919	19,127
Income taxes received/paid	-27,148	-24,733
Dividends received	130	31
Operating cash flow	**68,428**	**130,158**
Interest paid	-24,007	-25,383
Interest received	1,498	1,463
Cash flow from operating activities	**45,919**	**106,238**
Cash outflow from investments in		
intangible assets	-3,832	-3,948
property, plant and equipment	-49,459	-40,781
financial assets and shares accounted for using the equity method	-2,812	-988
shares in fully consolidated companies	0	-13,180
Cash inflow from the disposal of		
shares in fully consolidated companies	73	0
other assets	2,562	2,050
Cash flow from investing activities of discontinued operations	-57	-82
Cash flow from investing activities	**-53,525**	**-56,929**

in EUR '000	2012	2011*
Capital increase	0	37,135
Dividends paid to shareholders	-22,228	-18,186
Dividends paid to non-controlling shareholders	-509	-349
Cash inflows from the assumption of debt	158,969	96,757
Cash outflows from the repayment of debt	-152,755	-138,706
Cash flow from financing activities	**-16,523**	**-23,349**
Net cash change in financial facilities	-24,129	25,960
Changes in cash and cash equivalents caused by currency exchange rates	-268	307
Cash and cash equivalents at the beginning of the period	123,107	96,840
Cash and cash equivalents at the end of the period	**98,710**	**123,107**
Cash transactions related to the sale of investments	100	0
plus financial liabilities sold	0	0
minus financial facilities sold	-27	0
Net sale proceeds	**73**	**0**
Cash transactions related to the sale of investments	0	-13,514
plus financial liabilities assumed	0	-54
minus financial facilities purchased	0	388
Net purchase price	**0**	**-13,180**

* Previous year figures adjusted

Cash and cash equivalents include a limited-authorization account with a balance of EUR 408,000 (previous year: EUR 442,000). Investing and financing transactions amounting to EUR -446,000 (previous year: EUR 935,000) which had no impact on cash and cash equivalents are not part of the statement of cash flows.

Notes

SEGMENT REPORT

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 Technology, Medical Engineering). Otherwise they are classified by common features in their production structure (Construction/Infrastructure, Engineering, Metals Technology). The reconciliations contain the figures of the holding company, non-operational units not allocated to any segment, and consolidations. See the discussion provided in the management report regarding the products and services that generate segment sales.

The central control variable for the segments is operating earnings (EBIT) as defined in the consolidated financial statements. 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 on the basis of the cost-plus pricing method.

SEGMENT INFORMATION FOR BUSINESS AREAS

SEGMENT INFORMATION IN ACCORDANCE WITH IFRS 8 (in EUR '000)

	Construction/ Infrastructure	Automotive Technology	Engineering	Medical Engineering/ Life Science	Metals Technology	Total segments	Reconciliation	Consolidated financial statements
2012								
External sales with external third parties	229,169	323,749	156,518	87,951	307,532	1,104,919	352	1,105,271
External sales with Group companies	8,845	38,318	7,217	3,975	30,576	88,931	-88,931	0
Sales	**238,014**	**362,067**	**163,735**	**91,926**	**338,108**	**1,193,850**	**-88,579**	**1,105,271**
Segment earnings (EBIT)	**34,119**	**16,103**	**17,694**	**16,400**	**24,436**	**108,752**	**-3,080**	**105,672**
Earnings from equity valuation	217	-71	0	0	0	146	43	189
Depreciation/Amortization	**-5,107**	**-20,795**	**-3,759**	**-2,578**	**-13,362**	**-45,601**	**-217**	**-45,818**
of which scheduled depreciation	-5,107	-20,364	-2,948	-2,578	-10,737	-41,734	-217	-41,951
of which unscheduled depreciation	0	-431	-811	0	-2,625	-3,867	0	-3,867
Capital expenditure	**8,573**	**18,170**	**7,828**	**2,896**	**12,508**	**49,975**	**3,951**	**53,926**
of which company acquisitions	0	0	0	0	0	0	0	0
Shares accounted for using the equity method	1,596	2,555	0	0	0	4,151	0	4,151
Additional information: EBITDA	39,226	36,898	21,453	18,978	37,798	154,353	-2,863	151,490
Additional information: Goodwill	100,246	68,180	50,985	43,485	29,446	292,342	0	292,342

	Construction/ Infrastructure	Automotive Technology	Engineering	Medical Engineering/ Life Science	Metals Technology	Total segments	Reconciliation	Consolidated financial statements
2011								
External sales with external third parties	234,644	327,092	145,595	84,810	304,825	1,096,966	159	1,097,125
External sales with Group companies	8,462	32,436	7,405	3,681	28,841	80,825	-80,825	0
Sales	**243,106**	**359,528**	**153,000**	**88,491**	**333,666**	**1,177,791**	**-80,666**	**1,097,125**
Segment earnings (EBIT)	**37,372**	**13,789**	**17,016**	**12,926**	**37,170**	**118,273**	**-5,060**	**113,213**
Earnings from equity valuation	184	0	0	0	0	184	0	184
Depreciation/Amortization	**-5,230**	**-26,179**	**-2,211**	**-2,765**	**-10,104**	**-46,489**	**-270**	**-46,759**
of which scheduled depreciation	-5,230	-20,353	-2,211	-2,765	-10,104	-40,663	-270	-40,933
of which unscheduled depreciation	0	-5,826	0	0	0	-5,826	0	-5,826
Capital expenditure	**5,901**	**19,706**	**14,499**	**3,262**	**14,488**	**57,856**	**403**	**58,259**
of which company acquisitions	0	0	12,035	0	0	12,035	0	12,035
Shares accounted for using the equity method	1,508	0	0	0	0	1,508	0	1,508
Additional information: EBITDA	42,602	39,968	19,227	15,691	47,274	164,762	-4,790	159,972
Additional information: Goodwill	100,246	68,180	50,985	43,485	31,935	294,831	0	294,831

RECONCILIATION (in EUR '000)

	2012	2011
Segment earnings (EBIT)	**108,752**	**118,273**
Areas not allocated, incl. holding company	-2,996	-4,526
Consolidations	-84	-534
Net interest	-21,093	-22,961
Earnings before taxes	**84,579**	**90,252**

SEGMENT INFORMATION 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.

Noncurrent assets, less deferred taxes and financial instruments, are based on the domiciles of the respective companies. Further differentiation is not expedient as the majority of the companies are domiciled in Germany.

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

in EUR '000	Group	Germany	EU	Rest of world
2012				
Sales revenues with third parties	1,105,271	569,488	240,108	295,675
Noncurrent assets, less deferred taxes and financial instruments	568,163	494,032	12,031	62,100
2011				
Sales revenues with third parties	1,097,125	592,907	237,273	266,945
Noncurrent assets, less deferred taxes and financial instruments	560,838	482,127	12,463	66,248

GENERAL INFORMATION

INDUS Holding Aktiengesellschaft, based in Bergisch Gladbach, Germany, entered in the Cologne commercial register (HRB 46360), prepared its consolidated financial statements for the fiscal year 2012 from January 1, 2012 to December 31, 2012 in accordance with International Financial Reporting Standards (IFRS) and the interpretation of such by the International Financial Reporting Interpretations Committee (IFRIC) as applicable in the European Union (EU).

The consolidated financial statements are prepared in euros. Unless otherwise indicated, all amounts are stated in thousands of euros (EUR '000). In principle, the consolidated financial statements are prepared using historical cost accounting, with the exception of balance sheet items 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 and valuation methods. Pursuant to Sec. 315a of 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 financial statements were prepared on March 15, 2013 by the Board of Management. They were then approved by the Supervisory Board on April 19, 2013.

APPLICATION AND IMPACT OF NEW AND REVISED STANDARDS

All standards requiring mandatory application as of December 31, 2012 were observed. No use was made of the discretionary right to apply standards before they become mandatory.

THE MANDATORY STANDARDS AND INTERPRETATIONS APPLIED FOR THE FIRST TIME FOR THE FISCAL YEAR 2012

The following standards and interpretations were applied for the first time in the 2012 fiscal year:

- IFRS 7 Financial instruments: Disclosures – Transferred Financial Assets (EU 1205/2012). The revisions are intended to make it simpler for financial statement readers to evaluate risks associated with the transfer of financial assets and their effects on the reporting firm's financial position. They are aimed at enhancing reporting transparency particularly regarding transfers involving securitization of financial assets.

This rule, now applicable for the first time, requires additional disclosures in the notes.

Standards adopted by the EU up to December 31, 2012 which were not applied early in these financial statements:

In June 2012 European law was amended as follows per Regulation 475/2012:

- IAS 1 Presentation of Financial Statements – presentation of other comprehensive income
- IAS 19 Employee benefits

IAS1 causes a change in the presentation of earnings; IAS 19 requires a different presentation of the numbers and additional notes. With the elimination of the corridor method, actuarial gains and losses are to be recorded in equity, not through profit and loss. In the current financial statements the amount of pension provisions [21] would increase by roughly EUR 4.5 million, while equity would decrease by the attributable amount of deferred taxes.

In December 2012 several further IASB pronouncements were incorporated into European law through EU Regulations 1254, 1255 and 1256/2012, application of which is mandatory for subsequent financial statements. The effects on the INDUS consolidated financial statements are currently being determined. Besides additional notes, no material effects on the INDUS consolidated financial statements are expected as a result.

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. Negative differences are immediately charged against income. Positive goodwill is carried in the functional currency of the acquired subsidiary/group.

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.

Contingent purchase price payments are measured at their fair values at the time of acquisition. Changes in their amounts are recorded through profit and loss in the subsequent periods. Incidental acquisition costs incurred in acquiring the investment are not included in the purchase price allocation. Instead, they are recognized as expenses in the period of acquisition.

If minority shareholders have a right to tender as of the time of the first-time consolidation and INDUS is unable to revoke this right, the purchase price acquisition for interests held by non-controlling shareholders that are eligible are calculated at fair value.

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 average spot exchange rate.

In accordance with the concept of functional currency, companies located outside of the eurozone prepare their financial statements in the currency of the country in which they are domiciled. For assets and liabilities, 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 statement of income are translated at average exchange rates and any resultant currency adjustments up until disposal of the subsidiary are recognized with no effect on the statement of income. The exchange rates used are shown in the following table:

		Exchange rate as of reporting date		Average exchange rate	
	1 EUR =	2012	2011	2012	2011
Brazil	BRL	2.704	2.416	2.508	2.327
Canada	CAD	1.314	1.322	1.284	1.376
Switzerland	CHF	1.207	1.216	1.205	1.233
China	CNY	8.221	8.159	8.105	8.996
Czech Republic	CZK	25.151	25.787	25.149	24.590
Great Britain	GBP	0.816	0.835	0.811	0.868
Mexico	MXN	17.185	18.051	16.903	17.288
Poland	PLN	4.074	4.458	4.185	4.121
Serbia	RSD	113.476	105.070	113.017	102.434
Turkey	TRY	2.355	2.443	2.314	2.338
USA	USD	1.319	1.294	1.285	1.392
South Africa	ZAR	11.173	10.483	10.551	10.097

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. To do this, the higher of value in use and fair value less costs to sell is applied. Value in use is calculated applying the latest estimates prepared by 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 global growth rate of 1.0 %.

The projection figures are discounted applying a segment-specific pre-tax capital cost rate. The pre-tax capital cost rate was applied in the segments Medical Technology 6.4 %, Mechanical and Plant Engineering 8.3 %, Metals Technology 9.2 %, Construction and Infrastructure 9.3 % and Automotive Technology 9.6 %. (previous year: 8.0 %).

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.

The goodwill recognized in the purchase price allocation is distributed across 32 cash generating units. No individual goodwill amount is significant within the meaning of IAS 36.135. Goodwill was added as a reporting line in the Segment Report in order to elucidate risks associated therewith. If the WACC (Weighted Average Cost of Capital) rose by 0.5 %, in the present scenario impairments on goodwill would increase by EUR 0.8 million.

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 are measured at cost less scheduled and, if applicable, non-scheduled depreciation. Depending on the actual structure of their useful lives, straight line depreciation or declining-balance methods are applied. 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 included in accordance with IAS 23. 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

Property, plant and equipment are written down as impaired in accordance with IAS 36 if the recoverable amount of the asset concerned has fallen below carrying value. The recoverable value is the higher of value in use or fair value less costs to sell. If the reason for an impairment recorded in previous years no longer applies, a write-up is performed, up to the maximum of the carrying value after scheduled depreciation.

Land and buildings owned to generate rental income and enhance value are classified as **financial investments held to maturity**. These are carried at amortized cost; depreciation and useful lives are as for self-used real estate. Fair value is determined as value in use applying internal calculations for reference. The value in use of real estate is estimated based on fixed rental and lease agreements; after agreement expiry, plausible assumptions are applied regarding future use.

Depending on the distribution of the major benefits and risks, **lease agreements** are classified as operating leases or finance leases, with finance leases thus being recognized as assets. Fixed assets leased within the framework of finance leases are capitalized at the fair value or the lower net present value of the minimum lease payments and subjected to scheduled depreciation over the useful life or the shorter contractual term. The payment obligations resulting from the future leasing rates are shown discounted under financial liabilities.

With sale-and-lease-back 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 for qualified assets whose acquisition commenced after 1/1/2009. Assets are deemed to be qualified if at least one year is required to produce them.

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; first impairments are recorded on assets and then, if applicable, provisions are additionally allocated. 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, i.e. the date on which the asset is delivered. 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 generally 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 the INDUS Group 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 amortized cost; for current receivables the carry amount is the nominal amount. Individual risks are taken into account with appropriate valuation allowances. General credit risks are recognized by means of portfolio-based 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 settlement 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 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 ascertained that the hedge is ineffective.

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 debts 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 same principles as 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 being entered into.

With defined benefit obligations, pensions and other post-employment benefits are calculated using 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 qualified 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 10 % of the greater of the defined benefit obligation or 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 are applied.

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 the outflow of resources is classified as long-term and the effect of this 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 outstanding invoices, 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. With tax loss carryforwards, this is the case either when it is possible 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. The tax rate on earnings for companies based in Germany amounts to 28.8 %, calculated based on the average local trade tax assessment multiplier of 370 % and the solidarity surcharge of 5.5 %. The international tax rates range between 10 % and 40 %.

Expense and income recognition: 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.

Share-based remuneration: Virtual stock options (stock appreciation rights) granted as part of the long-term incentive program are classified as "share-based remuneration with cash settlement." Proportional provisions are formed for these and measured at the fair value of the commitments. These proportional provisions are formed and recorded in profit and loss as personnel expenses over the period leading up to the probable exercise date.

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. 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.

Estimates and assumptions: The preparation of consolidated financial statements is influenced by accounting and valuation principles and estimates and assumptions which affect the amount and the recognition of assets, liabilities, contingent liabilities, 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 inherent with commercial activity. 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 anticipated future cash flow series are discounted. The course of such cash flow series depends on future events about whose trends assumptions must be made. Future interest rate levels can also affect the calculation of cash flow considerably. This is particularly the case when assets and cash-generating units 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. Future cash flow projections are also applied to determine at what amount to value deferred tax assets.

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 and comparable obligations. Extensive accounting experience is very important in this regard, but it is still regularly occurs that provision amounts in the financial statements have to be adjusted upward or downward.

In many cases there are no active markets with observable pricing to use in determining fair value. For financial statement accounting the fair value of balance sheet items acquired must be determined using standard valuation models which require assumptions regarding directly observable as well as potentially non-observable valuation mechanisms.

These financial statements are based on estimates and assumptions which reflect the latest information available to management. The necessity of having to make substantial valuation adjustments in future cannot be ruled out, as many relevant valuation parameters are beyond management's control.

For fiscal 2013 we do not on the whole anticipate events requiring material adjustment to balance sheet items in these financial statements. The assumptions made regarding conditions in the general economy and relevant markets in particular have been discussed in detail in the Forecast Report.

DISCONTINUED OPERATIONS

Accounting for discontinued operations per IFRS 5.34 requires the adjustment of previous-year figures on the Statement of Income, as shown below. The detailed information and disclosures in the Notes concerning the previous year were likewise adjusted.

The changes per IFRS 5 result from the sale of Rebo Plastic GmbH.

ADJUSTMENT OF PREVIOUS-YEAR FIGURES

ADJUSTMENT OF PREVIOUS-YEAR CONSOLIDATED STATEMENT OF INCOME (in EUR '000)

	2011 reported	IFRS 5	2011 comparable
Sales	**1,104,716**	**-7,591**	**1,097,125**
Other operating income	20,366	-87	20,279
Own work capitalized	5,160	0	5,160
Change in inventories	21,198	-60	21,138
Cost of materials	-548,386	3,546	-544,840
Personnel expenses	-294,522	2,394	-292,128
Depreciation and amortization	-48,876	2,117	-46,759
Other operating expenses	-149,729	1,282	-148,447
Income from shares accounted for using the equity method	184	0	184
Other financial result	1,501	0	1,501
Operating result (EBIT)	**111,612**	**1,601**	**113,213**
Interest income	1,506	-43	1,463
Interest expenses	-24,541	117	-24,424
Net interest	-23,035	74	-22,961
Earnings before taxes	**88,577**	**1,675**	**90,252**
Taxes	-32,942	-628	-33,570
Income from discontinued operations	0	-1,047	-1,047
Earnings after taxes	**55,635**	**0**	**55,635**
of which allocable to non-controlling shareholders	216	0	216
of which allocable to INDUS shareholders	55,419	0	55,419
Basic earnings per share in EUR	2.70	0.05	2.75
Diluted earnings per share in EUR	2.70	0.05	2.75

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. This is generally the case if the INDUS Group holds more than 50 % of the voting rights in a portfolio company or contractual provisions stipulate that the INDUS Group retains all of the main opportunities and risks associated with the company. Associated companies whose 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	Overall
Fully consolidated subsidiaries			
January 1, 2011	**91**	**24**	**115**
Additions	2	2	4
Disposals	0	2	2
Dec. 31, 2011	**93**	**24**	**117**
Additions	0	0	0
Disposals	1	2	3
Dec. 31, 2012	**92**	**22**	**114**
Companies valued using the equity method			
January 1, 2011	**0**	**2**	**2**
Additions	0	0	0
Disposals	0	0	0
Dec. 31, 2011	**0**	**2**	**2**
Additions	1	1	2
Disposals	0	0	0
Dec. 31, 2012	**1**	**3**	**4**

On December 31, 2012, this disclosure encompassed 32 fully limited liability companies which constitute a "unit company" with the related commercial partnership (December 31, 2011: 33 fully limited liability companies).

Additions to the scope of consolidation result from acquisitions or the foundation of new companies, or from the assumption of the operating activities of portfolio companies that had not previously been consolidated.

Disposals from the scope of consolidation result from sales of portfolio companies and from the deconsolidation of companies whose operating activities are to be ceased and the deconsolidation of companies which have discontinued operations.

Ten subsidiaries and one investment which, due to their small size or low level of commercial activity, are of subordinate importance for the consolidated financial statements are recognized at amortized cost as per IAS 39 (Financial Instruments: Recognition and Measurement) because there is no active market for them and their fair values cannot be ascertained at a reasonable cost. Including these companies in the consolidated financial statements would not change sales or earnings by more than 0.5 %.

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.

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

EVENTS AFTER THE REPORTING DATE

On January 29, 2013 the sale of a 75 % stake in the SME Budde Group based in Bielefeld was agreed with the company's shareholders. The Budde Group acquisition provides INDUS with an attractive way to enter the targeted Infrastructure/Logistics segment. This acquisition represents an important step for INDUS in systematically executing on its more growth-oriented strategy focusing on up-and-coming manufacturing markets. An initial payment of EUR 30 million for the 75 % stake was paid. Due to the way the option for the remaining 25 % is structured, the purchase price allocation is to be done for 100 % of the shares. The purchase price allocation is currently being determined, as IFRS consolidated financial statements for the Group first have to be prepared. Detailed reporting will be provided in the Q1/2013 statements.

The Budde Group, with locations in Bielefeld and Schmalkalden (Thüringen) and Kamen (North Rhine-Westphalia), is a leading provider of general cargo and bulk handling systems. The company provides mechanical and fully automated transport systems. In 2012 the Budde Group had some 170 employees, and generated sales of roughly EUR 50 million. Customers from the courier, express and parcel services industry comprise 80 % of its business. This market is growing rapidly due to the e-commerce boom. Other customers are in the beverage and automotive industries.

BUSINESS COMBINATIONS

Disclosures on First-time Consolidation for the Current Fiscal Year

In fiscal year 2012 there were no new acquisitions of portfolio companies or increases in minority interests.

Disclosures on the Previous Year

Effective 10/1/2011, HORN GmbH & Co. KG acquired a 100 % stake in **Pneumatic Components Limited (PCL)**, which is domiciled in Sheffield, UK, as well as in their three subsidiaries. PCL was included in the consolidated financial statements for the first time in October 2011.

The acquisition costs came to EUR 11,842,000 and were paid in cash. Funds totaling EUR 279,000 were acquired. Noncurrent assets include goodwill amounting to EUR 5,982,000, which is not tax-deductible. Goodwill represents inseparable assets such as staff expertise and positive expectations for future income, as well as synergistic effects arising from the aforementioned opportunities. In the 2011 fiscal year, PCL contributed sales of EUR 2,631,000 and earnings of EUR 133,000 to consolidated sales and income. Had its first-time consolidation taken place on 1/1/2011, the consolidated financial statements as of 12/31/2011, would have included sales of EUR 10,906,000 and earnings of EUR 1,884,000 from PCL. The gross value of the assumed contractual accounts receivable totaled EUR 1,673,000, largely in line with their fair value.

Further information on first-time consolidation is contained in the following table:

ACQUISITIONS: PNEUMATIC COMPONENTS LTD. (in EUR '000)

	Carrying amounts at time of addition	Assets added due to first-time consolidation	Additions consolidated statement of financial position
Noncurrent assets	1,647	9,641	11,288
Current assets	4,128	120	4,248
Total assets	**5,775**	**9,761**	**15,536**
Noncurrent liabilities	0	-1,058	-1,058
Current liabilities	-2,636	0	-2,636
Total liabilities	**-2,636**	**-1,058**	**-3,694**

Subsidiaries acquired a number of smaller units to round off the portfolio. Effective 6/1/2011, Semet Maschinenbau GmbH & Co. KG acquired RI MAC Maschinen & Anlagen GmbH (RIMAC) based in Mauer, Germany. HORN acquired the tank truck metering division of Hectronic GmbH, Bonndorf, Germany on December 1. The KIEBACK-SCHÄFER Group acquired the Pollman design studio on July 1, 2011.

The acquisition costs came to a total of EUR 1,671,000 and were paid in cash. Funds totaling EUR 109,000 were acquired. Noncurrent assets include goodwill amounting to EUR 850,000, which is not tax-deductible. Goodwill represents inseparable assets such as staff expertise and positive expectations for future income, as well as synergies from construction and production. In the 2011 fiscal year, these units contributed sales of EUR 3,495,000 and earnings of EUR -382,000 to consolidated sales and income. Had the first-time consolidation taken place on 1/1/2011, the consolidated financial statements as of 12/31/2011 would have included sales of EUR 5,226,000 and earnings of EUR -574,000 from the companies. The gross value of the assumed contractual accounts receivable totaled EUR 533,000, largely in line with their fair value.

OTHER ACQUISITIONS (in EUR '000)

	Carrying amounts at time of addition	Assets added due to first-time consolidation	Additions consolidated statement of financial position
Noncurrent assets	225	1,394	1,619
Current assets	1,059	201	1,260
Total assets	**1,284**	**1,595**	**2,879**
Noncurrent liabilities	0	–58	–58
Current liabilities	–1,107	0	–1,107
Total liabilities	**–1,107**	**–58**	**–1,165**

DISPOSALS

Effective as of 6/1/2012, REBOPLASTIC GmbH, a company belonging to the Automotive segment, was sold due to the fact that, in terms of perspective, it was no longer suitable for the INDUS portfolio. The company was bought by Dr. Höper, who as former managing director of the company and a member of the INDUS Holding AG Board of Management, had long followed the development of REBOPLASTIC GmbH.

The previous year's Statement of Income was adjusted. For details see the above-referenced reconciliation (adjustment of previous-year figures).

Income and expenses attributable to discontinued operations in the fiscal years 2012 and 2011 were as follows:

in EUR '000	2012	2011*
Sales	2,794	7,591
Expenses and other income	-2,994	-9,192
Operating result	**-200**	**-1,601**
Net interest	-30	-74
Earnings before taxes	**-230**	**-1,675**
Taxes	29	628
Earnings after taxes from current operations	-201	-1,047
Income from deconsolidations	-2,367	0
Income from discontinued operations	**-2,568**	**-1,047**
Tax expense (+)/revenue (–) from divestments	-117	0

* Previous year figures adjusted

Upon deconsolidation, noncurrent assets amounted to EUR 720,000, current assets (excluding cash and cash assets) to EUR 1,433,000, and current liabilities to EUR 577,000.

NOTES TO THE STATEMENT OF INCOME

[1] Sales

Sales include sales from services amounting to EUR 4,195,000 (previous year: EUR 2,835,000) and user charges amounting to EUR 174,000 (previous year: EUR 285,000). Sales also include EUR 87,833,000 in sales from customer-specific construction contracts (previous year: EUR 81,043,000).

In 2011 EUR -7,591,000 in sales was reclassified as earnings attributable to discontinued operations. Sales thus declined year-on-year from EUR 1,104,716,000 to EUR 1,097,125,000.

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

[2] Other operating Income

in EUR '000	2012	2011
Income from the release of accruals	7,906	7,504
Income from currency translation	887	1,504
Release of valuation allowances	1,588	1,419
Insurance compensation	922	620
Income from rental and lease agreements	766	791
Income from asset disposals	459	560
Transfer to earnings/release of deferrals carried as liabilities	1,271	518
Income from the subsequent valuation of non-controlling interests	1,836	1,047
Other operating income	6,819	6,316
Total	**22,454**	**20,279**

Income from currency translation of EUR 887,000 (previous year: EUR 1,504,000) was offset by expenses of EUR -953,000 (previous year: EUR -1,134,000). Currency differences included in income thus amounted to EUR -66,000 (previous year: EUR 370,000). Income from the subsequent valuation of non-controlling interests recorded in liabilities is offset by corresponding expenses of EUR -391,000 (previous year: EUR 0). Other operating income includes EUR 1.3 million from a court settlement, in which INDUS had demanded that its former major stockholder Dr. Winfried Kill pay back the dividends for the years 2007 and 2008, in which he had failed to issue voting rights notifications regarding changes affecting voting rights thresholds. The matter was based on § 26 of the Wertpapierhandelsgesetzes (WpHG / German Securities Trading Act).

[3] Own Work Capitalized

in EUR '000	2012	2011
Other own work capitalized	5,563	4,149
Own work capitalized in accordance with IAS 38	1,622	1,011
Total	**7,185**	**5,160**

Furthermore, EUR 8,807,000 in research and development expenses were recognized as part of the expenses for the period (previous year: EUR 7,747,000).

[3] Changes in Inventories

in EUR '000	2012	2011
Work in process	-1,014	14,498
Finished goods	1,398	6,640
Total	**384**	**21,138**

[4] Cost of Materials

in EUR '000	2012	2011
Raw materials and goods for resale	-449,275	-469,349
Purchased services	-74,280	-75,491
Total	**-523,555**	**-544,840**

[5] Personnel Expenses

in EUR '000	2012	2011
Wages and salaries	-258,620	-245,130
Social security	-44,457	-43,920
Pensions	-3,451	-3,078
Total	**-306,528**	**-292,128**

Personnel expenses do not include the interest portion of transfers to pension provisions. This is reflected in the amount of EUR -933,000 in net interest (previous year: EUR -868,000).

[6] Depreciation and Amortization

in EUR '000	2012	2011
Scheduled amortization	-41,951	-40,933
Impairment losses	-3,867	-5,826
Total	**-45,818**	**-46,759**

Impairments were recorded for the cash flow-generating unit BACHER AG due to lower earnings in the Metals Technology segment. (previous year: WIESAUPLAST Group and FICHTHORN in the Automotive Technology segment). Impairments concerned property, plant and equipment depreciation expenses of EUR 0 (previous year: EUR 4,237,000) and goodwill impairments of EUR 2,489,000 (previous year: EUR 1,574,000).

Impairments were additionally recorded on property, plant and equipment in the amount of EUR 850,000 (previous year: EUR 15,000). Impairments in the amount of EUR 528,000 were recorded on intangible assets (previous year: EUR 0).

Impairment losses on noncurrent intangible assets amounted to EUR 528,000 (previous year: EUR 0).

[7] Other Operating Expenses

in EUR '000	2012	2011
Operating expenses	–52,536	–50,226
Selling expenses	–65,069	–60,493
Administrative expenses	–29,151	–29,043
Other expenses	–7,500	–8,685
Total	**–154,256**	**–148,447**

Operating Expenses

in EUR '000	2012	2011
Land and buildings: leases and occupancy costs	–16,515	–16,368
Machinery and plant: leases and maintenance	–18,317	–17,291
Energy, supplies, tools	–11,586	–10,776
Other operating expenses	–6,118	–5,791
Total	**–52,536**	**–50,226**

Selling Expenses

in EUR '000	2012	2011
Shipping, packaging and provisions	-29,534	-30,186
Vehicle, travel and entertaining costs	-14,031	-12,836
Marketing and trade fairs	-9,013	-8,640
Accounts receivable and guarantees	-10,822	-7,034
Other selling expenses	-1,669	-1,797
Total	**-65,069**	**-60,493**

Administrative Expenses

in EUR '000	2012	2011
Consulting and fees	-9,169	-9,251
IT, office and communication services	-9,462	-9,706
Insurance	-3,772	-3,657
Human Resources admin and continuing ed.	-3,299	-3,493
Other administrative costs	-3,449	-2,936
Total	**-29,151**	**-29,043**

Other Expenses

in EUR '000	2012	2011
Cost of currency translation	-953	-1,134
Transfer to provisions	-2,941	-1,998
Expenses from remeasurement of minority interests	-391	0
Disposal of fixed assets	-331	-292
Miscellaneous	-2,884	-5,261
Total	**-7,500**	**-8,685**

[8] Financial Result

in EUR '000	2012	2011
Write-downs of financial assets	-135	0
Income from financial assets	481	1,501
Total	**346**	**1,501**

[9] Net Interest

in EUR '000	2012	2011
Interest and similar income	1,498	1,463
Interest and similar expenses	-23,165	-24,332
Interest from operations	**-21,667**	**-22,869**
Others: market value of interest-rate swaps	869	336
Others: non-controlling interests	-295	-428
Other interest	**574**	**-92**
Total	**-21,093**	**-22,961**

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 “Other: market value of interest-rate swaps” with effect on income.

The item “Other: non-controlling interests” includes income after taxes attributable to non-controlling shareholders whose shares are reported as liabilities measured at fair value, in accordance with IAS 32. The proportion of earnings attributed to non-controlling shareholders is recognized as part of net interest for the purpose of consistency.

In the current fiscal year, interest expenses were reduced by the sum of capitalized borrowing costs totaling EUR 380,000 (previous year: EUR 315,000). This was based on a financing cost rate of 4 % (previous year: 5 %).

[10] Taxes

in EUR '000	2012	2011
Non-recurrent taxes	-1,173	-1,666
Current taxes	-26,766	-29,168
Deferred taxes	-1,796	-2,736
Total	**-29,735**	**-33,570**

The non-recurring taxes result predominantly from external tax audits.

SPECIAL TAX ASPECTS

INDUS Holding AG's business model is based on the idea of building up a portfolio of small and medium-sized niche enterprises which hold leading positions on their respective markets. Synergies play a subordinate role when INDUS Holding AG acquires subsidiaries. Each company is responsible for its own results, supported if necessary by the holding company's resources.

INDUS focused its acquisitions above all on German limited partnerships. The acquisition of a limited partnership has tax consequences as follows:

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. Deferred tax assets on tax loss carryforwards are only capitalized by the Group if sufficient taxable income can be generated 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 situation is reflected in the item "No offsetting of income for autonomous subsidiaries."

RECONCILIATION FROM EXPECTED TO ACTUAL TAX EXPENSES (in EUR '000)

		2012	2011
Earnings before income taxes		**84,579**	**90,252**
Expected tax expenses	28.8 %	24,359	25,993
Reconciliation			
Non-recurrent taxes		1,173	1,666
Equity measurement of associated companies		-55	-53
Goodwill impairments – stock corporations		717	0
Structural effects of			
divergent local tax rates		-103	-156
divergent national tax rates		53	166
Capitalization or impairment of deferred tax loss carryforwards		24	867
Actual use of tax loss carryforwards		-295	-766
No offsetting of income for autonomous subsidiaries		2,641	2,558
Effects of the interest deduction ceiling on INDUS Holding AG		556	1,027
Other non-deductible expenses or tax-free income		665	2,268
Actual tax expenses		**29,735**	**33,570**
as a percentage of earnings		35	37

Based on a corporate income tax rate of 15 %, the tax rate on earnings for companies based in Germany is calculated at 28.8 %, applying an average trade tax assessment multiplier of 370 % and the solidarity surcharge of 5.5 %.

[11] Income from Discontinued Operations

Oarnings attributable to discontinued operations reflects earnings of REBOPLASTIC GmbH in the two fiscal years, which was sold on May 1, 2012.

[12] Earnings per Share

Earnings per share came to EUR 2.46 per share (previous year: EUR 2.75). The weighted average number of shares in the current year was 22,227,737 (previous year 20,543,819). See note [19] for further details.

in EUR '000	2012	2011
Earnings attributable to INDUS shareholders	52,068	55,419
Earnings attributable to discontinued operations	-2,568	-1,047
Earnings attributable to continuing operations	**54,636**	**56,466**
Number of shares in circulation (thousands)	22,228	20,544
Earnings per share, continuing operations (in EUR)	2.46	2.75
Earnings per share, discontinued operations (in EUR)	-0.12	-0.05

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 contingent/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

COSTS IN 2012 (in EUR '000)

	Opening balance Jan. 1, 2012	Disposals in the scope of consolidation	Additions	Disposals	Transfers	Currency translation	Closing balance Dec. 31, 2012
Goodwill	**333,453**	**-2,574**	**0**	**0**	**0**	**0**	**330,879**
Capitalized development costs	15,249	0	1,733	0	0	0	16,982
Property rights, concessions and other intangible assets	97,427	-966	2,155	-356	0	0	98,260
Total intangible assets	**112,676**	**-966**	**3,888**	**-356**	**0**	**0**	**115,242**
Land and buildings	180,899	-226	9,643	-26	125	0	190,415
Plant and machinery	313,705	-3,857	14,781	-3,250	4,293	0	325,672
Other equipment, factory and office equipment	107,777	-873	10,828	-4,385	429	0	113,776
Advance payments and work in process	8,605	0	11,117	-1,677	-8,147	0	9,898
Total property, plant and equipment	**610,986**	**-4,956**	**46,369**	**-9,338**	**-3,300**	**0**	**639,761**
Investment property	0	0	3,699	0	3,300	0	6,969

AMORTIZATION IN 2012 (in EUR '000)

	Opening balance Jan. 1, 2012	Disposals in the scope of consolidation	Additions	Disposals and Transfers	Appreciation in value	Currency translation	Closing balance Dec. 31, 2012
Goodwill	**38,622**	**-2,574**	**2,489**	**0**	**0**	**0**	**38,537**
Capitalized development costs	5,929	0	2,843	0	0	0	8,772
Property rights, concessions and other intangible assets	87,701	-868	3,311	-337	0	-26	89,781
Total intangible assets	**93,630**	**-868**	**6,154**	**-337**	**0**	**-26**	**98,553**
Land and buildings	59,162	-226	5,513	-718	0	-132	63,559
Plant and machinery	228,328	-3,608	22,455	-2,841	0	-180	244,154
Other equipment, factory and office equipment	78,043	-700	9,076	-3,219	0	-21	83,179
Advance payments and work in process	0	0	0	0	0	0	0
Total property, plant and equipment	**365,533**	**-4,534**	**37,044**	**-6,778**	**0**	**-333**	**390,932**
Investment property	0	0	131	686	0	0	817

COSTS IN 2011 (in EUR '000)

	Opening balance Jan. 1, 2011	Disposals in the scope of consolidation	Additions	Disposals	Transfers	Currency translation	Closing balance Dec. 31, 2011
Goodwill	**326,621**	**6,832**	**0**	**0**	**0**	**0**	**333,453**
Capitalized development costs	14,084	0	1,165	0	0	0	15,249
Property rights, concessions and other intangible assets	92,660	2,068	3,218	-554	35	0	97,427
Total intangible assets	**106,744**	**2,068**	**4,383**	**-554**	**35**	**0**	**112,676**
Land and buildings	175,738	1,452	4,098	-1,024	635	0	180,899
Plant and machinery	296,412	1,275	19,286	-4,861	1,593	0	313,705
Other equipment, factory and office equipment	100,897	408	10,004	-3,845	313	0	107,777
Advance payments and work in process	3,295	0	8,453	-567	-2,576	0	8,605
Total property, plant and equipment	**576,342**	**3,135**	**41,841**	**-10,297**	**-35**	**0**	**610,986**
Investment property	0	0	0	0	0	0	0

AMORTIZATION IN 2011 (in EUR '000)

	Opening balance Jan. 1, 2011	Disposals in the scope of consolidation	Additions	Disposals and Transfers	Appreciation in value	Currency translation	Closing balance Dec. 31, 2011
Goodwill	**37,048**	**0**	**1,574**	**0**	**0**	**0**	**38,622**
Capitalized development costs	4,204	0	1,725	0	0	0	5,929
Property rights, concessions and other intangible assets	85,469	0	2,900	-554	-104	-10	87,701
Total intangible assets	**89,673**	**0**	**4,625**	**-554**	**-104**	**-10**	**93,630**
Land and buildings	49,398	0	10,641	-753	-15	-109	59,162
Plant and machinery	209,938	0	22,957	-4,529	0	-38	228,328
Other equipment, factory and office equipment	72,546	0	8,995	-3,460	-6	-32	78,043
Advance payments and work in process	0	0	84	-84	0	0	0
Total property, plant and equipment	**331,882**	**0**	**42,677**	**-8,826**	**-21**	**-179**	**365,533**
Investment property	0	0	0	0	0	0	0

Intangible assets have determinable useful lives. The change in scope of consolidation concerns additions per IFRS3 and disposals per IFRS5.

Intangible assets have determinable useful lives. The change in scope of consolidation concerns additions per IFRS3 and disposals per IFRS5.

The residual carrying amount of capitalized finance leases came to EUR 10,120,000 for property and building leases (previous year: EUR 10,330,000) and EUR 1,515,000 for plant and machinery leases (previous year: EUR 870,000).

The reclassification of depreciation shown under Adjustment of Previous-year Figures is to be factored into the reconciliation of depreciation on the 2011 Statement of Change in Non-current Assets and the Statement of Income.

After selling operations, the land and buildings INDUS owns are primarily used by the buyers of the operations sold. These real estate properties are bundled within a rent and leasing company and classified as financial investments held to maturity. This business is of secondary importance. The rental income from these real estate properties amounts to EUR 520,000 (previous year: EUR 490,000), and the related expenses amount to 425,000 (previous year: EUR 535,000). The properties' fair value totaled EUR 7.2 million.

[13] Residual carrying amounts of noncurrent assets

in EUR '000	Dec. 31, 2012	Dec. 31, 2011
Goodwill	**292,342**	**294,831**
Capitalized development costs	8,210	9,320
Property rights, concessions and other intangible assets	8,479	9,726
Total intangible assets	**16,689**	**19,046**
Land and buildings	126,816	121,737
Plant and machinery	81,518	85,377
Other equipment, factory and office equipment	30,597	29,734
Advance payments and work in process	9,898	8,605
Total property, plant and equipment	**248,829**	**245,453**
Investment property	6.152	0

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

in EUR '000	Dec. 31, 2012	Dec. 31, 2011
Other investments	735	648
Other loans	7,800	8,620
Shares accounted for using the equity method	4,151	1,508
Total	**12,686**	**10,776**

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:

in EUR '000	2012	2011
Purchase price of associated companies	2,908	17
Appropriated income in the period	189	184
Key figures of the associated companies:		
Assets	21,549	10,066
Liabilities	11,299	5,949
Capital	10,250	4,117
Revenue	26,624	17,915
Earnings	347	885

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

[15] Other Assets

in EUR '000	Dec. 31, 2012	Dec. 31, 2011
Accrual of payments not relating to the period under review	2,228	2,149
Other tax refund claims	1,984	1,614
Reinsurance premiums	1,059	1,025
Loans and other receivables	270	272
Positive swap market value	199	215
Sundry assets	6,114	4,149
Total	**11,854**	**9,424**
of which current	10,554	7,148
of which noncurrent	1,300	2,276

[16] Current Income Taxes

Current income tax assets in the amount of EUR 488,000 are noncurrent (previous year: EUR 411,000), and result primarily from capitalized corporate income tax credits. Of the current income tax liabilities, EUR 801,000 are accounted for by liabilities from income taxes (previous year: EUR 703,000) and EUR 4,983,000 by income tax provisions (previous year: EUR 9,136,000).

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

in EUR '000	Assets	Liabilities	Balance
2012			
Goodwill of limited partnerships	1,082	-23,576	-22,494
Intangible assets	27	-2,720	-2,693
Property, plant and equipment	2,678	-1,232	1,446
Other noncurrent assets	479	-315	164
Receivables and inventories	755	-787	-32
Other current assets	7	-58	-51
Long-term provisions	2,469	-451	2,018
Current liabilities	923	-102	821
Capitalization of losses carried forward	3,058	0	3,058
Netting-out of accounts	-8,829	8,829	0
Deferred taxes in statement of financial position	**2,649**	**-20,412**	**-17,763**
2011			
Goodwill of limited partnerships	3,808	-22,503	-18,695
Intangible assets	399	-3,369	-2,970
Property, plant and equipment	4,633	-4,851	-218
Other noncurrent assets	526	-947	-421
Receivables and inventories	1,092	-421	671
Other current assets	35	-62	-27
Long-term provisions	2,590	-254	2,336
Current liabilities	1,737	-1,807	-70
Capitalization of losses carried forward	3,244	0	3,244
Netting-out of accounts	-15,108	15,108	0
Deferred taxes in statement of financial position	**2,956**	**-19,106**	**-16,150**

Netting-out 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.

The change in the balance of deferred taxes is explained in the tables below:

DEVELOPMENT OF DEFERRED TAXES (in EUR '000)

	Jan. 1, 2012	Statement of Income	Other	Jan. 1, 2012
Trade tax	3,032	-244	0	2,788
Corporate tax	212	58	0	270
Capitalization of losses carried forward	**3,244**	**-186**	**0**	**3,058**
Other deferred taxes in statement of financial position	-19,394	-1,610	183	-20,821
Deferred taxes in statement of financial position	**-16,150**	**-1,796**	**183**	**-17,763**

	Jan. 1, 2011	Statement of Income	Other	Jan. 1, 2011
Trade tax	3,738	-706	0	3,032
Corporate tax	219	-7	0	212
Capitalization of losses carried forward	**3,957**	**-713**	**0**	**3,244**
Other deferred taxes in statement of financial position	-16,953	-2,023	-418	-19,394
Deferred taxes in statement of financial position	**-12,996**	**-2,736**	**-418**	**-16,150**

Other changes in deferred taxes resulted from the change in other income and income from discontinued operations.

in EUR '000	2012	2011
Reserve for marked-to-market valuation of cash flow hedges	399	316
Currency translation reserve	-41	-88
Change in scope of consolidation	-175	-1,077
Adjustments to previous-year figures per IRFS 5	0	431
Total	**183**	**-418**

Deferred tax assets were recognized for trade tax and corporate income tax losses carried forward totaling EUR 23,022,000 (previous year: EUR 24,375,000).

Other losses carried forward totaling EUR 117,416,000 (previous year: EUR 128,885,000) which are unlikely to be realized in the next five years were not capitalized. Most of these were trade tax loss carryforwards resulting from the fiscal particularities prevailing at INDUS Group, 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.

Due to the lack of realization opportunities, deferred tax assets of EUR 1,213,000 were not recognized (previous year: EUR 950,000). Deferred tax assets totaling EUR 760,000 (previous year: EUR 1,036,000) were recognized in addition to the relevant deferred tax liabilities for companies which have recently suffered tax losses.

[17] Accounts Receivable

in EUR '000	Dec. 31, 2012	Dec. 31, 2011
Accounts receivable from customers	124,596	101,573
Future accounts receivable from customer-specific construction contracts	8,092	6,397
Accounts receivable from associated companies	4,366	452
Total	**137,054**	**108,422**

In the year under review, EUR 0 in accounts receivable from customers were again shown under noncurrent assets as they had maturities of over one year (previous year: EUR 299,000).

The future accounts receivable from customer-specific construction contracts totaling EUR 1,112,000 have long-term maturities (previous year: EUR 181,000). Further information on construction contracts is contained in the following table:

in EUR '000	2012	2011
Costs incurred including prorated income	29,214	29,363
Advance payments received	26,402	33,713
Construction contracts with a positive balance	8,092	6,397
Construction contracts with a negative balance	5,280	10,747

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 7,267,000 (previous year: EUR 4,637,000). They developed as follows:

in EUR '000	2012	2011
Valuation allowances as of January 1	**4,637**	**5,508**
Currency translation	3	-1
Changes in the scope of consolidation	0	65
Additions	4,673	2,351
Utilization	-458	-1,867
Reversals	-1,588	-1,419
Valuation allowances as of December 31	**7,267**	**4,637**

[18] Inventories

in EUR '000	Dec. 31, 2012	Dec. 31, 2011
Raw materials and supplies	77,122	83,076
Unfinished goods	66,463	67,770
Finished goods and goods for resale	73,349	69,668
Prepayments for inventories	2,124	2,264
Total	**219,058**	**222,778**

The value of the inventories' carrying amounts was adjusted downward by EUR 11,803,000 (previous year: EUR 14,297,000), of which EUR 4,984,000 is comprised of reductions in fair value (previous year: EUR 5,998,000). The net realizable value of written-down inventories was measured at EUR 8,372,000 (previous year: EUR 9,793,000). No inventories were pledged as collateral for liabilities.

[19] Group Equity

SUBSCRIBED CAPITAL

The capital stock came to EUR 57,792,116.42 on the reporting date. Capital stock consists of 22,227,737 no-par-value shares. The shares are bearer shares, each conferring 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.

Per resolution at the Annual Shareholders' Meeting on July 3, 2012, the existing Authorized Capital II provisions were replaced by new Authorized Capital provisions and item 4.4. of the articles of incorporation (capital stock, shares) was amended as follows:

The Board of Management is authorized to increase the company's capital stock additionally by up to EUR 11,558,423.00 through the one-time or multiple issuance of new bearer shares in exchange for contributions in cash and/or kind (Authorized Capital II) through and including the date July 2, 2017, subject to Supervisory Board approval. The Board of Management is authorized in certain cases to determine further specifics of share offerings including the start date of dividend entitlement for the new shares and to exclude shareholder subscription rights, subject to Supervisory Board approval. These cases are as follows:

- When the issue amount of the new shares is not significantly below the market price of the same type company shares at the time of determination of the issue amount, as outlined under Sec. 203 Paras. 1 and 2, Sec. 186 Para. 3 Sentence 4 of the German Stock Corporation Act (AktG). Shares issued with subscription rights excluded due to this empowerment and in accordance with Sec. 203 Para. 1, Sec. 186 Para. 3 Sentence 4 of the German Stock Corporation Act (AktG) may not exceed 10 % of the company's capital stock either at the time when this empowerment comes into force or, if this value is smaller, when it 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. Also to be taken into account are bonds with conversion rights issued during the term of this authorization, insofar as this occurs under the direct or analogous application of Sec. 186 Para. 3 Sentence 4 of the German Stock Corporation Act.
- In the event of a stock deal ('capital increase against contributions in kind') for the purpose of acquiring companies, portions of companies, or investments in companies. The shares without subscription rights issued due to this empowerment may not exceed 10 % of the company's capital stock either at the time when this empowerment comes into force or, if this value is smaller, when it is exercised.
- In order to exempt fractional amounts from shareholder subscription rights.

The company's capital stock has been conditionally increased by up to EUR 26,269,145.61, divided into 10,103,517 no-par-value bearer or – insofar as the company's articles of incorporation allow for the issue of registered shares at the time of issuance – registered shares (Contingent Capital). A conditional share issuance/capital increase will only be implemented to the extent

- the owners of bonds with warrants or convertible bonds that were issued or guaranteed by INDUS Holding Aktiengesellschaft or its direct or indirect majority-owned holdings up until July 4, 2016, and stemming from the authorization resolution from the Annual General Meeting on July 5, 2011, exercise their option or conversion rights, or
- the owners of bonds with warrants or convertible bonds that were issued or guaranteed by INDUS Holding AG or its direct or indirect majority-owned holdings up until July 4, 2016, and stemming from the authorization resolution from the Annual General Meeting on July 5, 2011, fulfill their option or conversion obligation, and contingent capital is required in accordance with the conditions of options and/or convertible bonds.

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 39.0% (previous year: 36.7%).

INTERESTS ALLOCABLE TO NON-CONTROLLING SHAREHOLDERS

Interests held by non-controlling shareholders essentially consist of the non-controlling interests in the limited liability companies WEIGAND Bau GmbH and SELZER Automotiva do Brasil. Interests held by non-controlling shareholders in limited partnerships and limited liability companies, for which the economic ownership of the corresponding non-controlling interests had already been passed on under reciprocal option agreements, and corporations consolidated according to the full goodwill method as a consequence of certain option contracts, are shown under other liabilities [23]. This relates in particular to SELZER Fertigungstechnik GmbH & Co. KG, Helmut RÜBSAMEN GmbH & Co. KG and HAKAMA AG.

APPLICATION OF PROFITS

The Board of Management will propose to the Annual Shareholders' Meeting that the following dividend payments be made:

Payment of a dividend of EUR 1.00 per no-par-value share. Given 22,227,737 shares, the total payment amount was EUR 22,227,737. The full text of the dividend proposal is published separately. The proposed dividends were not recognized in the balance sheets and there are no tax consequences.

CHANGE IN OTHER RESERVES (in EUR '000)

	Dec. 31, 2010	Other earnings 2011	Dec. 31, 2011	Other earnings 2012	Dec. 31, 2012
Reserve for currency translation	–1,332	54	–1,278	607	–671
Reserve for cash flow hedges	–4,932	–1,999	–6,931	–2,528	–9,459
Deferred taxes for cash flow hedges	779	316	1,095	399	1,494
Total other reserves	**–5,485**	**–1,629**	**–7,114**	**–1,522**	**–8,636**

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

CAPITAL MANAGEMENT

INDUS Holding AG manages capital so as to increase return on equity and ensure the INDUS Group has adequate liquidity and good credit standing. 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 debt capital comprises provisions for pensions and financial liabilities, less cash and cash equivalents, and amounts to EUR 358,626,000 (previous year: EUR 327,457,000). Taking equity in the statement of financial position into account, total capital comes to EUR 768,737,000 (previous year: EUR 709,552,000). Relative to total interest-bearing capital employed, the equity ratio is 53.3 % (previous year: 53.9 %).

The increase in total capital of EUR 59,185,000 results in roughly equal proportion from the increases in debt and equity respectively. INDUS's retained earnings served to further enhance the company's solid capital base. Debt increased due to deliberate paring of cash reserves and a year-on-year decline in operating cash flow.

INDUS Holding AG is not subject to any other legally mandatory capital requirements, with the exception of the minimum capital rules stipulated in stock corporation law. 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] Financial Liabilities

Information on financial liabilities and the related derivatives is contained in the following tables:

INFORMATION ON CONTRACTUAL REPAYMENT OBLIGATIONS/REMAINING TERMS (in EUR '000)

	Dec. 31, 2012 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	388,902	73,256	254,847	60,799
in Swiss francs	2,880	2,669	211	0
in other currencies	1,881	357	1,524	0
Finance leases*	11,203	1,438	5,178	4,587
ABS financing	25,131	25,131	0	0
Promissory note bonds	10,500	6,500	4,000	0
Total financial liabilities	**440,497**	**109,351**	**265,760**	**65,386**
Derivatives/interest-rate swaps – Nominal values	202,516	41,577	133,114	27,825
	Dec. 31, 2011 Carrying amount for period under review			
Liabilities to banks				
in the Group's currency EUR	386,146	95,085	227,713	63,348
in Swiss francs	13,127	8,148	3,307	1,672
in other currencies	5,285	331	4,677	277
Finance leases*	12,725	1,615	5,434	5,676
ABS financing	0	0	0	0
Promissory note bonds	17,000	6,500	10,500	0
Total financial liabilities	**434,283**	**111,679**	**251,631**	**70,973**
Derivatives/interest-rate swaps – Nominal values	196,269	36,324	129,685	30,260

* Financial liabilities also include finance leases related to real estate and machinery, the majority of which came about as part of the acquisition of HAKAMA as an asset deal.

REMAINING FIXED-INTEREST PERIOD (in EUR '000)

				Financial Liabilities		Derivatives: interest-rate swaps	
	Risk-free going interest rates incl. marging	Weighted interest rate based on the carrying amount	Nominal volume/ historical cost	Carrying amount as of Dec. 31, 2012	Carrying amount as of Dec. 31, 2011	Nominal value as of Dec. 31, 2012	Nominal value as of Dec. 31, 2011
< 1 year	1.50 %	2.01 %	401,158	233,682	227,885	5,267	3,692
1 to < 2 years	1.53 %	5.24 %	81,968	33,954	20,303	17,065	7,983
2 to < 3 years	1.55 %	4.29 %	29,057	11,134	43,645	17,421	20,888
3 to < 4 years	1.70 %	4.75 %	38,362	24,614	12,908	46,701	19,783
4 to < 5 years	1.89 %	4.72 %	36,164	28,172	26,151	34,838	59,036
> 5 years	2.50 %	4.28 %	134,569	108,942	103,391	81,224	84,887
Total			**721,277**	**440,497**	**434,283**	**202,516**	**196,269**
Market values of original and derivative financial instruments				420,501	413,310	-12,294	-10,251

In fiscal year 2012, certain portfolio companies concluded a framework contract governing the revolving sale of client receivables (ABS financing) to another company (securities buyer) in order to broaden the refinancing basis. The contract has a total financing value of EUR 50 million and a term of 5 years. Since INDUS did not transfer the main opportunities and risks associated with these receivables, the receivables in question are carried in full in the balance sheet and the cash received is carried as a collateralized loan.

The opportunities and risks associated with receivables that had been transferred but not derecognized correspond in principle to those of receivables not transferred. As of the transaction date, the carrying amount of the transferred but not derecognized trade accounts receivable was EUR 27,840,000. As of the reporting date, the carrying amount of the transferred receivables had been reduced to EUR 10,351,000 (previous year: EUR 0) due to payments received. The carrying amount for these receivables versus liabilities amounted to EUR 25,131,000 (previous year: EUR 0).

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

[21] Disclosures per IAS 19: Statements of Financial Position and Income

STATEMENT OF INCOME (in EUR '000)

	2012	2011	Change
Current service cost	275	287	-12
Interest cost	933	868	65
Income from plan assets	-103	-89	-14
Recognized actuarial gain or loss	287	91	196
Service cost subject to retrospective settlement	0	0	0
Cost of defined benefit obligation	**1,392**	**1,157**	**235**
+ defined contribution plan cost	2,992	2,789	203
= cost of pension commitments for the period carried on the statement of income	**4,384**	**3,946**	**438**

STATEMENT OF FINANCIAL POSITION VALUATION (in EUR '000)

	2012	2011	Change
Present value of benefit obligations financed by provisions	20,928	17,120	3,808
Present value of funded benefit obligations	2,315	1,996	319
DBO: accumulated benefit obligation	**23,243**	**19,116**	**4,127**
Market value of plan assets	-2,315	-1,996	-319
Net obligation	**20,928**	**17,120**	**3,808**
Unrecognized actuarial result	-4,089	-839	-3,250
Closing balance: amount carried on the statement of financial position as of December 31	**16,839**	**16,281**	**558**
Pension obligation expenses	1,392	1,157	235
Pension payments	-834	-872	38
Change in the scope of consolidation	0	455	-455
Opening balance: amount carried on the statement of financial position as of January 1	**16,281**	**15,541**	
Underlying assumptions in %:			
Discount rate	3.75	5.00	
Salary trend	2.50	2.50	
Pension trend	1.75	1.75	
Expected income from plan assets	4.00	4.00	

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

The changes from netting-out transactions are the result of pledges from reinsurance policies or beneficiaries waiving entitlements to the benefit of the company.

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

in EUR '000	2012	2011
Assets as of January 1	**1,996**	**2,451**
Expected return on plan assets	103	89
Ongoing employer contributions	46	46
Pensions paid	-149	-139
Netting out/Other	319	-451
Assets as of December 31	**2,315**	**1,996**

The statement of financial position also includes reimbursement claims totaling EUR 1,059,000 (previous year: EUR 1,025,000). Due to the restrictions per IAS 19.58(b), EUR 234,000 was not recognized as assets (previous year: EUR 543,000).

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. For the current reporting period and the four preceding reporting periods, the adjustments based on experience which do not result from changes to actuarial assumptions are between EUR -47,000 and EUR +191,000.

DEVELOPMENT OF KEY FIGURES (in EUR '000)

	2012	2011	2010	2009	2008
Defined benefit obligation (DBO)	23,243	19,116	19,724	17,352	17,776
Market value of plan assets	-2,315	-1,996	-2,451	-1,587	-1,565
Benefit obligation	20,928	17,120	17,273	15,765	16,211
Unrecognized actuarial gain/loss	-4,089	-839	-1,732	229	-47
Closing balance: amount carried on the statement of financial position as of December 31	**16,839**	**16,281**	**15,541**	**15,994**	**16,164**

[22] Provisions

PROVISIONS 2012 (in EUR '000)

	Opening balance Jan. 1, 2012	Change in scope of consolidation	Amount utilized	Reversal	Additions/ new accruals	Currency adjustments	Closing balance Dec. 31, 2012
Sales and purchasing obligations	20,815	0	-14,297	-3,265	15,970	18	19,241
Personnel expenses	13,920	0	-10,905	-317	10,565	2	13,265
Other provisions	14,536	0	-8,369	-3,192	11,798	22	14,795
Total	**49,271**	**0**	**-33,571**	**-6,774**	**38,333**	**42**	**47,301**

The allocations to provisions for pensions [21] include interest accretions totaling EUR 933,000 (previous year: EUR 868,000). In addition, EUR 82,000 in interest was included under provisions (previous year: EUR 405,000).

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

in EUR '000	Dec. 31, 2012	Current	Noncurrent	Dec. 31, 2011	Current	Noncurrent
Accounts payable to outside shareholders	12,180	8,000	4,180	13,043	4,994	8,049
Accounts payable for personnel	11,741	11,741	0	12,450	12,450	0
Derivative financial instruments	11,281	11,281	0	10,153	10,153	0
Advance payments received	10,736	10,736	0	5,947	5,947	0
Construction contracts with a negative balance	5,280	5,280	0	10,747	10,747	0
Accrual of non-recurrent payments	6,191	6,191	0	7,946	7,946	0
Accrual of payments not relating to the period under review	3,249	2,435	814	4,058	2,570	1,488
Investment subsidies	2,593	332	2,261	3,016	270	2,746
Customer credit notes	3,426	3,426	0	4,608	4,608	0
Sundry other liabilities	7,728	7,355	373	11,267	10,651	616
Total	**74,405**	**66,777**	**7,628**	**83,235**	**70,336**	**12,899**

Accounts payable to outside shareholders included EUR 6,684,000 (previous year: EUR 8,049,000) in severance payment entitlements for non-controlling shareholders, who could tender their shares to INDUS due to termination of the articles of incorporation or on the basis of option agreements.

INFORMATION ON THE SIGNIFICANCE OF FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS 2012 (in EUR '000)

	Balance sheet value	IFRS 7 not applicable	Financial instruments IFRS 7	Measured at fair value	Measured at amortized cost	
				Carrying amount	Carrying amount	Market value
Financial assets	8,535		8,535		8,535	9,700
Cash and cash equivalents	98,710		98,710		98,710	98,710
Accounts receivable	137,054		137,054		137,054	137,014
Other assets	11,854	1,984	9,870	199	9,671	9,567
Total assets			**254,169**	**199**	**253,970**	**254,990**
Financial liabilities	440,497		440,497		440,497	420,501
Trade accounts payable	37,313		37,313		37,313	37,313
Other liabilities	74,405	10,160	64,245	11,281	52,964	52,473
Total financial liabilities			**542,055**	**11,281**	**530,774**	**510,287**

FINANCIAL INSTRUMENTS 2011 (in EUR '000)

	Balance sheet value	IFRS 7 not applicable	Financial instruments IFRS 7	Measured at fair value	Measured at amortized cost	
				Carrying amount	Carrying amount	Market value
Financial assets	9,268		9,268		9,268	10,642
Cash and cash equivalents	123,107		123,107		123,107	123,107
Accounts receivable	108,422		108,422		108,422	108,422
Other assets	9,424	1,614	7,810	215	7,595	7,578
Total assets			**248,607**	**215**	**248,392**	**249,749**
Financial liabilities	434,283		434,283		434,283	413,310
Trade accounts payable	46,056		46,056		46,056	46,056
Other liabilities	83,235	10,962	72,273	10,153	62,120	62,108
Total financial liabilities			**552,612**	**10,153**	**542,459**	**521,474**

FINANCIAL INSTRUMENTS BY VALUATION CATEGORIES IAS 39 (in EUR '000)

	Carrying amount		Net gains/losses	
	2012	2011	2012	2011
Measured at fair value through profit and loss				
for trading purposes	199	215	-16	-656
designated instrument	-	-	-	-
Held-to-maturity financial investments	-	-	-	-
Loans and receivables	245,463	241,515	-3,251	-1,149
Available-for-sale financial assets	735	648	138	1,282
Financial instruments: ASSETS	**246,397**	**242,378**	**-3,129**	**-523**
Measured at fair value through profit and loss				
for trading purposes	11,281	10,153	-1,128	-2,124
designated instrument	-	-	-	-
Financial liabilities measured at their residual carrying amounts	525,494	533,005	-14	115
Financial instruments: EQUITY AND LIABILITIES	**536,775**	**543,158**	**-1,142**	**-2,009**

Available-for-sale financial assets consist primarily of long-term financial investments which have no price quoted on an active market and from 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 -3,406,000; previous year: EUR 1,624,000), 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. This accords with the phase 2 procedure per IFRS_7.27A.b. There are therefore no effects from the changeover of valuation methods in accordance with level 1 (quoted prices) or level 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 -21.368,000 (previous year: EUR -21.912,000).

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. For further details see the discussion provided in the Management Report.

LIQUIDITY RISK

Basically, the individual portfolio companies finance themselves from their operating results. Transfers are made between INDUS Holding AG and the portfolio companies depending on the liquidity situation. The INDUS Group holds sufficient cash as a strategic reserve, allowing the firm to take action at any time (2012: EUR 98.7 million, previous year: EUR 123,1 millions). The firm also has available credit lines totaling EUR 32.2 million (previous year: EUR 27.3 million).

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. Long-term financing is structured in tranches with revolving new lines of financing, limiting financing risk.

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 (in EUR '000)

	Dec. 31, 2012			Dec. 31, 2011		
	1 year	1 – 5 years	Over 5 years	1 year	1 – 5 years	Over 5 years
Interest rate derivatives	4,661	7,969	856	3,454	6,457	782
Total derivative financial instruments	**4,661**	**7,969**	**856**	**3,454**	**6,457**	**782**
Financial liabilities	125,286	290,988	70,191	131,301	316,662	109,496
Trade accounts payable	37,313	0	0	46,056	0	0
Other liabilities	55,164	5,367	0	59,913	10,153	0
Total financial instruments	**217,763**	**296,355**	**70,191**	**237,270**	**326,815**	**109,496**

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 Technology segment and results from the segment’s oligopolistic customer structure. The overall portfolio of trade accounts receivable shows that 11 customers (previous year: 12) each accounted for more than 1% of Group sales. This amounts to around 31% of unsettled items in the consolidated financial statements (previous year: 40%). The 10 largest customers accounted for roughly 25% of consolidated sales (previous year: 27%).

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 (in EUR '000)

	2012	2011
Amount carried in the statement of financial position*	128,962	102,324
+ valuation allowances contained therein	7,267	4,637
= gross value of accounts receivable before valuation allowances	136,229	106,961
of which as per reporting date		
neither impaired nor overdue	98,984	75,894
not impaired and overdue by the following periods:		
less than 3 months	22,394	20,768
3 to 6 months	3,297	1,866
6 to 9 months	576	1,267
9 to 12 months	610	382
over 12 months	1,066	773

* 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 the Group. 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. The following table shows interest rate sensitivity given a parallel shift in the rate curve by 100 basis points (BP):

MARKET PRICE RISK SENSITIVITY ANALYSIS (in EUR millions)

	Dec. 31, 2012		Dec. 31, 2011	
	+100 BP	-100 BP	+100 BP	-100 BP
Market value of derivatives	5.1	-3.2	5.6	-5.6
of which equity/hedges	0.5	-0.2	1.0	-1.0
of which interest expenses per Statement of Income	4.6	-3.0	4.6	-4.6
Market value of loans	8.8	-2.2	10.0	-2.2
Total market value	**13.9**	**-5.4**	**15.5**	**-7.9**

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 change by EUR -0.3 million (previous year: EUR +0.6 million).

The primary factors in the year under review were net receivables in US dollars; last year the primary foreign currency position was loans denominated in Swiss francs of EUR +0.5 million with INDUS Holding AG.

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 6.8 million (previous year: EUR 17.6 million). These hedges had a market value of EUR 101,000 (previous year: EUR -95,000).

Commodity hedges have been concluded with a nominal volume of EUR 0.5 million (previous year: EUR 1.4 million). These hedges had a market value of EUR 64,000 (previous year: EUR -254,000).

The Group maintained interest rate hedges with a nominal volume of EUR 202,516,000 (previous year: EUR 196,269,000). The market values totaled EUR -12,294,000 (previous year: EUR -10,251,000). Further details on terms and maturities are included in the report on financial liabilities.

OTHER DISCLOSURES

Collateral furnished for financial liabilities is presented in the following table:

PLEDGED ASSETS (in EUR '000)

	2012	2011
Land charges	29,627	34,735
Transferred receivables (ABS financing)	27,840	0
Other collateral	1,796	1,094
Total collateral	**59,263**	**35,829**

Other Financial Obligations

Obligations from guarantees came to EUR 23,612,000 EUR (previous year: EUR 15,422,000). Most of these are external obligations which INDUS Holding AG assumed in connection with the business activities of the portfolio companies. Currently, it is extremely unlikely that the beneficiaries would utilize the guarantees.

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:

in EUR '000	2012	2011
Up to 1 year	14,809	13,698
1 to 5 years	34,240	32,645
Over 5 years	26,853	34,004
Total	**75,902**	**80,347**

Purchase obligations for fixed assets amount to EUR 4,983,000 (previous year: EUR 13,320,000), of which EUR 4,311,000 (previous year: EUR 13,230,000) was for property, plant and equipment, and EUR 672,000 (previous year: EUR 90,000) 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.

Operating lease installments in the year under review amounted to EUR 15,241,000 (previous year: EUR 14,578,000).

The following overview shows amounts from finance leases payable in the future:

in EUR '000	1 year	1 – 5 years	Over 5 years	Total
2012				
Lease installments	1,698	5,963	4,793	12,454
Interest component	299	820	217	1,336
Carrying amount/present value	1,399	5,143	4,576	11,118
2011				
Lease installments	1,950	6,283	6,185	14,418
Interest component	350	965	372	1,687
Carrying amount/present value	1,600	5,318	5,813	12,731

Favorable purchase options generally exist for the corresponding assets (property, plant and equipment), which, as far as we know, will also be exercised. The purchase prices are fixed and there are no price adjustment clauses. The applicable contract interest rates range between 2.5 % and 5.8 %. There are no rental payments, contingent or otherwise, from subleases.

AVERAGE NUMBER OF EMPLOYEES IN THE FISCAL YEAR

	2012	2011
Employees per region		
Germany	5,372	5,330
Europe (EU & Switzerland)	561	557
Rest of world	926	846
Total	**6,859**	**6,733**
Employees per type		
Construction/Infrastructure	1,043	998
Automotive Technology	3,053	3,061
Engineering	814	785
Medical Engineering/Life Science	696	685
Metals Technology	1,232	1,185
Others	21	19
Total	**6,859**	**6,733**

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 (8 members in 2012 and 6 members in 2011), the Board of Management at INDUS Holding AG (2012: four members, previous year: four members), and the managing directors of the operating units (2012: 64 individuals, previous year: 57 individuals). In fiscal 2012, 7 managing directors held non-controlling interests in their respective companies (previous year: 7). Their shares in earnings are included under non-controlling interests.

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 current fiscal year, payments of EUR 53,000 were made within the framework of a defined contribution plan for members of the Board of Management (previous year: EUR 54,000).

COMPENSATION OVERVIEW (in EUR '000)

	Period expense	Of which wages and salaries	Of which SARs*	Of which severance	Of which pensions
2012					
INDUS Holding AG					
Supervisory Board	348	348	0	0	0
Board of Management	3,553	2,598	579	376	0
Subsidiaries					
Managing directors	12,914	12,363	0	520	31
Family members	435	435	0	0	0
Total	**17,250**	**15,744**	**579**	**896**	**31**
2011					
INDUS Holding AG					
Supervisory Board	374	374	0	0	0
Board of Management	2,981	2,747	234	0	0
Subsidiaries					
Managing directors	11,839	11,828	0	11	0
Family members	558	558	0	0	0
Total	**15,752**	**15,507**	**234**	**11**	**0**

* SAR = Stock Appreciation Rights

In 2012 10 family members of partners or managing directors were employed at portfolio companies (previous year: 10 individuals).

Remuneration of the Supervisory Board

The Supervisory Board's compensation was redetermined by the Annual Shareholders' Meeting of INDUS Holding AG in July 2010. It is governed by Item 6.16 of the articles of incorporation. In addition to the reimbursement of out-of-pocket expenses incurred in performing their duties in the fiscal year ended, all Supervisory Board members receive basic compensation of EUR 30,000, as well as an attendance fee of EUR 3,000 per meeting. The Chairman receives double the two aforementioned sums, and his deputy receives one-and-a-half times these amounts. Supervisory Board members have value-added tax refunded if it is deductible for the company as input tax. There are no stock option plans or similar securities-based incentive systems in place for Supervisory Board members. The Supervisory Board held six sessions in 2012 and five in 2011.

Remuneration of the Board of Management

The intention of the German Management Board Remuneration Act (VorstAG) newly adopted in August 2009 is that listed companies should make greater use of incentives for sustainable corporate development when setting the remuneration for their management board members in future. This obliged INDUS Holding AG to restructure the variable remuneration components for Board of Management members.

The long-term incentive plan was implemented as of January 1, 2010, offering SARs (Stock Appreciation Rights). These stock appreciation rights represent a commitment by INDUS Holding AG to pay the holder an amount determined by the difference between the exercise price and current market price of company shares upon option exercise. The SAR exercise price corresponds to the average closing price of company shares in Xetra trading over the last 20 trading days prior to option issuance. The option terms stipulate a maximum limit (cap) to the payment amount accruing to the holder. SARs may only be exercised if the share price has risen by a certain percentage above at the option strike price (payout threshold). Board of Management members receive no payout if the payout threshold is not exceeded. SARs are subject to the statutory restriction period of four years from the tranche allocation date. They cannot be exercised during the restriction period.

The number of SARs granted to Board of Management members in annual tranches is determined based on the option price at the grant date and the contractually specified target price. In fiscal 2012 142,605 SARs were granted (previous year 116,475). At the grant date the total fair value of the SARs was EUR 433,000 (previous year 350,000). The pro rata fair value of previously granted SARs was calculated at a total of EUR 480,000 at the reporting date (previous year EUR 326,000). Provisions in this amount were allocated on the annual financial statements. Personnel expenses include the EUR 574,000 change in fair value before discounting. Fair values were determined using a recognized actuarial option price model, taking account of the cap on payout claims.

In the event of a material change in the composition of the Supervisory Board and the company's business approach (change of control), the members of the INDUS Holding AG Board of Management have a special right to terminate their employment contracts within one year. In such a case the company will pay members of the Board of Management severance in the amount of their full compensation through the end of their employment contracts, subject to a minimum of total compensation for one fiscal year, including all fixed and variable remuneration components and non-cash benefits. If the Board of Management is dismissed within a year of a change of control without good reason as defined in Sec. 626 of the German Civil Code (BGB), the company will pay members of the Board of Management severance in the amount of the full compensation they would have received through the end of their employment contracts, subject to a minimum of total compensation for two fiscal years, including all fixed and variable remuneration components and non-cash benefits.

For the 2012 fiscal year, the compensation paid to the members of the Board of Management of INDUS Holding Aktiengesellschaft comprised fixed basic salary (including taxable benefits in kind), performance-based variable compensation (short-term incentive program) and stock-based compensation in the form of virtual stock options (long-term incentive program). The following amounts were paid to each member of the Board of Management:

REMUNERATION OF THE BOARD OF MANAGEMENT 2012 (in EUR '000)

	Basic salary	Variable compensation	Virtual stock options	Severance	Total
BoM members as of 31.12.2012					
Jürgen Abromeit	414	252	59	0	725
Rudolf Weichert	220	121	10	0	351
Dr. Johannes Schmidt	327	182	52	0	561
Former BoM members					
Helmut Ruwisch	291	429	193	242	1,155
Dr. Wolfgang Höper	180	182	265	134	761
Total	**1,432**	**1,166**	**579**	**376**	**3,553**

The following table shows the defined benefit obligations relating to pension claims accumulated as of the reporting date by way of salary conversion, as well as the additions to pension provisions:

in EUR '000	Projected value of pension credits		Additions	
	2012	2011	2012	2011
Helmut Ruwisch	599	574	25	21
Dr. Wolfgang Höper	409	342	67	60
Total	**1,008**	**916**	**92**	**81**

These pension rights were covered by reinsurance policies of corresponding value. Due to the insolvency-proof assignment of rights to the beneficiaries, the assets and liabilities on the balance sheet were netted.

OTHER RELATIONS

According to IAS 24, persons or companies that control or are controlled by the INDUS Group must be disclosed insofar as they have not already been included in the consolidated financial statements as a consolidated company. Affiliated companies are the companies in the consolidated financial statements accounted for using the equity method. The other categories concern management members in key positions and their family members. With the exception of the information provided under Disposals, there were no business relations with members of the Board of Management or with their family members in either of the two fiscal years. In the current fiscal year, Supervisory Board members received EUR 55,000 for advisory services.

RELATED PARTY TRANSACTIONS (in EUR '000)

	Sales and other operating income	Goods purchased	Other purchases*	Open items	Loans granted
2012					
Associated companies	12,279	0	291	4,356	0
Family members of BoM members and shareholders	3,951	0	193	33	291
Non-controlling shareholders	0	0	432	0	0
Managing directors of portfolio companies	1,827	2,194	0	514	0
Total related party transactions	**18,057**	**2,194**	**916**	**4,903**	**291**
2011					
Associated companies	1,215	0	0	452	0
Family members of BoM members and shareholders	10	0	180	0	0
Non-controlling shareholders	0	36	452	0	0
Managing directors of portfolio companies	2,088	1,619	0	529	294
Total related party transactions	**3,313**	**1,655**	**632**	**981**	**294**

* Interest, rent, consulting services

Unsettled items amounting to EUR 10,000 were value-adjusted as irrecoverable.

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 251,000 (previous year: EUR 210,000) for the audit of the financial statements, EUR 5,000 (previous year: EUR 5,000) for other services involving opinions and valuations, EUR 0 (previous year: EUR 22,000) for tax consulting, and EUR 54,000 (previous year: EUR 45,000) for other services.

GERMAN CORPORATE GOVERNANCE CODE

In December 2012, the Board of Management and the Supervisory Board issued a declaration on the Corporate Governance Code pursuant to Sec. 161 of the German Stock Corporation Act (AktG) and published it for the shareholders on INDUS Holding Aktiengesellschaft's website (http://www.indus.de).

DISCLOSURES PURSUANT TO SEC. 21 PARA. 1 OF THE GERMAN SECURITIES TRADING ACT (WPHG)

Those subsidiaries which make use of the exemption from the obligation to make disclosures as per Sec. 264, Para. 3, and/or Sec. 264b of the German Commercial Code by December 31, 2012 have been flagged in the list of shareholdings filed in the electronic version of the commercial register.

Bergisch Gladbach, April 19, 2013
INDUS Holding AG

The Board of Management

Jürgen Abromeit   Dr. Johannes Schmidt   Rudolf Weichert

6.

FURTHER INFORMATION

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable accounting principles as of 31 December, 2012, the consolidated financial statements give a true and fair view of the assets, financial, and earnings position of the Group, and the management report for the 2012 fiscal year includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Bergisch Gladbach, April 19, 2013

The Board of Management

Jürgen Abromeit   Dr. Johannes Schmidt   Rudolf Weichert

Dividend Proposal

The following proposal will be submitted to the Annual Shareholders' Meeting regarding the appropriation of the balance sheet profit for the 2012 fiscal year to the amount of EUR 48,130,700.22:

Payment of a dividend of EUR 1.00 per no-par-value share (22,227,737) to the capital stock of EUR 57,792,116.42	22,227,737.00 EUR
Transfer to other revenue reserves	25,000,000.00 EUR
Earnings carried forward	902,963.22 EUR
Balance sheet profit	48,130,700.22 EUR

Bergisch Gladbach, April 19, 2013

The Board of Management

Jürgen Abromeit   Dr. Johannes Schmidt   Rudolf Weichert

Report of the Independent Auditors

We have audited the consolidated financial statements prepared by INDUS Holding Aktiengesellschaft, Bergisch Gladbach – consisting of the consolidated income statement, statement of income and accumulated earnings, consolidated balance sheet, consolidated statement of changes in equity, consolidated 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, 2012. 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 19, 2013

Treuhand- und Revisions-Aktiengesellschaft
Niederrhein
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

(Kuntze)	(ppa. Oymanns)
Wirtschaftsprüfer	Wirtschaftsprüfer

Investments of the INDUS Holding AG

By segment	Capital EUR millions	INDUS stake in %
Construction/Infrastructure		
BETOMAX Kunststoff- und Metallwarenfabrik GmbH & Co. KG, Neuss*	3.23	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*	1.82	100
OBUK Haustürfüllungen GmbH & Co. KG, Oelde*	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
Automotive Technology		
AURORA Konrad G. Schulz GmbH & Co. KG, Mudau*	3.05	100
BILSTEIN & SIEKERMANN GmbH + Co. KG, Hillesheim	1.03	100
Emil FICHTHORN Metallwarenfabrik GmbH & Co. KG, Hattingen	0.65	100
IPETRONIK GmbH & Co. KG, Baden-Baden*	0.58	100
KIEBACK GmbH & Co. KG, Osnabrück	0.57	100
Konrad SCHÄFER GmbH, Osnabrück*	1.50	100
SELZER Fertigungstechnik GmbH & Co. KG, Driedorf-Roth*	7.59	85
SITEK-Spikes GmbH & Co. KG, Aichhalden	1.05	100
S.M.A. Metalltechnik GmbH & Co. KG, Backnang*	1.06	100
WIESAUPLAST Kunststoff und Formenbau GmbH & Co. KG, Wiesau	1.83	100
Engineering		
ASS Maschinenbau GmbH, Overath*	0.54	100
M. BRAUN Inertgas-Systeme GmbH, Garching*	1.38	100
BUDDE Fördertechnik GmbH, Bielefeld* (since Jan. 1, 2013)	0.33	75
GSR Ventiltechnik GmbH & Co. KG, Vlotho*	0.57	100
HORN GmbH & Co. KG, Flensburg*	4.19	100
NISTERHAMMER Maschinenbau GmbH & Co. KG, Nister	0.80	100
SEMET Maschinenbau GmbH & Co. KG, Meimsheim*	0.83	100
TSN Turmbau Steffens & Nölle GmbH, Berlin*	0.53	100

By segment	Capital EUR millions	INDUS stake in %
Medical Engineering/Life Science		
IMECO Einwegprodukte GmbH & Co. KG Vliesstoffvertrieb, Hösbach*	0.87	100
MIKROP AG, Wittenbach/Switzerland*	0.82**	100
OFA Bamberg GmbH, Bamberg	1.50	100
Metals Technology		
BACHER AG, Reinach/Switzerland*	3.20**	100
BETEK Bergbau- und Hartmetalltechnik Karl-Heinz Simon GmbH & Co. KG, Aichhalden	1.56	100
HAKAMA AG, Bättwil/Switzerland	5.00**	60
Anneliese KÖSTER GmbH & Co. KG, Ennepetal*	0.69	100
MEWESTA Hydraulik GmbH & Co. KG, Münsingen	0.54	100
PLANETROLL GmbH & Co. KG, Munderkingen	0.54	100
Helmut RÜBSAMEN GmbH & Co. KG, Metalldrückerei • Umformtechnik, Bad Marienberg	0.53	89
Karl SIMON GmbH & Co. KG, Aichhalden	2.90	100
VULKAN INOX GmbH, Hattingen*	1.15	100

* including subsidiaries
** CHF in million

Further Information on the Board Members

THE SUPERVISORY BOARD OF THE INDUS HOLDING AG

Burkhard Rosenfeld, Engineer (Dipl. Ing.), Bergisch Gladbach
Chairman
Further mandates in the sense of § 125, (1) sentence 5 of the Stock Corporation Act (AktG):
- MS-Schramberg Holding GmbH & Co. KG, Schramberg
- Erichsen Beteiligungs GmbH, Hemer
- GHM Messtechnik GmbH, Regenstauf, (through 12/31/2012)
- GHM Beteiligungs GmbH, Regenstauf, (through 12/31/2012)

Dr. Jürgen Allerkamp, Lawyer, Brunswick
Deputy Chairman
Further mandates in the sense of § 125, (1) sentence 5 of the Stock Corporation Act (AktG):
- Neue Dorint GmbH, Cologne
- GAGFAH S.A., Luxembourg
- LHI Leasing GmbH, Munich, (through 12/31/2012)

Dr. Ralf Bartsch, Businessmann, Management Spokesman for the SCHLAU/HAMMER Group, Porta Westfalica
Further mandates in the sense of § 125, (1) sentence 5 of the Stock Corporation Act (AktG):
- Meffert AG Farbwerke, Bad Kreuznach

Hans-Joachim Selzer, Engineer (Dipl.-Wirtschafts-Ing.), Driedorf, (since 7/3/2012)
Further mandates in the sense of § 125, (1) sentence 5 of the Stock Corporation Act (AktG):
- Herborner Pumpenfabrik J.H. Hoffmann GmbH & Co. KG, Herborn

Helmut Späth, Businessman (Dipl.-Kfm.), Deputy Chairman of the Management Board of Versicherungskammer Bayern, Munich, (since 7/3/2012)
Further mandates in the sense of § 125, (1) sentence 5 of the Stock Corporation Act (AktG):
- Consal Beteiligungsgesellschaft AG, Munich
- Bayerische Beamtenkrankenkasse AG, Munich
- Union Krankenversicherung AG, Saarbrücken
- SAARLAND Feuerversicherung AG, Saarbrücken
- SAARLAND Lebensversicherung AG, Saarbrücken
- Deutsche Immobilien Chancen AG & Co. KG a. A., Frankfurt on the Main
- ifb AG, Cologne, Supervisory Board Chairman
- FidesSecur Versicherungs- und Wirtschaftsdienst Versicherungsmakler GmbH, Munich, (through 6/30/2012)
- BayernInvest Kapitalanlagegesellschaft mbH, Munich, (through 6/30/2012)
- BayBG Bayerische Beteiligungsgesellschaft mbH, Munich, (through 9/30/2012)

With the exception of ifb AG and Deutsche Immobilien Chancen AG & Co. KG KG a. A., all of the companies named are subsidiaries of the Versicherungskammer Bayern Group.

Carl Martin Welcker, Engineer (Dipl. Ing.),
Managing Partner at Alfred H. Schütte GmbH & Co. KG, Cologne
Further mandates in the sense of § 125, (1) sentence 5 of the Stock Corporation Act (AktG):
- Deutsche Messe AG, Hanover

Dr. Egon Schlütter, Lawyer in Cologne, (through 7/3/2012)
Further mandates in the sense of § 125, (1) sentence 5 of the Stock Corporation Act (AktG):
- Thyssen Schachtbau GmbH, Mülheim an der Ruhr

Dr. Uwe Jens Petersen, Lawyer in Hamburg, (through 7/3/2012)
Further mandates in the sense of § 125, (1) sentence 5 of the Stock Corporation Act (AktG):
- Neue Haribes (Pty) Ltd.

THE MANAGEMENT BOARD OF THE INDUS HOLDING AG

Jürgen Abromeit, Georgsmarienhütte
Chairman (since 7/4/2012)
Further mandates in advisory boards:
- Economic Advisory Committee NORD/LB, Hanover, (since 6/25/2012)
- Economic Advisory Committee Börse Düsseldorf, Dusseldorf, (since 7/30/2012)

Helmut Ruwisch, Bielefeld
Chairman (through 7/4/2012)
Further mandates in the sense of § 125, (1) sentence 5 of the Stock Corporation Act (AktG):
- MFO Matratzen Factory Outlet AG, Elsdorf
- Technotrans AG, Sassenberg
- Conpair AG, Essen
- Emons-Gruppe, Köln

Rudolf Weichert, Erkrath
Chairman (since 6/8/2012)

Dr. Johannes Schmidt, Bergisch Gladbach
Chairman

Dr. Wolfgang E. Höper, Herleshausen
Chairman (through 6/8/2012)

Key Figures

in EUR '000	2005	2006	2007	2008	2009	2010	2011	2012
Consolidated Statement of Income								
Sales	731,886	846,015	915,031	920,100	766,399	971,585	1,097,125	1,105,271
of which domestic	468,939	524,403	551,313	541,295	448,573	537,708	592,907	569,488
of which abroad	262,947	321,612	363,718	378,805	317,826	433,877	504,218	535,783
Personnel expenses	200,937	225,213	236,922	241,793	227,753	265,128	292,128	306,528
Personnel expenses ratio (personnel expenses as % of sales)	27.5	26.6	25.9	26.3	29.7	27.3	26.6	27.7
Cost of materials	326,376	393,279	433,032	441,067	336,985	461,988	544,840	523,555
Cost of materials ratio (cost of materials as % of sales)	44.6	46.5	47.3	47.9	44.0	47.5	49.7	47.4
EBITDA	125,036	146,745	143,091	133,412	102,837	145,032	159,972	151,490
Depreciation/Amortization	42,698	61,168	40,685	43,086	45,780	43,596	46,759	45,818
EBIT	82,338	85,577	102,406	90,326	57,057	101,436	113,213	105,672
EBIT margin (EBIT as % of sales)	11.3	10.1	11.2	9.8	7.4	10.4	10.3	9.6
Zinsen	37.0	23.8	25.0	30.3	27.6	27.4	23.0	21.1
EBT	45,319	61,810	77,409	59,982	29,481	74,047	90,252	84,579
Net income for the year (earnings after taxes)	22,264	29,109	50,943	27,865	11,410	46,943	55,635	52,276
Earnings per share, basic as per IFRS (in EUR)	1.24	1.73	2.74	1.78	0.89	2.59	2.75	2.46
Statement of Financial Position								
Assets								
Intangible assets	290,926	282,241	303,753	313,334	306,689	306,644	313,877	309,031
Property, plant and equipment	215,776	226,791	239,381	250,663	238,888	244,460	245,453	248,829
Cash and cash equivalents	133,564	92,664	77,617	87,791	93,506	96,840	123,107	98,710
Inventories	137,250	158,437	161,351	172,047	143,102	178,756	222,778	219,058
Accounts receivable	109,501	108,129	115,543	104,546	99,267	117,617	108,422	137,054
Other assets	34,377	32,161	33,668	37,164	32,027	28,772	26,530	39,980
Equity and liabilities								
Equity	197,011	204,560	234,130	246,373	241,714	309,489	382,095	410,111
Provisions	54,521	47,368	50,862	52,743	47,994	62,211	65,552	64,140
Financial liabilities	544,740	519,549	517,978	526,254	501,846	476,231	434,283	440,497
Other equity and liabilities	125,122	128,946	128,343	140,175	121,925	125,158	158,237	137,914
Total assets	**921,394**	**900,423**	**931,313**	**965,545**	**913,479**	**973,089**	**1,040,167**	**1,052,662**

in EUR '000	2005	2006	2007	2008	2009	2010	2011	2012
Group equity ratio (equity/total assets) as %	21.4	22.7	24.7	25.5	26.5	31.8	36.7	39.0
Noncurrent financial liabilities	362,359	419,924	386,568	378,413	363,501	326,417	322,604	331,146
Current financial liabilities	182,381	99,625	131,410	147,841	138,345	149,814	111,679	109,351
Net debt (noncurrent and current financial liabilities – cash and cash equivalents)	411,176	426,885	440,361	438,463	408,340	379,391	311,176	341,787
Net debt/EBITDA	3.3	2.9	3.1	3.3	4.0	2.6	1.9	2.3
Trade accounts payable	26,185	33,908	33,286	28,109	28,019	36,053	46,056	37,313
Advance payments and production orders received with balances on the liabilities side	9,724	6,511	8,925	7,209	4,988	7,207	16,694	16,016
Working capital (inventories + trade accounts receivable – trade accounts payable – advance payments – production orders with balance on liabilities side)	210,842	226,147	234,683	241,275	209,362	253,113	268,450	302,783
Gearing (net debt/equity)	2.1	2.1	1.9	1.8	1.7	1.2	0.8	0.8
Equity ratio (net income/equity) in %	11.3	14.2	21.8	11.3	4.7	15.2	14.6	12.7
Capital expenditure	114,906	66,199	77,804	56,275	34,694	52,042	58,259	53,926

Statement of Cash Flows

Operating cash flow	81,013	86,549	108,047	107,309	106,595	81,903	130,158	68,428
Cash flow from operating activities	53,179	61,314	82,136	80,667	77,091	54,297	106,238	45,919
Cash flow from investing activities	-99,061	-53,297	-73,410	-55,507	-32,709	-38,425	-56,929	-53,525
Cash flow from financing activities	29,267	-48,419	-23,615	-14,853	-39,126	-13,888	-23,349	-16,523
Cash flow per share (in EUR)	2.96	3.41	4.52	4.39	4.20	2.91	5.17	2.07
Free cash flow	-18,048	33,252	34,637	51,802	73,886	43,478	73,229	14,902

Other performance indicators

XETRA year end price (in EUR)	29.45	29.60	24.25	13.37	12.00	21.99	18.86	20.26
Average number of shares	18,000,000	18,000,000	18,154,180	18,370,033	18,370,033	18,676,200	20,543,819	22,227,737
Number of shares at year end	18,000,000	18,000,000	18,370,033	18,370,033	18,370,033	20,207,035	22,227,737	22,227,737
Market capitalization	530,100	532,800	445,473	245,607	220,440	444,353	419,215	450,334
Total dividend	21.2	21.6	21.6	21.8	14.7	9.2	18.2	22.2
Dividend per share (in EUR)	1.20	1.20	1.20	0.80	0.50	0.90	1.00	1.00
Number of portfolio companies	42	41	42	41	40	40	39	38

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Financial Calendar

April 22, 2013	Publication annual report and annual earnings press conference
April 24, 2013	Analysts' conference, Frankfurt/Main
May 28, 2013	Interim report on the first quarter 2013
June 24, 2013	Annual Shareholders' Meeting 2013, Cologne
August 22, 2013	Interim report H1 2012
November 11–13, 2013	German Equity Forum, Frankfurt/Main
November 21, 2013	Interim report on the first three quarters 2013

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

Disclaimer: This annual report contains forward-looking statements based on assumptions and estimates made by the Board of Management of INDUS Holding AG. Although the Board of Management is of the opinion that these assumptions and estimates are accurate, they are subject to certain risks and uncertainty. Actual future results may deviate substantially from these assumptions and estimates due to a variety of factors. These factors include changes in the general economic situation, the business, economic and competitive situation, foreign exchange and interest rates, and the legal setting. INDUS Holding AG shall not be held liable for the future development and actual future results being in line with the assumptions and estimates included in this annual report. Assumptions and estimates made in this annual report will not be updated.