

INDUS ANNUAL REPORT 2013

IMPETUS

How we initiate development
within our companies

INDUS – FINANCIAL YEAR 2013

KEY FIGURES (in EUR millions)

	2013	2012*	2011
Sales	1,195.2	1,105.3	1,097.1
of which domestic	614.4	569.5	592.9
of which abroad	580.8	535.8	504.2
EBITDA	155.2	151.8	160.0
EBIT	114.2	106.0	113.2
EBT	94.1	84.9	90.3
Net income for the year	64.0	52.5	55.6
Total assets	1,180.9	1,060.8	1,040.2
Group equity	515.3	414.1	382.1
Net debt	307.6	341.8	311.2
Equity ratio in the Group (in %)	43.6	39.0	36.7
Equity of INDUS Holding AG	687.1	592.7	568.7
Equity ratio INDUS Holding AG (in %)	63.1	58.9	56.4
Operating cash flow	117.4	68.4	130.2
Cash flow from operating activities	97.5	45.9	106.2
Cash flow from investing activities	-99.6	-53.5	-56.9
Cash flow from financing activities	20.0	-16.5	-23.3
Cash and cash equivalents as per Dec. 31	115.9	98.7	123.1
Earnings per share, undiluted as per IFRS (in EUR)	2.85	2.47	2.75
Cash flow per share (in EUR)	4.35	2.07	5.17
Dividend per share (in EUR)	1.10**	1.00	1.00
Investments (number as per Dec. 31)	40	38	39

* Previous year's figures were adjusted

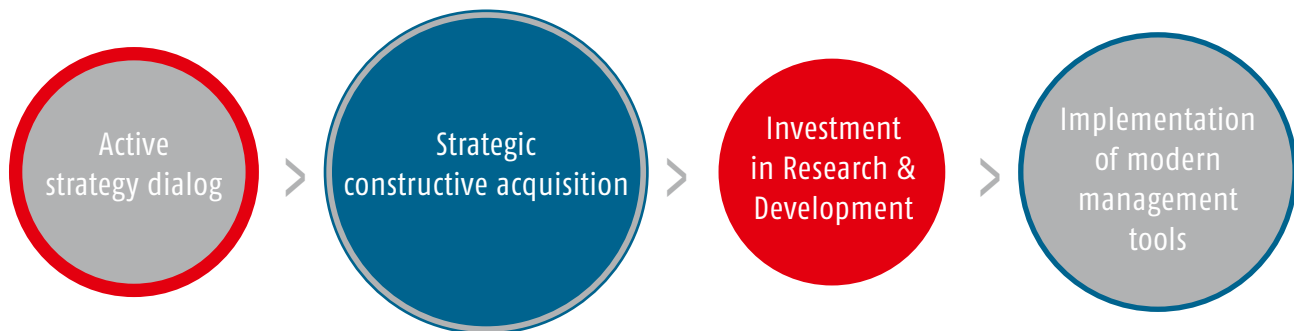
** Subject to approval by the Annual Shareholders' Meeting on June 11, 2014

7,259 > 1,195.2

Our Group's workforce of around Sales of EUR millions generated 2013

IMPETUS

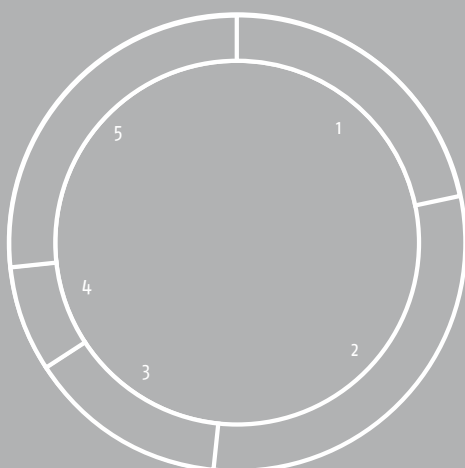
The role of international markets in the success of our equity holdings is set to gain in significance. Providing various forms of IMPETUS, we are able to assist them in successfully developing their potential in these markets.



PROFILE

We are the leading specialist in the field of sustainable investment and growth within the German-speaking SME sector. We acquire mainly owner-managed companies and assist in their corporate growth through long-term alignment. We ensure in the process that they are able to retain their particular strength: their identity as medium-sized companies.

2013 SALES BY SEGMENTS (in EUR millions)



1 > Construction/Infrastructure (18.8 %)	224.2
2 > Automotive Technology (29.2 %)	349.5
3 > Engineering (17.3 %)	206.2
4 > Medical Engineering/Life Science (8.0 %)	95.8
5 > Metals Technology (26.7 %)	319.3

1,195.2

OUR PERFORMANCE PLEDGE

We are boosting the growth engine of the German economy:
MEDIUM-SIZED BUSINESSES.

We are offering **OUR SHAREHOLDERS** profit-oriented investment
with prospects of value rises in the long term.

TO OUR EQUITY INTERESTS, we are an active sparring partner
supporting them with experience and knowledge in their growth.

TO OUR PARTNERS we are a reliable constant – fair in business
dealings, predicable in collaboration and constructive in alignment.

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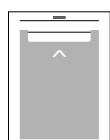
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BOARD OF MANAGEMENT

DR.-ING. JOHANNES SCHMIDT

JÜRGEN ABROMEIT

RUDOLF WEICHERT

Letter to the Shareholders

Dear Shareholders,

Last year was one of new departures for INDUS. In the fall of 2012 we introduced our strategic COMPASS 2020 program, setting the stage for the course ahead. In 2013, we reached the first milestone, acquiring six new companies. We intend to keep up this momentum in the years ahead. Eight years is a long time, but INDUS is consistent. We are absolutely committed to long-term SME entrepreneurialism. We have no interest in short-term, quarterly results, only in long-term capital appreciation.

INDUS invested heavily in the portfolio in the past fiscal year. We spent roughly 50 EUR million on acquisitions alone on the first and second portfolio levels, and another 50 EUR million representing investment in existing companies to both maintain their profitability and stimulate further growth in a targeted fashion. Organically growing the existing portfolio through targeted enhancement measures is part of our strategy, which means we constantly review the performance of each individual portfolio company and make adjustments as necessary. In 2012 and 2013, such adjustments were made in the Automotive Technology segment in particular. The effectiveness of these measures is reflected in segment results. In 2014, we will be focusing more on Metals Technology and Engineering.

We believe however that regularly adding new companies with attractive business models is necessary to keep the portfolio attractively profitable and viable going forward, in addition to investing in existing holdings. In 2013, we thus integrated six real hidden champions into the Group, whose businesses we will be developing as well for long-term success.

One acquisition was BUDDE, a logistics specialist which performed better than expected in its first year in the INDUS Group, fueled by innovation. Just half a year later we acquired PROVIS GmbH as a strategic complement to the BUDDE Group, which supplies the control systems for logistics centers BUDDE provides. Then in the summer we acquired ELTHERM, another internationally oriented hidden champion, »Made in Germany«. ELTHERM develops and manufactures trace heating systems. An SME based in Burbach, the company's specialized know-how makes it a player in the global market, with customers from Singapore to Canada, and only a handful of competitors with

Our Group has fully achieved its goals for 2013, both operatively and financially.

JÜRGEN ABROMEIT

similar capabilities. The other three acquisitions – HEAVAC, LSI and DMS – were strategic moves aimed at strengthening our existing subsidiaries’ domestic and internationally businesses. You can read more about these activities in the paper entitled “Acquisition, but done the right way!”.

This year’s Annual Report is entitled CATALYSTS, which is the very thing we are after. At the core of our business model is the aim to preserve the SME identity of our portfolio companies, augmented by INDUS measures intended as a catalyst for accelerated growth. The main idea is to acquire successful companies and then further develop their potential and competitiveness through intelligent management. The capital markets are catching on to and taking increasing interest in this concept, as reflected in part by the robust buyer-driven appreciation in INDUS shares over the course of the year, as well as the secondary offering completed in late 2013. Even with INDUS shares trading at a five-year high, the offering was fully placed, increasing our equity capital by 10 %. In a display of great confidence, our largest shareholder bought more shares in this offering, along with several long-term investors just coming on board. Roughly EUR 60 million in proceeds were generated for INDUS, which we will be investing for our shareholders’ benefit to keep the Group growing.

We have been able to further bolster the investor basis, aligned in the long term, as part of a successful increase in capital stock.

RUDOLF WEICHERT

Not only did we meet our acquisition and financing goals, the INDUS Group recorded solid organic growth as well. With sales of roughly EUR 1.2 billion and an EBIT of around EUR 114 million, we met our stated targets. This despite a rather slow start to the year and a slower-than-expected pace of growth over the course of the year.

Many economic analysts are forecasting a stronger recovery for 2014. Looking at the results of the first few months and our portfolio companies’ estimates, we believe the outlook is good this year. Industry conditions are favorable for our five business segments. We expect to benefit from stable prices, although ongoing wage agreement negotiations will likely result in higher costs. As stated above, the priorities in 2014 will be addressing weaknesses identified in the Engineering and Metals Technology segments. We estimate modest organic growth in consolidated sales exceeding to EUR 1.2 billion and operating profit of EUR 118 million.

INDUS Group earnings are up, thus we will be proposing that shareholders receive an increased dividend of EUR 1.10 per share, representing a dividend yield of 3.8 % (based on the closing share price of the year).


The success enjoyed last year came as a result of the hard work performed by our great team of staff members. 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.

During the course of this year, our equity holdings will be using their opportunities on the market and will be growing Group earnings by a moderate amount.


DR.-ING. JOHANNES SCHMIDT

Bergisch Gladbach, April 2014

The Board of Management



Jürgen Abromeit



Dr. Johannes Schmidt



Rudolf Weichert

Management Bodies

The INDUS Board of Management¹



JÜRGEN ABROMEIT

CEO

Strategy, Finance, Acquisitions, Public & Shareholder Relations, Human Resources, 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 mid to large-sized 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 at 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 INDUS Supervisory Board¹

¹ > Further information on page 180 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 fully qualified lawyer and political scientist. From February 2010 to May 2012 he was CEO of Deutsche Hypothekenbank (Actien-Gesellschaft) in Hannover. Prior to holding this position, Dr. Allerkamp was a member of the board of management of Nord/LB from 1997 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 fully qualified lawyer and business manager. Since 2003 he has been Management Board Spokesman for the SCHLAU/HAMMER Group, Porta Westfalica. Previously, Dr. Bartsch worked for NORD Holding, Hannover and for an international law firm specializing in the capital markets and corporate law. 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

Dear Shareholders,

In the year under review the Supervisory Board diligently fulfilled its responsibilities in accordance with applicable law and the company's articles of association. The Supervisory Board continuously advised the Board of Management and monitored management activities. 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. The Supervisory Board thoroughly reviewed the process of selecting, ordering and hiring the new Group auditor.

In 2013, four meetings were held, attended by Board of Management members. In addition, voting on four resolutions was conducted by circulating written ballot. There was full Supervisory Board attendance of meetings and participation in voting. All of the committee meetings were fully attended as well.

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

Primary Meeting Topics

The priority at the **first meeting, held April 19**, was the presentation and discussion of the 2012 annual financial statements, and the related resolution. On foot of a recommendation by the audit committee and discussion with the auditor the Supervisory Board adopted the INDUS Holding AG 2012 annual financial statement in accordance with the German Commercial Code (Handelsgesetzbuch, the "HGB") and approved the IFRS consolidated financial statements. Other voting concerned the Board of Management dividend proposal and the agenda for the 2013 Annual Shareholders' Meeting. In addition, the Board of Management presented the annual reports on risk management, compliance and investments. In discussing the quarterly financial statements, the main focus was on results for the Automotive segment. Lastly, the Board of Management reported on transactions being pursued. The Supervisory Board also voted to execute the option to fully acquire the HAKA-MA AG which has been 75 % owned by the INDUS Group since 2010.

The Supervisory Board conducted a **circulating written ballot vote on June 3** following in-depth discussion of the proposal to acquire the ELTHERM group and the HEAVAC company through the INDUS holding AURORA, and approved the proposal.

A **circulating written ballot** was also conducted **on June 18** to vote on the contractually agreed reviewing of Board of Management member contracts.

On **June 24**, immediately before the general meeting, the Supervisory Board convened for its **second regular meeting** where its members prepared to be up-to-date with the proposal. As no counter-proposals were received by the administrators



✓
Burkhard Rosenfeld, Chairman of the Supervisory Board

of the agenda for the Annual Shareholders' Meeting, the Supervisory Board reviewed the latest business report extensively. The meeting concluded after the Supervisory Board approved the Board of Management proposal as filed to extend the consulting contract of Mr. Selzer of the Selzer Group until the end of the year.

The **third regular meeting** was held on **October 10**. This meeting was devoted to the regular discussion of the Group strategy (COMPASS 2020), concerning which the Board of Management submitted a progress report. In addition to individual portfolio company goal attainment, discussion focused on potential acquisitions, further financing of growth, organizational improvements and management capacity considerations. The Supervisory Board concluded that the realignment process begun in mid-2012 is going well, and that prudent steps are being taken in preparation for the future.

In lieu of another physical meeting, the Supervisory Board approved the acquisition of D.M.S. GmbH by Konrad SCHÄFER GmbH via a **circulating written ballot on November 11**.

The resolution was of special importance which was passed by **circulating written ballot on December 2**. The Board of Management informed the Supervisory Board promptly and comprehensively of plans to offer a capital increase, allowing timely, binding voting on the plans. As a result, INDUS was in a position to finance the acquisitions planned for 2014 without the need for borrowing, at the same time boosting the equity ratio.

The **last meeting of the year, held December 12**, was devoted to examining the latest key figures for fiscal 2013 and projections for 2014. Portfolio companies' investments in property, plant and equipment form the basis for their planning, but the Board of Management has to define a total volume limit, thus this year's planning session began with a coordinated definition of capital expenditure in line with the report of the Board of Management. The plans of the individual portfolio companies were then recorded and incorporated into Group planning. The comprehensive Board of Management report enabled the Supervisory Board to adopt the annual budget without adjustment.

The Board of Management further reported on the result of the recent capital increase.

Another topic of discussion was the Audit Committee report on the commencement of auditing work by the new Group auditor. The transition went smoothly, due in part to INDUS' finance expertise and to the new IT environment, although an extraordinarily large amount of effort was involved.

Finally, the Supervisory Board adopted a resolution on the approach to be proposed at the Annual Shareholders' Meeting for nominating a Supervisory Board member to replace the Supervisory Board member (reappointment under 70 years of age) who is retiring under the Rules of Procedure.

As in previous years current developments with regard to Corporate Governance were part of the discussion in this year's December meeting. The Supervisory Board focused in particular on the changes to the Corporate Governance Code made by the government commission on the 13th of May. For this the Supervisory Board together with the Board of Management provided an updated declaration of conformity. 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

The main task of the two Supervisory Board committees is to prepare decisions for the board. In this regard, where permitted by law decision making powers may be transferred to the committees. The chairman of the committee in question reports regularly and in a detailed manner to the Supervisory Board on the work carried out in the committee. The chairman of the Supervisory Board holds the position of chairman of the Personnel Committee but not the position of chairman of the Audit Committee. The members of the committees must be listed in the annual report.

The Supervisory Board has had a Personnel Committee since the very beginning. In view of the large scope of auditing, the Supervisory Board formed an audit committee as well in 2012.

The Audit Committee met twice during the fiscal year 2013. In addition to members of the Board of Management, representatives from Treuhand- und Revisions-AG Niederrhein, Krefeld also took part in the meetings. The auditors have declared to the audit committee that there are no grounds for bias on its part. The Audit Committee has gathered the necessary statements of independence, checked their qualifications, completed negotiations with regard to remuneration and decided on the focus of the audit. The principal topics of discussion were the results for 2012, review of the new reporting system and the new Group auditor.

The Personnel Committee met twice in the fiscal year to discuss Board of Management structure and related contracts. The successes achieved by the Board of Management, now comprised of only three members, have followed from unanimous decisions.

Discussion on the Annual Financial Statements and Dividend Recommendation

The accounting and law firm Ebner Stolz Mönning Bachem GmbH & Co. KG, Cologne (now: Ebner Stolz GmbH & Co. KG, Cologne) – appointed auditor of the separate and consolidated financial statements by resolution at the Shareholders' Meeting of June 24, 2013 – audited the annual financial statements and management report of the INDUS Holding corporation and of INDUS Holding AG in accordance with the Supervisory Board's engagement instructions. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The auditor awarded the annual financial statements 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 audited.

The consolidated financial statements and Group management report, the individual financial statements and management report and the audit reports were submitted to all Supervisory Board members in good time. These were discussed in detail at the Supervisory Board meeting for adoption of the financial statements on April 11, 2014. 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.

Word of Thanks

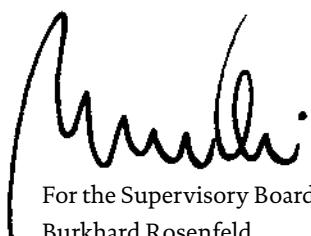
The Supervisory Board would like to thank all employees of the portfolio companies and of INDUS Holding AG for the outstanding dedication displayed in the past fiscal year.

The success of INDUS is in part the result of close teamwork and a relationship of trust as we all work for the long-term good of the Company. It is also in part due to our unique corporate culture, which is carefully nurtured by management and modeled after the SME culture, largely characterized by family-owned firms.

Local subsidiary managers run their companies as their own enterprise, to which their employees feel personally connected – a tradition to which the INDUS Holding AG Board of Management is committed. The Board of Management works to increase the value of the entire portfolio through clear strategic guidance, prudent human resources decision-making and resolute action as part of a systematic yet judicious growth strategy.

The Supervisory Board believes this ensures shareholder confidence in being rewarded appropriately for investing in our company for the long run.

Bergisch Gladbach, April 11, 2014



For the Supervisory Board
Burkhard Rosenfeld
Chairman

The INDUS Share

KEY SHARE DATA (in EUR)

	2013	2012	2011
Earnings per share	2.85	2.47	2.75
Cash flow per share*	4.35	2.07	5.17
Dividend per share	1.10**	1.00	1.00
Dividend yield***	3.8	4.9	5.3
Sum disbursed in EUR millions	26.9	22.2	22.2
12-month high	29.47	23.72	24.90
12-month low	20.55	18.69	16.85
Price at year-end	29.20	20.26	18.86
Market capitalization on Dec. 31 in EUR millions	714.0	450.3	419.2
Average daily turnover in number of shares	35,488	24,792	40,168
Free-float capitalization in %	74.1	74.8	74.8

* Details regarding the cash flow statement are provided in the section 'Earnings and Financial Position'

** Subject to approval at Annual Shareholders' Meeting on June 11, 2014

*** Basis: closing prices in XETRA trading on 2013 reporting date

Share Price: Robust Stock Appreciation, Broadening Interest Among Investor Groups

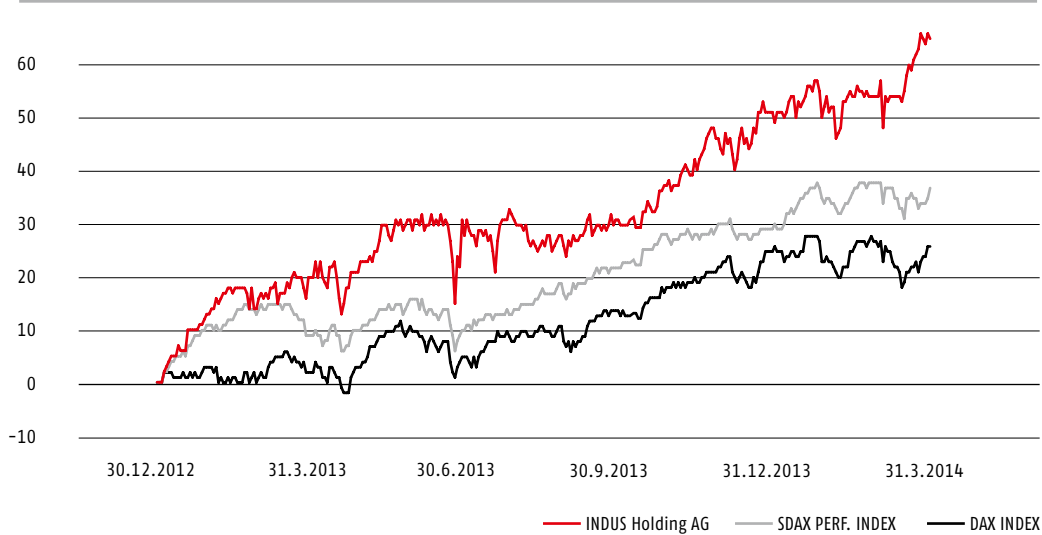
INDUS shares gained considerably in 2013. This partly reflected the overall improvement in market sentiment as well as increasing investor interest in INDUS. Market skepticism during the summer gave way to growing confidence in the second half of the year. Stock indexes in Germany and the US rose sharply going into the final stages of the year. Investor interest in INDUS is increasing after we made our repeatedly confirmed estimates for the fiscal year and conducted brisk acquisition activity. After the capital increase in early December 2013 the shares continued to rally, up about 50 % as of December 30, 2013 (SDAX 29 %, DAX 25 %).²

Share Liquidity: Significantly increased sales

INDUS shares increasingly caught buyers' attention over the course of the year as sales rose significantly. According to Deutsche Börse statistics, average daily trading Xetra volume in the fiscal year was 35,488 shares (2012 average: 24,792). INDUS shares still trade significantly on Germany's regional stock exchanges, accounting for around 11 % of trading volume with roughly 1.2 million shares changing hands via these exchanges in 2013. In addition, larger stock transactions were completed off-exchange. According to Bloomberg data, approximately 9 million shares were traded on German exchanges, and another 3.3 million traded directly between buyers and sellers or via alternative trading platforms. Roughly 62 % of trading volume was on XETRA according to Bloomberg.

² > For up-to-date stock chart please see www.indus.de/investoren_und_presse-indus_aktie--en.html

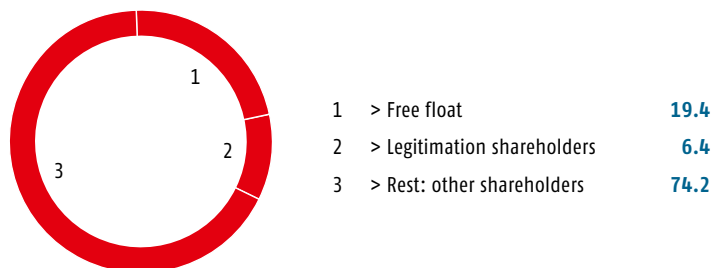
INDUS SHARE PRICE CHANGE IN 2013 INCLUDING DIVIDENDS (in %)



Stable Shareholder Structure with many Institutional Investors

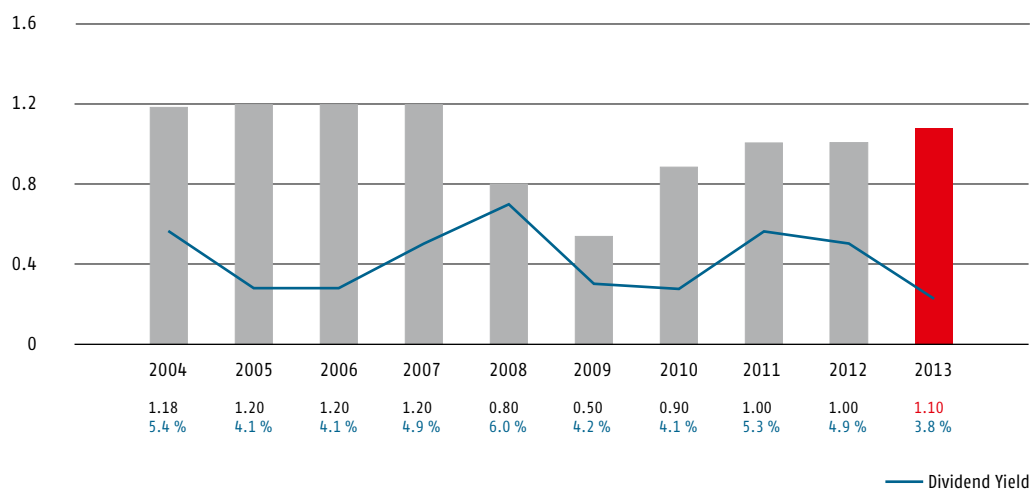
The largest shareholder of INDUS Holding AG is Versicherungskammer Bayern of Munich, which holds 19.4 % of share capital (including shares acquired in the capital increase in December 2013) as part of the organization's long-term investment strategy. The other anchor is formed by a group of private investors who are represented jointly. The spokesman for this group of proxy shareholders is Hans Joachim Selzer of Driedorf, Germany. According to the group, it holds 6.4 % of INDUS shares. The rest of Company share capital is held by a broad range of domestic and international institutional investors (~ 60 % thereof) and private investors (~ 40 % thereof) according to INDUS data. INDUS Holding AG currently does not hold any treasury shares.

INDUS HOLDING AG SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2013 (in %)



Distribution: Proposed Dividend of EUR 1.10 Per Share

INDUS practices a stable dividend policy. Shareholders participate in company profits through regular dividend distributions. The amount of dividends is generally based on net profit for the year, but if possible a dividend should still be paid in weaker years to the extent financially feasible. The dividend policy provides that at least 50 % of profits are to be reinvested in the company and up to 50 % distributed. The rule applies that INDUS Holding AG must record an accumulated profit on its annual financial statements. As of December 31, 2013, the holding company had EUR 57.4 million in retained earnings. In accordance with policy, this year the INDUS Board of Management and Supervisory Board will propose at the Annual Shareholders' Meeting a EUR 1.10/share dividend distribution. The total distribution amount is thus EUR 26.9 million.

DIVIDEND PER SHARE AND DIVIDEND YIELD, 2004 – 2013 (in EUR/in %)**Analyst Opinions on INDUS Holding AG**

■ Bankhaus Lampe	> March 2014	> Buy, target price EUR 36
■ Commerzbank	> March 2014	> Add, target price EUR 32
■ Deutsche Bank	> March 2014	> Buy, target price EUR 36
■ Independent Research	> March 2014	> Buy, target price EUR 36
■ LBBW	> March 2014	> Buy, target price EUR 34
■ WGZ	> March 2014	> Buy, target price EUR 36

In 2013, Landesbank Baden-Württemberg initiated coverage of INDUS shares, followed by Deutsche Bank in March 2014. Six banks and investment firms thus are now following the company. Analyst price targets for the stock now range between EUR 32 and 36. All of them recommend buying the shares. Analyst opinions are regularly published on the INDUS website under “Investors and Press”.

Targeted and Transparent Investor Relations

The central investor relations theme in 2013 was outlining the COMPASS 2020 strategy and communications about the initial implementation milestones. 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. Finance events were utilized for this purpose as well as company conferences and roadshows in and outside Germany.

The main objective behind ensuring transparent, active investor communications is ensuring good access to the capital markets on attractive financing terms to optimize cost of capital. The great market confidence INDUS enjoys in this regard is demonstrated in part by the successful placement of shares from the capital increase with institutional investors in December 2013. The largest INDUS shareholder bought roughly 4 % of the shares in the capital increase, which attracted new long-term investors as well. Even though the shares had already risen considerably and were offered at a relatively low discount, the issue was placed in full, equivalent in volume to 10 % of share capital. A detailed discussion of the capital increase is provided in the balance sheet section.

In addition to regularly publishing up-to-date information about INDUS – including interim reports – the Board of Management also regularly met in personal and accepted interviews with multipliers, analysts and business reporters. INDUS stays in dialog with private investors via the Annual Shareholders' Meeting and through personal contact. Interested investors can also sign up to receive regular notification from INDUS on upcoming events. By actively cultivating relations with the capital markets INDUS underscores its commitment to transparent and regular communication. INDUS has been a member of the German Investor Relations Association (DIRK) since 2009.

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 2014, 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 unit shares
Stock exchanges	XETRA, Frankfurt (regulated market), Düsseldorf (regulated unofficial market), Stuttgart (regulated unofficial market)
Market segment/Indices	Prime Standard/SDAX
Designated Sponsors	Commerzbank, Bankhaus Lampe
Capital stock	EUR 63,571,323.62
Number of shares on Dec. 31	24,450,509
First trading day	September 13, 1995
Last capital increase	December 2, 2014

COMPASS 2020: STATUS REPORT



2013 and the first quarter or so of 2014 have seen INDUS make excellent progress. Directly and indirectly through our shareholdings, we have been able to acquire six new companies posting an annual turnover in excess of EUR 80 million.

We have successfully completed our repositioning program in the Automotive Technology sector. The portfolio once again returned

solid results for fiscal year 2013. Management quality and information flows between the holding and shareholdings have also undergone improvement. The Board of Management is set to continue this course in 2014. For this we assume we will also be successful in attracting interested Hidden Champions during the course of this year.

3 > BUDDE,
see shareholding brochure
Page 33

1/13

Growth acquisition

In the BUDDE Group³, (Bielefeld, Germany), INDUS is acquiring a leading provider of general cargo and bulk material handling systems

- + Entry into the Logistics/Infrastructure trend market
- + Good earning power in target spectrum
- + Expansion potential

+
**NEWCOMER
2013**



5/13

INDUS takes over the remaining 40 % of enclosure specialists HAKAMA

- + Transition completed successfully while maintaining the company philosophy



6/13

LBBW takes on coverage of INDUS shares with target price of EUR 34

**TARGET PRICE
EUR 34**

2013

7/13

Acquisition on second level

TECALEMIT Inc., the US subsidiary of HORN, takes over the operative business of Lubrication Solutions Inc. (LSI), Houston, an assembler of handling and measuring systems for diesel and AdBlue®

- + Development of the North American market



7/13

Acquisition on second level

INDUS strengthens subsidiary AURORA with strategic acquisition of Dutch HEAVAC B.V., a manufacturer of ventilation and air-conditioning units for buses

- + Regional expansion of markets, including Benelux, Great Britain and Russia
- + Synergies and reinforced international presence as a specialist in heating and air-conditioning equipment



9/13

Acquisition on second level

KIEBACK/SCHÄFER takes over design specialists D.M.S. (Munich, Germany), a company rendering services ranging from concept, through to clay and hard modeling, right up to experimental models and show cars for the automotive and commercial vehicles industry.

- + Covering of the entire development chain for the automotive sector – from design right up to the finished part »before the production run«



»BUY & HOLD & DEVELOP«



PORTFOLIO ENHANCEMENT



We are expanding further the capabilities of our company.



GROWTH ACQUISITIONS



We are growing through external acquisitions in both portfolio and new industries.



INTERNATIONALIZATION



We are supporting companies in expansion of their international activities.



6/13

Growth acquisition

In the ELTHERM Group⁴, (Burbach, Germany), INDUS is acquiring an internationally active business operating in the Power Engineering sector

- + International presence in Newbury (Great Britain), Toronto (Canada), Singapore and Shanghai
- + Broad customer structure made up of different industries

+ NEWCOMER 2013



6/13

The Annual Shareholders' Meeting confirms with a significant majority the course set by the INDUS Board.

**DIVIDEND
EUR 1.00
PER SHARE**

7/13

Acquisition on second level

In PROVIS Steuerungstechnik GmbH, BUDDE is acquiring a specialist in controller software

- + Insourcing of a core competence
- + Strengthening of international ties – to Europe, Mexico, Malaysia and elsewhere



⁴ > ELTHERM, see shareholding brochure Page 34

12/13

INDUS raises equity with successful increase in capital of around EUR 60 million; as part of a private placement, the new shares are to be placed with large institutional investors who will provide backing for the direction of the company in the long term

1/13 – 3/14

- + Headcount increase of 400 employees
- + Raising of earning power
- + Expansion of investments in excess of 80 % (including acquisitions)
- + Successful group-wide implementation of a new reporting system and a new IT infrastructure

→ 2014

IMPETUS

HOW WE INITIATE DEVELOPMENT WITHIN OUR COMPANIES

AN INTERVIEW WITH THE BOARD OF MANAGEMENT

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IN THE RIGHT PLACE WITH THE APPRO- PRIATE IMPETUS

The companies belonging to the INDUS Group are on the move in a highly diverse set of markets. As an active guide, the team in the holding company provides the individual companies with customized support. This calls not only for expertise, but for intuition and good instincts as well.

Those providing valuable  impetus must be well-informed and good listeners. In discussion with Rudolf Weichert.



Mr. Abromeit, what does INDUS mean when it uses the catchword »active support«?

JÜRGEN ABROMEIT We – and that includes my two colleagues on the Board of Management and the employees of our holding company – see ourselves as sparring partners who keep a close eye on the course our portfolio companies are taking and actively encourage them. And we are pursuing the same goals as their managers. We want their companies to remain robust and to improve. Mostly we ask questions and discuss them. What goals is the company setting itself? Why those in particular and not others? How does it intend to achieve its goals? What factors might jeopardize their achievement? We call this a »constructive strategy dialog«. And it is different for each portfolio company, as each has its own path to follow. The one thing that is important to us is that we understand that path. It has to appear plausible to us.

RUDOLF WEICHERT Another important task for us is to secure the economic foundation of those companies. In today's increasingly globalized economy, there is a lot to watch out for. We supply the knowledge and the methods, should the portfolio companies need them – whether in the field of financial engineering or in dealing with legal issues, such as those that come up when a company expands abroad.

Mr. Weichert: In late 2013 INDUS announced a capital increase. Its liquidity was already high before that. What does INDUS intend to do with the money?

RUDOLF WEICHERT There is a whole series of hidden champions in our portfolio – companies that have achieved a strong to very strong position in their markets or niches. They are where they are because they are always hungry and always on the lookout for new opportunities. When, where, and with what financing volume will options open up for them – that we can predict only up to a point with such a large portfolio. What we can do, however, is make the needed resources available so that the companies can then take their next step. Strate-

gically well-adjusted liquidity gives us room for capital expansion, growth projects, or even – as achieved several times last year – a second level of acquisitions. What's more, the Group itself plans to grow further through acquisitions. INDUS wants to buy one or two new companies per year.

Most important for lasting and joint success are mutual trust and a common understanding of service.

JÜRGEN ABROMEIT

Seen from the outside, the Group appears to be working at a faster pace now. Does this mean a brisker wind is blowing?

JÜRGEN ABROMEIT A brisker wind is blowing because the global economy is changing at an ever faster pace. Those who don't adapt lose. But INDUS and its portfolio companies are also taking a considerably more entrepreneurial tack than before. This is reflected also by the strategy adjustment we made a year and a half ago. After a decade of consolidation – and that was important for our group – we are now taking the path of »buy & hold & develop«. Together with our companies we want to further raise the potential lying in the German small business sector. Nevertheless, we are still not setting any operational targets. That is up to management in the portfolio companies.

Mr. Schmidt, on the subject of R&D, as a member of the Board of Management you have made some plans for the next few years. What are the next steps going to be?

DR. JOHANNES SCHMIDT When I talk with the portfolio companies it never ceases to amaze me how much collective knowledge >

> there is in our companies. With our strategic adjustment in 2012, we set out to take a structured look at this facet of our group, and we have since begun to put together what we call a »technology map«. This means we take stock of who has what qualifications. Who wants to invest where? What qualifications can be further developed? Where are there synergies waiting to be tapped? But also, for whom will opportunities arise to connect with the support scene in the various locations? Beginning this year we have a permanent contact for this area on board. In the future this person will not only actively approach the portfolio companies but also serve as a qualified contact for questions that come from them.

We support the entrepreneurial ideas of our portfolio companies swiftly and in an uncomplicated way.

RUDOLF WEICHERT

According to what criteria is economic aid granted? What typically is the process for an »investment go-ahead«?

DR. JOHANNES SCHMIDT We are not a government agency. On the contrary, if a company is able to show us a plausible and cost-effective analysis, then the funds are made available in no time. What is important to us is that we be able to see where the journey will lead and understand how it will help the company. We are aware that, whenever we provide funds for research and development, we are also making an advance investment of faith in the company. In most cases this has turned out to be justified. And I am confident that this will continue to be the case in the future.

Mr. Abromeit, what is more important for the portfolio companies, INDUS's capital or its expertise?

JÜRGEN ABROMEIT For us that isn't the question. We buy companies that are already doing well, usually ones that have already proven themselves in the marketplace for ten or more years. What we want is for this to continue and improve. For this reason we support the companies where their real interest inherently lies. And that is in being entrepreneurially successful. We can help to increase their security as they move ahead. We do that by assisting them in the marketplace as well as we possibly can, all the while making sure of two things: that they keep their eye on the goal and that they are able to successfully master the milestones along the way. Both our expertise and our capital are options that a company can avail themselves of as needed or required. ■



Important internal decisions and those pertaining to equity holdings are made by INDUS jointly, sitting at the same table.



› The head office of INDUS Holding has been in Bergisch Gladbach since the company was formed.

INDUS ensures that all parties involved are kept abreast of important issues by means of regular sharing of information. <



OPEN DIALOG, ACCOMMODATIVE ORIENTATION

Together we can see more. The INDUS Group's Board of Management is engaged in an active give-and-take with the managements of the various companies. This broadens one's vision – for new options in many cases. The focus on dialog at INDUS is at the same time a cornerstone of our corporate culture. Together we are stronger.

**TO CARRY ON A STRATEGIC DIALOG
IS TO ENGAGE IN »INTELLECTUAL
COOPERATION«, NOT TO »DICTATE«**

The boundaries between assisting and dictating are fluid. That makes it all the more important to INDUS's Board of Management that the company's special philosophy be firmly implanted in the Group. »We are a group; we are not a consolidated company«, as we hear coming out of Bergisch Gladbach time and again. What this means is that, when we speak of INDUS, we are talking about 40 satellites moving independently through the markets.

The portfolio companies go their own way, and INDUS supports them in that. There is no lack of evidence that such broad autonomy is seriously intended. The organizational structures in the holding company are so streamlined that a group administration would scarcely be possible. Everything is concentrated on the essential. The reporting system efficiently brings together the economic information. At the other end, that of the companies, the picture is similar. The connection between the holding company and the portfolio companies is solid, but in the daily experience of the portfolio companies it is nearly invisible. In their public conduct, too, the portfolio companies' sole concern is the cultivation of their profiles, their brands. In their business activities, their integration into the Group is mentioned in passing if at all.

A very important characteristic in the Group is that people talk to one another, and they do so far more than they write. The Board of Management members regularly set out on visits to company managers for a face-to-face discussion. Intellectual cooperation, engaging in sparing exercises, giving tips – that is the goal. And this works best when people can communicate face-to-face. That aside, for those who »poke their noses in«, it is always better to have an impression of the atmosphere at the location.



80

THOUSAND KILOMETERS

CEO Jürgen Abromeit traveled 80,000 kilometers in 2013 on investment business – not to mention the 100 flights or so criss-crossing Germany.

**A SOLID FOUNDATION IS BUILT ON
OPENNESS AND HONESTY IN PEOPLE'S
DEALINGS WITH ONE ANOTHER**

It takes mutual trust for dialog to succeed. This sort of trust grows with experience and with accommodation and dependability. Experience takes time and patience. A reputation for accommodation and dependability is something the parties can build up over time – as a direct result of their openness and willingness to give others the benefit of the doubt. And INDUS's Board of Management does precisely that in a straightforward way. We want our >

ABOUT OPENING UP NEW TECHNOLOGY POTENTIAL:

This issue is of particular importance to engineer Johannes Schmidt PhD (right in picture), here together with Ralf Kurz, Technical Manager at HAUFF-Technik.

**THE »SME MODEL« IS ALSO
WINNING OVER THE BANKS**

Deutsche Bank is also now monitoring the growth of the INDUS Group.

**> BUDGET DISCUSSION**

It is best to look one another in the eye when the topic of discussion is budgets or similar. Here Rudolf Weichert (middle) with ELTHERM CEOs Michael Thomas (left) and Alexander Neff (right).

> companies to seek success, and we do not mince words when pointing out where we have qualms. But we also trust that our companies will master on their own the challenges their business confronts them with.

Responsibility, in other words, lies with the managing director. It entails not only rights but duties, too, the most important of which is that those who bear management responsibility do everything for the sake of long-term success. The Board of Management reminds each managing director of this duty with no ifs, ands or buts. And that is the way it should be. For all its accommodativeness and small business orientation, INDUS is also an investor that promises its owners in the capital market an attractive share in the success of the German small business sector. All that aside, however, we are also concerned with the fulfillment of an important mission, which is to write the next successful chapter in an already successful history – together with the employees who support this approach every day.

With an EBIT margin of »10 % plus«, INDUS sets an annual capitalized earnings value that the portfolio companies take as their target. For some it is an ambitious figure that they must stretch far to reach. For others it is one that they can easily exceed. On average it is one that the Group will achieve, a result that one can interpret as a reliable indicator that the standard is set at a reasonable height. And that is the intention: to set definite targets that require initiative and at the same time to leave the power in the individual companies.

TOGETHER PRESERVING AND SUPPORTING THE STRENGTHS OF FAMILY-RUN BUSINESSES

Another thing that makes small companies, which are usually family-run businesses, so special is that they are in a sense the polar opposite of the mainstream. They have grown organically and have an unmistakable history.

As stable organisms they have scaled heights and overcome lows. Seldom have they been set up by the book. The people involved have rough edges. In short, they have a special culture whose individuality holds its members together by some invisible bond.

The holding company management knows from its own experience how owner-managed companies operate and what makes them so strong and robust. And it therefore has a strong interest in encouraging the portfolio companies to preserve and cultivate their culture within the context of the INDUS Group.

INDUS even goes a step further. Although listed on the stock exchange and therefore exposed supposedly to primarily economic expectations, the Board of Management has time and again taken the initiative with measures aimed at fostering within the Group a sense of identity with the small business world. This begins with setting an example and communicating such traditional values as respect, loyalty, and accommodativeness; continues with annually convened conferences for managing directors during which the more than 40 entrepreneurs are able to compare notes in a protected environment; and even includes a summer party where the families of executives in the INDUS Group meet informally. ■

ACQUISITION, BUT DONE THE RIGHT WAY!

Strategic additions are an effective growth accelerant. With AURORA, HORN, BUDDE, and KIEBACK/SCHÄFER, INDUS actively strengthened four subsidiaries last year through strategic acquisitions. In the case of all of them it can be assumed that success will become apparent in the short to medium term.



> **BUDDE**
Since July 2013 the conveyor equipment specialist has been able to program its intelligent conveyor systems internally, thanks to its acquisition of the control technology specialist PROVIS.



PROVIS <
PROVIS brings to the BUDDE Group international links to Europe, Central America, Southeast Asia and other regions.

EVEN FOR A SPECIALIST THERE'S NO HARM IN SIZE ...

... at least if he wants to exploit the possibilities of the global markets and participate in tapping into trends. In many cases a certain size is even a condition for doing business with the top dogs in the industry. Take AURORA, for example. This manufacturer of heating and air conditioning systems for commercial vehicles supplies demanding global players such as Daimler, Caterpillar, and John Deere. These companies prefer to cooperate with partners who can provide answers to their questions right where they are located, whether in North or South America, or even Asia; who can assist with assembly; or, if needed, even provide development services.

AURORA has been providing these services for a long time. The company from Mudau (Baden-Wuerttemberg) has been well positioned for many years already. But even for AURORA there were markets in the past that lay fallow: the Benelux countries, Great Britain, Russia. Just where the Dutch company HEAVAC was strong. A competitor. A former competitor. As a result of its acquisition last July, HEAVAC now belongs to AURORA.

By taking over HEAVAC, AURORA has emerged as an internationally broad-based complete system provider of air conditioning and ventilation equipment for buses and construction, agricultural, and special vehicles, one that dominates the entire spectrum of products in the bus and construction equipment segment – from components to systems. A remarkable aspect of the new combination is that there is no overlapping at the customer end. The manufacturers complement one another nicely even in their products. The symbiosis goes all the way down to the production level. For example, AURORA is now installing HEAVAC components in its systems – important and efficient components that until recently the company had to buy externally.

Even though the new company's integration is now in full swing, the HEAVAC brand is to be maintained in the future. Quite the opposite: Under AURORA's management it is to be intensively cultivated and exploited. Like AURORA, HEAVAC stands for uncompromising quality. Current integration-related topics include the coordination of quality management, the linking of data processing systems, and, most importantly, the realignment of marketing in answer to the question, »Who is working which markets, and how?« The new arrangement is a source of entirely new possibilities.

The acquisition is already yielding benefits on the cost side. Larger quantities can be procured on more favorable terms. And the supply >

HEAVAC

Three partner companies on an on-site visit to Dutch acquisition HEAVAC – from the left: Gerard van Kampen, Peter Bremmer, Jürgen Abromeit, Hannes Wolf, Han Rutten.



HEAVAC

HEAVAC and AURORA complement each other excellently on the market and in production – many components from this warehouse will also be undergoing subsequent processing by AURORA in the future



50

countries

Following the merger, AURORA and HEAVAC together now have 50 countries in their sights. More are set to follow in coming years.

> sources are now broader as well. Of particular importance for the future is that access to the Chinese market is now considerably improved.

THE RIGHT WORD AT THE RIGHT TIME

How did the purchase come about? There was already contact. Those in the industry know each other. From trade fairs or professional events. In one of these conversations, in 2012, there was even an exchange of thoughts in regard to a potential cooperative relationship. The benefits to both parties of a cooperative arrangement quickly became obvious. That an acquisition project grew out of all this owed much to the fact that the three old shareholders of HEAVAC had to come up with an arrangement for their succession in the medium term to ensure the future of the company. It was only natural that a major step also was considered.

It took some eight months for the final signatures to be affixed and the purchase to be completed. The process up to then followed the traditional pattern: The parties getting to know one another better. The weighing of opportunities and risks. An indicative offer based on

initial performance figures. Drawing up a joint understanding. Discussion of a strategy with a larger group. Purchase price negotiations. A final offer. And, finally, the trip to the notary.

The two teams got on well with each other from the outset. There was much common ground: a shared understanding of quality and service, pride in what had been achieved, and even the desire for further development.

Even in this purchase process, however, there was one challenge that there was no getting around: that of coping with the formal processes. Particularly for those for whom a corporate transaction is not a routine event, experience has shown that these tie up a lot of resources. That would have been the case for AURORA, too, were the company was not a part of the INDUS Group.

INDUS's contribution in this regard was especially noticeable for AURORA. Business valuation, legal structuring and even the constructive joining of interests are among the holding company's key capabilities. »We had had no experience with acquisitions«, says managing

director Hannes Wolk as he reflects on the past year. The INDUS management, on the other hand, knows the important points inside out. Moreover, they provided us with a very professional advisor. He not only contributed the important financial experience, he was also extremely familiar with Dutch industry.

OFF TO THE FUTURE!

For the reestablished AURORA, financial year 2014 is off to a good start. Integration at the product and component levels is progressing, as is the process of setting up a comprehensive financial controlling system and the CAD connection. At the distribution end of things, attention is focused at the moment on expanding business with China and the market in Russia. AURORA is giving special attention to marketing, as the company wants to expand further in years to come.

AURORA acquires HEAVAC. For INDUS this is not just one example of a successful second-level acquisition. It is, more than anything, an exemplary win-win solution, a perfect symbiotic relationship. Previously HEAVAC had dealt in its markets exclusively with the bus trade. AURORA had been active in the field of buses, construction equipment, agricultural machinery, and commercial vehicles of all sorts. HEAVAC had a linear structure, AURORA's was broad. Its integration into the structures of AURORA will enable HEAVAC in future to reduce its one-sided dependence on the bus market. And AURORA can now do more to develop its »cabin customers« – and, in passing, the markets where expansion has not worked out so well in the past: Great Britain and Russia.

Speed and flexibility – with this acquisition, AURORA was able even to strengthen these two characteristics. That makes it well prepared in the event that such a good acquisition opportunity arises again in the foreseeable future. After such a favorable experience, Hannes Wolf is quite interested in further strengthening. ■

KIEBACK
Recent years have seen CEO Jörg Kieback continually broaden his range of services. He is now taking the next step with D.M.S.



D.M.S.
Munich-based mold maker D.M.S. works as a specialist in 3D modeling for high-profile national and international car makers.



%

reduction in nitric oxide in vehicle exhaust emissions with SCR technology with AdBlue®.

LUBRICATION SOLUTIONS INC. <
Torsten Kutschinski was able to take an important step in the right direction in 2013 with the acquisition of Lubrication Solutions Inc. (LSI). At the same time, the specialist in fueling technology in the motor vehicle sector is able to make a key contribution towards emission reduction.



OUT INTO THE WORLD WITH NEW IDEAS

Even for HAUFF-Technik, an INDUS subsidiary based in Herbrechtingen, Germany, innovation is of paramount concern. HAUFF is one of Europe's most important manufacturers of cable and pipe ducts. The company has succeeded time and again in reasserting this position through its creativity.

INNOVATION IS MORE THAN TECHNOLOGICAL DEVELOPMENT

At first glance, the field of sealing systems for cables and pipes is not where one would think to look first for a model company to exemplify the concept of innovation. This changes abruptly if one looks beyond the purely technological definition of the term »innovation« and considers it in its broader sense. Then HAUFF becomes a prime example of innovation, one from which more conventional industrial enterprises can learn how success can be achieved with a relatively simple product and much ingenuity.

Managing director Dr. Michael Seibold has been managing the company for ten years and describes it as an organization that has continually reinvented itself since it was established in 1955 – not only in terms of its products, but also in its processes and structures. On the topic of product innovation he points out that, as far as the raw and other materials are concerned, the important things have, of course, long since been discovered or invented. »We work mainly with natural and synthetic rubber, sealing

> »HAUFF 2.0«: HAUFF is currently investing EUR 17 million in its new headquarters. Contributing towards process improvement and keeping the company on a course of innovation are the aims. Special-purpose rooms such as the creative and application areas will stimulate customer dialog in the future





367

thousand

men and women were employed in R&D in the German commercial sector in 2012.

90

%

is the amount of research expenditure borne by the economy itself

› »We have grown so large because we involve our customers, because we ask ourselves every day: Do we have market acceptance?«

Dr. Michael Seibold (left) explaining one of his products in the new building at the main site.

materials that were already in use a century ago. Our inventions are what are referred to as applications, solutions to the question of how can I combine technological components to create new applications? Our capacity for innovation consists, therefore, in the ability to skillfully combine and give shape to things that are already available.« In essence, says Seibold, this is no different for BMW or Daimler. Genuine innovations naturally continue to be the order of the day in the industrial world, though they are considerably rarer than one might think.

WITH SHRINKING PRODUCT CYCLES AND MOUNTING PRESSURE FOR EFFICIENCY, THE DEMAND FOR INNOVATION IS INCREASING RAPIDLY

Even applications can be patented. And HAUFF does so extremely often. Because users' accustomed applications are changing ever more rapidly, product cycles are becoming ever shorter. As a result, the sealing specialist's combinatorial skill is in ever greater demand as well. An important category among HAUFF customers comprises the energy suppliers. Currently, for example, they are working intensively in the field of decentralized energy feeds. For grid connection technology this gives rise to countless new demands and hence to numerous new products.

There are other, additional requirements. Nowadays, for example, a product needs to be understood intuitively on construction sites, >

> where it will be used by laymen with widely differing cultural backgrounds. Increased time and cost pressures are further drivers of innovation. More and more of the walls and other elements that are installed on construction sites today are being prefabricated as industrial systems, so that it is almost impossible to make or correct mistakes during on-site installation.

INVENTIONS ARE NOT ACCIDENTS – AND ARE MADE NOT ONLY IN THE LABORATORY

HAUFF currently has nine employees working in development and design. What they work on is determined not by theoretical concerns, however, but by the market. And the company is continually apprised of developments in the market by the Marketing staff. »It is essential for our development work that we have our ear to the market every day. Only then can we understand what our customers need,« observes Seibold.

To simply research away would be inconceivable at HAUFF, just as spending a specific annual quota on development work would be. It is the market that determines where one needs to actively innovate. Naturally, there are projects that merit work apart from any immediate need. But even then the goal is to achieve a direct hit with the result, one that customers will someday use.

A PRIZE FOR INNOVATION PROVIDES MORE THAN SELF-CONFIRMATION

For the last four years HAUFF has competed for the »Top 100« innovation prize for the most innovative small businesses in Germany. The company qualified each time; twice it even ended up on the winner's rostrum. What is particularly noticeable from the outside is that, apart from its innovation marketing, it maintains a hospitable climate for innovation. As regards marketing Seibold says, »We develop what we call »hidden products«. In the case of wind

3.0

%

of the gross domestic product was spent on R&D in Germany in 2012 – meaning Germany is also in the leading group globally.

34

thousand

companies are continually involved in research and development in Germany. They form the basis for an excellent climate of innovation. It also manifests itself in a comparably high percentage of R&D-intensive goods exported.

INNOVATION ACTIVITY IN EUROPE (in %)

SE	0.75
DK	0.72
DE	0.70
FI	0.69
LU	0.64
NL	0.62
BE	0.62

Germany is among the innovation leaders when compared with other countries in Europe
Source: Innovation Union Scoreboard 2014 (European Commission)

generators, for example, reliable cable ducts are essential. At worst, the entire generator would have to be shut down because of a leaky duct. Through our Marketing department we tell our customers exactly that.« The positive climate for innovation can be backed up with figures, too. On average, each employee comes up with 15 ideas per year, roughly 80 % of which are realized.

Participation in the competition is quite expensive. But it has helped HAUFF. »We have gained considerably in public prominence, which makes it easier for us to recruit employees and junior staff. We are competing here with reputable companies such as Zeiss or Voith. With our enhanced image as a source of innovation, ambitious skilled workers now see us as a real alternative.« In addition, the structures and workflows in the company have been streamlined in recent years: »Given the fact that we are submitting our top quality to critical scrutiny, we have also become a bit more process-oriented. Our employees are going along with this because they know where the journey is going.«

THE FUTURE AWAITS

Managing director Michael Seibold is looking forward to the coming years with positive expectations. One example of an exciting topic that HAUFF is contemplating at the moment is the »energy internet«. Energy distribution networks must be equipped with additional intelligence. This will require numerous new ducts for high-speed fiber optic networks. These are being installed in the meantime not only by well-known telecom providers but also by municipal operators of electricity, gas, and water networks to make our infrastructures fit for the energy transition. ■

R&D EXPENDITURE IN GERMAN INDUSTRIAL SECTOR (in EUR billions)



The demand for custom seals increases with product diversity. HAUFF will continue to be among the suppliers at the very front. <



MULTIPLYING EXPERTISE

Why use what works only once? INDUS brings current market and management knowledge to its companies and, through professional information tools, embodies it in the business structures and everyday processes.

In matters of finance, two items in particular were the focus of attention for INDUS in the previous year: the connection of the portfolio companies to a new »Integrated Management Information System« (MIS) and the introduction of a uniform working capital management system. Both measures are drawing the various portfolio companies and the holding company even closer together. But cooperation between Bergisch Gladbach and the 40 locations has otherwise been close in any case.

FOR THE BENEFIT OF THE PORTFOLIO COMPANIES

One of the companies that in 2013 were linked up with the holding company in this novel manner via the new MIS is ELTHERM in Burbach. Alexander Neff is one of the three managing directors of this specialist in electrical trace heating systems and, after the acquisition in June 2013, still a brand new member of the INDUS Group. Neff was skeptical of the measure at first. A few months before the company's incorporation into the INDUS Group, he had already begun to expand the data processing structures at ELTHERM to prepare the company for further growth. He feared that his investment would have been for naught. In retro-

spect his misgivings turned out to be baseless. »The connection to the new system is helping us in many ways today. Its greatest strength is that it is focused and simple,« Alexander Neff is pleased to report.

In fact, the new MIS concentrates on the essential amounts, balances, and key performance figures. As a result, a technical connection is quickly established, both inbound and with the holding company. And maintenance is simple as well. In its day-to-day operations, ELTHERM will continue to work through its own system, which the company has just recently fine-tuned to its processes and customers – one example being the connection with its partners in China, where there is a whole series of peculiarities to consider.

»I realize today that the MIS is becoming more valuable to us with every entry,« observes Neff after his first months of using the system. »Apart from the required fields, the MIS gives me considerable leeway that I can use according to my personal preferences. I find myself managing my company through this platform more and more. If I like, I can, for example, mirror the ELTHERM group's entire liquidity planning process in the INDUS system. >

»The management information system with which we are linked to INDUS is a great help as a supplement in internal controlling too.« <

Anne Wörster (left) and Alexander Neff (right), CEOs of the ELTHERM investment, are extremely satisfied with the switch of system.





› »Standardized entry screens enable us to connect to forty individual worlds from the Holding.«

Regina Wolter, responsible at INDUS for Investor Relations and Communication. Simple and concentrated on what is important – this is how the information flows between Bergisch Gladbach and the different locations are organized.



✓
At HAUFF, around 400 kilometers from ELTHERM, Head of Sales Andrea Paul-Prössler, Bianca Weihmayr and Tanja Aigle use the MIS from INDUS for their business needs.



> Neff finds the coordination with the holding company in Bergisch Gladbach to be very constructive. The intra-period data streams flow smoothly and are accompanied now and then by short informal telephone calls and consultations. Neff also likes that fact that he can continue working at the audit end with what he is familiar with.

INDUS is satisfied with the quality of the existing auditor and has refrained from imposing any requirements in that regard. »Thus we are able at this point to continue resorting to the familiar routines. I see this as another sign that INDUS is allowing us as a portfolio company as much leeway as possible.«

ONE CAN, BUT ONE DOESN'T HAVE TO

Neff noticed as early as the important incorporation phase that INDUS was not forcing any synergies. The philosophy of the management is, rather, to point out possibilities. The decision whether to implement them is for the company to make. »One can, but one doesn't have to,« is how the managing director sums it up. And in the event that something should ever stop working for the portfolio company, INDUS would be at its side with its concentration of capabilities.

The cooperation between portfolio company and holding company is basically a mixture consisting of a regular flow of information and active exchange, independent of any fixed calendar. The main feedback channel is personal conversation, by telephone or face-to-face. The dialogs may include discussion of technical issues or work on joint tasks. At ELTHERM, for example, a new hardware system was about to be introduced. This was another case in which INDUS was able to pass on knowledge or provide support in the form of personal advice. But the holding company provides support on other issues as well, including workshops in areas such as risk management or compliance and strategic exchange at management conventions.

LIQUIDITY BEFORE PROFITABILITY BEFORE SALES

»Know-how transfers« and »regularly imparting current management and business knowledge to the Group« are extremely important to the management of INDUS. Topics such as active working capital management that are aspects of the basic craft of business management are not omitted either. For the management of INDUS they are, nevertheless, a constant element of regular exchange. Experience shows that, when they are permanently built into the routines, one quickly loses sight of these fields in the complexities of day-to-day business.

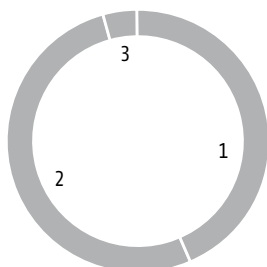
With more professional management of its net current assets (working capital movement), a company can often give itself more room for maneuver in a simple way. Alexander Neff also knows this. But for him financial engineering is not a real issue. In managing his company, he sticks to the simple rule of »liquidity before profitability before sales«, and with that he is on the mark. In response to the question whether the holding company intervenes in financial planning in any way, he answers, »No, not at all. Why would it? I know my business and my responsibilities well, and I know where I have to pay attention to what.«

> Working capital management increases in a straightforward manner the degree of freedom in corporate dealings.

KNOWING THAT YOU CAN IS STRONG MOTIVATION TO DO

Good liquidity management gives one more room for maneuver. So does a strong partner. INDUS assists its portfolio companies also when they plan major economic projects such as corporate expansion or an acquisition. In the event that something of that sort is pending, they can be certain of INDUS's support. And entrepreneur Neff's knowledge of that allows him to look towards the future in a completely different way. He sees possibilities, not hurdles. »With INDUS we get an advance investment of faith that we wouldn't come close to receiving from a bank.« INDUS helps with the drawing

MEANING OF WORKING CAPITAL MANAGEMENT (in %)



1	> Very important	43,5
2	> Important	52,2
3	> Less important	4,3

Source: KPMG-Study: Working Capital Management

OBJECTIVES OF WORKING CAPITAL MANAGEMENT (in %)

Liquidity	82.6
Balance sheet structure	69.6
Financing	47.8
Earnings position	26.1
WC intensity	17.4

Source: KPMG-Study: Working Capital Management



»Since we have been talking one language, even technically, with our associated companies, the coordination processes have simplified markedly.«

For Gabi Schlösser and Marion Paulus at INDUS Holding, the clear-cut processes mean less administration and more time for assuming an overseeing role.

up of contracts, negotiates favorable insurance terms, and, if need be, provides assistance with the direct involvement of management.

The broad spectrum of support to which a portfolio company of the INDUS Group is able to resort as a result of its integration into the holding company never ceases to amaze Alexander Neff. »By the summer of 2014 we will have been a part of the INDUS Group for one year. And sometimes I think, this is a little bit like it is at a luxury event. We are driving Porsches without having to pay for the privilege.«

COMBINED MANAGEMENT REPORT

9.6

% EBIT MARGIN 2013

→ 0 % YEAR-ON-YEAR

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Introduction to the Group

INDUS is a financial investor which holds a portfolio of 40 German SME firms from key industries. The Group management aims to continuously enhance the portfolio through both organic growth and acquisitions over the next several years.

BUSINESS MODELL

Positioning: 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 become established as an investor specializing in manufacturing SMEs in German-speaking Europe, having acquired several dozen mid-sized producers in the course of the organization's steady growth. Today 40 companies are held in the portfolio. The company has been publicly traded since 1995. The shares⁵ trade in the SDAX stock market segment. Portfolio companies are organized into five business segments: Construction/Infrastructure, Automotive Technology, Engineering, Medical Engineering/Life Science, and Metals Technology. In 2013, these were the reportable segments as per IFRS, with no change since the previous year. The company's Board of Management consists of three members. Excluding Board members, the holding company (AG-firm) had 20 employees at the reporting date. The Supervisory Board consists of six members, having a Personnel and an Audit Committee.

⁵ > See explanation on page 14 ff.

Legal Organizational Structure: Holding Company Holds Majority Stakes in SMEs

The holding company's head office is in Bergisch Gladbach; the subsidiaries are domiciled in Germany and Switzerland. Management is clearly defined, performed by the Group companies rather than holding. The individual Group companies have responsibility for operational results. This includes the core 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 objectives and milestones for operational results are discussed by the responsible managers and experts at the holding company in the annual planning process and determined jointly with the Board of Management. For details regarding the organization of management and control by the AG holding company, see the Corporate Governance Declaration⁶.

⁶ > Explanation on page 51 and at www.indus.de/investoren_und_presse-corporate_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 shareholdings⁷ in the Notes for an overview of the companies that belong to the Group.

⁷ > Shareholdings see page 178

Business Fields and Competitive Position: Diversified Activities

INDUS holds stakes in financially healthy manufacturing companies with good long-term growth prospects. The companies are active in a variety of business segments and markets. The high degree of portfolio diversification is a key element of the INDUS strategy, intended to minimize risk. Please see the Report on the Economic Situation section⁸ and the Segment Report section⁹ for all significant information about the companies and the divisions to which they belong, as well as information on developments in the respective industries. The domestic market still plays a key role for many portfolio companies despite regional diversification, but international markets have become increasingly important over the past few years. The Group generates roughly 49 % of sales outside Germany. Many portfolio companies have established sites outside Europe as part of internationalization efforts, including major manufacturing sites in Brazil, South Africa, China, North America and Mexico.

⁸ > Report on the Economic Situation section see page 58 ff.

⁹ > Segment Report section see page 66 ff.

Acquisitions: New Companies added to the Portfolio

In 2013, INDUS acquired six new companies directly through its shareholdings, representing a total investment of EUR 50 million. INDUS focused primarily on its stated target industries for portfolio-level acquisitions. An acquisition was made in the targeted logistics market in late March 2013: BUDDE Fördertechnik. BUDDE specializes in conveyor systems, including particularly package handling systems. This business is a growth market due to the rise of online retailing. In mid-year ELTHERM was acquired, an energy technology company. ELTHERM is an example of a world leader in its niche market. Only eight other firms worldwide have a similar product range. The company manufactures so-called heat tracing systems which ensure constant temperatures in manufacturing processes for the food and chemicals industries, for instance. The company has an international presence, and for three years now has operated a subsidiary in Singapore. ELTHERM is an example of a world leader in its niche market.

> Growth by acquisition:
Six new companies
added

The remaining acquisitions were strategic additions for INDUS subsidiaries: In June 2013, the Dutch company HEAVAC was bought – the market leader for bus air conditioning and ventilation technology in the Benelux countries – as a complement to portfolio holding AURORA. The company does good business in the UK and Russia as well, markets in which AURORA formerly had little-to-no presence. In July HORN/TECALEMIT acquired Lubrication Solution Inc. (LSI) based in Houston, Texas, an American firm specializing in handling and measurement systems for diesel, and AdBlue (DEF). This strengthens TECALEMIT's presence in the North American market, entering the growing market with environmentally friendly technologies. The acquisition of the operating business of LSI by HORN's American subsidiary, TECALEMIT Inc., USA, was completed as part of an asset deal. The third strategic complement bought in August 2013 by BUDDE was Provis GmbH, an expert in control technology. PROVIS complements BUDDE Fördertechnik, whose control technology expertise flows into the BUDDE value chain. Then in September the portfolio holding SCHÄFER, a specialist in automotive prototypes, acquired the Munich-based mold maker DMS, which specializes in 3D model concepts and design. SCHÄFER thus can now provide customers everything from design to the finished component ready for the assembly line from a single source.

Legal and Economic Factors: Diversification Spreads Risk

Our business success depends on a variety of different factors due to the diversified activities of INDUS portfolio companies. 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 are also an extremely important factor, these costs amounting to nearly 50 % of sales. Moreover, salary and wage adjustments to keep in line with general market developments in the relevant industries and regions affect costs.

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

On Tuesday, December 31, 2013, the capital stock of INDUS Holding AG came to EUR 63,571,323.62. This is comprised of 24,450,509 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 %

As per the most recent voting rights notification received in November 2011, the insurer Versicherungskammer Bayern Versicherungsanstalt des öffentlichen Rechts holds 17.36 % of INDUS Holding AG voting rights. According to our information, after purchasing shares in the capital increase conducted in December 2013, the Versicherungskammer held 19.4 % of INDUS shares as at the balance sheet date.

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 one Board of Management member as chairman or spokesman, and another member as vice-chairman.

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 incorporation¹⁰, 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.

¹⁰ > For the articles of incorporation, see 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 5,779,215.80 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. The Board of Management is authorized to determine the further specifics of raising capital and exclude shareholder subscription rights, subject to Supervisory Board approval.

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 7.5 % of the current number of no-par-value shares and therefore to 7.5 % 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).

In addition, share capital is increased on a contingent basis (Contingent Capital 2013) by up to EUR 11,700,000.04 through the issuance of up to 4,500,000 bearer shares – or registered shares as permitted by the company articles of incorporation at the time of bond issuance – registered shares. 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 Monday, June 24, 2013 until Saturday, June 23, 2018, and the holders of option or conversion rights exercise their conversion rights, and/or those with option or conversion obligations fulfill these obligations.

See the Company articles of incorporation permanently posted on the INDUS Holding AG¹¹ website for details regarding these authorizations.

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

OBJECTIVES AND STRATEGY

Objective: Expansion of Profitable Portfolio and Shareholder Profit Participation

> INDUS = publicly
traded SMEs

INDUS is a publicly traded German investment company positioned in the SME market. The Group's objective is to keep EBIT margin in the "10 % plus" range. This level of profitability allows regular dividend distributions to be made to shareholders. INDUS passes on its companies' profits to investors by paying regular dividends to shareholders (target = up to 50 % of holding company accumulated profit). The company thus offers a broad range of investors access to companies stable in value in the SME asset class.

The portfolio is to be expanded through further acquisitions of profitable mid-sized industrial enterprises and optimizing the business growth of these companies. INDUS thus is always on the lookout for potential acquisition candidates. Candidates of potential interest for the portfolio are companies which are leaders in growing industrial niche markets. INDUS is primarily known among German SMEs as a contact partner for succession planning. And this remains the company's focus. Corporate spin-offs can also represent interesting investment opportunities for INDUS, but only if the units in question can be viably independent in the SME market.

Successful manufacturing companies are sought which have a stable business model and fast-growth products. INDUS therefore does not acquire start-ups or invest in restructuring turnaround cases. The same applies for "mature" businesses which have already passed their prime.

Exit strategies play no role in acquisition decision-making, as the principle of "buy, hold and develop" is central to our corporate strategy and philosophy. INDUS business objectives also include maintaining stable portfolio performance and continuous enhancement through promising investments. Thus in justified individual cases companies may be sold later on because this is necessary and makes sense if, for example, 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

Companies generating annual sales of between EUR 20 and EUR 100 million with an EBIT margin of "10 % plus" are a perfect fit for the INDUS portfolio. Before buying a company, INDUS carefully analyzes the specific industry situation. 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. As an acquisition policy, INDUS generally buys majority stakes. We believe in keeping the senior management of our target companies on board post-acquisition. This ensures continuity. Selective endorsement of these ties can be provided through appropriate equity incentives for managing directors.

Strategy: Controlled portfolio growth as part of COMPASS 2020

As part of the strategic COMPASS 2020 program proposed by the Board of Management in 2012, INDUS is focusing more on strategic portfolio growth. The aim is to enhance the business growth of existing holdings, thereby boosting Group performance, while at the same time making targeted

acquisitions. COMPASS 2020 defines three priority fields of action: repositioning low-performing companies, enhancing business growth for existing holdings and generating additional growth through acquisitions.

In 2013, repositioning efforts focused on the Automotive Technology segment. The strategic realignment, improved cost management and intensified sales efforts this involved boosted earnings significantly. For additional information, see the segment report on Automotive Technology¹².

¹² > See explanation in the Segment report on page 68 ff.

The Board of Management has launched a package of measures aimed at enhancing portfolio growth. The Board of Management believes that even the specialized SMEs comprising the INDUS Group portfolio can accelerate their growth, especially through internationalization. INDUS portfolio holdings are thus looking specifically to enter markets in countries with prospects for steady growth and establish a presence there with assistance from the holding company. INDUS is currently active in North, South and Central America, Asia, South Africa and Eastern Europe. Over the next several years, INDUS will be promoting internationalization primarily in the Americas and Asia.

INDUS is also looking increasingly at strategic acquisition opportunities to strengthen the market position of individual subsidiaries. In 2013, such complementing businesses were acquired for the subsidiaries AURORA, BUDDE, HORN and KIEBACK-SCHÄFER, enhancing their value chains or opening up new markets. Two of these companies have their headquarters outside Germany (Netherlands and USA). INDUS additionally intends to intensify the Group's research and development activities and systematically promote innovation across the Group. For this purpose the Board of Management has set up an Innovation ressort.

The third goal in COMPASS 2020 is growth through portfolio acquisitions. INDUS intends to retain a representative cross-section of German manufacturing in 2020 as well. Accordingly, the Board of Management has identified manufacturing growth markets where acquisition activity is to be concentrated. These are the business segments Infrastructure/Logistics, Medical Engineering/Life Sciences and Energy and Environmental Technology. In 2013, the acquisitions of BUDDE and ELTHERM strengthened the Group's exposure to the logistics and energy technology industries.

> INDUS represents cross-section of German manufacturing

MANAGEMENT SYSTEM

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. In addition, the Board of Management and individual directors hold budget and planning discussions throughout the year. In these meetings, short and medium-term scenarios are projected based on individual strategies and profitability targets are agreed. The business objectives of INDUS Holding AG are thus primarily a function of annual targets set by the individual subsidiaries.

INDUS monitors the performance of each company versus projections based on monthly figures. Additional key performance indicators such as incoming orders and order backlog are reviewed as well, together with order range and quality. The controlling system is utilized to determine if these scenarios and targets are being followed and met, allowing deviations to be identified early on and a discussion of corresponding measures with the local managers if 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.

RESEARCH & DEVELOPMENT

INDUS performs Innovation and Technology Management, Subsidiaries Pursue R&D Initiatives Independently

As a financial investor, INDUS does not conduct its own research and development. These activities are conducted by the individual Group companies themselves. 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 role of INDUS is to promote research and development by the subsidiaries, supporting its execution, which is why in 2013 INDUS began establishing innovation and technology management within the corporation in a move to enhance innovation in a sustained manner. The first steps introduced by the parent company were to increase transparency regarding the technologies employed within the Group and facilitating targeted networking among research and development staff.

> Stronger embedding
of R&D activities within
corporate planning

The R&D activities independently controlled by the individual portfolio companies are geared towards the further development of existing products, making innovative products market-ready and successfully marketing them. Product development is conducted based on systematic analysis of the needs and requirements of customers in the various market niches. While there is great project diversity as a result, overarching themes emerge which concern individual segments and in part multiple segments. These include in particular development projects in the areas of lightweight design, energy and resource efficiency, electric mobility and innovative materials.

Optimization of production processes is another INDUS Group R&D objective: All processes in place undergo continuous optimization. New technologies and materials are examined for their improvement potential within the process chain. Rationalization and flexible automation solutions play a key role. Research and development activities for both products and processes are geared to adding value for customers while factoring in environmental considerations.

For 2013, the INDUS Group reported R&D capital expenditure of EUR 9.2 million in the consolidated financial statements (previous year: EUR 8.8 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. INDUS is thus currently developing an R&D performance indicator system. This indicator system is intended to heighten transparency and focus R&D investing more intensively on profitable innovation opportunities.

More and more portfolio companies are positioning themselves as system providers and development partners. In addition to greater vertical integration, this also involves enhanced research and development expertise. Successful development partnerships are in place with both customers and suppliers. Cooperation with research institutes and universities is also being expanded in connection with Group development activities. Some Group companies are already collaborating closely with prominent organizations. Forms of cooperation range from traditional customer-supplier relationships to contract research and participation by individual companies in publicly funded research projects.

DECLARATION ON CORPORATE GOVERNANCE

The Board of Management and Supervisory Board are committed to conforming with German Corporate Governance Code, Allowing Two Justified Exceptions

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 success. The Board of Management and Supervisory Board have thus for years followed German Corporate Governance Code recommendations. In December 2013 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.

Declaration of Conformity with German Corporate Governance Code

The Board of Management and Supervisory Board declare that INDUS Holding AG has been in compliance with German Corporate Governance Code (the "Code"), published by the Federal Ministry of Justice, as amended on May 13, 2013, since the last issuance in December 2013 of the Declaration of Conformity¹³. The Board of Management and Supervisory Board furthermore intend to comply with the recommendations going forward. The following exceptions apply:

¹³ > www.indus.de/investoren_und_presse-corporate_governance.html

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.

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 report¹⁴. 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 followed that no more than two former Board of Management members should be allowed on the Supervisory Board, 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 consists 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

¹⁴ > See page 10

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.

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 of INDUS Holding AG and the INDUS Group. The Board of Management was comprised of three members in 2013. The Board's members are Jürgen Abromeit (CEO), Dr. Johannes Schmidt and Rudolf Weichert. 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, Supervisory Board and Board committees is described in the section 'Governance Bodies'¹⁵. 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.

¹⁵ > For bodies, see page 8

Avoiding Conflicts of interest

In 2013, a consulting agreement was concluded between Supervisory Board member Hans Joachim Selzer and the portfolio company SELZER. This agreement expired on December 31, 2013. 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.

16 > See also chapter Further Information, page 180 f.

See separate financial statements¹⁶ of INDUS Holding AG regarding additional offices held by Board of Management or Supervisory Board members on legally mandatory supervisory boards or comparable domestic or foreign oversight bodies. See the Notes for related party disclosures.

D&O Insurance Deductible

The Company has taken out directors and officers (D&O) insurance for members of the Board of Management and Supervisory Board with an appropriate deductible in accordance with Section 93 (2) sentence 3 of the German Stock Corporation Act (AktG) regarding Board of Management members and in accordance with German Corporate Governance Code regarding Supervisory Board members.

Compensation 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 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 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 2013 85,523 SARs were granted (previous year: 142,605). At the grant date, the total fair value of the SARs was EUR 280,000 (previous year: EUR 433,000), and at the reporting date the calculated pro rata fair value of SARs granted to date was EUR 1,596,000 (previous year: EUR 855,000). A provision for this amount was formed in the annual financial statements. Personnel expenses include the EUR 804,000 change in fair value before discounting (previous year: EUR 574,000). Fair values were determined using a recognized actuarial option price model, taking account of the cap on payout claims.

Board of Management members received the following compensation:

in EUR '000	Basic salary		Variable compensation		Virtual stock options		Severance		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
BoM members as of Dec. 31, 2013										
Jürgen Abromeit	521	414	302	252	207	59	0	0	1,030	725
Dr. Johannes Schmidt	385	327	182	182	163	52	0	0	730	561
Rudolf Weichert	331	220	165	121	51	10	0	0	547	351
Former BoM members										
Helmut Ruwisch	0	291	0	429	0	193	0	242	0	1.155
Dr. Wolfgang Höper	0	180	0	182	0	265	0	134	0	761
Total	1,237	1,432	649	1,166	421	579	0	376	2,307	3,553

EUR 3,000 was converted into pension entitlements (previous year: EUR 53,000). There neither are nor have been any other payment or pension commitments of any kind; the basic salary includes taxable non-cash benefits (primarily company cars). 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.

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 Personnel 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.

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 315,000 (previous year: EUR 348,000). For consulting services personally rendered to Group companies Supervisory Board members received EUR 43,000 during the year (previous year: EUR 55,000).

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

in EUR '000	Basic compensation		Attendance fee		Total	
	2013	2012	2013	2012	2013	2012
Burkhard Rosenfeld	60	60	24	30	84	90
Dr. Jürgen Allerkamp	45	45	18	27	63	72
Dr. Ralf Bartsch	30	30	12	18	42	48
Dr. Uwe Jens Petersen (until July 3, 2012)	0	15	0	9	0	24
Dr. Egon Schlütter (until July 3, 2012)	0	15	0	9	0	24
Hans Joachim Selzer (as from July 4, 2012)	30	15	12	9	42	24
Helmut Späth (as from July 4, 2012)	30	15	12	6	42	21
Carl Martin Welcker	30	30	12	15	42	45
Total	225	225	90	123	315	348

Disclosable Securities Transactions and Shareholdings of Board of Management and Supervisory Board Members

In 2013, members of the Board of Management and Supervisory Board and their reportable relatives disclosed reportable purchases of 2,000 INDUS shares. This transaction was made by Board of Management Chairman Jürgen Abromeit. The share price was EUR 27.87 for a transaction volume of approximately EUR 56,000. All disclosed securities transactions are reported on the company website¹⁷.

¹⁷ > See (www.indus.de/investoren_und_presse-directors_dealing.html)

The total shareholdings of all Board of Management and Supervisory Board members exceeded the 1 % threshold of shares issued as of December 31, 2013 at 1.6 %. Of this total, Supervisory Board member Hans Joachim Selzer holds 385,033 shares (1.57 %), Supervisory Board member Dr. Jürgen Allerkamp holds 4,000 shares and Board of Management Chairman Jürgen Abromeit holds 2,000 shares.

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 two ad-hoc disclosures pursuant to Section 15 of the German Securities Trading Act (WpHG). These concerned the acquisition of the BUDDE Group in January and announcement of a capital increase in December. 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. Shareholders are also able to vote by absentee ballot without appointing a proxy. In the year under review the Annual Shareholders' Meeting, held in Cologne on Monday, June 24, 2013, 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 Ebner Stolz GmbH & Co. KG, Cologne. 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.

Report on the Economic Situation

2013 was another stable year for the German economy overall, although the weak first quarter had initially implied a period of recession. German industry and above all the export-oriented automotive industry as well as the domestic construction industry once again provided impulses for a German boom.

BOARD OF MANAGEMENT'S OVERALL ASSESSMENT OF GENERAL CONDITIONS IN 2013

The desired recovery of the global growth momentum did not materialize in 2013. In the US, the good performance was slowed down by the federal spending freeze, while the economy in Europe was dampened by the euro crisis. In addition to Spain, Greece and Portugal, France and Italy also increasingly came under pressure. Growth momentum was driven, as in previous years, above all by the emerging markets and China. The first quarter was weak in Germany. In the course of the year, however, recovering demand primed moderate growth after all. Sectors like the engineering industry and the metal and electronics industry were still weighed down by a noticeable reluctance to invest.

OVERALL BUSINESS CONDITIONS

Global Economy Posts Weak Growth in 2013, Europe is on its Way to the Turnaround, Germany was Stable Overall

The global economy stabilized in the course of 2013, not least due to the implementation of the so-called Outright Monetary Transactions Program (OMT Program) by the European Central Bank (ECB) in October 2012. The industrialized countries saw a slight increase in production output. The current economic recovery is not yet sustainable, though, because many industrialized countries still post high budget deficits and are supporting their economies with an expansive monetary policy. In the emerging markets, by contrast, economic growth has continued to slow as some of these countries have country-specific problems that impair the rate of growth in production potential. The growth rate of global gross domestic product (GDP) is projected to total about 2.9 % in 2013¹⁸.

According to the EU Commission, the Eurozone economy is turning round, but the upturn will take time. Although budget consolidation and structural reforms have paved the way for economic recovery, unemployment is at an all-time high. In spring 2013, the Eurozone economy posted moderate growth again for the first time in one and a half years. The EU Commission nevertheless assumes that the economy in the 18 countries will contract by 0.4 % on balance in 2013¹⁹ as a whole. According to recent forecasts for Germany, GDP is said to have increased by 0.5 % in 2013²⁰. Hence, Germany did not fall into a recession despite the weak start in 2013, yet the hoped-for upturn failed to materialize. However, the domestic economy was supported by the favorable consumer climate and a high employment rate.

18 > Global economy in winter 2013, Kiel Institute for the World Economy

19 > 2014 prospects, Postbank, Bonn; German economy in winter 2013, Kiel Institute for the World Economy; media reports tagesschau.de

20 > German economy in winter 2013, Kiel Institute for the World Economy I

SECTOR-RELATED BUSINESS CONDITIONS

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

> Business development stable across all segments

CONSTRUCTION / INFRASTRUCTURE

German Construction Industry Performs Strongly

The construction industry continued to be a strong pillar of Germany's economic performance in 2013. Although the long and strong winter at the beginning of the year weighed heavily on the first quarter, the companies were able to increasingly make up lost ground in the following months. According to its latest estimates, the German Construction Industry Federation assumes that the industry generated about 2 % sales growth in the full year²¹. This good performance was driven by all three segments (residential, commercial and public construction), and first and foremost by demand for residential housing and the trend towards modernization and revitalizing energy systems.

²¹ > Press release by the German Construction Industry Federation of December 22, 2013

AUTOMOTIVE TECHNOLOGY

Automotive Industry Benefits from Strong Demand from China and the USA

In global terms, the prospects for the automotive industry in 2013 were good. The global market for passenger cars was projected to grow 2 % to 70.2 million units in 2013 with momentum coming from the two major regions of China and the US where unit sales increased by 23 % and 8 % respectively. The west European market remained difficult overall, but recovered in 2013, closing only 2 % down, with the passenger car segment reaching a volume of nearly 11.6 million new cars for 2013 as a whole. This is only about 2 % below the level in 2012²². In Germany, in contrast, new registrations actually grew (+5 %).

²² > Press release by the German Association of the Automotive Industry (VDA) of January 16, 2014

ENGINEERING

Exports still Going Strong in the Industry, but Euro Crisis Continues to Dampen Business

Nearly 40 % of German machinery exports heads for EU member states, which is why the current Eurozone recession impacted on the machine construction and engineering industry. In 2013, the sector declined 2 %, with the single most important export market (China) slowing in autumn 2013. The second-largest market for exports of German machinery, the USA, also tended slightly downward, at minus 0.8 % in September 2013, while the Russian market (ranking fourth behind France) in third-quarter 2013 underperforming on the year by about 8 %. Some of the high-volume markets such as South Korea, Saudi Arabia, Mexico, South Africa and Japan, which each account for between 1 and 2 % of German machine exports respectively, posted strong increases²³.

²³ > Press release by the German engineering association VDMA of November 26, 2013

MEDICAL ENGINEERING / LIFE SCIENCES**Cuts in Reimbursement of Medical Outlays Increasing,
but Offset by Trend Towards Private Health Care**

Medical engineering sales grew slightly less quickly in 2013. Sector experts anticipate that average growth was only about 2.6 % on average (autumn survey by the German Medical Engineering Association BVmed)²⁴. This was due mainly to sector-related factors such as increased competitive pressures and increasing calls by health insurance companies for streamlining in the health care sector. Consumer sentiment remained very sound in Germany in 2013, particularly thanks to the ongoing gratifying state of the labor market and favorable macroeconomic trends.

²⁴ > BVmed autumn survey of
November 14, 2013

METALS TECHNOLOGY**Reluctance to Invest Still Noticeable in 2013**

Following a weak 2012/2013 winter, the metal and electronics industry bounced back in first-half 2013; production and order receipts also showed slight increases in the third quarter. Overall sentiment and expectations were clearly upbeat at year-end. In addition, there were increasingly positive signs that the Eurozone was gradually recovering from the recession. The industry posted marginal growth of 0.3 %. Domestic capital expenditure is critically important for the future fate of the metal and electronics industry. Here, there are again positive signs: After six consecutive quarters in which capital expenditure declined, investments in new equipment rose for the first time in second-quarter 2013, namely by 0.9 %²⁵.

²⁵ > Press release by the
federation of German
employers' associations
Gesamtmetall of
February 4 and 7, 2014

Performance and Business Situation

The 2013 fiscal year was better than anticipated. INDUS recorded sales of nearly EUR 1.2 billion and EBIT of EUR 114 million, outperforming its budgeted growth targets for sales and operating income. INDUS managed to maintain the previous year's operating margin level of 9.6 % despite some negative earnings effects from the initial consolidation of new portfolio companies and the Engineering segment seeing earnings dip more than expected. The Group either met its guidance or even outperformed it as regards all the other key financial figures published for the segments, capital expenditure, depreciation and amortization and other key balance sheet parameters.

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

COMPARISON ESTIMATES RESULTS

2013 results	2013 forecast
INDUS sales growth +8 % (3.3 % of which organic growth)	Stronger sales growth INDUS vs. GDP growth Germany (GDP forecast +0.4- +0.7 %).
Sales EUR 1,195.2 million	Sales > EUR 1.1 billion (revised upward in course of the year to EUR 1.1 to 1.2 billion)
EBIT EUR 114.2 million	Operating result (EBIT) > EUR 100 million (revised in course of the year to EUR 108 to 110 million)
Segment earnings Construction/Infrastructure: Sales EUR 224.2 million, margin 13.6 %	Segment earnings Construction/Infrastructure: Sales slightly below 2012 (=EUR 229.2 million), margin 11 to 13 %
Segment earnings Automotive Technology: Sales EUR 349.5 million, margin 7.7 %	Segment earnings Automotive Technology: Sales > 2012 (=EUR 323.7 million), EBIT margin 6 % plus
Segment earnings Engineering: Sales EUR 206.2 million (adjusted for acquisitions EUR 159.3 million), margin 9.6 %	Segment earnings Engineering: Sales > EUR 156.5 million, margin 10 %
Segment earnings Medical Engineering/Life Science: Sales EUR 95.8 million, margin 16.9 %	Segment earnings Medical Engineering/Life Science: Sales > EUR 88.0 million, margin 15 %
Segment earnings Metals Technology: Sales EUR 319.3 million, margin 8.6 %	Segment earnings Metals Technology: Sales > EUR 307.5 million, margin 9 to 10 %
2 company acquisitions and 4 acquisitions as strategic complements to existing portfolio companies	Acquisition of 1 to 2 companies
Depreciation and amortization slightly above the previous year's level: EUR -42.8 million	Scheduled depreciation slightly above the previous year's level (EUR -42.0 million)
Capital expenditure in property, plant and equipment/intangible assets of EUR 52.1 million	Capital expenditure in property, plant and equipment/intangible assets of EUR 50 million
Equity ratio 43.6 % (without capital increase about 41 %)	Stable equity ratio compared with previous year (39 %)
Net debt/EBITDA ratio 2 years	Maintain net debt/EBITDA ratio between 2 and 2.5 years

The Board of Management of INDUS Holding AG is positive about the performance in the year under review. Although the economy performed slightly weaker than anticipated, INDUS managed to achieve or even outperform the targets set for 2013. Given upbeat economic expectations for 2013, INDUS published a slightly more optimistic guidance in spring 2013 than in the previous year.

However, contrary to expectations, the first quarter turned out relatively weak; the Construction segment in particular was hit by the strong frost period. The construction sector was able to recover at an above-average pace from March onwards, but the stronger economic recovery the market had hoped to see by mid-year failed to materialize.

About 60 % of the increase in INDUS Group sales by roughly EUR 90 million or EUR 53.7 million is attributable to acquisitions, while approximately 40 % or EUR 36.2 million stems from organic sales growth. The Group grew by 3.3 % in organic terms. Costs remained stable with regard to both personnel expenses and cost of materials. EBIT climbed EUR 8.2 million in absolute terms to EUR 114.2 million (previous year: EUR 106.0 million), while the EBIT margin held steady at 9.6 %.

The INDUS Group financial ratios improved appreciably once again in 2013. Net debt dropped to EUR 307.6 million, while equity increased in parallel by more than EUR 100 million to a record of EUR 515.3 million. The equity ratio was thus pushed to over 43 % (previous year: 39 %). Cash flow from operating activities (net inflow) also rose significantly in 2013, namely from EUR 45.9 million to EUR 97.5 million.

INDUS achieved its targets for 2013. The Board of Management primarily measures its success using financial ratios. At Group level, the company does not collect or use any non-financial performance indicators as management parameters. Portfolio companies' sales, earnings and cash flow are the main parameters for measuring the company's success. The operating performance indicators initially communicated to the market (particularly sales and EBIT) were confirmed in the course of the year both with the presentation of the respective quarterly figures and then raised in the second half. The company achieved its targets of generating sales of EUR 1.1-1.2 billion and raising EBIT to more than EUR 106 million (2012 EBIT).

In addition to the operating business of the existing portfolio companies, as announced the Board of Management also focused on implementing a strategy for stronger growth in 2013. In the scope of the COMPASS 2020 strategy, the company acquired six new portfolio companies in the course of the year. Four of these acquisitions strategically complement existing portfolio companies, whereas two acquisitions are companies in the logistics and energy technology sectors we are targeting. To secure the medium-term financial resources for the growth strategy, at the end of 2013 the company undertook a capital increase, which raised some EUR 60 million. The new shares were fully placed at a price of about EUR 27 although the INDUS share price had risen continuously since the middle of the year. INDUS sees this as a sign of confidence the capital market has in it and as bearing out the strategic objectives of the COMPASS 2020 initiative.

> Capital increase lays
the foundations
for further growth

Note on Accounting and Reported Financial Data

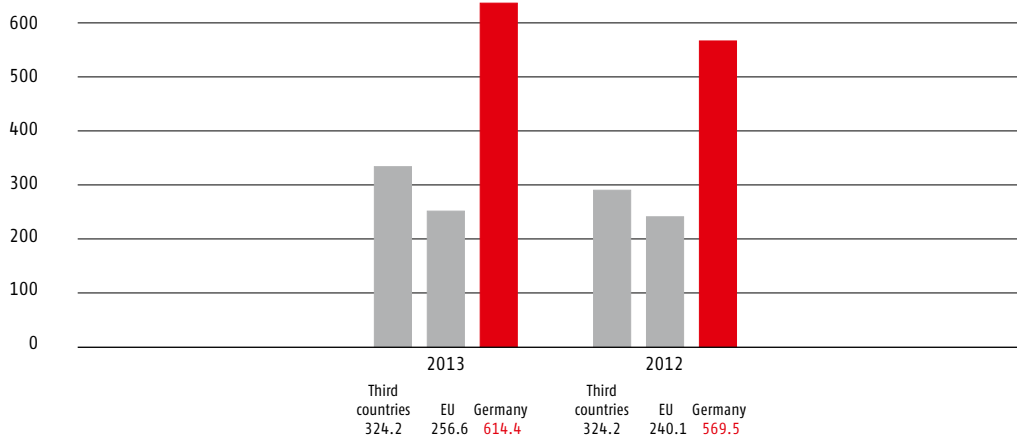
All business figures in this management report are fully comparable with figures from other periods. EBIT is the abbreviation for earnings before interest and income taxes. The graphics and tables in the management report show IFRS figures for the years 2011, 2012 and 2013. There have been no significant 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 128 fully consolidated subsidiaries, while four companies are measured using the equity method.

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 2013, allowing a full year-on-year comparison. For further information about the consolidation principles applied please consult the Notes to the Consolidated Financial Statements²⁶.

²⁶ > Notes to the Consolidated Financial Statements page 106 ff.

EARNINGS POSITION**SALES PERFORMANCE**

In line with the Board of Management's beginning-of-year guidance, business trended positively in 2013. After a sluggish start, business conditions improved noticeably in the course of the year. Sales in fourth-quarter 2013 reached EUR 308.1 million, compared with EUR 314.3 million in the third quarter. The better economic situation was reflected in particular in the considerable improvement in earnings from one quarter to the next: the EBIT margin was 9.0 % in Q1 2013, 9.4 % in Q2 2013, 10.3 % in Q3 2013 and closed Q4 at 9.4 %. The business performance by our subsidiaries was largely stable to pleasing. Exceptions were smaller companies in the Metals Technology and the Engineering segments which failed to achieve their budget targets. Steps have already been initiated to improve earnings.

2012 / 2013 SALES BY REGION (in EUR millions)

> Organic growth of the Group above average

Consolidated sales of INDUS Holding AG rose about EUR 90 million in 2013, or by around 8 % to EUR 1,195.2 million (previous year: EUR 1,105.3 million). International sales were up by approximately 8 % to EUR 580.9 million (previous year: EUR 535.8 million), while domestic sales grew at about the same speed by some 8 % to EUR 614.4 million (previous year: EUR 569.5 million). Excluding acquisition-related sales growth, domestic sales grew by 1.6 % and international sales by 5 %. This trend was stronger in the previous year (2012: international sales +6 %, domestic sales -3.9 %). The steady increase in sales outside Germany proves how stable the Group's international business is. The Group booked roughly 22 % of sales from customers in the EU and 27 % outside the EU. Despite the rather dampened overall momentum of the global economy, sales growth outside the EU was somewhat higher (+9 %) than inside it, a trend already seen in 2012. Foreign sales accounted for 48.6 % of total sales in the year under review (previous year: 48.5 %).

EARNINGS

STATEMENT OF INCOME (in EUR millions)

	2013	2012*	2011
Sales	1,195.2	1,105.3	1,097.1
Other operating income (without write-ups)	18.4	22.5	20.3
Own work capitalized	3.7	7.2	5.2
Changes in inventories	1.4	0.4	21.1
Overall performance	1,222.2	1,135.4	1,143.7
Cost of materials	-569.3	-523.6	-544.8
Personnel expenses	-326.2	-306.2	-292.1
Other operating expenses	-168.6	-154.3	-148.4
Income from shares accounted for using the equity method	0.1	0.2	0.1
Other financial results	0.3	0.3	1.5
EBITDA	155.1	151.8	160.0
Depreciation and amortization	-44.4	-45.8	-46.8
Write-ups	3.5	0	0
EBIT	114.2	106.0	113.2
Net interest	-20.2	-21.1	-22.9
EBT	94.1	84.9	90.3
Taxes	-30.1	-29.8	-33.6
Income from discontinued operations	0.0	-2.6	-1.1
EAT	64.0	52.5	55.6
of which attributable to non-controlling shareholders	0.1	0.2	-0.2
of which attributable to INDUS shareholders	63.9	52.3	55.4

* Previous year's figures were adjusted

Other operating income slipped slightly from EUR 22.5 million to EUR 21.9 million. In the previous year, among other things revenue of EUR 1.3 million from litigation had boosted the figure. This item consists mainly of income from the reversal of provisions and currency translation, reversals of impairments, revaluation of minority interests, insurance benefits received, and rental/lease income. Own work capitalized dropped to EUR 3.7 million (previous year: EUR 7.2 million). In 2012, this item included some larger projects (particularly testing stations).

The slight increase in change in inventories of EUR 1.4 million (previous year: EUR 0.4 million) relates to the moderate performance in 2013, there was no disproportionate increase in inventory assets. Aggregate operating performance rose on the previous year and reached EUR 1,222.2 million (previous year: EUR 1,135.4 million).

Cost of materials rose by around 9 % in absolute terms, which was in line with sales, and reached EUR 569.3 million (previous year: EUR 523.6 million). The cost of materials ratio (cost of materials as a ratio of total sales) was 47.6 % marginally up on the prior year (47.4 %); the same trend was discernible for the cost of materials as a ratio of aggregate operating performance, where the figure was 46.6 % (previous year: 46.1 %). Personnel expenses climbed 6.5 % in absolute terms to EUR 326.2 million (previous year: EUR 306.2 million), mainly as a consequence of the six new acquisitions. Given the disproportionately low rise in relation to sales growth, the personnel expenses ratio (personnel expenses as a ratio of total sales) dwindled to 27.3 % (previous year: 27.7 %). It was also on a par with the previous year in relation to aggregate operating performance at 26.7 %. In other words, personnel expenses remained stable in relative terms despite a payroll increase by 402 employees in absolute terms primarily as a result of acquisitions.

Other operating expenses were in line with sales growth and rose by EUR 14.3 million (corresponding to a 7.6 % increase). This item, totaling EUR 168.6 million (previous year: EUR 154.3 million), includes administrative, operating and selling expenses.

EBITDA (earnings before interest, tax, depreciation and amortization) came to EUR 155.1 million in 2013 (previous year: EUR 151.8 million).

At EUR 44.4 million, depreciation/amortization fell just short of the 2012 figure (previous year: EUR 45.8 million). This includes unscheduled write-downs of EUR 1.6 million (previous year: EUR 3.9 million), and depreciation and amortization in 2013 of EUR 42.8 million (previous year: EUR 42.0 million). Only in the Engineering segment were there unscheduled write-downs. The Automotive Technology segment saw write-ups of EUR 3.5 million.

EBIT (earnings before interest and taxes) reached EUR 114.2 million (previous year: EUR 106.0 million), which is the highest (absolute) figure in INDUS' history. The operating margin, which is calculated as a ratio of sales (EBIT/total sales), was 9.6 % (previous year: 9.6 %).

Net interest expense continued to decline to EUR 20.2 million (previous year: EUR 21.1 million). In 2013, INDUS further exploited the historically low interest rates level to take up new loans at more favorable conditions and, where possible, to terminate old loan contracts prematurely.

Earnings before taxes (EBT) came to EUR 94.1 million (previous year: EUR 84.9 million). At 32 %, the tax rate was slightly below INDUS's long-standing average (previous year: 35.1 %). Adjusted for taxes from other periods, the rate was 33.3 % (previous year: 33.8 %). The Group incurred a tax expense of EUR 30.1 million including taxes from other periods and deferred taxes (previous year: EUR 29.8 million). Further information on taxes and details of the company's actual tax expenses can be found under Item 18 of the Notes to the Consolidated Financial Statements.

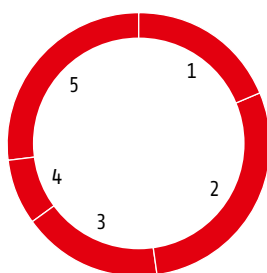
Consolidated net income after tax totaled EUR 64.0 million (previous year: EUR 52.5 million). Of this sum, EUR 63.9 million (previous year: EUR 52.3 million) is attributable to INDUS Holding AG's shareholders. Earnings per share climbed from EUR 2.47 to EUR 2.85, and thus rose appreciably despite the capital increase undertaken in December, which is factored into these figures on a pro-rated basis.

SEGMENT REPORT

The INDUS Holding AG portfolio is divided into five segments: Construction/Infrastructure, Automotive Technology, Engineering, Medical Engineering/Life Science, and Metals Technology. Please see the Overall and Sector-related Business Conditions section for details on macroeconomic conditions and the performance of the individual sectors²⁷.

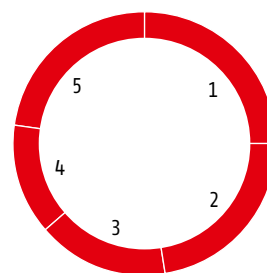
²⁷ > Overall and Sector-related Business Conditions page 58 ff.

2013 SALES BY SEGMENTS (EUR millions)



1	> Construction / Infrastructure (18.8 %)	224.2
2	> Automotive Technology (29.2 %)	349.5
3	> Engineering (17.3 %)	206.2
4	> Medical Engineering / Life Science (8.0 %)	95.8
5	> Metals Technology (26.7 %)	319.3

2013 EBIT BY SEGMENTS (EUR millions)



1	> Construction / Infrastructure (25.2 %)	30.6
2	> Automotive Technology (22.3 %)	27.0
3	> Engineering (16.3 %)	19.8
4	> Medical Engineering / Life Science (13.4 %)	16.2
5	> Metals Technology (22.8 %)	27.6

CONSTRUCTION / INFRASTRUCTURE**Stable Sales and Earnings Thanks to Ongoing Strong Demand**

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 included in the segment.

KEY FIGURES CONSTRUCTION / INFRASTRUCTURE (in EUR millions)

	2013	2012	2011
Sales with external third parties	224.2	229.2	234.6
EBITDA	36.1	39.3	42.6
Depreciation and amortization	-5.5	-5.1	-5.2
EBIT	30.6	34.1	37.4
EBIT margin in %	13.6	14.9	15.9
Capital expenditure	15.3	8.6	5.9
Employees	1,074	1,043	998

Segment sales with external third parties came to EUR 224.2 million in 2013, nearly on a par with the good level of EUR 229.2 million one year earlier. The companies in this segment saw the year start weak, with noticeable signs of recovery and of pent-up demand not arising until late in the second quarter. Performance in the third quarter was highly dynamic. At EUR 5.5 million, depreciation/amortization was at the same level as in 2012 with EUR 5.1 million. Capital expenditure, by contrast, surged by EUR 6.7 million, primarily owing to investments by INDUS's portfolio company HAUFF-Technik. In 2014, the company will move into a completely new plant that is to replace the rented office and production premises at three different locations.

Overall, the excellent conditions in the German construction sector continued to massively boost the segment in 2013. Those companies with a focus on the areas of infrastructure and modernization were especially successful. These specialist companies generated stable double-digit EBIT margins, which did not come under pressure thanks to buoyant demand. Earnings before interest and tax (EBIT) of EUR 30.6 million for the Construction segment did not quite attain the previous year's level (EUR 34.1 million), but the EBIT margin is once again better than sector average at 13.6 % (previous year: 14.9 %) and thus firmly in line with expectations.

AUTOMOTIVE TECHNOLOGY**Repositioning Program Concluded Ahead of Schedule**

The segment encompasses ten operating units whose products and services 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.

KEY FIGURES AUTOMOTIVE TECHNOLOGY (in EUR millions)

	2013	2012	2011
Sales with external third parties	349.5	323.7	327.1
EBITDA	41.7	37.1	40.0
Depreciation and amortization	-18.2	-20.8	-26.2
Write-ups	3.5	0	0
EBIT	27.0	16.3	13.8
EBIT margin in %	7.7	5.0	4.2
Capital expenditure	24.4	18.2	19.7
Employees	3,163	3,053	3,061

Sales with external third parties in the Automotive Technology segment in 2013 rose slightly year-on-year as a result of a strong order book. Although business in Europe remained weak, the German premium manufacturers achieved pleasing results on balance as a result of appreciable exports to Asia and the USA. Almost every company in the segment improved earnings on the previous year or kept them steady. In particular, specialists in products and services for pre-production series continued to see business grow.

In June and October 2013, respectively, HEAVAC and D.M.S were acquired and strategically complement the AURORA and KIEBACK/SCHÄFER portfolio companies. HEAVAC, a company from the Netherlands, produces ventilation and air-conditioning systems for buses. Based on its market leadership, in particular in the Benelux countries, HEAVAC acts as a development partner for its customers.

With production facilities in Germany, Turkey and the United States, AURORA supplies ventilation and air-conditioning products for buses, construction and agricultural vehicles, and special commercial vehicles. Both companies have been supplying different markets to date. The acquisition of HEAVAC creates a specialist with a broad international base that will be able to tap into new, previously undeveloped markets and customers thanks to new synergies in product lines and sales. At present, for instance, HEAVAC is developing battery cooling systems and energy-saving heating and air-conditioning devices for use in electric vehicles.

D.M.S. performs a number of services for the automobile and commercial vehicle industry including concept design, clay modeling, and test models or show cars. KIEBACK/SCHÄFER develops functional, inspection and cubing models for pre-production series and manufactures prototype parts for niche vehicles and special-purpose vehicles. Its range of services is supplemented by the

KS. Pollmann design studio, a subsidiary of SCHÄFER. The strategic acquisition means that, in the future, the KIEBACK/SCHÄFER Group will cover the entire auto industry development chain from design to the finished part “before the series”.

These strategic purchases are also reflected in increased segment capital expenditure of EUR 24.4 million, with EUR 7.7 million of the 2013 INDUS investments in this segment alone relating to acquisitions. On the back of the repositioning of some of the portfolio companies initiated over the last two years and the associated change in investment policy, depreciation/amortization have decreased slightly of late.

The companies in the Automotive Technology segment reported total sales of EUR 349.5 million (previous year: EUR 323.7 million). It became increasingly clear in the course of 2013 that the restructuring measures implemented in some fields have had a disproportionately favorable effect: While sales increased by 8 %, margins surged around 66 %. Earnings before interest and taxes of EUR 27.0 million exceeded the prior-year figure of EUR 16.3 million by about EUR 11 million in absolute terms. Of the figure, EUR 3.5 million can be attributed to the reversal of impairments on fixed assets charged in earlier years. INDUS thus managed to improve the earnings situation in the Automotive Technology segment (EBIT margin between 6 % and 8 %) originally targeted for 2015 in the space of a single year. The EBIT margin rose from 5.0 % to 7.7 % (adjusted for the reversal, the EBIT margin comes to 6.7 %).

ENGINEERING

Heavy Segment Growth due to Strong Acquisition Activities

The segment encompasses nine operating units active 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.

KEY FIGURES ENGINEERING (in EUR millions)

	2013	2012	2011
Sales with external third parties	206.2	156.5	145.6
EBITDA	26.3	21.5	19.2
Depreciation and amortization	-6.4	-3.8	-2.2
EBIT	19.8	17.7	17.0
EBIT margin in %	9.6	11.3	11.7
Capital expenditure	46.5	7.8	14.5
Employees	1,030	814	785

2013 sales with external third parties in the Engineering segment were driven primarily by the initial consolidation of the new BUDDE and ELTHERM portfolio companies and grew to EUR 206.2 million. Sales were up EUR 49.7 million or approximately 32 % on the previous year's figure of EUR 156.5 million. The earnings of these two profitable new acquisitions are only partially included given that they were consolidated for the first time in March and June of 2012 respectively. Earnings from operating activities remained negatively impacted by an adjustment for a lossmaking contract

in the field of major plant construction. In addition, another late-cycle manufacturer of specialist machinery posted weak orders, and earnings there remained below the budgeted figures. In the segment Engineering additional unscheduled write-downs of EUR 1.6 million (previous year: EUR 0.8 million) had to be performed. Although earnings before interest and taxes increased in absolute terms from EUR 17.7 million to EUR 19.8 million, the EBIT margin only came to 9.6 % (previous year: 11.3 %). Adjusted for the write-downs, the EBIT margin would have been 10.4 %.

Capital expenditure in the Engineering segment totaled EUR 46.5 million in 2013, mainly as a result of the acquisitions of BUDDE, ELTHERM and PROVIS. With the purchase of the BUDDE Group in March 2013, INDUS acquired one of the leading suppliers of general cargo and bulk handling systems. The company provides mechanical and fully automated transport systems. Customers from the courier, express and parcel services industry comprise 80 % of its business. Other customers are in the beverage and automotive industries. In July 2013, BUDDE took over PROVIS Steuerungstechnik to strategically round out its product and service range; the company develops electronic control and automation technology. PROVIS will be in charge of electrical planning, the design and fabrication of switchgear cabinets, and programming the control software for conveyor systems.

Based in Burbach (Germany), Newbury (UK), Toronto (Canada), Singapore and Shanghai (China), the ELTHERM Group develops and produces electrical trace heating systems for industrial processes. The client base consists of a multitude of different industries from the pharmaceutical sector to plant construction. The current sales focus is on Germany, although the Asia/Pacific region has already emerged as the second-largest market. In July 2013, the American subsidiary of the HORN Group, TECALEMIT, Inc., took over the operational activities of Lubrication Solutions Inc. (LSI) based in Houston. In exchange, the previous owner of LSI received 50 % of shares in TECALEMIT, Inc. The company is a provider of customized handling and measurement solutions for diesel and AdBlue. HORN develops and manufactures pumps, fueling and liquid control systems, tire filling systems, oil management systems and technical components for motor vehicle repair shops.

MEDICAL ENGINEERING / LIFE SCIENCE

Steady Increase in Sales and Reliable Double-Digit EBIT Margin

The Medical Engineering/Life Science segment is made up 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.

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

	2013	2012	2011
Sales with external third parties	95.8	88.0	84.8
EBITDA	18.7	19.0	15.7
Depreciation and amortization	-2.5	-2.6	-2.8
EBIT	16.2	16.4	12.9
EBIT margin in %	16.9	18.6	15.2
Capital expenditure	3.6	2.9	3.3
Employees	697	696	685

Thanks to the favorable consumer climate and a stable health care market, the smallest INDUS segment succeeded in increasing sales from EUR 88.0 million to EUR 95.8 million. All areas, including medical orthotic devices, lenses and non-woven fabric technologies, performed consistently in line with the stable business trend seen in recent years. Earnings from operations came to EUR 16.2 million, just short of the prior-year figure of EUR 16.4 million. The many-year median EBIT margin in the Medical Engineering segment is more than 15 %. The margin of 16.9 % reached in 2013 was thus again above the target corridor INDUS set the segment. Capital expenditure rose modestly in 2013 from EUR 2.9 million to EUR 3.6 million, while depreciation and amortization ran at EUR 2.5 million, nearly unchanged on the figure of EUR 2.6 million in the previous year.

METALS TECHNOLOGY**Extraordinary Effects and Price Pressure Squeeze Earnings**

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 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.

KEY FIGURES METALS TECHNOLOGY (in EUR millions)

	2013	2012	2011
Sales with external third parties	319.3	307.5	304.8
EBITDA	38.8	37.8	47.3
Depreciation and amortization	-11.2	-13.4	-10.1
EBIT	27.6	24.5	37.2
EBIT margin in %	8.6	8.0	12.2
Capital expenditure	10.7	12.5	14.5
Employees	1,275	1,232	1,185

Segment sales with external third parties of EUR 319.3 million exceeded the prior-year level (EUR 307.5 million) by about 4 %, but EBIT was still squeezed, albeit far less than in the previous year, by the ramp-up of a newly established galvanic production unit. The project is now largely completed and the processes are running smoothly. Following start-up of new series components in 2014, the plant's higher capacity utilization will further improve earnings. Capital expenditure decreased moderately to EUR 10.7 million on the back of rather restrained order receipts (previous year: EUR 12.5 million). Depreciation/amortization dropped from EUR 13.4 million in 2012 to EUR 11.2 million; the previous year had seen unscheduled write-downs in the amount of EUR 2.6 million. EBIT totaled EUR 27.6 million in 2013 (previous year: EUR 24.5 million), while the EBIT margin came to 8.6 % (previous year: 8.0 %). INDUS expects the pressure on prices in a number of areas in which the segment is active will persist in 2014, meaning that additional efforts will be required in the next few years before the segment once again achieves the INDUS target of an EBIT margin of 10 %.

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 long-term bank loans, ABS (asset-backed securities) programs, factoring and promissory note bonds. These instruments are spread across a variety of financial institutions.

INDUS can invest flexibly at any time thanks to a comfortable liquidity base, in combination with financing commitments from banks. For its financing, INDUS relies on its long-term ties with a number of German financial partner institutions. Factors stabilizing the Group's long-term financing needs include broad diversification of the loans volume, a balanced redemption structure and use of the broadest possible spectrum of alternative 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 risk limitation, securing sufficient liquidity reserves, and earnings and cost optimization. Securing liquidity 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 banks²⁸.

²⁸ > See also Risk Report
page 87

Risk limitation 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). 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 levels low, and optimizes key financial indicators for

the balance sheet structure (e.g. equity ratio) and the return on capital. In all efforts made to optimize working capital for the portfolio companies, INDUS makes sure nevertheless to avoid any negative impact on their operating activities. The holding company sets company-specific targets in consultation with the individual companies, and advises them on how to achieve these targets. The portfolio companies are responsible for 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 uses off-balance sheet financing instruments such as operating leases. The total exposure is in line with INDUS's business volume.

> Wide range of financial instruments

There was little change regarding financing instruments and obligations not listed in the statement of financial position in 2013. The primary off-balance sheet items INDUS employs are rental and leasehold agreements, in particular for IT equipment and company cars, among others. Future operating lease commitments were EUR 77.3 million as of December 31, 2013 (previous year: EUR 75.9 million).

Liabilities to banks totaled EUR 362.1 million as of the reporting date (previous year: EUR 393.7 million); the majority of which is denominated in euros (99 %). The volume of loans in other foreign currencies, mainly in Swiss francs and US dollars, is low, totaling EUR 4.1 million at year end (previous year: EUR 4.8 million). Financial liabilities also include commitments for finance leases related to real estate and machinery in the amount of EUR 12.6 million (previous year: EUR 11.2 million), the majority of which to the asset deal concluded for the acquisition of HAKAMA in 2010.

As regards its financial liabilities, INDUS sells accounts receivable on a rolling basis to increase diversification of financing instruments. Financing through an ABS facility was concluded with the Helaba Landesbank Hessen-Thüringen in 2012. As of the reporting date its total volume was EUR 24.8 million. Furthermore, there are promissory notes totaling EUR 24.0 million with the Allianz insurance group. The company can also resort to credit lines totaling EUR 28.8 million (previous year: EUR 32.2 million) not yet used.

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 does not have rating agencies assign it 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 FLOW**CONSOLIDATED STATEMENT OF CASH FLOWS, SHORT FORM** (in EUR millions)

	2013	2012	2011
Operating cash flow	117.4	68.4	130.2
Interest	-19.9	-22.5	-24.0
Cash flow from operating activities	97.5	45.9	106.2
Cash outflow from investments	-102.9	-56.1	-58.9
Cash inflow from the disposal of assets	3.3	2.6	2.0
Cash flow from investing activities	-99.6	-53.5	-56.9
Capital increase	59.9	0.0	37.1
Dividends paid to shareholders	-22.2	-22.2	-18.2
Dividends paid to non-controlling shareholders	-0.8	-0.5	-0.3
Cash flow from taking up debt	125.3	159.0	96.8
Cash flow for the repayment of debt	-142.3	-152.8	-138.7
Cash flow from financing activities	20.0	-16.5	-23.3
Net cash flow carried on the Income Statement	17.9	-24.1	26.0
Changes in cash and cash equivalents caused by currency exchange rates	-0.7	-0.3	0.3
Cash and cash equivalents at the beginning of the period	98.7	123.1	96.8
Cash and cash equivalents at the end of the period	115.9	98.7	123.1

Markedly Improved Operating Cash Flow and Cash Inflow from the Capital Increase Strengthen Liquidity

Cash flow from operating activities (cash inflow) increased appreciably on the previous year by EUR 51.6 million, climbing from EUR 45.9 million to EUR 97.5 million. In other words, it returned to a level that can be achieved sustainably following the crunch from the changeover in receivables financing that affected the 2012 fiscal year. The rise was driven on the one hand by the surge in EAT from continuing operations from EUR 55.0 million to EUR 63.9 million. On the other, changes in current receivables and other assets and in trade payables also had a significant effect on the net cash flow. The cash flow in 2012 was in particular squeezed by the increase in receivables in connection with the 2012 change in receivables financing. Operating cash flow thus improved by EUR 49.0 million year-on-year.

Cash flow from investing activities (cash outflow) climbed on the back of buoyant acquisitions activities by EUR 46.1 million from EUR -53.5 million in 2012 to EUR -99.6 million. Given ongoing high investments in property, plant and equipment, the company spent EUR 49.2 million on the acquisition of shares in the reporting year, triggering a pronounced rise in cash flows from investing activities as per the guidance issued at the beginning of the year. Cash flows from investments in intangible assets stood at EUR 5.4 million (previous year: EUR 3.8 million), while capital expenditure for property, plant and equipment was EUR 46.3 million (previous year: EUR 49.5 million); EUR 2.0 million was committed for financial investments, down from EUR 2.8 million in the previous year. Please see the section Expenditure for further details²⁹.

²⁹ > See also page 78

Cash flow from financing activities was primarily affected by strong total cash inflows of EUR 59.9 million in connection with the December 2013 capital increase. Factoring in the dividend payment and net debt repayment in the amount of EUR 17 million, the cash flow from financing activities came out to EUR 20.0 million as against a figure of minus EUR 16.5 million the prior year.

The dividend distributed in fiscal year 2013 was EUR 22.2 million, as in the previous year. At year-end 2013, INDUS net cash was up despite it having made six acquisitions. As of the reporting date, cash and cash equivalents totaled EUR 115.9 million (previous year: EUR 98.7 million). INDUS plans to use this cash to finance further acquisitions in the course of 2014. A detailed statement of cash flows is part of the consolidated financial statements.

> Liquidity higher than ever

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

	Dec. 31, 2013	Dec. 31, 2012
Assets		
Noncurrent assets	658.1	588.8
Fixed assets	655.8	585.0
Accounts receivable	2.3	3.8
Current assets	522.8	472.0
Cash and cash equivalents	236.1	219.1
Accounts receivable	170.8	154.2
Inventories	115.9	98.7
Total assets	1,180.9	1,060.8
Equity and liabilities		
Noncurrent liabilities	890.7	796.7
Equity	515.3	414.1
Liabilities	375.4	382.6
of which provisions	23.6	23.4
of which current liabilities and income tax	351.8	359.2
Current liabilities	290.2	264.1
of which provisions	51.0	44.8
of which liabilities	239.2	219.3
Total assets	1,180.9	1,060.8

The INDUS Group's net assets and liabilities again changed in favor of equity in 2013. The balance sheet total increased to EUR 1,180.9 million (previous year: EUR 1,060.8 million).

Assets: Considerable increase in Cash and Cash Equivalents

Noncurrent assets were EUR 69.3 million higher at year-end 2013 than one year earlier, primarily as a result of increased investments in new portfolio companies. Goodwill and other intangible assets increased by EUR 50.0 million. Financial assets changed only marginally (EUR +0.1 million) as did the financial assets valued at equity (EUR +1.6 million). Other noncurrent assets rose to EUR 2.9 million (EUR +1.6 million).

Current assets also increased substantially, namely by EUR 50.8 million. Inventories and receivables climbed EUR 36.2 million, which is mainly attributable to the initial inclusion of the six new companies in the consolidation. Other current assets remained relatively unchanged at EUR 12.1 million (previous year: EUR 10.6 million). Cash and cash equivalents rose on the year due to the effects explained in the cash flow statement.

Liabilities and Equity: Equity Ratio Increases to Record High of About 44 %

On the liabilities side, equity rose by EUR 101.2 million to EUR 515.3 million (previous year: EUR 414.1 million), taking the equity ratio up to 43.6 % (previous year: 39.0 %). The development had three main drivers: the Group's consistently excellent business results, regular re-investment of roughly 50 % of the profits generated, and the cash inflow from share offerings in 2010, 2011 and 2013.

The Board of Management resolved with the approval of the Supervisory Board and with effect as of December 3, 2013 to increase the capital against cash contributions from authorized capital and to exclude subscription rights. The company issued 2,222,772 new bearer unit shares with an arithmetic stake in the capital stock of EUR 2.60 per share (rounded) at an issue price of EUR 27.03 per share. This increased the company's capital stock from EUR 57,792,116.42 by EUR 5,779,207.20 to EUR 63,571,323.62. The new shares are fully entitled to dividends for fiscal year 2013. The capital increase resulted in gross proceeds for INDUS Holding AG of some EUR 60 million. In the scope of a private placement the new shares were placed with institutional investors who pursue a long-term strategy, including the previous major shareholder Versicherungskammer Bayern Versicherungsanstalt des öffentlichen Rechts, who subscribed to the capital increase.

As planned, long-term debt decreased slightly overall in 2013 from EUR 382.6 million to EUR 375.4 million at year-end. Primarily, financial liabilities were reduced (EUR -26.4 million), while other noncurrent liabilities rose because the recognition of conditional purchase price obligations for the shares in the newly acquired companies (BUDDE and ELTHERM among others) that not yet been transferred was included under the item (EUR +13.8 million). There were no major changes to any other noncurrent liabilities. Current liabilities, in contrast, rose substantially by EUR 26.1 million to EUR 290.2 million (previous year: EUR 264.1 million), mainly due to a EUR 6.2 million rise in provisions, an increase in trade payables resulting from the growth in sales (EUR +8.2 million) and higher current financial liabilities (EUR +9.4 million).

Other Key Financials: Net Debt Shrinks by 10 %, 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 324.7 million as at December 31, 2013 (previous year: EUR 302.8 million). Net debt, calculated as the difference between noncurrent and current financial liabilities and cash and cash equivalents, totaled EUR 307.6 million as of December 31, 2013, a decrease of EUR 34.2 million on the year (December 31, 2012: EUR 341.8 million).

The gearing, i.e., the ratio of net debt to equity, was 60 % (previous year: 83 %). The ratio of net debt to EBITDA was 2.0 (previous year: 2.3). Thus, INDUS just achieves its self-defined target of keeping its debt redemption period within a band of 2-2.5 years. The dividend distributed in fiscal year 2013 was EUR 22.2 million, unchanged from 2012. At the end of 2013 INDUS continued to hold a high level of liquid funds as part of its overall financing strategy. As of the reporting date, cash and cash equivalents totaled EUR 115.9 million (previous year: EUR 98.7 million). INDUS plans to use this to finance further acquisitions in the course of 2014.

CAPITAL EXPENDITURE

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

	2013	2012	2011
Capital expenditure	100.9	53.9	58.3
of which in:			
Company acquisitions	49.2	0	12.0
Capital expenditure in intangible assets	5.4	3.9	4.5
Capital expenditure in property, plant and equipment	46.3	46.4	41.8
of which in:			
Land and buildings	4.0	9.7	4.0
Plant and machinery	12.2	14.8	19.3
Other equipment, factory and office equipment	10.1	10.8	10.0
Advance payments and work in progress	20.0	11.1	8.5
Investment property	0	3.6	0
Depreciation and amortization	44.4	45.8	46.8

> High capital expenditure
in property, plant and
equipment

Capital expenditure totaled EUR 100.9 million in the year under review (previous year: EUR 53.9 million). Of this figure, EUR 49.2 million was attributable to company acquisitions (previous year: EUR 0 million), EUR 46.3 million to capital expenditure on property, plant and equipment (previous year: EUR 46.4 million), EUR 5.4 million to investments in intangible assets (previous year: EUR 3.9 million) and EUR 0 million to real estate held as financial investments (previous year: EUR 3.6 million). Despite the somewhat restrained economic situation in the course of the year, INDUS has thus invested heavily in its portfolio companies.

Capital expenditure focused on property, plant and equipment, and specifically on plant and machinery amounting to EUR 12.2 million, other equipment and factory and office equipment totaling EUR 10.1 million, and land and buildings amounting to EUR 4.0 million. In particular the construction of a new production and administration center for HAUFF-Technik added EUR 20.0 million to the item for advance payments and work in progress. Depreciation and amortization came to EUR 44.4 million as against EUR 45.8 million the previous year.

NON-FINANCIAL PERFORMANCE INDICATORS**SUSTAINABILITY****Group-Wide Code of Conduct**

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 website³⁰.

³⁰ > See www.indus.de/investoren_und_presse-corporate_governance.html

Responsible corporate governance is a major priority for INDUS, playing a defining role in how we view our organization. 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.

Pro-Active on Climate Protection

In 2013, INDUS participated for the fifth time in the Carbon Disclosure Project (www.cdp.net). 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 CO₂ emitted globally is stated (CO₂ footprint).

In the 2009 and 2010 fiscal years, the INDUS Group merely stated its CO₂ emissions. However, the INDUS Group has now set itself a concrete annual reduction target of 2 % for its specific CO₂ emissions (measured in tons of CO₂ per EUR million in gross income) for 2011 and every subsequent year. Calculation for the reference year is done on a rolling basis taking account of purchases and sales of portfolio companies during the year under review.

CARBON DISCLOSURE PROJECT

	2012	2011	2010
Emission (tons of CO ₂ per EUR million gross earnings)	100.7	101.8	104.4

For reference year 2011 this calculation yielded emissions of 101.8 tons of CO₂ per EUR million in gross profit. A reduction of 1.1 % was recorded for 2012 at 100.7 tons of CO₂ per EUR million in gross profit, thus progress was made toward the goal for the year.

The emissions reduction fell short of the 2012 target due primarily to an increase in emissions from the stationary combustion of fossil fuels (heating oil, heavy oil, natural gas and liquefied petroleum gas). Several companies recorded higher capacity utilization requiring capacity increases, the full earnings effect of which will only be seen in subsequent years. For 2013 and 2014, the INDUS CO₂ emissions reduction target remains at 2 %.

EMPLOYEES

Streamlined Holding Company Staff

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 important. INDUS is quick to assign employees responsibility. Short decision-making processes and flat hierarchies are the hallmarks of INDUS's corporate structure. At the end of fiscal 2013, INDUS Holding AG had 20 staff members (excluding members of the Board of Management).

Subsidiaries conduct own HR management

The professional and social skills of a company's employees are its most important capital. To develop this capital the 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 7,259 employees (previous year: 6,859).

INTEGRITY

Strong Reputation Earns Business Partners' Trust

Management integrity is key to the Group's business success, as this earns the confidence of our business partners, which is essential. 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.

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 are management report are available as a separate report.

EARNINGS POSITION**STATEMENT OF INCOME OF INDUS HOLDING AG** (in EUR millions)

	2013	2012	2011
Sales	5.8	5.5	4.3
Other operating income and expenses	5.3	5.7	2.9
Personnel expenses	-4.6	-5.1	-4.8
Income from investments	43.5	32.2	43.3
Income from long-term loans classified as financial assets	45.7	50.3	54.2
Other interest and similar income	9.0	8.9	8.0
Depreciation and amortization of noncurrent intangible assets and property, plant and equipment	-0.4	-0.3	-0.3
Amortization of financial assets	-11.2	-20.8	-30.3
Cost of the assumption of losses	-12.2	-6.2	-3.4
Interest and similar expenses	-17.5	-18.4	-19.5
Profit from operating activities	63.4	51.8	54.5
Extraordinary income	0.0	1.3	0.0
Taxes	-6.9	-6.9	-8.0
Net result	56.5	46.2	46.5
Profit carried forward	0.9	1.9	1.1
Distributable profit	57.4	48.1	47.6

INDUS Holding AG earnings primarily derive from income from portfolio companies and non-current loans. Sales revenues of EUR 5.8 million for the holding company in 2013 were slightly higher year-on-year. They comprise the services rendered by the holding company for the portfolio companies. The net balance of other operating income and expenses dropped from EUR 5.7 million to EUR 5.3 million. This item also includes reversals of impairments recorded on financial assets in previous years. Personnel expenses declined on 2012 and totaled EUR 4.6 million. The previous year's figures included expenses for the departing members of the Board of Management Helmut Ruwisch and Dr. Wolfgang Höper.

Income from portfolio companies increased considerably to EUR 43.5 million year-on-year (previous year: EUR 32.2 million). Income from long-term loans classified as financial assets was slightly lower at EUR 45.7 million as against EUR 50.3 million for the previous year. At EUR 9.0 million, interest income was only marginally higher than the previous year's figure of EUR 8.9 million.

Depreciation and amortization of noncurrent intangible assets and property, plant and equipment remained virtually unchanged at EUR 0.4 million (previous year: EUR 0.3 million). Impairments on financial assets of EUR 11.2 million were far lower than the previous year's figure of EUR 20.8 million. This item includes write-downs recorded pursuant to impairment testing of portfolio company carrying values. Expenses from loss transfer agreements increased to EUR 12.2 million (previous year: EUR 6.2 million). Interest expense again decreased, falling from EUR 18.4 million to EUR 17.5 million.

Overall, profit from operating activities thus improved by more than 20 % from EUR 51.8 million to EUR 63.4 million. An after-tax profit for the year of EUR 56.5 million is thus reported on the statement of income (previous year: EUR 46.2 million), translating into weighted earnings per share of EUR 2.52 (previous year: EUR 2.08).

FINANCIAL POSITION

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

	Dec. 31, 2013	Dec. 31, 2012
Assets		
Intangible assets	0.2	0.2
Property, plant and equipment	2.7	2.4
Financial assets	867.9	790.7
Fixed assets	870.8	793.3
Accounts receivable	201.1	200.5
Cash on hand and bank balances	17.2	12.7
Current assets	218.3	213.2
Advance payments	0.2	0.2
Total assets	1,089.3	1,006.7
Equity and liabilities		
Equity	687.1	592.7
Provisions	3.9	4.8
Liabilities	356.4	369.0
Deferred tax liabilities	41.9	40.2
Total assets	1,089.3	1,006.7

As a result of the acquisitions, the total assets of INDUS Holding AG rose appreciably in the reporting year to reach EUR 1,089.3 million (previous year: EUR 1,006.7 million). Fixed assets climbed EUR 77.5 million to EUR 870.8 million (previous year: EUR 793.3 million), primarily as a result of higher financial assets (i.e. shareholdings in portfolio companies). In terms of current assets, accounts receivable and other current assets edged up by EUR 0.6 million to EUR 201.1 million (previous year: EUR 200.5 million). This increase resulted primarily from higher accounts receivable from associated companies. Cash and cash equivalents totaled EUR 17.2 million (previous year: EUR 12.7 million). Current assets thus amounted to EUR 218.3 million, EUR 5.1 million up on the previous year's level of EUR 213.2 million. After the December 2013 share offering, equity came to EUR 687.1 million (previous year: EUR 592.7 million). INDUS Holding AG thus once again improved its equity ratio substantially to 63.1 % (previous year: 58.9 %). Liabilities declined to EUR 356.4 million (previous year: EUR 369.0 million).

EMPLOYEES

As of December 31, 2013, INDUS employed 20 staff members at the holding company, not including the Board of Management (previous year: 18 employees).

Events after the Reporting Date

Significant Events after the Reporting Date

At the end of February 2014, the Board of Management of INDUS Holding AG decided to shut down and wind up the business operations of Nisterhammer Maschinenbau GmbH & Co. KG, Nister. Approximately 65 employees are affected by the closure. The shutdown of business operations is not expected to have a material effect on the net assets and earnings position.

Opportunity and Risk Report

INDUS operates and maintains professional opportunity and risk management tools to help management achieve the company's business goals. The core task of this system is to identify opportunities at an early stage and to be able to exploit these following an appropriate risk assessment. It is also made to ensure that the Company is prepared for risk events at all times and able to respond appropriately.

The timely identification and exploiting of opportunities is essential for the long-term success of INDUS. The Company is however thereby exposed to risks which may make it difficult to reach short to medium-range goals or execute long-term strategies. Prudent risk taking is necessary for INDUS to take advantage of opportunities in a focused manner. INDUS defines risks as potential internal or external future events which can negatively impact the attainment of business objectives. INDUS defines opportunities as potential successful outcomes exceeding the targets set which are thus favorable for business. INDUS views risks and opportunities as being inseparably linked, which is why risk management structures and processes are tied in with opportunity management, as discussed in the Risk Report further below.

OPPORTUNITIES REPORT

Opportunity Management: Strategic Dialog for Identifying Potential

INDUS Opportunity Management involves a systematic approach to mining entrepreneurial potential within the Group. The Strategic Dialog is one instrument employed by the Board of Management to this end. This is a structured process in which all portfolio companies are reviewed at least once a year in order to systematically analyze market opportunities and technology trends and discuss these with the Board of Management as part of planning.

The portfolio companies then incorporate the opportunities and risks discussed in the strategic dialog into their operational planning and monthly reporting so as to optimize the assessment and evaluation of individual transactions in relation to the current earnings and liquidity situation. The Board of Management also looks at regional profiles to identify areas holding the most opportunity future for the INDUS Group going forward.

INDUS studies the current global growth drivers such as mobility, infrastructure and health care in planning the Group's growth strategy.

Opportunities for strategic additions to the existing subsidiary portfolio are studied and strategic growth potential assessed by jointly the responsible Board of Management members and subsidiary management. Local management analyzes and manages opportunities at an operational level. 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.

DISCUSSION OF OPPORTUNITIES

Strategic Opportunities for the INDUS Group

The holding company's business policy focuses on the goal of continuously enhancing the value of the portfolio. The most significant strategic opportunities for INDUS's business lie in acquiring, holding and developing portfolio companies. INDUS M&A activity is thus of central importance alongside organic growth through operations. As part of the strategic COMPASS 2020 program, INDUS has defined target markets in which new potential acquisitions are to be systematically and actively sought. 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.

In order to pursue these opportunities, INDUS looks to continuously expand its network at the same time as increasing its utilization of external industry experts, as the SME market segment with annual sales in excess of EUR 100 million is large and broadly diversified. These consultants work exclusively for INDUS to identify suitable portfolio additions based on detailed specifications.

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 and a proven acquisition process 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. The corporate strategy, which includes COMPASS 2020, is discussed comprehensively in the Objectives and Strategy section.

Operational Opportunities for Portfolio Companies

INDUS portfolio companies are benefiting primarily from positive macroeconomic developments in the manufacturing sector. 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.

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 Engineering/Life Science segment, due to demographic changes and consistent demand for medical technologies and life science applications.

RISK REPORT

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. 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 business, planning, accounting and controlling processes, the risk management system is integrated into the INDUS Holding AG information and communications system, and is a key element in the 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**BUSINESS RISKS (AS PER THE ASSESSMENT OF THE BOARD OF MANAGEMENT)**

	Probability of occurring	Probability of occurring	Risk situation for 2014 in comparison to the previous year
Business environment and sector risks	probable	possible	better
Risks associated with corporate strategy	possible	significant	same
Performance risks	possible	significant	same
Personnel risks	possible	possible	same
IT risks	possible	possible	same
Financial risks	possible	possible	better
Legal risks	possible	possible	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 51.4 % of total sales are generated in the domestic market (previous year: 51.5 %). 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. In-house analysis is supplemented by additional independent external opinions. 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 monthly reports on their current business results and individual risk situation. The short- and medium-term projections for each of the portfolio companies are aggregated at the holding company level, ensuring a comprehensive overview at all times of the risk situation of both individual companies and of the Group. Reengineering measures at the subsidiaries are guided and supported by the holding company.

Performance Risks

Besides risks associated with corporate strategy, INDUS and its portfolio companies are exposed to performance risks, consisting primarily of procurement risks, production risks, and sales risks. The portfolio companies need raw materials and supplies sourced from various suppliers to manufacture 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. The nominal volume of raw material hedges totaled EUR 0.5 million as of December 31, 2013 (previous year: EUR 0.5 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 targeted basic and advanced training measures and appropriate remuneration. Employees appreciate this caring corporate culture. This appreciation is expressed in low employee turnover: only three employees have left the Group since its founding. 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 19 %. 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. The nominal volume of interest rate hedges totaled EUR 249.5 million as of December 31, 2013 (previous year: EUR 202.5 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. INDUS mitigates these risks by hedging transactions congruently using forward exchange contracts and suitable option transactions. The nominal volume of currency hedges totaled EUR 6.2 million as of December 31, 2013 (previous year: EUR 6.8 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 52.8 million were carried on the balance sheet in 2013 (previous year: EUR 47.3 million). The provisions included warranties due to obligations from selling or procurement, obligations for customer bonuses and rebates, estimated values for anticipated invoices, provisions for personnel costs and other provisions.

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 331.6 million in goodwill on its statement of financial position (previous year: EUR 293.9 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 impairment losses of EUR 1.6 million were recorded, primarily reflecting lowered earnings expectations for two small Metals Technology portfolio companies (previous year: EUR 3.9 million).

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM BASED ON CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT DATA

(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 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 and audit 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 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 2014

In fiscal 2013 INDUS continued pursuing its long-term corporate strategy. The excellent liquidity situation following the capital increase in December 2013 and additional financing commitments are to be made use of in 2014 to acquire further hidden SME champions. Within the framework of COMPASS 2020, these will primarily be in the three growth segments of infrastructure/logistics, medical engineering and life science, energy and environmental technology; for 2014 the specific acquisition focus is on medical engineering and life science.

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 around EUR 90 million, with an operating EBIT margin of 9.6 %. The financing structure again improved: net debt fell to EUR 307.6 million from EUR 341.8 million in 2012. The Group equity ratio at the reporting date was 43.6 % (previous year: 39.0 %), and at the holding company level 63.1 % (previous year: 58.9 %). The Board of Management sees the overall business situation for 2014 as promising, holding good opportunities. INDUS aims to increase sales and earnings in this environment again.

> Overall risk exposure
is well-balanced

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

Economic conditions should remain largely stable in 2014. Despite the economic weakness in the southern eurozone, leading indicators show growing corporate optimism, due in particular to accelerating momentum in the US and growth opportunities in Asia. Analysts believe Germany is set for higher growth in 2014. INDUS currently views the 2014 business outlook as favorable as well.

ECONOMIC OUTLOOK

Leading Indicators Point to Accelerating Growth in 2014

The global economy increasingly stabilized in 2013 as anxiety over the euro crisis ebbed. Production even rose somewhat in industrialized countries. The present recovery is not yet self-sustaining however, as many industrialized nations are running high public deficits and pursuing expansionary monetary policies to support their economies. Emerging market economies continue to slow, and in some cases country-specific problems are keeping the output growth rate down. Leading indicators for 2014 point to a slight rise in global output. In industrialized countries, projected improvements in the labor and housing markets should have a favorable impact on domestic demand. A firmer economy in industrialized countries will lead to accelerating production increases in emerging markets as world trade rises. As long as the euro crisis remains contained, global economic output should rise from 2.2 % to 3.0 %³¹ for the year ahead.

³¹ > Annual Report 2013 / 14
by the Council of Experts

The European Commission is forecasting an economic turnaround for the eurozone in 2014, recovery being only gradual. Budget consolidation and structural reforms have paved the way for recovery, but unemployment is still very high. For 2014 the European Commission forecasts growth of 1.1 %, and 1.7 % for 2015³². Dampened economic expectations for emerging markets such as China mean there will be only a gradual return to solid growth for the currency union. The domestic economy will be the main growth driver.

³² > Autumn Report by
the European Commission
published on
November 5, 2013

According to current estimates by the Institut für Weltwirtschaft, German GDP growth increased 0.4 % in 2013, and is set to rise 1.7 %³³ in 2014. Despite a slow economy at the start of 2013, Germany has not suffered a recession; on the other hand however, the hoped-for recovery has not materialized either. Economic forecasts for 2014 are more optimistic. Private consumption is providing solid support thanks to the healthy labor market situation. In addition, corporate capital expenditure is set to pick up again after two slack years. The IKB (Deutsche Industriebank) for example is projecting equipment purchasing to increase 6 %³⁴. While still below the 2007/08 level, the trend is once again upwards.

³³ > tagesschau.de –
Summary of GDP forecasts
on February 12, 2014

³⁴ > IKB Unternehmertemen,
November 2013

CHANGE IN GROSS DOMESTIC PRODUCT (GPD)

	2013 (prior-year forecast)	2013 (preliminary calculations)	2014 (forecast)	2015 (forecast)
Economic regions				
Global economy	3.4	2.9	3.7	4.0
Eurozone	-0.2	-0.4	0.9	1.6
Selected countries				
USA	1.5	1.6	2.3	3.0
China	8.0	7.5	7.5	7.0
India	6.5	4.0	5.0	5.0
Japan	0.5	1.6	1.5	1.1
Germany	0.3	0.4	1.7	2.5

Source: Kiel Institute for the World Economy: Review of World Economics in Winter 2013 & Review of World Economics in Winter 2012

Outlook for INDUS-Relevant Industries: China and USA Key Growth Drivers for the German SME Market As Well

Various industry associations are projecting stable-to-mostly positive growth for the market segments relevant to the INDUS Group.

35 > Construction Industry building association dated November 26, 2013, Destatis dated November 19, 2013 and Baulinks dated December 2, 2013

The German **construction industry**³⁵ had large order backlog at the end of 2013, despite the projected winter off-season. The National Association for the German Construction Industry projects sales to increase by 2 to 3 %, while the Construction Industry Federation estimates growth for 3.5 %. Even working at top speed, the backlog remains nearly unaffected. In the Ifo Business Survey for the construction industry, a backlog horizon of nearly three months was reported for October 2013, an October record for Germany overall. Construction demand remains strong, as indicated by building permit data. New construction permits for public buildings (construction cost estimates) in the first three quarters of 2013 were up sharply versus the previous year, up 45 %. Housing construction also remains vibrant. In the fall of 2013 the number of construction permits was 13.5 % higher year-on-year overall, and roughly 25 % higher in multi-family housing, which should keep construction activity going strong in 2014. Commercial construction is not as strong, but demand is picking up again here as well.

36 > VDA press releases dated May 14, 2013, July 3, 2013, January 3, 2014 and January 16, 2014

The 2014 outlook for the global **automotive market**³⁶ is good. The drivers are the two major markets of China and United States. The Western European market remains troubled. China's potential has by no means been fully exploited, as relatively few people in the country still have cars. More than one in five new cars sold today in China is a German brand. The US is the second key strategic market for German manufacturers. German-brand car sales have risen faster than the market there for seven years running, and the American market is growing as a whole. In 2013, some 15 million light vehicles were sold, as compared to only 10.4 million in crisis year 2009. Long-term growth indicators are positive. The US population is expanding, and the average age of US citizens is 37 – well below Germany's national average (44).

Following a sharp rise after the slump in 2009, the production curve for the German **engineering**³⁷ industry has fluctuated within a range at a relatively high level for the last two years. The US business has been weak for a few years, but has been offset by forward-looking strategies in Asian growth markets and in Russia. Businesses expect growth of around 3 % for 2014. A return to the export growth rates seen in previous years is unlikely however for the time being, partly because China's machinery demand will increasingly be met by domestic firms. Also, several German machinery makers are now manufacturing in China. German equipment makers are also benefiting from US demand, and the outlook is improving in Europe as well, which still accounts for 40 % of German machinery exports. Global exports are rising, and domestic demand for machinery/equipment should be strong as well in 2014.

37 > VDMA press release dated December 17, 2013, IKB (Report Maschinenbau und Investitionsgüterindustrie – weiter auf Erfolgskurs)

Sales growth in the **medical engineering**³⁸ industry declined in 2013. Businesses see problems mainly in the area of payment under the national health care system. Beset with intensifying price pressure from purchasing associations, med-tech firms are also critical of innovation-stifling policies of insurers and the overall low level of payment under Germany's national healthcare insurance system. Debate over cost cutting in the health care system will continue in 2014, innovative providers can still expect the industry environment to be good, Baby boomers are spurring demand; consumer spending remains robust and high-quality health care products are popular.

38 > BVmed press release dated November 14, 2013, GfK consumption climate dated January 29, 2014

The German **metals and electrical industries**³⁹ are dominated by SMEs, and tend to be more locally oriented. The most striking trend over the last decade has been these industries' powerful emergence in China. Fast growth in China among classic metals buyer industries (automotive, machinery and construction) has dramatically driven up demand, which is mostly covered by local production and will be even more so in future. In 2014, the industry in Germany is likely to remain dependent on its primary local customer industries. Automotive and machine manufacturers have good long-term prospects in Germany especially, thus the industry outlook is stable. The overarching metals and electrical industry association projects growth of 3 %. Domestic capital expenditure is of central importance going forward for this industry. However, recovery is slow, an increase being recorded in Q2 2013 after six quarters of decline.

39 > Gesamtmetall press release dated February 7, 2014, IKB Information Metallindustrie 2020

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

Objectives and Focus in 2014 and 2015:

Portfolio Growth and Additional Organic Growth at the Portfolio Companies

INDUS's main focus in fiscal 2014 and 2015 will continue to be acquisitions to optimize and expand the portfolio. We will continue to pursue the COMPASS 2020 growth strategy, which was kicked off in 2012. The plan is for stronger organic growth in the portfolio and additional acquisitions. German GDP growth is the benchmark for organic growth.

The cornerstones of the initiative to boost organic growth remain unchanged: an increased international reach (Asia and the Americas particularly), prioritization of future-oriented investments over capital expenditure in replacements, a sustained increase in R&D outlays, and enhanced strategic portfolio management, which will involve the repositioning of individual portfolio companies.

The Board of Management's objective of achieving additional growth through acquisitions will hinge on acquiring one to two medium-sized companies a year on average while continuing to keep an eye out for strategic fits that will support its subsidiaries. Industrial firms with a strong future are still the primary acquisition targets. The capital increase undertaken at the end of 2013 provides comfortable scope for the current year and additional borrowing is not required. The Board of Management will continue primarily to finance the targeted growth from profits in order not to strain INDUS' strong balance sheet ratios.

The performance of the INDUS Group in 2014 will depend considerably on the global macroeconomic environment. At the moment, all indicators point to stronger growth in Germany and a positive trend in the United States and China. Europe could manage to bounce back in 2014, but high sovereign debt in many countries still makes it economically unstable. Therefore, INDUS will concentrate more on markets outside of Europe.

Business Outlook: Considerable Sales and Earnings Growth

From today's viewpoint, the Group's business in 2014 will be influenced by a more pronounced recovery of the global economy. Forecasts to date indicate that the German economy is also set to grow more strongly again. The Board of Management's assessment of the overall business prospects is favorable and this view is shared by most of the portfolio companies. INDUS' goal is to outperform the market. The German government's 2014 GDP forecast is 1.8 %⁴⁰. INDUS is again targeting organic sales growth of more than 3 % in 2014. Possible acquisitions are not factored into the sales and earnings targets. All in all, the Group anticipates sales in excess of EUR 1.2 billion. EBIT is likewise expected to increase to at least EUR 118 million. Order receipts after the first two months of 2014 currently bears these expectations out. Commodity prices should remain at the relatively favorable level, prompting INDUS to assume a basically unchanged cost of materials ratio. Personnel expenses might see a slight increase on the back of the upcoming wage negotiations in the construction industry. Depreciation in 2014 is expected to be more or less on par with the prior year.

Segment Outlook for 2014: Mostly Positive Business Expectations

Given the extremely mild winter, INDUS expects the same sales and earnings levels for the **Construction/Infrastructure** segment as in 2012; the highly stable business cycle in the industry and brisk residential construction give cause for optimism. The operating margin in the segment is expected to be between 12 and 14 %.

Following the repositioning efforts at the larger suppliers, the earnings situation in the **Automotive Technology** segment has improved noticeably in the last two years. No more negative effects are expected in 2014 and sales should also remain at the current level thanks to strong demand in the premium segment. Nevertheless, the sector is confronted with permanent pressure to streamline activities, which is why reaching the long-term margin target of "6 % plus" poses new challenges every year. In 2014, INDUS expects the segment sales and earnings to be at the same level as in 2013.

⁴⁰ > tagesschau.de –
BIP-Prognosen im
Überblick (GDP forecasts)
of February 12, 2014

2014 will remain challenging for the **Engineering** segment. In 2013, the segment did not achieve the target EBIT margin of 10 % despite acquiring two new companies with strong margins. Weak demand and negative effects at two of the smaller portfolio companies posed a strain. Here, the Group has initiated structural measures that will continue to spell a burden in 2014. The results of the new portfolio companies BUDDE and ELTHERM were only partly included in the consolidation for the reporting year. Since these will be fully consolidated in the 2014 fiscal year and negative effects are not anticipated from other portfolio companies, the earnings situation should improve significantly. Sales should also post another slight increase overall. An ambitious EBIT margin target of 10 % has therefore been set for 2014.

INDUS expects no material changes in the **Medical Engineering and Life Science** segment. The segment anticipates a moderate rise in demand and a corresponding earnings performance. The continuously high EBIT margin of more than 15 % should also be within reach for 2014.

In the **Metals Technology** segment, INDUS also expects stable business in 2014. The start-up losses at the new plant for plastic galvanization have been absorbed and will not affect earnings in 2014. The portfolio companies expect stable demand, and INDUS therefore projects slightly rising sales and earnings figures. The EBIT margin should once again be between 9 and 10 %.

Financial Position Outlook: INDUS Aims to Shore up the Good Position

INDUS expects to post a good cash flow from operating activities in 2014 on the back of stable income and earnings. Capital expenditure on property, plant and equipment, and intangible assets is expected to total around EUR 50 million in 2014 (excluding acquisitions). Cash will mostly be used for investing in innovation and efficiency. INDUS intends to maintain this level over the medium term. Moreover, the company remains on the lookout for interesting acquisition opportunities to expand the portfolio in line with its strategy and move into additional growth sectors. To this end, the company has earmarked capital expenditure of about EUR 50 million, assuming suitable acquisition targets are found.

> Active search for
new companies

Cash reserves of more than EUR 115 million, expanded further by the capital increase, enable INDUS to finance its growth strategy independently of banks, also in 2014. The equity ratio, which has meanwhile climbed to more than 43 %, should hold steady in 2014 and 2015. Additional acquisitions and investments in replacements will be financed from the cash flow from operating activities and cash and cash equivalents at hand. Depending on the compelling nature of the market opportunities arising from acquisitions, the equity ratio might decrease a little in 2015.

Repayments due over the course of the year are already covered by new loans agreed for a volume of around EUR 70 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 30 million have been concluded. INDUS intends to leave its current balance sheet ratios unchanged in the long term.

CONSOLIDATED FINANCIAL STATEMENTS

43.6

% GROUP EQUITY RATIO 2013

↗ 4,6 % PTS. YEAR-ON-YEAR

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Consolidated Statement of Income

in EUR '000	Notes	2013	2012*
Sales	[8]	1,195,236	1,105,271
Other operating income	[9]	21,874	22,454
Own work capitalized	[10]	3,716	7,185
Change in inventories	[11]	1,443	384
Cost of materials	[12]	-569,281	-523,555
Personnel expenses	[13]	-326,205	-306,240
Depreciation and amortization	[14]	-44,424	-45,818
Other operating expenses	[15]	-168,555	-154,256
Income from shares accounted for using the equity method		127	189
Other financial result	[16]	315	346
Operating result (EBIT)		114,246	105,960
Interest income		1,042	1,498
Interest expenses		-21,202	-22,591
Net interest	[17]	-20,160	-21,093
Earnings before taxes		94,086	84,867
Taxes	[18]	-30,112	-29,818
Income from discontinued operations	[19]	0	-2,568
Earnings after taxes		63,974	52,481
of which allocable to non-controlling shareholders		121	208
of which allocable to INDUS shareholders		63,854	52,273
Basic earnings per share in EUR	[20]	2.85	2.47
Diluted earnings per share in EUR		2.85	2.47

* Previous year figures adjusted

Statement of Income and Accumulated Earnings

in EUR '000	2013	2012*
Earnings after taxes	63,974	52,481
Actuarial gain or loss	-287	-3,538
Deferred taxes	83	1,019
Items not reclassified to profit or loss	-204	-2,519
Currency translation adjustment	-2,727	670
Change in the market values of derivative financial instruments (Cashflow hedge)	3,771	-2,528
Deferred taxes	-598	399
Items to be reclassified to profit or loss	446	-1,459
Other earnings	242	-3,978
Overall result	64,216	48,503
of which non-controlling interests	121	208
of which allocable to INDUS shareholders	64,095	48,295

* Previous year figures adjusted

Consolidated Statement of Financial Position

in EUR '000	Notes	Dec. 31, 2013	Dec. 31, 2012*
ASSETS			
Goodwill	[21]	331,606	293,947
Other intangible assets	[21]	28,887	16,759
Property, plant, and equipment	[21]	271,833	253,917
Investment property	[21]	5,965	6,152
Financial assets	[22]	8,843	8,710
Shares accounted for using the equity method	[23]	5,737	4,151
Other noncurrent assets	[24]	2,901	1,300
Deferred taxes	[25]	2,303	3,827
Noncurrent assets		658,075	588,763
Inventories	[26]	236,056	219,058
Accounts receivable	[27]	156,218	137,054
Other current assets	[24]	12,050	10,554
Current income taxes	[25]	2,584	6,639
Cash and cash equivalents		115,921	98,710
Current assets		522,829	472,015
Total assets		1,180,904	1,060,778
EQUITY AND LIABILITIES			
Subscribed capital		63,571	57,792
Capital reserve		239,833	185,672
Other reserves		211,299	169,432
Equity held by INDUS shareholders		514,703	412,896
Non-controlling interests in the equity		627	1,242
Equity	[28]	515,330	414,138
Provisions for pensions	[29]	21,803	20,928
Other noncurrent provisions	[30]	1,755	2,457
Noncurrent financial liabilities	[31]	304,769	331,146
Other noncurrent liabilities	[32]	21,376	7,628
Deferred taxes	[25]	25,716	20,412
Noncurrent liabilities		375,419	382,571
Other current provisions	[30]	51,008	44,844
Current financial liabilities	[31]	118,760	109,351
Trade accounts payable		45,543	37,313
Other current liabilities	[32]	69,687	66,777
Current income taxes	[25]	5,157	5,784
Current liabilities		290,155	264,069
Total equity and liabilities		1,180,904	1,060,778

* Previous year figures adjusted

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, 2011	57,792	185,672	144,202	-7,114	380,552	1,543	382,095
Changes in accounting principles based on IAS 19 and IAS 8			152	6,125	6,277		6,277
Balance after adjustments December 31, 2011	57,792	185,672	144,354	-989	386,829	1,543	388,372
Income after taxes			52,273		52,273	208	52,481
Earnings				-3,978	-3,978		-3,978
Overall result			52,273	-3,978	48,295	208	48,503
Dividend payment			-22,228		-22,228	-509	-22,737
Balance Dec. 31, 2012	57,792	185,672	174,399	-4,967	412,896	1,242	414,138
Balance Dec. 31, 2012	57,792	185,672	174,042	-8,636	408,870	1,242	410,112
Changes in accounting principles based on IAS 19 and IAS 8			357	3,669	4,026		-4,026
Balance after adjustments December 31, 2012	57,792	185,672	174,399	-4,967	412,896	1,242	414,138
Capital increase	5,779	54,161			59,940		59,940
Income after taxes			63,853		63,853	121	63,974
Earnings				242	242		242
Overall result			63,853	242	64,095	121	64,216
Changes to scope of consolidation						30	30
Dividend payment			-22,228		-22,228	-766	-22,994
Balance Dec. 31, 2013	63,571	239,833	216,024	-4,725	514,703	627	515,330

Previous year figures adjusted

Consolidated Statement of Cash Flows

in EUR '000	2013	2012*
Income after taxes generated by continuing operations	63,974	55,049
Depreciation/Write-ups		
of noncurrent assets (excluding deferred taxes)	40,771	45,953
due to gains (-)/losses (+) from the disposal of assets	-213	-128
Taxes	30,112	29,818
Net interest	20,160	21,093
Cash earnings of discontinued operations	0	-781
Income from companies accounted for using the equity method	-128	-189
Other non-cash transactions	-1,526	-1,657
Changes in provisions	2,598	2,998
Increase (-)/Decrease (+) in inventories, trade accounts and other assets	-1,991	-34,707
Increase (+)/Decrease (-) in trade accounts and other liabilities	-15,802	-22,004
Income taxes received/paid	-20,635	-27,147
Dividends received	91	130
Operating cash flow	117,411	68,428
Interest paid	-20,931	-24,007
Interest received	1,042	1,498
Cash flow from operating activities	97,522	45,919
Cash outflow from investments in		
intangible assets	-5,420	-3,832
property, plant, and equipment	-46,306	-49,459
financial assets and shares accounted for using the equity method	-2,006	-2,812
shares in fully consolidated companies	-49,205	0
Cash inflow from the disposal of		
shares in fully consolidated companies	0	73
other assets	3,312	2,562
Cash flow from investing activities of discontinued operations	0	-57
Cash flow from investing activities	-99,625	-53,525
Capital increase	59,940	0
Dividends paid to shareholders	-22,228	-22,228
Dividends paid to non-controlling shareholders	-767	-509
Cash inflows from the assumption of debt	125,292	158,969
Cash outflows from the repayment of debt	-142,260	-152,755
Cash flow from financing activities	19,977	-16,523
Net cash change in financial facilities	17,874	-24,129
Changes in cash and cash equivalents caused by currency exchange rates	-663	-268
Cash and cash equivalents at the beginning of the period	98,710	123,107
Cash and cash equivalents at the end of the period	115,921	98,710

* Previous year figures adjusted

Notes

Basic Principles of the Consolidated Financial Statements

[1] GENERAL

INDUS Holding Aktiengesellschaft with registered office in Kölner Straße 32, 51429 Bergisch Gladbach, Germany, is tracked in the Cologne Commercial Register under record no. HRB 46360. INDUS is an established long term-oriented financial investor specializing in the acquisition of SMEs in the manufacturing sector in German-speaking Europe. The operating companies are organized into five divisions (segments): Construction/Infrastructure, Automotive Technology, Engineering, Medical Engineering/Life Science, and Metals Technology.

INDUS Holding AG prepared its consolidated financial statements for the fiscal year from January 1, 2013 to December 31, 2013 in accordance with International Financial Reporting Standards (IFRS) and interpretations of these standards by the International Financial Reporting Interpretations Committee (IFRIC) as to their applicability in the European Union (EU).

The Statement of Income and Accumulated Earnings combines data from the statement of income and “other income” recorded directly in equity. The Statement of Income was prepared using the total cost method. The Statement of Financial Position is structured according to current/noncurrent status of assets and liabilities.

The consolidated financial statements are prepared in euros (EUR). Unless otherwise indicated, all amounts are stated in thousands of euros (EUR '000). The consolidated financial statements are prepared using historical cost accounting, with the exception of balance sheet items which must be carried at fair value. 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 by the Board of Management on April 2, 2014. The Supervisory Board approved the consolidated financial statements at the Board meeting on April 11, 2014.

[2] APPLICATION AND IMPACT OF NEW AND REVISED STANDARDS

All standards whose application was mandatory as of December 31, 2013 were observed. No use was made of the discretionary right to apply standards before they become mandatory.

MANDATORY STANDARDS AND INTERPRETATIONS APPLIED FOR THE FIRST TIME FOR FISCAL YEAR 2013

The following standards were applied for the first time in fiscal year 2013:

- In June 2011, the IASB published revisions to **IAS 1 “Presentation of Financial Statements”**. The revised IAS 1 introduced changes to the presentation of the period reconciliation to overall result. Gain and loss items recognized directly in equity are now to be presented separately after revision of the standard. Differentiation is made between non-reclassifiable items that are never reclassifiable to profit or loss, and reclassifiable items which under certain circumstances are reclassified to profit or loss. The associated tax effects must be allocated to these two groups as well. INDUS has applied the revised IAS 1 since January 1, 2013, and has adjusted the period reconciliation to overall result accordingly in the consolidated financial statements. The other revisions to IAS 1 have no material impact on the presentation of financial position and earnings.
- In June 2011, the IASB published revisions to **IAS 19 “Employee Benefits”**. INDUS has applied the revised IAS 19 retroactively since January 1, 2013. The revision to IAS 19 means that actuarial gains and losses for post-employment benefits are to be recognized directly in equity immediately upon realization. The previously allowed corridor method is no longer permitted. Other changes include the introduction of the net interest method to determine net interest expense and income based on the net defined benefit liability or asset, recognition through profit or loss of unvested past service cost and a revised definition of termination benefits. As a result of the application of the revised IAS 19, INDUS has moved from using the corridor method to recording actuarial gains and losses directly in equity. The effect of initial application is described in detail under point 7.
- In May 2011 the IASB published **IFRS 13 “Fair Value Measurement”**. The new IFRS 13 standard establishes uniform rules for determining fair value. This IFRS standard furthermore regulates under what circumstances measurement at fair value is required or fair value has to be disclosed in the Notes. Initial application had no significant impact on the measurement of assets and liabilities. Changes result in the notes to the consolidated financial statement, as information on the fair value of financial instruments previously reportable only in the full-year financial statements and classification of financial instruments now has to be disclosed in interim reporting as well.

Other guidelines to be applied for the first time in fiscal year 2013 have no material impact on the presentation of the net assets, financial, and earnings position.

STANDARDS ADOPTED BY THE EU UP TO TUESDAY, DECEMBER 31, 2013 WHICH WERE NOT APPLIED EARLY IN THESE FINANCIAL STATEMENTS:

- In May 2011 the IASB published three new standards regarding consolidation: **IFRS 10 “Consolidated Financial Statements”**, **IFRS 11 “Joint Arrangements”** and **IFRS 12 “Disclosure of Interests in Other Entities”**. In addition, changes to two existing standards were published: IAS 27 (Separate Financial Statements) and IAS 28 (Investments in Associates and Joint Ventures). Initial application of the standards is mandatory for fiscal years beginning on or after January 1, 2014. The effects of the changes to the presentation of the financial position and earnings are currently being analyzed.

IFRS 10 (Consolidated Financial Statements) was designed to ensure a methodologically consistent definition of the scope of consolidation independent of the mode of shareholding. The basis for this is a control concept with extensive application notes integrated into the new standard. IFRS 10 thus replaces in full the corresponding rules in IAS 27 “Consolidated and Separate Financial Statements” and SIC-12 “Consolidation – Special Purpose Entities”.

IFRS 11 (Joint Arrangements) governs accounting for joint arrangements in which joint control can be exercised together with a third party.

In the revised version of IAS 28 (Investments in Associates and Joint Ventures) amended by the IASB, the equity method is prescribed for accounting for interests in joint ventures as well as accounting for investments in associates.

IFRS 12 (Disclosure of Interests in Other Entities) regulates mandatory disclosures in the Notes concerning investments in subsidiaries, associated companies, joint arrangements and unconsolidated structured entities.

Following the changes introduced in IFRS 10 “Consolidated Financial Statements” and IFRS 12, the IASB issued a revised version of IAS 27 “Separate Financial Statements”, which now exclusively governs accounting for investments in subsidiaries, associates and joint ventures for IFRS financial statements.

[3] PRINCIPLES OF ACCOUNTING

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 value as of the time of purchase. Goodwill is determined as the difference between the acquisition costs of the business combination and the purchaser's share of the fair values of the acquired assets, liabilities, and contingent liabilities. Positive goodwill is not amortized, but rather 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 components are measured at fair value on the acquisition date if they are likely to be realized and the amounts can be reliably estimated. 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 recognized for consolidation adjustments affecting net income.

CURRENCY TRANSLATION

Foreign currency transactions in the individual financial statements are translated into the functional currency of the individual company 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 =	Dec. 31, 2013	Dec. 31, 2012	
				2013	2012
Brazil	BRL	3.258	2.704	2.867	2.508
Canada	CAD	1.467	1.314	1.367	1.284
Switzerland	CHF	1.228	1.207	1.231	1.205
China	CNY	8.349	8.221	8.165	8.105
Czech Republic	CZK	27.427	25.151	25.987	25.149
Great Britain	GBP	0.834	0.816	0.849	0.811
Mexico	MXN	18.073	17.185	16.964	16.903
Poland	PLN	4.154	4.074	4.197	4.185
Serbia	RSD	114.565	113.476	113.064	113.017
Turkey	TRY	2.961	2.355	2.533	2.314
USA	USD	1.379	1.319	1.328	1.285
South Africa	ZAR	14.566	11.173	12.831	10.551

In the presentation of the development of noncurrent assets, 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 not amortized due to its indefinite life; impairment testing is performed at least once annually. 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 following pre-tax cost of capital rates were applied in the segments: Construction/Infrastructure 9.2 % (previous year: 9.3 %), Vehicle Technology 9.3 % (previous year: 9.6 %), Machinery and Equipment 8.2 % (previous year: 8.3 %), Medical Engineering/Life Science 6.4 % (previous year: 6.4 %) and Metals Technology 8.9 % (previous year: 9.2 %).

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 (cash generating units).

The goodwill recognized in the purchase price allocation is distributed across 38 cash generating units (previous year: 36). 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 segment-specific pre-tax cost of capital rate were to rise by 0.5 %, the impairment amount recorded on goodwill in this scenario would increase by EUR 1,000,000 (previous year: approx. EUR 800,000).

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 or declining-balance depreciation 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.

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.

Land and buildings owned to generate rental income and enhance value are classified as **financial investments held to maturity**. These assets are measured at amortized cost. Depreciation and useful lives correspond to those of owner-occupied real estate as a rule. 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.

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 using the average cost method. In the event of longer storage periods or reduced realizable value, these are written down to the lower net realizable value.

Customer-specific **construction contracts** are recognized using the percentage of completion (POC) method. Contract revenue and profit are not recognized upon transfer of risk, but rather by 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 applying 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 interest-rate 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.

The use of **fair value** concerns derivatives exclusively. In both fiscal years, the market values of derivatives at fair value through profit and loss were measured using only market-related valuation methods. These correspond to the level 2 procedures. There are therefore no effects from the changeover of measurement methods in accordance with level 1 (quoted prices) or level 3 (measurement procedures without observable market data).

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.

Pension obligations are based on defined contribution and defined benefit plans of varying design. 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. The interest rate used for discounting future claims is the market rate for risk-adjusted long-term investments with similar maturities. For every pension plan, the projected benefit obligation is reduced by the fair value of the qualified plan assets. Differences between actuarial assumptions and actual change in the underlying parameters used to calculate projected unit credits and the fair value of plan assets give rise to actuarial gains and losses. These actuarial gains or losses are recognized directly in equity via the change in consolidated equity and recorded on the Statement of Income and Accumulated Earnings (comprehensive income) and in pension provisions.

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. Tax provisions are accrued on the basis of reasonable estimates for uncertain obligations to national tax authorities.

Contingent liabilities are potential obligations to third parties or existing obligations which are unlikely to result in an outflow of resources or the amount of which cannot be reliably determined. Disclosures must be made in the Notes regarding existing contingent liabilities.

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. In Germany, a corporate income tax rate of 15 % applies. The tax rate on earnings for companies based in Germany amounts to 28.8 % (previous year: 28.8 %) based on a trade tax assessment multiplier of 370 % and solidarity surcharge of 5.5 %. Foreign tax rates range between 19 % and 29 % (previous year: 10 % and 40 %).

As part of **revenue recognition**, sales revenues are recorded when services have been provided or goods/products delivered, the risk having thereby passed 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. Revenues from services are recorded based on progress if the corresponding conditions are met. Earnings from customer-specific construction contracts, are recognized in accordance with stage of completion. Dividend income on equity shares is recognized when a legal claim to payment arises.

Taxes levied in the various countries on taxable earnings of the respective companies and the change in deferred taxes affecting income are shown under **income taxes**. Income taxes are recognized in the amount expected to be payable/paid to the tax authorities. The tax rates valid as of the balance sheet date are applied for calculation.

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.

The preparation of consolidated financial statements is influenced by **assumptions and estimates** made which have an impact on the recognized value of the assets, liabilities, and contingent liabilities, as well as on income and expenses. When estimates are made regarding the future, actual values may deviate from the estimates. If the original basis for the estimates changes, the statement of the relevant items is adjusted through profit and loss.

Items on the statement of financial position are influenced by uncontrollable future events. This can relate to bad debt losses, the useful lives of intangible assets or property, plant and equipment or similar circumstances; these are all 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 in testing assets and cash-generating units for impairment, and calculating pension provisions using 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 2014 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.

[4] 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 policies 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 of the date on which the business is transferred. After the date on which the decision is made to divest the company in question, these are classified as "held for sale."

NUMBER OF COMPANIES INCLUDED

	Germany	Abroad	Total
Fully consolidated subsidiaries			
January 1, 2012	93	24	117
Additions	0	0	0
Disposals	1	2	3
December 31, 2012	92	22	114
Additions	8	7	15
Disposals	1	0	1
December 31, 2013	99	29	128
Companies valued using the equity method			
January 1, 2012	0	2	2
Additions	1	1	2
Disposals	0	0	0
December 31, 2012	1	3	4
Additions	0	1	1
Disposals	0	1	1
December 31, 2013	1	3	4

On December 31, 2013, this disclosure encompassed 32 fully limited liability companies which constitute a "unit company" with the related commercial partnership (December 31, 2012: 32 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.

Eight (previous year: ten) subsidiaries which were of subordinate significance for the consolidated financial statements due to small size or minimal business activity 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 with reasonable effort.

The material operating companies are presented in the notes. A full list of shareholdings, which forms part of the Notes to the consolidated financial statements is submitted to the electronic German Federal Gazette with the consolidated financial statements pursuant to Sec. 313 of the German Commercial Code.

In some cases, there are call and/or put options on shares in fully consolidated companies held by non-controlling shareholders, which have been recognized as contingent purchase price liabilities. In all material instances, 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.

[5] BUSINESS COMBINATIONS

DISCLOSURES ON FIRST-TIME CONSOLIDATION FOR THE CURRENT FISCAL YEAR

BUDDE

In an agreement dated January 29, 2013, effective as of March 7, 2013, INDUS Holding AG acquired a 75 % stake in BUDDE Fördertechnik GmbH based in Bielefeld, which owns 100 % of COMSORT GmbH based in Kamen. INDUS Holding AG also acquired a 75 % stake in BUDDE Fördertechnik GmbH based in Schmalkalden. The BUDDE Group is a leading provider of general cargo and bulk material handling systems as part of custom solutions. The Group develops, designs and manufactures company-internal transport systems.

The fair value of the entire consideration for the acquisition of the BUDDE Group amounted to EUR 42,351,000 at the time of acquisition. This amount represents EUR 32,416,000 in cash plus a contingent purchase price liability in the amount of EUR 9,935,000, which was factored into the fair value calculation.

Hidden reserves are allocated to the order backlog, customer relationships and the brand. Hidden charges have been uncovered under deferred taxes.

Funds totaling EUR 5,431,000 and financial liabilities in the amount of EUR 117,000 were acquired in the course of purchasing the company. The resulting difference of EUR 27,418,000 between the consideration transferred and the net assets acquired was recognized provisionally as goodwill, which is not tax-deductible.

ACQUISITIONS: BUDDE (in EUR '000)

	Carrying amounts at time of addition	Assets added due to first-time consolidation	Additions conso- lidated statement of financial position
Noncurrent assets	3,124	38,463	41,587
Current assets	15,212	930	16,142
Total assets	18,336	39,393	57,729
Noncurrent liabilities	276	13,515	13,791
Current liabilities	9,952	0	9,952
Total liabilities	10,228	13,515	23,743

The BUDDE Group contributes EUR 32,220,000 in sales and EUR 4,837,000 in EBIT to the 2013 result. The three companies were first consolidated in March 2013. If the BUDDE Group had been consolidated as at January 1, 2013, sales in 2013 would have amounted to EUR 34,858,000 and EBIT to EUR 5,494,000. The BUDDE Group was classified as part of the Engineering segment.

ELTHERM

By contract dated June 11, 2013, INDUS Holding AG took over 90 % of shares in ELTHERM GmbH and ELTHERM Production GmbH, both headquartered in Burbach, and their four subsidiaries. Based in Burbach (Germany), Newbury (UK), Toronto (Canada), Singapore and Shanghai (China), the ELTHERM Group develops and produces electrical heat tracing systems for industrial processes. Such systems are used for example in the chemical industry, the oil and gas industry, power plant construction and the food industry.

The acquisition costs amount to EUR 16,588,000, comprised of EUR 14,400,000 in cash and a contingent purchase price liability in the amount of EUR 2,188,000.

Funds totaling EUR 3,651,000 and financial liabilities in the amount of EUR 1,766,000 were acquired in the course of purchasing the company. Noncurrent assets include goodwill stemming from the first-time consolidation amounting to EUR 5,332,000, which is not tax-deductible.

In the purchase price allocation, the acquired assets and liabilities at the time of initial consolidation were determined as follows:

ACQUISITIONS: ELTHERM (in EUR '000)

	Carrying amounts at time of addition	Assets added due to first-time consolidation	Additions conso- lidated statement of financial position
Noncurrent assets	3,712	8,195	11,907
Current assets	14,869	728	15,597
Total assets	18,581	8,923	27,504
Noncurrent liabilities	0	1,856	1,856
Current liabilities	9,743	939	10,682
Total liabilities	9,743	2,795	12,538

The ELTHERM Group contributed EUR 14,433,000 in sales and EUR 2,166,000 in EBIT to the 2013 result. If the ELTHERM Group had been consolidated as at January 1, 2013, sales in 2013 amounted to EUR 23,190,000 and EBIT to EUR 2,854,000. The ELTHERM Group was first consolidated in June 2013 and was classified as part of the Engineering segment.

Other acquisitions/First-time consolidations

Furthermore, several subsidiaries of INDUS Holding AG were acquired to round out the portfolio.

By contract dated June 19, 2013, AURORA Konrad G. Schulz GmbH & Co. KG acquired 100 % of shares in HEAVAC B.V. headquartered in Nuenen, Netherlands. HEAVAC produces ventilation and air-conditioning systems for buses. The main unit sales markets are the Benelux countries as well as the UK and Russia. Based on its market leadership, in particular in the Benelux countries, HEAVAC acts as a development partner for its customers.

By contract dated July 26, 2013, BUDDE Fördertechnik GmbH in Bielefeld, Germany, acquired 75 % of the shares in PROVIS Steuerungstechnik GmbH, Delmenhorst, Germany. The BUDDE Group develops electric control and automation technology. PROVIS will be in charge of electric planning, the design and fabrication of switchgear cabinets and programming the control software of conveyor systems.

By contract dated November 7, 2013, Konrad SCHÄFER GmbH acquired 70 % of the shares in D.M.S. GmbH in Reichertshofen. D.M.S. develops and produces virtual models for the automobile and commercial vehicle industry. The scope of the KIEBACK-SCHÄFER Group's activities have been complemented by the integration of D.M.S. activities.

Since January 1, 2013, AURORA North America LLC, Caledonia, USA, was included in the scope of consolidation for the first time. The company had not been consolidated in preceding years for materiality reasons.

The acquisition costs for the remaining entities come to EUR 11,060,000 and are made up of cash payments of EUR 9,500,000 and contingent purchase price liabilities totaling EUR 1,560,000. Funds totaling EUR 873,000 and financial liabilities in the amount of EUR 961,000 were acquired. Noncurrent assets include goodwill stemming from the first-time consolidation amounting to EUR 5,917,000, 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 purchase price allocation, the acquired assets and liabilities at the time of initial consolidation were determined as follows:

OTHER ACQUISITIONS (in EUR '000)

	Carrying amounts at time of addition	Assets added due to first-time consolidation	Additions conso- lidated statement of financial position
Noncurrent assets	1,563	7,865	9,428
Current assets	9,416	312	9,728
Total assets	10,979	8,177	19,156
Noncurrent liabilities	961	2,474	3,435
Current liabilities	6,393	4	6,397
Total liabilities	7,354	2,478	9,832

These entities contribute EUR 7,025,000 in sales and EUR -128,000 in EBIT to the 2013 result. If these companies had been consolidated as at January 1, 2013, sales in 2013 would have amounted to EUR 22,762,000 and EBIT to EUR 1,282,000.

Transaction costs were recorded in the Statement of Income.

DISCLOSURES ON THE PREVIOUS YEAR

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

[6] CORPORATE DISPOSALS**DISCLOSURES ON FIRST-TIME CONSOLIDATION FOR THE CURRENT FISCAL YEAR**

No investments were sold in the fiscal year under review.

DISCLOSURES ON THE PREVIOUS YEAR

Effective as of June 6, 2012, REBOPLASTIC GmbH, a company belonging to the Automotive segment, was sold.

Income and expenses attributable to discontinued operations were as follows:

(in EUR '000)	2012
Sales	2,794
Expenses and other income	-2,994
Operating result (EBIT)	-200
Net interest	-30
Earnings before Taxes	-230
Taxes	29
Earnings after Taxes	-201
Earnings after taxes from current operations	-2,367
Income from discontinued operations	-2,568
Tax expense (+)/revenue (-) from divestments	-117

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.

[7] ADJUSTMENT OF PREVIOUS-YEAR FIGURES PURSUANT TO IAS 8

Changes in accounting principles based on IAS 19 require an adjustment of previous-year figures and are shown retrospectively in accordance with IAS 8.19(b). In addition to this, the fixed assets of foreign subsidiaries were subject to foreign exchange adjustment in accordance with IAS 8.42. This correction only has an impact on fixed assets and shareholders' equity of the previous years.

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

	2012 reported	IAS 8	2012 comparable
Sales	1,105,271		1,105,271
Other operating income	22,454		22,454
Own work capitalized	7,185		7,185
Change in inventories	384		384
Cost of materials	-523,555		-523,555
Personnel expenses	-306,528	288	-306,240
Depreciation and amortization	-45,818		-45,818
Other operating expenses	-154,256		-154,256
Income from shares accounted for using the equity method	189		189
Other financial result	346		346
Operating result (EBIT)	105,672	288	105,960
Interest income	1,498		1,498
Interest expenses	-22,591		-22,591
Net interest	-21,093		-21,093
Earnings before taxes	84,579	288	84,867
Taxes	-29,735	-83	-29,818
Income from discontinued operations	-2,568		-2,568
Earnings after taxes	52,276	205	52,481
of which allocable to non-controlling shareholders	208		208
of which allocable to INDUS shareholders	52,068	205	52,273
Basic earnings per share in EUR	2.46	0.01	2.47
Diluted earnings per share in EUR	2.46	0.01	2.47

ADJUSTMENT OF PREVIOUS-YEAR STATEMENT OF INCOME AND ACCUMULATED EARNINGS (in EUR '000)

	2012 reported	IAS 8	2012 comparable
Earnings after taxes	52,276	205	52,481
Actuarial gains and losses on pension plans	0	-3,538	-3,538
Deferred taxes	0	1,019	1,019
Items not reclassified to profit or loss	0	-2,519	-2,519
Currency translation adjustment	607	63	670
Change in the market values of derivative financial instruments (Cash flow hedge)	-2,528		-2,528
Deferred taxes	399		399
Items to be reclassified to profit or loss in future	-1,522	63	-1,459
Other earnings	-1,522	-2,456	-3,978
Other earnings	50,754	-2,251	48,503
of which non-controlling interests	208		208
of which allocable to INDUS shareholders	50,546	-2,251	48,295

The table below provides an overview of the impact on affected items on the statement of financial position after adjustments:

ADJUSTMENT IAS 8 (in EUR '000)

	Dec. 31, 2011	Dec. 31, 2012
Statements of Financial Position		
Goodwill	1,467	1,605
Intangible assets	52	70
Property, plant, and equipment	5,256	5,088
Financial assets	98	175
Provisions for pensions	840	4,089
Equity		
a) based on IAS 19	-598	-2,911
b) due to currency translation change	6,873	6,938
Deferred taxes	242	1,178

Notes to the Statement of Income

[8] SALES

Sales include EUR 102,711,000 in revenue from customer-specific construction contracts (previous year: EUR 87,833,000). Sales also include service revenue of EUR 10,139,000 (previous year: EUR 4,195,000).

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

[9] OTHER OPERATING INCOME

(in EUR '000)	2013	2012
Income from the release of accruals	5,541	7,906
Income from write-ups on property, plant and equipment	3,500	0
Release of valuation allowances	3,287	1,588
Transfer to earnings/release of deferrals carried as liabilities	1,409	1,271
Insurance compensation	1,122	922
Income from rental and lease agreements	802	766
Income from currency translation	563	887
Income from asset disposals	549	459
Income from the subsequent valuation of non-controlling interests	0	1,836
Other operating income	5,101	6,819
Total	21,874	22,454

Income from currency translation of EUR 563,000 (previous year: EUR 887,000) was offset by expenses of EUR -3,413,000 (previous year: EUR -953,000). Currency differences included in income thus amounted to EUR -2,850,000 (previous year: EUR 66,000).

[10] OWN WORK CAPITALIZED

(in EUR '000)	2013	2012
Other own work capitalized	1,677	5,563
Own work capitalized in accordance with IAS 38	2,039	1,622
Total	3,716	7,185

Furthermore, EUR 9,201,000 in research and development expenses were recognized as part of the expenses for the period (previous year: EUR 8,807,000).

[11] CHANGES IN INVENTORIES

(in EUR '000)	2013	2012
Work in process	-1,755	-1,014
Finished goods	3,198	1,398
Total	1,443	384

[12] COST OF MATERIALS

(in EUR '000)	2013	2012
Raw materials and goods for resale	-486,128	-449,275
Purchased services	-83,153	-74,280
Total	-569,281	-523,555

[13] PERSONNEL EXPENSES

(in EUR '000)	2013	2012*
Wages and salaries	-274,245	-258,059
Social security	-47,600	-44,457
Pensions	-4,360	-3,724
Total	-326,205	-306,240

* Previous year figures adjusted

Personnel expenses do not include the interest portion of transfers to pension provisions. This is recorded in the amount of EUR -861,000 in net interest (previous year: EUR -933,000).

[14] DEPRECIATION

(in EUR '000)	2013	2012
Scheduled amortization	-42,796	-41,951
Impairment losses	-1,628	-3,867
Total	-44,424	-45,818

Impairments were recorded for the cash flow-generating units NISTERHAMMER and SEMET due to lower earnings in the Engineeringsegment. (previous year: BACHER AG in the Metals Technology segment). Impairments concerned property, plant and equipment depreciation expenses of EUR 480,000 (previous year: EUR 0), valuation adjustments for intangible assets in the amount of EUR 213,000 (previous year: EUR 0) and goodwill impairments of EUR 733,000 (previous year: EUR 2,489,000).

Impairments were additionally recorded on property, plant and equipment in the amount of EUR 202,000 (previous year: EUR 850,000). Impairment losses on intangible assets were not incurred (previous year: EUR 528,000).

A breakdown of impairments by segment is provided in the segment report.

[15] OTHER OPERATING EXPENSES

(in EUR '000)	2013	2012
Selling expenses	-73,730	-65,069
Operating expenses	-56,372	-52,536
Administrative expenses	-29,957	-29,151
Other expenses	-8,496	-7,500
Total	-168,555	-154,256

SELLING EXPENSES

(in EUR '000)	2013	2012
Shipping, packaging, and provisions	-35,376	-29,534
Vehicle, travel, and entertaining costs	-15,701	-14,031
Marketing and trade fairs	-10,973	-9,013
Accounts receivable and guarantees	-9,936	-10,822
Other selling expenses	-1,744	-1,669
Total	-73,730	-65,069

OPERATING EXPENSES

(in EUR '000)	2013	2012
Machinery and plant: leases and maintenance	-19,675	-18,317
Land and buildings: leases and occupancy costs	-17,912	-16,515
Energy, supplies, tools	-12,881	-11,586
Other operating expenses	-5,904	-6,118
Total	-56,372	-52,536

ADMINISTRATIVE EXPENSES

(in EUR '000)	2013	2012
IT, office, and communication services	-10,715	-9,462
Consulting and fees	-8,978	-9,169
Insurance	-3,588	-3,772
Human Resources admin and continuing education	-3,466	-3,299
Other administrative costs	-3,210	-3,449
Total	-29,957	-29,151

OTHER EXPENSES

(in EUR '000)	2013	2012
Cost of currency translation	-3,413	-953
Disposal of fixed assets	-336	-331
Transfer to provisions	-183	-2,941
Expenses from remeasurement of minority interests	0	-391
Miscellaneous	-4,564	-2,884
Total	-8,496	-7,500

[16] FINANCIAL RESULT

(in EUR '000)	2013	2012
Income from financial assets	315	481
Write-downs of financial assets	0	-135
Total	315	346

[17] NET INTEREST

(in EUR '000)	2013	2012
Interest and similar income	1,042	1,498
Interest and similar expenses	-20,964	-23,165
Interest from operations	-19,922	-21,667
Others: market value of interest-rate swaps	1,027	869
Others: non-controlling interests	-1,265	-295
Other interest	-238	574
Total	-20,160	-21,093

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 261,000 (previous year: EUR 380,000). This was based on a financing cost rate of 4 % (previous year: 4 %).

[18] TAXES

(in EUR '000)	2013	2012*
Non-recurrent taxes	1,259	-1,173
Current taxes	-30,079	-26,766
Deferred taxes	-1,292	-1,879
Total	-30,112	-29,818

* Previous year figures adjusted

The non-recurring taxes result predominantly from changes due to 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 statements, 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 AG. 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)

	2013	2012*
Earnings before income taxes	94,086	84,867
Expected tax expenses 28.8 %	27,097	24,442
Reconciliation		
Non-recurrent taxes	-1,259	1,173
Equity measurement of associated companies	-37	-55
Goodwill impairments – stock corporations	207	717
Structural effects of		
divergent local tax rates	305	-103
divergent national tax rates	-717	53
Corporate acquisition transaction costs	270	0
Capitalization or impairment of deferred tax loss carryforwards	-301	24
Actual use of tax loss carryforward	-198	-295
No offsetting of income for autonomous subsidiaries	2,233	2,641
Earnings attributable to other shareholders	364	85
Effects of the interest deduction ceiling on INDUS Holding AG	678	556
Other non-deductible expenses or tax-free income	1,470	580
Actual tax expenses	30,112	29,818
as a percentage of earnings	32	35

* Previous year figures adjusted

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 %.

[19] INCOME FROM DISCONTINUED OPERATIONS

The previous year's earnings attributable to discontinued operations reflects earnings attributable to REBOPLASTIC GmbH, which was sold on May 1, 2012.

[20] EARNINGS PER SHARE

Earnings came to EUR 2.85 per share (previous year: EUR 2.47). The weighted average number of shares in circulation in the current year was 22,410,431 (previous year 22,227,737). See note [28] for further details.

(in EUR '000)	2013	2012
Earnings attributable to INDUS shareholders	63,854	52,273
Earnings attributable to discontinued operations	0	-2,568
Earnings attributable to continuing operations	63,854	54,841
Weighted average shares outstanding (thousands)	22,410	22,228
Earnings per share, continuing operations in EUR	2.85	2.47
Earnings per share, discontinued operations in EUR	0.00	-0.12

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 can arise in the future.

Notes to the Consolidated Statement of Financial Position

[21] DEVELOPMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

COSTS IN 2013 (in EUR '000)

	Opening balance Jan. 1, 2013	Disposals in the scope of consolidation	Additions	Disposals	Transfers	Currency translation	Closing balance Dec. 31, 2013
Goodwill	332,484	38,687	29	0	0	-374	370,826
Capitalized developments costs	16,982	21	2,188	0	0	0	19,191
Property rights, concessions, and other intangible assets	98,330	13,789	3,201	-1,602	3	222	113,943
Total other intangible assets	115,312	13,810	5,389	-1,602	3	222	133,134
Land and buildings	194,684	3,064	3,959	-257	6,215	-16	207,649
Plant and machinery	326,088	2,822	12,618	-7,320	2,333	-1,258	335,283
Other equipment, factory, and office equipment	114,213	2,718	10,087	-5,439	1,513	404	123,496
Advance payments and work in process	9,864	0	20,034	-1,099	-10,064	-1	18,734
Total property, plant and equipment	644,849	8,604	46,698	-14,115	-3	-871	685,162
Investment property	6,969	0	0	0	0	0	6,969

AMORTIZATION IN 2013 (in EUR '000)

	Opening balance Jan. 1, 2013	Disposals in the scope of consolidation	Additions	Disposals and Transfers	Appreciation in value	Currency translation	Closing balance Dec. 31, 2013
Goodwill	38,537	0	735	0	0	-52	39,220
Capitalized developments costs	8,772	0	2,264	0	0	0	11,036
Property rights, concessions, and other intangible assets	89,781	0	4,651	-1,487	0	266	93,211
Total other intangible assets	98,553	0	6,915	-1,487	0	266	104,247
Land and buildings	63,599	0	5,949	-180	-3,496	793	66,665
Plant and machinery	244,154	0	20,619	-6,609	-157	-112	257,895
Other equipment, factory, and office equipment	83,179	0	10,018	-4,949	0	520	88,768
Advance payments and work in process	0	0	1	0	0	0	1
Total property, plant and equipment	390,932	0	36,587	-11,738	-3,653	1,201	413,329
Investment property	817	0	187	0	0	0	1,004

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	334,919	-2,574	0	0	0	139	332,484
Capitalized developments costs	15,249	0	1,733	0	0	0	16,982
Property rights, concessions, and other intangible assets	97,480	-966	2,155	-356	0	17	98,330
Total other intangible assets	112,729	-966	3,888	-356	0	17	115,312
Land and buildings	185,080	-226	9,643	-26	125	88	194,684
Plant and machinery	314,358	-3,857	14,781	-3,250	4,293	-237	326,088
Other equipment, factory, and office equipment	108,212	-873	10,828	-4,385	429	2	114,213
Advance payments and work in process	8,593	0	11,117	-1,677	-8,147	-22	9,864
Total property, plant and equipment	616,243	-4,956	46,369	-9,338	-3,300	-169	644,849
Investment property	0	0	3,669	0	3,300	0	6,969

* Previous year figures adjusted

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 developments 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 other intangible assets	93,630	-868	6,154	-337	0	-26	98,553
Land and buildings	59,162	-226	5,513	-718	0	-132	63,599
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

Intangible assets have determinable useful lives. The change in scope of consolidation concerns additions per IFRS 3 in the year under review and disposals per IFRS 5 in the previous year.

The residual carrying amount of capitalized finance leases came to EUR 15,083,000 for property and building leases (previous year: EUR 10,120,000) and EUR 2,512,000 for plant and machinery leases (previous year: EUR 1,631,000).

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 454,000 (previous year: EUR 520,000), and the related expenses amount to EUR 350,000 (previous year: EUR 425,000). The properties' fair value totaled EUR 7,200,000 (previous year: EUR 7,200,000).

As at the balance sheet date, the residual carrying amounts of intangible assets, property, plant and equipment and investment property came to:

(in EUR '000)	Dec. 31, 2013	Dec. 31, 2012*
Goodwill	331,606	293,947
Capitalized development costs	8,155	8,210
Property rights, concessions and other intangible assets	20,732	8,549
Total other intangible assets	28,887	16,759
Land and buildings	140,984	131,085
Plant and machinery	77,388	81,934
Other equipment, factory and office equipment	34,728	31,034
Advance payments and work in process	18,733	9,864
Total property, plant and equipment	271,833	253,917
Investment property	5,965	6,152

* Previous year figures adjusted

[22] FINANCIAL ASSETS

(in EUR '000)	Dec. 31, 2013	Dec. 31, 2012*
Other investments	689	741
Other loans	8,154	7,969
Total	8,843	8,710

* Previous year figures adjusted

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.

[23] SHARES ACCOUNTED FOR USING THE EQUITY METHOD

As of December 31, 2013, the carrying amounts of shares accounted for using the equity method totaled 5,737,000 (previous year: 4,151,000).

The table below presents additional data on investments measured using the equity method:

(in EUR '000)	2013	2012
Purchase price of associated companies	4,447	2,908
Appropriated income in the period	127	189
Key figures of the associated companies:		
Assets	33,986	21,549
Liabilities	19,493	11,299
Capital	14,493	10,250
Revenue	39,981	26,624
Earnings	1,288	347

Valuation allowances for receivables from investments measured via the equity method totaled EUR 10,000 (previous year: EUR 10,000). BETOMAX Polska Sp z.o.o. Konskie, Poland has been listed on the stock exchange since the 2013 financial year. The stock market price of the 30 % stake is EUR 3,120,000.

[24] OTHER ASSETS

(in EUR '000)	Dec. 31, 2013	Dec. 31, 2012
Accrual of payments not relating to the period under review	3,012	2,228
Other tax refund claims	2,156	1,984
Reinsurance premiums	1,065	1,059
Loans and other receivables	437	270
Positive swap market value	0	199
Sundry assets	8,281	6,114
Total	14,951	11,854
of which current	12,050	10,554
of which noncurrent	2,901	1,300

[25] DEFERRED TAXES AND CURRENT INCOME TAXES

Current income tax assets in the amount of EUR 468,000 are noncurrent (previous year: EUR 488,000) and result primarily from capitalized corporate income tax credits. Of the current income tax liabilities, EUR 1,199,000 are income tax liabilities (previous year: EUR 801,000) and EUR 3,958,000 income tax provisions (previous year: EUR 4,983,000).

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
2013			
Goodwill of limited partnerships	317	-23,011	-22,694
Intangible assets	0	-6,469	-6,469
Property, plant and equipment	1,039	-1,601	-562
Other noncurrent assets	27	0	27
Receivables and inventories	392	-2,565	-2,173
Other current assets	0	-165	-165
Long-term provisions	3,815	-35	3,780
Current liabilities	2,406	0	2,406
Capitalization of losses carried forward	2,437	0	2,437
Netting-out of accounts	-8,130	8,130	0
Deferred taxes in statement of financial position	2,303	-25,716	-23,413
	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	3,647	-451	3,196
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	3,827	-20,412	-16,585

* Previous year figures adjusted

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, 2013	Statement of Income	Other	Dec. 31, 2013
Trade tax	2,788	-579	0	2,209
Corporate tax	270	-42	0	228
Capitalization of losses carried forward	3,058	-621	0	2,437
Other deferred taxes in statement of financial position	-19,643	-671	-5,536	-25,850
Deferred taxes in statement of financial position	-16,585	-1,292	-5,536	-23,413
	Jan. 1, 2012*	Statement of Income*	Other*	Dec. 31, 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	-19,152	-1,693	1,202	-19,643
Deferred taxes in statement of financial position	-15,908	-1,879	1,202	-16,585

* Previous year figures adjusted

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

(in EUR '000)	2013	2012
Reserve for marked-to-market valuation of cash flow hedges	-595	399
Currency translation reserve	152	-41
Pension provisions (actuarial gains/losses)	136	1,019
Change in scope of consolidation	-5,229	-175
Total	-5,536	1,202

Deferred tax assets were recognized for trade tax and corporate income tax losses carried forward totaling EUR 18,220,000 (previous year: EUR 23,022,000).

Other losses carried forward totaling EUR 145,938,000 (previous year: EUR 129,421,000) 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 [18]. 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 422,000 were not recognized (previous year: EUR 1,213,000). Deferred tax assets totaling EUR 744,000 (previous year: EUR 760,000) were recognized in addition to the relevant deferred tax liabilities for companies which have recently suffered tax losses.

[26] INVENTORIES

(in EUR '000)	Dec. 31, 2013	Dec. 31, 2012
Raw materials and supplies	82,493	77,122
Unfinished goods	74,579	66,463
Finished goods and goods for resale	73,252	73,349
Prepayments for inventories	5,732	2,124
Total	236,056	219,058

The value of the inventories' carrying amounts was adjusted downward by EUR 16,084,000 (previous year: EUR 11,803,000). Inventories totaling EUR 465,000 (previous year: EUR 0) were pledged as collateral for liabilities.

[27] RECEIVABLES

(in EUR '000)	Dec. 31, 2013	Dec. 31, 2012
Accounts receivable from customers	137,894	124,596
Future accounts receivable from customer-specific construction contracts	11,048	8,092
Accounts receivable from associated companies	7,276	4,366
Total	156,218	137,054

In the year under review, EUR 105,000 in accounts receivable from customers with maturities of over one year (previous year: EUR 0).

Further information on construction contracts is contained in the following table:

(in EUR '000)	2013	2012
Costs incurred including prorated income	33,039	29,214
Advance payments received	28,817	26,402
Construction contracts with a positive balance	11,048	8,092
Construction contracts with a negative balance	6,826	5,280

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

The accounts receivable include valuation allowances amounting to EUR 6,762,000 (previous year: EUR 7,267,000). They developed as follows:

(in EUR '000)	2013	2012
Valuation allowances as of January 1	7,267	4,637
Currency translation	-13	3
Changes in the scope of consolidation	35	0
Additions	3,139	4,673
Utilization	-379	-458
Reversals	-3,287	-1,588
Valuation allowances as of December 31	6,762	7,267

[28] EQUITY**SUBSCRIBED CAPITAL**

The capital stock came to EUR 63,571,323.62 on the reporting date. Capital stock consists of 24,450,509 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.

The Board of Management is authorized, subject to Supervisory Board approval, to increase the Company's capital stock until June 2014 through the issuance of new no-par-value bearer shares in exchange for contributions in cash on one or more occasions up to a total to EUR 14,328,626.00 (Authorized Capital I). The shareholders are to be given subscription rights during the capital increase. However, the Board of Management is authorized, subject to Supervisory Board approval, to exclude residual amounts from the shareholders' subscription rights. The Board of Management is also authorized to determine the details of the capital increase.

Per resolution adopted at Annual Shareholders' Meeting on July 3, 2012, 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.

To raise capital as part of the COMPASS 2020 strategy, on December 2, 2013 the Board of Management approved an increase in capital stock by EUR 5,779,207.20 to EUR 63,571,323.62 through the issuance of 2,222,772 new bearer shares without subscription rights at an issue price of EUR 27.03. The Supervisory Board approved the resolution on the same day. The capital increase was conducted and recorded in the commercial register on December 3, 2013.

Per resolution adopted at the Annual Shareholders' Meeting on June 24, 2013, the company's capital stock was conditionally increased by up to EUR 11,700,000.04, divided into 4,500,000 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 2013).

The implementation of the capital increase is conditional upon:

- exercise by their holders of warrants or convertible bonds issued or guaranteed by INDUS Holding AG or its direct or indirect majority-owned investment companies through the date June 23, 2018 pursuant to the authorization resolution adopted at the Annual Shareholders' Meeting on July 24, 2013, or
- fulfillment by the obligated parties of obligations to exercise/convert warrants or convertible bonds issued or guaranteed by INDUS Holding AG or its direct or indirect majority-owned investment companies through the date June 23, 2018 pursuant to the authorization resolution adopted at the Annual Shareholders' Meeting on July 24, 2013, and
- contingent capital being required in accordance with the terms of the warrants/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 AG's additional paid-in capital. As of the reporting date the equity ratio was 43.6 % (previous year: 39.0 %).

The cost of raising equity capital in connection with the December 2013 share offering (capital increase) was EUR 146,000 after tax, which was recorded directly in equity, being deducted from the capital reserve.

INTERESTS ALLOCABLE TO NON-CONTROLLING SHAREHOLDERS

In some cases, call and/or put options are held on shares owned by non-controlling shareholders. 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.

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 [32]. This relates in particular to SELZER Fertigungstechnik GmbH & Co. KG, Helmut RÜBSAMEN GmbH & Co. KG, BUDDER Fördertechnik GmbH and ELTHERM GmbH.

APPLICATION OF PROFITS

The Board of Management will propose to the Annual Shareholders' Meeting that the following dividend payments be made from INDUS Holding AG's accumulated earnings:

Payment of a dividend of EUR 1.10 per no-par-value share (previous year: EUR 1.00). Given 24,450,509 shares (previous year: 22,227,737), the total payment amount was EUR 26,895,559.90 (previous year: EUR 22,227,737.00). The full text of the dividend proposal is published separately. The proposed dividend was not recognized in the balance sheets and there are no tax consequences.

OTHER RESERVES

CHANGE IN OTHER RESERVES (in EUR '000)

	Dec. 31, 2011*	Other result 2012*	Dec. 31, 2012*	Other result 2013	Dec. 31, 2013
Reserve for currency translation	5,598	670	6,268	-2,727	3,541
Pension provisions (actuarial gains/losses)	-1,055	-3,538	-4,593	-287	-4,880
Deferred taxes for pensions	304	1,019	1,323	83	1,406
Reserve for cash flow hedges	-6,931	-2,528	-9,459	3,771	-5,688
Deferred taxes for cash flow hedges	1,095	399	1,494	-598	896
Total other reserves	-989	-3,978	-4,967	242	-4,725

* Previous year figures adjusted

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.

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 329,413,000 (previous year: EUR 362,715,000). Taking equity in the statement of financial position into account, total capital comes to EUR 844,761,000 (previous year: EUR 776,853,000). Relative to total interest-bearing capital employed, the equity ratio is 61.0 % (previous year: 53.3 %).

The increase in total capital of EUR 67,908,000 (previous year: EUR 60,186,000) results from the increase in equity of EUR 101,192,000 (previous year: EUR 25,767,000) and a reduction in debt of EUR 33,374,000 (previous year: increase of EUR 34,419,000). The newly paid-in equity capital plus reinvested capital enhances INDUS' solid capital base. Debt decreased due to an increase of cash reserves and a reduction of financial liabilities.

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.

[29] PENSIONS**STATEMENT OF INCOME** (in EUR '000)

	2013	2012*	Change
Current service cost	368	275	93
Interest cost	861	933	-72
Income from plan assets	35	-103	138
Cost of defined benefit obligation	1,264	1,105	159
+ defined contribution plan cost	3,035	2,992	43
= cost of pension commitments for the period carried on the statement of income	4,299	4,097	202

* Previous year figures adjusted

STATEMENT OF FINANCIAL POSITION VALUATION (in EUR '000)

	2013	2012*	Change
Present value of benefit obligations financed by provisions	21,804	20,928	876
Present value of funded benefit obligations	2,177	2,315	-138
DBO: accumulated benefit obligation	23,981	23,243	738
Market value of plan assets	-2,178	-2,315	137
Net obligation = provisions	21,803	20,928	875
Actuarial gains/losses	-4,879	-4,592	-287
Opening balance: amount carried on the statement of financial position as of January 1	20,928	17,120	3,808
Pension obligation expenses	1,264	1,105	159
Pension payments	-676	-834	158
Actuarial gains/losses realized in equity	287	3,537	-3,250
Closing balance: amount carried on the statement of financial position as of December 31	21,803	20,928	875
Underlying assumptions in %:			
Discount rate	3.70	3.75	
Salary trend	2.50	2.50	
Pension trend	1.75	1.75	
Expected income from plan assets	3.70	4.00	

* Previous year figures adjusted

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.

The defined benefit plans are associated with actuarial risks, such as the longevity risk and interest rate risk. An increase or reduction in the discounting factor by 0.5 percentage points would reduce net obligations by EUR 1,563,000 or increase these by EUR 1,656,000.

Payments in the amount of EUR 813,000 are anticipated in 2014 in connection with retirement benefits.

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

(in EUR '000)	2013	2012
Assets as of January 1	2,315	1,996
Expected return on plan assets	-35	103
Ongoing employer contributions	17	46
Pensions paid	-145	-149
Netting out/Other	26	319
Assets as of December 31	2,178	2,315

The statement of financial position also includes reimbursement claims totaling EUR 721,000 (previous year: EUR 1,059,000). The amount of EUR 75,000 was not recognized as an asset (previous year: EUR 234,000).

[30] OTHER PROVISIONS

Other provisions include interest in the amount of EUR 160,000 (previous year: EUR 82,000).

PROVISIONS 2013 (in EUR '000)

	Opening balance Jan. 1, 2013	Change in scope of consolidation	Amount utilized	Reversal	Additions/ new accruals	Currency differenz	Closing balance Dec. 31, 2013
Sales and purchasing obligations	19,241	1,673	-13,824	-2,317	18,615	-43	23,345
Personnel expenses	13,265	420	-10,053	-371	13,286	-60	16,487
Other provisions	14,795	1,293	-9,414	-3,304	9,659	-98	12,931
Total	47,301	3,386	-33,291	-5,992	41,560	-201	52,763

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.

[31] 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, 2013 Carrying amount for period under review	Repayment obligation		
		1 year	Over 1 to 5 years	Over 5 years
Liabilities to banks				
in the Group's currency EUR	358,011	84,784	230,782	42,445
in Swiss francs	3,543	2,933	367	243
in other currencies	542	201	247	94
Finance leases	12,584	1,993	6,971	3,620
ABS financing	24,849	24,849	0	0
Promissory note bonds	24,000	4,000	6,675	13,325
Total financial liabilities	423,529	118,760	245,042	59,727
Derivatives/interest-rate swaps – Nominal values	249,510	55,647	154,381	39,482

	Dec. 31, 2012 Carrying amount for period under review	Repayment obligation		
		1 year	Over 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

REMAINING FIXED-INTEREST PERIOD (in EUR '000)

				Financial Liabilities		Derivatives: interest-rate swaps	
	Risk-free going interest rates incl. margining	Weighted interest rate based on the carrying	Nominal volume/ historical cost	Carrying amount as of Dec. 31, 2013	Carrying amount as of Dec. 31, 2012	Nominal value as of Dec. 31, 2013	Nominal value as of Dec. 31, 2012
< 1 year	1.63 %	2.22 %	430,161	236,903	233,681	13,248	5,267
1 to < 2 years	1.74 %	4.25 %	29,335	9,270	33,954	11,631	17,065
2 to < 3 years	1.94 %	4.46 %	40,648	23,080	11,134	34,366	17,421
3 to < 4 years	2.19 %	4.63 %	35,994	25,638	24,614	30,068	46,701
4 to < 5 years	2.45 %	4.18 %	39,958	28,234	28,172	18,333	34,838
> 5 years	3.18 %	3.96 %	128,419	100,404	108,942	141,864	81,224
Total			704,515	423,529	440,497	249,510	202,516
Market values of original and derivative financial instruments				410,383	420,501	-7,642	-12,294

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 50,000,000 and a term of 5 years (previous year: EUR 50,000,000). 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 transferred but not derecognized trade receivables was EUR 27,637,000 (previous year: EUR 27,840,000). As of the reporting date, the carrying amount of transferred receivables had been reduced to EUR 10,477,000 (previous year: EUR 10,351,000) due to payments received. The carrying amount for these receivables versus liabilities amounted to EUR 24,849,000 (previous year: EUR 25,131).

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

[32] OTHER LIABILITIES

(in EUR '000)	Dec. 31, 2013	Current	Noncurrent	Dec. 31, 2012	Current	Noncurrent
Accounts payable to outside shareholders	25,706	8,257	17,449	12,180	8,000	4,180
Accounts payable for personnel	12,662	12,645	17	11,741	11,741	0
Derivative financial instruments	6,452	6,452	0	11,281	11,281	0
Advance payments received	15,156	15,156	0	10,736	10,736	0
Construction contracts with a negative balance	6,827	6,827	0	5,280	5,280	0
Accrual of non-recurrent payments	7,116	7,116	0	6,191	6,191	0
Accrual of payments not relating to the period under review	2,418	1,725	693	3,249	2,435	814
Investment subsidies	2,597	0	2,597	2,593	332	2,261
Customer credit notes	4,259	4,259	0	3,426	3,426	0
Sundry other liabilities	7,870	7,250	620	7,728	7,355	373
Total	91,063	69,687	21,376	74,405	66,777	7,628

Accounts payable to outside shareholders included EUR 19,123,000 (previous year: EUR 6,684,000) 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.

Other Disclosures

[33] DISCLOSURES ON THE STATEMENT OF CASH FLOWS

The purchase prices paid for the new acquisition of investments were as follows:

(in EUR '000)	2013	2012
Net cash transactions attributable to the acquisition of portfolio companies:	-56,316	0
plus assumed financial liabilities	-2,844	0
of which cash flow from investing activities	9,955	0
Net purchase price	-49,205	0

Realized proceeds from the sale of investments yielded cash inflows as follows:

(in EUR '000)	2013	2012
Cash transactions related to the sale of investments	0	100
plus assumed financial liabilities	0	0
of which cash flow from investing activities	0	-27
Net sale proceeds	0	73

Cash and cash equivalents include limited-authorization accounts with a balance of EUR 473,000 (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.

[34] SEGMENT REPORTING**SEGMENT INFORMATION FOR THE BUSINESS UNITS****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
2013								
Sales with external third parties	224,198	349,513	206,221	95,771	319,251	1,194,954	282	1,195,236
Sales with Group companies	9,222	38,312	30,260	3,462	33,950	115,206	-115,206	0
Sales	233,420	387,825	236,481	99,233	353,201	1,310,160	-114,924	1,195,236
Segment earnings (EBIT)	30,626	26,991	19,847	16,219	27,622	121,305	-7,059	114,246
Earnings from equity valuation	188	346	-407	0	0	127	0	127
Depreciation/Amortization	-5,468	-18,198	-6,429	-2,492	-11,212	-43,799	-625	-44,424
of which scheduled depreciation	-5,468	-18,198	-4,801	-2,492	-11,212	-42,171	-625	-42,796
of which unscheduled depreciation	0	0	-1,628	0	0	-1,628	0	-1,628
Write-ups	0	3,500	0	0	0	3,500	0	3,500
Segment EBITDA	36,094	41,689	26,276	18,711	38,834	161,604	-6,434	155,170
Capital expenditure	15,340	24,437	46,521	3,591	10,659	100,548	383	100,931
of which company acquisitions	0	7,670	41,535	0	0	49,205	0	49,205
Shares accounted for using the equity method	1,762	2,894	1,082	0	0	5,737	0	5,737
Goodwill	101,481	72,550	84,643	43,485	29,447	331,606	0	331,606

	Construction/ Infrastructure	Automotive Technology	Engineering	Medical Engineering/ Life Science	Metals Technology	Total segments	Reconciliation	Consolidated financial statements
2012*								
Sales with external third parties	229,169	323,749	156,518	87,951	307,532	1,104,919	352	1,105,271
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)	34,145	16,282	17,694	16,437	24,482	109,040	-3,080	105,960
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
Segment-EBITDA	39,252	37,077	21,453	19,015	37,844	154,641	-2,863	151,778
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
Goodwill	101,578	68,236	51,202	43,485	29,446	293,947	0	293,947

* Previous year figures adjusted

RECONCILIATION (in EUR '000)

	2013	2012*
Segment earnings (EBIT)	121,305	109,040
Areas not allocated, incl. holding company	-5,899	-2,996
Consolidations	-1,160	-84
Net interest	-20,160	-21,093
Earnings before taxes	94,086	84,867

* Previous year figures adjusted

The classification of segments corresponds unchanged to the current status of internal reporting. The information relates to 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/Life Science). 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 BY REGION

Sales are broken down by region in relation to our selling markets. The further classification of our 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 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	Third countries
2013				
Sales revenues with third parties	1,195,236	614,358	256,641	324,237
Noncurrent assets, less deferred taxes and financial instruments	644,025	561,751	15,375	66,899
2012*				
Sales revenues with third parties	1,105,271	569,488	240,108	295,675
Noncurrent assets, less deferred taxes and financial instruments	574,926	494,032	12,310	68,584
* Previous year figures adjusted				

[35] INFORMATION ON THE SIGNIFICANCE OF FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS 2013 (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	8,843		8,843	8,843	9,617
Cash and cash equivalents	115,921		115,921	115,921	115,921
Accounts receivable	156,218	11,048	145,170	145,170	145,170
Other assets	14,951	2,156	12,795	12,795	12,795
Total assets	295,933	13,204	282,729	0	282,729 283,503
Financial liabilities	423,529		423,529	423,529	410,383
Trade accounts payable	45,543	6,827	38,716	38,716	38,716
Other liabilities	91,063	11,367	79,696	6,452	73,244
Total financial liabilities	560,135	18,194	541,941	6,452	535,489 522,343

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	8,710		8,710	8,710	9,700
Cash and cash equivalents	98,710		98,710	98,710	98,710
Accounts receivable	137,054	7,772	129,282	129,282	129,282
Other assets	11,854	1,984	9,870	199	9,671
Total assets	256,328	9,756	246,572	199	246,373 247,259
Financial liabilities	440,497		440,497	440,497	420,501
Trade accounts payable	37,313	5,280	32,033	32,033	32,033
Other liabilities	74,405	10,160	64,245	11,281	52,964
Total financial liabilities	552,215	15,440	536,775	11,281	525,494 505,007

* Previous year figures adjusted

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

	Carrying amount		Net gains/losses	
	2013	2012*	2013	2012*
Measured at fair value through profit and loss				
for trading purposes	0	199	-199	-16
designated instrument				
Held-to-maturity financial investments				
Loans and receivables	282,040	245,632	-3,910	-3,251
Available-for-sale financial assets	689	741	128	138
Financial instruments: ASSETS	282,729	246,572	-3,981	-3,129
Measured at fair value through profit and loss				
for trading purposes	6,452	11,281	4,829	-1,128
designated instrument				
Financial liabilities measured at their residual carrying amounts	535,489	525,494	-644	-14
Financial instruments: equity and liabilities	541,941	536,775	4,185	-1,142

* Previous year figures adjusted

Available-for-sale financial assets are long-term financial investments for which no pricing on an active market is available and the fair value of which cannot be reliably determined. These are carried at cost.

Net gains and losses on loans, receivables and financial liabilities accounted for at their residual carrying amounts largely result from valuation allowances (EUR 1,891,000; previous year: EUR 3,406,000), income from payments received and from 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.

Total interest income and expenses for financial instruments not measured at fair value through profit and loss amount to EUR -20,699,000 (previous year: EUR -21,368,000).

TYPE 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, allowing the firm to take action at any time (2013: EUR 115,921,000, previous year: EUR 98,710,000). The firm also has available credit lines totaling EUR 28,806,000 (previous year: EUR 32,182,000).

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, 2013			Dec. 31, 2012		
	1 year	1 to 5 years	Over 5 years	1 year	1 to 5 years	Over 5 years
Interest rate derivatives	3,839	5,653	509	4,661	7,969	856
Total derivative financial instruments	3,839	5,653	509	4,661	7,969	856
Financial liabilities	130,735	271,188	64,048	125,286	290,988	70,191
Trade accounts payable	45,543	0	0	37,313	0	0
Other liabilities	54,531	18,878	0	55,164	5,367	0
Other liabilities	230,809	290,066	64,048	217,763	296,355	70,191

Cash flows consist of principal payments and their respective interest. In the previous year 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 15 customers (previous year: 11) each accounted for more than 1 % of Group sales. This amounts to roughly 30 % of unsettled items in the consolidated financial statements (previous year: 31 %). The ten largest customers accounted for roughly 26 % of consolidated sales (previous year: 25 %).

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 reporting date that the debtors may not be able to meet their payment obligations.

ACCOUNTS RECEIVABLE FROM CUSTOMERS AND ASSOCIATED COMPANIES (in EUR '000)

	2013	2012
Amount carried in the statement of financial position*	145,170	128,962
+ valuation allowances contained therein	6,762	7,267
= gross value of accounts receivable before valuation allowances	151,932	136,229
of which as per reporting date		
neither impaired nor overdue	115,044	98,984
not impaired and overdue by the following periods:		
less than 3 months	27,945	22,394
3 to 6 months	1,968	3,297
6 to 9 months	220	576
9 to 12 months	923	610
over 12 months	1,695	1,066

* Excluding receivables from construction contracts per 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 '000)

	Dec. 31, 2013		Dec. 31, 2012	
	+100 BP	-100 BP	+100 BP	-100 BP
Market value of derivatives	4,686	-3,761	5,118	-3,184
of which equity/hedges	287	-12	537	-187
of which interest expenses per Statement of Income	4,399	-3,749	4,581	-2,997
Market value of loans	8,043	-4,628	8,758	-2,209
Total market value	12,729	-8,389	13,876	-5,393

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 -1,409,000 (previous year: EUR -283,000). The primary factors were, the same as the previous year, net receivables in US dollars.

HEDGE ACCOUNTING

Hedging Activities

Currency hedges – exclusively in USD – as of the reporting dates had a nominal volume of EUR 6,236,000 (previous year: EUR 6,821,000). These hedges had a market value of EUR -89,000 (previous year: EUR 101,000).

Commodity hedges have been concluded with a nominal volume of EUR 529,000 (previous year: EUR 551,000). These hedges had a market value of EUR 42,000 (previous year: EUR 64,000).

The Group maintained interest rate hedges with a nominal volume of EUR 249,510,000 (previous year: EUR 202,516,000). The market values totaled EUR -7,642,000 (previous year: EUR -12,294,000). Further details on terms and maturities are included in the report on financial liabilities.

[36] COLLATERAL FURNISHED

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

PLEDGED ASSETS (in EUR '000)

	2013	2012
Land charges	28,360	29,627
Transferred receivables (ABS financing)	24,849	27,840
Other collateral	1,587	1,796
Total collateral	54,796	59,263

[37] CONTINGENT LIABILITIES

Obligations from guarantees came to EUR 15,773,000 (previous year: EUR 23,612,000). 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.

[38] 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)	2013	2012
Up to 1 year	19,023	14,809
1 to 5 years	32,681	34,240
Over 5 years	25,576	26,853
Total	77,280	75,902

Operating lease installments in the year under review amounted to EUR 18,655,000 (previous year: EUR 15,241,000).

Purchase obligations for fixed assets amount to EUR 11,054,000 (previous year: EUR 4,983,000), of which EUR 11,047,000 (previous year: EUR 4,311,000) was for property, plant and equipment, and EUR 7,000 (previous year: EUR 672,000) 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.

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

(in EUR '000)	Up to 1 year	1 to 5 years	Over 5 years	Total
2013				
Lease installments	2,392	7,859	3,720	13,971
Interest component	399	888	100	1,387
Carrying amount/present value	1,993	6,971	3,620	12,584
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

The assets concern real estate property with a residual carrying amount of EUR 15,083,000 (previous year EUR 15,705,000) and other property, plant and equipment valued at EUR 2,512,000 (previous year EUR 1,631,000). 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 7.5 % (previous year: 2.5 % and 5.8 %). There are no rental payments, contingent or otherwise, from subleases.

[39] RELATED PARTY DISCLOSURES

MEMBERS OF MANAGEMENT IN KEY POSITIONS AND AFFILIATED PERSONS

In accordance with the structure of the INDUS Group, the members of management in key positions include the Supervisory Board (6 members in 2013 and 8 members in 2012), the Board of Management at INDUS Holding AG (2013: three members, previous year: five members), and the managing directors of the operating units (2013: 68 individuals, previous year: 56 individuals). In fiscal 2013, 9 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 3,000 were made within the framework of a defined contribution plan for members of the Board of Management (previous year: EUR 53,000).

COMPENSATION OVERVIEW (in EUR '000)

	Period expense	Of which wages and salaries	Of which SAR*	Of which severance	Of which pensions
2013					
INDUS Holding AG					
Supervisory Board	315	315	0	0	0
Board of Management	2,306	1,885	421	0	0
Subsidiaries					
Managing directors	13,391	13,379	0	0	12
Family members	690	690	0	0	0
Total	16,702	16,269	421	0	12
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

* SAR = Stock Appreciation Rights = Virtual stock option

In 2013, 14 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. There are no stock option plans or

similar securities-based incentive systems in place for Supervisory Board members. The Supervisory Board held four sessions in 2013 and six in 2012.

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 a 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 2013 85,523 SARs were granted (previous year 142,605). At the grant date the total fair value of the SARs was EUR 280,000 (previous year 433,000). The stock of SARs granted up to 31 December 2013 amounts to 565,133 (previous year: 479,610). The pro rata fair value of previously granted SARs was calculated at a total of EUR 1,596,000 at the reporting date (previous year EUR 855,000). Provisions in this amount were allocated on the annual financial statements. Personnel expenses include the EUR 804,000 change in fair value before discounting (previous year: EUR 574,000). 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 2013 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 2013 (in EUR '000)

	Basic salary	Variable compensation	Virtual stock options	Total
BoM members as of Dec. 31, 2013				
Jürgen Abromeit	521	302	207	1,030
Dr. Johannes Schmidt	385	182	163	730
Rudolf Weichert	331	165	51	547
Total	1,237	649	421	2,307

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

	Basic salary	Variable compensation	Virtual stock options	Severance	Total
BoM members as of Dec. 31, 2012					
Jürgen Abromeit	414	252	59	0	725
Dr. Johannes Schmidt	327	182	52	0	561
Rudolf Weichert	220	121	10	0	351
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

Expenses for virtual stock options in the amount of EUR 382,000 were attributable to former members of the Board of Management (previous year: EUR 458,000). In the 2013 financial year, no stock options were issued to former members of the Board of Management.

OTHER RELATIONS

INDUS Group transactions with persons or companies which 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 43,000 for advisory services (previous year EUR 55,000).

RELATED PARTY TRANSACTIONS (in EUR '000)

	Sales and other operating income	Goods purchased	Other purchases*	Open items	Loans granted
2013					
Associated companies	13,344	198	27	5,806	0
Family members of BoM members and shareholder	12,451	11	258	295	286
Non-controlling shareholder	107	0	949	22	0
Managing directors of portfolio companies	1,964	2,525	0	75	0
Total related party transactions	27,866	2,734	1,234	6,198	286
2012					
Associated companies	12,279	0	291	4,356	0
Family members of BoM members and shareholder	3,951	0	193	33	291
Non-controlling shareholder	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

* Interest, rent, consulting service

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

[40] EMPLOYEES**AVERAGE NUMBER OF EMPLOYEES IN THE FISCAL YEAR**

	2013	2012
Employees per region		
Germany	5,618	5,372
Europe (EU & Switzerland)	712	561
Rest of world	929	926
Total	7,259	6,859
Employees per segment		
Construction/Infrastructure	1,074	1,043
Automotive Technology	3,163	3,053
Engineering	1,030	814
Medical Engineering/Life Science	697	696
Metals Technology	1,275	1,232
Other	20	21
Total	7,259	6,859

[41] EXPENSES FOR AUDIT OF THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

Fees payable to the accounting firm Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft (replacing the firm Treuhand- und Revisions-AG Niederrhein), were as follows: for auditing the consolidated financial statements EUR 190,000 (previous year: EUR 251,000); other auditing and accounting services EUR 0 (previous year: EUR 5,000); tax consulting EUR 0 (previous year: EUR 0); other services EUR 0 (previous year: EUR 54,000).

[42] GERMAN CORPORATE GOVERNANCE CODE

In December 2013, 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 (www.indus.de).

**[43] DISCLOSURES PURSUANT TO COMMERCIAL CODE
SEC. 264 (3) AND SEC. 264B**

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 Tuesday, December 31, 2013 have been flagged in the list of shareholdings. Pursuant to Sec. 313 of the German Commercial Code, the contents of the Notes to the consolidated financial statements are, filed in the electronic version of the commercial register.

[44] EVENTS AFTER THE REPORTING DATE

At the end of February 2014, the Board of Management of INDUS Holding AG resolved to shut down and wind up the business operations of Nisterhammer Maschinenbau GmbH & Co. KG, Nister, with the approval of the Supervisory Board. Around 65 employees are affected by this decision. The shutdown of business operations is not expected to have a material impact on the net assets and earnings position.

Bergisch Gladbach, April 11, 2014
INDUS Holding AG

The Board of Management



Jürgen Abromeit



Dr. Johannes Schmidt



Rudolf Weichert

FURTHER INFORMATION

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Responsibility Statement

To the best of our knowledge, and in accordance with the applicable accounting principles as of Tuesday, December 31, 2013, the consolidated financial statements give a true and fair view of the assets, financial, and earnings position of the Group, and the combined management report for the 2013 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 11, 2014

The Board of Management

A stylized, circular signature in black ink.

Jürgen Abromeit

A handwritten signature in black ink, appearing to read 'Schmidt'.

Dr. Johannes Schmidt

A handwritten signature in black ink, appearing to read 'Weichert'.

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 2013 fiscal year to the amount of EUR 57,441,239.21:

Payment of a dividend of EUR 1.00 per no-par-value share (24,450,509) to the capital stock of EUR 63,571,323.62	26,895,559.90
Transfer to other revenue reserves	29,500,000.00
Earnings carried forward	1,045,679.31
Balance sheet profit	57,441,239.21

Bergisch Gladbach, April 11, 2014

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 combined Group management report for the financial year from January 1 to December 31, 2013. 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 combined 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.

Cologne, April 11, 2014

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

signed Dr. Werner Holzmayer	signed Marcus Lauten
Wirtschaftsprüfer	Wirtschaftsprüfer

Investments of the INDUS Holding AG

By segments	Capital EUR millions	INDUS stake in %
Construction/Infrastructure		
BETOMAX GmbH & Co. KG, Neuss*	3.42	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
SCHUSTER Klima Lüftung GmbH & Co. KG, Friedberg	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*	3.39	100
BILSTEIN & SIEKERMANN GmbH + Co. KG, Hillesheim	1.03	100
Emil FICHTHORN Metallwarenfabrik GmbH & Co. KG, Schwelm	0.65	100
IPETRONIK GmbH & Co. KG, Baden-Baden*	0.57	100
KIEBACK GmbH & Co. KG, Osnabrück	0.54	100
Konrad SCHÄFER GmbH, Osnabrück*	1.55	100
SELZER Fertigungstechnik GmbH & Co. KG, Driedorf-Roth*	7.61	85
SITEK-Spikes GmbH & Co. KG, Aichhalden	1.05	100
S.M.A. Metalltechnik GmbH & Co. KG, Backnang*	1.06	100
WIESAUPLAST Deutschland GmbH & Co. KG, Wiesau*	9.87	100
Engineering		
ASS Maschinenbau GmbH, Overath*	0.54	100
M. BRAUN Inertgas-Systeme GmbH, Garching*	1.42	100
BUDE Fördertechnik GmbH, Bielefeld*	0.36	75
ELTHERM GmbH, Burbach*	0.93	90
GSR Ventiltechnik GmbH & Co. KG, Vlotho*	0.57	100
HORN GmbH & Co. KG, Flensburg*	3.89	100
NISTERHAMMER Maschinenbau GmbH & Co. KG, Nister	0.80	100
SEMET Maschinenbau GmbH & Co. KG, Brackenheim*	0.83	100
TSN Turmbau Steffens & Nölle GmbH, Berlin*	0.53	100

By segments	Capital EUR millions	INDUS stake in %
Medical Engineering/Life Science		
IMECO GmbH & Co. KG, Hösbach*	0.78	100
MIKROP AG, Wittenbach/Switzerland*	1.08**	100
OFA Bamberg GmbH, Bamberg	1.50	100
Metals Technology		
BACHER AG, Reinach/Switzerland*	3.20**	100
BETEK GmbH & Co. KG, Aichhalden	1.56	100
HAKAMA AG, Bättwil/Switzerland	5.00**	100
Anneliese KÖSTER GmbH & Co. KG, Ennepetal*	0.58	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	3.22	100
VULKAN INOX GmbH, Hattingen*	1.11	100

* including subsidiaries

** CHF in million

The complete list of shareholdings pursuant to Sec. 313 of the German Commercial Code, which is part of the Notes to the consolidated financial statements, is published electronically together with the consolidated financial statements in Federal Gazette.

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

Dr. Jürgen Allerkamp, fully qualified lawyer, Brunswick
Deputy Chairman

Further mandates in the sense of § 125, (1) sentence 5 of the Stock Corporation Act (AktG):

- Neue Dorint GmbH, Cologne, Supervisory Board Chairman
- GAGFAH S.A., Luxembourg, Vice Chairman

Dr. Ralf Bartsch, fully qualified lawyer, 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

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

Further mandates in the sense of § 125, (1) sentence 5 of the Stock Corporation Act (AktG):

- Bayerische Beamtenkasse AG, Munich
- Saarland Feuerversicherung AG, Saarbrücken
- Saarland Lebensversicherung AG, Saarbrücken
- Landesbank Berlin AG, Berlin
- DIC Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt on the Main
- Ifb AG, Cologne, Supervisory Board Chairman

Bayerische Beamtenkasse AG, Saarland Feuerversicherung AG, and Saarland Lebensversicherung AG are subsidiaries of the Versicherungskammer Bayern Group.

Carl Martin Welcker, Engineer (Dipl.-Ing.),
Managing Partner at Alfred H. Schütte GmbH & Co. KG, Cologne

THE MANAGEMENT BOARD OF THE INDUS HOLDING AG

Jürgen Abromeit, Georgsmarienhütte

Chairman

Further mandates in advisory boards:

- Economic Advisory Committee NORD/LB, Hanover
- Economic Advisory Committee Börse Düsseldorf, Dusseldorf

Dr.-Ing. Johannes Schmidt, Bergisch Gladbach

Rudolf Weichert, Erkrath

Key Figures

n EUR '000	2006	2007	2008	2009	2010	2011	2012*	2013
Consolidated Statement of Income								
Sales	846,015	915,031	920,100	766,399	971,585	1,097,125	1,105,271	1,195,236
of which domestic	524,403	551,313	541,295	448,573	537,708	592,907	569,488	614,358
of which abroad	321,612	363,718	378,805	317,826	433,877	504,218	535,783	580,878
Personnel expenses	225,213	236,922	241,793	227,753	265,128	292,129	306,240	326,205
Personnel expenses ratio (personnel expenses as % of sales)	26.6	25.9	26.3	29.7	27.3	26.6	27.7	27.3
Cost of materials	393,279	433,032	441,067	336,985	461,988	544,840	523,555	569,281
Cost of materials ratio (cost of materials as % of sales)	46.5	47.3	47.9	44.0	47.5	49.7	47.4	47.6
EBITDA	146,745	143,091	133,412	102,837	145,032	159,972	151,778	158,670
Depreciation/Amortization	61,168	40,685	43,086	45,780	43,596	46,759	45,818	44,424
EBIT	0	0	0	0	0	0	0	3,500
EBIT margin (EBIT as % of sales)	85,577	102,406	90,326	57,057	101,436	113,213	105,960	114,246
Interest	10.1	11.2	9.8	7.4	10.4	10.3	9.6	9.6
EBT	23,767	24,997	30,344	27,575	27,390	22,961	21,093	20,160
EBT	61,810	77,409	59,982	29,481	74,047	90,252	84,867	94,086
Net income for the year (earnings after taxes)	29,109	50,943	27,865	11,410	46,943	55,635	52,481	63,974
Earnings per share, basic as per IFRS (in EUR)	1.73	2.74	1.78	0.89	2.59	2.75	2.47	2.85
Statement of Financial Position								
Assets								
Intangible assets	282,241	303,753	313,334	306,689	306,644	313,877	310,706	360,493
Property, plant and equipment	226,791	239,381	250,663	238,888	244,460	245,453	253,917	271,833
Inventories	158,437	161,351	172,047	143,102	178,756	222,778	219,058	236,056
Accounts receivable	108,129	115,543	104,546	99,267	117,617	108,422	137,054	156,218
Other assets	32,161	33,668	37,164	32,027	28,772	26,530	41,333	40,383
Cash and cash equivalents	92,664	77,617	87,791	93,506	96,840	123,107	98,710	115,921
Equity and liabilities								
Equity	204,560	234,130	246,373	241,714	309,489	382,095	414,138	515,330
Provisions	47,368	50,862	52,743	47,994	62,211	65,552	68,229	74,566
Financial liabilities	519,549	517,978	526,254	501,846	476,231	434,283	440,497	423,529
Other equity and liabilities	128,946	128,343	140,175	121,925	125,158	158,237	137,914	167,479
Total assets	900,423	931,313	965,545	913,479	973,089	1,040,167	1,060,778	1,180,904

n EUR '000	2006	2007	2008	2009	2010	2011	2012*	2013
Group equity ratio (equity/total assets) as %	22.7	24.7	25.5	26.5	31.8	36.7	39.0	43.6
Noncurrent financial liabilities	419,924	386,568	378,413	363,501	326,417	322,604	331,146	304,769
Current financial liabilities	99,625	131,410	147,841	138,345	149,814	111,679	109,351	118,760
Net debt (noncurrent and current financial liabilities – cash and cash equivalents)	426,885	440,361	438,463	408,340	379,391	311,176	341,787	307,608
Net debt/EBITDA	2.9	3.1	3.3	4.0	2.6	1.9	2.3	2.0
Trade accounts payable	33,908	33,286	28,109	28,019	36,053	46,056	37,313	45,543
Advance payments and production orders received with balances on the liabilities side	6,511	8,925	7,209	4,988	7,207	16,694	16,016	21,983
Working capital (inventories + trade accounts receivable – trade accounts payable – advance payments – production orders with balance on liabilities side)	226,147	234,683	241,275	209,362	253,113	268,450	302,783	324,748
Net debt/equity	2.1	1.9	1.8	1.7	1.2	0.8	0.8	0.6
Equity ratio (net income/equity) in %	14.2	21.8	11.3	4.7	15.2	14.6	12.7	12.4
Capital expenditure	66,199	77,804	56,275	34,694	52,042	58,259	53,926	100,931

Statement of Cash Flows

Operating cash flow	86,549	108,047	107,309	106,595	81,903	130,158	68,428	117,411
Cash flow from operating activities	61,314	82,136	80,667	77,091	54,297	106,238	45,919	97,522
Cash flow from investing activities	-53,297	-73,410	-55,507	-32,709	-38,425	-56,929	-53,525	-99,625
Cash flow from financing activities	-48,419	-23,615	-14,853	-39,126	-13,888	-23,349	-16,523	19,977
Cash flow per share (in EUR)	3.41	4.52	4.39	4.20	2.91	5.17	2.07	4.35
Free cash flow	33,252	34,637	51,802	73,886	43,478	73,229	14,902	17,786

Other performance indicators

XETRA year end price (in EUR)	29.60	24.25	13.37	12.00	21.99	18.86	20.26	29.20
Average number of shares	18,000,000	18,154,180	18,370,033	18,370,033	18,676,200	20,543,819	22,227,737	22,410,431
Number of shares at year end	18,000,000	18,370,033	18,370,033	18,370,033	20,207,035	22,227,737	22,227,737	22,450,509
Market capitalization	532,800	445,473	245,607	220,440	444,353	419,215	450,334	655,555
Total dividend (in EUR millions)	21.6	21.6	21.8	14.7	9.2	18.2	22.2	22.2
Dividend per share (in EUR)	1.20	1.20	0.80	0.50	0.90	1.00	1.00	1.10
Number of portfolio companies	41	42	41	40	40	39	38	40

* Previous year figures adjusted

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Financial Calendar

April 15, 2014	Publication annual report and annual earnings 2013 press conference
April 16, 2014	Analysts' conference, Frankfurt/Main
Mai 21, 2014	Interim report on the first quarter 2014
Juni 11, 2014	Annual Shareholders' Meeting 2014, Cologne
August 21, 2014	Interim report H1 2014
November 19, 2014	Interim report on the first three quarters 2014

Imprint

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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.

INDUS PORTFOLIO COMPANIES 2013/2014



INDUS PORTFOLIO COMPANIES 2013/2014



[INDUS]
H O L D I N G A G

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Standards for Group operations and acquisitions

INDUS Group companies are well positioned financially and operationally, having solid business prospects. The portfolio will continue to expand over the years ahead through the addition of viable, independently run investment holdings which exemplify the virtues of SME business management.

If the INDUS Board of Management had to choose either a number-oriented or goal-oriented approach, the latter would be the unanimous choice. For if the right strategy is in place to meet well-chosen goals, good results almost follow by themselves. For INDUS Group companies, numbers are undoubtedly important in day-to-day management, but the key thing is being on the right long-term course.

The Group aims for growth in our existing segments and in segments which we are newly moving into.

OUR INVESTMENT CRITERIA

Our target investments are manufacturers with solid balance sheets, a viable business model and strategic growth potential. The following specifics are sought: >

- Proven business model with a successful product range
- Broadly diversified customer base
- Niche position
- Sales of EUR 20 – 100 million
- EBIT margin approx. 10 % or more
- Demonstrably positive net cash flow
- Equity ratio above 30 %
- Low level of liabilities to banks

Ideally our acquisitions operate in what we have defined as our main growth industries, namely:

- Energy and environmental technology
- Traffic technology and logistics
- Automation, measurement and control technology
- Medical Engineering/Life science

In addition however we look for enterprises which will complement existing businesses in our respective segments.

As an SME holding company, we are an ideal succession partner for SME businesses. Other acquisition opportunities we pursue include spin-offs from corporations which are viable in the market as independent units managed in accordance with SME principles.

Why settle for less than the best in our partners? Our business model involves intervening as little as possible in the operations of our investment holdings. Accordingly, we never invest in turnaround situations or startups.

OUR ADDED VALUE

Long-term entrepreneurial support: We give our companies room to operate independently, so as to keep up their already successful track records over the long term.

Dependability and business ethics: INDUS is known among employees and partners as a reliable firm committed to equitability in negotiations, transparent business practices and dependable contract fulfillment.


Intact corporate cultures:

Our portfolio companies stay embedded within the context in which they have grown, with no change in name, employees or unique features.

The principal standards our portfolio companies have to uphold are running a long-term business model and generating stable profits.

Financial strength without

bank dependency: We provide portfolio companies the financial backing they need to realize ideas and exploit market opportunities, while ensuring they generate enough liquidity themselves to move forward on their own.

Regular knowledge transfer: We constantly share knowledge and market experience with our portfolio companies, offering management tools and methods which they can utilize as they see appropriate. 

THE INDUS GROUP
SEGMENTS REPRESENT
A CROSS-SECTION OF
THE MAJOR INDUSTRIES
COMPRISING THE
GERMAN ECONOMY.
HEREIN LIES THE
STRENGTH OF
SMALL-TO-MEDIUM
ENTERPRISES.

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 comfortably. 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.

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 capability ensure that Germany will remain a leading force in this market for years to come.

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 quality German SMEs have for many decades ensured that German products are in high demand internationally.

MEDICAL ENGINEERING/LIFE SCIENCE

As the population ages, healthcare is becoming a huge growth market, 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.

METALS TECHNOLOGY

Metals and metal processing 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.

CONSTRUCTION/ INFRASTRUCTURE

224.2

SALES OF THE SEGMENT
CONSTRUCTION/INFRASTRUCTURE 2013
IN EUR MILLIONS

↙ 2.2 % YEAR-ON-YEAR

8	BETOMAX
9	FS
10	HAUFF
11	MIGUA
12	OBUK
13	REMKO
14	SCHUSTER
15	WEIGAND
16	WEINISCH

BETOMAX.

Managing Director:
Heinz Jammers

53.7

SALES 2013 IN EUR MILLIONS

↑ 6 % YEAR-ON-YEAR

No. of employees	199
Established	1963
With INDUS since	1991
Locations	Neuss, Halle, Dielsdorf (CH), Końskie (PL)

www.betomax.de

BETOMAX

GmbH & Co. KG, Neuss

CONCRETE CONSTRUCTION SOLUTIONS

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. The company's products are sold and used in more than 25 countries worldwide.





FS Kunststofftechnologie GmbH & Co. KG, Reichshof/Hahn

SEALANTS MADE FROM SILICONE AND ACRYLIC

The company develops and manufactures silicone and acrylic sealants and specialized products for the construction industry, tailored to the needs of different customer groups such as skilled craftsmen, retailers, professional joining firms and DIY chains. "Private label" products are manufactured at company facilities exceeding 10,000 m² in size. After 40 years in the marketplace, FS has excellent networks at its disposal, among both customers and suppliers. In 2001, a completely new plant was opened in Drolshagen.



Managing Director:
Dr. Alfred Moser

37.4

SALES 2013 IN EUR MILLIONS

↗ 1 % YEAR-ON-YEAR

No. of employees	112
Established	1966
With INDUS since	1998
Location	Reichshof/Hahn

www.fs-kunststoff.de





Managing Director:
Dr. Michael Seibold

37.7

SALES 2013 IN EUR MILLIONS

→ 0 % YEAR-ON-YEAR

No. of employees	165
Established	1955
With INDUS since	1986
Location	Herbrechtingen

www.hauff-technik.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 Herbrechtingen, a move which will serve to consolidate the company's four previous locations with the aim to optimize logistical procedures and to further reduce delivery times.





MIGUA Fugensysteme
GmbH & Co. KG, Wülfrath

**SECTION CONSTRUCTION FOR
EXPANSION JOINTS**

MIGUA is Europe's leading provider in the area of joint profile system design, manufacture and installation. The company's products are used for bridging, closing and sealing expansion joints, principally in large-scale domestic and international projects such as airports, railway stations, industrial plants, parking garages and shopping centers. In global terms, MIGUA is represented by independent specialist firms in more than 60 countries. 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 extremely high standards of quality, safety and expert advice.



Managing Director:
Markus Schaub

11.6

SALES 2013 IN EUR MILLIONS

11 % YEAR-ON-YEAR

No. of employees	57
Established	1928
With INDUS since	2005
Location	Wülfrath

www.migua.de





Managing Director:
Thomas Althaus

21.7

SALES 2013 IN EUR MILLIONS

↗ 4 % YEAR-ON-YEAR

No. of employees	157
Established	1980
With INDUS since	2007
Locations	Oelde, Malacky (SK)

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.” OBUK door panels are hand-made from high-quality materials including aluminum and high-performance plastics. It markets the products it manufactures via a regionally organized sales structure in Germany, Austria, and the Netherlands. OBUK has been in the market for over 30 years, and is among the top 3 in its industry.

www.obuk.de





REMKO

GmbH & Co. KG, Lage

EFFICIENT HEATING TECHNOLOGY

REMKO develops and produces room air conditioners, hot-air heating systems and air dehumidifiers. 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. Foreign markets have considerable growth potential, exports now accounting for around 25 % of total business. In addition to targeting private households, the company 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.



Managing Directors:
Hans Dieter Remming,
Toni Kratzel

31.6

SALES 2013 IN EUR MILLIONS

↑ 1 % YEAR-ON-YEAR

No. of employees	116
Established	1976
With INDUS since	1988
Locations	Lage, Luvia (FIN)

www.remko.de





Managing Director:
Josef Albanese

12.3

SALES 2013 IN EUR MILLIONS

↑ 6 % YEAR-ON-YEAR

No. of employees	66
Established	1945
With INDUS since	2001
Location	Friedberg

www.klima-schuster.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. The company's new headquarters in Friedberg is designed as a zero-energy building, serving as a model for energy-efficient construction. Increasingly stringent quality and environmental standards give SCHUSTER an excellent position on the market.





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. The company actively cooperates with Group holding BETEK on the development of high-performance drilling equipment.



Managing Director:
Marco Weigand

24.5

SALES 2013 IN EUR MILLIONS

↗ **16 %** YEAR-ON-YEAR

No. of employees	139
Established	1990
With INDUS since	2002
Location	Bad Königshofen im Grabfeld

www.weigandbau.de





Managing Director:
Uwe Kratz

6.1

SALES 2013 IN EUR MILLIONS

↖ 2 % YEAR-ON-YEAR

No. of employees	66
Established	1979
With INDUS since	2001
Location	Oberviechtach

www.weinisch.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.





AUTOMOTIVE TECHNOLOGY

349.5

SALES OF THE SEGMENT
AUTOMOTIVE TECHNOLOGY 2013
IN EUR MILLIONS

↗ 7.8 % YEAR-ON-YEAR

20	AURORA
21	BILSTEIN & SIEKERMANN
22	FICHTHORN
23	IPETRONIK
24	KIEBACK
25	S.M.A.
26	SCHÄFER
27	SELZER
28	SITEK
29	WIESAUPLAST



Managing Director:
Hannes Wolf

38.7
SALES 2013 IN EUR MILLIONS
↑ 24 % YEAR-ON-YEAR

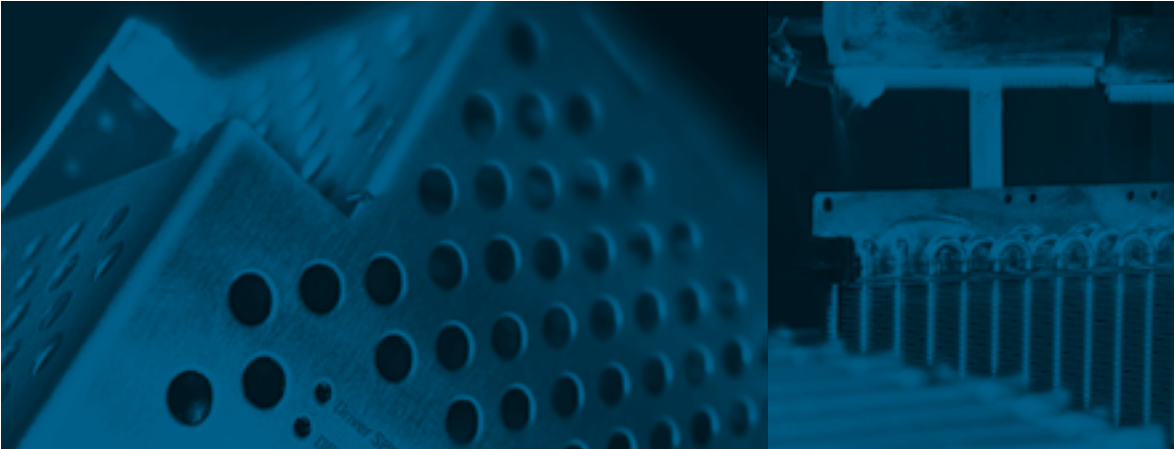
No. of employees	273
Established	1930
With INDUS since	1990
Locations	Mudau, Grand Rapids (USA), Istanbul (TR), Nuenen (NL)

www.aurora-eos.com

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. Buses, diggers and tractors made by MAN, Daimler/Evobus, Irisbus, Caterpillar, Agco and Terex, for example, are all equipped with air-conditioning technology “Made in Mudau.” The company exports almost two-thirds of its products, and invests around 8 % of sales in R&D. Some of these investments go to maintenance and continuous upgrading of technical R&D facilities. As an example, large vehicles are now testable under reproducible conditions in a climate simulator facility the company has built. AURORA conducts 20 to 30 new serial production runs every year, serving 500 active customers. In 2013, the company acquired the Dutch competitor HEAVAC.





BILSTEIN & SIEKERMANN
GmbH & Co. KG, Hillesheim

**COLD EXTRUSION PARTS, TURNED
PARTS AND LOCKING SCREWS**

BILSTEIN & SIEKERMANN produces cold extrusion parts, turned parts and locking screws made from steel, brass, and aluminum – primarily for the automotive and mechanical engineering industries, along with other high-tech industries. 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 business relationships with its customers.



Managing Director:
Bruno Hirtz

21.2

SALES 2013 IN EUR MILLIONS

10 % YEAR-ON-YEAR

No. of employees	95
Established	1956
With INDUS since	2003
Location	Hillesheim

www.bsh-vs.com





Managing Director:
Bernd Bulirsch

10.0

SALES 2013 IN EUR MILLIONS

↑ 9 % YEAR-ON-YEAR

No. of employees	55
Established	1937
With INDUS since	1996
Location	Schwelm

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 air-bag 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.

www.fichthorn.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.



Managing Directors:
Andreas Wocke, Erich Rudolf

26.1

SALES 2013 IN EUR MILLIONS

13 % YEAR-ON-YEAR

No. of employees	147
Established	1989
With INDUS since	1999
Locations	Baden-Baden, Düsseldorf, Eichstätt, Livonia (USA)

www.ipetronik.com





Managing Director:
Jörg Kieback

10.9

SALES 2013 IN EUR MILLIONS

↑ 8 % YEAR-ON-YEAR

No. of employees	77
Established	1985
With INDUS since	1998
Location	Osnabrück

www.kieback.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.





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 a 2011 acquisition, the firm captured the expertise of prominent design studio G. Pollmann, and in 2013 acquired Munich-based model builder DMS. Show cars are mainly produced here, as well as clay and proportion models for car-, commercial vehicle- and motorcycle manufacturers. Chinese auto maker Qoros is among the firm's customers. SCHÄFER is also involved in weight reduction techniques such as using carbon fiber, in custom modeling and in electric vehicles. SCHÄFER 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 built a new design and modeling center at the company's Osnabrück location at a cost of EUR 3.5 million.



Managing Director:
Jörg Kieback

19.4

SALES 2013 IN EUR MILLIONS

18 % YEAR-ON-YEAR

No. of employees	140
Established	1901
With INDUS since	2002
Locations	Osnabrück, Ingolstadt, Mühlhausen, Munich

www.konrad-schaefer.de





Managing Directors:
Tobias Selzer,
Nils-Johann Fleck

84.6

SALES 2013 IN EUR MILLIONS

↗ 2 % YEAR-ON-YEAR

No. of employees	573
Established	1923
With INDUS since	2005
Locations	Driedorf, Vinhedo (BR)

www.selzer-automotive.de

SELZER Fertigungstechnik

GmbH & Co. KG, Driedorf

PRECISION METAL TECHNOLOGY FOR THE SERIAL PRODUCTION OF AUTOMOBILES

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. SELZER's São Paulo location allows the company to 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.





SITEK-Spikes

GmbH & Co. KG, Aichhalden

TIRE STUDS AND CARBIDE TOOLS

SITEK manufactures car tire studs and carbide-tipped milling cutters. With total annual production of over half a billion units, SITEK is the world leading manufacturer of spikes for car and truck tires. Being a development partner to the world's major tire manufacturers, the firm is involved in new tire development from the very beginning. 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.



Managing Directors:
Bernhard Zimmermann,
Dr. Frank Thiele

28.6

SALES 2013 IN EUR MILLIONS

↗ 2.8 % YEAR-ON-YEAR

No. of employees	59
Established	1970
With INDUS since	1992
Location	Aichhalden

www.sitek.de





Managing Director:
Klaus-Dieter Liehr

83.7

SALES 2013 IN EUR MILLIONS

↑ 7 % YEAR-ON-YEAR

No. of employees	1.098
Established	1990
With INDUS since	2000
Locations	Backnang, Halle, East London (ZA)

www.sma-metalltechnik.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. The firm specializes in precision three-dimensional shaping of conduits and sealing joints of a range of metallic and elastomeric components, applying in a largely automated process depending on the size of the production run. Sophisticated helium testing technology ensures a tight seal. As a pioneer in the development of ducts for CO₂ 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. Having a large production site in South Africa, S.M.A. is the only manufacturer supplying the local market, while the firm also exports to the US under the NAFTA agreement. For some time now, S.M.A. has also been manufacturing small quantities of products for customers from other industries.





WIESAUPLAST Deutschland 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, WIESAUPLAST 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.



Managing Director:
Hans R. Ammer

58.7

SALES 2013 IN EUR MILLIONS

↑ 9 % YEAR-ON-YEAR

No. of employees	590
Established	1958
With INDUS since	1997
Locations	Wiesau, San José Iturbide (MEX)

www.wiesauplast.de



ENGINEERING

206.2

**SALES OF THE SEGMENT
ENGINEERING 2013
IN EUR MILLIONS**

 **31.8 %** YEAR-ON-YEAR

32	ASS
33	BUDDE
34	ELTHERM
35	GSR
36	HORN
37	M. BRAUN
38	NISTERHAMMER
39	SEMET
40	TSN



Managing Director:
Reinhold Ziewers

16.6

SALES 2013 IN EUR MILLIONS

↑ 19 % YEAR-ON-YEAR

No. of employees	83
Established	1983
With INDUS since	2002
Locations	Overath, Livonia (USA)

www.ass-automation.com

ASS Maschinenbau GmbH, Overath

ROBOTIC HANDS AND AUTOMATION SYSTEMS FOR MANUFACTURERS

With worldwide operations, ASS is the technology leader for gripper parts, robot hands and automation systems. For 30 years now the company has developed intelligent solutions for a wide spectrum of automation and robotics applications. ASS automates complex workflows in the plastics processing industry such as gripping, inserting and removing, as well as the assembly and quality control in plastic product manufacturing. The company's product range consists of gripper parts, robot hands and automation systems. Specializing in injection molding automation, the firm primarily makes components for the automobile industry. PA forming, image processing systems and services like integration and robot programming round out the company's portfolio. All components are developed, designed, produced at and delivered from the new facility opened in 2013, observing the highest quality standards under the EC Machinery Directive.





+
**NEWCOMER
2013**

BUDDE Fördertechnik
GmbH, Bielefeld

**SPECIALIST IN LOGISTICS AND
MATERIALS FLOWS**

BUDDE is a leading provider of materials handling technology. The company provides materials handling technology to optimize materials flows and operational logistics, offering both standard individual material handling elements and 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. The company 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. Constant innovation has led to the firm's accumulating the expertise of a full-service provider.



Managing Director:
Jürgen Budde

39.8

SALES 2013 IN EUR MILLIONS

No. of employees	182
Established	1952
With INDUS since	2013
Locations	Bielefeld, Kamen, Schmalkalden

www.budde-foerdertechnik.de



+
NEWCOMER
2013

Managing Directors:
Michael Thomas, Frank von
der Heyden, Alexander Neff

26.1

SALES 2013 IN EUR MILLIONS

No. of employees	133
Established	1991
With INDUS since	2013
Locations	Burbach, Newbury (GB), Toronto (CD), Singapore (SG), Shanghai (RC)

www.eltherm.com
ELTHERM

GmbH, Burbach

**SPECIALIST IN ELECTRICAL HEAT
TRACING SYSTEMS**

ELTHERM is an engineering firm and world-leading manufacturer of electrical heat tracing, with in-house development and production of heating cables, tubes, pads and jackets, measurement and control technology and accessories. There are only about ten producers which have mastered the technology required to manufacture self-regulating heating cables, and ELTHERM is the only one in Germany. In addition to applications for frost protection and temperature maintenance up to 1,000 °C, ELTHERM provides complete system solutions, including for heating entire chemical plants and other industrial facilities. ELTHERM demonstrates its performance capability and expertise every day in a wide range of applications including the oil and gas industry, power plant construction and the automotive and food industries.





GSR Ventiltechnik
GmbH & Co. KG, Vlotho

**INNOVATIVE VALVE TECHNOLOGY
FOR 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 the company to realize solutions for high pressure applications of up to 900 bar, for high temperature applications of up to 400 °C, for natural gas fueling systems and for hydrogen applications. Since its founding in the 1970s, the company has expanded its product range which now includes 3,000 specialized 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.



Managing Directors:
Wolfgang Heil,
Bernhard Wuermeling (as at May 15, 2014)

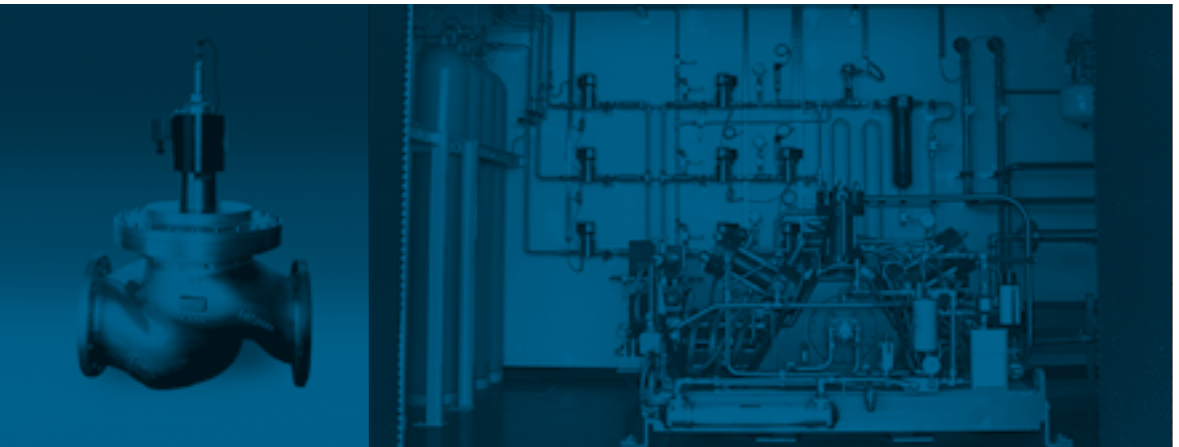
20.4

SALES 2013 IN EUR MILLIONS

↑ 1 % YEAR-ON-YEAR

No. of employees	136
Established	1971
With INDUS since	1999
Location	Vlotho

www.ventiltechnik.de





Managing Director:
Torsten Kutschinski

28.6

SALES 2013 IN EUR MILLIONS

↑ 3 % YEAR-ON-YEAR

No. of employees	185
Established	1944
With INDUS since	1991
Locations	Flensburg, Mumbai (IND), Shanghai (CN), Sheffield (GB)

www.tecalemit.de

HORN

GmbH & Co. KG, Flensburg

REFUELING TECHNOLOGY AND WORKSHOP SOLUTIONS WORLDWIDE

HORN develops and manufactures pumps, fueling systems, liquid control systems, tire filling systems, oil management systems and technical components for motor vehicle repair shops. The firm supplies repair shops, filling stations, fuel storage facilities, agricultural operations and fleet management customers, who highly value the wide product range offered. In 2011, HORN acquired the British company Pneumatic Components Limited (PCL), the global market leader for analog and digital tire filling systems. Now after the PCL acquisition HORN has branches in the UK, the US, India and China. A further acquisition that same year was the tank truck metering division of Hectronic GmbH. In 2013, HORN TECALEMIT USA bought out the operational business of Lubrication Solution Inc, Houston (LSI). The company distributes handling and measuring systems for diesel and AdBlue. The goals for the next few years are to expand worldwide distribution of the product range and increase production in Asia.





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 one of the world's leading equipment suppliers to university laboratories. Furthermore, its production network of locations 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 customers all over the world. The company is looking to expand strongly in future, in particular in Asia.



Managing Directors:
Dr. Thomas Bultmann,
Dr. Martin Reinelt

73.8

SALES 2013 IN EUR MILLIONS

↑ 8 % YEAR-ON-YEAR

No. of employees	234
Established	1974
With INDUS since	2002
Locations	Garching, Mansfield (GB), Seoul (ROK), Shanghai (CN), Stratham (USA), Wittenbach (CH)

www.mbraun.de





Managing Director:
Carsten Schauhoff

7.6

SALES 2013 IN EUR MILLIONS

↑ 101 % YEAR-ON-YEAR

No. of employees	58
Established	1725/1956
With INDUS since	1997
Location	Nister

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. The firm's 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.

www.nisterhammer.de





SEMET Maschinenbau
GmbH & Co. KG, Brackenheim

**AUTOMATION AND CONVEYOR
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 RIMAC, the firm 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.



Managing Director:
Peter Kundlacz

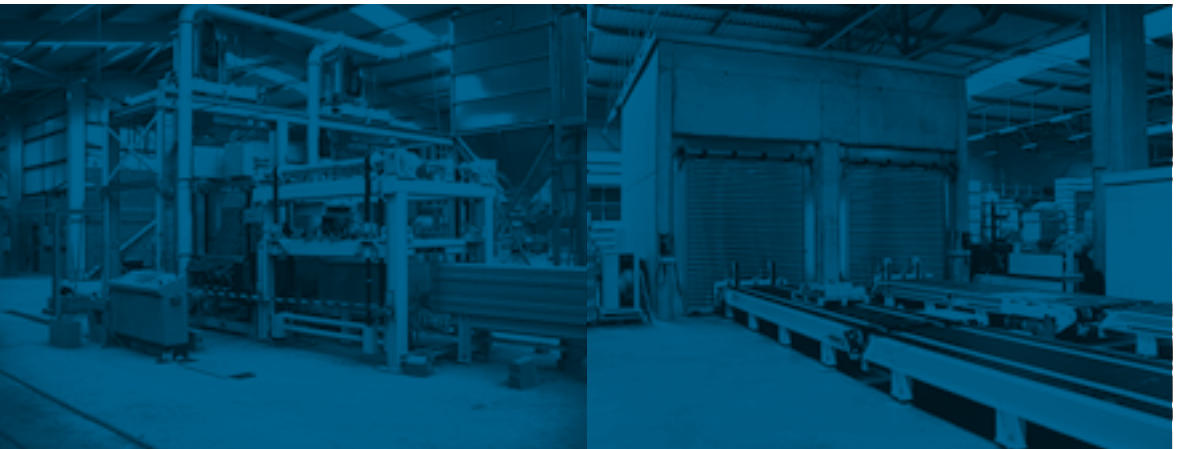
7.4

SALES 2013 IN EUR MILLIONS

↗ 32 % YEAR-ON-YEAR

No. of employees	57
Established	1978
With INDUS since	1994
Locations	Brackenheim, Mauer

www.semet-gmbh.de





Managing Director:
Steffen Traue

14.0

SALES 2013 IN EUR MILLIONS

↗ 16 % YEAR-ON-YEAR

No. of employees	46
Established	1893
With INDUS since	2004
Location	Berlin

www.turmbau-berlin.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.





MEDICAL ENGINEERING/ LIFE SCIENCE

95.8

SALES OF THE SEGMENT
MEDICAL ENGINEERING/LIFE SCIENCE 2013
IN EUR MILLIONS

↗ **8.9 %** YEAR-ON-YEAR

44	IMECO
45	MIKROP
46	OFA



Managing Directors:
Bernhard Awolin,
Dr. Dietmar Domsch

26.8

SALES 2013 IN EUR MILLIONS

↑ 2 % YEAR-ON-YEAR

No. of employees	179
Established	1984
With INDUS since	1999
Locations	Hösbach, Königswalde, Lubań (PL)

www.imeco.de

IMECO

GmbH & Co. KG, Hösbach

NONWOVEN PRODUCTS – PRIVATE LABEL

IMECO refines and tailors customized nonwovens as a private-label manufacturer of products used in cleaning (professional and domestic cleaning, car care), cosmetics, medicine and technology. Alongside actual manufacturing, services include product concept development, design and development of packaging. Efficient machinery ensures IMECO's ability to reliably deliver on time and in high quality. The products are principally marketed branded via brand dealers. As exclusive distributor for Europe, IMECO sells "dymetrol®", a special, high-tech fabric used structurally in several seat designs. "Dymetrol®" functions as a cushioning system, usable either with or without additional foam padding. NOCEMI® is another proprietary IMECO brand which is a completely new disinfectant formula using natural and nature-identical ingredients such as organic fruit acids. It contains no alcohol or quaternary ammonium compounds, but is still highly effective.





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 engineering, 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 special lenses for its customers. MIKROP occupies a strong position in a market with a high access threshold.



Managing Director:
Dr. Klaus Mlejnek

14.0

SALES 2013 IN EUR MILLIONS

10 % YEAR-ON-YEAR

No. of employees	117
Established	1981
With INDUS since	2000
Location	Wittenbach (CH)

www.mikrop.ch





Managing Director:
Dr. Hartwig Frinke

58.4

SALES 2013 IN EUR MILLIONS

↑ 6 % YEAR-ON-YEAR

No. of employees	390
Established	1928
With INDUS since	2000
Locations	Bamberg, Salzburg (A)

www.ofa.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 include 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. OFA received the world-famous Red Dot Design Award for its new "Memory" range of stockings, an accolade which reaffirms the company's innovative capability. OFA sells its products in more than 40 countries around the world.





METALS TECHNOLOGY

319.3

SALES OF THE SEGMENT
METALS TECHNOLOGY 2013
IN EUR MILLIONS

↗ 3.8 % YEAR-ON-YEAR

50	BACHER
51	BETEK
52	HAKAMA
53	KÖSTER
54	MEWESTA
55	PLANETROLL
56	RÜBSAMEN
57	SIMON
58	VULKAN INOX



Managing Director:
Bruno Grob

24.9

SALES 2013 IN EUR MILLIONS

↗ 9 % YEAR-ON-YEAR

No. of employees	114
Established	1919
With INDUS since	2000
Location	Reinach (CH)

www.bacherag.ch

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. The company's 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 ISO 9001 certification, the important IRIS certification, as well as special certifications for the welding and bonding of rail vehicles and vehicle components.





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 (such as chisel plow tips and plow blades) and so-called tung studs used to protect metal surfaces against wear (for excavator shovels, for example). 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.



Managing Directors:
Bernhard Zimmermann,
Dr. Frank Thiele

180.1

SALES 2013 IN EUR MILLIONS

↗ 21.3 % YEAR-ON-YEAR

No. of employees	208
Established	1981
With INDUS since	1992
Locations	Aichhalden, Atlanta (USA)

www.betek.de





Managing Director:
Kristin Lindauer

21.4

SALES 2013 IN EUR MILLIONS

↙ 7 % YEAR-ON-YEAR

No. of employees	152
Established	1956
With INDUS since	2010
Location	Bättwil near Basel (CH)

www.hakama.ch

HAKAMA

AG, Bättwil near Basel (CH)

HIGH-PERFORMANCE SHEET METALS

HAKAMA specializes in the production of premium casings and components made from aluminum, steel, and stainless steel, primarily for medical engineering 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, exports comprise well over 80 % of HAKAMA's business.





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 60 countries, for instance for the construction of bridges in India or the building of power plants in Finland. In recent years the company has invested roughly four million euros in new machinery and buildings in a move to open up new markets and areas of application, in particular custom cold working parts.



Managing Director:
Dr. Harald Schulz

18.5

SALES 2013 IN EUR MILLIONS

4 % YEAR-ON-YEAR

No. of employees	98
Established	1952
With INDUS since	2008
Locations	Ennepetal, Žacléř (CZ)

www.koeco.net



mewesta

Managing Director:
Hans-Joachim Wunn

7.1**SALES 2013 IN EUR MILLIONS****↗ 9 % YEAR-ON-YEAR**

No. of employees	54
Established	1970
With INDUS since	1997
Location	Münsingen

www.mewesta.de

MEWESTA Hydraulik GmbH & Co. KG, Münsingen

HYDRAULIC CONTROL BLOCKS AND SYSTEMS

MEWESTA specializes in the construction and manufacture of hydraulic control blocks 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 now also able to manufacture hydraulic block machines with individual weights of up to 2.5 tons, 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.





PLANETROLL

GmbH & Co. KG, Munderkingen

POWER TRANSMISSION

TECHNOLOGY, STIRRING TECHNOLOGY, PLANT ENGINEERING

PLANETROLL is an innovation-driven company in the engineering sector. Besides manufacturing planetary transmissions, 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.



Managing Director:
Hans-Joachim Wunn

5.6

SALES 2013 IN EUR MILLIONS

↗ 2 % YEAR-ON-YEAR

No. of employees	39
Established	1976
With INDUS since	1998
Location	Munderkingen

www.planetroll.de





Managing Director:
Thomas Röttger

37.8

SALES 2013 IN EUR MILLIONS

↗ 2 % YEAR-ON-YEAR

No. of employees	260
Established	1960
With INDUS since	2003
Location	Bad Marienberg

Helmut RÜBSAMEN

GmbH & Co. KG, Bad Marienberg

METAL PROCESSING AND FORMING TECHNOLOGY

RÜBSAMEN is a specialist provider of stamping, pulling and pressing parts made of formable metals, of laser-cut blanks and of welded components made of steel, stainless steel, aluminum and non-ferrous metals. The company's customers are mainly German and international manufacturers from the iron, steel and metallurgical industry, heating and air-conditioning technology providers and industrial engineering firms. RÜBSAMEN uses its production expertise by integrating it at an early stage into the construction processes on customers' premises.

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. The company's main area of focus is the manufacture of 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.



Managing Directors:
Bernhard Zimmermann,
Dr. Frank Thiele

48.4

SALES 2013 IN EUR MILLIONS

↗ 2.5 % YEAR-ON-YEAR

No. of employees	252
Established	1918
With INDUS since	1992
Location	Aichhalden

www.simon.de





Managing Director:
Wilfried Brands

23.6

SALES 2013 IN EUR MILLIONS

↑ 4 % YEAR-ON-YEAR

No. of employees	50
Established	1984
With INDUS since	2002
Location	Hattingen

www.vulkan-inox.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. The company holds a 75 % global market share, exports comprising over 70 % of its business.





Locations

SITES OF OUR PORTFOLIO COMPANIES
IN GERMANY AND SWITZERLAND



LOCATIONS OF THE INDUS GROUP WORLDWIDE

- 1 > USA
- 2 > MEXICO
- 3 > BRAZIL
- 4 > GREAT BRITAIN
- 5 > THE NETHERLANDS
- 6 > SWITZERLAND
- 7 > CZECH REPUBLIC
- 8 > POLAND
- 9 > SLOVAKIA
- 10 > SERBIA
- 11 > FINLAND
- 12 > TURKEY
- 13 > SOUTH AFRICA
- 14 > INDIA
- 15 > SINGAPORE
- 16 > CHINA
- 17 > SOUTH KOREA



