

A black and white photograph of an industrial laser cutting machine in operation. Bright sparks are being ejected from the cutting head as it moves across a metal plate. A large, semi-transparent red gear is superimposed over the center of the image, with a white dot at its center. The gear's teeth are partially obscured by the sparks and the industrial background.

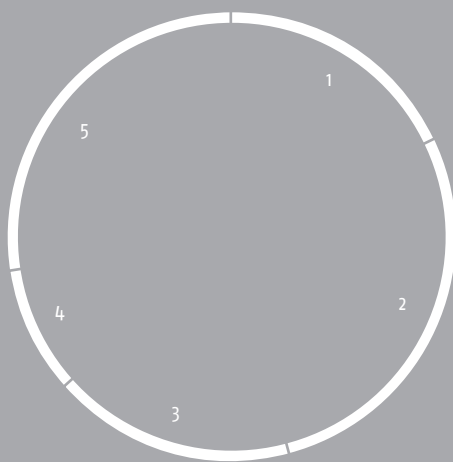
FAST AND RESPONSIVE – AROUND THE WORLD

INDUS ANNUAL REPORT 2014

PROFILE

As the leading specialist in the field of sustainable investment in the German-speaking SME sector, INDUS acquires mostly owner-managed companies ("buy & hold") and assists them in setting a long-term trajectory for their entrepreneurial development ("let develop/let grow"). We make sure that they are able to preserve a special source of strength: their identity as small or medium-size enterprises.

2014 SALES BY SEGMENTS (in EUR millions)



1	>	Construction/Infrastructure (17.9 %)	225.1
2	>	Automotive Technology (28.0 %)	351.7
3	>	Engineering (17.6 %)	221.2
4	>	Medical Engineering/Life Science (9.1 %)	114.4
5	>	Metals Technology (27.3 %)	342.9

1,255.7

OUR AIMS

BALANCED PORTFOLIO OF HIGH-PERFORMANCE PORTFOLIO COMPANIES:

Our portfolio should be broadly diversified with regard to sectors, cycles and market opportunities. We aim to achieve a permanent average yield of “10 % plus” with this portfolio.

INCREASE IN VALUE: The value of our portfolio should increase over the long term. For this purpose we provide financing for our portfolio companies to invest in activities to increase value – primarily R&D, acquisitions, and internationalization.

GROWTH: Our portfolio should grow in a way that maintains shareholder value. This growth should secure earnings and diversify financial risk. In order to achieve this we are concentrating on industrial target sectors that will gain in importance in the coming decades.

INDUS – FINANCIAL YEAR 2014

KEY FIGURES (in EUR millions)

	2014	2013*	2012
Sales	1,255.7	1,186.8	1,105.3
of which domestic	655.2	611.2	569.5
of which abroad	600.5	575.6	535.8
EBITDA	175.2	162.3	151.8
EBIT	127.2	118.6	106.0
EBT	100.7	98.7	84.9
Net income for the year	63.3	64.0	52.5
Total assets	1,308.4	1,180.9	1,060.8
Group equity	549.9	515.3	414.1
Net debt	345.9	307.7	341.8
Equity ratio in the Group (in %)	42.0	43.6	39.0
Equity of INDUS Holding AG	722.2	687.1	592.7
Equity ratio INDUS Holding AG (in %)	60.3	63.1	56.4
Operating cash flow	104.4	117.4	68.4
Cash flow from operating activities	87.0	97.5	45.9
Cash flow from investing activities	-95.3	-99.6	-53.5
Cash flow from financing activities	8.2	20.0	-16.5
Cash and cash equivalents as per Dec. 31	116.5	115.9	98.7
Earnings per share, undiluted as per IFRS (in EUR)	2.74	3.02	2.47
Cash flow per share (in EUR)	3.56	4.35	2.07
Dividend per share (in EUR)	1.20**	1.10	1.00
Investments (number as per Dec. 31)	42	40	38

* Previous year figures adjusted; EBITDA incl. write-ups

** Subject to approval by the Annual Shareholders' Meeting on June 3, 2015

7,586 > 1,255.7

Our Group's workforce on average throughout the year

Sales of EUR millions generated 2014

FAST AND RESPONSIVE – AROUND THE WORLD

HOW OUR PORTFOLIO COMPANIES
DEVELOP INTERNATIONAL MARKETS

CHAP. 2

22

THE REASONS ARE DIFFERENT BUT THE RESULTS ARE THE SAME: GERMAN SMEs ARE INCREASINGLY AT HOME AROUND THE WORLD. THERE ARE NEW CUSTOMERS AND SPECIAL GROWTH OPPORTUNITIES TO BE FOUND HERE. ALSO BY THE INDUS GROUP COMPANIES.

CHAP. 1

- p. 4 → **COMPANY AND SHAREHOLDERS**
- p. 4 → LETTER TO THE SHAREHOLDERS
- p. 8 → MANAGEMENT BODIES
- p. 10 → REPORT OF THE SUPERVISORY BOARD
- p. 16 → THE INDUS SHARE
- p. 20 → COMPASS 2020: STATUS REPORT

CHAP. 2

- p. 22 → **FAST AND RESPONSIVE –
AROUND THE WORLD**
HOW OUR PORTFOLIO
COMPANIES DEVELOP
INTERNATIONAL MARKETS
- p. 52 → **INDUS PORTFOLIO COMPANIES
2014/2015**

CHAP. 3

- p. 80 → **COMBINED MANAGEMENT
REPORT**
- p. 82 → INTRODUCTION TO THE GROUP
- p. 97 → REPORT ON THE ECONOMIC SITUATION
- p. 100 → PERFORMANCE AND BUSINESS SITUATION
- p. 121 → EVENTS AFTER THE REPORTING DATE
- p. 122 → OPPORTUNITY AND RISK REPORT
- p. 133 → FORECAST REPORT

CHAP. 4

- p. 140 → **CONSOLIDATED FINANCIAL STATEMENTS**
- p. 142 → CONSOLIDATED STATEMENT OF INCOME
- p. 143 → STATEMENT OF INCOME AND
ACCUMULATED EARNINGS
- p. 144 → CONSOLIDATED STATEMENT
OF FINANCIAL POSITION
- p. 145 → CONSOLIDATED STATEMENT OF EQUITY
- p. 146 → CONSOLIDATED STATEMENT OF CASH FLOWS
- p. 147 → NOTES

CHAP. 5

- p. 210 → **FURTHER INFORMATION**
- p. 212 → RESPONSIBILITY STATEMENT
- p. 213 → DIVIDEND PROPOSAL
- p. 214 → REPORT OF THE INDEPENDENT AUDITORS
- p. 216 → INVESTMENTS OF THE INDUS HOLDING AG
- p. 218 → FURTHER INFORMATION ON THE BOARD
MEMBERS
- p. 220 → KEY FIGURES
- p. 222 → CONTACT | FINANCIAL CALENDAR |
IMPRINT



✓
THE MEMBERS OF THE
BOARD OF MANAGEMENT,
FROM LEFT TO RIGHT:
RUDOLF WEICHERT,
JÜRGEN ABROMEIT AND
DR. JOHANNES SCHMIDT

LETTER TO THE SHAREHOLDERS

DEAR SHAREHOLDERS,

One year ago, we decided to continue along our course of growth despite the fact that the general environment was proving difficult to judge. And we have achieved our aim. We managed to end fiscal 2014 with good results. In the comparison of target figures against actual figures, which you can find toward the end of the combined management report, you can see that we achieved or even exceeded the majority of our targets. All in all, we are happy with what we have achieved.

We are also pleased with the start to the current fiscal year. Altogether, following the first quarter, we are confident that we will be able to successfully continue along our course of growth in 2015, too. Let us take a look back over the last year:

In 2012, the COMPASS 2020 strategy program set us on a path of improving the performance of the portfolio companies and growing significantly as a Group again. Following years of consolidation and restraint, we will now regularly be spending considerable sums on investments and growth. As a Group, we managed to do well in both of these aspects in 2014:

Last year, we added two new acquisitions to our group of companies, both with great potential. They are currently contributing an annual amount to Group sales of over EUR 55 million. The Medical Engineering/Life Science and Engineering segments have been strengthened by these acquisitions. Our subsidiaries also made three strategic acquisitions. Including investments in property, plant, and equipment, we invested a total of EUR 97 million in strengthening the Group in 2014. This is almost on a par with the high amount of investments made last year.

In order to improve the portfolio structure in 2014, we also discontinued operations at a smaller company. The company had been operating at a loss for some time, and our ongoing efforts to change the tide here had no effect. If we want to grow as a Group, all units must be able to contribute to our success. >

**WE ARE ON TRACK ACROSS A BROAD
SPECTRUM WITH OUR COMPANIES.**

> The earnings figures were very impressive, and better even than we had hoped: sales reached an all-time high of EUR 1.26 billion, or plus 5.8 %. This means the Group generated EBIT of EUR 127 million. This pushed our EBIT margin up to 10.1 %, despite a few income reducing effects from occurrences such as initial consolidations. Over the year, the Group profited from particularly pleasing developments in the fourth quarter – but also from the acquisitions made since 2012.

We're happy to report that all segments increased sales in 2014. This shows that our companies are in a solid position across the board. The EBIT margins came in between 6.9 % for the Automotive Technology segment and 16.5 % for the Medical Engineering/Life Science segment. The profitability of our highest income segment shows exactly why we have made this segment the target market for acquisitions.

The price of our share also reflects the positive business developments: following a good increase in the previous year, the share price climbed another 34 % in 2014. Our share once more significantly outperformed the comparable indexes. In accordance with our dividend policy we will therefore propose a dividend payout for our shareholders of EUR 1.20 at the next Annual Shareholders' Meeting in June, equivalent to a dividend yield of 3.2 %.

WE ARE INCREASINGLY ACHIEVING OUR GROWTH TARGETS WITH HELP FROM THE INTERNATIONAL MARKETS.

While looking over this year's annual report you will notice that our motto this year is "Fast and responsive – around the world." We deliberated considerably over this year's motto. We wanted to make it clear that we would not be able to achieve our growth targets as a Group, nor as individual companies, on the domestic markets, and that we must increase our activity on the international markets. German SMEs partly owe their success to the fact that they are willing to go where the customer goes. This is true for INDUS companies, too.

The INDUS companies are already well-positioned when it comes to internationalization, and encouraging the internationalization of subsidiaries even further is also a part of COMPASS 2020. We will be supporting them both financially and with our expertise.

This brings us back to our plans and expectations for the current year: we intend to continue to strategically and organically expand our portfolio by specifically acquiring Hidden Champions with plenty of potential. We intend to make at least two acquisitions. And we also intend to strengthen the subsidiaries – which we already started at the beginning of the year with the acquisition of a complete new plant in Glauchau. This represents a significant growth investment in Medical Engineering.

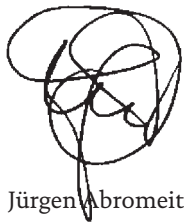
As far as our expectations for the economic figures go, we must admit, in light of the global political and economic situation, that there may be some surprises in store in the year ahead. But the general conditions are quite positive: the weak euro, for example, will drive business with Asia and America. Oil and gas prices are low. And the stabilization process in Europe is starting to show results. Overall, we are confident that we will outperform the market once more, which currently would point to Group sales of EUR 1.3 billion and EBIT of EUR 125 to 130 million.

**WE ARE CONFIDENT
THAT WE WILL OUTPERFORM THE
MARKET ONCE MORE IN 2015.**

The Board of Management of INDUS AG would like to thank its managers and employees on all levels for their dedication and hard work this past year. We would also like to thank our partners for the excellent team work, and our shareholders for the trust they have placed in us. Your continued approval motivates us to follow our path with determination.

Bergisch Gladbach, April 2015

The Board of Management



Jürgen Abromeit



Dr. Johannes Schmidt



Rudolf Weichert

MANAGEMENT BODIES

THE BOARD OF MANAGEMENT¹



JÜRGEN ABROMEIT

Board of Management Chairman (CEO)

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 Board of Management Chairman. 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

Board of Management member (CTO)

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

Board of Management member (CFO)

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

THE SUPERVISORY BOARD¹

¹ > Further information
on page 218 f.



HELMUT SPÄTH

Supervisory Board Chairman

Helmut Späth (born 1952) is a businessman (former public accountant and 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.



DR. JÜRGEN ALLERKAMP

Supervisory Board Deputy Chairman

Dr. Jürgen Allerkamp (born 1956) is a fully qualified lawyer and political scientist. In January 2015 he was appointed Chairman of the Management Board of the Investitionsbank Berlin. Previously he held the position of Chairman of the Management Board at Deutsche Hypothekenbank (Aktien-Gesellschaft) in Hanover and was a member of the Management Board of Nord/LB from 1997 through 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, Hanover 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 GmbH in Driedorf, an equity holding of INDUS Holding AG. He has been a member of the INDUS Holding AG Supervisory Board since July 2012.



DR. DOROTHEE BECKER

Dr. Dorothee Becker (born 1966) is a business manager. She is the Managing Director of the SME Gebr. Becker GmbH in Wuppertal. She has been a member of the INDUS Holding AG Supervisory Board since June 2014.



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: Helmut Späth (Chairman) / Dr. Jürgen Allerkamp / Hans-Joachim Selzer

Audit Committee: Dr. Jürgen Allerkamp (Chairman) / Dr. Ralf Bartsch

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

I would like to take this opportunity to inform you of the Supervisory Board's work over the past fiscal year.

COOPERATION BETWEEN THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

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 continually advised the Board of Management, supervised the management of the company, and ensured that all actions were legal, correct and served their intended purpose. The Board of Management fulfilled its obligations of notification and informed the Supervisory Board regularly, promptly, and comprehensively, in both written and verbal form, of all strategic, planning, business development, risks, risk development, and compliance issues relevant to the company and the Group. This also included information regarding actual developments diverging from goals reported previously and instances of the course of business diverging from the planned course.

The members of the Supervisory Board were always given the opportunity to critically dissect and voice their opinions on the reports and proposals brought to their attention in committees and plenary sessions. 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. The Supervisory Board gave its consent for the Board of Management to carry out individual business processes, insofar as this was necessary to comply with legal requirements, the articles of association, or the rules of procedure. The Chairman of the Supervisory Board and the Chairman of the Audit Committee also regularly met with the Board of Management and received information regarding important developments in between committee meetings.

In fiscal 2014, four ordinary meetings were held, attended by Board of Management members, as well as one constituent meeting. In addition, voting on three resolutions was conducted by circulating written ballot. There was full Supervisory Board and Board of Management attendance at each of the 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. There were no conflicts of interest regarding any of the Supervisory Board or Board of Management members that should have been immediately reported to the Supervisory Board and at the Annual Shareholders' Meeting.



✓
HELMUT SPÄTH, SUPERVISORY BOARD CHAIRMAN

PRIMARY MEETING TOPICS

On **March 10**, the Supervisory Board unilaterally voted to discontinue operations at the subsidiary NISTERHAMMER via **circulating written ballot**, following in-depth discussion of the proposal.

On **March 27**, the Supervisory Board also unilaterally voted to acquire the ROLKO Group via **circulating written ballot**, following in-depth discussion of the proposal. A short-notice circulating ballot was necessary due to the upcoming final negotiations regarding the purchase price.

The priority **at the first meeting, held April 11**, was the presentation and discussion of the 2013 annual financial statements, and the related resolution. Upon the Audit Committee's recommendation and following discussions with the auditor, the Supervisory Board approved the consolidated financial statement and adopted the annual financial statement for fiscal 2013. Other voting concerned the Board of Management dividend proposal and the agenda for the 2014 Annual Shareholders' Meeting. Following a comprehensive and thorough selection process, the Supervisory Board decided to propose Dr. Dorothee Becker as a candidate for the Supervisory Board >

> membership selection. The Supervisory Board also provided information regarding the results of the annual efficiency monitoring of the Board of Management's work.

The Board of Management disclosed the annual reports for risk management, investments, and compliance in detail. It also outlined the focus of the preventative compliance work. The Supervisory Board was informed of the acquisition of the ROLKO Group, which was completed successfully on April 10. The Board of Management also provided a report regarding the INDUS Group's planned activities in China. During the discussion of the economic situation, the Board of Management spoke about developments in the portfolio companies in the first few months of 2014 and provided assurances that developments were going according to plan. Finally, the Board of Management introduced their plans to separate the operating business activities at BETOMAX GmbH & Co. KG and establish them in a new company. The former BETOMAX subsidiary ANCOTECH was thus taken up as a direct investment in the INDUS portfolio.

On June 11, 2014, the day of the Annual Shareholders' 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, the Supervisory Board was able to review the report regarding the course of business over the first four months of 2014 extensively. The Board of Management also reported on the progress regarding the discontinuation of operations at NISTER-HAMMER. It also provided information on a number of smaller M&A transactions with portfolio companies, which due to their small project volume did not require approval by the Supervisory Board. IPETRONIK, for example, acquired the Swiss telematics specialist SAVVY AG. In July, the company TR Metalltechnik was acquired by RÜBSAMEN and 10 % of the remaining shares in the ELTHERM Group were acquired. Lastly, the Supervisory Board thanked the former Chairman of the Supervisory Board, Mr. Burkhard Rosenfeld, who was not available for reelection due to age reasons, for his hard work and dedication.

Following the Annual Shareholders' Meeting, the Supervisory Board held a **constituent meeting** where they elected Mr. Helmut Späth as Chairman of the Supervisory Board and Dr. Jürgen Allerkamp as Deputy Chairman of the Supervisory Board. The members of the Personnel and Audit Committees were also reelected.

The **third regular meeting** was held on **September 25, 2014**. The topic of this meeting was the discussion of the economic situation as of August 2014 and an updated prognosis for fiscal 2014. The Board of Management presented the scheduled status report regarding the implementation of the strategy program COMPASS 2020. The focus of the Supervisory Board's discussion on the issue were the topics "technology and innovation" and "acquisition policies." The Board of Management also provided information on the acquisition of KNUR Maschinenbau GmbH in Regensburg by the portfolio company ASS, completed on August 20, 2014. The Supervisory Board resolved a revised version of the approval limit for the acquisition (including establishment) of Group companies, parts of companies, and shareholdings in companies. The Board of Management provided an extensive report regarding the preparations that were ongoing for the transaction with MBN, a special machinery and plant manufacturer based in Saxony.

On **October 13**, the Supervisory Board also voted on acquiring the MBN Group via **circulating written ballot**, following in depth discussion of the proposal.

The **last meeting of the year on December 17, 2014**, covered the updated outlook for fiscal 2014 and planning for 2015. The Board of Management spoke about corporate planning for the upcoming fiscal year, including investment and finance planning. In the discussion following this, the Supervisory Board debated the details of the planning process. The future outlook in the automotive sector and the courses of action in case of an economic downturn in particular were also discussed. The Supervisory Board approved the annual plans in their entirety without exception.

Lastly, the Board of Management presented a special report regarding the completion of the discontinuation of operations at NISTERHAMMER. The Board of Management also announced the successful acquisition of MBN Maschinenbaubetriebe Neugersdorf GmbH, as approved by the Supervisory Board via circulating written ballot. It then provided information regarding the planned acquisition of the Glauchau location of the ESDA Feinstrumpffabrik GmbH by the portfolio company OFA: this location will provide OFA with further growth opportunities. The Board of Management also provided a status report regarding INDUS Group's financing. Another part of the consultation included a report from the Audit Committee, which referred to the commencement of auditing work by accounting firm Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne. The focus of the upcoming audit was agreed and is to include the further development of ICS and the risk management system, the revision of the remuneration report, and the application of amended IFRS standards.

The members of the Supervisory Board also dealt with the German Corporate Governance Code in the year under review. The Board of Management and the Supervisory Board have submitted an updated declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG), which is publicly available on the company's website. The Board of Management also presented information regarding the vertical comparability of Board of Management remuneration at the meeting. In future, the current figures will be discussed regularly by the Personnel Committee, and presented to the entire Supervisory Board. >

> WORK OF THE COMMITTEES

The main task of the two Supervisory Board committees is to prepare decisions and topics for the board. In this regard, where permitted by law decision making powers may be transferred to the committees. The chairmen of the committees report 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 personnel included in the two committees can be found in the Annual Report under Management Bodies.

The **Audit Committee** met twice during the fiscal year 2014: on April 10 and December 17, 2014. In addition to members of the Board of Management, representatives from Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne, also attended the meeting in December. The auditor has declared to the audit committee that there are no grounds for bias on his part. The Audit Committee has gathered the necessary statement of independence, checked his qualifications, completed negotiations with regard to remuneration and decided on the focus of the audit. The main topics of the consultation were the 2013 financial statements and the audit of the risk management and compliance reports.

The **Personnel Committee** prepared the personnel decisions for the Supervisory Board in two meetings in fiscal 2014, held April 11 and September 25, 2014. Where necessary, decisions were made or recommendations regarding decisions to be made were communicated to the Board of Management. The topics of these meetings were remuneration system structure, suggestions regarding the fixing of management bonuses and other bonuses for members of the Board of Management, and issues relating to contracts. Details regarding Board of Management remuneration can be found in the remuneration report.

DISCUSSION ON THE ANNUAL FINANCIAL STATEMENTS AND DIVIDEND RECOMMENDATION

The accounting and law firm Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne – appointed auditor of the separate and consolidated financial statements by resolution at the Shareholders' Meeting of June 11, 2014 – 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 opinion. 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.

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

Bergisch Gladbach, April 15, 2015



For the Supervisory Board
Helmut Späth
Chairman

THE INDUS SHARE

KEY SHARE DATA (in EUR)

	2014	2013	2012
Earnings per share Group	2.74	3.02	2.47
Cash flow per share Group*	3.56	4.35	2.07
Dividend per share	1.20*	1.10	1.00
Dividend yield*** in %	3.2**	3.6	4.9
Sum disbursed in EUR millions	29.3	26.9	22.2
12-month high	40.90	29.47	23.72
12-month low	28.00	20.55	18.69
Price at year-end	38.11	29.20	20.26
Market capitalization on Dec. 31 in EUR millions	931.8	714.0	450.3
Average daily turnover in number of shares	53,935	35,488	24,792
Free float capitalization in % (acc. to the German stock market)	77.2	77.2	79.9

* Details regarding the statement of cash flows can be found in the chapter Financial and Assets Position

** Subject to approval at Annual Shareholders' Meeting on June 3, 2015

*** Basis: closing prices in XETRA trading on 2014 reporting date

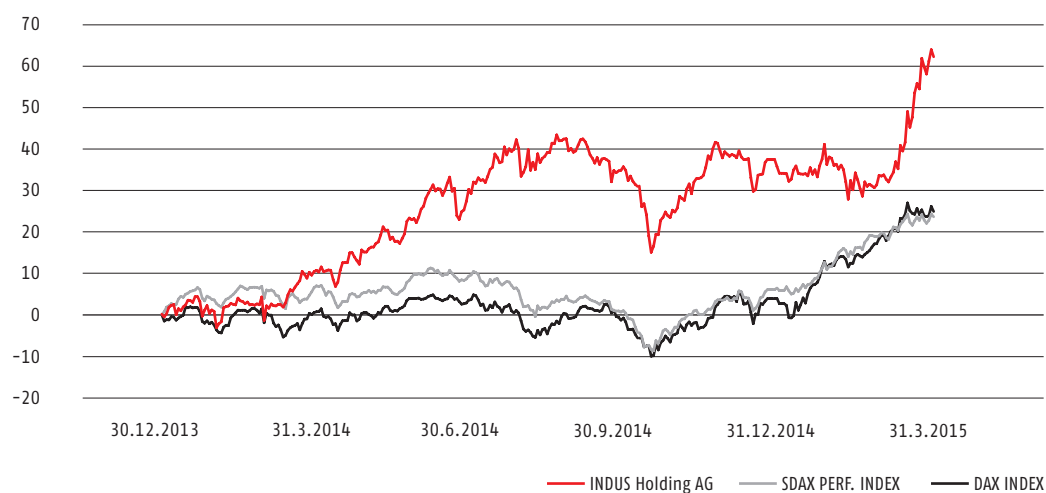
SHARE PRICE: WELL ABOVE-AVERAGE SHARE PERFORMANCE

The INDUS share performed exceptionally well again in the past fiscal year. The INDUS share was already significantly outperforming the SDAX and DAX indexes in 2013 with growth of around 50 % (SDAX +29 %, DAX +25 %). In 2014, the INDUS share continued its performance almost unchanged, while the indexes struggled to gain more. These developments led to an all-time high (since the IPO in September 1995) of EUR 40.90 on August 21, 2014. In the second half of the year, however, significant price corrections were made on the stock market due to the Ukraine crisis and the related worries about economic developments in Europe. The weak GDP result for the third quarter in Germany also took its toll on the stock market. Nevertheless, the INDUS share stood at +34 % as of December 30, 2014 (SDAX +6 %, DAX +3 %).²

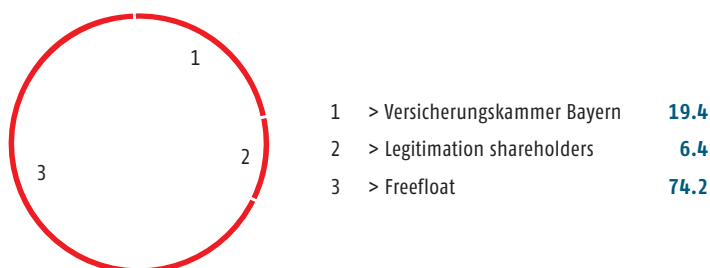
² > For up-to-date stock chart please see www.indus.de/en/investor-relations/our-share

THE SHARE'S LIQUIDITY: AVERAGE DAILY TRADING VOLUME CLIMBS TO MORE THAN 50,000 SHARES

The share's good performance also led to an increase in demand of more than 50 %. On average, 53,935 shares were traded every day on XETRA and on regional German stock markets in the fiscal year according to statistics released by the German stock market (annual average 2013: 35,488 shares); that is a total of 13.5 million shares in 2014. Large volumes were also traded outside of the stock markets: According to Bloomberg another 7.7 million shares were transferred directly between buyers and sellers and over alternative trading platforms. Roughly 64 % of trading volume was on XETRA according to Bloomberg.

INDUS SHARE PRICE CHANGE IN 2014 INCLUDING DIVIDENDS (in %)**STABLE SHAREHOLDER STRUCTURE WITH MANY INSTITUTIONAL INVESTORS**

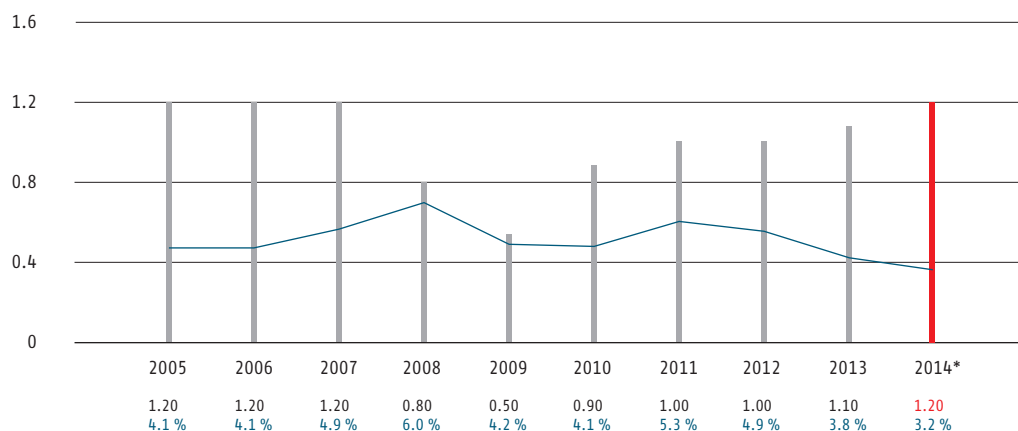
INDUS Holding AG's largest shareholder remains Versicherungskammer Bayern in Munich. In line with its long-term capital investment strategy, it holds 19.4 % of the capital stock (according to the information available to the Board of Management). The other anchor is formed by a group of private investors 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 investors. INDUS Holding AG currently does not hold any treasury shares.

INDUS HOLDING AG SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2014 (in %)

DISTRIBUTION: PROPOSED DIVIDEND OF EUR 1.20 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, 2014, the holding company had EUR 63.6 million in retained earnings. The Board of Management and the Supervisory Board will therefore propose a dividend payout of EUR 1.20 per share at the Annual Shareholders' Meeting. The total distribution amount is thus EUR 29.3 million.

DIVIDEND PER SHARE AND DIVIDEND YIELD, 2005 – 2014 (in EUR/in %)



The chart shows the dividend payout for each fiscal year.

*Subject to the approval at Annual Shareholders' Meeting on June 3, 2015.

— dividend yield

ANALYST OPINIONS ON INDUS HOLDING AG

- Bankhaus Lampe > March 2015 > Buy, target price EUR 45
- Commerzbank > March 2015 > Add, target price EUR 42
- Deutsche Bank > Nov. 2014 > Hold, target price EUR 39
- Independent Research > March 2015 > Buy, target price EUR 47
- HSBC > March 2015 > Overweight, target price EUR 54
- LBBW > March 2015 > Buy, target price EUR 53
- M.M. Warburg > March 2015 > Buy, target price EUR 54
- WGZ > March 2015 > Buy, target price EUR 47

M.M. Warburg began following the INDUS share in 2014, and HSBC in March 2015. Eight banks and investment firms thus are now following the company. Analyst price targets for the stock now range between EUR 39 and 54. All of them recommend buying or holding the shares. Analyst opinions are regularly published on the INDUS website under “Investors and Press.”

TARGETED AND TRANSPARENT INVESTOR RELATIONS

A central topic in communications with the capital markets in 2014 was general regarding the current course of business as well as the next steps in the implementation of our strategy COMPASS 2020. 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 conferences and roadshows in and outside Germany.

INDUS HOLDING AG ROADSHOW ACTIVITIES AND CAPITAL MARKET CONFERENCES

- April 2014 > Analysts' conference 2014
 > Roadshow Frankfurt
- May 2014 > Roadshow Munich
 > Roadshow Hamburg
- August 2014 > Roadshow Cologne/Düsseldorf
- September 2014 > PRIOR capital market conference, Egelsbach
- October 2014 > Roadshow Zurich
- November 2014 > DSW investor forum, Cologne
 > German Equity Forum, Frankfurt/Main

In addition to regularly publishing up-to-date information about INDUS 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 newsletters 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. The financial calendar is regularly updated and is also available on the Company's website.

CONTACTING INVESTOR RELATIONS

To contact us or find information about dates upcoming in 2015, 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, Düsseldorf, Stuttgart
Market segment/Indices	Prime Standard/SDAX
Designated Sponsors	Commerzbank, Bankhaus Lampe
Capital stock	63,571,323.62
Number of shares on Dec. 31	24,450,509
First trading day	September 13, 1995
Last capital increase	December 2, 2013

COMPASS 2020: STATUS REPORT



In 2014, INDUS reached more of its strategy program's milestones: Directly and indirectly through our shareholdings, we have been able to acquire five new companies. The portfolio once again provided a good result for fiscal 2014. Another focus of the efforts of COMPASS 2020 was the establishment of

the expertise area 'Technology & Innovation,' which the portfolio companies can access whenever necessary. The Board of Management will continue to advance development in 2015. INDUS again intends to make more acquisitions through both portfolio companies and shareholdings in the current year.

3 > ROLKO see page 72

4/14

Growth acquisition

INDUS takes over specialist in rehabilitation technology ROLKO Kohlgrüber GmbH³.
+ Defined target market Medical Engineering/Life Science reinforced
+ International presence with own production facilities in Xiamen (China) and own locations in Silkeborg (Denmark) and Houten (Netherlands)

**+
NEWCOMER
2014**



5/14

Second level acquisition: SAVVY AG

With Swiss SAVVY AG, IPETRONIK has acquired an internationally active company for telematics solutions in the logistics sector.
+ Access to the rapidly growing market for telematics applications



6/14

Annual Shareholders' Meeting

The ASM backs the Board of Management's strategy for INDUS and resolves a dividend of EUR 1.10. Helmut Späth elected as new Supervisory Board Chairman; Burkhard Rosenfeld is not standing for election due to age reasons.

**DIVIDEND
EUR 1.10
PER SHARE**

2014

7/14

ANCOTECH separated

A new subsidiary has been founded with the separation of ANCOTECH from existing portfolio company BETOMAX. By establishing the company as an independent unit both companies can receive more individual support for their growth strategies.

7/14

SCHÄFER expands capabilities

INDUS company SCHÄFER inaugurates new design center in Osnabrück.
+ General basis for business improved

8/14

Second level acquisition: KNUR Maschinenbau

INDUS company ASS takes over plant engineering company KNUR Maschinenbau.
+ Expertise expanded with polymer adhesive technology and CFR production (carbon-fiber-reinforced polymer)
+ Technology and distribution partnership



9/14

Coverage expansion

M.M. Warburg starts covering INDUS shares with a target price of EUR 44.40.

**TARGET PRICE
EUR 44.40**

»BUY & HOLD & LET DEVELOP/LET GROW«

PORTFOLIO
ENHANCEMENT

We support our companies
in the expansion of their capabilities
("let develop").

Milestone
reached

GROWTH
ACQUISITIONS

We grow through external acquisitions
in both the portfolio and new industries
("grow").

Milestone
reached

INTERNATIONALIZATION



We support our companies
in the expansion of their international activities
("let grow").

Milestone
reached

7/14

HAUFF-Technik expands capabilities

INDUS company HAUFF-Technik moves to
new headquarters in Hermaringen. Over
EUR 17 million was invested in the new
location.

- + Improvements to delivery
and production logistics

7/14

Second level acquisition

Rübsamen acquires specialist in laser welding
technology TR Metalltechnik.

- + Deepening of the value creation chain

TR Metalltechnik

7/14

Growth acquisition ELTHERM complete

INDUS takes over remaining 10 % of
ELTHERM, a specialist for heat tracing
systems.

- + Transition completed successfully while
maintaining the company philosophy

11/14

Growth acquisition

With the MBN Group⁴, INDUS has acquired
Neugersdorf and boosted the defined target
segment Automation Technology.

- + International presence with locations in
Changchun (China) and Alabama (USA)

+
**NEWCOMER
2014**



12/14

2nd reinforcement

Portfolio company SELZER Fertigungstechnik
takes over remaining 10 % of non-control-
ling interest in Brazilian Selzer Automotiva
do Brasil.

- + Activities more closely aligned with
German parent company



12/14

Second level reinforcement

OFA Bamberg acquires ESDA GmbH's former
production facility in Glauchau, Saxony.

- + Insourcing and shorter delivery times,
expansion of production capacities

→ 2015

⁴ > MBN see page 68

FAST AND RESPONSIVE – AROUND THE WORLD

HOW OUR PORTFOLIO COMPANIES
DEVELOP INTERNATIONAL MARKETS

p. 24 → **GERMANY**

AN INTERVIEW WITH JÜRGEN ABROMEIT

p. 28 → **EUROPE**

GREAT BRITAIN → HORN → TOGETHER WE CAN ACHIEVE MORE
THE NETHERLANDS → AURORA → THERE COULDN'T BE A BETTER FIT

p. 34 → **ASIA**

CHINA → BETEK → CHINA IS THE GATE TO ASIA
CHINA → ROLKO → A HEALTHY RELATIONSHIP

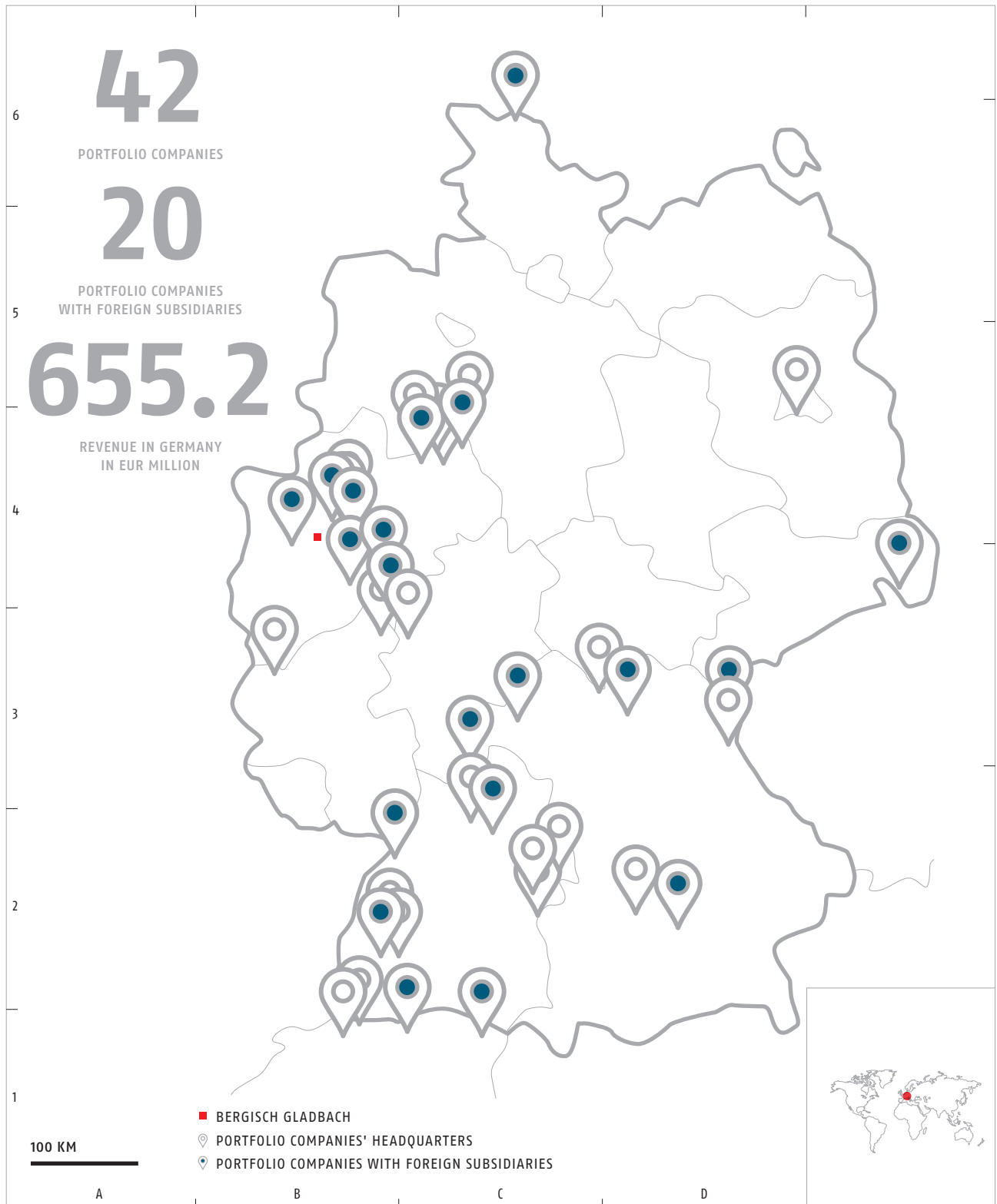
p. 40 → **AFRICA**

SOUTH AFRICA → S.M.A. → ADAPTION. FREEDOM. GROWTH.
MOROCCO → ELTHERM → GLOBAL? ABSOLUTELY!

p. 46 → **AMERICA**

USA → M. BRAUN → PER SE INTERNATIONAL
MEXICO → WIESAUPLAST → BASED IN EUROPE, AT HOME
AROUND THE WORLD

HIDDEN CHAMPIONS



GERMANY



GLOBAL COMPETITIVENESS INDEX RANK
(WORLD ECONOMIC FORUM)



80.9

POPULATION IN MILLION



2011 2012 2013 2014
3,631.4 3,427.9 3,636.0 3,820.5

3,820.5

GROSS DOMESTIC PRODUCT 2014
IN BILLION USD



+1.7

%
EXPECTED GROWTH 2015

»»EVERY COMPANY
HAS TO FOLLOW
ITS OWN PATH
TO THE MARKETS.
AS A RELIABLE
PARTNER, WE HELP
FINANCE GROWTH.««

JÜRGEN ABROMEIT (CEO OF INDUS HOLDING AG)



65.7

EURO MILLION
INVESTED IN SUPPORTING
PORTFOLIO COMPANIES
IN 2014

2

WEEKS
AVERAGE FINANCING CHECK**JÜRGEN ABROMEIT****WE CLEAR PATHS**

INDUS companies are focusing more and more on internationalization. Why? SMEs are regional!

JÜRGEN ABROMEIT It's true, SMEs are part of the backbone of the German corporate landscape. Maybe even the backbone itself. But German SMEs have long been internationally active. "Made in Germany" enjoys a great reputation across the world. This is not just down to the large corporations, but rather the innovative, medium-sized companies that stood alongside the larger companies at first and then used the opportunity to expand to new markets with new concepts. This internationalization process has picked up speed and has since become unstoppable. The INDUS companies, too, are increasing their activities in markets abroad. The answer as to why is simple: the best opportunities for growth are there. Opportunities that will not be present in Germany and Europe for the foreseeable future. Or at least not enough.

Aren't the risks associated with moving to new markets higher?

JÜRGEN ABROMEIT Recognizing and evaluating risks and opportunities are part and parcel of entrepreneurship. In this globalized world and thanks to our wealth of experience, foreign markets can be quite sufficiently evaluated. The INDUS Group companies are also only active in politically and economically stable countries. Volume slumps, as currently seen in Russia, are nothing we have to fear. Indeed, for a healthy medium-sized company it would in fact be a greater risk not to have an eye on foreign markets. Specialists rapidly outgrow limited regional markets.

Comparatively, the INDUS companies are quite modest in size. How will they be able to keep up with the big players?

JÜRGEN ABROMEIT Being large doesn't necessarily equate to being competitive. SMEs are first and foremost experts in their field, and >

> their knowledge makes them indispensable to larger companies. They accompany their customers, often large international corporations, with foresight and are already thinking of solutions for tomorrow today. That makes SMEs particularly appealing to large corporations. The strong focus on innovation, always with an eye on producing the most customer benefit, is in my opinion one of the SME Hidden Champions' greatest strengths. It is also the reason why we at the Holding particularly encourage research and development. R&D and driving innovation is an investment in future customer loyalty.

»EVERY COMPANY HAS TO FOLLOW ITS OWN PATH TO THE MARKETS. AS A RELIABLE PARTNER, WE HELP FINANCE GROWTH.«

> JÜRGEN ABROMEIT

If you were to take stock: just how international is INDUS now? How international was INDUS ten years ago, and how international will the Group be in ten years' time?

JÜRGEN ABROMEIT Even ten years ago, a number of INDUS companies were very active abroad. A few years ago the share of foreign business was at around 35 %. Now, this share has grown to almost 50 %. That means the growth in the last years has been disproportionately achieved abroad. One reason for this is surely the general trend: Germany has become an export nation, which naturally focuses outward. Another is that many of our companies have defined internationalization as a strategic task. They are no longer growing generically, that is, without direction, but rather strategically: they intend

to increase growth abroad. They evaluate the markets and then target them very purposefully. So it is safe to assume that foreign business will continue to grow in the coming ten years. How great this growth will be, I can't say. But it will be significant. It will be measurable and certainly noticeable.

Where does this leave Germany, the domestic market? Production usually follows when a presence is established abroad.

JÜRGEN ABROMEIT Yes and no. In contradiction to how things used to be, it is no longer about producing cheaply abroad, but rather just being close to the customer. There is no way of avoiding these developments. But the domestic market will remain important – from both a development and management point of view, as well as for expanding expertise even further. The German locations will continue to serve the German and European markets. The way I see it, is that we would have to start worrying about our German locations if we didn't make use of global labor division. Many companies in our Group have already shown that this concept works: from AURORA to WIESAUPLAST. The existence of many German locations could even be threatened in the medium-term if they were not active abroad.

What does INDUS contribute that the SMEs could not do for themselves when it comes to foreign business?

JÜRGEN ABROMEIT Our support for our companies includes purposefully and consciously taking on risks ourselves: if a company convinces us, we finance and accompany their growth where traditional banks certainly would not. We offer long-term capital at unbeatable conditions. Our companies also have access to a broad network and our proven management expertise. We understand management processes and are able to provide solid advice on the management's considerations.

Can you give us an example?

JÜRGEN ABROMEIT Take BETEK, a specialist for carbide tools for construction machinery currently setting up a new location in China. This involves a lot of leg work: finding a suitable location, getting to grips with the legal situation, founding a company, investing capital. We not only have the necessary contacts and the right lawyers on hand, we also provide the necessary financing, either as equity or a loan, and we are always at the managing directors' side as a strategic sparring partner. BETEK also gains more trust from being associated with INDUS's reputation, size and credit rating, which makes a lot of things quicker and easier.

How much will INDUS be investing annually? If INDUS intends to grow through acquisitions, will there be enough left over for investments?

JÜRGEN ABROMEIT We have sufficient funds to ensure our growth. We have made sure of that. As a shareholder, we see it as our main duty to be able to provide the companies with sufficient funds to allow them to develop: for growth, R&D, maintenance, and expanding their capacities. Direct growth acquisitions for the portfolio are just as important to us. The total amount that we have earmarked for these purposes is a sustainable EUR 100 million a year. Whether it actually turns out to be more will depend on the opportunities and necessities that arise.

Will all subsidiaries be "forced" into expanding abroad now?

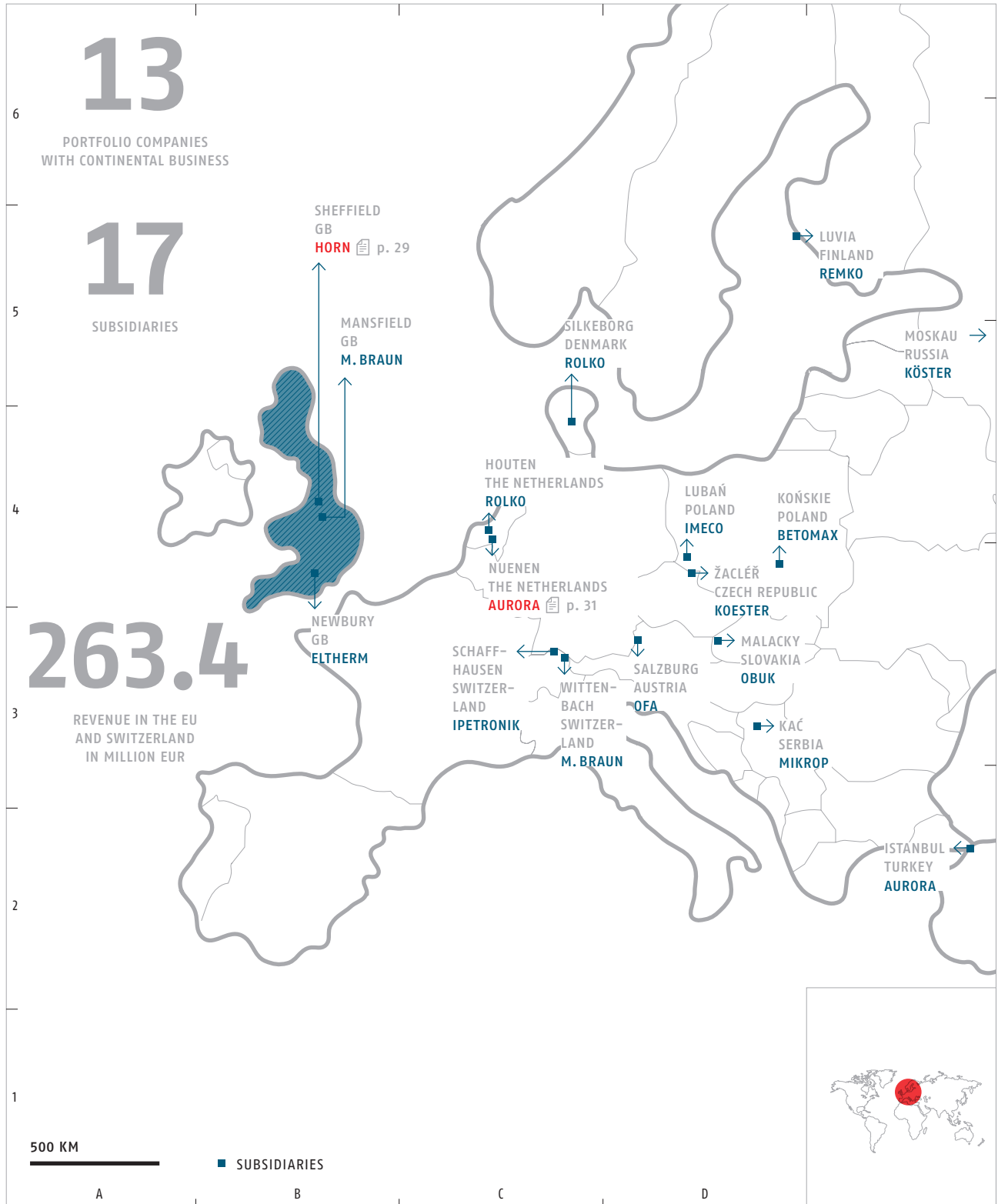
JÜRGEN ABROMEIT Expanding abroad would not be a wise move for all of the companies in our portfolio. But as far as new acquisitions and intended portfolio investments are concerned, we are primarily interested in companies that have development opportunities abroad. We are thinking long-term: we will look at each of our subsidiaries individually, discuss their growth and future strategies and, wherever it

makes sense to do so, also their internationalization strategies.

Might INDUS make acquisitions abroad? What difficulties could such a move represent?

JÜRGEN ABROMEIT Our subsidiaries establish foreign branches and distribution companies worldwide. Where it makes sense, local production units are taken over. Acquisitions made abroad by our subsidiaries can make a lot of sense from a strategic point of view – especially since this also supports our diversification strategy. For this reason we have repeatedly supported our portfolio companies in acquiring foreign companies over the last years. But as far as the portfolio is concerned, we will not be directly acquiring any foreign companies. Germany is our foundation, not least because of its corporate culture. This is a "soft" factor, but it has proven to be a critical one for common success. A company – particularly at top level – must fit into the Group as far as corporate philosophy is concerned. INDUS's home base will remain Germany. We will be heading out into the world's growth markets from here. ■

EUROPE



GREAT BRITAIN



GLOBAL COMPETITIVENESS INDEX RANK
(WORLD ECONOMIC FORUM)



64.5

POPULATION IN MILLION



2011 2012 2013 2014
2,464.6 2,470.6 2,523.2 2,847.6

2,847.6

GROSS DOMESTIC PRODUCT 2014
IN BILLION USD



+2.8

%
EXPECTED GROWTH 2015



»THE ADVANTAGES OF
AN ACQUISITION
ABROAD ARE OBVIOUS:
WE WILL ALSO GAIN
INTERNATIONAL
MARKET EXPERIENCE.«

TORSTEN KUTSCHINSKI
(MANAGING DIRECTOR HORN)

HORN**TOGETHER WE CAN
ACHIEVE MORE**

FLENSBURG → SHEFFIELD (GB)



“Everything done right” – that’s how you could sum up the last few strategic moves made by the current HORNGROUP. The specialists for refueling technology from Flensburg have managed to significantly improve their market position over the last few years through start-ups and acquisitions. The acquisition of the British company PCL in particular was an excellent fit for the growth concept: the integration brought the company technology, market access, cost benefits, and not least also reduced the amount of competition.

ACQUISITION OF A SPECIALIZED INTERNATIONALLY LEADING COMPANY

HORN managed to secure the PCL deal in 2011. Pneumatic Components Limited from Sheffield, which had been in the hands of a small investment company, manufactures analog and digital systems for tire inflation and pneumatic tools. With its range of products it serves a very specific niche market, but it is the leader in this market.

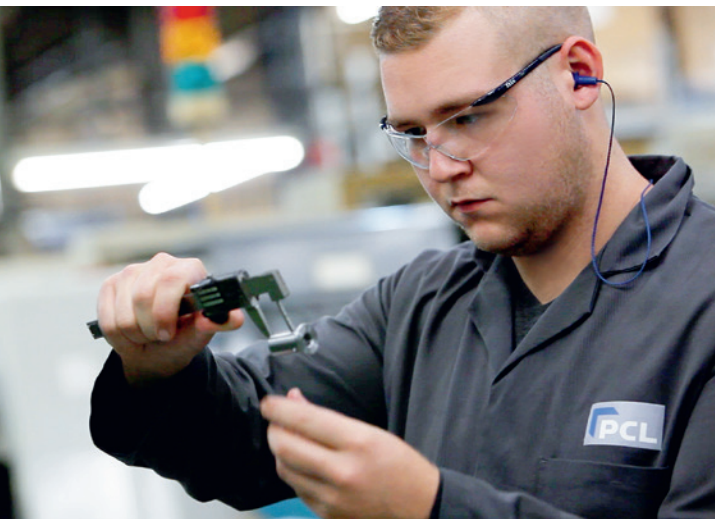
And: PCL was both a competitor and a customer. HORN had been observing the company for some time and was convinced that cooperation on the market would benefit both. The >



FROM COMPETITOR TO
PARTNER: NOWADAYS, PCL
AND HORN WORK UNDER
ONE ROOF.

- SHEFFIELD
GB
- SHANGHAI
CHINA
- MUMBAI
INDIA
- HUMBLE
USA





> HORN NOW OFFERS ITS CUSTOMERS, ESPECIALLY WORKSHOPS, INTEGRATED SOLUTIONS ON A GLOBAL SCALE

> synergy potential in the areas of market access and distribution, product range and development, and purchase and product optimizations were unmistakable.

A particular advantage in PCL's favor, and a central criteria of acquisition for HORN, was the Brits international setup. In addition to facilities in Sheffield, PCL also has distribution and production facilities in China and India. They distribute PCL products internationally to customers in more than 90 countries. PCL's established presence in China (Shanghai) and India (Mumbai) opened distribution channels for HORN in attractive new target markets that had remained closed up until that point.

PCL is also a successful manufacturer and distributor of nitrogen tyre inflation equipment. In this area, the company has a great development advantage against the competition. In light of the rising demand for this technology, this topic is rapidly gaining in importance.

COMBINING DIFFERENT SPECIALTIES

Comparable services in niche markets invariably result in differing regional standards. This is how local manufacturer protect their domestic market from foreign competition. But this also means that they face difficulties themselves in becoming successful on the export markets over the long term. By acquiring PCL, HORN has managed to overcome one such obstacle. Because with its new expertise it was able to supply countries who use the metric system as well as countries that use the imperial system.

Now HORN and PCL develop markets side by side. As in North America, where HORN established an independent distribution company in 2012, TECALEMIT Inc., in Houston, Texas, in order to access the NAFTA market.

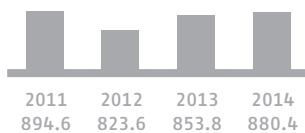
HORN purchased Lubrication Solutions Inc. (LSI), Houston, via TECALEMIT Inc. in 2013. The company distributes handling and measuring systems for diesel and AdBlue®. AdBlue® is the brand name of a liquid used to reduce nitrogen oxide present in exhaust gases of utility and passenger vehicles. Due to the more stringent environmental protection standards, manufacturers of diesel vehicles are assuming that almost all new vehicles will soon have to be fitted with SCR technology in the US and will therefore need AdBlue®. SCR technology is also increasingly being used in Europe, in order to meet the European exhaust standards.

HORN, PCL, TECALEMIT – these three names represent a group that has managed to pool their individual specialties and supply international markets together. Today the HORNGROUP is in an excellent position to tank further growth in the coming years. ■

THE NETHERLANDS



GLOBAL COMPETITIVENESS INDEX RANK
(WORLD ECONOMIC FORUM)



880.4

GROSS DOMESTIC PRODUCT 2014
IN BILLION USD



16.9

POPULATION IN MILLION



+2.2

%
EXPECTED GROWTH 2015

AURORA

THERE COULDN'T BE A BETTER FIT

MUDAU → NUENEN (THE NETHERLANDS)

For a long time they were active in the same segment, without encountering each other. That has changed: since the strategic acquisition in January 2013, the Dutch company HEAVAC B.V. belongs to the INDUS portfolio company AURORA. Today, the two companies serve the markets together. Their strengths complement one another perfectly.



»MANAGEMENT AT AURORA AND
HEAVAC WORK SO WELL TOGETHER
THAT 1+1 EQUALS THREE.«

> HANNES WOLF (MANAGING DIRECTOR AURORA)

RANGE AND EXPERIENCE MEET FOCUS AND DEPTH

AURORA has been successfully developing and constructing high-quality heating and air conditioning systems for commercial vehicles – buses, construction and agricultural vehicles, and special commercial vehicles – for 85 years. The company, based in Mudau, Baden, covers a broad spectrum of products. And it values innovation highly: 8 % of sales is reinvested in R&D. This results in 20–30 new series lines per year. AURORA has >



> an international presence with facilities in Europe and the US: almost two thirds of its products are destined for export. AURORA also sees great sales opportunities here in the coming years, of which the company will be able to take advantage.

And it intends to do just that: acquiring HEAVAC was an important milestone along this path. The Dutch company is active on the same markets as AURORA. The product program is mainly oriented to the bus market, which is quite narrow, but HEAVAC is also a systems supplier and a development partner for most of its customers. This creates customer loyalty that is not easily broken.

NOTHING HAS CHANGED
FOR HEAVAC'S EMPLOYEES ON SITE.
BUT THE NEW ALLIANCE WILL
SECURE FUTURE PROSPECTS.



ACQUISITION IS A BENEFIT TO EXISTING CUSTOMERS

Although their product ranges overlap, AURORA and HEAVAC were not direct competitors before the merger. Until 2012, HEAVAC's business was concentrated in the Benelux countries and the UK. And these are exactly the markets where AURORA had had difficulty in gaining a solid foothold. Not least because HEAVAC is the market leader there.

Through the merger the sales combined, without any substitution effects from individual customers. And no customer had to find another supplier so that AURORA/HEAVAC had a competitor. On the contrary: all customers can now rely on an even stronger partner with AURORA/HEAVAC.

SYNERGIES FOR BOTH PARTIES

When two greats get together there are often also internal synergies: both parties profit from combined purchasing, the standardization of modules, and optimizations in production through the association.

HEAVAC brings with it important additional production capacities and technological expertise. For example, individual parts that HEAVAC purchased externally in the past are now produced by AURORA. In return AURORA can access HEAVAC's aluminum processing expertise. Until recently, production in Mudau had mainly relied on sheet metal forming and plastic injection molding.

READY FOR GROWTH

HEAVAC has been under the strategic management of AURORA for almost two years now. However, the Dutch still serve the markets under their own name – a signal to customers that they can still fully rely on the trusted structures; with the shareholder INDUS AG behind them and on a platform that has been developed further. With the merger, the position of both companies has been significantly

improved. Together they are now targeting the emerging markets, and will become even more important for large international companies in the future.

How to successfully establish yourself in a growth market was demonstrated by AURORA in Turkey a few years ago: in order to directly supply the German bus manufacturers located there, the company established a fully productive branch in Istanbul, including R&D facilities and distribution. The decision proved a wise one in the following years: the Turkish commercial vehicle manufacturers set out to conquer the world markets, and they used quality products from AURORA to do it. Today AURORA supplies international manufacturers in addition to Turkish manufacturers with buses, construction and agricultural vehicles.

This success story has been continued in North America: The distribution organization Aurora North America was established in 2009. Today the leading manufacturers of construction and agricultural vehicles receive supplies from the production facility in Grand Rapids, Michigan. The engineering staff on-site are largely able to independently implement new developments. The strong growth on this market will continue, because the customers value our flexibility and German engineering.

This shows that if you want to grow, you have to be flexible. ■

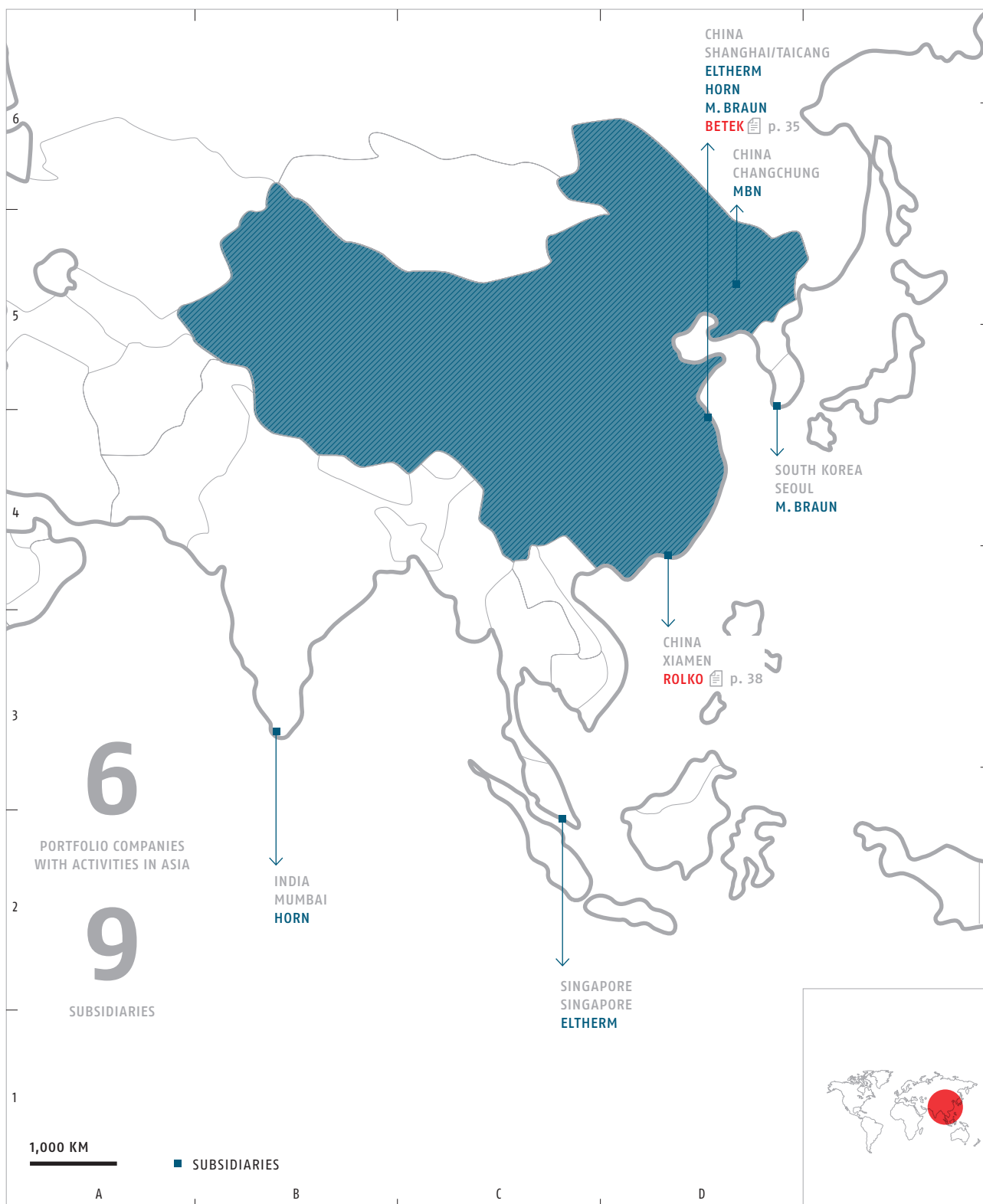


HEAVAC CONTINUES TO DEVELOP AND PRODUCE IN NUENEN NEAR EINDHOVEN; DISTRIBUTION IS INTERNATIONAL.

- NUENEN
THE NETHERLANDS
- ISTANBUL
TURKEY
- GRAND RAPIDS
USA



ASIA



CHINA

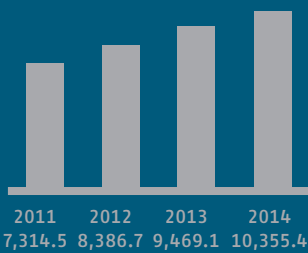


GLOBAL COMPETITIVENESS INDEX RANK
(WORLD ECONOMIC FORUM)



1.4

POPULATION IN MILLION



10,355.4

GROSS DOMESTIC PRODUCT 2014
IN BILLION USD



+7.0

%
EXPECTED GROWTH 2015

»WE CAN DEVELOP
OUR CONNECTIONS
IN CHINA EVEN
BETTER WITH A
LOCAL PRESENCE.«

DR. FRANK THIELE
(MANAGING DIRECTOR BETEK)

**BETEK**

CHINA IS THE GATE TO ASIA

AICHALDEN → TAICANG (CHINA)

Business for BETEK, a manufacturer of carbide-tipped wear parts, is going swimmingly: competitive products, rising revenue, satisfied customers. But there is an urgent need for action, because BETEK can take better advantage of existing opportunities. And that's just what the business will be doing in 2015 – by setting course for China.

OEMs VALUE RELIABLE PARTNERS LIKE BETEK

BETEK is one of four companies belonging to the SIMON Group based in Baden-Württemberg, and produces carbide-tipped wear parts for sectors including road construction machinery, mining, mineral mining, special underground construction, recycling, and agriculture. In many sectors the SME is among the internationally leading companies: it is innovative, it is an expert in the systems, and has access to a diverse spectrum of products spanning many areas. >



> BETEK'S CARBIDE TOOLS ARE DEVELOPED IN THE BLACK FOREST, BUT USED WORLDWIDE.

> BETEK's customers include renowned original equipment manufacturers such as Wirtgen, Bauer, and Horsch. As a large and well established machinery manufacturer it supplies industry and infrastructure markets

WE'RE ENHANCING OUR OPPORTUNITIES CONSIDERABLY WITH THE LOCATION IN CHINA.

> DR. FRANK THIELE (MANAGING DIRECTOR BETEK)

across the world. It also supplies the road construction industry, a sector that is becoming increasingly attractive in light of the general rise in mobility.

Even when facing stiff competition, OEMs rely on good suppliers. BETEK therefore has close relationships with such companies. These companies value BETEK as a system partner that has proven its worth over the years with reliable work and excellent ideas.

RENOWNED ORIGINAL EQUIPMENT MANUFACTURERS RELY ON BETEK AS A STEADFAST SYSTEMS PARTNER.



IMPROVING FOR THE INCREASE IN MARKET DEMAND

BETEK is well aware that it has to earn this status constantly. The company also wants to turn its successful development work into economic success. That is why the management has spent time considering how it can make itself more accessible to customers. The answer is segmentation that is even more heavily oriented toward sales markets, with the segments 'Surface Technologies,' 'Underground Technologies,' and 'Environmental Technologies.'

Logistical drawbacks come from the, previously, low amount of direct presence and production in China and the US. But it is also foreseeable that customers will register more services, even in the short term, because the demand for infrastructure projects is growing worldwide. Resources are becoming more valuable. And this means the demand for carbide to prevent wear will also rise.

A PRODUCTION AND SALES PLATFORM IN CHINA

BETEK is making considerable investments – both to expand production at home in Aichhalden as well as in China. Production and distribution will shortly start for road construction and mining in Taicang, in central China. Taicang is well positioned: the city, with a population of 500,000, is close to Shanghai and home to more than 180 other German companies, such as the large machinery manufacturer Triumph, and Kern Lievers, who supply the automotive industry and who were the first to start production in the area in 1993.

From Taicang, BETEK will concentrate on covering the growth market China. This increased presence in the area will also positively affect opportunities to tap into the Southeast Asian and Australian markets, which have previously only been reached from Germany.

The first to profit from BETEK's production move to China will be the key customer

→ TAICANG
CHINA
→ ATLANTA
USA



✓
SHANGHAI IS THE SECOND
LARGEST CITY IN CHINA,
WITH A POPULATION OF
OVER 23 MILLION AND A
POPULATION DENSITY OF
3,630 PEOPLE PER SQUARE
KILOMETER.

Wirtgen, who will be able to purchase chisels for road construction and mining machinery directly, making this process easier and quicker.

Production in China will also allow BETEK to secure its competitiveness on the local market for the long term. By being locally present, BETEK will be able to build up local relationships, procure raw materials (including vital tungsten carbide) locally, and relate better to the specific challenges faced by its customers.

ACCELERATED MARKET DEVELOPMENT THROUGH DISTRIBUTION PARTNERS

Distribution partners will also play an important role in the market expansion in Asia.

Negotiations with more potential partners are already underway. At the Chinese BAUMA trade fair in November 2014, BETEK once more highlighted its high hopes for the Asian market. In short: the company doesn't just want to follow the crowds to the Asian market – it wants to actively develop there. ■

ROLKO

A HEALTHY RELATIONSHIP

BORGHOLZHAUSEN → XIAMEN (CHINA)



→ XIAMEN
CHINA
→ SILKEBORG
DENMARK
→ HOUTEN
THE NETHERLANDS

No question: the healthcare industry is one of the international sectors with particularly promising prospects. The average age in the industrialized nations is rising and an increasing number of people in the emerging markets are spending their income on improving their standard of living. ROLKO, based in Borg-holzhausen, Westphalia, specializes in reha-bilitation accessories such as wheels for wheel-chairs, wheelchair ramps, and head supports. The company therefore supplies to an attractive segment, with great international sales poten-tial.



»THE MARKETS EXIST, WHICH
MEANS WE CAN DO MORE.«

➤ ACHIM KOHLGRÜBER (MANAGING DIRECTOR ROLKO)

THE FUTURE PARAMETERS ARE RIGHT

The Managing Directors at ROLKO have also convinced INDUS that the perspectives in this sector are excellent, so much so that the Hold-ing acquired 75 % of the company's shares last year. ROLKO's products are necessities. They improve the users' quality of life, which in turn

ensures a high purchase incentive. There are many more sales markets waiting for ROLKO products.

In order to better estimate what the future pers-pectives are for the company, INDUS commis-sioned a market study on the wheelchair market before the purchase. The results were astound-ing: the segment has an international volume of EUR 2 billion. And it is growing at more than 9 % a year. This means that the market will vir-tually double between 2011 and 2018. Backed by capital from the Holding, ROLKO intends to become a major player in this sector.

THE HOMEWORK'S BEEN DONE

ROLKO is following a set path to open up new markets. The company already has the right structure and the ideal processes to achieve this.

Business is entirely managed from Germany, and product development takes place here. It ensures the range of the 13,000 articles is up to date and also expands the range in order to prepare for the future. The large central depot is located here, too, and thanks to the variety of articles and optimal warehouse logistics em-ployed at the depot, ROLKO is always ahead of the game. Two distribution companies in the Netherlands and Denmark support sales in the European core market and also provide impor-tant feedback from the European market. Pro-duction, however, is almost exclusively carried out in Xiamen, China, today. Simple construc-tion work is also given to workshops for the disabled; this decision was made intentionally.

As a company that develops products to improve the quality of life for disabled people it was a natural move to place work here, which secures employment for more than 250 staff with disabilities.

The labor division is also reflected in the regional employment structure: the ROLKO Group currently employs 170 staff. 61 % work in China, 5 % in Europe (excluding Germany), and 34 % in Germany. ROLKO believes this is a healthy balance – particularly since China is also directly involved in sales. ROLKO supplies products to all countries in Europe, Oceania, and the US from China

A CLEAR DISTRIBUTION CONCEPT

ROLKO combines the virtues of “Made in Germany” quality with international process transparency, which is a prerequisite for successful international growth for an SME. This means the company is well positioned with regards to the competition: there are many companies on the international market for rehabilitation accessories, that vary considerably in size, local presence, and vertical production range. However, there are only a few companies that share a similar product and customer structure with ROLKO. They are based in Denmark, Italy, and China and are well monitored by ROLKO.

The company is aiming for above average growth in the emerging markets. ROLKO supplies the Chinese subsidiaries of internationally renowned wheelchair manufacturers directly from China.



✓ OVER 100 PEOPLE ARE EMPLOYED FOR PRODUCTION AND QUALITY CONTROL BY ROLKO IN CHINA. THE LOCATION WAS ESTABLISHED BACK IN 2006. AMONG OTHER THINGS, COMPONENTS FOR WALKING FRAMES ARE BEING MANUFACTURED HERE.

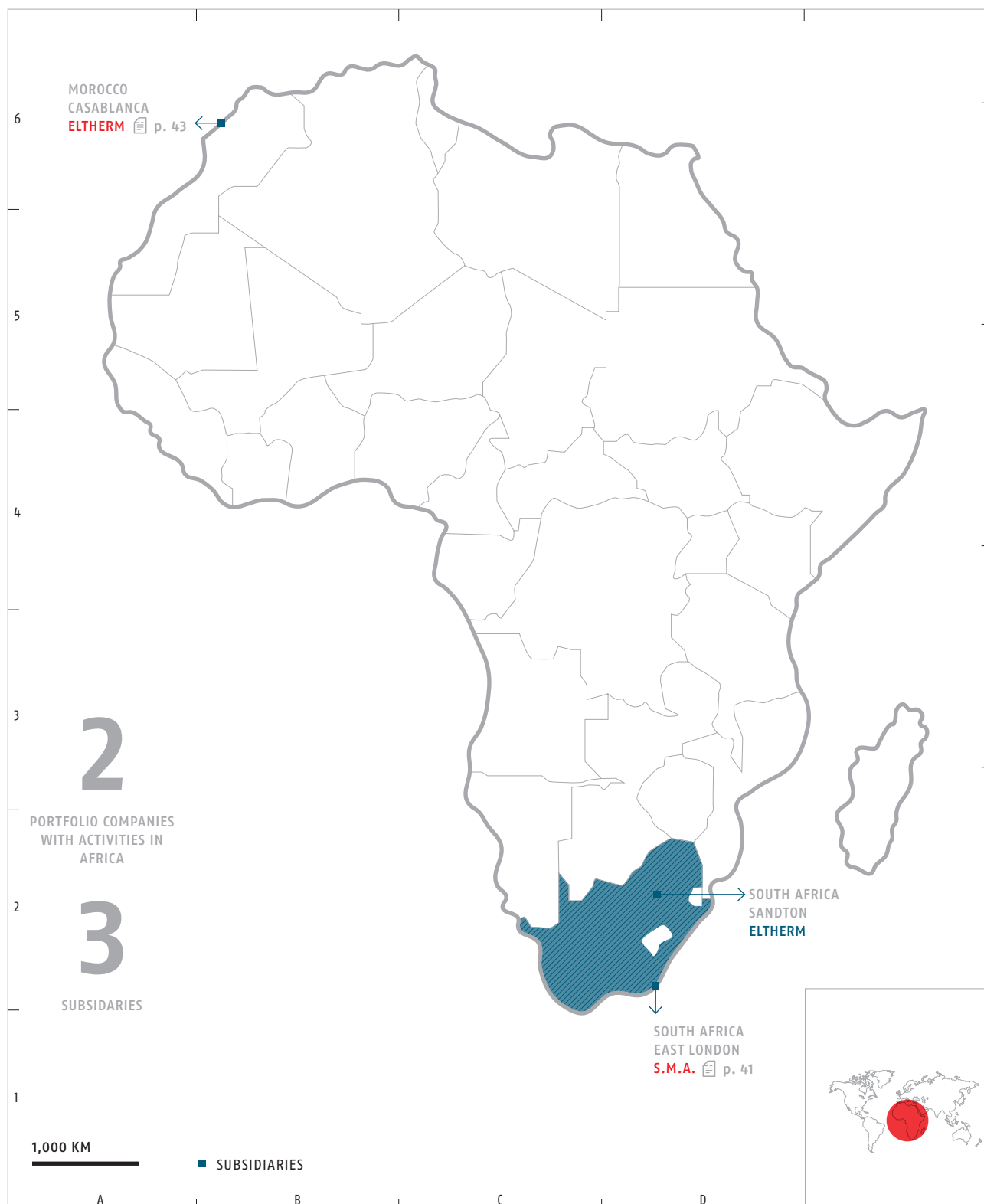
Industrial customers are also becoming increasingly important for ROLKO. They currently contribute approximately 10 % of sales, which is driven by the rising demand for high-quality toys in the newly industrializing countries.

Overall, business is going well for ROLKO: the setup is right, the processes are well linked, and the markets are there for the taking. The company is therefore optimistic about the coming years, and lives by the motto: we could handle even more. ■



➤ ALL FINAL ASSEMBLY PROCESSES AND LABORATORY TESTS ARE ALSO CARRIED OUT BY ROLKO CHINA.

AFRICA



SOUTH AFRICA

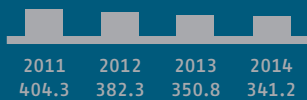


GLOBAL COMPETITIVENESS INDEX RANK
(WORLD ECONOMIC FORUM)



53.7

POPULATION IN MILLION



341.2

GROSS DOMESTIC PRODUCT 2014
IN BILLION USD



+2.0

%
EXPECTED GROWTH 2015

»IN HINDSIGHT
WE HAVE DONE
EVERYTHING
RIGHT.«

KLAUS DIETER LIEHR
(MANAGING DIRECTOR
S.M.A. METALLTECHNIK)

**S.M.A.**

ADAPTION. FREEDOM. GROWTH.

BACKNANG → EAST LONDON (SOUTH AFRICA)

Nowhere is competition tougher than in the automotive industry. The market as a whole is still growing. But there are many suppliers to meet demand: there are currently more than 100 renowned automotive manufacturers across the world. And Germany is among the front runners: of the more than 72 million vehicles sold, around 20 % come from Germany. Their success depends on price, quality, and innovation – and companies like S.M.A. Metalltechnik, who follow German manufacturers around the world, wherever they set up production. >



> THE REGION AROUND PORT ELIZABETH IS THE HEART OF THE SOUTH AFRICAN AUTOMOTIVE INDUSTRY, AND IT IS KNOWN AS THE "SOUTH AFRICAN DETROIT."



✓
PRODUCTION WAS LAUNCHED IN EAST LONDON IN 2000 AND NOW SUPPLIES ALMOST ALL OEMS IN SOUTH AFRICA. THE QUALITY STANDARDS ARE HIGH: THE BRANCH HAS RECEIVED "SUPPLIER OF THE YEAR" AWARDS SEVERAL TIMES OVER.

> AT HOME IN BADEN-WÜRTTEMBERG, PRESENT IN SOUTH AFRICA

Since 1990, S.M.A. has been designing and producing duct systems for automotive air conditioning, heating, and cooling systems. Its metallic and elastomeric components are precisely adapted to fit each vehicle. Sophisticated helium testing technology ensures the ducts are tightly sealed. S.M.A. quality is in high demand. Audi, BMW, Mercedes, Porsche, VW – the top ranks of German automotive manufacturers are all convinced by the performance of the company from Backnang, Baden-Württemberg.

And this not least because S.M.A. is also present in one of the most important international locations: South Africa. The country is among the most important locations for international automotive manufacturers for right-hand drive vehicles. Manufacturing costs here are affordable and the government firmly supports this industry, which is very important for the country. The location is also ideal for driving sales in the region. Volkswagen, for example, has been taking advantage of these benefits since 1951. Since then, other large German firms have joined VW. S.M.A. made the move to East London back in 2000. Today, 35 % of the more than 1,100 staff are employed in the south of the African continent.

BETTER CONNECTED AND STILL GROWING

The push to establish the branch initially came from just one customer, but it was a very important customer – Daimler Chrysler. Daimler needed the same parts that it had access to in Germany, but localized for production in South Africa. S.M.A. already had a good working relationship with the firm from Stuttgart. 70 % of the business with the E- and C-classes were at risk. This was a good enough reason to make the move. The decision was backed by INDUS, who ensured that the necessary capital was available should it be needed.

In the following years, S.M.A. South Africa used the opportunity to expand its customer portfolio on the local vehicle market. Today, S.M.A. South Africa supplies to all of the German OEM branches. In addition to establishing the same processes used in Germany, the facility also focused on high quality and purity in their production. This resulted in S.M.A. receiving several awards from the manufacturers Daimler and VW, such as "Supplier of the Year."

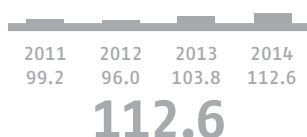
Through the local support from the government and the low labor costs in comparison to Germany, S.M.A. South Africa has also become an important supplier for customers in Germany: out of the two million air conditioning ducts produced annually, 67 % are delivered to Germany.

GOOD PROSPECTS

It has become clear that South Africa is an important growth driver for S.M.A., even if local demand is not growing as rapidly anymore. The low labor costs, high supply quality, and particularly the ability to supply to the NAFTA free trade area, especially the US, are all ideal prerequisites for the company to continue growing.

From a technical perspective as well, S.M.A. has done its homework: As a pioneer in the development of duct systems for CO₂ technology, the company is already well-positioned to take advantage of the coming change in coolant materials used in vehicle air conditioning systems. ■

MOROCCO

GLOBAL COMPETITIVENESS INDEX RANK
(WORLD ECONOMIC FORUM)GROSS DOMESTIC PRODUCT 2014
IN BILLION USD**33.2**

POPULATION IN MILLION

**+4.7**%
EXPECTED GROWTH 2015

ELTHERM

GLOBAL?
ABSOLUTELY!

BURBACH → CASABLANCA (MOROCCO)

In large industrial sectors, such as the chemical, pharmaceutical, energy, or mobility sectors, national borders are no more than geographic characteristics – sometimes useful for dividing up areas of distribution or responsibility. But our operative business is absolutely international. That means: suppliers who want to be successful must be international as a matter



»WE HAVE BEEN INTERNATIONALLY ACTIVE SINCE THE DAY WE WERE FOUNDED.«

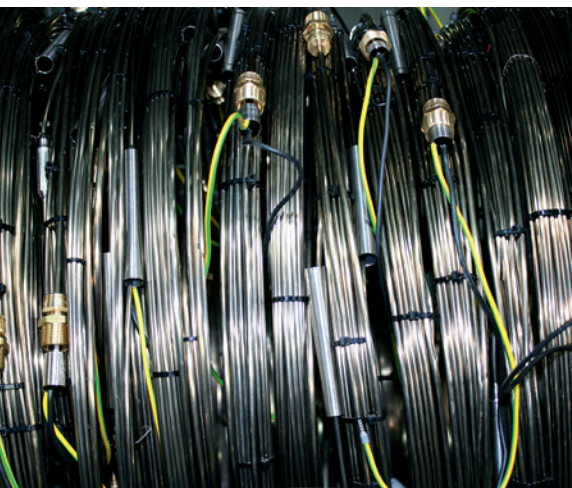
> ALEXANDER NEFF (MANAGING DIRECTOR ELTHERM)

of course. And ELTHERM, the specialist for electrical heat tracing systems, knows this. With its 165 employees across the globe (14 nationalities) the company from Burbach, Siegerland, proves that size doesn't matter – performance does.

INTELLIGENT HEATING:
VIRTUALLY EVERY SECTOR NEEDS IT

"The market is virtually unlimited," knowing this, a group of engineers got together in 1991 to build up a new company step by step. This company sells its products in more than 40 countries across the world. ELTHERM >

> conceives, develops, and implements customer-specific heating solutions for its customers. Chemical plants, liquid gas plants, sugar silos, particle accelerators, parabolic antennas, production materials in the automotive industry, airport hangars, storage tanks, rails and switches in railway transport – the list of applications is long. Customers therefore come from a wide variety of industrial sectors: from the pharmaceutical industry to large plant constructors. But ELTHERM also supplies to heating, sanitary, and electrical wholesalers.



✓
HEATING COILS IN BURBACH READY TO BE SHIPPED TO AFRICA.

With its self-regulating heat tracing solutions ELTHERM is among the top ten manufacturers able to provide this technology. And its market position is excellent. ELTHERM excels in solution expertise, adherence to quality (standards), and flexibility, and gives its international customers exactly what they are looking for.

AGENDA 2010: LOCATING INTERNATIONAL PRESENCE

Toward the end of 2010, ELTHERM faced a fundamental decision: in order to establish more solid international business, presence had to be increased on continents outside of

Europe. The solution was a local presence and serving the market from these new locations rather than Germany. To set out on this path, management determined an internationalization strategy in 2010, the implementation of which also began in the same year: As early as the end of 2010 a branch was opened in Singapore that would be responsible for business in Asia-Pacific and another in Newbury, UK, that would cover the market in the UK and Ireland. In 2012, Toronto was added for the North American market and Shanghai for China.

While the branches abroad were mainly concentrated on distribution and engineering, core products such as resistor heating coils and self-regulating heat bands were still produced in Germany for quality assurance reasons. Now some of the installation work is carried out by the foreign branches, which increases value creation without affecting quality. Providing local content also creates higher levels of acceptance toward the ELTHERM subsidiaries in each country.

✓
MOROCCO'S VISION OF SOLAR ENERGY FROM THE DESERT IS ABOUT TO BE REALISED WITH THE SOLAR POWER COMPLEX, NOOR.



PICTURES SUPPLIED BY ACWA POWER OUARZAZATE

TWO NEW LOCATIONS IN NORTH AND SOUTH AFRICA

In 2014, management set its sights on Africa: the company currently sees great potential in the areas of coal power stations and solar power plants. ELTHERM initially covered the South African market through a trade partnership. Last August, however, a branch was opened in Sandton, Johannesburg, in order to provide direct contacts for large projects in the energy sector (coal and heating power as well as the food industry). Just two months later in October 2014, ELTHERM opened another location in Casablanca, Morocco. The deciding factor for this move was the tender for a large contract in the solar thermal sector. Five huge solar power complexes, with an output of 2 gigawatts, will be built in the Moroccan desert by 2020; Noor 1, a 160-megawatt parabolic trough power plant, is due to go live as early as August 2015.

AGENDA COMPLETE

Five years after deciding on the internationalization strategy, ELTHERM has set up distribution presences in all of the most important international locations. Since last year, the Russian market has been covered by a domestic branch (exclusive partner). The structural prerequisites for further growth are therefore in place. Integration into the INDUS Group in 2013 means a new shareholder is now on board who supports expansion, with their economic power, behind the scenes. ■



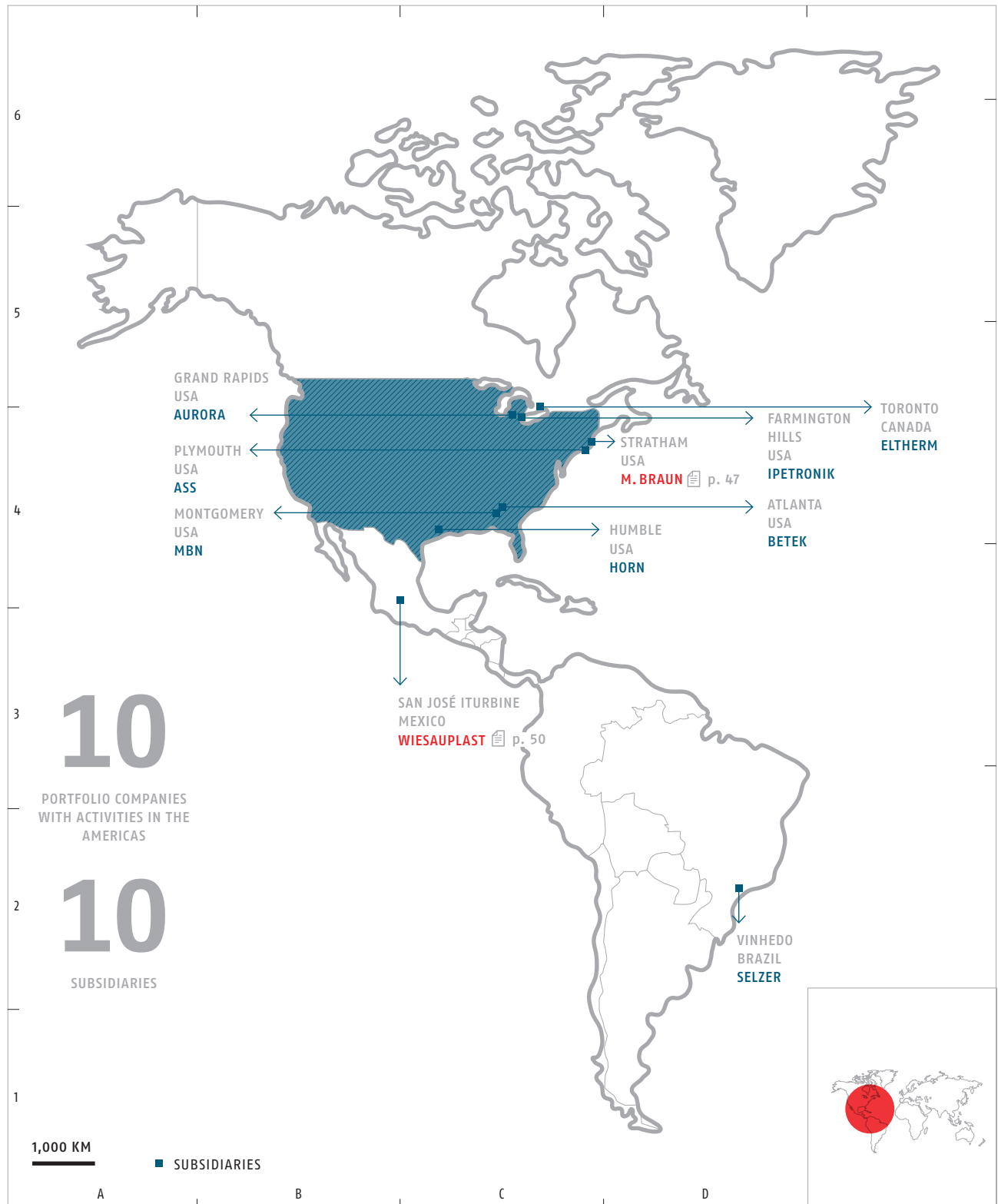
PICTURES SUPPLIED BY ACWA POWER OUARZAZATE

✓ MOROCCO INTENDS TO COVER AROUND 40 PERCENT OF ITS ENERGY NEEDS FROM RENEWABLE SOURCES BY 2020. THE SOLAR PLAN FORMS THE HEART OF THIS ENERGY REVOLUTION.

- CASABLANCA
MOROCCO
- SHANGHAI
CHINA
- NEWBURY
GB
- TORONTO
CANADA
- SINGAPORE
SINGAPORE
- SANDTON
SOUTH AFRICA



AMERICA



USA

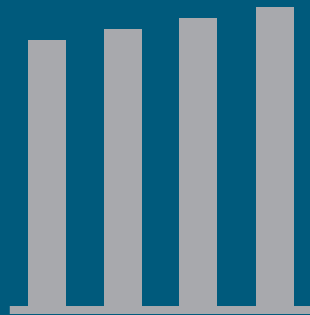


GLOBAL COMPETITIVENESS INDEX RANK
(WORLD ECONOMIC FORUM)



318.5

POPULATION IN MILLION



2011 2012 2013 2014
15,517.9 16,163.2 16,768.0 17,416.3

17,416.3

GROSS DOMESTIC PRODUCT 2014
IN BILLION USD



+3.2

%
EXPECTED GROWTH 2015



**»WE MAKE OUR
LIVING BY BEING
CLOSE TO THE END
CUSTOMER.«**

DR. MARTIN REINELT
(MANAGING DIRECTOR M. BRAUN)

M. BRAUN**PER SE
INTERNATIONAL**

GARCHING → STRATHAM (USA)



“M.BRAUN has over thirty years’ experience providing inert glove box solutions for clean environments.” Visitors to the M.BRAUN website will find that the entire website is in English. That already says a lot about the level of internationalization at the machinery and plant manufacturing specialist based in Garching, Bavaria. The company generates up to 90 % of its sales abroad. It has a total of five locations on three continents. And M.BRAUN requires such a broad market presence because it can only win contracts if it is in the right place at the right time.

**A SOLUTION PARTNER FOR MANY
SECTORS**

M.BRAUN is known as a manufacturer of inert gas glove box systems and gas purification systems, and is a market leader in this field. The majority of its customers come from sectors that rely heavily on technology. They produce displays, Xenon vehicle lamps, or lithium-ion batteries. But controlled-atmosphere production environments are also common in the chemical and food industries, too. Many of these companies are global players and therefore represented on a number of continents. >



✓
M. BRAUN PLANTS COVER TO A BROAD RANGE OF CUSTOMERS: FROM OLED PRODUCTION TO THE NUCLEAR WASTE INDUSTRY.

- STRATHAM
USA
- SHANGHAI
CHINA
- MANSFIELD
GB
- WITTENBACH
SWITZERLAND
- SEOUL
SOUTH KOREA



> This includes the USA. M.BRAUN opened its first branch there in 1994. The USA had a large market for glove box systems and it still does, but distribution did not function as well as expected through retailers. So the company decided to take matters into its own hands. Today, M.BRAUN Inc. employs 65 staff. The company covers all functions from administration to distribution, service, construction, software programming, and assembly and installation. This means the majority of systems can be directly designed, distributed, and serviced on location, with only a few exceptions.

State research institutes and universities also form an important group of customers, in the USA, too. By establishing cooperations here, the company is among the first to hear about the latest technology topics that will later influence the market. One example of this is organic light diodes: this area is currently a hot topic for many manufacturers. For M.BRAUN this has been a hot topic for fifteen years. To get more closely involved with the research, M.BRAUN actively participates in application-oriented development discussions through sponsoring and attending panel discussions.



> M. BRAUN HAS MORE THAN 30 YEARS' EXPERIENCE IN SUPPLYING INERT GLOVE BOX SOLUTIONS FOR CLEAN ROOM ENVIRONMENTS. THE COMPANY HAS BEEN INTERNATIONAL ALMOST SINCE ITS FOUNDING.

»WE HAVE TO UNDERSTAND THE TASKS QUICKLY AND BE ABLE TO ADAPT TO INDIVIDUAL PROCESSES. THAT IS WHAT MAKES US SUCH AN EXCELLENT PARTNER.«

> DR. MARTIN REINELT (MANAGING DIRECTOR M. BRAUN)

THE ABILITY TO LISTEN

M.BRAUN's particular strength is finding customer-specific solutions. "We visit our customers, listen, and find solutions," explains Managing Director Dr. Martin Reinelt about how the company wins customers over, again and again. "We have to understand the tasks quickly and be able to adapt to individual processes. That is what makes us such an excellent partner."

The company is not a mass producer. This is reflected in the personnel structure: the company does not employ untrained staff. Around 45 experts work in installation in Germany. Technicians, engineers, and scientists complete the technical staff base. The distribution sales staff are all qualified engineers. That means even sales personnel are experts in the field. As the first point of contact for the customers, they are able to understand the task at hand, even after the first contact.

Regardless of their actual location, they are all supported by the headquarters in Garching. This remains the heart of the operation. And this is also where all decisions are made, despite the decentralization of the business. Nevertheless, the international units cooperate closely with one another, and this means topics requiring attention and resources can be quickly shifted to regional teams.

THE FUTURE: DEPLOYING CORE EXPERTISE IN NEW AREAS

The market has shrunk. Asian competition has opened up many new areas and created significant pressure on prices. Management is currently trying to counteract this with a targeted focus on segments with promising prospects and by expanding to new markets.

In addition to organic electronics, pharmaceuticals, and the currently booming market for batteries, nuclear waste disposal is also an interesting field of development for M.BRAUN

right now: In the US, as well as in many other countries, issues such as nuclear dismantling and secure final storage of highly radioactive materials are at the top of both political and economic agendas. The company is actively focusing on these target groups. ■

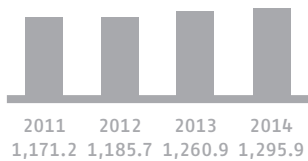


✓
M. BRAUN HAS LONG BEEN WELL REPRESENTED IN ASIA WITH ITS SOLUTIONS, THANKS TO ITS CONTINUAL TECHNOLOGICAL ADVANTAGES.

MEXICO



GLOBAL COMPETITIVENESS INDEX RANK
(WORLD ECONOMIC FORUM)



1,295.9

GROSS DOMESTIC PRODUCT 2014
IN BILLION USD



119.6

POPULATION IN MILLION



+2.5

%
EXPECTED GROWTH 2015

WIESAUPLAST

BASED IN EUROPE, AT HOME AROUND THE WORLD

WIESAU → SAN JOSÉ ITURBIDE (MEXICO)

Many industries in the modernized world require precise mold construction and advanced plastic parts. And companies who specialize in this area and are able to integrate themselves into the work processes of these large companies can develop well. WIESAUPLAST realized this in its formational years: during production of the first indicators for the US version of the German VW Bug, which happened to become one of the export hits of the Federal Republic.



»OUR CURRENT INTERNATIONALIZATION
WILL SECURE OUR HEADQUARTERS AT
HOME.«

> HANS R. AMMER (MANAGING DIRECTOR WIESAUPLAST)

AIMING FOR "GLOBAL SUPPLY"

Today WIESAUPLAST has made a name for itself in this area with internationally active customers in Europe and America. With a facility in Mexico and via a joint venture in the US, it supplies leading key industries such as the automotive industry, the electronics industry, and companies active in medical technology. The range covers components for braking systems as well as finished modules including mechanical and electronic functions.

And there's more. The staff are regularly reminded of this with the three main messages of the company philosophy: "Forming the Future," "High Tec Plastic Systems," and "Global Customer Service."

STEP 1: JOINT VENTURE USA

WIESAUPLAST, from the Upper Palatinate area in Germany, worked very hard to reach the level it occupies today. International success is not easy to come by. Just the opposite. Large customers want suppliers based nearby, and the partner must comply.

The first "institutional" step toward operations abroad was taken in 2000, as it entered into a joint venture with the American Plastic Moldings Company (PMC). The concept "cooperation and opening up markets together" is something both companies had to work on. But on the whole, they managed to cooperate well quite quickly. Today the distribution office in Detroit is a success, and WIESAUPLAST's operations are going well in North America.

STEP 2: FOREIGN BRANCH IN MEXICO

Seven years later, in 2007 WIESAUPLAST established a production facility in San José Iturbide, Mexico. The large customers in the automotive industry wanted local content, and made it explicitly clear that new contracts would be preferentially placed with suppliers who could produce similar products at various locations.

THANKS TO ITS GOOD DEVELOPMENT,
THE PRODUCTION FACILITY IN MEXICO NOW
ALSO SECURES FUTURE PROSPECTS FOR THE
GERMAN LOCATION.

The lower cost of salaries was not the only reason WIESAUPLAST opted for Mexico: its comparatively well developed labor market was also very attractive. Settling in Mexico also meant settling directly in the NAFTA free trade area, which spans from Mexico over the US to Canada.

THE QUALITY CHALLENGE

The largest challenge faced when it came to running production so far from home was, and still is, ensuring that the safety-relevant parts made in Mexico meet the same high product quality standards as those made in Germany. To achieve this, the company invested a lot of time and money in staff training. The company had many good ideas for implementing this strategy: for example, Mexican students were trained at the headquarters in Wiesau and then returned to Mexico to disseminate what they had learned.

This had a knock-on effect that should not be underestimated: in the following years, the knowledge transfer allowed a few obstacles faced in Mexico and Wiesau to be overcome more easily than expected, and it also built up strong personal relationships that were forged on site.

STILL ON TRACK

In hindsight, WIESAUPLAST believes the steps taken in Mexico have secured its German location. Today, the company receives many orders based purely on the fact that it produces and supplies from both Europe and North America. By running production solely from Germany, WIESAUPLAST would not have been able to remain a viable business. Management is therefore optimistic about future developments and counting on further growth. In order to meet growing demand, production and storage facilities will be expanded and new halls will be rented. So the customers can come.



INDUS PORTFOLIO COMPANIES 2014/2015

**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.

225.1SALES OF THE SEGMENT
CONSTRUCTION/
INFRASTRUCTURE 2014
IN EUR MILLIONS+4.0 %
YEAR-ON-YEAR

AUTOMOTIVE TECHNOLOGY

The automotive industry is one of the mainstays of the German economy. Roughly every sixth job depends on it. This sector is critically dependent on the expertise and skills of small and medium-sized manufacturers and suppliers. Their flexibility and capacity for innovation ensure that Germany will remain a world leader in this market long into the future.

351.7SALES OF THE SEGMENT
AUTOMOTIVE TECHNOLOGY
2014 IN EUR MILLIONS+6.3 %
YEAR-ON-YEAR

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.

221.2SALES OF THE SEGMENT
ENGINEERING 2014
IN EUR MILLIONS+11.8 %
YEAR-ON-YEAR

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.

114.4SALES OF THE SEGMENT
MEDICAL ENGINEERING/
LIFE SCIENCE 2014
IN EUR MILLIONS+19.4 %
YEAR-ON-YEAR

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.

342.9SALES OF THE SEGMENT
METALS TECHNOLOGY 2014
IN EUR MILLIONS+7.4 %
YEAR-ON-YEAR

CONSTRUCTION/INFRASTRUCTURE

ANCOTECH

AG, Dielsdorf



34.4

SALES 2014
IN EUR MILLIONS

-6

%
YEAR-ON-YEAR

SPECIAL REINFORCEMENTS AND TANKER TRANSPORT SYSTEMS

The ANCOTECH Group, with its two subsidiaries ANCOTECH AG in Switzerland and ANCOTECH GmbH in Germany, is a company specializing in reinforcement and anchorage technology. With approximately 100 employees, it produces between 5,000 and 10,000 tonnes per year of special reinforcements for the European market. ANCOTECH's innovations have had a decisive influence on structural engineering in Europe, particularly in the field of punching shear technology. Constant quality checks in its own laboratory and research assignments at home and abroad guarantee innovation and quality. The company's own design software is one of Europe's leading solutions in the field of punching and shear reinforcement.

Managing Director	Thomas Mösch
No. of employees	96
Established	1985
With INDUS since	2006
Location	Diesldorf (CH), Cologne, Bulle (CH)

www.ancotech.com

BETOMAX systems

GmbH & Co. KG, Neuss



14.6

SALES 2014
IN EUR MILLIONS

+4

%
YEAR-ON-YEAR

CONCRETE CONSTRUCTION SOLUTIONS

BETOMAX provides intelligent solutions and systems for modern concrete construction and civil engineering. Its customers are construction companies, prefabricated part plants, and planning and structural design agencies. The company manufactures anchoring and reinforcement technology and supply formwork systems and bridge-building vehicles for bridge building technology. Moreover, it offers 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.

Managing Director	Heinz Jammers
No. of employees	104
Established	1963
With INDUS since	1991
Location	Neuss, Halle, Końskie (PL)

www.betomax.de

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.

34.9SALES 2014
IN EUR MILLIONS**+5**%
YEAR-ON-YEAR

Managing Director	Dr. Alfred Moser
No. of employees	113
Established	1966
With INDUS since	1998
Location	Reichshof/Hahn

www.fs-kunststoff.de
HAUFF-TECHNIK

GmbH & Co. KG, Hermaringen

**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-Technik invested over EUR 15 million in a new company headquarter in the town of Hermaringen, which has served to consolidate the company's four previous locations since May 2014. The aim is to optimize logistical procedures and to further reduce delivery times.

40.4SALES 2014
IN EUR MILLIONS**+7**%
YEAR-ON-YEAR

Managing Director	Dr. Michael Seibold
No. of employees	186
Established	1955
With INDUS since	1986
Location	Hermaringen

www.hauff-technik.de

13.0
SALES 2014
IN EUR MILLIONS

+12
%
YEAR-ON-YEAR

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
No. of employees	60
Established	1928
With INDUS since	2005
Location	Wülfrath

www.migua.de

18.4
SALES 2014
IN EUR MILLIONS

-7
%
YEAR-ON-YEAR

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.

Managing Director	Thomas Althaus
No. of employees	165
Established	1980
With INDUS since	2007
Location	Oelde, Malacky (SK)

www.obuk.de

REMKO

GmbH & Co. KG, Lage

**EFFICIENT HEATING TECHNOLOGY**

REMKO develops and produces room air conditioners, hot-air heating systems and air de-humidifiers. Moreover, the company entered the promising “new energy” segment a few years ago, with inverter heat pumps as its core product. These environmentally friendly pumps cool, heat up water, and heat rooms using ambient air. 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.

32.2SALES 2014
IN EUR MILLIONS**+2**%
YEAR-ON-YEAR

Managing Director	Hans Dieter Remming, Toni Kratzel
No. of employees	140
Established	1976
With INDUS since	1988
Location	Lage, Luvia (FIN)

www.remko.de
SCHUSTER Klima Lüftung

GmbH & Co. KG, Friedberg

**ENERGY-EFFICIENT VENTILATION AND AIR-CONDITIONING TECHNOLOGY**

SCHUSTER is a specialist supplier in the field of planning and installing ventilation and air-conditioning systems in shopping malls, schools, and industrial and administrative buildings. The company is an acknowledged planning partner for architects, engineering consultants, and industry. Its high level of technical expertise and innovative technical solutions enable SCHUSTER to offer customers particularly energy-efficient comprehensive solutions that sustainably reduce buildings' operating costs. 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.

12.0SALES 2014
IN EUR MILLIONS**-5**%
YEAR-ON-YEAR

Managing Director	Josef Albanese
No. of employees	69
Established	1945
With INDUS since	2001
Location	Friedberg

www.klima-schuster.de

19.3
SALES 2014
IN EUR MILLIONS

-8
%
YEAR-ON-YEAR

WEIGAND Bau

GmbH, Bad Königshofen im Grabfeld



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
No. of employees	136
Established	1990
With INDUS since	2002
Location	Bad Königshofen im Grabfeld

www.weigandbau.de

5.9
SALES 2014
IN EUR MILLIONS

-3
%
YEAR-ON-YEAR

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.

Managing Director	Uwe Kratz
No. of employees	65
Established	1979
With INDUS since	2001
Location	Oberviechtach

www.weinisch.de

AUTOMOTIVE TECHNOLOGY

AURORA Konrad G. Schulz

GmbH & Co. KG, Mudau



HEATING AND AIR-CONDITIONING SYSTEMS FOR COMMERCIAL VEHICLES

AURORA Konrad G. Schulz GmbH supplies components, devices and entire systems for the heating, ventilation and air-conditioning of premium commercial vehicles. 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.

Managing Director	Hannes Wolf
No. of employees	289
Established	1930
With INDUS since	1990
Location	Mudau, Grand Rapids (USA), Istanbul (TR), Nuenen (NL)

www.aurora-eos.com

45.3

SALES 2014
IN EUR MILLIONS

+24

%
YEAR-ON-YEAR

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. 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
No. of employees	106
Established	1956
With INDUS since	2003
Location	Hillesheim

www.bsh-vs.com

17.3

SALES 2014
IN EUR MILLIONS

+/-0

%
YEAR-ON-YEAR

10.0
SALES 2014
IN EUR MILLIONS

+1
%
YEAR-ON-YEAR

Emil FICHTHORN Metallwarenfabrik GmbH & Co. KG, Schwelm



METAL FORMING AND ASSEMBLY FOR SERIAL PRODUCTION

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

Managing Director	Bernd Bulirsch
No. of employees	55
Established	1937
With INDUS since	1996
Location	Schwelm

www.fichthorn.de

26.3
SALES 2014
IN EUR MILLIONS

-5
%
YEAR-ON-YEAR

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. In 2014, IPETRONIK acquired a majority stake in the Swiss company SAVVY AG, a provider of telematics solutions in the logistics sector.

Managing Director	Dirk Korn, Andreas Wocke
No. of employees	189
Established	1989
With INDUS since	1999
Location	Baden-Baden, Düsseldorf, Eichstätt, Farmington Hills (USA), Schaffhausen (CH)

www.weinisch.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.

Managing Director	Jörg Kieback
No. of employees	91
Established	1985
With INDUS since	1998
Location	Osnabrück

www.kieback.de
12.0SALES 2014
IN EUR MILLIONS**+12**%
YEAR-ON-YEAR**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
No. of employees	188
Established	1901
With INDUS since	2002
Location	Osnabrück, Ingolstadt, Mühlhausen, München

www.konrad-schaefer.de
19.4SALES 2014
IN EUR MILLIONS**+14**%
YEAR-ON-YEAR

66.3

SALES 2014
IN EUR MILLIONS

-9

%
YEAR-ON-YEAR

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.

Managing Director	Nils-Johann Fleck, Tobias Selzer
No. of employees	584
Established	1923
With INDUS since	2005
Location	Driedorf, Vinhedo (BR)

www.selzer-automotive.de

SITEK-Spikes GmbH & Co. KG, Aichhalden



TIRE STUDS AND CARBIDE TOOLS

SITEK manufactures car tire studs and carbide-tipped milling cutters. With total annual production of over half a billion units, SITEK is a 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.

24.8

SALES 2014
IN EUR MILLIONS

+11

%
YEAR-ON-YEAR

Managing Director	Dr. Frank Thiele, Bernhard Zimmermann
No. of employees	60
Established	1970
With INDUS since	1992
Location	Aichhalden

www.sitek.de

S.M.A. Metalltechnik

GmbH & Co. KG, Backnang

**PRODUCTS FOR AUTOMOTIVE AIR-CONDITIONING AND SERVO TECHNOLOGY**

S.M.A. designs and manufactures air-conditioning, heating, cooling, servo-cooling, and lubricant return ducts for motor vehicles. 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, Porsche 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.

73.7SALES 2014
IN EUR MILLIONS**-3**%
YEAR-ON-YEAR

Managing Director	Klaus-Dieter Liehr
No. of employees	1.047
Established	1990
With INDUS since	2000
Location	Backnang, Halle, East London (ZA)

www.sma-metalltechnik.de
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.

56.4SALES 2014
IN EUR MILLIONS**+6**%
YEAR-ON-YEAR

Managing Director	Hans R. Ammer
No. of employees	601
Established	1958
With INDUS since	1997
Location	Wiesau, San José Iturbide (MEX)

www.wiesauplast.de

ENGINEERING

ASS Maschinenbau
GmbH, Overath



ROBOTIC HANDS AND AUTOMATION SYSTEMS FOR MANUFACTURERS

17.5

SALES 2014
IN EUR MILLIONS

+22

%
YEAR-ON-YEAR

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. In 2014, ASS strengthened its portfolio with the acquisition of the plant constructor KNUR Maschinenbau GmbH. KNUR's primary focus is on plastic adhesive technology and CFRP production (carbon-fiber-reinforced polymer).

Managing Director	Reinhold Ziewers
No. of employees	126
Established	193
With INDUS since	2002
Location	Overath, Regensburg, Plymouth(USA)

www.ass-automation.com

BUDDE Fördertechnik
GmbH, Bielefeld



SPECIALIST IN LOGISTICS AND MATERIALS FLOWS

49.3

SALES 2014
IN EUR MILLIONS

+52

%
YEAR-ON-YEAR

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
No. of employees	198
Established	1952
With INDUS since	2013
Location	Bielefeld, Kamen, Schmallkalden

www.budde-foerdertechnik.de

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, amongst them ELTHERM. In addition to applications for frost protection and temperature maintenance up to 1,000°C, ELTHERM provides complete system solutions, also 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.

22.5SALES 2014
IN EUR MILLIONS**+56**%
YEAR-ON-YEAR

Managing Director	Frank von der Heyden, Alexander Neff, Michael Thomas
No. of employees	148
Established	1991
With INDUS since	2013
Location	Burbach, Casablanca, (MAR), Newbury (GB), Sandton (ZA), Shanghai (CN), Singapur (SG), Toronto (CD)

www.eltherm.com**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.

18.6SALES 2014
IN EUR MILLIONS**+1**%
YEAR-ON-YEAR

Managing Director	Bernhard Wuermeling
No. of employees	140
Established	1971
With INDUS since	1999
Location	Vlotho

www.ventiltechnik.de

30.4
SALES 2014
IN EUR MILLIONS

+6
%
YEAR-ON-YEAR

HORN

GmbH & Co. KG, Flensburg



REFUELING TECHNOLOGY AND WORKSHOP SOLUTIONS WORLDWIDE

HORN TECALEMIT 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. Due to this acquisition, HORN now 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.

Managing Director	Torsten Kutschinski
No. of employees	224
Established	1944
With INDUS since	1991
Location	Flensburg, Humble (USA), Mumbai (IND), Shanghai (CN), Sheffield (GB)

www.tecalemit.de

MBN Maschinenbaubetriebe Neugersdorf

GmbH, Ebersbach-Neugersdorf



SOPHISTICATED SOLUTIONS FOR SPECIAL MACHINERY AND PLANT TECHNOLOGY

The company's development and production is based in Saxony, and it has distribution and service branches in China and the US. Its main customers include major German car manufacturers, their foreign subsidiaries, and joint ventures for production. MBN's core skills are chassis and unit assembly (aka "marriage", which refers to the combining of the chassis and the engine with the body) as well as cockpit and front-end installation. MBN manufactures assembly frames for all well-known car manufacturers and maintains a worldwide presence.

66.2
SALES 2014
IN EUR MILLIONS

NEWCOMER 2014

Managing Director	Dr. Iris Kaden, Ernst Lieb, Heiko Krause
No. of employees	254
Established	1991
With INDUS since	2014
Location	Ebersbach-Neugersdorf, Montgomery (USA), Changchun (CN)

www.mbn-gmbh.de

M. BRAUN Inertgas-Systeme
GmbH & Co. KG, 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. These systems are used in the manufacture of high-tech products such as flat screens with 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.

50.9SALES 2014
IN EUR MILLIONS**-28**%
YEAR-ON-YEAR

Managing Director	Dr. Thomas Bultmann, Dr. Martin Reinelt
No. of employees	248
Established	1976
With INDUS since	2002
Location	Garching, Mansfield (GB), Seoul (ROK), Shanghai (CN), Stratham (USA), Wittenbach (CH)

www.mbraun.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.

2.9SALES 2014
IN EUR MILLIONS**-57**%
YEAR-ON-YEAR

Managing Director	Peter Kundlacz
No. of employees	38
Established	1978
With INDUS since	1994
Location	Brackenheim

www.semet-gmbh.de

TSN Turmbau Steffens & Nölle
GmbH, Berlin



11.3

SALES 2014
IN EUR MILLIONS

-12

%
YEAR-ON-YEAR

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.

Managing Director	Steffen Traue
No. of employees	43
Established	1893
With INDUS since	2004
Location	Berlin

www.turmbau-berlin.de

MEDICAL ENGINEERING/LIFE SCIENCE

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.

27.8

SALES 2014
IN EUR MILLIONS

+8

%
YEAR-ON-YEAR

Managing Director	Bernhard Awolin, Dr. Dieter Domsch
No. of employees	176
Established	1984
With INDUS since	1999
Location	Hösbach, Königswalde, Luban (PL)

www.imeco.de

MIKROP

AG, Wittenbach (CH)



MINIATURIZED PRECISION OPTICS

MIKROP concentrates on the sophisticated development, production, and assembly of high precision individual lenses and lens systems with diameters of below one millimeter. Among its most important customers are companies from the medical 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.

10.4

SALES 2014
IN EUR MILLIONS

-15

%
YEAR-ON-YEAR

Managing Director	Markus Bormann
No. of employees	111
Established	1981
With INDUS since	2000
Location	Wittenbach (CH), Kač (SRB)

www.mikrop.ch

61.0
SALES 2014
IN EUR MILLIONS

+5
%
YEAR-ON-YEAR

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 "reddot 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.

Managing Director	Dr. Hartwig Frinke
No. of employees	456
Established	1928
With INDUS since	2000
Location	Bamberg, Glauchau, Salzburg (A)

www.ofa.de

22.0
SALES 2014
IN EUR MILLIONS

NEWCOMER 2014

ROLKO Kohlgrüber GmbH, Borgholzhausen



REHABILITATION EQUIPMENT

ROLKO Kohlgrüber GmbH is a world-leading supplier of parts for the rehabilitation sector and other industrial goods. With factories and offices in Germany, Denmark, the Netherlands and China, the company provides its products, advice and support to customers throughout the world. In order to tap the Asian market more effectively, Rolko opened its own production facility in Xiamen in 2006 and has since supplied its products to large Chinese customers. The company sells to over 40 countries. Leading international brand manufacturers trust in ROLKO's extensive product range comprising castors and wheels for wheelchairs and wheeled walkers as well as accessories such as wheelchair ramps, body warmers, height-adjustable push handles and headrests. Rolko also sells medical equipment such as plastic handles and bumper wheels for hospital beds. Among the company's top ten customers are large OEM producers for rehabilitation equipment as well as medical store chains in Germany and the Netherlands. The spare parts business also plays an important role, with the Borgholzhausen central warehouse stocking some 13,000 items.

Managing Director	Achim Kohlgrüber
No. of employees	157
Established	1990
With INDUS since	2014
Location	Borgholzhausen, Houten (NL), Silkeborg (DK), Xiamen (CN)

www.rolko.info

METALS TECHNOLOGY

BACHER

AG, Reinach (CH)



COMPONENTS MADE FROM STEEL AND ALUMINUM

BACHER is a tier 1 supplier of components made from standard and stainless steel, and sheet aluminum. 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.

Managing Director	Bruno Grob
No. of employees	110
Established	1919
With INDUS since	2000
Location	Reinach (CH)

www.bacherag.ch

21.5

SALES 2014
IN EUR MILLIONS

-14

%
YEAR-ON-YEAR

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, BETEK 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. In 2015, BETEK will supply the local market with a proprietary production facility through the newly established Chinese subsidiary.

Managing Director	Dr. Frank Thiele, Bernhard Zimmermann
No. of employees	245
Established	1981
With INDUS since	1992
Location	Aichhalden, Atlanta (USA), Taicang (CN)

www.betek.de

173.7

SALES 2014
IN EUR MILLIONS

+10

%
YEAR-ON-YEAR

21.0

SALES 2014
IN EUR MILLIONS

-2

%
YEAR-ON-YEAR**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.

Managing Director	Martin Heuschkel
No. of employees	161
Established	1956
With INDUS since	2010
Location	Bättwil near Basel (CH)

www.hakama.ch
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
No. of employees	111
Established	1952
With INDUS since	2008
Location	Ennepetal, Moskau (RUS), Žacléř (CZ)

www.koeco.net

16.9

SALES 2014
IN EUR MILLIONS

+5

%
YEAR-ON-YEAR

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.

8.2SALES 2014
IN EUR MILLIONS**+16**%
YEAR-ON-YEAR

Managing Director	Hans-Joachim Wunn
No. of employees	61
Established	1970
With INDUS since	1997
Location	Münsingen

www.mewesta.de**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.

5.8SALES 2014
IN EUR MILLIONS**+3**%
YEAR-ON-YEAR

Managing Director	Hans-Joachim Wunn
No. of employees	34
Established	1976
With INDUS since	1998
Location	Munderkingen

www.planetroll.de

42.7

SALES 2014
IN EUR MILLIONS

+13

%
YEAR-ON-YEAR**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. With TR Metalltechnik the company acquired a specialist for laser and welding technology in 2014.

Managing Director	Thomas Röttger
No. of employees	296
Established	1960
With INDUS since	2003
Location	Bad Marienberg, Eichenstruth

www.helmut-ruebsamen.de

32.2

SALES 2014
IN EUR MILLIONS

+12

%
YEAR-ON-YEAR**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 Director	Dr. Frank Thiele, Bernhard Zimmermann
No. of employees	330
Established	1918
With INDUS since	1992
Location	Aichhalden

www.simon.de

VULKAN INOX

GmbH, Hattingen

**GRANULES FOR SURFACE TREATMENT**

VULKAN INOX has accumulated more than 30 years of experience in the production of granulated stainless steel blasting agents and is an industry leader in this field. Helping to reduce blasting times and featuring superior durability, the company's stainless steel blasting agents are used in processing and refining aluminium, NF metals, stainless steel, concrete, natural stones and rock. The product range includes GRITTAL, a grit manufactured using a patented production process. GRITTAL allows to create evenly roughened surfaces while keeping dust levels low. VULKAN INOX draws on its specialist expertise in partnering with customers around the globe, selling its products both through distributors and its own subsidiaries.

Managing Director	Wilfried Brands
No. of employees	52
Established	1984
With INDUS since	2002
Location	Hattingen

www.vulkan-inox.de**21.0**SALES 2014
IN EUR MILLIONS**+3**%
YEAR-ON-YEAR

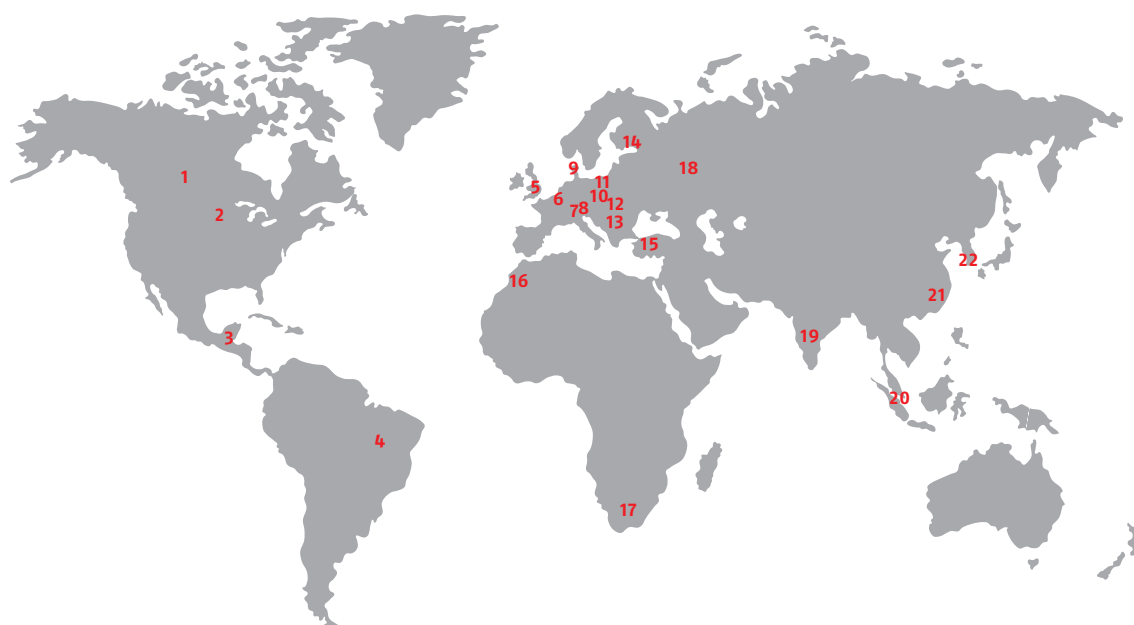
LOCATIONS

SITES OF OUR PORTFOLIO COMPANIES IN GERMANY AND SWITZERLAND



LOCATIONS OF THE INDUS GROUP WORLDWIDE

- | | | |
|---------------------|---------------------|-------------------|
| 1 > CANADA | 9 > DENMARK | 17 > SOUTH AFRICA |
| 2 > USA | 10 > CZECH REPUBLIC | 18 > RUSSIA |
| 3 > MEXICO | 11 > POLAND | 19 > INDIA |
| 4 > BRAZIL | 12 > SLOVAKIA | 20 > SINGAPORE |
| 5 > GREAT BRITAIN | 13 > SERBIA | 21 > CHINA |
| 6 > THE NETHERLANDS | 14 > FINLAND | 22 > SOUTH KOREA |
| 7 > SWITZERLAND | 15 > TURKEY | |
| 8 > AUSTRIA | 16 > MOROCCO | |



COMBINED MANAGEMENT REPORT

- p. 82 → INTRODUCTION TO THE GROUP
- p. 82 → BUSINESS MODELL
- p. 84 → ACQUISITION-RELATED DISCLOSURES
- p. 86 → OBJECTIVES AND STRATEGY
- p. 88 → MANAGEMENT SYSTEM
- p. 89 → RESEARCH AND DEVELOPMENT
- p. 90 → DECLARATION ON CORPORATE GOVERNANCE
- p. 97 → REPORT ON THE ECONOMIC SITUATION
- p. 97 → BOARD OF MANAGEMENT'S OVERALL ASSESSMENT
OF GENERAL CONDITIONS IN 2014
- p. 97 → OVERALL BUSINESS CONDITIONS
- p. 98 → SECTOR-RELATED BUSINESS CONDITIONS
- p. 100 → PERFORMANCE AND BUSINESS SITUATION
- p. 100 → BOARD OF MANAGEMENT'S SUMMARY ASSESSMENT OF BUSINESS
TRENDS AND TARGET ATTAINMENT
- p. 102 → EARNINGS POSITION
- p. 105 → SEGMENT REPORT
- p. 110 → FINANCIAL POSITION
- p. 116 → NON-FINANCIAL PERFORMANCE INDICATORS
- p. 119 → ANNUAL FINANCIAL STATEMENTS OF INDUS HOLDING AG (SHORT FORM)
- p. 121 → EVENTS AFTER THE REPORTING DATE
- p. 122 → OPPORTUNITY AND RISK REPORT
- p. 122 → OPPORTUNITIES REPORT
- p. 123 → DISCUSSION OF OPPORTUNITIES
- p. 125 → RISK REPORT
- p. 126 → DISCUSSION OF INDIVIDUAL RISKS
- p. 130 → INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM
BASED ON CONSOLIDATED AND SEPARATE FINANCIAL
STATEMENT DATA
- p. 132 → BOARD OF MANAGEMENT'S OVERALL ASSESSMENT
OF THE OPPORTUNITY AND RISK SITUATION
- p. 133 → FORECAST REPORT
- p. 133 → ECONOMIC OUTLOOK
- p. 136 → BOARD OF MANAGEMENT'S OVERALL ASSESSMENT
OF THE FUTURE DEVELOPMENT OF BUSINESS

INTRODUCTION TO THE GROUP

INDUS holds a portfolio of 42 German SME firms from key industries. As a leading specialist in the field of sustainable investment in companies, INDUS mainly acquires owner-managed companies and assists their corporate growth exclusively through long-term alignment. The company intends to continually expand and develop the portfolio in coming years through the targeted acquisition of Hidden Champions.

BUSINESS MODEL

POSITIONING AND ORGANIZATIONAL STRUCTURE: INDUS – THE LEADING LISTED HOLDING COMPANY WITH A FOCUS ON SMES

Upon its founding in 1989, INDUS Holding AG established itself as a large specialist for the take-over of SME production companies in German-speaking Europe. Today 42 companies are held in the portfolio. The company has been publicly traded since 1995. The shares are traded on the market segment with the highest transparency standards, the Prime Standard, and are listed on the SDAX index. The shareholdings are divided into five segments: Construction/Infrastructure, Automotive Technology, Engineering, Medical Engineering/Life Science, and Metals Technology. In 2014, these were the reportable segments as per IFRS, with no change since the previous year. Please see the list of shareholdings⁵ in the Notes for an overview of the companies that belong to the Group.

⁵ > See page 216 for list of shareholdings

The company's head office is in Bergisch Gladbach; the subsidiaries are domiciled in Germany and Switzerland. There is a clear division of labor between the companies and INDUS: The subsidiaries are responsible for developing their business economically independently and the Holding company concentrates on core functions such as financing, controlling, and accounting. The Holding also ensures that its interests are being protected as shareholders via regular discussion with management. The strategic goals and milestones are developed autonomously by the portfolio companies in line with the success-oriented basic agreement entered into with the Holding company. The Board of Management maintains regular communication with the companies. Details regarding the organization of management and control can be found in the Declaration on Corporate Governance.⁶

⁶ > Explanation see page 90 and also available at www.indus.de

BUSINESS FIELDS AND COMPETITIVE POSITION: DIVERSIFIED ACTIVITIES

INDUS exclusively 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 level of diversification in the portfolio is a central aspect of the INDUS strategy. This diversification is intended to minimize risk. Please see the chapters Report on the Macroeconomic Situation⁷ and Segment Report⁸ 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 in terms of regional factors, but international markets have become increasingly important over the past few years. The Group generates roughly 48 % of sales outside Germany. This does not include indirect foreign sales. As part of their internationalization efforts, many portfolio companies have set up foreign offices.

⁷ > See page 97 ff. for Report on the Macroeconomic Situation

⁸ > See page 105 ff. for Segment Report

Important production facilities are located in South Africa, Mexico, China, North America, and Brazil.

ACQUISITIONS: FIVE NEW COMPANIES ADDED TO THE PORTFOLIO IN 2014

It is INDUS's aim to achieve a permanent and continual increase in the value of the portfolio for its shareholders. INDUS achieves growth by supporting Hidden Champions to successfully implement their development strategies. The Holding also acquires additional select successful companies for the portfolio that fit with INDUS's business model and the economic criteria defined in the model.

In 2014, INDUS acquired two new companies and three acquisitions were made by subsidiaries. Overall, the Group invested EUR 56 million for these acquisitions.

With the purchase of ROLKO in May 2014, an acquisition was made in the Medical Engineering/Life Science segment, a defined target market. ROLKO specializes in rehabilitation accessories. The product portfolio includes wheels and tires for wheelchairs and walking frames as well as accessories such as wheelchair ramps, foot bags, height-adjustable pushing handles, and head rests. ROLKO also distributes medical engineering products such as handles and bumper rollers for hospital beds. In light of the rising age of the population, particularly in Western societies, and improved medical care, the company is active in a growth market. ROLKO has subsidiaries in Silkeborg, Denmark, and in Houten, Netherlands, as well as a production facility in Xiamen, China.

MBN was acquired toward the end of the year, a specialist manufacturer in the area of automation technology; this is also a strategic target market for INDUS. The company develops and produces automated plants and machinery for final vehicle assembly in Saxony. MBN's core expertise lies in vehicle and aggregate assembly, aka the "marriage" (this term covers the combination of chassis and motor with the car body) as well as cockpit and front end installation. MBN is profiting from the continuing trend of ever increasing numbers of model variations along with a decreasing number of model cycles in the car industry. The automotive industry will be forced to make considerable investments in production and assembly in the next decades due to global competition and ongoing price pressure. MBN produces assembly plants for all renowned vehicle manufacturers and has an international setup. It has distribution and service offices in Alabama, USA, and Changchun, China.

The other acquisitions in 2014 consisted of strategic additions for INDUS subsidiaries: the Swiss company SAVVY AG, a provider of telematics solutions for the logistics sector, was acquired by the portfolio company IPETRONIK in May 2014. In June 2014, the portfolio company RÜBSAMEN acquired TR Metalltechnik GmbH, Eichenstruth, a specialist in laser and welding technology. Since September 2014, plant constructor KNUR Maschinenbau GmbH has been lending its strength to the INDUS company ASS. KNUR's primary focus is on plastic adhesive technology and CFRP production (carbon-fiber-reinforced polymer) and supplies machinery and plants for the production of vehicle parts, specifically light-weight plastic components, and carbon roof constructions, amongst other things.

> **PORTFOLIO
SUCCESSFULLY
EXPANDED**

LEGAL AND ECONOMIC FACTORS: DIVERSIFICATION SPREADS RISK

Due to the diversified activities of the portfolio companies, their success depends on a very broad range of factors. Because of the long-term increase in the subsidiaries' export rates, 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, with 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 SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB):****CAPITAL STOCK, VOTING RIGHTS, AND TRANSFER OF SHARES**

On Wednesday, December 31, 2014, 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 reporting 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 Sections 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.

MATERIAL AGREEMENTS IN THE EVENT OF A CHANGE OF CONTROL

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 noncash benefits. If the Board of Management is dismissed within a year of a change of control without good reason as defined in Section 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, limited, however, to total compensation for two fiscal years, including all fixed and variable remuneration components and non-cash benefits.

AMENDMENTS TO THE ARTICLES OF INCORPORATION

Amendments to the articles of incorporation are made in accordance with Section 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 incorporation⁹, 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.

⁹ > See www.indus.de for the articles of incorporation

POWERS OF THE BOARD OF MANAGEMENT RELATING TO SHARE ISSUANCE AND BUYBACKS

In accordance with item 4.3 of the articles of incorporation, the Board of Management is authorized to increase the company's capital stock once or several times, up to a total of EUR 31,785,660.51 in exchange for cash and/or non-cash contributions (including mixed non-cash contributions) until June 10, 2019, with the approval of the Supervisory Board, and to determine a start to dividend entitlement that may deviate from the law, also retrospectively on an already ended fiscal year, insofar as no resolution has been made regarding the profit. The shareholders are to be given subscription rights. The new shares can also be purchased by one or more credit institutes determined by the Board of Management with the obligation to offer these to the shareholders (indirect subscription rights). However, the Board of Management is authorized to exclude the legal subscription rights granted to shareholders, with the approval of the Supervisory Board, in the following cases:

- to avoid remainder amounts;
- a capital increase against cash, if the issue price for the shares under exclusion of subscription rights in accordance with Section 186 (3) Sentence 4 of the German Stock Corporation Act (AktG) is not significantly below the stock market price and the shares issued under exclusion of subscription rights in accordance with Section 186 (3) Sentence 4 of the German Stock Corporation Act (AktG) do not exceed 10 % of the capital stock, neither at the time that this becomes effective nor at the time of exercising this authority. This limitation applies to shares that are or were issued during the period of this authorization under exclusion of subscription rights due to other authorizations in direct or corresponding application of Section 186 (3) Sentence 4 of the German Stock Corporation Act (AktG);
- a capital increase against non-cash contributions, particularly for the purpose of acquiring a company, parts of a company, shareholdings in a company, or other significant operating materials; as well as
- to grant the owners of conversion or options rights on company shares or corresponding conversion or option obligations to offset dilution, subscription rights as they would be entitled to as shareholders following the exercise of these rights or fulfillment of these obligations.

The total number of shares issued or to be issued under exclusion of subscription rights due to one of these authorizations may not exceed 10 % of the capital stock at the time of exercising the authorization; this includes shares issued or to be issued under exclusion of subscription rights due to a different authorization during the period of this authorization. The Board of Management is authorized to determine the details of the capital increase and the implementation, particularly the content of the share rights and the conditions of the share issuance including the issue amount, with the approval of the Supervisory Board. The Supervisory Board is authorized to revise the articles of incorporation with the corresponding amount of the capital increase from authorized capital.

A resolution passed at the Annual Shareholders' Meeting held July 1, 2010, authorized the company, in accordance with Section 71 (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 Section 71d Sentence 3 and Section 71e (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. 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 AG website¹⁰ for details regarding these authorizations.

¹⁰ > Articles of incorporation see www.indus.de/en/company/corporate-governance

OBJECTIVES AND STRATEGY

> SHAREHOLDERS PARTICIPATE IN SUCCESS THROUGH REGULAR DIVIDEND PAYOUTS

OBJECTIVE: ADDING VALUE TO THE PORTFOLIO AND INCLUDING SHAREHOLDERS IN THE SUCCESS

INDUS is a publicly traded 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 supporting the corporate development of these companies. For this purpose, INDUS constantly monitors suitable potential additions. 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. In certain situations, corporate spin-offs may 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 selected which have a stable business model and fast-growth products. INDUS therefore does not acquire start-ups or invests in restructuring turn-around 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 and hold" 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 certain cases companies may also be sold if, for example, the original operating environment and market conditions have changed fundamentally for a portfolio company, 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 a long-term operative EBIT margin of more than 10 % are a perfect fit for the INDUS portfolio. Before acquiring a company, INDUS carefully analyzes the specific industry situation. A consistently 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 and 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 IN LINE WITH COMPASS 2020

As part of the COMPASS 2020 strategy laid out by the Board of Management in 2012, INDUS has set itself the goal of continuing to develop and expand the portfolio. This expansion will have three aspects: creation of a balanced portfolio structure of high-performance portfolio companies, increasing the value of the portfolio by making investments available, and growth through targeted acquisitions.

In order to strengthen the market position of the individual subsidiaries, INDUS will support the companies with capital where necessary. The Holding will act as a development bank. This means that financing will be dependent on the plausibility of the plans provided by management. INDUS will preferentially provide financing for the following purposes: second level acquisitions, that primarily serve expansion or business development, acquisitions or investment for the purpose of internationalization, research & development for the purposes of stabilizing current market position or to expand into new revenue areas, and traditional project or growth/expansion financing (e.g. in machinery or equipment). Funds will also be made available for equipment maintenance and efficiency investments.

Another aim of COMPASS 2020 is growth through targeted portfolio acquisitions. Accordingly, the Board of Management has identified manufacturing growth markets where INDUS's acquisition activity is to be concentrated. These are the areas Infrastructure/Transport/Logistics, Medical Engineering/Life Science, Automation and Measuring Technology and Control Engineering, and Energy and Environmental Technology. In 2013, the acquisitions of BUDDE and ELTHERM

**> AIMING FOR
TARGETED GROWTH
IN FUTURE-ORIENTED
INDUSTRIES**

strengthened the Group's exposure to the logistics and energy technology industries. In 2014, INDUS acquired the companies ROLKO and MBN, both of which are active in the target sectors of medical engineering/life science and automation technology.

MANAGEMENT SYSTEM

COMPANY INTERNAL MANAGEMENT SYSTEM: OPERATIVE AUTONOMY IN INDIVIDUAL COMPANIES, HOLDING AS OWNER

To secure INDUS's stable economic foundation, the Board of Management, in its position as holding company and shareholder, goes to great efforts to obtain information on the economic development and situation in the companies. INDUS retrieves this information from several reports on specific topics, but also through direct communication with the management of the portfolio companies. INDUS Holding AG also sets clear goals for the future economic development and assesses this development. The goals are set by the Holding itself, and the assessments are made for corporate purposes as well as to fulfill capital market expectations and obligations.

In addition to the obligatory information flows as part of the consolidation, the Board of Management and the companies' management meet informally (informative discussion) and formally (owner discussion) at least once a year to discuss developments. From the information obtained from all companies, the Holding can form an overall opinion of expectations and plans, which is used to plan for necessary financing funds and then communicated to their shareholders and creditors. The business objectives of INDUS Holding AG are thus primarily a function of annual targets set by the subsidiaries.

INDUS monitors the performance of the 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 provides early warning when there are deviations from the plans. The managing directors of portfolio companies furthermore observe and analyze their own markets and specific competitive environment, reporting any significant changes. Key performance indicators for the holding company are primarily sales, EBIT, and EBIT margin.

RESEARCH AND DEVELOPMENT

INDUS OPERATES KNOWLEDGE PLATFORM FOR INNOVATION AND TECHNOLOGY MANAGEMENT, SUBSIDIARIES MANAGE R&D INITIATIVES INDEPENDENTLY

As a financial investor, INDUS does not conduct its own research and development. These activities are conducted by the companies and are currently primarily focused on the further development of existing product programs. But especially successful companies have shown that the systematic approach to innovation and corresponding performance when developing new products and services secure above-average returns in the long term. For this reason, INDUS intends to encourage, support, and increase financing for the expansion of research and development activities.

INDUS has also created a knowledge platform for innovation and technology management. Despite great project diversity in the Group, overarching themes emerge which concern individual segments and in part multiple segments. INDUS will offer the portfolio companies information and tools that they can access, as long as this does not interfere with customer-specific contractual exclusivity. These include in particular development projects in the areas of lightweight design, energy and resource efficiency, electric mobility and innovative materials.

For 2014, the INDUS Group reported R&D capital expenditure of EUR 9.7 million¹¹ in the consolidated financial statements (previous year: EUR 9.2 million). Currently the Group's R&D investment level is in line with the industry average. For the coming years, the Board of Management has set itself the goal of providing more funds for R&D activities and to thus give the companies the opportunity to bring new products and services onto the markets, as well as develop existing product ranges and services. INDUS is thus developing an R&D performance indicator system. It is intended to heighten transparency and focus R&D investing even more intensely on profitable innovation opportunities.

An increasing number of the portfolio companies are positioning themselves on the market 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 the companies' 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.

> INDUS PROMOTES NETWORKING AMONG THE PORTFOLIO COMPANIES

¹¹ > See Notes to the Consolidated Financial Statements, item 9

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 Section 289a (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.

No changes or additions were made to the Code by the government commission for the German Corporate Governance Code in 2014. In the year under review, the Supervisory Board and the Board of Management jointly provided an updated declaration of conformity in accordance with Section 161 (1) of the German Stock Corporation Act (AktG) on December 18, 2014. This has been made available on the company's website.¹²

¹² > Articles of incorporation see www.indus.de/en/company/corporate-governance

With the exception of two recommendations, INDUS Holding AG complies with all of the recommendations made by the government commission for the German Corporate Governance Code and will continue to comply with them in future.

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's¹³ report. The Supervisory Board consisted of six members in the year under review. The next appointment date is at the 2015 Annual Shareholders' Meeting.

¹³ > See page 10 f.

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 was, until June 2014, the only former Board of Management member on the Supervisory Board. He retired from the Supervisory Board on June 11, 2014, after the Annual Shareholders' Meeting.

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 three members. Its duties are to deal with personnel matters relating to the Board of Management, in particular the employment contracts and other contracts with members of the Board of Management. Decisions are only made by the full Supervisory Board if this is required by law. This applies in particular to Supervisory Board decisions regarding compensation models for Board of Management members and, since the German Act on the Appropriateness of Management Board Remuneration (VorstAG), regarding determination of overall compensation for the individual Board of Manage-

ment 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 business segments' 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 2014. 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.¹⁴ 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. 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.

¹⁴ > Governance Bodies see page 8 f.

AVOIDING CONFLICTS OF INTEREST

There were no 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. See the chapter 'Further information'¹⁵ 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.

¹⁵ > See page 210 ff.

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.

16 > For disclosed securities transactions see www.indus.de/en/investor-relations/announcement-notice

DISCLOSABLE SECURITIES TRANSACTIONS AND SHAREHOLDINGS OF BOARD OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS

In 2014, members of the Board of Management and Supervisory Board, and their reportable relatives disclosed no reportable purchases. All disclosed securities transactions are reported on the company website.¹⁶ The total shareholdings of all Board of Management and Supervisory Board members exceeded the 1 % threshold of shares issued as of Wednesday, December 31, 2014 at 1.54 %. Of this total, Supervisory Board member Hans Joachim Selzer holds 385,033 shares (1.5 %), 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. Important news about the company is 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 Wednesday, June 11, 2014, 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 applicable for the EU. 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 Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, 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.

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 adjusted 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 (fixed 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 2014 77,200 SARs were granted (previous year 85,523). At the grant date the total fair value of the SARs was EUR 280,000 (previous year EUR 280,000). The pro rata fair value of previously granted SARs was calculated at a total of EUR 1,436,000 at the reporting date (previous year EUR 1,596,000). Provisions in this amount were allocated on the annual financial statements. Personnel expenses include the EUR 408,000 change in fair value before discounting (previous year: EUR 804,000). Fair values were determined using a recognized actuarial option price model, taking account of the cap on payout claims.

For the first time, the individual report on Board of Management remuneration for fiscal 2013 and 2014 was based on the standardized template recommended by the German Corporate Governance Code, published September 30, 2014. The main characteristic of this template is the separate reporting of benefits granted (table 1) and the actual remuneration received (table 2). The target amounts were also reported under benefits (payment upon 100 % target achievement) as well as the minimum and maximum amounts achievable.

BOARD OF MANAGEMENT REMUNERATION - BENEFITS GRANTED

in EUR '000	Jürgen Abromeit Chairman (since 2012; Board member since 2008)				Dr. Johannes Schmidt Board member (since 2006)				Rudolf Weichert Board member (since 2012)			
	2013	2014	2014 (Min.)	2014 (Max.)	2013	2014	2014 (Min.)	2014 (Max.)	2013	2014	2014 (Min.)	2014 (Max.)
Basic salary	504	528	528	528	370	370	370	370	300	300	300	300
Ancillary benefits	17	17	17	17	15	15	15	15	31	31	31	31
Total	521	545	545	545	385	385	385	385	331	331	331	331
One-year variable remuneration	230	270	0	405	130	170	0	255	130	170	0	255
Multi-year variable remuneration												
Tranche 2013*	140	0	0	0	70	0	0	0	70	0	0	0
Tranche 2014**	0	140	0	280	0	70	0	140	0	70	0	140
Total	370	410	0	685	200	240	0	395	200	240	0	395
Benefit expenses	0	0	0	0	0	0	0	0	0	0	0	0
Full compensation	891	955	545	1.230	585	625	385	780	531	571	331	726

* Tranche 2013: virtual stock options (Jan. 1, 2013–Dec. 31, 2018)

** Tranche 2014: virtual stock options (Jan. 1, 2014–Dec. 31, 2019)

The Board of Management received the following remuneration in 2014:

BOARD OF MANAGEMENT REMUNERATION – AMOUNTS RECEIVED IN YEAR UNDER REVIEW

in EUR '000	Jürgen Abromeit Chairman (since 2012; Board member since 2008)		Dr. Johannes Schmidt Board member (since 2006)		Rudolf Weichert Board member (since 2012)	
	2013	2014	2013	2014	2013	2014
Basic salary	504	528	370	370	300	300
Ancillary benefits	17	17	15	15	31	31
Total	521	545	385	385	331	331
One-year variable remuneration	302	296	182	183	165	183
Multi-year variable remuneration						
Tranche 2010*	0	140	0	140	0	0
Total	302	436	182	323	165	183
Benefit expenses	0	0	0	0	0	0
Full compensation	823	981	567	708	496	514

* Tranche 2010: virtual stock options (Jan. 1, 2010–Dec. 31, 2015)

Ancillary benefits include 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.

UPPER LIMITS OF REMUNERATION

In accordance with item 4.2.3 (2) of the German Corporate Governance Code, the Board of Management's remuneration should include upper limits overall and in regard to variable remuneration. The maximum remuneration for the Board of Management can be found in the table 'Benefits granted'.

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 Nomination Committee and Audit 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 2014 was EUR 322,000 (previous year: EUR 315,000). For consulting services personally rendered to Group companies Supervisory Board members received EUR 0,000 during the year (previous year: EUR 43,000). See 'Further Information' in the chapter of the same name for 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 on the Consolidated Financial Statements for related party disclosures.

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

in EUR '000	Basic compensation		Attendance fee		Total	
	2014	2013	2014	2013	2014	2013
Helmut Späth	45	30	18	12	63	42
Burkhard Rosenfeld (until June 11, 2014)	30	60	12	24	42	84
Dr. Jürgen Allerkamp	45	45	22	18	67	63
Dr. Ralf Bartsch	30	30	15	12	45	42
Dr. Dorothee Becker (since June 11, 2014)	15	0	6	0	21	0
Hans Joachim Selzer	30	30	12	12	42	42
Carl Martin Welcker	30	30	12	12	42	42
Total	225	225	97	90	322	315

REPORT ON THE ECONOMIC SITUATION

2014 was a satisfactory year for Germany, economically speaking, despite a few ups and downs. But momentum did wane over the course of the year, partly due to the geopolitical crises in the Ukraine and Middle East.

BOARD OF MANAGEMENT'S OVERALL ASSESSMENT OF GENERAL CONDITIONS IN 2014

The desired recovery of the global growth momentum largely did not materialize in 2014. The crises in the Ukraine, Crimea, Iraq, Israel, and Syria, and the massive effects of IS terrorism all dampened development from the middle of the year onward. Oil prices tumbled, not just due to weak demand caused by a weak economy, but also through higher supply: the OPEC states did not limit supply as they have in the past. Add to this the fracking boom in the USA and the higher capacities for alternative energy. In Europe, the euro crisis continued unabated and the recovery of the majority of the national economies was slow. While Spain, Portugal, Ireland, and to some extent even Greece, saw progress following reforms, France and Italy were under pressure and did not manage to advance their reform programs. Slight growth impulses for the global economy in 2014 came mainly from China and the USA. The German economy unfortunately did not manage to expand in 2014, but growth was first and foremost supported by stable domestic demand.

OVERALL BUSINESS CONDITIONS

WEAK GROWTH FOR THE GLOBAL ECONOMY IN 2014, GERMANY COPEs WITH SETBACKS THANKS TO STABLE DOMESTIC ECONOMY

There was a slight increase in production in the industrialized nations last year; the global economy expanded more strongly over the course of 2014. Following a moderate increase in the first half of the year, the global gross domestic product showed a more positive performance in the third quarter. Global trade also picked up noticeably. Compared with the medium-term trend, however, the growth rate remains modest. With an annual average of 3.4 %¹⁷, global production has only grown slightly more quickly than in the previous year. While the USA continues to recover, partially driven by a robust labor market, developments in the emerging nations were more restrained. China and India recorded moderate growth rates.

The eurozone saw a slight change in the economic trend. Following a decrease in the gross domestic product in 2013 of 0.4 % experts estimated that the economy grew by 0.8 % on the whole over the course of 2014.¹⁸ But the situations for the individual countries are mixed. While Spain and the UK grew by 1.3 % and 3.0 % respectively, France and Italy remained weak, with growth of 0.4 % and a contraction of 0.4 % respectively. The countries are still in need of vital structural reforms and unemployment remains high.

¹⁷ > Kiel Institute for the World Economy, Review of World Economics in Winter 2014, December 2014, table page 4

¹⁸ > Kiel Institute for the World Economy, Review of World Economics in Spring 2014, March 2014, table page 29

19 > Kiel Institute for the World Economy, Review of World Economics in Winter 2014, December 2014, table page 155

20 > Kiel Institute for the World Economy, Review of World Economics in Spring 2014, March 2014, tables page 29

According to recent estimates for Germany, GDP grew by up to 1.5 % in 2014.¹⁹ In spring 2014, the outlook was more optimistic, with growth of up to 1.9 % predicted.²⁰ The economy experienced a considerable boost in the first quarter thanks to a mild winter, but it was a temporary phenomenon. By the middle of the year, the geopolitical crises were dampening developments so much that the economy stagnated in Germany in the third quarter. A favorable consumer climate, low oil prices, and a renewed drop in unemployment all supported the domestic economy and ensured an increase in GDP, when viewed over the whole year.

SECTOR-RELATED BUSINESS CONDITIONS

> STABLE ECONOMIC DEVELOPMENTS IN INDUS BUSINESS UNITS

In the sectors relevant to INDUS, economic developments in all business units were largely stable.

CONSTRUCTION/INFRASTRUCTURE

GERMAN CONSTRUCTION INDUSTRY RECORDS OVERALL INCREASE

The very mild winter at the beginning of the year ensured a good start for the construction industry. This momentum did wane during the course of the year, but thanks to the order backlog the construction industry reported a 5 % increase in sales in the first eleven months of the year compared to the previous year.²¹ The construction industry did feel the missing additional demand from the public construction sector, however. Due to this hesitance to invest the cumulated orders from January through November 2014 were down 1.6 % against the previous year. But there were positive signals from residential construction. Sales increased from January through November by 8.6 %.

21 > Press release by the German Construction Industry Federation of January 23, 2015, Construction industry in November 2014

AUTOMOTIVE TECHNOLOGY

GROWTH IN THE AUTOMOTIVE SECTOR DEPENDENT ON CHINA AND USA

The automotive industry was again affected by positive developments in the large American and Chinese markets.²² Sales in countries such as Japan and India stagnated, and sales plummeted by 10 % and 7 % respectively in Russia and Brazil. But these developments were offset by the strong demand in the USA and China. At the end of the year, the US market picked up the pace again considerably: sales rose by approximately 6 % to 16.4 million units, bringing numbers back to the pre-crisis level. The Chinese car market also picked up momentum: over the whole of 2014, the previous year's level was exceeded by almost 13 % – putting sales of new vehicles at 18.4 million units. In Western Europe, the registration of new vehicles was almost 5 % above the previous year's level with 12.1 million units, following a four-year decline on the market. Sales increased by 3 %²³ in Germany. The result for the automotive market in 2014 was therefore better than expected.

22 > Press release of the German Association of the Automotive Industry (VDA), January 16, 2015 Home market, production and exports increased in 2014

23 > VDA press release of January 5, 2015, Home market, production and exports increased in 2014

ENGINEERING

RE-INDUSTRIALIZATION OF THE USA AND STABLE DOMESTIC MARKET PROVIDE SLIGHT GROWTH

The German mechanical engineering sector is largely satisfied with the course of events in 2014. However, the increase in production was slight at 1 %.²⁴ The stabilization of the market is due to solid business in the traditional markets, particularly the USA, rather than primarily exporting to the emerging markets (unlike after the crisis of 2009). Overall, exports were slightly higher year-on-year in the first nine months. Markets in some EU partner countries, China, USA, and South-east Asia developed positively. In contrast, growth in large markets such as Australia, Brazil, India, and Turkey slowed. The domestic market proved stable and continues to grow. From January through October, the sector reported an increase in sales of 3 %.

²⁴ > VDMA press release of December 18, 2014, Mechanical engineering reaches new production record of EUR 199 billion in 2014

MEDICAL ENGINEERING/LIFE SCIENCE

TREND IN THE HEALTHCARE SECTOR REMAINS POSITIVE

Following above-average growth in the last few years, price pressure is slowly increasing across the medical engineering/life science area: according to the fall survey of the German Medical Engineering Association (BVmed)²⁵ domestic sales did increase in 2014 by 3.4 %, but the margins sank due to pressure from hospitals and purchasing associations as well as low care budgets for aid. This trend was already noticeable in 2013. Bureaucratized processes on the part of the health insurance providers and lower reimbursements also had a negative effect on the willingness to innovate. This restrained atmosphere will certainly have an impact on the areas most reliant on innovation, such as cardiology, oncology, and neurology. Despite this cautious overall evaluation, the medical engineering/life science sector remains stable and one of the sectors with the best outlooks.

²⁵ > Press release by the German Medical Engineering Association of November 5 2014, fall survey, Medical engineering grows abroad and remains driving force in employment

METALS TECHNOLOGY

GEOPOLITICAL CRISES DAMPEN BUSINESS OVER THE YEAR

The recovery of the buyer markets provided stability following setbacks in mid-2014. Overall, the metals and electronics sectors are predicting production growth of 1.5 % to 2 %²⁶ in 2014, after two years of decline. At the beginning of the year, the sector was more hopeful and anticipated growth of up to 3 %.²⁷ But the economic outlook in the metals and electronics industry became gloomier with the weak phases in the important euro countries and the crises in the Middle East and the Ukraine. And the market is still struggling with excess capacities. Particularly in the steel industry a reduction in capacities across Europe seems increasingly necessary due to the rising import of building steel. Capacities are significantly above the pre-crisis levels. However, according to the companies' plans, there's not much hope for growth in capacities in the coming months.

²⁶ > Die Welt, December 25, 2014, Metallindustrie geht skeptisch ins neue Jahr ("Metal industry faces new year with skepticism")

²⁷ > Press release by the federation of German employers' associations Gesamtmetall of February 4, 2014, Die wirtschaftliche Lage der M+E-Industrie 2013 ("Economic situation for the M+E industry 2013")

PERFORMANCE AND BUSINESS SITUATION

Fiscal 2014 was a successful year for INDUS, despite a distinctly difficult third quarter in Germany. INDUS achieved sales of approximately EUR 1.26 billion and EBIT of EUR 127.2 million. The growth targets for both sales and operating earnings were therefore exceeded. Despite a few effects that will impact results due to the first consolidation of new portfolio companies, INDUS has improved its operating margin to 10.1 %. 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

TARGET – ACTUAL COMPARISON

Actual 2013*	Forecast Management Report 2013	Actual 2014
Sales EUR 1,195.2 million	Organic sales growth INDUS > 3 %, higher than GDP in Germany. (GDP 2014 +1.6 %)	Sales growth INDUS +5.8 % (of which 1.1 % organic growth) Sales EUR 1,255.7 million
Operating result (EBIT) EUR 114.2 million	Operating result (EBIT) of at least EUR 118 million	Operating result (EBIT) EUR 123.2 million incl. discontinued operations
Cost of materials ratio 47.4 %, Personnel expenses ratio 27.2 %	Cost of materials ratio equivalent to previous year, slight increase in personnel expenses ratio	Cost of materials ratio 47.7 %, Personnel expenses ratio 27.8 %
Construction/Infrastructure segment: Sales 2012: EUR 229.2 million, EBIT 2012: EUR 34.1 million, EBIT margin 2012: 13.6 %	Construction/Infrastructure segment: Sales and earnings level equivalent to 2012, EBIT margin between 12 % and 14 %	Construction/Infrastructure segment: Sales EUR 225.1 million, EBIT EUR 33.0 million, EBIT margin 14.7 %
Automotive Technology segment: Sales EUR 349.5 million, EBIT EUR 27.0 million, EBIT margin 7.7 %	Automotive Technology segment: Sales and earnings equivalent to previous year, 6 % growth in EBIT margin	Automotive Technology segment: Sales EUR 351.7 million, EBIT EUR 24.3 million, EBIT margin 6.9 %
Engineering segment: Sales EUR 206.2 million, EBIT EUR 19.8 million, EBIT margin 9.6 %	Engineering segment: Slight sales growth and improved earnings situation, EBIT margin at 10 % again	Engineering segment: Sales EUR 221.3 million, EBIT EUR 26.4 million, EBIT margin 11.9 %
Engineering segment: Sales EUR 206.2 million, EBIT EUR 19.8 million, EBIT margin 9.6 %	Engineering segment: Slight sales growth and improved earnings situation, EBIT margin at 10 % again	Engineering segment: Sales EUR 221.3 million, EBIT EUR 26.4 million, EBIT margin 11.9 %
Medical Engineering/Life Science segment: Sales EUR 95.8 million, EBIT EUR 16.2 million, EBIT margin 16.9 %	Medical Engineering/Life Science segment: Slight increase in sales, proportional growth in earnings, EBIT margin once more over 15 %	Medical Engineering/Life Science segment: Sales EUR 114.4 million, EBIT EUR 18.8 million, EBIT margin 16.4 %
Metals Technology segment: Sales EUR 319.3 million, EBIT EUR 27.6 million, EBIT margin 8.6 %	Metals Technology segment: Slightly higher sales and earnings levels, EBIT margin between 9 % and 10 %	Metals Technology segment: Sales EUR 342.9 million, EBIT EUR 31.4 million, EBIT margin 9.2 %
2 companies acquired, 4 more strategic additions, EUR 49.2 million invested in acquisitions	Acquisition of 1 to 2 companies, further strategic additions, approx. EUR 50 million investment in acquisitions	Acquisition of 2 companies, plus 3 strategic additions, EUR 56.4 million invested in acquisitions
Depreciation/amortization: EUR 42.8 million	Depreciation/amortization slightly higher than previous year	Depreciation/amortization: EUR 45.7 million
EUR 52.1 million invested in property, plant, and equipment/intangible assets	At least EUR 50 million to be invested in property, plant, and equipment/intangible assets	EUR 65.8 million invested in property, plant, and equipment/intangible assets
Equity ratio 43.6 %	Equity ratio equivalent to previous year	Equity ratio 42.0 %
Net debt/EBITDA ratio 1.9	Net debt/EBITDA ratio between target range of 2 to 2.5 years	Net debt/EBITDA ratio 2.0 years

* according to publication in Annual report 2013 as of December 31, 2013

The Board of Management of INDUS Holding AG is positive about the performance in the year under review. Despite a general downturn in the German economy in the second and third quarters of 2014, INDUS managed to outperform its annual targets. As part of the growth strategy COMPASS 2020, two new acquisitions and three strategic expansions for existing portfolio companies were made over the course of the year. The two new acquisitions to the portfolio are both active in the medical and automation technology sector, defined as focus areas by INDUS. The growth in sales in the INDUS Group amounted to EUR 69 million, an increase of 5.8 %.

Costs remained largely stable with regard to both personnel expenses and cost of materials. As expected, the personnel expenses ratio increased slightly. Depreciation rose against the previous year as planned due to INDUS's investment activities. The investments in property, plant, and equipment, and intangible assets developed as planned.

Operating earnings (EBIT) of continuing operations grew absolutely by EUR 8.6 million to EUR 127.2 million (previous year: EUR 118.6 million). Even taking into account the earnings from discontinued operations, EBIT would exceed the 2013 forecast target of at least EUR 118 million in EBIT for 2014.

In the other segments, too, the majority of the targets were achieved or exceeded. In the construction area the very good result seen in 2012 was expected to be reached again, which did not manifest solely due to sales: this segment achieved approximately EUR 4 million less in sales. Nevertheless, profitability (EBIT margin) improved more than expected to over 14 %, bringing it on a level with 2012. In the automotive area, the companies achieved the sales level of the previous year as planned; This segment did report a EUR 2.7 million drop in EBIT against 2013, however, the result in the previous year was influenced by a write-up of EUR 3.5 million. INDUS was more cautious in its planning for this segment and expected a margin deterioration of over 6 % rather than the 7.7 % anticipated in 2013; in the last fiscal year this was 6.9 %. The companies in the engineering segment developed significantly better than planned. Sales and earnings grew well. The results achieved in medical engineering and metals technology were in line with expectations.

INDUS's balance sheet ratios did not change significantly in 2014, despite growth and a continued high amount of investment activity. The debt redemption period (ratio net debt to EBITDA) came in below the target of 2 to 2.5 years at 1.9. Equity improved absolutely by approximately EUR 35 million to EUR 549.9 million, the equity ratio lay slightly below the ratio in 2013.

> 2014 TARGET FINANCIAL RATIOS ACHIEVED

All in all, INDUS has achieved its targets for 2014. 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 and earnings are the main parameters for measuring the company's success. These operating performance indicators were confirmed in the course of the year with the presentation of the quarterly figures.

NOTE ON ACCOUNTING AND REPORTED FINANCIAL DATA

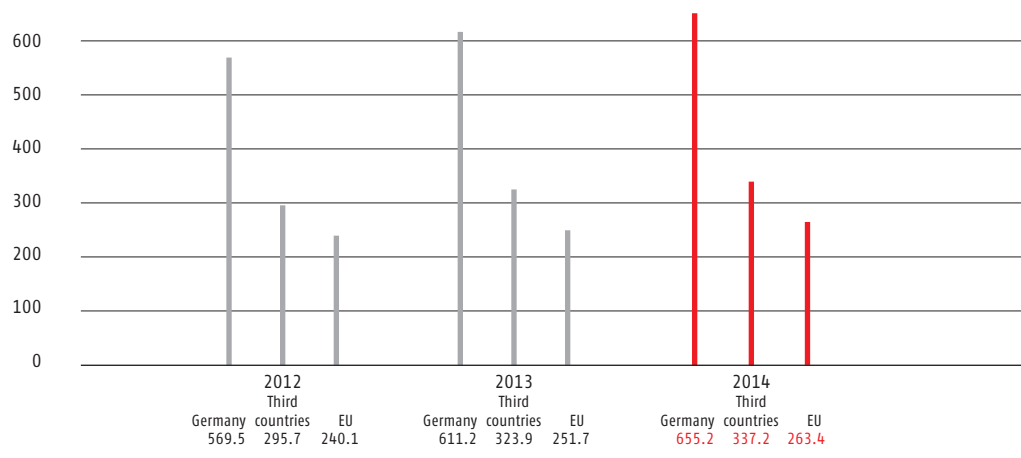
All business figures in this management report are fully comparable with figures from other periods. EBIT is the abbreviation for earnings before interest and income taxes. The graphics and tables in the management report show IFRS figures for the years 2012, 2013 and 2014. There have been no significant 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 142 fully consolidated subsidiaries, while four companies are measured using the equity method.

EARNINGS POSITION

SALES PERFORMANCE

After a surprisingly good start to the year, the INDUS Group experienced stable business in the second and third quarters of 2014. While GDP growth in Germany subsided in the third quarter of 2014, partially due to several geopolitical crises, business remained stable for the INDUS Group. In the fourth quarter INDUS even reported its best results for the year. Sales reached EUR 328.9 million, following EUR 326.6 million in the third quarter. Operating earnings (EBIT) for the fourth quarter amounted to EUR 35.7 million, significantly exceeding the EUR 33.0 million achieved in the third quarter. The EBIT margin also rose continually over the course of the year: from 9.8 % in Q1 to 11.6 % in Q4 2014. The course of business was stable across all areas, exceeding expectations in some companies and coming in below expectations in others. More details can be found in the segment report.

2012–2014 SALES BY REGION (in EUR millions)



INDUS Holding AG's consolidated sales increased by approximately EUR 69 million. This represents growth of 5.8 % to EUR 1,255.8 million (previous year: EUR 1,186.8 million). As in the previous year, approximately 48 % was generated abroad. Dividing foreign sales by region shows that the Group generated around 21 % of all sales with customers in the EU (+4.7 % against the previous year) and approximately 27 % outside of the EU (+4.1 % against the previous year).

> **CONSOLIDATED
SALES UP
AROUND 6 %**

STATEMENT OF INCOME (in EUR millions)

	2014	2013*
Sales	1,255.7	1,186.8
Other operating income	21.9	21.9
Own work capitalized	7.4	3.7
Changes in inventories	9.5	2.0
Overall performance	1,294.5	1,214.4
Cost of materials	-598.2	-562.8
Personnel expenses	-349.0	-322.6
Other operating expenses	-173.7	-167.1
Income from shares accounted for using the equity method	1.4	0.1
Other financial results	0.2	0.3
EBITDA	175.2	162.3
Write-ups	-48.0	-43.7
EBIT	127.2	118.6
Net interest	-26.5	-19.9
EBT	100.7	98.7
Taxes	-33.4	-30.8
Income from discontinued operations	-4.0	-3.9
EAT	63.3	64.0
of which attributable to non-controlling shareholders	0.2	0.1
of which attributable to INDUS shareholders	63.1	63.9

* Previous year figures adjusted; EBITDA incl. write-ups

The cost of materials increased from EUR 562.8 million to EUR 598.2 million. The cost of materials ratio came in slightly below the previous year at 47.7 % against 47.4 %. Personnel expenses also rose from EUR 322.6 million to EUR 349.0 million, primarily as a result of the increase in staff due to the acquisitions; the personnel expenses ratio remained virtually unchanged at 27.8 % (previous year: 27.2 %).

EBITDA (earnings before interest, taxes, depreciation and amortization) was up EUR 12.9 million at EUR 175.2 million against the previous year's EUR 162.3 million. Depreciation increased to EUR 48.0 million (previous year: EUR 43.7 million). Scheduled depreciation increased in line with expectations to EUR 46.3 million (previous year EUR 42.7 million). In the automotive technology segment, unscheduled depreciation of EUR 1.7 million was performed; this was offset by write-ups in the automotive and metals technology segments of EUR 1.5 million (previous year: unscheduled depreciation of EUR 1.1 million in engineering, EUR 3.5 million write-up in automotive technology).

In 2014, operating earnings (EBIT) clearly exceeded the previous year's result with EUR 127.2 million. The EBIT margin totaled 10.1 % (previous year: 10.0 %). Detailed information regarding the earnings position of individual INDUS segments can be found in the segment report.

Net interest expenses climbed to EUR -26.5 million (previous year: EUR -19.9 million). This item is divided into two further items: "interest from operations" includes both interest payments for credit as well as income from temporary capital investment. As in 2013, expenses here decreased further from EUR 19.7 million to EUR 18.2 million.

In the item "other interest" under "market value of interest-rate swaps" changes to the market value of those interest derivatives are formally recognized under profit and loss although economically speaking an effective hedge relationship does exist. The item "Other: non-controlling interests" includes the effects of remeasurement of the contingent purchase price liabilities as well as income after taxes attributable to third parties from shares in limited partnerships and limited liability companies with call and put options. This is reported under net interest expenses for reasons of consistency. Overall this item increased from EUR -0.2 million to EUR -8.3 million.

Earnings before taxes (EBT) improved to EUR 100.7 million (previous year: EUR 98.7 million). Tax expenses came in above the previous year's level at EUR -33.4 million against EUR -30.8 million; this represents a tax expense ratio of 33.2 % (previous year: 31.2 %).

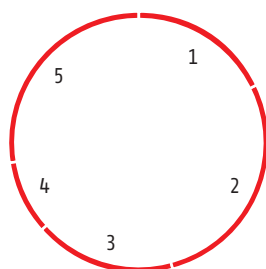
Earnings after taxes was burdened by income from discontinued operations due to the discontinuation of operations at NISTERHAMMER of EUR -4.0 million (previous year: EUR -3.9 million). As of December 31, 2014, all operations at this company have been discontinued; no more financial burdens are expected. Following the deduction of shares owned by non-controlling shareholders, earnings after taxes for INDUS shareholders amount to EUR 63.1 million (previous year: EUR 63.9 million). Earnings per share from continuing operations sank to EUR 2.74 (previous year EUR 3.02) due to the higher number of shares at the end of 2013 following the capital increase.

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 sectors.²⁸

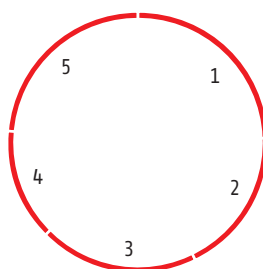
²⁸ > See page 97 ff. for the Overall and Sector-related Business Conditions section

2014 SALES BY SEGMENTS (EUR millions)



1	> Construction/Infrastructure (17.9 %)	225.1
2	> Automotive Technology (28.0 %)	351.7
3	> Engineering (17.6 %)	221.2
4	> Medical Engineering / Life Science (9.1 %)	114.4
5	> Metals Technology (27.3 %)	342.9

2014 EBIT BY SEGMENTS (EUR millions)



1	> Construction/Infrastructure (24.6 %)	33.0
2	> Automotive Technology (18.1 %)	24.3
3	> Engineering (19.7 %)	26.4
4	> Medical Engineering / Life Science (14.0 %)	18.8
5	> Metals Technology (23.5 %)	31.4

CONSTRUCTION/INFRASTRUCTURE

STABLE SALES WITH A CONSIDERABLE IMPROVEMENT IN MARGINS

This segment now encompasses ten 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. A new company was founded in 2014 by splitting operative business from the BETOMAX GmbH & Co. KG; the former BETOMAX subsidiary ANCOTECH is now an independent company in the INDUS portfolio.

KEY FIGURES CONSTRUCTION / INFRASTRUCTURE (in EUR millions)

	2014	2013	2012
Sales with external third parties	225.1	224.2	229.2
EBITDA	38.9	36.1	39.3
Depreciation and amortization	-5.9	-5.5	-5.1
EBIT	33.0	30.6	34.1
EBIT margin in %	14.7	13.6	14.9
Capital expenditure	11.0	15.3	8.6
Employees	1,104	1,074	1,043

At EUR 225.1 million, segment sales were marginally higher in 2014 than in the previous year at EUR 224.2 million. The target (sales in 2012) was almost (98 %) achieved. The relative earnings target of an EBIT margin of more than 14 % was considerably exceeded. Due to the mild winter, the construction industry had a very good start to the year. Over the course of the year, business progressed smoothly and the German construction economy, which remained positive, continued to provide good impulses in the segment.

At EUR 5.9 million, depreciation/amortization were just above the 2013 figure (previous year: EUR 5.5 million), due to a continued high amount of investment activity. Capital expenditure totaled EUR 11.0 million (previous year: EUR 15.3 million). This includes investment in a new construction for the INDUS portfolio company HAUFF-Technik. In 2014, the company moved into a completely new plant on their own property, replacing the rented office and production premises at three different locations. At EUR 33.0 million, earnings before interest and taxes (EBIT) in this segment surpassed EBIT generated in 2013 (previous year: EUR 30.6 million). At 14.7 % the EBIT margin reached a record high.

AUTOMOTIVE TECHNOLOGY

VERY PLEASING OPERATING MARGIN COMPARED TO OTHER SECTORS

The segment encompasses ten units whose products and services span the entire automotive industry value chain, from design and development, 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. In the past fiscal year, the INDUS company IPETRONIK boosted its position with the acquisition of a telematics solution provider: SAVVY AG based in Schaffhausen.

KEY FIGURES AUTOMOTIVE TECHNOLOGY (in EUR millions)

	2014	2013	2012
Sales with external third parties	351.7	349.5	323.7
EBITDA	43.1	41.7	37.1
Depreciation and amortization	-19.9	-18.2	-20.8
Write-ups	1.1	3.5	0.0
EBIT	24.3	27.0	16.3
EBIT margin in %	6.9	7.7	5.0
Capital expenditure	27.6	24.4	18.2
Employees	3,160	3,163	3,053

Segment sales in automotive technology came to EUR 351.7 million in 2014, on a par with the good level of 2013 (previous year: EUR 349.5 million). Business in Europe developed weakly as expected, but by focusing on German premium manufacturers and their successes in Asia and the USA, the portfolio companies managed to keep business relatively stable. All companies were able to keep their earnings position stable against the previous year: INDUS was cautious in its forecast for 2014 and expected a decline in the operating margin of 7 %. Nevertheless, the segment companies achieved very good results compared to other sectors; according to a survey from management

consultancy Roland Berger from 2013, automotive suppliers achieved on average an EBIT margin of 6.5 %.²⁹

²⁹ > Global Automotive Supplier Study 2013, Roland Berger Strategy Consultants, Lazard

At EUR 19.9 million, depreciation came in higher than in the previous year; this figure includes unscheduled depreciation of EUR 1.7 million (previous year: EUR 0 million). At EUR 24.3 million, earnings before interest and taxes (EBIT) therefore comes in under the previous year's amount of EUR 27.0 million. Adjusted for the effects from unscheduled depreciation, this results in an EBIT margin of 6.7 % for 2013 and 7.4 % for 2014. Irrespective of this, INDUS was able to keep the earnings position within the target EBIT margin corridor of 6 % to 8 %.

ENGINEERING

SALES GROWTH DUE TO ACQUISITIONS AND ANOTHER GOOD MARGIN

The segment encompasses nine units active in a wide range of submarkets: including robotic gripping system development, valve technology, equipment for clean room systems, and radio tower construction. This segment underwent some major changes due to the acquisition of the MBN Group³⁰, ASS's purchase of KNUR, and the discontinuation of operations at NISTERHAMMER, which was operating at a loss.

³⁰ > Details regarding the acquisitions can be found in the chapter Business Model and Strategy and in the Notes to the Consolidated Financial Statements, item 5

KEY FIGURES ENGINEERING (in EUR millions)

	2014	2013	2012
Sales with external third parties	221.2	197.8	156.5
EBITDA	32.8	29.9	21.5
Depreciation and amortization	-6.4	-5.7	-3.8
EBIT	26.4	24.2	17.7
EBIT margin in %	11.9	12.2	11.3
Capital expenditure	16.9	46.5	7.8
Employees	1,150	1,030	814

Overall, Engineering experienced good, international demand. In its planning for the engineering area, INDUS anticipated sales growth and an improvement in the earnings position for 2014. As expected, sales increased in the engineering segment from EUR 197.8 million to EUR 221.2 million in 2014, primarily as a result of the acquisitions mentioned above. Due to the initial consolidation of the MBN Group in November 2014, partial sales and results from this company were recorded. At EUR 6.4 million, depreciation was up against the previous year. EBIT climbed from EUR 24.2 million to EUR 26.4 million and at 11.9 % the EBIT margin came in slightly below the previous year's value of 12.2 %. The acquisition costs of KNUR and MBN (cash payment minus cash on hand taken over) are included in investments which amounted to EUR 16.9 million (previous year: EUR 46.5 million)

The segment result for the current year and the previous year has been adjusted due to the discontinuation of operations at NISTERHAMMER, decided in February 2014. These activities are reported outside of the segment result as discontinued operations.

MEDICAL ENGINEERING/LIFE SCIENCE

SALES DEVELOPMENTS CONSTANT AND HIGH MARGIN AS USUAL

The Medical Engineering/Life Science segment is made up of four companies. These businesses produce orthotic devices and medical compression products, develop lenses and optical devices, produce rehabilitation technology and sell hygienic products for both medical purposes and households. In 2014, INDUS acquired the rehabilitation specialist ROLKO Kohlgrüber GmbH. The company, which is based in Borgholzhausen, develops and produces components and accessories particularly for wheelchairs and walking frames.

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

	2014	2013	2012
Sales with external third parties	114.4	95.8	88.0
EBITDA	22.3	18.7	19.0
Depreciation and amortization	-3.5	-2.5	-2.6
EBIT	18.8	16.2	16.4
EBIT margin in %	16.4	16.9	18.6
Capital expenditure	23.8	3.6	2.9
Employees	759	697	696

INDUS's smallest segment again saw sales growth of EUR 95.8 million to EUR 114.4 million. All areas, whether medical orthotic devices, optical devices, nonwoven fabric, or rehabilitation technology, developed stably. The jump in sales of almost 20 % is largely due to an acquisition, since the addition of the ROLKO Group is included in the results from May 2014 onward. Details regarding this acquisition can be found in the Notes to the Consolidated Financial Statements.³¹

³¹ > See Notes to the Consolidated Financial Statements, item 5

Depreciation rose slightly from EUR 2.5 million to EUR 3.5 million as a result of the acquisitions and the increase in business volume. The operating earnings amounted to EUR 18.8 million. With an EBIT margin of 16.4 %, the earnings figures came in just under the record amount from the previous year of 16.9 %. This figure was affected by depreciation caused by the initial consolidation of ROLKO. The segment result is absolutely in line with expectations: the many-year median EBIT margin in the Medical Engineering segment is more than 15 %. Investments increased in 2014 from EUR 3.6 million to EUR 23.8 million; the purchase of the majority stake in ROLKO is responsible for this increase.

The purchase of production facilities in Glauchau, Saxony, by the portfolio company OFA Bamberg in December 2014 is not included in investments because the purchase price was only paid in February 2015. OFA intends to reclaim workbenches from Eastern Europe and use production in Saxony to respond more quickly to changes on the market and shorten delivery times further.

METALS TECHNOLOGY

SALES GROWTH AND DISPROPORTIONATE MARGIN IMPROVEMENT

The segment encompasses nine units which serve a large number of specialized customer businesses. The range of solutions is large and includes supplying rail technology, producing carbide tools for road construction and mining, manufacturing housings for laboratory diagnostics, blasting agents for the steel industry, and bolt welding technology, for example for bridges. In the past fiscal year RÜBSAMEN strengthened its position through the acquisition of TR Metalltechnik, a specialist for laser welding. The strategic aim is to lengthen the value creation chain.

KEY FIGURES METALS TECHNOLOGY (in EUR millions)

	2014	2013	2012
Sales with external third parties	342.9	319.3	307.5
EBITDA	42.6	38.8	37.9
Depreciation and amortization	-11.6	-11.2	-13.4
Write-ups	0.4	0.0	0.0
EBIT	31.4	27.6	24.5
EBIT margin in %	9.2	8.6	8.0
Capital expenditure	17.6	10.7	12.5
Employees	1,323	1,275	1,232

The segment grew around 7 % against the previous year to EUR 342.9 million (previous year: EUR 319.3 million). In contrast, earnings before interest and taxes (EBIT) rose more sharply at 14 %. The start-up problems in a newly constructed galvanic production facility have now been dealt with and processes are running smoothly, the only area that is not quite satisfactory is the capacity usage. Altogether, the portfolio companies experienced varying levels of demand. The two Swiss companies in particular are facing stiff competition. Measures have already been taken to improve cost structures even further.

At EUR 11.6 million, depreciation was on a par with the previous year. EBIT totaled EUR 31.4 million (previous year: EUR 27.6 million), while the EBIT margin came to 9.2 % (previous year: 8.6 %). This means the margin situation has improved, as planned, and is within the target range of 9 % to 10 %. Capital expenditure increased sharply to EUR 17.6 million (previous year: EUR 10.7 million). This is primarily due to investments in technical equipment and machinery.

FINANCIAL POSITION

PRINCIPLES AND OBJECTIVES OF FINANCIAL AND LIQUIDITY MANAGEMENT

Financial management at INDUS Holding AG primarily involves liquidity management, obtaining debt financing and managing interest rate and currency risks. As a financial holding company that manages assets, INDUS does not engage in cash pooling. In finance management, INDUS primarily relies on long-term bank credits and promissory note bonds. Two existing ABS programs (asset backed securities) were dissolved at the end of 2014.

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 long-term financing needs include broad diversification of the loans volume, a balanced redemption structure and use of a 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 securing sufficient liquidity reserves, risk limitation, and earnings and cost optimization. Securing liquidity is particularly important to ensure that INDUS is able to meet its payment obligations at all times and exploit acquisition opportunities without having to depend on banks.

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 monitors the use of funds for the benefit of the subsidiaries and the investing of cash and cash equivalents.

Another 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. INDUS provides the companies with advice regarding their working capital. 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 and promissory note bonds. To a lesser extent the Group also uses off-balance sheet financing instruments such as operating leases. These instruments are in line with INDUS's business volume.

There was little change regarding financing instruments and obligations not listed in the statement of financial position in 2014. 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 72.5 million as of December 31, 2014 (previous year: EUR 77.3 million).

Liabilities to banks totaled EUR 381.3 million as of the reporting date (previous year: EUR 362.1 million); the majority of which is denominated in euros (98 %). Credit held in other foreign currencies is low and only consists of Swiss francs. At the end of the year, liabilities in this currency amount to EUR 6.1 million (previous year: EUR 4.1 million). Financial liabilities also include liabilities from finance leases related to real estate and machinery in the amount of EUR 11.0 million (previous year: EUR 12.6 million), the majority of which to the asset deal concluded for the acquisition of HAKAMA in 2010.

Under financial liabilities, in 2014 several INDUS Group companies sold accounts receivable on a rolling basis and agreed ABS financing for this purpose (2013: EUR 24.8 million). These were fully dissolved by the end of the year. Furthermore, there are promissory note bonds totaling EUR 70.0 million. The company can also resort to credit lines totaling EUR 24.7 million (previous year: EUR 28.8 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 FLOWS

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

	2014	2013	2012
Operating cash flow	104.4	117.4	68.4
Interest	-17.4	-19.9	-22.5
Cash flow from operating activities	87.0	97.5	45.9
Cash outflow from investments	-98.1	-102.9	-56.1
Cash inflow from the disposal of assets	2.8	3.3	2.6
Cash flow from investing activities	-95.3	-99.6	-53.5
Capital increase	0.0	59.9	0.0
Dividends paid to shareholders	-26.9	-22.2	-22.2
Dividends paid to non-controlling shareholders	-0.1	-0.7	-0.5
Cash flow from taking up debt	158.3	125.3	159.0
Cash flow for the repayment of debt	-123.1	-142.3	-152.8
Cash flow from financing activities	8.2	20.0	-16.5
Net cash flow carried on the Income Statement	-0.1	17.9	-24.1
Changes in cash and cash equivalents caused by currency exchange rates	0.7	-0.7	-0.3
Cash and cash equivalents at the beginning of the period	115.9	98.7	123.1
Cash and cash equivalents at the end of the period	116.5	115.9	98.7

DESPITE HIGH CAPITAL EXPENDITURE, LIQUIDITY REMAINS AT PREVIOUS YEAR'S LEVEL

Cash flow from operating activities (cash inflow) dropped against the previous year by EUR 10.5 million, falling from EUR 97.5 million to EUR 87.0 million. On the one hand, this is due to increased cash outflow from liabilities and other payables, from EUR -15.2 million last year to EUR -22.9 million this year, mainly attributable to the deduction of received payments contingent on the balance sheet date. On the other, a significant increase was recorded in cash outflows for income taxes paid, again contingent on the balance sheet date, against the previous year (EUR -36.9 million against EUR -20.6 million in the previous year).

Cash flow from investing activities (cash outflow) fell slightly by EUR 4.3 million from EUR -95.3 million (previous year: EUR -99.6 million). This is primarily attributable to considerably lower (net) cash outflows for acquisitions despite a continued high amount of investment activity. After deducting acquired cash on hand, EUR 31.4 million was used in the year under review for the acquisition of shares (previous year: EUR 49.2 million). Investments in property, plant, and equipment increased by EUR 12.0 million from EUR 46.3 million to EUR 58.3 million. Cash flows from investments in intangible assets stood at EUR 7.5 million (previous year: EUR 5.4 million); EUR 0.8 million was committed for financial investments, down from EUR 2.0 million in the previous year. Please see the chapter 'Expenditure' for further details.³²

³² > See page 115 f.

Last year, **cash flow from financing activities** was characterized by higher cash inflows due to the capital increase performed in December 2013. In contrast, net borrowing amounted to EUR 35.2 million in the year under review. The dividend distributed in fiscal year 2014 was EUR 26.9 million (previous year: EUR 22.2 million). Overall, this resulted in lower cash inflows of EUR 8.2 million (previous year: EUR 20.0 million).

At year-end 2014, INDUS net cash was up slightly despite acquisitions made. As of the reporting date, cash and cash equivalents totaled EUR 116.5 million (previous year: EUR 115.9 million). A detailed statement of cash flows is part of the consolidated financial statements.

ASSETS POSITION

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

	31.12.2014	31.12.2013
Assets		
Noncurrent assets	748.0	658.1
Fixed assets	742.8	652.9
Accounts receivable	5.2	5.2
Current assets	560.4	522.8
Cash and cash equivalents	265.7	236.1
Accounts receivable	178.2	170.8
Inventories	116.4	115.9
Total assets	1,308.4	1,180.9
Equity and liabilities		
Noncurrent liabilities	1,029.6	890.7
Equity	549.9	515.3
Liabilities	479.7	375.4
of which provisions	28.7	23.6
of which current liabilities and income tax	451.0	351.8
Current liabilities	278.8	290.2
of which provisions	52.0	51.0
of which liabilities	226.8	239.2
Total assets	1,308.4	1,180.9

The asset and equity structure of the INDUS Group remained stable in 2014. Total assets primarily increased due to the acquisitions and expansion of the business volume to EUR 1,308.4 million (previous year: EUR 1,180.9 million).

ASSETS: LIQUID FUNDS STABLE DESPITE CAPITAL EXPENDITURE

Noncurrent assets were EUR 89.9 million higher at year-end 2014 than one year earlier, primarily as a result of increased investments in new portfolio companies. Goodwill and other intangible assets thus increased by EUR 51.8 million, as did property, plant, and equipment (EUR +35.3 million). Financial assets changed only marginally (EUR +1.7 million) as did the shares valued at equity (EUR +1.3 million). Other noncurrent assets fell to EUR 1.7 million (EUR -1.2 million).

Current assets also increased, namely by EUR 37.6 million. Inventories and receivables climbed EUR 35.5 million, which is mainly attributable to the initial inclusion of the newly acquired companies in the consolidation. Other current assets hardly show any change at EUR 12.3 million (previous year: EUR 12.1 million). Cash and cash equivalents remained on a par with the previous year despite the large amount of capital expenditure (EUR +0.6 million).

LIABILITIES: EQUITY RATIO REMAINS COMFORTABLY ABOVE 40 %

On the liabilities side, equity rose by EUR 34.6 million to EUR 549.9 million (previous year: EUR 515.3 million). The equity ratio fell slightly to 42.0 % (previous year: 43.6 %). This development is due to three factors: higher dividend payout of EUR 26.9 million (EUR +4.7 million), a slight increase in provisions for pensions due to the current low interest rate, and, last but not least, the acquisition activities.

A larger change to the balance sheet can be seen toward the end of the year under liabilities: the noncurrent liabilities increased from EUR 375.4 million to EUR 479.7 million. This increase is the result of changes to financial liabilities, higher other liabilities, an increase in provisions for pensions, and deferred taxes.

In 2014, INDUS partially restructured its financial liabilities, changing the maturity profile in favor of noncurrent liabilities. Both ABS programs were dissolved and replaced with two new promissory note bonds with terms of four and seven years respectively. This resulted in an increase in noncurrent financial liabilities (EUR +63.1 million). Other noncurrent liabilities increased due to the recognition of conditional purchase price liabilities for the shares in the newly acquired companies, including ROLKO and MBN, that had not yet been transferred (EUR +28.5 million). The remaining noncurrent liabilities also increased slightly: provisions for pensions as a result of an adjustment evaluation (EUR +5.4 million) and deferred taxes (EUR +7.4 million) due to the acquisitions.

Current liabilities, on the other hand, decreased by EUR 11.3 million to EUR -278.8 million (previous year: EUR -290.2 million). This decrease in current financial liabilities again reflects the dissolving of the ABS program (EUR -24.4 million). There was little change to other current liabilities: provisions are on a par with the previous year (EUR +1.0 million) and the increase in trade accounts payable was also slight (EUR +2.4 million).

WORKING CAPITAL

in EUR millions	31.12.2014	31.12.2013
Inventories	265.7	236.1
Trade accounts receivable	162.1	156.2
Trade accounts payable	-47.9	-45.6
Prepayments received	-5.8	-15.2
Construction contracts with credit balance	-24.5	-6.8
Working capital	349.6	324.7

INDUS calculates working capital by adding trade accounts receivable to inventories and deducting trade accounts payable, prepayments received and construction contracts with a credit balance from inventories. Working capital totaled EUR 349.6 million as of December 31, 2014 (previous year: EUR 324.7 million).

NET FINANCIAL LIABILITIES**DEBT REDEMPTION RATIO RECORD OF UNDER 2 YEARS ACHIEVED**

Net debt, calculated as the difference between noncurrent and current financial liabilities and cash and cash equivalents, totaled EUR 345.8 million as of December 31, 2014 (December 31, 2013: EUR 307.6 million). The gearing, i.e., the ratio of net debt to equity, was 63 % (previous year: 60 %). The ratio of net debt to EBITDA was 1.9 (previous year: 2.0). Thus, INDUS is under its self-defined target of keeping its debt redemption period within a band of 2 to 2.5 years.

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

	2014	2013	2012
Capital expenditure	97.2	100.9	53.9
of which in:			
Company acquisitions	31.4	49.2	0.0
Intangible assets	7.5	5.4	3.9
Property, plant and equipment	58.3	46.3	46.4
of which in:			
Land and buildings	7.8	4.0	9.7
Plant and machinery	21.7	12.2	14.8
Other equipment, factory and office equipment	12.3	10.1	10.8
Advance payments and work in progress	16.5	20.0	11.1
Investment property	0.0	0.0	3.6
Depreciation and amortization	-48.0	-43.7	45.8

Capital expenditure totaled EUR 97.2 million in the year under review (previous year: EUR 100.9 million). Of this figure, EUR 31.4 million was attributable to company acquisitions (previous year: EUR 49.2 million), EUR 58.3 million to capital expenditure on property, plant, and equipment (previous year: EUR 46.3 million), and EUR 7.5 million to investments in intangible assets (previous year: EUR 5.4 million). Despite the somewhat restrained economic situation over the course of the year, INDUS has thus invested particularly heavily in its portfolio companies.

Overall INDUS used funds totaling EUR 56.4 million for the purchase of shares in the five new companies; cash on hand acquired at the time of purchase is to be deducted from this amount, this results in net outflow in the capital expenditure calculation of EUR 31.4 million for the acquisitions.

Capital expenditure focused on property, plant and equipment, and specifically on plant and machinery amounting to EUR 21.7 million, other equipment and factory and office equipment totaling EUR 12.3 million, and land and buildings amounting to EUR 7.8 million. Depreciation and amortization came to EUR 48.0 million as against EUR 43.7 million the previous year.

NON-FINANCIAL PERFORMANCE INDICATORS

SUSTAINABILITY

VALUES

INDUS is committed to the principles of sustainable economic business: 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 individual INDUS Group companies and the Holding have created their own codes of conduct. These ethical guidelines are designed to support employees in their activities.

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 the INDUS companies' 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

To create the basis for pro-active climate protection, INDUS records the amount of greenhouse gas emitted by the portfolio companies internationally every year. INDUS follows the Greenhouse Gas Protocol to calculate the emissions, and records emissions resulting from the consumption of fossil fuels (scope 1) and emissions caused by energy purchased (scope 2). Since 2011, INDUS has been aiming for an annual reduction of 2 % in specific greenhouse gas emissions (measured in tons of CO₂ per EUR million in gross profit). Calculation for the base year is done on a rolling basis taking account of purchases and sales of portfolio companies during the year under review. The comparatively mild winter experienced in Germany in 2014 had the effect of reducing emissions. This was taken into account by adjusting the scope 1 emissions for weather effects.

On this basis, emissions of 116.6 tons of CO₂ per EUR million in gross profit were calculated for 2014. Based on the previous year (121.2 tons of CO₂ per EUR million in gross profit) a reduction of 3.8 % was recorded for the year. The annual target was therefore exceeded. This is due firstly to investments in thermal insulation, building technology, and plant technology, and secondly to the constant modernization of the fleet of company cars, which also has the effect of reducing emissions.

	2012	2013	2014
Tons of CO ₂ per EUR million in gross profit	100.7*	121.2	116.6

* Changes to the portfolio not taken into consideration in the calculation

INDUS is once more setting a target of reducing its CO₂ emissions by 2 % for 2015. INDUS will also expand its CO₂ balance sheet to include emissions from purchased preliminary work and services provided by third parties (scope 3 emissions). As part of the systematic and transparent approach to climate protection, INDUS has been participating in the Carbon Disclosure Project (CDP) since 2009, a survey conducted annually regarding climate protection topics commissioned by institutional investors (www.cdp.net). INDUS reports on opportunities and risks resulting from climate change, discloses its greenhouse gas emissions, and presents measures to reduce emissions.

The information provided is evaluated by the CDP for transparency and completeness (disclosure scoring 0 to 100 points) and the quality and efficacy of the measures to reduce emissions (performance band A to E). INDUS significantly improved its result in fiscal 2013 with a disclosure rating of 89 points, up from 70 points in the previous year. It also received the best rating of any SDAX company participating in the CDP. INDUS also managed to improve its performance rating (C in 2013 against D in 2012). INDUS will be participating in the CDP again for fiscal 2014. The results and the evaluation of the climate change reporting will be released in fall 2015 by the CDP.

EMPLOYEES

HOLDING COMPANY STAFFED BY TEAM OF SPECIALISTS

INDUS depends on a small team of specialists that perform specific functions in the Holding and protect the interests of INDUS as shareholder. Since INDUS has limited itself to specific core tasks, the staff are highly specialized. Short decision-making processes, a team-oriented approach, and flat hierarchies are the hallmarks of INDUS's corporate structure. The Board of Management maintains regular contact with all employees. INDUS places a high value on respectful behavior – among each other and business partners. Professional behavior and stable processes are a priority for all team members every day. At the end of fiscal 2014, INDUS Holding AG had 21 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 INDUS 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. This falls first and foremost within the managers' remit. As part of the general planning performed by INDUS and the portfolio companies, INDUS merely provides suggestions regarding the flexibility in production and personnel costs. On average throughout the year, companies in the INDUS portfolio had a total of 7,586 employees (previous year: 7,259).

INTEGRITY

STRONG REPUTATION EARNS BUSINESS PARTNERS' TRUST

Management integrity and INDUS's credibility are key to the Group's business success, as this earns the confidence of our business partners, which is essential. SME companies 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 long corporate history. INDUS is also known as a reliable partner among its 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, auditing, consulting, 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)

	2014	2013	2012
Sales	5.7	5.8	5.5
Other operating income and expenses	6.2	5.3	5.7
Personnel expenses	-4.7	-4.6	-5.1
Income from investments	40.3	43.5	32.2
Income from long-term loans classified as financial assets	42.3	45.7	50.3
Other interest and similar income	8.8	9.0	8.9
Depreciation and amortization of noncurrent intangible assets and property, plant and equipment	-0.5	-0.4	-0.3
Amortization of financial assets	-9.0	-11.2	-20.8
Cost of the assumption of losses	-3.4	-12.2	-6.2
Interest and similar expenses	-15.1	-17.5	-18.4
Profit from operating activities	70.7	63.4	51.8
Extraordinary income	0.0	0.0	1.3
Taxes	-8.6	-6.9	-6.9
Net result	62.1	56.5	46.2
Profit carried forward	1.1	0.9	1.9
Distributable profit	63.1	57.4	48.1

INDUS Holding AG earnings primarily derive from income from portfolio companies and non-current loans. Sales revenues of EUR 5.7 million for the holding company in 2014 were slightly down 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 climbed from EUR 5.3 million to EUR 6.2 million. This item also includes reversals of impairments recorded on financial assets in previous years. At EUR 4.7 million, personnel costs almost pulled level with the previous year.

Income from the portfolio companies dropped to EUR 40.3 million (previous year: EUR 43.5 million). Income from long-term loans classified as financial assets was also slightly lower at EUR 42.3 million as against EUR 45.7 million for the previous year. At EUR 8.8 million, interest income was also marginally lower than the previous year's figure of EUR 9.0 million.

Depreciation and amortization of noncurrent intangible assets and property, plant and equipment remained virtually unchanged at EUR 0.5 million (previous year: EUR 0.4 million). Impairments on financial assets of EUR 9.0 million were lower than the previous year's figure of EUR 11.2 million. This item includes write-downs recorded pursuant to impairment testing of portfolio company carrying values. Expenses from loss transfer agreements dropped to EUR 3.4 million (previous year: EUR 12.2 million). Interest expense again decreased, falling from EUR 17.5 million to EUR 15.1 million.

Overall, profit from operating activities thus improved from EUR 63.4 million to EUR 70.7 million. After taxes, the consolidated statement of income shows net income for the year of EUR 62.1 million (previous year: EUR 56.5 million). This corresponds to earnings per share of EUR 2.54 (previous year: EUR 2.52).

FINANCIAL POSITION

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

	31.12.2014	31.12.2013
Assets		
Intangible assets	0.2	0.2
Property, plant and equipment	2.8	2.7
Financial assets	947.1	867.9
Fixed assets	950.1	870.8
Accounts receivable	241.3	201.1
Cash on hand and bank balances	6.3	17.2
Current assets	247.6	218.3
Advance payments	0.3	0.2
Total assets	1,198.0	1,089.3
Equity and liabilities		
Equity	722.2	687.1
Provisions	4.2	3.9
Liabilities	427.8	356.4
Deferred tax liabilities	43.8	41.9
Total assets	1,198.0	1,089.3

As a result of the acquisitions, the total assets of INDUS Holding AG rose again in the reporting year to reach EUR 1,198.0 million (previous year: EUR 1,089.3 million). Fixed assets climbed EUR 79.3 million to EUR 950.1 million (previous year: EUR 870.8 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 also climbed significantly by EUR 40.2 million to EUR 241.3 million (previous year: EUR 201.1 million). This increase resulted primarily from higher accounts receivable from associated companies. Cash and cash equivalents totaled EUR 6.3 million (previous year: EUR 17.2 million). Current assets thus amounted to EUR 247.6 million, EUR 29.3 million up on the previous year's level of EUR 218.3 million. Equity amounted to EUR 722.2 million (previous year: EUR 687.1 million). INDUS Holding AG thus has an equity ratio of 60.3 % (previous year: 63.1 %). Liabilities rose to EUR 427.8 million (previous year: EUR 356.4 million), primarily due to an increase in liabilities due to banks.

NUMBER OF EMPLOYEES

As of December 31, 2014, INDUS employed 21 staff members at the holding company, not including the Board of Management (previous year: 20 employees).

EVENTS AFTER THE REPORTING DATE

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

With the approval of the Supervisory Board, the Board of Management resolved to shut down and wind up the business operations of SEMET, which has been operating at a deficit, in February 2015. Approximately 35 employees are affected by this decision. There is no considerable impact expected on the financial and earnings position due to this discontinuation of business operations.

OPPORTUNITY AND RISK REPORT

INDUS operates and maintains a professional opportunity and risk management system as a tool 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.

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. 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: by analyzing new business opportunities with the managing directors as part of annual planning as well as during the course of the year as necessary, 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 financing portfolio companies as well as recognizing development potential for portfolio companies. INDUS M&A activity is thus of central importance. As part of the strategic COMPASS 2020 program, INDUS has defined target markets in which new potentials acquisitions are to be systematically and actively sought. The investment team at INDUS Holding AG constantly identifies suitable target firms and analyzes these thoroughly. In addition to its five segments markets, 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 hold for the long term and support in their development rather than sell. Potential sellers 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.

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 China, USA, and the 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 both in the short and 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 their ensuing 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 it 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 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, management liability (D&O), product liability, and transport damage for all portfolio companies. Managing these insurance policies centrally ensures uniform extensive cover and low premiums for the portfolio companies.

DISCUSSION OF INDIVIDUAL RISKS

BUSINESS RISKS (AS PER THE ASSESSMENT OF THE BOARD OF MANAGEMENT)

	Probability of occurring	Potential financial impact	Risk situation for 2015 in comparison to the previous year
Business environment and sector risks	possible	significant	same
Risks associated with corporate strategy	possible	significant	same
Performance risks	possible	significant	same
Personnel risks	unlikely	low	same
IT risks	unlikely	low	better
Financial risks	possible	significant	same
Legal risks	possible	significant	same
Other risks	possible	significant	same

Probability of occurrence: unlikely, possible, likely
Potential financial impact: low, significant, critical

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 disproportional dependency 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. Fundamental risks arising from economic and sector-specific factors cannot be avoided.

INDUS concentrates on the acquisition of medium-sized production companies in Germany and other German-speaking countries. Currently 52 % of total sales are generated in the domestic market (previous year: 51.4 %). 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 significantly thanks to strategic international business expansion. This regional diversification of operational activities 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 development of its investment portfolio. To minimize corporate strategy risks the holding company employs an extensive analysis of the market in every industry, as well as proprietary analysis. These in-house analyses are subject to 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 informative reviews with the portfolio companies' managing directors. All portfolio companies submit monthly data 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. This ensures that INDUS, as a shareholder, has a comprehensive overview at all times of the risk situation of both individual companies and of the Group.

PERFORMANCE RISKS

Besides risks associated with corporate strategy, INDUS and its portfolio companies are exposed to performance risks. These consist 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, procurement risks are of subordinate importance regarding their potential impact on the Group. A key strategy employed by all companies is securing the supply of important raw materials through long-term contracts. 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. Where necessary, the portfolio companies also employ raw material hedges to limit risks. As of December 31, 2014, no raw material hedges existed (previous year: EUR 0.5 million).

Given the wide diversification of the INDUS Group's overall portfolio, production and sales risks are of subordinate importance regarding their potential impact on the Group. INDUS regularly analyzes the customer structure in the Group; there are no individual product or service groups and no individual customers that accounted for more than 10 % of sales.

Business performance risks also exist in connection with wage settlements with unions, as these costs generally cannot be passed on in full to customers, and can only be offset by productivity increases.

PERSONNEL RISKS

The Holding'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 is reflected in low fluctuation. All these measures make the company an attractive employer, providing proactive mitigation of risks associated with employee turnover, demographic trends and skill drain.

The INDUS Group subsidiaries manage their own personnel independently; they are active in many sectors and regions, and the risks arising from staff recruitment and development are very diverse. Their monthly reports to INDUS include personnel capacities and reserve plans to maintain flexibility in production and personnel costs. Each company's target is to reserve flexible capacities of 10 % to 30 %. They use the "Kapaflex" program for this purpose. By linking various measures such as time accounts, overtime credits, fixed-term employment contracts, temporary labor, and manageable in and outsourcing possibilities the program ensures the necessary responsiveness.

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. The company 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. Depending on the liquidity situation, INDUS supports the portfolio companies with financing and makes funds available where necessary. 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. The largest single liability represents roughly 15 %. The portfolio of companies, which is designed for the long term, is financed by the holding company via a revolving long-term loan. 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 193.9 million as of December 31, 2014 (previous year: EUR 249.5 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, take out trade credit insurance at their own discretion, 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 12.7 million as of December 31, 2014 (previous year: EUR 6.2 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.³³

³³ > See Notes to the Consolidated Financial Statements, item 34

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 53.6 million were carried on the balance sheet in 2014 (previous year: EUR 52.8 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.

Legal risks may arise from claims and actions against our subsidiaries as well as from proceedings from the authorities. INDUS carefully checks the substance of claims asserted by third parties. Where necessary, external lawyers are commissioned for judicial and extra-judicial proceedings. The individual risks in this area are classed as low to medium. INDUS forms provisions if payment obligations seem likely and the corresponding amount can be reliably estimated.

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 368.2 million in goodwill on its statement of financial position (previous year: EUR 331.6 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, depreciations of EUR 1.7 million were recognized (previous year: EUR 1.6 million).

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

(Report in accordance with section 289 (5) and section 315 (2) number 5 of the 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 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, MILD GROWTH OPPORTUNITIES IN 2015

In fiscal 2014 INDUS continued pursuing its long-term corporate strategy. The excellent liquidity situation was taken advantage of to acquire two, or including indirect shareholdings five, more SME Hidden Champions. In its strategy program COMPASS 2020, INDUS defined industrial growth markets in which the Board of Management intends to increase its acquisition activity. These are the business segments Transport and Logistics/Infrastructure, Medical Engineering/Life Science, Automation and Measuring Technology and Control Engineering, and Energy and Environmental Technology. INDUS intends to continue expanding in these areas in 2015. The Board of Management believes that potential acquisitions represent the best growth opportunities for 2015, both for the portfolio and for the subsidiaries themselves.

The increased internationalization of existing operations also presents growth opportunities for the portfolio which are to be actively pursued through planned investments totaling more than EUR 50 million. Sales revenues came in slightly higher year-on-year at around EUR 69 million, with an improved operating EBIT margin of 10.1 %. The financing structure remained stable. Net debt amounted to EUR 345.8 million, following EUR 307.6 million in 2013. The Group equity ratio at the reporting date was 42 % (previous year: 43.6 %), and at the holding company level 60.3 % (previous year: 63.1 %). Overall, the Board of Management feels confident about the Group's position. INDUS aims to increase sales and earnings in this environment again.

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 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.

FORECAST REPORT

The general conditions will remain largely unchanged in 2015. Despite the armed conflicts in the Ukraine and the sanctions these resulted in, the ongoing conflict and terrorist attacks in the Middle East, the Ebola epidemic in Africa, and the economic downturn in Europe, early indicators for the companies are optimistic. There is a confident atmosphere thanks to the momentum in the USA and solid growth opportunities in Asia. Analysts believe GDP in Germany will grow in 2014. INDUS continues to view the 2015 business outlook as favorable.

ECONOMIC OUTLOOK

EARLY INDICATORS FOR 2015 SHOW GENERAL OPTIMISM

The rather unstable macroeconomic situation is reflected in the generally restrained economic expectations. Toward the end of 2014 the mood became distinctly gloomier. The ifo index for the global economy dropped to 95 points in the fourth quarter, following 105 points in the previous quarter. This is the worst value since the third quarter of 2013.³⁴ It is now slightly under its long-term average value of 95.5. The assessments of the current situation have deteriorated slightly and the economic expectations were adjusted downwards, but a look at the individual markets shows very mixed situations and heterogeneous developments.

Analysts are confident about the US market, without exception. The high level of the ifo index for the USA – which is above its 15-year average³⁵ – is the result of several factors having a knock-on effect on one another, such as the reduction of private debt, higher lending, increasing consumer confidence, and the recovery of the property and labor markets. In light of the strong US economy, many observers are expecting an interest rate hike by the Fed in 2015 and an appreciation in the US dollar thereafter. Economic growth of 3.2 % is expected for North America in 2015.³⁶

In Asia, China remains the growth driver, even if some analysts foresee certain risks (one potential risk is a property bubble). Nevertheless, growth of 7 % is expected for 2015. In the CIS countries and in Latin America, the economic climate is experiencing a five-year low. The main causes for this are the Russian crisis and weak development in Brazil. Due to the lack of any change in the economic situation, a contraction of -0.5 % is expected for Russia. Growth of 1.5 % is predicted for the emerging nation of Brazil, where particularly the industrial sector and a lack of investment are having a negative impact on the upturn. The prediction for Mexico is more positive at 3.0 % economic growth. The South African market, which is relevant for some of the INDUS companies, is expected to grow by 2.7 % in 2015.

Growth in the eurozone is expected to come in at 1.2 % with inflation under 1 %. There is still no significant recovery expected: high unemployment, a lack of demand from domestic markets and emerging markets, and public debts will continue to weigh-down the economy. And the uncertainties resulting from the Ukraine crisis will also affect development.

³⁴ > CESifo World Economic Survey, November 2014

³⁵ > Publication dated November 13, 2014, ifo global economic climate in the 4th quarter of 2014, ifo global economic climate distinctly gloomy

³⁶ > Kiel Institute for the World Economy, Review of World Economics in Winter 2014, pages 5 and 9

In addition, expectations for the Swiss market have taken a significant downturn at the beginning of 2015. The decision of the Swiss central bank to unpeg the Swiss franc from the euro caused the franc to appreciate by approximately 15 %. This will have a noticeable effect on the Swiss economy in 2015.

According to current estimates by the Institut für Weltwirtschaft, German GDP growth increased 1.5 % in 2014, and is set to rise 1.7 % in 2015. In light of the economic downturn in the third quarter of 2014, Germany only narrowly escaped recession. The positive economic predictions for 2015 are therefore rather muted. The Federal government is expecting GDP growth of 1.5 % for 2015. The overall general conditions for the German economy are currently positive: low interest rates, which are expected to remain low for the long term in light of the ECB's current bond purchases, a good labor market, high domestic demand, and last but not least, low oil prices. The potential for recovery does exist.

CHANGE IN GROSS DOMESTIC PRODUCT (GDP)

	2013 (prior-year forecast)	2013 (preliminary calculations)	2014 (forecast)	2015 (forecast)
Economic regions				
Global economy	3.7	3.4	3.7	3.9
Eurozone	0.9	0.8	1.2	1.5
Selected countries				
USA	2.3	2.2	3.2	3.5
China	7.5	7.4	7.0	6.7
India	5.0	5.9	6.5	6.5
Japan	1.5	0.2	0.8	1.2
Germany	1.7	1.5	1.7	1.9

Source: 2014 (prior-year forecast): Kiel Institute for the World Economy: Review of World Economics in Spring 2014, March 2014, tables pages 25, 28, 29 and 31
 2014 (preliminary calculations), 2015 and 2016: Kiel Institute for the World Economy: Review of World Economics in Winter 2014, December 2014, tables pages 14–16.

OUTLOOK FOR INDUS-RELEVANT INDUSTRIES: CHINA AND USA KEY GROWTH DRIVERS FOR THE GERMAN SME MARKET TOO

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

The business expectations in the **construction industry**³⁷ are positive overall, despite the uncertainties. The sector is expecting growth in sales of 2 % for 2015. The significant drop in order entry from publicly and commercially funded construction projects, particularly at the beginning of the year, has resulted in more cautious planning. For this reason, investors' expectations for the commercial construction sector are quite low (forecast sales growth of 1.5 %). Demand in the public construction sector is also low – despite high tax income and desperately necessary investments in infrastructure (forecast sales growth of 1.0 %). Sales growth in private residential construction on the other hand is expected to reach 3 %. It is being reliably driven by several factors: continued high levels of immigration, a stable labor market, low mortgage rates, and the search for secure investments. The European Commission's economic program plan for infrastructure may be able to create more momentum in the European market, which could balance out the restrained sentiment in commercial construction.

Growth expected again for the international **automotive market** in 2015. Growth will continue in China and the USA. For the USA, manufacturers are expecting renewed growth of 2 % in the sales figures for new vehicles.³⁸ Low gas prices and an increase in the employment figures should have a positive effect on consumer spending. The market in Western Europe is also recovering, albeit at a slower pace. The sector is expecting growth of just 2 % for Western Europe, from a lower starting point.³⁹ The international market for sales is still growing and gaining in significance, too. 60 % of German car manufacturing now takes place abroad and this tendency is climbing. Around 20 % of all vehicles sold worldwide are German brands. In an economically unstable environment, the German automotive industry is staying the course. Due to political tensions in some parts of the world uncertainties have, however, also increased in the automotive economy.

The German **engineering** sector expects stronger growth in 2015 than in the previous year and forecasts growth of 2 %.⁴⁰ Production figures could exceed the EUR 200 billion mark for the first time. Nevertheless, the sector still foresees incalculable risks. The unresolved crisis in Russia and the Ukraine could cause further setbacks. And little momentum is expected in Europe, although the low euro and the drop in prices of raw materials may improve competitiveness in pricing. As in the previous year, the German engineering sector relies on demand effects primarily from the USA and Asia. Global exports are rising, and domestic demand for machinery/equipment should be strong as well in 2015.

³⁷ > www.baulinks.de, article dated January 14, 2015, Construction industry generates 2 % increase in sales and hopes to hit the EUR 100 billion mark once more

³⁸ > Press release by the German Association of the Automotive Industry (VDA) of January 12, 2015, German manufacturers increase US sales to almost 1.4 million light vehicles

³⁹ > Press release by the German Association of the Automotive Industry (VDA) of January 15, 2015, China and USA race to a great end in 2014

⁴⁰ > VDMA press release of December 18, 2014, Engineering sector generates production figure record of EUR 199 billion in 2014

⁴¹ > Press release issued by the Federal Association of Medical Technology (BVMED) of Nov. 5, 2014 (autumn survey): Medical technology keeps growing abroad and remains job motor

⁴² > Press release by the federation of German employers' associations Gesamtmetall of December 18, 2014, The economic situation for the M+E industry in fall/winter 2014/2015

⁴³ > Press release of November 27, 2014, Results of the ifo business survey in November 2014, Emerging hope for German foreign business

Medical engineering sales grew slightly less quickly in 2014.⁴¹ 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. Discussions regarding the savings that can be made in the health system will continue in 2015, which will drive manufacturers to increase innovation. Overall, the market for health and medical products will grow. This is guaranteed by the aging population, the increase in life expectancy, and growing consumer spending.

The German **metals and electronics industry** is facing 2015 with skepticism. The current assessment of the outlook is restrained, even if business has stabilized somewhat in December 2014, following its severe downturn in the months before. Rising order entry, however, is a sign of hope for production in 2015. Since the automotive and machinery sectors are looking very good over the long-term, the outlook for this sector is also stable.⁴² The falling purchase prices for materials such as iron ore, mineral oils, gas, and coal should also provide some ease on the cost side, especially as the sector does not anticipate any significant price increases in 2015. The recently improved export expectations for the segments metal production and processing could also have a positive effect on the segment: the ifo expectations climbed to their highest point in November 2014 since April 2011.⁴³

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

OBJECTIVES AND FOCUS IN 2015 AND 2016: PORTFOLIO GROWTH AND ADDITIONAL ORGANIC GROWTH AT THE PORTFOLIO COMPANIES

INDUS's main focus in fiscal 2015 and 2016 will continue to be the portfolio's performance and the expansion of the portfolio through additional acquisitions. We will therefore continue to pursue the COMPASS 2020 growth strategy, which was kicked off in 2012. The plan is for organic growth in the portfolio and additional acquisitions. German GDP growth is the benchmark for organic growth.

The Board of Management still sees the largest opportunities for organic growth in extending internationalization (particularly in the target markets Asia and America) and an increase in financial funds made available for future and R&D investments.

More Hidden Champions will be added to the portfolio in 2015; the Board of Management intends to purchase several SMEs per year. However, these companies must meet the INDUS target criteria. More strategic additions will also be acquired for subsidiary companies. The target of these activities will remain future-oriented industrial companies.

The performance of the INDUS Group in 2015 will depend considerably on the global macro-economic environment. All indicators currently point to mild growth. Europe should manage an economic turnaround in 2015, but due to the unresolved debt problems the situation will remain volatile. One indication of this is the Greek crisis coming to a head once more and the strong depreciation of the euro.

BUSINESS OUTLOOK: RENEWED SALES AND EARNINGS GROWTH

Currently the eurozone does not seem to be able to provide any growth impulses for the Group's business developments in 2015. The positive economic outlooks in the USA and China as well as the stable German economy will be significant. Sentiment indicators for the beginning of 2015 in Germany have improved due to high wage settlements with unions, which were agreed upon without any labor action, and the constantly low energy prices. The low value of the euro is also a boost to the competitiveness of the German industry abroad. The Board of Management's assessment of business is therefore stable to good. These assessments are based on the individual plans of the portfolio companies.

It is currently impossible to make a final assessment regarding developments in Switzerland. The appreciation of the Swiss franc in January 2015 has damaged the competitiveness of Swiss industry. INDUS holds four Swiss companies that are affected to varying degrees. In the two companies that are export oriented, HAKAMA and BACHER, measures to improve cost structures were already initiated two years ago. These will now be stepped up (primarily by shifting value creation to the eurozone). Events should have less of an effect on the medical engineering company MIKROP, as it already produces mainly abroad; ANCOTECH solely supplies to the domestic market and is therefore not directly affected by currency issues. One consequence of this situation may be that it will weaken the Swiss construction industry. ANCOTECH has already taken this into consideration in its 2015 planning.

The current Russia/Ukraine crisis has had little effect on the Group's business. Currently only one company, with a direct subsidiary in the Russian market, is affected, all other companies solely maintain supplier relationships. SITEK, a manufacturer of spikes, and the AURORA subsidiary HEAVAC, which produces air conditioning systems for buses, have business there worth mentioning. In total, business in Russia (either directly or indirectly) accounts for less than 5 % of Group sales across all companies – and more threats are currently forecast from the weak standing of the ruble, rather than embargoes from western nations. These developments have been taken into consideration in the planning for 2015.

For 2015, INDUS is once more setting itself the target of growing faster than the market. The German government's⁴⁴ GDP forecast for the current year is 1.5 %. INDUS is therefore expecting organic sales growth of more than 1.5 % in 2015. Acquisitions are not factored into the sales and earnings targets. All in all, the Group anticipates sales of approximately EUR 1.3 billion. Operating earnings (EBIT) are expected to develop proportionately and be within the EUR 125 million to EUR 130 million range. Order receipts after the first two months of 2015 bears these expectations out. The costs of materials and energy are expected to remain unchanged over the course of the year. INDUS does predict some uncertainties in the development of oil prices; prices are currently very low and will therefore probably increase in the medium term. INDUS is anticipating a similar cost of materials ratio. Significant increases of up to 3 % in some cases will affect personnel costs, this is due to the wage settlements in the metals and electronics sector and more upcoming wage agreements. The Board of Management does not expect to be able to fully compensate this increase in salaries. Depreciations for 2015 will also increase slightly again.

⁴⁴ > Annual Economic Report 2015, Investing in Germany and Europe's future, Federal Ministry of Economics and Technology (BMWi), Berlin, page 7

SEGMENT OUTLOOK FOR 2015: MOSTLY GOOD BUSINESS EXPECTATIONS

In light of the stable demand in the construction sector, INDUS is expecting sales on a par with 2014 in the **Construction/Infrastructure** segment; weak demand in public investment and little momentum in commercial construction lead us to believe that the very positive margins of the previous year will remain unattainable. The operating margin in the segment is expected to be between 12 % and 14 %.

Following the measures taken, the earnings situation in the **Automotive Technology** segment has improved noticeably over the last few years. Nevertheless, the current year will be a challenging one. The weakness of the European market is still having an effect on the market for middle-class vehicles. However, due to solid demand in the premium segment, primarily from the USA and Asia, sales on a par with the current level can be expected. INDUS believes it is possible to reach the long-term target margin of 6 % to 8 % in 2015.

2015 will also remain challenging for the **Engineering** segment. The segment companies have again achieved a margin of almost 12 % in the current year, a development largely made possible by the new portfolio companies. Negative effects from two portfolio companies will dampen results: the planned discontinuation of SEMET and the weak order situation in OLED's equipment production. Sales and earnings from the new portfolio company MBN were already partially consolidated in the year under review. The company will be fully consolidated in 2015, however, the initial consolidation will have some negative impacts. Despite this, the sales and earnings position should not deteriorate. An EBIT margin of over 10 % remains the target.

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. Due to the full consolidation of the new acquisition, ROLKO, sales should rise somewhat more strongly, as should the operating earnings. The higher EBIT margin of over 15 % should also be achieved in 2015.

In the **Metals Technology** segment, INDUS expects stable business in 2015. Start-up losses associated with the new plastic galvanizing plant have been dealt with; but competition pressure, in particular for both of the Swiss companies, is high, and measures to reduce costs had to be initiated at the start of 2015, and one power metallurgy company is experiencing quality problems. INDUS is counting on growing business in carbide tools and blasting agents to counteract this. INDUS therefore expects a moderate rise in sales and anticipates an EBIT margin between 9 % and 10 %.

FINANCIAL POSITION OUTLOOK: SOLID FOUNDATION

INDUS expects to post a good cash flow from operating activities in 2015 on the back of stable income and earnings. Capital expenditure on property, plant and equipment, and intangible assets is expected to total around EUR 60 million in 2015 (excluding acquisitions). Cash will mostly be used for investing in innovation and efficiency as well as the further expansion of foreign locations. 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 up to EUR 50 million, assuming suitable acquisition targets are found.

Liquidity of over EUR 116 million and the expected operating cash flow should allow INDUS to largely finance its growth strategy again in 2015, without depending on banks. Investments in property, plant, and equipment, and dividend payments will be financed from the cash flow from operating activities and cash and cash equivalents at hand. The equity ratio will be held stable at approximately 40 % in 2015 and 2016. Depending on the compelling nature of the market opportunities arising from acquisitions INDUS may borrow additional funds, the equity ratio therefore might decrease a little in 2015. The debt redemption period based on EBITDA is also intended to remain in the target range of 2.0 to 2.5 years in 2015. Repayments due over the course of the year are already covered by new loans agreed for a volume of around EUR 90 million; all of the loan agreements are long term in nature (i.e. an average term of seven to eight 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

CONSOLIDATED STATEMENT OF INCOME

in EUR '000	Notes	2014	2013*
Sales	[7]	1,255,723	1,186,785
Other operating income	[8]	21,897	21,854
Own work capitalized	[9]	7,332	3,704
Change in inventories	[10]	9,511	1,978
Cost of materials	[11]	-598,204	-562,789
Personnel expenses	[12]	-349,010	-322,628
Depreciation and amortization	[13]	-47,970	-43,685
Other operating expenses	[14]	-173,717	-167,076
Income from shares accounted for using the equity method		1,383	127
Other financial result	[15]	241	315
Operating result (EBIT)		127,186	118,585
Interest income		705	1,042
Interest expenses		-27,186	-20,931
Net interest	[16]	-26,481	-19,889
Earnings before taxes		100,705	98,696
Taxes	[17]	-33,420	-30,804
Income from discontinued operations	[6] [18]	-3,971	-3,918
Earnings after taxes		63,314	63,974
of which allocable to non-controlling shareholders		172	121
of which allocable to INDUS shareholders		63,142	63,853
Basic earnings per share in EUR	[19]	2.74	3.02
Diluted earnings per share in EUR		2.74	3.02

* Previous year figures adjusted

STATEMENT OF INCOME AND ACCUMULATED EARNINGS

in EUR '000	2014	2013
Earnings after taxes	63,314	63,974
Actuarial gain or loss	-4,971	-287
Deferred taxes	1,431	83
Items not reclassified to profit or loss	-3,540	-204
Currency translation adjustment	1,959	-2,727
Change in the market values of derivative financial instruments (Cashflow hedge)	-1,726	3,771
Deferred taxes	273	-598
Items to be reclassified to profit or loss	506	446
Other earnings	-3,034	242
Overall result	60,280	64,216
of which non-controlling interests	172	121
of which allocable to INDUS shareholders	60,108	64,095

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in EUR '000	Notes	Dec. 31, 2014	Dec. 31, 2013
ASSETS			
Goodwill	[20]	368,239	331,606
Other intangible assets	[20]	44,029	28,887
Property, plant, and equipment	[20]	306,818	271,833
Investment property	[20]	6,131	5,965
Financial assets	[21]	10,526	8,843
Shares accounted for using the equity method	[22]	7,033	5,737
Other noncurrent assets	[23]	1,685	2,901
Deferred taxes	[24]	3,482	2,303
Noncurrent assets		747,943	658,075
Inventories	[25]	265,690	236,056
Accounts receivable	[26]	162,091	156,218
Other current assets	[23]	12,282	12,050
Current income taxes	[24]	3,890	2,584
Cash and cash equivalents		116,491	115,921
Current assets		560,444	522,829
Total assets		1,308,387	1,180,904
EQUITY AND LIABILITIES			
Subscribed capital		63,571	63,571
Capital reserve		239,833	239,833
Other reserves		244,511	211,299
Equity held by INDUS shareholders		547,915	514,703
Non-controlling interests in the equity		1,957	627
Equity	[27]	549,872	515,330
Provisions for pensions	[28]	27,174	21,803
Other noncurrent provisions	[29]	1,561	1,755
Noncurrent financial liabilities	[30]	367,935	304,769
Other noncurrent liabilities	[31]	49,844	21,376
Deferred taxes	[24]	33,165	25,716
Noncurrent liabilities		479,679	375,419
Other current provisions	[29]	52,014	51,008
Current financial liabilities	[30]	94,381	118,760
Trade accounts payable		47,942	45,543
Other current liabilities	[31]	77,836	69,687
Current income taxes	[24]	6,663	5,157
Current liabilities		278,836	290,155
Total equity and liabilities		1,308,387	1,180,904

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, 2012	57,792	185,672	174,399	-4,967	412,896	1,242	414,138
Income after taxes			63,853		63,853	121	63,974
Earnings				242	242		242
Overall result			63,853	242	64,095	121	64,216
Capital increase	5,779	54,161			59,940		59,940
Dividend payment			-22,228		-22,228	-766	-22,994
Changes to scope of consolidation						30	30
Balance Dec. 31, 2013	63,571	239,833	216,024	-4,725	514,703	627	515,330
Balance Dec. 31, 2013	63,571	239,833	216,024	-4,725	514,703	627	515,330
Income after taxes			63,142		63,142	172	63,314
Earnings				-3,034	-3,034		-3,034
Overall result			63,142	-3,034	60,108	172	60,280
Dividend payment			-26,896		-26,896	-154	-27,050
Changes to scope of consolidation						1,312	1,312
Balance Dec. 31, 2014	63,571	239,833	252,270	-7,759	547,915	1,957	549,872

CONSOLIDATED STATEMENT OF CASH FLOWS

in EUR '000	2014	2013*
Income after taxes generated by continuing operations	67,285	67,893
Depreciation/Write-ups		
of noncurrent assets (excluding deferred taxes)	46,504	40,185
due to gains (-)/losses (+) from the disposal of assets	-127	-213
Taxes	33,420	30,804
Net interest	26,481	19,889
Cash earnings of discontinued operations	-799	-3,146
Income from companies accounted for using the equity method	-1,383	-128
Other non-cash transactions	-3,932	-1,526
Changes in provisions	1,343	2,374
Increase (-)/Decrease (+) in inventories, trade accounts and other assets	-4,710	-2,928
Increase (+)/Decrease (-) in trade accounts and other liabilities	-22,945	-15,249
Income taxes received/paid	-36,892	-20,635
Dividends received	140	91
Operating cash flow	104,385	117,411
Interest paid	-18,129	-20,931
Interest received	705	1,042
Cash flow from operating activities	86,961	97,522
Cash outflow from investments in		
intangible assets	-7,461	-5,420
property, plant, and equipment	-58,279	-46,270
financial assets and shares accounted for using the equity method	-769	-2,006
shares in fully consolidated companies	-31,416	-49,205
Cash inflow from the disposal of other assets	2,831	3,312
Cash flow from investing activities of discontinued operations	-140	-36
Cash flow from investing activities	-95,234	-99,625
Capital increase	0	59,940
Dividends paid to shareholders	-26,896	-22,228
Dividends paid to non-controlling shareholders	-154	-767
Cash inflows from the assumption of debt	158,305	125,292
Cash outflows from the repayment of debt	-123,060	-142,260
Cash flow from financing activities	8,195	19,977
Net cash change in financial facilities	-78	17,874
Changes in cash and cash equivalents caused by currency exchange rates	648	-663
Cash and cash equivalents at the beginning of the period	115,921	98,710
Cash and cash equivalents at the end of the period	116,491	115,921

* 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, 2014 to December 31, 2014 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 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). Each figure has been rounded according to normal commercial practice; this may lead to slight discrepancies when figures are added together.

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 March 30, 2015. The Supervisory Board approved the consolidated financial statements at the Board meeting on April 15, 2015.

[2] APPLICATION AND IMPACT OF NEW AND REVISED STANDARDS

All standards whose application was mandatory as of December 31, 2014 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 2014

The following standards were applied for the first time in fiscal year 2014:

- 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 initial application has no effect on INDUS’ scope of consolidation, but entails more detailed disclosures in the Notes.

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 arrangements in which joint control can be exercised together with a third party.

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 “Disclosure of Interests in Other Entities,” 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.

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.

The first application of the new or changed standards listed above have had no effect on the net assets, financial and earnings position of INDUS, but they have led to additional disclosure in the Notes.

STANDARDS ADOPTED BY THE EU UP TO DECEMBER 31, 2014, WHICH WERE NOT APPLIED EARLY IN THESE FINANCIAL STATEMENTS

Whether and to what extent new/changed standards or interpretations to be applied in future will affect INDUS' net assets, financial, and earnings position is currently being reviewed.

[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 liabilities 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, 2014	Dec. 31, 2013	2014	2013
Brazil	BRL	3.221	3.258	3.122	2.867
Canada	CAD	1.406	1.467	1.467	1.367
Switzerland	CHF	1.202	1.228	1.215	1.231
China	CNY	7.536	8.349	8.188	8.165
Czech Republic	CZK	27.735	27.427	27.536	25.987
Denmark	DKK	7.445	7.459	7.455	7.458
Great Britain	GBP	0.779	0.834	0.806	0.849
Mexico	MXN	17.868	18.073	17.662	16.964
Poland	PLN	4.273	4.154	4.184	4.197
Serbia	RSD	121.381	114.565	117.245	113.064
Singapore	SGD	1.606	1.741	1.683	1.662
Turkey	TRY	2.832	2.961	2.907	2.533
USA	USD	1.214	1.379	1.329	1.328
South Africa	ZAR	14.0353	14.566	14.406	12.831

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 % (previous year: 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 7.6 % (previous year: 9.2 %), Automotive Technology 9.6 % (previous year: 9.3 %), Engineering 8.3 % (previous year: 8.2 %), Medical Engineering/Life Science 6.7 % (previous year: 6.4 %) and Metals Technology 9.0 % (previous year: 8.9 %).

Goodwill is tested for impairment at the level at which this is reasonable from an economic point of view, and possible. 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 41 cash generating units (previous year: 38). 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 capital cost rate were to increase by 0.5 %, goodwill impairment would climb by approximately EUR 4,900,000 (previous year: EUR 1,000,000).

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 January 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.

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.

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 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 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 or currency forward contracts. 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.

Call and put options from the acquisition of companies as a contingent purchase price component are recognized at fair value.

For the evaluation of hedges, such as the call and put options recognized at **fair value** as described above, the market values were measured using only market-related valuation methods in the last two fiscal years. 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).

The market interest rate on the reporting date is used as the input factor for measuring interest-rate swaps. The market interest rate and EBIT multiples are used as the input factor for measuring the fair value of contingent purchase price liabilities.

Discontinued operations are operations that can be isolated and have been shut down. The result of the shut down operation is 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.

The 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 when nettable deferred tax liabilities of a corresponding amount can be offset against a sufficiently taxable income in future.

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 remain between 19 % and 39 %.

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 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 reporting 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. 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 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 of business combinations 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 2015 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 INDUS Holding AG has the direct or indirect possibility of controlling the companies' financial and business policy for the benefit of the INDUS Group. Control is in evidence if a company can exercise power of disposition on its subsidiaries and is subject to variable return flows and has the possibility of using its power of disposition to influence the amount of return flows. 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	of which shareholdings less than 100 %
Fully consolidated subsidiaries				
Dec. 31, 2013				
Construction/Infrastructure	22	2	24	2
Automotive Technology	30	9	39	6
Engineering	21	9	30	9
Medical Engineering/Life Science	4	3	7	1
Metals Technology	15	6	21	2
Others	7	0	7	1
Total	99	29	128	21
Dec. 31, 2014				
Construction/Infrastructure	24	2	26	2
Automotive Technology	30	10	40	6
Engineering	24	12	36	8
Medical Engineering/Life Science	5	6	11	4
Metals Technology	15	7	22	3
Others	7	0	7	1
Total	105	37	142	24

The material operating subsidiaries are presented in the Notes item [44]. 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 the German Federal Gazette. The carrying amount of non-controlling interests amounts to EUR 1,957,000 (previous year: EUR 627,000). None of the non-controlling interests are in themselves material.

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, full economic ownership will remain with INDUS and the respective shares will be fully consolidated and recognized at fair value as contingent purchase price liability. As of the reporting date, purchase price liabilities from minority interests with a right to tender were recognized in the amount of EUR 45,626,000 (previous year: EUR 19,025,000). 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.

On December 31, 2014, the scope of consolidation encompassed 34 fully limited liability companies which constitute a “unit company” with the related commercial partnership (December 31, 2013: 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.

Removals from the scope of consolidation result from the merger of investments.

Eight (previous year: eight) 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.

[5] BUSINESS COMBINATIONS

DISCLOSURES ON FIRST-TIME CONSOLIDATION FOR THE CURRENT FISCAL YEAR

ROLKO

By contract dated April 10, 2014, INDUS Holding AG acquired a 75 % stake in ROLKO Kohlgrüber GmbH with registered office in Borgholzhausen, Germany. The ROLKO Group with locations in Borgholzhausen (Germany), Silkeborg (Denmark), Houten (Netherlands), and Xiamen (China), is a leading provider of rehabilitation equipment, in particular wheelchairs and walking frames. The companies are classified as part of the Medical Engineering/Life Science segment.

The fair value of the entire consideration for the acquisition of the ROLKO Group amounted to EUR 29,357,000 at the time of acquisition. This amount represents EUR 20,250,000 in cash plus

a contingent purchase price liability in the amount of EUR 9,107,000, which was largely factored into the fair value calculation and is the result of a symmetrical call/put option of the 25 % of non-controlling interests. The amount of the contingent purchase price liability is primarily calculated using EBIT multiples and a forecast of the future relevant EBIT.

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

ACQUISITIONS: ROLKO (in EUR '000)

	Carrying amounts at time of addition	Assets added due to first-time consolidation	Additions conso- lidated statement of financial position
Goodwill	0	12,080	12,080
Other intangible assets	6	14,970	14,976
Property, plant and equipment	4,120	365	4,485
Inventories	3,804	396	4,200
Accounts receivable	2,471	0	2,471
Other assets	1,527	0	1,527
Cash and cash equivalents	1,862	0	1,862
Total assets	13,790	27,811	41,601
Other provisions	538	0	538
Liabilities	1,937	0	1,937
Trade accounts payable	484	0	484
Other liabilities	3,123	4,530	7,653
Total liabilities	6,082	4,530	10,612

Goodwill stemming from the first-time consolidation 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.

The ROLKO Group contributes EUR 15,259,000 in sales and EUR 2,209,000 in EBIT to the 2014 result. The group was first consolidated in May 2014. If the ROLKO Group had been consolidated as at January 1, 2014, sales in 2014 would have amounted to EUR 21,960,000 and EBIT to EUR 3,308,000.

The expenses due to the first-time consolidation of the ROLKO Group recognized in profit or loss impacted the operating result in the amount of EUR 1,805,000. Incidental acquisition costs were recorded in the statement of income.

MBN

By contract dated November 10, 2014, INDUS Epsilon GmbH & Co. KG, a wholly owned subsidiary of INDUS Holding AG, acquired a 75 % stake in MBN Maschinenbaubetriebe Neugersdorf GmbH, which is based in Neugersdorf, Saxony, Germany. MBN holds 100 % of the shares in MBN Mechanical Manufacturing Co. Ltd., Changchun, China, and 100 % of the shares in MBN Automotive Inc., Alabama, USA. The MBN Group develops and manufactures plant equipment and machinery for final vehicle assembly. Its main clients include the major German vehicle brands and their foreign subsidiaries and production joint ventures. The MBN Group will be classified as part of the Engineering segment.

The fair value of the entire consideration for the acquisition of the MBN Group amounted to EUR 44,470,000 at the time of acquisition. This amount represents EUR 32,250,000 in cash plus a contingent purchase price liability in the amount of EUR 9,017,000, which was largely factored into the fair value calculation and is the result of a symmetrical call/put option of the 25 % of non-controlling interests. The amount of the contingent purchase price liability is primarily calculated using EBIT multiples and a forecast of the future relevant EBIT.

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

ACQUISITIONS: MBN (in EUR '000)

	Carrying amounts at time of addition	Assets added due to first-time consolidation	Additions conso- lidated statement of financial position
Goodwill	0	21,451	21,451
Other intangible assets	70	1,911	1,981
Property, plant and equipment	5,278	2,955	8,233
Financial assets	578	1,051	1,629
Inventories	11,752	6,847	18,599
Accounts receivable	932	0	932
Other assets	5,494	0	5,494
Cash and cash equivalents	26,078	0	26,078
Total assets	50,182	34,215	84,397
Other provisions	3,819	0	3,819
Liabilities	0	0	0
Trade accounts payable	2,794	0	2,794
Other liabilities	29,942	3,346	33,288
Total liabilities	36,555	3,346	39,901

Goodwill stemming from the first-time consolidation 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.

The MBN Group contributes EUR 17,994,000 in sales and EUR 2,295,000 in EBIT to the 2014 result. The group was first consolidated in November 2014. If the MBN Group had been consolidated as at January 1, 2014, sales in 2014 would have amounted to EUR 66,208,000 and EBIT to EUR 7,638,000.

The expenses due to the first-time consolidation of the MBN Group recognized in profit or loss impacted the operating result in the amount of EUR 1,699,000. Incidental acquisition costs were recorded in the statement of income.

OTHER ACQUISITIONS

On May 21, 2014, IPETRONIK GmbH & Co. KG acquired a 60 % stake in SAVVY Telematic Systems AG with registered office in Schaffhausen, Switzerland. SAVVY AG is a provider of telematics solutions in the logistics sector. The company was first consolidated in May 2014 and classified as part of the Automotive Technology segment.

In the course of its development strategy, the RÜBSAMEN Group acquired TR-Metalltechnik GmbH, Eichenstruth, by contract dated July 3, 2014, under an asset deal. The company specializes in laser and welding technology and is allocated to the Metals Technology segment. The company was first consolidated in July 2014.

By contract dated August 20, 2014, INDUS-Beteiligung ASS acquired a 75 % stake in KNUR Maschinenbau GmbH, Regensburg, Germany. KNUR expands the ASS product portfolio. The company was first consolidated in September 2014. KNUR Maschinenbau GmbH was classified as part of the Engineering segment.

The fair value of the entire consideration for the acquisition of the other companies amounted to EUR 5,841,000 at the time of acquisition. This amount represents EUR 3,787,000 in cash plus a contingent purchase price liability in the amount of EUR 1,241,000, which was largely factored into the fair value calculation and is the result of a symmetrical put/call option of non-controlling interests. The amount of the purchase price liability is primarily calculated using EBIT multiples and a forecast of the future relevant EBIT.

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
Goodwill	0	3,268	3,268
Other intangible assets	14	0	14
Property, plant and equipment	2,008	0	2,008
Financial assets	7	0	7
Inventories	427	485	912
Accounts receivable	1,533	0	1,533
Other assets	417	0	417
Cash and cash equivalents	557	0	557
Total assets	4,963	3,753	8,716
Other provisions	168	0	168
Liabilities	1,687	0	1,687
Trade accounts payable	381	0	381
Other liabilities	379	140	519
Total liabilities	2,615	140	2,755

Goodwill stemming from the first-time consolidation 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 connection with the other new acquisitions EUR 2,812,000 in sales and EBIT in the amount of EUR -125,000 were generated. If the other companies had been consolidated as at January 1, 2014, sales in 2014 would have amounted to EUR 5,134,000 and EBIT to EUR 158,000.

The effects on profit and loss from the first-time consolidation of the other acquisitions impacted the operating result in the amount of EUR 485,000. Incidental acquisition costs were recorded in the statement of income.

[6] DISCONTINUED OPERATIONS

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. NISTERHAMMER had been classified as part of the Engineering segment.

As a consequence the company is shown under “discontinued operations.” The income and expenses of NISTERHAMMER in 2014 and 2013 were as follows:

DISCONTINUED OPERATION (in EUR '000)

	2014	2013
Sales	1,013	8,451
Expenses and other income	-5,608	-12,790
Operating result (EBIT)	-4,595	-4,339
Net interest	-280	-271
Earnings before Taxes	-4,875	-4,610
Taxes	904	692
Earnings after Taxes	-3,971	-3,918
Income from discontinued operation	-3,971	-3,918

The recognition of NISTERHAMMER as a discontinued operation required an adjustment of the previous year's figures in the consolidated statement of income:

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

	2013 reported	IFRS 5	2013 comparable
Sales	1,195,236	-8,451	1,186,785
Other operating income	21,874	-20	21,854
Own work capitalized	3,716	-12	3,704
Change in inventories	1,443	535	1,978
Cost of materials	-569,281	6,492	-562,789
Personnel expenses	-326,205	3,577	-322,628
Depreciation and amortization	-44,424	739	-43,685
Other operating expenses	-168,555	1,479	-167,076
Income from shares accounted for using the equity method	127	0	127
Other financial result	315	0	315
Operating result (EBIT)	114,246	4,339	118,585
Interest income	1,042	0	1,042
Interest expenses	-21,202	271	-20,931
Net interest	-20,160	271	-19,889
Earnings before taxes	94,086	4,610	98,696
Taxes	-30,112	-692	-30,804
Income from discontinued operations	0	-3,918	-3,918
Earnings after taxes	63,974	0	63,974
of which allocable to non-controlling shareholders	121	0	121
of which allocable to INDUS shareholders	63,853	0	63,853
Basic earnings per share in EUR	2.85	-0.17	3.02
Diluted earnings per share in EUR	2.85	-0.17	3.02

NOTES TO THE STATEMENT OF INCOME

[7] SALES

Sales include EUR 127,184 in revenue from construction contracts (previous year: EUR 102,711,000). Sales also include service revenue of EUR 19,852,000 (previous year: EUR 10,139,000).

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

[8] OTHER OPERATING INCOME

(in EUR '000)	2014	2013*
Income from the release of accruals	5,756	5,538
Income from write-ups on property, plant and equipment	1,527	3,500
Release of valuation allowances	2,803	3,287
Transfer to earnings/release of deferrals carried as liabilities	671	1,409
Insurance compensation	726	1,119
Income from rental and lease agreements	702	793
Income from currency translation	4,231	563
Income from asset disposals	941	549
Other operating income	4,540	5,096
Total	21,897	21,854

* Previous year figures adjusted

Income from currency translation of EUR 4,231,000 (previous year: EUR 563,000) was offset by expenses of EUR -292,000 (previous year: EUR -3,413,000). Currency differences included in income thus amounted to EUR 3,939,000 (previous year: EUR -2,850,000).

[9] OWN WORK CAPITALIZED

in EUR '000	2014	2013*
Other own work capitalized	4,644	1,665
Own work capitalized in accordance with IAS 38	2,688	2,039
Total	7,332	3,704

* Previous year figures adjusted

Furthermore, EUR 9,716,000 in research and development expenses was recognized as part of the expenses for the period (previous year: EUR 9,201,000).

[10] CHANGES IN INVENTORIES

in EUR '000	2014	2013*
Work in process	-5,342	-1,221
Finished goods	14,853	3,199
Total	9,511	1,978

* Previous year figures adjusted

[11] COST OF MATERIALS

in EUR '000	2014	2013*
Raw materials and goods for resale	-506,477	-482,671
Purchased services	-91,727	-80,118
Total	-598,204	-562,789

* Previous year figures adjusted

[12] PERSONNEL EXPENSES

in EUR '000	2014	2013*
Wages and salaries	-294,958	-271,721
Social security	-50,750	-47,049
Pensions	-3,302	-3,858
Total	-349,010	-322,628

* 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 -874,000 in net interest (previous year: EUR -861,000).

[13] DEPRECIATION/AMORTIZATION

in EUR '000	2014	2013*
Scheduled amortization	-45,668	-42,537
Impairment losses	-2,302	-1,148
Total	-47,970	-43,685

* Previous year figures adjusted

Impairments were recorded for the cash flow-generating unit SELZER due to lower earnings in the Automotive Technology segment (previous year: NISTERHAMMER and SEMET in the Engineering segment). Impairments concerned valuation adjustments for intangible assets in the amount of EUR 0 (previous year: EUR 213,000) and goodwill impairments of EUR 1,700,000 (previous year: EUR 733,000). The value in use for the cash-flow generating unit was used as the basis for calculating the impairments.

Impairments were additionally recorded on property, plant, and equipment in the amount of EUR 135,000 (previous year: EUR 202,000) and on intangible assets in the amount of EUR 467,000 (previous year: EUR 0).

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

[14] OTHER OPERATING EXPENSES

in EUR '000	2014	2013*
Selling expenses	-72,203	-72,977
Operating expenses	-60,727	-56,026
Administrative expenses	-34,636	-29,577
Other expenses	-6,151	-8,496
Total	-173,717	-167,076

* Previous year figures adjusted

SELLING EXPENSES

in EUR '000	2014	2013*
Shipping, packaging, and provisions	-34,826	-35,166
Vehicle, travel, and entertaining costs	-16,987	-15,327
Marketing and trade fairs	-11,303	-10,955
Accounts receivable and guarantees	-7,173	-9,785
Other selling expenses	-1,914	-1,744
Total	-72,203	-72,977

* Previous year figures adjusted

OPERATING EXPENSES

in EUR '000	2014	2013*
Machinery and plant: leases and maintenance	-23,021	-19,632
Land and buildings: leases and occupancy costs	-17,115	-17,846
Energy, supplies, tools	-14,023	-12,704
Other operating expenses	-6,568	-5,844
Total	-60,727	-56,026

* Previous year figures adjusted

ADMINISTRATIVE EXPENSES

in EUR '000	2014	2013*
IT, office, and communication services	-11,497	-10,602
Consulting and fees	-12,193	-8,935
Insurance	-3,775	-3,578
Human Resources admin and continuing education	-3,525	-3,454
Other administrative costs	-3,646	-3,008
Total	-34,636	-29,577

* Previous year figures adjusted

OTHER EXPENSES

in EUR '000	2014	2013*
Cost of currency translation	-292	-3,413
Disposal of fixed assets	-414	-336
Transfer to provisions	-246	-183
Miscellaneous	-5,199	-4,564
Total	-6,151	-8,496

* Previous year figures adjusted

[15] FINANCIAL RESULT

in EUR '000	2014	2013
Income from financial assets	302	315
Write-downs of financial assets	-61	0
Total	241	315

[16] NET INTEREST

in EUR '000	2014	2013*
Interest and similar income	705	1,042
Interest and similar expenses	-18,858	-20,693
Interest from operations	-18,153	-19,651
Others: market value of interest-rate swaps	430	1,027
Others: non-controlling interests	-8,758	-1,265
Other interest	-8,328	-238
Total	-26,481	-19,889

* Previous year figures adjusted

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 effects on income resulting from the subsequent valuation of contingent purchase price liabilities amounting to EUR 3,675,000 (previous year: EUR 377,000) and income after taxes attributable to non-controlling shareholders from shares in limited partnerships as well as call/put options due to stock corporations. For consistency reasons, this is shown in the net interest item.

In the current fiscal year, interest expenses were reduced by the sum of capitalized borrowing costs totaling EUR 99,000 (previous year: EUR 261,000). This was based on a financing cost rate of 3.8 % (previous year: 4 %).

[17] TAXES

in EUR '000	2014	2013*
Non-recurrent taxes	125	1,259
Current taxes	-35,596	-30,808
Deferred taxes	2,051	-1,255
Total	-33,420	-30,804

* 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. 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)

	2014	2013*
Earnings before income taxes	100,705	98,696
Expected tax expenses 28,8 %	29,003	28,424
Reconciliation		
Non-recurrent taxes	-125	-1,259
Equity measurement of associated companies	-398	-37
Goodwill impairments – stock corporations	0	207
Structural effects of		
divergent local tax rates	873	305
divergent national tax rates	-1,487	-717
Corporate acquisition transaction costs	557	270
Capitalization or impairment of deferred tax loss carryforwards	-257	-301
Actual use of tax loss carryforward	-316	-198
No offsetting of income for autonomous subsidiaries	899	1,598
Earnings attributable to other shareholders	2,522	364
Effects of the interest deduction ceiling on INDUS Holding AG	459	678
Other non-deductible expenses or tax-free income	1,690	1,470
Actual tax expenses	33,420	30,804
as a percentage of earnings	33,2	31,2

* 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 %.

[18] EARNINGS ATTRIBUTABLE TO DISCONTINUED OPERATIONS

Earnings attributable to discontinued operations include the earnings of the NISTERHAMMER investment that has been shut down.

[19] EARNINGS PER SHARE

Earnings came to EUR 2.74 per share (previous year: EUR 3.02). The weighted average number of shares in circulation in the current year was 22,450,509 (previous year 22,410,431). See item [27] for further details.

in EUR '000	2014	2013*
Earnings attributable to INDUS shareholders	63,142	63,853
Earnings attributable to discontinued operations	-3,971	-3,918
Earnings attributable to continuing operations	67,113	67,771
Weighted average shares outstanding (thousands)	24,451	22,410
Earnings per share, continuing operations in EUR	2.74	3.02
Earnings per share, discontinued operations in EUR	-0.16	-0.17

* Previous year figures adjusted

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

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

COSTS IN 2014 (in EUR '000)

	Opening balance Jan. 1, 2014	Disposals in the scope of consolidation	Additions	Disposals	Transfers	Currency translation	Closing balance Dec. 31, 2014
Goodwill	370,826	36,799	931	-15	0	605	409,146
Capitalized developments costs	19,191	0	3,643		-91	0	22,743
Property rights, concessions, and other intangible assets	113,943	16,971	2,887	-3,851	192	185	130,327
Total other intangible assets	133,134	16,971	6,530	-3,851	101	185	153,070
Land and buildings	207,649	5,710	8,129	-1,008	18,303	803	239,586
Plant and machinery	335,283	5,344	21,724	-10,025	3,552	993	356,871
Other equipment, factory, and office equipment	123,496	2,555	12,239	-7,802	2,698	310	133,496
Advance payments and work in process	18,734	1,117	16,475	-784	-25,576	4	9,970
Total property, plant and equipment	685,162	14,726	58,567	-19,619	-1,023	2,110	739,923
Investment property	6,969	0	0	0	922	0	7,891

AMORTIZATION IN 2014 (in EUR '000)

	Opening balance Jan. 1, 2014	Disposals in the scope of consolidation	Additions	Disposals and Transfers	Appreciation in value	Currency translation	Closing balance Dec. 31, 2014
Goodwill	39,220	0	1,700	-15	0	2	40,907
Capitalized developments costs	11,036	0	2,287	-81	0	0	13,242
Property rights, concessions, and other intangible assets	93,211	0	6,150	-3,678	0	116	95,799
Total other intangible assets	104,247	0	8,437	-3,759	0	116	109,041
Land and buildings	66,665	0	6,562	-888	-410	179	72,108
Plant and machinery	257,895	0	20,118	-9,213	-670	665	268,795
Other equipment, factory, and office equipment	88,768	0	10,991	-7,521	-447	411	92,202
Advance payments and work in process	1	0	0	-1	0	0	0
Total property, plant and equipment	413,329	0	37,671	-17,623	-1,527	1,255	433,105
Investment property	1,004	0	348	408	0	0	1,760

CHAP. 4

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

Intangible assets have determinable useful lives. The change in scope of consolidation concerns additions per IFRS 3.

The residual carrying amount of capitalized finance leases came to EUR 15,378,000 for property and building leases (previous year: EUR 15,083,000) and EUR 2,020,000 for plant and machinery leases (previous year: EUR 2,512,000).

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 465,000 (previous year: EUR 454,000), and the related expenses amount to EUR 369,000 (previous year: EUR 350,000). The properties’ fair value totaled EUR 7,927,000 (previous year: EUR 7,200,000).

As at the reporting date, the residual carrying amounts of intangible assets, property, plant, and equipment, and property held as a financial investment came to:

in EUR '000	Dec. 31, 2014	Dec. 31, 2013
Goodwill	368,239	331,606
Capitalized development costs	9,501	8,155
Property rights, concessions and other intangible assets	34,528	20,732
Total other intangible assets	44,029	28,887
Land and buildings	167,478	140,984
Plant and machinery	88,076	77,388
Other equipment, factory and office equipment	41,294	34,728
Advance payments and work in process	9,970	18,733
Total property, plant and equipment	306,818	271,833
Investment property	6,131	5,965

[21] FINANCIAL ASSETS

in EUR '000	Dec. 31, 2014	Dec. 31, 2013
Other investments	1,875	689
Other loans	8,651	8,154
Total	10,526	8,843

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.

[22] SHARES ACCOUNTED FOR USING THE EQUITY METHOD

As of December 31, 2014, the carrying amounts of shares accounted for using the equity method totaled 7,033,000 (previous year: 5,737,000).

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

in EUR '000	2014	2013
Purchase price of associated companies	4,447	4,447
Appropriated income in the period	1,383	127
Key figures of the associated companies:		
Assets	36,611	33,986
Liabilities	17,793	19,493
Capital	18,818	14,493
Revenue	49,989	39,981
Earnings	3,049	1,288

Valuation allowances for receivables from investments measured via the equity method totaled EUR 23,000 (previous year: EUR 10,000). BETOMAX Polska S.A., Konskie, Poland has been listed on the stock exchange since the 2013 financial year. The stock market price of the 27 % stake (previous year: 30 % stake) is EUR 3,833,000 (previous year: EUR 3,120,000).

[23] OTHER ASSETS

in EUR '000	Dec. 31, 2014	Dec. 31, 2013
Accrual of payments not relating to the period under review	3,502	3,012
Other tax refund claims	890	2,156
Long-term receivables	268	0
Reinsurance premiums	1,140	1,065
Loans and other receivables	628	437
Positive swap market value	586	0
Sundr assets	6,953	8,281
Total	13,967	14,951
of which current	12,282	12,050
of which noncurrent	1,685	2,901

[24] DEFERRED TAXES AND CURRENT INCOME TAX

Current income tax assets in the amount of EUR 163,000 are noncurrent (previous year: EUR 468,000) and result primarily from capitalized corporate income tax credits. Of the current income tax liabilities, EUR 2,480,000 are income tax liabilities (previous year: EUR 1,199,000) and EUR 4,183,000 income tax provisions (previous year: EUR 3,958,000).

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
2014			
Goodwill of limited partnerships	466	-24,020	-23,554
Intangible assets	0	-10,696	-10,696
Property, plant and equipment	1,963	-3,374	-1,411
Other noncurrent assets	23	0	23
Receivables and inventories	605	-4,905	-4,300
Other current assets	10	0	10
Long-term provisions	4,482	-30	4,452
Current liabilities	2,855	0	2,855
Capitalization of losses carried forward	2,938	0	2,938
Netting-out of accounts	-9,860	9,860	0
Deferred taxes in statement of financial position	3,482	-33,165	-29,683
	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

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 until the company is sold. As INDUS principally engages in long-term investments in subsidiaries, this item is 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, 2014	Statement of Income	Other	Dec. 31, 2014
Trade tax	2,209	528	0	2,737
Corporate tax	228	-27	0	201
Capitalization of losses carried forward	2,437	501	0	2,938
Other deferred taxes in statement of financial position	-25,850	1,550	-8,321	-32,621
Deferred taxes in statement of financial position	-23,413	2,051	-8,321	-29,683

	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	-633	-5,574	-25,850
Deferred taxes in statement of financial position	-16,585	-1,254	-5,574	-23,413

* Previous year figures adjusted

The other changes in deferred taxes resulted from the change in other income and earnings from discontinued operations:

COMPOSITION OF OTHER DEFERRED TAXES

in EUR '000	2014	2013*
Reserve for marked-to-market valuation of cash flow hedges	273	-598
Currency translation reserve	-160	208
Pension provisions (actuarial gains/losses)	1,432	83
Reclassification IFRS 5	0	-38
Change in scope of consolidation	-9,866	-5,229
Total	-8,321	-5,574

* Previous year figures adjusted

Deferred tax assets were recognized for trade tax and corporate income tax losses carried forward totaling EUR 21,203,000 (previous year: EUR 18,220,000).

Other losses carried forward totaling EUR 152,409,000 (previous year: EUR 145,938,000) which are unlikely to be realized in the next five years were not capitalized. The majority of these were trade tax loss carryforwards resulting from the fiscal particularities prevailing at INDUS Group, as explained in item [17]. 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 158,000 were not recognized (previous year: EUR 422,000). Deferred tax assets totaling EUR 127,000 (previous year: EUR 744,000) were recognized in addition to the relevant deferred tax liabilities for companies which have recently suffered tax losses.

[25] INVENTORIES

in EUR '000	Dec. 31, 2014	Dec. 31, 2013
Raw materials and supplies	82,638	82,493
Unfinished goods	80,220	74,579
Finished goods and goods for resale	86,429	73,252
Prepayments for inventories	16,403	5,732
Total	265,690	236,056

The value of the inventories' carrying amounts was adjusted downward by EUR 10,637,000 (previous year: EUR 16,084,000). Inventories totaling EUR 0 (previous year: EUR 465,000) were pledged as collateral for liabilities.

[26] ACCOUNTS RECEIVABLE

in EUR '000	Dec. 31, 2014	Dec. 31, 2013
Accounts receivable from customers	144,421	137,894
Future accounts receivable from customer-specific construction contracts	11,649	11,048
Accounts receivable from associated companies	6,021	7,276
Total	162,091	156,218

In the year under review, EUR 331,000 in accounts receivable from customers with maturities of over one year were recognized (previous year: EUR 105,000).

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

in EUR '000	2014	2013
Costs incurred including prorated income	58,892	33,039
Advance payments received	71,747	28,817
Construction contracts with a positive balance	11,649	11,048
Construction contracts with a negative balance	24,504	6,826

Construction contracts with a balance on the liabilities side are reported under other liabilities.

The accounts receivable include valuation allowances amounting to EUR 6,101,000 (previous year: EUR 6,762,000). They developed as follows:

in EUR '000	2014	2013
Valuation allowances as of January 1	6,762	7,267
Currency translation	5	-13
Changes in the scope of consolidation	71	35
Additions	2,364	3,139
Utilization	-1,044	-379
Reversals	-2,057	-3,287
Valuation allowances as of December 31	6,101	6,762

[27] 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 10, 2019, through the issuance of up to 12,225,254 new no-par-value bearer shares in exchange for contributions in cash and/or contributions in kind on one or more occasions up to a total of EUR 31,785,660.51 (Authorized Capital 2014). 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 shareholders' subscription rights in certain cases.

The total number of shares issued or to be issued on the basis of one of these authorizations under exclusion of the subscription right may not exceed 10 % of the capital stock at the time such authorization is exercised.

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 the holders or creditors of convertible bonds or warrants of optional bonds (or a combination thereof) issued or guaranteed by INDUS Holding AG or its Group companies through the date June 23, 2018 pursuant to the authorization granted to the Board of Management by the Annual Shareholders' Meeting on July 24, 2013, of such convertible bonds or warrants; or
- fulfillment by the obligated parties of obligations to exercise/convert convertible bonds or optional bonds issued or guaranteed by the company or its Group companies through the date June 23, 2018 pursuant to the authorization granted to the Board of Management by the Annual Shareholders' Meeting on July 24, 2013; and
- contingent capital being required in accordance with the terms of the convertible bonds/option 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 42.0 % (previous year: 43.6 %).

The cost of raising equity capital in connection with the share offering in the previous year was EUR 146,000 after tax, which was recorded directly in equity, being deducted from the capital reserve.

INTERESTS ALLOCABLE TO NON-CONTROLLING SHAREHOLDERS

Interests held by non-controlling shareholders essentially consist of the non-controlling interests in the limited liability companies WEIGAND Bau GmbH and subsidiaries of ROLKO-Kohlgrüber GmbH. Non-controlling interests 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, are shown under other liabilities [31].

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 1.20 per no-par-value share (previous year: EUR 1.10). Given 24,450,509 shares (previous year: 24,450,509), the total payment amount was EUR 29,340,610.80 (previous year: EUR 26,895,559.90). 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, 2012	Other result 2013	Dec. 31, 2013	Other result 2014	Dec. 31, 2014
Reserve for currency translation	6,268	-2,727	3,541	1,959	5,500
Pension provisions (actuarial gains/losses)	-4,593	-287	-4,880	-4,971	-9,851
Deferred taxes for pensions	1,323	83	1,406	1,431	2,837
Reserve for cash flow hedges	-9,459	3,771	-5,688	-1,726	-7,414
Deferred taxes for cash flow hedges	1,494	-598	896	273	1,169
Total other reserves	-4,967	242	-4,725	-3,034	-7,759

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 373,000 (previous year: EUR 329,413,000). Taking equity in the statement of financial position into account, total capital comes to EUR 922,871,000 (previous year: EUR 844,761,000). Relative to total interest-bearing capital employed, the equity ratio is 59.6 % (previous year: 61.0 %).

The increase in total capital of EUR 78,110,000 (previous year: EUR 67,908,000) results from the increase in equity of EUR 34,542,000 (previous year: EUR 101,192,000) and an increase in debt of EUR 43,588,000 (previous year: reduction of EUR 33,374,000). The reinvested capital enhances INDUS' solid capital base.

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. The required minimum equity ratio was exceeded by a wide margin in the past fiscal year.

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

	2014	2013	Change
Current service cost	380	368	12
Interest cost	874	861	13
Income from plan assets	-78	35	-113
Cost of defined benefit obligation	1,176	1,264	-88
+ defined contribution plan cost	3,109	3,035	74
= cost of pension commitments for the period carried on the statement of income	4,285	4,299	-14

STATEMENT OF FINANCIAL POSITION VALUATION (in EUR '000)

	2014	2013	Change
Present value of benefit obligations financed by provisions	27,174	21,804	5,370
Present value of funded benefit obligations	2,297	2,177	120
DBO: accumulated benefit obligation	29,471	23,981	5,490
Market value of plan assets	-2,297	-2,178	-119
Net obligation = provisions	27,174	21,803	5,371
Actuarial gains/losses	-9,851	-4,879	-4,972
Opening balance: amount carried on the statement of financial position as of January 1	21,803	20,928	875
Pension obligation expenses	1,176	1,264	-88
Pension payments	-776	-676	-100
Actuarial gains/losses realized in equity	4,971	287	4,684
Closing balance: amount carried on the statement of financial position as of December 31	27,174	21,803	5,371
Underlying assumptions in %:			
Discount rate	2.40	3.70	
Salary trend	2.50	2.50	
Pension trend	1.75	1.75	
Expected income from plan assets	2.40	3.70	

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 2,056,000 (previous year: EUR 1,563,000) or increase these by EUR 2,268,000 (previous year: EUR 1,656,000).

Payments in the amount of EUR 981,000 are anticipated in 2015 in connection with retirement benefits (in 2013 for 2014: EUR 813,000).

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

in EUR '000	2014	2013
Assets as of January 1	2,178	2,315
Expected return on plan assets	78	-35
Ongoing employer contributions	17	17
Pensions paid	-145	-145
Netting out/Other	169	26
Assets as of December 31	2,297	2,178

The statement of financial position also includes reimbursement claims totaling EUR 1,140,000 (previous year: EUR 721,000). There were no assets that were not recognized (previous year: EUR 75,000).

[29] OTHER PROVISIONS

Other provisions include interest in the amount of EUR 79,000 (previous year: EUR 160,000).

PROVISIONS 2014 (in EUR '000)

	Opening balance Jan. 1, 2014	Change in scope of consolidation	Amount utilized	Reversal	Additions/ new accruals	Currency differenz	Closing balance Dec. 31, 2014
Sales and purchasing obligations	23,345	3,012	-15,936	-3,513	17,614	95	24,617
Personnel expenses	16,487	560	-12,600	-360	12,767	58	16,912
Other provisions	12,931	439	-7,635	-1,571	7,831	52	12,047
Total	52,763	4,011	-36,171	-5,444	38,212	205	53,576

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.

[30] FINANCIAL LIABILITIES

The following tables contain information on financial liabilities and the related derivatives:

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

	Dec. 31, 2014 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	375,238	90,865	237,547	46,826
in Swiss francs	6,064	1,949	4,115	0
in other currencies	0	0	0	0
Finance leases	11,013	2,013	8,917	83
Promissory note bonds	70,000	0	31,675	38,325
Total financial liabilities	462,315	94,827	282,254	85,234
Derivatives/interest-rate swaps – Nominal values	193,863	5,841	82,291	105,731

	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

[31] OTHER LIABILITIES

in EUR '000	Dec. 31, 2014	Current	Noncurrent	Dec. 31, 2013	Current	Noncurrent
Accounts payable to outside shareholders	55,585	10,003	45,582	25,706	8,257	17,449
Accounts payable for personnel	12,996	12,996	0	12,662	12,645	17
Derivative financial instruments	7,746	7,746	0	6,452	6,452	0
Advance payments received	5,758	5,741	17	15,156	15,156	0
Construction contracts with a negative balance	24,505	24,505	0	6,827	6,827	0
Accrual of non-recurrent payments	5,702	5,702	0	7,116	7,116	0
Accrual of payments not relating to the period under review	3,440	2,774	666	2,418	1,725	693
Investment subsidies	3,239	0	3,239	2,597	0	2,597
Customer credit notes	5,833	5,833	0	4,259	4,259	0
Sundry other liabilities	2,876	2,536	340	7,870	7,250	620
Total	127,680	77,836	49,844	91,063	69,687	21,376

Accounts payable to outside shareholders included EUR 45,626,000 (previous year: EUR 19,025,000) in severance payment entitlements or contingent purchase price liabilities where non-controlling shareholders could tender their shares to INDUS due to termination of the articles of incorporation or on the basis of option agreements.

OTHER DISCLOSURES

[32] DISCLOSURE ON THE STATEMENT OF CASH FLOWS

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

in EUR '000	2014	2013
Net cash transactions attributable to the acquisition of portfolio companies:	-56,289	-56,316
plus assumed financial liabilities	-3,624	-2,844
of which cash flow from investing activities	28,497	9,955
Net purchase price	-31,416	-49,205

Cash and cash equivalents include limited-authorization accounts with a balance of EUR 155,000 (previous year: EUR 473,000). Investing and financing transactions amounting to EUR 4,033,000 (previous year: EUR -446,000) which had no impact on cash and cash equivalents are not part of the statement of cash flows.

[33] 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
2014								
Sales with external third parties	225,113	351,729	221,245	114,411	342,909	1,255,407	316	1,255,723
Sales with Group companies	9,969	40,997	42,097	5,562	32,544	131,169	-131,169	0
Sales	235,082	392,726	263,342	119,973	375,453	1,386,576	-130,853	1,255,723
Segment earnings (EBIT)	32,973	24,250	26,412	18,839	31,433	133,907	-6,721	127,186
Earnings from equity valuation	495	769	119	0	0	1,383	0	1,383
Depreciation/Amortization	-5,935	-19,950	-6,359	-3,479	-11,578	-47,301	-669	-47,970
of which scheduled depreciation	-5,935	-18,250	-5,757	-3,479	-11,578	-44,999	-669	-45,668
of which unscheduled depreciation	0	-1,700	-602	0	0	-2,302	0	-2,302
Write-ups	0	1,080	0	51	396	1,527	0	1,527
Segment EBITDA	38,908	43,120	32,771	22,267	42,615	179,681	-6,052	173,629
Capital expenditure	11,000	27,590	16,868	23,776	17,588	96,822	334	97,156
of which company acquisitions	0	175	10,258	20,325	658	31,416	0	31,416
Dec. 31, 2014								
Shares accounted for using the equity method	2,215	3,663	1,155	0	0	7,033	0	7,033
Goodwill	101,601	71,284	110,342	55,565	29,447	368,239	0	368,239

CHAP. 4

	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	197,770	95,771	319,251	1,186,503	282	1,186,785
Sales with Group companies	9,222	38,312	30,260	3,462	33,950	115,206	-115,206	0
Sales	233,420	387,825	228,030	99,233	353,201	1,301,709	-114,924	1,186,785
Segment earnings (EBIT)	30,626	26,991	24,186	16,219	27,622	125,644	-7,059	118,585
Earnings from equity valuation	188	346	-407	0	0	127	0	127
Depreciation/Amortization	-5,468	-18,198	-5,690	-2,492	-11,212	-43,060	-625	-43,685
of which scheduled depreciation	-5,468	-18,198	-4,542	-2,492	-11,212	-41,912	-625	-42,537
of which unscheduled depreciation	0	0	-1,148	0	0	-1,148	0	-1,148
Write-ups	0	3,500	0	0	0	3,500	0	3,500
Segment-EBITDA	36,094	41,689	29,876	18,711	38,834	165,204	-6,434	158,770
Capital expenditure	15,340	24,437	46,485	3,591	10,659	100,512	383	100,895
of which company acquisitions	0	7,670	41,535	0	0	49,205	0	49,205
Dec. 31, 2013								
Shares accounted for using the equity method	1,762	2,894	1,082	0	0	5,738	0	5,738
Goodwill	101,481	72,550	84,643	43,485	29,447	331,606	0	331,606

* Previous year figures adjusted

RECONCILIATION (in EUR '000)

	2014	2013*
Segment earnings (EBIT)	133,907	125,644
Areas not allocated, incl. holding company	-5,506	-5,899
Consolidations	-1,215	-1,160
Net interest	-26,481	-19,889
Earnings before taxes	100,705	98,696

* 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. The transfer prices between the segments are based on market prices.

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
2014				
Sales revenues with third parties	1,255,723	655,197	263,355	337,171
Dec. 31, 2014				
Noncurrent assets, less deferred taxes and financial instruments	732,250	644,368	17,767	70,115
2013				
Sales revenues with third parties	1,186,785	611,192	251,671	323,922
Dec. 31, 2013				
Noncurrent assets, less deferred taxes and financial instruments	644,025	561,751	15,375	66,899

* Previous year figures adjusted

[34] INFORMATION ON THE SIGNIFICANCE OF FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS 2014 (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	10,526		10,526		10,526	11,928
Cash and cash equivalents	116,491		116,491		116,491	116,491
Accounts receivable	162,091	11,649	150,442		150,442	150,442
Other assets	13,967	890	13,077	586	12,491	12,491
Financial instruments: assets	303,075	12,539	290,536	586	289,950	291,352
Financial liabilities	462,316		462,316		462,316	474,390
Trade accounts payable	47,942		47,942		47,942	47,942
Other liabilities	127,679	34,785	92,894	44,557	48,337	48,337
Financial instruments: liabilities	637,937	34,785	603,152	44,557	558,595	570,670

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
Financial instruments: 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		45,543		45,543	45,543
Other liabilities	91,063	18,194	72,869	24,546	48,323	48,323
Financial instruments: liabilities	560,135	18,194	541,941	24,546	517,395	504,249

* Previous year figures adjusted

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

	Carrying amount		Net gains/losses	
	Dec. 31, 2014	Dec. 31, 2013*	2014	2013
Measured at fair value through profit and loss				
for trading purposes	586	0	586	-199
designated instrument	0	0	0	0
Held-to-maturity financial investments	0	0	0	0
Loans and receivables	288,075	282,040	2,662	-3,910
Available-for-sale financial assets	1,875	689	125	128
Financial instruments: assets	290,536	282,729	3,373	-3,981
Measured at fair value through profit and loss				
for trading purposes	53,372	25,888	-1,294	4,829
designated instrument	0	0	0	0
Financial liabilities measured at their residual carrying amounts	549,779	535,489	948	-644
Financial instruments: liabilities	603,152	561,377	-346	4,185

* 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 444,000; previous year: EUR 1,891,000), 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 -17,213,000 (previous year: EUR -20,699,000).

TYPE AND SCOPE OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS

PRINCIPLES OF FINANCIAL RISK MANAGEMENT

In keeping with the philosophy of INDUS Holding AG, the assessment and management of operating risks is the responsibility of the portfolio companies and their management. The holding company calculates and monitors the overall financing need on the basis of the local risk assessment and the investment and financing plans of the respective portfolio companies. 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 (2014: EUR 116,491,000, previous year: EUR 115,921,000). The firm also has available credit lines totaling EUR 24,713,000 (previous year: EUR 28,806,000).

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, 2014			Dec. 31, 2013		
	1 year	1 to 5 years	Over 5 years	1 year	1 to 5 years	Over 5 years
Interest rate derivatives	3,396	5,360	396	3,839	5,653	509
Total derivative financial instruments	3,396	5,360	396	3,839	5,653	509
Financial liabilities	103,053	306,276	86,273	130,735	271,188	64,048
Trade accounts payable	47,943	0	0	45,543	0	0
Other liabilities	81,075	46,514	90	54,531	18,878	0
Total financial instruments	232,071	352,790	86,353	230,809	290,066	64,048

Cash flows consist of principal payments and their respective interest. In the previous year they also included 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 seven customers (previous year: 15) each accounted for more than 1 % of Group sales. This corresponds to a share of about 20 % in open items as recognized in the consolidated financial statements (previous year: 30 %). The ten largest customers accounted for roughly 28 % of consolidated sales (previous year: 26 %).

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)

	2014	2013
Amount carried in the statement of financial position*	150,442	145,170
+ valuation allowances contained therein	6,100	6,762
= gross value of accounts receivable before valuation allowances	156,542	151,932
of which as per reporting date		
neither impaired nor overdue	110,574	115,044
not impaired and overdue by the following periods:		
less than 3 months	30,247	27,945
3 to 6 months	2,705	1,968
6 to 9 months	258	220
9 to 12 months	811	923
over 12 months	833	1,695

* 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 assets, 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, 2014		Dec. 31, 2013	
	+100 BP	-100 BP	+100 BP	-100 BP
Market value of derivatives	4,285	-4,504	4,686	-3,761
of which equity/hedges	4,210	-4,427	287	-12
of which interest expenses per Statement of Income	75	-77	4,399	-3,749
Market value of loans	9,708	-10,274	8,043	-4,628
Total market value	13,993	-14,778	12,729	-8,389

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 assets, 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 -2,603,000 (previous year: EUR -1,409,000). The main factors here are net receivables denominated in US dollars and Swiss francs (previous year: US dollar).

HEDGE ACCOUNTING

HEDGING ACTIVITIES

Currency hedges – exclusively in US dollars – as of the reporting dates had a nominal volume of EUR 12,670,000 (previous year: EUR 6,236,000). These hedges had a market value of EUR 381,000 (previous year: EUR -89,000).

There were no commodity hedges as of the reporting date (previous year: nominal volume: EUR 528,000; market value: EUR 42,000).

The Group maintained interest rate hedges with a nominal volume of EUR 193,863,000 (previous year: EUR 249,510,000). The market values totaled EUR -7,746,000 (previous year: EUR -7,642,000). Further details on terms and maturities are included in the report on financial liabilities.

[35] COLLATERAL FURNISHED

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

PLEDGED ASSETS (in EUR '000)

	2014	2013
Land charges	23,108	28,360
Securities collateral	2,684	24,849
Other collateral	232	1,587
Total collateral	26,024	54,796

The securities collateral in the previous year relates to the ABS financing that ended in 2014.

[36] CONTINGENT LIABILITIES

Obligations from guarantees came to EUR 49,644,000 (previous year: EUR 15,773,000). These include external obligations amounting to EUR 19,083,000 (previous year: EUR 15,773,000) which INDUS Holding AG assumed in connection with the business activities of the portfolio companies, and guarantees for construction contracts amounting to EUR 30,561,000 (previous year: EUR 0). This increase is largely due to the acquisition of MBN. Currently, it is extremely unlikely that the beneficiaries would utilize the guarantees.

[37] 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	2014	2013
Up to 1 year	15,494	19,023
1 to 5 years	30,855	32,681
Over 5 years	26,173	25,576
Total	72,522	77,280

Operating lease installments in the year under review amounted to EUR 15,480,000 (previous year: EUR 18,655,000).

Purchase obligations for fixed assets amount to EUR 3,131,000 (previous year: EUR 11,054,000), of which EUR 3,127,000 (previous year: EUR 11,047,000) was for property, plant, and equipment, and EUR 4,000 (previous year: EUR 7,000) 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 regularly contain 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
2014				
Lease installments	2,388	9,670	85	12,143
Interest component	376	753	1	1,130
Carrying amount/present value	2,012	8,917	84	11,013
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

The assets concern real estate property with a residual carrying amount of EUR 15,378,000 (previous year EUR 15,083,000) and other property, plant, and equipment valued at EUR 2,020,000 (previous year EUR 2,512,000). 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 7.5 %). There are no rental payments, contingent or otherwise, from subleases.

[38] RELATED PARTY DISCLOSURES

MEMBERS OF THE 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 (six members in 2014 and six members in 2013), the Board of Management at INDUS Holding AG (2014: three members, previous year: three members), and the managing directors of the operating units (2014: 100 individuals, previous year: 86 individuals). In fiscal 2014, 15 managing directors were non-controlling shareholders in their respective companies (previous year: 9). Their shares in earnings are included in net income under non-controlling shareholders.

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 0 were made within the framework of a defined contribution plan for members of the Board of Management (previous year: EUR 3,000).

COMPENSATION OVERVIEW (in EUR '000)

	Period expense	Of which wages and salaries	Of which SAR*	Of which severance	Of which pensions
2014					
INDUS Holding AG					
Supervisory Board	322	322	0	0	0
Board of Management	2,151	1,871	280	0	0
Subsidiaries					
Managing directors	17,973	17,271	0	436	266
Family members	635	635	0	0	0
Total	21,081	20,099	280	436	266

2013

INDUS Holding AG					
Supervisory Board	315	315	0	0	0
Board of Management**	2,007	1,727	280	0	0
Subsidiaries					
Managing directors	13,391	13,379	0	0	12
Family members	690	690	0	0	0
Total	16,403	16,111	280	0	12

* SAR = Stock Appreciation Rights = Virtual stock option

** The received compensation is listed for the Board of Management

In 2014, 18 family members of shareholders or managing directors were employed at portfolio companies (previous year: 14 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 each in 2014 and 2013.

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 the option strike price at the time of exercise (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 2014 77,200 SARs were granted (previous year 85,523). At the grant date the total fair value of the SARs was EUR 280,000 (previous year EUR 280,000). The stock of SARs granted up to December 31, 2014, amounts to 437,654 (previous year: 565,133). The pro rata fair value of previously granted SARs was calculated at a total of EUR 1,436,000 at the reporting date (previous year EUR 1,596,000). Provisions in this amount were allocated on the annual financial statements. Personnel expenses include the EUR 408,000 change in fair value before discounting (previous year: EUR 804,000). The cost due to the change in the fair value of the SARs for former members of the Board of Management amounts to EUR 31,000 (previous year: EUR 382,000). In fiscal 2013 and 2014, no stock rights were granted to former members of the Board of Management. Fair values were determined using an option price model, taking account of the cap on payout claims. The options are subject to a restriction period of four years and an exercise period of two years.

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 noncash 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 2014 and the 2013 fiscal year, the compensation paid to the members of the Board of Management of INDUS Holding AG 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).

In total, the members of the Board of Management were paid EUR 2,151,000 (previous year: EUR 2,007,000). EUR 1,261,000 hereof pertains to the fixed remuneration (previous year: EUR 1,237,000), EUR 610,000 to short-term variable remuneration (EUR 490,000), and EUR 280,000 to stock appreciation rights (previous year: EUR 280,000). See the explanations provided in the Corporate Governance Code in the management report regarding the individual Board of Management remunerations.

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. 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 0 for advisory services (previous year EUR 43,000).

CHAP. 4

RELATED PARTY TRANSACTIONS (in EUR '000)

	Sales and other operating income	Goods purchased	Other purchases*	Open items	Loans granted
2014					
Associated companies	2,969	320	823	-264	1,820
Family members of BoM members and shareholder	11,117	1,391	885	913	0
Non-controlling shareholder	0	0	653	0	2,408
Managing directors of portfolio companies	1,361	0	2,130	54	0
Total related party transactions	15,447	1,711	4,491	703	4,228

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

* Interest, rent, consulting service

Open items amounting to EUR 23,000 (previous year: EUR 10,000) were value-adjusted.

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

	2014	2013
Employees per region		
Germany	5,867	5,618
Europe (EU & Switzerland)	752	712
Rest of world	967	929
Total	7,586	7,259
Employees per segment		
Construction/Infrastructure	1,104	1,074
Automotive Technology	3,160	3,163
Engineering	1,151	1,030
Medical Engineering/Life Science	825	697
Metals Technology	1,323	1,275
Other	23	20
Total	7,586	7,259

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

Fees payable to the accounting firm Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft were as follows: for auditing the consolidated financial statements EUR 190,000 (previous year: EUR 190,000) and other auditing and accounting services EUR 5,000 (previous year: EUR 0).

[41] GERMAN CORPORATE GOVERNANCE CODE

In December 2014, 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).

[42] DISCLOSURES PURSUANT TO COMMERCIAL CODE SEC. 264 PARA. 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 December 31, 2014, 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.

[43] EVENTS AFTER THE REPORTING DATE

In February 2015, the Board of Management, with the Supervisory Board's approval, resolved to discontinue operations at SEMET, which continues to operate at a loss, and to shut down the company. Around 35 employees will be affected by this move. No major effects on the financial and earnings position are expected by discontinuing operations here.

Bergisch Gladbach, April 15, 2015
INDUS Holding AG

The Board of Management

A stylized, circular signature in black ink.

Jürgen Abromeit

A signature in black ink that reads "Schmidt" with a long horizontal stroke at the end.

Dr. Johannes Schmidt

A signature in black ink that reads "Weichert" with a long horizontal stroke at the end.

Rudolf Weichert

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable accounting principles as of December 31, 2014, 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 2014 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 15, 2015

The Board of Management



Jürgen Abromeit



Dr. Johannes Schmidt



Rudolf Weichert

DIVIDEND PROPOSAL

The following proposal will be submitted to the Annual Shareholders' Meeting regarding the appropriation of the balance sheet profit for the 2013 fiscal year to the amount of EUR 63,571,323.62:

Payment of a dividend of EUR 1.20 per no-par-value share (24,450,509) to the capital stock of EUR 63,571,323.62	29,340,610.80
Transfer to other revenue reserves	32,000,000.00
Earnings carried forward	2,230,712.82
Balance sheet profit	63,571,323.62

Bergisch Gladbach, den April 15, 2015

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, 2014. 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 15, 2015

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		
ANCOTECH AG, Dielsdorf/Switzerland	4.11 **	100
BETOMAX systems GmbH & Co. KG, Neuss	2.03	100
FS Kunststofftechnologie GmbH & Co. KG, Reichshof-Hahn*	0.72	100
HAUFF-Technik GmbH & Co. KG, Hermaringen	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 i. Grabfeld	1.00	80
Weinisch GmbH & Co. KG, Oberviechtach	0.53	100
Automotive Technology		
AURORA Konrad G. Schulz GmbH & Co. KG, Mudau*	3.52	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*	1.60	100
KIEBACK GmbH & Co. KG, Osnabrück	0.54	100
Konrad SCHÄFER GmbH, Osnabrück*	1.55	100
SELZER Fertigungstechnik GmbH & Co. KG, Driedorf*	7.54	85
SITEK-Spikes GmbH & Co.KG, Aichhalden	1.05	100
S.M.A. Metalltechnik GmbH & Co. KG, Backnang*	1.06	100
Wiesaplast Deutschland GmbH & Co. KG, Wiesau*	9.91	100
Engineering		
ASS Maschinenbau GmbH, Overath*	0.57	100
M. BRAUN Inertgas-Systeme GmbH, Garching n. Munich*	1.35	100
BUDDE Fördertechnik GmbH, Bielefeld*	0.36	75
ELTHERM GmbH, Burbach*	0.91	100
GSR Ventiltechnik GmbH & Co. KG, Vlotho*	0.57	100
HORN GmbH & Co. KG, Flensburg*	4.12	100
MBN – Maschinenbaubetriebe Neugersdorf GmbH, Ebersbach-Neugersdorf*	0.19	75
NISTERHAMMER Maschinenbau GmbH & Co. KG, Nister	0.80	100
SEMET Maschinenbau GmbH & Co. Kommanditgesellschaft, Brackenheim*	0.83	100
Turmbau Steffens & Nölle GmbH, Berlin	0.50	100

By segments	Capital EUR millions	INDUS stake in %
Medical Engineering/Life Science		
IMECO GmbH & Co. KG, Hösbach*	0.75	100
MIKROP AG, Wittenbach/Switzerland*	1.08 **	100
OFA Bamberg GmbH, Bamberg	1.50	100
Rolko Kohlgrüber GmbH, Borgholzhausen*	0.30	75
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*	0.57	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	90
Karl SIMON GmbH & Co. KG, Aichhalden*	3.18	100
VULKAN INOX GmbH, Hattingen*	1.07	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 the German Federal Gazette.

FURTHER INFORMATION ON THE BOARD MEMBERS

THE SUPERVISORY BOARD OF THE INDUS HOLDING AG

Helmut Späth, Graduate in Business Administration (Dipl.-Kfm.),
Deputy Chairman of the Management Board of Versicherungskammer Bayern, Munich
Chairman (since June 11, 2014)

Further mandates in the sense of Sec. 125, Para. 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 (until June 30, 2014)
- ifb AG, Cologne, Supervisory Board Chairman

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

Burkhard Rosenfeld, Engineer (Dipl.-Ing.), Bergisch Gladbach
Chairman (until June 11, 2014)

Further mandates in the sense of Sec. 125, Para. 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, Chairman of the Board at Investitionsbank Berlin, Hamburg
Deputy Chairman

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

- Neue Dorint GmbH, Cologne, Supervisory Board Chairman
- GAGFAH S.A., Luxembourg, Vice Chairman (until December 31, 2014)
- HSH Nordbank AG (since June 1, 2014, until December 31, 2014)

Dr. Ralf Bartsch, fully qualified lawyer, Management Spokesman for the SCHLAU/HAMMER Group, Porta Westfalica

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

- Meffert AG Farbwerke, Bad Kreuznach, Supervisory Board Chairman

Dr. Dorothee Becker, Graduate in Economics, Management Spokesperson for Gebrüder Becker GmbH Group, Wuppertal (since June 11, 2014)

Hans Joachim Selzer, Engineer (Dipl.-Wirtschafts-Ing.), Driedorf

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

- Herborner Pumpenfabrik J. H. Hoffmann GmbH & Co. KG, Herborn

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

THE BOARD OF MANAGEMENT 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, Düsseldorf

Dr.-Ing. Johannes Schmidt, Bergisch Gladbach

Rudolf Weichert, Erkrath

KEY FIGURES

in EUR '000	2007	2008	2009	2010	2011	2012	2013*	2014
Consolidated Statement of Income								
Sales	915,031	920,100	766,399	971,585	1,097,125	1,105,271	1,186,785	1,255,723
of which domestic	551,313	541,295	448,573	537,708	592,907	569,488	611,191	655,198
of which abroad	363,718	378,805	317,826	433,877	504,218	535,783	575,594	600,525
Personnel expenses	236,922	241,793	227,753	265,128	292,129	306,240	322,628	349,010
Personnel expenses ratio (personnel expenses as % of sales)	25.9	26.3	29.7	27.3	26.6	27.7	27.2	27.8
Cost of materials	433,032	441,067	336,985	461,988	544,840	523,555	562,789	598,204
Cost of materials ratio (cost of materials as % of sales)	47.3	47.9	44.0	47.5	49.7	47.4	47.4	47.6
EBITDA	143,091	133,412	102,837	145,032	159,972	151,778	162,270	175,156
Depreciation/Amortization	40,685	43,086	45,780	43,596	46,759	45,818	43,685	47,970
EBIT	102,406	90,326	57,057	101,436	113,213	105,960	118,585	127,186
EBIT margin (EBIT as % of sales)	11.2	9.8	7.4	10.4	10.3	9.6	10.0	10.1
Interest	24,997	30,344	27,575	27,390	22,961	21,093	19,889	26,481
EBT	77,409	59,982	29,481	74,047	90,252	84,867	98,696	100,705
Net income for the year (earnings after taxes)	50,943	27,865	11,410	46,943	55,635	52,481	63,974	63,314
Earnings per share, basic as per IFRS (in EUR)	2.74	1.78	0.89	2.59	2.75	2.47	3.02	2.74
Statement of Financial Position								
Assets								
Intangible assets	303,753	313,334	306,689	306,644	313,877	310,706	360,493	412,268
Property, plant and equipment	239,381	250,663	238,888	244,460	245,453	253,917	271,833	306,818
Inventories	161,351	172,047	143,102	178,756	222,778	219,058	236,056	265,690
Accounts receivable	115,543	104,546	99,267	117,617	108,422	137,054	156,218	162,091
Other assets	33,668	37,164	32,027	28,772	26,530	41,333	40,383	45,029
Cash and cash equivalents	77,617	87,791	93,506	96,840	123,107	98,710	115,921	116,491
Equity and liabilities								
Equity	234,130	246,373	241,714	309,489	382,095	414,138	515,330	549,872
Provisions	50,862	52,743	47,994	62,211	65,552	68,229	74,566	80,750
Financial liabilities	517,978	526,254	501,846	476,231	434,283	440,497	423,529	462,315
Other equity and liabilities	128,343	140,175	121,925	125,158	158,237	137,914	167,479	215,450
Total assets	931,313	965,545	913,479	973,089	1,040,167	1,060,778	1,180,904	1,308,387

CHAP. 5

in EUR '000	2007	2008	2009	2010	2011	2012	2013*	2014
Group equity ratio (equity/total assets) as %	24.7	25.5	26.5	31.8	36.7	39.0	43.6	42.0
Noncurrent financial liabilities	386,568	378,413	363,501	326,417	322,604	331,146	304,769	367,935
Current financial liabilities	131,410	147,841	138,345	149,814	111,679	109,351	118,760	94,381
Net debt (noncurrent and current financial liabilities – cash and cash equivalents)	440,361	438,463	408,340	379,391	311,176	341,787	307,608	345,824
Net debt/EBITDA	3.1	3.3	4.0	2.6	1.9	2.3	1.9	2.0
Trade accounts payable	33,286	28,109	28,019	36,053	46,056	37,313	45,543	47,942
Advance payments and production orders received with balances on the liabilities side	8,925	7,209	4,988	7,207	16,694	16,016	21,983	30,263
Working capital (inventories + trade accounts receivable – trade accounts payable – advance payments – production orders with balance on liabilities side)	234,683	241,275	209,362	253,113	268,450	302,783	324,748	349,576
Net debt/equity	1.9	1.8	1.7	1.2	0.8	0.8	0.6	0.6
Equity ratio (net income/equity) in %	21.8	11.3	4.7	15.2	14.6	12.7	12.4	11.5
Capital expenditure	77,804	56,275	34,694	52,042	58,259	53,926	100,895	97,156

Statement of Cash Flows

Operating cash flow	108,047	107,309	106,595	81,903	130,158	68,428	117,411	104,385
Cash flow from operating activities	82,136	80,667	77,091	54,297	106,238	45,919	97,522	86,961
Cash flow from investing activities	-73,410	-55,507	-32,709	-38,425	-56,929	-53,525	-99,625	-95,234
Cash flow from financing activities	-23,615	-14,853	-39,126	-13,888	-23,349	-16,523	19,977	8,195
Cash flow per share (in EUR)	4.52	4.39	4.20	2.91	5.17	2.07	4.35	3.56

Other performance indicators

XETRA year end price (in EUR)	24.25	13.37	12.00	21.99	18.86	20.26	29.20	38.11
Average number of shares	18,154,180	18,370,033	18,370,033	18,676,200	20,543,819	22,227,737	22,410,431	24,450,509
Number of shares at year end	18,370,033	18,370,033	18,370,033	20,207,035	22,227,737	22,227,737	24,450,509	24,450,509
Market capitalization	445,473	245,607	220,440	444,353	419,215	450,334	713,955	931,809
Total dividend (in EUR millions)	21.6	21.8	14.7	9.2	18.2	22.2	22.2	26.9
Dividend per share (in EUR)	1.20	0.80	0.50	0.90	1.00	1.00	1.10	1.10
Number of portfolio companies	42	41	40	40	39	38	40	42

* Previous year figures adjusted; EBITDA incl. write-ups

CONTACT

INDUS Holding AG

Kölner Straße 32

51429 Bergisch Gladbach

P.O. Box 10 03 53

51403 Bergisch Gladbach

Phone: +49(0)2204/40 00-0

Fax: +49 (0)2204/40 00-20

Internet: www.indus.de

E-mail: indus@indus.de

FINANCIAL CALENDAR

April 21, 2015	Publication annual report and annual earnings 2014 press conference
April 22, 2015	Analysts' conference, Frankfurt/Main
May 19, 2015	Interim report on the first quarter 2015
June 3, 2015	Annual Shareholders' Meeting 2014, Cologne
August 18, 2015	Interim report H1 2015
November 17, 2015	Interim report on the first three quarters 2015
November 23 – 25, 2015	Deutsches Eigenkapitalforum, Frankfurt/Main

IMPRINT

Responsible member of the Management Board:

Jürgen Abromeit

Head of Public Relations & Investor Relations:

Regina Wolter

Phone: +49 (0)2204/40 00-70

Fax: +49 (0)2204/40 00-20

E-mail: wolter@indus.de

Publisher:

INDUS Holding AG, Bergisch Gladbach

Concept/Design:

Berichtsmanufaktur GmbH, Hamburg

Photos:

Catrin Moritz, Essen

INDUS Group

Date of publishing:

April 21, 2015

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

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

