Q2 2016
—
INDUS HOLDING AG

[INDUS]

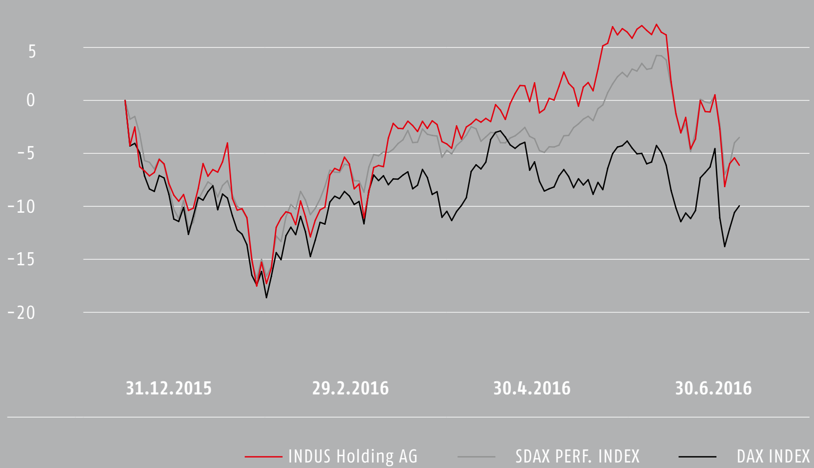
HIGHLIGHTS

- A weak start to the year, followed by a surge in sales and earnings in the second quarter
- One new company and five strategic additions acquired in the first half of the year
- The Construction segment is booming; Engineering and Medical Engineering are fundamentally sound
- A better, if still disappointing, margin in the Automotive sector
- Results of operations have improved according to plan in Metals Technology
- Forecast reiterated without change

KEY FIGURES (IN EUR MILLIONS)	**H1 2016**	H1 2015
Sales	714.9	675.6
EBITDA	96.2	87.0
EBIT	69.3	62.7
Net result for the period	37.0	32.0
Earnings per share (in EUR)	1.50	1.31
Operating cash flow	31.3	26.4
	30.6.2016	31.12.2015
Total assets	1,479.5	1,419.8
Equity capital	597.2	595.4
Net debt	424.5	356.3
Equity ratio in %	40.4	41.9
Investments (as of the reporting date)	44	43

- Weak share turnover in the first six months

SHARE PRICE PERFORMANCE OF THE INDUS SHARE IN THE FIRST HALF-YEAR 2016 (IN %)



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LETTER TO THE SHAREHOLDERS

DEAR SHAREHOLDERS,

The first quarter of 2016 was cause for only moderate satisfaction on our part, but the tables have turned considerably in the months since. Though the year got off to a weak start, subsequent developments have overcompensated for an unpromising beginning, and the INDUS Group has achieved a net increase in results of more than 10 % – a result that also includes consolidation effects from new portfolio companies. By June the economic situation had stabilized considerably. The collapse in raw material prices, especially in the case of oil, appears to have come to an end for the time being. The economic data for the U.S. and Europe appear stable, and Asia continues to be an engine of growth in the world economy, if at a lower level than in the boom years of the past. The labor market data are good as well, and consumers remain confident.

Nevertheless, the last few weeks have seen a cascade of unexpected events. No sooner had we come halfway to terms with the surprising electoral result in Britain favoring an exit from the EU (the political and economic consequences of which have yet to be seen) than there was widespread talk of yet another banking crisis. Eight years after the Lehman bankruptcy, ailing financial institutions once again pose a threat to the European economy, and once again there is a call for bailouts with tax money, this time for the Italian banks. The summer break was rudely interrupted by the failed coup attempt in Turkey. And as if that were not enough, France again became the target of terror, as has, for the first time, Germany.

We assume that further political and economical shocks and setbacks are to be expected in the coming months. The situation as we see it is highly fragile, but we are well positioned to meet these new challenges as well. Despite an ever more complicated environment, we will continue to pursue our path to growth. There is a brisk and acceptably priced market for M&A even if many investors are of a different opinion. Our most recent acquisitions demonstrate this. To date we have already met our first target budget of approximately EUR 50 million for acquisitions with our acquisition of H. HEITZ and five other strategic additions. But rest assured: we are seeing many more opportunities at the moment and will therefore continue to make selective acquisitions in the next several months.

H. HEITZ is almost quintessentially the ideal INDUS portfolio enhancement: international, profitable in its niche, family-managed. Like others before them, the two owners found our model of a partnership on an equal footing persuasive. To which can be added, according to Guido Heitz, that “it was a good fit on a human level, too”. It is not least because of our personal approach, coupled with transparency, fairness, and the promise of a long-term, successful future, that more and more entrepreneurs in the SME sector are being persuaded to entrust their companies to us.

One thing is clear today in light of the most recent events: the “cozy” days are over for good. But INDUS is now so well positioned that we can hold our own even in a very challenging environment.

Bergisch Gladbach, Germany, August 2016
Yours, The Board of Management

Jürgen Abromeit   Dr. Johannes Schmidt   Rudolf Weichert

With the HEITZ Group, INDUS strengthens its portfolio by a further market leader in a niche. H. HEITZ is one of the largest suppliers in its sector world-wide. Production takes place at its headquarters in Melle as well as in Hungary; a subsidiary in the U.S. is also part of the Group. The market for veneer edges is international, and H. HEITZ currently reports an export ratio of around 70 %.

CONTINUING ON IN GOOD HANDS

PHASE 1
CONTACT PHASE

MAKING CONTACT
Directly or through a partner

INITIAL ASSESSMENT
Is the company fundamentally compatible with INDUS? Are the basic data (industry focus, perspective, economic position) a fit? Is the business model sustainable? Are there any prospects for growth and internationality?

INDICATIVE ESTIMATE OF THE COMPANY'S VALUE; PROPOSALS FOR CARRYING OUT THE TRANSACTION

PHASE 2
CONSIDERATION PHASE

DETAILED ANALYSIS (DUE DILIGENCE)
Detailed analysis of the company's development to date, its current position and its future plans and strategy

FINANCIAL, TAX AND LEGAL REVIEW

VALUATION OF THE COMPANY; AGREEMENT ON THE TRANSACTION MODALITIES

DRAFTING A CONTRACT OF SALE

PHASE 3
TRANSITION

THE FIRST STEP IN ACQUIRING A CONTROLLING INTEREST
Previous shareholder remains on board, takes part in planning the succession

TAKEOVER OF THE REMAINING SHARES
Previous shareholder resigns, INDUS takes over all shares

FURTHER ADVISORY WORK DESIRED

TYPICAL DURATION OF THE TRANSACTION PROCESS
3 TO 6 MONTHS

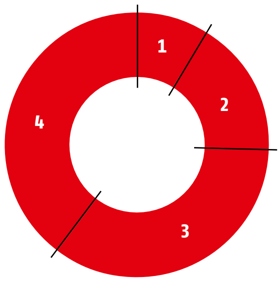
Corporate succession in the SME industry – the topic is of more immediate relevance in Germany than ever. At the same time, there is scarcely a more sensitive topic: Every company has a history of its own, and the conditions for successful continuation could not be more varied. What do SMEs watch out for when providing for their succession, and how does INDUS plan for it in concrete terms?

According to a recent survey by the Kreditanstalt für Wiederaufbau (KfW), some 580,000 SMEs plan to transfer or sell their companies in the coming years. That amounts to 16% of the SME industry, and at least four million employees will be affected. The selling option is considered by roughly half of those companies, often for lack of a suitable successor, sometimes because the succeeding generation cannot agree on the continuation.

Entrepreneurial families considering a sale are confronted with a multitude of questions. The most important is, who is the right buyer? Private equity investors promise a high price, but they burden the company with expectations of high returns and an "interim status", as the holding time is limited. After five to ten years, the company ends up in new hands. A family office may offer the promise of a long-term perspective, but it does not preclude a sale at some later date. Those things aside, the required industry knowledge is often lacking. What remains is a sale to a strategic investor. But this sort of investor buys to leverage synergies. In other words, the company is integrated, divisions are merged, locations are closed down.

INDUS stands for another, more long-term and therefore more sustainable approach. "Buy and hold and develop" is the motto. The goal is to hold a company for the long term and support it in its entrepreneurial development. With capital, an outstanding network, and an abundance of industry expertise, INDUS is

SUCCESSION PLANS IN THE SME INDUSTRY IN 2017 (IN %)



1	SUCCESSION WITHIN THE FAMILY	9
2	SUCCESSION FROM OUTSIDE	17
3	CURRENTLY NO PLANS, BUT LATER	35
4	NO PLANS AT ALL	40

Source: KfW 2016

able to contribute new strengths. True to the motto "The sum of all parts is worth more than the individual", the company becomes a member of a group of companies with a long-range vision and the outlook of a family entrepreneur.

INDUS FOUND, FUTURE ASSURED

The HEITZ Group has belonged to INDUS since June of this year. Located in Lower Saxony, this highly-specialized niche company produces veneer edging and cladding veneers made of real wood for the furniture and construction industries. Family-managed, international and highly profitable, it is the quintessential INDUS company. When Guido Heitz and his brother Ralf began to look for a solution to the issue of succession, the company was in sound shape. "We wanted to act without time pressure and continue to guide the company for a few more years after handing it over," says Heitz. The ambition was nothing less than an assurance that H. HEITZ would still be at the top of the world market in another five or ten years. As Guido Heitz well knows, "The struggle to maintain such a strong position is never over." "An entrepreneur cannot just pull out from one day to the next." It was a consultant engaged by the owner family who ultimately put the company in touch with INDUS.

CONSTANTS AND EXPERIENCE DESIRED

An important principle observed by INDUS after a purchase can be summed up as "partnership on an equal footing". It is why previous owners or family members sometimes remain in management positions in their companies long after they are sold. Examples of such long-term family management in the INDUS portfolio include the companies BUDDE, KIEBACK, MBN, RAGUSE, REMKO, ROLKO, SELZER, and WEIGAND. The advantages are readily apparent. The company continues to benefit from years of management experience, employee confidence in the management does not have to be reestablished, and the existing network is spared a "risky" transfer.

The other path can be described as "sale with transition". In this model, too, the family entrepreneur remains in a top management position for several years after the legal transition. But the transition phase is defined, and in cooperation with the INDUS Board of Management new managers are recruited and inducted.

The most important criterion for a new managing director is personality. INDUS looks exclusively for people who think like an entrepreneur and have the requisite expertise and industry experience. A technical background is preferred to a purely commercial one.

THE PROCESS: STRUCTURED, DISCREET, SIMPLE

In its more than 30-year corporate history, INDUS has absorbed close to 70 companies into the group at the first and second levels. Every year some 20 to 30 companies undergo closer scrutiny. This wealth of experience is what enables the INDUS team to manage the selling process with a sure hand – from the initial company valuation and clarification of special legal issues to the final transition planning. Those who approach INDUS as entrepreneurs are in dialog with the INDUS Board of Management from the very beginning, because the transfer of one's life work should be a top management matter for both parties.

And, according to INDUS policy, one that must be subject to the utmost discretion throughout the selling phase. The best solution for both parties is one that is developed with no breakdowns in mutual trust. Just as important are clear and transparent agreements. This applies not least to the purchase agreement. INDUS avoids complicated contractual instruments as much as possible and takes an accommodating approach to the seller even during the drafting phase. And, last but not least, INDUS transfers the purchase price within ten days after the closing. And that is guaranteed. "Here, too, we stand by our promise," says INDUS CEO Jürgen Abromeit, "because we operate openly and fairly at all times".

3 QUESTIONS FOR

Jürgen Abromeit

WHEN INDUS COMES ON BOARD, WHAT CHANGES AND WHAT STAYS THE SAME?

When we bring a company into the group, its growth prospects improve. As a "house bank" and "development bank", for example, we can open up avenues that would otherwise remain closed. The future and growth – that is all that we discuss with the local management. All we expect from the company is that it uses what we have to offer for its own advancement. Everything else can stay the way it is.

HOW DOES INDUS GO ABOUT INTEGRATING A COMPANY INTO THE GROUP?

There is no integration in a group sense because we don't work like a concern. Commercially we function simply as a financial holding that consolidates the figures for the companies within the group. The sales that are transacted among group companies are initiated by the companies independently. There is, for example, no joint purchasing or collective cash management. Quite clearly, there are no directives coming from the holding company. The local business is what counts.

IS THERE SUCH A THING AS A "NO GO" FOR INDUS IN THE ACQUISITION PROCESS?

Anyone who knows us knows that we are always open and above board. Fairness, clarity and transparency are exceptionally important to us. As long as we can be certain of those things, we work hard to come up with a solution for both sides. If any of these criteria are compromised, we pull out at once.

Ralf and Guido Heitz

WHAT MAKES H. HEITZ ATTRACTIVE IN YOUR VIEW?

The whole package. Our company is financially sound. We are operating sucessfully in an international niche. Our customers include major players such as IKEA along with numerous suppliers, which means that we don't have any potential weaknesses in our customer structure. That is something you can build on.

YOU ARE BOTH STILL RELATIVELY YOUNG. WHY ARE YOU PUTTING H. HEITZ IN NEW HANDS NOW?

We knew early on that we needed to settle the question of succession, as it was already clear that the successor would not be coming from the family. At first we flirted with the idea of selling to a strategic investor. On the other hand, it is not always guaranteed that the buyer is financially covered in such cases. And the strategic direction is not always a perfect match either. We then found in INDUS a partner that won us over with the long-term nature of its commitment. It was a good fit even on a human level.

HOW MUCH DO YOU REGRET THAT H. HEITZ WILL NO LONGER BE IN FAMILY HANDS IN THE FUTURE?

As entrepreneurs, we think in terms of what is in the best interest of the company and its employees. The sale was the right step for us on an emotional level, too. The most important thing for us was that our employees put their full support behind this process. For this reason we are confident that the name H. HEITZ and what it embodies will be preserved by INDUS long into the future.

INTERIM MANAGEMENT REPORT

PERFORMANCE OF THE INDUS GROUP IN THE FIRST HALF-YEAR OF 2016

CONSOLIDATED STATEMENT OF INCOME (IN EUR MILLIONS)

			DIFFERENCE	
	H1 2016	H1 2015	ABSOLUTE	IN %
Sales	**714.9**	**675.6**	**39.3**	**5.8**
Other operating income	5.5	7.6	-2.1	-27.6
Own work capitalized	2.1	4.0	-1.9	-47.5
Change in inventories	6.1	17.8	-11.7	-65.7
Overall performance	**728.6**	**705.0**	**23.6**	**3.3**
Cost of materials	-326.9	-335.4	8.5	-2.5
Personnel expenses	-210.2	-193.0	-17.2	8.9
Other operating expenses	-95.9	-90.0	-5.9	6.6
Income from shares accounted for using the equity method	0.4	0.3	0.1	33.3
Other financial results	0.2	0.1	0.1	100.0
EBITDA	**96.2**	**87.0**	**9.2**	**10.6**
Depreciation and amortization	-26.9	-24.3	-2.6	10.7
Operating result (EBIT)	**69.3**	**62.7**	**6.6**	**10.5**
Net interest	-12.4	-12.7	0.3	-2.4
Earnings before taxes (EBT)	**56.9**	**50.0**	**6.9**	**13.8**
Taxes	-19.9	-18.0	-1.9	10.6
Overall result	**37.0**	**32.0**	**5.0**	**15.6**
of which allocable to non-controlling shareholders	0.4	0.1	0.3	> 100
of which allocable to INDUS shareholders	36.6	31.9	4.7	14.7

After the year got off to a weak start, most of the INDUS portfolio companies experienced a strong up-tick in demand in the months that followed. While sales increased by a mere 1.5 % in Q1 2016, sales growth stood at 5.8 % after six months. That figure reflects EUR 39.3 million in additional sales. Group sales increased to EUR 714.9 million in total (previous year: EUR 675.6 million). Group sales for Q1 reached EUR 332.8 million (previous year: EUR 327.9 million), for Q2, EUR 382.1 million (previous year: EUR 347.7 million).

The cost of materials declined in absolute terms in the first six months, primarily because of lower material costs in the Engineering and Metals Technology segments. The cost-of-materials ratio was reduced from 49.6 % to a gratifying 45.7 %. Personnel expenses increased (partly as a result of the addition of new portfolio companies). A slight upward movement was observed in the personnel expense ratio, which reached 29.4 % (previous year: 28.6 %). Depreciation and amortization increased by 10.7 % to a total of EUR 26.9 million. The increase was attributable to the heavy investment in fixed assets in past years and increased write-downs of added values discovered in connection with the purchase price allocation for newly acquired companies.

The operating result (EBIT), which in Q1 2016 had declined slightly compared with the previous year (-3.2 %), experienced a disproportionately rapid increase of 10.5 %, from EUR 62.7 million in the first half of 2015 to EUR 69.3 million in the period under review. The EBIT margin improved to 9.7 % (previous year: 9.3 %) primarily because of the extremely strong second quarter.

ADJUSTED OPERATING EBIT INCREASES BY 11.0 %

Adjusted operating EBIT at the end of the first half of 2016 (after the effects of company acquisitions) stood at EUR 75.5 million (previous year: EUR 68.0 million). This was equivalent to an increase of 11.0 %. The adjusted EBIT margin was 10.6 % as compared to 10.1 % the year before. Effects resulting from company acquisitions were eliminated from the adjusted operating EBIT. These were write-downs for fair value adjustments on fixed assets and inventory assets (order backlog) of the acquired companies along with costs incidental to acquisition of the companies.

RECONCILIATION (IN EUR MILLIONS)

			DIFFERENCE	
	H1 2016	H1 2015	ABSOLUTE	IN %
Operating result (EBIT)	**69.3**	**62.7**	**6.6**	**10.5**
Depreciation of property, plant, and equipment, and amortization of intangible assets due to fair value adjustments from first-time consolidation*	3.1	2.3	0.8	34.8
Impact of fair value adjustments on inventory assets/order backlog from first-time consolidation** and incidental acquisition costs	3.1	3.0	0.1	3.3
Adjusted operating result (EBIT)	**75.5**	**68.0**	**7.5**	**11.0**

* Depreciation/amortization from fair value adjustments relate to identified assets at fair value in connection with acquisitions made by the INDUS Group.
** Impacts of fair value adjustments in inventory assets/order backlog relate to identified added value, included in the purchase price allocation and recognized after initial consolidation.

Recognized in net interest income is the interest for the valuation of interest rate swaps, non-controlling interests and interest from business operations, the latter of which declined again. For the first half of 2016, operating interest expense amounted to EUR 7.3 million; for the same period of the previous year it stood at EUR 8.5 million. Despite an increase of EUR 0.9 million in interest expense for the shares of non-controlling shareholders, net interest income therefore improved by 2.0 %, to EUR -12.5 million.

Consequently, with a rise of nearly 14 %, earnings before taxes (EBT) considerably exceeded the figure for the first half of 2015. The tax ratio also was reduced, from 35.9 % in the previous year to 35.0 %, owing in particular to an increase in earnings contributions from foreign companies that were subject to lower tax rates. Before the shares of non-controlling shareholders were deducted, the net result for the period had increased by EUR 5.0 million to EUR 37.0 million (previous year: EUR 32.0 million). Earnings per share reached EUR 1.50, up from EUR 1.31 for the same period of the previous year.

During the first six months of 2016, the company had on average 9,242 employees (previous year: 8,063 employees).

INVESTMENTS AND ACQUISITIONS IN 2016

INDUS continued to pursue its expansionary policy in 2016 and acquired a new portfolio company along with further strategic additions for existing portfolio companies ("sub-subsidiaries"). In the first six months, with the acquisitions already reported in Q1 2016, of COMPUTEC (through BUDDE), CREAPHYS (through M. BRAUN), CAETEC (through IPETRONIK) and MBH Solutions (through ANCOTECH), the INDUS Group invested in the purchase of four strategic additions and one company at the portfolio level.

A new profitable company, H. HEITZ Furnierkantenwerk GmbH & Co. KG of Melle, Germany, was added to the Construction/Infrastructure segment in June. The HEITZ Group produces veneer edging and cladding veneers made of real wood for the furniture and construction industries and is one of the world's largest suppliers in that niche. Production takes place at company headquarters in Melle and in a branch facility in the Hungarian town of Pusztaszabolcs. The HEITZ Group also includes a subsidiary in the U.S. The veneer edging market is international, and H. HEITZ currently reports an export ratio of roughly 70 %. In the preceding financial year, the group generated sales of approximately EUR 30 million with its roughly 300 employees. Its customer base is broad and consists mainly of furniture manufacturers, customers in trade and handicrafts, and companies in the sheathing and door- and window-making industries. H. HEITZ has profited in large part from two trends in recent years: the trend towards streamlining production processes in the furniture industry through outsourcing of value-added services and growing demand among customers for higher quality furniture even in the lower price segments.

In July 2016 the INDUS portfolio company MIKROP acquired a strategic investment, IN-SITU GmbH in Sauerlach, Germany, in the field of machine vision. IN-SITU develops optical testing systems for various manufacturing processes and applies high-precision and fast testing technologies to monitor product quality. Examples of applications include the inspection and reading system "DotScan", which captures 3D shapes, for the quality control of braille on pharmaceutical packaging and for identifying surface bubbles and wrinkles on injection components and scratches on metal components; the laser scanner system "3DCarScan" for capturing the geometry of vehicles in car washes in 3D; and an inspection system for the optical examination of the thickness and diagonal wear on the brake pads of passenger cars. The company was founded in 2001 and sought a strategic partner to give its growth a stronger impetus. The INDUS portfolio company MIKROP specializes in developing and producing high-precision miniature optics.

SEGMENT REPORT

The INDUS Holding AG investment portfolio is organized into five segments: Construction/Infrastructure, Automotive Technology, Engineering, Medical Engineering/Life Science, and Metals Technology. As of June 30, 2016, our investment portfolio encompassed 44 operating units.

INDUS CONSTRUCTION/INFRASTRUCTURE SEGMENT

STRONG EBIT RESULTING IN PART FROM ANTICIPATORY EFFECTS

The boom in the construction industry has held strong. Sales in this segment showed an exceptionally strong 22.3 % increase over the comparable period in 2015. This was true of nearly every portfolio company in the segment. The operating result also rose sharply. The EBIT margin reached an exceptionally healthy 14.9 % (previous year: 10.9 %). This was owing in part to the strong demand for air conditioners. The bulk of the annual sales occurred in the first half of the year in this case, as customers moved up their orders. Sales and result can therefore be expected to slacken in this market segment during the second half of

2016. Investments increased substantially owing to the purchase of the HEITZ Group.

KEY FIGURES CONSTRUCTION/INFRASTRUCTURE (IN EUR MILLIONS)

			DIFFERENCE	
	H1 2016	H1 2015	ABSOLUTE	IN %
Sales	130.0	106.3	23.7	22.3
EBITDA	22.7	14.6	8.1	55.5
Depreciation and amortization	-3.3	-3.0	-0.3	10.0
EBIT	19.4	11.6	7.8	67.2
EBIT margin in %	14.9	10.9	4.0pp	–
Capital expenditure	26.1	4.0	22.1	> 100
Employees	1,330	1,130	200	17.7

INDUS AUTOMOTIVE TECHNOLOGY SEGMENT

EARNINGS SITUATION SEES IMPROVEMENT OVER Q2 2015

The slight drop in sales in this segment (1.0 %) was to be expected after the year got off to a weak start with some softening in demand. The operating result (EBIT) fell from EUR 11.0 million in Q2 2015 to EUR 9.2 million. Process problems experienced by a serial supplier since the middle of 2015 resulted in cost increases that continued to have a negative impact on result in 2016. The process problems have since been resolved, and the earnings situation has gradually improved. The persistent Russian boycott of European goods has had a contrary effect. The demand for spikes, already on the decline in 2015, weakened again in the first half of the year. The segment's EBIT margin had improved to 5.1 % (up from 4.7 % in Q1 2016) by the middle of the year. Investments increased primarily because of the purchase of CAETEC (by the portfolio company IPETRONIK).

KEY FIGURES AUTOMOTIVE TECHNOLOGY (IN EUR MILLIONS)

			DIFFERENCE	
	H1 2016	H1 2015	ABSOLUTE	IN %
Sales	181.5	183.4	-1.9	-1.0
EBITDA	18.4	20.0	-1.6	-7.9
Depreciation and amortization	-9.2	-9.1	-0.1	1.1
EBIT	9.2	11.0	-1.8	-16.4
EBIT margin in %	5.1	6.0	-0.9pp	–
Capital expenditure	17.6	11.8	5.8	49.2
Employees	3,436	3,249	187	5.8

INDUS ENGINEERING SEGMENT

SALES GROWTH ATTRIBUTABLE TO CONSOLIDATION EFFECT

Sales in this segment increased sharply from the previous year. The disproportionately rapid growth of 11.5 % can be attributed primarily to sales by IEF-Werner, which are included in the semi-annual report for the first time. On the whole, the companies in this segment recorded unwavering demand and a vigorous flow of incoming orders. The operating result (EBIT) increased, at a rate (+8.1 %) that did not quite keep pace with the growth in sales, to EUR 18.6 million, up from EUR 17.2 million for the same period of the previous year. At 12.5 %, the EBIT margin was once again above 12 %. Investments remained at the previous year's level at roughly EUR 4 million.

KEY FIGURES ENGINEERING (IN EUR MILLIONS)

			DIFFERENCE	
	H1 2016	H1 2015	ABSOLUTE	IN %
Sales	148.8	133.4	15.4	11.5
EBITDA	22.6	20.8	1.8	8.7
Depreciation and amortization	-4.0	-3.6	-0.4	11.1
EBIT	18.6	17.2	1.4	8.1
EBIT margin in %	12.5	12.9	-0.4pp	–
Capital expenditure	3.6	3.8	-0.2	-5.3
Employees	1,566	1,370	196	14.3

INDUS MEDICAL ENGINEERING/LIFE SCIENCE SEGMENT

A GOOD SECOND QUARTER FOR OFA

Sales growth in the Medical Engineering/Life Science segment amounted to 16.2 % over the same period of the previous year. This was attributable to two factors: inclusion of RAGUSE in the semi-annual financial statements for the first time and a thriving business in compression stockings and ortheses. With a rise of 6.6 %, operating result (EBIT) increased somewhat less energetically, reaching EUR 9.7 million. As in the first quarter, this segment continued to feel the effects of increased costs resulting from integration of NEA and the new start-up of the second OFA production location in Glauchau, Germany. The EBIT margin improved considerably, from 10.5 % in Q1 2016 to 12.8 % as of now. The EUR 27.1 million in investments during the same period of the previous year were increased primarily by the purchase of NEA International.

KEY FIGURES MEDICAL ENGINEERING/LIFE SCIENCE (IN EUR MILLIONS)

			DIFFERENCE	
	H1 2016	H1 2015	ABSOLUTE	IN %
Sales	75.9	65.3	10.6	16.2
EBITDA	12.9	11.4	1.5	13.2
Depreciation and amortization	-3.2	-2.3	-0.9	39.1
EBIT	9.7	9.1	0.6	6.6
EBIT margin in %	12.8	13.9	-1.1pp	–
Capital expenditure	2.9	27.1	-24.2	-89.3
Employees	1,466	945	521	55.1

INDUS METALS TECHNOLOGY SEGMENT

POSITIVE TREND IN MARGIN DEVELOPMENT

The Metals Technology segment recorded a slight 4.4 % decline in sales in the first half of 2016. The decline was attributable mainly to weaker demand for carbide tools in the mining sector. The operating result fell by 2.5 %, to EUR 15.7 million in absolute terms in the first half of 2016, down from EUR 16.1 million in the same period of the previous year. The Metals Technology segment also had a portfolio company that had to contend with process problems in 2015, but the partial restructuring that began thereafter is now having an effect. The EBIT margin improved from 8.6 % for the same period of the previous year to currently 8.8 %. The EUR 8.4 million in investments made in the same period of the previous year were up primarily as a result of investments in a new warehouse and additional infrastructure for the portfolio company SIMON.

KEY FIGURES METALS TECHNOLOGY (IN EUR MILLIONS)

			DIFFERENCE	
	H1 2016	H1 2015	ABSOLUTE	IN %
Sales	178.8	187.0	-8.2	-4.4
EBITDA	22.3	22.1	0.2	0.9
Depreciation and amortization	-6.6	-6.0	-0.6	10.0
EBIT	15.7	16.1	-0.4	-2.5
EBIT margin in %	8.8	8.6	0.2pp	–
Capital expenditure	4.6	8.4	-3.8	-45.2
Employees	1,417	1,385	32	2.3

FINANCIAL POSITION

CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED (IN EUR MILLIONS)

			DIFFERENCE	
	H1 2016	H1 2015	ABSOLUTE	IN %
Operating cash flow	**31.3**	**26.4**	**4.9**	**18.4**
Interest	-14.0	-7.6	-6.3	83.3
Cash flow from operating activities	**17.3**	**18.8**	**-1.5**	**-8.0**
Cash outflow for investments	-55.2	-55.9	0.7	-1.3
Cash inflow from the disposal of assets	0.8	0.4	0.4	100.0
Cash flow from investing activities	**-54.4**	**-55.5**	**1.1**	**-2.0**
Dividends paid to shareholders	-29.3	-29.3	0.0	0.0
Dividends paid to non-controlling shareholders	-0.4	-0.1	-0.3	> 100
Cash inflow from the assumption of debt	96.0	83.0	13.0	15.7
Cash outflow from the repayment of debt	-63.2	-39.3	-23.9	60.8
Cash flow from financing activities	**3.1**	**14.3**	**-11.2**	**-78.3**
Net cash change in financial facilities	-34.0	-22.4	-11.6	51.8
Changes in cash and cash equivalents caused by currency exchange rates	-0.4	1.5	-1.9	< -100
Cash and cash equivalents at the beginning of the period	132.2	116.5	15.7	13.5
Cash and cash equivalents at the end of the period	**97.8**	**95.6**	**2.2**	**2.3**

STATEMENT OF CASH FLOWS: OPERATING CASH FLOW INCREASED SUBSTANTIALLY IN LINE WITH EXPECTATIONS

Based on earnings after taxes of EUR 37.0 million (previous year: EUR 32.0 million), operating cash flow increased by EUR 4.9 million in the first half of 2016 from the same period of the previous year. At EUR 14.0 million, the cash flow for interest paid stood considerably higher than in the previous year (EUR 7.6 million). The reason for this was higher variable interest payments (profit distributions) for non-controlling shareholders owing to the good results achieved by these companies and accounting-related higher payments of amounts already recognized as an expense in the previous year. Consequently, the cash flow from operating activities declined slightly, by EUR 1.5 million to EUR 17.3 million.

Cash flow from investment activities amounted to EUR -54.4 million (previous year: EUR -55.5 million) as of June 30, 2016; this item includes, in addition to the acquisition of fixed assets and intangible fixed assets (amounting to EUR 20.0 million), the acquisition of H. HEITZ and the purchase of strategic additions amounting in total to EUR 32.9 million.

The cash flow from financing activities ended up lower than in the same period of the previous year at EUR 11.2 million, as more loan repayments were made than in the same period of the previous year. At EUR 97.8 million, cash and cash equivalents were, as planned, considerably lower than at the end of 2015, but slightly higher than the previous year's figure.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONDENSED (IN EUR MILLIONS)

			DIFFERENCE	
	30.6.2016	31.12.2015	ABSOLUTE	IN %
ASSETS				
Noncurrent assets	**860.9**	**827.8**	**33.1**	**4.0**
Fixed assets	857.4	821.7	35.7	4.3
Accounts receivable and other current assets	3.5	6.1	-2.6	-42.6
Current assets	**618.6**	**591.9**	**26.7**	**4.5**
Inventories	298.9	281.6	17.3	6.1
Accounts receivable and other current assets	221.9	178.1	43.8	24.6
Cash and cash equivalents	97.8	132.2	-34.4	-26.0
TOTAL ASSETS	**1,479.5**	**1,419.7**	**59.8**	**4.2**
EQUITY AND LIABILITIES				
Noncurrent liabilities	**1,152.8**	**1,091.6**	**61.2**	**5.6**
Equity	597.2	595.4	1.8	0.3
Debt	555.6	496.2	59.4	12.0
of which provisions	34.1	30.0	4.1	13.7
of which payables and income taxes	521.5	466.2	55.3	11.9
Current liabilities	**326.7**	**328.2**	**-1.5**	**-0.5**
of which provisions	70.9	62.3	8.6	13.8
of which liabilities	255.8	265.9	-10.1	-3.8
TOTAL EQUITY AND LIABILITIES	**1,479.5**	**1,419.8**	**59.7**	**4.2**

BALANCE SHEET: INCREASED WORKING CAPITAL

At EUR 1,479.5 million, the INDUS Group's consolidated total assets are 4.2 % higher than they were as of December 31, 2015. The clear decrease in cash and cash equivalents (EUR -34.4 million) reflects the increase in working capital that typically occurs over the course of the year. Increases in inventory (EUR +17.3 million) and receivables (EUR +37.5 million) were largely responsible for this.

WORKING CAPITAL (IN EUR MILLIONS)

			DIFFERENCE	
	30.6.2016	31.12.2015	ABSOLUTE	IN %
Inventories	298.9	281.6	17.3	6.1
Trade accounts receivable	198.2	160.7	37.5	23.3
Trade accounts payable	-65.7	-46.7	-19.0	40.7
Prepayments received	-4.3	-9.1	4.8	-52.7
Construction contracts with credit balance	-33.3	-30.8	-2.5	8.1
Working capital	**393.8**	**355.7**	**38.1**	**10.7**

The group's equity rose as a result of the allocation of net retained earnings in the first quarter; an outflow of dividends followed in the second quarter, the net result being an only slight increase to EUR 597.2 million. The equity ratio declined slightly, primarily as a result of the acquisitions, from 41.9 % (as of December 31, 2015) to 40.4 % (as of June 30, 2016).

Non-current debt increased by EUR 59.4 million as compared to the end of 2015. The main reason for this was increased non-current financial liabilities (EUR +49.2 million). In current liabilities, liabilities decreased by EUR 10.1 million and provisions by EUR 8.6 million. The INDUS Group's net debt amounted to EUR 424.5 million.

NET FINANCIAL LIABILITIES (IN EUR MILLIONS)

			DIFFERENCE	
	30.6.2016	31.12.2015	ABSOLUTE	IN %
Noncurrent financial liabilities	426.1	376.9	49.2	13.1
Current financial liabilities	96.2	111.6	-15.4	-13.8
Cash and cash equivalents	-97.8	-132.2	34.4	-26.0
Net financial liabilities	**424.5**	**356.3**	**68.2**	**19.1**

OPPORTUNITIES AND RISKS

For the Opportunity and Risk Report from INDUS Holding AG, please consult the 2015 Annual Report. The company operates an efficient risk management system for early detection, comprehensive analysis, and systematic handling of risks. The particulars of the risk management system and the significance of individual risks are explained in the Annual Report. There it is stated that the company does not view itself as exposed to any risks that might jeopardize its continued existence as a going concern.

OUTLOOK

The economic outlook for both the German and global economies is currently unchanged from Q1 2016. The German federal government continues to project GDP growth of 1.7 % for the entire year. INDUS is also basing its plans on a slight organic growth rate of 2 % to 3 %. The results for the first half of the year have confirmed its plans. As envisioned, the group has also been growing non-organically through acquisitions. INDUS has achieved strong growth in sales and a respectable operating result in the first six months. The somewhat weaker-than-expected result for the first quarter was compensated for by a substantial increase in demand in the months following. As a result in particular of the positive effects in the construction sector, business performance was slightly above plan as of the middle of the year. Here, however, the INDUS Board of Management expects to see a slightly contrary effect in the second half of the year, the net result being as planned. At this point in time it is still too early to conclusively calculate the possible negative effects of the "Brexit" decision in Great Britain or of the most recent terror attacks in France and Germany. Another banking crisis also may lie ahead.

INDUS therefore reiterates its forecast and continues to expect sales considerably in excess of EUR 1.4 billion and EBIT of EUR 134 to 138 million (before inclusion of the proportional sales and earnings contributions from the acquisitions made over the course of the year).

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

FOR THE FIRST HALF-YEAR AND SECOND QUARTER OF 2016

IN EUR '000	NOTES	**H1 2016**	H1 2015	**Q2 2016**	Q2 2015
SALES		**714,852**	**675,591**	**382,060**	**347,721**
Other operating income		5,475	7,622	1,854	1,748
Own work capitalized		2,078	3,968	897	3,228
Change in inventories		6,142	17,813	759	4,273
Cost of materials	[5]	-326,883	-335,320	-176,243	-169,880
Personnel expenses	[6]	-210,190	-193,016	-107,860	-98,403
Depreciation and amortization		-26,868	-24,293	-13,609	-12,361
Other operating expenses	[7]	-95,885	-90,038	-49,372	-45,336
Income from shares accounted for using the equity method		385	307	169	188
Other financial results		231	86	169	45
OPERATING RESULT (EBIT)		**69,337**	**62,720**	**38,824**	**31,223**
Interest income		336	169	192	87
Interest expenses		-12,798	-12,881	-6,884	-6,080
NET INTEREST	[8]	**-12,462**	**-12,712**	**-6,692**	**-5,993**
EARNINGS BEFORE TAXES (EBT)		**56,875**	**50,008**	**32,132**	**25,230**
Taxes	[9]	-19,885	-17,963	-11,206	-9,040
EARNINGS AFTER TAXES		**36,990**	**32,045**	**20,926**	**16,190**
of which allocable to non-controlling shareholders		401	112	265	31
of which allocable to INDUS shareholders		36,589	31,933	20,661	16,159
Earnings per share undiluted and diluted in EUR	[10]	1.50	1.31	0.85	0.66

STATEMENT OF INCOME AND ACCUMULATED EARNINGS

FOR THE FIRST HALF-YEAR AND SECOND QUARTER OF 2016

IN EUR '000	**H1 2016**	H1 2015	**Q2 2016**	Q2 2015
EARNINGS AFTER TAXES	**36,990**	**32,045**	**20,926**	**16,190**
Actuarial gains and losses	-3,406	0	-2,271	4,350
Deferred taxes	1,008	0	672	-1,253
Items not reclassified to profit or loss	**-2,398**	**0**	**-1,599**	**3,097**
Currency translation adjustment	-3,426	8,626	-615	2,011
Change in the market values of derivative financial instruments (cash flow hedge)	391	1,752	377	1,209
Deferred taxes	-62	-278	-60	-192
Items to be reclassified to profit or loss in future	**-3,097**	**10,100**	**-298**	**3,028**
OTHER INCOME	**-5,495**	**10,100**	**-1,897**	**6,125**
OVERALL RESULT	**31,495**	**42,145**	**19,029**	**22,315**
of which allocable to non-controlling shareholders	401	112	265	31
of which allocable to INDUS shareholders	31,094	42,033	18,764	22,284

Income and expenses of the first half of 2016 of EUR 5,495,000 (previous year: EUR 10,100,000), recognized directly in equity under other income, include actuarial losses from pension plans and other similar obligations amounting to EUR -3,406,000 (previous year: EUR 0). This is primarily due to a drop in the interest rate for domestic obligations from 2.25 % as of December 31, 2015, to 1.50 % as of June 30, 2016.

Net income from currency translation of EUR -3,426,000 (previous year: EUR 8,626,000) is derived from the translated financial statements of consolidated international subsidiaries. The change in fair values of derivative financial instruments in the amount of EUR 391,000 (previous year: EUR 1,752,000) was chiefly the result of interest rate swaps transacted by the holding company in order to hedge interest rate movements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IN EUR '000	NOTES	**30.6.2016**	31.12.2015
ASSETS			
Goodwill		414,547	394,802
Other intangible assets	[11]	66,249	58,828
Property, plant, and equipment	[12]	341,985	334,846
Investment property		5,503	5,924
Financial assets		20,754	19,272
Shares accounted for using the equity method		8,435	8,036
Other noncurrent assets		1,172	3,484
Deferred taxes		2,287	2,671
Noncurrent assets		**860,932**	**827,863**
Inventories	[13]	298,911	281,612
Accounts receivable	[14]	198,196	160,744
Other current assets		19,403	14,952
Current income taxes		4,284	2,412
Cash and cash equivalents		97,770	132,195
Current assets		**618,564**	**591,915**
TOTAL ASSETS		**1,479,496**	**1,419,778**
EQUITY AND LIABILITIES			
Subscribed capital		63,571	63,571
Capital reserve		239,833	239,833
Other reserves		291,128	289,375
Equity held by INDUS shareholders		**594,532**	**592,779**
Non-controlling interests in the equity		2,653	2,651
Equity		**597,185**	**595,430**
Provisions for pensions		31,918	28,055
Other noncurrent provisions		2,161	1,917
Noncurrent financial liabilities		426,079	376,935
Other noncurrent liabilities	[15]	58,134	51,772
Deferred taxes		37,334	37,449
Noncurrent liabilities		**555,626**	**496,128**
Other current provisions		70,848	62,263
Current financial liabilities		96,244	111,616
Trade accounts payable		65,725	46,748
Other current liabilities	[15]	85,788	99,064
Current income taxes		8,080	8,529
Current liabilities		**326,685**	**328,220**
TOTAL EQUITY AND LIABILITIES		**1,479,496**	**1,419,778**

CONSOLIDATED STATEMENT OF EQUITY

Interests held by non-controlling shareholders essentially consist of the non-controlling interests in WEIGAND Bau GmbH and subsidiaries of the ROLKO Group. Non-controlling interests in limited partnerships and limited liability companies for which, at the time of purchase, the economic ownership of the relevant non-controlling interests had already been passed on under reciprocal option agreements are shown under other liabilities.

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 AS OF 31.12.2014	**63,571**	**239,833**	**252,270**	**-7,759**	**547,915**	**1,957**	**549,872**
Income after taxes			31,933		31,933	112	32,045
Other income				10,100	10,100		10,100
Overall result			**31,933**	**10,100**	**42,033**	**112**	**42,145**
Capital increase						48	48
Dividend payment			-29,341		-29,341	-90	-29,431
Changes to scope of consolidation						-13	-13
BALANCE AS OF 30.6.2015	**63,571**	**239,833**	**254,862**	**2,341**	**560,607**	**2,014**	**562,621**
BALANCE AS OF 31.12.2015	**63,571**	**239,833**	**290,861**	**-1,486**	**592,779**	**2,651**	**595,430**
Income after taxes			36,589		36,589	401	36,990
Other income				-5,495	-5,495		-5,495
Overall result			**36,589**	**-5,495**	**31,094**	**401**	**31,495**
Dividend payment			-29,341		-29,341	-399	-29,740
BALANCE AS OF 30.6.2016	**63,571**	**239,833**	**298,109**	**-6,981**	**594,532**	**2,653**	**597,185**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FIRST HALF-YEAR OF 2016

IN EUR '000	**H1 2016**	H1 2015
Income after taxes	36,990	32,045
Depreciation/write-ups of noncurrent assets	26,868	24,293
Taxes	19,885	17,963
Net interest	12,462	12,712
Other non-cash transactions	–5,947	6,829
Changes in provisions	10,543	11,728
Increase (–)/decrease (+) in inventories, trade accounts receivable, and other assets	–44,170	–68,955
Increase (+)/decrease (–) in trade accounts payable and other liabilities	–2,239	5,552
Income taxes received/paid	–23,129	–15,752
Operating cash flow	**31,263**	**26,415**
Interest paid	–14,295	–7,783
Interest received	336	169
Cash flow from operating activities	**17,304**	**18,801**
Cash outflow from investments in		
property, plant, and equipment, and in intangible assets	–20,027	–32,477
financial assets	–2,303	–2,440
shares in fully consolidated companies	–32,896	–20,934
Cash inflow from the disposal of other assets	821	382
Cash flow from investing activities	**–54,405**	**–55,469**
Dividends paid to shareholders	–29,341	–29,341
Cash inflows from non-controlling shareholders	0	48
Dividends paid to non-controlling shareholders	–399	–90
Cash inflow from the assumption of debt	95,963	83,000
Cash outflow from the repayment of debt	–63,180	–39,299
Cash flow from financing activities	**3,043**	**14,318**
Net cash change in financial facilities	–34,058	–22,350
Changes in cash and cash equivalents caused by currency exchange rates	–367	1,453
Cash and cash equivalents at the beginning of the period	132,195	116,491
Cash and cash equivalents at the end of the period	**97,770**	**95,594**

NOTES

BASIC PRINCIPLES

[1] GENERAL INFORMATION

INDUS Holding AG, based in Bergisch Gladbach, Germany, prepared its consolidated financial statements for the first half of 2016 in accordance with International Financial Reporting Standards (IFRS) and interpretations of these standards by the International Financial Reporting Standards Interpretations Committee (IFRS IC) as to their applicability in the European Union (EU). The consolidated financial statements are prepared in euros (EUR). Unless otherwise indicated, all amounts are stated in thousands of euros (EUR '000).

These interim financial statements are prepared in accordance with IAS 34 in condensed form. The interim report has not been audited, nor subjected to perusal or review by an auditor.

New obligatory standards are reported on separately in the section "Changes in Accounting Guidelines". Otherwise, the same accounting methods were applied as in the consolidated financial statements for the 2015 fiscal year. They are described there in detail. Because this interim financial report does not provide the full scope of information found in the annual financial statements, these financial statements should be considered within the context of the last annual financial statements.

In the Board of Management's view, this quarterly report includes all of the usual ongoing adjustments that are necessary for an appropriate presentation of the Group's financial position and financial performance. The results achieved in the first half of the 2016 fiscal year do not necessarily predict future business performance.

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

[2] CHANGES IN ACCOUNTING GUIDELINES

All obligatory accounting standards in effect as of fiscal year 2016 have been implemented in these interim financial statements.

The new standards do not affect in any way the presentation of the financial position and financial performance of INDUS Holding AG in the consolidated financial statements.

[3] SCOPE OF CONSOLIDATION

The consolidated financial statements include all the essential subsidiaries, in which INDUS Group is able to directly or indirectly control the financial and business policies of said subsidiaries. A parent company controls a subsidiary when the parent is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. 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.

[4] MERGERS

H. HEITZ

INDUS has acquired a 100% interest in H. HEITZ Furnierkantenwerk GmbH & Co. KG of Melle, Germany under a purchase agreement dated June 7, 2016. The HEITZ Group produces veneer edging and cladding veneers made of genuine wood for the furniture and construction industries. H. HEITZ is one of the world's largest suppliers in this segment. Production takes place at the company's headquarters in Melle and in a subsidiary production facility in Pusztaszabolcs, Hungary. The HEITZ Group also includes the American subsidiary in Heath, Ohio. H. HEITZ is classified as part of the construction segment.

The goodwill in the amount of EUR 14,590,000 calculated for purchase price allocation purposes is in part not tax-deductible. The goodwill represents inseparable values such as the know-how of the workforce, positive earnings expectations for the future and synergies resulting from development, production, sales and marketing.

In the preliminary purchase price allocation, the acquired assets and debts have been calculated as follows:

ACQUISITIONS: H. HEITZ (IN EUR '000)

	CARRYING AMOUNTS AT TIME OF ADDITION	ASSETS ADDED DUE TO FIRST-TIME CONSOLIDATION	ADDITIONS CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Goodwill	0	14,590	14,590
Other intangible assets	86	5,294	5,380
Property, plant and equipment	5,976	2,975	8,951
Financial assets	0	0	0
Inventories	5,424	965	6,389
Accounts receivable	3,865	0	3,865
Other assets*	1,011	0	1,011
Cash and cash equivalents	4,006	0	4,006
Total assets	**20,368**	**23,824**	**44,192**
Other provisions	1,285	0	1,285
Financial liabilities	0	0	0
Trade accounts payable	3,435	0	3,435
Other liabilities**	4,957	0	4,957
Total liabilities	**9,677**	**0**	**9,677**

* Other assets: Other noncurrent assets, Other current assets, Deferred taxes, Current income taxes
** Other liabilities: Other noncurrent liabilities, Other current liabilities, Deferred taxes, Current income taxes

The addition of assets to the Consolidated Statement of Financial Position, less liabilities, is equivalent to the value of the consideration at the time of acquisition. The consideration includes a contingent purchase price payment in the amount of EUR 7,472,000.

The initial consolidation of H. HEITZ took place in June 2016. The HEITZ Group has contributed sales amounting to EUR 2,415,000 to the result for the period from January 1 to June 30, 2016 and an operating result (EBIT) of EUR -772,000.

Expenditures affecting net income and arising from the initial consolidation of H. HEITZ reduced the operating result by EUR 1,035,000. The incidental acquisition costs were recorded in the Statement of Icome.

OTHER ACQUISITIONS

The INDUS affiliate BUDDE acquired COMPUTEC AG of Murrhardt, Germany at the beginning of 2016. COMPUTEC AG is a specialist in process engineering and covers a broad spectrum ranging from electronics to the programming of the control software used in (conveyor) systems. COMPUTEC is classified as part of the engineering segment.

M. BRAUN acquired CREAPHYS GmbH of Dresden, Germany on April 20, 2016. CREAPHYS was formed as a spin-off from the Dresden University of Technology and operates in the field of organic electronics. The company designs and builds high-vacuum systems and components for thin organic and other film deposition, vacuum sublimation systems, and thermal evaporators. CREAPHYS is classified as part of the engineering segment.

CAETEC has been acquired for IPETRONIK under a contract dated May 2, 2016. CAETEC develops measuring equipment for automotive vehicle testing, primarily in the fields of driver assistance, bus analysis, and on-board power supply, thereby complementing IPETRONIK in the drive train and thermal management areas. CAETEC is classified as part of the automotive technology sector.

ANCOTECH acquired MBH SOLUTIONS AG of Drielsdorf, Switzerland on June 30, 2016. MBG is classified as part of the construction segment.

The fair value of the total consideration for the other acquisitions amounted to EUR 12,691,000 at the time of acquisition. This amount comprises cash payments amounting to EUR 11,719,000 and a contingent purchase price commitment in the amount of EUR 972,000.

The goodwill in the amount of EUR 6,369,000 calculated for purchase price allocation purposes is not tax-deductible. The goodwill represents inseparable values such as the know-how of the workforce, positive earnings expectations for the future, and synergies resulting from development, production, sales and marketing.

In the preliminary purchase price allocation, the acquired assets and debts have been calculated as follows:

OTHER ACQUISITIONS (IN EUR '000)

	CARRYING AMOUNTS AT TIME OF ADDITION	ASSETS ADDED DUE TO FIRST-TIME CONSOLIDATION	ADDITIONS CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Goodwill	0	6,369	6,369
Other intangible assets	191	3,686	3,877
Property, plant and equipment	1,559	0	1,559
Financial assets	0	0	0
Inventories	1,614	552	2,166
Accounts receivable	646	0	646
Other assets*	132	0	132
Cash and cash equivalents	2,207	0	2,207
Total assets	**6,349**	**10,607**	**16,956**
Other provisions	838	27	865
Financial liabilities	347	0	347
Trade accounts payable	251	0	251
Other liabilities**	1,575	1,229	2,804
Total liabilities	**3,011**	**1,256**	**4,267**

* Other assets: Other noncurrent assets, Other current assets, Deferred taxes, Current income taxes
** Other liabilities: Other noncurrent liabilities, Other current liabilities, Deferred taxes, Current income taxes

The initial consolidation of the other acquisitions took place between January and June 2016. The other acquisitions contributed sales amounting to EUR 725,000 to the result for the period from January 1 to June 30, 2016 and an operating result (EBIT) in the amount of EUR -158,000.

Expenditures affecting net income and arising from the initial consolidation of the other acquisitions reduced the operating result by EUR 68,000. The incidental acquisition costs were recorded in the Statement of Icome.

NOTES TO THE STATEMENT OF INCOME

[5] COST OF MATERIALS

IN EUR '000	**H1 2016**	H1 2015
Raw materials and goods for resale	-271,601	-276,717
Purchased services	-55,282	-58,603
Total	**-326,883**	**-335,320**

[6] PERSONNEL EXPENSES

IN EUR '000	**H1 2016**	H1 2015
Wages and salaries	-177,899	-164,011
Social security	-30,194	-27,448
Pensions	-2,097	-1,557
Total	**-210,190**	**-193,016**

[7] OTHER OPERATING EXPENSES

IN EUR '000	**H1 2016**	H1 2015
Selling expenses	-37,016	-34,846
Operating expenses	-34,819	-32,681
Administrative expenses	-20,245	-17,680
Other expenses	-3,805	-4,831
Total	**-95,885**	**-90,038**

[8] NET INTEREST

IN EUR '000	**H1 2016**	H1 2015
Interest and similar income	336	169
Interest and similar expenses	-7,618	-8,665
Interest from operations	**-7,282**	**-8,496**
Other: Market value of interest-rate swaps	47	124
Other: Non-controlling interests	-5,227	-4,340
Other interest	**-5,180**	**-4,216**
Total	**-12,462**	**-12,712**

The item "Other minority shares" contains the effect on results of the subsequent valuation of the contingent purchase price commitments (call/put options) in the amount of EUR 1,702,000 (previous year: EUR 1,802,000) along with after-tax results owed to external entities from shares in partnerships and corporations with call/put options. For reasons of consistency it is recognized in interest income.

[9] INCOME TAXES

Income tax expense is calculated for the interim financial statements based on the assumptions of current tax planning.

[10] EARNINGS PER SHARE

IN EUR '000	**H1 2016**	H1 2015
Earnings attributable to INDUS shareholders	36,589	31,933
Weighted average shares outstanding (in thousands)	24,451	24,451
Earnings per share (in EUR)	**1.50**	**1.31**

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

[11] OTHER INTANGIBLE ASSETS

IN EUR '000	**30.6.2016**	31.12.2015
Capitalized development costs	11,739	11,190
Property rights, concessions, and other intangible assets	54,510	47,638
Total	**66,249**	**58,828**

[12] PROPERTY, PLANT, AND EQUIPMENT

IN EUR '000	**30.6.2016**	31.12.2015
Land and buildings	184,327	179,984
Plant and machinery	96,215	96,918
Other equipment, factory, and office equipment	49,686	47,732
Advance payments and work in process	11,757	10,212
Total	**341,985**	**334,846**

[13] INVENTORIES

IN EUR '000	**30.6.2016**	31.12.2015
Raw materials and supplies	94,833	89,815
Unfinished goods	88,740	83,939
Finished goods and goods for resale	98,142	91,352
Prepayments for inventories	17,196	16,506
Total	**298,911**	**281,612**

[14] ACCOUNTS RECEIVABLE

IN EUR '000	**30.6.2016**	31.12.2015
Accounts receivable from customers	176,704	147,480
Accounts receivable from construction contracts	15,279	5,585
Accounts receivable from associated companies	6,213	7,679
Total	**198,196**	**160,744**

[15] LIABILITIES

The EUR 55,311,000 in other liabilities (31.12.2015: EUR 49,611,000) include contingent purchase price commitments valued at fair value insofar as minority shareholders are able to tender their shares to INDUS through termination of the articles of incorporation or on the basis of option agreements.

OTHER DISCLOSURES

[16] SEGMENT REPORTING

SEGMENT INFORMATION BY OPERATION FOR THE FIRST HALF-YEAR 2016

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

	CONSTRUCTION/ INFRASTRUCTURE	AUTOMOTIVE TECHNOLOGY	ENGINEERING	MEDICAL ENGINEERING/ LIFE SCIENCE	METALS TECHNOLOGY	TOTAL SEGMENTS	RECONCILIA- TION	CONSOLIDATED FINANCIAL STATEMENTS
H1 2016								
Sales with external third parties	129,962	181,528	148,799	75,942	178,769	715,000	-148	714,852
Sales with Group companies	10,444	20,541	19,096	8,150	17,360	75,591	-75,591	0
Sales	**140,406**	**202,069**	**167,895**	**84,092**	**196,129**	**790,591**	**-75,739**	**714,852**
Segment earnings (EBIT)	**19,371**	**9,150**	**18,592**	**9,670**	**15,674**	**72,457**	**-3,120**	**69,337**
Earnings from equity valuation	0	231	154	0	0	385	0	385
Depreciation and amortization	**-3,358**	**-9,274**	**-3,980**	**-3,255**	**-6,630**	**-26,497**	**-371**	**-26,868**
Segment EBITDA	**22,729**	**18,424**	**22,572**	**12,925**	**22,304**	**98,954**	**-2,749**	**96,205**
Capital expenditure	**26,148**	**17,634**	**3,581**	**2,934**	**4,637**	**54,934**	**292**	**55,226**
of which company acquisitions	24,006	7,225	1,665	0	0	32,896	0	32,896
H1 2015								
Sales with external third parties	106,340	183,431	133,399	65,283	187,002	675,455	136	675,591
Sales with Group companies	4,426	19,536	21,865	4,874	18,929	69,630	-69,630	0
Sales	**110,766**	**202,967**	**155,264**	**70,157**	**205,931**	**745,085**	**-69,494**	**675,591**
Segment earnings (EBIT)	**11,577**	**10,968**	**17,198**	**9,072**	**16,149**	**64,964**	**-2,244**	**62,720**
Earnings from equity valuation	0	210	97	0	0	307	0	307
Depreciation and amortization	**-2,993**	**-9,110**	**-3,582**	**-2,291**	**-5,981**	**-23,957**	**-336**	**-24,293**
Segment EBITDA	**14,570**	**20,078**	**20,780**	**11,363**	**22,130**	**88,921**	**-1,908**	**87,013**
Capital expenditure	**4,046**	**11,828**	**3,829**	**27,050**	**8,359**	**55,112**	**739**	**55,851**
of which company acquisitions	0	0	0	20,934	0	20,934	0	20,934

SEGMENT INFORMATION BY OPERATION FOR THE SECOND QUARTER OF 2016

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

	CONSTRUCTION/ INFRASTRUCTURE	AUTOMOTIVE TECHNOLOGY	ENGINEERING	MEDICAL ENGINEERING/ LIFE SCIENCE	METALS TECHNOLOGY	TOTAL SEGMENTS	RECONCILIA-TION	CONSOLIDATED FINANCIAL STATEMENTS
Q2 2016								
Sales with external third parties	74,910	95,661	81,910	38,929	90,668	382,078	-18	382,060
Sales with Group companies	6,136	11,022	10,102	4,519	8,810	40,589	-40,589	0
Sales	**81,046**	**106,683**	**92,012**	**43,448**	**99,478**	**422,667**	**-40,607**	**382,060**
Segment earnings (EBIT)	**13,446**	**5,179**	**8,681**	**5,752**	**7,897**	**40,955**	**-2,131**	**38,824**
Earnings from equity valuation	0	84	85	0	0	169	0	169
Depreciation and amortization	**-1,722**	**-4,667**	**-2,038**	**-1,649**	**-3,359**	**-13,435**	**-174**	**-13,609**
Segment EBITDA	**15,168**	**9,846**	**10,719**	**7,401**	**11,256**	**54,390**	**-1,957**	**52,433**
Capital expenditure	**24,654**	**13,239**	**2,432**	**1,337**	**2,336**	**43,998**	**292**	**44,290**
of which company acquisitions	24,006	7,225	1,110	0	0	32,341	0	32,341
Q2 2015								
Sales with external third parties	58,996	94,186	64,687	33,833	95,833	347,535	186	347,721
Sales with Group companies	2,367	9,889	11,253	3,046	11,180	37,735	-37,735	0
Sales	**61,363**	**104,075**	**75,940**	**36,879**	**107,013**	**385,270**	**-37,549**	**347,721**
Segment earnings (EBIT)	**6,882**	**4,759**	**7,685**	**4,365**	**9,004**	**32,695**	**-1,472**	**31,223**
Earnings from equity valuation	0	91	96	0	0	187	0	187
Depreciation and amortization	**-1,504**	**-4,595**	**-1,811**	**-1,258**	**-3,012**	**-12,181**	**-180**	**-12,361**
Segment EBITDA	**8,386**	**9,354**	**9,496**	**5,623**	**12,016**	**44,875**	**-1,292**	**43,583**
Capital expenditure	**1,167**	**6,046**	**1,332**	**21,397**	**3,247**	**33,189**	**427**	**33,616**
of which company acquisitions	0	0	0	20,934	0	20,934	0	20,934

The table below reconciles the total operating results of segment reporting with the income before tax in the Consolidated Statement of Income.

RECONCILIATION (IN EUR '000)

	H1 2016	H1 2015	**Q2 2016**	Q2 2015
Segment earnings (EBIT)	**72,457**	**64,964**	**40,955**	**32,695**
Areas not allocated, incl. holding company	-3,226	-2,383	-2,160	-1,573
Consolidations	106	139	29	101
Net interest	-12,462	-12,712	-6,692	-5,993
Earnings before taxes	**56,875**	**50,008**	**32,132**	**25,230**

The classification of segments corresponds unchanged to the current status of internal reporting. The information relates to continuing activities. The companies are allocated to the segments on the basis of their selling markets insofar as the bulk of their product range is sold in that market environment (Automotive Technology, Medical Engineering/Life Science). Otherwise they are classified by common features in their production structure (Construction/Infrastructure, Engineering, Metals Technology).

The reconciliations contain the figures of the holding company, non-operational units not allocated to any segment, and consolidations. See the discussion provided in the management report regarding the products and services that generate segment sales.

The central control variable for the segments is operating earnings (EBIT) as defined in the consolidated financial statements. The segment information has been ascertained in compliance with the reporting and valuation methods that were applied during the preparation of the consolidated financial statements. Intersegment prices are based on arm's length prices to the extent that they can be established in a reliable manner and are determined on the basis of the cost-plus pricing method.

SEGMENT INFORMATION BY REGION

Sales are broken down by region in relation to our selling markets. Due to our varied foreign activities, a further breakdown by country is not meaningful, as no country other than 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	REST OF WORLD
Sales revenue with external third parties				
First half of 2016	714,852	369,049	165,422	180,381
Second quarter of 2016	382,060	198,898	87,792	95,370
Noncurrent assets, less deferred taxes and financial instruments				
30.6.2016	836,719	719,138	41,611	75,970
Sales revenue with external third parties				
First half of 2015	675,591	348,312	140,037	187,242
Second quarter of 2015	347,721	181,567	72,531	93,623
Noncurrent assets, less deferred taxes and financial instruments				
31.12.2015	802,436	685,471	40,947	76,018

[17] INFORMATION ON THE SIGNIFICANCE OF FINANCIAL INSTRUMENTS

The table below shows the carrying amounts of financial instruments. The fair value of a financial instrument is the price that would be paid in an orderly transaction between market participants for the sale of an asset or transfer of a liability on the measurement date.

FINANCIAL INSTRUMENTS AS OF JUNE 30, 2016 (IN EUR '000)

	BALANCE SHEET VALUE	IFRS 7 NOT APPLICABLE	FINANCIAL INSTRUMENTS IFRS 7	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST
Financial assets	20,754		20,754		20,754
Cash and cash equivalents	97,770		97,770		97,770
Accounts receivable	198,196	15,279	182,917		182,917
Other assets	20,575	1,779	18,796	113	18,683
Financial Instruments: ASSETS	**337,295**	**17,058**	**320,237**	**113**	**320,124**
Financial liabilities	522,323		522,323		522,323
Trade accounts payable	65,725		65,725		65,725
Other liabilities	143,922	53,618	90,304	60,026	30,278
Financial Instruments: LIABILITIES	**731,970**	**53,618**	**678,352**	**60,026**	**618,326**

FINANCIAL INSTRUMENTS AS OF DEC. 31, 2015 (IN EUR '000)

	BALANCE SHEET VALUE	IFRS 7 NOT APPLICABLE	FINANCIAL INSTRUMENTS IFRS 7	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST
Financial assets	19,272		19,272		19,272
Cash and cash equivalents	132,195		132,195		132,195
Accounts receivable	160,744	5,585	155,159		155,159
Other assets	18,436	3,045	15,391	461	14,930
Financial Instruments: ASSETS	**330,647**	**8,630**	**322,017**	**461**	**321,556**
Financial liabilities	488,551		488,551		488,551
Trade accounts payable	46,748		46,748		46,748
Other liabilities	150,836	58,695	92,141	51,688	40,453
Financial Instruments: LIABILITIES	**686,135**	**58,695**	**627,440**	**51,688**	**575,752**

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.

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

	30.6.2016	31.12.2015
Measured at fair value through profit and loss	113	461
Loans and receivables	319,767	321,246
Available-for-sale financial assets	357	310
Financial instruments: ASSETS	**320,237**	**322,017**
Measured at fair value through profit and loss	60,026	51,688
Financial liabilities measured at their residual carrying amounts	618,326	587,287
Financial instruments: LIABILITIES	**678,352**	**638,975**

[18] RELATED PARTY DISCLOSURES

Related party disclosures primarily involve the ongoing remuneration of members of management in key positions, the Board of Management, and the Supervisory Board. Furthermore, there are consulting contracts and rent or leasing contracts in place with non-controlling shareholders or members of their families, and business relations with associated companies.

The quarterly financial statements do not contain information about changes in relationships that significantly differ from those in the 2015 annual financial statements.

[19] APPROVAL FOR PUBLICATION

The Board of Management of INDUS Holding AG approved this IFRS interim financial statement for publication on August 15, 2016.

[20] DECLARATION OF LEGAL REPRESENTATIVE

We warrant that, to the best of our knowledge, these interim consolidated financial statements provide a true and fair representation, in accordance with the applicable accounting principles for interim consolidated reporting, of the assets, financial, and earnings position of the Group, and that the Group interim management report presents a true and fair representation of the Group's business performance, earnings and position, outlining the principal opportunities and risks in connection with Group business activities planned over the remaining course of the fiscal year.

Bergisch Gladbach, August 15, 2016

INDUS Holding AG

The Board of Management

Jürgen Abromeit   Dr. Johannes Schmidt   Rudolf Weichert

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FINANCIAL CALENDAR

AUGUST 31, 2016	Commerzbank Sector Conference 2016, Frankfurt am Main
SEPTEMBER 7, 2016	ZKK Capital Market Conference, Zurich
SEPTEMBER 13, 2016	Prior Capital Market Conference, Egelsbach near Frankfurt
SEPTEMBER/OCTOBER, 2016	Road shows London, Paris, Frankfurt
NOVEMBER 15, 2016	Interim report on September 30,2016
NOVEMBER, 2016	Road show Zurich

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This interim report is also available in german. Both the english and the german versions of the report can be downloaded from the internet at www.indus.de under Financial Reports & Presentations. Only the german version of the interim report is legally binding.

Disclaimer:
This interim report contains forward-looking statements based on assumptions and estimates made by the Board of Management of INDUSHolding 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 report. Assumptions and estimates made in this interim report will not be updated.

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