



01 2017

INDUS Holding AG

[INDUS]

HIGHLIGHTS

- Very good first quarter 2017
- Organic growth in all segments
- Acquisition of two additional portfolio companies until end of April
- Strategic orientation in Automotive and Metals Technology continued
- Forecast confirmed

KEY FIGURES (in EUR millions)	01.2017	Q1 2016
Sales	381.0	332.8
EBITDA	49.7	43.8
EBIT	34.7	30.5
Net result for the period	18.6	16
Earnings per share (in EUR)	0.75	0.65
Operating cash flow	-11.9	-6.3
	31.3.2017	31.12.2016
Total assets	1,572.1	1,521.6
Group equity	663.7	644.6
Net debt	423.3	376.6
Equity ratio in %	42.2	42.4
Investments (as of the reporting date)	45	44

SHARE PRICE PERFORMANCE OF THE INDUS SHARE JANUARY TO APRIL 2017 INCL. DIVIDEND (in %)



CONTENTS

- 1 LETTER TO THE SHAREHOLDERS
- 2 WE INVEST WHERE THE FUTURE IS: GREENTEC
- 6 INTERIM MANAGEMENT REPORT
- 14 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- 28 CONTACT | FINANCIAL CALENDAR | IMPRINT

LETTER TO THE SHAREHOLDERS

DEAR SHAREHOLDERS,

Next week, at our annual shareholders' meeting on May 24, we will be reporting to you on a very successful fiscal year 2016. Today, with one week yet to go, we are pleased to inform you that, on the whole, the first quarter of 2017 also went very well for INDUS. The general economic data, and hence the environment within which we operate, improved as compared to the previous year, with the result that nearly all of our portfolio companies experienced substantial growth. Our Group has once again become bigger and more valuable as a result of attractive acquisitions. Our holding company now holds participating interests directly in 46 companies.

With the support of the positive business environment, our portfolio companies for the most part find themselves well prepared for the coming months as well, and so we are able to confirm our forecast for the year 2017 as a whole. As always, naturally, we do so subject to the assumption that the underlying economic conditions do not substantially change.

In a deceptively stable environment, we actively encourage our companies to work continuously and intensively to improve their competitiveness – by increasing their capacity for innovation, using the possibilities afforded by digitalization to their advantage, and avoiding complacency in regard to the markets in which they are already at home. We support our portfolio companies with our capital and knowledge in precisely these areas because it is our conviction that, when our portfolio companies align their core competencies with their practical possibilities, thereby permanently increasing their operational maneuverability, they will be able to hold their course even in rough waters.

After four years of the COMPASS 2020 program, we now find our Group as a whole in a good position. And in our annual reports we regularly offer insights into the success stories from our portfolio that have helped to take us there. There are, however, problems yet to be solved in the Metals Technology and Automotive Technology segments. As the portfolio companies in question work on these problems, we, in our role as a financial holding company, will be assisting them in their repositioning projects, in two instances with special outside support.

A look at the figures reveals the continued success of our Group's operations in the last quarter. Sales climbed by 14.5% as compared to the previous year, with operating earnings (EBIT) coming in at a close second with an increase of 13.8% as compared to the previous year. The EBIT margin, discounting special effects, once again reached the 10% mark. This is gratifying, but it also matches our expectations.

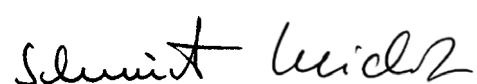
On the acquisition side, we are pleased to report two items of news since the year began: Since January the M+P Group of Hanover, a specialist in measurement and test systems, has augmented our Engineering segment. And at the beginning of the current second quarter we brought on board, for the same segment, Remscheid-based PEISELER, a manufacturer of special machines. This group of companies produces high-precision indexing devices and rotary tilt tables for machine tools in modern production centers and machining plants. Both acquisitions are exceptionally well positioned in their markets and hold the promise of excellent development prospects, not least because of their already secure international positions. But also important is the fact that both companies are focusing on the growth field of automation, measurement and control technology, putting them squarely within our strategic target focus.

This generally excellent entry into the new fiscal year motivates us to continue concentrating our efforts on achieving our annual objectives. To that end we support our companies in their innovation efforts and continue to look for the “hidden champions” with which we might potentially augment our Group, whether directly or at the sub-subsidiary level. At least as important is the successful restructuring of two portfolio companies; we intend to reach our objective by the end of the third quarter of 2017. In this regard, and in regard to our performance in general, we are confident that we are on the right path.

BERGISCH GLADBACH, GERMANY, MAY 2017



JÜRGEN ABROMEIT



DR. JOHANNES SCHMIDT

RUDOLF WEICHERT

WE INVEST
WHERE THE FUTURE IS

GREENTEC



Current megatrends play a prominent role when it comes to defining the strategic thrust of companies in the INDUS Group. They are one of the crucial factors that determine where our portfolio companies will be able to earn money in the future. The field of "green" technologies is among those of relevance to future developments, one in which we are seeing the emergence not only of new markets with excellent prospects for growth. Industries already established in existing application areas also will be making extensive adjustments as they adapt to new environmentally-oriented technological requirements.

POLITICS AND THE MARKET ARE SENDING THE ECONOMY CLEAR SIGNALS

As populations and economies grow, the consumption of natural resources is increasing at a rapid pace. Apart from the industrialized countries, it is increasingly the newly industrialized and developing countries that are contributing to this trend. As a consequence, important basic resources such as water are becoming ever scarcer and more expensive, and so too are fossil fuels. The resulting impact on the environment is becoming stronger as well. Increasing levels of emissions and pollutants threaten to upset the ecological balance, and they are adversely affecting public health, to say nothing of their other ill effects.

In many advanced countries policymakers have already reacted to these developments by imposing considerably more stringent requirements on industries and their products. Even newly-industrialized China, a country of key economic importance, has by now set out on a distinctly GreenTec course, sending signals to the competition in

the process. The German automotive industry, for example, has noted with alarm that it has long since fallen behind its Asian competitors in its bid to claim the label of "lead nation for e-mobility".

WANTED: NEW SOLUTIONS WITH AN UPDATED PACKAGE OF BENEFITS

Primarily as a result of the trend towards digitalization, the industrial sector is currently undergoing such a radical upheaval that the field of green technologies is generally perceived as just one of a number of other important topics. The expected market figures are in fact exorbitant, however. In 2013 the global volume of the GreenTec markets amounted to EUR 2.536 billion. According to Roland Berger's calculations, their global market volume can be expected to increase to EUR 5.385 billion by 2025.

Experts are predicting that energy efficiency, sustainable mobility, efficiency in the use of raw and other materials, environmentally friendly production and energy storage and distribution are the segments that will experience especially strong growth. The drivers of this development include customers who make their buying decisions with a heightened awareness of environmental issues. For manufacturers this means that both industrial and private customers must be appealed to with new packages of benefits.

WITH EL-POINT FROM ELTHERM,
MORE THAN 30 % ENERGY IS
SAVED COMPARED TO
CONVENTIONAL HEATING
SYSTEMS.

**EUR 5,385
BILLION**

2025

GreenTec:
a global doubling of market size
within a decade

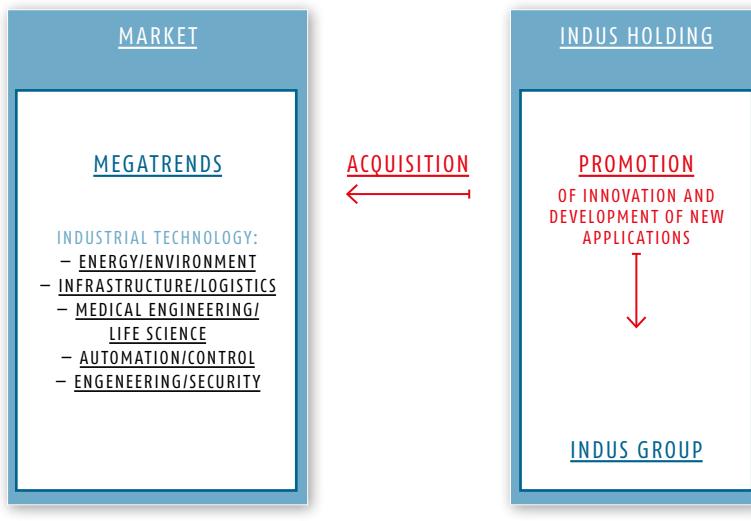
**EUR 2,536
BILLION**

2013

GAINING AND SECURING MARKET ACCESS WITH INVESTMENTS

At INDUS we focus on green technologies from two angles. Firstly, as a target sector for acquisitions. We are actively looking for companies whose business operations emphasize the market segments of environmental and energy technology. Secondly, we are specifically encouraging the GreenTec-oriented development activities of our existing portfolio companies, whose objectives may be to establish new technologies or to develop new application fields and markets.

GREEN TECHNOLOGIES IN FOCUS: ACQUISITION & PROMOTION



ALREADY ON A GOOD PATH IN TERMS OF ENVIRONMENTAL AND ENERGY TECHNOLOGY

Our portfolio companies are already seizing to good effect the opportunities the greentec market offers. Their achievements are currently to be seen particularly in the fields of energy efficiency, conservation of resources, and environmentally friendly products.

For REMKO, a specialist in the heating, ventilation, and air conditioning of buildings, the energy efficiency of its products is a key strategic topic. In March 2017 the company first introduced its new "SQW" heat pump series at the ISH trade show. This device makes it possible to heat and air condition apartment buildings, office buildings, hotels and commercial real estate without the use of fossil fuels. The ArtStyle heat pump is already successfully in use and, owing to its high efficiency rating ("A++") and unique design, has even

been awarded the "Product of the Year" award. By consistently focusing on the factor of sustainable energy efficiency, REMKO has secured clear competitive advantages for itself in the marketplace.

IEF-Werner, a manufacturer of automation systems and components, uses the modern technological possibilities to increase process efficiency, thereby lowering its customers' operating costs. It dispenses with pneumatics in the structural design of its systems. Products such as the ecoSTACK palletizer make do without pressurized air, a highly energy- and therefore cost-intensive operating medium. At the same time, the company uses its application-specific knowledge to transform available data into value-added information. By using this information it is able to improve resource efficiency in plant operation and to increase the service life of systems and components, in some cases even through re-use. This is

expertise that IEF-Werner has developed in part through participation in joint European research projects.

ELTHERM, a specialist in electric heat tracing systems, has developed for its railroad customers the highly efficient EL-Point point heating system, which features impressively low power consumption and an equally impressive long service life. Because of its highly efficient heat transfer from heating cable to point rails, EL-Point can save more than 30% of the energy required for traditional point heating systems. Use of EL-Point not only lowers operating costs but is also easy on the environment. The system is currently undergoing Deutsche Bahn's approval procedure. The required field tests have confirmed the energy saving potential of EL-Point as calculated in simulations and laboratory tests.

„OUR PORTFOLIO COMPANIES ARE ALREADY SEIZING TO GOOD EFFECT THE OPPORTUNITIES THE GREENTEC MARKET OFFERS.“

[Dr. Johannes Schmidt](#)



THE IEF PALLETIZER
ecoSTACK WORKS
COMPLETELY WITHOUT
COMPRESSED AIR.



REMKO'S NEW SQW HEAT PUMP
SERIES – "CAMURA" DESIGN
LINE – WITH AN OUTPUT
BETWEEN 32 AND 350 KW

Things are currently happening in the greentec field in some of the Group's other portfolio companies as well. The climate systems specialist AURORA, with its highly efficient energy management systems and lightweight products, is supporting solutions that considerably reduce the energy needs of electric buses. AURORA is contributing to the development of the urban mobility of the future.

Without a doubt, the number of green technology solutions coming onto the market from within the INDUS Group will continue to rise. And it is only a matter of time before the next company joins our portfolio.

INTERIM MANAGEMENT REPORT

PERFORMANCE OF THE INDUS GROUP IN THE FIRST THREE MONTHS OF 2017

CONSOLIDATED STATEMENT OF INCOME (IN EUR MILLIONS)

	Q1 2017	Q1 2016	ABSOLUTE	DIFFERENCE
				IN %
Sales	381.0	332.8	48.2	14.5
Other operating income	3.6	3.6	0.0	0.0
Own work capitalized	1.1	1.2	-0.1	-8.3
Change in inventories	14.9	5.4	9.5	>100
Overall performance	400.6	343.0	57.6	16.8
Cost of materials	-182.4	-150.7	-31.7	21.0
Personnel expenses	-115.3	-102.3	-13.0	12.7
Other operating expenses	-53.7	-46.5	-7.2	15.5
Income from shares accounted for using the equity method	0.4	0.2	0.2	100.0
Other financial results	0.1	0.1	0.0	0.0
EBITDA	49.7	43.8	5.9	13.5
Depreciation and amortization	-15.0	-13.3	-1.7	12.8
Operating result (EBIT)	34.7	30.5	4.2	13.8
Net interest	-6.1	-5.8	-0.3	5.2
Earnings before taxes (EBT)	28.6	24.7	3.9	15.8
Taxes	-10.0	-8.7	-1.3	14.9
Overall result	18.6	16.0	2.6	16.3
of which allocable to non-controlling shareholders	0.2	0.1	0.1	100.0
of which allocable to INDUS shareholders	18.4	15.9	2.5	15.7

EARNINGS DATA SHOW A FURTHER QUARTER-ON-QUARTER IMPROVEMENT

With the support of a stable economic environment, INDUS is able to report further improvement in results of operations in the first months of this year as compared to the previous year. Group sales increased by EUR 48.2 million, or 14.5%, to EUR 381.0 million. This increase is attributable mainly to organic growth in all segments.

Operating earnings (EBIT) climbed at a virtually equivalent rate, increasing by EUR 4.2 million, or 13.8%, to EUR 34.7 million. At 9.1%, the EBIT margin was little changed from that of the previous year (9.2%).

As for cost items, an increase in the cost-of-materials ratio from 45.3% to 47.9% was partially offset by a slight decline, from 30.7% to 30.3%, in the personnel expense ratio.

Depreciation and amortization increased by 12.8% to EUR 15.0 million. This rise resulted from investments in fixed assets in previous years, the volume of which was increased once again, and increased depreciation of added values discovered in connection with the purchase price allocation for newly acquired companies.

ADJUSTED EBIT MARGIN REMAINS AT 10.0 %

Adjusted operating EBIT (after the effects of company acquisitions) stood at EUR 38.0 million after the first quarter of 2017 (previous year: EUR 32.6 million). This equates to an increase of 16.6%. The adjusted EBIT margin was 10.0% as compared to 10.1% in the previous year. 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)

	01 2017	Q1 2016	ABSOLUTE	DIFFERENCE
				IN %
Operating result (EBIT)	34.7	30.5	4.2	13.8
Depreciation of property, plant and equipment, and amortization of intangible assets due to fair value adjustments from first-time consolidation*	1.8	1.5	0.3	20.0
Impact of fair value adjustments on inventory assets/order backlog from first-time consolidation and incidental acquisition costs**	1.5	0.6	0.9	150.0
Adjusted operating result (EBIT)	38.0	32.6	5.4	16.6

* 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 EUR -6.1 million in net interest income is the interest for the valuation of interest rate swaps, non-controlling interests and interest from business operations. The latter declined once again as expected. Operating income amounted to EUR 3.4 million for the first quarter of 2017; for the same period of the previous year it stood at EUR 4.1 million. Owing to an increase of EUR 0.9 million in interest expense for the shares of minority shareholders, net interest decreased slightly, by EUR -0.3 million.

With an increase of 15.8%, earnings before taxes (EBT) considerably exceeded the figure posted for the first quarter of 2016. The tax ratio declined slightly, from 35.2% in the previous year to the current 34.9%. Before the shares of non-controlling shareholders were deducted, net income for the period had increased by EUR 2.6 million to EUR 18.6 million (previous year: EUR 16.0 million). Earnings per share improved, increasing to EUR 0.75, up from EUR 0.65 for the

same period of the previous year. This equates to an increase of 15%.

During the first three months of 2017, the company had on average 9,877 employees (previous year: 9,111 employees). This is equivalent to an increase of 8.4%.

INVESTMENTS AND ACQUISITIONS IN 2017

In the opening months of 2017, INDUS successfully maintained its growth trajectory on the acquisition side. Two "hidden champions" were acquired at the subsidiary level, bringing the number of companies in the Group's portfolio to 46.

M+P International Mess- und Rechnertechnik, Hanover, (M+P Group), a provider of measurement and test systems for vibration testing, was acquired in January. The M+P Group

SEGMENT REPORT

is active in four areas: vibration testing, vibration and sound analysis, process monitoring, and the development and construction of special testing equipment. Its customer base comprises the automotive industry, the electrical and electronics industry, and the aerospace industry. Vibration analysis provides important information that can be applied to improve the design of products and equipment. Automotive and aircraft manufacturers must conduct intensive vibration tests when developing new models to ensure a high level of comfort despite the growing trend towards "light construction". The company generated sales of roughly EUR 12 million in 2016. M+P's main sales markets include, besides Germany, the USA and China.

The PEISELER Group, Remscheid, was added in April, i.e. effective as of the second quarter. PEISELER is a provider of high-precision indexing devices and rotary tilt tables for machine tools. It supplies customers all over the world – including both manufacturers of machine tools and end customers in the automotive industry, in engineering and shipbuilding, in medical engineering, in the watchmaking and electronics industry, and in aircraft and turbine construction. The indexing devices and rotary tilt tables produced by PEISELER are designed to fix and position workpieces, thereby enabling flexible sequencing of multiple operations in modern machining centers, manufacturing plants and transfer lines. Companies profit from the resulting reduction in tooling costs and completion times. The PEISELER Group posted annual sales of roughly EUR 24 million in 2016 and has some 170 employees at three locations in Germany and the USA. In April 2017, the Group's internationalization was spurred again with the establishment of a site in Taiwan.

INDUS Holding AG divides its investment portfolio into five segments: Construction/Infrastructure, Automotive Technology, Engineering, Medical Engineering/Life Science, and Metals Technology. As of March 31, 2017, our investment portfolio encompassed 45 operating units.

CONSTRUCTION/INFRASTRUCTURE

THE SEGMENT HAS GROWN WITH A HIGH EARNINGS LEVEL

The building boom has continued unabated. The INDUS portfolio companies operating in the construction segment benefited from this trend in the first quarter of 2017. Revenue in this segment rose sharply again, to EUR 71.8 million, an increase of 30.3 % as compared to the same period of the previous year. All of the portfolio companies operating in this segment contributed to this growth. Two particularly significant spurs to growth came from a major contract in the "digital infrastructure" field and the initial consolidation of H. HEITZ (+13.6 %). Operating earnings (EBIT) increased by 20.3 % to EUR 7.1 million. At 9.9 %, the EBIT margin reached a satisfactory figure for the first quarter, though it did lag slightly as compared to the same quarter of the previous year since, as expected, the non-recurring effect from the first quarter of 2016 did not repeat itself. Investments amounted to EUR 3.6 million, more than double those of the previous year.

KEY FIGURES CONSTRUCTION/INFRASTRUCTURE (IN EUR MILLIONS)

	01 2017	Q1 2016	DIFFERENCE
		ABSOLUTE	IN %
Sales with external third parties	71.8	55.1	16.7 30.3
EBITDA	9.2	7.6	1.6 21.4
Depreciation and amortization	-2.1	-1.7	-0.4 24.8
EBIT	7.1	5.9	1.2 20.3
EBIT margin in %	9.9	10.7	-0.8 pp -
Capital expenditure	3.6	1.5	2.1 >100
Employees	1,654	1,276	377 29.6

AUTOMOTIVE TECHNOLOGY

EBIT MARGIN REMAINS COMPARATIVELY WEAK

The Automotive Technology segment was able to improve its sales by a gratifying 12%, to EUR 96.1 million. This was largely attributable to increased demand from China, where we had a comparatively weak first quarter in 2016. The growth was spread across nearly all companies operating in this segment. Operating earnings (EBIT) increased by EUR 0.7 million to EUR 4.7 million. The EBIT margin improved by 0.2 percentage points, to 4.9%. Despite these slightly improved first-quarter figures, the situation among series production suppliers remains tense owing to, among other things, an intensification of cost pressures. The intensive restructuring of one company in this segment continues to impose costs as well. At EUR 6.7 million, investments were significantly higher than in the previous year.

KEY FIGURES AUTOMOTIVE TECHNOLOGY (IN EUR MILLIONS)

	01 2017	Q1 2016	DIFFERENCE	
			ABSOLUTE	IN %
Sales with external third parties	96.1	85.9	10.3	12.0
EBITDA	10.0	8.6	1.4	16.3
Depreciation and amortization	-5.3	-4.6	-0.7	14.9
EBIT	4.7	4.0	0.7	17.9
EBIT margin in %	4.9	4.7	0.2 pp	-
Capital expenditure	6.7	4.3	2.4	55.8
Employees	3,541	3,383	158	4.7

ENGINEERING

EBIT MARGIN REACHES A RECORD LEVEL WITH A SUBSTANTIAL INCREASE IN SALES

Sales amounting to EUR 77.4 million were posted for the Engineering segment, a substantial increase (15.7%) as compared to the previous year. Contributing to this growth, besides further increases in demand experienced by nearly every company in the segment, was the initial consolidation of M+P. Operating earnings (EBIT) increased by 19.5% – which was slightly in excess of the increase in sales – to EUR 11.8 million. The EBIT margin stood at 15.3%, higher than it was for the same quarter of the previous year (14.8%) and higher than the margin for all of 2016 (13.5%). Investments reached EUR 13.3 million and comprised a high level of investment in fixed assets and investments made to acquire the M+P Group.

KEY FIGURES ENGINEERING (IN EUR MILLIONS)

	01 2017	Q1 2016	DIFFERENCE	
			ABSOLUTE	IN %
Sales with external third parties	77.4	66.9	10.5	15.7
EBITDA	14.1	11.8	2.3	19.7
Depreciation and amortization	-2.3	-1.9	-0.4	20.2
EBIT	11.8	9.9	1.9	19.5
EBIT margin in %	15.3	14.8	0.5 pp	-
Capital expenditure	13.3	1.2	12.1	>100
Employees	1,663	1,554	108.4	7.0

MEDICAL ENGINEERING/LIFE SCIENCE

MARGIN IN DECLINE

Trends in the Medical Engineering/Life Science segment were mixed in the first quarter. Sales increased by 5.1% as compared to the same quarter in the previous year – to EUR 38.9 million – in response to an increase in demand experienced by all companies in the segment. Operating earnings (EBIT), however, remained at the previous year's level at EUR 3.8 million (previous year: EUR 3.9 million). The EBIT margin fell by 0.7 percentage points, to 9.8%, as a result. This rather weak start (brought about by two portfolio companies) will likely be tempered as early as the second quarter of 2017, since the partial relocation of one company in particular will be completed. Investments stood at EUR 0.9 million, less than the amount invested in the same period in the previous year (EUR 1.6 million).

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

	01 2017	Q1 2016	DIFFERENCE	
			ABSOLUTE	IN %
Sales with external third parties	38.9	37.0	1.9	5.1
EBITDA	5.5	5.5	-0.0	0.0
Depreciation and amortization	-1.7	-1.6	-0.1	4.8
EBIT	3.8	3.9	-0.1	-2.0
EBIT margin in %	9.8	10.5	-0.7 pp	-
Capital expenditure	0.9	1.6	-0.7	-43.8
Employees	1,495	1,464	31.1	2.1

METALS TECHNOLOGY

POSITIVE MARGIN CHANGE WITH GROWING BUSINESS VOLUME

The Metals Technology segment posted a 10.0% increase in sales in the first quarter, to EUR 96.9 million. This growth is attributable mainly to the hard metal tools and mining industries. Operating earnings (EBIT) improved by 15.4% to EUR 9.0 million. The EBIT margin, at 9.3%, was a gratifying 0.5 percentage point higher than the previous year's figure. The adverse impact on earnings resulting from the reorganization process at a Swiss company could be overcompensated by good results from the other participations in the segment. Investment volume stood at the previous year's level at EUR 2.2 million.

KEY FIGURES METALS TECHNOLOGY (IN EUR MILLIONS)

	01 2017	Q1 2016	DIFFERENCE	
			ABSOLUTE	IN %
Sales with external third parties	96.9	88.1	8.8	10.0
EBITDA	12.5	11.0	1.5	13.5
Depreciation and amortization	-3.5	-3.3	-0.2	6.9
EBIT	9.0	7.8	1.2	15.4
EBIT margin in %	9.3	8.8	0.5 pp	-
Capital expenditure	2.2	2.3	-0.1	-4.3
Employees	1,496	1,406	90.0	6.4

FINANCIAL POSITION

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

	01 2017	Q1 2016	DIFFERENCE	
			ABSOLUTE	IN %
Operating cash flow	-11.9	-6.3	-5.6	88.9
Interest	-7.6	-3.5	-4.1	>100
Cash flow from operating activities	-19.5	-9.8	-9.7	99.0
 Cash outflow for investments	 -27.3	 -10.9	 -16.4	 >100
Cash inflow from the disposal of assets	0.2	0.6	-0.4	-66.7
Cash flow from investing activities	-27.1	-10.3	-16.8	>100
 Dividends paid to non-controlling shareholders	 -0.1	 0.0	 -0.1	 -
Cash inflow from the assumption of debt	31.2	21.6	9.6	44.4
Cash outflow from the repayment of debt	-21.4	-33.6	12.2	-36.3
Cash flow from financing activities	9.7	-12.0	21.7	<-100
 Net cash change in financial facilities	 -36.9	 -32.1	 -4.8	 15.0
Changes in cash and cash equivalents caused by currency exchange rates	0.2	-0.4	0.6	<-100
Cash and cash equivalents at the beginning of the period	127.2	132.2	-5.0	-3.8
Cash and cash equivalents at the end of the period	90.5	99.7	-9.2	-9.2

STATEMENT OF CASH FLOWS: OPERATING CASH FLOW CONSIDERABLY BELOW THE PREVIOUS YEAR'S LEVEL

Despite an increase in earnings after taxes to EUR 18.6 million (previous year: EUR 16.0 million), operating cash flow declined in the first quarter of 2017 by EUR 5.6 to EUR -11.9 million as compared to the period of comparison. The reason for this was an increase in working capital, which is typical for a first quarter, by EUR 39.7 million. At EUR -7.6 million, the cash flow for interest paid also stood higher than in the previous year (EUR -3.5 million). This is attributable to variable interest payments (profit shares) for minority shareholders. Because of the companies' higher year-end results, the minority shareholders' shares were commensurately higher than in the same period in the previous year. Consequently, the cash flow from operating activities declined by EUR 9.7 million to EUR -19.5 million.

Cash flow from investment activity amounted to EUR -27.1 million for the reporting period (previous year: EUR -10.3 million), EUR 16.8 million more than in the previous year. This item comprises, in addition to higher investments in fixed assets (EUR -5.5 million), the acquisition of the M+P Group.

Cash flow from financing activities amounted to EUR 9.7 million and included net borrowing that partially offset the cash flow from business and investment activity.

Accordingly, cash and cash equivalents were, at EUR 90.5 million, considerably less, as planned, than the EUR 127.2 million recorded at the end of 2016.

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

	31.3.2017	31.3.2016	DIFFERENCE
		ABSOLUTE	IN %
ASSETS			
Non-current assets	904.3	885.8	18.5 2.1
Fixed assets	899.7	880.5	19.2 2.2
Accounts receivable and other current assets	4.6	5.3	-0.7 -13.2
Current assets	667.8	635.8	32.0 5.0
Inventories	339.3	308.7	30.6 9.9
Accounts receivable and other current assets	238.0	199.9	38.1 19.1
Cash and cash equivalents	90.5	127.2	-36.7 -28.9
Total assets	1,572.1	1,521.6	50.5 3.3
EQUITY AND LIABILITIES			
Non-current liabilities	1,163.8	1,150.9	12.9 1.1
Equity	663.7	644.6	19.1 3.0
Debt	500.1	506.3	-6.2 -1.2
of which provisions	31.6	31.2	0.4 1.3
of which payables and income taxes	468.5	475.1	-6.6 -1.4
Current liabilities	408.3	370.7	37.6 10.1
of which provisions	70.3	65.6	4.7 7.2
of which liabilities	338.0	305.1	32.9 10.8
Total equity and liabilities	1,572.1	1,521.6	50.5 3.3

END RESULT: AN INCREASE IN WORKING CAPITAL

The INDUS Group's consolidated total assets, which amounted to EUR 1,572.1 million as of the quarterly report-

ing date, were 3.3 % higher than the figure reported as of December 31, 2016. The significant decline in cash and cash equivalents (EUR -36.7 million) correlates with the build-up of working capital that typically occurs at the beginning of

the year. Increases in inventories (EUR +30.6 million) and receivables (EUR +38.1 million) were especially responsible. Working capital amounted to EUR 412.2 million as of March 31, 2017 – EUR 39.7 million, or 10.7%, more than the figure reported as of the reporting date (EUR 372.5 million).

Equity increased by just under 3 % as compared to the end of the year. The equity ratio as of March 31, 2017 amounted to 42.2 %, marginally less than the equity ratio as of December 31, 2016 (42.4 %). The increase in current liabilities by EUR 32.9 million is attributable mainly to reclassification on maturity of contingent purchase price commitments from non-current to current.

WORKING CAPITAL (IN EUR MILLIONS)

	<u>31.3.2017</u>	31.3.2016	ABSOLUTE	DIFFERENCE
				IN %
Inventories	339.3	308.7	30.6	9.9
Trade accounts receivable	211.4	177.6	33.8	19.0
Trade accounts payable	-73.8	-55.4	-18.4	33.2
Prepayments received	-26.3	-20.5	-5.8	28.3
Construction contracts with credit balance	-38.4	-37.9	-0.5	1.3
Working capital	412.2	372.5	39.7	10.7

Net financial liabilities amounted to EUR 423.3 million as of March 31, 2017, EUR 46.7 million more than the figure recorded as of December 31, 2016. The increase reflects both

the reduction in cash and cash equivalents (EUR -36.7 million) and the increase in financial liabilities (EUR +10.0 million).

NET FINANCIAL LIABILITIES (IN EUR MILLIONS)

	<u>31.3.2017</u>	31.3.2016	ABSOLUTE	DIFFERENCE
				IN %
Non-current financial liabilities	395.1	389.8	5.3	1.4
Current financial liabilities	118.7	114.0	4.7	4.1
Cash and cash equivalents	-90.5	-127.2	36.7	-28.9
Net financial liabilities	423.3	376.6	46.7	12.4

RISKS AND OPPORTUNITIES

OUTLOOK

For the Opportunity and Risk Report from INDUS Holding AG, please consult the 2016 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.

The German economy continues to find itself in a stable set of circumstances. Both current sentiment indicators and previously published economic data support the positive outlook for 2017 as a whole. The solid performance recorded by German industry has been sustained in part by the continued strong condition of the domestic economy and in part by strong growth in the largest national economies in Asia and North America. Contributing in the background are improved economic conditions in the emerging economies and much greater economic momentum in the developed countries.

The positive real economic developments and expectations stand in contrast to the persistently high level of uncertainty in regard to the underlying economic, fiscal, and monetary conditions. And the political risks following the outcome of the election in France are not to be underestimated either. The geopolitical hot spots also continue to smolder. The positive forecast for the German economic area must therefore be entertained with certain reservations.

In the first three months of fiscal 2017, INDUS once again posted substantial growth in sales and achieved on the whole a very good operating result. The Construction/Infrastructure and Engineering segments in particular are maintaining their growth trajectory. To sum up, business performance has conformed to plan.

INDUS therefore reaffirms its objective of achieving growth in excess of the market and continues to expect sales in excess of EUR 1.5 billion and EBIT of EUR 145 to 150 million (before the prorated sales and earnings contributions from the acquisitions made over the course of the year are included).

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

FOR THE FIRST QUARTER OF 2017

IN EUR '000	NOTES	01 2017	Q1 2016
SALES		380,972	332,792
Other operating income		3,588	3,621
Own work capitalized		1,106	1,181
Change in inventories		14,962	5,383
Cost of materials	[4]	-182,383	-150,640
Personnel expenses	[5]	-115,270	-102,330
Depreciation and amortization		-15,037	-13,259
Other operating expenses	[6]	-53,640	-46,513
Income from shares accounted for using the equity method		388	216
Other financial results		59	62
OPERATING RESULT (EBIT)		34,745	30,513
Interest income		34	144
Interest expenses		-6,153	-5,914
NET INTEREST	[7]	-6,119	-5,770
EARNINGS BEFORE TAXES (EBT)		28,626	24,743
Taxes	[8]	-10,031	-8,679
EARNINGS AFTER TAXES		18,595	16,064
of which allocable to non-controlling shareholders		159	136
of which allocable to INDUS shareholders		18,436	15,928
Earnings per share (undiluted and diluted) in EUR	[9]	0.75	0.65

STATEMENT OF INCOME AND ACCUMULATED EARNINGS

FOR THE FIRST QUARTER OF 2017

IN EUR '000	Q1 2017	Q1 2016
EARNINGS AFTER TAXES	18,595	16,064
Actuarial gains and losses	-484	-1,135
Deferred taxes	143	336
Items not reclassified to profit or loss	-341	-799
Currency translation adjustment	645	-2,811
Change in the market values of derivative financial instruments (cash flow hedge)	423	14
Deferred taxes	-67	-2
Items to be reclassified to profit or loss in future	1,001	-2,799
OTHER INCOME	660	-3,598
OVERALL RESULT	19,255	12,466
of which allocable to non-controlling shareholders	159	136
of which allocable to INDUS shareholders	19,096	12,330

Income and expenses recognized directly in equity under other income include actuarial losses from pension plans and other similar obligations amounting to EUR -484,000 (previous year: EUR -1.135,000). This is the result primarily of a drop in the interest rate for domestic obligations from 2.00 % as of December 31, 2016, to 1.90 % as of March 31, 2017.

Net income from currency translation is derived from the translated financial statements of consolidated international subsidiaries. The change in the fair value of financial instruments 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

AS OF MARCH 31, 2017

IN EUR '000	NOTES	31.3.2017	31.12.2016
ASSETS			
Goodwill		418,089	408,702
Other intangible assets		81,434	74,306
Property, plant and equipment		371,486	369,331
Investment property		5,360	5,412
Financial assets		12,461	12,214
Shares accounted for using the equity method		10,885	10,497
Other non-current assets		1,196	3,029
Deferred taxes		3,439	2,258
Non-current assets		904,350	885,749
 Inventories	[10]	339,260	308,697
Accounts receivable	[11]	211,412	177,626
Other current assets		16,968	16,424
Current income taxes		9,639	5,928
Cash and cash equivalents		90,465	127,180
Current assets		667,744	635,855
TOTAL ASSETS		1,572,094	1,521,604
 EQUITY AND LIABILITIES			
Subscribed capital		63,571	63,571
Capital reserve		239,833	239,833
Other reserves		357,630	338,534
Equity held by INDUS shareholders		661,034	641,938
Non-controlling interests in the equity		2,699	2,630
Equity		663,733	644,568
 Provisions for pensions		29,581	29,020
Other non-current provisions		2,006	2,217
Non-current financial liabilities		395,091	389,757
Other non-current liabilities	[12]	32,709	47,729
Deferred taxes		40,731	37,595
Non-current liabilities		500,118	506,318
 Other current provisions		70,325	65,578
Current financial liabilities		118,719	113,974
Trade accounts payable		73,754	55,409
Other current liabilities	[12]	136,961	127,505
Current income taxes		8,484	8,252
Current liabilities		408,243	370,718
TOTAL EQUITY AND LIABILITIES		1,572,094	1,521,604

CONSOLIDATED STATEMENT OF EQUITY

FROM JANUARY 1 TO MARCH 31, 2017

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 31.12.2015	63,571	239,833	290,861	-1,486	592,779	2,651	595,430
Income after taxes			15,928		15,928	136	16,064
Other income				-3,598	-3,598		-3,598
Overall result			15,928	-3,598	12,330	136	12,466
BALANCE AS OF 31.3.2016	63,571	239,833	306,789	-5,084	605,109	2,787	607,896
BALANCE AS OF 31.12.2016	63,571	239,833	341,561	-3,027	641,938	2,630	644,568
Income after taxes			18,436		18,436	159	18,595
Other income				660	660		660
Overall result			18,436	660	19,096	159	19,255
Dividend payment						-90	-90
BALANCE AS OF 31.3.2017	63,571	239,833	359,997	-2,367	661,034	2,699	663,733

Interests held by non-controlling shareholders consist for the most part of the non-controlling interests in WEIGAND Bau GmbH and subsidiaries of the ROLKO Group. Where economic ownership of non-controlling interests in limited partnerships and limited partnerships had, at the time of purchase, already been transferred under reciprocal option agreements, those interests are shown under other liabilities.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FIRST QUARTER OF 2017

IN EUR '000	01 2017	01 2016
Income after taxes	18,595	16,064
Depreciation/write-ups of non-current assets	15,037	13,259
Taxes	10,031	8,679
Net interest	6,119	5,770
Other non-cash transactions	-83	-3,344
Changes in provisions	4,150	-2,242
Increase (-)/decrease (+) in inventories, trade accounts receivable, and other assets	-63,500	-31,360
Increase (+)/decrease (-) in trade accounts payable and other liabilities	12,485	-783
Income taxes received/paid	-14,711	-12,351
Operating cash flow	-11,877	-6,308
Interest paid	-7,623	-3,598
Interest received	34	144
Cash flow from operating activities	-19,466	-9,762
Cash outflow from investments in		
property, plant and equipment and intangible assets	-15,153	-9,662
financial assets	-436	-719
shares in fully consolidated companies	-11,712	-555
Cash inflow from the disposal of other assets	193	622
Cash flow from investing activities	-27,108	-10,314
Dividends paid to shareholders	-90	0
Cash inflow from the assumption of debt	31,186	21,583
Cash outflow from the repayment of debt	-21,409	-33,583
Cash flow from financing activities	9,687	-12,000
Net cash change in financial facilities	-36,887	-32,076
Changes in cash and cash equivalents caused by currency exchange rates	172	-367
Cash and cash equivalents at the beginning of the period	127,180	132,195
Cash and cash equivalents at the end of the period	90,465	99,752

NOTES

BASIC PRINCIPLES OF THE FINANCIAL STATEMENTS

[1] General Information

INDUS Holding AG, based in Bergisch Gladbach, Germany, prepared its consolidated financial statements for the period from January 1, 2017 to March 31, 2017 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 within 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 have been prepared in accordance with IAS 34 in condensed form. The interim report has been neither audited nor subjected to perusal or review by an auditor.

New obligatory standards are reported on separately in the section "Changes in Accounting Standards". Otherwise, the same accounting methods were applied as in the consolidated financial statements for the 2016 fiscal year, where they are described 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 a proper presentation of the Group's financial position and financial performance. The results achieved in the first quarter of the 2017 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 assets, liabilities, and contingent liabilities and on income and expenses. When estimates are made regarding the future, actual values may differ from the estimates. If the original basis for the estimates changes, the statement of the items in question is adjusted through profit and loss.

[2] Changes in Accounting Standards

All obligatory accounting standards in effect as of fiscal year 2017 have been implemented in these interim financial statements.

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

[3] Mergers

M+P INTERNATIONAL

INDUS Holding AG acquired 76.56% of shares in M+P International Mess- und Rechnertechnik GmbH, Hanover, under a contract dated January 30, 2017. The M+P Group is a provider of measurement and test systems for vibration testing and analysis, has 63 employees, and posted preliminary revenues of EUR 12 million in 2016. M+P is classified as part of the Engineering segment.

The fair value of the total consideration given amounted to EUR 19.834 million at the time of acquisition. This figure comprises a cash component and a contingent purchase price payment in the amount of EUR 5.137 million, which was measured at fair value and which is the result of a put option for the 23.44% minority shares. The amount of the contingent purchase price commitment was calculated on the basis of EBIT multiples and a forecast of future EBIT.

The goodwill in the amount of EUR 9.310 million 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:

ACQUISITIONS: M+P (IN EUR '000)	CARRYING AMOUNTS AT TIME OF ADDITION	ASSETS ADDED DUE TO FIRST-TIME CONSOLIDATION	ADDITIONS CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Goodwill	0	9,310	9,310
Other intangible assets	317	8,546	8,863
Property, plant and equipment	330	0	330
Inventories	1,119	1,144	2,263
Accounts receivable	2,054	0	2,054
Other assets*	139	0	139
Cash and cash equivalents	2,985	0	2,985
Total assets	6,944	19,000	25,944
Other provisions	947	0	947
Trade accounts payable	267	0	267
Other liabilities**	2,028	2,868	4,896
Total liabilities	3,242	2,868	6,110

* Other assets: Other non-current assets, Other current assets, Deferred taxes, Current income taxes

** Other liabilities: Other non-current liabilities, Other current liabilities, Deferred taxes, Current income taxes

The initial consolidation of M+P International took place in February 2017. The M+P Group has contributed sales amounting to EUR 1.863 million to the result for the period from January 1 to March 31, 2017 and an operating result (EBIT) of EUR -966,000.

Expenditures affecting net income and arising from the initial consolidation of M+P reduced the operating result by EUR -1.396 million. The incidental acquisition costs were recorded in the Statement of Income.

NOTES TO THE STATEMENT OF INCOME

PEISELER

On April 18, 2017 INDUS Holding AG acquired 80% of shares in PEISELER Holding GmbH, Remscheid. PEISELER is a provider of high-precision indexing devices and rotary tilt tables for machine tools. In addition to its main operating company in Remscheid, the PEISELER Group comprises a permanent establishment in Morbach and an American distribution subsidiary in Grand Rapids, Michigan.

PEISELER is classified as part of the Engineering segment. The purchase price allocation is currently in-complete. The fair value of the total consideration given comprises a cash component and a contingent purchase price commitment in the amount of EUR 6.042 million, which was measured at fair value and which is the result of a symmetrical call/put option for the minority shares. The amount of the contingent purchase price commitment was calculated on the basis of EBIT multiples and a forecast of future EBIT.

[4] Costs of Materials

IN EUR '000	01 2017	Q1 2016
Raw materials and goods for resale	-153,061	-129,013
Purchased services	-29,322	-21,627
Total	-182,383	-150,640

[5] Personnel Expenses

IN EUR '000	01 2017	Q1 2016
Wages and salaries	-98,013	-86,677
Social security	-16,189	-14,565
Pensions	-1,068	-1,088
Total	-115,270	-102,330

[6] Other Operating Expenses

IN EUR '000	01 2017	Q1 2016
Selling expenses	-20,599	-16,826
Operating expenses	-18,638	-17,070
Administrative expenses	-12,162	-9,909
Other expenses	-2,241	-2,708
Total	-53,640	-46,513

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

[7] Net Interest

IN EUR '000	01.2017	Q1 2016
Interest and similar income	34	144
Interest and similar expenses	-3,407	-4,078
Interest from operations	-3,373	-3,934
Other: Market value of interest-rate swaps	4	21
Other: Non-controlling interests	-2,750	-1,857
Other interest	-2,746	-1,836
Total	-6,119	-5,770

The item “Other: Non-controlling interests” contains the effect on results of the subsequent valuation of the contingent purchase price commitments (call/put options) in the amount of EUR 374,000 (previous year: EUR 647,000) 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.

[8] Taxes

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

[9] Earnings per Share

IN EUR '000	01.2017	Q1 2016
Earnings attributable to INDUS shareholders	18,436	15,928
Weighted average shares outstanding (in thousands)	24,451	24,451
Earnings per share (in EUR)	0.75	0.65

[10] Inventories

IN EUR '000	31.3.2017	31.12.2016
Raw materials and supplies	113,578	98,941
Unfinished goods	99,991	85,419
Finished goods and goods for resale	105,419	102,772
Prepayments for inventories	20,272	21,565
Total	339,260	308,697

[11] Accounts receivable

IN EUR '000	31.3.2017	31.12.2016
Accounts receivable from customers	195,003	163,257
Accounts receivable from construction contracts	15,101	12,689
Accounts receivable from associated companies	1,308	1,680
Total	211,412	177,626

[12] Liabilities

The EUR 59.309 million in other liabilities (31.12.2016: EUR 54.889 million) include contingent purchase price commitments measured at fair value insofar as minority shareholders are able to tender their shares to INDUS by terminating the articles of incorporation or on the basis of option agreements.

OTHER DISCLOSURES

[13] Segment Reporting

SEGMENT INFORMATION BY OPERATION

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

	CONSTRUCTION/ INFRA- STRUCTURE	AUTOMOTIVE TECHNOLOGY	ENGINEERING	MEDICAL ENGINEERING/ LIFE SCIENCE	METALS TECHNOLOGY	TOTAL SEGMENTS	RECONCILIA- TION	CONSOLIDATED FINANCIAL STATEMENTS
Q1 2017								
Sales with external third parties	71,754	96,147	77,422	38,903	96,871	381,097	-125	380,972
Sales with Group companies	7,930	18,462	11,177	3,582	13,448	54,599	-54,599	0
Sales	79,684	114,609	88,599	42,485	110,319	435,696	-54,724	380,972
Segment earnings (EBIT)	7,071	4,680	11,847	3,822	9,040	36,460	-1,715	34,745
Earnings from equity valuation	306	29	53	0	0	388	0	388
Depreciation and amortization	-2,105	-5,295	-2,286	-1,684	-3,499	-14,869	-168	-15,037
Segment EBITDA	9,176	9,975	14,133	5,506	12,539	51,329	-1,547	49,782
Capital expenditure	3,606	6,705	13,294	889	2,208	26,702	599	27,301
of which company acquisitions	0	0	11,712	0	0	11,712	0	11,712

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

	CONSTRUCTION/ INFRA- STRUCTURE	AUTOMOTIVE TECHNOLOGY	ENGINEERING	MEDICAL ENGINEERING/ LIFE SCIENCE	METALS TECHNOLOGY	TOTAL SEGMENTS	RECONCILIA- TION	CONSOLIDATED FINANCIAL STATEMENTS
Q1 2016								
Sales with external third parties	55,052	85,867	66,889	37,013	88,101	332,922	-130	332,792
Sales with Group companies	4,308	9,519	8,994	3,631	8,550	35,002	-35,002	0
Sales	59,360	95,386	75,883	40,644	96,651	367,924	-35,132	332,792
Segment earnings (EBIT)	5,925	3,971	9,911	3,918	7,777	31,502	-989	30,513
Earnings from equity valuation	0	147	69	0	0	216	0	216
Depreciation and amortization	-1,636	-4,607	-1,942	-1,606	-3,271	-13,062	-197	-13,259
Segment EBITDA	7,561	8,578	11,853	5,524	11,048	44,564	-792	43,772
Capital expenditure	1,494	4,395	1,149	1,597	2,301	10,936	0	10,936
of which company acquisitions	0	0	555	0	0	555	0	555

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)

	01 2017	Q1 2016
Segment earnings (EBIT)	36,460	31,502
Areas not allocated, incl. holding company	-1,523	-1,066
Consolidations	-192	77
Net interest	-6,119	-5,770
Earnings before taxes	28,626	24,743

The reconciliations contain the figures of the holding company, non-operating 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 key control variable for the segments is operating earnings (EBIT) as defined in the consolidated financial statements. The information pertaining to the segments has been ascertained in compliance with the reporting and valuation methods that were applied during the preparation of the consolidated financial statements. Transfer prices between segments 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.

The classification of segments corresponds without change to the current state of internal reporting. The information relates to continuing activities. The companies are allocated to the various 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).

SEGMENT INFORMATION BY REGION

The breakdown of sales by region relates to our selling markets. Due to our varied foreign activities, a further breakdown by country would not be meaningful since no country other than Germany accounts for 10% of Group sales.

Non-current assets, less deferred taxes and financial instruments, are based on the domiciles of the companies concerned. Further differentiation would not be useful since the majority of companies are domiciled in Germany.

Owing 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
Q1 2017				
Sales revenue with external third parties	380,972	186,254	90,535	104,183
March 31, 2017				
Non-current assets, less deferred taxes and financial instruments	887,254	748,848	43,503	94,903
Q1 2016				
Sales revenue with external third parties	332,792	170,151	77,630	85,011
March 31, 2016				
Non-current assets, less deferred taxes and financial instruments	868,248	732,990	41,190	94,068

[14] Information on the Significance of Financial Instruments

The table below shows the carrying amounts of the 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 MARCH 31, 2017 (IN EUR '000)

	BALANCE SHEET VALUE	IFRS 7 NOT APPLICABLE	FINANCIAL INSTRUMENTS IFRS 7	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST
Financial assets	12,461	0	12,461	0	12,461
Cash and cash equivalents	90,465	0	90,465	0	90,465
Accounts receivable	211,412	15,101	196,311	0	196,311
Other assets	18,164	10,000	8,164	146	8,018
Financial Instruments: Assets	332,502	25,101	307,401	146	307,255
Financial liabilities	513,810	0	513,810	0	513,810
Trade accounts payable	73,754	0	73,754	0	73,754
Other liabilities	169,670	77,428	92,242	62,311	29,931
Financial Instruments: Equity and liabilities	757,234	77,428	679,806	62,311	617,495

FINANCIAL INSTRUMENTS AS OF DEC. 31, 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	12,214	0	12,214	0	12,214
Cash and cash equivalents	127,180	0	127,180	0	127,180
Accounts receivable	177,626	12,689	164,937	0	164,937
Other assets	19,453	9,798	9,655	860	8,795
Financial Instruments: Assets	336,473	22,487	313,986	860	313,126
Financial liabilities	503,731	0	503,731	0	503,731
Trade accounts payable	55,409	0	55,409	0	55,409
Other liabilities	175,234	74,313	100,921	49,531	51,390
Financial Instruments: Equity and liabilities	734,374	74,313	660,061	49,531	610,530

Available-for-sale financial assets are long-term financial investments for which no pricing on an active market is avail-

able 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)

	<u>MAR. 31, 2017</u>	<u>DEC. 31, 2016</u>
Measured at fair value through profit and loss		
Loans and receivables	146	860
Available-for-sale financial assets	304,418	310,608
Financial instruments: Assets	307,401	313,986
 Measured at fair value through profit and loss		
Financial liabilities measured at their residual carrying amounts	2,837	2,518
Financial instruments: Equity and liabilities	62,311	49,531
	617,495	610,530
	679,806	660,061

[15] Events after the Quarterly Reporting Date

On April 18, 2017 INDUS Holding AG acquired 80% of shares in PEISELER Holding GmbH, Remscheid. PEISELER is a provider of high-precision indexing devices and rotary tilt tables for machine tools. In addition to its main operating company in Remscheid, the PEISELER Group comprises a permanent establishment in Morbach and an American distribution subsidiary in Grand Rapids, Michigan.

PEISELER is classified as part of the Engineering segment. The purchase price allocation is currently incomplete.

[16] Approval for Publication

The Board of Management of INDUS Holding AG approved this IFRS interim financial statement for publication on May 12, 2017.

Bergisch Gladbach, May 12, 2017

INDUS Holding AG

The Board of Management


Jürgen Abromeit


Dr. Johannes Schmidt


Rudolf Weichert

CONTACT

CONTACT PUBLIC RELATIONS & INVESTOR RELATIONS

Nina Wolf

Phone: +49 (0)2204/40 00 73

Julia Pschribülla

Phone: +49 (0)2204/40 00 66

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

E-mail: presse@indus.de

E-mail: investor.relations@indus.de

INDUS HOLDING AG

Kölner Straße 32

51429 Bergisch Gladbach

Germany

P.O. Box 10 03 53

51403 Bergisch Gladbach

Germany

Phone: +49(0)2204/40 000

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

E-mail: indus@indus.de

www.indus.de

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November 14, 2017 Interim report on September 30, 2017

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