ANNUAL REPORT 2015 – INDUS HOLDING AG

WHAT DRIVES US

[INDUS]

CONTENTS

OUR PROFILE

As the leading specialist in the field of sustainable investment and growth in successful small and medium-sized companies, INDUS preferentially acquires owner-managed companies and helps their business grow over the long term. We make sure that they are able to preserve their strengths: their identity as a small or medium-size enterprise, their flexibility and their capacity for innovation.

THE STOCK MARKET AND THE SME INDUSTRY – ARE THEY COMPATIBLE?

U

TOGETHER YET SEPARATE – HOW DOES THAT WORK?

L

COVERING A BROAD SPECTRUM YET ALSO SPECIALIZING – ISN'T THIS A CONTRADICTION?

ROOTED FIRMLY AT HOME YET THINKING GLOBALLY – ARE BOTH POSSIBLE?

U

FOCUSED ON THE LONG-TERM BUT STILL FLEXIBLE – HOW CAN IT BE DONE?

R

YES,
IT IS ALL
POSSIBLE.
WITH A
CORPORATE
CULTURE
CHARACTERIZED
BY TEAM WORK.

We have more than 40 companies who work closely together with their customers and suppliers, and who are firmly rooted in their sectors. At the same time, they are also members of a strong association that supports them in achieving their corporate targets.

Every part of our Group, each and every employee, is important for the whole. This is what forms our identity. And motivates us to continually head down new paths: to our customers, new markets, and into the future.

THE STOCK MARKET AND THE SME INDUSTRY

In order to keep evolving, our portfolio companies need funding. As a listed company with a high level of transparency we are in an ideal position to pool our own funds as well as acquire borrowed funds and make these funds available to our companies at good conditions. We offer our shareholders the opportunity to invest in a broad range of thriving SMEs and participate in their success.

TOGETHER YET SEPARATE

As a Group we are united by our efforts to achieve long-term success. Every INDUS company has control over its own everyday operations. And the ability to choose an individual path is important. That is because nobody knows a company better than those who have helped it become one of the leading companies in its sector.

COVERING A BROAD SPECTRUM YET ALSO SPECIALIZING

We are looking for something special, that certain something. Because we believe that this is where the best achievements can be found. Our diverse positioning means that risk is spread across the portfolio and ensures a stable financial framework for all. This framework also helps individual companies to overcome economically challenging times and make the necessary changes. And so the individual as well as the Group wins.

ROOTED FIRMLY AT HOME YET THINKING GLOBALLY

It is particularly important to know your place when you are in your own specialized world. Being part of INDUS is no constraint, and neither are the individual companies constrained by their own roots. But they offer some orientation and provide a center for management and staff to align themselves with.

FOCUSED ON THE LONG-TERM BUT STILL FLEXIBLE

The importance of hardware to success is constantly decreasing. Much more important is that the companies can react and adapt quickly to changing conditions. This also means being able to decide which paths can be followed long-term and which are not suitable. Our companies train this ability every day.

WHAT WE STAND FOR

CONTENT

Cold milling, soil stabilization, concrete construction: Roads around the world are constructed and renewed with Wirtgen's machinery. For quarry work, too, there is no way around the Group from Windhagen near Bonn. Road construction is booming. In addition to the individual machines, customers are increasingly demanding full process chains and accompanying services. The brothers Jürgen and Stefan Wirtgen have been taking this holistic approach since 1997 – gradually taking the Wirtgen Group to the top of their market.

ULTURE EQUALS SUCCESS

AN INTERVIEW WITH JÜRGEN AND STEFAN WIRTGEN

Maintaining a positive corporate culture is not always easy. But it has a clear impact on success. Because when all forces pull in the same direction, more can be achieved than when internal energies are constantly neutralizing each other. Jürgen and Stefan Wirtgen, the two family owners of the Wirtgen Group, the global market leader for road construction milling products, understand the importance of "soft values" and were happy to provide us with an insight into their perspective.

WIRTGEN WAS FOUNDED AS A ONE-MAN-COMPANY 50 YEARS AGO, NOW YOU'RE THE MARKET LEADER. HOW DID YOU DO IT?

— **JÜRGEN WIRTGEN**

The German motorways first needed renovating as our father founded the company in 1961, when he was 18. It was a pioneering time for our company, where we initially had to get to grips with this brand new market, create proximity to our customers, and develop technical solutions for novel problems. This led to the creation of our first machine, built by our father: a concrete breaking machine. The "Klöpper," as we like to call it, was not a high-tech machine by today's definitions, but it did provide an unbeatable solution for breaking up motorway surfaces.

— **STEFAN WIRTGEN**

We have consistently maintained this proximity to our customers over the years. With the needs of the customer in mind, we have gradually developed new products, continually invested in our plants, and intensively expanded our international sales and service network – until we came to the point where we were also able to guarantee this proximity to our customers around the world. And so our company went from a one-man-enterprise to becoming the Wirtgen Group, the global leader for mobile road construction with 7,000 employees.

WHAT CULTURAL CHARACTERISTICS DEFINE WIRTGEN?

— **JÜRGEN WIRTGEN**

Our particular characteristics include customer orientation, permanent innovation, striving for high performance with unlimited service, and, of course, the strengths of an exceptional team that always meets new challenges with great flexibility.

WITH EUR 2.25 BILLION IN SALES ACROSS SIX CONTINENTS, HOW DOES WIRTGEN MAINTAIN ITS ROOTS AS A FAMILY-OWNED COMPANY?

— STEFAN WIRTGEN

Our size and the fact that we are a family-owned company represent no contradiction to us. We have grown gradually. Wirtgen GmbH was first joined by Joseph Vögele AG with asphalt pavers, then Hamm AG with compaction technology, then Kleemann GmbH with mobile breakers and sieves, and finally Benninghoven GmbH & Co KG with asphalt mixers. During all of these acquisitions we made certain that not just the brand products were a perfect match, but also that the companies' philosophies were in harmony with our own. Our decentralized organizational structure, flat hierarchies, and short decision-making processes also help to ensure that we can always maintain the character and flexibility that is typical of our family-owned company.

> "Our strength lies in a team that time and again faces new challenges with great flexibility."

YOU TWO ARE THE SECOND GENERATION TO MANAGE THE COMPANY. WHICH OF YOUR FATHER'S VALUES HAVE YOU KEPT ALIVE, AND WHY?

— JÜRGEN WIRTGEN

All of the values that characterize the Wirtgen Group today have always been a part of our philosophy. However, as the company grows so do the consequences of these values. In my opinion, two factors are particularly important: Our thought processes and conduct remain focused on the customer. Our customers are at the heart of everything we do.

At a personal level this is the trust that we place in every individual. It means every employee is a part of the "family" and creates the conditions to allow real top performances.

HOW DO YOU KNOW THAT THE CORPORATE CULTURE IS AS IT SHOULD BE AT WIRTGEN? DO YOU HAVE ANY CONCRETE FIGURES TO MEASURE?

— STEFAN WIRTGEN

No, there are no concrete figures, and I don't think that would suit us, either. In the same way that we do not set up rigid standards for our corporate culture, we do not keep accounts for our culture. We believe that corporate culture is a part of everyday working life and that we must focus on it every day. As those responsible for this company we have developed a good sense of what the team needs during our everyday work. We notice straightaway if everything is as it should be, or if it isn't.

And we celebrate the familiar atmosphere with a number of activities. Such as our summer break festival or Christmas parties. And when I see that virtually all of the team celebrates the end of the year together at the Christmas party, and it has become the norm to hold a pension party for employees who have dedicated their entire professional lives to Wirtgen, then that tells me more than any abstract indicators could.

DO YOU HAVE EMPLOYEE SATISFACTION SURVEYS?

— JÜRGEN WIRTGEN

Yes, there are always surveys on individual topics. However, we work slightly differently in this regard, too. We find personal discussions more enlightening than questionnaires. We hold regular employee talks at Wirtgen, which our father established and which we have maintained to this day. Basically, it is an open exchange between management and representatives from all company departments. The talks represent an opportunity to discuss our employees' needs, topics are brought to light, and information about company development and current problems is also exchanged.

EUR **2.25** billion in sales in 2015 show that culture pays for itself.

WHAT EXACTLY DOES WIRTGEN DO TO PROMOTE ITS CORPORATE CULTURE?

— STEFAN WIRTGEN

We start promoting our corporate culture in our apprenticeships, where we provide practical training in close cooperation with the operating business and introduce the apprentices to our values. We encourage our young people to take responsibility and also give them the freedom to do so. This concept motivates people, spurs them on to perform to the best of their ability, and gives every individual the feeling that they are part of something greater.

This concept is accompanied by open communication and information policies as well as numerous other measures, such as our regularly published company magazine, where employees can find stories about themselves, or invitations for the entire team to the next "bauma" – the world's largest construction machinery trade fair in Munich.

IT'S THE SIMPLE STORIES AND THEIR ESSENCE THAT ARE KEPT ALIVE IN A COMPANY. WHAT ARE/WERE THE STORIES AT WIRTGEN?

— JÜRGEN WIRTGEN

As our father established the company 55 years ago, it was his dream to offer a complete road construction package, from milling machine and asphalt paver to steam roller. And the drive to make this vision a reality is what created the Wirtgen Group, which now, with the acquisition of Kleemann and Benninghoven, even exceeds this original vision. Today, the Wirtgen Group is the first company in the world that is able to cover the entire process chain from breaking and sieving stone, mixing asphalt, paving and compaction to renovation – and all with premium brands.

“We don’t keep any accounts for culture. We believe that it is a part of everyday working life that we must focus on every day.”

THE GROUP IS DECENTRALLY AND INTERNATIONALLY ACTIVE IN THE MARKETS. AND WE KNOW THERE IS PLENTY OF COMPETITION. HOW MUCH ROOM DOES THAT LEAVE FOR VALUES/CULTURE?

— STEFAN WIRTGEN

It is precisely because of our solid culture that we are where we are today, not despite it. No matter which of our five German main facilities, three local foreign facilities, or fifty-five own branches you visit, you will encounter the same spirit. We are focused on the customer across our whole organization, and we are always there for them. We are a long-term, stable partner.

AS THE MANAGERS, TO WHAT EXTENT DO YOU COLLECT FEEDBACK EXTERNALLY? HAVE THERE BEEN ANY OCCASIONS WHERE YOU HAVE DECIDED NOT TO EXPLOIT AN OPPORTUNITY DUE TO SOFT VALUES?

— JÜRGEN WIRTGEN

There is an appropriate anecdote about our father. But instead he decided to take an opportunity against advice. During product development, he commissioned a corporate consultant to carry out a market analysis for stabilizers and recyclers. The result of the analysis, however, showed that there was no market for recyclers. Our father decided to build one anyway, laying the foundation for one of Wirtgen GmbH’s

four divisions, and one in which we are the global leader today.

Basically, we still trust our gut instinct – based, of course, on sound judgment and expertise. Our decentralized organization means we have a number of sensors on the market, and with our specialists we can quickly recognize demands from the market and react to them in a professional manner.

YOU CREATED A NEW CI FOR WIRTGEN IN ORDER TO STRENGTHEN THE GROUP'S TEAM SPIRIT. HOW IMPORTANT IS THIS EXTERNAL SYMBOL?

— STEFAN WIRTGEN
In the last ten years our company has undergone serious changes: strategic positioning, gaining a globally leading position in all road divisions, and the new business area of minerals are just some examples of the enormous developments. Now it is time to present this development to the world, with a strong and pro-active CI concept. Our new brand identity strengthens the connection between Wirtgen, Vögele, Hamm, Kleemann, and Benninghoven, and highlights the fact that all of our brands stand for the same values: modern facilities, innovative products, and first-class service.

> "With our common identity we highlight our strength as a corporate group and our promise: Close to our customers."

— JÜRGEN WIRTGEN
Our new CI also highlights our position as the only true all-rounder in road construction, who can cover the entire process chain. And externally it highlights our strength as a corporate group. But despite all these changes, one thing has remained the same: Our customers remain at the heart of everything we do. We know it is only possible to be innovative if we listen to our customers. And we will only remain successful if we can keep impressing our customers, time after time. That is why our promise is and remains: Close to our customers.

WHAT COULD WIRTGEN IMPROVE ON IN TERMS OF CULTURE?

— STEFAN WIRTGEN
Our culture only exists insofar as the team accepts it. That is why I would not speak of improvement, but rather of keeping the corporate culture in the forefront of our minds. It is important to create an environment and atmosphere in which employees do not simply fulfill their roles according to structures set in stone, but where they can work together happily and with respect, thus driving the company forward. —

WE

The INDUS Board of Management likes to personally get an impression of the situation on site, and therefore regularly visits all portfolio companies. "You can't manage a company from your desk," comments Jürgen Abromeit.

HAVE A PLAN. WE FOLLOW A SOUND STRATEGY. AND TIME IS ON OUR SIDE.

Eighteen new first and second-level companies, 26 % increase in sales and 29 % increase in earnings since 2012, corporate value on the stock market doubled: This interim result for COMPASS 2020 shows that INDUS is on its way to achieving its targets. It is particularly important to us, the Board of Management, that it is clear that the idea as a whole is taking hold: The success that INDUS is experiencing is an interim result of the long-term strategy.

»The changes are recognizable across the Group.«

Our plan is clear: We want to establish and position ourselves as the No. 1 SME Group in Europe. Our strategy for achieving this goal is simple and effective: We will expand from our diverse foundation of dynamic SME companies – in industries we know well and in markets that will continue to be important in the future. In the coming years, we will use acquisitions to push the core of our portfolio toward future markets.

More than ever before, we are taking matters into our own hands when it comes to finding companies that suit our needs. Many SMEs have successor issues, for which we can provide outstanding solutions. Why should we sit back and wait for these SMEs to find us? Or why take the risk of them being acquired by other, less suitable companies first? And apart from that, we are a role model for our companies when it comes to entrepreneurial initiative.

We are also working on increasing our visibility on the market: Only those who have heard of us can contact us or invest with us. So we will be spreading the message of our business model in the future, which has been successful for almost three decades, and pointing out what makes INDUS special.

This includes a responsibility towards our companies that is rather rare in these times of rapid change. We also stand by our portfolio companies in difficult times – especially during those times in fact. An SME that we take into our Group is with us for the long-term. There are no circumstances under which we would sell again after a short period. We give our managing directors the time and support they need to develop their strategy.

That the conditions have to be right at the portfolio company goes without saying. A viable business model, a leading market position, niche expertise, suitable earnings potential – these are the conditions that we focus on, and if there is any doubt, we can support managers in reestablishing these conditions. It is particular important to us the portfolio companies are willing to face the challenges on the markets: globalization and technological change.

We have been implementing our new strategy for a good three years now. As those responsible for this strategy we can say: The strategy has been accepted and is being implemented. The changes are recognizable across the Group. This proves to us that our companies trust us and are cooperating. They know that we can be trusted, and that we are both leading the way and helping. That is the best advertisement for our Group – for new potential members who will be joining us, and for shareholders who invest in INDUS via the stock markets.

COMPASS 2020

buy & hold & develop/grow

Portfolio Enhancement

Growth Acquisitions

Internationalization

ORIENTATION MEANS KNOWING THE DIRECTION WE'RE TRAVELING IN

Communication plays a vital role at the INDUS Group – from the Board of Management with its team at the holding company to the companies' managing directors and amongst the managing directors. Regular communication is important to all those involved: It ensures everyone is heading in the same direction, and everyone is up to date with the latest information. And this is important, too, because INDUS's targets are ambitious.

THERE ARE GOING TO BE A FEW CHANGES

Some visitors to the Annual Shareholders' Meeting in the summer of 2012 may have guessed already: "There are going to be a few changes," which is to be expected when a new Chairman of the Board of Management is appointed.

But just how extensive these changes were going to be first became apparent as the new Board of Management presented COMPASS 2020, a log book that would guide the Group for the next six to eight years, to the Group companies' managing directors. The target: The INDUS Group must and should evolve in a dynamic and purposeful manner. The message: "We intend to expand and build on our success. We want to become the German SME Group." To achieve this vision COMPASS 2020 defined the following fields of action, taking into consideration the Group's starting point.

The INDUS Board of Management and company management discuss new growth options during regular strategy talks. "We see ourselves both as coach and sparring partner," says Dr. Johannes Schmidt.

CONVINCING AND INCLUDING

The Board of Management knew: "must" and "should" is a long way from "want" and "will." In order for this to succeed, everyone involved must be aware of the necessity of this course of action and be committed to it. This could only be done in one way: by convincing and including those involved.

And that's what management set out to do from the beginning: firstly amongst the holding company's management, then in discussions with the Supervisory Board, and finally by communicating with the managing directors and the INDUS team. In the end, all those involved understood how the Board of Management conducted an in-depth analysis of the Group's situation and came up with the new strategy. The ambitious profitability targets will not be easily achieved in the future. And what is more: the Group seemed ill-equipped to deal with the sudden and disruptive challenges posed by digitalization and globalization. Being future-proof was to become a more important topic for all strategic decisions.

With COMPASS 2020, INDUS was honing something that had always been part of the Group's DNA, alongside preservation: the ambition to grow. What was new was the motivation to achieve this target.

In order to support development processes, the Board of Management introduced regular communication with the managing directors. It contributed ideas and suggestions and motivated the portfolio companies to proactively consider change. "Talking to one another" became characteristic of the management culture at INDUS.

TODAY, COMMUNICATION IS DEEPLY ROOTED WITHIN THE INDUS GROUP

This means the three members of the Board of Management have an important role to fulfill: Each one is advisor and coach to between 15 and 18 portfolio companies. The relationship between the Board of Management and each managing director is a close one: Rather than distancing themselves with "rituals", they have direct contact to one another. The Board

Every summer, all of the portfolio companies' managing directors and the entire INDUS team come together for the "Entrepreneur Meeting": it's mostly work, with the occasional walk.

of Management member visits "his" portfolio companies several times a year. He attends management meetings, as well as holiday parties, anniversaries, and other events. Management consciously invests personal time. They are accessible, maintain relationships, and represent the shareholders' interest

The annual budget and strategy meetings with the managing directors take place in person in Bergisch Gladbach. And here too all parties are treated as equals. Relevant topics are discussed, the strategy is defined, and key figures for the coming year are agreed upon. Communication at INDUS includes calling a spade a spade. In the best case scenario, the Board of Management is aware of any problems a portfolio company is experiencing without having to become involved. What is important is that there is a solution strategy and the measures being used to implement the strategy are clear.

INDUS comes together as a Group at the annual entrepreneur meetings. The meeting is combined with the summer festival, the "social" part of the event, at which the managing directors' partners and staff are also present. This personal communication is beneficial for the community and allows people to expand their networks. Portfolio companies now even contact one another independently and implement common entrepreneurial initiatives. The holding company is not involved. If asked to, the holding company is happy to get involved, but it never attempts to interfere with the process.

The targets are always clear, leaving the companies free to achieve them as they see fit. The portfolio companies are not subject to any centrally dictated processes. They are able to concentrate fully on developing their own business. There are also no Group rules, such as car policies or business trip regulations. Instead, INDUS regularly makes a point of emphasizing the high ethical standard that is expected within the Group.

ANNUAL SHAREHOLDERS' MEETING 2015

The new motivation has also brought about some changes here. All holding company staff attended the meeting and were pleased to see colleagues again and get to know them better. The Board of Management introduced two new portfolio companies to the shareholders in a film. A meeting point had been set up in the tastefully decorated foyer, where people

The Annual Shareholders' Meeting is one of the most important events of the year. "This is where we meet the shareholders and present our work and targets," says Jürgen Abromeit, "that is why we put so much effort into this event."

animatedly discussed the topics: shareholders, managing directors, partners, staff. Some people may have thought "more effort" while others thought "more appreciation." But upon leaving the conference rooms, everyone knew: INDUS has plenty planned for the coming year. —


JUNGHEINRICH
04
05

SUSTAINABLE CONDUCT IS THE PATH TO SUSTAINABLE SUCCESS

For INDUS, sustainable conduct means taking responsibility for the future – for the continued success and stability of the Group, for the security of jobs, and for the portfolio companies' ecological footprints. As the financing holding company INDUS has also been strategically exploiting all sustainability potential – with noticeable results.

DESPITE EXISTING CLIMATE PROTECTION EFFORTS GLOBAL GREENHOUSE GAS EMISSIONS CONTINUE TO RISE

1990 — **38** gigatons of CO_2 equivalents (gt CO_2e)

2010 — **49** gt CO_2e

2100 — **100** gt CO_2e (annual emission, extrapolated based on unchanged CO_2 emissions)

TARGET FOR 2050

Limiting global warming to 2°C and thus a **40 % to 70 % reduction in emissions**, otherwise global temperatures could increase by up to 4.8°C.

The sentence “We make long-term investments in portfolio companies and guide our companies with SME principles,” would exhaustively cover INDUS’s position regarding sustainability.

And it’s true: The scope is as extensive as the statement itself. INDUS makes a promise beyond the decision to purchase that binds it to the company in the long term. The consequences must be evaluated in a similarly preemptive manner. At the same time, with “SME principles,” the company evokes a canon of values that sets a high bar for ethical conduct. And here too, the company ensures that it is able to meet the expectations of the target groups that those principles would lead to.

The Board of Management at INDUS makes this comprehensive promise because it believes that sustainable conduct and success is inseparably linked. In its experience this creates competitive advantages along the entire value chain and lastingly increases enterprise value.

But how can this be implemented by a financing holding company like INDUS? The direct spheres of influence are more limited than in traditional Groups.

1. BEING A ROLE MODEL AND DEFINING EXPECTATIONS

Firstly, INDUS entirely accepts the general principles designed to ensure responsible management: the German Corporate Governance Code, whose recommendations and suggestions the company follows virtually entirely, and the compliance regulations, which demand adherence to laws in all corporate activities. In addition, INDUS also has a code of conduct which obliges all staff to observe laws and ethical standards. As a sign that they also follow the same principles as the holding company, the INDUS Group companies have also drafted their own codes of conduct, which correspond with the holding company’s code.

Beyond the basic canon of values, INDUS also makes it clear to the portfolio companies that they consider social and ecological aspects as important as economic ones. The Board of Management always represents this point of view in discussions with the managing directors.

2.
RAISING AWARENESS, SETTING TARGETS, PROVIDING HELP

Within the INDUS Group, each portfolio company is responsible for its own sustainable economic activity. This independence means that the Groups does not implement any central measures, such as energy or emissions savings programs. Nevertheless, INDUS is able to support the individual companies with sustainability measures by ensuring transparency and pointing out potential. INDUS has participated in the global climate project CPD since 2009 for this purpose. It collects data, reports results

"Social work" is also an important sustainability topic. ROLKO manufactures a part of its products in therapeutic disability workshops in Osnabrück.

Awarded the "Prime" (level C+) rating and top position in the international comparison group (Financial/Multisector holdings).

OEKOM CORPORATE RATING

AS ONE OF THE WORLD'S LEADING RATING AGENCIES, OEKOM RESEARCH AG HAS EXAMINED THE SUSTAINABILITY ACTIVITIES OF SEVERAL THOUSAND COMPANIES SINCE 1993. THE RATINGS CLASSIFY THE SOCIAL AND ECOLOGICAL PERFORMANCE OF A COMPANY USING MORE THAN 100 SECTOR SPECIFIC CRITERIA. THE RESULTS PROVIDE IMPORTANT INFORMATION FOR INVESTORS REGARDING WHICH COMPANIES PRESENT AN INTERESTING INVESTMENT. INTERNALLY, THE RESULTS SERVE AS A CRITICAL STATUS OBSERVATION AND ALSO PROVIDE IMPULSES FOR COMPANY MANAGEMENT TO TAKE ECOLOGICAL AND SOCIAL MATTERS INTO ACCOUNT.

Received "Sector leader Industrials" for German-speaking countries and "Country leader other German companies" awards.

CDP-SCORING

CDP (FORMERLY CARBON DISCLOSURE PROJECT) IS THE WORLD'S LARGEST INDEPENDENT INVESTOR INITIATIVE. THE NON-PROFIT ORGANIZATION FOUNDED IN 2002 NOW INCLUDES MORE THAN 820 INTERNATIONAL MAJOR INVESTORS, WHO TOGETHER MANAGE FUNDS OF USD 95 TRILLION. CDP INVESTIGATES THE CLIMATE CONDUCT OF THOUSANDS OF COMPANIES AND ORGANIZATIONS ON BEHALF OF ITS MEMBERS EVERY YEAR. SINCE 2012, THE CDP SCORE HAS NOT JUST INCLUDED EMISSIONS DATA AND CLIMATE STRATEGIES, BUT ALSO THE RESPONSIBLE HANDLING OF WATER, THE PROTECTION OF PRIMARY FORESTS, AND THE MANAGEMENT OF ENVIRONMENTAL RISKS IN THE SUPPLY CHAIN. CDP MANAGES THE WORLD'S LARGEST DATABASE OF THIS KIND.

back to the companies, and sets targets for the Group to reduce greenhouse gas emissions.

This has resulted in close dialog between the holding company and the portfolio companies, during which INDUS raises awareness and points out topics that need work. The portfolio companies can also rely on economic support from the holding company when it comes to implementing sustainability projects. Because the holding company is well aware that a sound ecological performance is not just good from an economic point of view, it is also beneficial for the company's reputation. And INDUS's, too.

3. MAKING PROGRESS VISIBLE, FACING UP TO EVALUATION

In order to ensure that it can offer professional support for sustainability topics, INDUS has created a special role in the holding company for "innovation and technology management" topics. The employee documents the portfolio companies' results, aggregates them at Group level, and prepares them for external rating processes. One of these is the CPD scoring, which presented INDUS with two awards in 2015: as "Sector Leader Industrials" in German-speaking countries and as "Country Leader for other German companies." Another positive sustainability rating came from the agency oekom research AG. INDUS was rated C+, that is a "prime" rating, during its first entry in the fall of 2015.

These ratings are also important for INDUS on the equity markets, because an increasing number of analysts and investors take a company's sustainability rating into account when making recommendations and decisions. For many (institutional) investors a sustainability rating has even become a necessary prerequisite for investment.

4. INVESTING SUSTAINABLY

Non-financial factors play an important role in the search for new portfolio companies. Sustainability aspects are included in INDUS's analysis of potential portfolio companies. The company does not invest in certain sectors or companies, such as weapons, military, or nuclear. As part of its due diligence process INDUS investigates the risks and opportunities from fulfilling or not fulfilling certain sustainability criteria. It is important to INDUS that portfolio companies work in harmony with their environment and target groups. That is why it is important that portfolio companies observe basic social and ethical principles as well as minimize negative impacts on the environment. INDUS believes that companies with high environmental, social, and governance standards are better managed, face less business risks, and are also better positioned to create added value.

5.
FOLLOWING THE PATH, SETTING NEW TARGETS

The nature of sustainability management is to permanently manage development processes and regularly report on progress. With this in mind, INDUS will continue to manage ongoing projects in 2016 and will provide suggestions for new tasks. The company is investigating a suitable reporting form for communicating progress. The holding company intends to align content with the internationally established GRI standard G4. INDUS will also fulfill the new regulations laid out in the EU guideline 2014/95/EU (non-financial performance indicators, diversity), applicable from 2017, with sustainability reporting.

INDUS will drive efforts in the area of energy efficiency; an internal consultant will push forward energy efficiency improvements for new builds and renovations. Now that SCHUSTER has a new passive administrative building, the company can give other companies the benefit of its knowledge and experience. The expenses incurred for this consultancy work is covered by INDUS. The holding company will be using green electricity from 2016, and the holding company's entire electricity consumption (including all purchased goods and services) is compensated for. With the purchase of emissions certificates, the company has supported a geothermal project in Tuzla, Turkey, which follows the guidelines of the Gold Standard Organization. This shows: INDUS takes sustainability seriously. —

EXAMPLES OF SUSTAINABLE PROJECTS AND PRODUCTS WITHIN THE INDUS GROUP

- Commitment to social work through cooperation with disability workshops (e.g. ROLKO, MBN, HAUFF)
- Developing climate change and/or renewable energy products (e.g. REMKO, ELTHERM, AURORA)
- Permanent reduction of resource consumption (e.g. by introducing energy management systems, environmental certification, etc. in all group companies)

VDL's electric bus saves resources thanks to HEAVAC's new heat pump; it takes energy for heating, ventilation, and air conditioning from the air.

FROM A TO W ONE CULTURE: SME INDUSTRY

CONSTRUCTION/INFRASTRUCTURE

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

AUTOMOTIVE TECHNOLOGY

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

ENGINEERING

No other industry embodies the term "Made in Germany" as well as the engineering industry. Industrial production would be unimaginable without this segment. All over the world, German companies in this sector have a first-class reputation. With their expertise and quality German SMEs have for many decades ensured that German products are in high demand internationally.

MEDICAL ENGINEERING/ LIFE SCIENCE

As the population ages, healthcare is becoming a huge growth market, driven by a high pace of innovation. SMEs seize the new knowledge and use it to develop products which are compatible with markets and everyday life. By focusing their efforts in this way, they become specialists that assert themselves outstandingly in the competitive environment.

METALS TECHNOLOGY

Metals and metal processing play a significant part in the base materials processing industry. It is mainly smaller and medium-sized companies which, thanks to the precision of their work and the quality of their products, create the conditions for high-quality end products. The reliability of its performance makes this segment a stable pillar in the day-to-day economy.

ANCOTECH – the specialist for reinforcement and anchoring technology – benefits from positive situation of German and Swiss construction industry.

CONSTRUCTION/INFRASTRUCTURE

97 employees, 30 years SME

ANCOTECH
AG, Dielsdorf — www.ancotech.com

SPECIAL REINFORCEMENTS AND TANKER TRANSPORT SYSTEMS

The ANCOTECH Group, with its two subsidiaries ANCOTECH AG in Switzerland and ANCOTECH GmbH in Germany, is a company specializing in reinforcement and anchorage technology. With approximately 100 employees, it produces between 5,000 and 10,000 tonnes per year of special reinforcements for the European market. ANCOTECH's innovations have had a decisive influence on structural engineering in Europe, particularly in the field of punching shear technology. Constant quality checks in its own laboratory and research assignments at home and abroad guarantee innovation and quality. The company's own design software is one of Europe's leading solutions in the field of punching and shear reinforcement. In September 2015, the ANCOTECH Group expanded its portfolio with the acquisition of Murinox Bautechnik AG, based in Lenk, which specializes in anchorage equipment for brick facades.

Sales with external third parties 2015	**EUR 30.8 million**
Managing Director	Marc Barras
With INDUS since	2006
Locations	Dielsdorf (CH), Rossens (CH), Cologne, Lauchhammer

Marc Barras

»WE IMPROVED OUR SKILLS RANGE WITH THE ACQUISITION OF MURINOX LAST YEAR.«

96 employees, 52 years SME

BETOMAX systems
GmbH & Co. KG, Neuss — www.betomax.de

CONCRETE CONSTRUCTION SOLUTIONS

BETOMAX provides intelligent solutions and systems for modern concrete construction and civil engineering. Its customers are construction companies, prefabricated part plants, and planning and structural design agencies. The company manufactures anchoring and reinforcement technology and supply formwork systems and bridge-building vehicles for bridge building technology. Moreover, it offers planning agencies innovative software for dimensioning the reinforcement structures. With this software, the agencies can verify the safety of structures in accordance with the country-specific norms. The company's products are sold and used in more than 25 countries.

Sales with external third parties 2015	**EUR 14.4 million**
Managing Director	Heinz Jammers
With INDUS since	1991
Locations	Halle, Neuss

118 employees, 49 years SME

FS Kunststofftechnologie
GmbH & Co. KG, Reichshof/Hahn — www.fs-kunststoff.de

SEALANTS MADE FROM SILICONE AND ACRYLIC
The company develops and manufactures silicone and acrylic sealants and specialized products for the construction industry, tailored to the needs of different customer groups such as skilled craftsmen, retailers, professional joining firms and DIY chains. "Private label" products are manufactured at company facilities exceeding 10,000 m^2 in size. After 50 years in the marketplace, FS has excellent networks at its disposal, among both customers and suppliers.

Sales with external third parties 2015	**EUR 36.5 million**
Managing Director	Dr. Alfred Moser
With INDUS since	1998
Location	Reichshof/Hahn

209 employees, 60 years SME

HAUFF-TECHNIK
GmbH & Co. KG, Hermaringen — www.hauff-technik.de

INNOVATIVE SEALING SYSTEMS FOR CABLES AND PIPES
HAUFF-TECHNIK is one of Europe's leading manufacturers of cable and pipe ducts. Since its founding in 1955, HAUFF has developed from a factory to an SME sector champion. Indeed, today it is represented in more than 20 different countries and boasts a range of 3,000 products. Its customers include energy providers, public utility companies, construction firms, installation companies, industrial companies, and private construction clients. HAUFF-TECHNIK has invested more than EUR 15 million in a new headquarters in Hermaringen. Since May 2014, four locations have been brought together with the aim of optimizing logistics processes and reducing delivery times even further.

Sales with external third parties 2015	**EUR 42.9 million**
Managing Director	Dr. Michael Seibold
With INDUS since	1986
Locations	Hermaringen, Dubai (UAE)

»HAUFF-TECHNIK – A 30-YEAR SUCCESS STORY WITHIN THE INDUS GROUP.«


Dr. Michael Seibold

62 employees, 87 years SME

MIGUA Fugensysteme
GmbH & Co. KG, Wülfrath — www.migua.de

SECTION CONSTRUCTION FOR EXPANSION JOINTS
MIGUA is Europe's leading provider in the area of joint profile system design, manufacture and installation. The company's products are used for bridging, closing and sealing expansion joints, principally in large-scale domestic and international projects such as airports, railway stations, industrial plants, parking garages and shopping centers. In global terms, MIGUA is represented by independent specialist firms in more than 60 countries. Possessing great innovative power and with decades of experience under its belt, the company offers its customers more than 600 different forms of profile construction together with extremely high standards of quality, safety and expert advice. In fiscal 2015, a branch was opened in Dubai in order to develop the markets in the Middle East and in the neighboring regions through closer customer contact.

Sales with external third parties 2015	**EUR 14.1 million**
Managing Director	Markus Schaub
With INDUS since	2005
Locations	Wülfrath, Dubai (UAE)

277 employees, 35 years SME

OBUK Haustürfüllungen
GmbH & Co. KG, Oelde — www.obuk.de

INDIVIDUAL FRONT DOOR PANELS
The company designs, produces, and sells around 30,000 plastic and aluminum panels each year for front doors in the premium segment. With its broad design-oriented product range, OBUK has positioned itself as a "manufacturer of front door panels." OBUK door panels are handmade from high-quality materials including aluminum and high-performance plastics. It markets the products it manufactures via a regionally organized sales structure in Germany, Austria, and the Netherlands. OBUK has been in the market for over 30 years. In September 2015, OBUK made a strategic move to acquire EUMATIC/FROHMASCO, based in Sittensen, Germany, and Chociwel, Poland. With this takeover the INDUS portfolio company has expanded

REMKO is active across Europe in the areas of climate, heating, and renewable energies.

not only its product range with blanks for panels, but also opened up new target groups and additional foreign markets.

Sales with external third parties 2015	EUR 20.8 million
Managing Director	Thomas Althaus
With INDUS since	2007
Locations	Oelde, Sittensen, Chociwel (PL), Malacky (SK)

143 employees, 39 years SME

REMKO
GmbH & Co. KG, Lage — www.remko.de

EFFICIENT HEATING TECHNOLOGY

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

Sales with external third parties 2015	EUR 34.2 million
Managing Directors	Hans Dieter Remming, Toni Kratzel
With INDUS since	1988
Locations	Lage, Luvia (FIN)

73 employees, 70 years SME

SCHUSTER Klima Lüftung
GmbH & Co. KG, Friedberg — www.klima-schuster.de

ENERGY-EFFICIENT VENTILATION AND AIR-CONDITIONING TECHNOLOGY

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

Sales with external third parties 2015	EUR 14.3 million
Managing Director	Josef Albanese
With INDUS since	2001
Location	Friedberg

Josef Albanese

»WE HAVE CONTINUALLY EXPANDED OUR KNOWLEDGE OF ENERGY-EFFICIENT CONSTRUCTION.«

153 employees, 25 years SME

WEIGAND Bau
GmbH, Bad Königshofen im Grabfeld — www.weigandbau.de

MODERN PIPELINE AND CABLE DUCT CONSTRUCTION

As an expert for special underground construction, WEIGAND's main area of work is the planning and laying of cable conduits for the telecommunications industry. Its services also encompass the areas of electricity, gas, water, and district heating. Moreover, as a "one-stop shop," the company also assumes all related sub-tasks, including planning, securing the right of way, surveying, documentation, as well as the scheduled maintenance of the cable networks on a turnkey basis. A particular specialty area of WEIGAND is the efficient laying of cable networks, even in geologically challenging areas such as rock.

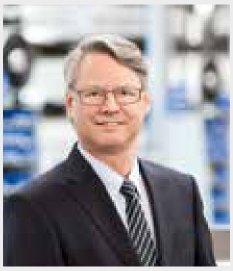
Sales with external third parties 2015	**EUR 22.2 million**
Managing Director	Marco Weigand
With INDUS since	2002
Locations	Bad Königshofen im Grabfeld

64 employees, 36 years SME

WEINISCH
GmbH & Co. KG, Oberviechtach —
www.weinisch.de

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

Sales with external third parties 2015	**EUR 5.3 million**
Managing Director	Uwe Kratz
With INDUS since	2001
Location	Oberviechtach



Hannes Wolf

»AURORA GROUP'S ENGINEERS ARE HELPING TO SHAPE THE FUTURE OF ELECTRIC MOBILITY.«

Economically creating complex building components is BILSTEIN & SIEKERMANN's strength.

AUTOMOTIVE TECHNOLOGY

307 employees, 85 years SME

AURORA Konrad G. Schulz
GmbH & Co. KG, Mudau —
www.aurora-eos.com

HEATING AND AIR-CONDITIONING SYSTEMS FOR COMMERCIAL VEHICLES
AURORA Konrad G. Schulz GmbH supplies components, devices and entire systems for the heating, ventilation and air-conditioning of premium commercial vehicles. Buses, diggers and tractors made by MAN, Daimler/Evobus, Irisbus, Caterpillar, Agco and Terex, for example, are all equipped with air-conditioning technology "Made in Mudau." The company exports almost two-thirds of its products, and invests around 8 % of sales in R&D. Some of these investments go to maintenance and continuous upgrading of technical R&D facilities. As an example, large

vehicles are now testable under reproducible conditions in a climate simulator facility the company has built. AURORA conducts 20 to 30 new serial production runs every year, serving 500 active customers. In 2013, the company acquired the Dutch competitor HEAVAC.

Sales with external third parties 2015	**EUR 45.1 million**
Managing Directors	Hannes Wolf, Alexander Dolipski
With INDUS since	1990
Locations	Mudau, Grand Rapids (USA), Istanbul (TR), Nuenen (NL)

106 employees, 59 years SME

BILSTEIN & SIEKERMANN
GmbH & Co. KG, Hillesheim — www.bsh-vs.com

COLD EXTRUSION PARTS, TURNED PARTS AND LOCKING SCREWS

BILSTEIN & SIEKERMANN produces cold extrusion parts, turned parts and locking screws made from steel, brass, and aluminum – primarily for the automotive and mechanical engineering industries, along with other high-tech industries. Its innovative combination of cold extrusion and subsequent machining enable it to provide low-price solutions that, as compared with conventionally manufactured pieces, possess improved mechanical properties. A long-established company with decades of production experience that will celebrate its 60-year anniversary in 2016, BILSTEIN & SIEKERMANN is characterized by a high level of technical know-how and close business relationships with its customers. BILSTEIN & SIEKERMANN also founded another subsidiary with production facilities in Taicang, China, in 2015 in order to expand its international market presence.

Sales with external third parties 2015	**EUR 16.2 million**
Managing Director	Bruno Hirtz
With INDUS since	2003
Locations	Hillesheim, Taicang (CN)

62 employees, 78 years SME

Emil FICHTHORN Metallwarenfabrik
GmbH & Co. KG, Schwelm — www.fichthorn.de

METAL FORMING AND ASSEMBLY FOR SERIAL PRODUCTION

FICHTHORN primarily designs drawn, complex formed and bent parts for and with its customers, intended mostly for the automotive industry. The company produces medium to high serial volumes (platform parts). These items are manufactured using cutting-edge stamping machines of up to 800 tons for tools designed and produced by FICHTHORN to the highest quality and delivery standards. On request, these products can also be used to construct complex assemblies with the aid of common joining and assembly techniques. The FICHTHORN team aims to offer its customers logistically optimized consistent economic solutions. FICHTHORN is highly flexible and delivers to an international customer base.

Sales with external third parties 2015	**EUR 9.5 million**
Managing Director	Bernd Bulirsch
With INDUS since	1996
Location	Schwelm

192 employees, 26 years SME

IPETRONIK
GmbH & Co. KG, Baden-Baden — www.ipetronik.com

MEASUREMENT SYSTEMS AND SERVICES FOR AUTOMOTIVE DEVELOPMENT

When it comes to measuring and examining physical parameters in automotive development, there's no getting past the name IPETRONIK. Indeed, almost every automotive manufacturer in the world now uses its technology and services. With its four divisions, IPEmeasure, IPEmotion, IPEtec, and IPEngineering, IPETRONIK provides a comprehensive range of services and products spanning measurement hardware, measured data recording software, measured data analysis software, the construction of testing stations and the development and testing of vehicle parts. In recent years, the company has invested over four million euros in the development of its infrastructure and construction of various testing stations and climatic/acoustic test chambers. Due to its high level of technical expertise, IPETRONIK's customers are increasingly involving the company in the development of entire systems for thermal management in motor vehicles. In 2014, IPETRONIK acquired a majority stake in the Swiss company SAVVY AG, a provider of telematics solutions in the logistics sector.

Sales with external third parties 2015	**EUR 31.2 million**
Managing Directors	Dirk Korn, Andreas Wocke
With INDUS since	1999
Locations	Baden-Baden, Düsseldorf, Eichstätt, Wixom (USA), Schaffhausen (CH)

»TODAY OUR COMPANY IS VIEWED AS A SYSTEM SOLUTION PROVIDER, HARDWARE WAS YESTERDAY«

Dirk Korn, Andreas Wocke

The vehicles of the future can be found at SCHÄFER in Osnabrück today – as 1:1 models.

98 employees, 30 years SME

KIEBACK
GmbH & Co. KG, Osnabrück — www.kieback.de

PROTOTYPE PARTS AND SMALL SERIES FOR THE AUTOMOTIVE INDUSTRYE
KIEBACK specializes in prototype parts and small series made from sheet metal for niche and special-purpose vehicles. It completes the KIEBACK-Schäfer Group full service offer. Experienced employees manufacture high quality and precision parts and assemblies. They also manufacture perfect complex components using advanced milling, laser, and press technology. KIEBACK provides sustainable quality from tool construction to the manufacture of series components. The company's customers include all well-known automotive, commercial vehicle, and agricultural machinery manufacturers.

Sales with external third parties 2015	**EUR 12.3 million**
Managing Director	Jörg Kieback
With INDUS since	1998
Locations	Osnabrück, Taicang (CN)

198 employees, 114 years SME

Konrad SCHÄFER
GmbH, Osnabrück — www.konrad-schaefer.de

MODEL AND MOLD CONSTRUCTION FOR THE AUTOMOTIVE AND AVIATION INDUSTRIES
At SCHÄFER, experts in model construction implement design decisions developed together with the customer. This is done at seven modern specialist model construction studios in Osnabrück (Lower Saxony) and Mühlhausen in Thuringia. Schäfer has sophisticated CAD/CAM and measuring technology, high-tech milling machinery, rapid prototyping, and its own painting department. With this equipment the company can manufacture function and verification cubes, and data control and leather trimming models. The SCHÄFER location in Mühlhausen, Thuringia, is responsible for manufacturing testing gauges for almost all of the components. The subsidiary DMS in Munich is responsible for conception, design, CAS, and modeling. This is where the development, visualization, and implementation takes place, in close cooperation with customers. Experienced employees create vivid clay and solid models, experience models, and fascinating show cars. Customers include many renowned automotive and utility vehicle manufacturers as well as aviation and appliance manufacturers.

Sales with external third parties 2015	**EUR 22.2 million**
Managing Director	Jörg Kieback
With INDUS since	2002
Locations	Osnabrück, Ingolstadt, Mühlhausen, Munich

598 employees, 92 years SME

SELZER Fertigungstechnik
GmbH & Co. KG, Driedorf —
www.selzer-automotive.de

PRECISION METAL TECHNOLOGY FOR THE SERIAL PRODUCTION OF AUTOMOBILES
SELZER is a developer and manufacturer of ready-to-install metal components and assemblies for transmissions, brakes, and engines as well as for industrial applications. Having developed particular expertise in the areas of precision stamping, joining technology (especially in laser welding and gluing) and assembly automation, SELZER offers its customers technically sophisticated, yet cost-effective solutions for large-scale series. SELZER's São Paulo location allows the company to supply the Brazilian automotive market. The company is an established partner to

the automotive and electrical industries and is renowned among its customers for its reliability and quality. SELZER safeguards its particularly high standards of precision by investing regularly in state-of-the-art technologies.

Sales with external third parties 2015	**EUR 71.4 million**
Managing Directors	Nils-Johann Fleck, Tobias Selzer
With INDUS since	2005
Locations	Driedorf, Vinhedo (BR)

57 employees, 45 years SME

SITEK-Spikes
GmbH & Co. KG, Aichhalden — www.sitek.de

TIRE STUDS AND CARBIDE TOOLS
SITEK manufactures spikes for winter tires, carbide-tipped tools, and carbide powder. SITEK is a leading manufacturer of spikes for car and truck tires, and as a development partner to the world's major tire manufacturers, the firm is involved in new tire development from the very beginning. As it has its own carbide production facilities, SITEK is in a position to align material properties in strict accordance with the respective area of application. It has also recently developed new areas of application for stud technology, among them bicycle tires and horseshoe nails. Carbide tools are mounted on milling machines to remove coatings such as road markings and to roughen and clean floor surfaces, among other things. The tools are resistant to wear and tear and designed for economical use.

Sales with external third parties 2015	**EUR 21.5 million**
Managing Directors	Dr. Frank Thiele, Tobias Hilgert, Dr. Marc Siemer
With INDUS since	1992
Location	Aichhalden

1,149 employees, 25 years SME

S.M.A. Metalltechnik
GmbH & Co. KG, Backnang — www.sma-metalltechnik.de

PRODUCTS FOR AUTOMOTIVE AIR-CONDITIONING AND SERVO TECHNOLOGY
S.M.A. designs and manufactures air-conditioning, heating, cooling, servo-cooling, and lubricant return ducts for motor vehicles. The firm specializes in precision three-dimensional shaping of conduits and sealing joints of a range of metallic and elastomeric components, applying in a largely automated process depending on the size of the production run. Sophisticated helium testing technology ensures a tight seal. As a pioneer in the development of ducts for CO_2 technology, S.M.A. is already very well positioned to deal with the anticipated changes affecting cooling fluids for motor vehicle air conditioning systems. The company's main customers are German premium manufacturers such as Audi, BMW, Mercedes, Porsche and VW. Having a large production site in South Africa, S.M.A. is the only manufacturer supplying the local market, while the firm also exports to the US under the NAFTA agreement. For some time now, S.M.A. has also been manufacturing small quantities of products for customers from other industries.

Sales with external third parties 2015	**EUR 79.8 million**
Managing Director	Klaus-Dieter Liehr
With INDUS since	2000
Locations	Backnang, Halle, East London (ZA)

607 employees, 57 years SME

WIESAUPLAST Deutschland
GmbH & Co. KG, Wiesau — www.wiesauplast.de

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

Sales with external third parties 2015	**EUR 58.5 million**
Managing Director	Hans R. Ammer
With INDUS since	1997
Locations	Wiesau, San José Iturbide (MEX)

»WE ARE ACTIVE INTERNATIO-NALLY – AND HAVE BEEN FOR SOME TIME.«

Hans R. Ammer

»PACKAGE LOGISTICS FROM A SINGLE SOURCE, FROM PLANNING AND CONSTRUCTION TO PROGRAMMING – THIS IS WHAT WE DO.«

Jürgen Budde

ENGINEERING

128 employees, 32 years SME

ASS Maschinenbau
GmbH, Overath — www.ass-automation.com

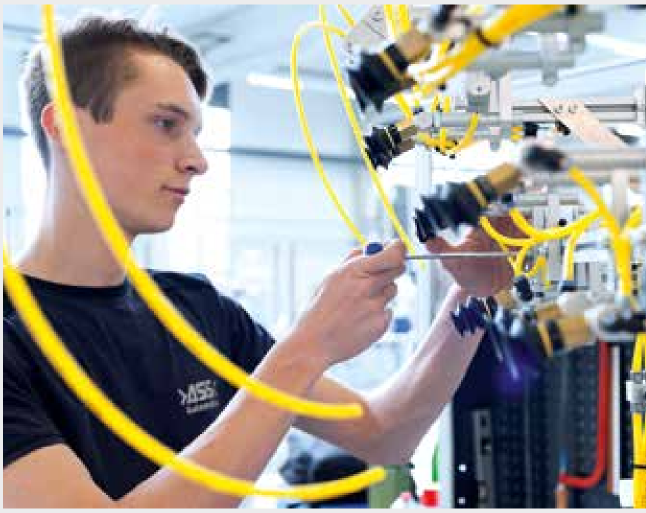
ROBOTIC HANDS AND AUTOMATION SYSTEMS FOR MANUFACTURERS
With worldwide operations, ASS is a reliable partner for gripper parts, robot hands and automation systems. For more than 30 years now the company has developed intelligent solutions for a wide spectrum of automation and robotics applications. ASS automates complex workflows in the plastics processing industry such as gripping, inserting and removing, as well as the assembly and quality control in plastic product manufacturing. The company's product range consists of gripper parts, robot hands and automation systems. Specializing in injection molding automation, the firm primarily makes components for the automobile industry. PA forming, image processing systems and services like integration and robot programming round out the company's portfolio. All components are developed, designed, produced at and delivered from the new facility opened in 2013, observing the highest quality standards under the EC Machinery Directive. In 2014, ASS strengthened its portfolio with the acquisition of the plant constructor KNUR Maschinenbau GmbH. KNUR's primary focus is on plastic adhesive technology and CFRP production (carbon-fiber-reinforced polymer).

Sales with external third parties 2015	**EUR 20.2 million**
Managing Director	Reinhold Ziewers
With INDUS since	2002
Locations	Overath, Regensburg, Plymouth (USA)

193 employees, 63 years SME

BUDDE Fördertechnik
GmbH, Bielefeld — www.budde-foerdertechnik.de

SPECIALIST IN LOGISTICS AND MATERIALS FLOWS
BUDDE is a leading provider of materials handling technology. The company provides materials handling technology to optimize materials flows and operational logistics, offering both standard individual material handling elements and customized system solutions. Its range of products spans from plant technology through to package distribution centers and handling systems for recycling plants. BUDDE specializes particularly in the construction of entire package distribution systems. The company collaborates with its subsidiaries COMSORT, PROVIS and COMPUTEC to combine handling systems with package weighing systems, image recognition systems able to read the package labeling, and control stations that regulate and monitor system operation and document distribution procedures. Constant innovation has led to the firm's accumulating the expertise of a full-service provider. At the beginning of 2016, BUDDE acquired 100 % of the shares in Computec AG, based in Murrhardt, and thereby expanded its value chain to include a specialist in processing technology, that covers a broad spectrum from electronics to programming controlling software for (conveyor) equipment.



The young engineers at ASS in Overath are working meticulously with modern robotics.

Sales with external third parties 2015	**EUR 53.6 million**
Managing Director	Jürgen Budde
With INDUS since	2013
Locations	Bielefeld, Delmenhorst, Kamen, Murrhardt, Schmalkalden

189 employees, 24 years SME

ELTHERM
GmbH, Burbach — www.eltherm.com

SPECIALIST IN ELECTRICAL HEAT TRACING SYSTEMS
ELTHERM is an engineering firm and world-leading manufacturer of electrical heat tracing, with in-house development and production of heating cables, tubes, pads and jackets, measurement and control technology and accessories. There are only about ten producers which have mastered the technology required to manufacture self-regulating heating cables, amongst them ELTHERM.

In addition to applications for frost protection and temperature maintenance up to 1,000 °C, ELTHERM provides complete system solutions, also for heating entire chemical plants and other industrial facilities. ELTHERM demonstrates its performance capability and expertise every day in a wide range of applications including the oil and gas industry, power plant construction and the automotive and food industries.

Sales with external third parties 2015	**EUR 27.3 million**
Managing Directors	Frank von der Heyden, Alexander Neff, Michael Thomas
With INDUS since	2013
Locations	Burbach, Barcelona (ES), Casablanca (MA), Korolev (RUS), Newbury (GB), Sandton (ZA), Shanghai (CN), Singapur (SG), Toronto (CD)

135 employees, 44 years SME

GSR Ventiltechnik
GmbH & Co. KG, Vlotho — www.ventiltechnik.de

INNOVATIVE VALVE TECHNOLOGY FOR DEMANDING INDUSTRIAL APPLICATIONS

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

Sales with external third parties 2015	**EUR 19.6 million**
Managing Director	Bernhard Wuermeling
With INDUS since	1999
Location	Vlotho

218 employees, 71 years SME

HORN TECALEMIT
GmbH & Co. KG, Flensburg — www.tecalemit.de

REFUELING TECHNOLOGY AND WORKSHOP SOLUTIONS WORLDWIDE

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

Sales with external third parties 2015	**EUR 29.3 million**
Managing Director	Torsten Kutschinski
With INDUS since	1991
Locations	Flensburg, Humble (USA), Mumbai (IND), Shanghai (CN), Sheffield (GB)

138 employees, 35 years SME

IEF-Werner*
GmbH, Furtwangen — www.ief-werner.de

AUTOMATION COMPONENTS AND SYSTEMS

For more than 35 years IEF-Werner has been a competent and reliable manufacturer of specialist automation systems for customers from the automotive industry, electrical and precision engineering, medical engineering and other sectors. The wide range of sectors served and solutions offered – from prototypes to small batches – reflects the success of the modular product approach: IEF-Werner develops and realises fully automated manufacturing lines, “turnkey” applications for customer-specific requirements as well as high-quality components quickly and to customers' specifications. Based in the Black Forest, the company offers a wide range of mature and precise

»WE INTEND TO CONTINUE GROWING DYNAMICALLY AS PART OF THE INDUS GROUP.«

Manfred Bär

NEWCOMER 2015

automation components such as scalable and configurable micro assembly systems, transfer systems and wheel gauging machines.

Sales with external third parties 2015	**EUR 21.7 million**
Managing Director	Manfred Bär
With INDUS since	2015
Location	Furtwangen

*** TOTAL SALES IN FISCAL 2015, FIRST CONSOLIDATED AUGUST 2015**

283 employees, 24 years SME

MBN Maschinenbaubetriebe Neugersdorf
GmbH, Ebersbach-Neugersdorf — www.mbn-gmbh.de

»WE ARE PROUD OF OUR QUALITY AND IDEAS, ALL MADE IN SAXONY.«

Dr. Iris Kaden, Ernst Lieb, Heiko Krause

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

Sales with external third parties 2015	**EUR 70.0 million**
Managing Directors	Ernst Lieb, Dr. Iris Kaden, Heiko Krause
With INDUS since	2014
Locations	Ebersbach-Neugersdorf, Montgomery (USA), Changchun (CN)

258 employees, 39 years SME

M. BRAUN Inertgas-Systeme
GmbH & Co. KG, Garching — www.mbraun.de

INERT GAS GLOVE BOX SYSTEMS FOR INDUSTRY AND RESEARCH
M. BRAUN is known around the world as a manufacturer of inert gas glove box systems and gas purification systems. These systems are used in the manufacture of high-tech products such as flat screens with OLED technology, xenon automotive lighting, lithium-ion batteries, and pharma-

IEF-Werner is constructing a new generation of automated and integrated assembly lines.

ceutical products. The company collaborates intensively with research institutes and development departments, and is one of the world's leading equipment suppliers to university laboratories. Furthermore, its production network of locations in Germany, the USA and China, as well as its own branches in the UK and South Korea, enable M. BRAUN to supply and offer regular service to customers all over the world. The company is looking to expand strongly in the future, in particular in Asia.

Sales with external third parties 2015	**EUR 55.7 million**
Managing Directors	Dr. Thomas Bultmann, Dr. Martin Reinelt
With INDUS since	2002
Locations	Garching, Mansfield (GB), Seoul (ROK), Shanghai (CN), Stratham (USA), Wittenbach (CH)

45 employees, 122 years SME

TSN Turmbau Steffens & Nölle
GmbH, Berlin — www.turmbau-berlin.de

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

measures from helicopters, TSN can also take on projects in related fields.

Sales with external third parties 2015	**EUR 6.3 million**
Managing Director	Steffen Traue
With INDUS since	2004
Location	Berlin

MEDICAL ENGINEERING/LIFE SCIENCE

188 employees, 31 years SME

IMECO
GmbH & Co. KG, Hösbach — www.imeco.de

NONWOVEN PRODUCTS – PRIVATE LABEL

IMECO refines and tailors customized nonwovens as a private-label manufacturer of products used in cleaning (professional and domestic cleaning, car care), cosmetics, medicine, and technology. Alongside actual manufacturing, services include product concept development, design and development of packaging. Efficient machinery ensures IMECO's ability to reliably deliver on time and in high quality. The products are principally marketed branded via brand dealers. As exclusive distributor for Europe, IMECO sells dymetrol®, a special, high-tech fabric used structurally in several seat designs. dymetrol® functions as a cushioning system, usable either with or without additional foam padding.

Sales with external third parties 2015	**EUR 28.4 million**
Managing Directors	Bernhard Awolin, Dr. Dieter Domsch
With INDUS since	1999
Locations	Hösbach, Königswalde, Lubań (PL)

107 employees, 34 years SME

MIKROP
AG, Wittenbach (CH) — www.mikrop.ch

MINIATURIZED PRECISION OPTICS

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

Sales with external third parties 2015	**EUR 13.2 million**
Managing Director	Markus Bormann
With INDUS since	2000
Locations	Wittenbach (CH), Kać (SRB)

569 employees, 87 years SME

OFA Bamberg
GmbH, Bamberg — www.ofa.de

COMPRESSION HOSIERY AND BANDAGES

OFA Bamberg is a manufacturer of made-to-measure medical compression hosiery, bandages, and orthotic devices, as well as of preventive health products such as surgical and travel stockings. Other products include stockings for athletes and diabetes sufferers. Its constant flow of new ideas has enabled the Franconia-based company to develop an extremely popular range of products that is primarily sold via specialist medical retailers and pharmacies. OFA received the world-famous "Red Dot Award" for the design of its new "Memory" range of stockings, an accolade which reaffirms the company's innovative capability. OFA sells its products in more than 40 countries around the world. In 2015, OFA invested in its viable target market by acquiring a modern facility for textile production from ESDA GmbH in Glauchau in January. It also expanded its portfolio to include orthopedic bandages

»OUR CUSTOMERS COUNT ON OUR TYPICALLY SWISS RELIABILITY – FOR QUALITY, DELIVERY DEADLINES, AND PERSONAL CONSULTATION.«

Markus Bormann

and orthotic devices by acquiring NEA International B.V. in Maastricht.

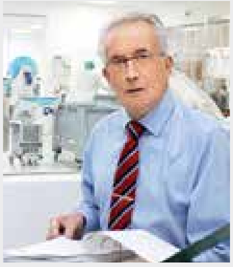
Sales with external third parties 2015	**EUR 66.1 million**

Managing Director	Dr. Hartwig Frinke
With INDUS since	2000
Locations	Bamberg, Glauchau, Maastricht (NL), Salzburg (A)

85 employees, 35 years SME

NEWCOMER 2015

RAGUSE*
Gesellschaft für medizinische Produkte mbH, Ascheberg-Herbern — www.raguse.de


Joachim Raguse

»AFTER CAREFUL CONSIDERATION, SELLING TO INDUS WAS THE BEST OPTION FOR MY COMPANY.«

INDICATION-SPECIFIC PRODUCTION OF SURGICAL DRAPES
Headquartered in Ascheberg-Herbern, the RAGUSE Group has successfully produced and distributed medical products for 35 years. The customised surgical drapes and articles for clinical applications are supplied to renowned industrial enterprises, distributors and hospitals. RAGUSE works with its customers all the way from the innovative idea to comprehensive product support right up to technical implementation – always in compliance with applicable quality assurance standards and regulations (certification to DIN EN ISO 13485, Annex II and V of Directive 93/42/EEC). An indication-specific manufacturing process gives RAGUSE the flexibility to adapt its broad range to specific requirements, resulting in individualised solutions and a product portfolio which responds to actual customer requirements.

Sales with external third parties 2015	**EUR 12.1 million**

Managing Director	Joachim Raguse
With INDUS since	2015
Locations	Ascheberg-Herbern, Douar Takad/Sidi-Bibi (MA), Cisnadie (RO)

* TOTAL SALES IN FISCAL 2015, FIRST CONSOLIDATED DECEMBER 2015

154 employees, 25 years SME

ROLKO Kohlgrüber
GmbH, Borgholzhausen — www.rolko.de

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

Sales with external third parties 2015	**EUR 23.7 million**

Managing Director	Achim Kohlgrüber
With INDUS since	2014
Locations	Borgholzhausen, Houten (NL), Silkeborg (DK), Xiamen (CN)

Many renowned rehabilitation brand manufacturers rely on ROLKO's engineering made in Germany.

METALS TECHNOLOGY

115 employees, 96 years SME

BACHER
AG, Reinach (CH) — www.bacherag.ch

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

Sales with external third parties 2015	**EUR 26.7 million**
Managing Director	Martin Heuschkel
With INDUS since	2000
Location	Reinach (CH)

261 employees, 34 years SME

BETEK
GmbH & Co. KG, Aichhalden — www.betek.de

CARBIDE-TIPPED WEAR PARTS
BETEK is a leading manufacturer of carbide wear tools for machines used in infrastructure projects, mining and tunnel construction, railroad track construction, agriculture, and recycling. With a constant flow of new product innovations, the company is continually opening up new business areas. Over the past few years, for instance, the company has developed wear-resistant tools for use in agricultural technology (such as chisel plow tips and plow blades) and so-called tung studs used to protect metal surfaces against wear (for excavator shovels, for example). BETEK invests consistently in research and development, safeguarding its newly developed products by means of patents. In 2015, BETEK supplied the local market with a proprietary production facility through the newly established Chinese subsidiary for the first time.

Sales with external third parties 2015	**EUR 175.8 million**
Managing Directors	Dr. Frank Thiele, Tobias Hilgert, Dr. Marc Siemer
With INDUS since	1992
Locations	Aichhalden, Charlotte (USA), Taicang (CN)

156 employees, 59 years SME

HAKAMA
AG, Bättwil bei Basel (CH) — www.hakama.ch

HIGH-PERFORMANCE SHEET METALS
After 60 years on the market, HAKAMA specializes in the production of premium casings and components made from aluminum, steel, and stainless steel, primarily for medical engineering systems such as analytical and diagnostic equipment, and also for professional coffee machines. Working closely with its customers, HAKAMA develops entire casing solutions, combining the metal components with high-quality surfaces and components made of plastic or wood according to the respective customer's wishes. These solutions include modular systems that facilitate the removal and replacement of entire machine components during servicing. HAKAMA not only manufactures casing components, but can also assist its customers with all stages of installation, from pre-assembly through to the fitting of electrical components and cable harnesses. Its core sales markets are Switzerland, the EU, India, and the United States. Indirectly, exports comprise well over 80 % of HAKAMA's business.

Sales with external third parties 2015	**EUR 24.8 million**
Managing Director	Martin Heuschkel
With INDUS since	2010
Location	Bättwil near Basel (CH)

»WE DEVELOP AND MANUFACTURE INNOVATIVE HOUSING SOLUTIONS AND CONSTRUCTION COMPONENTS – OUR MOTTO IS ›AMAZING SHEET METAL PRODUCTS‹.«

Martin Heuschkel

»FORMERLY A SUPPLIER BUSINESS, NOW SYSTEMS TECHNOLOGY: WE COVER THE COMPLETE ASSEMBLY AND EXAMINATION OF HYDRAULIC CONTROLS.«

Hans-Joachim Wunn

117 employees, 63 years SME

KÖSTER & Co.
GmbH, Ennepetal — www.koeco.net

COLD WORKING PARTS AND STUD WELDING TECHNOLOGY
KÖSTER develops, produces, and sells bolt welding machinery, weld bolts, and cold working parts for joining technology in different industrial fields. "KÖCO" technology is mainly used in structures where large components need to be safely and securely joined together, for example in bridge engineering, in the construction of multi-storey car parks, in the fireproofing industry, in machinery and power plant construction, and in ship and vehicle construction. Indeed, bolts and welding equipment from KÖSTER are today used in industrial projects in over 60 countries, for instance for the construction of bridges in India or the building of power plants in Finland. In recent years the company has invested roughly four million euros in new machinery and buildings in a move to open up new markets and areas of application, in particular custom cold working parts.

Sales with external third parties 2015	**EUR 18.2 million**
Managing Director	Dr. Harald Schulz
With INDUS since	2008
Locations	Ennepetal, Moskau (RUS), Žacléř (CZ)

57 employees, 45 years SME

MEWESTA Hydraulik
GmbH & Co. KG, Münsingen — www.mewesta.de

HYDRAULIC CONTROL BLOCKS AND SYSTEMS
MEWESTA specializes in the construction and manufacture of hydraulic control blocks and hydraulic components, and is among the leading companies in this field. A partner to companies from the mechanical and plant engineering industry, MEWESTA is now also able to manufacture hydraulic block machines with individual weights of up to 2.5 tons, thanks to its investments over the past few years. The company can also, if the customer so requests, assume the entire assembly and testing of hydraulic control systems and is renowned for its broad spectrum of standard products and innovative solutions for customized products. Among its customers are manufacturers of machine tools, plastic injection molding machinery, construction machinery and materials handling technology.

Sales with external third parties 2015	**EUR 7.8 million**
Managing Director	Hans-Joachim Wunn
With INDUS since	1997
Location	Münsingen

31 employees, 39 years SME

PLANETROLL
GmbH & Co. KG, Munderkingen — www.planetroll.de

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

Sales with external third parties 2015	**EUR 5.8 million**
Managing Director	Hans-Joachim Wunn
With INDUS since	1998
Location	Munderkingen

PLANETROLL has around 40 years' experience as a specialist for propulsion and mixing technology.

304 employees, 45 years SME

Helmut RÜBSAMEN
GmbH & Co. KG, Bad Marienberg — www.helmut-ruebsamen.de

METAL PROCESSING AND FORMING TECHNOLOGY
RÜBSAMEN is a specialist provider of stamping, pulling and pressing parts made of formable metals, of laser-cut blanks and of welded components made of steel, stainless steel, aluminum and non-ferrous metals. The company's customers are mainly German and international manufacturers from the iron, steel and metallurgical industry, heating and air-conditioning technology providers, and automotive and engineering firms. RÜBSAMEN uses its production expertise by integrating it at an early stage into the construction processes on customers' premises. With TR Metalltechnik the company acquired a specialist for laser and welding technology in 2014.

Sales with external third parties 2015	**EUR 43.6 million**
Managing Director	Thomas Röttger
With INDUS since	2003
Location	Bad Marienberg

322 employees, 97 years SME

Karl SIMON
GmbH & Co. KG, Aichhalden — www.simon.de

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

Sales with external third parties 2015	**EUR 35.1 million**
Managing Directors	Dr. Frank Thiele, Tobias Hilgert, Dr. Marc Siemer
With INDUS since	1992
Locations	Aichhalden, Rickenbach (CH)

54 employees, 31 years SME

VULKAN INOX
GmbH, Hattingen — www.vulkan-inox.de

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

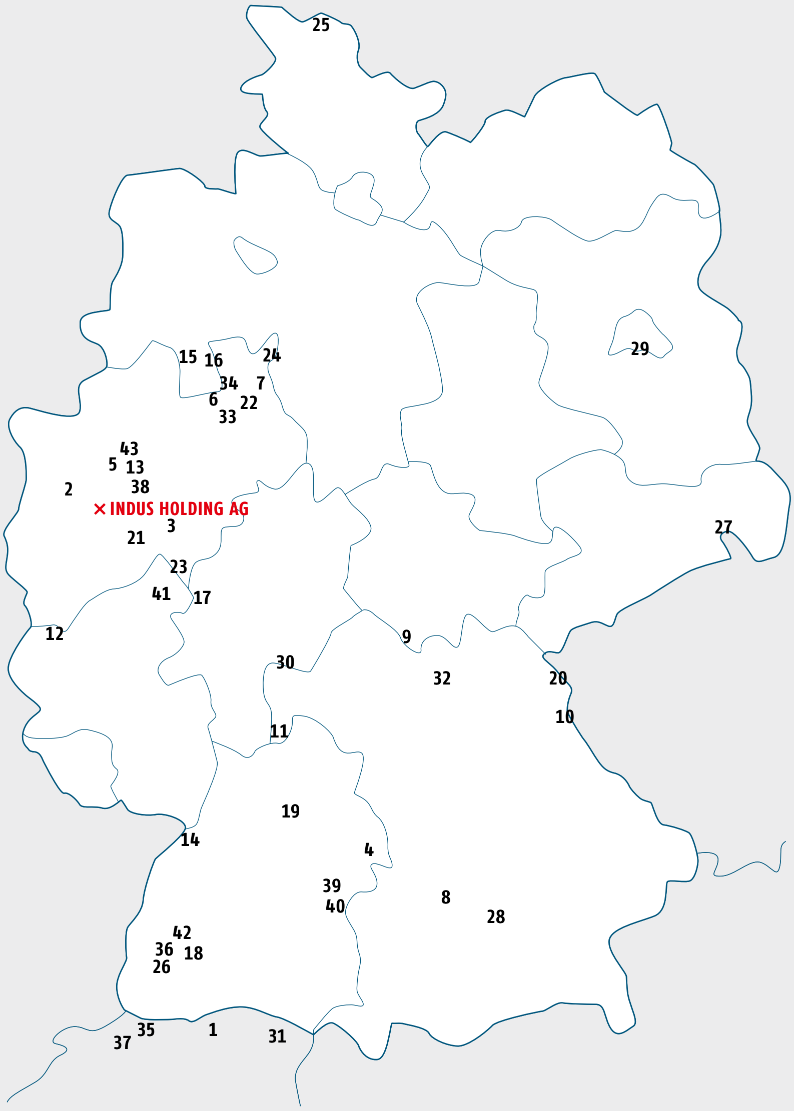
Sales with external third parties 2015	**EUR 22.1 million**
Managing Director	Wilfried Brands
With INDUS since	2002
Locations	Hattingen, Brantford (CD)

»THE MANUFACTURING PROCESSES IN ALL OF SIMON'S BUSINESS DIVISIONS COMPLEMENT ONE ANOTHER PERFECTLY AND OFFER COMPLETE PRODUCTS FROM ONE COMPANY.«

Tobias Hilgert, Dr. Frank Thiele (Chairman), Dr. Marc Siemer

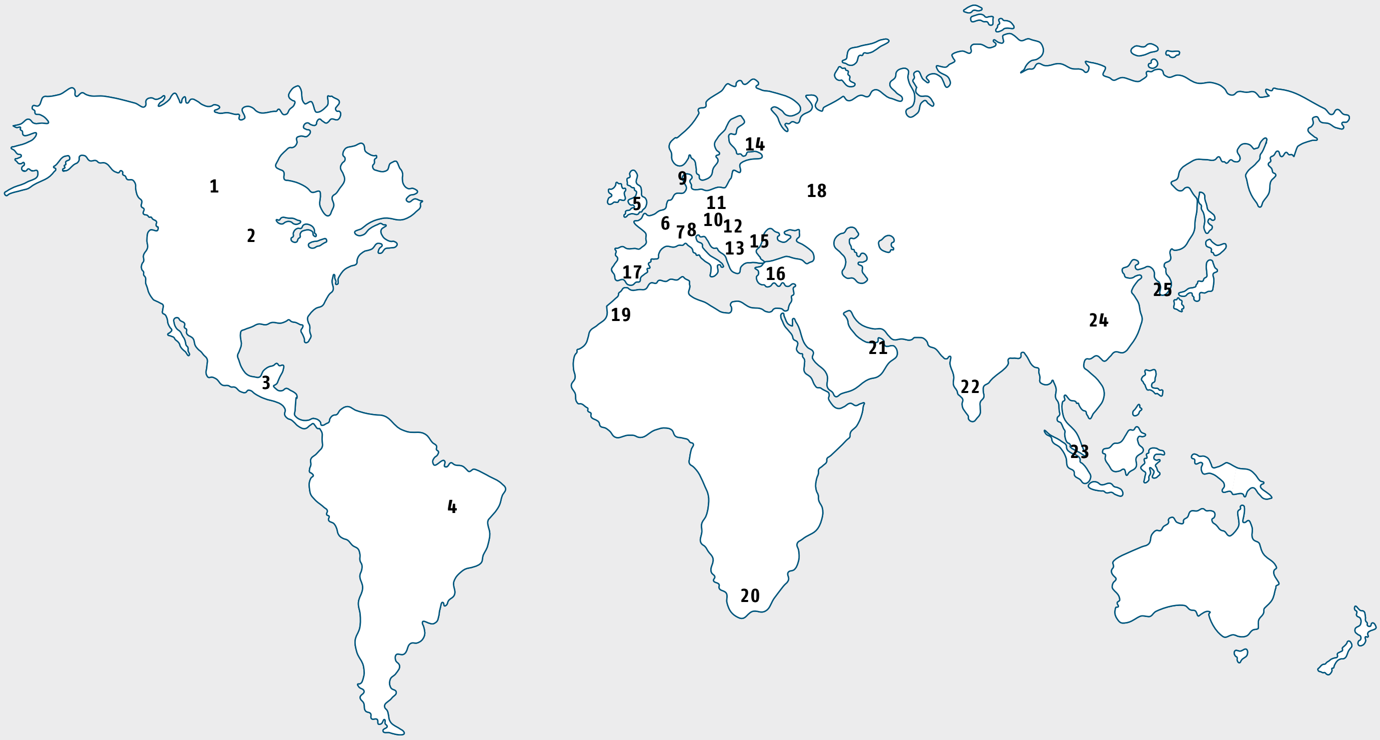
SALES FIGURES RELATE TO SALES REVENUE GENERATED WITH EXTERNAL THIRD PARTIES (I. E. EXCLUDING SALES WITHIN THE INDUS GROUP) AND ARE DERIVED FROM THE INDUS GROUP CONSOLIDATED IFRS GROUP SALES.

OUR LOCATIONS



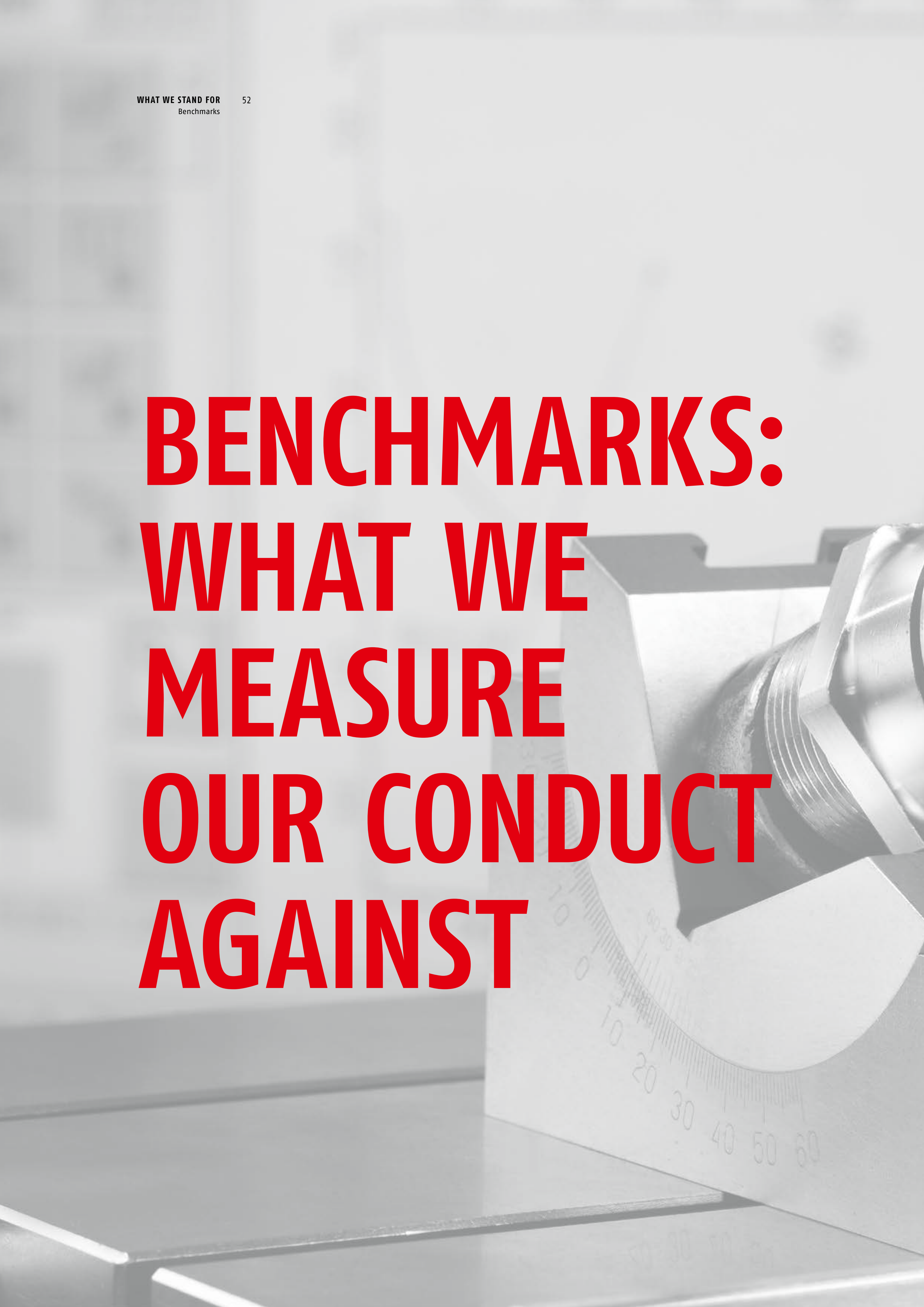
SITES OF OUR PORTFOLIO COMPANIES IN GERMANY AND SWITZERLAND

1 ANCOTECH
2 BETOMAX
3 FS
4 HAUFF-TECHNIK
5 MIGUA
6 OBUK
7 REMKO
8 SCHUSTER
9 WEIGAND
10 WEINISCH
11 AURORA
12 BILSTEIN & SIEKERMANN
13 FICHTHORN
14 IPETRONIK
15 KIEBACK
16 SCHÄFER
17 SELZER
18 SITEK
19 S.M.A.
20 WIESAUPLAST
21 ASS
22 BUDDE
23 ELTHERM
24 GSR
25 HORN
26 IEF-WERNER
27 MBN
28 M. BRAUN
29 TSN
30 IMECO
31 MIKROP
32 OFA
33 RAGUSE
34 ROLKO
35 BACHER
36 BETEK
37 HAKAMA
38 KÖSTER
39 MEWESTA
40 PLANETROLL
41 RÜBSAMEN
42 SIMON
43 VULKAN INOX



LOCATIONS OF THE INDUS GROUP WORLDWIDE

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



BENCHMARKS: WHAT WE MEASURE OUR CONDUCT AGAINST

01

ENTREPRENEURSHIP

We are always in motion. We are always looking for opportunities to improve ourselves and have a deeper impact on the market. Whenever we spot an opportunity, we find a way to take advantage of it.

02

LONG-TERM AND STABILITY

We work toward long-term targets. We do not want just any success, we want long-term success. We keep our stable economic foundation in mind in our business dealings.

03

SIMPLICITY

INDUS values short information chains and simple processes. We want to react quickly in everyday business and lose no time to the competition. That is why we continually check our structures and streamline processes.

04

RELIABILITY AND FAIRNESS

We make decisions carefully. And we stand by them. Our partners within the Group and all of our other partners can rely on us.

INDUS – FINANCIAL YEAR 2015

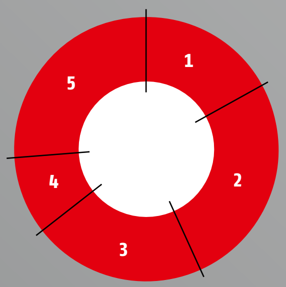
KEY FIGURES (IN EUR MILLIONS)	2015	2014	2013
Sales	1,388.9	1,255.7	1,186.8
of which domestic	709.0	655.2	611.2
of which abroad	679.9	600.5	575.6
EBITDA	186.4	175.2	162.3
EBIT	136.3	127.2	118.6
EBT	109.3	100.7	98.7
Group net income for the year	68.3	63.3	64.0
Operating cash flow	157.3	104.4	117.4
Cash flow from operating activities	130.9	87.0	97.5
Cash flow from investing activities	-112.8	-95.3	-99.6
Cash flow from financing activities	-3.1	8.2	20.0
Earnings per share from continued operations (in EUR)	2.78	2.74	3.02
Cash flow per share (in EUR)	5.36	3.56	4.35
Dividend per share (in EUR)	1.20*	1.20	1.10
	DEC. 31, 2015	DEC. 31, 2014	DEC. 31, 2013
Total assets	1,419.8	1,308.4	1,180.9
Group equity	595.3	549.9	515.3
Net debt	356.3	345.8	307.7
Cash and cash equivalents	132.2	116.5	115.9
Equity ratio in %	41.9	42.0	43.6
Equity of INDUS Holding AG	761.2	722.2	687.1
Equity ratio INDUS Holding AG (in %)	59.7	60.3	63.1
Investments (number as per Dec. 31)	44	42	40

* Subject to approval at ASM on June 9, 2016

8,334
OUR GROUP'S WORKFORCE ON AVERAGE THROUGHOUT THE YEAR

1,388.9
SALES OF EUR MILLIONS GENERATED 2015

2015 SALES BY SEGMENTS (IN EUR MILLIONS)



1	Construction/Infrastructure (17.0 %)	235.5
2	Automotive Technology (26.5 %)	367.7
3	Engineering (21.1 %)	293.2
4	Medical Engineering/Life Science (9.5 %)	132.3
5	Metals Technology (25.9 %)	359.9

FINANCIAL REPORT 2015
CONTENTS

COMPANY AND SHAREHOLDERS

COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

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

REPORT OF THE BOARD OF MANAGEMENT

DEAR SHAREHOLDERS,

The ECB's decision a few weeks ago to drop the interest rate to zero for the first time in history once again shows us that the financial markets, and with them all markets, are undergoing a fundamental change and that the outcome remains uncertain. The traditional instruments and measures are no longer having any impact, and no new ones have been established. This situation will result in major challenges, partly associated with the increase in uncertainty, for which we must find solutions urgently.

Globalization has changed our world. And that's nothing new, but it is becoming increasingly more apparent. It is no longer our European neighbors who are the most important trading partners for the German economy, but rather the USA and China. And the weakness of the emerging economies such as Brazil is also having an impact on Germany.

We can also add the digital revolution to the challenges posed by globalization. But while the merger of markets around the world took decades, this revolution will take place in just a few years. And it will not just have an impact on the factories, but established sectors, markets, and companies that have been successful so far.

What does that mean for INDUS? First and foremost: We must expand our decision-making and action-taking scope. In order to achieve our ambitious targets and successfully exploit operational opportunities, we must increase our flexibility, increase our options, and, finally, follow paths that lead us into unfamiliar territory where necessary.

"WE ARE EXPANDING OUR SCOPE OF ACTION AND INCREASING OUR MOBILITY IN ORDER TO EXPLOIT NEW OPPORTUNITIES."

— **JÜRGEN ABROMEIT**

But INDUS must remain INDUS. We will be well-prepared for each step we take. We would like to reassure you that we are aware of the changing circumstances on the markets, and that we will bear these in mind in both our current and future decisions. This includes staff and tools, and approaching and implementing the change process in a proactive and professional manner.

"IN THE COMING YEARS WE WILL BE PUTTING GREAT EFFORT INTO ADVANCING INNOVATION AND DIGITALIZATION."

DR. JOHANNES SCHMIDT

COMPASS 2020, which we launched three years ago, was one of our first responses to these changing circumstances. We initiated this new growth and development program in 2013. Sales growth of 10 % and a 7 % improvement in earnings after three years are proof positive that we are on the right path. Our portfolio has gained considerably in value.

Currently, our best performing segment is the Engineering segment, in which we have been able to integrate a number of new portfolio companies. Our traditional Construction/Infrastructure segment has also delivered excellent results, as did the portfolio companies in the Medical Engineering/Life Science segment. We also managed to gain two important acquisitions here last year. We were, however, less satisfied with developments in the Automotive Technology and Metals Technology segments. Two companies were affected by quality problems during new series start-ups, and three portfolio companies were forced to restructure due to problems caused by the Swiss economy and the Russian crisis. Despite these partially unexpected setbacks, we were able to easily achieve the targets set for the Group. Our operating result came in well above the target of EUR 125 million to EUR 130 million. We are satisfied with this result. It shows: Despite problems in certain areas, the Group is very stable and well-positioned.

What is the business outlook like for the INDUS Group in 2016? As things stand, we are cautiously optimistic. The amount of rather negative news has made us more cautious. We do not expect a severe downturn in 2016, but we also cannot discount the fact that the moderate growth expected may be dampened further over the course of the year.

Nevertheless, our targets at INDUS remain ambitious. Even though many companies are currently announcing drops in sales and earnings, we believe we can achieve further growth. We will not cut back on our investment program. With total capital expenditure of up to EUR 125 million, of which more than EUR 70 million is earmarked for property, plant, and equipment, and intangible goods, we intend to invest even more in the portfolio than last year. Approximately EUR 50 million has been set aside for new portfolio companies.

Knowing we are on the right path is more important to us than achieving short-term gains. Developing and thereby expanding the performance of our portfolio companies every day is at the heart of everything we do. The most important topics for us are still innovation, internationalization, and growth. Particularly when it comes to strategic acquisitions, we intend to increase our efforts even further going forward. We have to strengthen and expand our portfolio even faster. We will not just be relying on our own innovation and internationalization efforts to achieve this, but will continue to acquire knowledge and market access.

If we intend to remain a successful group of SMEs, we must be able to ensure our success regardless of the market situation. This is what we expect of ourselves. We have also defined mandatory guidelines for our approach: Our companies are not active in uncertain markets unless they have a long-term goal. If they are physically present in those markets, it means that the outlook in the medium term at least is good. This applies particularly to business in China, South America, and Russia.

The key words innovation and digitalization represent two of our high-priority topics. We intend to drive developments in these areas from the holding company, by providing our portfolio companies with support in the form of personnel, research projects, and knowledge transfer. We will also step up our search for business ideas that complement our portfolio companies; we have already taken the first steps in this direction with the acquisition of companies such as SAVVY (for our portfolio company IPETRONIK).

INDUS's strength lies in the Group itself: Individual companies are safer within the association, not least because they are economically and strategically included. Our final aim is for the whole to be greater than the sum of its part. This includes a common identity. This can only be achieved through communication and shared values.

One of the most prized values at INDUS is sustainability. This has now become something of a buzzword, but we sincerely believe that conduct within the SME industry has always been sustainable. Ensuring our portfolio companies conduct themselves in a sustainable manner is not an end in itself, rather it increases the value of the company. This is why we have been involved in the CDP

"WE ARE FOCUSING ON SUSTAINABILITY BECAUSE IT INCREASES THE VALUE OF OUR PORTFOLIO COMPANIES AND WITH IT THE VALUE OF OUR GROUP OVER THE LONG TERM."

— **RUDOLF WEICHERT**

project, a global initiative to measure and reduce greenhouse gas emissions, for a number of years now. We received the award of 'sector leader' for the first time in 2015. We were also rated by the leading sustainability agencies for the first time last year and were awarded the top "prime" rating. This is both praise and motivation for us.

Dear shareholders, we, the Board of Management, are confident that all INDUS companies will show even more improvement by the end of this year. Which company in which area remains up to the individual companies: At one it may be the international orientation, for another this might mean leaner processes, and for another still a strategic acquisition to round out expertise. We would like to take this opportunity to once more point out that we focus on long-term development, regardless of short-term developments and successes.

And in order to consistently follow this path we have to be able to rely on excellent staff. We, the entire Board of Management of INDUS Holding AG, would therefore like to express our sincere gratitude to our managers and staff across the Group for their ongoing dedication. We would like to thank our partners for the excellent cooperation. And we would also like to thank you, our shareholders, for the confidence that you have shown in us by again entrusting us with your investment.

Bergisch Gladbach, April 2016

JÜRGEN ABROMEIT **DR. JOHANNES SCHMIDT** **RUDOLF WEICHERT**

MANAGEMENT BODIES

THE BOARD OF MANAGEMENT*

JÜRGEN ABROMEIT —— BOARD OF MANAGEMENT CHAIRMAN (CEO)

Jürgen Abromeit (born 1960) has been a member of the INDUS Holding AG Board of Management since 2008. In July 2012 he assumed the position of Board of Management Chairman. After completing his professional training, the bank manager held a number of positions at Dresdner Bank and Commerzbank in corporate and investment banking, before moving over to steel manufacturer Georgsmarienhütte Holding (GMH) as chief financial officer in 1998. He was involved in a number of acquisitions during his eleven years at GMH, and took responsibility for operational management at a variety of engineering companies during the integration phase. In his last position he was responsible for the steel and engineering segments at GMH as head of division.

DR.- ING. JOHANNES SCHMIDT —— BOARD OF MANAGEMENT MEMBER (CTO)

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

RUDOLF WEICHERT —— BOARD OF MANAGEMENT MEMBER (CFO)

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

* DETAILS ABOUT THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT MEMBERS' PROFESSIONAL QUALIFICATIONS CAN BE FOUND ON THE INDUS WEBSITE. FOR DETAILS ABOUT MEMBERSHIPS ON OTHER BOARDS SEE PAGE 226.

THE SUPERVISORY BOARD*

HELMUT SPÄTH —— SUPERVISORY BOARD CHAIRMAN

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

DR. JÜRGEN ALLERKAMP —— SUPERVISORY BOARD DEPUTY CHAIRMAN

Dr. Jürgen Allerkamp (born 1956) is a fully qualified lawyer and political scientist. In January 2015 he was appointed Chairman of the Management Board of the Investitionsbank Berlin. Previously he held the position of Chairman of the Management Board at Deutsche Hypothekenbank (AktienGesellschaft) in Hanover and was a member of the Management Board of Nord/LB from 1997 through 2010. He was initially appointed to the INDUS Holding AG Supervisory Board in 2007.

Members of the Supervisory Board are appointed for a period of five years; re-elections are permissible. Candidates must not be above the age of 70 at the time of election or re-election. The terms of Helmut Späth, Dr. Jürgen Allerkamp, Dr. Ralf Bartsch, and Hans Joachim Selzer will come to an end at the end of the 2017 Annual Shareholders' Meeting, Dr. Dorothee Becker's term will end at the end of the 2019 Annual Shareholders' Meeting and Carl Martin Welcker's at the end of the 2020 Annual Shareholders' Meeting. Mr. Selzer will not be eligible for re-election in 2017 due to the age limit.

PERSONNEL AND NOMINATION COMMITTEES: HELMUT SPÄTH (CHAIRMAN) / DR. JÜRGEN ALLERKAMP / HANS-JOACHIM SELZER
AUDIT COMMITTEE: DR. JÜRGEN ALLERKAMP (CHAIRMAN, FINANCIAL EXPERT) / DR. RALF BARTSCH

DR. RALF BARTSCH

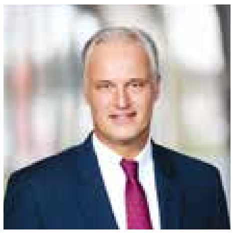
Dr. Ralf Bartsch (born 1959) is a fully qualified lawyer and business manager. Since 2003 he has been Management Board Spokesman for the SCHLAU/HAMMER Group, Porta Westfalica. Previously, Dr. Bartsch worked for NORD Holding, Hanover and for an international law firm specializing in the capital markets and corporate law. He has been a member of the INDUS Holding AG Supervisory Board since 2007.

DR. DOROTHEE BECKER

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

HANS JOACHIM SELZER

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



CARL MARTIN WELCKER

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

* DETAILS ABOUT THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT MEMBERS' PROFESSIONAL QUALIFICATIONS CAN BE FOUND ON THE INDUS WEBSITE. FOR DETAILS ABOUT MEMBERSHIPS ON OTHER BOARDS SEE PAGE 226.

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

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

COOPERATION BETWEEN THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

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

The members of the Supervisory Board were always given the opportunity to critically dissect and voice their opinions on the reports and proposals brought to their attention in committees and plenary sessions. In this respect, it received information about business and asset developments on an ongoing basis. In addition to financial, investment, and personnel planning, the Supervisory Board devoted its attention to the risk situation and risk management. The Supervisory Board gave its consent for the Board of Management to carry out individual business processes, insofar as this was necessary to comply with legal requirements, the articles of association, or the rules of procedure. The Chairman of the Supervisory Board and the Chairman of the Audit Committee also regularly met with the Board of Management and received information regarding important developments in between committee meetings.

MEETING FREQUENCY AND ATTENDANCE

In fiscal 2015, four ordinary meetings were held, attended by Board of Management members. In addition, two resolutions were voted on by written ballot. The Supervisory Board considers it good corporate governance to publish attendance at Supervisory Board meetings as well as committee meetings individually.

Transactions of significance for the Company were also discussed with the Supervisory Board outside of its regular meetings to ensure that it was always involved in all major decisions. There were no conflicts of interest regarding any of the Supervisory Board or Board of Management members that should have been immediately reported to the Supervisory Board and at the Annual Shareholders' Meeting.

**HELMUT SPÄTH,
SUPERVISORY BOARD CHAIRMAN**

PRIMARY MEETING TOPICS

During a **written ballot dated February 4, 2015**, the Supervisory Board unanimously agreed with the Board of Management's decision to discontinue operations at SEMET Maschinenbau GmbH & Co. KG.

The priority at the **first meeting, held April 15, 2015**, was the presentation and discussion of the Group's and the holding company's 2014 annual financial statements, and the related resolution. Some of the topics the Audit Committee focused on were the increase in interest expenses from recognizing call/put options from acquisitions, the increase in the group tax rate, and testing goodwill. Upon the Audit Committee's recommendation and following discussions with the auditor, the Supervisory Board approved the consolidated financial statement and adopted the annual financial statement for fiscal 2014. The Board of Management also reported on the investment activities over the past fiscal year and explained in detail the annual risk management and compliance reports. It also outlined the current focus of the preventative compliance work. Finally, the Board of Management also presented INDUS Group's economic situation as of March 2015.

The Supervisory Board held a vote on the Board of Management's proposal regarding the majority acquisition of NEA International and RAGUSE. The Dutch specialist in orthotic devices NEA was acquired by INDUS portfolio company OFA Bamberg. The signing and closing took place on May 12, 2015. The contract for the acquisition of the RAGUSE Group, which specializes in operating room accessories, was signed on June 2, 2015, and closed in November 2015 due to changes in the corporate legal structure. The Board of Management also reported on another planned M&A project in the energy technology sector.

Voting again concerned the Board of Management dividend proposal and the agenda for the 2015 Annual Shareholders' Meeting. The Supervisory Board followed the Nomination Committee's recommendation of electing member Carl Martin Welcker for a second term of office. The Supervisory Board discussed the challenges INDUS currently faces due to the legal situation regarding diversity and the female quota in detail.

On **June 2, 2015**, the day before the Annual Shareholders' Meeting, the Supervisory Board convened for its **second ordinary meeting** where its members prepared to be up-to-date with the proposal. As no counter-proposals were received, the Supervisory Board reviewed the report regarding the course of business over the first four months of 2015 extensively. The Board of Management also reported on the impact on results and deviations from budget in the Metals Technology and Automotive Technology segments, but also pointed out that the earnings targets communicated were absolutely still achievable overall. An updated forecast was announced and released at the end of June for the purpose of providing information to the Supervisory Board. The Board of Management also provided detailed information regarding development measures for a number of portfolio companies and reported on the ongoing integration of NEA and RAGUSE. The Board of Management also provided information regarding the expansion of the INDUS administrative offices in Bergisch Gladbach.

In a **written ballot dated July 13, 2015**, the Supervisory Board unanimously agreed to the Board of Management's proposal regarding the acquisition of IEF-Werner GmbH, Furtwangen.

The **third ordinary meeting** was held on **September 23 and 24, 2015**. At the start of the meeting, the Board of Management provided information about the extent to which the INDUS Group was affected by the current VW exhaust scandal. Checks of all of the portfolio companies in the Automotive Technology segment showed there were no points of contact with the exhaust technology sector. There is therefore no reason to expect any direct impact from the VW scandal at any of the INDUS portfolio companies; however, indirect impacts from reductions in volume by the VW Group or a general impact on the economy cannot be excluded.

The main point of the meeting was the presentation by the Board of Management of a portfolio analysis including a strategy report on the status of implementation of the COMPASS 2020 strategy. The Board of Management also reported extensively on the three topics "repositioning", "development", and "innovation". After that, the Board of Management reported the results of an in-depth analysis of the individual segments of the INDUS portfolio. In summary, the Supervisory Board indicated its full support of the Board of Management's strategy regarding the well thought-out portfolio optimizations, stressing, however, that the overall development of the portfolio should not be neglected. The Supervisory Board went on to say that it is important to monitor the balance and risk diversification, in addition to observing the individual segments.

On the second day of the meeting, the Board of Management provided information on the current economic situation as of August 2015 and presented the material general conditions for its strategic financial planning until 2020. It also provided information about current developments at portfolio companies SMA and BETOMAX. In addition, organizational topics were discussed (IT, personnel) and a resolution was passed regarding the medium-term increase of the female quota for the Supervisory Board.

The **last meeting of the year on December 16, 201**5, covered the updated outlook for fiscal 2015, based on results up to October 2015, and planning for 2016. The Board of Management also provided a status report regarding INDUS Group's financing. Consequently the Board of Management informed the Supervisory Board about current developments at SMA, SIMON Systems, BETOMAX, BACHER, and HAKAMA.

The Board of Management spoke about corporate planning for the upcoming fiscal year, including investment and financing planning. In the discussion following this, the Supervisory Board debated the details of the planning process. The Supervisory Board approved the annual plans in their entirety without exception.

The Board of Management then provided information about the planned acquisition of COMPUTEC AG by INDUS portfolio company BUDDE. The company develops special software for controlling automation, and also already supplies BUDDE, amongst other companies. The intention of this strategic addition is to increase the depth of the value chain. The acquisition was within the approval limit. Another topic of consultation was the report of the Personnel Committee. Its recommendations included the introduction of a sustainability component for Board of Management remuneration.

The Chairman of the Supervisory Board consequently informed the members of the Supervisory Board of the results of the Supervisory Board efficiency check he had carried out. The focus was in particular on the information provided to the Supervisory Board, organization and meetings, the composition, and any conflicts of interest. The results of the efficiency check confirm that the Supervisory Board monitors the Board of Management of INDUS Holding AG in an efficient and appropriate manner. The flow of information to the Supervisory Board is generally considered to be of a good standard. The members of the Supervisory Board are satisfied with the internal organization and working methods. Meeting processes and cooperation with the Board of Management, for example, were praised as extraordinarily purposeful and professional. The composition of the Supervisory Board was also found to be satisfactory and the individual members as well as the body as a whole were considered to be professionally and personally well qualified. No conflicts of interest were observed. There were therefore no optimization suggestions as regards improving the efficiency of the Supervisory Board.

The members of the Supervisory Board also dealt with the German Corporate Governance Code in the year under review. The Board of Management and the Supervisory Board submitted an updated declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG), which is publicly available on the company's website.

The Board of Management briefly provided information regarding the meeting of the Audit Committee, which was held the same day and attended by Dr. Holzmayer, a representative from Ebner & Stolz, the auditing firm responsible for the consolidated financial statements. The audit of the 2013 Consolidated Financial Statements by the German Financial Reporting Enforcement Panel (DPR), which has been ongoing for a year, was concluded. No errors were noted and no comments made.

WORK OF THE COMMITTEES

The main task of the two Supervisory Board committees is to prepare decisions and topics for the board. In this regard, where permitted by law decision making powers may be transferred to the committees. The chairmen of the committees report regularly and in a detailed manner to the Supervisory Board on the work carried out in the committee. The chairman of the Supervisory Board holds the position of chairman of the Personnel Committee and Nomination Committee, but not the position of chairman of the Audit Committee. The personnel included in the two committees can be found in the Annual Report under Management Bodies.

The **Audit Committee met twice** during the fiscal year 2015: on **April 14 and December 16, 2015**. In addition to members of the Board of Management, representatives from Ebner Stolz Mönning Bachem Wirtschaftsprüfer Steuerberater Rechtsanwälte Partnerschaft, Cologne, also attended the meeting in December. The auditor has declared to the audit committee that there are no grounds for bias on his part. The Audit Committee has gathered the necessary statement of independence, checked his qualifications, completed negotiations with regard to remuneration and decided on the focus of the audit. The main topics of the consultation were the 2014 financial statements and the audit of the risk management and compliance reports.

The **Personnel and Nomination Committees** prepared the Supervisory Board's personnel decisions in **three meetings** in the 2015 fiscal year, **held on April 15, September 24, and December 16, 2015**. Where necessary, decisions were made or recommendations regarding decisions to be made were communicated to the Board of Management. The topics of these meetings were remuneration system structure, suggestions regarding the fixing of management bonuses and other bonuses for members of the Board of Management, and issues relating to contracts. Details regarding Board of Management remuneration can be found in the remuneration report.

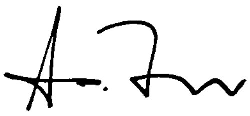
DISCUSSION ON THE ANNUAL FINANCIAL STATEMENTS AND DIVIDEND RECOMMENDATION

The accounting and law firm Ebner Stolz Mönning Bachem Wirtschaftsprüfer Steuerberater Rechtsanwälte Partnerschaft, Cologne – appointed auditor of the separate and consolidated financial statements by resolution at the Shareholders' Meeting of Wednesday, June 03, 2015 – audited the annual financial statements and management report of the INDUS Holding corporation and of INDUS Holding AG in accordance with the Supervisory Board's engagement instructions. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The auditor awarded the annual financial statements an unqualified audit opinion. The auditor also confirmed that the risk management system complied with statutory regulations, and that there are no identifiable risks that might jeopardize the company as a going concern. The interim financial reports were not audited.

The consolidated financial statements and Group management report, the individual financial statements and management report and the audit reports were submitted to all Supervisory Board members in good time. These were discussed in detail at the Supervisory Board meeting for adoption of the financial statements on April 8, 2016. The auditor attended this meeting, reported on all audit findings, and was available to answer any additional questions. The Supervisory Board discussed all of the submissions and audit reports in depth. Based on the final result of our own audit of the documents submitted to us and the Audit Committee's recommendations, the Supervisory Board raises no objections, and concurs with the Group auditor's findings. The Board endorses the financial statements prepared by the Board of Management and approves the consolidated financial statements. The Supervisory Board concurs with the Board of Management's proposed appropriation of distributable profit.

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

Bergisch Gladbach, April 8, 2016



FOR THE SUPERVISORY BOARD
HELMUT SPÄTH
CHAIRMAN

SUPERVISORY BOARD MEETINGS AND WORK OF THE COMMITTEES IN THE 2015 FISCAL YEAR

	PARTICIPATION	IN %		PARTICIPATION	IN %
Supervisory Board			**Audit Committee**		
Helmut Späth	4/4	100	Helmuth Späth	2/2	100
Dr. Jürgen Allerkamp	4/4	100	Dr. Jürgen Allerkamp	2/2	100
Dr. Ralf Bartsch	4/4	100	Hans Joachim Selzer	2/2	100
Dr. Dorothee Becker	4/4	100	**Personnel and Nomination Committee**		
Hans Joachim Selzer	4/4	100	Dr. Jürgen Allerkamp	3/3	100
Carl Martin Welcker	4/4	100	Dr. Ralf Bartsch	3/3	100

THE INDUS SHARE

KEY SHARE DATA (IN EUR)	2015	2014	2013
Earnings per share Group	2.78	2.74	3.02
Cash flow per share Group	5.36	3.56	4.35
Dividend per share[1]	1.20[1]	1.20	1.10
Dividend yield in %	2.7[2]	3.1	3.8
Sum disbursed in EUR millions	29.3	29.3	26.9
12-month high	50.12	40.90	29.47
12-month low	36.37	28.00	20.55
Price at year-end[2]	44.51	38.11	29.20
Market capitalization on Dec. 31 in EUR millions[3]	1,088.3	931.8	714.0
Average daily turnover in number of shares	53,308	53,935	35,488

[1] Subject to approval at Annual Shareholders' Meeting on June 9, 2016
[2] Basis: closing prices in XETRA trading on 2015 reporting date
[3] based on complete capital stock of 24,450,509 shares

SHARE PRICE: STABLE PRICE PERFORMANCE ON VOLATILE MARKET

The INDUS share price performance was very mixed in the individual quarters. At the end of 2014, the share was already significantly outperforming the SDAX and DAX indexes in 2014 with growth of around 34 % (SDAX 6 %, DAX 3 %). However, right at the start of 2015, the share's price could no longer keep up with the developments of the indexes. In the second quarter it caught up at an above-average rate, considerably exceeding comparison parameters. The presentation of the excellent figures for 2014 and the pleasing figures for the first quarter of 2015 in particular increased demand among investors and drove the share price up. This led to an all-time high (since the IPO in September 1995) of EUR 50.12 on May 21, 2015.

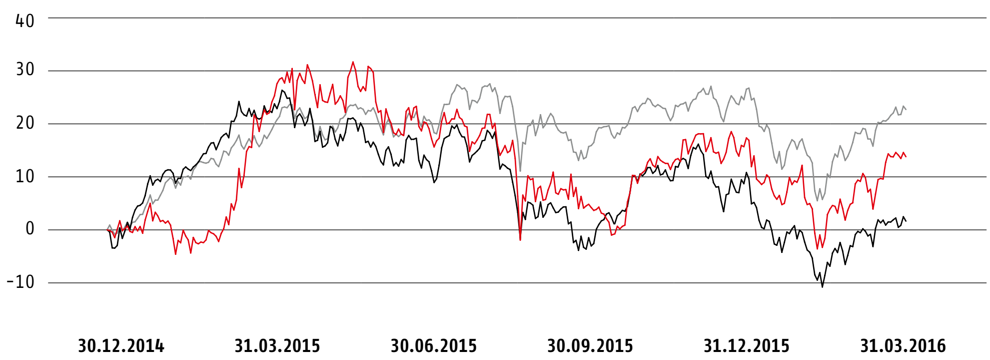
In the second half of the year, the stock market recorded noticeable price corrections due to the increasing uncertainty on the market; the news of the Chinese economic crisis in particular led to severe price drops at the end of August. The second half of the fiscal year was also characterized by the Greek debt drama, the ECB's monetary policies, the ongoing decline in the price of raw materials, the VW exhaust scandal, the refugee crisis, and, last but not least, the terrorist attacks in Paris. These events all led to price fluctuations across the board until the end of the year. The INDUS share was not immune to these events, but did manage to recover from the end of October onward. On December 30, 2015, the share price was up approximately 17 % against the end of 2014 (SDAX 27 %, DAX 10 %)[1].

[1] FOR UP-TO-DATE STOCK CHART PLEASE SEE WWW.INDUS.DE/EN/INVESTOR-RELATIONS/OUR-SHARE

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

The share's performance again resulted in high demand in 2015. On average, 53,308 shares were traded every day on XETRA and on regional German stock markets in the fiscal year according to statistics released by the German stock market (annual average 2014: 53,935 shares); that is a total of over 13.5 million shares in 2015. Large volumes were also traded outside of the stock markets: According to Bloomberg another 11.0 million shares were transferred directly between buyers and

INDUS SHARE PRICE CHANGE IN 2015 INCLUDING DIVIDENDS (IN %)

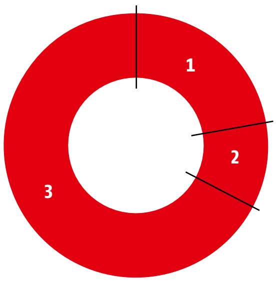


sellers and over alternative trading platforms. Roughly 55 % of trading volume was on XETRA and regional German stock markets according to Bloomberg

STABLE SHAREHOLDER STRUCTURE WITH MANY INSTITUTIONAL INVESTORS

INDUS Holding AG's largest shareholder remains Versicherungskammer Bayern in Munich. In line with its long-term capital investment strategy, it holds 19.4 % of the capital stock (according to the information available to the Board of Management). The other anchor is formed by a group of private investors who are represented jointly. The spokesman for this group of proxy shareholders is Hans Joachim Selzer of Driedorf, Germany. According to the group, it holds 6.4 % of INDUS shares. The rest of Company share capital is held by a broad range of investors. INDUS Holding AG currently does not hold any treasury shares.

INDUS HOLDING AG SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2015 (IN %)



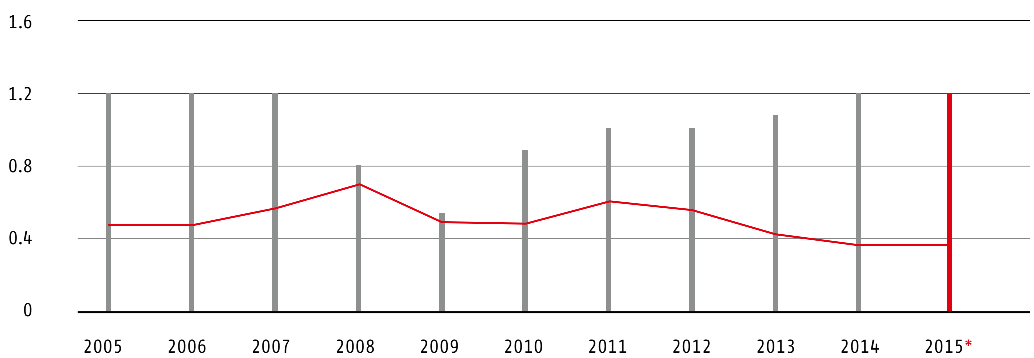
1	VERSICHERUNGSKAMMER BAYERN:	19.4
2	LEGITIMATION SHAREHOLDERS:	6.4
3	FREEFLOAT:	74.2

Source: company data

DISTRIBUTION: PROPOSED DIVIDEND OF EUR 1.20 PER SHARE

INDUS practices a stable dividend policy. Shareholders participate in company profits through regular dividend distributions. The amount of dividends is generally based on net profit for the year, but if possible a dividend should still be paid in weaker years to the extent financially feasible. The dividend policy provides that up to 50 % of profits are to be reinvested in the company and up to 50 % distributed. The rule applies that INDUS Holding AG must record an accumulated profit on its annual financial statements. As of Thursday, December 31, 2015, the holding company had EUR 70.1 million in retained earnings. The Board of Management and the Supervisory Board will therefore propose a dividend payout of EUR 1.20 per share at the Annual Shareholders' Meeting. The total distribution amount is thus EUR 29.3 million.

DIVIDEND PER SHARE* AND DIVIDEND YIELD, 2005–2015 (IN EUR/IN %)



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*
Dividend per share	**1.20**	**1.20**	**1.20**	**0.80**	**0.50**	**0.90**	**1.00**	**1.00**	**1.10**	**1.20**	**1.20**
Dividend yield	**4.1 %**	**4.1 %**	**4.9 %**	**6.0 %**	**4.2 %**	**4.1 %**	**5.3 %**	**4.9 %**	**3.8 %**	**3.1 %**	**2.7 %**

* dividend payout for each fiscal year

—— dividend yield

ANALYST OPINIONS ON INDUS HOLDING AG

Bankhaus Lampe	March 2016	Buy, target price EUR 56
Commerzbank	March 2016	Add, target price EUR 51
Deutsche Bank	March 2016	Buy, target price EUR 56
Independent Research	March 2016	Buy, target price EUR 60
HSBC	March 2016	Buy, target price EUR 56
LBBW	March 2016	Buy, target price EUR 53
M.M. Warburg	March 2016	Buy, target price EUR 57.50
WGZ	March 2016	Buy, target price EUR 60

HSBC began researching the INDUS share in March 2015. Eight banks and investment firms are therefore following the company now. Analyst price targets for the stock now range between EUR 39 and 54. All of the analysts recommend buying INDUS shares. Analyst opinions are regularly published on the INDUS website under "Investor Relations."

TARGETED AND TRANSPARENT INVESTOR RELATIONS

A central topic in communications with the capital markets in 2015 was regarding the current course of business as well as the next steps in the implementation of our strategy COMPASS 2020. The Board of Management sought a continuous exchange of views with existing and potential investors in the period under review, both in Germany and abroad. Finance events were utilized for this purpose as well as conferences and roadshows in and outside Germany.

INDUS HOLDING AG ROADSHOW ACTIVITIES AND CAPITAL MARKET CONFERENCES

January 2015	LOYS 11th Investor Meeting, Oldenburg
March 2015	PRIOR Capital Market Conference, Egelsbach
April 2015	Germany Conference Bankhaus Lampe, Baden-Baden
	Analysts' conference 2015
	Roadshow Zurich
June 2015	Investor Conference M.M. Warburg, Hamburg
September 2015	Roadshow London
	Commerzbank Sector Conference, Frankfurt
October 2015	Roadshow Paris
November 2015	German Equity Forum, Frankfurt
December 2015	DSW Investor Forum, Bonn

In addition to regularly publishing up-to-date information about INDUS the Board of Management also regularly met in personal and accepted interviews with multipliers, analysts and business reporters. INDUS stays in dialog with private investors via the Annual Shareholders' Meeting and through personal contact. Interested investors can also sign up to receive regular newsletters from INDUS on upcoming events. By actively cultivating relations with the capital markets INDUS underscores its commitment to transparent and regular communication. INDUS has been a member of the German Investor Relations Association (DIRK) since 2009. The financial calendar appearing in the cover of this annual report provides an overview of the most important dates for the current fiscal year. The financial calendar is regularly updated and is also available on the company's website.

CONTACTING INVESTOR RELATIONS:

TELEPHONE: +49 (0)2204 / 40 00-70

EMAIL: INVESTOR.RELATIONS@INDUS.DE

SCHEDULED DATES FOR 2016 AND OTHER IR INFORMATION CAN BE FOUND AT: WWW.INDUS.DE/EN/INVESTOR-RELATIONS

INDUS SHARE DATA

SIN/ISIN	620010 / DE0006200108
Stock exchange code	INH.DE
Share class	No-par-value bearer unit shares
Stock exchanges	XETRA, Frankfurt, Düsseldorf, Stuttgart
Market segment/Indices	Prime Standard/SDAX
Designated Sponsors	Commerzbank, Bankhaus Lampe
Capital stock	63,571,323.62
Number of shares on Dec. 31	24,450,509
First trading day	September 13, 1995
Last capital increase	December 2, 2013

COMPASS 2020: STATUS REPORT

INDUS achieved more strategy program milestones in 2015 and continued along its path of growth: Directly and indirectly through our shareholdings, we have been able to acquire five new companies. The portfolio once again provided a good result for fiscal 2015. Another focus of the COMPASS 2020 efforts was the increased internationalization of the portfolio by acquiring more companies at second level in order to tap into new target groups and additional foreign markets as well as by establishing new foreign companies. The Board of Management will continue to advance development in 2016. INDUS again intends to make more acquisitions through both portfolio companies and shareholdings in the current year.

2015

03/15

Internationalization
The INDUS portfolio company HAUFF established a national company in Dubai, United Arab Emirates.
- Optimized and direct market development
- Expanding sales expertise

Construction/Infrastructure

03/15

Coverage
- HSBC starts covering INDUS shares with a target price of EUR 54.00.

Capital Market

TARGET PRICE
EUR 54.00

05/15

Expansion Acquisition
OFA Bamberg acquires Dutch company NEA International B.V., a specialist for orthopedic bandages and orthotic devices based in Maastricht, the Netherlands.
- International sales
- Investments in target markets ripe for development

Medical Engineering/Life Science

06/15

Growth Acquisition
INDUS acquires RAGUSE[2] Gesellschaft für medizinische Produkte mbH, strengthening its ability to offer individual solutions for medical engineering products in the defined target segment.
- Flexible product program
- International presence

Medical Engineering/Life Science

Newcomer
2015

[2] RAGUSE
SEE PAGE 46

06/15

Annual Shareholders' Meeting
The Annual Shareholders' Meeting backs the Board of Management's strategy for INDUS and resolves a dividend of EUR 1.20.

Capital Market

Dividend
EUR 1.20
per Share

07/15

Internationalization
The INDUS portfolio company MIGUA established a national company in Dubai, United Arab Emirates.
- Optimized and direct market development
- Expanding sales expertise

Construction/Infrastructure

»BUY & HOLD & DEVELOP/GROW«

PORTFOLIO ENHANCEMENT

WE SUPPORT OUR COMPANIES IN THE EXPANSION OF THEIR CAPABILITIES (»DEVELOP«).

MILESTONE REACHED

INTERNATIONALIZATION

WE SUPPORT OUR COMPANIES IN THE EXPANSION OF THEIR INTERNATIONAL ACTIVITIES (»DEVELOP/GROW«).

MILESTONE REACHED

GROWTH ACQUISITIONS

WE GROW THROUGH EXTERNAL ACQUISITIONS IN BOTH THE PORTFOLIO AND NEW INDUSTRIES (»GROW«).

MILESTONE REACHED

05/15

Share Price
INDUS share reaches high of EUR 50.12.

Capital Market

06/15

Internationalization
INDUS portfolio company BETEK establishes national company in Taicang, China.

- Following German clients to Asia
- Expansion of the international market presence

Metals Technology

06/15

Internationalization
INDUS portfolio company ELTHERM establishes national company in Barcelona, Spain.

- Expansion of the European market presence

Engineering

07/15

Growth Acquisition
INDUS acquires IEF-WERNER[3] and adds a specialist in automation and measuring technology with a modular product approach to the portfolio.

- Range of tailor-made solutions from prototype to small-scale manufacturing
- Expansion of the segment spectrum

Construction/Infrastructure

Newcomer 2015

09/15

Expansion Acquisition
The INDUS portfolio company ANCOTECH acquires MURINOX Bautechnik AG, based in Switzerland and expands its portfolio in the area of reinforcement and anchorage technology.

- Expansion of the product range
- Opening up the European market

Construction/Infrastructure

09/15

Expansion Acquisition
INDUS portfolio company OBUK acquires a specialist in front door panels and components with EUMATIC/FROHMASCO.

- Expansion of the product range
- Tapping into new target groups and more foreign markets

Construction/Infrastructure

2016

[3] IEF-WERNER SEE PAGE 43

COMBINED MANAGEMENT REPORT

INTRODUCTION TO THE GROUP

INDUS holds a portfolio of 44 German SME firms from key industries. As a leading specialist in the field of sustainable investment in and development of companies, INDUS mainly acquires owner-managed companies and assists their corporate growth exclusively through long-term alignment. The company Board intends to further expand and develop the portfolio in coming years through the targeted acquisition of hidden champions in growth markets.

BUSINESS MODEL

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

Upon its founding in 1989, INDUS Holding AG established itself as one of the leading specialists for the takeover of SME production companies in German-speaking Europe. As a long-term investor, it primarily invests in the successful SME industry. Today 44 companies are held in the portfolio. The company has been publicly traded since 1995. The shares are traded on the market segment with the highest transparency standards, the Prime Standard, and are listed on the SDAX index. The portfolio companies are grouped into five segments: Construction/Infrastructure, Automotive Technology, Engineering, Medical Engineering/Life Science, and Metals Technology. In 2015, these were the reportable segments as per IFRS, with no change since the previous year. Please see the list of shareholdings in the Notes for an overview of the companies that belong to the Group[4].

[4] FOR INVESTMENTS OF THE INDUS HOLDING AG SEE NOTES

INDUS Holding AG's headquarters are in Bergisch Gladbach, Germany. The company has 24 employees and its Board of Management consists of three members. All employees report directly to the Board of Management. All members of the Board of Management act as direct contacts for the management of the portfolio companies allocated to them and are closely involved with all transactions. All staff are employed by INDUS Holding AG at the headquarters. This makes communication simpler and helps keep decision-making processes short.

The portfolio companies are based in Germany and Switzerland. All foreign companies are managed directly by the portfolio companies. There is a clear division of responsibilities between the companies and INDUS: The portfolio companies develop and manage their business independently. The holding company focuses on core functions such as financing, controlling, and accounting. It also ensures that its interests as shareholder are being protected via regular discussion with management. The strategic goals and milestones are developed autonomously by the portfolio companies in line with the success-oriented basic agreement entered into with the holding company. The Board of Management maintains regular communication with the companies. Details regarding the organization of management and control can be found in the Declaration on Corporate Governance[5].

[5] THE DECLARATION CAN ALSO BE FOUND AT WWW.INDUS.DE

OPERATING ACTIVITIES: EXPANSION AND CONTINUAL DEVELOPMENT OF SME PORTFOLIO

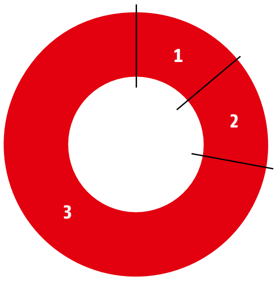
INDUS exclusively holds majority stakes in financially healthy manufacturing companies within the German-speaking SME industry with good long-term growth prospects. The companies are active in a variety of business segments and markets. The high level of diversification within the portfolio is a central element of INDUS's strategy and hedges the portfolio against economic fluctuations. The aim is to establish a permanently valuable portfolio and thus generate constant cash inflows by acquiring companies with promising development prospects, and strategically guiding these companies. By investing in INDUS, the shareholders can make a valuable investment in the otherwise difficult to penetrate SME industry and also receive regular dividends.

Please see the chapters Report on the Macroeconomic Situation and Segment Report for all significant information about the companies and the divisions to which they belong, as well as information on developments in the respective industries. The domestic market still plays a key role for many portfolio companies in terms of regional factors, but international markets have become significantly more important over the past few years. The Group generates approximately half of its sales outside Germany. This does not include indirect foreign sales. As part of their internationalization efforts, many portfolio companies have set up foreign offices. Important production facilities are located in South Africa, Mexico, China, North America, and Brazil.

PORTFOLIO STRUCTURE: THE SUCCESSIVE ESTABLISHMENT OF A GROUP OF SME HIDDEN CHAMPIONS

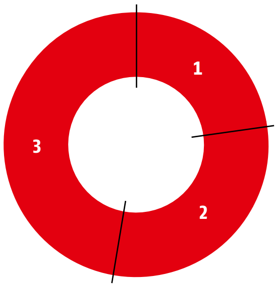
INDUS's story starts with the first acquisition of a company in 1985. INDUS GmbH was established in 1989, and became INDUS Holding AG in 1995, which went public this year with a portfolio comprising 21 companies. Since then the portfolio has been continuously expanded.

PORTFOLIO STRUCTURE ACCORDING TO YEARS (IN %)



1	LESS THAN 5 YEARS	14
2	5 TO 10 YEARS	14
3	OVER 10 YEARS	72

PORTFOLIO STRUCTURE ACCORDING TO SALES (IN %)



1	LESS THAN 15 MILLION EUR	23
2	15 TO 25 MILLION EUR	30
3	OVER 25 MILLION EUR	47

ACQUISITIONS: FIVE NEW COMPANIES ADDED TO THE PORTFOLIO IN 2015

It is INDUS's aim to achieve a permanent and continual increase in the value of the portfolio for its shareholders. The Group achieves growth by supporting hidden champions to successfully implement their development strategies. Additionally selected successful companies are also acquired for the portfolio that fit with INDUS's business model and the economic criteria defined in the model.

In 2015, INDUS acquired two new portfolio companies, RAGUSE and IEF-Werner; the subsidiaries also acquired three new companies (NEA, EUMATIC/FROHMASCO, MURINOX) and a new production site (OFA Glauchau). The INDUS portfolio company OFA Bamberg was able to return manufacturing to Germany, which had been outsourced to third parties, with the acquisition of a production site from the textile manufacturer ESDA at the beginning of January 2015 in Glauchau, Saxony, as well as the room needed for further growth. Another expansion at the main site in Bamberg was impossible.

At the beginning of May 2015, OFA acquired 100% of the shares in the Dutch company NEA International B.V. (NEA), based in Maastricht. NEA develops orthopedic bandages and orthotic devices for specific use in the area of treatment of joint injuries and chronic conditions. The bandages are sold to customers from the medical and sport sectors in more than 30 countries.

In June, INDUS acquired an initial stake of 60% in RAGUSE Gesellschaft für medizinische Produkte mbH, Ascheberg, Germany, a specialist for surgical drapes and other medical products. The company fills an interesting, profitable niche in the market and is also active in a growth market. Between 2005 and 2013, the number of operations performed in Germany alone has increased by almost 25%. An increase in the number of operations can be expected in future, too, due to the aging of the population and advances in medical technology.

At the end of July, INDUS was able to acquire a 75% stake in IEF-Werner GmbH, Furtwangen, Germany. The company is primarily active in five areas with its product portfolio: Transfer systems, semiconductors and wheel gauging machines, components and microassembly. The transfer systems product area covers all types of equipment for palletizers; the semiconductor area mainly consists of special equipment used for the manufacture of ABS systems. The wheel gauging machines developed and manufactured by IEF are mainly used by large wheel manufacturers. Components includes all types of positioning systems, with a focus on linear axes. The range is completed with control technology developed in-house. The newest product area is microassembly. It covers the new development of completely modular microassembly cells and the product series aiPRESS.

The INDUS Group gained two more strategic additions in September 2015. The INDUS portfolio company OBUK acquired EUMATIC/FROHMASCO, based in Sittensen and Chociwel, Poland, a manufacturer of panel blanks for doors as well as parts, such as ornamental frames and composite elements. Manufacturing takes place at a proprietary plant in Poland. The group supplies customers in Germany, Sweden, and Norway. With this takeover, OBUK has expanded its product range and opened up new target groups as well as additional foreign markets.

In addition, the Swiss INDUS portfolio company ANCOTECH acquired MURINOX, which is based in Lenk (near Fribourg, Switzerland). MURINOX produces and distributes anchorage equipment for brick facades. Its product range complements the ANCOTECH range.

LEGAL AND ECONOMIC FACTORS: DIVERSIFICATION SPREADS RISK

Due to the diversified activities of the portfolio companies, their success depends on a very broad range of factors. Because of the constant increase in the subsidiaries' export rates, the growth rate of the world economy will become increasingly relevant. In light of a materials ratio of 47 %, the prices of various materials and energy are also an extremely important factor. Moreover, costs are also affected by salary and wage adjustments made to keep pace with general market developments in the relevant industries and regions.

ACQUISITION-RELATED DISCLOSURES

DISCLOSURES PER SECTIONS 289 (4) AND 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB) CAPITAL STOCK, VOTING RIGHTS, AND TRANSFER OF SHARES

On December 31, 2015, the capital stock of INDUS Holding AG came to EUR 63,571,323.62. This consists of 24,450,509 no-par-value bearer shares. Each no-par-value share entitles its holder to one vote. There are no different share classes. All shares carry the same rights and obligations. The rights and obligations are derived from statutory regulations.

STAKES ABOVE 10 %

According to our information, the insurer Versicherungskammer Bayern, Versicherungskammer des öffentlichen Rechts, Munich, held 19.4 % of INDUS shares as of the reporting date.

PRIVILEGES AND VOTING RIGHTS CONTROL

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

APPOINTMENT AND DISMISSAL OF BOARD OF MANAGEMENT MEMBERS

Members of the Board of Management are appointed and dismissed in accordance with the statutory provisions set forth in Sections 84 and 85 of the German Stock Corporation Act (AktG). The articles of incorporation do not contain any special rules in relation to this. The Supervisory Board appoints members of the Board of Management for a maximum term of five years; repeat appointments by the Supervisory Board are permitted. In accordance with Item 5.1 of the articles of incorporation, the Board of Management consists of one or more individuals. Pursuant to item 5.2 of the articles of incorporation, the Supervisory Board may appoint one Board of Management member as chairman or spokesman, and another member as vice-chairman.

MATERIAL AGREEMENTS IN THE EVENT OF A CHANGE OF CONTROL

In the event of a material change in the composition of the Supervisory Board and the company's business approach (change of control), the members of the INDUS Holding AG Board of Management have a special right to terminate their employment contracts within one year. If contracts are terminated for this reason or the Board of Management is dismissed within one year of the change of control, without good reason as defined in Section 626 of the German Civil Code (BGB), the company will pay out severance to the members of the Board of Management. The severance payment will be based on the full remuneration, including all fixed and variable components and non-cash benefits. The severance will cover a maximum of the time period up until the scheduled end of the contract or a period of two years if the regular end of the contract should be different.

AMENDMENTS TO THE ARTICLES OF INCORPORATION

Amendments to the articles of incorporation are made in accordance with Section 179 of the German Stock Corporation Act (AktG) by resolution at the Annual Shareholders' Meeting. Amendments to the articles of incorporation require approval from at least three-quarters of capital stock represented in resolution voting. Pursuant to item 7.12 of the articles of incorporation, the Supervisory Board is empowered to adopt purely editorial amendments to the articles of incorporation, and pursuant to Item 4.5, to adopt wording changes that reflect the respective utilization of authorized capital[6].

[6] SEE WWW.INDUS.DE FOR THE ARTICLES OF INCORPORATION

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

CONTINGENT CAPITAL

The company's capital stock was conditionally increased by up to EUR 11,700,000.04, divided into up to 4,500,000 no-par-value bearer or – insofar as the company's articles of incorporation allow for the issue of registered shares at the time of issuance – registered shares (Contingent Capital 2013). The implementation of the capital increase is conditional upon

- exercise by the holders or creditors of convertible bonds or warrants of optional bonds (or a combination thereof) issued or guaranteed by INDUS Holding AG or its Group companies through the date June 23, 2018 pursuant to the authorization granted to the Board of Management by the Annual Shareholders' Meeting on June 24, 2013, of such convertible bonds or warrants;
- or fulfillment by the obligated parties of obligations to exercise/convert convertible bonds or optional bonds issued or guaranteed by the company or its Group companies through the date June 23, 2018 pursuant to the authorization granted to the Board of Management by the Annual Shareholders' Meeting on June 24, 2013;

- and contingent capital being required in accordance with the terms of the convertible bonds/option bonds.

The new shares participate in profits from the start of the fiscal year in which option or conversion rights are exercised or option or conversion obligations are fulfilled. The Supervisory Board has the authority to amend the wording of the articles of incorporation to correspond with the utilization of contingent capital and following the expiry of all option and conversion deadlines.

AUTHORIZED CAPITAL

In accordance with item 4.3 of the articles of incorporation, the Board of Management is authorized to increase the company's capital stock once or several times (Authorized Capital 2014), up to a total of EUR 31,785,660.51 in exchange for cash and/or non-cash contributions (including mixed non-cash contributions) until June 10, 2019, with the approval of the Supervisory Board, and to determine a start to dividend entitlement that may deviate from the law, also retrospectively on an already ended fiscal year, insofar as no resolution has been made regarding the profit. The shareholders are to be given subscription rights. The new shares can also be purchased by one or more credit institutes determined by the Board of Management with the obligation to offer these to the shareholders (indirect subscription rights). However, the Board of Management is authorized to exclude the legal subscription rights granted to shareholders, with the approval of the Supervisory Board, in the following cases:

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

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

SHARE BUYBACKS

The Annual Shareholders' Meeting on June 3, 2015, also authorized the Board of Management, with the approval of the Supervisory Board, to buy back shares of up to 10 % of the company's capital stock as per the time of the resolution. This authorization becomes effective after the Annual Shareholders' Meeting on June 3, 2015, and is valid until June 2, 2020. This authorization can be exercised in full or in part, once or several times.

No more than 10 % of the company's capital stock may be bought back under this authorization, including shares already owned by the company and shares attributable to the company as per Section 71a ff. of the German Stock Corporation Act (AktG). The company may not exploit this authorization for the purpose of trading in own shares.

The purchase may take place in accordance with the following conditions via the stock exchange or a public offer addressed to all shareholders:

- If own shares are bought back via the stock exchange, the price paid by the company per share (excluding acquisition expenses) may not exceed or be below 10 % of the average share price (closing auction prices in the Deutsche Börse AG XETRA trade, Frankfurt am Main, Germany, or a comparable successor system) three days before the purchase or the purchase obligation.
- If own shares are bought back via a public offer addressed to all shareholders, the purchase price bid or the limits of the price margin per share offered (excluding acquisition expenses) may not exceed or be below 10 % of the average share price (closing auction prices in the Deutsche Börse AG XETRA trade, Frankfurt am Main, Germany, or a comparable successor system) three days before the offer is published. The volume on offer can be limited. Should the total subscription for the offer exceed this volume, the offer must be accepted in relation to the respective shares offered. The preferential acceptance of lower volumes of up to 50 company shares offered for sale per shareholder as well as rounding according to commercial principles is acceptable to avoid remainder amounts. Any right of the shareholders to offer shares beyond this excluded.

The Board of Management is entitled to exercise shares acquired by the company with the existing or previously given authorization, with the approval of the Supervisory Board, in full or in part, once or several times, based on individual or several authorizations, under exclusion of shareholders' subscription rights, as follows:

- for the sale of purchased shares in a manner other than through the stock exchange or a public offer addressed to all shareholders, insofar as payment is made in kind and it serves the purpose of acquiring companies, parts of companies or stakes in companies (including increasing an existing stake in a company) or to complete mergers;
- for the sale of purchased shares in a manner other than through the stock exchange or a public offer addressed to all shareholders if the purchase price is not significantly below the stock exchange price at the time of sale.
- This authorization is restricted to a total of 10 % of the company's capital stock at the time of the Annual Shareholders' Meeting resolution regarding this authorization – or if this value is lower – 10 % of the capital stock at the time of selling the shares. The authorization volume decreases by the proportionate share of the company's capital stock that is attributable to shares or relates to the conversion and/or option rights or obligations from bonds that have been distributed or sold since the authorization was granted under exclusion of subscription rights in direct, corresponding or mutatis mutandis application of Section 186 (3) Sentence 4 of the AktG.
- The price at which shares are sold to third parties under this authorization, may not be more than 5 % lower than the average share price (closing auction prices in the Deutsche Börse AG XETRA trade, Frankfurt am Main, Germany, or a comparable successor system) in the last three days before the obligation to sell is justified or the day of initial listing on the stock exchange;
- to distribute shares to employees and members of the company's Board of Management and employees and members of management of associated companies insofar as they are to be used by employees or members of the company's Board of Management or employees or members of management of associated companies to service option or acquisition rights or obligations on company shares;
- to meet obligations from security loans taken for the purpose of distributing shares to employees and members of the company's Board of Management or employees and members of management of associated companies in accordance with the previous paragraph;
- to meet exchange rights or obligations on convertible, option and/or income bonds or certificates issued by the company or by associated companies; and/or to guarantee subscription rights on own shares for holders or creditors of convertible bonds or option bonds issued by the company or Group companies to the extent to which they are entitled to as shareholders following exercise of these option or convertible rights and can be offered for the purpose of protection against dilution according to the more detailed provisions of the bond or option conditions;
- for remainder amounts in the case of sale of own shares as part of a sale offer addressed to all shareholders.

The Board of Management also has the authority to redeem all or a part of the company's shares, with the approval of the Supervisory Board, without requiring a resolution from the Annual Shareholders' Meeting for the redemption or the performance of such. The redemption authorization can be used several times. Own shares can also be redeemed in a simplified process without a capital reduction by amending the proportionate share of capital stock attributable to each share in accordance with Section 237 (3) Number 3 of the AktG. In this case, the Board of Management is authorized to amend the number of registered shares in the articles of incorporation.

OBJECTIVES AND STRATEGY

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

INDUS is a publicly traded investment company positioned in the SME market. The Group's objective is to generate a sustainable EBIT margin in the "10 % plus" range. This level of profitability allows regular dividend distributions to be made to shareholders while also increasing equity to finance growth. INDUS Holding AG passes on its companies' profits to investors by paying regular dividends to shareholders (average target = 40–50 % of holding company accumulated profit). The company thus offers a broad range of investors access to companies stable in value in the SME asset class.

The portfolio is to be expanded sustainably through targeted acquisitions of profitable mid-sized industrial enterprises and supporting the corporate development of these companies. For this purpose, INDUS continually identifies and monitors suitable potential additions. Candidates of potential interest for the portfolio are companies which are leaders in growing industrial niche markets. INDUS has positioned itself as a contact partner for SME succession planning in German-speaking countries. In certain situations, corporate spin-offs may also represent interesting investment opportunities for INDUS, but only if the units in question can be viably independent in the SME market.

Well-established and successful manufacturing companies are selected which have a stable business model and fast-growth products. INDUS therefore does not acquire start-ups or invest in restructuring turnaround cases. The same applies for "mature" businesses which have already passed their prime. Involvement in subsidized industries is also excluded, as well as investments in weapon-producing sectors.

Exit strategies play no role in acquisition decision-making, as the principle of "buy and hold" is central to our corporate strategy and philosophy. INDUS' business objectives also include maintaining stable portfolio performance and continuous enhancement through promising investments. Thus in certain cases companies must also be sold if, for example, the original operating environment and market conditions have changed fundamentally for a portfolio company, so that keeping it would no longer make financial sense.

INVESTMENT CRITERIA AND PORTFOLIO COMPOSITION: IDENTIFYING HIDDEN CHAMPIONS IN GERMAN-SPEAKING COUNTRIES

Companies generating annual sales of between EUR 20 and EUR 100 million with a long-term operating EBIT margin of more than 10 % are a perfect fit for the INDUS portfolio. Before acquiring a company, INDUS carefully analyzes the specific industry situation. A consistently stable and profitable business model is crucial. Operating within an attractive niche, both the company and the industry in question should evidence long-term growth potential with an international focus. INDUS also monitors the target companies' sustainability activities.

As an acquisition policy, INDUS generally buys majority stakes. We believe in keeping the senior management and management of our target companies on board post-acquisition. Selective endorsement of these ties can be provided through appropriate equity incentives for managing directors.

STRATEGY: INCREASED PORTFOLIO GROWTH IN LINE WITH COMPASS 2020

As part of the COMPASS 2020 strategy laid out by the Board of Management in 2012, INDUS has set itself the goal of continuing to develop and expand the portfolio. This expansion has three aims:

- Creating a balanced portfolio structure with high-performance companies,
- increasing the value of the portfolio by making financing available and promoting innovation, and
- growth through targeted acquisitions.

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

Another aim of COMPASS 2020 is growth through targeted portfolio acquisitions. Accordingly, the Board of Management has identified additional manufacturing growth markets where INDUS's acquisition activity is to be concentrated. These markets are:

- Infrastructure/Transport/Logistics Technology
- Medical Engineering/Life Science
- Automation and Measuring Technology and Control Engineering
- Energy and Environmental Technology

In 2013, the acquisitions of BUDDE and ELTHERM strengthened the Group's exposure to the logistics and energy technology industries. In 2014, the companies ROLKO and MBN were acquired, both of which are active in the target sectors of Medical Engineering/Life Science and automation technology. With RAGUSE and IEF-Werner, INDUS acquired two more companies in the Medical Engineering/Life Science and automation target sectors in the past fiscal year.

MANAGEMENT SYSTEM

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

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

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

INDUS monitors the performance of the companies versus projections based on monthly figures. Additional key performance indicators such as incoming orders and order backlog are reviewed as well, together with order range and quality. The controlling system provides early warning when there are deviations from the plans. In addition, the managing directors of portfolio companies observe and analyze their own markets and specific competitive environment, reporting any significant changes. Key performance indicators for the holding company are primarily sales, EBIT, and EBIT margin.

DECLARATION ON CORPORATE GOVERNANCE

THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD ARE COMMITTED TO CONFORMING WITH THE GERMAN CORPORATE GOVERNANCE CODE, ALLOWING TWO JUSTIFIED EXCEPTIONS

The conduct of the management and supervisory bodies of INDUS Holding AG is governed by the principles of good and responsible corporate governance. In this declaration the Board of Management and Supervisory Board report on the company's governance in line with Item 3.10 of the German Corporate Governance Code and Section 289a (1) of the German Commercial Code (HGB). INDUS's actions are geared toward long-term success. The Board of Management and Supervisory Board have therefore followed German Corporate Governance Code recommendations for many years.

The government commission for the German Corporate Governance Code adopted the amended version of the Code from May 5, 2015. In the year under review, the Supervisory Board and the Board of Management jointly provided an updated declaration of conformity in accordance with Section 161 (1) of the German Stock Corporation Act (AktG) on December 16, 2015. This declaration has been published on the company's website[7].

[7] WWW.INDUS.DE

With the exception of two recommendations (no announcement of concrete targets regarding the composition of the Supervisory Board and no limits to the terms of office for the Supervisory Board, not publishing annual reports within 90 days of the end of the fiscal year, or interim reports within 45 days of the end of the quarter), INDUS Holding AG complies with all of the recommendations made by the government commission for the German Corporate Governance Code and will continue to comply in future.

SUPERVISORY BOARD

The Supervisory Board of INDUS Holding AG appoints the Board of Management, provides guidance regarding company management, and monitors management activities. Information regarding the focal points of Supervisory Board activity last year is available in the Supervisory Board's report[8]. The Supervisory Board consisted of six members in the year under review. The next appointment date is at the 2017 Annual Shareholders' Meeting.

[8] SEE THE SUPERVISORY BOARD'S REPORT

No member of the Supervisory Board performs or has performed executive, supervisory, or consulting functions at any significant competitors of INDUS. The Code recommendation is followed that no more than two former Board of Management members should be allowed on the Supervisory Board. There are currently no former Board of Management members on the Supervisory Board.

The Supervisory Board has set an age limit for its members: the member may not be above the age of 70 at the time of appointment.

WORKING METHODS AND COMPOSITION OF THE SUPERVISORY BOARD AND COMMITTEES

The INDUS Holding AG Supervisory Board has formed a Personnel and an Audit committee. The Nomination Committee is identical to the Personnel Committee. The Personnel Committee comprises three members[9]. Its duties are to deal with personnel matters relating to the Board of Management, in particular the employment contracts and other contracts with members of the

[9] SEE THE SUPERVISORY BOARD'S REPORT

Board of Management. Decisions are only made by the full Supervisory Board if this is required by law. This applies in particular to Supervisory Board decisions regarding compensation models for Board of Management members and, since the German Act on the Appropriateness of Management Board Remuneration (VorstOG), regarding determination of overall compensation for the individual Board of Management members. The committee must present proposals on these points and submit them to the full Supervisory Board for resolution. The Audit Committee currently consists of two members.

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

The Supervisory Board is in favor of filling management positions at INDUS Holding AG with candidates that fulfill INDUS's high standards while also taking into account diversity criteria (gender, age, religion, ethnic origin, sexual orientation, disability, etc.). The Supervisory Board is particularly committed to achieving an appropriate ratio of women on committees at INDUS Holding AG in the medium to long term. Both the Board of Management and the Supervisory Board of INDUS Holding AG are aware that this view is shared by the INDUS Holding AG portfolio companies.

The Supervisory Board has determined a target of 16.6 % for the ratio of women on the Supervisory Board. This target represents the current status, and is valid until June 30, 2017. The Supervisory Board is open to raising the target. The Supervisory Board will discuss and make a decision before June 30, 2017, regarding the new target that will apply from July 1, 2017, for the ratio of women on the Supervisory Board.

WORKING METHODS AND COMPOSITION OF THE BOARD OF MANAGEMENT

The INDUS Holding AG Board of Management runs the company and manages its business activities. The Board determines the company's strategic orientation, coordinates this with the Supervisory Board, and ensures its implementation. The Board of Management also outlines business goals, annual and multi-year projections, determines the internal control and risk management system, and the business segments' controlling practices. The Board of Management's duties also include preparation of the quarterly, semi-annual, and annual financial statements of INDUS Holding AG and the INDUS Group. The Board of Management consisted of three members in 2015. The Board's members are Jürgen Abromeit (CEO), Dr. Johannes Schmidt, and Rudolf Weichert. The age limitation policy adopted by the Supervisory Board for members of the Management Board, which provides for their stepping down upon reaching the age of 68, was complied with.

The Supervisory Board expects a ratio of women on the Board of Management of 25 % in the medium term. However, as it seems unlikely that the target 25 % ratio of women will be met at such short notice, that is, by the date set by the lawmakers of June 30, 2017, for the first fixed target, the Supervisory Board has decided on a target of 0 % for the ratio of women on the Board of Management until the date mentioned above. The Supervisory Board will discuss and make a decision before June 30, 2017, regarding the new target that will apply from July 1, 2017, for the ratio of women on the Board of Management.

The Board of Management is in favor of filling management positions at INDUS Holding AG with candidates that fulfill INDUS's high standards while also taking into account diversity criteria (gender, age, religion, ethnic origin, sexual orientation, disability, etc.). The Board of Management is particularly committed to maintaining an appropriate representation of women among the INDUS Holding AG workforce. Women currently make up 38 % of the holding company's workforce.

There are no management levels below the Board of Management in INDUS Holding AG's organizational structure. It was not the lawmaker's intention to interfere with management's authority in listed companies when it comes to its own organization with the "Law for equal rights of women and men to participate in management positions in the private and public sector." That is why the Board of Management is under no obligation to define new management levels (for the first time) as a result of this law. For this reason, the Board of Management has decided against applying a target for a ratio of women in management positions below the level of the Board of Management at INDUS Holding AG.

COLLABORATION BETWEEN THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

The composition of the Board of Management, Supervisory Board, and Board committees is described in the section Governance Bodies. The Board of Management has no committees. The Board of Management informs the Supervisory Board in a regular, timely, and comprehensive manner of all relevant issues, including particularly those pertaining to the corporate budget, strategic development, earnings and financial position, risk situation, risk management, and compliance. Deviations from targets and planning in the company's course of business are also elucidated, as well as the Group's strategic approach and development. Decisions of material significance for the Group require Supervisory Board approval according to the rules of procedure.

AVOIDING CONFLICTS OF INTEREST

There were no consulting, service or work contracts in place between individual Supervisory Board members and the company. In the year under review, members of the Board of Management and Supervisory Board had no conflicts of interest requiring immediate reporting to the Supervisory Board. See the chapter 'Further information' regarding additional offices held by Board of Management or Supervisory Board members on legally mandatory supervisory boards or comparable domestic or foreign oversight bodies. See the Notes for related party disclosures.

D&O INSURANCE DEDUCTIBLE

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

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

In 2015, no reportable purchases were disclosed by members of the Supervisory Board or their reportable relatives. The three members of the Board of Management disclosed share purchases in August 2015. All disclosed securities transactions are reported on the company website[10]. The

[10] WWW.INDUS.DE/EN/INVESTOR-RELATIONS/ANNOUNCEMENT-NOTICE

total shareholdings of all Board of Management and Supervisory Board members exceeded the 1 % threshold of shares issued as of December 31, 2015 at 1.6 %. Of this total, Supervisory Board member Hans Joachim Selzer holds 385,033 shares (1.5 %), Supervisory Board member Dr. Jürgen Allerkamp holds 4,000 shares, Board of Management Chairman Jürgen Abromeit holds 3,000 shares and the Board of Management members Dr. Johannes Schmidt and Rudolf Weichert each hold 500 shares.

TRANSPARENCY

INDUS provides shareholders, shareholder associations, analysts, the media, and the interested public with information on the company's current business and position in a regular and timely manner. The company notifies these groups simultaneously and they receive equal treatment. During the course of its Investor Relations work, INDUS has regular contact with analysts and institutional investors. The most recent presentations are freely available on the website. A financial calendar, published in the annual report, interim reports, and on the company's website, provides information regarding regular events, such as the date of the Annual Shareholders' Meeting or the publication dates of interim reports. The website also provides information regarding recent developments. All INDUS press releases and ad-hoc releases are published on the website in both English and German, and images and information are also available. The articles of incorporation, annual reports, interim reports, and declaration on corporate governance can also be downloaded. Interested persons can also subscribe to an electronic newsletter via the website, which provides news about the Group

SHAREHOLDERS AND ANNUAL SHAREHOLDERS' MEETING

Shareholders and potential investors can find information about the company's current position online at any time. The shareholders of INDUS Holding AG exercise their rights within the framework of the Annual Shareholders' Meeting. Each share carries one vote. Shareholders whose shares amount to a total of twenty percent of the capital stock or EUR 500,000 may have issues placed on the agenda and announced. The shareholders must reach the lower of either quota system, that is, based on capital stock amounting to EUR 63,571,323.62, 24,450,509 shares would correspond to 5 % of the capital stock of 1,222,525 shares. The alternative quota of EUR 500,000 corresponds to 192,308 shares (approx. 0.8 % of capital stock). All INDUS shares are bearer shares; there are no other classes of shares. INDUS publishes all documents required for decision-making in good time on its website. INDUS helps shareholders exercise their voting rights by nominating proxies who cast votes at the Annual Shareholders' Meeting in accordance with the instructions they receive from the shareholders. Voting instructions can be given to the proxies both before and during the Annual Shareholders' Meeting up until the end of the general debate. Shareholders can submit their instructions online up until the start of the Annual Shareholders' Meeting. Shareholders are also able to vote by absentee ballot without appointing a proxy. In the year under review, the Annual Shareholders' Meeting, held in Cologne on Wednesday, June 03, 2015, had an attendance of roughly 400.

ACCOUNTING AND FINANCIAL STATEMENT AUDITING

Since the beginning of 2005, the consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS), as applicable for the EU. The INDUS Holding AG financial statement, on the other hand, on which dividend distribution is based, is prepared in accordance with HGB (German commercial code) regulations. At the Annual

Shareholders' Meeting held on June 3, 2015, Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Cologne, was chosen as auditor for the Group and the financial statements based on the Supervisory Board's suggestion. The auditor is chosen in line with the legal requirements for a period of one fiscal year by the Annual Shareholders' Meeting. Ebner Stolz has been the auditor of INDUS Holding AG's financial statements and the consolidated financial statements since fiscal 2013.

The individual and consolidated financial statements are signed by the auditors Dr. Werner Holzmayer and Marcus Lauten (both since fiscal 2013). The legal requirements and rotation obligations laid out in Sections 319 and 319a of the HGB are met. The corresponding statement of independence in accordance with Item 7.2.1 of the German Corporate Governance Code was obtained by the Supervisory Board. The audit assignment for the individual and consolidated financial statements was issued by the Supervisory Board following the resolution passed by the Annual Shareholders' Meeting. The Supervisory Board and auditor of the financial statements agreed that the Chairman of the Supervisory Board is to be informed immediately of any grounds for exclusion or bias during the audit. Furthermore, the auditor of the financial statements is to immediately report on any findings and events material to the Supervisory Board's tasks.

COMPENSATION REPORT

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

COMPENSATION SYSTEM COMPLIES WITH MANAGEMENT BOARD REMUNERATION DISCLOSURE ACT (VORSTOG)

The Board of Management compensation system was reviewed in 2009 and presented by the Supervisory Board at the 2010 Annual Shareholders' Meeting. In accordance with legal requirements, the compensation system consists of three elements: Fixed salary, short-term incentives and long-term incentives. Variable components account for more than 40 % of compensation; components with a multi-year measurement base and short-term variable components are weighted accordingly. A sustainability component will be introduced for the first time in the 2016 fiscal year.

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

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

In fiscal 2015, 65,636 SARs were granted (previous year: 77,200). At the grant date, the total fair value of the SARs was EUR 280,000 (previous year: EUR 280,000). The fair value of previously granted SARs was calculated at a total of EUR 2,248,000 at the reporting date (previous year: pro rata temporis fair value EUR 1,436,000). A provision in this amount was formed in the annual financial statements. Personnel expenses include the EUR 1,486,000 change in fair value before discounting (previous year: EUR 408,000). Fair values were determined using a recognized actuarial option price model, taking account of the cap on payout claims.

The individual report on Board of Management remuneration for fiscal 2014 and 2015 was based on the standardized template recommended by the German Corporate Governance Code.

BOARD OF MANAGEMENT REMUNERATION – BENEFITS GRANTED (IN EUR '000)

	JÜRGEN ABROMEIT CHAIRMAN (SINCE 2012; BOARD MEMBER SINCE 2008)				DR. JOHANNES SCHMIDT BOARD MEMBER (SINCE 2006)				RUDOLF WEICHERT BOARD MEMBER (SINCE 2012)			
	2014	**2015**	2015 (MIN.)	2015 (MAX.)	2014	**2015**	2015 (MIN.)	2015 (MAX.)	2014	**2015**	2015 (MIN.)	2015 (MAX.)
Basic salary	528	539	539	539	370	370	370	370	300	320	320	320
Ancillary benefits	17	19	19	19	15	17	17	17	31	31	31	31
Total	**545**	**558**	**558**	**558**	**385**	**387**	**387**	**387**	**331**	**351**	**351**	**351**
One-year variable remuneration	270	270	0	405	170	170	0	255	170	170	0	255
Multi-year variable remuneration												
Tranche 2014*	140	0	0	0	70	0	0	0	70	0	0	0
Tranche 2015**	0	140	0	280	0	70	0	140	0	70	0	140
Total	**410**	**410**	**0**	**685**	**240**	**240**	**0**	**395**	**240**	**240**	**0**	**395**
Benefit expenses	0	0	0	0	0	0	0	0	0	0	0	0
Full compensation	**955**	**968**	**558**	**1,243**	**625**	**627**	**387**	**782**	**571**	**591**	**351**	**746**

* Tranche 2014: virtual stock options (Jan. 1, 2014–Dec. 31, 2019)
** Tranche 2015: virtual stock options (Jan. 1, 2015–Dec. 31, 2020)

The Board of Management received the following remuneration in 2015:

BOARD OF MANAGEMENT REMUNERATION – AMOUNTS RECEIVED IN YEAR UNDER REVIEW (IN EUR '000)

	JÜRGEN ABROMEIT CHAIRMAN (SINCE 2012; BOARD MEMBER SINCE 2008)		DR. JOHANNES SCHMIDT BOARD MEMBER (SINCE 2006)		RUDOLF WEICHERT BOARD MEMBER (SINCE 2012)	
	2014	**2015**	2014	**2015**	2014	**2015**
Basic salary	528	539	370	370	300	320
Ancillary benefits	17	19	15	17	31	31
Total	**545**	**558**	**385**	**387**	**331**	**351**
One-year variable remuneration	296	330	183	209	183	209
Multi-year variable remuneration						
Tranche 2010*	140	0	140	0	0	0
Tranche 2011**	0	140	0	140	0	0
Total	**436**	**470**	**323**	**349**	**183**	**209**
Benefit expenses	0	0	0	0	0	0
Full compensation	**981**	**1,028**	**708**	**736**	**514**	**560**

* Tranche 2010: virtual stock options (Jan. 1, 2010–Dec. 31, 2015)
** Tranche 2011: virtual stock options (Jan. 1, 2011–Dec. 31, 2016)

Ancillary benefits include taxable non-cash benefits, primarily company cars. Deferred salary plans resulted in the accumulation of pension rights by a former Board of Management member. These were covered by reinsurance policies of corresponding value.

UPPER LIMITS OF REMUNERATION

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

SUPERVISORY BOARD

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

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

There are no stock option plans or similar securities-based incentive systems in place for Supervisory Board members. Total compensation paid to Supervisory Board members in the 2015 fiscal year was EUR 322,000 (previous year: EUR 322,000). For consulting services personally rendered to Group companies, Supervisory Board members received EUR 0,000 in the year under review (previous year: EUR 0,000). See 'Further Information' in the chapter of the same name for additional offices held by Board of Management or Supervisory Board members on legally mandatory supervisory boards or comparable domestic or foreign oversight bodies. See the Notes to the Consolidated Financial Statements for related party disclosures.

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

SUPERVISORY BOARD MEMBERS' COMPENSATION (IN EUR '000)

	BASIC COMPENSATION		ATTENDANCE FEE		TOTAL	
	2014	**2015**	2014	**2015**	2014	**2015**
Helmut Späth (Chairman since June 11, 2014)	45	60	18	24	63	84
Burkhard Rosenfeld (until June 11, 2014)	30	0	12	0	42	0
Dr. Jürgen Allerkamp	45	45	22	22	67	67
Dr. Ralf Bartsch	30	30	15	15	45	45
Dr. Dorothee Becker (since June 11, 2014)	15	30	6	12	21	42
Hans Joachim Selzer	30	30	12	12	42	42
Carl Martin Welcker	30	30	12	12	42	42
Total	**225**	**225**	**97**	**97**	**322**	**322**

REPORT ON THE ECONOMIC SITUATION

The past fiscal year 2015 was very changeable from a macroeconomic point of view. Economic prospects have also dampened over the course of the year. Numerous geopolitical conflicts and financial crises continue to affect the global economy. Volatility also increased considerably on the financial markets in the fall of 2015, not least due to the increasing uncertainties concerning economic development in China.

BOARD OF MANAGEMENT'S OVERALL ASSESSMENT OF GENERAL CONDITIONS IN 2015

There was no improvement in the global economic situation in 2015. Drive also continued to shift away from the emerging nations to the advanced economies. The economic weakness seen in China also affected emerging nations through trade, and through the associated decrease in the prices of raw materials. The expansion rate in the South East Asian emerging nations noticeably declined, while Brazil and Russia are in recession. Oil prices remained low. And the anticipated increase in the base rate in the USA also only materialized just before the end of the year. Nevertheless, Germany was able to achieve impressive GDP growth of 1.8 %. The German economy benefited from stable consumer prices, a high level of employment, and good utilization of macroeconomic capacities. Exports in particular bolstered the economy, driven by the increasingly weak euro.

OVERALL BUSINESS CONDITIONS

DROP IN MOMENTUM FOR EMERGING NATIONS AND CHINA, INDUSTRIALIZED COUNTRIES STABILIZE

After below-average growth in the global economy in 2014, changeable conditions again dominated in the year under review. Signs currently point to global economic growth of 3.1 %[11] in 2015. This was driven by developments in the industrialized countries. Unchanged expansive money policy, low oil prices, and, particularly in the eurozone, the weakness of the euro all supported the economy. The numerous geopolitical uncertainties, including the Ukraine crisis and the conflicts in the Middle East, as well as the debt problems faced by some European countries all remained factors in 2015 and prevented a stronger recovery; and then there was the economic weakness in China, the VW exhaust scandal, and further terror attacks, including in Paris.

[11] FIGURES RELATING TO GDP GROWTH GIVEN HERE AND HEREAFTER FROM THE WORLD ECONOMY IN WINTER 2015. SOURCE: KIEL INSTITUTE FOR THE WORLD ECONOMY, DEC. 11, 2015

The US economy was able to continue its recovery in 2015 and grew 2.5 %. In the BRIC states, India was the only country to record stronger growth of 7.2 %. In contrast, China's economy lost momentum, but was still able to achieve growth of 6.8 % according to official figures. In Latin America, the economy shrank by 0.7 %, primarily due to the recession in Brazil (3.6 % drop in GDP) and Venezuela (8.0 % drop in GDP). The Russian economy also declined steeply with a decrease of 3.8 %, due partially to low oil prices and the ongoing Ukraine conflict.

Europe's economy on the other hand gained a certain amount of momentum in 2015 and the gross domestic product (GDP) in the eurozone increased by 1.5 % in 2015. Spain and the Netherlands recorded above-average growth of 3.1 % and 1.9 % respectively, while France and Italy recorded weak growth at 1.2 % and 0.7 % respectively. The UK, the second largest European economy after Germany, also developed well and recorded GDP growth of 2.4 %. The momentum seen in some smaller European economies such as Ireland, Poland, and the Czech republic, was also impressive.

Despite turbulent developments in the global economy, the German economy stayed on track and grew slightly in 2015, as expected. Public and private spending, investments, and exports all delivered positive impulses. Forecasts for GDP growth are 1.8 %.

SECTOR-RELATED BUSINESS CONDITIONS

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

CONSTRUCTION/INFRASTRUCTURE

GERMAN CONSTRUCTION INDUSTRY RECORDS OVERALL INCREASE, BUT COMMERCIAL CONSTRUCTION AND PUBLIC CONSTRUCTION DECLINE

All in all, the German construction industry recorded slight growth of 0.8 %[12] in between January and November 2015. Additional demand from the public construction sector was lacking, despitemore than EUR 3.5 billion in funds were made available by the federal government for investment by financially weak communities. Sales development in public construction was down against the previous year, and there was virtually no momentum from commercial construction, either. However, there were signs of an upturn both in commercial construction as well as public construction toward the end of the year. Public high-rise construction in particular recorded growth of 26 % in orders between August and November 2015. This is due to the increase in expenditure for refugees according to the German Construction Industry Federation. As in previous years, solid residential construction is supporting the sector. A solid labor market – combined with increasing real incomes for private households – and the constant, low interest rates for mortgages are all having a positive impact. 162,000 residential construction permits (as of August 2015) have been accumulated for new residential buildings. This is a level that has not been seen in 13 years.

[12] CONSTRUCTION INDUSTRY IN NOVEMBER 2015 SOURCE: GERMAN CONSTRUCTION INDUSTRY, JAN. 25, 2016

AUTOMOTIVE TECHNOLOGY

MARKET FOR CARS GROWS DESPITE LOW MOMENTUM IN CHINA

Global demand for cars and light commercial vehicles grew once more in 2015. In the USA sales climbed to 17.4 million units[13] in 2015, 6 % higher than in the previous year. Developments across the European market were also better than anticipated: Sales reached 14.2 million units[14] which corresponds to a 9.2 % increase against the figure recorded in the previous year. The German market also recorded an increase of 8 %. Some markets even saw growth in the double digits, such as Spain, Italy, France, Sweden, Belgium, Denmark, and the Netherlands. But in some countries new registrations dropped significantly: Russia saw the most severe decline. In 2015, just 1.6 million new vehicles were registered, 36 % less than in the previous year. Developments in the remaining BRIC states varied: In China car sales climbed 9 % to 20 million units, and in Brazil sales dropped 26 % against the previous year. In India, however, car sales increased by 8 % to 2.8 million units, performing better than expected. Despite low growth momentum, China remains the world's largest producer and market for vehicles.

[13] AUTOMOTIVE YEAR 2015: WESTERN EUROPE CONTINUES ITS DYNAMISM SOURCE: VDA ARTICLE DATED JAN. 15, 2016

[14] 13.0 MILLION UNITS IN 2014

ENGINEERING

STRAINED DEVELOPMENT DUE TO EMERGING NATIONS' UNWILLINGNESS TO INVEST

Global engineering saw a quietly confident start to 2015, but prospects dimmed over the course of the year. In Western Europe the majority of countries recorded hardly any growth due to the weakness of the global economy. This has been caused by the turbulence in China, which has spread to other important markets, and the sanctions against Russia are also having a detrimental effect. Growth in the traditional industrialized countries (especially the USA) was unable to fully compensate for these effects. The sector closed the year with a slight increase of 0.9 %[15].

[15] MECHANICAL ENGINEERING ACHIEVES A SLIGHT IMPROVEMENT IN EXPORTS IN A CHALLENGING ENVIRONMENT SOURCE: VDMA ARTICLE DATED FEB. 22, 2016

MEDICAL ENGINEERING/LIFE SCIENCE

SALES UP DUE TO INCREASE IN CASES, BUT PRESSURE ON MARGINS

The price pressure exerted by hospitals and purchasing associations noted last year, along with lower care budgets for aids, remained a challenge in the Medical Engineering/Life Science sector in 2015. Nevertheless, the companies anticipate higher growth levels than last year. According to the fall survey of the German Medical Engineering Association (BVMed)[16] domestic sales are set to increase by 4.3 % in 2015. Following years of weak sales development, the positive trend seen last year (+3.4 %) will be continued; this is mainly due to volume increases and new treatment methods. But the companies lament an ongoing drop in income and sinking margins. Only 22 % of companies expect a better income result in Germany this year. The profit situation looks more positive when foreign markets are included. 42 % of the companies expect a better income result worldwide. Despite this cautious overall evaluation, the Medical Engineering/Life Science sector remains a growth market and one of the sectors with the best outlooks.

[16] BVMED FALL SURVEY, NOVEMBER 2015 SOURCE: GERMAN MEDICAL ENGINEERING ASSOCIATION (BVMED)

METALS TECHNOLOGY

WEAK ORDER SITUATION DUE TO HESITANCY TO INVEST

Companies in the metal technology and electronics industries were expecting lower profits than last year according to an ifo profit survey from September 2015[17]. The sector went through a weak phase in the second half of 2015: Production sank slightly in both the second and third quarters. In the third quarter, incoming orders were also considerably below the level of the second quarter – foreign orders in particular were missing. These weak developments continued in the fourth quarter; overall the metal technology and electronics industries managed growth of just 0.6 %[18] in 2015. Investors' uncertainty due to the various crises around the world and the labor market and social policies in Germany has not been overcome. The federation of German employers' associations Gesamtmetall laments the high wage settlements in current years (+3.4 %) that do not correspond to the lower increase in productivity and the negative effects of a warning strike held during the wage settlement negotiations.

[17] ECONOMIC SITUATION FOR THE M+E INDUSTRY IN FALL 2015 SOURCE: FEDERATION OF GERMAN EMPLOYERS' ASSOCIATIONS GESAMTMETALL, NOV. 24, 2015

[18] ECONOMIC SITUATION FOR THE M+E INDUSTRY IN WINTER 2015 SOURCE: FEDERATION OF GERMAN EMPLOYERS' ASSOCIATIONS GESAMTMETALL, FEB. 15, 2016

PERFORMANCE AND BUSINESS SITUATION

INDUS performed extraordinarily well in the 2015 fiscal year. At considerably more than EUR 1.3 billion, the Group achieved a new sales record and its best result so far with EBIT of EUR 136 million. The absolute growth targets for both sales and operating earnings were therefore exceeded. Due to the impact on the result that the first consolidation of new portfolio companies has, as mentioned previously, the operating margin across the Group stood at 9.8 %; based on adjusted EBIT, the margin stood at 10.5 %. The Group either met its guidance or even outperformed it as regards all the other key financial figures published for the segments, capital expenditure, depreciation and amortization and other key balance sheet parameters.

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

TARGET – ACTUAL COMPARISON

ACTUAL 2014*	FORECAST MANAGEMENT REPORT 2014*	ACTUAL 2015
Sales EUR 1,255.7 million	Organic sales growth INDUS > 1.5 %, higher than GDP in Germany. (GDP 2015 +1.5 %), in total approx. 1.3bn EUR	Sales growth INDUS +10.6 % (of which 4.6 % organic growth) Sales EUR 1,388.9 million
Operating result (EBIT) EUR 127.2 million	Operating result (EBIT) between EUR 125–130 million	Operating result (EBIT) EUR 136.3 million
Cost of materials ratio 47.7 %, Personnel expenses ratio 27.8 %	Cost of materials ratio equivalent to previous year, increase in personnel expenses ratio	Cost of materials ratio 46.9 %, Personnel expenses ratio 28.2 %
Automotive Technology segment: Sales EUR 225.1 million, EBIT EUR 33.0 million, EBIT margin 14.7 %	Construction/Infrastructure segment: Sales and earnings level equivalent to previous year, decline of EBIT margin, targeted EBIT margin between 12 and 14 %	Construction/Infrastructure segment: Sales EUR 235.5 million, EBIT EUR 33.5 million, EBIT margin 14.2 %
Automotive Technology segment: Sales EUR 351.7 million, EBIT EUR 24.3 million, EBIT margin 6.9 %	Automotive Technology segment: Sales and earnings equivalent to previous year, EBIT margin between 6 and 8%	Automotive Technology segment: Sales EUR 367.7 million, EBIT EUR 21.4 million, EBIT margin 5.8 %
Engineering segment: Sales EUR 221.2 million, EBIT EUR 26.4 million, EBIT margin 11.9 %	Engineering segment: Sales and earnings equivalent to previous year, EBIT margin targeted at >10% again	Engineering segment: Sales EUR 293.2 million, EBIT EUR 39.0 million, EBIT margin 13.3 %
Medical Engineering/Life Science segment: Sales EUR 114.4 million, EBIT EUR 18.8 million, EBIT margin 16.4 %	Medical Engineering/Life Science segment: Slight increase in sales, proportional growth in earnings, EBIT margin once more over 15 %	Medical Engineering/Life Science segment: Sales EUR 132.3 million, EBIT EUR 19.7 million, EBIT margin 14.9 %
Metals Technology segment: Sales EUR 342.9 million, EBIT EUR 31.4 million, EBIT margin 9.2 %	Metals Technology segment: Slightly higher sales level, EBIT margin between 9–10 %	Metals Technology segment: Sales EUR 359.9 million, EBIT EUR 28.6 million, EBIT margin 7.9 %
Acquisition of 2 companies, 3 more strategic additions, EUR 56.4 million invested in acquisitions	Acquisition of 1 to 2 companies, further strategic additions, approx. EUR 50 million investment in acquisitions	Acquisition of 2 companies, 3 more strategic additions, EUR 46.5 million invested in acquisitions

TARGET – ACTUAL COMPARISON

ACTUAL 2014*	FORECAST MANAGEMENT REPORT 2014*	ACTUAL 2015
Depreciation/amortization EUR 45.7 million	Depreciation/amortization slightly higher than previous year	Depreciation/amortization EUR 50.1 million
EUR 65.8 million invested in property, plant, and equipment/intangible assets	At least EUR 60 million to be invested in property, plant, and equipment/ intangible assets	EUR 73.0 million invested in property, plant, and equipment/intangible assets
Equity ratio 42.0 %	Equity ratio aprrox. 40 %	Equity ratio 41.9 %
Net debt/EBITDA ratio 2.0 years	Net debt/EBITDA ratio between target range of 2 to 2.5 years	Net debt/EBITDA ratio 1.9 years

* According to publication in the 2014 annual report

The Board of Management of INDUS Holding AG is positive about the performance in the year under review overall. Despite some factors (margin erosion at two Swiss companies due to expensive franc, loss of sales in Russia, difficulties in series start-ups in the Automotive Technology segment, and quality problems for one portfolio company in the Metals Technology segment), INDUS did manage to exceed its annual targets. As part of the growth strategy COMPASS 2020, two new acquisitions and three strategic expansions for existing portfolio companies were made over the course of the year. The two new acquisitions to the portfolio are both active in the medical and automation technology sector, defined as focus areas by INDUS.

The growth in sales in the INDUS Group amounted to EUR 133 million, an increase of 10.6 %. Costs remained stable with regard to both personnel expenses and cost of materials. Depreciation rose against the previous year as expected due to INDUS's investment activities. The investments in property, plant, and equipment, and intangible assets also developed as planned. Operating earnings (EBIT) of continuing operations grew absolutely by EUR 9.1 million to EUR 136.3 million (previous year: EUR 127.2 million). This means the EBIT target range of EUR 125 million to EUR 130 million forecast for 2015 was exceeded in the 2015 fiscal year.

In the other segments, too, the majority of the targets were achieved or exceeded. In the construction area sales on a par with 2014 were expected. INDUS expected a slight deterioration in margins against the previous year; nevertheless, the forecast for the EBIT margin remained between 12 % and 14 %. The forecast was exceeded slightly at 14.2 %. In the Automotive Technology segment sales and earnings were expected to remain on a par with the previous year. The companies in this segment achieved an increase of 5 % approximately in sales volume, but the operating result fell by around EUR 3 million compared with 2014 due to unexpected quality problems experienced by a mass producer (as a result of a new start-up for a product). INDUS set a margin target of between 6 % and 8 % for this segment; in the last fiscal year the segment achieved a margin of 5.8 %. This drop in expectations for the result was communicated over the course of the year in the interim financial reports. In contrast, the companies in the engineering segment developed significantly better than expected. Sales and earnings grew well. The results achieved in medical engineering were in line with expectations. Results achieved in the metals technology segment were below expectations. Sales did grow slightly as planned, but the target margin of 9 % to 10 % was not achieved.

INDUS's balance sheet ratios did not change significantly in 2015, despite growth and a continued high amount of investment activity. The debit redemption period (ratio net debt to EBITDA) came in below the target of 2 to 2.5 years at 1.9. In absolute terms, equity climbed by EUR 45.6 million to EUR 595.4 million, and at 41.9 % the equity ratio exceeded the target of 40 %.

All in all, INDUS has achieved its targets for 2015. The Board of Management primarily measures its success using financial ratios. At Group level, the company does not collect or use any nonfinancial performance indicators as management parameters. Portfolio companies' sales and earnings are the main parameters for measuring the company's success. These operating performance indicators were confirmed in the course of the year with the presentation of the quarterly figures.

NOTE ON ACCOUNTING AND REPORTED FINANCIAL DATA

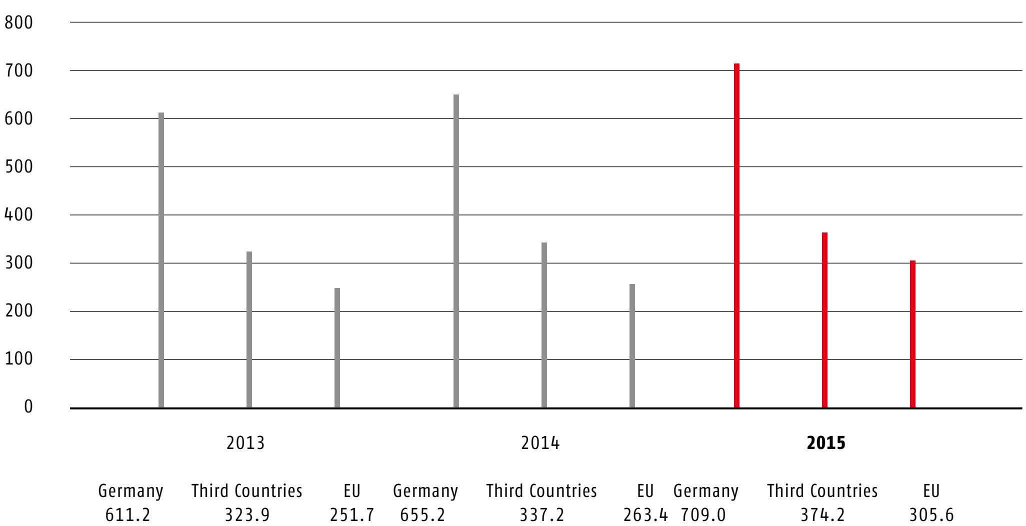
All business figures in this management report are fully comparable with figures from other periods. EBIT is the abbreviation for earnings before interest and income taxes. The graphics and tables in the management report show IFRS figures for the years 2013, 2014 and 2015. The tables and values in the financial statements of the INDUS Holding AG show the German Commercial Code (HGB) values. There have been no significant changes to the accounting and valuation methods. The only alterations made were to reflect changes in legislation. Included in the financial statements are 158 fully consolidated subsidiaries, while four companies are measured using the equity method.

EARNINGS POSITION

SALES PERFORMANCE

After a good start to the year, the INDUS Group experienced constant growth in business in the second and third quarters of 2015. With EUR 359.4 million, the Group achieved the year's highest

2013–2015 SALES BY REGION (IN EUR MILLIONS)



level of sales in the third quarter. The fourth quarter was similarly successful with sales amounting to EUR 353.9 million. Operating earnings (EBIT) for the fourth quarter amounted to EUR 37.4 million, significantly exceeding the EUR 36.2 million achieved in the third quarter. The EBIT margin also improved over the course of the year: from 9.6 % in Q1 to 10.6 % in Q4 2015. The course of business was stable across all areas, exceeding expectations in some companies and coming in below expectations in others. More details can be found in the segment report.

FOREIGN SALES GROW 13.2 %, DOMESTIC SALES 8.2 %

INDUS Holding AG's consolidated sales increased by approximately 10 % to EUR 1,388.9 million in 2015 (previous year: EUR 1,255.7 million). Of this amount, 49 % was generated abroad. Dividing foreign sales by region shows that the Group generated around 22 % of all sales with customers in the EU (+16 % against the previous year) and approximately 27 % outside of the EU (+11 % against the previous year).

STATEMENT OF INCOME (IN EUR MILLIONS)

			DIFFERENCE	
	2015	2014	ABSOLUTE	IN %
Sales	**1,388.9**	**1,255.7**	**133.2**	**10.6**
Other operating income	19.9	21.9	-2.0	-9.1
Own work capitalized	5.7	7.4	-1.7	-23.0
Changes in inventories	7.0	9.5	-2.5	-26.3
Overall performance	**1,421.5**	**1,294.5**	**127.0**	**9.8**
Cost of materials	-651.6	-598.2	-53.4	8.9
Personnel expenses	-392.0	-349.0	-43.0	12.3
Other operating expenses	-192.4	-173.7	-18.7	10.8
Income from shares accounted for using the equity method	0.7	1.4	-0.7	-50.0
Other financial results	0.2	0.2	0.0	0.0
EBITDA	**186.4**	**175.2**	**11.2**	**6.4**
Depreciation and amortization	-50.1	-48.0	-2.1	4.4
Operating result (EBIT)	**136.3**	**127.2**	**9.1**	**7.2**
Net interest	-27.0	-26.5	-0.5	1.9
Earning before taxes (EBT)	**109.3**	**100.7**	**8.6**	**8.5**
Taxes	-41.0	-33.4	-7.6	22.8
Income from discontinued operations	0.0	-4.0	4.0	-100.0
Earning after taxes (EAT)	**68.3**	**63.3**	**5.0**	**7.9**
of which attributable to non-controlling shareholders	0.4	0.2	0.2	100.0
of which attributable to INDUS shareholders	67.9	63.1	4.8	7.6

The cost of materials rose by approximately 9 % in 2015, and therefore slightly disproportionately to sales. The cost of materials ratio fell as a result of lower raw material prices to 46.9 % (previous year: 47.7 %). Personnel expenses also increased in absolute terms by 12.3 %, caused by the increase in staff due to the acquisitions. The personnel expense ratio of 28.2 % (previous year: 27.8 %) was up slightly against the previous year.

EBITDA (earnings before interest, taxes, depreciation and amortization) was up EUR 11.2 million at EUR 186.4 million against the previous year's figure. Depreciation and amortization rose slightly by 4.4 % to EUR 50.1 million in total (previous year: EUR 48.0 million). This increase reflects the continued high level of investments made by the Group, but also the increase in amortization on added values discovered as part of the purchase price allocation of companies acquired in recent years. Scheduled depreciation increased in line with expectations to EUR 50.1 million (previous year: EUR 45.7 million). No impairments were recognized in the year under review (previous year: EUR 1.7 million).

CONSIDERABLE INCREASE IN ADJUSTED EBIT, ADJUSTED EBIT MARGIN OF 10.5 %

INDUS' growth course and the ongoing acquisitions have resulted in non-operating impacts on earnings, primarily offset by the amortization from the approach of valuing assets at fair value as part of the purchase price allocation and acquisition transaction costs. EBIT adjusted for these effects (after the effects of the acquisition) has increased significantly and at EUR 145.8 million is up approximately 8 % against the previous year's figure of EUR 135.2 million.

RECONCILIATION (IN EUR MILLIONS)

			DIFFERENCE	
	2015	2014	ABSOLUTE	IN %
Operating result (EBIT)	**136.3**	**127.2**	**9.1**	**7.2**
Depreciation of property, plant, and equipment, and amortization of intangible assets due to fair value adjustments from first-time consolidation*	5.0	3.5	1.5	42.9
Impact of fair value adjustments on inventory assets/order backlog from first-time consolidation** and incidental acquisition costs	4.5	4.5	0.0	0.0
Adjusted operating result (EBIT)	**145.8**	**135.2**	**10.6**	**7.8**

* 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.

Operating earnings (EBIT) also clearly exceeded the previous year's result with EUR 136.3 million. The EBIT margin totaled 9.8 % (previous year: 10.1 %). The adjusted EBIT margin stands at 10.5 % (previous year: 10.8 %). Detailed information regarding the earnings position of individual INDUS segments can be found in the segment report.

OPERATING INTEREST EXPENSES DOWN APPROXIMATELY 8 %

Net interest is divided into two items: The item "interest from operations" includes both interest payments for credit as well as income from temporary capital investment. Expenses here decreased considerably from EUR 18.2 million to EUR 16.8 million. In the item "other interest" under "market value of interest-rate swaps" changes to the market value of those interest derivatives are formally recognized under profit and loss although economically speaking an effective hedge relationship does exist. Under the item "Other: non-controlling interests" the effects of re-measurement of the contingent purchase price liabilities as well as income after taxes attributable to third parties from shares in limited partnerships and limited liability companies with call and put options are recognized. For consistency reasons, this is shown in the net interest item. Overall the item "other interest" increased from EUR -8.3 million to EUR -10.2 million. In total, net interest thus rose slightly to EUR -27.0 million (previous year: EUR -26.5 million).

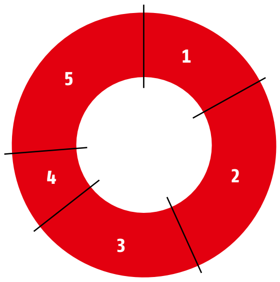
Earnings before tax (EBT) improved to EUR 109.3 million (previous year: EUR 100.7 million). Tax expenses came in above the previous year's level at EUR -41.0 million against EUR -33.4 million; this represents a tax expense ratio of 37.5 % (previous year: 33.2 %). This increase in the tax expense ratio is primarily the result of a loss adjustment not carried out. Because INDUS does not form taxable groups due to its business model, there is no optimization potential to be exploited for lowering taxes, i.e., the high tax rates that the successful companies must bear cannot be offset by results achieved in other Group companies.

Earnings after taxes amounted to EUR 68.3 million (previous year: EUR 63.3 million). After deducting interest allocable to non-controlling shareholders, net income for INDUS shareholders has increased by 7.6 %. In absolute terms, INDUS generated EUR 67.9 million (previous year: EUR 63.1 million). Earnings per share for continuing operations rose to EUR 2.78 (previous year: EUR 2.74).

SEGMENT REPORT

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

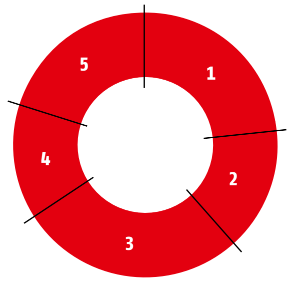
2015 SALES BY SEGMENTS* (IN EUR MILLIONS)



1	Construction/Infrastructure (17.0 %)	235.5
2	Automotive Technology (26.5 %)	367.7
3	Engineering (21.1 %)	293.2
4	Medical Engineering / Life Science (9.5 %)	132.3
5	Metals Technology (25.9 %)	359.9

* Sales with external third parties

2015 EBIT BY SEGMENTS** (IN EUR MILLIONS)



1	Construction/Infrastructure (23.6 %)	33.5
2	Automotive Technology (15.0 %)	21.4
3	Engineering (27.4 %)	39.0
4	Medical Engineering / Life Science (13.9 %)	19.7
5	Metals Technology (20.1 %)	28.6

** Excluding consolidation effects

CONSTRUCTION/INFRASTRUCTURE

GOOD ORGANIC SALES GROWTH WITH SAME HIGH MARGIN

This segment encompasses ten operating units. The companies are active in a number of areas in the construction industry: from reinforcements and construction materials to air conditioning and heating technology and accessories for private housing construction. Regular above and below-ground construction firms are not included in the segment.

KEY FIGURES CONSTRUCTION / INFRASTRUCTURE (IN EUR MILLIONS)

				DIFFERENCE 2014/2015	
	2015	2014	2013	ABSOLUTE	IN %
Sales with external third parties	235.5	225.1	224.2	10.4	4.6
EBITDA	39.8	38.9	36.1	0.9	2.3
Depreciation and amortization	-6.3	-5.9	-5.5	-0.4	6.8
EBIT	33.5	33.0	30.6	0.5	1.5
EBIT margin in %	14.2	14.7	13.6	-0.5	-3.4
Capital expenditure	8.9	11.0	15.3	-2.1	-19.1
Employees	1,183	1,104	1,074	79.0	7.2

Segment sales were up approximately 5 % in 2015 against the previous year. The original target of sales on a par with the previous year was therefore exceeded. In the relative earnings target (EBIT margin between 12 % and 14 %), too, the segment companies performed better than budgeted. The construction industry saw a slow start to the year, but momentum picked up considerably over the course of the year. The ongoing strength of the German construction economy continued to provide positive impulses. Public construction in particular was stronger than expected. At EUR 6.3 million, depreciation and amortization was slightly higher than in the previous year due to the ongoing high level of investment activity. Capital expenditure totaled EUR 8.9 million (previous year: EUR 11.0 million). This includes the strategic acquisition for expansionary purposes of EUMATIC/FROHMASCO by INDUS portfolio company OBUK. The investment sum for the previous year included a large proportion of the costs for the new HAUFF-TECHNIK location. Details regarding the corporate acquisitions can be found in the notes. Earnings before interest and taxes (EBIT) in the segment just surpassed the previous year's figure at EUR 33.5 million. At 14.2 % the EBIT margin was back at its usual high level.

AUTOMOTIVE TECHNOLOGY

OPERATING RESULT BURDENED BY SERIES START-UP PROBLEMS FOR ONE SEGMENT COMPANY

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

KEY FIGURES AUTOMOTIVE TECHNOLOGY (IN EUR MILLIONS)

				DIFFERENCE 2014/2015	
	2015	2014	2013	ABSOLUTE	IN %
Sales with external third parties	367.7	351.7	349.5	16.0	4.5
EBITDA	39.6	43.1	41.7	-3.5	-8.1
Depreciation and amortization	-18.2	-19.9	-18.2	1.7	-8.5
Write-ups	0.0	1.1	3.5	-1.1	-100.0
EBIT	21.4	24.3	27.0	-2.9	-11.9
EBIT margin in %	5.8	6.9	7.7	-1.1	-15.9
Capital expenditure	26.9	27.6	24.4	-0.7	-2.5
Employees	3,285	3,160	3,163	125.0	4.0

Sales in the Automotive Technology segment increased by 4.5 %, exceeding the previous year's figure. INDUS was more cautious in its forecast for this segment, expecting no growth. At EUR 18.2 million, depreciation and amortization corresponded to the level recognized in 2013. Impairments amounting to EUR 1.7 million were recognized in 2014. However, the segment's operating result was impacted considerably by the start-up problems described in the semi-annual report experienced by a mass producer in manufacturing a new cooling supply. These start-up problems have been dealt with, but the additional process optimization necessary caused a considerable amount of additional costs (tendency declining) in the second half of 2015. This had a significant impact on the portfolio company's margins as well as on the segment result. The segment narrowly missed its EBIT margin target of 6 % to 8 % for 2015. INDUS companies were not affected by the VW exhaust scandal in 2015. Earnings before interest and taxes (EBIT) was down EUR 2.9 million against the previous year. Without the problems described above, we are certain that the segment would have achieved its long-term margin target of 6 % to 8 %.

ENGINEERING

CONSIDERABLY BETTER THAN EXPECTED THANKS TO SHARP RISE IN SALES AND EARNINGS

This segment now encompasses ten operating units: The companies develop robot grabbing systems, valve technology, automation components, facilities for clean room systems or design electric heat tracing systems, for example. The composition of the segment underwent considerable changes with the acquisition of IEF-Werner.

KEY FIGURES ENGINEERING (IN EUR MILLIONS)

				DIFFERENCE 2014/2015	
	2015	2014	2013	ABSOLUTE	IN %
Sales with external third parties	293.2	221.2	197.8	72.0	32.5
EBITDA	46.3	32.8	29.9	13.5	41.2
Depreciation and amortization	-7.3	-6.4	-5.7	-0.9	14.1
EBIT	39.0	26.4	24.2	12.6	47.7
EBIT margin in %	13.3	11.9	12.2	1.4	11.8
Capital expenditure	16.8	16.9	46.5	-0.1	-0.6
Employees	1,436	1,150	1,030	286.0	24.9

Overall German engineering experienced a period of stagnation, primarily due to weak demand from China and Russia that could only be partially compensated for by strong demand in the US. INDUS was also only expecting sales and results on a par with the previous year. Some companies performed much better than expected, particularly those in logistics and automation. In addition, there were sales increases from the full first-time consolidation of the new portfolio companies MBN, KNUR, and IEF-Werner. Sales therefore grew better than predicted at 32.5 %. Depreciation and amortization increased to EUR 7.3 million, also caused by depreciation and amortization on first-time consolidations. Despite the effects of first-time consolidation, EBIT increased by 47.7 %. At EUR 39 million, the segment achieved a record result and increased its EBIT margin to 13.3 %. That means the EBIT target margin for this segment of more than 10 % was easily surpassed. Capital expenditure of EUR 16.8 million (previous year: EUR 16.9 million) includes the acquisition of stakes in IEF-Werner (cash payment minus cash on hand taken over). The segment result also contains the discontinuation of operations at SEMET, which was completed in February 2015.

MEDICAL ENGINEERING/LIFE SCIENCE

SALES DEVELOPMENTS CONSTANT AND HIGH MARGIN AS USUAL

The Medical Engineering/Life Science segment now consists of five companies. These businesses produce orthotic devices and medical compression products, develop lenses and optical devices, produce rehabilitation technology and sell hygienic products for both medical purposes and households. INDUS acquired RAGUSE in 2015, a specialist for surgical accessories. At the beginning of the year, the INDUS portfolio company OFA Bamberg also took over the Dutch orthotic devices manufacturer NEA International and invested in a new production facility in Glauchau

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

				DIFFERENCE 2014/2015	
	2015	2014	2013	ABSOLUTE	IN %
Sales with external third parties	132.3	114.4	95.8	17.9	15.6
EBITDA	24.9	22.3	18.7	2.6	11.7
Depreciation and amortization	-5.2	-3.5	-2.5	-1.7	48.6
EBIT	19.7	18.8	16.2	0.9	4.8
EBIT margin in %	14.9	16.4	16.9	-1.5	-9.1
Capital expenditure	32.3	23.8	3.6	8.5	35.7
Employees	1,010	759	697	251.0	33.1

INDUS's smallest segment recorded an increase in sales of approximately 16 % and therefore continued to develop in a promising manner. The rise in sales is mainly due to the first full inclusion of the company ROLKO for a full year, as well as the partial inclusion of new companies (NEA International, RAGUSE). Details regarding acquisitions can be found in the Notes to the Consolidated Financial Statements. Depreciation and amortization rose as a result of the acquisitions (especially effects from the depreciation and amortization on first-time consolidation) and higher business volumes. This had an impact on the operating result, as did integration costs for the start-up of OFA's new production facilities in Glauchau. The EBIT margin came in slightly under the target of 15 %, purely due to these effects. Nevertheless, the segment result completely corresponds with expectations. Capital expenditure of EUR 32.3 million includes the acquisition of NEA and the majority stake in RAGUSE as well as the purchase of the former ESDA works in Glauchau.

METALS TECHNOLOGY

SEGMENT BURDENED BY RUSSIAN CRISIS AND EXPENSIVE SWISS FRANC

The segment encompasses nine units which serve a large number of specialized customer businesses. The range of solutions is large and includes supplying rail technology, producing carbide tools for road construction and mining, manufacturing housings for laboratory diagnostics, blasting agents for the steel industry, and bolt welding technology, for example for bridges.

KEY FIGURES METALS TECHNOLOGY (IN EUR MILLIONS)

	2015	2014	2013	DIFFERENCE 2014/2015 ABSOLUTE	DIFFERENCE 2014/2015 IN %
Sales with external third parties	359.9	342.9	319.3	17.0	5.0
EBITDA	41.0	42.6	38.8	-1.6	-3.8
Depreciation and amortization	-12.4	-11.6	-11.2	-0.8	6.9
Write-ups	0.0	0.4	0.0	-0.4	-100.0
EBIT	28.6	31.4	27.6	-2.8	-8.9
EBIT margin in %	7.9	9.2	8.6	-1.3	-14.1
Capital expenditure	21.8	17.6	10.7	4.2	23.9
Employees	1,395	1,323	1,275	72.0	5.4

Segment sales developed stably and in line with expectations at 5.0 %. The earnings position was not able to keep pace, however; earnings before interest and taxes decreased by EUR 2.8 million. Both of the Swiss sheet metal processors played an important role in these developments. The appreciation of the Swiss franc against the euro has played an important part, causing adverse effects for the companies who produce their goods in the Eurozone. Management launched a comprehensive restructuring project in 2015. In addition, there have been problems in powder metallurgy, which have led to considerable burdens at one of the German portfolio companies. Quality and process optimization measures have also been initiated here, which have resulted in additional costs. The fact that the measures are having the desired effect can be seen in the slight improvement in the result and the end of the third quarter against the first six months of 2015. EBIT came in at EUR 28.6 million while the EBIT margin stands at 7.9 %.The margin target of 9 % to 10 % was therefore not achieved. This development was already apparent in the course of 2015, and INDUS therefore corrected the margin target to less than 9 % in the report for the third quarter.

FINANCIAL POSITION

PRINCIPLES AND OBJECTIVES OF FINANCIAL AND LIQUIDITY MANAGEMENT

Financial management at INDUS Holding AG primarily involves liquidity management, obtaining debt financing, and managing interest rate and currency risks. As a financial holding company that manages assets, INDUS does not engage in cash pooling. In finance management, INDUS primarily relies on long-term bank credits and promissory note bonds.

INDUS can invest flexibly at any time thanks to a comfortable liquidity base, in combination with financing commitments from banks. For its financing, INDUS relies on its long-term ties with a number of German financial partner institutions. Factors stabilizing the long-term financing needs include broad diversification of the loans volume, a balanced redemption structure, and use of a spectrum of alternative financing instruments. To contain market price risks, the Group employs interest rate and currency derivatives, exclusively for risk hedging.

Financial and liquidity management has three objectives: Securing sufficient liquidity reserves, risk limitation, and earnings and cost optimization. Securing liquidity is particularly important: It ensures that INDUS is able to meet its payment obligations at all times and exploit acquisition opportunities without having to depend on banks.

Risk limitation extends to all financial risks that potentially endanger the continuing existence of INDUS as a going concern. The main financing source is cash flow from operating activities (operating cash flow). The Group Treasury department monitors the use of funds for the benefit of the subsidiaries and the investing of cash and cash equivalents.

Another objective of the finance and liquidity management system is to optimize working capital. This frees up liquid assets, keeps debt levels low, and optimizes key financial indicators for the balance sheet structure (e.g. equity ratio) and the return on capital. INDUS supports the companies in managing their working capital, which falls under the companies own remit.

FINANCING ANALYSIS

INDUS uses operating cash flow and long-term financing to cover its capital requirements. The main components are long-term unsecured credit agreements and promissory note bonds. To a lesser extent the Group also uses off-balance sheet financing instruments such as operating leases. These instruments are in line with INDUS's business volume.

There was little change regarding financing instruments and obligations not listed in the statement of financial position in 2015. The primary off-balance sheet items INDUS employs are rental and leasehold agreements, in particular for IT equipment and company cars, among others. Future operating lease commitments were EUR 741.5 million as of 31 December 2015 (previous year: EUR 71.5 million).

Liabilities to banks totaled EUR 388.2 million as of the reporting date (previous year: EUR 381.3 million, the majority of which is denominated in euros (99 %). Credit held in other foreign currencies is low and only consists of Swiss francs. At the end of the year, liabilities in this currency amount to EUR 3.2 million (previous year: EUR 6.1 million). Financial liabilities also include liabilities from finance leases related to real estate and machinery in the amount of EUR 10.3 million (previous year: EUR 11.0 million), the majority of which are attributable to the asset deal concluded for the acquisition of HAKAMA in 2010. There are promissory note bonds totaling EUR 90.0 million (previous year: EUR 70.0 million). The company can also resort to credit lines totaling EUR 38.2 million (previous year: EUR 24.7 million) not yet used.

INDUS is obliged to maintain a minimum equity ratio for the holding company with respect to credit agreements; the required ratio was again exceeded considerably in the past fiscal year. The lenders have extraordinary termination rights in the event of a change of control. Certain key figures have been defined for promissory note bonds.

RATING

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

STATEMENT ON CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS, SHORT FORM (IN EUR MILLIONS)

	2015	2014	2013
Operating cash flow	**157.3**	**104.4**	**117.4**
Interest	-26.4	-17.4	-19.9
Cash flow from operating activities	**130.9**	**87.0**	**97.5**
Cash outflow from investments	-118.4	-98.1	-102.9
Cash inflow from the disposal of assets	5.6	2.8	3.3
Cash flow from investing activities	**-112.8**	**-95.3**	**-99.6**
Capital increase	0.0	0.0	59.9
Dividends paid to shareholders	-29.3	-26.9	-22.2
Dividends paid to non-controlling shareholders	0.0	-0.1	-0.7
Cash flow from taking up debt	126.9	158.3	125.3
Cash flow for the repayment of debt	-100.7	-123.1	-142.3
Cash flow from financing activities	**-3.1**	**8.2**	**20.0**
Net cash flow carried on the Income Statement	15.0	-0.1	17.9
Changes in cash and cash equivalents caused by currency exchange rates	0.7	0.7	-0.7
Cash and cash equivalents at the beginning of the period	116.5	115.9	98.7
Cash and cash equivalents at the end of the period	**132.2**	**116.5**	**115.9**

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

Based on earnings after tax of EUR 68.3 million (previous year: EUR 67.3 million), at EUR 157.3 million operating cash flow increased significantly compared to the same period of the previous year (previous year: EUR 104.4 million).

A positive financing effect in comparison with the previous year resulted in particular from the changes to liabilities and other liabilities. In the previous year a noticeable cash outflow of EUR 22.9 million was recorded (partially due to the reduction of advance payments).

At EUR -27.0 million, cash flow for interest paid (including purchase price liabilities toward minority shareholders) was higher year-on-year (previous year: EUR -18.1 million).

Cash flow from operating activities amounted to EUR 130.9 million, up EUR 43.9 million against the 2014 fiscal year.

Cash flow from investing activities came to EUR -112.8 million at the end of the fiscal year (previous year: EUR -95.3 million); the acquisition of the manufacturing site in Glauchau by OFA Bamberg, the purchase of NEA International, RAGUSE, EUMATIC/FROHMASCO, and IEF-Werner, and the higher investments as part of increased internationalization are included in this item.

Cash flow from financing activities dropped from EUR 8.2 million to EUR -3.1 million. This is due to taking up less debt and a higher dividend in comparison to the previous year. At year-end 2015, INDUS net cash was up despite acquisitions made. As of the reporting date, cash and cash equivalents totaled EUR 132.2 million (previous year: EUR 116.5 million). A detailed statement of cash flows is part of the consolidated financial statements.

ASSET POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SHORT FORM (IN EUR MILLIONS)

	DEC. 31, 2015	DEC. 31, 2014
ASSETS		
Noncurrent assets	**827.9**	**748.0**
Fixed assets	821.7	742.8
Accounts receivable	6.2	5.2
Current assets	**591.9**	**560.4**
Cash and cash equivalents	281.6	265.7
Accounts receivable	178.1	178.2
Inventories	132.2	116.5
Total assets	**1,419.8**	**1,308.4**
EQUITY AND LIABILITIES		
Noncurrent liabilities	**1,091.6**	**1,029.6**
Equity	595.4	549.9
Liabilities	496.2	479.7
of which provisions	30.0	28.7
of which current liabilities and income tax	466.2	451.0
Current liabilities	**328.2**	**278.8**
of which provisions	62.3	52.0
of which liabilities	265.9	226.8
Total assets	**1,419.8**	**1,308.4**

The asset and equity structure of the INDUS Group remained stable in 2015. Total assets primarily increased due to the acquisitions and expansion of the business volume to EUR 1,419.8 million (previous year: EUR 1,308.4 million).

ASSETS: DESPITE HIGH LEVEL OF INVESTMENTS, ACQUISITION OPPORTUNITIES OPEN AT ANY TIME DUE TO LIQUID ASSETS

Noncurrent assets were EUR 79.9 million higher at year-end 2015 than one year earlier, primarily as a result of investment in new portfolio companies. Goodwill and other intangible assets increased by EUR 41.4 million and property, plant, and equipment by EUR 27.8 million. Financial assets increased by EUR 8.7 million, i.a. due to a loan granted to an associated company and to a real estate company (the purpose is the planned acquisition of the property; this property is already being used by a portfolio company). There was little change in shares valued at equity (EUR +1.0 million). Other noncurrent assets climbed to EUR 3.5 million (EUR +1.8 million).

Current assets also increased, namely by EUR 31.5 million. Inventories and receivables climbed EUR 14.6 million, which is mainly attributable to the initial inclusion of the newly acquired companies in the consolidation. Other current assets showed hardly any change at EUR 15.0 million (previous year: EUR 12.3 million). At EUR 132.2 million, cash and cash equivalents were up against the previous year (EUR +15.7 million).

EQUITY AND LIABILITIES: EQUITY RATIO REMAINS COMFORTABLY ABOVE 40 %

On the liabilities side, equity rose by EUR 45.5 million to EUR 595.4 million (previous year: EUR 549.9 million). The equity ratio remains virtually unchanged against the previous year at 41.9 % (previous year: 42.0 %). At the end of fiscal 2015, noncurrent liabilities were EUR 16.4 million higher than in the previous year. This increase is primarily due to the rise in noncurrent financial liabilities (EUR +9.0 million) and higher deferred taxes (EUR +4.3 million), resulting from acquisitions. Other noncurrent liabilities also increased due to the recognition of conditional purchase price liabilities for shares in acquired companies not yet transferred (EUR +1.9 million). Pension provisions also rose due to a valuation adjustment (EUR +0.9 million).

Current liabilities increased by EUR 49.4 million to EUR 328.2 million, primarily due to higher financial liabilities (EUR 17.2 million) and higher other current liabilities (EUR 21.2 million). This item also includes prepayments received and tax liabilities. Other current provisions also increased by EUR 10.2 million. Higher current income taxes (EUR +1.9 million) also had a slight effect. A slight decrease in trade accounts payable had an offsetting effect (EUR -1.2 million).

WORKING CAPITAL

IN EUR MILLIONS

	DEC. 31, 2015	DEC. 31, 2014
Inventories	281.6	265.7
Trade accounts receivable	160.7	162.1
Trade accounts payable	-46.7	-47.9
Prepayments received	-9.1	-5.8
Construction contracts with credit balance	-30.8	-24.5
Working capital	**355.7**	**349.6**

INDUS calculates working capital by adding trade accounts receivable to inventories and deducting trade accounts payable, prepayments received and construction contracts with a credit balance from inventories. Working capital totaled EUR 355.7 million as of December 31, 2015 (previous year: EUR 349.6 million).

NET FINANCIAL LIABILITIES

IN EUR MILLIONS

			DIFFERENCE	
	DEC. 31, 2015	DEC. 31, 2014	ABSOLUTE	IN %
Noncurrent financial liabilities	376.9	367.9	9.0	2.4
Current financial liabilities	111.6	94.4	17.2	18.2
Cash and cash equivalents	-132.2	-116.5	-15.7	13.5
Net financial liabilities	**356.3**	**345.8**	**10.5**	**3.0**

DEBT REDEMPTION RATIO RECORD OF UNDER TWO YEARS ACHIEVED

Net debt, calculated as the difference between noncurrent and current financial liabilities and cash and cash equivalents, totaled EUR 356.3 million as of December 31, 2015 (December 31, 2014: EUR 345.8 million). The gearing, i.e., the ratio of net debt to equity, was 60 % (previous year: 63 %). The ratio of net debt to EBITDA was 1.9 (previous year: 2.0). Thus, INDUS is under its self-defined target of keeping its debit redemption period within a band of 2 to 2.5 years.

CAPITAL EXPENDITURE

CAPITAL EXPENDITURES AND DEPRECIATION / AMORTIZATION (IN EUR MILLIONS)

				DIFFERENCE 2014/2015	
	2015	2014	2013	ABSOLUTE	IN %
Capital expenditure	**107.3**	**97.2**	**100.9**	**10.1**	**10.4**
of which in:					
Company acquisitions	**34.3**	**31.4**	**49.2**	**2.9**	**9.2**
Intangible assets	**8.7**	**7.5**	**5.4**	**1.2**	**16.0**
Property, plant and equipment	**64.3**	**58.3**	**46.3**	**6.0**	**10.3**
of which in:					
Land and buildings	15.2	7.8	4.0	7.4	94.9
Plant and machinery	19.0	21.7	12.2	-2.7	-12.4
Other equipment, factory and office equipment	16.0	12.3	10.1	3.7	30.1
Advance payments and work in progress	14.1	16.5	20.0	-2.4	-14.5
Depreciation and amortization	**-50.1**	**-48.0**	**-43.7**	**-2.1**	**-4.4**

Capital expenditure increased by 10.4 % in the year under review to EUR 107.3 million. Of this amount, EUR 34.3 was used to acquire companies, EUR 64.3 was invested in property, plant, and equipment, and EUR 8.7 million in intangible assets. INDUS once again invested a great deal of funds in its portfolio companies. Overall, funds totaling EUR 46.5 million were used to purchase shares in new companies; cash on hand acquired at the time of purchase is to be deducted from this amount, this results in net outflow in the capital expenditure calculation of EUR 34.3 million for the acquisitions.

Capital expenditure focused on property, plant and equipment. The funds were split almost equally across technical plants and machinery, other facilities, operating and business equipment, land and buildings, and prepayments. Many individual measures are included in the investment projects; the largest individual item was the acquisition of the former ESDA works in Glauchau by OFA Bamberg (EUR 4.1 million). INDUS invested in further growth at many of the portfolio companies. AURORA, for example, constructed a new aluminum flat pipe processing unit (EUR 0.6 million), RÜBSAMEN and ELTHERM expanded their production facilities (EUR 0.8 million), and MBN constructed a completely new processing center (approx. EUR 1.6 million). The SIMON Group is also currently constructing new production facilities (for approx. EUR 4.6 million). The portfolio companies KIEBACK and FICHTHORN, for example, invested in new larger technical equipment, with new, modern presses (worth a total of approx. EUR 3.6 million) and the portfolio company SELZER invested in equipment for new projects (approx. EUR 2.7 million).

Depreciation and amortization came to EUR 50.1 million as against EUR 48.0 million the previous year.

NON-FINANCIAL PERFORMANCE INDICATORS

SUSTAINABILITY

VALUES

In addition to its economic targets, INDUS Holding AG has also set itself non-financial targets. INDUS aims to support SMEs with promising prospects and therefore helps its portfolio companies in their strategic development – providing not only capital but also its experience, knowledge, and network. INDUS solidifies its standing and good reputation by successfully supporting its portfolio companies.

This includes paying attention to ESG (environmental, social, and governance) principles and ensuring corporate conduct adheres to regulations (compliance). Our employees are obligated to comply with laws and ethical standards at all times. The individual INDUS Group companies and the holding company have written their own codes of conduct. These ethical guidelines are designed to support employees in their activities.

Sustainability behavior is pursuing economic, social, and economic goals at the same time and affording them the same standing. For INDUS this means establishing permanent value, enabling good work, and treating the environment and resources with care. INDUS believes that development can only be sustainable if it fulfills present needs while also ensuring that actions do not have a negative impact on future generations. INDUS therefore explicitly acknowledges the principles of sustainable economic business: As an investor, its duties include the integration of the basic principles of responsible investment in the investment process as well as corporate management. As a responsible owner, INDUS uses its influence to ensure sustainable corporate management in the portfolio companies.

The Board of Management believes that sustainability creates competitive advantages along all value steps and increases enterprise value in the long term.

INDUS Group companies also independently assume responsibility as a part of society – actively and in their own regions. They are committed to supporting cultural and social projects in their immediate area. Making responsible use of natural resources is extremely important to the INDUS Group. The basic principles for all companies' action in this respect are detailed rules and measures which are developed and implemented by the portfolio companies' managing directors in line with the corporate philosophy, taking their company-specific environments into account.

The Board of Management and Supervisory Board have always considered responsible, transparent, and sustainable economic conduct to be their duty. They have consistently and almost completely acknowledged the recommendations and suggestions of the German Corporate Governance Code since its introduction, and therefore observe the rules of good corporate management and monitoring.

SUSTAINABILITY ISSUES HAVE ALREADY BEEN INCORPORATED INTO THE INVESTMENT PROCESS

Potential portfolio companies are analyzed by INDUS regarding sustainability aspects. Investments in certain sectors and companies (incl. weapons, military) are excluded. As part of its due diligence process INDUS investigates the risks and opportunities from fulfilling or not fulfilling certain sustainability criteria. An INDUS portfolio company must operate in harmony with its social surroundings. That is why it is important to INDUS that portfolio companies observe basic social and ethical principles as well as minimize negative impacts on the environment. INDUS believes that companies with high ESG standards are better managed, face less business risks, and are also better positioned to create added value. Due to the distribution of responsibilities between the portfolio company and the holding company, INDUS only exerts direct influence on a company during its initial decision to invest.

CDP PROJECT PRAISE FOR INDUS

As part of the systematic and transparent approach to climate protection, INDUS has been participating in the Carbon Disclosure Project (CDP) since 2009, a survey conducted annually regarding climate protection topics commissioned by institutional investors (www.cdp.net). INDUS reports on opportunities and risks resulting from climate change, discloses its greenhouse gas emissions, and presents measures to reduce emissions. The information provided is evaluated by the CDP for transparency and completeness (disclosure scoring 0 to 100 points) and the quality and efficacy of the measures to reduce emissions (performance band A to E). With a disclosure score of 95 points, INDUS again managed to improve its performance in the 2014 reporting year against the previous year (89 points). INDUS also managed to improve its performance rating (B in 2014 against C in 2013). INDUS was named sector leader in industrials in the German-speaking countries by CPD and country leader for other German companies. This means that INDUS is among the 10 or 11 best rated companies in each comparison group. INDUS will be participating in the CDP again for fiscal 2015. The results and the evaluation of the climate change reporting will be released in fall 2016 by the CDP.

REDUCING GREENHOUSE GAS EMISSIONS FOR ACTIVE CLIMATE PROTECTION

To create the basis for pro-active climate protection, INDUS records the amount of greenhouse gas emitted by the INDUS Group internationally every year. INDUS follows the Greenhouse Gas Protocol and reports direct emissions (Scope 1) and indirect emissions (Scope 2 and 3) In the 2015 fiscal year, INDUS amended the organizational boundary used for calculations. INDUS Holding AG began calculating its greenhouse gas inventory according to the operational control method (the financial control method had been used previously) from the 2015 fiscal year. Scope 1 and 2 emissions therefore exclusively refer to INDUS Holding AG now. Scope 1, 2, and 3 emissions for the portfolio companies are recorded in the INDUS Holding AG inventory under the Scope 3 category “Investments”, commensurate with the share held. The emissions for the base year 2014 were recalculated using the new method.

	2014	**2015**
Scope 1		
Tons of CO_2e	140	143
Scope 2		
Tons of CO_2e (market-based)	44	44
Tons of CO_2e (location-based)	51	51
Scope 3		
Tons of CO_2e	2,519,909	2,534,809

A slight increase was recorded in Scope 1 and 2 emissions in absolute terms. This was due to the weather and additional employees at the holding company. Scope 3 emissions also rose in absolute terms. The rise was recorded mainly in the "Purchased goods and services" and "Processing of sold products" categories, and is therefore the result of an increase in sales. The calculation of Scope 1 and 2 emissions for the 2015 fiscal year was verified by an accredited auditing company. The emissions calculated for 2015 where compensated through the purchase and retirement of emission reduction certificates, with the exception of Scope 3 "Investment" emissions.

The previous target of reducing specific emissions (Scope 1 and 2, measured in tons of CO_2e per EUR million in gross profit) by 2 % p.a. still applies. However, this now applies exclusively to portfolio company emissions. The base year is calculated on a rolling basis and takes into consideration the changes in portfolio in the year under review. On this basis, emissions of 97.6 tons of CO_2 per EUR million in gross profit (Scope 1 and 2 for portfolio companies) were calculated for 2015. Based on the previous year (104.4 tons of CO_2e per EUR million in gross profit), a 6.5 % reduction in emissions was recorded (regardless of the changes in the calculation method used). The annual reduction target was surpassed. Investments in heat insulation, building and facility technology, and the implementation of energy management systems at individual companies all contributed toward this result. In order to discover more potential, INDUS orchestrated a Group-wide program to uncover energy and emission reducing measures in 2015. The potential measures discovered will be implemented in the coming years. INDUS once more sets itself the target of reducing the portfolio companies' Scope 1 and 2 emissions by 2 % in 2016. In addition, INDUS Holding AG is also working on an emission reduction target for its Scope 1 and 2 emissions based on scientific methods.

	2013	2014	**2015**
Tons of CO_2e per EUR million in gross profit (Scope 1 and 2 portfolio companies)	– (121.2*)	104.4 (106.9**)	97.6 (99.8**)

* Changes to the portfolio and calculation method not taken into consideration
** Organization boundaries: financial check (former calculation method)

FIRST OEKOM SUSTAINABILITY RATING – "PRIME", INDUS TOPS THE TABLE IN INTERNATIONAL COMPARISON GROUP

Analysts and investors increasingly base their recommendations and decisions on companies' sustainability profiles. Corporate Social Responsibility (CSR) and sustainability are considered performance indicators for future-oriented corporate management. Sustainability ratings are the first stop to evaluating a company's performance in the areas of ecological, social, and economic responsibility. Companies with the top grades in these ratings send a clear signal to stakeholders, and increase their attractiveness as an employer as well as employee motivation.

In the fall of 2015, the rating agency oekom research AG, which operates in the sustainable investment sector, provided INDUS with its first rating. The evaluation based on a twelve-step scale from A+ to D- initially reached C+. Companies with a C rating or higher are awarded the "prime" status. For some investors, such a prime rating has become a knock-out criteria for investment. INDUS has not only received the prime status, it also came top of the international comparison group (financials/multi-sector holdings). oekom rates the social and ecological performance of a company based on more than 100 sector-specific criteria

EMPLOYEES

HOLDING COMPANY STAFFED BY TEAM OF SPECIALISTS

INDUS depends on a team of specialists that perform specific functions in the holding company and protect the interests of INDUS as shareholder. Because INDUS focuses on specific core tasks, the staff are highly specialized. Short decision-making processes, a team-oriented approach, and flat hierarchies are the hallmarks of INDUS's corporate structure. The Board of Management maintains regular contact with all employees. INDUS places a high value on respectful behavior – among each other and business partners. Professional behavior and stable processes are a priority for all team members every day. At the end of fiscal 2015, INDUS Holding AG had 24 staff members (excluding members of the Board of Management).

SUBSIDIARIES CONDUCT OWN HR MANAGEMENT

The professional and social skills of a company's employees are its most important capital. To develop this capital the INDUS companies offer a range of training programs geared toward employees' individual skills. The ongoing training program's decentralized organization via the individual portfolio companies and their collaboration with local partners ensures that expertise is enhanced to meet specific requirements. The portfolio companies are responsible for conducting qualitative and quantitative personnel management independently. This falls first and foremost within the managers' remit. As part of the planning performed by INDUS and the portfolio companies, INDUS provides suggestions regarding the flexibility in production and personnel costs. On average throughout the year, companies in the INDUS portfolio had a total of 8,334 employees (previous year: 7,586).

INNOVATION & DEVELOPMENT

INDUS DEVELOPING INNOVATION MANAGEMENT SYSTEM, SUBSIDIARIES MANAGE R&D ACTIVITIES INDEPENDENTLY

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

INDUS has derived an innovation strategy from its COMPASS 2020 strategy program. In order to implement this strategy, the holding company will develop an innovation management system in the coming years. In designing the strategic instruments, INDUS differentiates between two types of research and development activities:

- **Incremental activities:** The majority of INDUS portfolio companies are focusing their development resources on the incremental development of existing product programs. This secures existing market positions and future earnings. In order to bolster this important branch of innovation activity, INDUS is expanding its existing knowledge platform to include innovation and technology management and offers the portfolio companies targeted, methodical support.
- **Radical/disruptive activities:** Disruptive innovation activities aim to exploit new technologies and/or markets. Because disruptive innovation activities offer above-average earnings opportunities, INDUS develops strategic instrument in order to specifically strengthen, promote, and support these activities within its portfolio companies.

For 2015, the INDUS Group reported R&D capital expenditure of EUR 12.0 million in the consolidated financial statements (previous year: EUR 9.7 million)[19]. Currently the Group's R&D investment level is in line with the industry average. For the coming years, the Board of Management has set itself the goal of providing more funds for R&D activities and to thus give the companies the opportunity to bring new products and services onto the markets, as well as develop existing product ranges and services.

[19] SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, ITEM 9

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

ANNUAL FINANCIAL STATEMENTS OF INDUS HOLDING AG (SHORT FORM)

The tables below represent the annual financial statements of INDUS Holding AG in short form. The complete annual financial statements are available separately.

EARNINGS POSITION

STATEMENT OF INCOME OF THE INDUS HOLDING AG (IN EUR MILLIONS)

				DIFFERENCE 2014/2015	
	2015	2014	2013	ABSOLUTE	IN %
Sales	**6.3**	**5.7**	**5.8**	**-0.6**	**-10.5**
Other operating income	5.3	12.3	11.3	7.0	-56.9
Personnel expenses	-6.0	-4.7	-4.6	-1.3	27.7
Other operating expenses	-6.1	-6.0	-6.0	-0.1	1.7
Income from investments	55.4	40.3	43.5	15.1	37.5
Income from long-term loans classified as financial assets	43.7	42.3	45.7	1.4	3.3
Other interest and similar income	10.4	8.8	9.0	1.6	18.2
Depreciation and amortization of noncurrent intangible assets and property, plant, and equipment	-0.6	-0.5	-0.4	-0.1	20.0
Amortization of financial assets	-5.0	-9.0	-11.2	4.0	-44.4
Cost of the assumption of losses	-12.6	-3.4	-12.2	-9.2	270.6
Interest and similar expenses	-14.3	-15.1	-17.5	0.8	-5.3
Profit from operating activities	**76.5**	**70.7**	**63.4**	**5.8**	**8.2**
Extraordinary income	0.0	0.0	0.0	0.0	0.0
Taxes	-8.1	-8.6	-6.9	0.5	-5.8
Net result	**68.4**	**62.1**	**56.5**	**6.3**	**10.1**
Profit carried forward	1.7	1.0	0.9	0.7	70.0
Distributable profit	**70.1**	**63.1**	**57.4**	**7.0**	**11.1**

INDUS Holding AG earnings primarily derive from income from portfolio companies and non-current loans. At EUR 6.3 million, sales revenues for the holding company in 2015 were up year-on-year. They comprise the services rendered by the holding company for the portfolio companies. Other operating income declined from EUR 12.3 million to EUR 5.3 million, primarily due to less reversals on financial asset impairments. Personnel expenses are up EUR 1.3 million against the previous year, due to a fair value adjustment on long-term variable remuneration granted. Other operating expenses remained virtually unchanged. Income from portfolio companies rose to EUR 55.4 million, due to positive business situation. Income from long-term loans classified as financial assets also rose slightly to EUR 43.7 million. At EUR 10.4 million, other interest income was also up against the previous year.

Depreciation and amortization of noncurrent intangible assets and property, plant, and equipment remained virtually unchanged against the previous year at EUR 0.6 million. Impairments on financial assets of EUR 5.0 million were lower than in the previous year. This item includes write-downs recorded pursuant to impairment testing of portfolio company carrying values. Expenses from loss transfer agreements rose to EUR 12.6 million. Material loss transfer agreements include in particular project start-ups in the Automotive Technology and Metals Technology segments (see explanations in the corresponding parts of the segment report). Interest expense again decreased, falling from EUR 15.1 million to EUR 14.3 million.

Overall, profit from operating activities thus improved to EUR 76.5 million. After taxes, the consolidated statement of income shows net income for the year of EUR 68.4 million, accumulated profit amounted to EUR 70.1 million.

FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION OF INDUS HOLDING AG (IN EUR MILLIONS)

	DEC. 31, 2015	DEC. 31, 2014
ASSETS		
Intangible assets	0.2	0.2
Property, plant and equipment	2.9	2.8
Financial assets	994.5	947.1
Fixed assets	**997.6**	**950.1**
Accounts receivable	267.4	241.3
Cash on hand and bank balances	8.9	6.3
Current assets	**276.3**	**247.6**
Advance payments	0.3	0.3
Total assets	**1,274.2**	**1,198.0**
EQUITY AND LIABILITIES		
Equity	761.2	722.2
Provisions	5.6	4.2
Liabilities	463.2	427.8
Deferred tax liabilities	44.2	43.8
Total assets	**1,274.2**	**1,198.0**

Partially as a result of the acquisition, the total assets of INDUS Holding AG rose again in the reporting year to reach EUR 1,274.2 million. Fixed assets climbed EUR 47.5 million to EUR 997.6 million (previous year: EUR 950.1 million), primarily as a result of higher financial assets (i.e. shareholdings in portfolio companies). In terms of current assets, accounts receivable and other current assets also climbed by EUR 26.1 million to EUR 267.4 million. This increase resulted primarily from higher accounts receivable from associated companies. Cash and cash equivalents amounted to EUR 8.9 million. Current assets were therefore up EUR 28.7 million against the previous year. Equity totaled EUR 761.2 million. INDUS Holding AG thus has an equity ratio of 59.7 % (previous year: 60.3 %). Liabilities rose to EUR 463.2 million, primarily due to an increase in liabilities due to banks.

EMPLOYEES

As of December 31, 2015, INDUS employed 24 staff members at the holding company, not including the Board of Management (previous year: 21).

EVENTS AFTER THE REPORTING DATE

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No events occurred after the end of the 2015 fiscal year that would have any significant impact on INDUS Holding AG's net assets, financial, and earnings position in the fiscal year ended.

OPPORTUNITY AND RISK REPORT

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

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

OPPORTUNITIES REPORT

OPPORTUNITY MANAGEMENT: STRATEGIC DIALOG FOR IDENTIFYING POTENTIAL

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

The portfolio companies then incorporate the opportunities and risks discussed in the strategic dialog into their operational planning and monthly reporting so as to optimize the assessment and evaluation of individual transactions in relation to the current earnings and liquidity situation. INDUS studies the current global growth drivers such as mobility, infrastructure, and health care in planning the Group's growth strategy.

Opportunities for strategic additions to the existing subsidiary portfolio are studied and strategic growth potential assessed jointly by the responsible Board of Management members and subsidiary management. Local management analyzes and manages opportunities at an operational level. These activities are based on analyses of relevant markets and competitors and of various scenarios for changes in crucial cost drivers and success factors.

Opportunities arise particularly from the steady development of new products. This helps businesses enhance an already strong position in their respective niche markets. They work closely together with customers and suppliers to analyze new areas of application for their technologies in the short, medium, and long terms. Product innovations by the companies' customers play a major role in growing their businesses. New products frequently require innovative production processes, to which the portfolio companies can contribute their expertise.

As a holding company, INDUS supports the portfolio companies' opportunity management efforts and advises them in two ways: by analyzing new business opportunities with the managing directors as part of annual planning as well as during the course of the year as necessary, and by securing the necessary financing to seize opportunities identified.

DISCUSSION OF OPPORTUNITIES

STRATEGIC OPPORTUNITIES FOR THE INDUS GROUP

The holding company's business policy focuses on the goal of continuously enhancing the value of the portfolio. The most significant strategic opportunities for INDUS's business lie in acquiring, holding, and financing portfolio companies as well as recognizing development potential for portfolio companies. INDUS M&A activity is thus of central importance. As part of the strategic COMPASS 2020 program, INDUS has defined target markets in which new potential acquisitions are to be systematically and actively sought. The investment team at INDUS Holding AG constantly identifies potential target firms and analyzes these thoroughly. In addition to its five segment markets, INDUS is also looking more closely at the areas of infrastructure, transport and logistics, energy and environmental technology, automation and measuring technology and control engineering in order to identify interesting acquisition opportunities.

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

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

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

OPERATIONAL OPPORTUNITIES FOR PORTFOLIO COMPANIES

INDUS portfolio companies are benefiting primarily from positive macroeconomic developments in the manufacturing sector. Material momentum for growth should be delivered by China, the USA, and the emerging nations in future, despite the current weakness of the Chinese and emerging nations' economies. The global presence and strengthening of INDUS's portfolio companies make a contribution towards exploiting these opportunities in the relevant markets. The companies sometimes act in coordination when entering new regional markets.

INDUS's hidden champions have considerable development expertise. Environmental protection and energy efficiency are relevant in all manufacturing industries, and will remain important issues in the future. Energy prices and environmental standards will continue to rise over the long term. For this reason, INDUS expects investment in sustainable and energy-efficient production processes to increase. INDUS believes this will result in promising opportunities, particularly for companies in the Automotive Technology, Engineering, and Metals Technology segments.

The Construction/Infrastructure segment will also benefit from strong domestic demand for construction both in the short and medium term, triggered by worries over inflation and a growing trend towards investment in real estate. Home ownership is relatively low in Germany compared to other countries. For this reason, we expect a significant catch-up effect to take hold for several years.

Over the medium to long term, INDUS believes there will be consistently good growth opportunities for the Medical Engineering/Life Science segment, due to demographic changes and consistent demand for medical technologies and their ensuing life science applications.

RISK REPORT

RISK MANAGEMENT SYSTEM: DETAILED RISK ASSESSMENT AND ONGOING OPTIMIZATION

INDUS Holding AG and its portfolio companies are exposed to a multiplicity of risks as a result of their international activities. Risk incidents can have adverse effects on the company's business activities and on its net assets, financial, and earnings position. Thus in compliance with industry standards and regulations INDUS Holding AG has established a risk management system to identify potential risks and observe and assess these across all functional areas.

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

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

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

REPORTING PROCESSES: CLOSE COORDINATION WITH PORTFOLIO COMPANIES

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

INSURANCE: PROFESSIONAL MANAGEMENT BY THE HOLDING COMPANY

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

DISCUSSION OF INDIVIDUAL RISKS

COMPANY RISKS (ACCORDING TO THE MANAGEMENT BOARD)	PROBABILITY OF OCCURRENCE	POTENTIAL FINANCIAL IMPACT	RISK SITUATION IN 2015 COMPARED TO PREV. YEAR
Business environment and sector risks	likely	significant	unchanged
Corporate strategy risks	likely	significant	unchanged
Performance risks	likely	significant	unchanged
Personnel risks	unlikely	low	unchanged
IT risks	unlikely	low	improved
Financial risks	likely	significant	unchanged
Legal risks	likely	significant	unchanged
Other risks	likely	significant	unchanged

Potential financial impact on Group equity or consolidated EBIT:
low (less than EUR 5 million), significant (between EUR 5million and EUR 20 million), critical (more than EUR 20 million)

BUSINESS ENVIRONMENT AND SECTOR RISKS

The portfolio companies' business activities are subject to the close correlation between business results and developments in the overall economic environment. In addition to the risks inherent in the economic cycle, increases in energy and raw materials prices constitute risks for the development of the individual portfolio companies and the Group as a whole. INDUS avoids disproportional dependency on individual sectors through a well-balanced investment portfolio diversified into five segments. The portfolio companies' high degree of specialization and strong positions within their respective niche markets reduce their industry risk and the general economic risk. Fundamental risks arising from economic and sector-specific factors cannot be avoided.

INDUS concentrates on the acquisition of medium-sized production companies in Germany and other German-speaking countries. Currently 51 % of total sales are generated in the domestic market (previous year: 52 %). The Group's business is thus still strongly affected by the state of the German economy. In recent years, this dependency on the German market has decreased significantly thanks to strategic international business expansion. This regional diversification of operational activities reduces business risk for INDUS. Further internationalization will gradually de-prioritize the domestic market.

CORPORATE STRATEGY RISKS

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

INDUS counters potential risks associated with inaccurate assessment of the portfolio companies' strategic positioning through its own close monitoring of markets and competitors, and by holding regular informative reviews with the portfolio companies' managing directors. All portfolio companies submit monthly data reports on their current business results and individual risk situation. The short- and medium-term projections for each of the portfolio companies are aggregated at the holding company level. This ensures that INDUS, as a shareholder, has a comprehensive overview at all times of the risk situation of both individual companies and of the Group.

PERFORMANCE RISKS

Besides risks associated with corporate strategy, INDUS and its portfolio companies are exposed to performance risks. These consist primarily of procurement risks, production risks, and sales risks.

The portfolio companies need raw materials and supplies sourced from various suppliers to manufacture products. Given the wide diversification of the INDUS Group's overall portfolio, procurement risks are of subordinate importance regarding their potential impact on the Group. A key strategy employed by all companies is securing the supply of important raw materials through long-term contracts. Purchase prices of raw materials and energy sources can vary considerably. Depending on the prevailing market situation, it may not always be possible for portfolio companies to pass the resulting costs on to customers quickly and in full. Operations managers stay in constant contact with suppliers and customers. This enables them to react promptly to any price or volume risks which may arise. Where necessary, the portfolio companies also employ raw material hedges to limit risks. However, due to the all-time low prices of raw materials at the moment it is hardly necessary currently. As of December 31, 2015, raw materials hedges amounting to EUR 0.6 million (previous year: EUR 0 million).

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

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

PERSONNEL RISKS

The holding company's long-term success depends largely on its employees' expertise and commitment. Potential risks arise primarily in connection with recruitment and development of staff and employee turnover in key positions. INDUS contains these risks via targeted basic and advanced training measures and appropriate remuneration. Employees appreciate this caring corporate culture. This is reflected in low fluctuation. All these measures make the company an attractive employer, providing proactive mitigation of risks associated with employee turnover, demographic trends, and skill drain.

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

IT RISKS

The basis of a modern work environment is formed by a secure and effective IT infrastructure. Increased networking between different IT systems and the need for these to be constantly available places high demands on the information technologies used. The company mitigates risks associated with computer crashes, network failure, unauthorized access to data, and data abuse by regularly investing in hardware and software, deploying virus scanners and firewall systems, and by using effective access controls. These measures are continuously monitored by internal and external experts. To the best of our current knowledge, the company is not exposed to any material IT risks.

FINANCIAL RISKS

Financial risks consist primarily of liquidity risk, interest rate risk, foreign currency risk, and default risk. Individual portfolio companies finance themselves via their own operating income, as a policy. Depending on the liquidity situation, INDUS supports the portfolio companies with financing and makes funds available where necessary. The holding company keeps a suitable level of liquidity reserves allowing it to take action at any time, ensuring adequate financing for the portfolio companies.

A widely diversified financing structure, which is spread over seven core banks, keeps the company from being dependent on individual lenders, so that at this time the bank-related default risk the company is exposed to is limited. The largest single liability represents roughly 15 %. The portfolio of companies, which is intended to be long term in nature, is financed by the holding company via a revolving long-term loan. Credit collateral is not held. The agreed covenants do not appear to pose a business risk at this time. For financing INDUS employs a mix of fixed-rate and variable financing, the latter being partially hedged via interest rate swaps. A change in interest rates during loan term would thus hardly affect income at all, as the aforementioned instruments nearly fully hedge interest rate risks, interest rate changes on variable debt being offset by the corresponding derivative financial instruments. The nominal volume of interest rate hedges totaled EUR 144.2 million as of December 31, 2015 (previous year: EUR 193.9 million).

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

Foreign currency risks are increasing in line with the growth of the individual portfolio companies' international activities. INDUS mitigates these risks by hedging transactions congruently using forward exchange contracts and suitable option transactions. The nominal volume of currency hedges totaled EUR 19.3 million as of December 31, 2015 (previous year: EUR 12.7 million); the portfolio companies account for the majority. For more details, please see the section Information on the Significance of Financial Instruments in the notes to the Consolidated Financial Statements[20].

[20] SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, ITEM 34

LEGAL RISKS

INDUS Holding AG and its portfolio companies are exposed to numerous legal risks. These lie primarily in the areas of competition, antitrust, foreign trade, customs, and tax law. Risks also arise from the individual portfolio companies' operations, through warranty and product liability claims triggered by customer complaints. Effective contract and quality management minimizes this risk, but it cannot be eliminated completely. The holding company provides the companies in the Automotive Technology segment with consulting services to support their contract management. To ensure adequate risk provisioning, provisions of EUR 64.2 million were carried on the balance sheet in 2015 (previous year: EUR 53.6 million). The provisions included warranties due to obligations from selling or procurement, obligations for customer bonuses and rebates, estimated values for anticipated invoices, provisions for personnel costs, and other provisions.

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

OTHER RISKS

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

Based on its strategy of pressing ahead with diversification by continuously enlarging its investment portfolio, the Group carried EUR 394.8 million in goodwill on its statement of financial position (previous year: EUR 368.2 million). IAS 36 stipulates that impairment testing must be conducted at least once a year. If an impairment is found to be evidence, goodwill must be written down accordingly. No impairments were made in the year under review (previous year: EUR 1.7 million).

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM BASED ON (GROUP) ACCOUNTING POLICIES

(REPORT IN ACCORDANCE WITH SECTIONS 289 (5) AND 315 (2) NUMBER 5 OF THE GERMAN COMMERCIAL CODE (HGB))

The scope and form of INDUS Holding AG's accounting-related internal control system (ICS) are at the discretion of and the responsibility of the Board of Management. The Supervisory Board monitors the accounting process and the effectiveness of the ICS. The viability and effectiveness of the ICS at the portfolio companies is also assessed by the auditors of Group companies' financial statements. The viability and effectiveness of the ICS for INDUS Holding AG itself are assessed by the Board of Management.

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

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

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

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

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

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

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

NO GOING CONCERN RISKS DISCERNIBLE, OPPORTUNITY FOR MILD ORGANIC GROWTH AND GROWTH THROUGH ACQUISITIONS IN 2016

In fiscal 2015 INDUS continued pursuing its long-term corporate strategy. The excellent liquidity situation was taken advantage of to acquire two, or including indirect shareholdings five, more SME Hidden Champions. In its strategy program COMPASS 2020, INDUS defined industrial growth markets in which the Board of Management intends to increase its acquisition activity. These are the business segments Transport and Logistics/Infrastructure, Medical Engineering/Life Science, Automation and Measuring Technology and Control Engineering, and Energy and Environmental Technology. INDUS intends to continue expanding in these areas in 2016. In addition, the company will focus on identifying opportunities in structural engineering. The Board of Management believes that potential acquisitions represent the best growth opportunities for 2016, both for the portfolio and for the subsidiaries themselves.

The increased internationalization of existing operations also presents growth opportunities for the portfolio which are to be actively pursued through planned investments (in both property, plant, and equipment and company acquisitions) totaling approximately EUR 125 million. Sales revenues came in slightly higher year-on-year at around EUR 133 million, with an operating EBIT margin of 9.8 %. The financing structure remained stable despite investments in growth. Net debt amounted to EUR 356.3 million, following EUR 345.8 million in 2014. The Group equity ratio at the reporting date was 41.9 % (previous year: 42.0 %), and at the holding company level 59.7 % (previous year: 60.3 %). Overall, the Board of Management deems the Group's position in 2016 stable.

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

FORECAST REPORT

The fragile conditions of the last year have not improved at the start of 2016, in fact, the opposite seems to be true. The stock markets started the year with considerable price drops, caused by the Chinese stock market crash, which was due to constant bad news about the Chinese economy and the ongoing drop in oil prices. This has caused general skittishness to increase. Despite the fact that the fundamental conditions have not deteriorated for Europe, or Germany, since the end of 2015, the German industry is becoming increasingly skeptical. The historic slump in the price of raw materials is a particular burden for the emerging markets, so much so that no momentum can be expected from these in 2016. The geopolitical situation remains unchanged, while expansionary monetary policies aggravate the global economy's susceptibility of plunging into crisis. The stable economy in the USA and the ongoing recovery in the eurozone combined with strong domestic demand in Germany may have a stabilizing effect. Experts currently predict GDP growth of 1.3 % to 1.7 % in 2016. In line with current planning, INDUS expects business in 2016 to be stable, as long as there are no drastic changes in the general conditions.

ECONOMIC OUTLOOK

EARLY INDICATORS FOR 2016 WERE CONFIDENT, BUT UNCERTAINTIES ARE ON THE RISE

The rather unstable macroeconomic situation is reflected in the generally restrained economic expectations. The ifo index for the global economy dropped to 89.6 points in the fourth quarter of 2015, well below its long-term average of 96.1 points[21]. Appraisals of the current situation have not improved since the end of 2015, and expectations are currently being revised. The individual markets present a number of scenarios and heterogeneous developments.

[21] SOURCE: CESIFO WORLD ECONOMIC SURVEY, NOVEMBER 2015

The majority of analysts remain confident about the US market. But the economy will have to manage low raw material prices, which are putting the American fracking industry under an increasing amount of pressure. Then there is the weakness of the emerging markets and the strong US dollar, meaning domestic demand will be alone in driving growth. The 5 % unemployment rate represents, in effect, full employment. The Fed correspondingly increased the base rate for the first time in ten years mid-December 2015, thereby marking an official end to the financial crisis. Economic growth of 2.8 %[22] is expected for North America in 2016.

[22] THE WORLD ECONOMY IN WINTER 2015; SOURCE: KIEL INSTITUTE FOR THE WORLD ECONOMY, DECEMBER 11, 2015; ANY FURTHER INFORMATION ON THE DEVELOPMENT OF THE GLOBAL ECONOMIC GROWTH IBID

China, the growth powerhouse, is struggling noticeably. The Chinese government has begun dismantling excess capacity in the heavy industries and construction, and is looking to new growth sectors, such as high-tech and service. How quickly growth rates in China will recover depends greatly on future economic policy. Despite falling development forecasts, the official growth rates for the People's Republic remain at a high level internationally, at 6.5 %.

The economic climate is at a low in the CIS countries and in Latin America. The main causes for this are the Russian crisis and weak development in Brazil. Due to the lack of any change in the economic situation, a further contraction is expected for Russia. Brazil also slipped into recession in 2015. Both economies are expected to contract further in 2016 (-0.5 % and -1.2 %). The prediction for Mexico is more positive at 3 % economic growth. The South African market, which is relevant for some of the INDUS companies, is expected to grow by 1.5 % in 2016.

The growth forecast for the eurozone is somewhat better than in the previous year: experts forecast growth of 1.5 % to 1.7 % with inflation of 1.6 %. But there is no sign of more noticeable momentum: Unemployment is slowly sinking, and increasing real salaries are driving domestic demand, but corporate investment is not developing as hoped – despite low interest rates and the weak euro. And then there are the political differences: Europe's disagreement on how to handle the refugee crisis, autocratic tendencies in Eastern Europe, and the looming threat of a Brexit.

Hopes are also dwindling for the Swiss economy. The decision of the Swiss central bank to unpeg the Swiss franc from the euro has caused the franc to appreciate by approximately 15 %. This has already had a noticeable impact in 2015 and will continue to dampen Swiss economic developments in the coming year.

According to current estimates by the Institute for the World Economy[23], Kiel, German GDP growth is set to increase by 2.2 % in 2016. In light of the turbulence on the stock markets at the beginning of the year, INDUS was sceptical about these economic forecasts. The Federal government is expecting GDP growth of 1.7 % for 2016. The forecasts made by the German Chambers of Industry and Commerce and the Commerzbank are more cautious; they expect growth of 1.3 %. The ifo business climate index for the commercial economy in Germany also shows a deterioration in sentiment; it sank from 107.3 points in January to 105.7 points in February 2016. This was the third drop in a row. For the first time in a year, the majority of companies were pessimistic about their business perspectives. The current situation, in contrast, was judged to be slightly better.

[23] THE GERMAN ECONOMY IN WINTER 2015, SOURCE: KIEL INSTITUTE FOR THE WORLD ECONOMY, DECEMBER 11, 2015

Worries about the German economy are on the rise, particularly in the industry, even if, superficially, the general conditions for the German economy remain positive: Low interest rates, that we can safely assume will remain low for some time in light of ECB policy, a strong labor market, high domestic demand, which is set to rise further thanks to the refugee crisis, and low raw material prices, all present opportunities. Whether oil prices can turn the tide in the second half of 2016 remains to be seen.

CHANGE IN GROSS DOMESTIC PRODUCT (GPD)	2015 (FORECAST END OF 2014)	2015 (PRELIMINARY CALCULATIONS)	2016 (FORECAST)	2017 (FORECAST)
Economic regions				
Global economy	3.7	3.1	3.4	3.8
Eurozone	1.2	1.5	1.7	2.0
Selected countries				
USA	3.2	2.5	2.8	3.0
China	7.0	6.8	6.5	6.3
India	6.5	7.2	7.2	7.5
Japan	0.8	0.7	1.0	0.5
Germany	1.7	1.8	2.2	2.3

EXPECTED DEVELOPMENTS IN SECTORS RELEVANT TO INDUS: CHINA AND THE US WILL REMAIN CENTRAL GROWTH DRIVERS FOR THE GERMAN SME INDUSTRY

Various industry associations are projecting stable growth for the market segments relevant to the INDUS Group

Business expectations in the **construction industry** are clearly positive, despite the rather strained expectations for the German economy. The sector is expecting growth in sales of 3 %[24] for 2016. The industry associations expect noticeable impulses from residential and public construction. Expectations for commercial construction on the other hand is low, no growth is anticipated here. The importance of residential construction as a driving force will increase once more in 2016. Approximately 290,000 residential properties are expected to come onto the market this year. But again, demand for residential properties will continue to outstrip supply in the cities. As a result of the increasing number of refugees, too, the sector expects annual demand of 400,000 residential properties. A sharp increase is expected in public construction investment in 2016. The federal government's announcement that it will invest in streets, railways, and waterways looks set to push the annual budget for 2018 up to EUR 13 billion. The federal government will also release funds for financially weak communities.

[24] CONSTRUCTION FORECAST 2016: CENTRAL ASSOCIATIONS ANTICIPATE 3 %, SOURCE: GERMAN CONFEDERATION OF SKILLED CRAFTS AND CENTRAL FEDERATION OF THE GERMAN CONSTRUCTION INDUSTRY, JAN. 17, 2016

The global **automotive market** can expect slight growth in 2016[25]. China, the USA, and Western Europe, the three large car markets, will continue to grow according to the sector association – but only marginally. Manufacturers expect growth of 1 % in the US and Western Europe, while growth of just 2 % is expected in China. No significant impulses are expected from the emerging markets. These expectations are supported by the first data from registration statistics. In January 2016, approximately 2 % less cars were made by German manufacturers compared with the same month of the previous year. However, working days were also down. Overall, 6 % more vehicles were registered in Western Europe, and at 1.1 million vehicles, the U.S. market was also on a par with the previous year. The Russian market declined once more in January, tumbling almost 30 %, as did the Brazilian market (-30 %). The medium-term impact of the VW exhaust scandal remains to be seen.

[25] AUTOMOTIVE INDUSTRY FACING INCREASING PRESSURE, SOURCE: DIE ZEIT, DEC. 1, 2015; POSITIVE START TO THE YEAR FOR GERMAN CAR MARKET, SOURCE: VDA, FEB. 15, 2016; POSITIVE START TO THE YEAR FOR CAR MARKET IN WESTERN EUROPE, SOURCE: VDA, FEB. 16, 2016

No strong growth is expected for German **Engineering** in 2016 following the stagnation in 2015[26]. These industrial enterprises will continue to struggle due to the weakness of the Chinese economy and the emerging economies. The trade sanctions imposed against Russia are also having a negative impact on this sector. It remains sceptical and continues to expect no growth in 2016, in the best-case scenario. The sector still foresees incalculable risks. The unresolved crisis in Russia and the Ukraine could cause further setbacks. And little momentum is expected in Europe, although the low euro and the drop in prices of raw materials may improve competitiveness in pricing. As in the previous year, the German engineering sector relies on demand primarily from the USA, which came close to hitting the highest German export statistics last year.

[26] ENGINEERING SUMMIT: VDMA FORECASTS ZERO GROWTH, SOURCE: SCOPE ONLINE, OCT. 14, 2015

Beset with intensifying price pressure from purchasing associations, medical engineering firms are also critical of the austerity policies of insurers and the declining level of payment under Germany's national healthcare insurance system. Discussions regarding the savings that can be made in the health system will continue in 2016, which will drive manufacturers to increase innovation. However, the market for health and medical products is expected to grow continually overall. After the USA, Germany and Japan represent the largest medical technology markets in the world[27]. According to a study organized by the Hamburg Institute of International Economics (Hamburgisches Weltwirtschaftsinstitut (HWWI))[28], demand for medical technology will increase between 3 % and 4 % in the industrial countries by 2020.

[27] MEDICAL ENGINEERING SECTOR REPORT 2016 SOURCE: BVMED

[28] CONFIDENCE IN THE MEDICAL ENGINEERING SECTOR SOURCE: FAZ ARTICLE DATED JAN. 6, 2011

The German **metals and electronics industry** is facing 2016 with skepticism[29]. A slight rise in incoming orders is providing hope that the situation may stabilize. However, sentiment has deteriorated according to the most recent ifo surveys in January 2016; the business outlook for the next six months has tumbled by almost 10 percentage points. The current appraisal of future perspectives is one of restraint. Following a phase of declining manufacturing prices, the markets did manage to stabilize again. However, the price increase began to subside finally. Domestic investments are important to further business development. There is a weak spot in the domestic economy, carried primarily by the stable labor market and private consumer demand. Investors' uncertainty due to the various crises around the world and the labor market and social policies in Germany has not been overcome.

[29] ECONOMIC SITUATION FOR THE M+E INDUSTRY IN WINTER 2015 SOURCE: FEDERATION OF GERMAN EMPLOYERS' ASSOCIATIONS GESAMTMETALL, FEB. 15, 2016

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

OBJECTIVES AND FOCUS IN 2016 AND 2017: PORTFOLIO GROWTH AND ADDITIONAL ORGANIC GROWTH AT PORTFOLIO COMPANIES DESPITE CHALLENGING CONDITIONS

INDUS's main focus in fiscal 2016 and 2017 will be on maintaining and, in individual cases, improving the performance of the portfolio companies. We will continue to seek out strategic expansion acquisitions for this purpose. As always, INDUS will also seek out opportunities to expand the portfolio with acquisitions at portfolio level. We will be prioritizing the medical engineering and structural engineering sectors in 2016, in addition to the future sectors already defined. We will therefore continue to pursue the COMPASS 2020 growth strategy, which was kicked off in 2012. The plan is for further organic growth in the portfolio and additional acquisitions. German GDP growth continues to set the benchmark for organic growth.

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

More hidden champions will be added to the portfolio in 2016; the Board of Management intends to purchase several SMEs per year and has earmarked funds of EUR 50 million for this purpose. However, the companies must fulfill INDUS's target criteria, and the acquisitions must be able to be completed in accordance with INDUS's evaluation parameters.

The performance of the INDUS Group in 2016 will depend considerably on the global macroeconomic environment. Several indicators are pointing to some amount of uncertainty. Industry associations are expecting a difficult environment for the mechanical engineering and metals technology sectors in particular. Merely marginal growth is expected in the automotive technology sector; this sector is especially dependent on developments on the US and Chinese markets. The outlook for the construction industry and medical engineering sector is more positive.

BUSINESS OUTLOOK: GLOBAL ECONOMY SUFFERING SLIGHT CRISIS, DESPITE A LACK OF CHANGE IN CIRCUMSTANCES

The recovering eurozone can currently be expected to deliver slight impulses for business developments in the INDUS Group in 2016. And then there is also the stable economic outlook in the USA. But the global economic climate in 2016 will be dominated by developments in China, the USA, and developments on the oil markets. The lack of incentive caps from OPEC, the removal of sanctions against Iran, and the fracking boom in the US have pushed oil prices down to their lowest level in 13 years. This is now also starting to have an impact on countries such as Canada, Norway, and Saudi Arabia, which in turn is having a strong effect on the global investment climate. In light of these factors, INDUS expects international business to become more challenging.

Due to turbulence on the stock market, sentiment indicators took a turn for the worse in Germany at the beginning of 2016. The Board of Management's assessment of business is therefore cautious overall.

Their assessment regarding developments in Switzerland is rather negative. The appreciation of the franc in January 2015 has severely damaged the competitiveness of Swiss industry. INDUS holds four Swiss companies that are affected to varying degrees.

The ongoing Russian crisis is also having an impact on business, even if only to a minor extent. Portfolio companies that record any business with Russia at all have lost virtually all of it. Planning for 2016 contains no sales opportunities in Russia due to the continuing embargo by the West and the Russian recession.

For 2016, INDUS is again setting itself the target of growing faster than the market. The benchmark will be growth in German gross domestic product (GDP). Despite the increasingly gloomy outlook, INDUS expects organic growth of 1.5 % to 2 % for 2016. Overall, the Group expects sales to amount to EUR 1.4 billion. This depends on general conditions not deteriorating over the course of the year, and no significant economic collapses in individual markets or a global slowdown in the business climate. Acquisitions are not factored into the sales and earnings targets. Operating earnings (EBIT) are expected to range between EUR 134 million and EUR 138 million. The order situation at the end of 2015 supports this forecast. The costs of materials and energy are also expected to remain unchanged over the course of the year. INDUS is anticipating a similar cost of materials ratio. Significant increases will affect personnel costs, this is due to the wage settlements in the metals and electronics sector and more upcoming wage agreements (IG Metall is currently demanding increases of 5 %). The Board of Management does not expect to be able to fully compensate this increase in salaries. Depreciations for 2016 will also increase slightly again.

SEGMENT OUTLOOK FOR 2016: MOSTLY STABLE BUSINESS EXPECTATIONS

In light of the good economic outlook for the construction industry, INDUS expects single-digit growth in the **Construction/Infrastructure** segment; the announced investments in public and private residential construction mean it should be possible to maintain the previous year's positive margin situation.

Following the measures taken, the earnings situation in the **Automotive Technology** segment improved noticeably in the last few years. The deterioration in the margin in the past fiscal year was particularly due to the one-off effect at one of the portfolio companies (failed series start-up). It remains to be seen whether the automotive market will develop as stably as forecasted in 2016; INDUS also anticipates consequences from the VW exhaust scandal, that have not materialized as yet. Overall, the companies in this segment are currently confident and anticipate moderate growth. The operating result is expected to improve noticeably.

2016 will also remain challenging for the **Engineering** segment. The segment companies have achieved a margin of more than 13 % in the current year, a development largely made possible by a few very successful portfolio companies. With the discontinuation of operations at SEMET we have freed ourselves of an unprofitable business. Sales and earnings from the new portfolio company IEF were only partially consolidated in the 2015 fiscal year. The company will be fully consolidated in 2016, however, the result will be influenced by depreciation on first-time consolidation. Segment sales will therefore increase more than the operating result.

INDUS expects no material changes in the **Medical Engineering/Life Science** segment. The segment anticipates a moderate rise in demand and a proportional earnings performance. Due to the full consolidation of the new acquisition, RAGUSE, sales should rise somewhat more strongly, as should the operating earnings.

In the **Metals Technology** segment, INDUS expects business to be mostly stable in 2016. Processing problems in powder metallurgy have been identified, however, internal improvement projects are still ongoing, which will likely result in additional costs. The restructuring projects are also ongoing at the two Swiss companies, which means only below average earnings contributions can be expected in 2016. INDUS expects solid business in carbide tools and blasting agents to counteract this. Sales should therefore be on a par with the previous year. An improvement in the margin is being targeted, but this may prove near impossible to achieve in light of the difficult sector environment.

EXPECTED FINANCIAL POSITION: FOUNDATION LAID FOR FURTHER GROWTH

INDUS expects to post a good cash flow from operating activities in 2016 on the back of stable income and earnings. Capital expenditure on property, plant and equipment, and intangible assets is expected to total around EUR 75 million in 2016 (excluding acquisitions). Cash will mostly be used for investing in innovation and efficiency as well as the further expansion of foreign locations. INDUS intends to maintain this level over the medium term. Moreover, the company intends to make further specific acquisitions to expand the portfolio in line with its strategy and move into additional growth sectors. To this end, the company has earmarked capital expenditure of up to EUR 50 million, assuming suitable acquisition targets are found.

Liquidity of over EUR 130 million and the expected operating cash flow should allow INDUS to largely finance its growth strategy again in 2016, without depending on banks. Investments in property, plant, and equipment, and dividend payments will be financed from the cash flow from operating activities and cash and cash equivalents at hand. The equity ratio will be held stable at more than 40% in 2016 and 2017. Depending on the acquisition opportunities on the market, INDUS may borrow additional funds. The debt redemption period based on EBITDA is also intended to remain in the target range of 2.0 to 2.5 years in 2016. The repayments due in 2016 are already largely covered by confirmed new credits; in general, INDUS enters into long-term agreements for loans (i.e. with an average term of seven to eight years). INDUS intends to leave its current balance sheet ratios unchanged in the long term.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

IN EUR '000	NOTES	**2015**	2014
SALES	[7]	**1,388,857**	**1,255,723**
Other operating income	[8]	19,900	21,897
Own work capitalized	[9]	5,714	7,332
Change in inventories	[10]	7,037	9,511
Cost of materials	[11]	–651,562	–598,204
Personnel expenses	[12]	–392,012	–349,010
Depreciation and amortization	[13]	–50,103	–47,970
Other operating expenses	[14]	–192,461	–173,717
Income from shares accounted for using the equity method		691	1,383
Other financial result	[15]	244	241
OPERATING RESULT (EBIT)		**136,305**	**127,186**
Interest income		583	705
Interest expenses		–27,593	–27,186
NET INTEREST	[16]	**–27,010**	**–26,481**
EARNINGS BEFORE TAXES		**109,295**	**100,705**
Taxes	[17]	–41,008	–33,420
Income from discontinued operations	[6]	0	–3,971
EARNINGS AFTER TAXES		**68,287**	**63,314**
of which allocable to non-controlling shareholders		355	172
of which allocable to INDUS shareholders		67,932	63,142
Basic earnings per share in EUR (continued oprations)	[18]	2.78	2.74
Diluted earnings per share in EUR (continued oprations)		2.78	2.74

STATEMENT OF INCOME AND ACCUMULATED EARNINGS

IN EUR '000	2015	2014
EARNINGS AFTER TAXES	**68,287**	**63,314**
Actuarial gain or loss	-683	-4,971
Deferred taxes	282	1,431
Items not reclassifed to profit or loss	**-401**	**-3,540**
Currency translation adjustment	4,608	1,959
Change in the market values of derivative financial instruments (Cashflow hedge)	2,454	-1,726
Deferred taxes	-388	273
Items to be reclassifed to profit or loss	**6,674**	**506**
OTHER EARNINGS	**6,273**	**-3,034**
OVERALL RESULT	**74,560**	**60,280**
of which non-controlling interests	355	172
of which allocable to INDUS shareholders	74,205	60,108

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IN EUR '000	NOTES	**DEC. 31, 2015**	DEC. 31, 2014
ASSETS			
Goodwill	[19]	394,802	368,239
Other intangible assets	[20]	58,828	44,029
Property, plant, and equipment	[20]	334,846	306,818
Investment property	[20]	5,924	6,131
Financial assets	[21]	19,272	10,526
Shares accounted for using the equity method	[22]	8,036	7,033
Other noncurrent assets	[23]	3,484	1,685
Deferred taxes	[24]	2,671	3,482
Noncurrent assets		**827,863**	**747,943**
Inventories	[25]	281,612	265,690
Accounts receivable	[26]	160,744	162,091
Other current assets	[23]	14,952	12,282
Current income taxes	[24]	2,412	3,890
Cash and cash equivalents		132,195	116,491
Current assets		**591,915**	**560,444**
TOTAL ASSETS		**1,419,778**	**1,308,387**
EQUITY AND LIABILITIES			
Subscribed capital		63,571	63,571
Capital reserve		239,833	239,833
Other reserves		289,375	244,511
Equity held by INDUS shareholders		**592,779**	**547,915**
Non-controlling interests in the equity		2,651	1,957
Equity	[27]	**595,430**	**549,872**
Provisions for pensions	[28]	28,055	27,174
Other noncurrent provisions	[29]	1,917	1,561
Noncurrent financial liabilities	[30]	376,935	367,935
Other noncurrent liabilities	[31]	51,772	49,844
Deferred taxes	[24]	37,449	33,165
Noncurrent liabilities		**496,128**	**479,679**
Other current provisions	[29]	62,263	52,014
Current financial liabilities	[30]	111,616	94,381
Trade accounts payable		46,748	47,942
Other current liabilities	[31]	99,064	77,836
Current income taxes	[24]	8,529	6,663
Current liabilities		**328,220**	**278,836**
TOTAL EQUITY AND LIABILITIES		**1,419,778**	**1,308,387**

CONSOLIDATED STATEMENT OF EQUITY

IN EUR '000	SUBSCRIBED CAPITAL	CAPITAL RESERVE	RETAINED EARNINGS	OTHER EARNINGS	EQUITY HELD BY INDUS SHAREHOLDERS	INTERESTS ALLOCABLE TO NON-CONTROLLING SHAREHOLDERS	GROUP EQUITY
BALANCE DEC. 31, 2013	**63,571**	**239,833**	**216,024**	**-4,725**	**514,703**	**627**	**515,330**
Income after taxes			63,142		63,142	172	63,314
Earnings				-3,034	-3,034		-3,034
Overall result			**63,142**	**-3,034**	**60,108**	**172**	**60,280**
Dividend payment			-26,896		-26,896	-154	-27,050
Changes to scope of consolidation						1,312	1,312
BALANCE DEC. 31, 2014	**63,571**	**239,833**	**252,270**	**-7,759**	**547,915**	**1,957**	**549,872**
BALANCE DEC. 31, 2014	**63,571**	**239,833**	**252,270**	**-7,759**	**547,915**	**1,957**	**549,872**
Income after taxes			67,932		67,932	355	68,287
Earnings				6,273	6,273		6,273
Overall result			**67,932**	**6,273**	**74,205**	**355**	**74,560**
Capital increase						48	48
Dividend payment			-29,341		-29,341	-90	-29,431
Changes to scope of consolidation						381	381
BALANCE DEC. 31, 2015	**63,571**	**239,833**	**290,861**	**-1,486**	**592,779**	**2,651**	**595,430**

CONSOLIDATED STATEMENT OF CASH FLOWS

IN EUR '000	2015	2014
Income after taxes generated by continuing operations	68,287	67,285
Depreciation/Write-ups of noncurrent assets (excluding deferred taxes)	50,103	46,504
Gains (–)/losses (+) from the disposal of assets	–117	–127
Taxes	41,008	33,420
Net interest	27,010	26,481
Cash earnings of discontinued operations	0	–799
Income from companies accounted for using the equity method	–691	–1,383
Other non-cash transactions	–793	–3,932
Changes in provisions	8,314	1,343
Increase (–)/Decrease (+) in inventories, trade accounts and other assets	1,118	–4,710
Increase (+)/Decrease (–) in trade accounts and other liabilities	2,146	–22,945
Income taxes received/paid	–39,063	–36,892
Dividends received	19	140
Operating cash flow	**157,341**	**104,385**
Interest paid	–26,982	–18,129
Interest received	583	705
Cash flow from operating activities	**130,942**	**86,961**
Cash outflow from investments in		
intangible assets	–8,740	–7,461
property, plant, and equipment	–64,314	–58,279
financial assets and shares accounted for using the equity method	–10,973	–769
shares in fully consolidated companies	–34,326	–31,416
Cash inflow from the disposal of other assets	5,585	2,831
Cash flow from investing activities of discontinued operations	0	–140
Cash flow from investing activities	**–112,768**	**–95,234**
Cash inflows from non-controlling shareholders	48	0
Dividends paid to shareholders	–29,341	–26,896
Dividends paid to non-controlling shareholders	–90	–154
Cash inflows from the assumption of debt	126,891	158,305
Cash outflows from the repayment of debt	–100,657	–123,060
Cash flow from financing activities	**–3,149**	**8,195**
Net cash change in financial facilities	15,025	–78
Changes in cash and cash equivalents caused by currency exchange rates	679	648
Cash and cash equivalents at the beginning of the period	116,491	115,921
Cash and cash equivalents at the end of the period	**132,195**	**116,491**

NOTES

BASIC PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENT

[1] GENERAL INFORMATION

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

INDUS Holding AG prepared its consolidated financial statements for the fiscal year from January 1, 2015, to December 31, 2015, in accordance with International Financial Reporting Standards (IFRS) and interpretations of these standards by the International Financial Reporting Interpretations Committee (IFRIC) as applicable in the European Union (EU).

The statement of income was prepared using the total cost method. The statement of financial position is structured according to current/noncurrent status of assets and liabilities.

The consolidated financial statements are prepared in euros (EUR). Unless otherwise indicated, all amounts are stated in thousands of euros (EUR '000). Each figure has been rounded according to normal commercial practice; this may lead to slight discrepancies when figures are added together.

The consolidated financial statements are prepared using historical cost accounting, with the exception of balance sheet items which must be carried at fair value. The financial statements of the companies included in the scope of consolidation were prepared as of the reporting date of INDUS Holding AG and are based on uniform accounting and valuation methods. Pursuant to Section 315a of German Commercial Code (HGB), INDUS Holding AG is obligated to prepare its consolidated financial statements in compliance with IFRS. The basis for this is Directive No. 1606/2002 of the European Parliament and Council on the application of international accounting standards in the European Union. Information that must be included in the Notes in accordance with the German Commercial Code (HGB) and goes beyond what is mandatory under IFRS is presented in the Notes to the consolidated financial statements as well. The financial statements were prepared by the Board of Management on March 24, 2016. The Supervisory Board approved the consolidated financial statements at the Board meeting on April 8, 2016.

[2] APPLICATION AND IMPACT OF NEW AND REVISED STANDARDS

All standards whose application was mandatory as of December 31, 2015, were observed. No use was made of the discretionary right to apply standards before they become mandatory.

MANDATORY STANDARDS AND INTERPRETATIONS TO BE APPLIED FOR THE FIRST TIME IN THE 2015 FISCAL YEAR

The following standards and interpretations were applied for the first time in the 2015 fiscal year:

- In December 2013, the IASB published the **"Annual Improvements to IFRS's 2011–2013 Cycle."** The following standards were affected: IFRS 1, IFRS 3, IFRS 13, and IAS 40.
- On May 20, 2013, **IFRIC 21 "Levies"** was issued.

The first application of the amended standards and new interpretations listed above have had no effect on the net assets, financial and earnings position of INDUS.

STANDARDS PUBLISHED UP TO DECEMBER 31, 2015, WHICH WERE NOT APPLIED EARLY IN THESE FINANCIAL STATEMENTS

- **IFRS 15 "Revenue from Contracts with Customers"** will apply for the first time from January 1, 2018. The new standard for recognizing revenue contains new regulations, particularly affecting the following areas:
  - Revenue is recognized as control is passed: The time point or period of the transfer of control is now decisive for revenue recognition, and no longer the transfer of risks and opportunities, as it previously was
  - Regulations on multiple performance
  - New regulations on revenue recognition over time frame

Revenue recognition based on time frame will have a particular impact for INDUS. We assume that the scope of time-frame revenue recognition will not deviate materially from the current POC recognition method. As of December 31, 2015, the order backlog at INDUS amounted to EUR 186,488,000 and consisted of customer-specific construction contracts as defined in IAS 11.

The other areas affected will also have an impact on INDUS. Due to the heterogeneous nature of INDUS's portfolio companies, we cannot currently make any statements regarding the expected scope.

- **IFRS 9 "Financial instrument"** will be applied by INDUS for the first time on January 1, 2018. IFRS 9 is the successor to IAS 39 and is intended to simplify existing regulations:
  - Uniform approach to classifying and evaluating the value of financial assets

- New impairment model that will be based on expected credit losses
- Simplified regulations for hedge accounting and expansion of the application area for basic hedging transactions

If and to what extent the other new/amended standards or interpretations to be applied in future will result in adjustments to the net asset, financial, and earnings position is currently being examined.

[3] PRINCIPLES OF ACCOUNTING

CONSOLIDATION PRINCIPLES

Capital consolidation is carried out in accordance with the purchase method. Assets, liabilities, and contingent liabilities are measured at their fair value as of the time of purchase for business combinations. Goodwill is determined as the difference between the acquisition costs of the business combination and the purchaser's share of the fair values of the acquired assets, liabilities, and contingent liabilities. Positive goodwill is not amortized, but rather tested at least once annually for impairment. Negative differences are immediately charged against income. Positive goodwill is carried in the functional currency of the acquired subsidiary/group.

When acquired companies are included in the scope of consolidation for the first time, the carrying amount of the investments in the holding company's accounts is offset against assets and liabilities. In the subsequent periods, the carrying amount of the holding company's investment is offset against the carrying amount of the subsidiaries' net equity. Contingent purchase price components are measured at fair value on the acquisition date if they are likely to be realized and the amounts can be reliably estimated. Changes in their amounts are recorded through profit and loss in the subsequent periods. Incidental acquisition costs incurred in acquiring the investment are not included in the purchase price allocation. Instead, they are recognized as expenses in the period of acquisition.

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

Receivables and liabilities as well as expenses and income between consolidated companies are offset against each other. Intercompany results are eliminated from inventories and noncurrent assets. Deferred taxes are recognized for consolidation adjustments affecting net income.

CURRENCY TRANSLATION

Foreign currency transactions in the individual financial statements are translated into the functional currency of the individual company at the exchange rates prevailing at the time of the transaction. Monetary items are measured through profit and loss at their fair values as of the reporting date using the average spot exchange rate.

In accordance with the concept of functional currency, companies located outside of the eurozone prepare their financial statements in the currency of the country in which they are domiciled. For assets and liabilities, these financial statements are translated into euros using the exchange rate prevailing on the reporting date. Except for items recognized directly in equity, equity is carried at historical rates. Items in the statement of income are translated at average exchange rates and any resultant currency adjustments up until disposal of the subsidiary are recognized with no effect on the statement of income. The exchange rates used are shown in the following table:

		Exchange rate as of reporting date		Average exchange rate	
	1 EUR =	**Dec. 31, 2015**	Dec. 31, 2014	**2015**	2014
United Arab Emirates	AED	3.988	4.443	4.059	4.518
Brazil	BRL	4.312	3.221	3.639	3.122
Canada	CAD	1.512	1.406	1.416	1.467
Switzerland	CHF	1.084	1.202	1.067	1.215
China	CNY	7.061	7.536	6.969	8.188
Czech Republic	CZK	27.023	27.735	27.283	27.536
Denmark	DKK	7.463	7.445	7.459	7.455
Great Britain	GBP	0.734	0.779	0.726	0.806
South Korea	KRW	1,280.780	1,324.800	1,254.234	1,399.022
Morocco	MAD	10.751	10.915	10.818	10.986
Mexico	MXN	18.915	17.868	17.560	17.662
Poland	PLN	4.264	4.273	4.182	4.184
Romania	RON	4.524	4.483	4.445	4.444
Serbia	RSD	121.913	121.381	120.352	117.245
Singapore	SGD	1.542	1.606	1.524	1.683
Turkey	TRY	3.177	2.832	3.009	2.907
USA	USD	1.089	1.214	1.109	1.329
South Africa	ZAR	16.953	14.0353	14.077	14.406

In the presentation of the development of noncurrent assets, provisions, and equity, the opening and closing balances are translated using the exchange rates prevailing on the reporting date, while changes during the year are translated using the average exchange rate. Any resultant exchange rate differences are reported separately with no effect on the statement of income.

ACCOUNTING AND VALUATION

Goodwill is not amortized due to its indefinite life; impairment testing is performed at least once annually. This testing involves comparing the recoverable value, which is the higher of value in use or fair value less costs to sell, with the carrying amount of the cash generating unit.

Goodwill is tested for impairment at the level at which this is reasonable from an economic point of view, and possible. In most cases, goodwill is attributed to the portfolio companies and their subsidiaries (cash generating units). These are the operating units which are listed in the Notes. In the few cases in which there is a close trading relationship between these companies, they are combined to form operating units and goodwill is tested for impairment on this basis.

The goodwill recognized in the purchase price allocation is distributed across 42 cash generating units (previous year: 41). No individual goodwill amount is significant within the meaning of IAS 36.134.

Purchased **intangible assets** are measured at cost and amortized using the straight-line method over their useful lives of three to ten years, provided that these are determinable. Internally generated intangible assets which fulfill the criteria of IAS 38 are capitalized at cost. Otherwise the expenses are recognized through profit and loss in the year in which they come into being. The assets are amortized upon commencement of their use, and this is done using the straight-line method over five to fifteen years.

Property, plant, and equipment are measured at cost less depreciation and, if applicable, impairment. In accordance with the actual structure of their useful lives, the straight line depreciation method is applied. Investment subsidies are recorded as liabilities and reversed over their useful lives. The cost of self-constructed property, plant, and equipment consists of the direct costs and appropriate allocations of relevant overheads. Interest is included in accordance with IAS 23. Expenses for maintenance and repairs are charged against income, unless they must be capitalized. Depreciation periods are based primarily on the following useful lives.

	YEARS
Buildings	20 to 50
Improvements	8 to 20
Technical equipment, plant, and machinery	5 to 15
Factory and office equipment	3 to 15

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

Land and buildings owned to generate rental income and enhance value are classified as **property held as financial investments**. These assets are measured at amortized cost. Depreciation and useful lives correspond to those of owner-occupied real estate as a rule. Fair value is determined as value in use applying internal calculations for reference. The value in use of real estate is estimated based on fixed rental and lease agreements; after agreement expiry, plausible assumptions are applied regarding future use.

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

Inventories are measured at the lower of cost or net realizable value. Cost encompasses direct costs and proportional overheads. Overheads are generally allocated on the basis of actual capacity, if this basically corresponds to normal capacity. Raw materials and goods for resale are measured using the average cost method.

Construction contracts are recognized using the percentage of completion (POC) method. Contract revenue and profit are not recognized upon transfer of risk, but rather by degree of completion. Revenue from the contract agreed with the customer and the anticipated costs of the contract are taken as the basis. The percentage of completion is calculated on the basis of the ratio of costs incurred to the total costs of the contract.

Anticipated losses from construction contracts are recognized as expenses as soon as they are identified; first impairments are recorded on assets and then, if applicable, provisions are additionally formed. If the result of a construction contract is not yet certain, revenue is recognized only in the amount of the contractual costs that have been incurred.

Financial instruments are contracts which simultaneously result in a financial asset at one company and a financial liability or equity instrument at another company. In the event of a normal purchase, financial instruments are recognized on the date of performance, i.e. the date on which the asset is delivered. When measured for the first time, they are stated at fair value. Subsequent asset valuations are carried out applying following four categories: “measured at fair value through profit or loss,” “held to maturity,” “loans and receivables,” and “available for sale.” Financial liabilities are recognized in the two categories “measured at fair value through profit or loss” and “measured at amortized cost.” The fair value option is not used.

The market values of financial instruments are determined on the basis of market information available on the reporting date or by using accepted valuation methods, such as the discounted cash flow method, and by confirmations from the banks carrying out the transactions. The interest rates employed are adjusted to the term and risk of the underlying financial instrument.

Non-derivative financial instruments: Loans and receivables, liabilities, and financial investments held to maturity are measured at amortized cost. Financial assets available for sale are stated at fair value. Changes in fair value are recognized in equity with no effect on profit or loss, taking deferred taxes into account. Changes in the fair value of financial instruments which are designated as “measured at fair value through profit or loss” have a direct effect on the results for the period.

Investments stated under **financial assets** are generally carried at cost, as no quoted market price exists for such investments and a fair value cannot be reliably determined at a reasonable cost. Associated companies in which the INDUS Group exercises significant influence (usually by holding between 20 % and 50 % of the voting rights) are accounted for using the equity method. When measured for the first time, they are stated at cost. In the subsequent measurement, the carrying amount is adjusted by the proportional changes in the associated company’s equity.

Receivables and other assets are stated at amortized cost; for current receivables the carry amount is the nominal amount. Individual risks are taken into account with appropriate valuation allowances. General credit risks are recognized by means of portfolio-based valuation allowances for receivables which are based on past experience or more up-to-date knowledge. Generally, valuation allowances for receivables are recognized in separate accounts.

For current receivables and liabilities, the amortized costs essentially correspond to the net realizable cost or the settlement amount.

Derivative financial instruments are used at INDUS to hedge underlying transactions based on future cash flows.

Derivatives employed as hedging instruments are primarily interest-rate swaps or currency forward contracts. The prerequisite for hedge accounting is that the hedge between the underlying transaction and the hedge instrument is effective and that this is documented and continuously monitored.

The statement of documented hedges depends on the type of relationship in question. Where the fair values of statement of financial position items are being hedged (fair value hedges), the underlying transaction and the hedge transaction are recognized through profit or loss with counteracting effects. In the case of cash flow hedges, the change in the fair value is recorded in equity with no effect on income, taking all deferred taxes into account. This position is reversed with effect on income either upon completion of the underlying transaction, or when it is ascertained that the hedge is ineffective.

For the evaluation of the hedges described above, the market values were measured using only market-related valuation methods in the last two fiscal years. These correspond to the level 2 procedures. The market interest rate on the reporting date is used as the input factor for measuring interest-rate swaps.

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

For the evaluation of call and put options recognized at **fair value** market-related observable input factors (level 2) and internal data (level 3) were used. The market interest rate as of the reporting date, contractually agreed EBIT multiples, and individual planning of the companies acquired are used as the input factor for measuring the fair value of contingent purchase price liabilities. Generally, call and put options are allocated to level 3.

Discontinued operations are operations that can be isolated and have been shut down. The result of the shut-down operation is stated as "Income from discontinued operations."

Pension obligations are based on defined contribution and defined benefit plans of varying design.

The expenses from defined contribution plans relate to payments by INDUS to external institutions, without any additional obligations for the beneficiary being entered into.

With defined benefit obligations, pensions and other post-employment benefits are calculated using the projected unit credit method. Future obligations are measured based on the benefit claims earned pro rata up to the reporting date and, thereby, reflect the proportion of benefit obligations that has been recognized with an effect on income up to that date. The valuation takes account of assumptions about the future development of several different parameters, in particular increases in salaries and pensions. The interest rate used for discounting future claims is the market rate for risk-adjusted long-term investments with similar maturities. For every pension plan, the projected benefit obligation is reduced by the fair value of the qualified plan assets. Differences between actuarial assumptions and actual change in the underlying parameters used to calculate projected unit credits and the fair value of plan assets give rise to actuarial gains and losses. These actuarial gains or losses are recognized directly in equity via the change in consolidated equity and recorded on the statement of income and accumulated earnings (comprehensive income) and in pension provisions.

Other provisions are calculated for existing legal or constructive obligations to third parties relating to past events, in respect of which it is probable that an outflow of resources will be required and for which it is possible to make a reliable estimate of the amount of the obligation. The settlement amount is calculated on the basis of the best possible estimation. Provisions are discounted when the outflow of resources is classified as long-term and the effect of this is significant. Individual provisions are formed for known loss and/or damage. Provisions for product warranties are calculated for the sales bearing a warranty and the relevant warranty period, based on past experience. Provisions for outstanding invoices, pending losses on contracts, and other obligations from sales activities are calculated on the basis of the services to be rendered. Tax provisions are accrued on the basis of reasonable estimates for uncertain obligations to national tax authorities.

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

Deferred taxes are identified for all temporary differences between the value recognized in the IFRS statement of financial position and the corresponding tax bases of assets and liabilities in accordance with the balance sheet approach. Temporary differences arise when the realization of the asset or settlement of the liability leads to income or expenses that diverge from a fiscal point of view. Deferred taxes on goodwill are formed only to the extent that they are tax-deductible. This is generally the case for German limited partnerships.

Deferred taxes must be calculated even if the realization of this goodwill, e.g. via the disposal of the respective limited partnership, is not planned. This leads to a permanent accrual of deferred tax liabilities at INDUS.

Deferred tax assets are recognized as soon as it is probable that sufficient taxable income against which the deductible temporary difference can be offset will be available. With tax loss carryforwards, this is the case either when it is possible that sufficient taxable income will be available over a planning horizon of five years or when nettable deferred tax liabilities of a corresponding amount can be offset against a sufficiently taxable income in future.

Deferred taxes are measured using the tax rate valid for the periods in which the differences are expected to be reversed. Regardless of maturities, deferred taxes are not to be discounted. Deferred taxes are recognized on the basis of the tax rates prevailing or approved in the various countries, in accordance with the current legal position. In Germany, a corporate income tax rate of 15 % applies. The tax rate on earnings for companies based in Germany amounts to 29.6 % (previous year: 28.8 %) based on a trade tax assessment multiplier of 395 % and solidarity surcharge of 5.5 %. Foreign tax rates remain between 19 % and 39 %.

As part of **revenue recognition**, sales revenues are recorded when services have been provided or goods/products delivered, the risk having thereby passed to the customer. Rebates are deducted from sales revenues. The general prerequisite of this is that the amount of income can be reliably determined and that there is sufficient certainty that INDUS will derive economic benefits from this. Revenues from services are recorded based on progress if the corresponding conditions are met. Earnings from construction contracts are recognized in accordance with stage of completion. Dividend income on equity shares is recognized when a legal claim to payment arises.

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

Virtual **stock options** (stock appreciation rights) granted as part of the long-term incentive program are classified as “share-based remuneration with cash settlement.” Provisions are formed for these and measured at the fair value of the commitments.

The **Statement of Cash Flows** is divided into the sections “Cash flows from operating activities,” “Cash flows from investing activities,” and “Cash flows from financing activities” in accordance with the provisions of IAS 7. Interest and dividends received are assigned to cash flows from operating activities. Financial facilities on hand are equivalent to the statement of financial position item “Cash and cash equivalents” and include demand deposits and cash on hand. Cash flows from operating activities are determined using the indirect method. Operating expenses and income with no effect on net cash are eliminated from cash flows from operating activities.

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

Items on the statement of financial position are influenced by uncontrollable future events. This can result in bad debt losses, affect the useful lives of intangible assets or property, plant, and equipment, or similar; these are all risks inherent with commercial activity. The recognition of such items in the accounts is based on many years' experience and the assessment of current conditions.

Systemic uncertainties derive from statement of financial position items in respect of which anticipated future cash flow series are discounted. The course of such cash flow series depends on future events about whose trends assumptions must be made. Future interest rate levels can also affect the calculation of cash flow considerably. This is particularly the case in testing assets and cash generating units for impairment, and calculating pension provisions using the projected unit credit method. Future cash flow projections are also applied to determine at what amount to value deferred tax assets.

Other relevant uncertainties result from items that must be measured on the basis of a range of possible future circumstances. This applies in particular to other provisions and comparable obligations. Extensive accounting experience is very important in this regard, but it still regularly occurs that provision amounts in the financial statements have to be adjusted upward or downward.

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

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

For fiscal 2016 we do not on the whole anticipate events requiring material adjustment to balance sheet items in these financial statements. The assumptions made regarding conditions in the general economy and relevant markets in particular have been discussed in detail in the Forecast Report.

[4] SCOPE OF CONSOLIDATION

In the consolidated financial statements, all subsidiary companies are fully consolidated if INDUS Holding AG has the direct or indirect possibility of controlling the companies' financial and business policy for the benefit of the INDUS Group. Control is in evidence if a company can exercise power of disposition on its subsidiaries and is subject to variable return flows and has the possibility of using its power of disposition to influence the amount of return flows. Associated companies whose financial and business policies can be significantly influenced are consolidated using the equity method. Companies purchased during the course of the fiscal year are consolidated as of the date on which control over their finance and business policy is transferred. Companies which are sold are no longer included in the scope of consolidation as of the date on which the business is transferred.

FULLY CONSOLIDATED SUBSIDIARIES	GERMANY	ABROAD	TOTAL	OF WHICH SHAREHOLDINGS LESS THAN 100 %
Dec. 31, 2015				
Construction/Infrastructure	25	6	31	2
Automotive Technology	30	11	41	9
Engineering	23	17	40	11
Medical Engineering/Life Science	6	9	15	7
Metals Technology	15	8	23	3
Others	8	0	8	1
Total	**107**	**51**	**158**	**33**
Dec. 31, 2014				
Construction/Infrastructure	24	2	26	2
Automotive Technology	30	10	40	6
Engineering	24	12	36	8
Medical Engineering/Life Science	5	6	11	4
Metals Technology	15	7	22	3
Others	7	0	7	1
Total	**105**	**37**	**142**	**24**

The material operating subsidiaries are presented in the chapter "Further information". The complete list of shareholdings pursuant to Section 313 of the German Commercial Code, which is part of the Notes to the consolidated financial statements, is published electronically together with the consolidated financial statements in the German Federal Gazette.

The carrying amount of non-controlling interests amounts to EUR 2,651,000 (previous year: EUR 1,957,000). None of the non-controlling interests are in themselves material.

If minority shareholders have a right to tender as of the time of the first-time consolidation and INDUS is unable to revoke this right but can combine it with a call option, economic ownership will remain with INDUS and the respective shares will be fully consolidated and recognized at fair value as contingent purchase price liability. As of the reporting date, purchase price liabilities from minority interests with a right to tender were recognized in the amount of EUR 49,611,000 (previous year: EUR 39,757,000). In all material instances, purchase price models ensure that the shares can be valued objectively taking company-specific risk structures into account, thereby facilitating the exchange of non-controlling interests at fair value. As a rule, both of the contractual parties can exercise the options at contractually determined times.

On December 31, 2015, the scope of consolidation encompassed 34 fully limited liability companies which constitute a "unit company" with the related commercial partnership (December 31, 2014: 34 fully limited liability companies).

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

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

Six (previous year: eight) subsidiaries which were of subordinate significance for the consolidated financial statements due to small size or minimal business activity are recognized at amortized cost as per IAS 39 (Financial Instruments: Recognition and Measurement) because there is no active market for them and their fair values cannot be ascertained with reasonable effort.

[5] BUSINESS COMBINATIONS

DISCLOSURES ON FIRST-TIME CONSOLIDATION FOR THE CURRENT FISCAL YEAR

NEA

Through a contract dated May 13, 2015, OFA Bamberg GmbH acquired 100 % of the shares in the Dutch company NEA International B.V. (NEA), Maastricht. NEA develops orthopedic bandages and orthotic devices for specific use in the area of treatment of joint injuries and chronic conditions. NEA was classified as part of the Medical Engineering segment.

The cost of acquiring NEA was EUR 21,224,000, which was paid in cash.

The goodwill calculated as part of the purchase price allocation of EUR 10,601,000 is not tax-deductible. Goodwill represents inseparable assets such as staff expertise and positive expectations for future income, as well as synergies from development, production, sales, and marketing.

In the provisional purchase price allocation, the acquired assets and liabilities were determined as follows:

ACQUISITION: NEA (IN EUR '000)	CARRYING AMOUNTS AT TIME OF ADDITION	ASSETS ADDED DUE TO FIRST-TIME CONSOLIDATION	ADDITIONS CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Goodwill	0	10,601	10,601
Other intangible assets	553	7,770	8,323
Property, plant and equipment	512	414	926
Inventories	1,813	338	2,151
Accounts receivable	1,016	0	1,016
Other assets*	1,076	0	1,076
Cash and cash equivalents	290	0	290
Total assets	**5,260**	**19,123**	**24,383**
Other provisions	467	0	467
Trade accounts payable	232	0	232
Other liabilities**	287	2,173	2,460
Total liabilities	**986**	**2,173**	**3,159**

* 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

NEA was first consolidated in May 2015. NEA has contributed EUR 4,007,000 in sales and EUR 1,058,000 in EBIT to the result for the 2015 fiscal year. If NEA had been consolidated as of January 1, 2015, sales would have amounted to EUR 5,544,000 and EBIT to EUR 1,297,000.

The costs recognized in profit and loss associated with the first-time consolidation have impacted the operating result (EBIT) in the amount of EUR 855,000. Incidental acquisition costs were recorded in the statement of income.

IEF-WERNER

On July 30, 2015, INDUS Holding AG acquired 75 % of the shares in IEF-Werner GmbH, Furtwangen. IEF-Werner GmbH manufactures components for automation technology. The company primarily covers five areas of automation technology with its product portfolio: transfer systems, microassembly, semiconductors, wheel gauging machines, and components. IEF-Werner GmbH was classified as part of the Engineering segment.

The fair value of the entire consideration for the acquisition of IEF-Werner amounted to EUR 20,604,000 at the time of acquisition. This amount consists of EUR 16,314,000 in cash and a contingent purchase price liability of EUR 4,290,000, which was measured at fair value and resulted from a symmetrical call/put option on the 25 % minority interest. The amount of the contingent purchase price liability is calculated using EBIT multiples and a forecast of the future relevant EBIT.

The goodwill calculated as part of the purchase price allocation of EUR 9,686,000 is not tax-deductible. Goodwill represents inseparable assets such as staff expertise and positive expectations for future income.

In the provisional purchase price allocation, the acquired assets and liabilities were determined as follows:

ACQUISITION: IEF-WERNER (IN EUR '000)	CARRYING AMOUNTS AT TIME OF ADDITION	ASSETS ADDED DUE TO FIRST-TIME CONSOLIDATION	ADDITIONS CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Goodwill	79	9,686	9,765
Other intangible assets	100	4,038	4,138
Property, plant and equipment	292	0	292
Inventories	5,041	915	5,956
Accounts receivable	1,397	0	1,397
Other assets*	29	0	29
Cash and cash equivalents	8,319	0	8,319
Total assets	**15,257**	**14,639**	**29,896**
Provisions for pensions	22	0	22
Other provisions	1,418	0	1,418
Trade accounts payable	716	0	716
Other liabilities**	5,668	1,466	7,134
Total liabilities	**7,824**	**1,466**	**9,290**

* 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

IEF-Werner was first consolidated in August 2015. IEF-Werner has contributed EUR 9,679,000 in sales and EUR 1,163,000 in EBIT to the result in 2015. If IEF-Werner had been consolidated as of January 1, 2015, sales in 2015 would have amounted to EUR 21,690,000 and EBIT to EUR 1,607,000.

The costs recognized in profit and loss associated with the first-time consolidation of IEF-Werner have impacted the operating result (EBIT) in the amount of EUR 973,000. Incidental acquisition costs were recorded in the statement of income.

RAGUSE

In a contract dated June 2, 2015, which came into effect on November 26, 2015, INDUS acquired 60% of RAGUSE Gesellschaft für medizinische Produkte mbh, Ascheberg. RAGUSE specializes in surgical drape systems, gowns, and other medical products. RAGUSE consists of RAGUSE Gmbh in Ascheberg and the production companies RAGUSE romania SRL, Cisnadie, Romania and RAGUSE Maroc SARL, Sidi Bibi, Morocco. RAGUSE was classified as part of the Medical Engineering/Life Science segment.

The fair value of the entire consideration for the acquisition of RAGUSE amounted to EUR 8,186,000 at the time of acquisition. This amount represents EUR 3,931,000 in cash plus a contingent purchase price liability in the amount of EUR 4,255,000, which was largely factored into the fair value calculation and is the result of a symmetrical call/put option of the 40% of non-controlling interests. The amount of the contingent purchase price liability is primarily calculated using ebit multiples and a forecast of the future relevant EBIT.

The goodwill calculated as part of the purchase price allocation of EUR 3,311,000 is not tax-deductible. Goodwill represents inseparable assets such as staff expertise and positive expectations for future income.

In the provisional purchase price allocation, the acquired assets and liabilities were determined as follows:

ACQUISITION: RAGUSE (IN EUR '000)	CARRYING AMOUNTS AT TIME OF ADDITION	ASSETS ADDED DUE TO FIRST-TIME CONSOLIDATION	ADDITIONS CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Goodwill	0	3,311	3,311
Other intangible assets	49	3,312	3,361
Property, plant and equipment	2,297	0	2,297
Financial assets	186	0	186
Inventories	1,839	309	2,148
Accounts receivable	328	0	328
Other assets*	1,980	0	1,980
Cash and cash equivalents	980	0	980
Total assets	**7,659**	**6,932**	**14,591**
Other provisions	381	0	381
Trade accounts payable	1,505	0	1,505
Other liabilities**	3,446	1,072	4,518
Total liabilities	**5,332**	**1,072**	**6,404**

* 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 RAGUSE Group was first consolidated in December 2015. RAGUSE companies have contributed EUR 917,000 in sales and EUR -747,000 in EBIT to the result in 2015. If RAGUSE had been consolidated as of January 1, 2015, sales in 2015 would have amounted to EUR 12,105,000 and EBIT to EUR 366,000.

The costs recognized in profit and loss associated with the first-time consolidation of RAGUSE have impacted the operating result (EBIT) in the amount of EUR 337,000. Incidental acquisition costs were recorded in the statement of income.

OTHER ACQUISITIONS

The INDUS portfolio company OBUK acquired EUMATIC/FROHMASCO, based in Sittensen, on September 22, 2015. EUMATIC/FROHMASCO supplies customers in Germany, Sweden, and Norway with front door panel blanks as well as all parts, such as ornamental frames and composite elements. Manufacturing takes place at a proprietary plant in Poland. EUMATIC/FROHMASCO was classified as part of the Construction/Infrastructure segment.

The Swiss portfolio company ANCOTECH acquired MURINOX, based in Lenk, Switzerland, at the beginning of September 2015. MURINOX produces and distributes anchorage equipment for brick facades. Its product range complements the ANCOTECH range. MURINOX was classified as part of the Construction/Infrastructure segment.

The fair value of the entire consideration for the other acquisitions amounted to EUR 4,985,000 at the time of acquisition. The purchase prices were paid in cash.

The goodwill calculated as part of the purchase price allocations of EUR 828,000 is not tax-deductible. Goodwill represents inseparable assets such as staff expertise and positive expectations for future income, as well as synergies from development, production, sales, and marketing.

In the provisional purchase price allocation, the acquired assets and liabilities were determined 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	828	828
Other intangible assets	1	0	1
Property, plant and equipment	1,688	137	1,825
Financial assets	2	0	2
Inventories	724	0	724
Accounts receivable	1,030	0	1,030
Other assets*	44	0	44
Cash and cash equivalents	2,539	0	2,539
Total assets	**6,028**	**965**	**6,993**
Other provisions	884	0	884
Trade accounts payable	528	0	528
Other liabilities**	568	29	597
Total liabilities	**1,980**	**29**	**2,009**

* 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 other acquisitions were first consolidated in September 2015. The other new acquisitions have contributed EUR 1,697,000 in sales and EUR 757,000 in EBIT to the result in 2015. If the other companies had been consolidated as of January 1, 2015, sales in 2015 would have amounted to EUR 8,861,000 and EBIT to EUR 1,360,000.

The items recognized in profit and loss associated with the first-time consolidation of the other acquisitions have had a positive impact on the operating result (EBIT) in the amount of EUR 396,000. Incidental acquisition costs were recorded in the statement of income.

[6] DISCONTINUED OPERATION

The result from a discontinued operation in the 2014 financial statements refers to the shutting down of operations at NISTERHAMMER Maschinenbau GmbH & Co. KG, Nister. At the end of February 2014, the Board of Management of INDUS Holding AG resolved to shut down and wind up the business operations of NISTERHAMMER Maschinenbau GmbH & Co. KG, Nister, with the approval of the Supervisory Board. NISTERHAMMER had been classified as part of the Engineering segment.

The following overview shows income and expenses resulting from the discontinued operation NISTERHAMMER in 2014 and 2015:

DISCONTINUED OPERATION (IN EUR '000)

	2015	2014
Sales	0	1,013
Expenses and other income	0	-5,608
Operating result (EBIT)	**0**	**-4,595**
Net interest	0	-280
Earnings before taxes	**0**	**-4,875**
Taxes	0	904
Earnings after taxes	0	-3,971
Income from discontinued operation	**0**	**-3,971**

NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

[7] SALES

Sales include EUR 171,840,000 in revenue from construction contracts (previous year: EUR 127,184,000). Sales also include service revenue of EUR 16,645,000 (previous year: EUR 19,852,000).

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

[8] OTHER OPERATING INCOME

IN EUR '000	**2015**	2014
Income from the release of accruals	4,059	5,756
Income from write-ups on property, plant and equipment	0	1,527
Release of valuation allowances	2,295	2,803
Transfer to earnings/release of deferrals carried as liabilities	774	671
Insurance compensation	1,103	726
Income from rental and lease agreements	768	702
Income from currency translation	5,092	4,231
Income from asset disposals	392	941
Other operating income	5,417	4,540
Total	**19,900**	**21,897**

Income from currency translation of EUR 5,092,000 (previous year: EUR 4,231,000) was offset by expenses of EUR -3,064,000 (previous year: EUR -292,000). Currency differences included in income thus amounted to EUR 2,028,000 (previous year: EUR 3,939,000).

[9] OWN WORK CAPITALIZED

IN EUR '000	2015	2014
Other own work capitalized	3,375	4,644
Own work capitalized in accordance with IAS 38	2,339	2,688
Total	**5.714**	**7.332**

Furthermore, EUR 11,977,000 in research and development expenses was recognized as part of the expenses for the period (previous year: EUR 9,716,000).

[10] CHANGES IN INVENTORIES

IN EUR '000	2015	2014
Work in process	–5,261	–5,342
Finished goods	12,298	14,853
Total	**7,037**	**9,511**

[11] COST OF MATERIALS

IN EUR '000	2015	2014
Raw materials and goods for resale	–535,787	–506,477
Purchased services	–115,775	–91,727
Total	**–651,562**	**–598,204**

[12] PERSONNEL EXPENSES

IN EUR '000	**2015**	2014
Wages and salaries	-330,617	-294,958
Social security	-57,071	-50,750
Pensions	-4,324	-3,302
Total	**-392,012**	**-349,010**

Personnel expenses do not include the interest portion of transfers to pension provisions. This is recorded in the amount of EUR -701,000 in net interest (previous year: EUR -874,000).

[13] DEPRECIATION/AMORTIZATION

IN EUR '000	**2015**	2014
Scheduled amortization	-50,103	-45,668
Impairment losses	0	-2,302
Total	**-50,103**	**-47,970**

No impairments were recognized in the year under review.

Impairments were recognized for the cash generating unit SELZER, allocated to the Automotive Technology segment, in the previous year. The impairments recognized last year were from valuation adjustments on goodwill amounting to EUR 1,700,000, impairments to property, plant, and equipment amounting to EUR 135,000 and intangible assets amounting to EUR 467,000.

[14] OTHER OPERATING EXPENSES

IN EUR '000	2015	2014
Selling expenses	–78,441	–72,203
Operating expenses	–66,246	–60,727
Administrative expenses	–39,195	–34,636
Other expenses	–8,579	–6,151
Total	**–192,461**	**–173,717**

SELLING EXPENSES

IN EUR '000	2015	2014
Shipping, packaging, and provisions	–37,052	–34,826
Vehicle, travel, and entertaining costs	–17,973	–16,987
Marketing and trade fairs	–11,117	–11,303
Accounts receivable and guarantees	–9,916	–7,173
Other selling expenses	–2,383	–1,914
Total	**–78,441**	**–72,203**

OPERATING EXPENSES

IN EUR '000	2015	2014
Machinery and plant: leases and maintenance	–24,411	–23,021
Land and buildings: leases and occupancy costs	–19,284	–17,115
Energy, supplies, tools	–14,535	–14,023
Other operating expenses	–8,016	–6,568
Total	**–66,246**	**–60,727**

ADMINISTRATIVE EXPENSES

IN EUR '000	**2015**	2014
IT, office, and communication services	-12,546	-11,497
Consulting and fees	-14,508	-12,193
Insurance	-4,087	-3,775
Human Resources admin and continuing education	-4,681	-3,525
Other administrative costs	-3,373	-3,646
Total	**-39,195**	**-34,636**

OTHER EXPENSES

IN EUR '000	**2015**	2014
Cost of currency translation	-3,064	-292
Disposal of fixed assets	-275	-414
Transfer to provisions	-73	-246
Miscellaneous	-5,167	-5,199
Total	**-8,579**	**-6,151**

[15] FINANCIAL RESULT

IN EUR '000	**2015**	2014
Income from financial assets	244	302
Write-downs of financial assets	0	-61
Total	**244**	**241**

[16] NET INTEREST

IN EUR '000	**2015**	2014
Interest and similar income	583	705
Interest and similar expenses	-17,349	-18,858
Interest from operations	**-16,766**	**-18,153**
Others: market value of interest-rate swaps	219	430
Others: non-controlling interests	-10,463	-8,758
Other interest	**-10,244**	**-8,328**
Total	**-27,010**	**-26,481**

The item "Other: non-controlling interests" includes effects on income resulting from the subsequent valuation of contingent purchase price liabilities (call/put options) amounting to EUR -4,564,000 (previous year: EUR -3,675,000) and income after taxes attributable to non-controlling shareholders from shares in limited partnerships as well as call/put options due to stock corporations. For consistency reasons, this is shown in the net interest item.

In the current fiscal year, interest expenses were reduced by the sum of capitalized borrowing costs totaling EUR 101,000 (previous year: EUR 99,000). This was based on a financing cost rate of 3.4 % (previous year: 3.8 %).

[17] TAXES

IN EUR '000	**2015**	2014
Non-recurring taxes	-618	125
Current taxes	-40,284	-35,596
Deferred taxes	-106	2,051
Total	**-41,008**	**-33,420**

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

SPECIAL TAX ASPECTS

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

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

The value added from the purchase price allocation for tax purposes is deductible as write-downs from supplementary tax statements, distributed over the respective useful life. This means that the tax assessment base is reduced by the write-downs. Even for companies with buoyant earnings, this can result in a tax loss with corresponding tax savings, in trade tax at limited partnerships, and in corporate income tax at INDUS Holding AG. There are no longer any positive effects on earnings resulting from the recognition of deferred taxes in accordance with the temporary concept as per IFRS. Deferred tax assets on tax loss carryforwards are only capitalized by the Group if sufficient taxable income can be generated in the five-year planning period.

Trade tax is due at the level of the limited partnerships. Offsetting tax gains and losses between limited partnerships is not permitted for trade tax. The taxable earnings after trade tax are ascribed to INDUS Holding AG and then subjected to corporate income tax. No tax group contracts have been concluded with limited liability companies. This situation is reflected in the item "No offsetting of income for autonomous subsidiaries."

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

		2015	2014
Earnings before income taxes		109,295	100,705
Expected tax expenses	29.6 % (previous year: 28.8 %)	32,351	29,003
Reconciliation			
Non-recurrent taxes		618	-125
Effect of changes in tax rates		954	0
Equity measurement of associated companies		-204	-398
Structural effects of			
divergent local tax rates		-26	873
divergent national tax rates		234	-1,487
Corporate acquisition transaction costs		331	557
Capitalization or impairment of deferred tax loss carryforwards		-60	-257
Actual use of tax loss carryforward		-576	-316
No offsetting of income for autonomous subsidiaries		2,157	899
Earnings attributable to other shareholders		3,097	2,522
Effects of the interest deduction ceiling on INDUS Holding AG		464	459
Other non-deductible expenses or tax-free income		1,668	1,690
Actual tax expenses		**41,008**	**33,420**
as a percentage of earnings		37.5	33.2

Based on a corporate income tax rate of 15 % (previous year: 15 %), the tax rate on earnings for companies based in Germany is calculated at 29.6 % (previous year: 28.8 %), applying an average trade tax assessment multiplier of 395 % (previous year: 370 %) and the unchanged solidarity surcharge of 5.5 %.

[18] EARNINGS PER SHARE

Earnings came to EUR 2.78 per share (previous year: EUR 2.74 per share). The weighted average number of shares in circulation remained unchanged in the current year at 24,450,509. See item [27] for further details.

IN EUR '000	**2015**	2014
Earnings attributable to INDUS shareholders	67,932	63,142
Earnings attributable to discontinued operations	0	-3,971
Earnings attributable to continuing operations	**67,932**	**67,113**
Weighted average shares outstanding (thousands)	24,451	24,451
Earnings per share, continuing operations in EUR	2.78	2.74
Earnings per share, discontinued operations in EUR	0.00	-0.16

The earnings taken as the basis are derived from the earnings of the INDUS shareholders, adjusted to exclude income from discontinued operations. In the event of the contingent/authorized capital being utilized, dilutions can arise in the future.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

[19] GOODWILL

Individual goodwill, summarized at segment level, is as follows:

FIXED ASSET SCHEDULE – GOODWILL

	CARRYING AMOUNT JAN. 1, 2015	DISPOSALS IN THE SCOPE OF CONSOLIDATION	ADDITIONS	DISPOSALS	IMPAIRMENT	CURRENCY TRANSLATION	CARRYING AMOUNT DEC. 31, 2015
Construction/Infrastructure	101,601	828	0	0	0	645	103,074
Automotive Technology	71,284	0	315	0	0	-100	71,499
Engineering	110,342	9,765	743	0	0	455	121,305
Medical Engineering/Life Science	55,565	13,912	0	0	0	0	69,477
Metals Technology	29,447	0	0	0	0	0	29,447
Goodwill	368,239	24,505	1,058	0	0	1,000	394,802

	CARRYING AMOUNT JAN. 1, 2015	DISPOSALS IN THE SCOPE OF CONSOLIDATION	ADDITIONS	DISPOSALS	IMPAIRMENT	CURRENCY TRANSLATION	CARRYING AMOUNT DEC. 31, 2015
Construction/Infrastructure	101,481	0	0	0	0	120	101,601
Automotive Technology	72,550	264	163	0	-1,700	7	71,284
Engineering	84,643	24,455	768	0	0	476	110,342
Medical Engineering/Life Science	43,485	12,080	0	0	0	0	55,565
Metals Technology	29,447	0	0	0	0	0	29,447
Goodwill	331,606	36,799	931	0	-1,700	603	368,239

GOODWILL IMPAIRMENT

Impairment testing on goodwill is performed for cash generating units (usually the portfolio companies including their subsidiaries).

The impairment tests compares the CGU's recoverable value against the carrying amount including goodwill. INDUS uses the value in use to determine the recoverable value.

Value in use is calculated applying the latest estimates prepared by management. The planning premises take into account both current knowledge and historical developments. After the three-year planning period, future cash flows are projected using a global growth rate of 1.0 % (previous year: 1.0 %). The projection figures are discounted applying a capital cost rate. These are based on a risk-free interest rate of 1.5 % (previous year: 2.0 %), a market risk premium of 6.75 % (previous year: 6.25 %), as well as segment-specific beta factors derived from a peer group, and borrowing rates. The following segment-specific pre-tax cost of capital rates were applied: Construction/Infrastructure 7.7 % (previous year: 7.6 %) Automotive Technology 9.3 % (previous year: 9.6 %) Engineering 8.4 % (previous year: 8.3 %) Medical Engineering/Life Science 6.4 % (previous year: 6.7 %) Metals Technology 8.1 % (previous year: 9.0 %).

No impairments were recognized on goodwill in fiscal 2015. Last year, a goodwill impairment was recognized (portfolio company SELZER in the automotive technology sector) in the amount of EUR 1,700,000.

If the pre-tax cost of capital rate were to increase by 0.5 percentage points, there would be no impairment on goodwill. In the previous year, an increase of 0.5 percentage points on the pre-tax cost of capital would have resulted in goodwill impairment of approximately EUR 4,900,000 (of which automotive technology would have accounted for approx. EUR 3,100,000, medical engineering approx. EUR 600,000, and metals technology approx. EUR 1,200,000).

[20] DEVELOPMENT OF INTANGIBLE ASSETS, PROPERTY, PLANT, AND EQUIPMENT, AND PROPERTY HELD AS A FINANCIAL INVESTMENT

COSTS IN 2015 (IN EUR '000)

	OPENING BALANCE JAN. 1, 2015	DISPOSALS IN THE SCOPE OF CONSOLIDATION	ADDITIONS	DISPOSALS	TRANSFERS	CURRENCY TRANSLATION	CLOSING BALANCE DEC. 31, 2015
Goodwill	**409,146**	**24,505**	**1,058**	**-115**	**0**	**277**	**434,871**
Capitalized developments costs	22,743	577	3,447	0	0	96	26,863
Property rights, concessions, and other intangible assets	130,327	15,245	4,235	-1,254	6	288	148,847
Total other intangible assets	**153,070**	**15,822**	**7,682**	**-1,254**	**6**	**384**	**175,710**
Land and buildings	239,586	2,182	15,206	-805	601	2,749	259,519
Plant and machinery	356,871	1,515	18,950	-2,806	10,399	1,342	386,271
Other equipment, factory, and office equipment	133,496	1,216	16,087	-4,947	704	1,152	147,708
Advance payments and work in process	9,970	449	14,104	-2,573	-11,710	-28	10,212
Total property, plant and equipment	**739,923**	**5,362**	**64,347**	**-11,131**	**-6**	**5,215**	**803,710**
Investment property	**7,891**	**0**	**0**	**0**	**0**	**0**	**7,891**

AMORTIZATION IN 2015 (IN EUR '000)

	OPENING BALANCE JAN. 1, 2015	DISPOSALS IN THE SCOPE OF CONSOLIDATION	ADDITIONS	DISPOSALS AND TRANSFERS	APPRECIATION IN VALUE	CURRENCY TRANSLATION	CLOSING BALANCE DEC. 31, 2015
Goodwill	**40,907**	**0**	**0**	**-115**	**0**	**-723**	**40,069**
Capitalized developments costs	13,242	0	2,434	0	0	-3	15,673
Property rights, concessions, and other intangible assets	95,799	0	6,403	-1,214	0	221	101,209
Total other intangible assets	**109,041**	**0**	**8,837**	**-1,214**	**0**	**218**	**116,882**
Land and buildings	72,108	0	7,313	-450	0	564	79,535
Plant and machinery	268,795	0	22,076	-2,398	0	880	289,353
Other equipment, factory, and office equipment	92,202	0	11,670	-4,732	0	836	99,976
Advance payments and work in process	0	0	0	0	0	0	0
Total property, plant and equipment	**433,105**	**0**	**41,059**	**-7,580**	**0**	**2,280**	**468,864**
Investment property	**1,760**	**0**	**207**	**0**	**0**	**0**	**1,967**

COSTS IN 2014 (IN EUR '000)

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

AMORTIZATION IN 2014 (IN EUR '000)

	OPENING BALANCE JAN. 1, 2014	DISPOSALS IN THE SCOPE OF CONSOLIDATION	ADDITIONS	DISPOSALS AND TRANSFERS	APPRECIATION IN VALUE	CURRENCY TRANSLATION	CLOSING BALANCE DEC. 31, 2014
Goodwill	**39,220**	**0**	**1,700**	**-15**	**0**	**2**	**40,907**
Capitalized developments costs	11,036	0	2,287	-81	0	0	13,242
Property rights, concessions, and other intangible assets	93,211	0	6,150	-3,678	0	116	95,799
Total other intangible assets	**104,247**	**0**	**8,437**	**-3,759**	**0**	**116**	**109,041**
Land and buildings	66,665	0	6,562	-888	-410	179	72,108
Plant and machinery	257,895	0	20,118	-9,213	-670	665	268,795
Other equipment, factory, and office equipment	88,768	0	10,991	-7,521	-447	411	92,202
Advance payments and work in process	1	0	0	-1	0	0	0
Total property, plant and equipment	**413,329**	**0**	**37,671**	**-17,623**	**-1,527**	**1,255**	**433,105**
Investment property	**1,004**	**0**	**348**	**408**	**0**	**0**	**1,760**

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

The residual carrying amount of capitalized finance leases came to EUR 15,400,000 for property and building leases (previous year: EUR 15,378,000) and EUR 1,361,000 for plant and machinery leases (previous year: EUR 2,020,000).

After selling operations, the land and buildings INDUS owns are primarily used by the buyers of the operations sold. These real estate properties are bundled within a rent and leasing company and classified “as property held as financial investments.” This business is of secondary importance. The rental income from these real estate properties amounts to EUR 475,000 (previous year: EUR 465,000), and the related expenses amount to EUR 560,000 (previous year: EUR 369,000). The properties’ fair value totaled EUR 7,687,000 (previous year: EUR 7,927,000).

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

RESIDUAL CARRYING AMOUNTS OF FIXED ASSETS (IN EUR '000)

	DEC. 31, 2015	DEC. 31, 2014
Goodwill	**394,802**	**368,239**
Capitalized development costs	11,190	9,501
Property rights, concessions and other intangible assets	47,638	34,528
Total other intangible assets	**58,828**	**44,029**
Land and buildings	179,984	167,478
Plant and machinery	96,918	88,076
Other equipment, factory and office equipment	47,732	41,294
Advance payments and work in process	10,212	9,970
Total property, plant and equipment	**334,846**	**306,818**
Investment property	**5,924**	**6,131**

[21] FINANCIAL ASSETS

IN EUR '000	DEC. 31, 2015	DEC. 31, 2014
Other investments	310	1,875
Other loans	18,962	8,651
Total	**19,272**	**10,526**

The loans relate to loans originated by the company which are carried at amortized cost. Some of the loans are extended interest-free, but the majority of them have interest rates suitable for their durations and long-term fixed rates. There were no defaults in either of the fiscal years.

[22] SHARES ACCOUNTED FOR USING THE EQUITY METHOD

As of December 31, 2015, the carrying amounts of shares accounted for using the equity method totaled 8,036,000 (previous year: EUR 7,033,000).

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

IN EUR '000	2015	2014
Purchase price of associated companies	4,447	4,447
Appropriated income in the period	691	1,383
Key figures of the associated companies:		
Assets	47,988	36,611
Liabilities	26,915	17,793
Capital	21,073	18,818
Revenue	58,439	49,989
Earnings	2,147	3,049

There were no valuation allowances for receivables from investments measured via the equity method (previous year: EUR 23,000). Forbuild S.A., Konskie, Poland (formerly: BETOMAX Polska S.A., Konskie, Poland), has been listed on the stock exchange since the 2013 fiscal year. The stock market price of the 27 % stake (previous year: 27 % stake) is EUR 2,617,000 (previous year: EUR 3,833,000).

[23] OTHER ASSETS

IN EUR '000	**DEC. 31, 2015**	DEC. 31, 2014
Accrual of payments not relating to the period under review	3,850	3,502
Other tax refund claims	3,045	890
Long-term receivables	132	268
Reinsurance premiums	1,166	1,140
Loans and other receivables	581	628
Positive swap market value	461	586
Other assets	9,201	6,953
Total	**18,436**	**13,967**
of which current	14,952	12,282
of which noncurrent	3,484	1,685

[24] DEFERRED TAXES AND CURRENT INCOME TAX

Current income tax assets in the amount of EUR 112,000 are noncurrent (previous year: EUR 163,000) and result primarily from capitalized corporate income tax credits. Of the current income tax liabilities, EUR 2,217,000 are income tax liabilities (previous year: EUR 2,480,000) and EUR 6,312,000 income tax provisions (previous year: EUR 4,183,000).

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

IN EUR '000	ASSETS	LIABILITIES	BALANCE
2015			
Goodwill of limited partnerships	378	-26,066	-25,688
Intangible assets	0	-14,330	-14,330
Property, plant and equipment	1,900	-6,121	-4,221
Other noncurrent assets	36	0	36
Receivables and inventories	648	-4,341	-3,693
Other current assets	10	-133	-123
Long-term provisions	5,437	-28	5,409
Current liabilities	4,669	0	4,669
Capitalization of losses carried forward	3,163	0	3,163
Netting-out of accounts	-13,570	13,570	0
Deferred taxes in statement of financial position	**2,671**	**-37,449**	**-34,778**
IN EUR '000	ASSETS	LIABILITIES	BALANCE
2014			
Goodwill of limited partnerships	466	-24,020	-23,554
Intangible assets	0	-10,696	-10,696
Property, plant and equipment	1,963	-3,374	-1,411
Other noncurrent assets	23	0	23
Receivables and inventories	605	-4,905	-4,300
Other current assets	10	0	10
Long-term provisions	4,482	-30	4,452
Current liabilities	2,855	0	2,855
Capitalization of losses carried forward	2,938	0	2,938
Netting-out of accounts	-9,860	9,860	0
Deferred taxes in statement of financial position	**3,482**	**-33,165**	**-29,683**

Netting-out is undertaken for income tax which is due to the same tax authority. This relates mainly to the corporate tax of INDUS Holding AG and those of its German subsidiaries which are incorporated companies by law.

Deferred tax liabilities result mainly from the calculation of deferred taxes on the tax-deductible goodwill of limited partnerships. For tax purposes, rules governing the purchase price allocation are similar to those under IFRS for limited partnerships, and the resulting assets – and goodwill of a fiscal nature – are tax-deductible. As goodwill is no longer amortized in accordance with IFRS, deferred taxes will henceforth be accrued in line with the amortization of fiscal goodwill as per the conditions set forth in IAS 12.21B. Deferred taxes must be recognized until the company is sold. As INDUS principally engages in long-term investments in subsidiaries, this item is increased continuously.

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

DEVELOPMENT OF DEFERRED TAXES (IN EUR '000)

	JAN. 1, 2015	**STATEMENT OF INCOME**	**OTHER**	**DEC. 31, 2015**
Trade tax	2,737	-120	0	2,617
Corporate tax	201	345	0	546
Capitalization of losses carried forward	**2,938**	**225**	**0**	**3,163**
Other deferred taxes in statement of financial position	-32,621	-331	-4,989	-37,941
Deferred taxes in statement of financial position	**-29,683**	**-106**	**-4,989**	**-34,778**

	JAN. 1, 2014	STATEMENT OF INCOME	OTHER	DEC. 31, 2014
Trade tax	2,209	528	0	2,737
Corporate tax	228	-27	0	201
Capitalization of losses carried forward	**2,437**	**501**	**0**	**2,938**
Other deferred taxes in statement of financial position	-25,850	1,550	-8,321	-32,621
Deferred taxes in statement of financial position	**-23,413**	**2,051**	**-8,321**	**-29,683**

The other changes in deferred taxes resulted from the change in other income and in scope of consolidation:

COMPOSITION OF OTHER DEFERRED TAXES (IN EUR '000)

	2015	2014
Reserve for marked-to-market valuation of cash flow hedges	-388	273
Currency translation reserve	-152	-160
Pension provisions (actuarial gains/losses)	282	1,432
Change in scope of consolidation	-4,731	-9,866
Total	**-4,989**	**-8,321**

Deferred tax assets were recognized for trade tax and corporate income tax losses carried forward totaling EUR 21,681,000 (previous year: EUR 21,203,000).

Other losses carried forward totaling EUR 165,293,000 (previous year: EUR 152,409,000) which are unlikely to be realized in the next five years were not capitalized. The majority of these were trade tax loss carryforwards resulting from the fiscal particularities prevailing at INDUS Group, as explained in item [17]. Potential opportunities to realize such carryforwards in the future will accordingly be determined by the prevailing trade tax rate. The largest single item is the holding company's trade tax loss carryforward. The utilization of these loss carryforwards is not subject to any time limits.

Due to the lack of realization opportunities, deferred tax assets of EUR 151,000 were not recognized (previous year: EUR 158,000). Deferred tax assets totaling EUR 1,679,000 (previous year: EUR 127,000) were recognized in addition to the relevant deferred tax liabilities for companies which have recently suffered tax losses.

[25] INVENTORIES

IN EUR '000	DEC. 31, 2015	DEC. 31, 2014
Raw materials and supplies	89,815	82,638
Unfinished goods	83,939	80,220
Finished goods and goods for resale	91,352	86,429
Prepayments for inventories	16,506	16,403
Total	**281,612**	**265,690**

The value of the inventories' carrying amounts was adjusted downward by EUR 15,054,000 (previous year: EUR 10,637,000).

[26] RECEIVABLES

IN EUR '000	DEC. 31, 2015	DEC. 31, 2014
Accounts receivable from customers	147,480	144,421
Future accounts receivable from customer-specific construction contracts	5,585	11,649
Accounts receivable from associated companies	7,679	6,021
Total	**160,744**	**162,091**

In the year under review, EUR 228,000 in accounts receivable from customers with maturities of over one year were recognized (previous year: EUR 331,000).

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

IN EUR '000	2015	2014
Costs incurred including prorated income	70,795	58,892
Advance payments received	96,013	71,747
Construction contracts with a positive balance	5,585	11,649
Construction contracts with a negative balance	30,803	24,504

Construction contracts with a balance on the liabilities side consist of construction contracts with a settled surplus from payments received. These are listed under other liabilities in the statement of financial position.

The accounts receivable include valuation allowances amounting to EUR 6,278,000 (previous year: EUR 6,101,000). They developed as follows:

IN EUR '000	2015	2014
Valuation allowances as of January 1	**6,101**	**6,762**
Currency translation	32	5
Changes in the scope of consolidation	113	71
Additions	2,678	2,364
Utilization	-1,008	-1,044
Reversals	-1,638	-2,057
Valuation allowances as of December 31	**6,278**	**6,101**

[27] EQUITY

SUBSCRIBED CAPITAL

The capital stock came to EUR 63,571,323.62 on the reporting date. Capital stock consists of 24,450,509 no-par-value shares. The shares are bearer shares, each conferring one vote at the Annual Shareholders' Meeting. The shares are registered for regulated trading on the Düsseldorf and Frankfurt Stock Exchanges and for over-the-counter trading in Berlin, Hamburg, and Stuttgart.

The Board of Management is authorized, subject to Supervisory Board approval, to increase the Company's capital stock until June 10, 2019, through the issuance of up to 12,225,254 new no-par-value bearer shares in exchange for contributions in cash and/or contributions in kind on one or more occasions up to a total of EUR 31,785,660.51 (Authorized Capital 2014). The shareholders are to be given subscription rights during the capital increase. However, the Board of Management is authorized, subject to Supervisory Board approval, to exclude shareholders' subscription rights in certain cases.

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

Per resolution adopted at the Annual Shareholders' Meeting on June 24, 2013, the company's capital stock was conditionally increased by up to EUR 11,700,000.04, divided into 4,500,000 no-par-value bearer or – insofar as the company's articles of incorporation allow for the issue of registered shares at the time of issuance – registered shares (Contingent Capital 2013).

The implementation of the capital increase is conditional upon

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

RESERVES AND CONSOLIDATED NET INCOME AVAILABLE FOR DISTRIBUTION

The development of reserves is presented in the statement of changes in equity and includes INDUS Holding AG's additional paid-in capital. As of the reporting date the equity ratio was 41.9 % (previous year: 42.0 %).

INTERESTS ALLOCABLE TO NON-CONTROLLING SHAREHOLDERS

Interests held by non-controlling shareholders essentially consist of the non-controlling interests in the limited liability companies WEIGAND Bau GmbH and subsidiaries of ROLKO-Kohlgrüber GmbH. Non-controlling interests in limited partnerships and limited liability companies, for which the economic ownership of the corresponding non-controlling interests had already been passed on under reciprocal option agreements, are shown under other liabilities [31].

APPROPRIATION OF DISTRIBUTABLE PROFIT

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

Payment of a dividend of EUR 1.20 per no-par-value share (previous year: EUR 1.20 per share). Given 24,450,509 shares (previous year: 24,450,509), the total payment amount would be EUR 29,340,610.80 (previous year: EUR 29,340,610.80). The full text of the dividend proposal is published separately. The proposed dividend was not recognized in the balance sheets and there are no tax consequences.

OTHER EARNINGS

CHANGE IN OTHER RESERVES (IN EUR '000)

	JAN. 1, 2014	OTHER RESULT 2014	DEC. 31, 2014	OTHER RESULT 2015	**DEC. 31, 2015**
Reserve for currency translation	3,541	1,959	5,500	4,608	10,108
Pension provisions (actuarial gains/losses)	-4,880	-4,971	-9,851	-683	-10,534
Deferred taxes for pensions	1,406	1,431	2,837	282	3,119
Reserve for cash flow hedges	-5,688	-1,726	-7,414	2,454	-4,960
Deferred taxes for cash flow hedges	896	273	1,169	-388	781
Total other reserves	**-4,725**	**-3,034**	**-7,759**	**6,273**	**-1,486**

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

CAPITAL MANAGEMENT

INDUS Holding AG manages capital so as to increase return on equity and ensure the INDUS Group has adequate liquidity and good credit standing. The ratio of equity to interest-bearing total capital, consisting of interest-bearing debt and equity, is constantly optimized to the same end. Interest-bearing debt capital comprises provisions for pensions and financial liabilities, less cash and cash equivalents, and amounts to EUR 384,411 (previous year: EUR 373,000). Taking equity in the statement of financial position into account, total capital comes to EUR 979,841,000 (previous year: EUR 922,871,000). Relative to total interest-bearing capital employed, the equity ratio is 60.8 % (previous year: 59.6 %).

The increase in total capital of EUR 56,970,000 (previous year: EUR 78,110,000) results from the increase in equity of EUR 45,559,000 (previous year: EUR 34,542,000) and an increase in debt of EUR 11,411,000 (previous year: increase of EUR 43,588,000). The reinvested capital enhances INDUS' solid capital base.

INDUS Holding AG is not subject to any other legally mandatory capital requirements, with the exception of the minimum capital rules stipulated in stock corporation law. Furthermore, INDUS Holding AG has entered into obligations to maintain a minimum equity ratio at the stock corporation in connection with loan agreements. This enables it to keep receiving funds on reasonable terms. The required minimum equity ratio was exceeded by a wide margin in the past fiscal year. The creditors have exceptional termination rights in case of a change of control. Certain key figures have been determined for promissory note loans.

[28] PENSIONS

STATEMENT OF INCOME (IN EUR '000)

	2015	2014	CHANGE
Current service cost	422	380	42
Interest cost	701	874	-173
Income from plan assets	-75	-78	3
Cost of defined benefit obligation	**1,048**	1,176	**-128**
+ defined contribution plan cost	3,749	3,109	640
= cost of pension commitments for the period carried on the statement of income	**4,797**	**4,285**	**512**

STATEMENT OF FINANCIAL POSITION VALUATION (IN EUR '000)

	2015	2014	CHANGE
Present value of benefit obligations financed by provisions	28,055	27,174	881
Present value of funded benefit obligations	2,799	2,297	502
DBO: accumulated benefit obligation	**30,854**	**29,471**	**1,383**
Market value of plan assets	-2,799	-2,297	-502
Net obligation = provisions	**28,055**	**27,174**	**881**
Actuarial gains/losses	-10,534	-9,851	-683
Opening balance: amount carried on the statement of financial position as of January 1	**27,174**	**21,803**	**5,371**
Pension obligation expenses	1,048	1,176	-128
Pension payments	-872	-776	-96
Actuarial gains/losses realized in equity	683	4,971	-4,288
Change of scope in consolidation/Netting out	22	0	22
Closing balance: amount carried on the statement of financial position as of December 31	**28,055**	**27,174**	**881**
Underlying assumptions in percent:			
Discount rate	2.25	2.40	
Salary trend	2.50	2.50	
Pension trend	1.75	1.75	
Expected income from plan assets	2.25	2.40	

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

The defined benefit plans are associated with actuarial risks, such as the longevity risk and interest rate risk. An increase or reduction in the discounting factor by 0.5 percentage points would reduce net obligations by EUR 2,188,000 (previous year: EUR 2,056,000) or increase these by EUR 2,271,000 (previous year: EUR 2,268,000).

Payments in the amount of EUR 1,184,000 are anticipated in 2016 in connection with retirement benefits (in 2014 for 2015: EUR 981,000).

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

IN EUR '000	**2015**	2014
Assets as of January 1	**2,297**	**2,178**
Expected return on plan assets	75	78
Ongoing employer contributions	52	17
Pensions paid	-146	-145
Change of scope in consolidation	461	0
Netting out/Other	60	169
Assets as of December 31	**2,799**	**2,297**

The statement of financial position also includes reimbursement claims totaling EUR 1,166,000 (previous year: EUR 1,140,000).

[29] OTHER PROVISIONS

Other provisions include interest in the amount of EUR 64,000 (previous year: EUR 79,000).

PROVISIONS 2015 (IN EUR '000)

	OPENING BALANCE JAN. 1, 2015	CHANGE IN SCOPE OF CONSOLI-DATION	AMOUNT UTILIZED	REVER-SAL	ADDITIONS/ NEW ACCRUALS	CURRENCY DIFFERENZ	**CLOSING BALANCE DEC. 31, 2015**
Sales and purchasing obligations	24,617	1,162	16,577	2,422	21,214	211	28,205
Personnel expenses	16,912	1,013	14,072	483	17,103	100	20,573
Other provisions	12,047	473	6,864	1,561	11,366	-59	15,402
Total	**53,576**	**2,648**	**37,513**	**4,466**	**49,683**	**252**	**64,180**

Liabilities from sales activities include provisions for warranties based on legal or de facto obligations, obligations for customer bonuses and rebates, as well as estimated values for anticipated invoices. Provisions for personnel expenses are formed for personnel credit hours, service anniversaries, partial retirement, severance commitments, and similar obligations. Other provisions relate to a range of possible individual risks, which are measured in terms of their probability of occurrence. There were no significant expected reimbursements in relation to obligations recognized as per IAS 37.

[30] FINANCIAL LIABILITIES

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

FINANCIAL LIABILITIES/DERIVATIVES (IN EUR '000)

	DEC. 31, 2015 CARRYING AMOUNT FOR REPORTING PERIOD	REPAYMENT OBLIGATION		
		1 YEAR	**OVER 1 TO 5 YEARS**	**OVER 5 YEARS**
Liabilities to banks				
in the Group's currency EUR	383,848	102,511	239,294	42,043
in Swiss francs	3,196	1,820	1,376	0
in other currencies	0	0	0	0
Finance leases	10,305	2,362	7,943	0
Promissory note bonds	90,000	4,225	41,900	43,875
Other financial liabilities	1,202	698	504	0
Total financial liabilities	**488,551**	**111,616**	**291,017**	**85,918**
Derivatives/interest-rate swaps – Nominal values	144,183	44,531	93,064	6,588

	DEC. 31, 2014 CARRYING AMOUNT FOR REPORTING PERIOD	REPAYMENT OBLIGATION		
		1 YEAR	OVER 1 TO 5 YEARS	OVER 5 YEARS
Liabilities to banks				
in the Group's currency EUR	375,238	90,865	237,547	46,826
in Swiss francs	6,064	1,949	4,115	0
in other currencies	0	0	0	0
Finance leases	11,013	2,013	8,917	83
Promissory note bonds	70,000	0	31,675	38,325
Total financial liabilities	**462,315**	**94,827**	**282,254**	**85,234**
Derivatives/interest-rate swaps – Nominal values	193,863	5,841	82,291	105,731

[31] OTHER LIABILITIES

IN EUR '000	DEC. 31, 2015	CURRENT	NONCURRENT	DEC. 31, 2014	CURRENT	NONCURRENT
Accounts payable to outside shareholders	65,949	18,258	47,691	55,585	10,003	45,582
Accounts payable for personnel	13,746	13,738	8	12,996	12,996	0
Derivative financial instruments	5,077	5,077	0	7,746	7,746	0
Advance payments received	9,057	9,057	0	5,758	5,741	17
Construction contracts with a negative balance	30,803	30,803	0	24,505	24,505	0
Accrual of non-recurrent payments	11,757	11,207	550	5,702	5,702	0
Accrual of payments not relating to the period under review	2,478	2,026	452	3,440	2,774	666
Investment subsidies	2,900	0	2,900	3,239	0	3,239
Customer credit notes	6,382	6,382	0	5,833	5,833	0
Sundry other liabilities	2,687	2,516	171	2,876	2,536	340
Total	**150,836**	**99,064**	**51,772**	**127,680**	**77,836**	**49,844**

Accounts payable to outside shareholders included EUR 49,611,000 (previous year: EUR 39,757,000) in contingent purchase price liabilities at fair value where non-controlling shareholders could tender their shares to INDUS due to termination of the articles of incorporation or on the basis of option agreements. During the fiscal year, new purchase price liabilities amounting to EUR 8,333,000 were added, EUR 4,564,000 was recorded under expenses and EUR 3,043,000 was deducted mainly due to payouts to minority shareholders. Purchase price liabilities fluctuated in line with the percentage change in the operating result (EBIT), partially kept in check by upper and lower limits.

OTHER DISCLOSURES

[32] DISCLOSURE ON THE STATEMENT OF CASH FLOWS

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

IN EUR '000	**2015**	2014
Net cash transactions attributable to the acquisition of portfolio companies:	-46,454	-56,289
plus assumed financial liabilities	0	-3,624
of which cash flow from investing activities	12,128	28,497
Net purchase price	**-34,326**	**-31,416**

Cash and cash equivalents include limited-authorization accounts with a balance of EUR 89,000 (previous year: EUR 155,000). Investing and financing transactions amounting to EUR 2,693,000 (previous year: EUR 4,033,000) which had no impact on cash and cash equivalents are not part of the statement of cash flows.

[33] SEGMENT REPORTING

SEGMENT INFORMATION FOR THE BUSINESS UNITS

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

	CONSTRUCTION/ INFRASTRUCTURE	AUTOMOTIVE TECHNOLOGY	ENGINEERING	MEDICAL ENGINEERING/ LIFE SCIENCE	METALS TECHNOLOGY	TOTAL SEGMENTS	RECONCILIATION	CONSOLIDATED FINANCIAL STATEMENTS
2015								
Sales with external third parties	235,460	367,665	293,237	132,348	359,894	1,388,604	253	1,388,857
Sales with Group companies	11,486	39,042	48,263	11,527	40,790	151,108	-151,108	0
Sales	**246,946**	**406,707**	**341,500**	**143,875**	**400,684**	**1,539,712**	**-150,855**	**1,388,857**
Segment earnings (EBIT)	**33,534**	**21,428**	**38,962**	**19,654**	**28,634**	**142,212**	**-5,907**	**136,305**
Earnings from equity valuation	0	487	204	0	0	691	0	691
Depreciation/Amortization	**-6,310**	**-18,162**	**-7,250**	**-5,228**	**-12,384**	**-49,334**	**-769**	**-50,103**
of which scheduled depreciation	-6,310	-18,162	-7,250	-5,228	-12,384	-49,334	-769	-50,103
of which unscheduled depreciation	0	0	0	0	0	0	0	0
Write-ups	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Segment EBITDA	**39,844**	**39,590**	**46,212**	**24,882**	**41,018**	**191,546**	**-5,138**	**186,408**
Capital expenditure	**8,942**	**26,891**	**16,826**	**32,331**	**21,778**	**106,768**	**612**	**107,380**
of which company acquisition	2,446	0	7,995	23,885	0	34,326	0	34,326
Dec. 31, 2015								
Shares accounted for using the equity method	2,215	4,132	1,689	0	0	8,036	0	8,036
Goodwill	103,074	71,499	121,305	69,477	29,447	394,802	0	394,802

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

RECONCILIATION (IN EUR '000)

	2015	2014
Segment earnings (EBIT)	**142,212**	**133,907**
Areas not allocated, incl. holding company	-5,891	-5,506
Consolidations	-16	-1,215
Net interest	-27,010	-26,481
Earnings before taxes	**109,295**	**100,705**

The classification of segments corresponds unchanged to the current status of internal reporting. The information relates to continuing activities. The companies are allocated to the segments on the basis of their selling markets insofar as the bulk of their product range is sold in that market environment (Automotive Technology, Medical Engineering/Life Science). Otherwise they are classified by common features in their production structure (Construction/Infrastructure, Engineering, Metals Technology). The reconciliations contain the figures of the holding company, non-operational units not allocated to any segment, and consolidations. See the discussion provided in the management report regarding the products and services that generate segment sales.

The central control variable for the segments is operating earnings (EBIT) as defined in the consolidated financial statements. The segment information has been ascertained in compliance with the reporting and valuation methods that were applied during the preparation of the consolidated financial statements. The transfer prices between the segments are based on market prices.

SEGMENT INFORMATION BY REGION

Sales are broken down by region in relation to our selling markets. The further classification of our diverse foreign activities by country is not expedient, as no country outside of Germany accounts for 10 % of Group sales.

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

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

IN EUR '000	GROUP	GERMANY	EU	THIRD COUNTRIES
2015				
Sales revenues with third parties	1,388,857	708,993	305,621	374,243
Dec. 31, 2015				
Noncurrent assets, less deferred taxes and financial instruments	802,436	685,471	40,947	76,018
2014				
Sales revenues with third parties	1,255,723	655,197	263,355	337,171
Dec. 31, 2014				
Noncurrent assets, less deferred taxes and financial instruments	732,250	644,368	17,767	70,115

[34] INFORMATION ON THE SIGNIFICANCE OF FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS 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	
				CARRYING AMOUNT	CARRYING AMOUNT	MARKET VALUE
Financial assets	19,272		19,272		19,272	20,964
Cash and cash equivalents	132,195		132,195		132,195	132,195
Accounts receivable	160,744	5,585	155,159		155,159	155,159
Other assets	18,436	3,045	15,391	461	14,930	14,930
Financial instruments: assets	**330,647**	**8,630**	**322,017**	**461**	**321,556**	**323,248**
Financial liabilities	488,551		488,551		488,551	498,142
Trade accounts payable	46,748		46,748		46,748	46,748
Other liabilities	150,836	58,695	92,141	51,688	40,453	40,453
Financial instruments: liabilities	**686,135**	**58,695**	**627,440**	**51,688**	**575,752**	**585,343**

FINANCIAL INSTRUMENTS DEC. 31, 2014 (IN EUR '000)

	BALANCE SHEET VALUE	IFRS 7 NOT APPLICABLE	FINANCIAL INSTRUMENTS IFRS 7	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST	
				CARRYING AMOUNT	CARRYING AMOUNT	MARKET VALUE
Financial assets	10,526		10,526		10,526	11,928
Cash and cash equivalents	116,491		116,491		116,491	116,491
Accounts receivable	162,091	11,649	150,442		150,442	150,442
Other assets	13,967	890	13,077	586	12,491	12,491
Financial instruments: assets	**303,075**	**12,539**	**290,536**	**586**	**289,950**	**291,352**
Financial liabilities	462,316		462,316		462,316	474,390
Trade accounts payable	47,942		47,942		47,942	47,942
Other liabilities	127,679	34,785	92,894	44,557	48,337	48,337
Financial instruments: liabilities	**637,937**	**34,785**	**603,152**	**44,557**	**558,595**	**570,670**

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

	CARRYING AMOUNT		NET GAINS/LOSSES	
	DEC. 31, 2015	DEC. 31, 2014	**2015**	2014
Measured at fair value through profit and loss				
for trading purposes	461	586	-125	586
designated instrument	0	0	0	0
Loans and receivables	321,246	288,075	326	2,662
Available-for-sale financial assets	310	1,875	19	125
Financial instruments: assets	**322,017**	**290,536**	**220**	**3,373**
Measured at fair value through profit and loss				
for trading purposes	51,688	53,372	-1	-12
designated instrument	0	0	0	0
Financial liabilities measured at their residual carrying amounts	587,287	549,780	469	948
Financial instruments: liabilities	**638,975**	**603,152**	**468**	**936**

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

Net gains and losses on loans, receivables, and financial liabilities accounted for at their residual carrying amounts largely result from valuation allowances (EUR 1,457,000; previous year: EUR 444,000), income from payments received, and from currency translation. Net gains and losses on available-for-sale financial assets correspond to these financial investments' contribution to Group earnings.

Net gains and losses on financial instruments recognized at fair value take into account the change in the market values of interest rate, currency, and raw materials hedges which do not meet the formal requirements of hedge accounting.

Total interest income and expenses for financial instruments not measured at fair value through profit and loss amount to EUR -16,239,000 (previous year: EUR -17,213,000).

TYPE AND SCOPE OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS

PRINCIPLES OF FINANCIAL RISK MANAGEMENT

In keeping with the philosophy of INDUS Holding AG, the assessment and management of operating risks is the responsibility of the portfolio companies and their management. The holding company calculates and monitors the overall financing need on the basis of the local risk assessment and the investment and financing plans of the respective portfolio companies. In principle, those risks which have an impact on the Group's cash flow are hedged. Such risks are hedged using non-derivative and derivative financial instruments, with the latter being transacted solely for hedging purposes.

RISK MANAGEMENT AND FINANCIAL DERIVATIVES

The INDUS Group operates an effective risk management system to detect business risks at an early stage, focusing on the key types of problems facing a diversified portfolio of investments. This system integrates the specific aspects of financial risk management in accordance with the definition in IFRS 7. The basic principles of the financial policies are established each year by the Board of Management and monitored by the Supervisory Board. For further details see the discussion provided in the Management Report.

LIQUIDITY RISK

Basically, the individual portfolio companies finance themselves from their operating results. Transfers are made between INDUS Holding AG and the portfolio companies depending on the liquidity situation. The INDUS Group holds sufficient cash, allowing the firm to take action at any time (2015: EUR 132,195,000, previous year: EUR 116,491,000). The firm also has available credit lines totaling EUR 38,181,000 (previous year: EUR 24,713,000).

Loans are widely diversified, thereby preventing the company from becoming dependent on individual lenders. The level of available liquidity and firm financing commitments enable the company to take advantage of acquisition opportunities at any time. Long-term financing is structured in tranches with revolving new lines of financing, limiting financing risk.

The following cash outflows, which are incorporated into the INDUS Group's long-term financial planning, were determined in consideration of the conditions for financial instruments determined as of the reporting date:

CASH OUTFLOW (IN EUR '000)	DEC. 31, 2015			DEC. 31, 2014		
	1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	1 YEAR	1 TO 5 YEARS	OVER 5 YEARS
Interest rate derivatives	2,567	3,781	112	3,396	5,360	396
Total derivative financial instruments	**2,567**	**3,781**	**112**	**3,396**	**5,360**	**396**
Financial liabilities	121,777	310,657	88,442	103,053	306,276	86,273
Trade accounts payable	46,748	0	0	47,943	0	0
Other liabilities	99,064	48,872	2,900	81,075	46,514	90
Total financial instruments	**267,589**	**359,529**	**91,342**	**232,071**	**352,790**	**86,363**

Cash flows consist of principal payments and their respective interest. In the previous year they also included interest payments on derivatives with a positive market value which act as commercial hedges for the financial liabilities. The accumulated payment flows from financial liabilities and interest rate derivatives result in the payment flow from corresponding fixed-term loans.

DEFAULT RISK

In the financing area, contracts are concluded only with counterparties of first-class credit standing. In the operational area, the portfolio companies are responsible for ongoing decentralized risk monitoring. Default risks are taken into account by means of adequate valuation allowances. The maximum default risk corresponds to the stated value of loans and receivables originated by the company, while for derivatives it is equal to the sum total of their positive market values.

Corporate risk is widely diversified as INDUS Group companies are autonomous and they all develop and offer a variety of products on different markets.

A concentration of default risks arising from business relationships exists in the Automotive Technology segment and results from the segment's oligopolistic customer structure. The overall portfolio of trade accounts receivable shows that seven customers (previous year: 7) each accounted for more than 1 % of Group sales. This corresponds to a share of about 25 % in open items as recognized in the consolidated financial statements (previous year: 20 %). The ten largest customers accounted for roughly 31 % of consolidated sales (previous year: 28 %).

Furthermore, there are accounts receivable from customers and associated companies which are overdue but have had no valuation allowances carried out for them. There are generally no major payment defaults with due dates of up to three months, since overdue payments largely result from timing differences in their booking. Since trade accounts receivable were not subjected to valuation allowances and were not overdue, there were no indications as of the reporting date that the debtors may not be able to meet their payment obligations.

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

	2015	2014
Amount carried in the statement of financial position*	155,159	150,442
+ valuation allowances contained therein	6,278	6,100
= gross value of accounts receivable before valuation allowances	161,437	156,542
of which as per reporting date		
neither impaired nor overdue	119,313	110,574
not impaired and overdue by the following periods:		
less than 3 months	32,583	30,247
3 to 6 months	1,295	2,705
6 to 9 months	594	258
9 to 12 months	766	811
over 12 months	1,227	833

* Excluding receivables from construction contracts per IAS 11

INTEREST-RATE RISK

INDUS Holding AG ensures and coordinates the financing and liquidity of the Group. The main focus is on financing the long-term development of its investment portfolio. The means employed include fixed-rate and variable-rate financing instruments, which are converted to fixed rate instruments by way of interest-rate swaps.

Changes in interest rates might affect the market value of financial instruments and their cash flows. These effects are calculated by performing a sensitivity analysis, which involves shifting each of the relevant interest-rate structure curves by 100 basis points in parallel. The effects are calculated for the fixed conditions of the financial instruments in the portfolio as of the reporting date.

Changes in market values have an impact on the presentation of the net assets, financial and earnings position, depending on the valuation categories of the underlying financial instruments.

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

MARKET PRICE RISK SENSITIVITY ANALYSIS (IN EUR '000)	DEC. 31, 2015		DEC. 31, 2014	
	+ 100 BP	**– 100 BP**	+ 100 BP	– 100 BP
Market value of derivatives	2,695	-2,825	4,285	-4,504
of which equity/hedges	2,670	-2,799	4,210	-4,427
of which interest expenses per statement of income	25	-26	75	-77
Market value of loans	11,117	-11,742	9,708	-10,274
Total market value	**13,812**	**-14,567**	**13,993**	**-14,778**

Since, from a commercial point of view, interest rate risks are almost completely hedged, changes in the interest rates of variable-interest financial liabilities and derivative financial instruments would offset each other. This means that future cash flows will not be significantly affected.

CURRENCY RISK

Currency risks basically result from the operating activities of the Group companies and financing transactions between the foreign portfolio companies and the respective proprietary companies. Risk analyses are carried out on a net basis, while hedges are concluded by the portfolio companies on a case-by-case basis in accordance with the philosophy of commercial autonomy. The instruments employed are forward exchange transactions and suitable options.

Currency risks have an effect on the presentation of the net assets, financial and earnings position when financial instruments are denominated in currencies other than the functional currency of the Group company in question. Risks arising from the currency translation of financial statements to the Group currency are not taken into consideration. Since currency hedges are not formally accounted for as hedges, this does not have an impact on provisions for the marked-to-market valuation of financial instruments.

Assuming that the exchange rates of all foreign currencies were to rise by 10% against the euro as of the reporting date, net income from currency translation would change by EUR -1,954,000 (previous year: EUR -2,063,000). As in the previous year, the main factors here are net receivables denominated in US dollars and Swiss francs.

HEDGE ACCOUNTING

HEDGING MEASURES

Currency hedges as of the reporting dates had a nominal volume of EUR 19,339,000 (previous year: EUR 12,670,000). The currency hedges mainly cover transactions in US dollars and Swiss francs (previous year: exclusively US dollars). The hedges had a market value of EUR 455,000 (previous year: EUR 381,000).

Commodity hedges as of the reporting date had a nominal value of EUR 637,000 and a market value of EUR 39,000 (previous year: no commodity hedges).

The Group maintained interest rate hedges with a nominal volume of EUR 144,184,000 (previous year: EUR 193,863,000). The market values totaled EUR -5,076,000 (previous year: EUR -7,746,000). Further details on terms and maturities are included in the report on financial liabilities.

[35] COLLATERAL FURNISHED

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

PLEDGED ASSETS (IN EUR '000)

	2015	2014
Land charges	25,788	23,108
Securities collateral	1,705	2,684
Other collateral	243	232
Total collateral	**27,736**	**26,024**

[36] CONTINGENT LIABILITIES

Obligations from guarantees came to EUR 36,370,000 (previous year: EUR 49,644,000). These include external obligations amounting to EUR 10,547,000 (previous year: EUR 19,083,000) which INDUS Holding AG assumed in connection with the business activities of the portfolio companies, and guarantees for construction contracts amounting to EUR 25,823,000 (previous year: EUR 30,561,000). Currently, it is extremely unlikely that the beneficiaries would utilize the guarantees.

[37] OTHER FINANCIAL OBLIGATIONS

Other financial obligations from rental, tenancy, and operating lease agreements are reported as the sum totals of the amounts which fall due by the earliest cancellation date:

IN EUR '000	**2015**	2014
Up to 1 year	15,218	15,494
1 to 5 years	33,660	30,855
Over 5 years	22,582	26,173
Total	**71,460**	**72,522**

Operating lease installments in the year under review amounted to EUR 15,681,000 (previous year: EUR 15,480,000).

Purchase obligations for fixed assets amount to EUR 6,831,000 (previous year: EUR 3,131,000), of which EUR 6,603,000 (previous year: EUR 3,127,000) was for property, plant, and equipment, and EUR 228,000 (previous year: EUR 4,000) for intangible assets.

Real estate leases are concluded with clauses allowing for the adjustment of the lease installments based on the development of price indices. The contracts regularly contain purchase options.

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

IN EUR '000	UP TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	**TOTAL**
2015				
Lease installments	2,659	8,417	1	**11,077**
Interest component	297	474	0	**771**
Carrying amount/present value	2,362	7,943	1	**10,306**
2014				
Lease installments	2,388	9,670	85	12,143
Interest component	376	753	1	1,130
Carrying amount/present value	2,012	8,917	84	11,013

The assets concern real estate property with a residual carrying amount of EUR 15,400,000 (previous year: EUR 15,378,000) and other property, plant, and equipment valued at EUR 1,361,000 (previous year: EUR 2,020,000). Favorable purchase options generally exist for the corresponding assets (property, plant, and equipment), which, as far as we know, will also be exercised. The purchase prices are fixed and there are no price adjustment clauses. The applicable contract interest rates remain between 2.5 % and 7.5 %. There are no rental payments, contingent or otherwise, from subleases.

[38] RELATED PARTY TRANSACTIONS

MEMBERS OF MANAGEMENT IN KEY POSITIONS AND AFFILIATED PERSONS

In accordance with the structure of the INDUS Group, the members of management in key positions include the Supervisory Board (six members in 2015 and six members in 2014), the Board of Management at INDUS Holding AG (2015: three members, previous year: three members), and the managing directors of the operating units (2015: 109 individuals, previous year: 100 individuals).

There are no pension commitments by INDUS Holding AG for members of the Board of Management which must be disclosed in the financial statements.

COMPENSATION OVERVIEW (IN EUR '000)

	PERIOD EXPENSE	OF WHICH WAGES AND SALARIES	OF WHICH SAR*	OF WHICH SEVERANCE	OF WHICH PENSIONS
2015					
Indus Holding AG					
Supervisory Board	322	322	0	0	0
Board of Management**	2,186	1,906	280	0	0
Subsidiaries					
Managing directors	18,375	17,621	0	480	274
Family members	671	671	0	0	0
Total	**21,554**	**20,520**	**280**	**480**	**274**
2014					
Indus Holding AG					
Supervisory Board	322	322	0	0	0
Board of Management**	2,151	1,871	280	0	0
Subsidiaries					
Managing directors	17,973	17,271	0	436	266
Family members	635	635	0	0	0
Total	**21,081**	**20,099**	**280**	**436**	**266**

* SAR = Stock Appreciation Rights = Virtual stock option
** The received compensation is listed for the Board of Management

In 2015, 13 family members of shareholders or managing directors were employed at portfolio companies (previous year: 18 individuals).

REMUNERATION OF THE SUPERVISORY BOARD

The Supervisory Board’s compensation was redetermined by the Annual Shareholders’ Meeting of INDUS Holding AG in July 2010. It is governed by Item 6.16 of the articles of incorporation. In addition to the reimbursement of out-of-pocket expenses incurred in performing their duties in the fiscal year ended, all Supervisory Board members receive basic compensation of EUR 30,000, as well as an attendance fee of EUR 3,000 per meeting. The Chairman receives double the two aforementioned sums, and his deputy receives one-and-a-half times these amounts. There are no stock option plans or similar securities-based incentive systems in place for Supervisory Board members. The Supervisory Board held four sessions in 2015 and four sessions in 2014.

REMUNERATION OF THE BOARD OF MANAGEMENT

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

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

The number of SARs granted to Board of Management members in annual tranches is determined based on the option price at the grant date and the contractually specified target price. In fiscal 2015 65,636 SARs were granted (previous year: 77,200). At the grant date the total fair value of the SARs was EUR 280,000 (previous year: EUR 280,000). The stock of SARs granted up to December 31, 2015, amounts to 393,775 (previous year: 437,654). The fair value of previously granted SARs was calculated at a total of EUR 2,248,000 at the reporting date (previous year: pro rata fair value of EUR 1,436,000). Provisions in this amount were allocated on the annual financial statements. Personnel expenses include the EUR 1,486,000 change in fair value before discounting (previous year: EUR 408,000). Fair values were determined using an option price model, taking account of the cap on payout claims. Besides being subject to a restriction period of four years, the options have an exercise period of two years.

In the event of a material change in the composition of the Supervisory Board and the company's business approach (change of control), the members of the INDUS Holding AG Board of Management have a special right to terminate their employment contracts within one year. If contracts are terminated extraordinarily or the Board of Management is dismissed within one year of the change of control without good reason, as defined in Section 626 of the German Civil Code (BGB), the company will pay severance to the member of the Board of Management. This will be based on the member's full compensation, including all fixed and variable remuneration components and noncash benefits. Severance payments will be paid for a maximum of the period through the end of their employment contracts, or a total period of two fiscal years if the regular end of the contract exceeds this period.

For the 2015 and the 2014 fiscal year, the compensation paid to the members of the Board of Management of INDUS Holding AG comprised fixed basic salary (including taxable benefits in kind), performance-based variable compensation (short-term incentive program), and stock-based compensation in the form of virtual stock options (long-term incentive program).

In total, the members of the Board of Management were paid EUR 2,186,000 (previous year: EUR 2,151,000). EUR 1,296,000 hereof pertains to the fixed remuneration (previous year: EUR 1,261,000), EUR 610,000 to short-term variable remuneration (EUR 610,000), and EUR 280,000 to stock appreciation rights (previous year: EUR 280,000). See the explanations provided in the Corporate Governance Code in the management report regarding the individual Board of Management remunerations.

OTHER RELATIONS

INDUS Group transactions with persons or companies which control or are controlled by the INDUS Group must be disclosed insofar as they have not already been included in the consolidated financial statements as a consolidated company. Affiliated companies are the companies in the consolidated financial statements accounted for using the equity method. The other categories concern management members in key positions and their family members. There were no business relations with members of the Board of Management or with their family members in either of the two fiscal years.

RELATED PARTY TRANSACTIONS (IN EUR '000)

	SALES AND OTHER OPERATING INCOME	GOODS PURCHASED	OTHER PURCHASES*	OPEN ITEMS	LOANS GRANTED
2015					
Associated companies	21,923	27	472	7,656	2,254
Family members of BoM members and shareholder	0	0	38	0	0
Non-controlling shareholder	2	0	373	2	2
Managing directors of portfolio companies	1,491	579	2,119	1	0
Total related party transactions	**23,416**	**606**	**3,002**	**7,659**	**2,256**
2014					
Associated companies	18,775	320	823	3,545	1,820
Family members of BoM members and shareholder	504	0	0	-30	0
Non-controlling shareholder	0	0	653	0	0
Managing directors of portfolio companies	1,361	0	2,130	54	0
Total related party transactions	**20,640**	**320**	**3,606**	**3,569**	**1,820**

* Interest, rent, consulting service

No value adjustments were made to open items this fiscal year (previous year: EUR 23,000).

[39] EMPLOYEES

AVERAGE NUMBER OF EMPLOYEES IN THE FISCAL YEAR

	2015	2014
Employees per region		
Germany	6,447	5,867
Europe (EU & Switzerland)	856	752
Rest of world	1031	967
Total	**8,334**	**7,586**
Employees per segment		
Construction/Infrastructure	1,183	1,104
Automotive Technology	3,285	3,160
Engineering	1,436	1,151
Medical Engineering/Life Science	1,010	825
Metals Technology	1,395	1,323
Other	25	23
Total	**8,334**	**7,586**

[40] COST OF THE ANNUAL FINANCIAL STATEMENT AND CONSOLIDATED FINANCIAL STATEMENT AUDIT

The accounting and law firm Ebner Stolz GmbH & Co. KG charged a fee of EUR 224,000 for auditing the financial statements (previous year: EUR 190,000), EUR 5,000 for other confirmation and valuation services (previous year: EUR 5,000), and EUR 6,000 for other services (previous year: EUR 0,000).

[41] GERMAN CORPORATE GOVERNANCE CODE

In line with Section 161 of the German Stock Corporation Act (AktG), the Board of Management and the Supervisory Board submitted a German Corporate Governance Code declaration in December 2015. The declaration is also available to shareholders on the INDUS Holding Aktiengesellschaft website (www.indus.de).

[42] EXEMPTIONS APPLIED IN ACCORDANCE WITH SECTION 264 (3) AND SECTION 264B OF THE GERMAN COMMERCIAL CODE (HGB)

In the complete list of shareholdings recorded in the electronic commercial register in accordance with Section 313 of the German Commercial Code (HGB), which constitutes part of the Notes to the consolidated financial statements, the subsidiaries are listed to which exemption from disclosure is applied in accordance with Section 264 (3) and Section 264b of the German Commercial Code (HGB) as of 31 December 2015.

Bergisch Gladbach, April 8, 2016
INDUS Holding AG

The Board of Management

Jürgen Abromeit | Dr. Johannes Schmidt | Rudolf Weichert

FURTHER INFORMATION

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable accounting principles as of December 31, 2015, the consolidated financial statements give a true and fair view of the assets, financial, and earnings position of the Group, and the combined management report for the 2015 fiscal year includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Bergisch Gladbach, April 8, 2016

The Board of Management

Jürgen Abromeit   Dr. Johannes Schmidt   Rudolf Weichert

DIVIDEND PROPOSAL

The following proposal will be submitted to the Annual Shareholders' Meeting regarding the appropriation of the balance sheet profit for the 2014 fiscal year to the amount of EUR 70.082.315,45:

Payment of a dividend of EUR 1.20 per no-par-value share (24,450,509) to the capital stock of EUR 63,571,323.62	29,340,610.80
Transfer to other revenue reserves	38,500,000.00
Earnings carried forward	2,241,704.65
Balance sheet profit	70,082,315.45

Bergisch Gladbach, April 8, 2016

The Board of Management

Jürgen Abromeit   Dr. Johannes Schmidt   Rudolf Weichert

REPORT OF THE INDEPENDENT AUDITORS

We have audited the consolidated financial statements prepared by **INDUS Holding Aktiengesellschaft, Bergisch Gladbach** – consisting of the consolidated income statement, statement of income and accumulated earnings, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and notes – as well as the combined Group management report for the financial year from January 1 to December 31, 2015. These consolidated financial statements and the Group management report prepared in accordance with IFRS as adopted by the EU, the commercial rules applicable pursuant to Sec. 315a, Para. 1 of the German Commercial Code (HGB), and the supplementary provisions included in the articles of association are the responsibility of the company's legal representatives. Our responsibility is to express an opinion on these consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 of the German Commercial Code (HGB) and the German regulations for the audit of financial statements promulgated by the German Institute of Certified Public Accountants (IDW). Those standards require that we plan and perform the audit such that misstatements and violations materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used, and significant estimates made by the company's legal representatives, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the results of our audit, the consolidated financial statements are in compliance with IFRS, as adopted by the EU, the additional provisions stated in Sec. 315a, Para. 1 of the German Commercial Code, and the supplementary provisions included in the articles of association, and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions. The combined Group management report is in accordance with the consolidated financial statements and provides, on the whole, a suitable understanding of the Group's position and suitably presents the opportunities and risks of future development.

Cologne, April 8, 2016

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

signed Dr. Werner Holzmayer	signed Marcus Lauten
Wirtschaftsprüfer	Wirtschaftsprüfer

INVESTMENTS OF THE INDUS HOLDING AG

BY SEGMENTS	CAPITAL EUR MILLIONS	INDUS STAKE IN %
Construction/Infrastructure		
ANCOTECH AG, Dielsdorf/Switzerland	4.01**	100
BETOMAX systems GmbH & Co. KG, Neuss	2.03	100
FS Kunststofftechnologie GmbH & Co. KG, Reichshof-Hahn*	0.72	100
HAUFF-TECHNIK GmbH & Co. KG, Hermaringen	1.62	100
MIGUA Fugensysteme GmbH & Co. KG, Wülfrath*	1.84	100
OBUK Haustürfüllungen GmbH & Co. KG, Oelde*	0.52	100
REMKO GmbH & Co. KG Klima- und Wärmetechnik, Lage	1.56	100
SCHUSTER Klima Lüftung GmbH & Co. KG, Friedberg	1.05	100
WEIGAND Bau GmbH, Bad Königshofen i. Grabfeld	1.00	80
WEINISCH GmbH & Co. KG, Oberviechtach	0.53	100
Automotive Technology		
AURORA Konrad G. Schulz GmbH & Co. KG, Mudau*	3.38	100
BILSTEIN & SIEKERMANN GmbH + Co. KG, Hillesheim	1.05	100
Emil FICHTHORN GmbH & Co. KG, Schwelm	0.65	100
IPETRONIK GmbH & Co. KG, Baden-Baden*	2.07	100
KIEBACK GmbH & Co. KG, Osnabrück	0.64	100
Konrad SCHÄFER GmbH, Osnabrück*	1.53	100
SELZER Fertigungstechnik GmbH & Co. KG, Driedorf*	7.54	85
Sitek-Spikes GmbH & Co.KG, Aichhalden	1.05	100
S.M.A. Metalltechnik GmbH & Co. KG, Backnang*	2.60	100
WIESAUPLAST Deutschland GmbH & Co. KG, Wiesau*	13.50	100
Engineering		
ASS Maschinenbau GmbH, Overath*	0.57	100
M. BRAUN Inertgas-Systeme GmbH, Garching n. Munich*	1.31	100
BUDDE Fördertechnik GmbH, Bielefeld*	0.36	75
ELTHERM GmbH, Burbach*	1.04	100
GSR Ventiltechnik GmbH & Co. KG, Vlotho*	0.57	100
HORN GmbH & Co. KG, Flensburg*	6.13	100
IEF-Werner GmbH, Furtwangen, in the Black Forest	1.28	75
MBN – Maschinenbaubetriebe Neugersdorf GmbH, Ebersbach-Neugersdorf*	1.77	75
SEMET Maschinenbau GmbH & Co. Kommanditgesellschaft, Brackenheim*	0.83	100
Turmbau Steffens & Nölle GmbH, Berlin	0.50	100

BY SEGMENTS	CAPITAL EUR MILLIONS	INDUS STAKE IN %
Medical Engineering/Life Science		
IMECO GmbH & Co. KG, Hösbach*	0.75	100
MIKROP AG, Wittenbach/Switzerland*	1.08**	100
OFA Bamberg GmbH, Bamberg*	1.55	100
RAGUSE Gesellschaft für medizinische Produkte mbH, Ascheberg*	0.88	60
ROLKO Kohlgrüber GmbH, Borgholzhausen*	0.36	75
Metals Technology		
BACHER AG, Reinach/Switzerland	3.20**	100
BETEK GmbH & Co. KG, Aichhalden*	4.29	100
HAKAMA AG , Bättwil/Switzerland	5.00**	100
Anneliese KÖSTER GmbH & Co. KG, Ennepetal*	2.47	100
MEWESTA Hydraulik GmbH & Co.KG, Münsingen	0.54	100
PLANETROLL GmbH & Co. KG, Munderkingen	0.54	100
Helmut RÜBSAMEN GmbH & Co. KG, Metalldrückerei – Umformtechnik, Bad Marienberg	0.53	90
Karl SIMON GmbH & Co. KG, Aichhalden*	5.08	100
VULKAN INOX GmbH, Hattingen*	1.07	100

* including subsidiaries
** CHF in million

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

FURTHER INFORMATION ON THE BOARD MEMBERS

THE SUPERVISORY BOARD OF THE INDUS HOLDING AG

HELMUT SPÄTH

Business graduate (Dipl.-Kfm.), Deputy CEO of Versicherungskammer Bayern Versicherungsanstalt des öffentlichen Rechts, Munich

CHAIRMAN

Other mandates, in accordance with Section 125 (1) Sentence 5 of the German Stock Corporation Act (AktG):

- ifb AG, Cologne, Chairman of the supervisory board
- Landesbank Berlin, Berlin (until August 29, 2015)

The following mandates are at group companies of the insurance company Versicherungskammer Bayern:

- Bayerische Beamtenkasse AG, Munich
- Saarland Feuerversicherung AG, Saarbrücken
- Saarland Lebensversicherung AG, Saarbrücken

DR. JÜRGEN ALLERKAMP

Fully qualified lawyer, CEO of Investitionsbank Berlin, Berlin

DEPUTY CHAIRMAN

Other mandates, in accordance with Section 125 (1) Sentence 5 of the German Stock Corporation Act (AktG):

- Neue Dorint GmbH, Cologne, Chairman of the supervisory board
- BPWT Berlin Partner für Wirtschaft und Technologie GmbH, Berlin, Deputy Chairman of the supervisory board

The following mandate is at a group company of the Investitionsbank Berlin:

- IBB Beteiligungsgesellschaft mbH, Berlin

DR. RALF BARTSCH

Fully qualified lawyer, Management Board Spokesperson for the Brüder Schlau Group, Porta Westfalica
Other mandates, in accordance with Section 125 (1) Sentence 5 of the German Stock Corporation Act (AktG):

- Meffert AG, paint factory, Bad Kreuznach, Chairman of the supervisory board (until August 11, 2015)

DR. DOROTHEE BECKER

Economics graduate, Management Board Spokesperson for the Gebrüder Becker Group, Wuppertal

HANS JOACHIM SELZER

Engineer (Dipl.-Wirtschafts-Ing.), Driedorf
Other mandates, in accordance with Section 125 (1) Sentence 5 of the German Stock Corporation Act (AktG):

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

CARL MARTIN WELCKER

Engineer (Dipl.-Ing), Managing Director of Alfred H. Schütte GmbH & Co. KG, Cologne

THE BOARD OF MANAGEMENT OF THE INDUS HOLDING AG

JÜRGEN ABROMEIT

Georgsmarienhütte

CEO

Other mandates in advisory councils:

- NORD/LB economic council, Hannover
- Düsseldorf stock exchange economic council
- SME Initiative Group WGZ Bank, Düsseldorf
- Regional Advisory Council West, Commerzbank, Frankfurt (from January 2016)

DR.-ING. JOHANNES SCHMIDT

Bergisch Gladbach

RUDOLF WEICHERT

Business graduate, Erkrath

KEY FIGURES

IN EUR '000	2008	2009	2010	2011	2012	2013	2014	**2015**
Consolidated Statement of Income								
Sales	920,100	766,399	971,585	1,097,125	1,105,271	1,186,785	1,255,723	1,388,857
of which domestic	541,295	448,573	537,708	592,907	569,488	611,191	655,198	708,933
of which abroad	378,805	317,826	433,877	504,218	535,783	575,594	600,525	679,864
Personnel expenses	241,793	227,753	265,128	292,129	306,240	322,628	349,010	392,012
Personnel expenses ratio (personnel expenses as % of sales)	26.3	29.7	27.3	26.6	27.7	27.2	27.8	28.2
Cost of materials	441,067	336,985	461,988	544,840	523,555	562,789	598,204	651,562
Cost of materials ratio (cost of materials as % of sales)	47.9	44.0	47.5	49.7	47.4	47.4	47.6	46.9
EBITDA	133,412	102,837	145,032	159,972	151,778	162,270	175,156	186,408
Depreciation/Amortization	43,086	45,780	43,596	46,759	45,818	43,685	47,970	50,103
EBIT	90,326	57,057	101,436	113,213	105,960	118,585	127,186	136,305
EBIT margin (EBIT as % of sales)	9.8	7.4	10.4	10.3	9.6	10.0	10.1	9.8
Interest	30,344	27,575	27,390	22,961	21,093	19,889	26,481	27,010
EBT	59,982	29,481	74,047	90,252	84,867	98,696	100,705	109,295
Group net income for the year (earnings after taxes)	27,865	11,410	46,943	55,635	52,481	63,974	63,314	68,287
Earnings per share, basic as per IFRS (in EUR)	1.78	0.89	2.59	2.75	2.47	3.02	2.74	2.78
Statement of Financial Position								
Assets								
Intangible assets	313,334	306,689	306,644	313,877	310,706	360,493	412,268	453,630
Property, plant and equipment	250,663	238,888	244,460	245,453	253,917	271,833	306,818	334,846
Inventories	172,047	143,102	178,756	222,778	219,058	236,056	265,690	281,612
Accounts receivable	104,546	99,267	117,617	108,422	137,054	156,218	162,091	160,744
Other assets	37,164	32,027	28,772	26,530	41,333	40,383	45,029	56,751
Cash and cash equivalents	87,791	93,506	96,840	123,107	98,710	115,921	116,491	132,195
Equity and liabilities								
Equity	246,373	241,714	309,489	382,095	414,138	515,330	549,872	595,430
Provisions	52,743	47,994	62,211	65,552	68,229	74,566	80,750	92,235
Financial liabilities	526,254	501,846	476,231	434,283	440,497	423,529	462,315	488,550
Other equity and liabilities	140,175	121,925	125,158	158,237	137,914	167,479	215,450	243,563
Total assets	**965,545**	**913,479**	**973,089**	**1,040,167**	**1,060,778**	**1,180,904**	**1,308,387**	**1,419,778**

IN EUR '000	2008	2009	2010	2011	2012	2013	2014	2015
Group equity ratio (equity/total assets) as %	25.5	26.5	31.8	36.7	39.0	43.6	42.0	41.9
Noncurrent financial liabilities	378,413	363,501	326,417	322,604	331,146	304,769	367,935	376,935
Current financial liabilities	147,841	138,345	149,814	111,679	109,351	118,760	94,381	111,616
Net debt (noncurrent and current financial liabilities – cash and cash equivalents)	438,463	408,340	379,391	311,176	341,787	307,608	345,824	356,355
Net debt/EBITDA	3.3	4.0	2.6	1.9	2.3	1.9	2.0	1.9
Trade accounts payable	28,109	28,019	36,053	46,056	37,313	45,543	47,942	46,748
Advance payments and production orders received with balances on the liabilities side	7,209	4,988	7,207	16,694	16,016	21,983	30,263	39,860
Working capital (inventories + trade accounts receivable – trade accounts payable – advance payments – production orders with balance on liabilities side)	241,275	209,362	253,113	268,450	302,783	324,748	349,576	355,748
Net debt/equity	1.8	1.7	1.2	0.8	0.8	0.6	0.6	0.6
Equity ratio (Net debt/Equity) in %	11.3	4.7	15.2	14.6	12.7	12.4	11.5	11.5
Capital expenditure	56,275	34,694	52,042	58,259	53,926	100,895	97,156	107,380
Statement of Cash Flows								
Operating cash flow	107,309	106,595	81,903	130,158	68,428	117,411	104,385	157,341
Cash flow from operating activitie	80,667	77,091	54,297	106,238	45,919	97,522	86,961	130,942
Cash flow from investing activities	–55,507	–32,709	–38,425	–56,929	–53,525	–99,625	–95,234	–112,768
Cash flow from financing activities	–14,853	–39,126	–13,888	–23,349	–16,523	19,977	8,195	–3,149
Cash flow per share (in EUR)	4.39	4.20	2.91	5.17	2.07	4.35	3.56	5.36
Other performance indicators								
XETRA year end price (in EUR)	13.37	12.00	21.99	18.86	20.26	29.20	38.11	44.51
Average number of shares	18,370,033	18,370,033	18,676,200	20,543,819	22,227,737	22,410,431	24,450,509	24,450,509
Number of shares at year end	18,370,033	18,370,033	20,207,035	22,227,737	22,227,737	24,450,509	24,450,509	24,450,509
Market capitalization	245,607	220,440	444,353	419,215	450,334	713,955	931,809	1,088,292
Total dividend*	14,696	9,185	18,186	22,228	22,228	26,896	29,341	29,341
Dividend per share* (in EUR)	0.80	0.50	0.90	1.00	1.00	1.10	1.20	1.20
Number of portfolio companies	41	40	40	39	38	40	42	44

* Total dividend amount and dividend per share for the fiscal year; dividend proposal for the 2015 fiscal year – subject to approval at Annual Shareholders' Meeting on June 9, 2016

CONTACT

INDUS HOLDING AG
Kölner Straße 32
51429 Bergisch Gladbach

P.O. Box 10 03 53
51403 Bergisch Gladbach

Phone: +49(0)2204/40 00-0
Fax: +49 (0)2204/40 00-20
E-mail: indus@indus.de

www.indus.de

FINANCIAL CALENDAR

APRIL 12, 2016	Publication annual report and annual earnings 2015 press conference, Düsseldorf
APRIL 13, 2016	Analysts' conference, Frankfurt/Main
MAY 18, 2016	Interim report on the first quarter 2016
JUNE 9, 2016	Annual Shareholders' Meeting 2016, Cologne
AUGUST 16, 2016	Interim report H1 2016
NOVEMBER 15, 2016	Interim report on the first three quarters 2016

IMPRINT

RESPONSIBLE MEMBER OF THE MANAGEMENT BOARD
Jürgen Abromeit

HEAD OF PUBLIC RELATIONS & INVESTOR RELATIONS
Regina Wolter
Phone: +49 (0)2204/40 00-70
Fax: +49 (0)2204/40 00-20
E-mail: wolter@indus.de

DATE OF PUBLISHING
April 12, 2016

PUBLISHER
INDUS Holding AG, Bergisch Gladbach

CONCEPT/DESIGN
Berichtsmanufaktur GmbH, Hamburg

PHOTOS
Catrin Moritz, Essen, Martin Vogtmeier, LKAG, INDUS Group

THIS ANNUAL REPORT IS ALSO AVAILABLE IN GERMAN. BOTH THE ENGLISH AND THE GERMAN VERSIONS OF THE ANNUAL REPORT CAN BE DOWNLOADED FROM THE INTERNET AT WWW.INDUS.DE UNDER INVESTOR RELATIONS/ANNUAL AND INTERIM REPORTS. ONLY THE GERMAN VERSION OF THE ANNUAL REPORT IS LEGALLY BINDING.

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

FSC® www.fsc.org
MIX
Paper from responsible sources
FSC® C002727

WWW.INDUS.DE

THE NEW INDUS APP:
download free of
charge in the App Store
or directly with this
QR code

DRIVING SUSTAINABLE ECONOMIES

Corporate Responsibility Prime

rated by oekom research