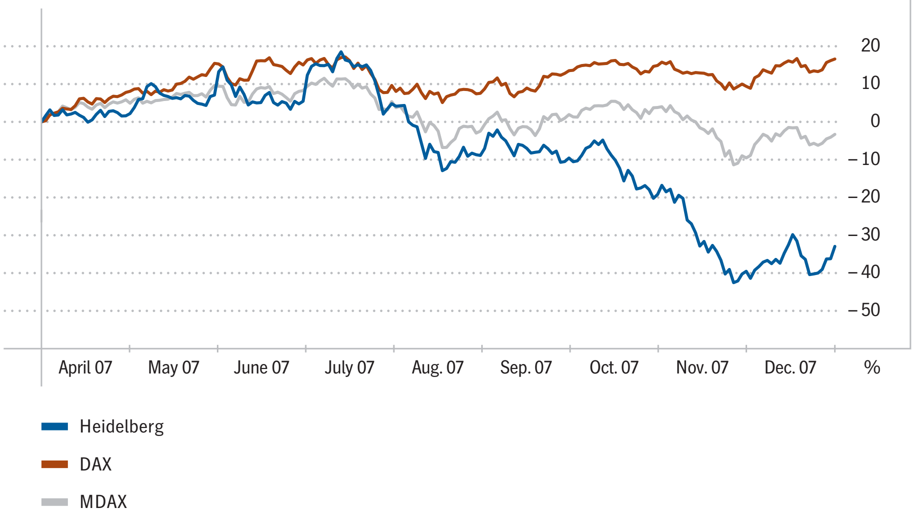
INTERIM FINANCIAL REPORT

THIRD QUARTER 2007/2008

HEIDELBERG

PERFORMANCE OF THE HEIDELBERG SHARE

compared with the DAX/MDAX (Index: April 1, 2007 = 0 percent)



KEY PERFORMANCE DATA

Figures in € millions

	Q1 to Q3 prior year	Q1 to Q3 2007/2008	Q3 prior year	Q3 2007/2008
Incoming orders	2,913	2,824	917	958
Net sales	2,589	2,568	961	929
Result of operating activities	202 [1]	177	84	81
– in percent of sales	7.8	6.9	8.7	8.7
Net profit [2]	180 [1]	87	112	43
– in percent of sales	7.0	3.4	11.7	4.6
Cashflow [2]	262	180	168	83
– in percent of sales	10.1	7.0	17.5	8.9
Free cash flow	12 [1]	– 2	37	41
Research and development costs	175	163	59	52
Investments	113	146	47	50
Earnings per share in €	2.21	1.11	1.38	0.54

1) Previous year's figures comprise positive one-time effect from the sale of Linotype GmbH

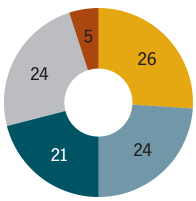
2) Previous year's figures comprise tax income from a corporate income tax credit totaling € 73 million

Contents

The Heidelberg Share

REGIONAL BREAKDOWN OF IDENTIFIED FREE FLOAT

Share in percent



- USA
- Germany
- Great Britain
- Other Europe
- Other

(Source: Thomson Financial, November 2007)

Despite worldwide price adjustments, the German share index DAX ended calendar year 2007 at 8,067 points, just slightly below the all-time high of July 2007. During the reporting quarter the DAX grew by approximately 3 percent. The midcap index MDAX was more heavily burdened by the consequences of the credit crisis, by rising raw material prices, and by increasing fears of a recession in the US, thereby falling by some 5 percent during October to December. The MDAX fell behind the DAX for the first time in seven years for the year as a whole.

The development of the Heidelberg share price was also disappointing during the third quarter of the financial year. Following a further deterioration in the exchange rate structures to our disadvantage, in particular against the US dollar, our share price came under considerable pressure in November. The general withdrawal from midcaps, which are viewed as being subject to cyclical influences, caused a further decline in the price. As a result, by the end of the quarter our share had fallen substantially by almost 25 percent.

Thanks to systematic investor relations work, the shareholder structure continues to be internationally balanced, including investors from Germany, from the US, and from the UK. Each group accounts for around a quarter of the share capital held in free float. The remaining shares are largely held by European institutional investors. A total of approximately 22 percent of shares are still being held by RWE Aktiengesellschaft (10 percent) and by Allianz SE (12 percent).

KEY PERFORMANCE DATA OF THE HEIDELBERG SHARE

Figures in €

	Q3 prior year	**Q3 2007/2008**
Earnings per share	1.38	0.54
Cash flow per share	2.05	1.05
Share price – high	36.75	32.65
Share price – low	32.30	19.71
Share price – beginning of the quarter [1]	32.60	30.76
Share price – end of the quarter [1]	35.88	23.00
Market capitalization at the end of the quarter in € millions	2,980	1,834
Number of shares in thousands [2]	81,794	78,286

1) Xetra closing price; source of prices: Bloomberg

2) Weighted number of outstanding shares

Overall Picture

The traditional Open House events held in Germany made a special contribution to our achieving the strongest quarter in incoming orders so far this financial year. Third quarter sales and the operating result are also substantially higher than in previous quarters. We were successful in generating a strong operating return on sales of 8.7 percent during the third quarter, compared with 3.5 percent in the first, and 7.8 percent in the second quarter. Due to foreign currency developments, sales for the three quarters fell just short of the previous year's level. We are currently projecting fourth quarter sales substantially in excess of € 1 billion, so that despite the economic uncertainties in the US and the impact of a strong euro, particularly in the US and the Asia/Pacific region, we will attain the previous year's volume. One favorable development worthy of mention is that with projected sales of approximately € 3.8 billion, we will attain a result of operating activities in excess of the previous year's adjusted figure of approximately € 300 million – the outcome of our efficiency-boosting measures to reduce costs during the financial year. We intend to increase net profit from an adjusted 3.8 percent of sales the previous year to between 4.5 and 5.0 percent.

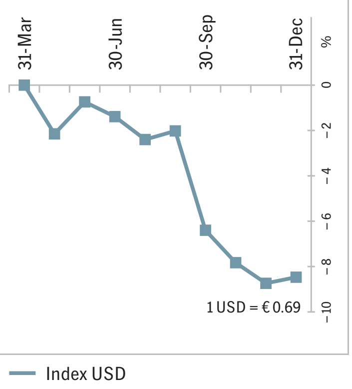
Underlying Conditions

Despite a slight weakening, evident during the second half of the year, the global economy's favorable developments continued into calendar year 2007. Notwithstanding the developments in the US and ongoing high energy prices, the expected growth of 3.6 percent (source: Global Insight) is only slightly lower than the comparable figure for 2006. The US economy cooled markedly during the year as a result of the mortgage crisis and the subsequent credit crunch. That country's economic growth is currently being carried entirely by exports, which are favored by the weak US dollar. Both consumer spending and the propensity to invest remain noticeably restrained.

Despite the strong euro, the economy in the European region was characterized by vigorous growth. The favorable development in the labor markets resulted in strong consumer demand. Investments also increased. The favorable labor market developments generated healthy domestic demand in Germany as well, with stable economic growth posted during the past calendar year.

APPRECIATION OF THE €

End-of-month closing prices



(Source of prices: Bloomberg)

The moderate upward trend continued in Japan. Eastern Asia is still marked by rapid growth, with China and India in particular continuing in the forefront of the emerging markets. The growing economies of Latin America are benefiting from ongoing high raw material prices.

Although the German printing industry developed favorably across-the-board, the mood in the US printing industry has become somewhat dampened by that country's general economic market turbulence, which is also having a negative impact on the propensity to invest. The situation for European equipment suppliers to the print media industry is being exacerbated by the unfavorable exchange rate structures. Our Japanese competitors are benefiting from the weak US dollar as well as the similarly weak Japanese yen. The graph on the left shows the course of the US dollar's further 8 percent loss in value against the euro during the past financial year alone!

Business Development

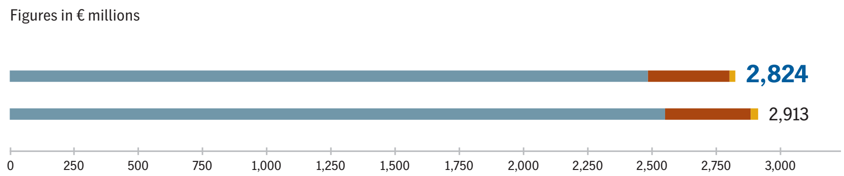
The success of the traditional autumn Open House events, which were held by various sales units in Germany during October and November, contributed to the Heidelberg Group's generation of **incoming orders** totaling € 958 million during the third quarter.

The reporting quarter was thereby the current financial year's strongest quarter in terms of order volume – 4 percent higher than the figure for the same quarter the previous year. In addition to incoming orders from Germany, orders from China, Poland, and Russia were also strong during the reporting quarter. By contrast, our US business was disappointing. During the same quarter the previous year, a trade show had been held in that country. Moreover, the unfavorable exchange rate situation had a negative impact in that country due to the weak US dollar and Japanese yen. Adjusted for foreign currency influences, consolidated incoming orders of the Heidelberg Group grew by 7 percent over the previous year. Incoming orders reached an overall volume of € 2,824 million during the first nine months of the financial year. Despite the IPEX trade show, which had generated an especially high level of incoming orders during the first quarter of the previous year, adjusted for foreign currency changes our incoming orders fell only 1 percent short of the previous year's figure.

INCOMING ORDERS BY DIVISION

2007/2008, Q1 to Q3

2006/2007, Q1 to Q3



Press	**2,484**	– 3 %
Postpress	**317**	– 5 %
Financial Services	**23**	– 21 %
Heidelberg Group	**2,824**	**– 3 %**

Q3

Press	**852**	+ 8 %
Postpress	**99**	– 16 %
Financial Services	**7**	– 30 %
Heidelberg Group	**958**	**+ 4 %**

The **order backlog** as of December 31, 2007 rose slightly from the previous quarter to € 1,196 million due to the volume of incoming orders in the third quarter. The length of the order backlog is currently 3.8 months.

The Heidelberg Group had **sales** of € 929 million. Although the third quarter thereby posted the highest level of sales so far during the current financial year, this was nevertheless 3 percent below the previous year's figure. One of the main reasons for this development is the continued weakness of the US dollar. Adjusted for foreign currency influences, sales nearly measured up to the previous year's level. In contrast to the prior quarters, the Postpress Division fell considerably short of the previous year's figures. The interest income of the Financial Services Division declined as had been expected. The reporting quarter was especially favorable in the Eastern Europe Region, where we were successful in recording the highest figures for a third quarter in four years. The Heidelberg Group realized sales of € 2,568 million for the first nine months of the financial year, only slightly below the previous year's figure. Adjusted for foreign currency changes, sales were up by 2 percent.

SALES BY DIVISION

Figures in € millions

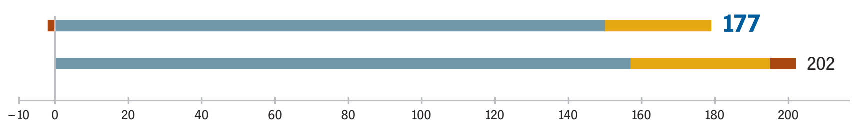
	Q1 to Q3 prior year	**Q1 to Q3 2007/2008**	Q3 prior year	**Q3 2007/2008**
Press	2,251	2,238	828	814
Postpress	309	307	123	108
Financial Services	29	23	10	7
Heidelberg Group	2,589	2,568	961	929

Results of Operations, Net Assets, and Financial Position

The Heidelberg Group attained a **result of operating activities** of € 81 million during the third quarter of the current financial year – slightly below the previous year's figure. Lower sales, negative foreign currency influences, and higher personnel expenses under the collective bargaining agreement had a dampening effect. The Press Division nevertheless benefited from the now higher share of sales of the Speedmaster XL 105. We have continued reducing structural costs and also succeeded in slightly trimming research and development costs from the previous year. The operating return on sales in the quarter amounted to 8.7 percent, compared with 3.5 percent in the first and 7.8 percent in the second quarter.

RESULT OF OPERATING ACTIVITIES

Figures in € millions

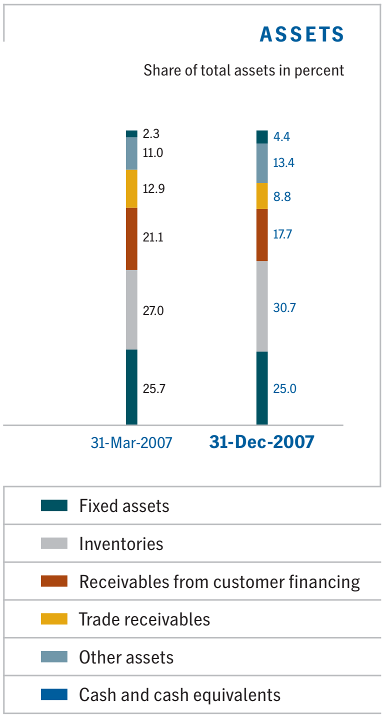


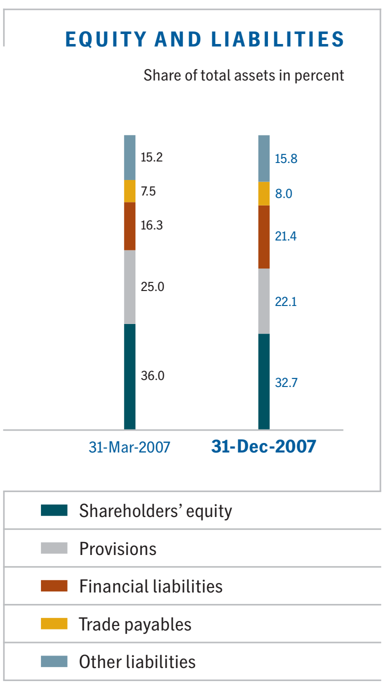
	2007/2008, Q1 to Q3	2006/2007, Q1 to Q3
Press	**150**	157
Postpress	**– 2**	7
Financial Services	**29**	38
Heidelberg Group	**177**	**202**
Q3		
Press	**69**	61
Postpress	**2**	7
Financial Services	**10**	16
Heidelberg Group	**81**	**84**

We achieved an overall result of operating activities of € 177 million during the first nine months of the financial year, thereby realizing a nearly 7 percent operating return on sales. The previous year's figure of € 202 million had included a positive one-time effect generated by the sale of Linotype GmbH.

Influenced by higher outlays due to the generally higher interest rate level, the **financial result** for the first three quarters was down from € –41 million the previous year to € –53 million. The decline in financial income is additionally evident because of the effects of derivative financial instruments used in currency hedging. **Income before taxes** amounts to € 124 million, with the tax rate at 30 percent. In the previous year, during the third quarter we had booked favorable tax income from the corporate income tax credit totaling € 73 million, thereby increasing net profit to € 180 million. **Net profit** at present amounts to € 87 million in the current financial year. Earnings per share was € 1.11.

Up to December 31, 2007, the Heidelberg Group's **investments** in tangible and intangible assets rose to € 146 million – 29 percent over the previous year's figure. This increase was caused by the new assembly hall 11 at Wiesloch-Walldorf, which has meanwhile begun operations. A large proportion





of the overall investment volume of € 45 million has been booked during the first nine months of the current financial year. The new format categories Speedmaster XL 145 and Speedmaster XL 162 are to be assembled in this hall. Heidelberg has also set up a package printing demonstration center.

During the third quarter, the Heidelberg Group's **total assets** rose by a substantial € 124 million from the figure for the previous quarterly reporting date to € 3,588 million as of December 31, 2007.

Among **assets,** inventories increased further since the end of the previous quarter. Trade receivables also exceeded the figure for September 30, 2007. Cash and cash equivalents were also especially high as of the end of the quarter. Receivables from customer financing developed in the opposite direction, falling by € 75 million due to the sales of portions of portfolios during the quarter.

Among **equity and liabilities,** shareholders' equity increased slightly due to the net income for the quarter, amounting to € 1,174 million as of December 31, 2007. The equity ratio continues to total nearly 33 percent. In addition to an increase in trade payables, our financial liabilities were higher as of the quarterly reporting date, amounting to € 766 million.

The Heidelberg Group's **cash flow** totaled € 180 million through the end of the third quarter, thereby amounting to 7 percent of sales. The previous year's figures included non-recurring items from the recognition of the corporate income tax credit.

In the area of **other operating changes** totaling € –45 million, compared with the previous year we benefited from lower outflows of funds from working capital and a significantly greater inflow of funds from receivables from customer financing.

The **outflow of funds from investment activity** amounted to € –137 million for the three quarters. The increase over the previous year's figure by € 55 million results from the greater investment volume due to the construction of Hall 11. Furthermore, the previous year's figure had been influenced by a high inflow of funds from asset disposals.

Overall, the **free cash flow** of € –2 million for the first nine months of the financial year is still slightly negative – somewhat below the previous year's figure. The figure for the third quarter of € 41 million was nevertheless clearly favorable. As in past years we anticipate a further increase during the fourth quarter, as a result of which we are confident of attaining our projected free cash flow quota of 4 percent in terms of sales.

CASH FLOW STATEMENT

Figures in € millions

	Q1 to Q3 prior year	Q1 to Q3 2007/2008
Cash flow	262	180
Working capital	– 100	– 83
Receivables from customer financing	52	102
Other	– 120	– 64
Other operating changes	– 168	– 45
Outflow of funds from investment activity	– 82	– 137
– of which: pension funding	– 50	–
– of which: inflow of funds from asset disposals	90	23
– of which: hall 11	– 9	– 25
Free cash flow	12	– 2

Heidelberg Excellence

We intend to increase Heidelberg's corporate value by means of our program 'Heidelberg Excellence'. This program is based on three pillars. We will generate additional sales by offering new products and expanding our business with services, spare parts, and supplies. We will continue our efficiency-boosting and cost reduction measures. In addition to optimizing administrative and sales processes, our focus is primarily on measures to continuously boost efficiency and enhance the streamlining of production and assembly processes, with an important contribution coming from our Heidelberg production system. In the medium term we are aiming at further reducing tied assets through systematic asset management and lowering working capital in terms of sales to 30 percent.

Divisions

Incoming orders of the **Press** Division were excellent during the third quarter. Favored by the successful course of the autumn Open House events in Germany, this division's incoming orders of € 852 million surpassed the previous year's figure by 8 percent. The IPEX trade show had generated particularly high levels of incoming orders during the first quarter of the previous year. Therefore – and due to the more unfavorable exchange rate – this division's incoming orders for the nine months on a cumulative basis are 3 percent below the previous year's figure. This division's sales fell just short of the previous year's figures for both the quarter as well as for the nine months on a cumulative basis. The share of sales accounted for by the Speedmaster XL 105 has increased considerably. This is also one of the causes for the better result of operating activities of € 69 million during the quarter despite the lower sales, compared with € 61 million the previous year. We were also successful in modestly reducing the costs for research and development from the previous year. The positive one-time effect resulting from the sale of Linotype GmbH the previous year is the main cause for the result of operating activities falling short of the previous year's figure for the three quarters on a cumulative basis. The total number of employees rose again slightly to 17,390 through December 31, 2007.

The incoming orders of the **Postpress** Division of € 99 million fell short of the solid previous year's figure. Nearly all product areas are affected by this decline. This division fell short of the previous year's level by 5 percent on a cumulative basis for the first nine months of the financial year as well. The division's sales for the quarter of € 108 million were also disappointing. Nevertheless, adjusted for negative foreign currency influences, sales slightly exceeded the previous year's figures for the first three quarters. With a quarterly result of operating activities of € 2 million, this division was in the black for the first time during the current financial year. The division had a total of 2,039 employees as of December 31, 2007.

The continuation of our strategy in the **Financial Services** Division is continuing to pay off. Despite the market turbulence in the credit market, particularly in developed markets, we were successful in further reducing receivables and counter-liabilities from customer financing, thanks to the consistent support we provide our global, regional, and local financing partners as well as government export credit insurers. Additional sales of portions of portfolios in the US and premature repayments contributed to this development. As of December 31, 2007 receivables from customer financing amounted to

€ 315 million, reflecting a decline of € 75 million for the quarter. Similarly to the lower volume of financing, interest income and refinancing costs have also been reduced further. Our result with the provision for risks was more favorable than in the past due to the generally stable risk environment in our major credit markets and portfolio optimization. We were consequently successful in generating a result of operating activities of € 10 million for the quarter and € 29 million for the three quarters. As of the quarterly reporting date, this division had a total of 79 employees.

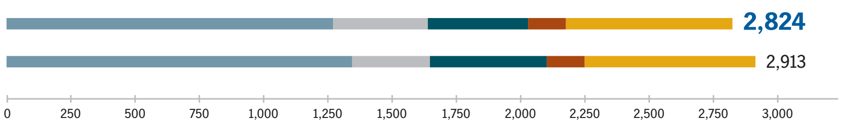
Regions

INCOMING ORDERS BY REGIONS

2007/2008, Q1 to Q3

2006/2007, Q1 to Q3

Figures in € millions



Europe, Middle East and Africa	**1,271**	– 6 %
Eastern Europe	**368**	+ 22 %
North America	**390**	– 14 %
Latin America	**147**	0 %
Asia/Pacific	**648**	– 2 %
Heidelberg Group	**2,824**	**– 3 %**

Q3

Europe, Middle East and Africa	**451**	+ 17 %
Eastern Europe	**138**	+ 68 %
North America	**119**	– 32 %
Latin America	**51**	+ 2 %
Asia/Pacific	**199**	– 12 %
Heidelberg Group	**958**	**+ 4 %**

The third quarter of the financial year was highly successful for the **Europe, Middle East and Africa** region. We managed to boost incoming orders by 17 percent over the previous year to € 451 million. We were favored here by the auspicious course of the Open House events in Germany. The high volume of incoming orders demonstrates the willingness of Heidelberg's customers to undertake investments even in a pre-drupa year. This region posted incoming orders totaling € 1,271 million for the first three quarters. Due primarily to the IPEX trade show in the first quarter of the past year, the previous year's figures could not be reached. By means of the acquisition of the sales and service activities of Stielund and Taekker in Denmark and Sweden, we intend to position ourselves as the biggest supplier of consumables in the print media industry of the Scandinavian and Baltic countries. This region's sales through December 31, 2007 amounted to € 1,161 million – 3 percent below the previous year's figure. In particular the UK and France recorded a decline from the previous year. Germany was also successful in improving sales and is on track for achieving a record year.

Developments were completely favorable for the **Eastern Europe** region, both in the third quarter and for the entire financial year to date. Incoming orders of € 138 million were 68 percent higher than the previous year's figure. The previous year's figures were also considerably exceeded on a cumulative basis for the past three quarters! We are currently posting successes especially in the region's two principal markets: Russia and Poland. We considerably boosted sales over the previous year in both the reporting quarter and on a cumulative basis for the nine-month period.

The marked decline of incoming orders in the **North America** region during the third quarter from the previous year was caused by three principal factors. The trade show Graph Expo was held in the same quarter the previous year and the still weak US dollar worsens the competitive conditions of German suppliers in particular in this market. Furthermore, the market turbulence in the real estate market and related fears of a recession served to moderately dampen the propensity to invest in the North American print media industry as well. Our overall incoming orders of € 390 million for the first three quarters are considerably below the previous year's figure. Sales through December 31, 2007 amounted to € 392 million – up by nearly 2 percent over the previous year's figure after adjusting for foreign currency changes.

The **Latin America** region reached the previous year's figures for incoming orders, both for the quarter as well as for the nine-month period on a cumulative basis, with Brazil continuing to be the region's key market. Within the framework of a financial press conference held at the Print Media Academy São Paulo, the new Anicolor inking unit technology was introduced in Brazil in October for the first time in Latin America. Despite the somewhat weaker third quarter, the sales in this region also attained the previous year's figure for the first nine months.

NET SALES BY REGIONS

Figures in € millions

	Q1 to Q3 prior year	**Q1 to Q3 2007/2008**	Q3 prior year	**Q3 2007/2008**
Europe, Middle East and Africa	1,199	1,161	457	434
Eastern Europe	258	323	92	116
North America	413	392	159	139
Latin America	130	129	47	43
Asia/Pacific	589	563	206	197
Heidelberg Group	2,589	2,568	961	929

The incoming orders of the Chinese market also considerably surpassed the previous year's figures during the third quarter. Nevertheless, the volume of orders was disappointing in Japan, as a result of which the incoming orders of the **Asia/Pacific** region of € 199 million failed to attain the previous year's level during the quarter. On a nine-month cumulative basis, after adjusting for foreign currency changes, the previous year's figure was surpassed by 3 percent. Inauguration of the Hong Kong Logistics Center in November assures that customers in this region can be supplied directly from this service parts platform in addition to the logistics operation in Japan. The sales of this region fell short of the previous year's figures both for the quarter as well as on a nine-month cumulative basis solely due to worsened exchange rates.

Research and Development

The Heidelberg Group's **research and development costs** amounted to € 163 million during the first nine months of the current financial year – 7 percent below the same period the previous year. For the financial year as a whole, we also expect the costs for research and development to decline from the previous year. Reusing the same solutions in various format categories increases our efficiency and simultaneously reduces our costs of both development and subsequently in production.

During the current financial year, we have been working under full steam on the projects to be introduced at drupa 2008 in May and June, including the Speedmaster XL 145 and XL 162, an entirely new generation of printing presses. We will also introduce our new package printing workflow at this trade show.

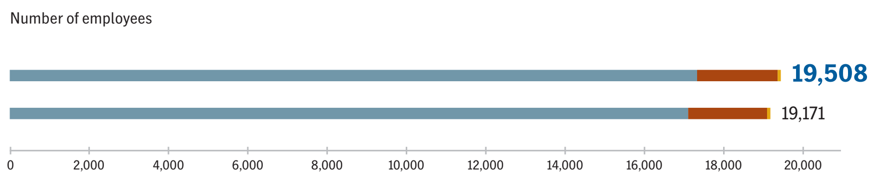
Our development activity focuses primarily on the characteristic cost structure of print shops. Each reduction of set-up time or decrease in spoilage achieved by using our products reduces the overall production costs of our customers. The goal of a greater environmental friendliness in sheetfed offset printing can also be achieved if spoilage can be substantially reduced – for example with our new Anicolor inking unit technology.

Employees

EMPLOYEES

December 31, 2007

March 31, 2007



	December 31, 2007	March 31, 2007
Press	**17,390**	17,100
Postpress	**2,039**	1,988
Financial Services	**79**	83
Heidelberg Group	**19,508**	**19,171**

Heidelberg had a total of 19,508 employees as of the quarterly reporting date December 31, 2007 – 82 more than at the end of the second quarter. Overall, the number of employees increased by 337 during the course of the financial year. Adjusted for the number of trainees, there were 187 more employees – primarily in production.

As of January 1, 2008 we introduced a master collective bargaining agreement in Germany, known by the abbreviation ERA, according to which obsolete wage and salary structures were replaced by a uniform and modern compensation system. The introduction was supported by means of numerous information and training measures.

Risk and Opportunity Report

Our management philosophy includes the recognition and realistic measurement of risks as early as possible. This approach makes it possible for us to systematically cope or make appropriate preparation. Moreover, opportunities are also recorded and systematically made use of as early as possible. Detailed information concerning our risk and opportunity management can be found on pages 30 and 31 in the 2006/2007 Annual Report.

We continue to expect Heidelberg's overall risk to have declined modestly this financial year. We had viewed the uncertainties surrounding the customs provisions in China as our greatest risk – a risk that no longer exists now that the situation has been clarified. We view the unfavorable exchange rate structures and resulting competitive pressures as our greatest risk at present. The advantage accruing to Japanese competitors might be enhanced by a further weakening of the US dollar, with a corresponding negative impact on market prices. The print media industry is in general highly susceptible to cyclical fluctuations, which are then reflected in our customers' propensity to invest. Medium-term business prospects remained favorable. However, the financial market crisis raised fears of recession, primarily with respect to the North American economy. This results in an overall increase in uncertainties. Although our considerable regional diversification reduces our dependency on individual markets, a global economic slowdown would nevertheless have an impact on Heidelberg as well. However, we have additionally consistently enhanced our flexibility in recent years. Our reduction in structural costs lessens our susceptibility to fluctuations in customer orders. There are currently no recognizable risks that could threaten the existence of the Heidelberg Group.

Besides risks, there are also opportunities that would favor our business. A change in exchange rates in favor of suppliers from the European region caused by a strengthening of the US dollar would have a favorable impact on our business development. We would also benefit from the global economy developing more vigorously than has so far been projected. We will present our new package printing products at drupa 2008. There is an opportunity here that the new products will be more quickly accepted by the market than we assume in our planning.

Supplementary Report

No significant events occurred after the financial reporting date.

Future Prospects

The global economy is expected to generate growth of 3.6 percent in calendar year 2007 (source: Global Insight). This is only a slightly slower pace of growth that in 2006 despite the downswing in the US real estate market. Due among other things to recent capital market developments, a degree of uncertainty exists concerning the further development of the US economy and its impact on Europe and other regions in calendar year 2008. The global economy is expected to grow at most at just below the previous year’s pace. For some European countries, growth projections for calendar year 2008 were recently cut back.

The traditional Open House events held in Germany made a special contribution to our achieving the strongest quarter in incoming orders so far this financial year. Third quarter sales and the operating result are also substantially higher than in previous quarters. We were successful in generating a strong operating return on sales of 8.7 percent during the third quarter, compared with 3.5 percent in the first and 7.8 percent in the second quarter. Due to foreign currency developments, sales for the three quarters fell just short of the previous year’s level. We are currently projecting fourth quarter sales substantially in excess of € 1 billion, so that despite the economic uncertainties in the US and the impact of a strong euro, particularly in the US and the Asia/Pacific region, we will attain the previous year’s volume. One favorable development worthy of mention is that with projected sales of approximately € 3.8 billion, we will attain a result of operating activities in excess of the previous year’s adjusted figure of approximately € 300 million. Worsening exchange rate structures, higher personnel expenses and higher outlays in the raw material and energy sectors have had in the past, and will continue to have in the future, a dampening impact. We have successfully countered this through our efficiency-boosting and cost reduction measures in all areas, which have compensated for these burdens.

From today’s perspective, the financial result will worsen from the previous year, due among others to changed capital market conditions. Favored among other things by the tax reform as well as internal optimization measures regarding the tax rate, we intend to boost net profit from an adjusted

3.8 percent of sales the previous year to 4.5 to 5.0 percent during the current financial year. We are also striving for free cash flow to again account for 4 percent of sales during the current financial year.

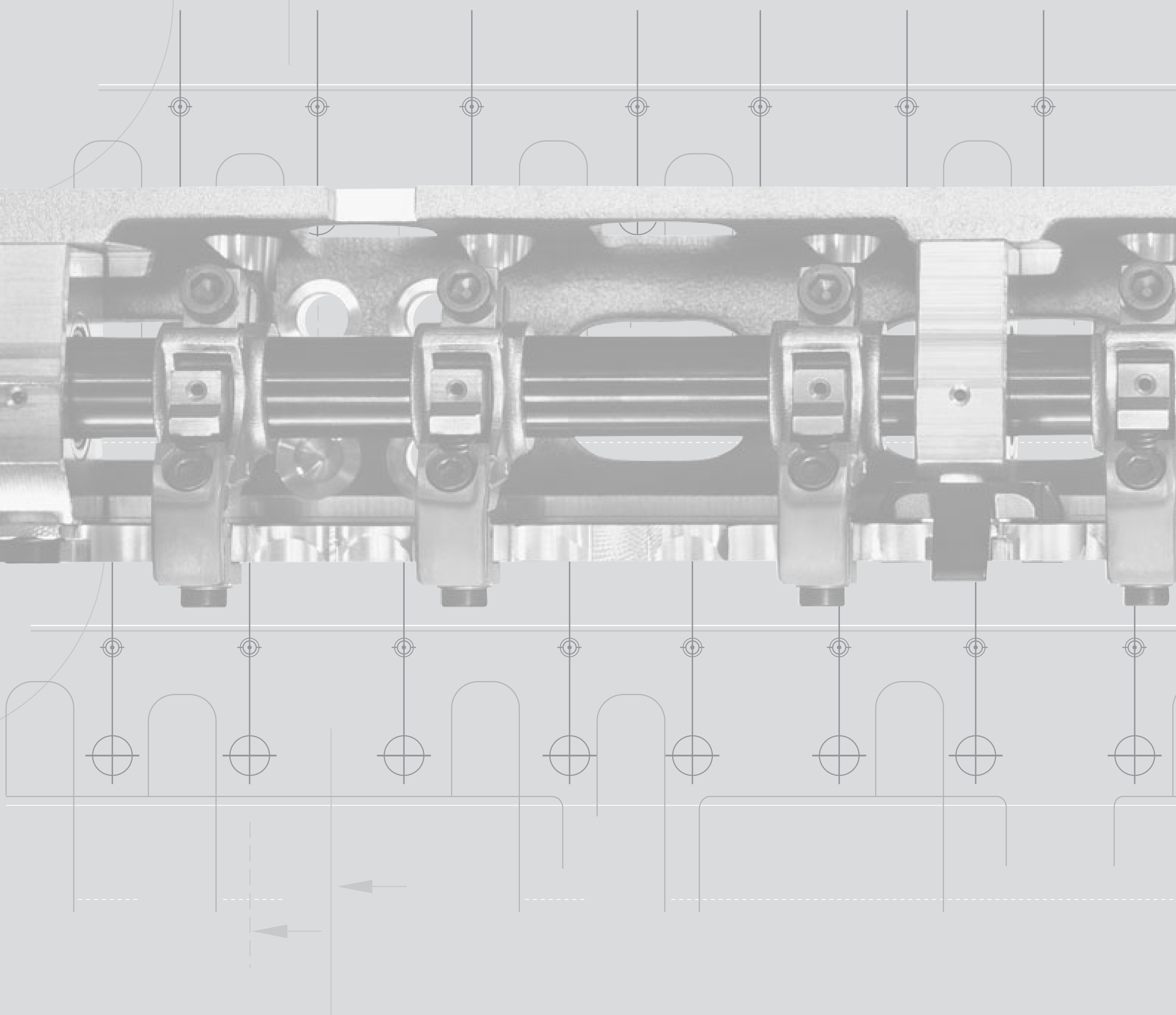
The shape of the coming financial years will largely depend on the further development of the global economy and the course of the drupa 2008 trade show, which gets under way on May 29. We will continue to focus on our strategic approach of further actively expanding the service area and placing priority on package printing.

Disclaimer

This Quarterly Report contains forward-looking statements based on assumptions and estimations by the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft. Even though the Management Board is of the opinion that these assumptions and estimations are realistic, the actual future development and results may deviate substantially from these forward-looking statements due to various factors, such as changes in the macro-economic situation, in the exchange rates, in the interest rates, and in the print media industry. Heidelberger Druckmaschinen Aktiengesellschaft gives no warranty and does not assume liability for any damages in case the future development and the projected results do not correspond with the forward-looking statements contained in this Quarterly Report.

> THIRD QUARTER IN REVIEW

FINANCIAL YEAR 2007/2008



> THIRD QUARTER 2007/2008 IN REVIEW

October 11 – November 17, 2007
Open House Events in Germany

October 25, 2007
Anicolor in Latin America

November 19, 2007
Business Startup of Hong Kong Logistics Center

October

November

10/2007

11/2007

High Propensity to Invest during Autumn Open House Events in Germany

October 11 – November 17, 2007 +++ More than 7,000 visitors at five sites +++

Heidelberg Germany held this year's traditional Open House events true to the motto 'Time for Success. Time for Heidelberg'. Apart from some product innovations, customers were presented the comprehensive portfolio of Heidelberg Systemservice and the solution offerings in the packaging printing area. The successful course of the Open House events, in particular the high volume of incoming orders, demonstrates the high propensity to invest among Heidelberg customers even in a pre-drupa year.

Launch of Anicolor Technology in Latin America

October 25, 2007 +++ Introduction to trade press and VIP customers in Brazil +++

On the occasion of a trade press conference at São Paulo's Print Media Academy (PMA), Anicolor technology was launched in Latin America. The new technology was presented in the course of several live demonstrations and presentations. The highlight of the event was the presentation of the Speedmaster SM 52 Anicolor four-color press with coating unit, which will be available in São Paulo's PMA through mid-2008.

Heidelberg Systemservice: Business Startup at the Hong Kong Logistics Center (HLC)

November 19, 2007 +++ Official inauguration in April 2008 +++

With the technical startup of business at the Hong Kong Logistics Center, Heidelberg has completed its global service parts network. In addition to the logistics centers in Germany, the US, and Japan, this new service parts platform will also help to supply Heidelberg customers as quickly as possible.

2007/08

December 7, 2007
New 'Saphira' Product Category

November 29, 2007
'Good Design Award'

December 7, 2007
Environmental Commitment Intensified

December

12/2007

'Good Design Award' for Heidelberg Products

November 29, 2007 +++ Renowned Japanese Design Award goes to Heidelberg +++

The Heidelberg products Stitchmaster ST 450, the 45-N1 stitching head as well as the A52/A74 Suprasetter received the 'Good Design Award'. The competition awards products for their high quality, superior functionality and user friendliness.

Saphira

New Product Category – 'Saphira'

December 7, 2007 +++ Worldwide consumables business concentrates on a single product category +++

The name 'Saphira' represents a comprehensive portfolio of high-quality consumables suitable for both standard print jobs and special applications. All consumables bearing this name have been specially optimized and tested for use in Heidelberg solutions. The Company will be presenting a new, globally standardized Saphira range at drupa 2008.

Heidelberg Steps Up Its Environmental Commitment

December 7, 2007 +++ Main focus at the year-end trade press conference: 'Sustainable Printing' +++

Environmental protection has been one of Heidelberg's corporate objectives as far back as in 1992; the Company intends to remain the forerunner in environmental protection in the future as well. Heidelberg's developers keep working on concepts to minimize environmental pollution in print shops: If customers implement all the measures suggested by Heidelberg, spoilage can be reduced by up to 80 percent, energy consumption by more than 15 percent, and CO_2 emissions by over 5 percent. The biggest environmental factor in sheetfed offset printing is startup waste – it can be reduced most efficiently by implementing the new Anicolor inking unit technology.

> CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period April 1, 2007 to December 31, 2007

Consolidated interim income statement April 1, 2007 to December 31, 2007

> INTERIM INCOME STATEMENT

Figures in € thousands

	Note	1-Apr-2006 to 31-Dec-2006	**1-Apr-2007 to 31-Dec-2007**
Net sales		2,589,326	2,567,651
Change in inventories		111,359	168,667
Other own work capitalized		35,725	48,895
Total operating performance		2,736,410	2,785,213
Other operating income	3	159,899	142,910
Cost of materials	4	1,209,317	1,246,197
Personnel expenses		852,006	889,070
Depreciation and amortization		96,502	89,385
Other operating expenses	5	536,282	526,576
Result of operating activities		202,202	176,895
Result from the equity valuation		–	–
Financial income	6	24,767	14,536
Financial expenses	7	65,948	67,763
Financial result		– 41,181	– 53,227
Income before taxes		161,021	123,668
Taxes on income		– 19,099	37,008
Consolidated net profit		180,120	86,660
Minority interests		– 243	– 227
Consolidated net profit – Heidelberg portion		180,363	86,887
Undiluted earnings per share according to IAS 33 (in € per share)	8	2.21	1.11
Diluted earnings per share according to IAS 33 (in € per share)	8	2.10	1.10

Consolidated interim income statement October 1, 2007 to December 31, 2007

> INTERIM INCOME STATEMENT

Figures in € thousands

	1-Oct-2006 to 31-Dec-2006	**1-Oct-2007 to 31-Dec-2007**
Net sales	961,609	928,401
Change in inventories	28,184	42,151
Other own work capitalized	10,193	11,676
Total operating performance	999,986	982,228
Other operating income	40,445	54,657
Cost of materials	446,142	443,914
Personnel expenses	289,077	296,117
Depreciation and amortization	31,698	29,984
Other operating expenses	189,297	186,043
Result of operating activities	84,217	80,827
Result from the equity valuation	20	–
Financial income	10,089	4,949
Financial expenses	27,014	26,783
Financial result	– 16,905	– 21,834
Income before taxes	67,312	58,993
Taxes on income	– 45,220	16,695
Consolidated net profit	112,532	42,298
Minority interests	– 72	–
Consolidated net profit – Heidelberg portion	112,604	42,298
Undiluted earnings per share according to IAS 33 (in € per share)	1.38	0.54

> INTERIM INCOME STATEMENT – QUARTERLY OVERVIEW

Figures in € thousands	1-Apr-2007 to 30-Jun-2007	1-Jul-2007 to 30-Sep-2007	1-Oct-2007 to 31-Dec-2007	**1-Apr-2007 to 31-Dec-2007**
Net sales	742,218	897,032	928,401	2,567,651
Change in inventories	113,118	13,398	42,151	168,667
Other own work capitalized	22,634	14,585	11,676	48,895
Total operating performance	877,970	925,015	982,228	2,785,213
Other operating income	39,638	48,615	54,657	142,910
Cost of materials	393,354	408,929	443,914	1,246,197
Personnel expenses	301,326	291,627	296,117	889,070
Depreciation and amortization	29,558	29,843	29,984	89,385
Other operating expenses	167,384	173,149	186,043	526,576
Result of operating activities	25,986	70,082	80,827	176,895
Result from the equity valuation	–	–	–	–
Financial income	3,866	5,721	4,949	14,536
Financial expenses	17,659	23,321	26,783	67,763
Financial result	– 13,793	– 17,600	– 21,834	– 53,227
Income before taxes	12,193	52,482	58,993	123,668
Taxes on income	4,283	16,030	16,695	37,008
Consolidated net profit	7,910	36,452	42,298	86,660
Minority interests	– 146	– 81	–	– 227
Consolidated net profit – Heidelberg portion	8,056	36,533	42,298	86,887
Undiluted earnings per share according to IAS 33 (in € per share)	0.10	0.47	0.54	1.11

Consolidated interim balance sheet as of December 31, 2007

>>>

> ASSETS

Figures in € thousands

	Note	31-Mar-2007	31-Dec-2007
Non-current assets			
Intangible assets	9	261,024	270,450
Tangible assets	9	528,241	554,486
Investment property	9	21,546	17,518
Financial assets	10	46,675	56,806
Receivables from customer financing	11	319,880	210,586
Other receivables and other assets	11	88,052	158,517
Income tax assets		74,098	67,263
Deferred tax assets		72,034	70,825
		1,411,550	1,406,451
Current assets			
Inventories	12	900,701	1,100,212
Receivables from customer financing	11	111,523	104,740
Trade receivables	11	704,538	633,894
Other receivables and other assets	11	122,096	156,144
Income tax assets		9,424	26,242
Marketable securities		2,908	582
Cash and cash equivalents		76,339	156,800
		1,927,529	2,178,614
Assets held for sale		–	2,682
Total assets		3,339,079	3,587,747

> EQUITY AND LIABILITIES

Figures in € thousands

	Note	31-Mar-2007	31-Dec-2007
Shareholders' equity	13		
Subscribed capital		203,080	198,767
Capital and revenue reserves		733,272	887,921
Consolidated net profit – Heidelberg portion		262,993	86,887
		1,199,345	1,173,575
Minority interests		2,326	–
		1,201,671	1,173,575
Non-current liabilities			
Provisions for pensions and similar obligations	14	132,940	117,250
Other provisions	15	374,035	380,961
Financial liabilities	16	421,504	423,125
Other liabilities	17	109,370	108,401
Deferred tax liabilities		85,710	113,594
		1,123,559	1,143,331
Current liabilities			
Other provisions [1]	15	328,668	295,191
Financial liabilities	16	121,882	343,026
Trade payables [1]		249,753	287,579
Income tax liabilities		8,185	2,155
Other liabilities [1]	17	305,361	342,890
		1,013,849	1,270,841
Total equity and liabilities		3,339,079	3,587,747

[1] Previous year's figures were adjusted (see Note 1)

> CONSOLIDATED CASH FLOW STATEMENT

Figures in € thousands

	1-Apr-2006 to 31-Dec-2006	**1-Apr-2007 to 31-Dec-2007**
Consolidated net profit	180,120	86,660
Depreciation and amortization [1]	96,502	89,385
Change in pension provisions	– 8,854	– 8,229
Change in deferred tax assets / deferred tax liabilities / tax provisions	41,465	14,211
Result from the equity valuation	–	–
Result from disposals	– 47,560	– 2,377
Cash flow	261,673	179,650
Change in inventories	– 152,382	– 212,257
Change in customer financing	51,987	101,934
Change in trade receivables / trade payables [2]	37,590	90,298
Change in other provisions [2]	– 6,420	– 31,376
Change in other balance sheet items [2]	– 98,428	6,536
Other operating changes	– 167,653	– 44,865
Inflow of funds from operating activities	94,020	134,785
Intangible assets / tangible assets / investment property		
Investments	– 112,786	– 146,056
Proceeds from disposals	38,128	22,577
Financial assets		
Investments	– 8,716	– 13,551
Proceeds from disposals	51,710	316
Pension funding	– 50,000	–
Outflow of funds from investment activity	– 81,664	– 136,714
Free cash flow	12,356	– 1,929
Change in treasury stock	– 79,402	– 57,082
Dividend payment	– 53,275	– 74,801
Change in financial liabilities	129,616	213,856
Outflow / inflow of funds from financing activity	– 3,061	81,973
Net change in cash and cash equivalents	9,295	80,044
Cash and cash equivalents at the beginning of the quarter	79,679	79,247
Currency adjustments	– 2,172	– 1,909
Net change in cash and cash equivalents	9,295	80,044
Cash and cash equivalents at the end of the quarter	86,802	157,382

[1] Relates to intangible assets, tangible assets, investment property, and financial assets

[2] Previous year's figures were adjusted (see Note 1)

> CONSOLIDATED CASH FLOW STATEMENT – QUARTERLY OVERVIEW

Figures in € thousands

	1-Apr-2007 to 30-Jun-2007	1-Jul-2007 to 30-Sep-2007	1-Oct-2007 to 31-Dec-2007	**1-Apr-2007 to 31-Dec-2007**
Consolidated net profit	7,910	36,452	42,298	86,660
Depreciation and amortization [1]	29,558	29,843	29,984	89,385
Change in pension provisions	– 2,268	– 2,866	– 3,095	– 8,229
Change in deferred tax assets / deferred tax liabilities / tax provisions	– 7,327	8,084	13,454	14,211
Result from the equity valuation	–	–	–	–
Result from disposals	461	– 2,505	– 333	– 2,377
Cash flow	28,334	69,008	82,308	179,650
Change in inventories	– 137,216	– 19,662	– 55,379	– 212,257
Change in customer financing	16,120	15,385	70,429	101,934
Change in trade receivables / trade payables	100,210	– 8,794	– 1,118	90,298
Change in other provisions	– 26,442	– 13,229	8,295	– 31,376
Change in other balance sheet items	– 11,521	29,437	– 11,380	6,536
Other operating changes	– 58,849	3,137	10,847	– 44,865
Outflow/inflow of funds from operating activities	– 30,515	72,145	93,155	134,785
Intangible assets / tangible assets / investment property				
Investments	– 52,415	– 43,235	– 50,406	– 146,056
Proceeds from disposals	4,797	11,158	6,622	22,577
Financial assets				
Investments	– 2,383	– 2,607	– 8,561	– 13,551
Proceeds from disposals	–	178	138	316
Pension funding	–	–	–	–
Outflow of funds from investment activity	– 50,001	– 34,506	– 52,207	– 136,714
Free cash flow	– 80,516	37,639	40,948	– 1,929
Change in treasury stock	– 17,471	– 40,310	699	– 57,082
Dividend payment	–	– 74,801	–	– 74,801
Change in financial liabilities	94,128	87,996	31,732	213,856
Inflow/outflow of funds from financing activity	76,657	– 27,115	32,431	81,973
Net change in cash and cash equivalents	– 3,859	10,524	73,379	80,044
Cash and cash equivalents at the beginning of the quarter	79,247	75,505	84,697	79,247
Currency adjustments	117	– 1,332	– 694	– 1,909
Net change in cash and cash equivalents	– 3,859	10,524	73,379	80,044
Cash and cash equivalents at the end of the quarter	75,505	84,697	157,382	157,382

[1] Relates to intangible assets, tangible assets, investment property, and financial assets

> STATEMENT OF RECOGNIZED INCOME AND EXPENSE

Figures in € thousands

	1-Apr-2006 to 31-Dec-2006	**1-Apr-2007 to 31-Dec-2007**
Consolidated net profit	180,120	86,660
Pension obligations[1]	19,758	52,040
Foreign currency translation	– 45,747	– 42,022
Financial assets	– 301	– 138
Cash flow hedges	10,789	6,627
Total recognized income and expense without effect on the income statement	– 15,501	16,507
Total recognized income and expense	164,619	103,167
– of which: Heidelberg Group	164,881	103,445
– of which: minority interests	– 262	– 278

[1] Changes in actuarial gains and losses and in asset ceiling due to IAS 19.58 b)

> DEVELOPMENT OF SHAREHOLDERS' EQUITY

Figures in € thousands

	2006	**2007**
Shareholders' equity as of April 1	1,137,712	1,201,671
Total recognized income and expense without effect on the income statement	– 15,501	16,507
Consolidated net profit	180,120	86,660
Total recognized income and expense	164,619	103,167
Dividend payment	– 53,275	– 74,801
Treasury stock	– 79,402	– 56,798
Consolidations/other changes	1,512	336
Shareholders' equity as of December 31	1,171,166	1,173,575

Consolidated segment information April 1, 2007 to December 31, 2007

> SEGMENT INFORMATION BY DIVISION

Figures in € thousands

	Press		Postpress	
	1-Apr-2006 to 31-Dec-2006	**1-Apr-2007 to 31-Dec-2007**	1-Apr-2006 to 31-Dec-2006	**1-Apr-2007 to 31-Dec-2007**
External sales	2,251,404	2,237,193	309,023	306,970
Depreciation 1)	92,105	84,129	4,255	4,952
Non-cash expenses	263,871	249,570	22,809	24,410
Research and development costs	157,561	143,379	17,601	19,990
Result of operating activities (segment result)	157,364	149,789	6,675	– 2,107
Result from the equity valuation	–	–	–	–
Investments	109,345	140,433	3,276	5,595
Segment assets 2)	2,336,401	2,688,815	268,962	275,026
Segment debt 2)	1,071,853	1,093,532	94,227	103,984
Number of employees 2)	17,100	17,390	1,988	2,039

> SEGMENT INFORMATION BY REGION

Figures in € thousands

	Europe, Middle East and Africa		Eastern Europe	
	1-Apr-2006 to 31-Dec-2006	**1-Apr-2007 to 31-Dec-2007**	1-Apr-2006 to 31-Dec-2006	**1-Apr-2007 to 31-Dec-2007**
External sales by customer location	1,199,266	1,160,556	257,454	322,553
Investments	99,863	132,001	2,525	1,166
Segment assets 2)	1,940,218	2,276,072	165,116	169,159

For additional explanations see Note 19

1) No impairments occurred during the reporting period (previous year: € 1,975 thousand)

2) Previous year's figures refer to March 31, 2007

Financial Services		Heidelberg Group	
1-Apr-2006 to 31-Dec-2006	**1-Apr-2007 to 31-Dec-2007**	1-Apr-2006 to 31-Dec-2006	**1-Apr-2007 to 31-Dec-2007**
28,899	23,488	2,589,326	2,567,651
142	304	96,502	89,385
9,621	14,329	296,301	288,309
–	–	175,162	163,369
38,163	29,213	202,202	176,895
–	–	–	–
165	28	112,786	146,056
437,364	323,664	3,042,727	3,287,505
99,331	95,078	1,265,411	1,292,594
83	79	19,171	19,508

North America		Latin America		Asia/Pacific		Heidelberg Group	
1-Apr-2006 to 31-Dec-2006	**1-Apr-2007 to 31-Dec-2007**	1-Apr-2006 to 31-Dec-2006	**1-Apr-2007 to 31-Dec-2007**	1-Apr-2006 to 31-Dec-2006	**1-Apr-2007 to 31-Dec-2007**	1-Apr-2006 to 31-Dec-2006	**1-Apr-2007 to 31-Dec-2007**
413,344	392,370	130,336	128,860	588,926	563,312	2,589,326	2,567,651
8,476	7,676	633	507	1,289	4,706	112,786	146,056
335,482	241,054	181,156	169,382	420,755	431,838	3,042,727	3,287,505

Notes

1 Accounting and valuation policies

The consolidated interim financial report as of December 31, 2007 was prepared in accordance with the International Financial Reporting Standards (IFRS) which became effective and binding at that time. The IFRS comprise the IFRS newly released by the International Accounting Standards Board (IASB), as well as the International Accounting Standards (IAS), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and of the Standing Interpretations Committee (SIC).

The consolidated interim financial report was strictly based on the same accounting and valuation policies as the consolidated Annual Report for the financial year 2006/2007, and complies with the provisions of IAS 34 (Interim financial reporting). In accordance with IAS 37 (Provisions, contingent liabilities, and contingent assets), accrued liabilities for outstanding balances and accrued liabilities from the human resources area are shown in trade payables or in other liabilities. The previous year's figures were adjusted accordingly.

The standards and interpretations becoming initially effective and binding beginning in financial year 2007/2008 had no significant influence on the interim statement. The initial application of IFRS 7 and the amendments to IAS 1 will result in an extension of the Notes to the Financial Statements. The impact of standards already released but not yet applicable are currently being analyzed.

Revenues that are received seasonally, cyclically, or occasionally are not anticipated or deferred in the consolidated interim financial report. Costs incurred unevenly during the financial year were deferred if deferral would be appropriate at the end of the financial year.

On July 6, 2007 the second chamber of the German Parliament (Bundesrat) approved the business tax reform 2008. Beginning in 2008, the new code will result in far-reaching changes affecting the determination of taxable profit and income as well as income tax rates. For German companies, the business tax reform provides for a reduction in the income tax rate from 37.37 percent to 28.14 percent.

2 Scope of the consolidation

Apart from Heidelberger Druckmaschinen Aktiengesellschaft, the consolidated interim financial statements include a total of 70 (March 31, 2007: 70) domestic and foreign companies in which Heidelberger Druckmaschinen

Aktiengesellschaft is in a position to exercise control as defined by IAS 27. Of these companies, 63 (March 31, 2007: 63) are located outside Germany. Shares in subsidiaries that are of minor significance are not included.

The scope of the consolidation remained unchanged compared with March 31, 2007.

3 Other operating income

	1-Apr-2006 to 31-Dec-2006	**1-Apr-2007 to 31-Dec-2007**
Reversal of other provisions/accrued liabilities	29,120	45,373
Income from written-off receivables	21,230	18,689
Hedging transactions/foreign-exchange profit	8,899	14,770
Income from operating facilities	14,388	14,202
Income from disposals of intangible assets, tangible assets, and investment property	7,775	3,154
Income from the deconsolidation of companies	37,594	–
Other income	40,893	46,722
	159,899	142,910

Income from hedging transactions/foreign-exchange profits is offset by expenses from hedging transactions/foreign-exchange losses that are shown in other operating expenses (Note 5).

4 Cost of materials

	1-Apr-2006 to 31-Dec-2006	**1-Apr-2007 to 31-Dec-2007**
Expenses for raw materials, consumables, and supplies, as well as for goods purchased	1,030,509	1,078,840
Costs of purchased services	175,745	166,017
Interest expenses of Financial Services	3,063	1,340
	1,209,317	1,246,197

Proportionate interest expenses accrued in connection with the Financial Services Division are shown in the cost of materials. Interest income from customer financing totaling € 23,488 thousand (previous year: € 28,899 thousand) is included in net sales.

5 Other operating expenses

	1-Apr-2006 to 31-Dec-2006	**1-Apr-2007 to 31-Dec-2007**
Special direct sales expenses including freight charges	98,771	99,353
Other deliveries and services not included in the cost of materials	95,622	97,653
Travel expenses	44,666	47,833
Rent and leases (excluding car fleet)	43,594	43,865
Costs of information technology	40,520	43,279
Provisions for doubtful accounts and other assets	22,853	20,242
Legal, consulting, and audit fees	17,031	19,502
Costs of car fleet	14,736	15,070
Additions to provisions (relates to several expense accounts)	22,009	14,385
Insurance expense	13,276	13,841
Expenses from operating facilities	9,700	11,033
Costs of mail and payment transactions	9,968	9,421
Other research and development costs	15,105	8,173
Public-sector fees and other taxes	7,721	7,321
Hedging transactions/exchange rate losses	7,521	4,707
License fees	3,047	4,506
Office supplies, newspapers, technical literature	3,073	2,948
Losses from disposals of intangible assets and tangible assets	510	952
Other overhead costs	66,559	62,492
	536,282	526,576

Expenses from hedging transactions/foreign-exchange losses are offset by income from hedging transactions/foreign-exchange profits that are shown in other operating income (Note 3).

6 Financial income

	1-Apr-2006 to 31-Dec-2006	**1-Apr-2007 to 31-Dec-2007**
Interest and similar income	20,048	10,664
Income from financial assets/loans/marketable securities	4,719	3,872
	24,767	14,536

7 Financial expenses

	1-Apr-2006 to 31-Dec-2006	**1-Apr-2007 to 31-Dec-2007**
Interest and similar expenses	57,652	58,534
Expenses from financial assets/loans/marketable securities	8,296	9,229
	65,948	67,763

8 Earnings per share

Earnings per share are calculated by dividing the net profit to which the shareholders of Heidelberg are entitled by the weighted number of shares outstanding during the period (third quarter 2007/2008: 78,285,993 no-par shares). The weighted number of outstanding shares was influenced by the purchase of treasury stock in the first six months of the financial year. As at December 31, 2007 the treasury stock comprised 2,084,606 shares.

9 Intangible assets, tangible assets, and investment property

	Intangible assets	Tangible assets	Investment property
Acquisition or manufacturing cost 31-Mar-2007	437,393	2,012,296	60,926
Acquisition or manufacturing cost 31-Dec-2007	**464,955**	**2,025,825**	**53,145**
Accumulated depreciation 31-Mar-2007	176,369	1,484,055	39,380
Accumulated depreciation 31-Dec-2007	**194,505**	**1,471,339**	**35,627**
Book values 31-Mar-2007	261,024	528,241	21,546
Book values 31-Dec-2007	**270,450**	**554,486**	**17,518**

10 Financial assets

Financial assets primarily include shares in affiliated companies totaling € 33,568 thousand (March 31, 2007: € 22,371 thousand) as well as other investments totaling € 15,210 thousand (March 31, 2007: € 16,236 thousand), and securities totaling € 8,028 thousand (March 31, 2007: € 8,068 thousand).

11 Receivables and other assets

			31-Mar-2007			**31-Dec-2007**
	Current	Non-current	Total	Current	Non-current	Total
Receivables from customer financing	111,523	319,880	431,403	104,740	210,586	315,326
Trade receivables	704,538	–	704,538	633,894	–	633,894
Other receivables and other assets						
Other tax refund claims	21,717	1,430	23,147	23,009	–	23,009
Loans	248	6,008	6,256	723	6,847	7,570
Derivative financial instruments	23,018	6,462	29,480	36,645	22,325	58,970
Deferred interest payments	1,795	–	1,795	1,238	–	1,238
Prepaid expenses	12,389	1,054	13,443	21,391	–	21,391
Other assets	62,929	73,098	136,027	73,138	129,345	202,483
	122,096	88,052	210,148	156,144	158,517	314,661

12 Inventories

	31-Mar-2007	**31-Dec-2007**
Raw materials, consumables, and supplies	130,679	137,414
Work and services in process	350,720	410,881
Manufactured products and merchandise	406,977	539,759
Prepayments	12,325	12,158
	900,701	1,100,212

13 Shareholders' equity

At the Annual General Meeting on July 20, 2006, the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft was authorized to acquire the Company's own shares in an amount of up to 10 percent of the capital stock available at that time or – should this amount be lower – of the capital stock available at the time of the authorization's implementation for any acceptable purpose up to January 19, 2008. The Management Board of Heidelberger Druckmaschinen Aktiengesellschaft made use of this authorization on October 31, 2006 and decided to acquire the Company's own shares in an amount of up to 5 percent of the capital stock (up to 4,152,535 shares) during the period November 7, 2006 through January 19, 2008 at the latest. The repurchased shares may only be utilized for the reduction of the Company's capital stock, for employee share participation programs, or for other forms of share distribution to the employees of the Company or of a subsidiary or may be offered for purchase to individuals who are or were employed by the Company or affiliated enterprises. This share buyback program was concluded on September 4, 2007.

By March 31, 2007 a total of 2,419,422 shares were repurchased at a cost of € 81,023 thousand. As of September 30, 2007 400,000 shares thereof (acquisition cost: € 13,258 thousand) were still held as treasury stock – the same as at March 31, 2007. Furthermore, during the period April 1, 2007 until September 30, 2007, an additional 1,733,113 shares were repurchased at an acquisition cost of € 57,781 thousand; a total of 48,507 of these shares were used for the employee share participation program.

The authorization granted by the Annual General Meeting on July 20, 2006 would have expired on January 19, 2008. To ensure seamless authorization, this authorization was canceled in accordance with a decision by the Annual General Meeting of July 26, 2007 and replaced by a new authorization of the Management Board to acquire the Company's own shares in an amount of up to the lower of 10 percent of either the capital stock available on July 26, 2007 or of the capital stock at the time of the exercise of the authorization for any permissible purpose up to January 25, 2009.

14 Provisions for pensions and similar obligations

We maintain benefit programs for the majority of employees for the period following their retirement – either through the direct program or one financed by payments of premiums to private institutions. The level of benefit payments depends on the conditions in particular countries. The amounts are generally based on the term of employment and the salary of the employees. The liabilities include both those arising from current pensions as well as vested pension rights for pensions payable in the future. The pension payments expected following the beginning of benefit payments are apportioned over the employee's overall period of employment. After deduction of deferred taxes, the actuarial gains and losses are offset to shareholders' equity without effect on the income statement. As of December 31, 2007, a discount rate of 5.5 percent (March 31, 2007: 4.75 percent) was applied for domestic companies.

15 Other provisions

			31-Mar-2007			**31-Dec-2007**
	Current	Non-current	Total	Current	Non-current	Total
Tax provisions	19,444	250,450	269,894	29,455	255,065	284,520
Other provisions						
Liabilities arising from human resources [1]	92,700	53,286	145,986	89,358	48,648	138,006
Liabilities arising from sales and service activities	161,879	30,567	192,446	135,697	34,326	170,023
Other [1]	54,645	39,732	94,377	40,681	42,922	83,603
	309,224	123,585	432,809	265,736	125,896	391,632
	328,668	374,035	702,703	295,191	380,961	676,152

[1] Previous year's figures were adjusted (see Note 1)

16 Financial liabilities

			31-Mar-2007			**31-Dec-2007**
	Current	Non-current	Total	Current	Non-current	Total
Convertible bond	–	286,533	286,533	–	292,924	292,924
Borrower's note loans	7,279	130,500	137,779	7,691	127,000	134,691
To banks	84,460	–	84,460	308,274	–	308,274
From finance lease contracts	6,929	4,471	11,400	5,227	3,201	8,428
Other	23,214	–	23,214	21,834	–	21,834
	121,882	421,504	543,386	343,026	423,125	766,151

17 Other liabilities

			31-Mar-2007			31-Dec-2007
	Current	Non-current	Total	Current	Non-current	Total
Advance payments received on orders	79,653	–	79,653	116,097	–	116,097
Accrued liabilities from human resources [1]	81,760	–	81,760	68,049	–	68,049
From derivative financial instruments	6,505	861	7,366	12,704	2,219	14,923
From other taxes	39,592	–	39,592	28,207	–	28,207
Relating to social security	9,254	–	9,254	6,981	2,928	9,909
Deferred income	34,561	35,587	70,148	46,855	31,245	78,100
Other	54,036	72,922	126,958	63,997	72,009	136,006
	305,361	109,370	414,731	342,890	108,401	451,291

[1] Previous year's figures were adjusted (see Note 1)

18 Contingent liabilities and other financial liabilities

As of December 31, 2007 contingent liabilities for warranties and guarantees totaled € 184,978 thousand (March 31, 2007: € 218,686 thousand); they primarily comprise guarantees provided for the liabilities of third parties in connection with non-current customer financing, which in turn largely correspond with recourse rights on the delivered assets.

Other financial liabilities are broken down as follows:

			31-Mar-2007			31-Dec-2007
	Current	Non-current	Total	Current	Non-current	Total
Lease obligations	58,454	362,611	421,065	55,325	342,383	397,708
Investments	71,593	2,937	74,530	43,158	4,708	47,866
	130,047	365,548	495,595	98,483	347,091	445,574

19 Information concerning segment reporting

The segment information is based on the **'risk and reward approach'**. Intersegmental sales are of minor financial significance and may therefore be ignored.

Non-cash expenses comprise the following:

	1-Apr-2006 to 31-Dec-2006	**1-Apr-2007 to 31-Dec-2007**
Provisions for doubtful accounts and other assets	22,853	20,242
Additions to provisions and accrued liabilities	273,448	268,067
	296,301	288,309

Research and development costs result from research and development costs incurred in the reporting period, however, excluding depreciation on the development costs for the reporting period.

Investments comprise investments in intangible assets, tangible assets, as well as investment property.

Segment assets and **segment debt** result from gross assets or gross debt as follows:

	31-Mar-2007	**31-Dec-2007**
Assets per balance sheet	3,339,079	3,587,747
– financial assets	– 46,675	– 56,806
– marketable securities	– 2,908	– 582
– finance receivables	– 68,066	– 55,515
– deferred tax assets	– 72,034	– 70,825
– tax refund claims	– 106,669	– 116,514
Segment assets	3,042,727	3,287,505

	31-Mar-2007	**31-Dec-2007**
Liabilities per balance sheet	2,137,408	2,414,172
– tax provisions	– 269,894	– 284,520
– tax obligations	– 47,777	– 30,362
– financial obligations	– 468,616	– 693,102
– deferred tax liabilities	– 85,710	– 113,594
Segment liabilities	1,265,411	1,292,594

Finance receivables comprise finance receivables against affiliated companies and other financial assets.

Financial liabilities comprise the items specified in Note 16, with the exception of financial liabilities associated with customer financing.

The **number of employees** was recorded as of December 31, 2007 compared with March 31, 2007.

20 Supervisory Board / Management Board

The members of the Supervisory Board and the Management Board are listed on page 42.

21 Transactions with related parties

As described in our notes to the consolidated financial statements as of March 31, 2007 under Note 38, Heidelberger Druckmaschinen Aktiengesellschaft and its subsidiaries undertake business dealings with numerous companies in the ordinary course of business. This also includes associated companies, which are regarded as related companies of the Heidelberg Group. All business dealings were concluded at terms that are customary in the market and which as a matter of principle do not differ from delivery and service relationships with other companies.

Also unchanged compared to the wording in Note 38 in the Notes to the Consolidated Financial Statements as of March 31, 2007, no significant transactions were undertaken by the Heidelberg Group with closely related individuals.

22 Information on events after the reporting date

No significant events occurred after the reporting date.

Heidelberg, February 5, 2008

Heidelberger Druckmaschinen Aktiengesellschaft
The Management Board

Supervisory Board

Dr. Mark Wössner
Chairman of the
Supervisory Board

Rainer Wagner*
Deputy Chairman
of the Supervisory Board

Martin Blessing

Wolfgang Flörchinger*

Martin Gauß*

Mirko Geiger*

Gunther Heller*

Dr. Jürgen Heraeus

Jörg Hofmann*

Dr. Siegfried Jaschinski
– since April 3, 2007 –

Robert J. Koehler

Uwe Lüders

Dr. Gerhard Rupprecht

Beate Schmitt*

Dr. Klaus Sturany

Peter Sudadse*

Committees of the Supervisory Board

Management Committee
Dr. Mark Wössner
Rainer Wagner
Martin Blessing
Martin Gauß
Mirko Geiger
Dr. Gerhard Rupprecht

Mediation Committee under Article 27 Subsection 3 of the Codetermination Act
Dr. Mark Wössner
Rainer Wagner
Martin Blessing
Wolfgang Flörchinger

Committee on Arranging Personnel Matters of the Management Board
Dr. Mark Wössner
Rainer Wagner
Dr. Gerhard Rupprecht

Audit Committee
Dr. Klaus Sturany
Dr. Jürgen Heraeus
– since April 26, 2007 –
Mirko Geiger
Rainer Wagner

Nomination Committee
Dr. Mark Wössner
Dr. Klaus Sturany

Management Board

Bernhard Schreier
Chairman of the
Management Board

Dirk Kaliebe

Dr. Jürgen Rautert

* Employee Representative

Financial Calendar 2007/2008

May 7, 2008	Publication of Preliminary Figures 2007/2008
June 10, 2008	Press Conference, Annual Analysts' and Investors' Conference
July 18, 2008	Annual General Meeting
August 5, 2008	Publication of First Quarter Figures 2008/2009
November 6, 2008	Publication of Half-Year Figures 2008/2009

Subject to change

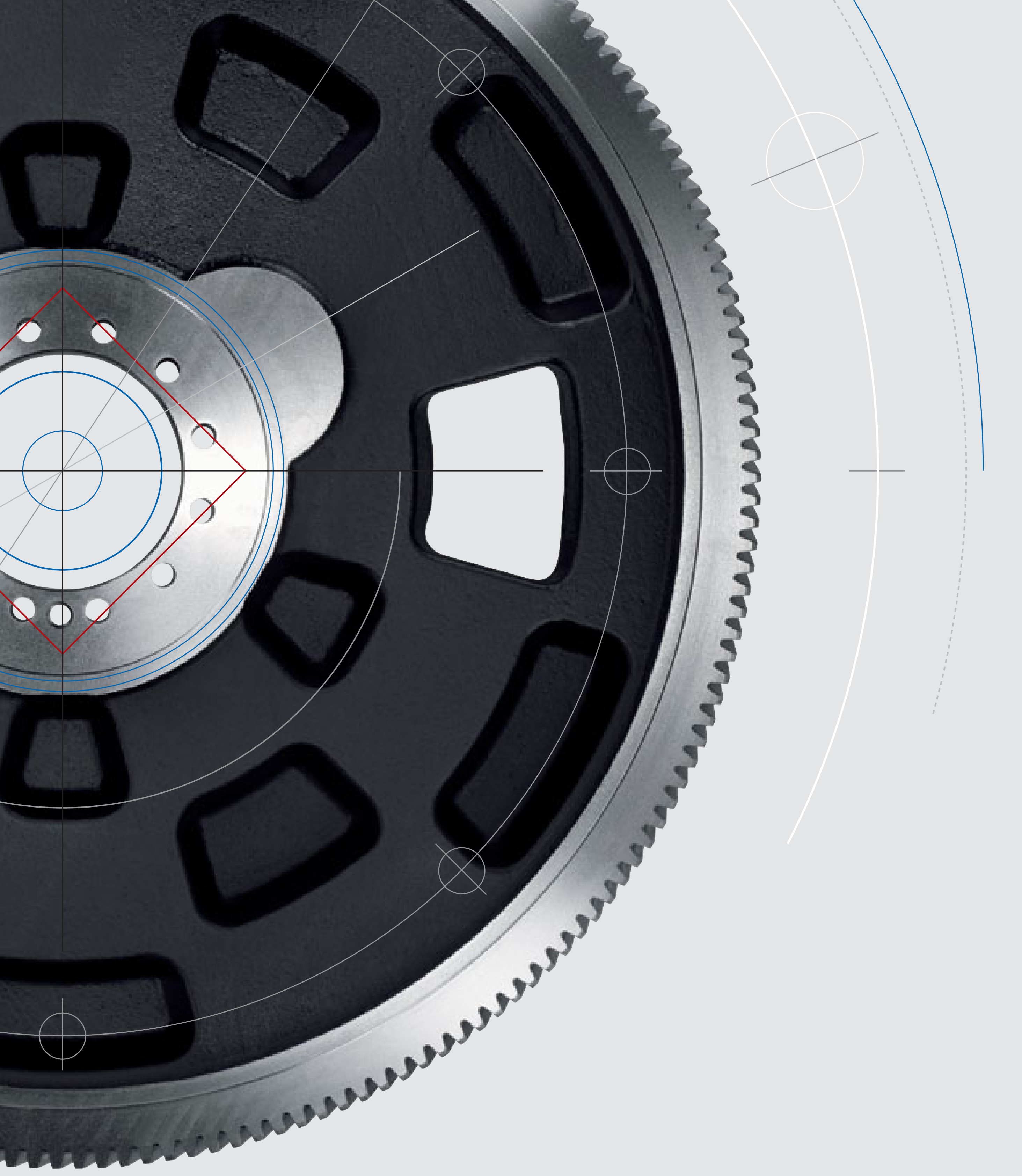
This report was published on February 5, 2008.

Heidelberger Druckmaschinen
Aktiengesellschaft
Kurfuersten-Anlage 52 – 60
69115 Heidelberg
Germany
www.heidelberg.com
investorrelations@heidelberg.com

This Interim Financial Report is a translation of the official German Interim Financial Report of Heidelberger Druckmaschinen Aktiengesellschaft. The Company disclaims responsibility for any misunderstanding or misinterpretation due to this translation.

Photo credits: Archive Heidelberger Druckmaschinen AG.
Produced on Heidelberg machines using Heidelberg technology.

Printed in Germany.



Heidelberger Druckmaschinen AG
Kurfuersten-Anlage 52 – 60
69115 Heidelberg
Germany
www.heidelberg.com