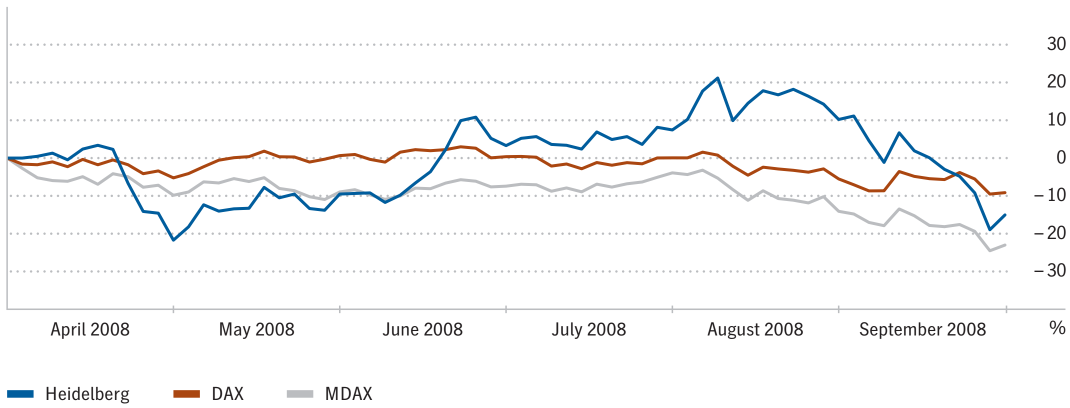
Q2

INTERIM FINANCIAL REPORT 2008/2009

HEIDELBERG

PERFORMANCE OF THE HEIDELBERG SHARE

compared with the DAX/MDAX (Index: April 1, 2008 = 0 percent)



KEY PERFORMANCE DATA

Figures in € millions

	Q1 to Q2 prior year	**Q1 to Q2 2008/2009**	Q2 prior year	**Q2 2008/2009**
Incoming orders	1,866	1,872	932	721
Net sales	1,639	1,461	897	804
Result of operating activities	96	– 85 [1)]	70	– 50 [1)]
– in percent of sales	5.9	– 5.8	7.8	– 6.2
Net profit/loss	44	– 95	36	– 56
– in percent of sales	2.7	– 6.5	4.0	– 7.0
Cash flow	97	– 74	69	– 48
– in percent of sales	5.9	– 5.1	7.7	– 6.0
Free cash flow	– 43	– 273	38	– 62
Research and development costs	111	102	54	52
Investments	96	91	44	47
Earnings per share in €	0.57	– 1.22	0.47	– 0.71

1) Includes special items totaling € 40 million

HEIDELBERG SHARE 2

CONSOLIDATED INTERIM MANAGEMENT REPORT 3

SECOND QUARTER IN REVIEW 16

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The Heidelberg Share

KEY PERFORMANCE DATA OF THE HEIDELBERG SHARE

Figures in €

	Q2 prior year	Q2 08/09
Earnings per share	0.47	– 0.71
Cash flow per share	0.88	– 0.62
Share price – high	40.66	15.79
Share price – low	29.87	10.20
Share price – beginning of the quarter [1]	36.17	13.03
Share price – end of the quarter [1]	30.68	11.07
Market capitalization at the end of the quarter in € millions	2,446	864
Number of shares in thousands [2]	78,633	77,643

1) Xetra closing price; source of prices: Bloomberg
2) Weighted number of outstanding shares

Due to the increasing gravity of the international financial market crisis, both the DAX and the MDAX – as well as foreign stock market indexes – continued their plunge during the second quarter of the financial year. Although the DAX briefly recovered in mid-August, during the following weeks it was burdened so strongly, among others, by additional negative headlines from the US that it suffered a decline of approximately 9 percent during the reporting quarter through September 30, 2008. The midcap MDAX was even worse hit by the financial market turbulence, closing at 6,956 points – down by approximately 23 percent since the beginning of the quarter.

The Heidelberg share suffered considerable price declines as early as mid-July following our disclosure on July 10, 2008 of our preliminary quarterly figures, which were down substantially from the numbers from the previous year. Subsequent to this, a weeks-long upward trend set in that continued through early September – a result, among other things, of a foreign currency development that is favorable for us. In the long term, the strengthening of the US dollar should be seen as a favorable signal for Heidelberg. During the subsequent course of the quarter, however, the Heidelberg share fell in line with the negative stock market trend and closed out the reporting quarter with a decline of approximately 15 percent.

At our Annual General Meeting this year, which was held at Mannheim's Rosengarten Congress Center on July 18, 2008, all decisions proposed in the agenda items were approved, including the appropriation of distributable profit and the associated dividend payment of € 0.95 per share entitled to dividends. Some 1,800 shareholders attended the event, with approximately 60 percent of Heidelberg share capital represented.

Overall Picture

In the quarter following drupa, the worsened underlying economic conditions dampened our customers' propensity to invest, thereby also impacting our business figures. Sales and incoming orders weakened considerably in the second quarter compared with the previous year. Adjusted for special items, the Heidelberg Group achieved a negative result of operating activities of € –10 million, following € –35 million during the first quarter. Moreover, expenses for special items accrued totaling € 40 million. This figure includes the requirement to establish provisions under the collective bargaining agreement concluded in September 2008 and expenses for the package of measures. As announced in our press release dated October 30, 2008, the package of cost-cutting measures will be expanded in line with economic developments.

Underlying Conditions

The slowdown in **global economic growth** through the end of the year 2007 continued into the first nine months of 2008. A hoped-for turnaround failed to occur during the year. Rather, the business environment has worsened further, with the current focus on fighting a threatening slide into recession. The real estate and financial market crisis as well as the high level of inflation are putting the brakes on the **US** economy. The propensity to invest has come to a standstill and conditions for loans have become more restrictive. So far, the US government's fiscal policy program has only resulted in a short-term stimulus for the economy.

The slack economy of the US has also reached the **Euro region.** The financial market crisis has also had a negative impact on numerous European financial institutions, with economic growth stagnating during the second and third quarters. In **Germany,** the impact of the banking crisis was also greater than had originally been thought in recent months. This development has not spared the real economy, as a result of which indicators of business and consumer sentiment as well as corporate business forecasts increasingly reflect negative trends.

Economic growth fell off in **Asia** as well. Primarily export-dependent markets have been drawn into the overall crisis here. Moreover, growth has also been hampered by high energy and food prices and inflation. Even though **Latin America** and **Russia** have so far benefited from high raw material prices, the slowing of the world economy has also had an equally negative impact in these regions.

The current economic situation highlights the extent to which the **print media industry** is dependent on the development of advertising expenditures, which, in turn, depend on economic trends. Following the rather positive mood at the drupa trade show, the medium-term outlook of our industry has darkened. Economic uncertainties have reduced print shops' propensity to invest considerably. What is more, loan conditions have tightened. With industry indicators worsening from month to month, no turnaround is expected during the current year.

Package of Measures Expanded and Implementation Accelerated

Early in July 2008, we developed a package of measures to reduce costs. The four pillars this program is based upon are: a clear reduction in structural costs, cutbacks in research and development costs, restructuring the Postpress business, and the expansion of purchasing and production outside the euro zone.

Due to the downtrend in sales and earnings, this package of cost-cutting measures will be expanded by further activities, as announced in our press release of October 30, 2008. Furthermore, we intend to accelerate the implementation of this program which will yield savings of € 150 million to € 180 million as early as next financial year. Further measures in financial year 2010/2011 will boost total savings to around € 200 million. To reach this objective, we will adapt personnel capacities and organizational structures in Production, R&D, and Administration, as well as in sales organizations worldwide. For the short term, the company will request shorter working hours to achieve an immediate capacity adjustment. To achieve long-term adaptations to its capacities, the company will need to reduce worldwide staffing levels by up to 2,500 jobs in a socially acceptable manner. In the process, it is likely that operational redundancies will be necessary at the German sites. Talks with employee representatives will start immediately.

Given this expansion of the package of measures, the overall costs for the program will increase to € 130 million to € 150 million. Most of these costs are expected to arise already in the current financial year 2008/2009. They will include provisions from the collective bargaining agreement for partial retirement concluded in September 2008 between the industrial unions Südwestmetall and IG-Metall.

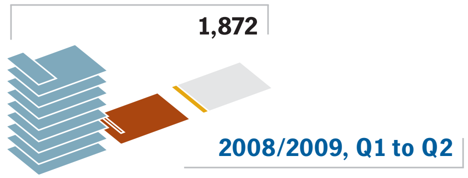
Business Development

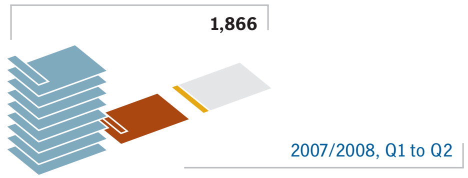
The strong volume of orders generated at the drupa trade show during the first quarter, as well as the deterioration of the underlying cyclical conditions during the course of the current year had a negative impact on our customers' propensity to invest. As a consequence, the **incoming orders** of the Heidelberg Group totaling € 721 million were considerably lower than the previous year's second quarter figures. The decline in orders from the North America and Asia/Pacific regions were especially dramatic, whereas the smaller markets in Eastern Europe and Latin America were more stable. Of the larger markets, only in Germany, which managed to steer clear of a decline, did our overall business improve considerably during the first half of the year as well compared with the previous year. The Heidelberg Group's incoming orders for the first half-year were at the previous year's level.

The **order backlog** of the Heidelberg Group as of September 30, 2008 declined to € 1,206 million, slightly surpassing the previous year's figure. The length of the order backlog still amounts to approximately four months.

INCOMING ORDERS BY DIVISION

Figures in € millions





Press	1,654	+ 1 %
Postpress	205	– 6 %
Financial Services	13	– 19 %
Heidelberg Group	**1,872**	**0 %**

Q2

Press	624	– 23 %
Postpress	91	– 17 %
Financial Services	6	– 25 %
Heidelberg Group	**721**	**– 23 %**

The Heidelberg Group generated **sales** totaling € 804 million during the second quarter, falling short of our expectations for the quarter following drupa and approximately 10 percent below the comparable figure for the same quarter the previous year. Based on the orders generated at drupa, we had projected a stronger increase in sales over the first quarter of the current financial year. However, the economic situation resulted in noticeably restrained investment activity. The decline in sales to North America was especially noticeable. The Heidelberg Group's sales for the first half of the year fell by a considerable 11 percent from the previous year's figure.

SALES BY DIVISION

Figures in € millions

	Q1 to Q2 prior year	**Q1 to Q2 2008/2009**	Q2 prior year	**Q2 2008/2009**
Press	1,424	1,268	785	700
Postpress	199	180	104	98
Financial Services	16	13	8	6
Heidelberg Group	1,639	1,461	897	804

Results of Operations, Net Assets and Financial Position

The consolidated **result of operating activities** for the reporting quarter was heavily in the red, amounting to € – 50 million. This figure includes expenses for special items of € 40 million, which comprise the provision for partial retirement under the collective bargaining agreement totaling € 22 million and expenses for the package of measures. Adjusted for these special items, the second quarter result of operating activities amounts to € –10 million, after € –35 million in the first quarter. During the reporting quarter, the decline in sales and the consequent lack of profit contributions, the expenses for the startup of series production of new products, higher raw material prices, and the residual costs resulting from drupa also had a dampening effect. The cumulative result of operating activities for the first two quarters of the year amounts to € – 85 million, compared with a positive result for the same period in the previous year of € 96 million.

The **financial result** reached € – 46 million for the first half of the year. The decline from the previous year's figure of € –31 million results mainly from the changed fair values of hedging activities in net interest. **Income before taxes** for the first half of the year amounted to € –131 million, with the net loss totaling € – 95 million as of September 30, 2008. During the same period the previous year we were successful in generating a net profit of € 44 million. Earnings per share amounted to € –1.22.

RESULT OF OPERATING ACTIVITIES

Figures in € millions

	Q1 to Q2 prior year	**Q1 to Q2 2008/2009**	Q2 prior year	**Q2 2008/2009**
Press	81	– 78	60	– 49
Postpress	– 4	– 18	–	– 7
Financial Services	19	11	10	6
Heidelberg Group	96	– 85	70	– 50
– of which: special items	–	– 40	–	– 40

Consolidated **investments** in tangible and intangible assets amounted to € 91 million during the first half of the year – approximately 5 percent below the previous year's figure – and a total of € 47 million during the reporting quarter.

The **total assets** of the Heidelberg Group changed only slightly during the second quarter, amounting to € 3,524 million as of September 30, 2008 – € 9 million higher than at the end of the second quarter.

Among **assets,** due to the disappointing sales trend during the second quarter inventories grew by € 50 million. Trade receivables were also up slightly, whereas receivables from sales financing declined once again. Assets arising from derivative financial instruments were in a decline.

Among **liabilities,** shareholders' equity amounted to € 993 million as of the quarterly reporting date – down from June 30, 2008 primarily due to the dividend payment following the Annual General Meeting 2008 as well as the renewed quarterly shortfall. The equity ratio amounted to 28.2 percent as of the end of the reporting quarter. Financial liabilities rose to € 836 million as of September 30, 2008.

BALANCE SHEET STRUCTURE

Figures in € millions

	31-Mar-2008	in percent of total assets	30-Sep-2008	in percent of total assets
Non-current assets	1,450	41.3	1,371	38.9
Current assets	2,057	58.7	2,153	61.1
Total assets	3,507	100.0	3,524	100.0
Shareholders' equity	1,193	34.0	993	28.2
Non-current liabilities	1,229	35.0	1,254	35.6
Current liabilities	1,085	31.0	1,277	36.2
Total equity and liabilities	3,507	100.0	3,524	100.0

CONSOLIDATED CASH FLOW STATEMENT OF THE HEIDELBERG GROUP

Figures in € millions

	Q1 to Q2 prior year	**Q1 to Q2 08/09**
Cash flow	97	– 74
Other operating changes	– 56	– 100
Outflow of funds from investment activity	– 85	– 99
Free cash flow	– 43	– 273

CONSOLIDATED CASH FLOW STATEMENT OF THE HEIDELBERG GROUP

Figures in € millions

	Q1 08/09	**Q2 08/09**
Cash flow	– 26	– 48
Other operating changes	– 124	24
Outflow of funds from investment activity	– 60	– 39
Free cash flow	– 211	– 62

Overall, during the first half of the year **free cash flow** amounted to € – 273 million, of which € – 62 million were generated during the second quarter. Due to business and investment activity, the outflow of funds fell considerably short of the figure for the first quarter, when it had totaled € – 211 million.

Heidelberg's consolidated **cash flow** amounted to € – 74 million for the first half of the year. The further decline from the previous year was largely caused by lower sales, which together with additional cost burdens once again resulted in a quarterly loss.

The commitment of funds in working capital increased due to the growth in inventories and trade receivables. The reduced commitment of funds for receivables from sales financing had an opposite effect. As a result, the outflow of funds in **other operating changes** amounted to € –100 million through September 30, 2008. In the reporting quarter alone, an inflow of funds was generated in this segment totaling € 24 million.

The **outflows of funds from investment activity** totaled € – 99 million during the first half of the year. Despite the acquisition of Hi-Tech Coatings in the first quarter they were up by only € 14 million over the previous year. This was partially compensated for by a lower volume of investments in tangible and intangible assets.

Divisions

The drupa trade show benefited the high levels of incoming orders during the first quarter of the financial year, whereas the second quarter reflected the deterioration of underlying cyclical conditions. Due to the resulting restrained investment activity, the incoming orders of the **Press** Division totaling € 624 million were 24 percent below the previous year's figure. Overall, the previous year's level was slightly surpassed for the first six months of the reporting year. This division's sales trend was also disappointing. The quarterly sales of € 700 million as well as the half-year figure were 11 percent lower than the previous year's figures. Based on the orders generated at drupa, we had projected a stronger increase in sales over the first quarter of the current financial year. A marked decline in earnings resulted primarily from expenses for special items; from declining sales related to additional cost burdens, among other things, for the startup of series production of new products; increased raw material prices; and from the residual costs resulting from drupa. This division's result of operating activities amounted to € –49 million for the second quarter, with the overall loss for the first half of the year thereby amounting to € –78 million. As of September 30, 2008, this division had a total of 17,789 employees. As a result of our measures, the number of employees was down by 54 during the first half of the year after adjusting for employees in newly consolidated companies and trainees.

With orders amounting to a weak € 91 million, the incoming orders for the second quarter of the **Postpress** Division were 17 percent below the previous year's figure. Only the Adhesive Binding and Packaging product areas were able to improve their business over the previous year. This division generated incoming orders of € 205 million during the first half of the year – 6 percent below the previous year's figure despite the volume of orders generated at the drupa trade show. This division's overall sales fell short of the previous year's level for both the quarter and the first half-year. It is suffering from the highly restrained level of consumer spending in the US and Asian markets. Due in particular to the declining sales, the result of operating activities deteriorated to € –7 million, compared with a break-even result the previous year. The figure for the first half of the year was € –18 million. As of September 30, 2008, the number of employees totaled 2,000 in this division. As a result of our measures, the number of employees – adjusted for trainees and the Postpress employees in the newly consolidated companies – decreased by 73 in the reporting year so far.

During the second quarter of the financial year, Heidelberg also benefited from the strategic position of its **Financial Services** Division. Despite the considerable burdens on the financial system as a consequence of the financial market crisis, we successfully expanded our business via our longstanding international financing partners. The accordingly lower volume of new financing transactions that were acquired directly by our print finance companies contributed to a further reduction in receivables from sales financing, which amounted to € 283 million as the quarterly reporting date – € 40 million below the figure at the end of the previous financial year. As expected, due to the reduced volume, both interest income as well as the result of operating activities for the second quarter as well as for the first half of the year fell short of the previous year's figure. This division had a total of 76 employees as of September 30, 2008.

Regions

As expected, following the high volume of orders generated at the drupa trade show, during the second quarter the incoming orders of the **Europe, Middle East and Africa** region declined by 11 percent to € 332 million against the previous year's level. This region's overall incoming orders surpass the previous year's figure by 13 percent for the first half-year – due primarily to developments in Germany, our biggest market, which posted a substantial increase. This partially made up for marked declines, for example in the UK. Sales in the region declined from the previous year by 6 percent for the quarter and by 5 percent for the first half of the year.

The incoming orders of the **Eastern Europe** region were markedly stable during the second quarter, with the volume of € 113 million at the level of the previous quarter and 10 percent higher than the previous year's figure. During the first half of the year, the region thus generated the same volume of orders as in the previous year. The sales figures for the reporting quarter continued the first quarter's weak development, again falling considerably short of the previous year's figure – in the first half-year overall 14 percent lower than the previous year.

The overall economic problems in the reporting quarter were most visible in the developments of the **North America** region. Due to the weak order intake during the second quarter, orders for the first half of the year fell by 22 percent compared to the previous year's figure. The region's sales were also burdened by the financial market crisis, falling considerably short of the previous year's figures both for the quarter and for the first six months.

The incoming orders of the **Latin America** region actually increased. Largely due to the incoming orders in the Brazilian market, this region posted 26 percent growth over the previous year's figure during the quarter. Growth of 18 percent in the first half of the year was also considerably improved over the previous year. Latin America is also the only region whose sales during the second quarter were higher than in the previous year.

The financial market crisis and the resulting economic uncertainties also had a marked impact on developments in the **Asia/Pacific** region. Especially in the large markets of Japan and Australia, compared with the previous year the volume of incoming orders declined markedly. The order intake during the first six months lagged 13 percent behind the level of the previous year. During the reporting quarter, the region's incoming orders were 44 percent below the previous year's level. Apart from economic uncertainties, the Chinese market was curbed by restrictions for the industry imposed in connection with the Olympic Games. The region's sales, which already started out the financial year with a low order backlog, also failed to reach the previous year's level during the first half of the year.

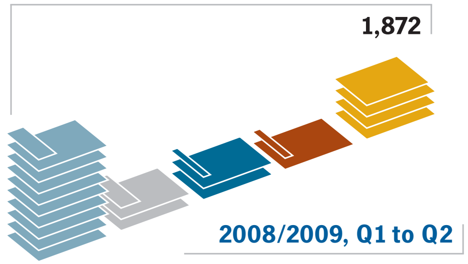
NET SALES BY REGION

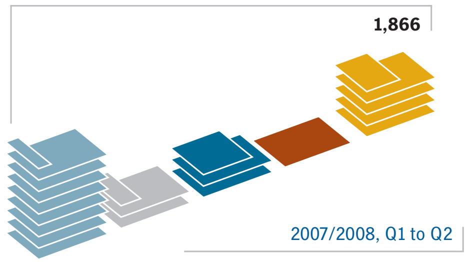
Figures in € millions

	Q1 to Q2 prior year	**Q1 to Q2 2008/2009**	Q2 prior year	**Q2 2008/2009**
Europe, Middle East and Africa	727	694	396	371
Eastern Europe	207	177	117	106
North America	253	184	139	100
Latin America	86	82	46	51
Asia/Pacific	366	324	199	176
Heidelberg Group	1,639	1,461	897	804

INCOMING ORDERS BY REGION

Figures in € millions





Europe, Middle East and Africa	**927**	+ 13 %
Eastern Europe	**229**	0 %
North America	**212**	– 22 %
Latin America	**113**	+ 18 %
Asia/Pacific	**391**	– 13 %
Heidelberg Group	**1,872**	**0 %**

Q2

Europe, Middle East and Africa	**332**	– 11 %
Eastern Europe	**113**	+ 10 %
North America	**75**	– 50 %
Latin America	**54**	+ 26 %
Asia/Pacific	**147**	– 44 %
Heidelberg Group	**721**	**– 23 %**

Employees

EMPLOYEES BY DIVISION

Number of employees

	31-Mar-2008	30-Sep-2008
Press	17,468	17,789
Postpress	2,050	2,000
Financial Services	78	76
Heidelberg Group	19,596	19,865
Excluding trainees and newly consolidated companies	18,939	18,810

As of September 30, 2008 the Heidelberg Group had a total of 19,865 employees. After adjusting for trainees as well as the employees of Heidelberg Shanghai and also Hi-Tech Coatings, which was newly consolidated during the financial year, the number of employees decreased by 129 during the first half of the year. In line with our package of cost-cutting measures we will need to reduce worldwide staffing levels by up to 2,500 jobs in a socially acceptable manner.

Risk and Opportunity Report

Part of our management philosophy is to recognize risks as soon as possible, to assess them realistically, and to either systematically deal with them or undertake appropriate provisions. We also assess opportunities as early on as possible and systematically take advantage of them. We provide detailed information concerning our risk management system on pages 41 to 42 of the 2007/2008 Annual Report.

At present, we view future overall economic developments as our greatest risk. A turnaround will only be possible when financial market turbulence subsides again. Since our industry depends on advertising expenditures, which, in turn, are influenced by business developments, the print media industry is heavily dependent on economic uncertainties.

We will strengthen those business units that will make us less dependent on cyclical fluctuations in the future, including in particular packaging printing, the consumables business, and services for the print media industry. Moreover, we are responding to the increasing cost burdens by means of our package of measures. There is no recognizable risk that could threaten the existence of the Heidelberg Group – either currently or for the foreseeable future.

Besides the risks, there are also opportunities that would benefit our business. The global economy could recover again, at least in the medium term, and following a period of adjustment, the financial markets could return to a stable trend of further growth. The development of exchange rates causing a long-term strengthening of the US dollar and the Japanese Yen in favor of suppliers in the European region would have a favorable impact on our business development.

Future Prospects

Over the year, and primarily during the past months, business prospects have deteriorated noticeably. GDP forecasts continue to be revised downward. At present, global economic growth of only 2.8 percent is projected for 2008 (Source: Global Insight from October 14, 2008), and even slower growth of 2.1 percent is anticipated for 2009. It is currently unclear how long the financial market crisis will persist and which further impact will result from it. Due to the business conditions, the print media industry is also subject to a prolonged downturn: In particular economic uncertainties are hindering print shops' propensity to invest.

In light of these general conditions, we are presently not in a position to provide a reliable forecast for the current financial year. We expect a significant downturn in sales compared to last year, and thus a marked reduction in the result of operating activities. The financial result is also expected to be down due to the current financial market crisis and the movements in interest rates. These developments coupled with special items will lead to a significant annual deficit in the current financial year.

Supplementary Report

On October 30, 2008 the Management Board of Heidelberg announced that, due to the downtrend in sales and earnings, the package of cost-cutting measures released on July 10, 2008 will be extended and its implementation will be accelerated. Please refer to the chapter 'Package of Measures' for further details.

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.

> SECOND QUARTER IN REVIEW

FINANCIAL YEAR 2008/2009

Second Quarter 2008/2009 in Review

JULY 2008

7
08

AUGUST 2008

8
08

JULY 10
Package of measures

1 JULY 18
2008 Annual General Meeting

2 JULY 29
Sales cooperation
'Eco energy fund'

3 AUGUST 11
Speedmaster XL 145

HEIDELBERG ADOPTS COMPREHENSIVE MEASURES TO ENHANCE COST STRUCTURES

July 10, 2008 +++ Response to difficult economic conditions +++

In order to counter overall rising costs, Heidelberg has prepared a package of measures to improve the cost structure. The measures are intended to result in annual savings of around € 100 million beginning in financial year 2010/2011. The package includes
> a reduction of R&D expenditures;
> a restructuring of postpress packaging activities;
> an expansion of purchasing activities and production outside the euro zone; and
> a clear reduction of structural costs.

1

ANNUAL GENERAL MEETING 2008

July 18, 2008 +++ All items on the agenda approved +++

Around 1,800 shareholders participated in the Annual General Meeting of Heidelberger Druckmaschinen Aktiengesellschaft for the financial year 2007/2008. Approval from the shareholders was needed for twelve items on the agenda, including the appointment of the new members on the Supervisory Board, the appropriation of retained earnings, and the associated distribution of a dividend of € 0.95 per participating share.

2

FORWARD-LOOKING SOLUTION FOR 'GREEN PRINTING'

July 29, 2008 +++ Sales cooperation with MVV Energie +++

Heidelberg's sales and service organization, Heidelberger Druckmaschinen Vertrieb Deutschland GmbH, and the energy supplier MVV Energie AG will be collaborating with a sales cooperation aimed at lowering both energy consumption and energy costs in the German printing industry. The eco energy fund not only intends to provide the 11,000 print shops in Germany with economically attractive rates, but also with environmentally friendly energy sourcing.

SEPTEMBER 2008

9
08

4 **SEPTEMBER 2**
Start of training

5 **SEPTEMBER 11**
Print Media Academy Chennai, India

3

FIRST SPEEDMASTER XL 145 INSTALLED IN THE US

August 11, 2008 +++ New press replaces two older models +++

Proteus Packaging based in Franklin, Wisconsin, is the first US print shop to purchase the new Speedmaster XL 145. The investment in this printing press with inline aqueous coater will keep the company competitive in a challenging market environment. Proteus plans to replace two older very large format (VLF) presses with the Speedmaster XL 145, thanks to major gains in efficiency expected from the new press.

4

START OF JOB TRAINING AT HEIDELBERG

September 2, 2008 +++ More than 3,000 applicants +++

135 young people were welcomed at the Wiesloch-Walldorf training center for the start of their professional career. Nationwide, Heidelberger Druckmaschinen Aktiengesellschaft is offering 214 training positions in twelve different occupations and seven study programs. More than 3,000 young people applied. Apart from Wiesloch-Walldorf, other Heidelberg training sites are located in Heidelberg, Brandenburg, Amstetten, Ludwigsburg, and Leipzig.

5

HEIDELBERG OPENS PRINT MEDIA ACADEMY IN INDIA

September 11, 2008 +++ CFO Dirk Kaliebe opens new Print Media Academy +++

In September, Heidelberg opened its first Print Media Academy (PMA) in India, in the city of Chennai. As a result, the company now has a knowledge platform for the print media industry that spans the key global growth regions of Brazil, Russia, India, and China. Sections of the Indian print media industry have recorded double-digit annual growth rates, with packaging printing achieving particularly strong growth. Heidelberg now runs a total of 18 PMA sites in 15 different countries.

> CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD APRIL 1, 2008 TO SEPTEMBER 30, 2008

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Consolidated interim income statement April 1, 2008 to September 30, 2008

> INTERIM INCOME STATEMENT

Figures in € thousands

	Note	1-Apr-2007 to 30-Sep-2007	**1-Apr-2008 to 30-Sep-2008**
Net sales		1,639,250	1,460,731
Change in inventories		126,516	177,162
Other own work capitalized		37,219	41,772
Total operating performance		1,802,985	1,679,665
Other operating income	3	88,253	69,336
Cost of materials	4	802,283	776,941
Personnel expenses		592,953	571,584
Depreciation and amortization		59,401	61,735
Other operating expenses	5	340,533	384,063
Special items	6	–	39,900
Result of operating activities		96,068	– 85,222
Financial income	7	9,587	7,783
Financial expenses	8	40,980	53,906
Financial result		– 31,393	– 46,123
Income before taxes		64,675	– 131,345
Taxes on income		20,313	– 36,345
Consolidated net profit/loss		44,362	– 95,000
Minority interests		– 227	–
Consolidated net profit/loss – attributable to Heidelberg		44,589	– 95,000
Undiluted earnings per share according to IAS 33 (in € per share)	9	0.57	– 1.22
Diluted earnings per share according to IAS 33 (in € per share)	9	–	–

Consolidated interim income statement July 1, 2008 to September 30, 2008

> INTERIM INCOME STATEMENT

Figures in € thousands

	1-Jul-2007 to 30-Sep-2007	**1-Jul-2008 to 30-Sep-2008**
Net sales	897,032	803,787
Change in inventories	13,398	15,955
Other own work capitalized	14,585	23,632
Total operating performance	925,015	843,374
Other operating income	48,615	34,147
Cost of materials	408,929	382,470
Personnel expenses	291,627	279,954
Depreciation and amortization	29,843	31,233
Other operating expenses	173,149	194,383
Special items	–	39,900
Result of operating activities	70,082	– 50,419
Financial income	5,721	3,335
Financial expenses	23,321	33,918
Financial result	– 17,600	– 30,583
Income before taxes	52,482	– 81,002
Taxes on income	16,030	– 25,303
Consolidated net profit/loss	36,452	– 55,699
Minority interests	– 81	–
Consolidated net profit/loss – attributable to Heidelberg	36,533	– 55,699
Undiluted earnings per share according to IAS 33 (in € per share)	0.47	– 0.71

Consolidated interim income statement – Quarterly overview

> INTERIM INCOME STATEMENT

Figures in € thousands

	1-Apr-2008 to 30-Jun-2008	1-Jul-2008 to 30-Sep-2008	**1-Apr-2008 to 30-Sep-2008**
Net sales	656,944	803,787	1,460,731
Change in inventories	161,207	15,955	177,162
Other own work capitalized	18,140	23,632	41,772
Total operating performance	836,291	843,374	1,679,665
Other operating income	35,189	34,147	69,336
Cost of materials	394,471	382,470	776,941
Personnel expenses	291,630	279,954	571,584
Depreciation and amortization	30,502	31,233	61,735
Other operating expenses	189,680	194,383	384,063
Special items	–	39,900	39,900
Result of operating activities	– 34,803	– 50,419	– 85,222
Financial income	4,448	3,335	7,783
Financial expenses	19,988	33,918	53,906
Financial result	– 15,540	– 30,583	– 46,123
Income before taxes	– 50,343	– 81,002	– 131,345
Taxes on income	– 11,042	– 25,303	– 36,345
Consolidated net loss	– 39,301	– 55,699	– 95,000
Minority interests	–	–	–
Consolidated net loss – attributable to Heidelberg	– 39,301	– 55,699	– 95,000
Undiluted earnings per share according to IAS 33 (in € per share)	– 0.51	– 0.71	– 1.22

Consolidated interim balance sheet as of September 30, 2008

> ASSETS

Figures in € thousands

	Note	31-Mar-2008	**30-Sep-2008**
Non-current assets			
Intangible assets	10	273,152	315,114
Tangible assets	10	580,187	596,546
Investment property	10	1,782	1,764
Financial assets	11	68,049	42,598
Receivables from customer financing	12	194,839	164,621
Other receivables and other assets	12	178,846	95,589
Income tax assets		76,045	67,522
Deferred tax assets		77,288	87,181
		1,450,188	1,370,935
Current assets			
Inventories	13	973,714	1,213,321
Receivables from customer financing	12	128,205	118,386
Trade receivables	12	596,473	505,303
Other receivables and other assets	12	171,153	172,746
Income tax assets		26,836	40,127
Marketable securities		2,075	1,778
Cash and cash equivalents		141,868	84,849
		2,040,324	2,136,510
Assets held for sale		16,645	16,707
Total assets		3,507,157	3,524,152

> EQUITY AND LIABILITIES

Figures in € thousands

	Note	31-Mar-2008	30-Sep-2008
Shareholders' equity	14		
Subscribed capital		198,767	198,767
Capital reserves and retained earnings		852,298	889,152
Consolidated net profit/loss – attributable to Heidelberg		141,770	– 95,000
		1,192,835	992,919
Non-current liabilities			
Provisions for pensions and similar obligations	15	115,969	126,446
Other provisions	16	360,374	415,076
Financial liabilities	17	493,512	488,723
Other liabilities	18	114,390	127,346
Deferred tax liabilities		144,661	96,274
		1,228,906	1,253,865
Current liabilities			
Other provisions	16	378,386	315,522
Financial liabilities	17	50,636	347,050
Trade payables		294,955	264,581
Income tax liabilities		3,546	1,954
Other liabilities	18	357,893	348,261
		1,085,416	1,277,368
Total equity and liabilities		3,507,157	3,524,152

> CONSOLIDATED CASH FLOW STATEMENT

Figures in € thousands

	1-Apr-2007 to 30-Sep-2007	**1-Apr-2008 to 30-Sep-2008**
Consolidated net profit/loss	44,362	– 95,000
Depreciation and amortization [1]	59,401	61,787
Change in pension provisions	– 5,134	8,464
Change in deferred tax assets/deferred tax liabilities/tax provisions	757	– 49,335
Result from disposals	– 2,044	– 104
Cash flow	97,342	– 74,188
Change in inventories	– 156,878	– 210,077
Change in sales financing	31,505	46,867
Change in trade receivables/trade payables	91,416	77,078
Change in other provisions	– 39,671	4,090
Change in other balance sheet items	17,916	– 17,547
Other operating changes	– 55,712	– 99,589
Inflow/outflow of funds from operating activities	41,630	– 173,777
Intangible assets/tangible assets/investment property		
Investments	– 95,650	– 91,347
Proceeds from disposals	15,955	23,280
Financial assets		
Investments	– 4,990	– 31,035
Proceeds from disposals	178	–
Outflow of funds from investment activity	– 84,507	– 99,102
Free cash flow	– 42,877	– 272,879
Change in treasury stock	– 57,781	–
Dividend payment	– 74,801	– 73,761
Change in financial liabilities	182,124	285,433
Inflow of funds from financing activity	49,542	211,672
Net change in cash and cash equivalents	6,665	– 61,207
Cash and cash equivalents at the beginning of the quarter	79,247	143,943
Changes in the scope of the consolidation	–	1,277
Currency adjustments	– 1,215	2,614
Net change in cash and cash equivalents	6,665	– 61,207
Cash and cash equivalents at the end of the quarter	84,697	86,627

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

> CONSOLIDATED CASH FLOW STATEMENT – QUARTERLY OVERVIEW

Figures in € thousands

	1-Apr-2008 to 30-Jun-2008	1-Jul-2008 to 30-Sep-2008	**1-Apr-2008 to 30-Sep-2008**
Consolidated net profit/loss	– 39,301	– 55,699	– 95,000
Depreciation and amortization[1]	30,502	31,285	61,787
Change in pension provisions	4,252	4,212	8,464
Change in deferred tax assets/deferred tax liabilities/tax provisions	– 21,654	– 27,681	– 49,335
Result from disposals	15	– 119	– 104
Cash flow	– 26,186	– 48,002	– 74,188
Change in inventories	– 177,142	– 32,935	– 210,077
Change in sales financing	21,231	25,636	46,867
Change in trade receivables/trade payables	95,445	– 18,367	77,078
Change in other provisions	– 36,339	40,429	4,090
Change in other balance sheet items	– 27,240	9,693	– 17,547
Other operating changes	– 124,045	24,456	– 99,589
Outflow of funds from operating activities	– 150,231	– 23,546	– 173,777
Intangible assets/tangible assets/investment property			
Investments	– 43,832	– 47,515	– 91,347
Proceeds from disposals	11,328	11,952	23,280
Financial assets			
Investments	– 27,839	– 3,196	– 31,035
Proceeds from disposals	–	–	–
Outflow of funds from investment activity	– 60,343	– 38,759	– 99,102
Free cash flow	– 210,574	– 62,305	– 272,879
Change in treasury stock	–	–	–
Dividend payment	–	– 73,761	– 73,761
Change in financial liabilities	153,459	131,974	285,433
Inflow of funds from financing activity	153,459	58,213	211,672
Net change in cash and cash equivalents	– 57,115	– 4,092	– 61,207
Cash and cash equivalents at the beginning of the quarter	143,943	88,163	143,943
Changes in the scope of the consolidation	1,277	–	1,277
Currency adjustments	58	2,556	2,614
Net change in cash and cash equivalents	– 57,115	– 4,092	– 61,207
Cash and cash equivalents at the end of the quarter	88,163	86,627	86,627

> STATEMENT OF RECOGNIZED INCOME AND EXPENSE

Figures in € thousands

	1-Apr-2007 to 30-Sep-2007	**1-Apr-2008 to 30-Sep-2008**
Consolidated net profit/loss	44,362	– 95,000
Pension obligations [1]	87,742	– 49,377
Foreign currency translation	– 27,768	38,185
Financial assets		
Market valuation of financial assets	– 153	– 144
Cash flow hedges		
Fair value of cash flow hedges in equity	14,206	– 10,630
Cash flow hedges recognized in income	– 2,854	– 26,201
Deferred income taxes	– 28,422	15,652
Total recognized income and expense without effect on the income statement	42,751	– 32,515
Total recognized income and expense	87,113	– 127,515
– of which: Heidelberg Group	87,391	– 127,515
– of which: minority interests	– 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

	2007	**2008**
Shareholders' equity as of April 1	1,201,671	1,192,835
Total recognized income and expense without effect on the income statement	42,751	– 32,515
Consolidated net profit/loss	44,362	– 95,000
Total recognized income and expense	87,113	– 127,515
Dividend payment	– 74,801	– 73,761
Treasury stock	– 57,781	–
Consolidations/other changes	– 1,517	1,360
Shareholders' equity as of September 30	1,154,685	992,919

Consolidated segment information April 1, 2008 to September 30, 2008

> SEGMENT INFORMATION BY DIVISION

Figures in € thousands

	Press		Postpress		Financial Services		**Heidelberg Group**	
	1-Apr-2007 to 30-Sep-2007	**1-Apr-2008 to 30-Sep-2008**	1-Apr-2007 to 30-Sep-2007	**1-Apr-2008 to 30-Sep-2008**	1-Apr-2007 to 30-Sep-2007	**1-Apr-2008 to 30-Sep-2008**	1-Apr-2007 to 30-Sep-2007	**1-Apr-2008 to 30-Sep-2008**
External sales	1,424,057	1,267,691	198,975	179,747	16,218	13,293	1,639,250	1,460,731
Depreciation 1)	56,064	58,392	3,130	3,339	207	4	59,401	61,735
Non-cash expenses	176,891	195,166	16,047	19,661	9,949	9,423	202,887	224,250
Research and development costs	98,369	89,511	12,695	12,748	–	–	111,064	102,259
Result of operating activities (segment result)	81,276	– 78,744	– 3,861	– 17,972	18,653	11,494	96,068	– 85,222
Investments	92,218	87,330	3,429	4,011	3	6	95,650	91,347
Segment assets 2)	2,601,739	2,649,541	247,936	269,792	328,952	291,838	3,178,627	3,211,171
Segment debt 2)	1,148,455	1,154,838	100,172	97,869	77,834	95,732	1,326,461	1,348,439
Number of employees 2)	17,468	17,789	2,050	2,000	78	76	19,596	19,865

> SEGMENT INFORMATION BY REGION

Figures in € thousands

	Europe, Middle East and Africa		Eastern Europe		North America		Latin America		Asia/Pacific		**Heidelberg Group**	
	1-Apr-2007 to 30-Sep-2007	**1-Apr-2008 to 30-Sep-2008**	1-Apr-2007 to 30-Sep-2007	**1-Apr-2008 to 30-Sep-2008**	1-Apr-2007 to 30-Sep-2007	**1-Apr-2008 to 30-Sep-2008**	1-Apr-2007 to 30-Sep-2007	**1-Apr-2008 to 30-Sep-2008**	1-Apr-2007 to 30-Sep-2007	**1-Apr-2008 to 30-Sep-2008**	1-Apr-2007 to 30-Sep-2007	**1-Apr-2008 to 30-Sep-2008**
External sales by customer location	727,405	694,015	207,072	176,591	253,145	184,238	85,963	82,066	365,665	323,821	1,639,250	1,460,731
Investments	86,549	82,566	604	1,547	6,900	4,312	485	285	1,112	2,637	95,650	91,347
Segment assets 2)	2,208,753	2,223,614	168,449	180,820	230,070	225,321	192,078	166,909	379,277	414,507	3,178,627	3,211,171

For additional explanations see note 20

1) Including impairment losses in income of € 560 thousand (previous year: € 0 thousand)

2) Previous year's figures refer to March 31, 2008

Notes

1 Accounting and valuation policies

The consolidated interim financial report as of September 30, 2008 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 2007/2008, and complies with the provisions of IAS 34 (Interim financial reporting). Contingent liabilities resulting from recourse obligations used to be calculated based on the maximum contingency risk. Since the beginning of the reporting year, contingent liabilities from recourse obligations are recognized on the basis of IAS 37 (Provisions, contingent liabilities and contingent assets). This adjustment was required since, particularly with regard to issues for which a provision was recognized within the scope of our risk management, the need to report a contingent liability no longer exists. The previous year's figure was adjusted accordingly (see note 19).

By EU directive of October 15, 2008 (published in the Official Journal of the European Union on October 16, 2008) the amendments to IAS 39: 'Financial Instruments: Recognition and Measurement' and the amendments to IFRS 7: 'Financial Instruments: Disclosures', which were published on October 13, 2008, were incorporated into European Law. Basically, the changes shall apply retroactively as of July 1, 2008. The amended standard had no effect on the interim financial report of the Heidelberg Group as of September 30, 2008. Effects on the reporting periods to come are currently being analyzed. In the consolidated interim financial report, no new standards and interpretations for the financial year 2008/2009 need to be applied for the first time. The IASB and the IFRIC have issued the following standards and interpretations that are not mandatory in the financial year 2008/2009 and/or that have not yet been approved by the EU:

- Changes to IFRS 2: 'Share-based Payment'
- Changes to IFRS 3: 'Business Combinations'
- IFRS 8: 'Operating Segments'
- Changes to IAS 1: 'Presentation of Financial Statements'
- Changes to IAS 23: 'Borrowing Costs'
- Changes to IAS 27: 'Consolidated and Separate Financial Statements'
- Changes to IAS 32: 'Financial Instruments: Presentation' and IAS 1: 'Presentation of Financial Statements'
- Changes to IAS 39: 'Financial Instruments: Recognition and Measurement': Designation as Hedged Items
- IFRIC 12: 'Service Concession Arrangements'
- IFRIC 13: 'Customer Loyalty Programs'
- IFRIC 14: 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'
- IFRIC 15: 'Agreements for the Construction of Real Estate'
- IFRIC 16: 'Hedges of a Net Investment in a Foreign Operation'
- 'Improvements to International Financial Reporting Standards'

The effects of a first-time application of the standards relevant for Heidelberg on the consolidated financial statements are being verified at present. Currently, Heidelberg is not planning to apply these standards at an early stage.

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.

The interim financial report has neither been audited in accordance with Section 317 HGB (German Commercial Code) nor reviewed by the auditors.

2 Scope of the consolidation

Apart from Heidelberger Druckmaschinen Aktiengesellschaft, the consolidated interim financial statements include a total of 75 (March 31, 2008: 71) domestic and foreign companies in which Heidelberger Druckmaschinen Aktiengesellschaft is in a position to exercise control as defined by IAS 27. Of these companies, 67 (March 31, 2008: 64) are located outside Germany. Shares in subsidiaries that are of minor significance are not included.

In the first quarter of the financial year 2008/2009, Heidelberg Graphic Equipment (Shanghai) Co. Ltd., Shanghai, China, and Heidelberg Consumables Holding GmbH, Heidelberg, Germany, were included in the scope of the consolidation. Furthermore, Heidelberg HDU, Inc., Wilmington, Delaware, USA, and Heidelberg HNA, Inc., Wilmington, Delaware, USA, were liquidated.

On May 27, 2008 Heidelberg took over the British/Dutch coating manufacturer 'Hi-Tech Coatings', a corporate group consisting of four companies. Heidelberg acquired 100 percent of the shares in each corporation, namely Hi-Tech Coatings Limited, Aylesbury, Bucks, UK; Hi-Tech Coatings International Limited, Aylesbury, Bucks, UK; Hi-Tech Coatings B.V., Zwaag, the Netherlands; and Hi-Tech Coatings International B.V., Zwaag, the Netherlands.

The provisional purchase price amounting to € 42.2 million is composed of a performance-neutral component of € 34.4 million and two performance-based elements (earn-out) totaling € 7.8 million.

The performance-based components are to be paid at the end of the first and the second year following the date of purchase, respectively, if the earnings before interest and taxes (EBIT) exceed a particular amount. Additionally, the earn-out depends on the previous owners continuing to act for Hi-Tech Coatings until 2009 or 2010, respectively. Incidental acquisition expenses amount to € 1,145 thousand.

For Heidelberg, goodwill totaling € 22,631 thousand results primarily from the opportunity to underpin its less cyclical consumables business and bolster its market position in this profitable growth market.

If the acquisition had been concluded completely at the beginning of the financial year, the Company would have reported consolidated net sales for the first six months 2008/2009 of € 1,464,484 thousand and a consolidated net loss for the year of € 94,666 thousand.

Since its first-time consolidation, the acquired company has contributed to the consolidated net loss with a positive result of € 954 thousand.

The present value of the provisional purchase price less goodwill breaks down as follows into the assets and liabilities acquired:

	Carrying amount according to IFRS previous to acquisition	Fair value of assets and liabilities acquired
Intangible assets	–	18,604
Tangible assets	1,810	1,810
Inventories	882	882
Trade receivables	4,916	4,916
Other receivables and other assets	39	39
Deferred tax assets	–	–
Cash and cash equivalents	3,896	3,896
Total assets	11,543	30,147
Other provisions	1,188	1,188
Trade payables	3,824	3,824
Deferred tax liabilities	–	4,869
Total liabilities	5,012	9,881

3 Other operating income

	1-Apr-2007 to 30-Sep-2007	**1-Apr-2008 to 30-Sep-2008**
Reversal of other provisions/accrued liabilities	30,479	21,677
Income from written-off receivables and other assets	15,306	11,953
Income from operating facilities	9,392	8,504
Hedging transactions/foreign-exchange profit	8,438	7,378
Income from disposals of intangible assets, tangible assets, and investment property	2,621	956
Other income	22,017	18,868
	88,253	69,336

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-2007 to 30-Sep-2007	**1-Apr-2008 to 30-Sep-2008**
Expenses for raw materials, consumables, and supplies, as well as for goods purchased	693,509	674,501
Costs of purchased services	107,725	102,181
Interest expenses of Financial Services	1,049	259
	802,283	776,941

Proportionate interest expenses accrued in connection with the Financial Services Division are shown in the cost of materials. Interest income from sales financing totaling € 13,293 thousand (previous year: € 16.218 thousand) is included in net sales.

5 Other operating expenses

	1-Apr-2007 to 30-Sep-2007	**1-Apr-2008 to 30-Sep-2008**
Other deliveries and services not included in the cost of materials	62,158	79,054
Special direct sales expenses including freight charges	61,789	61,725
Travel expenses	31,985	31,205
Rent and leases (excluding car fleet)	29,340	30,583
Costs of information technology	28,417	27,209
Additions to provisions (relates to several expense accounts)	8,634	24,520
Provisions for doubtful accounts and other assets	11,090	14,739
Legal, consulting, and audit fees	12,129	13,028
Costs of car fleet	10,058	11,768
Insurance expense	9,576	9,324
Hedging transactions/exchange rate losses	4,129	9,200
Expenses from operating facilities	7,081	7,755
Costs of mail and payment transactions	6,308	6,964
Other research and development costs	5,386	5,410
Public-sector fees and other taxes	4,759	4,725
License fees	2,900	3,221
Office supplies, newspapers, technical literature	1,996	1,854
Losses from disposals of intangible assets and tangible assets	724	852
Other overhead costs	42,074	40,927
	340,533	384,063

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 Special items

The special items include expenses totaling € 17,424 thousand relating to the structural measures announced on July 10, 2008. Furthermore, they comprise expenses from the allocation of provisions for partial retirement amounting to € 22,476 thousand, formed on the basis of the collective bargaining agreement for partial retirement concluded on September 3, 2008 between the Verband der Metall- und Elektroindustrie Baden-Württemberg e.V. (Südwestmetall – Employees Union for the Metal and Electrical Industry in Baden-Württemberg) and Industriegewerkschaft Metall (IG Metall – Industrial Metal Union), Baden-Württemberg region.

7 Financial income

	1-Apr-2007 to 30-Sep-2007	**1-Apr-2008 to 30-Sep-2008**
Interest and similar income	7,104	6,147
Income from financial assets/loans/marketable securities	2,483	1,636
	9,587	7,783

8 Financial expenses

	1-Apr-2007 to 30-Sep-2007	**1-Apr-2008 to 30-Sep-2008**
Interest and similar expenses	35,889	51,795
Expenses from financial assets/loans/marketable securities	5,091	2,111
	40,980	53,906

9 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 (first six months 2008/2009: 77,643,434 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 September 30, 2008 the treasury stock comprised an unchanged number of 400,000 shares.

10 Intangible assets, tangible assets, and investment property

	Intangible assets	Tangible assets	Investment property
Acquisition or manufacturing cost 31-Mar-2008	476,535	2,038,491	6,650
Acquisition or manufacturing cost 30-Sep-2008	**538,455**	**2,039,968**	**6,650**
Accumulated depreciation 31-Mar-2008	203,383	1,458,304	4,868
Accumulated depreciation 30-Sep-2008	**223,341**	**1,443,422**	**4,886**
Book values 31-Mar-2008	273,152	580,187	1,782
Book values 30-Sep-2008	**315,114**	**596,546**	**1,764**

11 Financial assets

Financial assets include shares in affiliated companies totaling € 19,230 thousand (March 31, 2008: € 45,657 thousand) as well as other investments totaling € 15,420 thousand (March 31, 2008: € 14,326 thousand), and securities totaling € 7,948 thousand (March 31, 2008: € 8,066 thousand).

12 Receivables and other assets

			31-Mar-2008			**30-Sep-2008**
	Current	Non-current	Total	Current	Non-current	Total
Receivables from sales financing	128,205	194,839	323,044	118,386	164,621	283,007
Trade receivables	596,473	–	596,473	505,303	–	505,303
Other receivables and other assets						
Other tax refund claims	19,113	–	19,113	20,340	–	20,340
Loans	549	8,785	9,334	438	9,158	9,596
Derivative financial instruments	67,722	39,208	106,930	17,252	31,267	48,519
Deferred interest payments	242	–	242	207	–	207
Prepaid expenses	16,063	–	16,063	29,386	–	29,386
Other assets	67,464	130,853	198,317	105,123	55,164	160,287
	171,153	178,846	349,999	172,746	95,589	268,335

13 Inventories

	31-Mar-2008	30-Sep-2008
Raw materials, consumables, and supplies	136,812	143,499
Work and services in process	384,247	449,652
Manufactured products and merchandise	440,364	608,944
Prepayments	12,291	11,226
	973,714	1,213,321

14 Shareholders' equity

As was the case on March 31, 2008, the Company still held 400,000 shares (cost of the acquisition: € 13,258 thousand) as of September 30, 2008. The repurchased shares may only be utilized to reduce the Company's capital stock or for employee share participation programs, as well as other forms of share distribution to the employees of the Company or a subsidiary or to individuals who are or were employed by the Company or affiliated companies.

At the Annual General Meeting on July 18, 2008, the Management Board was authorized to acquire treasury stock for any permissible purpose in an amount of up to the lower of 10 percent – also by the use of derivatives in an amount of up to 5 percent – of either the capital stock as of July 18, 2008 or the capital stock at the time of the exercise of the authorization until January 15, 2010. Based on particular conditions specified in the resolution of the Annual General Meeting of July 18, 2008, the shares may furthermore be utilized while disapplying the subscription rights; this utilization is also applicable to treasury stock already held by the Company.

As court decisions give rise to doubts as to the legitimacy of the existing authorization of the company dating back to 2006 to issue convertible bonds and/or bonds with warrants under the Stock Corporation Act, two basically equivalent, yet divergent authorizations with regard to the defined option or conversion price were concluded to issue convertible bonds and/or bonds with warrants, profit participation rights and/or income bonds (or combinations of these instruments) and to exclude the subscription rights as well as to create the requirements for Contingent Capital 2008/I and 2008/II in a nominal amount of € 19,979,118.08, respectively. While these authorizations complement the authorization granted on July 20, 2006 to issue convertible bonds and/or bonds with warrants, they do not increase the amount of the capital stock up to which the Management Board is authorized to grant option rights or conversion rights and/or conversion obligations.

According to the resolution of the Annual General Meeting of July 18, 2008, the Management Board is authorized, with the approval of the Supervisory Board, to increase the capital stock of the Company by up to € 59,937,356.80 on one or several occasions against cash or non-cash contributions by July 1, 2011 (Authorized Capital 2008). Subscription rights of the shareholders may be disapplied with the approval of the Supervisory Board.

15 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 September 30, 2008, a discount rate of 6.25 percent (March 31, 2008: 6.0 percent) was applied for domestic companies.

16 Other provisions

			31-Mar-2008			**30-Sep-2008**
	Current	Non-current	Total	Current	Non-current	Total
Tax provisions	37,705	257,271	294,976	33,795	258,003	291,798
Other provisions						
Liabilities arising from human resources	91,365	51,747	143,112	73,675	81,337	155,012
Liabilities arising from sales and service activities	180,104	11,735	191,839	160,990	12,294	173,284
Other	69,212	39,621	108,833	47,062	63,442	110,504
	340,681	103,103	443,784	281,727	157,073	438,800
	378,386	360,374	738,760	315,522	415,076	730,598

17 Financial liabilities

	31-Mar-2008			**30-Sep-2008**		
	Current	Non-current	Total	Current	Non-current	Total
Convertible bond	–	295,055	295,055	–	299,439	299,439
Borrower's note loans	7,243	123,500	130,743	7,243	120,000	127,243
To banks	18,414	70,579	88,993	316,430	65,621	382,051
From finance lease contracts	4,487	4,106	8,593	4,404	3,474	7,878
Other	20,492	272	20,764	18,973	189	19,162
	50,636	493,512	544,148	347,050	488,723	835,773

18 Other liabilities

	31-Mar-2008			**30-Sep-2008**		
	Current	Non-current	Total	Current	Non-current	Total
Advance payments received on orders	81,912	–	81,912	94,425	–	94,425
Accrued liabilities from human resources	84,307	–	84,307	80,730	–	80,730
From derivative financial instruments	24,175	2,600	26,775	21,541	14,420	35,961
From other taxes	54,630	–	54,630	31,079	–	31,079
Relating to social security	6,041	2,704	8,745	7,018	2,083	9,101
Deferred income	49,381	35,116	84,497	54,645	34,629	89,274
Other	57,447	73,970	131,417	58,823	76,214	135,037
	357,893	114,390	472,283	348,261	127,346	475,607

19 Contingent liabilities and other financial liabilities

As of September 30, 2008 contingent liabilities for warranties and guarantees totaled € 18,545 thousand (March 31, 2008: € 20,664 thousand; previously € 179,962 thousand). Please refer to note 1 regarding the adjustment of the previous year's figure.

Other financial liabilities are broken down as follows:

			31-Mar-2008			**30-Sep-2008**
	Current	Non-current	Total	Current	Non-current	Total
Lease obligations	65,506	364,533	430,039	61,513	367,369	428,882
Investments	45,720	3,833	49,553	46,432	4,020	50,452
	111,226	368,366	479,592	107,945	371,389	479,334

20 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-2007 to 30-Sep-2007	**1-Apr-2008 to 30-Sep-2008**
Provisions for doubtful accounts and other assets	11,090	14,739
Additions to provisions and accrued liabilities	191,797	209,511
	202,887	224,250

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-2008	**30-Sep-2008**
Assets per balance sheet	3,507,157	3,524,152
– financial assets	– 68,049	– 42,598
– marketable securities	– 2,075	– 1,778
– finance receivables	– 59,124	– 53,435
– deferred tax assets	– 77,288	– 87,181
– tax refund claims	– 121,994	– 127,989
Segment assets	3,178,627	3,211,171

	31-Mar-2008	**30-Sep-2008**
Liabilities per balance sheet	2,314,322	2,531,233
– tax provisions	– 294,976	– 291,798
– tax obligations	– 58,176	– 33,033
– financial obligations	– 490,048	– 761,689
– deferred tax liabilities	– 144,661	– 96,274
Segment liabilities	1,326,461	1,348,439

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

Financial liabilities comprise the items specified in note 17, with the exception of financial liabilities associated with sales financing.

The **number of employees** was recorded as of September 30, 2008 compared with March 31, 2008.

21 Supervisory Board / Management Board

The members of the Supervisory Board and the Management Board are listed on page 43 ff.

22 Related party transactions

As described in our notes to the consolidated financial statements as of March 31, 2008 under note 40, 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.

Over the first quarter 2008/2009, transactions carried out with related parties resulted in liabilities of € 9,182 thousand, receivables of € 22,386 thousand, expenses of € 8,400 thousand and income of € 16,700 thousand, which essentially included sales. 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.

Enterprises controlled by a member of the Supervisory Board of Heidelberger Druckmaschinen Aktiengesellschaft have provided advisory services to a non-German fully consolidated company amounting to € 243 thousand.

23 Events after the reporting date

On October 30, 2008, the Management Board of Heidelberg announced that, due to the downtrend in sales and earnings, the package of cost-cutting measures released on July 10, 2008 will be extended and its implementation will be accelerated. Please refer to the chapter ‘Package of Measures’ in the management report for further details.

Responsibility Statement by the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim management report of the Group 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 for the remaining months of the financial year.

Heidelberg, November 6, 2008

Heidelberger Druckmaschinen Aktiengesellschaft
The Management Board

Bernhard Schreier | Dirk Kaliebe | Dr. Jürgen Rautert | Stephan Plenz

Supervisory Board

>>>

Dr. Mark Wössner
Chairman
of the Supervisory Board

Rainer Wagner*
Deputy Chairman
of the Supervisory Board

Martin Blessing
– through July 18, 2008 –

Dr. Werner Brandt
– since July 18, 2008 –

Edwin Eichler
– since July 18, 2008 –

Wolfgang Flörchinger*

Martin Gauß*

Mirko Geiger*

Gunther Heller*

Dr. Jürgen Heraeus
– through July 18, 2008 –

Jörg Hofmann*

Dr. Siegfried Jaschinski

Robert J. Koehler

Uwe Lüders
– through July 18, 2008 –

Dr. Gerhard Rupprecht

Beate Schmitt*

Prof. Dr.-Ing. Günther Schuh
– since July 18, 2008 –

Dr. Klaus Sturany

Peter Sudadse*

* Employee Representative

Committees of the Supervisory Board

Management Committee

Dr. Mark Wössner (Chairman)

Rainer Wagner

Martin Blessing
– through July 18, 2008 –

Martin Gauß

Mirko Geiger

Dr. Gerhard Rupprecht

Dr. Klaus Sturany
– since July 18, 2008 –

Mediation Committee under Article 27 Subsection 3 of the Codetermination Act

Dr. Mark Wössner

Rainer Wagner

Martin Blessing
– through July 18, 2008 –

Wolfgang Flörchinger

Dr. Gerhard Rupprecht
– since July 18, 2008 –

Committee on Arranging Personnel Matters of the Management Board

Dr. Mark Wössner

Rainer Wagner

Dr. Gerhard Rupprecht

Audit Committee

Dr. Klaus Sturany

Dr. Werner Brandt
– since July 18, 2008 –

Dr. Jürgen Heraeus
– through July 18, 2008 –

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

Stephan Plenz
– since July 1, 2008 –

Financial Calendar 2008/2009

February 3, 2009	Publication of Third Quarter Figures 2008/2009
May 5, 2009	Publication of Preliminary Figures 2008/2009
June 9, 2009	Press Conference, Annual Analysts' and Investors' Conference
July 23, 2009	Annual General Meeting
August 4, 2009	Publication of First Quarter Figures 2009/2010
November 3, 2009	Publication of Half-Year Figures 2009/2010

Subject to change

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