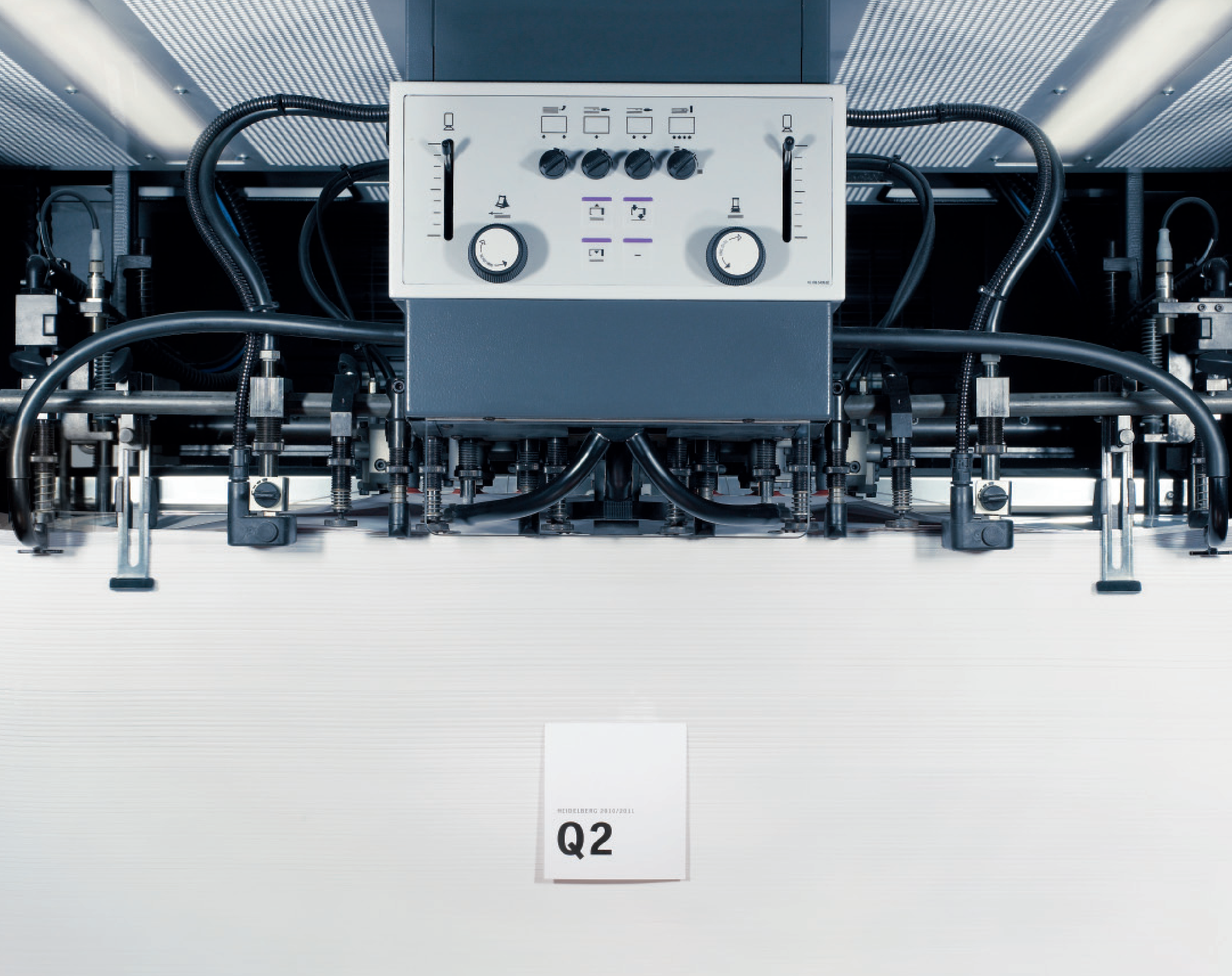
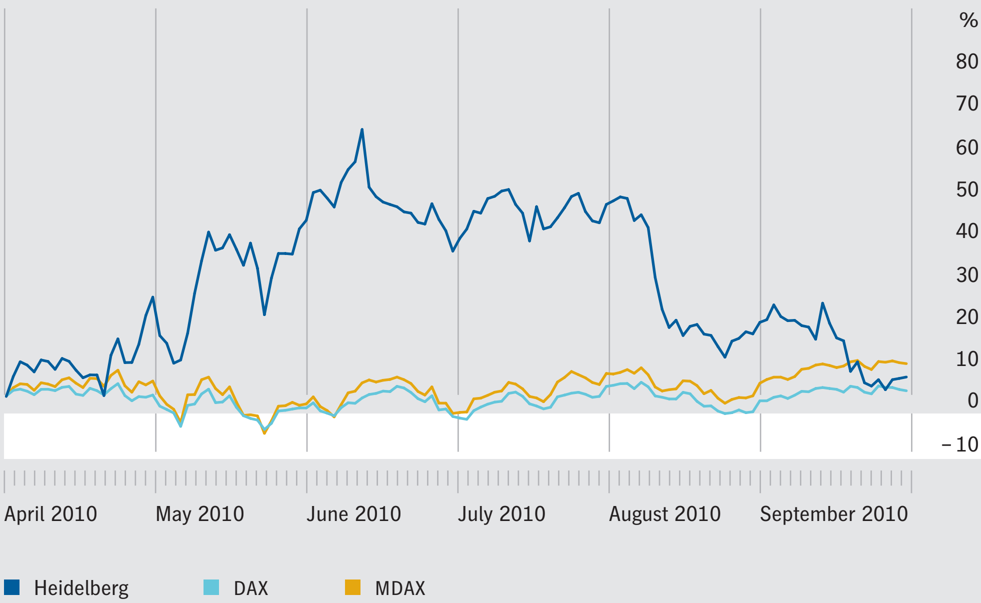


Q2 INTERIM FINANCIAL REPORT 2010/2011

PERFORMANCE OF THE HEIDELBERG SHARE

compared with the DAX/MDAX (Index: April 1, 2010 = 0 percent)



KEY PERFORMANCE DATA

Figures in € millions

	Q1 to Q2 prior year	**Q1 to Q2 2010/2011**	Q2 prior year	**Q2 2010/2011**
Incoming orders	1,084	**1,436** [1]	534	**650**
Net sales	1,013	**1,196** [2]	499	**633**
Result of operating activities [3]	– 128	**– 41**	– 65	**– 6**
– in percent of sales	– 12.6 %	**– 3.4 %**	– 13.0 %	**– 0.9 %**
Net loss	– 147	**– 88**	– 78	**– 36**
– in percent of sales	– 14.5 %	**– 7.4 %**	– 15.6 %	**– 5.7 %**
Cash flow	– 152	**– 61**	– 82	**– 27**
– in percent of sales	– 15.0 %	**– 5.1 %**	– 16.4 %	**– 4.3 %**
Free cash flow	– 18	**69**	11	**7**
Research and development costs	62	**60**	32	**30**
Investments	26	**30**	16	**15**
Undiluted earnings per share in €	– 1.90	**– 1.11**	– 1.01	**– 0.44**

[1] Including positive exchange rate effects totaling € 84 million
[2] Including positive exchange rate effects totaling € 73 million
[3] Excluding special items

HEIDELBERG 2010/2011

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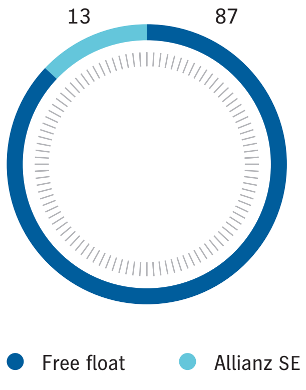
SPECIAL SECTION: CAPITAL INCREASE

Following approval by approximately 97 percent of the votes submitted at the Annual General Meeting on July 29, 2010 of the proposal by the Supervisory Board and Management Board to increase the subscription rights capital, on September 12, 2010 the Management Board, in agreement with the Supervisory Board, resolved to carry out the capital increase. Subsequently, shareholders were offered new shares at a ratio of 1 : 2 old shares to new shares at an exercise price of € 2.70. Additionally, subscription rights were traded during the period September 14 to 23, 2010. Heidelberger Druckmaschinen Aktiengesellschaft successfully executed its capital increase on September 24, 2010, with 99.85 percent subscription participation. The major shareholder Allianz SE participated in full, and thus continues to hold approximately 13 percent of the voting rights. RWE Aktiengesellschaft, a further major shareholder, sold shares in advance in order to participate in the capital increase by using the proceeds of the sale to exercise the subscription rights accruing from the remaining shares it was holding. The proportion of voting rights of RWE Aktiengesellschaft dropped to some 4 percent; RWE is therefore no longer considered a core shareholder. The Heidelberg share's free float thus amounts to 87 percent. A total of 155,286,868 new ordinary shares were placed within the framework of the capital increase. The gross proceeds of the issue amounted to approximately € 420 million for the Company. Since September 28, 2010, the new shares have been included in the existing listing on the Frankfurt Stock Exchange under Securities ID Number (WKN) 731400.

SHAREHOLDER STRUCTURE

Figures in percent



Heidelberg used the net proceeds from the capital increase in full for the immediate repayment of financial obligations and to strengthen its equity base. Immediately following receipt of the proceeds, the compulsory portion of the syndicated credit line and the credit line under guarantee of the German Federal and State governments were thus repaid. The repayment amount of the loan granted under the special program of KfW (Reconstruction Loan Corporation) was increased by a voluntary special repayment in addition to the obligatory repayment. Heidelberg was thereby successful in reducing its existing credit facilities by approximately € 400 million and substantially decreasing the Company's future interest charges. The success of the capital increase is also reflected in shareholders' equity, with the equity ratio rising from approximately 18 percent the previous quarter to approximately 30 percent as of the end of this reporting quarter.

The capital increase is an important milestone in the reorientation of Heidelberg's financing structure. The successful capital increase was a significant step towards refinancing the credit lines that will come due in the summer of 2012, and which ensure Heidelberg's long-term financing. The early repayment of these financial liabilities ensures that Heidelberg will again have access to a wide range of financing. This measure strengthened Heidelberg's flexibility in arranging for financing in the capital markets on a more sustainable and independent basis. The capital increase complements the Company's goal of ensuring an organizational and strategic realignment and lays a stable foundation for Heidelberg's economic revitalization. It thereby makes a significant contribution to increasing the value and securing the future of the Company, which will be of benefit to shareholders, customers, and employees alike.

THE SHARE

During the reporting quarter, the two most important German share indices, the DAX and the MDAX, experienced gratifying upward trends over the previous quarter, which had been characterized by economic uncertainties. This favorable trend was the result of improved business prospects as well as considerable growth in the incoming orders of the firms included in the index. For the first half of the year, the DAX thus attained its highest level for the reporting quarter of 6,352 points, up by approximately 4 percent for the quarter. The MDAX also attained its high point for the first half of the year of 8,828 points, thereby closing out the reporting quarter with a substantial increase in price of approximately 9 percent.

Following the Heidelberg share's much more favorable development than the DAX and the MDAX during the first quarter of the current financial year, during the second quarter the share price fell, among others, in consequence of the directly forthcoming capital increase. At the end of the quarter, the share price amounted to € 3.51 and the share's trading volume had increased three-fold. Although the share thereby posted a decline in price of approximately 25 percent during the reporting quarter, this nevertheless represented favorable growth of approximately 5 percent from the beginning of the financial year. Following the financial quarter-end, the share reacted to the publication of the preliminary second-quarter financial figures on October 19, 2010 with a marked boost in price.

Our Annual General Meeting this year was held at Mannheim's Rosengarten Congress Center on July 29, 2010. Some 1,700 shareholders attended the event, representing a total of approximately 49 percent of Heidelberg's share capital. All recommended proposals included in the agenda were approved by large majorities, including the increase in the share capital through the issue of new shares against cash contributions.

On September 12, 2010 the Management Board, in agreement with the Supervisory Board, decided to carry out the capital increase with indirect subscription rights. A total of 155,286,868 new ordinary shares were placed within the framework of the capital increase; the subscription participation was 99.85 percent. Execution of the capital increase was successfully executed with the entry into the Commercial Register at the Mannheim District Court on September 24, 2010. Detailed information concerning the capital increase can be found in the "Special Section: Capital Increase" on pages 2 and 3.

KEY PERFORMANCE DATA OF THE HEIDELBERG SHARE

Figures in €

	Q2 prior year	**Q2 2010/2011**
Undiluted earnings per share	– 1.01	– 0.44
Cash flow per share	– 1.06	– 0.33
Share price – high [1]	4.66	5.01
Share price – low [1]	2.26	3.41
Share price – beginning of the quarter [1), 2)]	2.49	4.52
Share price – end of the quarter [1), 2)]	4.47	3.51
Market capitalization at the end of the quarter in € millions	553	819
Number of shares in thousands [3]	77,643	81,056

1) Previous year's figures adjusted for 233,330,302 shares following the capital increase
2) Xetra closing price; source of prices: Bloomberg
3) Weighted number of outstanding shares

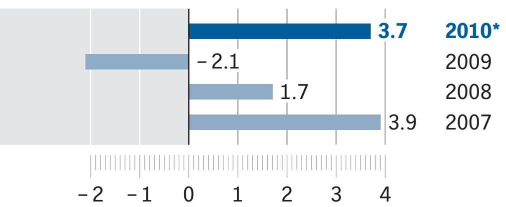
CONSOLIDATED INTERIM MANAGEMENT REPORT

OVERALL PICTURE

The ongoing upswing of the global economy continued to have a positive impact on our customers' propensity to invest. As a result, Heidelberg's operating activities continued to develop favorably. Incoming orders of € 650 million in the second quarter continued the previous year's trend towards growth in all regions and divisions. Although this figure reflects a decline from the previous quarter due to such special items as the IPEX and ExpoPrint trade shows, incoming orders were within the framework of the Company's planning. Net sales, which totaled € 633 million and developed equally favorably as incoming orders, were also considerably higher than in the same quarter the previous year. This growth was reflected in the two divisions Heidelberg Equipment and Heidelberg Services as well as in nearly all the regions. Heidelberg benefited from the higher net sales as well as a more favorable sales mix. Due to a more beneficial market environment, primarily for the Heidelberg Services Division, as well as to the greater efficiency resulting from the reorganization, we successfully reduced our operating loss before special items to € – 6 million during the second quarter. The result of operating activities thereby lies within the range we had preliminarily released to the press on October 19, 2010. Due to the completion of the staff reduction measures at the end of September, we were able to dissolve a portion of the provisions that had been recorded for these measures in the previous year. The financial result was negatively impacted, among others, by financing costs as well as by one-time effects resulting from the repayment of outstanding credit liabilities with the proceeds of the capital increase. As a consequence of the negative financial result, the second quarter's loss amounted to € – 36 million. Free cash flow, which continued to develop favorably thanks to the further reduction in net working capital and the low level of investment, amounted to € 7 million during the quarter. Heidelberg's balance sheet structure improved considerably as a result of the successful capital increase. The equity ratio was approximately 30 percent as of the end of the reporting quarter and net financial debt was reduced considerably. The successful capital increase represents an important step towards refinancing the credit lines that come due in the summer of 2012, which ensures Heidelberg's long-term funding. With the new capital structure, Heidelberg's economic turnaround now rests on a solid foundation.

CHANGE IN GLOBAL GDP

Figures in percent



* Estimate
Source: Global Insight (WMM); calendar year

DEVELOPMENT OF THE US DOLLAR

Figures in USD

Source: Bloomberg

UNDERLYING CONDITIONS

Primarily due to the vigorous growth in the newly industrializing countries, the **global economy** continued its growth trend into calendar year 2010, although the economic momentum is expected to weaken somewhat in the coming months. Nevertheless, global GDP is expected to grow by 3.7 percent in 2010. Yet the economy continues to be subject to such risks as the high debt load of some European countries, the vulnerability of the European banking sector, and the increasing danger of inflationary pressure in the newly industrializing countries.

The uncertainties resulting from the above-mentioned business cycle risks are reflected in the development of exchange rates, in particular the considerable volatility of the US dollar, as well as the further strengthening of the Japanese yen. These exchange rate structures have caused a shift in competitive conditions in favor of European suppliers.

US economic indicators failed to strengthen, with economic growth running out of steam during the reporting quarter. The economy is nevertheless expected to grow by 2.7 percent during the financial year as a whole. This view is supported by not only the expansionary monetary policy, but by the considerable liquidation of private household debt. Nevertheless, the strained employment picture is still a cause for concern in the US.

A comparison of developments among the **euro zone** economies shows a mixed picture. The economies of Italy, Spain, Portugal, and France still do not show any significant growth. The increase in the gross domestic product in the euro zone is largely attributable to developments in Germany. The strong growth of Germany’s economy has surpassed all forecasts in recent months, with many experts and institutes boosting their annual forecast to over 3 percent. Nevertheless, the above-mentioned world economic risks entail dangers for German exports, a sector that has made an especially strong contribution to growth in recent months.

In **Asia**, the Chinese economy has lost some of its momentum, caused not by structural problems but rather as a result of Chinese economic policy, which intends to prevent overheating in the markets. Due to the wide financial scope to take action in the form of potential additional economic stimulus packages as well as the relatively modest national debt, a continued upswing can be expected in that country. In Japan, economic growth is being increasingly weakened by the substantial strengthening of the yen. Japanese exports in particular, which have grown considerably in recent months, will suffer from this development.

Although projected growth for the calendar year has consequently been reduced somewhat, projected growth of 2.7 percent is nevertheless clearly positive.

According to the Printing and Media Industries Federation (bvdm), the figures for Germany's business outlook and business climate have improved considerably in the **print media industry**, with the current situation again assessed as favorable for the first time since March 2008. The respective figures for demand, the development of production, and the order backlog in the German print industry have improved perceptibly and are favorable across the board. Business expectations are also optimistic for the next half-year and were perceptibly improved compared with previous months. By contrast, indicators for our industry in the US do not suggest any considerable improvement, as a result of which capacity utilization in the industry increased only insignificantly and continues to be weak.

Despite the rapid economic upswing in the engineering industry, the trade group **Association of Printing and Paper Technology**, which is part of the German Engineering Federation (VDMA), is only cautiously optimistic. Following the severe downswing during the economic crisis, according to the VDMA the printing and paper technology industry has been in a moderate upward trend since the beginning of the year. Incoming orders in Asia and South America in particular are contributing most to growth in the industry at present. Demand in industrialized countries such as Japan as well as countries in North America and Southern and Eastern Europe continues to be restrained, and has not yet been able to make a decisive contribution to an upswing in the industry.

DEVELOPMENT OF THE JAPANESE YEN

Figures in JPY

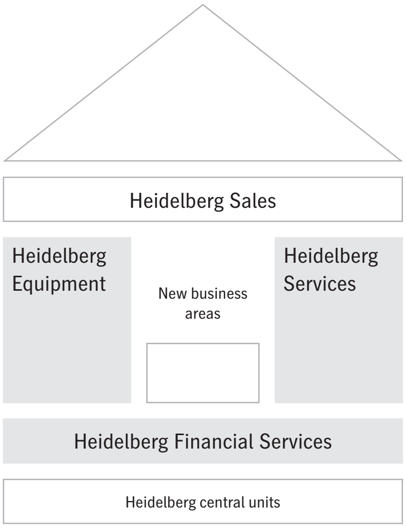
Source: Bloomberg

NEW STRUCTURES

As of April 1, 2010 we tailored our organization in line with our strategic goals. This approach makes it possible for us to focus our business and grow profitably.

We develop, produce, and market precision printing presses and print finishing equipment in the **Heidelberg Equipment** Division, where we focus on technical innovations for greater profitability, environmental protection, and the expansion of packaging printing. We take advantage of the rapid economic growth of the newly industrializing countries through our tightly meshed sales network and the expansion of our Chinese manufacturing facility.

Through the **Heidelberg Services** Division, we offer our customers not only technical services that ensure optimal reliability of our equipment, but also new



performance services that help increase the profitability of print shops. Our comprehensive portfolio includes elements such as Heidelberg systemservice, Saphira consumables, platesetters, the Prinect process integration software, Heidelberg Consulting services, training offerings of the Print Media Academy, and remarketed equipment services. Our customers' great interest in Heidelberg Services supports this division's growth, thereby reducing the Group's dependence on cyclical fluctuations.

The **Heidelberg Financial Services** Division supports Heidelberg's overall operations through the mediation of financing as well as the provision of direct financing solutions.

COST-REDUCTION MEASURES

Following the sustainable reduction in our structural costs by approximately € 400 million as a result of the successful completion of the "Heidelberg 2010" cost-reduction measures, we re-examined all our processes within the framework of the organizational changes. We thereby identified additional annual cost-cutting potential of € 80 million beginning in financial year 2011/2012, based on the application of leaner structures and the improvement of our efficiency. Initial cost-reduction effects have already been realized during the first half of the year, with overall savings expected to total approximately € 60 million through the end of this financial year.

This package of measures for German local units includes foregoing provisions of collective bargaining agreements and company payments, an additional working hour quota, the issue of employee shares, and an innovative working time approach under which employees may permanently reduce their contractual working time on a voluntary basis. Over 100 employees decided to take advantage of this innovative work concept beginning in October. Additional announced job cutbacks were realized largely through partial retirement agreements, employees' own terminations, as well as changes among the employees in the transfer company as of October 1, 2010. Heidelberg was thereby able to implement the announced human resources measures within the framework of the reorganization in a socially responsible manner as of September 30, 2010.

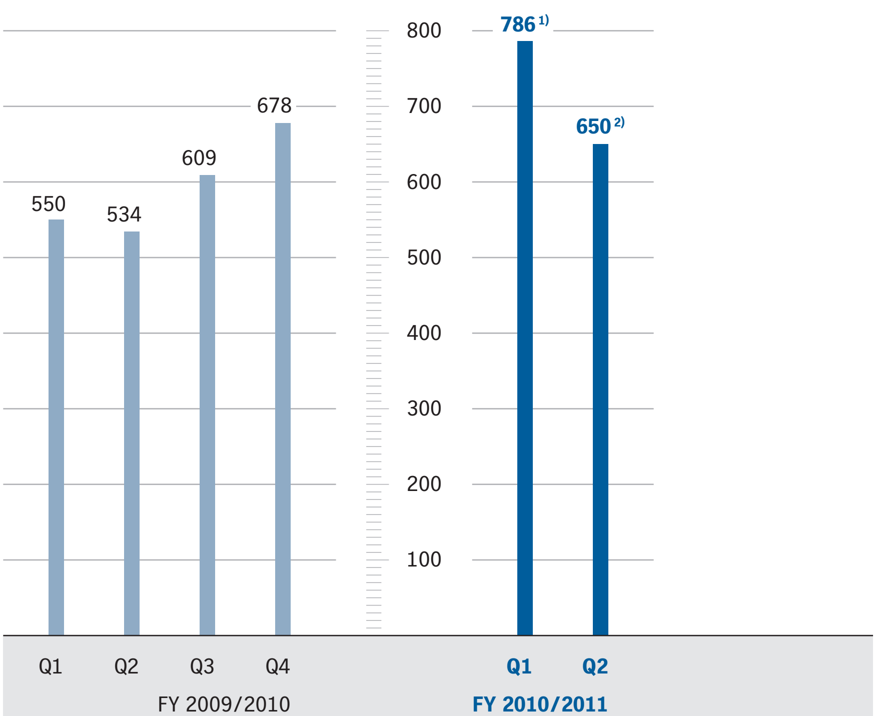
BUSINESS DEVELOPMENT

As we disclosed in advance on October 19, 2010, Heidelberg continued the favorable development of its operations during the second quarter of the current financial year. **Incoming orders** increased over the previous year's figure from € 534 million to € 650 million during the second quarter, of which approximately € 39 million was due to exchange rate effects. Although this represents a decline from the previous quarter, which had been characterized by such special effects as the IPEX trade show in the UK and the ExpoPrint trade show in Brazil, incoming orders are within the framework of the Company's planning.

Thanks to the continuing favorable trend of growth in the world economy, incoming orders during the first half of the current financial year grew by a gratifying 33 percent over the previous year to € 1,436 million. Adjusted for exchange rate effects, this represents growth of 25 percent. A noticeable upswing was clearly perceptible in almost all markets. The previous year's figures were considerably surpassed especially in China and Brazil, but also in some industrialized countries in Europe such as Germany and the UK. The North America region could only

INCOMING ORDERS PER QUARTER

Figures in € millions



1) Including positive exchange rate effects totaling € 45 million
2) Including positive exchange rate effects totaling € 39 million

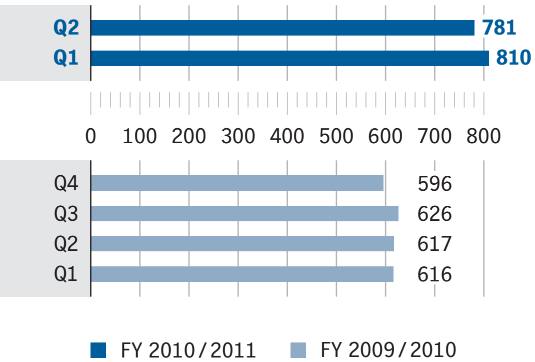
moderately increase its business over the previous year after adjusting for foreign currency changes. Whereas incoming orders increased over the previous year in the more non-cyclical Heidelberg Services Division by a stable 14 percent, the Heidelberg Equipment Division, which generated an impressive 49 percent growth rate, benefited from the strengthening global demand to a disproportionately greater extent.

Although the Heidelberg Group's **order backlog** posted a modest decline from the previous quarter, this figure was a substantial 27 percent higher than that posted the previous year. The order backlog was € 781 million as of September 30, 2010.

Second quarter **sales** were boosted substantially over the first quarter to € 633 million, with net sales for first half of the current financial year thereby amounting to € 1,196 million. Compared with the previous year this development represents marked growth of 18 percent – 11 percent after adjusting for foreign currency changes. This clearly shows the regional differences reflected in the economic turnaround. Whereas in Central Europe net sales only slightly exceeded the previous year's figure after adjusting for foreign currency changes, and in the North America region sales were even down, some newly industrializing countries such as China and Brazil posted especially strong growth. The international share of sales rose from 83.8 percent at financial year-end to 85.4 percent during the first half of the current financial year. Among the divisions, the sales of Heidelberg Equipment, which grew by 21 percent, benefited to a greater extent from the increase in sales during the half-year than Heidelberg Services, which posted a 15 percent increase over the previous year.

ORDER BACKLOG PER QUARTER

Figures in € millions



SALES BY DIVISION

Figures in € millions

	Q1 to Q2 prior year	**Q1 to Q2 2010/2011**	Q2 prior year	**Q2 2010/2011**
Heidelberg Equipment	535	649	257	352
Heidelberg Services	468	538	237	277
Heidelberg Financial Services	10	9	5	4
Heidelberg Group	1,013	**1,196**	499	**633**
(adjusted for foreign currency changes		1,123		596)

RESULTS OF OPERATIONS, NET ASSETS, AND FINANCIAL POSITION

Heidelberg's **result of operating activities** benefited from the profit contributions resulting from higher net sales and a more favorable sales mix. We were able to considerably reduce our operating loss through a combination of a more advantageous market environment, primarily in the Heidelberg Services Division, and the cost reductions that were generated as a result of the reorganization. We generated only a modest loss during the second quarter of € – 6 million, or € – 41 million for the first half of the financial year. During the same period the previous year, we had posted losses totaling € – 128 million. The **special items** included income of € 22 million in the first six months because following the completion of personnel adjustments at the end of September we were able to release a portion of the provision for increasing efficiency, which had been capitalized the previous year.

RESULT OF OPERATING ACTIVITIES [1)]

Figures in € millions

	Q1 to Q2 prior year	**Q1 to Q2 2010/2011**	Q2 prior year	**Q2 2010/2011**
Heidelberg Equipment	– 121	– 87	– 68	– 39
Heidelberg Services	– 11	37	0	27
Heidelberg Financial Services	4	9	3	6
Heidelberg Group	– 128	**– 41**	– 65	**– 6**

[1)] Excluding special items

The **financial result** for the half-year of € – 87 million was considerably below the corresponding figure in the same period the previous year. The financial result was burdened not only by the considerable financing costs during the half-year, but also by one-time effects in connection with the repayment of financial liabilities from the proceeds of the capital increase during the second quarter.

Income before taxes for the reporting quarter improved over the previous year, rising from € – 188 million to € – 106 million; the overall loss for the first half of the financial year totaled € – 88 million. Undiluted **earnings per share** amounted to € – 1.11, compared with € – 1.90 the preceding year.

Investments in tangible and intangible assets again amounted to € 15 million in the second quarter, with a total of € 30 million posted for the first half-year – approximately 15 percent higher than the previous year's figure. Despite this growth, the figure is relatively low compared with the previous year.

Heidelberg's consolidated **total assets** of € 2,799 million at the end of the reporting quarter was € 115 million lower than at the end of the previous quarter and € 80 million lower than at the previous financial year-end.

BALANCE SHEET STRUCTURE

Figures in € millions

	31-Mar-2010	in percent of total assets	**30-Sep-2010**	in percent of total assets
Non-current assets	1,235	42.9	1,246	44.5
Current assets	1,644	57.1	1,553	55.5
Total assets	2,879	100.0	2,799	100.0
Shareholders' equity	579	20.1	830	29.7
Non-current liabilities	1,200	41.7	1,115	39.8
Current liabilities	1,100	38.2	854	30.5
Total equity and liabilities	2,879	100.0	2,799	100.0

Among **assets**, inventories declined from the previous quarter, whereas they increased slightly from the previous financial year-end from € 827 million to € 841 million. We were nevertheless successful in reducing the commitment of funds as of the end of the first half-year because trade receivables as well as receivables from sales financing both fell substantially.

The structure of **equity and liabilities** was subject to especially favorable changes, with shareholders' equity posting strong growth during the reporting quarter thanks to the successful capital increase. An opposite effect on shareholders' equity resulted from the net loss for the quarter as well as actuarial losses resulting from the calculation of pension provisions, as a result of which shareholders' equity was up by a smaller amount than the net revenue generated through the capital increase. Shareholders' equity amounted to approximately € 830 million as of September 30, 2010, with the equity ratio thereby rising from approximately 18 percent at the end of the previous quarter to around 30 percent. Whereas pension provisions increased during the second quarter due to an adjustment in interest rates, we were able to partially dissolve the provision for special items. We utilized the proceeds from the capital increase to reduce our financial liabilities, which amounted to € 377 million as of September 30, 2010, thereby declining during the second quarter by € 387 million. The favorable effect of the capital increase is also clearly reflected in the figure for net financial debt, which fell by € 386 million during the second quarter to only € 243 million as of the quarterly reporting date. Detailed information on the capital increase can be found in the "Special Section: Capital Increase" on pages 2 and 3.

CONSOLIDATED CASH FLOW STATEMENT

Figures in € millions

	Q1 to Q2 prior year	Q1 to Q2 2010/2011
Cash flow	– 152	– 61
Net working capital	180	103
Receivables from customer financing	20	28
Other	– 52	– 6
Other operating changes	148	125
Outflow of funds from investment activity	– 14	5
Free cash flow	– 18	69

As a result of the considerably lower loss for the first half of the year compared with the previous year, the negative **cash flow** for the half-year period was reduced by more than one-half to € – 61 million.

Our net working capital developed especially favorably, with in particular lower trade receivables and higher advance payments from customers resulting in an inflow of funds. The lower reduced level of receivables from sales financing also contributed substantially to the positive inflow of funds. Overall, a further inflow of funds from other operating changes of € 26 million was generated during the second quarter. The inflow of funds from **other operating changes** of € 125 million made a substantial contribution to the vigorous free cash flow.

As a result of our low level of investment as well as income from asset disposals, there was an **inflow of funds from investment activity** during the quarter of € 8 million, with the figure for the first half-year amounting to € 5 million.

Free cash flow, which totaled € 7 million during the reporting quarter, was again a positive figure. The favorable development of **free cash flow**, which improved from € – 18 million the previous year to a positive figure of € 69 million during the first half of the current financial year, is primarily due to the reduced commitment of funds in net working capital.

DIVISIONS

Because of the ongoing favorable trend of growth of the global economy, the **Heidelberg Equipment** Division was successful in generating a marked increase in incoming orders over the previous year. Incoming orders for the half-year totaled € 875 million – 49 percent higher than in the previous year and up by 41 percent after adjusting for foreign currency changes. Sheetfed offset printing presses posted especially strong growth in the medium- and large-format categories. Compared with the previous quarter, developments were characterized by special effects during the first quarter such as the IPEX trade show in the United Kingdom and the ExpoPrint trade show in Brazil. As a consequence, incoming orders fell by € 127 million from the previous quarter to € 374 million.

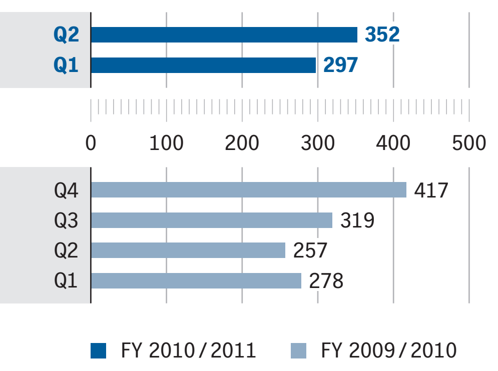
The net sales of this division developed well across the board compared with both the previous quarter and the previous year. Although they grew during the second quarter by 19 percent over the first quarter, the figure for the first half of the year of € 649 million was up by a considerable 21 percent over the same figure the previous year; after adjusting for foreign currency effects, growth of 15 percent was posted. The share of sales accounted for by this division rose during the half-year period from 53 percent in the first quarter to 54 percent. The growth of net sales posted by medium- and large-format sheetfed offset printing presses is especially worthy of mention.

The robust growth in sales also impacted this division's result of operating activities before special items. Heidelberg Equipment was able to considerably reduce its loss from the first half of the previous year by € 34 million to € – 87 million. Contributing to this were also the realized cost-reduction measures resulting from the reorganization as well as the low level of research and development costs. The special items included income of € 19 million because provisions for efficiency improvements recorded the previous year had been partially released. Although this division's investments exceeded the corresponding previous year's figure, they nevertheless remained rather low at € 27 million.

This division had a total of 10,552 employees as of September 30, 2010. The increase over the previous quarter is attributable on the one hand to the startup of the new training year, and on the other hand the development of the number of employees of Heidelberg Equipment also reflects the expansion of the manufacturing facility in China. The number of employees declined from the beginning of the financial year by a total of 62.

HEIDELBERG EQUIPMENT SALES PER QUARTER

Figures in € millions



In the **Heidelberg Services** Division, incoming orders for the reporting quarter of € 272 million remained at the previous quarter's high level. This division also experienced a considerable upswing compared with the previous year, with incoming orders for the half-year period of € 552 million up by approximately 14 percent, and adjusted for foreign currency changes by 6 percent.

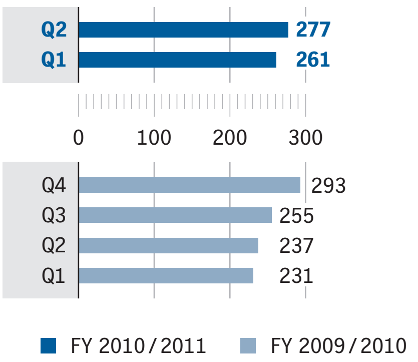
This division's net sales rose over both the previous quarter and over the previous year. Thus, net sales were up by 6 percent from the first to the second quarter. This division's figure for the first half of the year of € 538 million reflected rapid growth of 15 percent over the previous year, or 7 percent adjusted for foreign currency changes. The share of this division's sales fell during the half-year period to 45 percent, compared with 46 percent in the first quarter. The pickup over the previous year was perceptible in all service and product areas. Heidelberg recorded especially rapid growth in the consumables area.

Heidelberg Services benefited from increasing sales in association with a more favorable sales mix, including products with better profit margins. Due to a combination of consistently low research and development costs as well as attained cost-reduction measures resulting from the reorganization, the result of operating activities excluding special items of € 37 million was € 48 million higher than the previous year. The special items of € 3 million were favorable in the Heidelberg Services Division, since the provisions that had been capitalized the previous year for efficiency improvement measures were partially released. The level of investment in the Heidelberg Services Division was very low, with investments of € 3 million during the half-year period actually declining from the previous year. The number of employees in this division fell by about 205 people from the beginning of the financial year and in the reporting quarter amounted to a total of 5,622.

The receivables from sales financing of the **Heidelberg Financial Services** Division of € 186 million declined further. Projects realized by customers could largely be arranged through third-party providers of financing. This division again generated a positive result of operating activities during the quarter, as a result of which the half-year result was a gratifying € 9 million. The division had a total of 54 employees as of September 30, 2010.

HEIDELBERG SERVICES SALES PER QUARTER

Figures in € millions

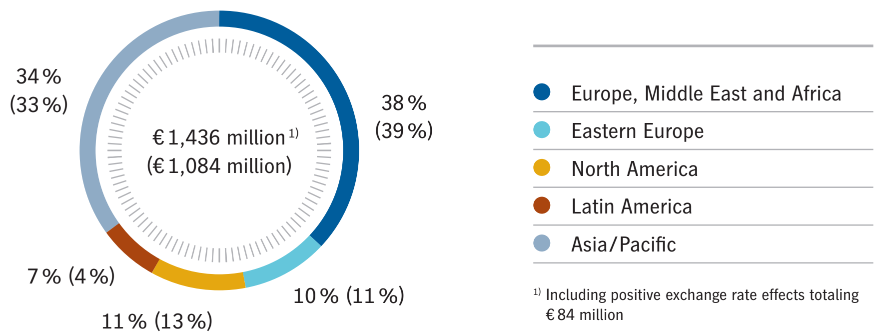


REGIONS

Since the beginning of the current financial year, we reclassified the markets in the various regions as they are shown in our external reporting and adapted them to our internal lead market sales structure. The Baltic markets and Finland were shifted from “Europe, Middle East and Africa” to “Eastern Europe,” and Mexico from “Latin America” to “North America.” The previous year’s figures were restated accordingly.

INCOMING ORDERS BY REGION

Proportions in percent of the Heidelberg Group (in parentheses: previous year)



[1] Including positive exchange rate effects totaling € 84 million

Compared with the previous year, improved economic conditions and an associated higher propensity to invest by our customers were evident in all the markets of the **Europe, Middle East and Africa** region. Especially Germany and the UK made considerable contributions to growth, with the region’s half-year figure of € 547 million up 29 percent over the preceding year. As expected, the figure for the reporting quarter of € 231 million fell short of the previous quarter’s high figure, since the first quarter figure included the vigorous incoming orders generated at the IPEX trade show. Whereas net sales were up by € 28 million over the previous quarter, the figure for the first half of the financial year of € 470 million was approximately at the previous year’s level.

The favorable trend of incoming orders compared with the previous year was also apparent in the **Eastern Europe** region, where the half-year figure of € 147 million exceeded the previous year’s figure by a considerable 28 percent. Incoming orders fell from the previous quarter. Net sales reflected a thoroughly favorable picture, with considerable growth posted over both the previous quarter and the previous year. Half-year net sales in the region of € 130 million exceeded the high previous year’s figure by 29 percent. The propensity to invest of customers in Poland, Russia, and Turkey made a particularly significant contribution to this remarkable growth.

The **North America** region was able to generate only a modest increase in incoming orders compared with both the first quarter and the previous year. The incoming orders for the first half of the year of € 161 million exceeded the previous year's figure, after adjusting for foreign currency changes, by 3 percent. North America's uncertain economic conditions are even more clearly reflected in sales, with quarterly sales falling short of the figure for the first quarter. The figure for the first half of the year totaled € 139 million, of which € 14 million was attributable to exchange rate effects – 12 percent below the previous year's level after adjusting for foreign currency changes.

Our customers' propensity to invest developed favorably in the **Latin America** region, with incoming orders up over both the previous quarter and the previous year. The region's incoming orders for the half-year of € 91 million were approximately twice as high as in the previous year. This development was favored by the ExpoPrint trade show, which was held in São Paulo during the first quarter. The region's net sales were similarly gratifying, with the half-year figure of € 59 million growing by approximately 79 percent over the previous year and adjusted for foreign currency changes by 68 percent. Brazil was the principal driving force behind this noteworthy development.

The growth and the propensity to invest in the **Asia/Pacific** region, especially in China, continue to develop outstandingly. Although incoming orders fell short of the previous quarter's figure, the half-year figure of € 490 million reflected remarkable growth over the previous year of 24 percent after adjusting for foreign currency changes. The figure for net sales of € 398 million was even more impressive, with not only the high first quarter's figure exceeded considerably, but with growth of 26 percent generated after adjusting for foreign currency changes. This region consequently expanded its share of sales to 33 percent of overall sales of the Heidelberg Group and thereby increased in importance.

SALES BY REGION

Figures in € millions

	Q1 to Q2 prior year	**Q1 to Q2 2010/2011**	Q2 prior year	**Q2 2010/2011**
Europe, Middle East and Africa	455	470	236	249
Eastern Europe	101	130	25	74
North America	142	139	88	67
Latin America	33	59	18	32
Asia/Pacific	282	398	132	211
Heidelberg Group	1,013	**1,196**	499	**633**
(adjusted for foreign currency changes		1,123		596)

EMPLOYEES BY DIVISION

Number of employees

	31-Mar-2010	30-Sep-2010
HD Equipment	10,614	10,552
HD Services	5,827	5,622
HD Financial Services	55	54
Heidelberg Group	16,496	16,228

EMPLOYEES

The number of employees in the Heidelberg Group declined further during the first half of the year, with the total at 16,228 as of the September 30, 2010 quarterly reporting date. The number of employees was thereby reduced by 268 during the half-year period. Overcapacities were mitigated with the utilization of short-time work. Heidelberg was able to maintain a stable training quota of 6 percent compared with preceding years. Over 150 young people and young adults began their training at the German local units as of September 1.

Agreement was reached between the Management Board and staff representatives for the German local sites during the last quarter, according to which, as announced, the measures for staff reduction under the reorganization have been completed as of September 30, 2010. Over a hundred employees voluntarily and permanently reduced their contractual working time to a level of 57 percent, with a corresponding reduction in their contractual wages. The company will provide partial compensation for the associated reduction in salary over a limited four-year period. Socially responsible solutions were also found for the remaining employees who were affected by the job cutbacks under the terms of agreements covering partial retirement or a move to the transfer company as of October 1, 2010.

Additional cost-reduction measures, apart from redundancies, are to be attained by foregoing provisions of collective bargaining agreements and company payments as well as an additional working hour quota.

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 cope with them or to make appropriate provisions. We also intend to assess opportunities at the earliest possible time and make systematic use of them. Please refer to our 2009/2010 Annual Report for a detailed version of our Risk and Opportunity Report.

There are no current or foreseeable future risks that could threaten the existence of the Heidelberg Group. Since the print media industry is especially affected by cyclical trends, our greatest risk continues to be that the global economy may not recover as expected. We continue to pursue a strategy of reinforcing those business units that will make us less dependent on cyclical fluctuations. These include our Heidelberg Services Division as well as packaging printing.

The successful capital increase represents an important step towards refinancing of the credit arrangements that come due for repayment in the summer of 2012. Our financial environment risks decreased further for this reason.

In addition to the risk of a sluggish economic turnaround, of course there is also an opportunity for a more rapid and sustainable growth of the world economy that has so far been expected. Further opportunities may occur if we are able to benefit from the currently favorable exchange rate structures in the medium term as well, resulting in German manufacturers gaining advantages over Japanese competitors.

FUTURE PROSPECTS

Even though current forecasts are predicting a slowdown in global economic growth, leading economic research institutes assume that the world economy will continue to grow during the calendar year. The newly industrializing countries are still the primary engine for growth. As in the past, the growth of the industrialized countries as a whole continues to be very sluggish. Nevertheless, individual industrialized countries such as Germany are increasingly recovering. Although based on these forecasts the prospects for the print industry have clearly improved, the basic mood is still only cautiously optimistic. Heidelberg is participating in our industry's improved trends.

We continue to project a **modest growth in sales** for the current financial year. The result of operating activities will benefit from the increasing profit contributions as well as from the already achieved cost-reduction measures. Assuming stable economic developments, we continue to strive for a break-even **operating result** for the current financial year. Our forecast of economic developments reflected in our financial year planning takes into account the respective product mix prevalent in the individual markets. We continue to focus on limiting the commitment of funds. Nevertheless, the enormous growth in financing costs and the one-time effects resulting from the repayment of financial liabilities from the proceeds of the capital increase will place a heavy burden on the **financial result**. However, the repayment of financial liabilities following the successful capital increase will have a mitigating effect during the remaining months of the current financial year. During the current financial year, we therefore again anticipate a marked **net loss**.

SUPPLEMENTARY REPORT

No significant events occurred following the financial reporting date.

Important Note:
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. Heidelberg does not intend, and does not assume any obligation, to update the forward-looking statements contained in this Quarterly Report to reflect events or developments that have occurred after this Quarterly Report was published.

SECOND QUARTER 2010/2011

IN REVIEW

+++ Products: InterTech™ Technology Award for Prinect Inspection Control +++ Shareholders: Annual General Meeting approves capital increase +++ Research: Research platform for printed electronics +++ Production: Modern Amstetten foundry celebrates its 25th anniversary +++ Training: 156 young people start professional career +++ Finance: Successful capital increase +++

SECOND QUARTER 2010/2011

IN REVIEW

Q2 2010/2011

JULY | AUGUST

July 28, 2010 1 | 2 July 29, 2010 | August 17, 2010

1 PRODUCTS

InterTech™ Technology Award for Prinect Inspection Control
July 28, 2010
> Heidelberg USA receives the 2010 InterTech™ Technology Award by Printing Industries of America for Prinect Inspection Control

Prinect Inspection Control, the awarded inline sheet inspection system by Heidelberger Druckmaschinen AG, reliably detects print and material defects at an early stage by means of a high-resolution two-camera system. Defective sheets are pinpointed in the delivery pile and can be removed after the error has been eliminated. This procedure helps to considerably reduce spoilage and postprocessing costs and provides for the especially high-quality standards of our customers.

2 SHAREHOLDERS

Annual General Meeting approves capital increase
July 29, 2010
> Large majority of shareholders endorses the issue of new shares to improve equity structure

Heidelberg CEO Bernhard Schreier reviewed the financial statements of the past financial year and presented the company's strategy and realignment to some 1,700 shareholders. The proposed subscription rights issue to increase the company's capital was passed by around 97 percent of the votes cast. Approximately 49 percent of the voting capital was represented at the meeting. Heidelberg aims to use the capital increase to reduce its borrowing and strengthen its capital structure. The other proposals of the management were also passed by the vast majority of shareholders.

3 RESEARCH

Research platform for printed electronics
August 17, 2010
> Darmstadt University of Technology and Heidelberg extend their joint research platform until 2012

The two partners have been working on the "functional printing" development project since 2007. The aim is to develop new surface-finishing technologies that enable print shops to stand out from the crowd, such as new, decorative, visual, electrical, or electronic functional features. The first three years of collaboration successfully culminated in predevelopment work; currently, research is focused on new applications for the print media industry, including structural coating and special optical effects in 3-D.

SEPTEMBER

3

4 August 19, 2010

5 September 1, 2010

6 September 24, 2010

4 PRODUCTION

Modern Amstetten foundry celebrates its 25th anniversary
August 19, 2010
> The Amstetten site is one of the most competitive and state-of-the-art foundries and large-part production facilities in Europe

Since its foundation 25 years ago, Heidelberg has continuously invested in the Amstetten plant, setting benchmarks for foundries and large-part production facilities in quality, precision, and environmental protection. Parts produced in Amstetten are of central importance for Heidelberg's printing presses. To expand the site's range of products, the new hand-molding plant will be able to produce castings weighing up to six metric tons. Additionally, the company is increasingly offering products and production services to external customers as well.

5 TRAINING

156 young people start professional career
September 1, 2010
> Heidelberg offers training positions in 13 different occupations, with a focus on mechatronics and industrial mechanics, and nine Bachelor's degree programs

Heidelberg trains more than 150 young people at its production sites in Wiesloch-Walldorf, Amstetten, Brandenburg, Leipzig, and Ludwigsburg. The training quota is stable at about six percent compared with recent years. To be able to work with top-notch specialists in the future as well, Heidelberg attaches great importance on sustainable training programs. Basic components of the job training are complemented by additional further education offerings.

6 FINANCE

Successful capital increase
September 24, 2010
> Issue of approximately 155 million new shares with gross proceeds of around € 420 million

Heidelberg has successfully concluded its capital increase with 99.85 percent of the subscription rights taken up by the holders. The two major shareholders Allianz SE and RWE AG supported the capital increase; Allianz SE exercised all of its subscription rights. Heidelberg will be using the whole of the net proceeds to repay financial liabilities and strengthen its equity base. This step is a key milestone in strengthening the company's capital structure. The capital increase has created a sound footing for Heidelberg's economic recovery and increases the company's flexibility to sustainably and independently raise funds on the capital markets.

Management Board of Heidelberger Druckmaschinen AG

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FOR THE PERIOD APRIL 1, 2010 TO SEPTEMBER 30, 2010

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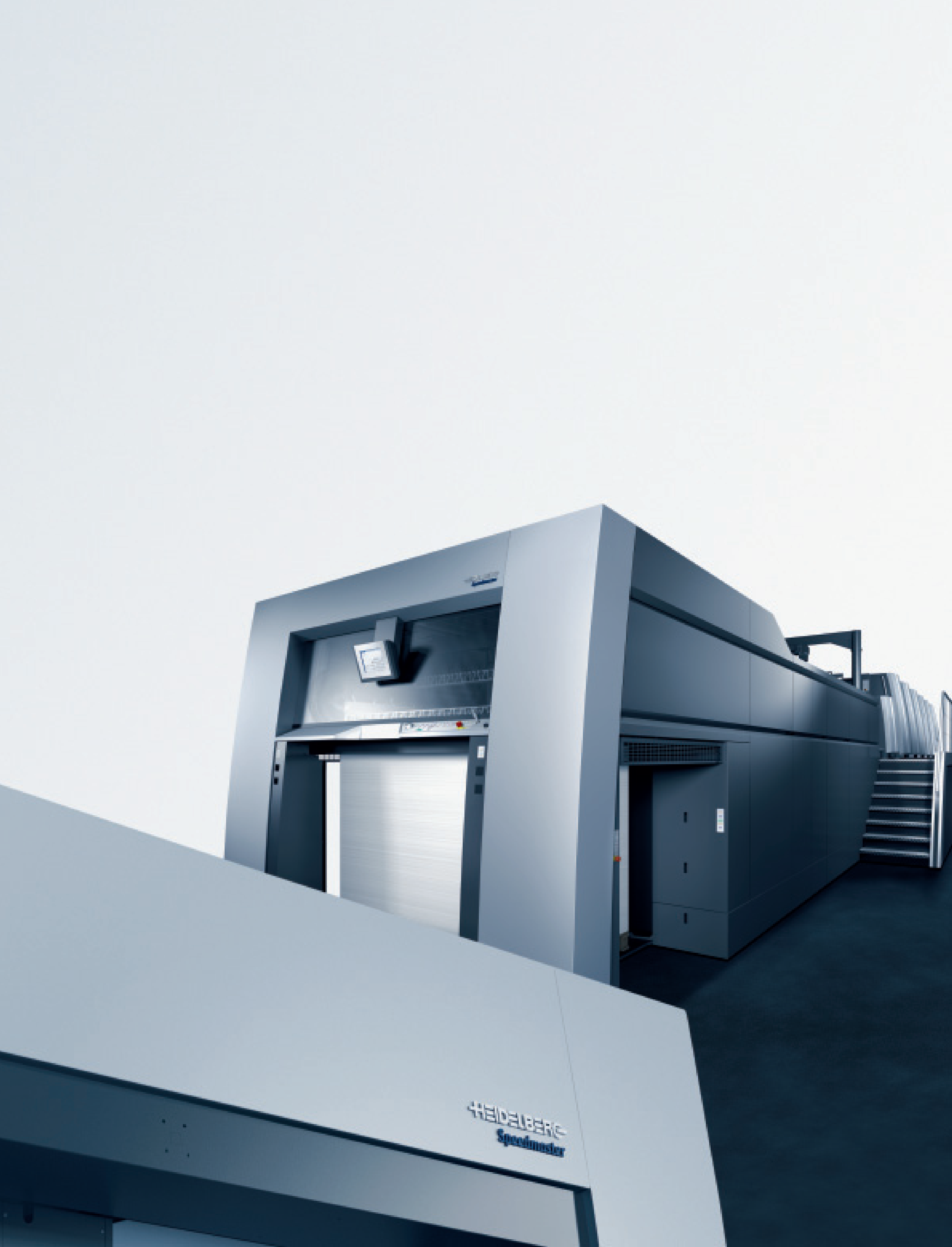
HEIDELBERG
Speedmaster

Consolidated interim income statement April 1, 2010 to September 30, 2010

Figures in € thousands

	Note	1-Apr-2009 to 30-Sep-2009	**1-Apr-2010 to 30-Sep-2010**
Net sales		1,012,659	1,196,003
Change in inventories		– 57,220	22,917
Other own work capitalized		4,772	2,712
Total operating performance		960,211	1,221,632
Other operating income	3	71,948	74,026
Cost of materials	4	459,545	608,015
Personnel expenses	5	402,270	416,129
Depreciation and amortization		52,469	49,240
Other operating expenses	6	245,922	263,399
Special items	7	11,298	– 21,952
Result of operating activities		– 139,345	– 19,173
Financial income	8	18,710	13,487
Financial expenses	9	67,370	100,457
Financial result		– 48,660	– 86,970
Income before taxes		– 188,005	– 106,143
Taxes on income		– 40,769	– 18,441
Consolidated net loss		– 147,236	**– 87,702**
Undiluted earnings per share according to IAS 33 (in € per share)	10	– 1.90	**– 1.11**
Diluted earnings per share according to IAS 33 (in € per share)	10	– 1.90	**– 1.11**

Consolidated interim statement of comprehensive income April 1, 2010 to September 30, 2010

Figures in € thousands

	1-Apr-2009 to 30-Sep-2009	**1-Apr-2010 to 30-Sep-2010**
Consolidated net loss	– 147,236	– 87,702
Pension obligations	– 7,798	– 117,828
Foreign currency translation	– 29,194	10,936
Financial assets available for sale	501	– 557
Cash flow hedges	2,888	4,695
Deferred income taxes	13,825	30,796
Total recognized income and expense without effect on the income statement	– 19,778	– 71,958
Total comprehensive income	– 167,014	**– 159,660**

Consolidated interim income statement July 1, 2010 to September 30, 2010

Figures in € thousands	1-Jul-2009 to 30-Sep-2009	1-Jul-2010 to 30-Sep-2010
Net sales	498,470	633,241
Change in inventories	– 19,203	– 7,062
Other own work capitalized	2,811	1,409
Total operating performance	482,078	627,588
Other operating income	40,874	21,036
Cost of materials	237,537	306,980
Personnel expenses	207,377	197,195
Depreciation and amortization	25,747	24,735
Other operating expenses	117,234	125,431
Special items	9,673	– 7,388
Result of operating activities	– 74,616	1,671
Financial income	1,358	4,275
Financial expenses	28,345	56,280
Financial result	– 26,987	– 52,005
Income before taxes	– 101,603	– 50,334
Taxes on income	– 23,216	– 14,869
Consolidated net loss	– 78,387	**– 35,465**
Undiluted earnings per share according to IAS 33 (in € per share)	– 1.01	**– 0.44**
Diluted earnings per share according to IAS 33 (in € per share)	– 1.01	**– 0.44**

Consolidated interim statement of comprehensive income July 1, 2010 to September 30, 2010

Figures in € thousands

	1-Jul-2009 to 30-Sep-2009	**1-Jul-2010 to 30-Sep-2010**
Consolidated net loss	– 78,387	– 35,465
Pension obligations	– 28,770	– 64,396
Foreign currency translation	– 10,267	– 52,992
Financial assets available for sale	– 118	– 557
Cash flow hedges	2,620	33,570
Deferred income taxes	14,656	10,332
Total recognized income and expense without effect on the income statement	– 21,879	– 74,043
Total comprehensive income	– 100,266	**– 109,508**

Consolidated interim balance sheet as of September 30, 2010

> ASSETS

Figures in € thousands

	Note	31-Mar-2010	30-Sep-2010
Non-current assets			
Intangible assets	11	292,605	281,229
Tangible assets	11	595,122	579,274
Investment property		1,750	1,742
Financial assets		24,901	21,411
Receivables from customer financing		116,910	101,429
Other receivables and other assets	12	51,786	48,313
Income tax assets		570	2
Deferred tax assets		151,250	212,197
		1,234,894	1,245,597
Current assets			
Inventories	12	827,163	841,192
Receivables from customer financing		94,927	84,365
Trade receivables		395,697	335,965
Other receivables and other assets	12	171,297	140,338
Income tax assets		17,957	17,760
Cash and cash equivalents	13	120,696	133,665
		1,627,737	1,553,285
Assets held for sale		16,611	139
Total assets		2,879,242	**2,799,021**

> EQUITY AND LIABILITIES

Figures in € thousands

	Note	31-Mar-2010	30-Sep-2010
Shareholders' equity	14		
Subscribed capital		198,767	596,302
Capital reserves and retained earnings		608,690	320,981
Consolidated net loss		– 228,507	– 87,702
		578,950	829,581
Non-current liabilities			
Provisions for pensions and similar obligations	15	225,378	344,591
Other provisions	16	355,497	346,710
Financial liabilities	17	464,491	268,234
Other liabilities	18	142,282	143,427
Deferred tax liabilities		12,681	12,584
		1,200,329	1,115,546
Current liabilities			
Other provisions	16	357,053	292,092
Financial liabilities	17	351,055	108,383
Trade payables		132,073	142,003
Income tax liabilities		1,978	1,395
Other liabilities	18	257,804	310,021
		1,099,963	853,894
Total equity and liabilities		2,879,242	**2,799,021**

Development of consolidated shareholders' equity[1]

Figures in € thousands

	Subscribed capital	Capital reserve	Retained earnings					
			Pension obligations	Currency translation	Fair value of other financial assets	Fair value of cash flow hedges	Other retained earnings	Total retained earnings
April 1, 2009	198,767	30,005	– 109,574	– 220,142	– 517	– 3,301	1,149,595	816,061
Capital increase	0	0	0	0	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0
Loss carryforward	0	0	0	0	0	0	– 248,707	– 248,707
Total comprehensive income	0	0	7,315	– 29,194	298	1,803	0	– 19,778
Consolidations / other changes	0	0	0	0	0	0	– 185	– 185
September 30, 2009	198,767	30,005	– 102,259	– 249,336	– 219	– 1,498	900,703	547,391
April 1, 2010	198,767	19,025	– 114,638	– 200,541	– 253	– 6,685	911,782	589,665
Capital increase[2]	397,535	7,149	0	0	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0
Loss carryforward	0	0	0	0	0	0	– 228,507	– 228,507
Total comprehensive income	0	0	– 85,707	10,936	– 331	3,144	0	– 71,958
Consolidations / other changes	0	2,243	0	0	0	0	3,364	3,364
September 30, 2010	**596,302**	**28,417**	**– 200,345**	**– 189,605**	**– 584**	**– 3,541**	**686,639**	**292,564**

[1] For further information see note 14

[2] The proceeds from the capital increase were reduced by after-tax issuance costs of € 14,758 thousand

Total capital reserves and retained earnings	Consolidated net loss	Total
846,066	– 248,707	796,126
0	0	0
0	0	0
– 248,707	248,707	0
– 19,778	– 147,236	– 167,014
– 185	0	– 185
577,396	– 147,236	628,927
608,690	– 228,507	578,950
7,149	0	404,684
0	0	0
– 228,507	228,507	0
– 71,958	– 87,702	– 159,660
5,607	0	5,607
320,981	**– 87,702**	**829,581**

Consolidated interim cash flow statement April 1, 2010 to September 30, 2010

Figures in € thousands	1-Apr-2009 to 30-Sep-2009	1-Apr-2010 to 30-Sep-2010
Consolidated net loss	– 147,236	– 87,702
Depreciation and amortization [1]	51,797	49,638
Change in pension provisions	12,169	7,466
Change in deferred tax assets/deferred tax liabilities/tax provisions	– 68,578	– 24,118
Result from disposals [1]	68	– 5,796
Cash flow	– 151,780	**– 60,512**
Change in inventories	56,419	– 10,344
Change in sales financing	20,341	27,506
Change in trade receivables/trade payables	128,076	79,143
Change in other provisions	– 42,298	– 77,333
Change in other balance sheet items	– 14,254	105,336
Other operating changes	148,284	**124,308**
Outflow/inflow of funds from operating activities	– 3,496	**63,796**
Intangible assets/tangible assets/investment property		
Investments	– 26,220	– 25,264
Proceeds from disposals	13,905	26,194
Financial assets/corporate acquisitions		
Investments	– 1,904	– 137
Proceeds from disposals	0	3,928
Outflow/inflow of funds from investment activity	– 14,219	**4,721**
Free cash flow	– 17,715	**68,517**
Proceeds from capital increase	0	401,115
Change in financial liabilities	37,062	– 459,280
Inflow/outflow of funds from financing activity	37,062	**– 58,165**
Net change in cash and cash equivalents	19,347	**10,352**
Cash and cash equivalents at the beginning of the reporting period	80,006	120,696
Changes in the scope of the consolidation	90	0
Currency adjustments	– 793	2,617
Net change in cash and cash equivalents	19,347	10,352
Cash and cash equivalents at the end of the reporting period	98,650	133,665

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

Notes

1 Accounting and valuation policies

The consolidated interim financial report as of September 30, 2010 was prepared in accordance with the provisions of IAS 34 (Interim financial reporting) and complies with this standard. It should be read in conjunction with the consolidated financial statements for the financial year ended March 31, 2010 which was prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union.

The consolidated interim financial report was based on the same accounting and valuation policies as the consolidated Annual Report for the financial year 2009/2010. In accordance with the provisions of IAS 34 a set of condensed financial statements is published compared to the consolidated financial statements as of March 31, 2010. All figures are stated in € thousands.

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have issued the following new standards, amendments to existing standards, and interpretations, which are to be applied for the first time in financial year 2010/2011:

Standard	Publication by the IASB / IFRIC	Effective date [1]	Adopted by EU Commission	Expected effects
Amendments to standards				
IAS 27: "Consolidated and Separate Financial Statements"	10-Jan-08	01-Jul-09	12-Jun-09	> None [2]
Amendments to IAS 32: "Financial Instruments: Presentation: Classification of Rights Issues"	08-Oct-09	01-Feb-10	24-Dec-09	> None
Amendments to IAS 39: "Financial Instruments: Recognition and Measurement" – Eligible Hedged Items	31-Jul-08	01-Jul-09	16-Sep-09	> None
IFRS 1: "First-time Adoption of International Financial Reporting Standards"	27-Nov-08	01-Jan-10	26-Nov-09	> None
Amendments to IFRS 1: "Additional Exemptions for First-time Adopters"	23-Jul-09	01-Jan-10	24-Jun-10	> None
Amendments to IFRS 2: "Share-based Payment with Cash Settlement within a Group"	18-Jun-09	01-Jan-10	24-Mar-10	> None
IFRS 3: "Business Combinations"	10-Jan-08	01-Jul-09	12-Jun-09	> None [2]
"Improvements to International Financial Reporting Standards 2009"	16-Apr-09	various, 01-Jan-09 at earliest	24-Mar-10	> None
New interpretations				
IFRIC 15: "Agreements for the Construction of Real Estate"	03-Jul-08	01-Jan-10	23-Jul-09	> None
IFRIC 16: "Hedges of a Net Investment in a Foreign Operation"	03-Jul-08	01-Jul-09	05-Jun-09	> None
IFRIC 17: "Distributions of Non-cash Assets to Owners"	27-Nov-08	01-Nov-09	27-Nov-09	> None
IFRIC 18: "Transfers of Assets from Customers"	29-Jan-09	01-Nov-09	01-Dec-09	> None

[1] For financial years beginning on or after this date

[2] Impact on the accounting of corporate acquisitions and sales as well as of minority transactions which did not take place in the reporting period

The IASB and the IFRIC approved and amended the following standards and interpretations whose application during the financial year 2010/2011 is not yet compulsory or which have not yet been approved by the European Union (EU):

> Changes to IFRS 1: “Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters” and changes to IFRS 7: “Financial Instruments: Disclosures”
> IFRS 9: “Financial Instruments”
> IAS 24: “Related Party Disclosures” (Revised 2009)
> Amendments to IFRIC 14 interpretation: “Prepayments of a Minimum Funding Requirement”
> IFRIC 19 interpretation: “Extinguishing Financial Liabilities with Equity Instruments” and amendments to IFRS 1: “First-time application of International Financial Reporting Standards”
> Amendments to IFRS 7: “Financial instruments: disclosures”: Transfer transactions of financial assets
> “Improvements to International Financial Reporting Standards 2010”

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.

Traditionally, the company generates higher sales in the second half of the financial year than during the first six months. 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.

2 Scope of the consolidation

Apart from Heidelberger Druckmaschinen Aktiengesellschaft, the consolidated interim financial statements include a total of 75 (March 31, 2010: 75) domestic and foreign companies in which Heidelberger Druckmaschinen Aktiengesellschaft is in a position to exercise control as defined by IAS 27. Of these companies, 64 (March 31, 2010: 65) are located outside Germany. Shares in subsidiaries that are of minor significance are not included.

3 Other operating income

	1-Apr-2009 to 30-Sep-2009	**1-Apr-2010 to 30-Sep-2010**
Reversal of other provisions/accrued liabilities	34,378	16,200
Income from written-off receivables and other assets	12,785	15,226
Hedging transactions/foreign-exchange profit	6,509	10,261
Income from disposals of intangible assets, tangible assets, and investment property	167	7,935
Income from operating facilities	7,154	7,065
Other income	10,955	17,339
	71,948	**74,026**

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 6).

4 Cost of materials

Proportionate interest expenses accrued in connection with the Heidelberg Financial Services Division totaling € 2,439 thousand (April 1, 2009 to September 30, 2009: € 2,261 thousand) are shown in the cost of materials. Interest income from sales financing totaling € 8,731 thousand (April 1, 2009 to September 30, 2009: € 10,098 thousand) is included in net sales.

5 Personnel expenses

The increase in staff costs is primarily based on a reduction of short-time work at the German sites compared to the reporting period of the previous year which was partially compensated by savings due to personnel adjustment measures.

6 Other operating expenses

	1-Apr-2009 to 30-Sep-2009	**1-Apr-2010 to 30-Sep-2010**
Other deliveries and services not included in the cost of materials	52,039	53,472
Special direct sales expenses including freight charges	45,785	51,973
Rent and leases	36,163	33,765
Travel expenses	18,316	20,234
Hedging transactions/exchange rate losses	11,963	17,793
Bad debt allowances and impairment on other assets	18,150	11,091
Additions to provisions (relates to several expense accounts)	6,518	8,726
Insurance expense	8,376	7,829
Costs of car fleet (excluding leases)	3,822	4,381
Other overhead costs	44,790	54,135
	245,922	**263,399**

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).

7 Special items

Special items include expenses and income in connection with both our Heidelberg 2010 program and other efficiency enhancement measures as part of our new segment structure from April 1, 2010.

In line with agreements between management and staff representatives on the reconciliation of interests for the German sites, provisions of € 35,802 thousand were released during the first two quarters of the financial year 2010/2011 (April 1 to September 30, 2009: € 0 thousand). Thus, after deducting the expenses for personnel adjustments, income of € 27,395 thousand was generated during the reporting quarter (April 1 to September 30, 2009: expenses of € 5,349 thousand) and expenses for other structural measures of € 5,443 thousand were incurred (April 1 to September 30, 2009: € 5,949 thousand).

8 Financial income

	1-Apr-2009 to 30-Sep-2009	1-Apr-2010 to 30-Sep-2010
Interest and similar income	16,659	9,089
Income from financial assets/loans/securities	2,051	4,398
	18,710	**13,487**

9 Financial expenses

	1-Apr-2009 to 30-Sep-2009	1-Apr-2010 to 30-Sep-2010
Interest and similar expenses	66,132	99,352
Expenses from financial assets/loans/securities	1,238	1,105
	67,370	**100,457**

In addition to the cost of financing, non-recurring costs accruing in line with the repayment of financial liabilities from the proceeds of the capital increase also had a negative influence on financial expenses.

10 Earnings per share

Earnings per share are calculated by dividing the net result which the shareholders of Heidelberg are entitled to by the weighted number of shares outstanding during the period. A weighted number of 79,349,883 no-par shares was outstanding during the reporting period (April 1, 2009 to September 30, 2009: 77,643,434 no-par shares). The weighted number of outstanding shares was influenced by the capital increase (see note 14) and the treasury stock. As at September 30, 2010 the treasury stock comprised an unchanged number of 400,000 shares. Due to the agreed issuance of employee shares to the staff of Heidelberger Druckmaschinen Aktiengesellschaft and affiliated companies, no potential shares had to be taken into account in the calculation of diluted earnings per share during the reporting period.

11 Intangible assets and tangible assets

During the period April 1, 2010 to September 30, 2010 additions in intangible assets totaled € 1,819 thousand (April 1, 2009 to September 30, 2009: € 1,800 thousand) and in tangible assets € 28,329 thousand (April 1, 2009 to September 30, 2009: € 24,675 thousand). During the same period, the carrying amounts of disposals from intangible assets amounted to € 4 thousand (April 1, 2009 to September 30, 2009: € 3 thousand) and from tangible assets € 12,574 thousand (April 1, 2009 to September 30, 2009: € 13,970 thousand).

12 Other receivables and other assets, inventories

The Other receivables and other assets item includes, among others, receivables from derivative financial instruments totaling € 44,950 thousand (March 31, 2010: € 38,333 thousand) and prepaid expenses amounting to € 20,129 thousand (March 31, 2010: € 18,300 thousand).

Inventories include raw materials, consumables, and supplies totaling € 113,575 thousand (March 31, 2010: € 117,013 thousand), work and services in progress amounting to € 338,261 (March 31, 2010: € 338,607 thousand), finished goods and goods for resale of € 386,400 thousand (March 31, 2010: € 369,475 thousand), and advance payments totaling € 2,956 thousand (March 31, 2010: € 2,068 thousand).

13 Cash and cash equivalents

Cash and cash equivalents include restraints on disposal due to foreign exchange restrictions totaling € 70,896 thousand (March 31, 2010: € 58,731 thousand).

14 Shareholders' equity

As was the case on March 31, 2010, the Company still held 400,000 shares (cost of the acquisition: € 13,258 thousand) as of September 30, 2010. The repurchased shares may only be utilized to reduce the capital stock of Heidelberger Druckmaschinen Aktiengesellschaft 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 Heidelberger Druckmaschinen Aktiengesellschaft or affiliated companies.

Please refer to note 26 in our consolidated annual financial statements as of March 31, 2010 with regard to the contingent capital as of March 31, 2010 and the Authorized Capital. In order to meet the claims arising from stock options issued from 1999 until 2004 on the basis of a decision of the Annual General Meeting, contingent capital was created in line with Article 3 (3) of the Articles of Association in 1999. Since the last stock options expired on August 18, 2010 and no new stock options may be issued, the contingent capital was cancelled due to expiration. The same applies to the contingent capital under Article 3 (4) of the Articles of Association which became unnecessary following the full redemption of the convertible bond in the fourth quarter of financial year 2009/2010.

Substantial changes compared to the financial statements resulted from the resolution of the Annual General Meeting of July 29, 2010. On this date, the Annual General Meeting decided to increase the share capital of Heidelberger Druckmaschinen Aktiengesellschaft through the issue of 156,086,868 new no-par bearer shares by up to € 399,582,382.08 against cash contributions. The Management Board was authorized, with the approval of the Supervisory Board, to establish the further details of the capital increase and its execution, in particular the terms and conditions of the issuance of the new shares and the exercise price.

The capital increase was entered into the Commercial Register on September 10, 2010. With the approval of the Supervisory Board, the Management Board has made use of the aforementioned authorization and decided to issue 155,286,868 new no-par bearer shares. The share capital will be regarded as increased after the capital increase is entered in the commercial register. The relevant registration has been effected on September 24, 2010. The proceeds from the issue totaling € 419,442 thousand were reduced by after-tax issuance costs of € 14,758 thousand.

15 Provisions for pensions and similar obligations

The increase in pension provisions is primarily due to a rise in the present value of the defined benefit obligations of the employees of domestic entities which results from a lower discount rate. As of September 30, 2010 the discount rate was 4.0 percent (March 31, 2010: 4.75 percent).

16 Other provisions

Other provisions comprise tax provisions totaling € 241,013 thousand (March 31, 2010: € 241,514 thousand) and other provisions amounting to € 397,789 thousand (March 31, 2010: € 471,036 thousand). Other provisions include staff obligations of € 91,305 thousand (March 31, 2010: € 115,126 thousand), sales obligations of € 128,897 thousand (March 31, 2010: € 132,807 thousand), and other miscellaneous provisions of € 177,587 thousand (March 31, 2010: € 223,103 thousand). The latter in turn include provisions in connection with our Heidelberg 2010 program and measures to enhance efficiency as part of our new segment structure (for information please refer to note 7) as well as other provisions which only changed slightly compared to March 31, 2010.

17 Financial liabilities

			31-Mar-2010			**30-Sep-2010**
	Current	Non-current	Total	Current	Non-current	Total
Borrower's note loans	7,042	54,500	61,542	8,032	50,000	58,032
To banks	323,228	407,624	730,852	80,810	210,724	291,534
From finance lease contracts	3,343	2,282	5,625	2,328	6,367	8,695
Other	17,442	85	17,527	17,213	1,143	18,356
	351,055	464,491	815,546	108,383	268,234	**376,617**

The proceeds from the capital increase reduced by the expenses of the issue (see note 14) were used completely to repay the syndicated credit line granted by a consortium of banks, the loan secured by guarantee pledges from the government, and the loan from the Special Program of the KfW (Reconstruction Loan Corporation).

18 Other liabilities

Other liabilities include, among others, advance payments on orders totaling € 95,103 thousand (March 31, 2010: € 59,783 thousand), liabilities from derivative financial instruments amounting to € 63,421 thousand (March 31, 2010: € 42,474 thousand), and prepaid expenses of € 76,155 thousand (March 31, 2010: € 87,821 thousand).

19 Contingent liabilities and other financial liabilities

As of September 30, 2010 contingent liabilities for warranties and guarantees totaled € 2,449 thousand (March 31, 2010: € 3,615 thousand).

As of September 30, 2010 other financial liabilities amounted to € 351,117 thousand (March 31, 2010: € 382,631 thousand). Of this amount, € 309,453 thousand (March 31, 2010: € 338,945 thousand) apply to lease obligations and € 41,664 thousand (March 31, 2010: € 43,686 thousand) to investments and other purchasing requirements.

20 Consolidated segment reporting

The segment information is based on the **management approach**.

Since April 1, 2010, as part of our new organizational and reporting structure, the Heidelberg Group is divided into the business segments Heidelberg Equipment, Heidelberg Services, and Heidelberg Financial Services. Heidelberg Equipment basically combines the new equipment business of the previous Press and Postpress segments; transactions dealing with services, consumables, and remarketed equipment, which until recently were included in the latter two segments as well, are now summarized in Heidelberg Services. The Heidelberg Financial Services segment continues to provide sales financing activities. The figures of the previous year’s period were adjusted accordingly. For additional information on the divisions’ business activities as well as their products and services, please refer to the chapter “Organization and Product Portfolio” in the Group Management Report as of March 31, 2010.

Segment information April 1, 2010 to September 30, 2010:

	Heidelberg Equipment		Heidelberg Services		Heidelberg Financial Services		**Heidelberg Group**	
	1-Apr-2009 to 30-Sep-2009	**1-Apr-2010 to 30-Sep-2010**	1-Apr-2009 to 30-Sep-2009	**1-Apr-2010 to 30-Sep-2010**	1-Apr-2009 to 30-Sep-2009	**1-Apr-2010 to 30-Sep-2010**	1-Apr-2009 to 30-Sep-2009	**1-Apr-2010 to 30-Sep-2010**
External sales	535,146	649,023	467,415	538,249	10,098	8,731	1,012,659	1,196,003
Result of operating activities (segment result)	– 127,709	– 67,968	– 16,001	39,624	4,365	9,171	– 139,345	– 19,173
Investments	21,461	26,748	5,014	3,400	0	0	26,475	30,148

The segment result is assigned to income before taxes as follows:

	1-Apr-2009 to 30-Sep-2009	**1-Apr-2010 to 30-Sep-2010**
Result of operating activities (segment result)	– 139,345	– 19,173
Financial result	– 48,660	– 86,970
Income before taxes	– 188,005	**– 106,143**

External sales are distributed among the regions as follows:

	1-Apr-2009 to 30-Sep-2009	**1-Apr-2010 to 30-Sep-2010**
Europe, Middle East and Africa		
Germany	180,605	174,628
Other regions Europe, Middle East and Africa	274,502	295,735
	455,107	**470,363**
Asia/Pacific		
China	140,806	195,125
Other regions Asia/Pacific	141,591	202,759
	282,397	**397,884**
Eastern Europe	100,932	**130,448**
North America	141,188	**138,449**
Latin America	33,035	**58,859**
	1,012,659	**1,196,003**

21 Supervisory Board/ Management Board

The members of the Supervisory Board and the Management Board are listed on page 47.

In accordance with the statutory requirements of the Stock Corporation Act and the German Corporate Governance Code the benchmarks of the variable components of the Management Board remuneration were partially modified effective from financial year 2010/2011.

22 Related party transactions

As described in our notes to the consolidated financial statements as of March 31, 2010 under note 41, 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.

During the reporting period, transactions carried out with related parties resulted in liabilities of € 4,774 thousand (March 31, 2010: € 5,182 thousand), receivables of € 18,664 thousand (March 31, 2010: € 16,537 thousand), expenses of € 4,983 thousand (April 1, 2009 to September 30, 2009: € 4,582 thousand), and income of € 8,584 thousand (April 1, 2009 to September 30, 2009: € 8,624 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 fully consolidated company amounting to € 120 thousand (April 1, 2009 to September 30, 2009: € 46 thousand).

23 Events after the reporting date

No significant events occurred after the reporting date.

Heidelberg, November 10, 2010

Heidelberger Druckmaschinen Aktiengesellschaft
The Management Board

FURTHER INFORMATION
ON THE INTERIM FINANCIAL REPORT SECOND QUARTER 2010/2011

46 REVIEW

46 RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

47 SUPERVISORY BOARD AND MANAGEMENT BOARD

Review

This interim report has neither been audited according to Section 317 HGB, nor reviewed by the auditors.

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 10, 2010

Heidelberger Druckmaschinen Aktiengesellschaft
The Management Board

Bernhard Schreier

Dirk Kaliebe

Marcel Kießling

Stephan Plenz

The Supervisory Board

Dr. Mark Wössner
Chairman of the
Supervisory Board

Rainer Wagner *
Deputy Chairman
of the Supervisory Board

Dr. Werner Brandt

Edwin Eichler

Wolfgang Flörchinger *

Martin Gauß *

Mirko Geiger *

Gunther Heller *

Jörg Hofmann *

Dr. Siegfried Jaschinski

Robert J. Koehler

Dr. Gerhard Rupprecht

Beate Schmitt *

Prof. Dr.-Ing. Günther Schuh

Dr. Klaus Sturany

Peter Sudadse *

Committees of the Supervisory Board

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

Mediation Committee under Article 27 Subsection 3 of the Codetermination Act
Dr. Mark Wössner
Rainer Wagner
Wolfgang Flörchinger
Dr. Gerhard Rupprecht
Beate Schmitt

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
Mirko Geiger
Rainer Wagner

Nomination Committee
Dr. Mark Wössner
Dr. Klaus Sturany

The Management Board

Bernhard Schreier
Chairman of the
Management Board

Dirk Kaliebe

Marcel Kießling

Stephan Plenz

* Employee Representative

Financial Calendar 2010/2011

February 9, 2011	Publication of Third Quarter Figures 2010/2011
May 11, 2011	Publication of Preliminary Figures 2010/2011
June 16, 2011	Press Conference, Annual Analysts' and Investors' Conference
July 28, 2011	Annual General Meeting

Subject to change

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