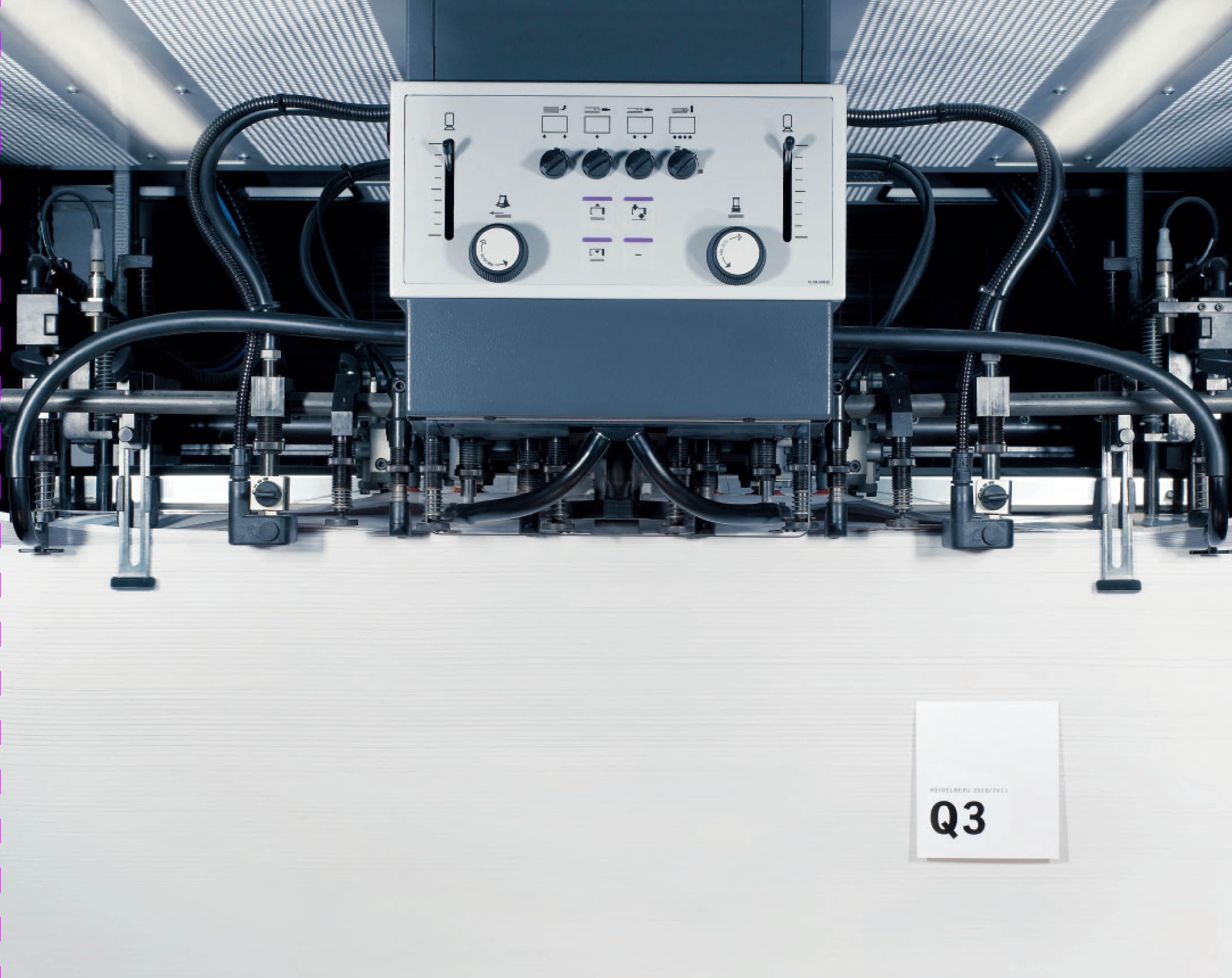
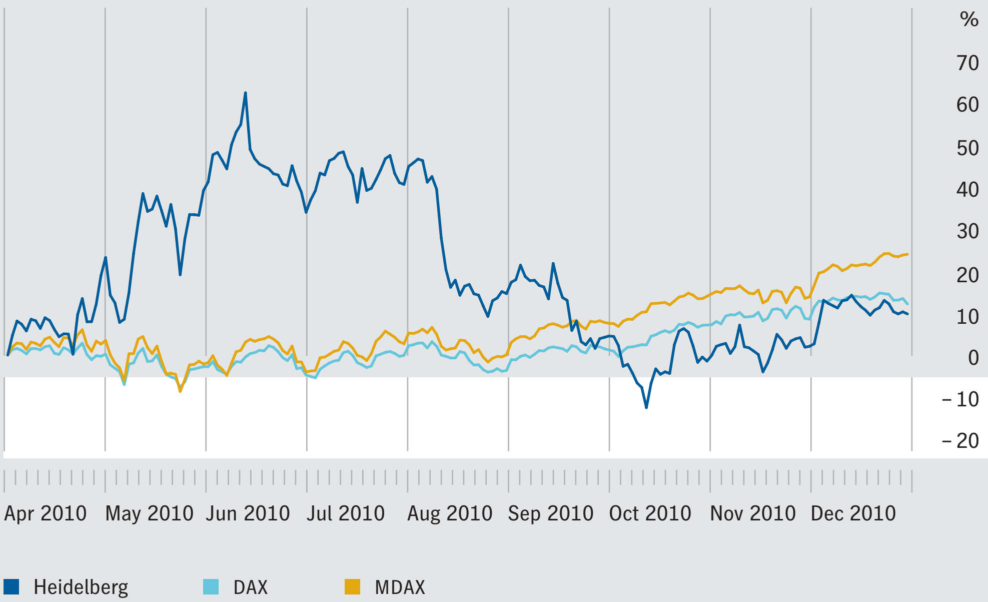


Q3 INTERIM FINANCIAL REPORT 2010/2011

HEIDELBERG

PERFORMANCE OF THE HEIDELBERG SHARE

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



KEY PERFORMANCE DATA

Figures in € millions

	Q1 to Q3 prior year	**Q1 to Q3 2010/2011**	Q3 prior year	**Q3 2010/2011**
Incoming orders	1,693	**2,120** [1]	609	**684**
Net sales	1,591	**1,883** [2]	578	**687**
Result of operating activities [3]	– 141	**– 26**	– 13	**15**
– in percent of sales	– 8.9 %	**– 1.4 %**	– 13.0 %	**2.2 %**
Net loss/profit	– 158	**– 78**	– 11	**10**
– in percent of sales	– 9.9 %	**– 4.1 %**	– 1.9 %	**1.5 %**
Cash flow	– 134	**– 26**	18	**35**
– in percent of sales	– 8.4 %	**– 1.4 %**	3.1 %	**5.1 %**
Free cash flow	– 15	**91**	3	**22**
Research and development costs	90	**85**	28	**25**
Investments	40	**48**	14	**18**
Undiluted earnings per share in € [4]	– 2.04	**– 0.60**	– 0.14	**0.04**

[1] Including positive exchange rate effects totaling € 128 million
[2] Including positive exchange rate effects totaling € 116 million
[3] Excluding special items
[4] Determined based on the weighted number of outstanding shares.

HEIDELBERG 2010/2011

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THE SHARE

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THE SHARE

The German stock market continued its gratifying upward trend from the previous quarter. The publication of favorable financial figures as well as forecasts by various companies listed on the DAX and MDAX indices as well as measures by the US Federal Reserve to support the economy provided a continual boost to the mood in the stock market. Thanks to a year-end rally, both indices broke through key psychological price levels in December, with the DAX rising above 7,000 points for a brief period and posting growth of 11 percent during the reporting quarter, and the MDAX breaking through the 10,000 level and thereby posting an approximately 16 percent increase over the previous quarter as of the end of the year.

A total of 13 percent of Heidelberg shares are held by Allianz SE, with the remaining voting rights broadly held. The share suffered marked price declines at the beginning of the reporting quarter following restrained comments by the German Engineering Federation (VDMA) trade association concerning the state of the printing press industry. Following release of second-quarter preliminary figures in mid-October, the Heidelberg share made up for part of the price declines and subsequently moved in line with the favorable stock market trend. The Heidelberg share realized an approximately 5 percent increase during the reporting quarter to € 3.69.

KEY PERFORMANCE DATA OF THE HEIDELBERG SHARE

Figures in €

	Q3 prior year	Q3 2010/2011
Undiluted earnings per share [1]	– 0.14	0.04
Cash flow per share	0.23	0.15
Share price – high [2]	4.64	3.84
Share price – low [2]	2.97	2.93
Share price – beginning of the quarter [2] [3]	4.38	3.51
Share price – end of the quarter [2] [3]	3.46	3.69
Market capitalization at the end of the quarter in € millions	428	861
Number of shares in thousands [4]	77,643	232,930

[1] Determined based on the weighted number of outstanding shares
[2] Previous year's figures adjusted for the number of shares following the capital increase
[3] Xetra closing price; source of prices: Bloomberg
[4] Weighted number of outstanding shares

CONSOLIDATED INTERIM MANAGEMENT REPORT

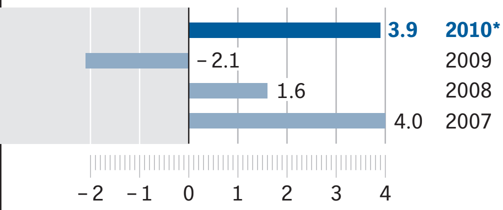
OVERALL PICTURE

The stable global economic growth continued to have a positive impact on our customers' propensity to invest. As a consequence, Heidelberg continued the favorable development of the Company's operating activities during the third quarter of the financial year. The upward trend was clearly reflected in the incoming orders for the reporting quarter, which at € 684 million exceeded the figures of both the previous quarter as well as of the same period the previous year, and were thereby within the framework of our corporate planning. Incoming orders developed as favorably as net sales, rising further during the reporting quarter to € 687 million and considerably surpassing the previous year's figure even after adjusting for exchange rate effects. The Heidelberg Equipment Division in particular, which in the previous financial year had been affected by the crisis to a greater extent than the more non-cyclical Heidelberg Services Division, generated high growth rates compared with the previous year and is thereby experiencing an upward trend. Thanks to the vigorous net sales and the efficiency improvements resulting from the reorganization, during the third quarter result of operating activities before special items amounted to € 15 million – in the black for the first time during the financial year. The expanding volume of incoming orders will be further favorably reflected by the sales figures and by the result in the coming months. In addition, during the reporting quarter, we were again able to release a portion of the provision for efficiency improvements which had been recorded the previous year. The financial result, which totaled € – 16 million, improved considerably during the third quarter due to the repayment of financial liabilities out of the capital increase as well as the sale of a company. Net income for the third quarter was in the black for the first time and totaled € 10 million. Our free cash flow, which was a positive € 22 million, continued to develop favorably during the reporting quarter. Following the considerable improvement in the balance sheet structure due to the successful capital increase already during the past quarter, Heidelberg was able to undertake further optimization measures during the third quarter. Through the voluntary repayment, ahead of schedule, of the loan granted under the special program of the KfW (Reconstruction Loan Corporation) in December, Heidelberg was in a position to optimize its financing structure and now has provided a favorable basis for future refinancing. The equity ratio amounted to approximately 33 percent at the end of the reporting quarter, and net financial debt was further reduced.

UNDERLYING CONDITIONS

CHANGE IN GLOBAL GDP

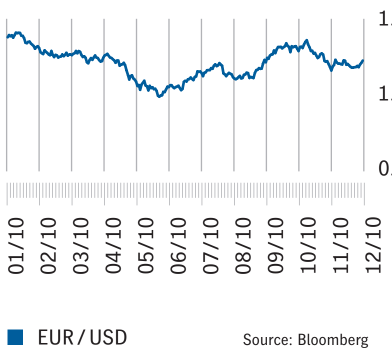
Figures in percent



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

DEVELOPMENT OF THE US DOLLAR

Figures in USD



Source: Bloomberg

The world economy attained rapid growth of approximately 3.9 percent in calendar year 2010, even though, as expected, economic vigor weakened at the end of the last quarter of the calendar year. A slowdown to a modest expansion in economic growth is expected in calendar year 2011. Such economic risks as the high debt level in some European countries, the increasing danger of inflationary pressure in the newly industrializing countries, and a substantial rise in raw material prices will have a dampening effect.

The US dollar and the Japanese yen are especially important for Heidelberg's international business. Exchange rate developments during the calendar year were influenced in particular by the considerable volatility of the US dollar and the drastic strengthening of the Japanese yen. These exchange rate structures caused a further shift in competitive conditions in favor of European suppliers.

On the commodity markets, following an extreme decline in prices in 2009, due to the global economic upswing and heavy demand from China the price for energy-related raw materials rose considerably in calendar year 2010. The price for iron ore and scrap iron also rose considerably. The rapid increase in energy needs, primarily in the newly industrializing countries of Asia, will further boost global demand for oil and industrial metals, which will be reflected in further price increases.

Economic growth amounted to approximately 2.8 percent in the **US** in calendar year 2010, with in particular the high level of unemployment dampening consumer spending. Counteracting this was the relatively stable and solid business sector, which further boosted its level of investment. Although growth is expected to strengthen somewhat in 2011, the problem of the high unemployment will continue further.

The **euro zone** economies showed highly differentiated developments in calendar year 2010. Overall, these economies posted an increase in GDP of approximately 1.8 percent. This growth was largely powered by the German economy, whereas those countries involved by the debt crisis failed to realize any significant growth. In **Germany**, the upswing is being supported by exports and, increasingly, by private consumer spending, which is strengthening thanks to the improved employment situation. Solid growth is expected in 2011. Even if growth falls somewhat short of the previous year's level, it will nevertheless clearly surpass the average of the other euro countries. Risks can be primarily seen in a potential decline in exports due to the slow turnaround of the US economy as well as increasing inflationary pressures in the newly industrializing countries.

In **Asia**, although the growth of the Chinese market slowed down somewhat following a strong showing at the beginning of the year, the outlook remains favorable. China grew by 10 percent during the calendar year, thereby attaining its pre-crisis level. Although the Chinese government continues to strive to prevent an overheating of the economy, monetary and fiscal policy measures are expected to be rather modest in scope. In **Japan**, in particular due to the rapid rise of the industrial output, a vigorous rate of growth was generated during the calendar year. Nevertheless, the pace of growth will lose considerable steam in the future. Strains resulting from the strong yen will have a negative impact on the Japanese economy, which worsen competitive conditions for Japanese exports.

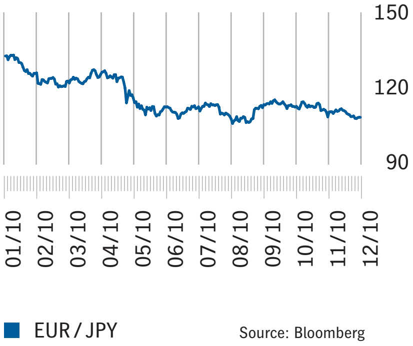
The economies of **Latin America** enjoyed a perceptible economic upswing during calendar year 2010. Favorable developments were seen not only in rising raw material prices, but private consumer spending developed favorably as well. The Brazilian economy in particular, which posted growth of over 7 percent, benefited from this development. Further strong growth rates are expected for this region in the future.

According to the Printing and Media Industries Federation (bvdm), the figures in Germany for the business outlook and climate of the **print media industry** were somewhat more restrained in December. Although the respective assessments for demand, development of production, and the order backlogs in the German printing industry are declining from past months, they nevertheless continue to be favorable on balance. Even though business expectations were again slightly negative in December following an upswing in the previous months, they nevertheless remain considerably higher than in the previous year. The indicators for our industry in the US still do not show improvement, with capacity utilization at the end of the calendar year still considerably below the prior-crisis level.

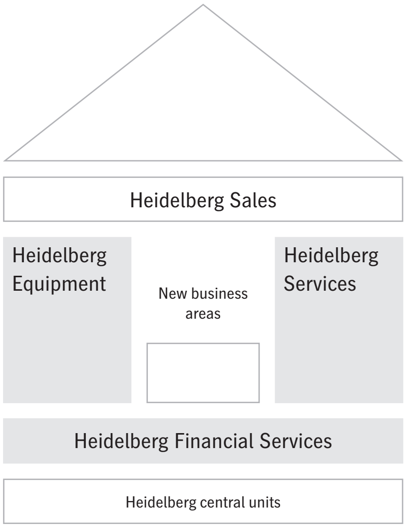
According to the Association of **Printing and Paper Technology**, which is part of the German Engineering Federation (VDMA), the printing and paper technology sector has overcome the worldwide economic crisis, posting an increasing order inflow for the first time in two years in 2010. Since traditional markets in Europe and North America have not yet been able to make a decisive contribution to the recovery in the industry, the upswing continues to be somewhat restrained. In contrast to the traditional markets, Asia quickly returned to its usual economic vigor, with China in particular showing strong growth even during the global economic downturn. After a sluggish sales trend in calendar year 2010, the Association of Printing and Paper Technology expects business volume to continue to pick up in 2011, with sales increasing by 5 percent.

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 production site.

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, 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

Our successfully completed "Heidelberg 2010" cost-reduction program made it possible for us to sustainably reduce our structural costs by approximately € 400 million. In connection with the organizational changes, we re-examined all of Heidelberg's internal processes. 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. Some cost-reduction effects were already realized during the first three quarters of the current financial year, with overall savings expected to total approximately € 60 million through the end of the current reporting year.

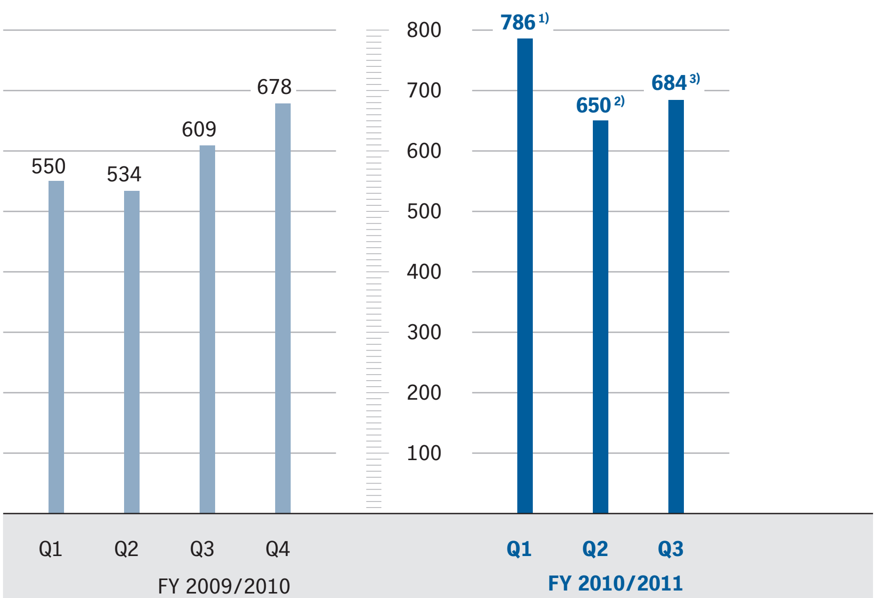
The package of measures for the German local units includes foregoing provisions of collective bargaining agreements and company payments, an additional working hour quota, the issue of employee shares, and an innovative working time approach under which employees may permanently reduce their contractual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

BUSINESS DEVELOPMENT

Heidelberg again succeeded in further extending the upward trend seen during the first two quarters into the third quarter of the financial year. **Incoming orders**, which totaled € 684 million, exceeded the previous year's figure by € 75 million, of which € 44 million was attributable to exchange rate effects. Incoming orders thereby also exceeded the level of the previous quarter and are positioned in the area of Heidelberg's own forecasts.

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
3) Including positive exchange rate effects totaling € 44 million

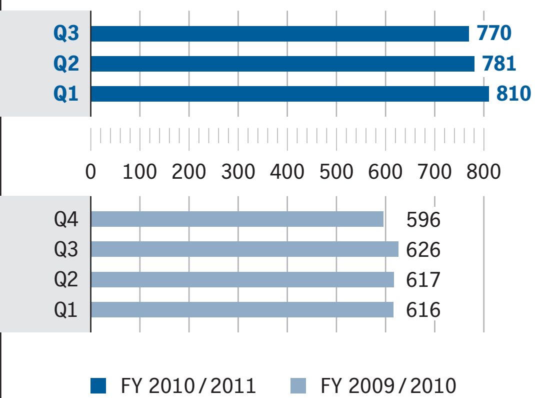
Incoming orders, which totaled € 2,120 million, were up 25 percent over the previous year, or 18 percent higher after adjusting for exchange rate effects. Besides the growing newly industrializing countries, especially China, Brazil, and Turkey, some of the industrialized countries in Europe such as Germany and the UK picked up strongly. In the North America region, incoming orders are meanwhile also increasing, thereby clearly surpassing the previous year's figure. The varied degrees of cyclical dependency are reflected in the divisions. Whereas incoming orders increased over the previous year in the more non-cyclical Heidelberg Services Division by a stable 11 percent, the Heidelberg Equipment Division, which posted 37 percent growth, participated in the global economic upswing to a disproportionately greater extent.

The Heidelberg Group's **order backlog** surpassed the previous year's figure by 23 percent, at the end of the reporting quarter amounting to € 770 million.

Heidelberg succeeded in considerably further boosting third quarter **sales** to € 687 million. Net sales for the financial year-to-date of € 1,883 million were up by 18 percent over the previous year, adjusted for exchange rate effects by 11 percent. Once again, the regional differences in the economic upswing were reflected here. Whereas net sales after adjusting for exchange rate effects in the European countries moderately exceeded the previous year's figures and sales in the North America region even fell, thanks to the strong growth in the newly industrializing countries China and Brazil, the Asia and Latin America regions recorded especially gratifying growth. Even though the foreign share of overall sales of 84.8 percent was down slightly from the first six months, this compares favorably with a share of 83.8 that had been realized at the end of the previous financial year. Similarly to the development of incoming orders, among the divisions, the growth, after adjusting for exchange rate effects, generated by Heidelberg Equipment of 18 percent was higher than the foreign-currency-adjusted increase in sales of 3 percent posted by the Heidelberg Services Division.

ORDER BACKLOG PER QUARTER

Figures in € millions



SALES BY DIVISION

Figures in € millions

	Q1 to Q3 prior year	Q1 to Q3 2010/2011	Q3 prior year	Q3 2010/2011
Heidelberg Equipment	854	1,066	319	417
Heidelberg Services	723	805	255	267
Heidelberg Financial Services	14	12	4	3
Heidelberg Group	1,591	**1,883**	578	**687**
(adjusted for foreign currency changes		1,767		644)

RESULTS OF OPERATIONS, NET ASSETS, AND FINANCIAL POSITION

During the third quarter, for the first time during the financial year Heidelberg generated a positive **result of operating activities**, excluding special items, of € 15 million. Following our posting of an operating loss during the previous year of € – 141 million for the first three quarters, during the current financial year we surpassed this figure by € 115 million and realized an operating loss before special items of only € – 26 million as of December 31, 2010. Heidelberg owes this improvement to the profit contributions resulting from the higher net sales with a more favorable sales mix, a more favorable market environment especially in the Heidelberg Services Division, and the attained cost reductions resulting from the reorganization. In the area of **special items**, we were able to release a portion of the provisions for efficiency improvements, which had been recorded in the previous year, as a result of which we posted income of € 26 million during the current financial year-to-date.

RESULT OF OPERATING ACTIVITIES [1)]

Figures in € millions

	Q1 to Q3 prior year	Q1 to Q3 2010/2011	Q3 prior year	Q3 2010/2011
Heidelberg Equipment	– 147	– 95	– 26	– 8
Heidelberg Services	0	58	11	21
Heidelberg Financial Services	6	11	2	2
Heidelberg Group	– 141	**– 26**	– 13	**15**

[1)] Excluding special items

Charges to the **financial result** of € – 16 million fell considerably during the third quarter due to the interest rate savings resulting from the repayment of financial liabilities and thanks to income from the sale of a company. Nevertheless, the financial result of € – 103 million was considerably below the corresponding figure for the same period the previous year – the result of the substantial financing costs as well as non-recurring expenditures arising from repayment of financial liabilities.

Income before taxes of € – 103 million improved over the previous year's figure of € – 201 million. Taxes on income benefit from the subsequent increase of the corporate income tax credit sold the previous year. The loss for the first three quarters of the current financial year totals € – 78 million, of which a positive € 10 million was generated during the reporting quarter. Undiluted **earnings per share** was € – 0.60, compared with € – 2.04 the previous year.

Investments in tangible and intangible assets totaled € 18 million during the third quarter, as a result of which the figure for the first three quarters of the current financial year amounted to a low € 48 million.

The Heidelberg Group's **total assets** were € 2,779 million, thereby declining further during the third quarter and € 20 million below the last quarter's figure. For the overall financial year-to-date, thanks to the low volume of investments and limited commitment of funds, we were able to reduce total assets by € 100 million.

BALANCE SHEET STRUCTURE

Figures in € millions

	31-Mar-2010	in percent of total assets	**31-Dec-2010**	in percent of total assets
Non-current assets	1,235	42.9	1,208	43.5
Current assets	1,644	57.1	1,571	56.5
Total assets	2,879	100.0	2,779	100.0
Shareholders' equity	579	20.1	920	33.1
Non-current liabilities	1,200	41.7	920	33.1
Current liabilities	1,100	38.2	939	33.8
Total equity and liabilities	2,879	100.0	2,779	100.0

Among **assets**, inventories, which totaled € 824 million, declined from both the previous quarter as well as from the previous financial year-end. We were able to considerably reduce our commitment of funds thanks to this favorable development as well as to the simultaneous reduction of trade receivables and of receivables from sales financing over the three quarters of the current financial year.

The structure of **equity and liabilities** continued to develop quite favorably. Heidelberg successfully implemented a capital increase in the previous quarter of the current financial year. Approximately 155 million new shares were placed, which generated gross revenue of € 420 million. Heidelberg utilized the entire net underwriting revenue from the capital increase to repay financial liabilities. Altogether, during the second quarter Heidelberg thereby succeeded in reducing existing credit arrangements by approximately € 400 million and substantially trimming the Company's future interest charges. Detailed information concerning the capital increase can be found in the Q2 Interim Financial Report 2010/2011, in the special section on the capital increase on pages 2 and 3.

In shareholders' equity, the favorable net income for the quarter as well as actuarial gains from the calculation of the pension provisions resulted in further growth. The risk provision for pending proceedings filed by the former shareholders of Linotype Hell had an opposite effect. Shareholders' equity amounted to € 920 million as of December 31, 2010, with the equity ratio thereby increasing to approximately 33 percent from approximately 30 percent in the previous quarter. Among provisions, pension provisions declined considerably due to interest rate adjustments during the third quarter. The provisions for efficiency improvements recorded the previous year were partially released further. By means of restructuring within the Company's financing structure, during the third quarter Heidelberg repaid in full and ahead of schedule the remaining € 100 million outstanding amount of the loan under the Special Program of the Reconstruction Loan Corporation (KfW). With the simplified financing structure, which reflects a reduced overall credit facility of just under € 900 million, we provided a favorable basis for refinancing the credit lines that are due in the summer of 2012. Financial liabilities amounted to € 369 million as of December 31, 2010. The success of our financial measures is also clearly reflected in our net financial debt, which was reduced further during the third quarter and only amounted to € 220 million as of the quarterly reporting date.

CONSOLIDATED CASH FLOW STATEMENT

Figures in € millions

	Q1 to Q3 prior year	**Q1 to Q3 2010/2011**
Cash flow	– 134	– 26
Net working capital	185	126
Receivables from customer financing	49	37
Other	– 102	– 43
Other operating changes	132	120
Outflow of funds from investment activity	– 13	– 3
Free cash flow	– 15	91

The considerably reduced loss for the first three quarters compared with the previous year resulted in a considerable decline in negative **cash flow**, which totaled € – 26 million; the comparable figure for the third quarter alone amounted to a positive figure of € 35 million.

In the area of **other operating changes**, which amounted to a total of € 120 million for the three quarters, we were again successful in generating a strong inflow of funds. This was especially attributable to the reduced net working capital, with the lower trade receivables and higher advance payments from customers making a favorable impact. The reduction in receivables from sales financing also caused a favorable inflow of funds.

As a consequence of our low investment level as well as of the effects of asset disposals, the **outflow of funds from investment activity** of € – 3 million was very modest for the three quarters; the figure for the third quarter alone totaled € – 8 million.

Free cash flow of € 22 million was again positive during the reporting quarter. This gratifying development of the **free cash flow**, which improved over the previous year from € – 15 million to € 91 million for the first three quarters of the current financial year, results primarily from the lower commitment of funds in net working capital as well as the reduced net loss.

DIVISIONS

Due to the global economy's ongoing favorable trend of growth, the **Heidelberg Equipment** Division generated considerable growth in incoming orders over the previous year and continues to be on an upward trend. Third quarter incoming orders of € 402 million surpassed the figures for the previous quarter and the previous year. Incoming orders for the three quarters amounted to € 1,277 million, up by 37 percent over the previous year and by 29 percent adjusted for exchange rate effects.

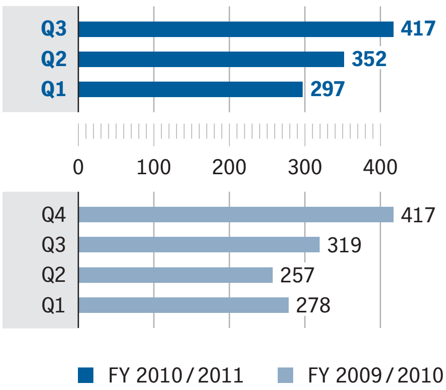
This division's net sales increased by approximately € 100 million to € 417 million during the third quarter compared with the same quarter the previous year. Altogether, net sales of € 1,066 million exceeded the previous year's figure, adjusted for exchange rate effects, by 18 percent. This vigorous growth results primarily from the higher sales of sheetfed offset printing presses in medium and large formats. The accelerating upswing of this division, which had been especially hard hit by the crisis, is also reflected in its continuously increasing share of Heidelberg's overall sales – amounting to 57 percent for the three quarters of the current financial year compared with 55 percent at the end of the previous financial year.

The rapid growth in sales had a favorable impact on this division's result of operating activities before special items. For the first three quarters of the financial year, Heidelberg Equipment was successful in substantially cutting back its loss by approximately a third to € – 95 million compared with the same period the previous year. Among the factors contributing to this development were the attained cost-reduction measures resulting from the reorganization as well as the low level of the research and development costs. The special items were a positive € 25 million for the first three quarters due to the release of a portion of the provisions for efficiency improvements, which had been recorded in the previous year. This division's investments, which totaled € 42 million during the financial year, remained at a low level.

The division had a total of 10,368 employees as of December 31, 2010 – down by 246 compared with the beginning of the financial year. Because of the favorable course of business development in China, we hired additional employees for our manufacturing facility in Qingpu during the financial year.

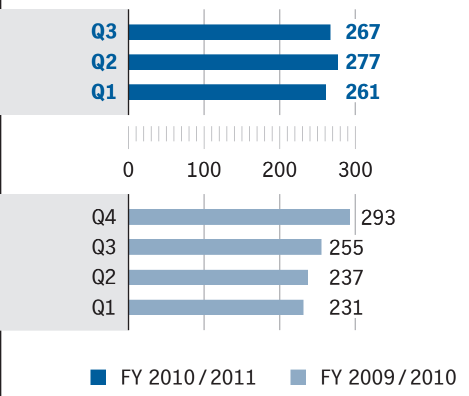
HEIDELBERG EQUIPMENT SALES PER QUARTER

Figures in € millions



HEIDELBERG SERVICES SALES PER QUARTER

Figures in € millions



Incoming orders for the reporting quarter of the **Heidelberg Services** Division continued at the high level of previous quarters and totaled € 278 million. This division posted modest growth over the previous year, with incoming orders amounting to approximately € 830 million, up by 11 percent, after adjusting for exchange rate effects by 4 percent.

The division's net sales for the third quarter, which totaled € 267 million, stabilized at a high level. Compared with the previous year, net sales totaled € 805 million – up by 11 percent, or by 3 percent after adjusting for exchange rate effects. This improvement was evident throughout the whole range of services and products. Heidelberg recorded especially strong growth in consumables. Due to the above average growth noted with new printing presses, the share of sales accounted for by the Heidelberg Services Division after the third quarter of the current financial year declined from 44 percent at the end of the previous financial year to 43 percent.

During the first three quarters of the current financial year, Heidelberg Services benefited not only from increasing sales, but also from an improved market environment and from a more favorable sales mix, including products with higher profit margins. Due to a combination of consistently low research and development costs and attained cost-reduction measures resulting from the reorganization, the result of operating activities, excluding special items, amounted to € 58 million – considerably higher than in the previous year. The special items in the Heidelberg Services Division of € 1 million were also positive, as the provisions that had been recorded the previous year were partially released. The level of investment in the Heidelberg Services Division has been very low during the current financial year, with investments of € 6 million for the first three quarters of the financial year even declining from the previous year. The number of employees in this division fell by 268 from the beginning of the financial year, during the reporting quarter amounting to a total of 5,559.

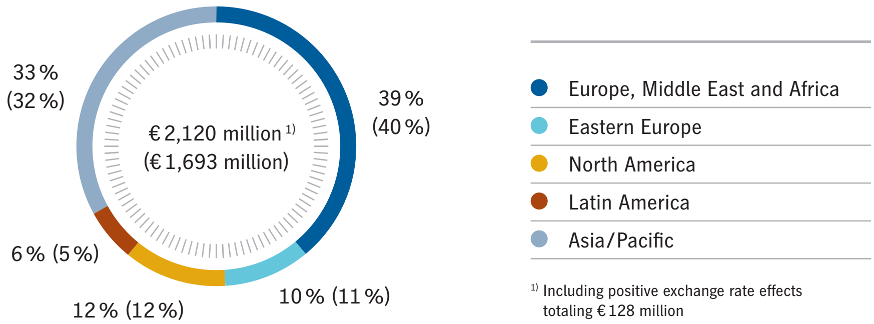
Receivables from sales financing of the **Heidelberg Financial Services** Division of € 183 million declined further, since projects undertaken by customers were largely financed by third parties. Following the division's renewed positive result of operating activities during the reporting quarter, the result for the first three quarters amounted to € 11 million. The division had a total of 54 employees as of December 31, 2010.

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 € 128 million

The **Europe, Middle East and Africa** region was successful in considerably boosting incoming orders over the previous quarter to € 273 million during the third quarter. Incoming orders of € 820 million for the first three quarters of the current financial year and a growth rate of 19 percent after adjusting for exchange rate effects compared to the previous year reflect the improved economic conditions and the associated higher customers’ propensity to invest in almost all markets in this region. Considerable growth was posted especially in Germany and the UK, which benefited from incoming orders generated at the IPEX trade show during the first quarter. The net sales in this region were also in an upward trend, rising further during the third quarter to € 258 million. Sales for the first three quarters of the current financial year grew by 5 percent over the previous year's figure to € 728 million after adjusting for exchange rate effects.

Heidelberg also benefited from the growth in the **Eastern Europe** region, with incoming orders during the third quarter increasing considerably over the previous quarter to € 80 million. Incoming orders for the financial year-to-date were up 18 percent, adjusted for exchange rate effects, to € 227 million over the preceding year. Net sales also reflected a thoroughly favorable picture, increasing to € 90 million during the third quarter over the previous quarter. Altogether, after adjusting for exchange rate effects sales were up by 13 percent above the corresponding previous year's figure at € 220 million. This growth is due especially to the high propensity to invest by customers in Poland and Turkey.

In the **North America** region, during the third quarter Heidelberg boosted incoming orders, adjusted for exchange rate effects, by 27 percent over the preceding year to € 88 million. Incoming orders for the first three quarters grew by 10 percent, after adjusting for exchange rate effects, over the previous year to € 249 million. Although sales still reflect the uncertain economic conditions in North America, the third quarter's figure of € 73 million substantially surpassed the figure for the previous quarter and bears out the upward trend. Adjusted for exchange rate effects, the net sales of the region for the first three quarters of the financial year are still 10 percent below the level of the preceding year at € 212 million.

Our customers' propensity to invest developed favorably compared with the previous year in the **Latin America** region despite the fact that it fell short of the figure of the previous quarter. During the third quarter, Heidelberg succeeded in boosting incoming orders by 29 percent, after adjusting for exchange rate effects, over the previous year to € 40 million. The incoming orders of this region for the first three quarters of the current financial year of € 131 million, after adjusting for exchange rate effects, were up by 65 percent over the previous year's figure.

The region's net sales were similarly gratifying, increasing further during the third quarter by 43 percent, adjusted for exchange rate effects, to € 101 million over the preceding year. Brazil is the principal driving force underlying this notable development, which benefited among others from the ExpoPrint trade show during the first quarter.

Although the growth and the propensity to invest in the **Asia/Pacific** region has lost some steam, on the other hand, China in particular has continued on an unbroken upward path. Although incoming orders fell short of the previous quarter's figure, after adjusting for exchange rate effects, 13 percent growth was posted for the financial year-to-date to € 693 million over the previous year. Third-quarter net sales again exceeded both the level of the previous year and the previous quarter, surpassing the previous year's figure by a considerable 24 percent, adjusted for exchange rate effects, at € 622 million after the first three quarters. The region has thereby expanded its share of the overall sales of the Heidelberg Group from 28 percent the previous year to 33 percent and consequently further enhanced its importance.

SALES BY REGION

Figures in € millions

	Q1 to Q3 prior year	**Q1 to Q3 2010/2011**	Q3 prior year	**Q3 2010/2011**
Europe, Middle East and Africa	675	728	220	258
Eastern Europe	191	220	90	90
North America	211	212	69	73
Latin America	67	101	34	42
Asia/Pacific	447	622	165	224
Heidelberg Group	1,591	**1,883**	578	**687**
(adjusted for foreign currency changes		1,767		644)

EMPLOYEES

The number of employees in the Heidelberg Group declined further during the first three months of the financial year, amounting to a total of 15,981 as of the December 31, 2010 quarterly reporting date – down by 515 since the previous financial year-end. Overcapacities were mitigated with the utilization of short-time work. Because of the favorable course of business development in China, we hired additional employees for our Qingpu production site during the financial year.

Heidelberg completed the measures for staff reductions under the reorganization during the previous quarter. More than 100 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 quota of working hours.

Despite these human resources measures, Heidelberg was successful in maintaining a stable training quota, with 150 young people and young adults beginning their training in September.

EMPLOYEES BY DIVISION

Number of employees

	31-Mar-2010	31-Dec-2010
HD Equipment	10,614	10,368
HD Services	5,827	5,559
HD Financial Services	55	54
Heidelberg Group	16,496	15,981

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. The Management Board and Supervisory Board are kept regularly informed about Heidelberg's current risk environment. 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. In order to minimize this risk, we continue to pursue a strategy of reinforcing those business areas that will make us less dependent on cyclical fluctuations. These include our Heidelberg Services Division as well as packaging printing. Our financial risks decreased compared with financial year-end. With the successful capital increase and the subsequent optimization of the credit line we have provided a favorable basis for refinancing the credit arrangements that will come due for repayment in the summer of 2012.

As opposed to the risk of a sluggish economic turnaround, there is, of course, also an opportunity for a more rapid and sustainable growth of the world economy than 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

The world economy grew by a stable 3.9 percent in the past calendar year, although the pace of growth slowed during the last quarter. We expect modest growth for the current calendar year 2011. The newly industrializing countries in particular will continue to represent the principal driving force. Although a low level of growth is expected in the industrialized countries, some of them, for example Germany, will recover more quickly. In view of these forecasts, the prospects for the printing industry are improving and the upturn is expected to continue. Heidelberg is participating in the industry-specific improved trends.

We continue to project a **modest growth in sales** for the current financial year after adjusting for exchange rate effects. 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 continue to anticipate a marked **net loss**.

SUPPLEMENTARY REPORT

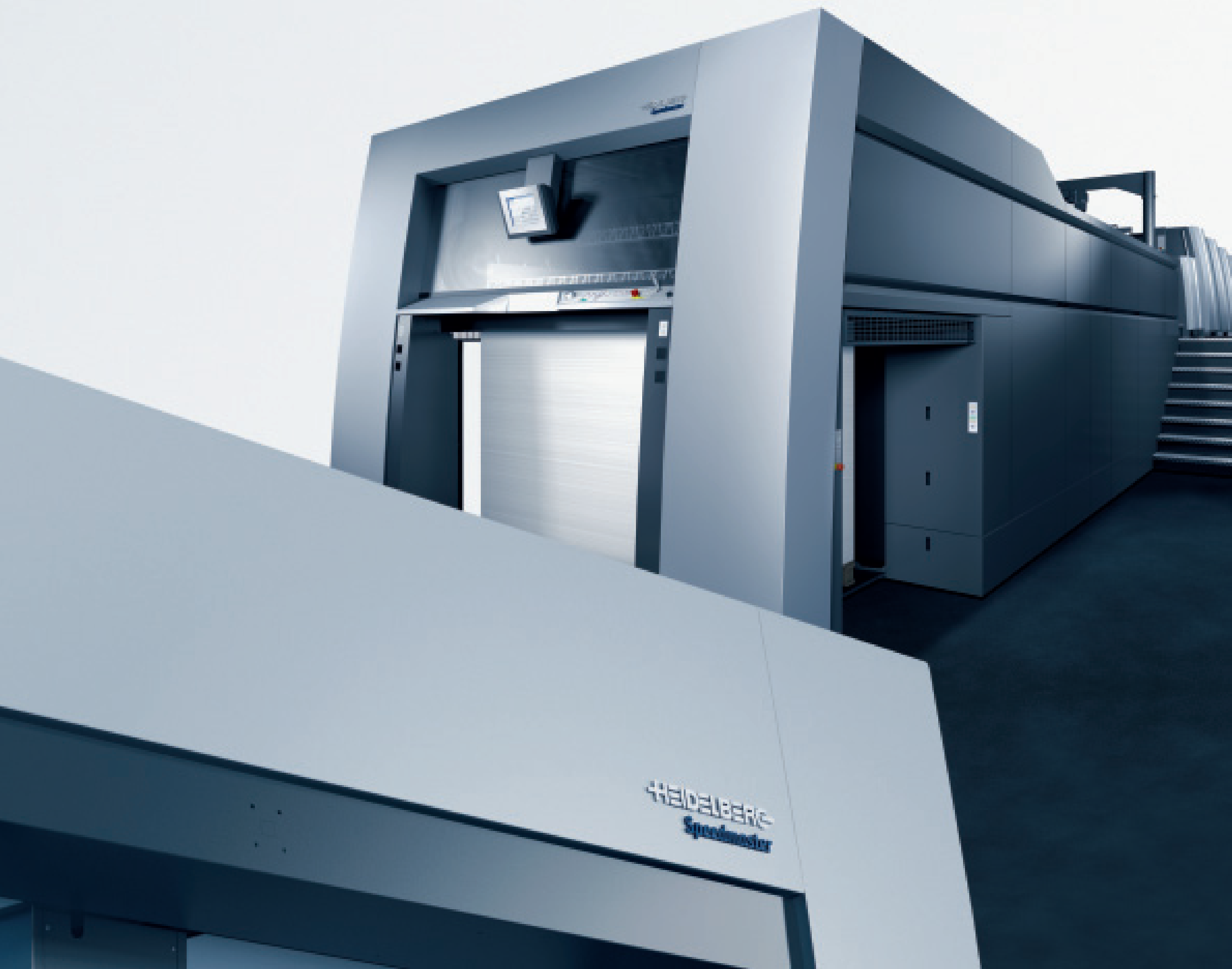
No significant events occurred following the financial reporting date.

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.

THIRD QUARTER 2010/2011

IN REVIEW

+++ Sustainability: Heidelberg offers comprehensive solutions for ecological printing +++ Products: Heidelberg presents innovation for rotary die-cutting in the press +++ Finance: Heidelberg Financial Services named "Captive Finance Provider of the Year 2010" +++ Products: Heidelberg hosts international Prinect User Days +++ Production: 1,000th machine rolls off the production line at Heidelberg in China +++ Finance: Heidelberg optimizes financing structure +++



THIRD QUARTER 2010/2011

IN REVIEW

Q3 2010/2011

OCTOBER | NOVEMBER

1 12–13/10/2010
2 20–21/10/2012
3 04/11/2010
4 10–13/11/2010

1 SUSTAINABILITY

Heidelberg offers comprehensive solutions for ecological printing
October 12–13, 2010

> At the HEI ECO Information Day Heidelberg provides information on ecological printing and invites entries for the second Heidelberg ECO Printing Award

On the occasion of the HEI ECO Information Day the company offered customers a comprehensive overview of the latest solutions for ecological printing. Heidelberg is considered the pioneer of ecological printing and offers the broadest spectrum of environmentally friendly printing solutions. Furthermore, the company is the only provider who can precisely measure the CO_2 footprint of a printing machine and who by customer request can deliver a climate-neutral printing press. In order to emphasize the importance of a sustainable use of resources and energy, climate protection, and environmentally aware management practices, Heidelberg invited print shops of the sheetfed offset sector to compete for the second ECO Printing Award. The award is divided into two categories: “Sustainable companies” and “Forward-looking solutions”.

2 PRODUCTS

Heidelberg presents innovation for rotary die-cutting in the press
October 20–21, 2010

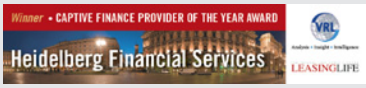
> High productivity and quality of the Speedmaster XL 105-D technology also impress with die-cutting in the press

The new Speedmaster XL 105-D was launched on October 20 at the Print Media Center Label Day. The Speedmaster XL 105-D was specifically designed to meet customer requirements for processing inmold labels. The machine is ideal for use in label production, preferably for processing foil materials. Compared to the methods commonly used today, with rotary die-cutting the Speedmaster XL 105-D offers advantages in terms of tool costs, makeready times, and production speed.

3 FINANCE

Heidelberg Financial Services named “Captive Finance Provider of the Year 2010”
November 4, 2010

> Trade journal Leasing Life awards financial services provided by Heidelberg



The Heidelberg Financial Services Division was named “Captive Finance Provider of the Year 2010” at the Asset Finance Awards ceremony staged by the trade journal Leasing Life. The captive finance providers were assessed based on their success in providing support for the parent company in pursuing and implementing strategic goals. Due, among other things, to its constant and consistent strategy and comprehensive expertise, Heidelberg was able to stand up to other renowned international corporations.

DECEMBER

5 07/12/2010

30/12/2010 6

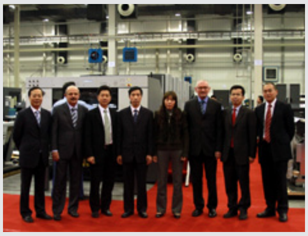
4 PRODUCTS

Heidelberg hosts international Prinect User Days
November 10 – 13, 2010
> Efficiency enhancement through process integration and color management with Prinect

Center stage at the international Prinect User Days was devoted to sharing ideas and knowledge, and participating in user discussions on workflow integration. Some 350 Prinect users from seven countries took part in discussions about the advantages of an integrated print shop and efficient color management. The exchange of information focused on web-to-print and its various business models.

5 PRODUCTION

1,000th machine rolls off the production line at Heidelberg's Qingpu site in China
December 7, 2010
> Every third machine sold by Heidelberg in China today is produced locally



Heidelberg opened the production site in Qingpu in 2005 and has continuously expanded it since then. Next to folding machines, small and medium format presses, Heidelberg has started producing 70 × 100 cm format presses in 2009. The site produces only standard equipment in line with the strict Heidelberg quality guidelines which offer a very competitive price/performance ratio. The strategy to produce standard presses in China has proven successful in practice. Heidelberg was able to expand its market position in China. Nevertheless, the Company will continue to produce highly automated and more varied high-tech equipment in Germany.

6 FINANCE

Heidelberg optimizes financing structure
December 30, 2010
> KfW loan paid off ahead of schedule

At the end of December and ahead of schedule, Heidelberg repaid in full the remaining € 100 million of the loan from the Special Program of the KfW (Reconstruction Loan Corporation) following some reallocation within the financing structure. With this step, total financing was reduced to just under € 900 million. Heidelberg's simplified financing structure provides a favorable basis for future refinancing.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD APRIL 1, 2010 TO DECEMBER 31, 2010

Consolidated interim income statement April 1, 2010 to December 31, 2010

Figures in € thousands

	Note	1-Apr-2009 to 31-Dec-2009	**1-Apr-2010 to 31-Dec-2010**
Net sales		1,591,049	1,883,498
Change in inventories		– 51,484	– 3,539
Other own work capitalized		6,770	5,148
Total operating performance		1,546,335	1,885,107
Other operating income	3	104,200	89,550
Cost of materials	4	747,998	909,161
Personnel expenses	5	609,543	632,079
Depreciation and amortization		77,626	73,210
Other operating expenses	6	356,104	386,211
Special items	7	– 19,167	– 26,290
Result of operating activities		– 121,569	286
Financial income	8	20,035	21,929
Financial expenses	9	99,410	124,844
Financial result		– 79,375	– 102,915
Income before taxes		– 200,944	– 102,629
Taxes on income		– 42,564	– 24,287
Consolidated net loss		– 158,380	**– 78,342**
Undiluted earnings per share according to IAS 33 (in € per share)	10	– 2.04	**– 0.60**
Diluted earnings per share according to IAS 33 (in € per share)	10	– 2.04	**– 0.60**

Consolidated interim statement of comprehensive income April 1, 2010 to December 31, 2010

Figures in € thousands

	1-Apr-2009 to 31-Dec-2009	**1-Apr-2010 to 31-Dec-2010**
Consolidated net loss	– 158,380	– 78,342
Pension obligations	– 32,704	– 10,019
Foreign currency translation	– 21,350	41,136
Financial assets available for sale	412	– 400
Cash flow hedges	1,373	– 7,811
Deferred income taxes	22,678	4,052
Total recognized income and expense without effect on the income statement	– 29,591	26,958
Total comprehensive income	– 187,971	**– 51,384**

Consolidated interim income statement October 1, 2010 to December 31, 2010

Figures in € thousands

	1-Oct-2009 to 31-Dec-2009	**1-Oct-2010 to 31-Dec-2010**
Net sales	578,390	687,495
Change in inventories	5,736	– 26,456
Other own work capitalized	1,998	2,436
Total operating performance	586,124	663,475
Other operating income	32,252	15,524
Cost of materials	288,453	301,146
Personnel expenses	207,273	215,950
Depreciation and amortization	25,157	23,970
Other operating expenses	110,182	122,812
Special items	– 30,465	– 4,338
Result of operating activities	17,776	19,459
Financial income	1,325	8,442
Financial expenses	32,040	24,387
Financial result	– 30,715	– 15,945
Income before taxes	– 12,939	3,514
Taxes on income	– 1,795	– 5,846
Consolidated net loss/profit	– 11,144	**9,360**
Undiluted earnings per share according to IAS 33 (in € per share)	– 0.14	**0.04**
Diluted earnings per share according to IAS 33 (in € per share)	– 0.14	**0.04**

Consolidated interim statement of comprehensive income October 1, 2010 to December 31, 2010

Figures in € thousands

	1-Oct-2009 to 31-Dec-2009	**1-Oct-2010 to 31-Dec-2010**
Consolidated net loss/profit	– 11,144	9,360
Pension obligations	– 24,906	107,809
Foreign currency translation	7,844	30,200
Financial assets available for sale	– 89	157
Cash flow hedges	– 1,515	– 12,506
Deferred income taxes	8,853	– 26,744
Total recognized income and expense without effect on the income statement	– 9,813	98,916
Total comprehensive income	– 20,957	**108,276**

Consolidated interim balance sheet as of December 31, 2010

> ASSETS

Figures in € thousands

	Note	31-Mar-2010	31-Dec-2010
Non-current assets			
Intangible assets	11	292,605	274,140
Tangible assets	11	595,122	578,593
Investment property		1,750	1,019
Financial assets		24,901	21,964
Receivables from customer financing		116,910	100,866
Other receivables and other assets	12	51,786	41,998
Income tax assets		570	2
Deferred tax assets		151,250	189,492
		1,234,894	1,208,074
Current assets			
Inventories	12	827,163	823,758
Receivables from customer financing		94,927	81,955
Trade receivables		395,697	352,471
Other receivables and other assets	12	171,297	148,662
Income tax assets		17,957	14,677
Cash and cash equivalents	13	120,696	148,871
		1,627,737	1,570,394
Assets held for sale		16,611	341
Total assets		2,879,242	**2,778,809**

> EQUITY AND LIABILITIES

Figures in € thousands

	Note	31-Mar-2010	31-Dec-2010
Shareholders' equity	14		
Subscribed capital		198,767	596,302
Capital reserves and retained earnings		608,690	402,547
Consolidated net loss		– 228,507	– 78,342
		578,950	920,507
Non-current liabilities			
Provisions for pensions and similar obligations	15	225,378	244,256
Other provisions	16	355,497	349,852
Financial liabilities	17	464,491	168,284
Other liabilities	18	142,282	143,869
Deferred tax liabilities		12,681	13,386
		1,200,329	919,647
Current liabilities			
Other provisions	16	357,053	300,534
Financial liabilities	17	351,055	200,607
Trade payables		132,073	127,688
Income tax liabilities		1,978	1,597
Other liabilities	18	257,804	308,229
		1,099,963	938,655
Total equity and liabilities		2,879,242	**2,778,809**

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	– 9,242	– 21,350	245	756	0	– 29,591
Consolidations / other changes	0	0	0	0	0	0	– 826	– 826
December 31, 2009	198,767	30,005	– 118,816	– 241,492	– 272	– 2,545	900,062	536,937
April 1, 2010	198,767	19,025	– 114,638	– 200,541	– 253	– 6,685	911,782	589,665
Capital increase[2)]	397,535	6,812	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	– 8,176	41,136	– 238	– 5,764	0	26,958
Consolidations / other changes	0	2,201	0	0	0	0	– 13,607	– 13,607
December 31, 2010	**596,302**	**28,038**	**– 122,814**	**– 159,405**	**– 491**	**– 12,449**	**669,668**	**374,509**

1) For further information see note 14

2) The proceeds from the capital increase were reduced by after-tax issuance costs of € 15,095 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
– 29,591	– 158,380	– 187,971
– 826	0	– 826
566,942	– 158,380	607,329
608,690	– 228,507	578,950
6,812	0	404,347
0	0	0
– 228,507	228,507	0
26,958	– 78,342	– 51,384
– 11,406	0	– 11,406
402,547	**– 78,342**	**920,507**

Consolidated interim cash flow statement April 1, 2010 to December 31, 2010

Figures in € thousands	1-Apr-2009 to 31-Dec-2009	**1-Apr-2010 to 31-Dec-2010**
Consolidated net loss	– 158,380	– 78,342
Depreciation and amortization [1]	76,955	73,498
Change in pension provisions	20,811	11,226
Change in deferred tax assets/deferred tax liabilities/tax provisions	– 73,328	– 22,578
Result from disposals [1]	80	– 10,202
Cash flow	– 133,862	**– 26,398**
Change in inventories	94,021	19,651
Change in sales financing	49,052	37,352
Change in trade receivables/trade payables	104,485	60,676
Change in other provisions	– 76,374	– 74,101
Change in other balance sheet items	– 39,377	76,624
Other operating changes	131,807	**120,202**
Outflow/inflow of funds from operating activities	– 2,055	**93,804**
Intangible assets/tangible assets/investment property		
Investments	– 36,360	– 42,949
Proceeds from disposals	24,838	30,549
Financial assets/corporate acquisitions		
Investments	– 1,906	– 138
Proceeds from disposals	316	9,632
Outflow of funds from investment activity	– 13,112	**– 2,906**
Free cash flow	– 15,167	**90,898**
Proceeds from capital increase		398,435
Change in financial liabilities	44,922	– 469,924
Inflow/outflow of funds from financing activity	44,922	**– 71,489**
Net change in cash and cash equivalents	29,755	**19,409**
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	982	8,766
Net change in cash and cash equivalents	29,755	19,409
Cash and cash equivalents at the end of the reporting period	110,833	148,871

[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 December 31, 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 IFRS Interpretations Committee (IFRS IC) 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/IFRS IC	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 IFRS IC 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: 64) are located outside Germany. Shares in subsidiaries that are of minor significance are not included.

3 Other operating income

	1-Apr-2009 to 31-Dec-2009	**1-Apr-2010 to 31-Dec-2010**
Reversal of other provisions/accrued liabilities	47,971	22,055
Income from written-off receivables and other assets	18,188	17,768
Income from operating facilities	11,136	10,341
Income from disposals of intangible assets, tangible assets, and investment property	351	8,456
Hedging transactions/foreign-exchange profit	6,984	7,877
Other income	19,570	23,053
	104,200	**89,550**

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 € 2,918 thousand (April 1, 2009 to December 31, 2009: € 3,645 thousand) are shown in the cost of materials. Interest income from sales financing totaling € 12,544 thousand (April 1, 2009 to December 31, 2009: € 14,547 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 31-Dec-2009	**1-Apr-2010 to 31-Dec-2010**
Special direct sales expenses including freight charges	62,988	81,609
Other deliveries and services not included in the cost of materials	76,415	79,716
Rent and leases	53,719	49,835
Travel expenses	27,824	31,283
Hedging transactions/exchange rate losses	15,953	24,636
Additions to provisions (relates to several expense accounts)	9,553	15,186
Bad debt allowances and impairment on other assets	26,622	13,261
Insurance expense	12,196	10,986
Costs of car fleet (excluding leases)	5,786	6,283
Other overhead costs	65,048	73,416
	356,104	**386,211**

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 € 41,204 thousand were released during the first three quarters of the financial year 2010/2011 (April 1, 2009 to December 31, 2009: € 40,136 thousand). Thus, after deducting the expenses for personnel adjustments, income of € 29,985 thousand was generated during the reporting quarter (April 1, 2009 to December 31, 2009: expenses of € 28,815 thousand) and expenses for other structural measures of € 3,696 thousand were incurred (April 1, 2009 to December 31, 2009: € 9,648 thousand).

8 Financial income

	1-Apr-2009 to 31-Dec-2009	**1-Apr-2010 to 31-Dec-2010**
Interest and similar income	17,313	12,855
Income from financial assets/loans/securities	2,722	9,074
	20,035	**21,929**

Financial income includes the one-time effect of the divestiture of an entity.

9 Financial expenses

	1-Apr-2009 to 31-Dec-2009	**1-Apr-2010 to 31-Dec-2010**
Interest and similar expenses	95,129	124,699
Expenses from financial assets/loans/securities	4,281	145
	99,410	**124,844**

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 and from the early full repayment of the loan from the Special Program of the KfW (Reconstruction Loan Corporation) for large companies 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 130,917,031 no-par shares was outstanding during the reporting period (April 1, 2009 to December 31, 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 December 31, 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 December 31, 2010 additions in intangible assets totaled € 2,416 thousand (April 1, 2009 to December 31, 2009: € 2,833 thousand) and in tangible assets € 45,415 thousand (April 1, 2009 to December 31, 2009: € 37,267 thousand). During the same period, the carrying amounts of disposals from intangible assets amounted to € 1,165 thousand (April 1, 2009 to December 31, 2009: € 4 thousand) and from tangible assets € 15,961 thousand (April 1, 2009 to December 31, 2009: € 24,901 thousand).

12 Other receivables and other assets, inventories

The Other receivables and other assets item includes, among others, receivables from derivative financial instruments totaling € 39,299 thousand (March 31, 2010: € 38,333 thousand), prepaid expenses amounting to € 16,740 thousand (March 31, 2010: € 18,300 thousand), and anticipated income tax assets under the 2010 Tax Act.

Inventories include raw materials, consumables, and supplies totaling € 114,638 thousand (March 31, 2010: € 117,013 thousand), work and services in progress amounting to € 316,594 (March 31, 2010: € 338,607 thousand), finished goods and goods for resale of € 388,721 thousand (March 31, 2010: € 369,475 thousand), and advance payments totaling € 3,805 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 € 78,791 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 December 31, 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 € 15,095 thousand.

During the reporting period a risk provision was made for a legal action filed by the former shareholders of Linotype Hell Aktiengesellschaft, Eschborn (Taunus), to examine the adequacy of the conversion ratio. The potential compensation in the form of shares of Heidelberger Druckmaschinen Aktiengesellschaft resulted in a reduction of retained earnings during the reporting period.

15 Provisions for pensions and similar obligations

As from December 31, 2010, the measurement of actuarial gains and losses for domestic entities is based on a discount rate of 4.75 percent (March 31, 2010: 4.75 percent).

16 Other provisions

Other provisions comprise tax provisions totaling € 244,366 thousand (March 31, 2010: € 241,514 thousand) and other provisions amounting to € 406,020 thousand (March 31, 2010: € 471,036 thousand). Other provisions include staff obligations of € 100,620 thousand (March 31, 2010: € 115,126 thousand), sales obligations of € 135,924 thousand (March 31, 2010: € 132,807 thousand), and other miscellaneous provisions of € 169,476 thousand (March 31, 2010: € 223,103 thousand). The latter include provisions in connection with our Heidelberg 2010 program and measures to enhance efficiency as part of our new segment structure, as well as a risk provision recognized directly in equity in connection with the legal action filed by the former shareholders of Linotype-Hell Aktiengesellschaft. Changes to these provisions primarily result from the gradual implementation of our Heidelberg 2010 program (please refer to the information in note 7).

17 Financial liabilities

			31-Mar-2010			**31-Dec-2010**
	Current	Non-current	Total	Current	Non-current	Total
Borrower's note loans	7,042	54,500	61,542	8,079	50,000	58,079
To banks	323,228	407,624	730,852	173,120	110,429	283,549
From finance lease contracts	3,343	2,282	5,625	2,165	5,733	7,898
Other	17,442	85	17,527	17,243	2,122	19,365
	351,055	464,491	815,546	200,607	168,284	**368,891**

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 € 108,992 thousand (March 31, 2010: € 59,783 thousand), liabilities from derivative financial instruments amounting to € 55,341 thousand (March 31, 2010: € 42,474 thousand), and prepaid expenses of € 72,970 thousand (March 31, 2010: € 87,821 thousand).

19 Contingent liabilities and other financial liabilities

As of December 31, 2010 contingent liabilities for warranties and guarantees totaled € 4,281 thousand (March 31, 2010: € 3,615 thousand).

As of December 31, 2010 other financial liabilities amounted to € 349,788 thousand (March 31, 2010: € 382,631 thousand). Of this amount, € 310,240 thousand (March 31, 2010: € 338,945 thousand) apply to lease obligations and € 39,548 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, platesetters, software, 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 December 31, 2010:

	Heidelberg Equipment		Heidelberg Services		Heidelberg Financial Services		**Heidelberg Group**	
	1-Apr-2009 to 31-Dec-2009	**1-Apr-2010 to 31-Dec-2010**	1-Apr-2009 to 31-Dec-2009	**1-Apr-2010 to 31-Dec-2010**	1-Apr-2009 to 31-Dec-2009	**1-Apr-2010 to 31-Dec-2010**	1-Apr-2009 to 31-Dec-2009	**1-Apr-2010 to 31-Dec-2010**
External sales	853,615	1,066,148	722,887	804,806	14,547	12,544	1,591,049	1,883,498
Result of operating activities (segment result)	– 123,447	– 70,205	– 3,937	58,959	5,815	11,532	– 121,569	286
Investments	32,775	41,603	7,325	6,228	0	0	40,100	47,831

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

	1-Apr-2009 to 31-Dec-2009	**1-Apr-2010 to 31-Dec-2010**
Result of operating activities (segment result)	– 121,569	286
Financial result	– 79,375	– 102,915
Income before taxes	– 200,944	**– 102,629**

External sales are distributed among the regions as follows:

	1-Apr-2009 to 31-Dec-2009	**1-Apr-2010 to 31-Dec-2010**
Europe, Middle East and Africa		
Germany	262,712	286,012
Other regions Europe, Middle East and Africa	412,015	442,742
	674,727	**728,754**
Asia / Pacific		
China	222,560	316,375
Other regions Asia / Pacific	224,096	305,397
	446,656	**621,772**
Eastern Europe	191,509	**220,210**
North America	210,652	**211,980**
Latin America	67,505	**100,782**
	1,591,049	**1,883,498**

21 Supervisory Board/ Management Board

The members of the Supervisory Board and the Management Board are listed on page 46.

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 € 4,899 thousand (March 31, 2010: € 5,182 thousand), receivables of € 16,141 thousand (March 31, 2010: € 16,537 thousand), expenses of € 9,445 thousand (April 1, 2009 to December 31, 2009: € 6,528 thousand), and income of € 14,105 thousand (April 1, 2009 to December 31, 2009: € 14,590 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 fully consolidated companies amounting to € 214 thousand (April 1, 2009 to December 31, 2009: € 78 thousand).

23 Events after the reporting date

No significant events occurred after the reporting date.

Heidelberg, February 9, 2011

Heidelberger Druckmaschinen Aktiengesellschaft
The Management Board

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

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 *

* Employee Representative

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

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

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

Financial Calendar 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
August 9, 2011	Publication of First Quarter Figures 2011/2012
November 8, 2011	Publication of Half-Year Figures 2011/2012

Subject to change

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