FINANCIAL STATEMENTS 2012/2013

HEIDELBERG

Heidelberger Druckmaschinen Aktiengesellschaft

Figures in € millions

	2008/2009	2009/2010	2010/2011	2011/2012	**2012/2013**
Incoming orders	1,295	997	1,285	1,186	**1,238**
Net sales	1,553	1,016	1,265	1,228	**1,289**
Share of international sales (%)	81	84	83	84	**84**
Result from operating activities	–47	–99	–57	–56	**–53**
– as a percentage of sales	–3	–10	–5	–5	**–4**
Net profit/loss for the year	70	–106	–22	–30	**–77**
– as a percentage of sales	5	–10	–2	–2	**–6**
Investments [1]	106	70	38	28	**53**
Research and development costs	154	99	104	109	**102**
Total assets	2,992	2,873	2,371	2,257	**2,038**
Fixed assets	1,812	1,851	1,476	1,308	**1,335**
Equity	561	455	875	849	**772**
Subscribed capital	200	200	597	600	**600**
Equity ratio as a percentage	19	16	37	38	**38**
Distribution [2]	0	0	0	0	**0**
Dividend per share in € [2]	0.00	0.00	0.00	0.00	**0.00**
Earnings per share in € [3]	0.90	–1.36	–0.10	–0.13	**–0.33**
Share price as at the end of the financial year in € [4]	2.29	3.36	3.34	1.50	**1.80**
Market capitalization as at the end of the financial year	284	416	779	352	**421**
Average number of employees for the year	10,988	10,146	9,136	8,841	**8,133**

[1] Not including financial assets
[2] According to the proposal on the allocation of the unappropriated profits
[3] Not including treasury shares
[4] Financial years 2008/2009 and 2009/2010 are adjusted to the number of outstanding shares following the capital increase

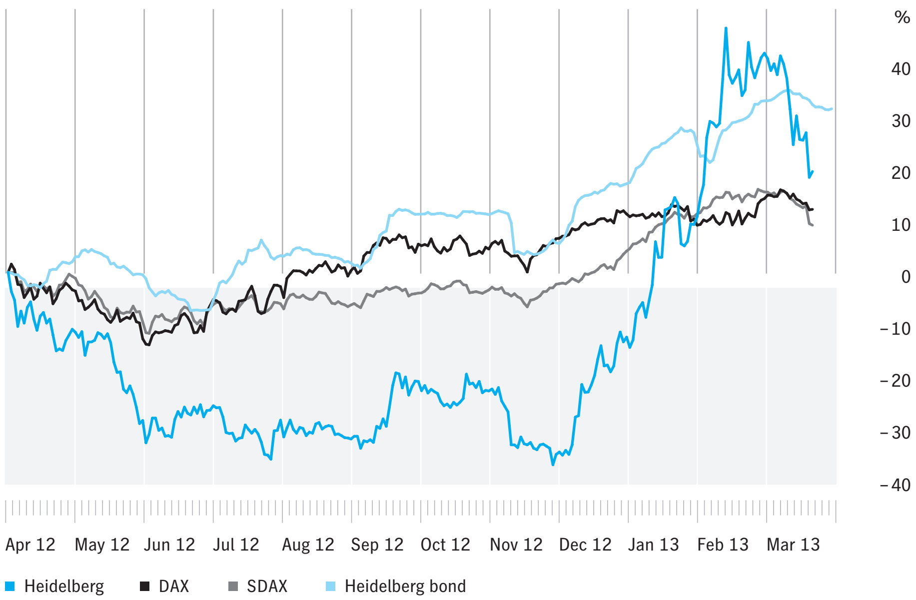
CONTENTS 2012/2013

The structure of the management report has been adjusted to improve transparency.

HEIDELBERG ON THE CAPITAL MARKETS

Performance of the Heidelberg share and the Heidelberg bond

Compared to the DAX/SDAX (Index: April 1, 2012 = 0 percent)



The Heidelberg Share and the Heidelberg Bond

Heidelberg's share price performance reflected the split nature of the year under review in terms of business performance, as well as the general development of the stock indices: While the first nine months were characterized by falling prices, a pronounced upward movement took place in the final quarter of the year. Towards the end of the calendar year, the Heidelberg share benefited from the tangible improvement in the Company's figures in the second half of the year as well as the positive trends on the stock markets. The closing share price of € 1.80 on March 31, 2013, was around 20 percent higher than the closing price at the end of the previous year.

All in all, the positive price performance of our bond continued in the year under review. At the start of the first quarter, the bond was trading at around 75 percent. The improvement in the Company's figures meant that it picked up over the course of the year, making gains in the fourth quarter in particular. At the end of February, the bond was trading at 100 percent (par), before closing the financial year at around 99 percent on March 31, 2013.

As part of the issuance of its bond, Heidelberg obtained a credit rating from two high-profile rating agencies for the first time. These ratings were reviewed during the reporting year. Standard & Poor's again classified Heidelberg's long-term rating as B but improved its outlook to “stable”, while Moody’s continued to give Heidelberg a Corporate Family rating of B3 and a negative outlook. Standard & Poor’s gave a CCC+ rating to the high-yield bond, while Moody’s rated the bond at Caa1.

Key performance data of the Heidelberg share

Figures in €

ISIN: DE 0007314007	2011/2012	**2012/2013**
Basic earnings per share [1]	– 0.98	– 0.47
Cash flow per share	– 0.56	– 0.17
Share price – high	3.38	2.22
Share price – low	1.20	0.94
Share price – beginning of financial year [2]	3.36	1.45
Share price – end of financial year [2]	1.50	1.80
Market capitalization – financial year-end in € millions	351	421
Number of shares in thousands [3]	233,899	234,104

[1] Determined based on the weighted number of outstanding shares
[2] Xetra closing price; source for prices: Bloomberg
[3] Weighted number of outstanding shares

Key performance data of the Heidelberg bond [1]

Figures in percent

Reg.S ISIN: DE 000A1KQ1E2	2011/2012	**2012/2013**
Nominal volume in € millions	304	304
Bond price – high	103.2	101.6
Bond price – low	57.3	69.5
Bond price – beginning of financial year [1]	102.1	74.9
Bond price – end of financial year [1]	75.1	98.9

[1] Closing price, source: Bloomberg

German Stock Indices at All-Time High – Heidelberg Share Significantly Outperforms the DAX and the SDAX in the Fourth Quarter of 2013

Following initial losses, the DAX broke through the 7,500-point barrier in December, a level that had represented a significant chart barrier in August and September 2012. The momentum from the year-end rally on the German stock markets then continued into the new year: After briefly exceeding 8,000 points in the first half of March, the DAX closed the financial year just below this psychologically important threshold.

Closing at 7,795 points on March 31, 2013, the benchmark index recorded growth of around 12 percent as against the previous year. Meanwhile, the SDAX closed at 5,698 points, representing an increase of around 9 percent over the same period. Heidelberg’s share price initially followed the general trend, falling to a low for the year of € 0.94 on November 28, 2012. It then recovered in line with the indices and even outperformed them slightly on the back of the significant improvement in the

Company's figures, with the shares reaching a high for the year of € 2.22 on February 19, 2013. The closing price of € 1.80 on March 31, 2013 was around 20 percent higher than the equivalent closing price on March 30, 2012.

In Constant Dialog with the Capital Markets

Our investor relations activities have one core aim: to present Heidelberg transparently on the capital markets in order to achieve an appropriate valuation for the Heidelberg share and bond.

We inform all stakeholders in an open and timely manner. We seek not only to publish our financial figures, but also to explain them. This includes working continuously with the more than 15 financial analysts that regularly covered the Heidelberg share and bond in the year under review. As part of our creditor relations, we continued to build up communication relationships with financial analysts and investors specializing in high-yield bonds.

Annual General Meeting 2012: All Resolutions Adopted

On July 26, 2012, around 1,800 shareholders attended our Annual General Meeting for the 2011/2012 financial year, which was held at the Rosengarten Congress Center in Mannheim; this meant that almost 38 percent of Heidelberg's share capital was represented.

Among other things, the agenda included the approval of the new remuneration system for members of the Management Board, which came into force on April 1, 2012, as well as the new provisions on Supervisory Board remuneration. The Annual General Meeting also resolved a reduction in the size of the equally codetermined Supervisory Board to a total of 12 members, subject to the condition that the number of employees in Germany entitled to participate in elections of Supervisory Board members falls permanently below the threshold of 10,001. All of the proposed resolutions were adopted by a large majority of the shareholders, including the resolutions on Contingent and Authorized Capital 2012. The Annual General Meeting also resolved not to distribute a dividend for the previous financial year.

Free Float Increased to 100 Percent

At the end of the second quarter of the year under review, Allianz SE informed us that it had reduced its share of the voting rights of Heidelberger Druckmaschinen Aktiengesellschaft. As of October 4, 2012, it held 2.11 percent of the voting rights (corresponding to 4,953,952 of a total of 234,246,940 voting rights). This meant that the free float of Heidelberger Druckmaschinen's shares amounted to 100 percent of the share capital of 234,246,940 shares. The total number of shares outstanding at the end of the year under review was 234,246,940. At the time this report was printed, the shareholders holding more than 3 percent of Heidelberg's shares were Universal-Investment-Gesellschaft mit beschränkter Haftung (8.18 percent), RWE AG (4.22 percent), Union Investment Privatfonds GmbH (3.07 percent) and Dimensional Holdings Inc. (3.01 percent).

MANAGEMENT REPORT

Company Structure and Business Activities

Company Profile

Heidelberger Druckmaschinen Aktiengesellschaft is the parent company of the Heidelberg Group. The Company has been a major provider for the global printing industry for a number of years and develops, produces and distributes technologies for commercial and packaging printing. In addition to manufacturing printing presses and equipment for printing plate imaging, the Company sells service parts and remarketed equipment and offers comprehensive services, as well as making its precision engineering expertise available to other companies within the framework of contract manufacturing. Heidelberger Druckmaschinen Aktiengesellschaft also carries out Group functions.

Production Sites

Heidelberger Druckmaschinen Aktiengesellschaft operates six production sites in Germany, which are shown on the map on the right. Administration and development, a Print Media Demonstration Center, and several training centers are located in Heidelberg. Sheetfed offset printing presses and die-cutters are manufactured at specialized production sites operating as part of a production network. Precisely processed castings are delivered from Amstetten, rotationally symmetrical and profiled parts are supplied by the Brandenburg plant, and model parts, electronic components, and experimental components are produced at the Wiesloch-Walldorf plant, where we also assemble the vast majority of our sheetfed offset printing presses and die-cutters. The Wiesloch-Walldorf site is also home to development work and prepress services, while the Langenfeld site focuses primarily on development work and services for folder gluers.

Heidelberger Druckmaschinen Aktiengesellschaft – German sites

Focus 2012 Efficiency Program

In January 2012, we resolved a plan of action aimed at reducing our cost base. The Focus 2012 efficiency program was initiated and all of the key measures were implemented in the 2012/2013 year under review. After realizing Group-wide savings of more than € 60 million in the first year, annual cost savings of around € 180 million are expected to be generated from the 2013/2014 financial year onwards. We will also continue to adjust cost structures to reflect changes in market requirements. To this end, we will intensify individual measures under the Focus 2012 program, thereby increasing the total savings generated throughout the Group as a whole to more than € 200 million.

Since 2008, the number of employees at the Group has been cut from more than 20,000 to the current figure of around 14,200. By mid-2014, the workforce will be reduced further to well below 14,000. Our aim remains to find socially responsible solutions for adjusting the size of the Company to reflect the level of the market. Our product and service quality and our competitiveness continue to be guaranteed.

Employees

At the end of the reporting period, Heidelberger Druckmaschinen Aktiengesellschaft had a total of 7,921 employees across its six production sites – 771 fewer than in the previous year. This headcount reduction was achieved as part of the Focus 2012 efficiency program.

Number of employees per site

	31-Mar-2012	**31-Mar-2013**
Heidelberg	1,645	1,520
Wiesloch-Walldorf	4,669	4,244
Amstetten	967	892
Brandenburg	573	541
Kiel	285	253
Langenfeld	73	61
Trainees	480	410
Total	8,692	7,921

Human resources activities in the year under review focused on supporting Company-wide change processes and ensuring that they are reflected in the workforce and management structure. One of the main tasks was supporting the implementation of the new business area structure – as described in the "Organization and Controlling" section on page 7 – and a new system of management levels. Under the new system, responsibilities are allocated more clearly and variable remuneration components are linked to the achievement of financial targets in a transparent manner, with defined financial targets being assigned various weightings in a scorecard depending on the respective function.

Our training rate has been constant for a number of years at around 6 percent. On September 1, 2012, some 130 trainees started their professional career at Heidelberger Druckmaschinen Aktiengesellschaft. In Germany, we provide training in 11 occupations and offer various dual bachelor programs in the areas of technology, media and business. Due to the employment situation at the Company, we were unfortunately unable to offer jobs to those trainees completing their final examinations in spring 2013. Thanks to the high level of training and Heidelberg's continued excellent reputation as a training provider, however, most of these young people were able to find employment in immediately related areas.

Research and Development

Our research and development activities are geared towards the aspects of customer benefit and economic efficiency. New developments must have a high degree of market relevance and be suited for series production at a reasonable cost. In the area of research, we work in close cooperation with partners such as customers, suppliers, other companies and universities.

A total of 847 or around 11 percent of our employees are active in the area of R&D. In the year under review, we invested € 102 million or 7.9 percent of our sales in research and development; this related to new and further developments and, in particular, preparations for series production. We focused our research and development activities on strategic growth areas and expanded our position as a pioneer for ecological printing. Our presence at the drupa international trade show for the printing and paper industry in Düsseldorf in May 2012 included the presentation of comprehensive solutions for the key industry trends – for customers from the commercial printing and packaging printing sectors alike.

In the year under review, we established a consistently functional organizational structure in the area of research and development in order to make it easier for us to improve processes. We have strengthened our digital printing development for commercial and packaging printing and bundled these activities within a single function, which we expect to generate considerable synergies.

Sustainability

For Heidelberg, sustainability means taking ecological and economic considerations and social responsibility into account at the same time. Compliance with standards of conduct and environmental standards is mandatory. Our product development process is designed in such a way that safe and environmentally sound solutions are found for the entire product life cycle. Environmental protection is integrated into the organization. Suppliers and contracting parties are included in our targets at all our production sites and are required to comply with similar standards, including with regard to social and ethical issues.

In October 2012, a cogeneration plant went live at our production site in Wiesloch-Walldorf. With two units, it will reduce energy costs at our largest production and assembly site by around 10 percent, as well as preventing environmental pollution to a large extent. Although we invested € 2.6 million in the plant, already savings of € 1.1 million have been generated and CO_2 emissions have been reduced by 1,300 metric tons between the plant going live in October 2012 and the end of the financial year.

Our aim is to continue to reduce CO_2 emissions per metric ton of output into 2014. In order to further improve this key figure, we intend to concentrate investments on our most energy-intensive production sites. A range of evaluation projects are currently in progress; we have already achieved the ISO 50001 certification of an energy management system at our particularly energy-intensive Amstetten production site. The foundry in Amstetten is now one of the most advanced facilities in Europe.

Organization and Controlling

In line with its internal reporting structure, the operating activities of Heidelberger Druckmaschinen Aktiengesellschaft are divided into three **SEGMENTS**: Heidelberg Equipment, Heidelberg Services and Heidelberg Financial Services. Within the segments, Heidelberg is divided into business areas (BAs). This structure allows us to implement individual BA strategies without relinquishing the operative synergies of functions at segment and company level. This enables us to guarantee a rapid response to market changes, firmly establish responsibilities and enjoy business success.

In the year under review, the adjustment of our organization to reflect changes in the market environment led to a reclassification within the segments. Sales figures for the previous year were restated accordingly.

The primary **OBJECTIVE** of the Management Board is to return to profitability while rapidly reducing the Group's net financial liabilities. The next priority is to sustainably safeguard profitability and increase it in the medium term. This is why, in its management of the Company, the Management Board primarily uses **KEY FINANCIAL INDICATORS** as a basis for its decisions. These control parameters are the essential basis for the overall assessment of all issues and developments within the Company. Our planning and management are based in particular on sales and earnings development. Other than sales, the primary financial indicators are EBIT, the ratio of net working capital to sales, free cash flow, and the ratio of net financial liabilities to EBITDA (leverage).

In addition, the Management Board bases its decisions on defined **EARLY WARNING INDICATORS** and non-financial control parameters. We analyze changes in various early warning indicators at a segment and industry level in order to recognize trends in the Company's development at an early stage. We compare target and actual figures for all data that is relevant to our business performance on a monthly basis. Scenarios are drawn up regularly on the basis of the figures obtained, as well as a wide range of data from our business environment. We also monitor general forecasts for the state of the economy as a whole, as well as statistics and forecasts from the printing and mechanical engineering industry.

Our aim is to protect the "Heidelberg" brand, our most important intangible asset. Our internationally high quality standards in the areas of development, production and service make a key contribution towards this. We seek to reduce complexity throughout the entire Group, as well as paying particular attention to the topic of environmental protection.

Corporate Development

Economic Environment and Industry Development

The development in gross domestic product (GDP) as an indicator of economic growth, and hence of general commercial activity and capacity utilization of print shops, plays an important role for us in assessing our regional business performance. The Heidelberg Equipment segment reacts more strongly and more directly to GDP development than the less cyclical Heidelberg Services segment. The table on the right shows an overview of the development in GDP. **GLOBAL ECONOMIC GROWTH** continued to lose momentum in 2012: A figure of 2.3 percent was recorded in 2012 after 2.7 percent in the previous year. While the US enjoyed comparatively robust performance, economic development in the euro zone was slowed by the sustained debt crisis in particular. Emerging economies such as China also saw weaker growth than in previous years. The difference between the growth rates of the different economies remains substantial: On average, gross domestic product in the industrialized nations rose by 1.4 percent, while the emerging economies reported growth of 4.8 percent. This meant that demand within the printing industry was again relatively high in the emerging nations.

The **MARKET FOR PRINTED PRODUCTS** is stable. For almost 15 years, the global volume for printed products has been more than € 400 billion. The market is influenced by economic trends (reduced advertising spending in recession phases) and technological trends (Internet communication) alike. Overall, however, the impact of these factors on printing volumes amounts to a low single-digit percentage and is historically offset by the growth of the market. Within the market, there are the three application areas of publishing, packaging and commercial printing. We primarily operate in the submarkets of commercial and packaging printing, which cumulatively account for around 60 percent of the market volume. The packaging sector is growing more strongly, among other things as a result of the rising share of high-quality packaging in the emerging economies, and is considered to be less cyclical. The commercial printing area has stabilized, but is still subject to greater economic fluctuation than the packaging sector. In spite of the relative stability of printing volumes, there have been constant structural changes within the printing industry, some of which have been far-reaching in nature. This process of structural change has been driven by new developments in IT and communications technology on the one hand and by financial crises and the associated economic fluctuations on the other. This has presented Heidelberg with the challenge of adapting to the new dynamics of the different markets. In addition to the necessary and substantial restructuring measures, opportunities have been created for new products, production processes and market-specific marketing strategies. Heidelberg has increasingly moved away from being a pure supplier towards being a partner for its customers that can offer tailored product recommendations thanks to its knowledge of customer business along the entire value chain.

Gross domestic product [1)]

Change from previous year in percent

	2011	**2012**
World	2.7	**2.3**
USA	1.7	2.2
EU	1.6	– 0.3
Germany	3.1	0.9
UK	0.8	0.3
Eastern Europe	4.7	2.2
Russia	4.3	3.4
Asia [2)]	6.4	5.4
China	9.2	7.8
India	6.8	4.2
Japan	– 0.7	2.0
Latin America	4.6	3.0
Brazil	2.7	1.0

[1)] Source: Global Insight: WMM; April 2013
[2)] Excluding Japan

Business Development

The drupa trade show in May 2012 caused orders to rise briefly in the first quarter; however, there was no long-term positive effect on the new equipment market. Overall, incoming orders in the year under review increased by more than 4 percent year-on-year, from € 1,186 million to € 1,238 million.

In the year under review, the sales volume amounted to € 1,289 million, up 5 percent on the prior-year figure of € 1,228 million. This meant that, on the whole, sales developments did not meet expectations for the financial year. This was because the drupa trade show failed to trigger an expansion in new equipment business as had been hoped, while individual markets such as Brazil saw slower momentum than anticipated.

The difficult economic situation in Brazil had a direct impact on sales in the South America region, which declined substantially. We also recorded lower sales in the Asia/Pacific region, while the regions of Europe, Middle East and Africa (EMEA), Eastern Europe and North America enjoyed sales growth.

Net Assets, Financial Position and Results of Operations

The result of operating activities remained unchanged and the financial result improved significantly, meaning that the result from ordinary activities increased in the year under review.

Income statement

Figures in € millions

	2011/2012	**2012/2013**
Net sales	1,228	**1,289**
Total operating performance	1,238	**1,250**
Result of operating activities	– 56	**– 53**
– in percent of sales	– 5 %	– 4 %
Financial result	– 65	– 26
Result from ordinary activities	– 120	**– 79**
– in percent of sales	– 10 %	– 6 %
Taxes on income	90	2
Net loss for the year	– 30	**– 77**
– in percent of sales	– 2 %	– 6 %

The Focus 2012 efficiency program had a significant impact on the **RESULT OF OPERATING ACTIVITIES** of around € 41 million in the year under review. Other operating income also declined by € 103 million; this was due in particular to lower reversals of write-downs on investments in subsidiaries and a reduction in income from currency translation. In terms of the result of operating activities, this was partially offset by the income of € 49 million from the reversal of a write-down on an investment in a subsidiary, the regular review having established that the carrying amount of the investment in question was no longer impaired to this extent. In addition, staff costs fell by € 80 million as a result of the lower level of additions to provisions in connection with the redundancy scheme. Furthermore, other own work capitalized increased by € 13.1 million, primarily due to the fact that we equipped our showrooms with new printing presses to be able to present customers the very latest products both during and after the drupa trade show.

The financial result improved by € 39 million year-on-year. This was primarily driven by the positive result from financial assets of € 15 million, which exceeded the corresponding prior-year figure by € 26 million. This development was mainly due to the higher profit transfer from affiliated companies. Interest expense also declined by € 19 million, largely as a result of the net amount of the increase in provisions for pensions as a result of interest and income from the plan assets for the fulfillment of pension obligations. These positive effects were offset by a decrease in interest income of € 6 million.

TAX INCOME of around € 2 million was recorded in the year under review (previous year: around € 90 million). The decrease in taxes on income is primarily due to the reversal of tax provisions for completed appeal proceedings and an external tax audit in the previous year.

All in all, the developments presented above resulted in a **NET LOSS FOR THE YEAR** of € 77 million.

Balance sheet structure

Figures in € millions

	31-Mar-2012	in percent of total assets	**31-Mar-2013**	in percent of total assets
Fixed assets	1,308	58	1,335	66
Current assets [1]	949	42	703	34
Total assets	2,257	100	**2,038**	**100**
Equity	849	38	772	38
Special items	2	0	1	0
Provisions	442	19	408	20
Liabilities [1]	964	43	857	42
Equity and liabilities	2,257	100	**2,038**	**100**

[1] Including accruals and deferred income

In the year under review, TOTAL ASSETS fell by € 219 million or around 10 percent to € 2,038 million. On the assets side, inventories and receivables were reduced significantly, while an increase was realized in financial assets in particular. On the liabilities side, equity, provisions for pensions, other provisions and financial liabilities were the main items that declined in the year under review, while liabilities to banks increased. Details can be found in the section on the Company's net assets, financial position and results of operations below.

All in all, the carrying amounts of FINANCIAL ASSETS increased by € 22 million. This development was due to capital increases at four subsidiaries and the reversal of a write-down in the amount of € 49 million resulting from the regular review of the carrying amounts of investments. This was primarily offset by write-downs on five subsidiaries totaling € 45 million, as well as the lower level of loans.

Under CURRENT ASSETS, two items declined in particular, with receivables from affiliated companies falling by € 162 million and inventories decreasing by € 69 million on the back of the lower level of finished goods and services as well as raw materials, consumables and supplies. The main increase was in the area of trade receivables, which rose by € 12 million due to the high level of sales in the final quarter of the year under review.

The € 77 million decrease in EQUITY to € 772 million was due entirely to the net loss for the year under review. At the end of the reporting period, the equity ratio was unchanged year-on-year at 38 percent.

PROVISIONS were impacted by two extraordinary effects: The adjustment to the pension increase rate resulted in the reversal of provisions for pensions in the amount of € 23 million, while a further € 35 million was added to staff-related provisions in the year under review in connection with the Focus 2012 efficiency program. The development in the latter provision was partially offset by utilizations and reversals totaling € 30 million.

LIABILITIES including deferred income were reduced by a net amount of € 107 million; however, there were shifts within the individual liability items. Financial liabilities to affiliated companies declined by € 94 million year-on-year, largely as a result of the capital reduction of more than € 65 million at Heidelberger Druckmaschinen Austria Vertriebs-GmbH. At the same time, liabilities to banks increased by € 16 million. Trade payables owed to third parties fell by € 17 million, while other liabilities decreased by € 12 million.

Financing Structure: Credit Facilities and High-Yield Bond Ensure Heidelberg's Medium-Term Liquidity

As part of the refinancing that was agreed on March 25, 2011, Heidelberg issued a high-yield, uncollateralized bond with a volume of € 304 million, a term of seven years and a coupon of 9.25 percent p. a. on April 7, 2011. Alongside the high-yield bond, a new revolving credit facility of € 500 million from a banking syndicate maturing at the end of 2014 came into force as part of the refinancing agreed on March 25, 2011. The financing agreements on the credit facility contain standard financial covenants regarding the financial situation of the Heidelberg Group. As part of the Focus 2012 efficiency program, the originally agreed financial covenants were adjusted to a level that reflects the changed economic environment. To this end, an amendment to the loan conditions was agreed with the syndicate banks in March 2012. Due to the lower financial requirements resulting from Heidelberg's successful asset management, the credit facility was reduced by € 25 million with effect from July 1, 2012. Utilization of the credit facility amounted to € 22 million at the end of the reporting period. The outstanding borrower's note loan transferred by a subsidiary, which was still recognized in the previous year and which had a nominal volume of € 50 million, was scheduled for repayment in March 2013 and was repaid accordingly. Above and beyond this, there was a redemption loan with a term until March 2018 and a nominal volume of € 41 million at the end of the reporting period.

Financing is supplemented by operating lease contracts where this is economically appropriate. Other off-balance-sheet financing instruments do not have any significant impact on the Company's economic position.

Our financing structure demonstrates an appropriate diversification in terms of both financing sources and the maturity of the instruments employed. We continue to have a stable liquidity framework.

Heidelberger Druckmaschinen Aktiengesellschaft manages the Group's financing and secures its liquidity. Since May 2006, all consolidated subsidiaries have been directly linked with the in-house bank of Heidelberger Druckmaschinen Aktiengesellschaft through an internal account. In addition, cross-border payments are made via our "payment factory". This means that our internal and external payments are cost-effective. This is an important prerequisite for optimizing the Group's global **LIQUIDITY MANAGEMENT** and reducing the level of borrowed funds.

Events after the End of the Reporting Period

There were no material events after the end of the reporting period.

Control System, Risks and Opportunities

Control System

Clear values, principles and guidelines help us to manage the Company. Our Internal Audit team regularly examines compliance with all guidelines and accounting standards on a test basis. The principles, processes and measures forming part of our internal control system are aimed at ensuring that management decisions are implemented effectively, that business activities are profitable, that statutory provisions and internal regulations are observed, and that accounting is performed properly.

Guidelines and operating instructions can be accessed at all times via the Company's intranet or the intranet of the individual areas, among other things. These form the basis for the Heidelberg Group's internal control system. It is the responsibility of all senior executives to establish an internal control system for their areas of responsibility.

The principle of dual control applies to all transactions. Every declaration of intent that is binding on Heidelberger Druckmaschinen Aktiengesellschaft and the Heidelberg Group or that exposes the Group to a risk must be authorized by at least two individuals. Adequate functional separation is ensured through the organizational separation of administrative, implementing, invoicing and authorization functions. Limits and responsibilities are set out in an authorization table and must be observed when authorizing transactions. Within the framework of our planning, the responsible divisional managers confirm that all significant risks have been recorded in full, and that the internal control system has been complied with.

The effectiveness of the internal control system at the processing level is monitored by Internal Audit on a test basis at regular intervals. The effectiveness of the risk management system is also regularly monitored by Internal Audit. Finally, the Audit Committee deals with the effectiveness of the internal control system and the Internal Audit system, examines their functionality and arranges for regular reporting on audit planning and findings.

Risks and Opportunities

RISK AND OPPORTUNITY MANAGEMENT is concretely integrated within Heidelberg's strategic five-year planning. The efficiency of our risk management process is monitored on a regular basis by Internal Audit. Our risk early identification system satisfies the legal requirements of the German Corporate Sector Supervision and Transparency Act (KonTraG).

All cross-divisional committees are required to periodically analyze risks and opportunities from all perspectives. This applies in particular to non-quantifiable risks. Representatives of our subsidiaries are also members of our large Risk Committee, which prepares and updates the risk catalog containing the 30 most significant risks. The small Risk Committee consists of selected senior executives from various divisions; among other things, they determine the materiality thresholds and the ranking of the risks, as well as continuously working to improve the risk management process.

Risks are quantified in accordance with the key parameters "probability of occurrence", "amount of loss upon occurrence" and "expected risk development during the planning period". Our guidelines and organizational directives stipulate a strictly formal process by means of which we systematically identify individual risks and the OVERALL RISK to which the Company is exposed, as well as detecting, assessing and quantifying opportunities. All operating units and divisions are integral components of this process. Information on risks is collected locally. The areas of observation that are relevant from a risk perspective and the risk survey methodology are set out in the guidelines. Classification into risk categories is based on the potential impact on the net profit and free cash flow of the individual units. Reporting thresholds are set on a uniform basis. All significant areas, such as human resources and development, are assigned a risk catalog which they are required to fill out – partially in cooperation with the regions – and return. Risk Controlling summarizes these risks at a Company level three times a year and assigns them to risk categories. The reports are provided to the entire Management Board and the Audit Committee of the Supervisory Board.

The central Corporate Treasury unit manages the Company's financing activities and secures its liquidity. LIQUIDITY RISKS are systematically minimized throughout the Company. We identify the potential funding requirements of the Company and the resulting potential liquidity risks at an early stage with the help of our monthly rolling liquidity planning system. Corporate Treasury identifies risks arising from changes in interest rates or exchange rates and introduces appropriate measures and strategies in order to minimize these risks. Some of these measures also include derivative financial instruments, and more specifically forward exchange transactions, currency options and interest rate swaps. Information on these instruments and the impact of hedges can be found on page 52 of the notes to the annual financial statements. The functional and physical separation of trading, processing and risk controlling in the Corporate Treasury unit is ensured. Furthermore, the unit is regularly monitored by Internal Audit.

Accounting-Related Internal Control and Risk Management System

Accidental or deliberate accounting errors could theoretically result in an inaccurate presentation of the net assets, financial position and results of operations. We systematically implement measures to counteract this risk, as well as the further risks that could result from it. The CONTROL SYSTEM that we have established for this purpose is based on the framework for internal control systems of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). We make every effort to prevent errors in the annual financial statements and the management report of Heidelberger Druckmaschinen Aktiengesellschaft to the greatest possible extent by means of systematic controls and established processes which, among other things, involve reviews that are conducted on a test basis.

The annual financial statements and the management report of Heidelberger Druckmaschinen Aktiengesellschaft are prepared by the central FR department (Financial Steering and Reporting). This department also regularly monitors whether the books and records are correct, thereby ensuring that the financial information complies with regulatory requirements. The Internal Audit team, which has access to all data, also examines the individual areas of the Company and its subsidiaries on a test basis. In doing so, it examines, among other things, whether the internal control system has been implemented in this regard, whether transactions have been controlled, and whether the principle of dual control is adhered to in all areas. For example, the latter is mandatory for every order that is placed, for every invoice that is issued, and for every investment decision that is made. Compliance with all other internal guidelines and directives that have an impact on accounting operations is also monitored.

Risks are also reduced by means of a number of **AUTOMATED CONTROLS**. Authorization models have been implemented within the uniform Company-wide IT system. If a unit is examined by Internal Audit, these authorization models and their implementation are also reviewed. Automated controls and plausibility checks ensure the completeness and accuracy of data inputs. Data is validated on a fully automated basis in some cases, and discrepancies are brought to light. All in all, these procedures ensure that reporting on the business activities of the Company is consistent and compliant with the approved accounting guidelines. The effectiveness of the internal accounting control system is regularly monitored by our Internal Audit team.

Risk and Opportunity Report

Risks with a probability of occurrence of over 50 percent are integrated within our planning process, and hence are not discussed in the risk report. As our management focuses on financial performance indicators, we closely monitor early warning indicators that suggest a rise in non-quantifiable risk.

No risks that could jeopardize Heidelberg's continued existence are evident, either at present or for the foreseeable future. This applies to the results of the economic activities we have completed, as well as to the activities that we are planning or have already initiated.

In order to determine our **OVERALL RISK**, we bundle individual risks with similar content. Risks are not offset against opportunities. There has been only a minimal change in the overall risk situation of the Company compared with the previous year. The greatest risk in terms of a failure to achieve our earnings targets is still that sales in the Heidelberg Equipment division will be weaker than forecast owing to the general economic conditions.

We consider our **STRATEGIC RISK** to be low. It is assumed that the share of the printing volume produced using the sheetfed offset process will remain stable. As the barriers to market entry in sheetfed offset printing are enormously high, no significant competition from Chinese providers is anticipated. Sheet travel is a core competence at Heidelberg, which makes us an ideal partner for providers of new technologies – including because of our strong service and sales network worldwide. Before

Development of risk groups

Change from previous year

- Economic situation and markets
- Industry and competition
- Products
- Finance
- Performance
- Overall risk

- Increased risk
- No change in risk
- Decreased risk

investing in possible new business areas, we weigh up the risks and opportunities on the basis of various scenarios. The Management Board and the Supervisory Board address risks that could arise from the organization and management or from planned changes. For further information, please see the detailed “Corporate Governance Declaration” on our Web site.

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Our planning assumptions are described in the “Future Prospects” section on page 20.

Minimal Changes in Economic and Market Risks Compared with Previous Year

Our planning assumes moderate growth in the global economy with consistent demand for printing presses worldwide. If the global economy were to grow to a lesser extent than anticipated – or if key markets such as China were to suffer an unexpected economic downturn – we may not be able to achieve the planned sales performance in our Heidelberg Services and Heidelberg Equipment segments. China now has the highest sales of any of our individual markets, meaning that the conditions there are extremely important to us. Expanding our production site in Qingpu has further reduced the effects of various national risks – such as higher import duties or exchange rate fluctuations – on our business performance.

Industry and Competition Risks: Falling Competitive Pressure

The competitive situation in the printing press sector eased somewhat in the year under review, with capacity throughout the industry as a whole being reduced considerably. Accordingly, the risk of prices coming under pressure in this area, and hence threatening our sales targets, has also diminished.

Exchange rates in the year under review were mostly favorable for European manufacturers. If the exchange rate situation were to shift back in favor of Japanese manufacturers, this could boost our competitors in Japan and weaken our market position, particularly in the 70×100 format. By expanding our purchasing and production outside of the euro zone – we manufacture 70×100 format printing presses, among other things, in China – we are reducing the influence of exchange rate fluctuations in the medium term.

Product Risks at Low Prior-Year Level

The products and solutions that we presented at drupa follow the trends that are shaping the ongoing development of the print media industry around the world. They offer quantifiable cost and competitive advantages for print shops. As a result, we have already enjoyed great success with our new products since the trade show, especially the Speedmaster 106 XL-P and the Speedmaster CX 102. We are also not anticipating any notable risks in new business areas at this time.

In order to avoid undesirable developments, all of our research and development projects have a strict focus on customer benefit. We secure the results of our research and development activities through proprietary rights.

Cumulative Financial and Legal Risk Unchanged

The Company's financing, and hence its LIQUIDITY, is secure for the medium term. There are essentially no further interest rate risks at present. The details of the financing structure are described in the "Net Assets, Financial Position and Results of Operations" section on page 10 onwards. This also includes a discussion of the fact that financing is linked to standard key financial indicators (financial covenants) with which we have undertaken to comply during the term of the financing. If the financial position and results of operations of the Group were to deteriorate to such an extent that we fail to satisfy these financial covenants and if we were unable to modify them, this would have an adverse financial impact on the Company. There are currently no indications of such a development.

In the area of SALES FINANCING, there are still risks of default due to industry, customer, residual value and country risks; however, the volume of expected defaults and overdue receivables has declined further as against the previous year.

For foreign currency volumes, we have hedged against the risk of fluctuations in the EXCHANGE RATES of our principal foreign currencies, particularly the volatile US dollar and Japanese yen. Nonetheless, currency risks are a factor and have increased slightly as against the previous year, especially in light of the euro zone debt crisis. We are monitoring and assessing these risks on a permanent basis.

We reduce LEGAL RISKS from individual agreements by utilizing standardized master agreements wherever possible. We systematically protect our interests in the area of patents and licenses. Additional risks, such as compliance risks, are limited by systematically controlling adherence to our comprehensive guidelines in all areas.

Performance Risks Essentially Unchanged

PROCUREMENT risks have decreased significantly compared with the previous year. Risk management is a fixed component of our supplier management. We work closely with our systems suppliers on a contractual basis and reduce risks relating to supplier defaults and late deliveries of components or low-quality components. We continuously develop our supply methods and design efficient procurement processes with our key suppliers, thereby ensuring the reliable supply of parts and components of the highest quality. A flexible material supply at the optimal inventory level is essential, particularly with a view to fluctuations in demand. In order to keep our capital commitment as low as possible, we continuously optimize inventories along the entire value chain.

We continued our procurement activities in foreign currencies during the year under review with the aim of reducing the risks associated with exchange rate fluctuations. As we generate almost three-quarters of our sales outside the euro zone, we are further expanding our global procurement activities in order to make the Group less dependent on exchange rate effects. We are also leveraging differences in wage levels. In the Heidelberg Services segment, we generally pursue a dual vendor strategy with regard to consumables, as this allows us to prevent unilateral dependencies. We deviate from this strategy only where mutual exclusivity is assured. In this case, we also assume the sale of our partners' entire product range where the market and competitive conditions are appropriate.

As we are increasingly looking to global strategic partnerships, the impact of the termination of a SALES PARTNERSHIP in the various segments on our business development has also increased.

We are assuming that we will implement the measures forming part of the FOCUS 2012 PROGRAM rapidly and within the planned time frame, thereby reducing headcount throughout the Group to significantly less than 14,000 by mid-2014. A possible delay would increase the risks in the area of HUMAN RESOURCES. In addition, the intensification of the program serves to increase the risk that the employees we wish to retain will leave the Company and that non-quantifiable success factors, such as employee motivation, will be temporarily impaired.

We efficiently utilize our existing facilities to keep our INVESTMENTS low. In previous years, we also made strategically important investments, necessary replacement investments and investments in order to improve environmental protection. We have GUARANTEED PRODUCTION SAFETY by making the necessary replacement investments.

We do not anticipate any serious risks of failure in our IT systems. The probability that losses could result from viruses has been significantly reduced through extensive preventative measures. In the year under review, we invested more extensively in our IT infrastructure, thereby increasing system security on the whole; however, implementing software updates could lead to process downtime and delays. We do not anticipate any notable ENVIRONMENTAL risks, as these risks are minimized through our highly effective environmental management, both in product design and production.

Opportunities: Mainly Economic Opportunities

The greatest opportunity for Heidelberg lies in substantially more positive economic development than is currently anticipated. A shift in exchange rates in our favor would also have a positive effect on our sales and earnings. In several countries, there are opportunities – and risks – that social and political changes, government intervention, customs regulations and changes in legislation could influence our business development. Opportunities for Heidelberg will also arise from STRATEGIC MEASURES. In particular, this includes the transformation of the segments and business areas, our regional differentiation and our focus on business areas that are less susceptible to economic developments, complexity management, and the expansion of promising partnerships in all fields.

Future Prospects

All in all, the Company considers the general conditions for the printing industry to be stable in the current financial year: The market in which we operate is robust, and the global print production volume will remain constant or increase slightly. We therefore anticipate that global demand for printing presses and consumables will develop accordingly. In light of this, we are assuming that sales will remain at the level of the year under review in the 2013/2014 financial year. As in the previous year, we expect the share of sales to be significantly higher in the second half of the year.

The developments on the global markets and the individual submarkets will differ structurally in line with global economic trends. Customers are facing competitive and consolidation pressure in the INDUSTRIALIZED NATIONS on account of their stagnant to slightly contracting market development. In the EMERGING ECONOMIES, we are forecasting increased investment as a result of the growth in printed products. The China Print trade show in mid-May is expected to result in additional momentum for order volumes in our key market of China.

We seek to generate additional sales only if they increase our profitability. The far-reaching action plan to sustainably reduce our cost base and the concentration of our business on market changes and operations that are less susceptible to economic fluctuations should ensure that we can achieve our profitability targets while sales remain stable.

The full effect of the planned savings under the Focus 2012 program will be seen for the first time in the course of the 2013/2014 financial year. As regional fluctuations in terms of economic development are still anticipated and both staff costs and the cost of materials are expected to rise, we will continue to systematically adjust our cost structures in future. We recognized the majority of the costs for the intensification of the Focus 2012 program in the past financial year. Nevertheless, further extraordinary expenses could be incurred while implementing activities in the current financial year. With the help of the measures that have been initiated, we are expecting to see a significant improvement in the result of operating activities in the 2013/2014 financial year. The financial result will decline slightly, as the figure for the year under review benefited strongly from non-recurring income from dividends and tax reimbursements. However, this should be outweighed by the planned positive development in the operating result, leading to a significant reduction in the net loss for the 2013/2014 financial year compared with the year under review.

We are assuming stable to slightly rising sales in the years following the 2014/2015 financial year. In addition to initiatives aimed at raising margins and optimizing the portfolio, we will continuously reduce the cost base in future in order to further improve our operating result and ensure that we can generate sustainable net profits in the medium term.

We will propose the payment of a dividend to the Annual General Meeting if we have achieved our medium-term objectives and if this seems appropriate in light of the outlook for the Company. No dividend payment will be proposed for the year under review.

IMPORTANT NOTE

Legal Disclosures

Remuneration Report – Management Board and Supervisory Board

The Supervisory Board discussed the appropriateness of Management Board remuneration and the structure of the remuneration system on several occasions during the year under review, including in connection with the agreement and review of target agreements with Management Board members. The parameters for measuring the variable remuneration components were also discussed and, in respect of the long-term variable remuneration components, were adjusted to reflect the requirements of the current loan agreement and its financial covenants.

The remuneration structure for the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft will continue to comply with the statutory provisions (German Stock Corporation Act and German Act on the Appropriateness of Management Board Remuneration) and the requirements of the German Corporate Governance Code.

The overall structure and the amount of remuneration of the Management Board are determined in line with the recommendations of the Committee on Arranging Personnel Matters of the Management Board, a committee of the Supervisory Board of Heidelberger Druckmaschinen Aktiengesellschaft, and monitored at regular intervals. In each case, Management Board remuneration amounts to a maximum of 280 percent of the fixed annual basic remuneration, divided into 100 percent for the fixed annual basic remuneration and a maximum of 180 percent for the variable remuneration components, i. e. a maximum of 90 percent each for the variable single-year remuneration and variable multi-year remuneration.

The remuneration of the Management Board consists firstly of a fixed annual salary paid in 12 equal installments at the end of each month and variable single-year and multi-year remuneration, which is calculated on the achievement of certain three-year targets using defined parameters, and secondly of benefits in kind and a company pension scheme (in addition to share-based pension benefits).

The remuneration structure of the Management Board is undergoing a series of CHANGES starting from the year under review.

In future, the variable single-year remuneration will also be dependent on the Group’s success in that financial year; the benchmarks for this have been defined as free cash flow and EBIT. In addition, each member of the Management Board shall be eligible to receive a personal, performance-based bonus that is determined by the Supervisory Board on the recommendation of the Committee on Arranging Personnel Matters of the Management Board, taking into consideration the particular duties and areas of responsibility and any agreed individual targets. If the targets are achieved in full, the personal bonus may amount to up to 30 percent of the basic annual salary; the company bonus may also account for up to 30 percent, or up to 60 percent if the targets are exceeded. With respect to their personal annual bonuses, the members of the Supervisory Board and the Management Board have agreed to give priority to the annual financial targets at least until the restructuring has been completed. Until further notice and starting from the year under review, the 30 percent attributable to the personal bonus will be added to the company bonus subordinate to the financial targets on which it is based.

The Supervisory Board determines the targets for the multi-year variable remuneration for the forthcoming financial years based on the respective situation. Each year, targets are set for the coming financial year and for a new three-year period for the multi-year variable remuneration. Target achievement is also examined and established every year. However, the multi-year variable remuneration for the targets achieved is only paid after the end of the respective three-year period. Multi-year variable remuneration may amount to 90 percent of the basic annual salary if the targets are met in full.

The Management Board and the Supervisory Board have revised and adjusted the targets for the coming years. They have also agreed to a temporary solution giving members of the Management Board the opportunity – providing that specific targets are achieved (including compliance with the financial covenants in particular) – to earn at least part of the multi-year variable remuneration in the year under review and in the following year, considering that the long-term component of the bonus for the period to date was partially earned but was not paid on account of the members of the Management Board voluntarily waiving this payment in the 2011/2012 financial year. As an exception, the assessment period for this transitional phase amounts to just two financial years, i. e. the year under review and the 2013/2014 financial year, with a planned payment in the 2014/2015 financial year; this is based on the same targets as for the first two years of the concurrent first three-year period for multi-year variable remuneration, which comprises the year under review and the two subsequent financial years with a planned payment in the 2015/2016 financial year. As such, no long-term bonus was paid in the year under review.

Finally, it was determined that a minimum threshold of 25 percent will always be applied if an agreed minimum target is achieved; this means that target achievement will be assessed within a corridor of between 25 percent and 100 percent in future, and no longer between 0 percent and 100 percent. The previous structure of Management Board remuneration was otherwise unchanged in the year under review.

This also means that the remuneration for the Management Board based on the previous regulation will not exceed 280 percent of the annual fixed remuneration.

Furthermore, 10 percent of both the variable single-year and multi-year remuneration (before deduction of personal taxes) will be invested in shares of the Company that members of the Management Board may only dispose of following a holding period of 24 months. As previously, this means that the multi-year variable remuneration – and now also the single-year variable remuneration – will have a long-term performance incentive effect, thereby increasingly gearing the remuneration structure towards sustainable business development.

Remuneration in kind primarily consists of the value of the use of a company car in accordance with the relevant tax provisions.

Remuneration of the individual members of the Management Board:

Figures in € thousands

		Non-performance-related components			Performance-related remuneration	Components with long-term incentive		Total remuneration
		Base salary	Renunciation of salary	Benefits in kind	Bonus for the reporting year	Multiyear long-term bonus	Renunciation of bonus	
Dr. Gerold Linzbach [1]	2012/2013	321	0	9	289 [2]	193	0	812
	2011/2012	0	0	0	0	0	0	0
Bernhard Schreier [3]	2012/2013	208	0	6	184	125	0	523
	2011/2012	500	– 50	14	270	300	– 177	857
Dirk Kaliebe	2012/2013	350 [4]	0	15	329 [5]	210	0	904
	2011/2012	350	– 35	16	259	210	– 182	618
Marcel Kiessling	2012/2013	350 [4]	0	11	329 [5]	210	0	900
	2011/2012	350	– 35	26	189	210	– 115	625 [6]
Stephan Plenz	2012/2013	350 [4]	0	11	329 [5]	210	0	900
	2011/2012	350	– 35	10	224	210	– 150	609

[1] CEO since September 1, 2012
[2] For the 2012/2013 financial year, the Company bonus is guaranteed in full on a pro rata temporis basis.
[3] Bernhard Schreier's term as a member of the Management Board ended on August 31, 2012; his contract of employment with Heidelberger Druckmaschinen Aktiengesellschaft ends on June 30, 2013. The figures for 2012/2013 relate to the period from April 1, 2012 to August 31, 2012.
[4] From April 1, 2013: € 370 thousand
[5] Includes a special bonus of € 20 thousand
[6] Marcel Kiessling's cash remuneration was calculated on the basis of his full annual salary of € 350,000

The **REMUNERATION PAID TO MEMBERS OF THE MANAGEMENT BOARD WHO LEFT THE COMPANY IN THE YEAR UNDER REVIEW** is as follows: The term in office of **BERNHARD SCHREIER** as a member of the Management Board ended on August 31, 2012; his contract of employment with Heidelberger Druckmaschinen Aktiengesellschaft ends on June 30, 2013. He served the Company in an advisory capacity in the period from September 1, 2012 to December 31, 2012. He has been released from work for the period from January 1, 2013, to June 30, 2013; this will also settle his remaining vacation entitlement. Until June 30, 2013, he is entitled to his monthly basic salary and single-year and multi-year variable remuneration. His pro rata cash remuneration for the period from September 1, 2012 to June 30, 2013 comprises his basic salary of € 417 thousand, non-cash remuneration of € 5 thousand, variable single-year remuneration for the 2012/2013 financial year of € 258 thousand and variable multi-year remuneration for the 2012/2013 financial year of € 175 thousand.

Pension plan for the individual members of the Management Board:

Figures in € thousands

		Pension benefits			
		Accrued pension funds as of the reporting date [1]	Pension contribution during the reporting year [2]	Defined benefit obligation	Service cost
Dr. Gerold Linzbach [3]	2012/2013	288	288	311	311
	2011/2012	–	–	–	–
Bernhard Schreier	2012/2013	–	–	– [4]	60 [5]
	2011/2012	–	–	5,054	132
Dirk Kaliebe	2012/2013	768	123	1,023	126
	2011/2012	625	123	817	108
Marcel Kiessling	2012/2013	555	123	732	126
	2011/2012	419	133	552	137
Stephan Plenz	2012/2013	692	123	951	126
	2011/2012	551	123	752	119

[1] As a result of a performance-based commitment for pension benefits, Bernhard Schreier does not have any accrued pension funds as of the reporting date.
[2] For Dr. Gerold Linzbach, Dirk Kaliebe, Marcel Kiessling and Stephan Plenz, the pension contribution for the reporting year is calculated on the basis of the pensionable income on March 31, without taking into account the not yet determined earnings-related contribution. As a result of a performance-based commitment for pension benefits, no pension contributions are owed for Bernhard Schreier. From July 1, 2013, he will receive an annual pension of € 375 thousand on the basis of this commitment (previous year: € 371 thousand from retirement age).
[3] Chairman of the Management Board since September 1, 2012
[4] Bernhard Schreier's term as a member of the Management Board ended on August 31, 2012; his contract of employment with Heidelberger Druckmaschinen Aktiengesellschaft ends on June 30, 2013.
[5] For the period from April 1, 2012 to August 31, 2012

The **POST-EMPLOYMENT BENEFITS** of the members of the Management Board were broken down as follows:

DR. GEROLD LINZBACH has been appointed as an ordinary member of the Management Board, the Chief Executive Officer and Chief Human Resources Officer for a term of five years. His pension agreement provides for a defined contribution plan that is essentially consistent with the defined contribution plan for senior executives. On July 1 of each year, the Company pays a contribution based on the respective basic salary to an investment fund retroactively for the previous financial year. In deviation from the 35 percent that usually applies for members of the Management Board, the fixed pension contribution for Dr. Gerold Linzbach is only 22 percent of his eligible remuneration. In return for this reduced pension contribution, he was granted a performance-based pension commitment at the start of his employment to be paid in cash at the end of his contractual term in office on August 31, 2017; this will be paid on a pro rata basis in the event of his early departure from the Company.

DIRK KALIEBE, MARCEL KIESSLING and STEPHAN PLENZ have each been appointed as ordinary members of the Management Board for terms of three years. The pension agreements for Dirk Kaliebe, Marcel Kiessling and Stephan Plenz provide for a defined contribution plan that is essentially consistent with the defined contribution plan for senior executives. On July 1 of each year, the Company pays a contribution based on the respective basic salary to an investment fund retroactively for the previous financial year. In view of standard market practice and the structure of defined benefit commitments, the annual contribution rate was uniformly set at 35 percent of the respective basic salary in the 2011/2012 financial year. This resulted in an increase in annual contributions of 5 percent for Dirk Kaliebe and 2 percent for Stephan Plenz. Marcel Kiessling's contribution rate will also be 35 percent from the year under review onwards; this represents a reduction of 3 percent.

The pension agreements for all members of the Management Board stipulate that the amount paid can increase depending on the results of operations of the Company. The exact amount of the pension also depends on the financial success of the investment fund. The pension may be paid as an early pension payment beginning at age 60. In any case, i.e. whether the employee leaves the Company at age 65 or 60, the pension will be paid principally in the form of a one-time payment of pension capital. Provision is also made for disability and surviving dependents' benefits (60 percent of the disability payment or the pension) based on the amount of the respective last basic remuneration. In the case of a disability pension, in deviation from the defined contribution plan for senior executives, the percentage is based on the length of service with the Company. With the exception of Dr. Gerold Linzbach, all three other members of the Management Board have reached the length of service entitling them to the maximum benefits of 60 percent. Should a member's contract of employment expire prior to the benefit payments being made, the claim to the pension capital established as of that date shall remain valid. The other post-employment benefits (disability and surviving dependents' benefits) earned in accordance with Section 2 of the German Company Pension Act (BetrAVG) shall remain valid on a pro rata temporis basis. The statutory vesting periods are considered to have been met for Dirk Kaliebe, Marcel Kiessling and Stephan Plenz.

BERNHARD SCHREIER was an ordinary member of the Management Board until August 31, 2012; his service agreement with Heidelberger Druckmaschinen Aktiengesellschaft ends on June 30, 2013. Bernhard Schreier will receive his pension as per his pension commitment from July 1, 2013. His pension commitment provides for a pension based on the amount of the last basic remuneration as well as surviving dependents' benefits; this thereby deviates from the pension commitments for most employees, whose benefits are based on a table relating to income groups that is adjusted regularly to reflect changes in the cost of living. The percentage is based on the number of years of service with the Company, with the increase in the percentage being graduated per year of service. Based on Mr. Schreier's period of service with the Company, the maximum pension rate of 75 percent as set out in the pension agreement has already been reached. The pension will be paid out from age 65 or on the onset of employment disability. Current benefits will be adjusted in the same percentage ratio as the basic pay of salary group B9 for civil servants in Germany. Unlike that of employee remuneration, no provision is made for a guaranteed adjustment of at least 3 percent every two years. A pension will also be paid if, prior to reaching retirement age, the employment contract is terminated or is not extended by the Company without giving cause that would have entitled the Company to terminate employment without due notice. Even in the event of early termination, the claim for post-employment benefits shall remain in force in the amount vested up until that date. Furthermore, the statutory vesting periods are considered to have been met. The payment of the retirement pension is secured by a reinsurance policy, with the related claim against Bernhard Schreier pledged as collateral.

In terms of EARLY TERMINATION BENEFITS, all service agreements provide for the following uniform regulations in the event of the effective revocation of the mandate of a Management Board member's appointment or a justifiable resignation by a member of the Management Board with good cause. The service agreement shall be terminated upon expiration of the statutory period of notice in accordance with Section 622 (1), (2) of the German Civil Code (BGB). In the case of the effective termination of a mandate, the member of the Management Board shall receive a severance payment at the time of termination of the contract of employment that corresponds to two years of his or her previous total remuneration as set out in the contract of employment; however, this amount may not exceed the amount of the remuneration payable for the originally agreed residual term of the contract. The right of extraordinary termination for good cause in accordance with Section 626 BGB remains unaffected. The severance payment is to be made in quarterly installments over the originally agreed residual term, up to a maximum of eight quarterly installments. Other payments to the then former member of the Management Board that are required to be certified to the Company shall be offset against these payments during the originally agreed residual term on the basis of Sections 326 (2) sentence 2 and 615 (2) BGB. If a member of the Management Board is subject to employment disability, the payments set out in the respective pension agreement shall be made accordingly.

The remuneration of the members of the SUPERVISORY BOARD is governed by the Articles of Association and approved by the Annual General Meeting. Including the year under review, it consists of two components: fixed annual remuneration of € 18,000.00, and a variable component that depends on the dividend payment. The variable remuneration amounts to € 750.00 for each € 0.05 by which the dividend per share exceeds € 0.45; in other words, the members of the Supervisory Board only receive variable remuneration if the dividend exceeds € 0.50. While fixed remuneration is paid after the end of the financial year, variable remuneration is only paid following the conclusion of the Annual General Meeting that approves the actions of the Supervisory Board for the relevant financial year. The remuneration paid to the

Chairman and Deputy Chairman of the Supervisory Board, the chairs of the Supervisory Board committees and their members are increased by specific multipliers reflecting their additional responsibilities. The Chairman of the Supervisory Board receives twice the regular Supervisory Board remuneration, while the Deputy Chairman and the committee chairs receive 1.5 times this amount and the members of the Supervisory Board committees receive 1.25 times this amount. Members of the Supervisory Board who hold more than one position receive remuneration only for the position that pays the greatest amount. Members of the Supervisory Board who only serve on the Board for part of the financial year receive pro rata remuneration. The same applies for the multipliers described above if a member of the Supervisory Board is only active for a portion of the financial year for which he or she is entitled to increased remuneration. Members of the Supervisory Board also receive a lump-sum payment of € 500.00 for each meeting day as reimbursement for expenses incurred in exercising their responsibilities, unless higher expenses are evidenced. In addition, VAT on the remuneration paid to the members of the Supervisory Board is reimbursed.

By resolution of the 2012 Annual General Meeting, the remuneration system of the Supervisory Board has been amended as follows starting from April 1, 2013, i. e. the current financial year:

Each member of the Supervisory Board receives fixed remuneration of € 40,000.00. The Chairman of the Supervisory Board receives three times this amount, while the Deputy Chairman receives twice this amount. The members of the Executive Committee, the Audit Committee and the Committee on Arranging Personnel Matters of the Management Board receive additional remuneration for their membership of these committees. Each committee member receives remuneration of € 1,500 per committee meeting attended. The Chairman of the Audit Committee receives remuneration of € 4,500 per meeting; the Chairman of the Executive Committee and the Chairman of the Committee on Arranging Personnel Matters of the Management Board receive remuneration of € 2,500 per meeting. The members of the Supervisory Board also receive an attendance fee of € 500 per meeting of the Supervisory Board or one of its committees. Furthermore, the expenses incurred by members of the Supervisory Board and any VAT on these expenses are reimbursed. In order to strengthen the Supervisory Board’s role as a controlling body, remuneration will no longer include a variable, performance-based component in future.

Remuneration of the Supervisory Board (excluding VAT)

Figures in €

	2011/2012			2012/2013		
	Fixed remuneration [1]	Variable remuneration	Total	Fixed remuneration [1]	Variable remuneration	**Total**
Robert J. Koehler [2]	35,000	0	35,000	39,500	0	39,500
Dr. Mark Wössner [3] [5]	13,500	0	13,500	0	0	0
Rainer Wagner [4]	32,500	0	32,500	32,500	0	32,500
Dr. Werner Brandt [5]	9,500	0	9,500	0	0	0
Edwin Eichler	20,500	0	20,500	21,000	0	21,000
Wolfgang Flörchinger	21,000	0	21,000	21,000	0	21,000
Martin Gauß	24,500	0	24,500	21,000	0	21,000
Mirko Geiger	27,500	0	27,500	28,000	0	28,000
Gunther Heller	21,000	0	21,000	21,000	0	21,000
Jörg Hofmann	20,500	0	20,500	20,000	0	20,000
Dr. Siegfried Jaschinski	20,500	0	20,500	25,875	0	25,875
Dr. Herbert Meyer [6]	19,875	0	19,875	30,875	0	30,875
Dr. Gerhard Rupprecht	25,000	0	25,000	24,500	0	24,500
Beate Schmitt	26,000	0	26,000	25,500	0	25,500
Lone Fønss Schrøder [6]	14,000	0	14,000	20,500	0	20,500
Prof. Dr.-Ing. Günther Schuh	20,500	0	20,500	20,500	0	20,500
Dr. Klaus Sturany [7]	31,500	0	31,500	11,000	0	11,000
Peter Sudadse	21,000	0	21,000	21,000	0	21,000
Total	403,875	0	403,875	383,750	0	**383,750**

[1] Fixed annual remuneration in addition to lump-sum payment of € 500 for each meeting day
[2] Member of the Supervisory Board since July 28, 2011
[3] Member of the Supervisory Board until July 28, 2011
[4] Vice Chairman of the Supervisory Board
[5] Member of the Supervisory Board until July 28, 2011
[6] Member of the Supervisory Board since July 28, 2011
[7] Member of the Supervisory Board until August 31, 2012

The members of the union and the Works Council have declared that they will transfer their Supervisory Board remuneration to the Hans Böckler Foundation in accordance with the guidelines of IG Metall.

Disclosures in Accordance with Section 289 (4) HGB

In accordance with Section 289 (4) nos. 1 – 9 of the German Commercial Code (HGB), the management report addresses all points that could be of significance in the event of a public takeover bid for Heidelberg:

As of March 31, 2013, the **SUBSCRIBED CAPITAL** (share capital) of Heidelberger Druckmaschinen Aktiengesellschaft amounted to € 599,672,166.40 and was divided into 234,246,940 no-par value bearer shares. There are no restrictions on the transferability of shares. The Company held 142,919 treasury shares at the end of the reporting period; in accordance with Section 71b of the German Stock Corporation Act (AktG), no rights were conferred by these shares.

The **APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD** takes place in accordance with Sections 84 ff. AktG in conjunction with Sections 30 ff. of the German Codetermination Act (MitbestG).

AMENDMENTS TO THE ARTICLES OF ASSOCIATION take place in accordance with the provisions of Sections 179 ff., 133 AktG in conjunction with Article 19 (2) of Heidelberg's Articles of Association. In accordance with Article 19 (2) of the Articles of Association and unless otherwise stipulated by law, resolutions of the Annual General Meeting are passed with a simple majority of the votes cast and, if a capital majority is required by law in addition to a majority of votes, with a simple majority of the share capital represented when the resolution is passed. In accordance with Article 15 of the Articles of Association, the Supervisory Board is authorized to make amendments and additions to the Articles of Association that relate solely to their wording.

Heidelberg is only permitted to acquire treasury shares in accordance with Section 71 (1) nos. 1 – 6 AktG. With the approval of the Supervisory Board, the Management Board is authorized to undertake the following actions regarding the treasury shares held as of the reporting date with shareholders' preemptive subscription rights disapplied:

- to sell the treasury shares if they are sold for cash and at a price that is not significantly lower than the stock market price as defined more precisely in the authorization; the volume of shares sold in this manner, together with any other shares issued with shareholders' preemptive subscription rights disapplied since July 18, 2008 may not cumulatively exceed the lesser of 10 percent of the share capital on July 18, 2008 and 10 percent of the share capital at the time the authorization is exercised;
- to offer and transfer treasury shares to third parties if companies, equity investments in companies or parts of companies are thereby acquired, or if mergers are thereby implemented; or
- to end or settle mediation proceedings under company law.

This authorization can be executed in full or in part in each case.

The Management Board also is authorized, with the approval of the Supervisory Board, to withdraw treasury shares without a further resolution by the Annual General Meeting. This authorization can be executed in full or in part in each case. On July 26, 2012, the Annual General Meeting authorized the Management Board, with the approval of the Supervisory Board, to issue bearer or registered warrants or convertible bonds, profit-sharing rights or participating bonds, or a combination of these instruments (collectively referred to as "bonds") up to a total nominal amount of € 150,000,000.00, dated or undated, on one or several occasions by July 25, 2017, and to grant or impose on the bearers or creditors of option warrants or option profit-sharing rights or option participating bonds, option rights or obligations, or to grant or impose on the bearers or creditors of convertible bonds, convertible profit-sharing rights or convertible participating bonds, conversion rights or obligations to bearer shares of the Company with a pro rata amount of share capital of up to € 119,934,433.28 in total, in accordance with the further conditions of these bonds. Shareholder preemptive subscription rights can be disapplied in accordance with the further conditions of authorization. The share capital was contingently increased by up to € 119,934,433.28 ("CONTINGENT CAPITAL 2012") for this purpose; details of "CONTINGENT CAPITAL 2012" can be found in Article 3(3) of the Articles of Association.

The Annual General Meeting on July 26, 2012 authorized the Management Board, with the approval of the Supervisory Board, to increase the share capital of the Company by up to € 119,934,433.28 on one or several occasions against cash or non-cash contributions by July 25, 2017 ("AUTHORIZED CAPITAL 2012"). Preemptive subscription rights can be disapplied in accordance with the further conditions of authorization. Details of "AUTHORIZED CAPITAL 2012" can be found in Article 3(4) of the Articles of Association.

The credit facility that entered into effect on April 7, 2011, in the version applicable at the end of the reporting period, contains standard "CHANGE OF CONTROL" CLAUSES that grant the contracting parties additional rights to information and termination in the event of a change in the Company's control or majority ownership structure. The terms of the high-yield bond that was placed on March 31, 2011, and issued on April 7, 2011, include a change of control clause that requires Heidelberger Druckmaschinen Aktiengesellschaft to buy back the respective debt instruments (or parts thereof) from bondholders on demand if certain conditions named in that clause materialize. In this case, the buyback price would be 101 percent of the total nominal amount of the respective debt instruments plus interest accrued but not yet paid.

A technology licensing agreement with a manufacturer and supplier of software products also contains a change of control clause; this grants each party a right of termination with notice of 90 days if at least 50 percent of the shareholdings or voting rights of the other party are acquired by a third party.

An agreement with a manufacturer and supplier of digital production printing systems for the sale of these systems also includes a change of control clause. This clause grants each party the right to terminate the agreement with notice of three months from the time of receipt of notification from the other party that a change in control has occurred or is possibly imminent, or from the time that such a change in control becomes known. A change of control under the terms of this agreement is considered to have occurred if a third party acquires at least 25 percent of the voting rights of the party concerned or the ability to influence the activities of the party concerned on a contractual basis or based on articles of association or similar provisions that grant the third party corresponding rights.

Corporate Governance Declaration

The Corporate Governance Declaration in accordance with Section 289 a HGB has been made permanently available at www.heidelberg.com under "Corporate Governance".

NON-CONSOLIDATED
FINANCIAL STATEMENTS 2012/2013

Income Statement 2012/2013

Figures in € thousands

	Note	1-Apr-2011 to 31-Mar-2012	**1-Apr-2012 to 31-Mar-2013**
Net sales	4	1,227,942	1,289,256
Changes in inventories		890	– 60,844
Other own work capitalized		8,672	21,739
Gross revenue for the period		1,237,504	1,250,151
Other operating income	5	335,762	233,251
Cost of materials	6	582,128	592,677
Staff costs	7	636,676	556,899
Amortization and write-downs of intangible fixed assets and depreciation and write-downs of property, plant and equipment		38,642	38,943
Other operating expenses	8	371,378	348,144
Result of operating activities		– 55,558	– 53,261
Result from financial assets	9	– 11,605	14,646
Other interest and similar income	10	26,593	20,933
Interest and similar expenses	11	79,721	61,205
Financial result		– 64,733	– 25,626
Result from ordinary activities		– 120,291	– 78,887
Taxes on income	12	– 90,274	– 2,372
Net loss for the year		– 30,017	– 76,515
Withdrawals from retained earnings	18		
from other retained earnings		30,017	76,515
Net retained profits		0	**0**

Statement of Financial Position as of March 31, 2013

> Assets

Figures in € thousands

	Note	31-Mar-2012	**31-Mar-2013**
Fixed assets	13		
Intangible assets		32,783	34,440
Property, plant and equipment		294,118	297,546
Financial assets		981,299	1,003,159
		1,308,200	1,335,145
Current assets			
Inventories	14	478,504	409,954
Receivables and other assets	15	416,478	255,810
Cash and cash equivalents	16	40,257	28,372
		935,239	694,136
Prepaid expenses	17	13,484	9,004
		2,256,923	**2,038,285**

> Equity and liabilities

Figures in € thousands

	Note	31-Mar-2012	**31-Mar-2013**
Equity	18		
Subscribed capital		599,673	599,673
Treasury shares		– 366	– 366
Issued capital		599,307	599,307
Capital reserves		42,350	42,350
Retained earnings		207,221	130,706
Net retained profits		0	0
		848,878	772,363
Special reserves	19	2,360	1,283
Provisions			
Provisions for pensions and similar obligations	20	186,766	164,801
Other provisions	21	255,303	243,551
		442,069	408,352
Liabilities	22	960,580	853,446
Deferred income		3,036	2,841
		2,256,923	**2,038,285**

Statement of Changes in Fixed Assets

Figures in € thousands

	Cost				
	1-Apr-2012	Additions	Disposals	Reclassifications	**31-Mar-2013**
Intangible assets					
Purchased software, rights of use and other rights	70,106	4,185	– 384	316	74,223
Advance payments	2,716	1,666	0	– 316	4,066
	72,822	5,851	– 384	0	**78,289**
Property, plant and equipment					
Land and buildings	229,593	747	– 704	79	229,715
Technical equipment and machinery	537,895	5,073	– 14,037	3,219	532,150
Other equipment, operating and office equipment	580,462	29,663	– 38,463	2,914	574,576
Advance payments and assets under construction	8,831	11,522	– 99	– 6,212	14,042
	1,356,781	47,005	– 53,303	0	**1,350,483**
Financial assets					
Shares in affiliated companies	1,883,488	20,829	– 134	0	1,904,183
Loans to affiliated companies	78,700	0	– 3,120	0	75,580
Equity investments	3,929	0	0	0	3,929
Securities classified as fixed assets	2	0	0	0	2
Other loans	2,728	365	– 436	0	2,657
	1,968,847	21,194	– 3,690	0	**1,986,351**
	3,398,450	74,050	– 57,377	0	**3,415,123**

	Cumulative depreciation and amortization						Carrying amounts	
	1-Apr-2012	Additions	Disposals	Reclassifications	Reversals	**31-Mar-2013**	31-Mar-2012	**31-Mar-2013**
	40,039	4,190	– 380	0	0	43,849	30,067	30,374
	0	0	0	0	0	0	2,716	4,066
	40,039	4,190	– 380	0	0	**43,849**	32,783	**34,440**
	149,222	2,961	– 36	39	0	152,186	80,371	77,529
	440,893	7,891	– 14,017	2	0	434,769	97,002	97,381
	472,548	23,901	– 30,426	– 41	0	465,982	107,914	108,594
	0	0	0	0	0	0	8,831	14,042
	1,062,663	34,753	– 44,479	0	0	**1,052,937**	294,118	**297,546**
	986,841	44,910	0	0	– 49,200	982,551	896,647	921,632
	0	0	0	0	0	0	78,700	75,580
	542	0	0	0	0	542	3,387	3,387
	0	0	0	0	0	0	2	2
	165	7	– 73	0	0	99	2,563	2,558
	987,548	44,917	– 73	0	– 49,200	**983,192**	981,299	**1,003,159**
	2,090,250	83,860	– 44,932	0	– 49,200	**2,079,978**	1,308,200	**1,335,145**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 2012/2013

1 Preliminary remarks

The annual financial statements of Heidelberger Druckmaschinen Aktiengesellschaft are prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

The classification of the income statement is based on the total cost (nature of expense) method. Certain income statement and statement of financial position items have been combined to improve the clarity of presentation. For these, a breakdown of individual items with additional information and notes has been presented below.

The figures shown in the tables are presented in thousands of euros (€ thousands).

2 Currency translation

Business transactions in foreign currencies are generally measured at the exchange rate at the time of first-time recognition and at the hedge rate in the cases of hedges. At the end of the reporting period, assets and liabilities denominated in foreign currencies are translated at the currently applicable average spot exchange rate. Unrealized gains resulting from changes in exchange rates are recognized only if the underlying asset or liability has a remaining term of one year or less. Information on derivative financial instruments for hedging currency risks is presented under note 25.

For the list of shareholdings, the assets and liabilities in financial statements prepared in foreign currency are translated at the year-end exchange rates while expenses and income are translated at average annual rates.

3 General accounting principles

The cost of acquisition also includes the additional costs of acquisition that can be directly allocated. In addition to direct costs and overhead costs for materials and production, costs of production also include special costs of production, production-related depreciation of fixed assets and an appropriate share of the costs for general administration and social security.

Impairment losses recognized on current and non-current assets in previous years are retained if the reasons for these losses still exist.

Purchased intangible assets are capitalized at acquisition cost and amortized on a straight-line basis over their expected useful life.

Property, plant and equipment are carried at acquisition or production cost less depreciation and impairment losses (if permanent). Depreciation is recognized solely in line with the straight-line method on the basis of individual technical and economic useful lives. Additions during a financial year are depreciated pro rata temporis on the basis of the number of months for which they have been held. In accordance with Section 6 (2a) of the German Income Tax Act (EStG), omnibus items are recognized for depreciable movable non-current assets with an acquisition cost of more than € 150 and up to € 1,000 that were acquired or manufactured after December 31, 2007. These items are depreciated on a straight-line basis over a period of five years.

In financial assets, shares in affiliated enterprises, equity investments and securities are carried at acquisition cost or, if permanently impaired, at the lower fair value. Interest-bearing loans are carried at their nominal value. Interest-free loans are discounted at net present value.

Inventories are carried at acquisition or production cost. The carrying amounts for all asset groups are based on the weighted average cost method. Cost is measured at full cost; those costs eligible for recognition as assets in accordance with Section 255 (2) sentences 2 to 3 HGB were therefore included. If lower replacement prices are applicable at the end of the reporting period, these are taken into account. Sufficient account is taken of the risks of holding inventory that result from prolonged storage and reduced salability through reductions in value.

Receivables and other assets are carried at nominal amount (acquisition cost). All discernible individual risks and the general credit risk are taken into account by appropriate valuation allowances. Non-interest-bearing receivables with a remaining term of more than one year are discounted to their present value.

Cash and cash equivalents are carried at nominal amount.

Tax-exempt allowances and taxable subsidies for investments are recognized as a special reserve for investment grants. The tax-exempt allowances and taxable subsidies are offset in line with depreciation.

In addition to pension benefits, various pension commitments and general works council agreements, provisions for pensions and similar obligations also include temporary financial assistance in the event of death, as guaranteed under labor law. The provisions are measured based on actuarial calculations, using the 2005G Heubeck mortality tables as the biological basis for calculation. The measurement method used for eligible active employees is the proportionally declining projected unit credit method, which also takes into account forecast increases in salaries and pensions. For pensioners and former employees with vested rights, the present value of future pension benefits is recognized as the settlement amount. Beneficiaries who have already passed the actuarial retirement age are treated as pensioners. If the conditions for full pension vesting are met, pension calculations are based on the date at which employees began work – but not before their 20th birthday – for employees who joined before their 30th birthday. The option provided for under Section 252 (2) sentence 2 HGB was exercised in determining the interest rate. This means that provisions for pensions or similar long-term obligations can be discounted at a flat rate using an average market interest rate for the past seven financial years assuming a remaining term of 15 years. If the change in the discount rate results in only insignificant changes in pension obligations as of the end of the year under review, the value calculated and published by Deutsche Bundesbank as of February 28 of the respective financial year is used. The discount rate used in line with this is 5.02 percent (previous year: 5.13 percent).

Obligations under pension commitments are predominantly covered by assets that are intended solely to serve pension obligations and that cannot be accessed by other creditors (plan assets). The plan assets measured at fair value are offset against pension obligations in line with Section 246 (2) sentence 2 HGB. The income from plan assets is netted against interest expenses from the interest on pension obligations and the expenses or income from the change in the discount rate are reported under net interest income.

Provisions for early partial retirement obligations are recognized in line with the block model. The obligations relate to employees who are either already in partial retirement as of the end of the reporting period, have concluded a partial retirement contract, or can make use of the partial retirement regulation in the future. The provisions are measured in accordance with actuarial principles, using an interest rate of 3.65 percent (previous year: 3.82 percent) and on the basis of the 2005G Heubeck mortality tables. The provision includes step-up amounts and settlement obligations of the Company incurred by the end of the reporting period.

Other provisions are measured taking into account all discernible, reportable risks and uncertain liabilities. They are measured at the necessary settlement amount based on prudent business judgment. Provisions with a remaining term of more than one year are discounted with the average market interest rate of the past seven financial years corresponding to their remaining term. Provisions are also recognized for warranties without legal liability.

Liabilities are recognized at their settlement amount.

Prepaid expenses and deferred income are recognized for expenditures and revenues that represent expenses and income for a certain period after the end of the reporting period.

The carrying amounts of contingent liabilities match the extent of liability as of the end of the reporting period.

NOTES TO THE INCOME STATEMENT

4 Net sales

	2011/2012	**2012/2013**
Europe, Middle East and Africa	471,070	527,357
Eastern Europe	103,392	129,345
North America	94,311	123,169
South America	122,175	106,450
Asia/Pacific	436,994	402,935
	1,227,942	**1,289,256**

€ 1,080 million or around 84 percent of total sales were generated outside Germany.

	2011/2012	**2012/2013**
HD Equipment	1,010,594	1,071,770
HD Services	217,348	217,486
	1,227,942	**1,289,256**

In the year under review, the adjustment of our organization to reflect changes in the market environment led to a reclassification within the segments. The prior-period figures have been restated accordingly.

5 Other operating income

	2011/2012	**2012/2013**
Income from currency translation	128,871	88,771
Increases in value of shares in affiliated companies	116,276	49,200
Reversal of provisions	21,027	40,008
Income from affiliated companies	38,320	39,640
Income from operating facilities	3,970	4,237
Income from the reversal of special reserves		
for investment grants	1,338	1,077
Other income	25,960	10,318
	335,762	**233,251**

The € 40.1 million decline in income from currency translation is offset by a € 46.2 million decrease in expenses.

Other operating income includes prior-period income of € 40.0 million from the reversal of provisions. The increase in income from the reversal of provisions primarily relates to the reduction in the pension increase rate in provisions for pensions (see note 20).

Increases in the value of shares in affiliated companies are discussed in note 13.

The decrease in other income is primarily attributable to the reimbursement of social security premiums for reduced working hours in the previous year (see note 7).

6 Cost of materials

	2011/2012	**2012/2013**
Expenses for raw materials, consumables and supplies, and for purchased merchandise	492,990	499,562
Expenses for purchased services	89,138	93,115
	582,128	**592,677**

The increase in the cost of materials is primarily due to the higher level of net sales.

7 Staff costs and employees

	2011/2012	**2012/2013**
Wages and salaries	524,334	461,780
Social security costs and expenses for pensions and support	112,342	95,119
– of which: for pensions	(20,897)	(15,685)
	636,676	**556,899**

The decrease in wages and salaries is primarily attributable to the reduction in expenses in connection with our efficiency program Focus 2012. The corresponding expenses amounted to € 35.1 million in the year under review (previous year: € 95.6 million).

In contrast to reimbursements of allowances for reduced working hours, netting is forbidden for the reimbursement of social security premiums for reduced working hours in accordance with Section 246 (2) HGB. In the reporting year, other operating income did not contain any reimbursements of social security premiums for reduced working hours (previous year: € 10.3 million).

The interest component of the pension entitlements is reported in the financial result (see note 11).

Average number of employees

	2011/2012	**2012/2013**
Heidelberg	1,668	1,546
Wiesloch-Walldorf	4,705	4,326
Amstetten	977	900
Brandenburg	575	544
Kiel	287	259
Langenfeld	74	64
	8,286	7,639
Trainees	555	494
	8,841	**8,133**

The number of employees does not include trainees, graduating students, dormant employees or employees in the non-work phase of partial retirement.

8 Other operating expenses

	2011/2012	**2012/2013**
Expenses from currency translation	132,969	86,741
Expenses for other external services	49,642	56,158
Special direct selling expenses	50,629	50,682
Rental and leasing	39,912	40,243
Maintenance	26,706	26,298
Net amount from additions to and utilization of provisions, relating to several types of expense	3,914	14,975
Advertising costs	4,019	7,354
Travel costs	6,026	5,881
Insurance expenses	5,132	5,038
Non-manufacturing overhead costs	1,108	2,468
Write-downs on receivables and other assets	2,707	479
Other taxes	775	261
Other costs	47,839	51,566
	371,378	**348,144**

The decrease in other operating expenses is primarily due to currency translation (see note 5).

9 Result from financial assets

	2011/2012	**2012/2013**
Income from investments		
Income from profit transfer agreements	17,536	51,671
Income from other investments	26,232	17,851
	43,768	69,522
– of which: from affiliated companies	(41,879)	(65,857)
Income from other securities and long-term loans	6,139	9,469
– of which: from affiliated companies	(6,139)	(9,469)
Write-downs on financial assets and on securities classified as current assets	–44,209	–44,917
Expenses from profit transfer agreements	–17,303	–19,428
– of which: from affiliated companies	(–17,303)	(–19,428)
	–11,605	**14,646**

Income from profit transfer agreements indirectly includes € 42.5 million in distributions from foreign Group companies to German Group companies.

Income from other investments relates to Heidelberg Schweiz Aktiengesellschaft, Bern, Heidelberger Druckmaschinen Real Estate GmbH & Co. KG, Walldorf, Heidelberg Middle East Freezone Company, Dubai, and Heidelberg International Finance B.V., Boxmeer.

Income from other securities and long-term loans relates to interest on two long-term loans extended to German subsidiaries.

10 Other interest and similar income

	2011/2012	**2012/2013**
Other interest and similar income	26,593	20,933
– of which: from affiliated companies	(19,727)	(16,728)
	26,593	**20,933**

11 Interest and similar expenses

	2011/2012	**2012/2013**
Interest and similar expenses	79,721	61,205
– of which: due to affiliated companies	(9,103)	(11,154)
– of which: expenses for compound interest	(37,038)	(48,429)
	79,721	**61,205**

The change in interest and similar income is primarily attributable to the net amount of the increase in provisions for pensions as a result of interest and income from the plan assets for the fulfillment of pension obligations (see note 20).

12 Taxes on income

	2011/2012	**2012/2013**
Taxes on income	–90,274	–2,372
	–90,274	**–2,372**

The decrease in taxes on income is primarily due to the reversal of tax provisions for completed appeal proceedings and the external tax audit in the previous year.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

13 Fixed assets

The carrying amounts of intangible assets increased by € 1.7 million in net terms in the year under review. This was primarily due to the acquisition of software licenses and an increase in advance payments.

The carrying amounts of property, plant and equipment increased by € 3.4 million in net terms in the year under review. Additions relate primarily to demonstration machines required for our activities at the drupa trade fair and advance payments for technical equipment and machinery. A combined heating and power plant has also been constructed at our production site in Wiesloch-Walldorf.

In the year under review, leases were terminated in connection with the implementation of our efficiency program Focus 2012. A write-down of € 2.2 million was recognized on the corresponding leasehold improvements and operating equipment.

Financial assets increased by € 21.9 million in net terms. Additions of € 21.2 million are attributable mainly to the capital increases at four affiliated companies. At one subsidiary, an increase in value of € 49.2 million was recognized as part of the regular review of the carrying amount of equity investments, since there was no longer any impairment. This was primarily offset by write-downs on five subsidiaries totaling € 44.9 million.

14 Inventories

	31-Mar-2012	**31-Mar-2013**
Raw materials, consumables and supplies	88,780	81,475
Work in progress	255,509	226,373
Finished goods and merchandise	134,196	102,106
Advance payments	19	0
	478,504	**409,954**

The decrease in work in progress and raw materials, consumables and supplies was realized through various measures, such as shorter throughput times in production and smaller production and procurement batch sizes in order to reduce inventories.

The decline in finished goods and merchandise is largely attributable to reporting date effects due to the higher level of call orders for machinery towards the end of the financial year.

15 Receivables and other assets

	31-Mar-2012	of which with a remaining term of more than 1 year	**31-Mar-2013**	of which with a remaining term of more than 1 year
Trade receivables	31,096	0	42,900	0
Receivables from affiliated companies	325,044	21,399	163,014	0
Other assets	60,338	1,611	49,896	207
	416,478	23,010	**255,810**	207

Receivables from affiliated companies include short-term loans in the amount of € 161.1 million (previous year: € 322.3 million) and trade receivables of € 1.9 million (previous year: € 2.7 million).

Other assets primarily include tax refund claims, receivables for distributions from our special fund, receivables from employees and option premiums paid. € 3.4 million of the tax refund claims are arising after the end of the financial year (previous year: € 3.0 million).

16 Cash and cash equivalents

Cash and cash equivalents relate to short-term cash investments in the amount of € 28.4 million (previous year: € 40.3 million).

17 Prepaid expenses

In accordance with Section 250 (3) HGB, prepaid expenses include the difference between the issue and settlement amount of liabilities in the amount of € 7.2 million (previous year: € 9.1 million).

18 Equity

	1-Apr-2012	Net loss for the current financial year	Change in reserves in the current financial year	**31-Mar-2013**
Subscribed capital	599,673	0	0	599,673
Treasury shares	– 366	0	0	– 366
Issued capital	599,307	0	0	599,307
Capital reserve	42,350	0	0	42,350
Retained earnings				
Other retained earnings	207,221	0	– 76,515	130,706
	207,221	0	– 76,515	130,706
Net retained profits	0	– 76,515	76,515	0
Equity	848,878	– 76,515	0	**772,363**

SHARE CAPITAL / NUMBER OF SHARES OUTSTANDING / TREASURY SHARES

The shares are bearer shares and grant the owner a pro rata interest of € 2.56 in the fully paid-in share capital of Heidelberger Druckmaschinen Aktiengesellschaft.

As in the previous year, the share capital of Heidelberger Druckmaschinen Aktiengesellschaft amounts to € 599,672,166.40 and is divided into 234,246,940 no-par value bearer shares. With regard to the capital increase implemented in the previous year, please refer to the information provided under “Authorized capital”.

As in the previous year, the Company held 142,919 treasury shares as of March 31, 2013. As in the previous year, the shares accounted for € 366 thousand of the share capital, and hence represented a notional interest in the share capital of 0.06 percent as of March 31, 2013 (previous year: 0.06 percent).

The shares were acquired in March 2007. The cost of the acquisition was € 13,246 thousand. Additional transaction fees amounted to € 12 thousand. Accordingly, the total cost of the acquisition was € 13,258 thousand. These shares may be used only to reduce the capital of Heidelberger Druckmaschinen Aktiengesellschaft or for employee share programs and other forms of allocation of shares to employees of the Company or of a subsidiary, or be offered for purchase by persons who are or were employed by Heidelberger Druckmaschinen Aktiengesellschaft or a company affiliated with it.

CONTINGENT CAPITAL

On July 26, 2012 the Annual General Meeting authorized the Management Board, with the approval of the Supervisory Board, to issue bearer or registered warrants or convertible bonds, profit-sharing rights or participating bonds, or a combination of these instruments (collectively referred to as “bonds”) up to a total nominal amount of € 150,000,000.00, dated or undated, on one or several occasions by July 25, 2017, and to grant or impose on the bearers or creditors of option warrants or option profit-sharing rights or option participating bonds option rights or obligations, or to grant or impose on the bearers or creditors of convertible bonds, convertible profit-sharing rights or convertible participating bonds conversion rights or obligations to bearer shares of the Company with a pro rata amount of share capital of up to € 119,934,433.28 in total, in accordance with the further conditions of these bonds. Shareholders’ preemptive subscription rights may be disapplied in accordance with the further conditions of authorization. The share capital was contingently increased by up to € 119,934,433.28 (Contingent Capital 2012) for this purpose; details of the Contingent Capital 2012 can be found in Article 3 (3) of the Articles of Association. The resolution was entered in the commercial register on August 13, 2012.

In accordance with the resolution of the Annual General Meeting on July 20, 2006, the share capital was contingently increased by up to € 21,260,979.20 through the issue of up to 8,305,070 new bearer shares each with a proportionate interest in the share capital of € 2.56 (Contingent Capital 2006). This contingent capital increase would have been carried out only to the extent that bearers of options or conversion rights or those obliged to exercise their conversion rights/options from bonds with warrants or convertible bonds issued or guaranteed by the Company or a subsidiary of the Company up until July 19, 2011 exercised their options or conversion rights or fulfilled their obligation to convert/exercise options. However, the Company did not issue any such bonds or rights up until July 19, 2011. The Contingent Capital 2006 was rescinded by the Annual General Meeting on July 26, 2012.

At the Annual General Meeting on July 18, 2008, the Management Board was granted two authorizations valid until July 17, 2013 which have the same content but which differ with regard to the option and conversion prices stipulated, for the issue of convertible bonds and bonds with warrants, profit-sharing rights, and income bonds (or combinations of these instruments) with or without term with a total nominal amount of up to € 500,000,000.00 and to grant conversion rights or options to bearer shares in the Company with a total pro rata amount of share capital of up to € 19,979,118.08 to the bearers or creditors of bonds and to disapply subscription rights. To ensure any such option and/or conversion rights or obligations of bonds or similar instruments that could be created on the basis of the above authorizations, the following two contingent capitals were created:

In accordance with the resolution of the Annual General Meeting on July 18, 2008, the share capital was contingently increased by up to € 19,979,118.08 through the issue of up to 7,804,343 new bearer shares each with a proportionate interest in the share capital of € 2.56 (Contingent Capital 2008/I). The contingent capital increase was for the purpose of granting bearer shares to the bearers or creditors of convertible bonds and bonds with warrants, profit-sharing rights, and income bonds (or combinations of these instruments) that were issued by the Company or one of its direct or indirect Group companies on the basis of the authorization resolved at the Annual General Meeting on July 18, 2008 under agenda item 9a) and that granted a conversion right or option to bearer shares in the Company or that stipulated a conversion obligation.

In accordance with the resolution of the Annual General Meeting on July 18, 2008, the share capital was contingently increased by up to € 19,979,118.08 through the issue of up to 7,804,343 new bearer shares each with a proportionate interest in the share capital of € 2.56 (Contingent Capital 2008/II). The contingent capital increase was for the purpose of granting bearer shares to the bearers or creditors of convertible bonds and bonds with warrants, profit-sharing rights and income bonds (or combinations of these instruments) that were issued by the Company or one of its direct or indirect Group companies on the basis of the authorization resolved at the Annual General Meeting on July 18, 2008 under agenda item 10a) and that granted a conversion right or option to bearer shares in the Company or that stipulated a conversion obligation.

The Contingent Capital 2008/I and Contingent Capital 2008/II were rescinded by the Annual General Meeting on July 26, 2012.

AUTHORIZED CAPITAL

By way of resolution of the Annual General Meeting of July 18, 2008, the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital of Heidelberger Druckmaschinen

Aktiengesellschaft by up to € 59,937,356.80 on one or several occasions against cash or non-cash contributions up until July 1, 2011 (Authorized Capital 2008).

In the previous year, a capital increase was implemented in order to satisfy the court settlement with former shareholders of Linotype-Hell Aktiengesellschaft. As part of the amicable resolution of the legal dispute with the former shareholders of Linotype-Hell Aktiengesellschaft regarding the conversion ratio on March 30, 2011, a settlement in shares of Heidelberger Druckmaschinen Aktiengesellschaft was agreed by way of a court settlement. For this purpose the Management Board resolved, with the approval of the Supervisory Board, to increase the share capital by € 2,346,593.28 by issuing 916,638 new shares. The subscription rights of shareholders were disapplied with the approval of the Supervisory Board. To create new shares, the Management Board made partial use of its authorization in accordance with the resolution of the Annual General Meeting on July 18, 2008 to increase the share capital by issuing new shares against contributions (Authorized Capital 2008). The capital increase resolution was entered in the commercial register on June 6, 2011.

The Annual General Meeting on July 26, 2012 authorized the Management Board, with the approval of the Supervisory Board, to increase the share capital of the Company by up to € 119,934,433.28 on one or several occasions against cash or non-cash contributions up until July 25, 2017 (Authorized Capital 2012). Shareholders' preemptive subscription rights may be disapplied in accordance with the further conditions of authorization. Further details on the Authorized Capital 2012 can be found in Article 3 (4) of the Articles of Association. The authorization became effective only on entry of the amendment to the Articles of Association in the commercial register on August 13, 2012/August 24, 2012.

On July 28, 2011, the Annual General Meeting resolved to authorize the Management Board, with the approval of the Supervisory Board, to increase the share capital of the Company by up to € 119,934,433.28 on one or several occasions against cash contributions by July 27, 2016 (Authorized Capital 2011). The Annual General Meeting on July 26, 2012 rescinded the Authorized Capital 2011 with effect from the date of entry of the Authorized Capital 2012 in the commercial register.

DEVELOPMENT OF RESERVES AND NET PROFIT FOR THE YEAR

The capital reserves reported in the previous year in the amount of € 42,350 thousand was originally recognized in accordance with Section 272 (2) nos. 1 and 2 HGB and Section 237 (5) AktG.

The net loss of € 76,515 thousand recorded by Heidelberger Druckmaschinen Aktiengesellschaft in the year under review was compensated in full by way of a withdrawal from other retained earnings.

Heidelberger Druckmaschinen Aktiengesellschaft has received the following notifications from shareholders exceeding or falling below voting right thresholds in accordance with Section 21 (1) of the German Securities Trading Act (WpHG). The list contains the most recent shareholder notifications in each case:

Shareholders	Change in thresholds	Voting rights share reached	Attribution	Share of voting rights	
Universal-Investment-Gesellschaft mbH, Frankfurt am Main	5 %	30-Apr-2013	Direct/indirect Indirect	1.27 %	**8.18 %** [1]
RWE Aktiengesellschaft, Essen	5 %	15-Sep-2010	Indirect		**4.22 %** [2]
BGE Beteiligungs-Gesellschaft für Energieunternehmen mbH, Essen	5 %	15-Sep-2010	Direct	4.22 %	
Union Investment Privatfonds GmbH, Frankfurt am Main	3 %	20-Feb-2013	Direct		**3.07 %** [1]
Dimensional Holdings Inc., Austin, Texas, USA	3 %	17-Jan-2013	Indirect		**3.01 %** [1]
Dimensional Fund Advisors LP, Austin, Texas, USA	3 %	17-Jan-2013	Indirect	3.01 %	
BlackRock, Inc., New York, USA	3 %	27-Feb-2012	Indirect		**2.98 %** [1]
Capital Research and Management Company, Los Angeles, USA	3 %	8-May-2012	Indirect		**2.94 %** [1]
SMALLCAP World Fund, Inc., Los Angeles, USA	3 %	3-May-2012	Direct	2.99 %	
Allianz SE, Munich	3 %	2-Oct-2012	Indirect		**2.11 %** [1]
Allianz Deutschland AG, Munich	3 %	25-Sep-2012	Indirect	1.91 %	
Allianz Lebensversicherungs-Aktiengesellschaft, Stuttgart	3 %	25-Sep-2012	Direct	1.91 %	
AZ-Arges Vermögensverwaltungsgesellschaft mbH, Munich	3 %	25-Sep-2012	Direct	1.91 %	
SEB Investment GmbH, Frankfurt am Main	3 %	30-Apr-2013	Direct		**0.43 %** [1]

[1] The share of the voting rights relates to 234,246,940 shares (number of shares after the capital increase on June 6, 2011).
[2] The share of the voting rights was reported to us between March 31, 2008 and September 24, 2010 and thus relates to 78,043,434 shares (number of shares before the capital redemption on March 31, 2008 and before the capital increase on September 24, 2010).

19 Special reserves

	31-Mar-2012	**31-Mar-2013**
Special reserves for investment grants for fixed assets		
Taxable subsidies	1,643	953
Tax-exempt allowances	717	330
	2,360	**1,283**

Taxable subsidies are funds under the regional economic promotion program for investing at the Brandenburg production site.

Tax-exempt allowances are composed solely of allowances in accordance with the German Investment Allowance Act of 1999/2005/2007/2010 relating to the Brandenburg production site.

20 Provisions for pensions and similar obligations

Pension provisions are calculated on the basis of the following actuarial premises:

Discount factor:	5.02 %
Salary increase rate:	3.00 %
Pension increase rate:	1.75 %
Fluctuation:	3.00 %

In the 2005/2006 financial year, Heidelberger Druckmaschinen Aktiengesellschaft established a contractual trust arrangement (CTA) with the trustee Heidelberg Pension-Trust e.V., Heidelberg, to secure external financing and insolvency insurance for its pension obligations. The assets transferred cannot be accessed by any creditors and serve solely to fulfill the pension obligations. They are invested in a special fund. The fund assets primarily consist of fixed-income bonds, shares, fund units, and cash and cash equivalents. The plan assets were measured at fair value and offset against the pension provisions.

In addition to the CTA, there are reinsurance policies that also qualify as plan assets. These were also measured at fair value and offset against the pension provisions.

The fair value of the offset assets was € 515.9 million as of the end of the reporting period at an acquisition cost of € 563.8 million. The settlement amount of the offset liabilities was € 676.8 million as of the end of the reporting period.

In accordance with Section 246 (2) sentence 2 HGB, the income from plan assets of € 42.7 million (previous year: € 18.1 million) was netted against the increase in provisions for pensions as a result of interest in the amount of € 44.9 million (previous year: € 34.2 million).

21 Other provisions

	31-Mar-2012	**31-Mar-2013**
Tax provisions	370	360
Other provisions		
Obligations from sales activities	30,675	34,228
Personnel obligations	186,271	181,125
Other	37,987	27,838
	254,933	243,191
	255,303	**243,551**

Obligations from sales activities relate primarily to guarantees. Personnel obligations mainly exist in connection with vacation and working time credit, bonuses, anniversary bonuses and partial retirement obligations, and our efficiency program Focus 2012. The latter accounted for a total of € 101.0 million (previous year: € 95.0 million).

22 Liabilities

	31-Mar-2012	Of which with a remaining term of			31-Mar-2013	Of which with a remaining term of		
		up to 1 year	between 1 and 5 years	more than 5 years		up to 1 year	between 1 and 5 years	more than 5 years
Bonds	304,000	0	0	304,000	304,000	0	0	304,000
Liabilities to banks	48,579	7,323	32,076	9,180	64,265	30,580	33,685	0
Prepayments received for orders	5,324	5,324	0	0	5,066	5,066	0	0
Trade payables	42,691	42,691	0	0	26,156	26,156	0	0
Liabilities to affiliated companies	517,493	517,493	0	0	423,025	423,025	0	0
Other liabilities								
From taxes	4,468	4,468	0	0	6,443	6,443	0	0
In connection with social security	3,821	1,632	1,501	688	2,847	1,508	813	526
Other	34,204	34,204	0	0	21,644	21,644		0
	42,493	40,304	1,501	688	30,934	29,595	813	526
	960,580	613,135	33,577	313,868	**853,446**	514,422	34,498	304,526

Liabilities to affiliated companies include short-term loans in the amount of € 422.7 million (previous year: € 516.6 million) and trade payables of € 0.3 million (previous year: € 0.9 million).

As part of the refinancing agreed on March 25, 2011, a high-yield, uncollateralized bond of € 304 million with a term of seven years and a coupon of 9.25 percent p.a. was issued by Heidelberger Druckmaschinen Aktiengesellschaft on April 7, 2011.

Alongside the high-yield bond, a new revolving credit facility of € 500 million from a banking syndicate maturing at the end of 2014 came into force as part of the refinancing agreed on March 25, 2011. The financing agreements on the new credit facility contain standard financial covenants regarding the financial situation of the Heidelberg Group.

As part of the efficiency program Focus 2012, the originally agreed financial covenants were adjusted to a level that reflects the changes in the economic environment. To this end, a change in the loan conditions was agreed with the syndicate banks in March 2012.

Due to the lower financial requirements resulting from Heidelberg's successful asset management, the credit facility was reduced by € 25 million with effect from July 1, 2012.

Collateral was provided by us and by certain Group companies in connection with the credit facility as part of a collateral concept. The following types are attributable to Heidelberger Druckmaschinen Aktiengesellschaft:

> provision of land charges without certificate
> pledging of industrial property rights, shares in affiliated companies and bank accounts
> transfer of current and non-current assets
> global transfer of certain receivables

As of March 31, 2013, Heidelberger Druckmaschinen Aktiengesellschaft had utilized the credit facility in the nominal amount of € 22 million in order to cover its short-term funding requirements. As at the end of this reporting period, the other liabilities to banks primarily related to a long-term loan that was taken out in the 2007/2008 financial year.

23 Deferred taxes

There was an excess of assets in deferred taxes in the year under review. The option provided by Section 274 (1) HGB to recognize the resulting tax relief as deferred tax assets was not exercised.

The tax relief results from temporary differences in the statement of financial position line items, intangible assets, other loans, inventories, provisions for pensions and other provisions, and from tax loss carryforwards at the level of the Company as the parent company. There was also tax relief resulting from temporary differences at companies included in the tax entity. Deferred tax liabilities result from temporary differences in property, plant and equipment and other liabilities. An effective tax rate of 28.26 percent was applied for corporation tax in addition to the solidarity surcharge and trade tax in the calculation of deferred taxes.

24 Contingent liabilities

	31-Mar-2012	**31-Mar-2013**
Exposure from issuance and transfer of bills of exchange	51,238	45,257
– of which: to affiliated companies	(51,238)	(45,257)
Warranties, guarantees, provision of collateral for third-party liabilities	173,511	197,433
– of which: to affiliated companies	(0)	(0)
	224,749	**242,690**

Some of the credit facility in place as of March 31, 2013 (see note 22) can be passed on locally to Group companies via the syndicate banks. The credit lines actually utilized by our Group companies as of the end of the reporting period of € 11.1 million are reported under contingent liabilities. In addition, there were credit lines of € 49.0 million available to the Group companies under the credit facility as of the end of the reporting period that were not utilized. As part of the collateral concept, which also forms the basis for the credit facility in place as of March 31, 2013, Heidelberger Druckmaschinen Aktiengesellschaft and some Group companies are jointly and severally liable for the liabilities assumed with the collateral contributed. In addition to the liability on the basis of the individual collateral listed under note 22, we are also liable as guarantor.

The other obligations from warranties and guarantees essentially relate to rent obligations for subsidiaries and warranties for third parties for assumed customer finance. The risk of utilization of contingent liabilities is considered low as there are no indications of corresponding credit problems.

25 Derivative financial instrument

Heidelberger Druckmaschinen Aktiengesellschaft centrally manages and controls the Heidelberg Group's interest rate and foreign currency risk. Derivative financial instruments are used to hedge the currency and interest rate risks from business operations and from financing transactions. The aim of this is to reduce the fluctuations in earnings and cash flows that relate to changes in exchange and interest rates.

The partners in the external contracts for the derivative financial instruments are all banks of excellent credit standing. The internal contracts are concluded with our Group companies.

Most of the transactions are currency-related. They are concluded largely on behalf of our foreign subsidiaries in connection with the purchase of German products. Interest rate derivatives serve to hedge financing costs which due to their variable interest rate are subject to market fluctuations. In order to quantify the effects of currency and interest rate risks on the income statement, the impact of hypothetical changes in exchange and interest rates is calculated in the form of sensitivity analyses and corresponding measures are derived from this.

The nominal volumes and fair values of foreign currency and interest rate derivatives were as follows as of the end of the reporting period:

Figures in € thousands	Nominal volumes		Fair values	
	31-Mar-12	**31-Mar-13**	31-Mar-12	**31-Mar-13**
Forward exchange transactions	1,099,024	817,772	– 1,265	5,226
Currency options	460,000	0	– 2,596	0
Interest rate swaps	50,000	18,743	– 1,016	0

The nominal volumes result from the total of all the purchase and sale amounts of the underlying hedged items.

The fair values were calculated using standardized measurement methods (discounted cash flow method and option pricing model) that use the relevant market data as input parameters for calculation at the end of the reporting period.

DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING CURRENCY RISKS

Forward exchange transactions with a nominal volume of € 276.4 million (previous year: € 291.2 million) were concluded with external partners to hedge currency risks from the receivables and liabilities of Heidelberger Druckmaschinen Aktiengesellschaft recognized at the end of the reporting period. The hedges were portfolio hedges in the amount of the net total per currency of receivables and liabilities (net positions) with terms of up to one year. As of the end of the reporting period, the nominal volumes of net receivable positions per currency were € 27.9 million (previous year: € 91.0 million) while net liability positions amounted to € 179.8 million (previous year: € 155.8 million). In line with the gross hedge presentation method, the offsetting changes in value of both the hedged items and the hedge instrument were recognized. The foreign currency receivables and liabilities were translated at the rates as at the end of the reporting period. Forward exchange transactions are measured using the appropriate forward rates. As of the end of the reporting period, other assets with a total amount of € 5.0 million (previous year: € 1.8 million) were capitalized for forward exchange transactions with positive fair values and other liabilities of € 1.7 million (previous year: € 1.9 million) were expensed for forward exchange transactions with negative fair values.

To hedge purchases of products in euros, foreign Group companies conclude internal forward exchange transactions with Heidelberger Druckmaschinen Aktiengesellschaft for periods of up to one year. To hedge these internal derivatives and the highly likely additional requirements of Group companies for internal derivatives on account of product sales planning for a period of up to two years, Heidelberger Druckmaschinen Aktiengesellschaft concludes currency forwards and options with external partners. As of the end of the reporting period, internal currency hedges with a nominal volume of € 328.7 million (previous year: € 565.7 million) were offset by external currency options with a nominal volume of € 212.7 million (previous year: € 242.1 million). There were no external forward exchange transactions as of the end of the reporting period (previous year: nominal volume of € 460.0 million). Currency options are carried at cost. Other liabilities are recognized for currency options with negative fair values. If there is a risk of losses on the remeasurement of currency portfolios, either other assets are written down or other provisions are recognized depending on the case in hand. At the end of the reporting period, there were no other assets from paid option premiums (previous year: € 7.5 million) and no other liabilities (previous year:

€ 8.7 million). Other provisions of € 0.3 million (previous year: € 3.7 million) were recognized for anticipated losses. The recognized anticipated losses are largely offset by the opposing effects arising from operating hedged items.

The effectiveness of hedge accounting is reviewed prospectively using the critical terms match method.

DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING INTEREST RISKS

To hedge interest rates arising from floating-rate receivables and liabilities of affiliated companies at the end of the reporting period, interest rate swaps have been concluded with these affiliated companies with a nominal volume of € 18.7 million (previous year: € 50.0 million) and a remaining term of up to four years from the reporting date. No provisions have been recognized for fair values (previous year: € 1.0 million).

26 Off-balance-sheet transactions/other financial obligations

	2011/2012	**2012/2013**
Rental and lease payments	232,198	200,806
– of which: to affiliated companies	(103,637)	(87,053)
Long-term purchase commitments for raw materials, consumables and supplies	17,415	18,335
– of which: to affiliated companies	(0)	(0)
Purchase commitments from capital investment orders	19,648	10,552
– of which: to affiliated companies	(2,600)	(700)
	269,261	**229,693**

Rental and lease payment obligations include € 175.3 million (previous year: € 205.0 million) from sale-and-leaseback agreements and relate to the Kiel production site (2010/2011 financial year), the Print Media Academy (1999/2000 financial year), the World Logistics Center (1999/2000 financial year) and the Heidelberg Research and Development Center (2006/2007 financial year). In the 2009/2010 financial year, operating properties at the Wiesloch-Walldorf production site (land, buildings, exterior facilities) were sold to Heidelberger Druckmaschinen Real Estate GmbH & Co. KG, a wholly owned and fully consolidated subsidiary. Future rental payments to Heidelberger Druckmaschinen Real Estate GmbH & Co. KG in the amount of € 87.1 million over the basic term of the lease are offset in the amount of the net profit generated by this company.

The other rental and lease payment obligations essentially relate to other real estate and operating and office equipment.

OTHER DISCLOSURES

27 Declaration of conformity in accordance with Section 161 AktG

The Management Board and the Supervisory Board of Heidelberger Druckmaschinen Aktiengesellschaft issued the declaration of conformity in accordance with Section 161 AktG and made it permanently accessible to shareholders in the "Investor Relations" section of our Web site (www.heidelberg.com) under "Corporate Governance". Earlier declarations of conformity were also made permanently accessible there.

28 Executive bodies of the Company

The information on the members of the Supervisory Board and the Management Board in accordance with Section 285 no. 10 HGB is listed in an annex to the notes.

The basic features of the system of remuneration and amounts for the members of the Management Board and the Supervisory Board are presented in the management report.

The total cash remuneration (= total remuneration) paid to the members of the Management Board in the year under review including non-cash remuneration amounted to € 4,039 thousand (previous year: € 2,709 thousand). Of this figure, € 1,460 thousand (previous year: € 942 thousand) was attributable to annual variable remuneration and € 948 thousand (previous year: € 306 thousand) to multi-year variable remuneration.

As in the previous year, members of the Management Board held no stock options at the end of the reporting period.

The total cash remuneration (= total remuneration) paid to former members of the Management Board and their surviving dependents amounted to € 3,810 thousand (previous year: € 3,064 thousand). Of this figure, € 882 thousand (previous year: € 876 thousand) related to obligations to former members of the Management Board of Linotype-Hell Aktiengesellschaft and their surviving dependents, which were assumed in the 1997/1998 financial year as part of universal succession.

Provisions of € 43,270 thousand (previous year: € 38,226 thousand) have been recognized for pension obligations to former members of the Management Board and their surviving dependents. Of this figure, € 8,305 thousand (previous year: € 8,750 thousand) relates to the pension obligations of the former Linotype-Hell Aktiengesellschaft, which were assumed in the 1997/1998 financial year as part of universal succession.

As in the previous year, former members of the Management Board held no stock options at the end of the reporting period.

No loans or advances were paid to members of the Management Board or the Supervisory Board in the period under review.

The Heidelberg Group has not assumed any contingent liabilities for members of the Management Board or the Supervisory Board.

In the year under review, the members of the Supervisory Board received fixed remuneration (in addition to a lump-sum payment of € 500 for each meeting day in lieu of reimbursement of expenses) of € 384 thousand (previous year: € 404 thousand). As in the previous year, they did not receive variable remuneration. These payments do not include value added tax.

29 Auditors' fee

As details of the full auditors' fees can be found in the consolidated financial statements of Heidelberger Druckmaschinen Aktiengesellschaft, we have exercised the exemption options provided by Section 285 no. 17 HGB.

30 List of shareholdings

The full list of shareholdings of Heidelberger Druckmaschinen Aktiengesellschaft in accordance with Section 285 no. 11 HGB, which forms part of the notes to the annual financial statements, is included as an annex (see pages 60 to 63).

Heidelberg, May 24, 2013

HEIDELBERGER DRUCKMASCHINEN AKTIENGESELLSCHAFT
The Management Board

Dr. Gerold Linzbach

Dirk Kaliebe

Marcel Kiessling

Stephan Plenz

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company, and the management report of the Company includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Heidelberg, May 24, 2013

HEIDELBERGER DRUCKMASCHINEN AKTIENGESELLSCHAFT
The Management Board

Dr. Gerold Linzbach   Dirk Kaliebe

Marcel Kiessling   Stephan Plenz

AUDITOR'S REPORT

We have audited the annual financial statements, comprising the statement of financial position, the income statement, and the notes to the annual financial statements together with the bookkeeping system, and the management report of Heidelberger Druckmaschinen Aktiengesellschaft, Heidelberg, for the financial year from April 1, 2012 to March 31, 2013. The bookkeeping and the preparation of the annual financial statements and the management report in accordance with German commercial law are the responsibility of the Management Board of the Company. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Management Board, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The management report is consistent with the annual financial statements and, as a whole, provides an accurate view of the Company's position and accurately presents the opportunities and risks of future development.

Mannheim, May 27, 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft
(German public auditing firm)

Ernst-Wilhelm Frings	ppa. Stefan Sigmann
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

LIST OF SHAREHOLDINGS AS PER SECTION 285 NO. 11 OF THE GERMAN COMMERCIAL CODE (PART OF THE NOTES TO THE ANNUAL FINANCIAL STATEMENTS)

Name	Country/Domicile		Shareholding in %	Equity in € thousands	Net result after taxes in € thousands
Affiliated companies included in the consolidated financial statements					
DOMESTIC					
Gallus Druckmaschinen GmbH	D	Langgöns-Oberkleen	30	2,045	– 5,867
Gallus Stanz- und Druckmaschinen GmbH	D	Weiden	30	4,611	– 9,918
Heidelberg Boxmeer Beteiligungs-GmbH [1]	D	Heidelberg	100	153,720	1,016
Heidelberg China-Holding GmbH [1]	D	Heidelberg	100	58,430	38,450
Heidelberg Consumables Holding GmbH [1]	D	Heidelberg	100	20,025	– 1,603
Heidelberg Postpress Deutschland GmbH [1]	D	Heidelberg	100	25,887	– 15,837
Heidelberger Druckmaschinen Real Estate GmbH & Co. KG	D	Walldorf	100	116,310	5,828
Heidelberger Druckmaschinen Vermögensverwaltungsgesellschaft mbH	D	Walldorf	100	21	– 1
Heidelberger Druckmaschinen Vertrieb Deutschland GmbH [1]	D	Heidelberg	100	54,901	6,403
Heidelberg Print Finance International GmbH [1]	D	Heidelberg	100	34,849	5,802
Saphira Handelsgesellschaft mbH	D	Waiblingen	100	26	– 1,346
ABROAD [2]					
Baumfolder Corporation	USA	Sidney, Ohio	100	3,419	– 2,161
Europe Graphic Machinery Far East Ltd.	PRC	Hong Kong	100	597	17
Gallus Ferd. Rüesch AG	CH	St. Gallen	30	47,713	3,609
Gallus Holding AG	CH	St. Gallen	30	80,603	8,817
Gallus Inc.	USA	Philadelphia, Pennsylvania	30	1,321	294
Heidelberg Americas, Inc.	USA	Kennesaw	100	109,779	– 5,241
Heidelberg Asia Pte. Ltd.	SGP	Singapore	100	14,261	487
Heidelberg Baltic Finland OÜ	EST	Tallinn	100	9,412	813
Heidelberg Boxmeer B.V.	NL	Boxmeer	100	62,414	543
Heidelberg Canada Graphic Equipment Ltd.	CDN	Mississauga	100	7,459	– 219
Heidelberg China Ltd.	PRC	Hong Kong	100	23,338	7,015
Heidelberg do Brasil Sistemas Graficos e Servicos Ltda.	BR	São Paulo	100	11,082	– 3,374
Heidelberg France S.A.S.	F	Tremblay-en-France	100	6,409	1,760
Heidelberg Grafik Ticaret Servis Limited Sirketi	TR	Istanbul	100	5,753	692
Heidelberg Graphic Equipment (Shanghai) Co. Ltd.	PRC	Shanghai	100	74,501	14,919

Name	Country/Domicile		Shareholding in %	Equity in € thousands	Net result after taxes in € thousands
Heidelberg Graphic Equipment Ltd. – Heidelberg Australia –	AUS	Notting Hill, Melbourne	100	15,366	– 3,388
Heidelberg Graphic Equipment Ltd. – Heidelberg New Zealand –	NZ	Auckland	100	5,286	606
Heidelberg Graphic Equipment Ltd. – Heidelberg UK –	GB	Brentford	100	12,399	3,611
Heidelberg Graphic Systems Southern Africa (Pty) Ltd.	ZA	Johannesburg	100	2,309	141
Heidelberg Graphics (Beijing) Co. Ltd.	PRC	Beijing	100	1,420	741
Heidelberg Graphics (Thailand) Ltd.	TH	Bangkok	100	7,666	1,646
Heidelberg Graphics (Tianjin) Co. Ltd.	PRC	Tianjin	100	9,131	9,395
Heidelberg Graphics Taiwan Ltd.	TWN	Wu Ku Hsiang	100	5,356	856
Heidelberg Group Trustees Ltd.	GB	Brentford	100	0	0
Heidelberg Hong Kong Ltd.	PRC	Hong Kong	100	14,926	1,217
Heidelberg India Private Ltd.	IN	Chennai	100	6,857	799
Heidelberg International Finance B.V.	NL	Boxmeer	100	2,030	30
Heidelberg International Ltd. A/S	DK	Ballerup	100	36,694	1,314
Heidelberg International Trading (Shanghai) Co. Ltd.	PRC	Shanghai	100	334	174
Heidelberg Japan K.K.	J	Tokyo	100	20,958	6,528
Heidelberg Korea Ltd.	ROK	Seoul	100	3,833	– 1,891
Heidelberg Magyarország Kft.	HU	Kalasch	100	6,427	394
Heidelberg Malaysia Sdn Bhd	MYS	Petaling Jaya	100	– 368	– 1,316
Heidelberg Mexico Services, S. de R.L. de C.V.	MEX	Mexico City	100	1,670	615
Heidelberg Mexico, S. de R.L. de C.V.	MEX	Mexico City	100	9,517	2,054
Heidelberg Philippines, Inc.	PH	Makati City	100	6,105	652
Heidelberg Polska Sp z.o.o.	PL	Warsaw	100	10,103	711
Heidelberg Praha spol s.r.o.	CZ	Prague	100	1,803	737
Heidelberg Print Finance Americas, Inc.	USA	Portsmouth	100	11,947	231
Heidelberg Print Finance Australia Pty Ltd.	AUS	Notting Hill, Melbourne	100	48,870	1,532
Heidelberg Print Finance Korea Ltd.	ROK	Seoul	100	15,656	3,426
Heidelberg Print Finance Osteuropa Finanzierungsvermittlung GmbH [1)]	A	Vienna	100	31,961	107
Heidelberg Schweiz AG	CH	Bern	100	3,178	5,228
Heidelberg Shenzhen Ltd.	PRC	Shenzhen	100	6,657	1,115
Heidelberg Slovensko s.r.o.	SK	Bratislava	100	2,514	126

Name	Country/Domicile		Shareholding in %	Equity in € thousands	Net result after taxes in € thousands
Heidelberg Sverige AB	S	Solna	100	6,379	940
Heidelberg USA, Inc.	USA	Kennesaw	100	111,427	9,574
Heidelberger CIS OOO	RUS	Moscow	100	– 2,998	– 630
Heidelberger Druckmaschinen Austria Vertriebs-GmbH	A	Vienna	100	77,637	3,368
Heidelberger Druckmaschinen Osteuropa Vertriebs-GmbH [1]	A	Vienna	100	70,183	4,543
Heidelberger Druckmaschinen WEB-Solution CEE Ges.m.b.H	A	Vienna	100	2,066	– 63
Hi-Tech Coatings International B.V.	NL	Zwaag	100	10,747	396
Hi-Tech Coatings International Limited	GB	Aylesbury, Bucks	100	7,972	543
Hi-Tech Coatings Limited	GB	Aylesbury, Bucks	100	120	0
Linotype-Hell Ltd.	GB	Brentford	100	3,842	0
Modern Printing Equipment Ltd.	PRC	Hong Kong	100	3,587	– 515
MTC Co., Ltd.	J	Tokyo	99.99	8,603	– 6
OFS Holding AG	CH	Pfaffnau	100	1,706	– 11
OF Service AG	CH	Pfaffnau	100	438	– 115
OF Schweiz AG	CH	Pfaffnau	100	933	38
P.T. Heidelberg Indonesia	ID	Jakarta	100	5,394	1,939
Affiliated companies not included in the consolidated financial statements					
DOMESTIC					
D. Stempel AG i. A. [3]	D	Heidelberg	99.23	137	– 48
Heidelberg Catering Services GmbH [1]	D	Wiesloch	100	386	– 1,854
Heidelberg CSAT GmbH	D	Eggenstein-Leopoldshafen	100	1,545	22
Heidelberg Direkt Vertriebs GmbH [3]	D	Heidelberg	100	333	37
Menschick Trockensysteme GmbH	D	Renningen	30	343	– 12
Kurpfalz Asset Management GmbH [1]	D	Heidelberg	100	26	– 1
Sporthotel Heidelberger Druckmaschinen GmbH [1]	D	Heidelberg	100	26	– 133
ABROAD [2]					
Cerm Benelux NV	BE	Oostkamp	100	981	361
CSAT Germany Inc.	USA	Longmont	100	3	0
CSAT America LLC	USA	Louisville	100	55	52
Gallus Ferd. Ruesch (Shanghai) Co. Ltd.	PRC	Shenzhen	30	178	– 113

Name	Country/Domicile		Shareholding in %	Equity in € thousands	Net result after taxes in € thousands
Gallus Printing Machinery Corp.	USA	Philadelphia	30	– 868	– 286
Gallus Australia Pty Ltd.	AUS	Bayswater	30	119	8
Gallus India Private Limited	IN	Mumbai	30	0	0
Gallus Scandinavia A/S	DK	Glostrup	30	– 546	– 118
Gallus South East Asia Pte. Ltd.	SGP	Singapore	30	119	– 37
Gallus-Group UK Ltd.	GB	Royston	30	334	128
Heidelberg Asia Procurement Centre Sdn Bhd	MYS	Petaling Jaya	100	– 581	– 101
Heidelberg East Africa Ltd.	KE	Nairobi	99.99	– 4,682	– 30
Heidelberg Graphic Systems Ltd.	CY	Nicosia	99.99	2	– 3
Heidelberg Lebanon	LB	Beirut	99.96	1,104	5
Heidelberg Postpress Slovensko spol. s r.o.	SK	Nové Mesto nad Váhom	100	4,598	961
Heidelberg Used Equipment Ltd. [3]	GB	Brentford	100	560	30
Heidelberger Druckmaschinen Ukraina Ltd.	UA	Kiev	100	– 1,257	78
Inline Cutting L.L.C.	USA	Baltimore	30	– 1,348	0
Associated companies not accounted for using the equity method					
ABROAD [2]					
Heidelberg Middle East FZ Co.	AE	Dubai	50	1,330	0
Print Media Academy Ceska Republika a.s.	CZ	Pardubice	24	0	0
Other shareholdings (> 5%)					
DOMESTIC					
InnovationLab GmbH	D	Heidelberg	8.33	840	336
SABAL GmbH & Co. Objekt FEZ Heidelberg KG	D	Munich	99.90	– 3,887	– 551
Minor shareholdings					
DOMESTIC					
KITZ Kieler Innovations- u. Technologiezentrum GmbH [3]	D	Kiel	3.08	389	0
Printpromotion Gesellschaft	D	Frankfurt a. M.	2	473	111

[1] Result prior to profit and loss transfer
[2] Disclosures for companies outside Germany in accordance with IFRS
[3] Prior-year figures; financial statements not yet available

THE SUPERVISORY BOARD*

Robert J. Koehler
Chairman of the Management Board of SGL Carbon SE, Wiesbaden
Chairman of the Supervisory Board
a) Klöckner & Co. SE
LANXESS AG
b) Benteler International AG, Austria (Chairman)

Rainer Wagner**
Chairman of the Central Works Council, Heidelberg/Wiesloch-Walldorf
Deputy Chairman of the Supervisory Board

Edwin Eichler
Member of various Supervisory Boards, Düsseldorf
a) SGL Carbon SE
SMS Holding GmbH
b) Member of the Board of Trustees at the Düsseldorf Technical University

Wolfgang Flörchinger**
Member of the Works Council, Heidelberg/Wiesloch-Walldorf

Martin Gauß**
Chairman of the Speakers Committee for the Executive Staff, Heidelberg

Mirko Geiger**
First Senior Representative of IG Metall, Heidelberg
a) ABB AG

Gunther Heller**
Chairman of the Works Council, Amstetten

Jörg Hofmann**
Regional head of IG Metall, Baden-Württemberg region, Stuttgart
a) Daimler AG
Robert Bosch GmbH

Dr. Siegfried Jaschinski
Member of the Management Board of MainFirst Bank AG, Frankfurt
a) Adcapital AG

* At the end of December 2012, the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft initiated status proceedings in accordance with Section 97 AktG by way of a corresponding announcement that the number of members of the Supervisory Board of the Company was no longer consistent with the provisions of the German Codetermination Act. According to this statement, the number of employees at the German sites of the Company has been permanently less than the threshold of 10,001 since December 2012. Following the Annual General Meeting in July 2013, the Supervisory Board is therefore expected to only consist of 12 members rather than the current number of 16.

Dr. Herbert Meyer
Member of the Auditor Oversight Commission (AOC), Berlin

a) HT Troplast GmbH
MainFirst Bank AG
WEBASTO AG

b) Verlag Europa Lehrmittel GmbH
(Member of the Advisory Board)
MainFirst Holding AG, Switzerland

Dr. Gerhard Rupprecht
Member of various Supervisory Boards, Gerlingen

a) Fresenius Management SE
Fresenius SE & Co. KGaA
Euler Hermes Deutschland AG

b) Allianz France SA, France

Beate Schmitt**
Member of the Works Council, Heidelberg/Wiesloch-Walldorf

Lone Fønss Schrøder
Member of various Supervisory Boards, Hornbaek, Denmark

a) Bilfinger Berger SE

b) AKER Solutions ASA, Lysaker/Norway
(Member of the Board of Directors)
NKT Holding AS, Brønby/Denmark
(Member of the Board of Directors)
Svenska Handelsbanken AB, Stockholm/Sweden
(Member of the Board of Directors)
Vattenfall AB, Stockholm/Sweden
(Member of the Board of Directors)
Volvo Personvagnar AB, Göteborg/Sweden
(Member of the Board of Directors)

Prof. Dr.-Ing. Günther Schuh
Professor and holder of the chair in production engineering at RWTH Aachen University, Aachen

a) Zwiesel Kristallglas AG

b) Gallus Holding AG, Switzerland
(Member of the Administration Board)
Brose Fahrzeugteile GmbH & Co. KG
(Member of the Advisory Board)

Dr. Klaus Sturany
– through August 13, 2012*** –
Member in various Supervisory Boards, Dortmund

a) Bayer AG
Hannover Rückversicherung AG

b) Sulzer AG, Switzerland (Member of the Administration Board)

Peter Sudadse**
Deputy Chairman of the Central Works Council, Heidelberg/Wiesloch-Walldorf

** Employee representative
*** As of the date of retirement
a) Membership in other Supervisory Boards
b) Membership in comparable German and foreign control bodies of business enterprises

COMMITTEES OF THE SUPERVISORY BOARD

MANAGEMENT COMMITTEE

Robert J. Koehler (Chairman)

Rainer Wagner

Martin Gauß

Mirko Geiger

Dr. Gerhard Rupprecht

Prof. Dr.-Ing. Günther Schuh
– since July 15, 2012 –

Dr. Klaus Sturany
– through July 15, 2012 –

MEDIATION COMMITTEE UNDER ARTICLE 27 PARAGRAPH 3 OF THE CODETERMINATION ACT

Robert J. Koehler

Rainer Wagner

Wolfgang Flörchinger

Dr. Gerhard Rupprecht

COMMITTEE ON ARRANGING PERSONNEL MATTERS OF THE MANAGEMENT BOARD

Robert J. Koehler (Chairman)

Rainer Wagner

Dr. Gerhard Rupprecht

Beate Schmitt

AUDIT COMMITTEE

Dr. Herbert Meyer (Chairman)
– since July 15, 2012 –

Dr. Klaus Sturany (Chairman)
– through July 15, 2012 –

Dr. Siegfried Jaschinski
– since July 15, 2012 –

Mirko Geiger

Rainer Wagner

NOMINATION COMMITTEE

Robert J. Koehler (Chairman)

Dr. Gerhard Rupprecht
– since July 15, 2012 –

Dr. Klaus Sturany
– through July 15, 2012 –

STRATEGY COMMITTEE

Robert J. Koehler (Chairman)

Rainer Wagner

Edwin Eichler

Mirko Geiger

Dr. Siegfried Jaschinski

Dr. Herbert Meyer

Dr. Gerhard Rupprecht

Lone Fønss Schrøder

Prof. Dr.-Ing. Günther Schuh

THE MANAGEMENT BOARD

Dr. Gerold Linzbach
– since September 1, 2012 –
Frankfurt am Main
Chief Executive Officer and
Chief Human Resources Officer
** Heidelberg Americas, Inc., USA
(Chairman of the Board of Directors)
Heidelberg USA, Inc., USA
(Chairman of the Board of Directors)

Bernhard Schreier
– through August 31, 2012 *** –
Walldorf
Chief Executive Officer and
Chief Human Resources Officer
* ABB Aktiengesellschaft
Universitätsklinikum Heidelberg
(institution under public law)
Heidelberger Druckmaschinen
Vertrieb Deutschland GmbH
(Chairman)
** Heidelberg Graphic Equipment Ltd., UK
(Chairman of the Board of Directors)
Heidelberg Japan K.K., Japan
Heidelberg Americas, Inc., US
(Chairman of the Board of Directors)
Heidelberg USA, Inc., US
(Chairman of the Board of Directors)

Dirk Kaliebe
Sandhausen
Chief Financial Officer and
Head of the Heidelberg
Financial Services Segment
* Heidelberger Druckmaschinen Vertrieb
Deutschland GmbH
** Gallus Holding Aktiengesellschaft,
Switzerland
(Member of the Administration Board)
Heidelberg Americas, Inc., USA
Heidelberg Graphic Equipment Ltd.,
Heidelberg Australia, Australia
Heidelberg Graphic Equipment Ltd., UK
Heidelberg USA, Inc., USA

Marcel Kiessling
Heidelberg
Head of the Heidelberg
Sales and Services Segment
* Heidelberger Druckmaschinen Vertrieb
Deutschland GmbH
(Chairman)
** Heidelberger Druckmaschinen Austria
Vertriebs-GmbH
(Member of the Advisory Board)
Heidelberger Druckmaschinen Osteuropa
Vertriebs-GmbH
(Member of the Advisory Board)
Heidelberg Graphic Equipment Ltd.,
Heidelberg Australia, Australia
Heidelberg Japan K.K., Japan

Stephan Plenz
Sandhausen
Head of the Heidelberg
Equipment Segment
** Gallus Holding AG, Switzerland
(Chairman of the Administration Board);
Heidelberg Graphic Equipment
(Shanghai) Co. Ltd., China
(Chairman of the Board of Directors)

* Membership in Supervisory Boards
** Membership in comparable German and foreign control bodies of business enterprises
*** As of the date of retirement

GLOSSARY

ANICOLOR
Heidelberg presented its Anicolor inking unit technology for the first time at the 2006 IPEX trade show. With Anicolor, hardly any start-up sheets are required – start-up spoilage is thus reduced by up to 90 percent. Since no color-zone adjustments are required, set-up times are reduced by up to 40 percent, and the capacity of the printing press is increased by up to 25 percent.

ASSET MANAGEMENT
Operating assets and liabilities are optimized in order to reduce and more efficiently utilize tied capital. This serves to improve free cash flow and value added.

BSC (BALANCED SCORECARD)
The balanced scorecard system is an approach to business management that aligns the organization towards strategic goals from various perspectives: monetary goals, goals related to the customer, goals relating to employees, and processes.

CMYK (CYAN, MAGENTA, YELLOW, BLACK)
The color model usually employed in printing technology which uses the primary colors cyan, magenta and yellow. The fourth “color” black is used to ensure a visually satisfying black tone.

COMMERCIAL PRINTING
Printed products that do not appear regularly. These products include a diversity of font types and sizes as well as printing stocks – for example, brochures or catalogs.

COMPLIANCE
(Conformity to regulations) A term describing adherence to laws and guidelines in companies.

CORPORATE GOVERNANCE
System by which corporations are directed and controlled. The governance structure specifies the distribution of rights and responsibilities in the corporation and specifies national and international rules and procedures for making decisions in corporate affairs.

CRM (CUSTOMER RELATIONSHIP MANAGEMENT)
Means for communicating throughout the customer process; particularly relevant for marketing as well as sales and services, e. g. a software specifically tailored to customer relationship management is called a CRM system.

FINANCIAL COVENANTS
Contractually binding assurances by a borrower or bond debtor during the term of a loan.

FINISHING (POSTPRESS)
Processes or operations performed on a printed product after the print run itself. Depending on the type of product, these processes can include folding, collating or trimming of the printed sheets, as well as binding or bundling/packing.

FLEXO PRINTING
A relief printing process using elastic, polymer printing plates and inks with very low viscosity. Flexo(graphic) printing is used especially in the printing of packaging and multicolor labels.

GUTENBERG, JOHANNES
1397 – 1468, born Johann Gensfleisch. Between 1440 and 1450 he invented mechanical movable type printing – letterpress printing. His invention was based on cast type, a corresponding manual casting instrument, a suitable metal alloy and a printing press. Gutenberg's method, which is today considered the trigger for one of the greatest revolutions in human history, spread throughout the world within a matter of years.

INKJET PROCESS
A printing process in which the printing colors – mostly inks – are applied to the surface to be printed on in the form of very small drops from nozzles.

KPI (KEY PERFORMANCE INDICATOR)
Key indicators that measure the extent to which important goals or critical factors for success within the Company have been met.

MAKEREADY TIME
The time required to prepare a machine for a specific work process. During makeready times, machines cannot be used for production purposes, and investments do not yield a return.

PREPRESS
All the steps required to prepare the printing plate for the actual printing process, including the provision of text, graphic elements, images and design.

PRINECT
With its Prinect workflow software, Heidelberg provides the most complete software offering in the print media industry. Customers thereby attain the greatest possible production security in color management with color measuring devices as well as closely coordinated measurement fields and seamless integration within the workflow.

QR CODE
QR codes (quick response) are basically small data memories that can store up to half a DIN A4 page of text. By using these, texts, links or program lines can be coded and transmitted.

QUALITY GATES
Quality gates are clearly defined milestones, which occur during a product's life cycle, to evaluate a project's maturity. These milestones are firmly established in all areas that are decisive for the quality of our products – including, among others, development, production, service, purchasing, order management, as well as sales and marketing. The quality gates include processes, performance targets and checklists that are binding components of product-based projects.

REMOTE SERVICES TECHNOLOGY
Internet-based service platform which, among other things, makes it possible to analyze and inspect printing presses via a data link – without the need for customers to interrupt their production.

SHEETFED OFFSET PRINTING
Offset printing is based on the principle that oil and water repel each other. The printing and non-printing areas are at nearly the same level. As the name indicates, the sheetfed offset process prints individual sheets as opposed to web offset printing, which prints paper rolls.

SPOILAGE
Damaged, defective or not yet rejected printed matter that arises in the printing process. Spoilage results from the makeready process as well as during the production run – for example, due to defective ink feeds and color registers or contamination – as well as during the finishing process.

WEB-TO-PRINT
More and more print shops are acquiring customers via the Internet – even copies are increasingly often produced online. As a result, on the one hand production-related processes in print shops are changing, while on the other hand expectations in print shops' service and logistics features are rising.

PUBLISHING INFORMATION

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Produced on Heidelberg machines using Heidelberg technology.

FINANCIAL CALENDAR 2013/2014

JUNE 13, 2013	Press Conference, Annual Analysts' and Investors' Conference
JULY 23, 2013	Annual General Meeting
AUGUST 13, 2013	Publication of First Quarter Figures 2013/2014
NOVEMBER 5, 2013	Publication of Half-Year Figures 2013/2014
FEBRUARY 5, 2014	Publication of Third Quarter Figures 2013/2014
JUNE 11, 2014	Press Conference, Annual Analysts' and Investors' Conference
JULY 24, 2014	Annual General Meeting

Subject to change

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