Q2

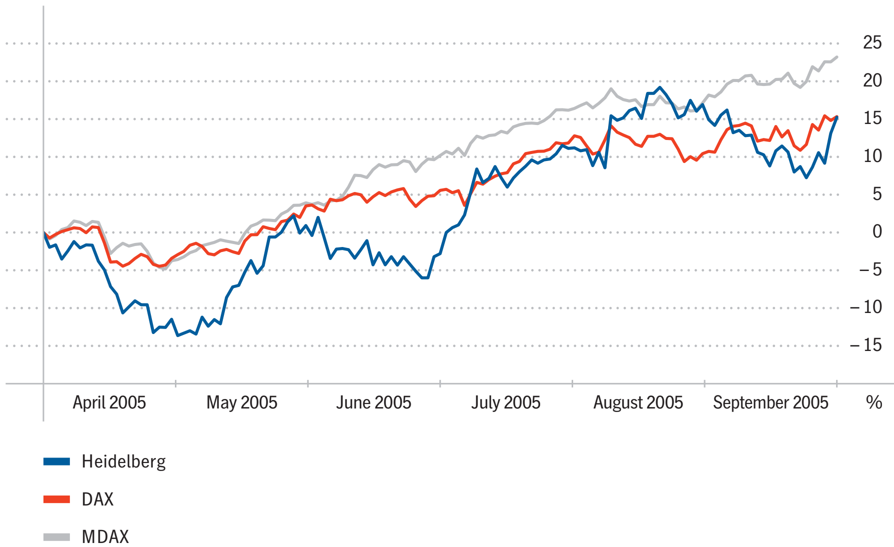
INTERIM FINANCIAL REPORT

2nd QUARTER 2005/2006

HEIDELBERG

PERFORMANCE OF THE HEIDELBERG SHARE

compared with the DAX/MDAX (Index: April 1, 2005 = 0 percent)



KEY PERFORMANCE DATA

Figures in € millions

	Q1 to Q2 prior year[2]	Q1 to Q2 2005/2006	Q2 prior year	Q2 2005/2006
Incoming orders	2,097	1,760	811	874
Net sales	1,524	1,529	814	869
Result of operating activities[1]	– 34	71	20	64
Restructuring expenses	9	–	4	–
Net loss/profit	– 59	33	4	33
– in percent of sales	– 3.9	2.2	0.5	3.8
Cash flow	– 11	119	27	87
– in percent of sales	– 0.7	7.8	3.3	10.0
Free cash flow	– 211	– 59	– 90	47
Investments	67	66	37	37
Earnings per share in €	– 0.71	0.33	0.03	0.34

[1] Before restructuring expenses

[2] Including discontinuing operations: incoming orders € 192 million (Q2: € 47 million); net sales € 153 million (Q2: € 45 million); result of operating activities € – 40 million (Q2: € –7 million)

Contents

The Heidelberg Share

SHAREHOLDER STRUCTURE

Share in percent

	30-Sep-2005
Free Float[1]	67
RWE	15
Allianz	12
Munich Re	6

[1] Of which Brandes Investment Partners LLC accounts for 10 percent (status February 2005) and Fidelity International Ltd. for 6.5 percent (status August 2005)

The German stock market developed favorably during the second quarter of the financial year. The key DAX and MDAX indexes rose, respectively, by 9 and 12 percent during the reporting period. Throughout this period, the development of the price of a Heidelberg share was more favorable than the two indexes over the same period of time. Overall, the price of a Heidelberg share increased more than 17 percent during the quarter under review.

Approximately 1,250 shareholders participated in our Annual General Meeting on July 20, 2005, which for the first time was held this year at the Rosengarten Congress Center in Mannheim. Approximately 62 percent of Heidelberg's share capital was represented on this occasion. Over 97 percent of those eligible to vote approved all the points on the Agenda. A survey conducted among shareholders showed that the new meeting place was viewed as an improvement by over two-thirds of those participating.

Commerzbank Aktiengesellschaft sold its 10 percent stake in Heidelberg on September 7, 2005. This caused an increase in the free float to its current level of 67 percent. The strong interest shown in the Heidelberg share is reflected in the fact that the entire volume of shares was successfully and widely placed in the market during a period of just 90 minutes. The share's trading volume also rose further, with the average daily trading volume amounting to approximately 314,000 shares during the quarter as a whole.

KEY PERFORMANCE DATA OF THE HEIDELBERG SHARE

Figures in €

	Q2 prior year	Q2 2005/2006
Earnings per share	0.03	0.34
Cash flow per share	0.31	1.01
Price-cash flow ratio[1]	77.42	28.23
Share price – high	27.40	29.50
Share price – low	21.35	24.30
Share price – beginning of the quarter[2]	27.31	24.30
Share price – end of the quarter[2]	24.00	28.51
Market capitalization at the end of the quarter in € millions	2,062	2,449
Number of shares in thousands	85,908	85,908

[1] Based on Xetra end-of-quarter closing price; source: Bloomberg

[2] Xetra closing price

Underlying Conditions

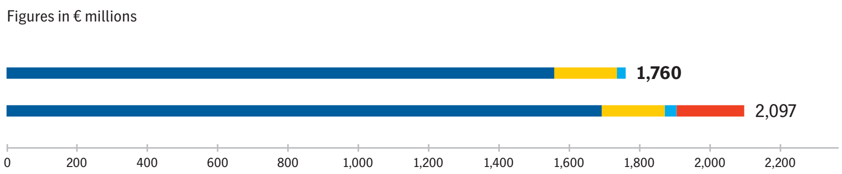
Although the price of crude oil reached new record levels during the reporting quarter, global economic growth continues to be strong. This development is being driven by vigorous manufacturing and demand in the emerging markets – primarily in China – as well as the currently highly favorable monetary environment in the industrialized countries. Central bank interest rates are still low in the US as well. These factors ensure that the higher raw material prices can be addressed. Global GDP is projected to grow by 4.2 percent in calendar year 2005.

Despite a slight upswing of the demand from abroad, so far this year economic expansion remained restrained in the European region. Domestic demand continues to be weak, as a result of which we anticipate growth of only 1.4 percent for the current year. Developments in Germany are disappointing, with economic growth expected to remain less than one percent during the current year. It remains to be seen whether the necessary far-reaching economic reforms can be pushed through by the coalition of Germany's two major parties. The emerging markets in Latin America and the Far East continue their stable growth. In Russia, economic-policy shortcomings are currently preventing a stronger expansion.

The favorable industry development has also had a positive impact on the print media industry. The capacity utilization of US printing establishments is rising continuously. The course of the Print 05 tradeshow in September also confirms the moderate upward trend. The German printing industry also reports an improved business outlook and a slight increase in production activity.

Business Development

INCOMING ORDERS BY DIVISION



	2005/2006, Q1 to Q2	2004/2005, Q1 to Q2
Press	**1,557**	1,692
Postpress	**178**	179
Financial Services	**25**	34
Continuing Operations	**1,760**	**1,905**
Discontinuing Operations	**0**	192
Heidelberg Group	**1,760**	**2,097**
Q2		
Press	**769**	668
Postpress	**93**	81
Financial Services	**12**	15
Continuing Operations	**874**	**764**
Discontinuing Operations	**0**	47
Heidelberg Group	**874**	**811**

The Heidelberg Group's **incoming orders** showed strong growth during the second quarter of the current financial year, with the order volume at € 874 million – 14 percent higher than the comparable previous year's figures and nearly the value of the excellent previous quarter. This increase was primarily attributable to the improvement in business conditions in key markets, especially in Germany, France, and some smaller markets in the euro zone. An additional factor was the volume of orders generated at the Print 05 tradeshow. Incoming orders of € 1,760 million during the first half-year overall exceeded our expectations. Although this figure fell short of the previous year's figures, the latter had included the high order volume generated at the drupa trade fair.

The **order backlog** rose slightly over the previous quarter, amounting to € 1,248 million at the end of the first half of the year. A high level of capacity utilization is thereby assured over the next few months.

Second quarter **sales** of € 869 million were not only 13 percent higher than the comparable previous year's figure, but we also thereby realized the highest volume of sales for continuing operations of any second quarter over the past four years. Also decisively contributing to this development was in particular the large sales volume in China. Moreover, we generated perceptible growth in Europe and North America. Besides the growth in the medium format sector, large format deliveries also rose considerably. An additional factor is the series startup of the Speedmaster XL 105. Overall, sales of € 1,529 million during the first half of the year exceeded the previous year's figure.

NET SALES BY DIVISION

Figures in € millions

	Q1 to Q2 prior year	**Q1 to Q2 2005/2006**	Q2 prior year	**Q2 2005/2006**
Press	1,187	1,330	674	763
Postpress	150	174	80	94
Financial Services	34	25	15	12
Continuing Operations	1,371	1,529	769	869
Discontinuing Operations	153	0	45	0
Heidelberg Group	1,524	1,529	814	869

Net Assets, Financial Position, and Results of Operations

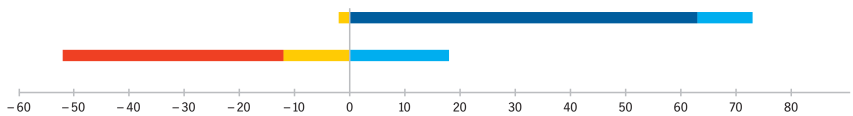
During the second quarter of the current financial year, the Heidelberg Group generated a result of operating activities before restructuring expenses of € 64 million, resulting in an operating return on sales of 7.4 percent. This is more than double the comparable figure for the previous year. The increase was largely caused by our purposeful reduction of structural costs, resulting in an enhanced earnings position in all areas. We were additionally successful in generating greater profit contributions through the growth in sales.

Overall, we thereby realized a result of operating activities of € 71 million during the first half of the financial year. The comparable previous year's figure of € 6 million had still been burdened by the costs of the drupa trade fair.

Following our barely positive **pre-tax income** in the first quarter, the figure of € 54 million for the second quarter represents considerable improvement. We also earned a very favorable **net profit** of € 33 million in the reporting period. For the first half of the year, the earnings per share thus amount to € 0.34.

RESULT OF OPERATING ACTIVITIES[1)]

Figures in € millions



	2005/2006, Q1 to Q2	2004/2005, Q1 to Q2
Press	**63**	0
Postpress	**–2**	–12
Financial Services	**10**	18
Continuing Operations	**71**	**6**
Discontinuing Operations	**0**	–40
Heidelberg Group	**71**	**–34**

Q2

Press	**56**	22
Postpress	**2**	–4
Financial Services	**6**	9
Continuing Operations	**64**	**27**
Discontinuing Operations	**0**	–7
Heidelberg Group	**64**	**20**

1) Before restructuring expenses

The **total assets** of the Heidelberg Group remained nearly unchanged during the second quarter. The figure of € 3,690 million as of September 30, 2005, was € 62 million higher than the comparable figure at the end of the previous financial year. Approximately half of the increase was caused by foreign currency influences.

Among assets, long-term assets declined largely due to the reduction in accounts receivable from customer financing. Inventories rose slightly during the second quarter, albeit only modestly.

Among liabilities, in particular long-term financial liabilities increased in comparison with the figures for March 31, 2005. In order to take advantage of the currently favorable conditions on the capital markets, we already renewed a credit line prior to its expiration in 2007. The new contact, which makes available a € 500 million long-term line of credit, now provides improved conditions for us and runs through 2011. Our equity ratio continues to be an excellent 34 percent.

Cash flow reached € 119 million in the first half-year of the financial year, accounting for 8 percent of sales – a considerable improvement over the same period the previous year, which in part had been still burdened by discontinuing operations. Furthermore, cash flow in the reporting period was favored by the currently strong earnings position. The cash flow that we generated during the quarter of € 87 million (10 percent of sales) was higher than the comparable figure for the already favorable previous quarter.

In the area of **other operating changes,** the second quarter was characterized by a net cash use, which amounted to € –125 million through the end of the first half of the year. This figure was considerably lower than the figure for the same period the previous year. Here, the higher commitment of funds

BALANCE SHEET STRUCTURE

Figures in € millions

	31-Mar-2005	in percent of total assets	30-Sep-2005	in percent of total assets
Long-term assets	1,426	39	1,386	38
Short-term assets	2,202	61	2,304	62
Total assets	3,628	100	3,690	100
Shareholders' equity	1,232	34	1,240	34
Long-term liabilities	1,348	37	1,410	38
Short-term liabilities	1,048	29	1,040	28
Total assets	3,628	100	3,690	100

through the buildup of inventories contrasted with cash inflow from receivables from customer financing. **Cash used in investment activity** totaling € – 53 million was slightly higher than the previous year's figure.

Overall, although this resulted in a negative **free cash flow** of € – 59 million for the first half-year, this figure was considerably improved over the previous year. Free cash flow was already a positive € 47 million in the second quarter.

CASH FLOW STATEMENT

Figures in € millions

	Q1 to Q2 prior year	Q1 to Q2 2005/2006
Cash flow	– 11	119
Other operating changes	– 160	– 125
– of which: inventories	(– 140)	(– 152)
– of which: receivables from customer financing	(62)	(40)
– of which: trade receivables	(126)	(10)
– of which: other provisions	(– 70)	(– 52)
Net cash used in investing activities	– 40	– 53
Free cash flow	– 211	– 59
– of which: discontinuing operations	(– 102)	(–)

Divisions

Among others due to the ongoing economic turnaround in some markets, the favorable trend of incoming orders of the **Press** Division continued during the financial year. We benefited in particular from demand for our Speedmaster XL 105 and Speedmaster CD 74 products. Sales surpassed the previous year's figures thanks to the high volume generated in both the large and the medium format areas. Due to the current higher level of sales and our lower structural costs, we were also successful in boosting the result of operating activities to € 56 million in the second quarter and even generating an increase to € 63 million for the first half of the year. The number of employees in this division rose slightly to 16,737 due to the beginning of the new employee training year in September.

Compared with the previous year, in the **Postpress** Division the stronger demand for our folding machines resulted in a considerable increase in incoming orders during the second quarter. Moreover, our Stahlfolder TH/KH folder generation received the highly regarded PIA/GATF InterTech Award for innovations this year. The division's sales were also improved considerably over the previous year. Nevertheless, business with mailroom solutions continued to be unsatisfactory. The result of operating activities during the second quarter of € 2 million was slightly in the black. This resulted not only from the stronger sales, but in particular from the improved cost situation for the production sites. Compared with the financial year-end, the number of employees in the division remained unchanged after adjusting for trainees.

For the **Financial Services** Division, the financial year is developing as expected. As a result of outplacement measures, receivables from customer financing declined further during the reporting period despite opposing exchange rate effects. At the end of the first half of the year, receivables from customer financing amounted to € 525 million. Interest income and the result of operating activities also declined from the previous year due to the lower volume of financing. As of September 30, 2005, this division had a total of 82 employees.

Regions

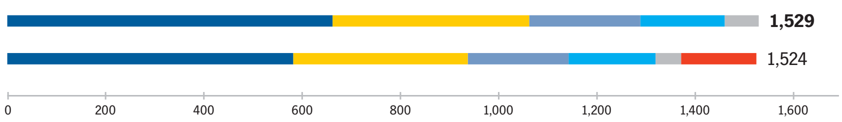
We generated incoming orders totaling € 375 million in the **Europe, Middle East and Africa** region during the second quarter – 12 percent more than in the same period the previous year. We are currently especially pleased with developments not only in our key market Germany, but with France and Italy as well, where business is quite strong. We surpassed the previous year's sales level for the quarter as well as for the current financial year on a cumulative basis.

NET SALES BY REGION

Figures in € millions

2005/2006, Q1 to Q2

2004/2005, Q1 to Q2



	2005/2006, Q1 to Q2	2004/2005, Q1 to Q2
Europe, Middle East and Africa	**662**	582
Eastern Europe	**172**	177
North America	**226**	205
Latin America	**69**	52
Asia/Pacific	**400**	355
Continuing Operations	**1,529**	**1,371**
Discontinuing Operations	**0**	153
Heidelberg Group	**1,529**	**1,524**

Europe, Middle East and Africa	**364**	327
Eastern Europe	**102**	99
North America	**132**	116
Latin America	**33**	30
Asia/Pacific	**238**	197
Continuing Operations	**869**	**769**
Discontinuing Operations	**0**	45
Heidelberg Group	**869**	**814**

Developments are stagnating at present in the **Eastern Europe** region, with incoming orders totaling € 94 million during the second quarter – 6 percent below the previous year's figures. A considerable shortfall in incoming orders was also felt for the first half of the year overall. This was caused in particular by restrained investment activity in Russia. The fear of threatened government intervention is resulting in a degree of uncertainty in our biggest market in this region. In terms of sales, which amounted to € 102 million, the previous year's level was modestly surpassed during the quarter.

The course of the Print 05 trade fair, which was held in Chicago in September, was satisfactory, thereby confirming the modestly favorable development of the print media industry in the **North America** region. The second quarter incoming orders of this region totaled € 158 million – nearly 30 percent higher than the figure for the same period the previous year and substantially in excess of the previous quarter. We were also successful in increasing sales, which surpassed the previous year's figures both for the quarter as well as for the first half of the year.

The trend of developments in the **Latin America** region continues to be favorable, with relatively strong incoming orders also recorded during the second quarter. Incoming orders totaled € 86 million during the first six-month reporting period – up 28 percent over the previous year. Net sales of € 69 million in the second quarter were also substantially higher than the previous year's figures.

Growth in our second largest region, **Asia/Pacific,** continues to be strong. Incoming orders of € 209 million during the second quarter were 22 percent higher than the previous year's figure. China is still the focus of attention of our business growth in the region. We additionally recorded heavy demand for our products in Japan and Australia. The growth in sales of the region developed similarly favorably as incoming orders, amounting to € 400 million in the first half-year – substantially in excess of the previous financial year.

INCOMING ORDERS BY REGION

Figures in € millions

	Q1 to Q2 prior year	**Q1 to Q2 2005/2006**	Q2 prior year	**Q2 2005/2006**
Europe, Middle East and Africa	860	738	335	375
Eastern Europe	225	183	100	94
North America	271	255	122	158
Latin America	67	86	35	38
Asia/Pacific	482	498	172	209
Continuing Operations	1,905	1,760	764	874
Discontinuing Operations	192	0	47	0
Heidelberg Group	2,097	1,760	811	874

Research and Development

Consolidated research and development expenses amounted to € 101 million during the first half of the year – 6 percent in excess of the comparable previous year's figure. The high R&D rate of so far 6.6 percent of sales underscores the significance of this area of activity for Heidelberg.

Demand for customized printing presses continues to expand. Together with our customers, we are also developing individualized solutions tailored to meet specific requests. The modular design of our printing presses thereby makes it possible for us to offer customized configurations.

Investments

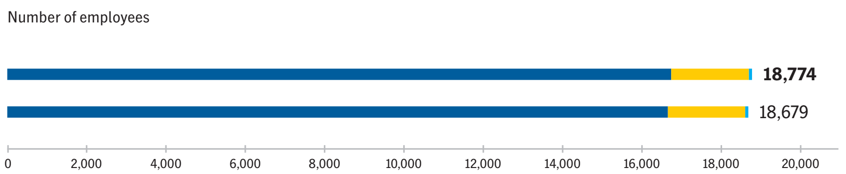
During the first half of the financial year, consolidated expenditures in tangible and intangible assets amounted to € 66 million – slightly higher than the comparable figure for the previous year (continuing operations). We are currently introducing new generations of printing presses in the manufacturing process. This approach makes it possible for us to manufacture on a process-oriented basis and with improved productivity, while simultaneously realizing greater flexibility with new and better-adapted products and consistently reducing manufacturing costs.

Employees

EMPLOYEES

September 30, 2005

March 31, 2005



	September 30, 2005	March 31, 2005
Press	**16,737**	16,653
Postpress	**1,955**	1,946
Financial Services	**82**	80
Heidelberg Group	**18,774**	**18,679**

Training is assigned high priority at Heidelberg. On September 1, 2005, a total of 194 young people began their professional careers at Heidelberg in 13 various training and study areas. We intend to adhere to a training quota of at least 6 percent in Germany over the next three years.

Due to the beginning of the new training year, the number of employees rose slightly as of the end of the second quarter. The Heidelberg Group had a total of 18,774 employees at September 30, 2005 – 95 more than at the end of the previous financial year. Excluding trainees, however, the number of employees remained largely unchanged over the past three months.

Corporate Risks

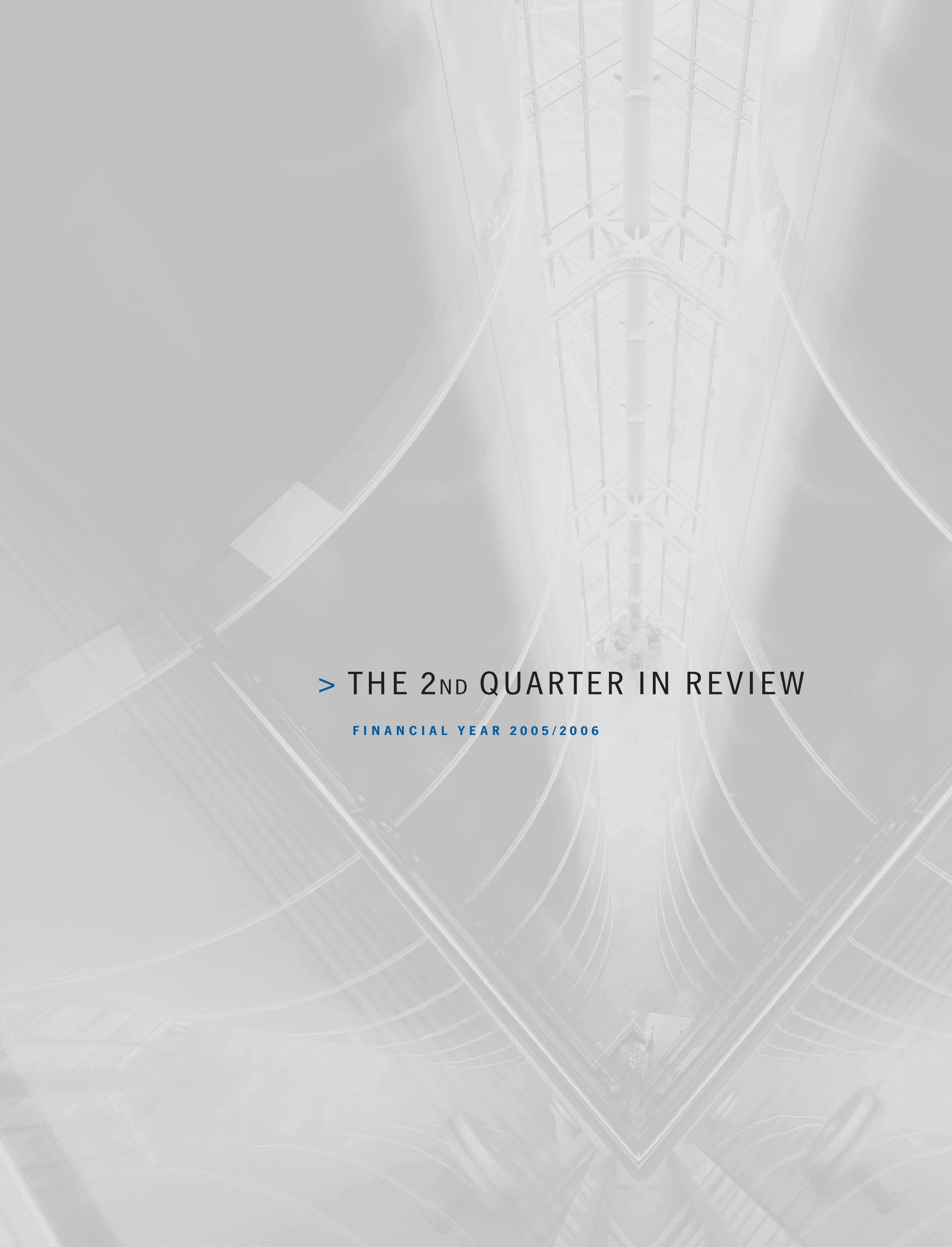
As in the past, the principal risk faced by the Heidelberg Group is a deterioration in general economic conditions – even though meanwhile we are able to react more flexibly to fluctuations in customer orders due to the lowering of our structural costs. Moreover, our international alignment makes it possible for us to make up for weaknesses in one region with strengths in other regions.

There are currently no recognizable risks that could threaten the existence of the Heidelberg Group. A detailed presentation of corporate risks as well as a description of our risk management system can be found in our current Annual Report, beginning on page 71. The statements presented there are still applicable.

Outlook

All signs point to continued growth, at an average pace, of the global economy this year as well as in 2006. The US and China will continue to serve as the principal engine for growth of the global economy. The gradual upswing in the print media industry in the industrialized countries will continue, which will permit us to benefit from our strategy of offering integrated solutions. Demand for printed products will continue to grow vigorously in the emerging markets, where we will benefit in particular from our superior service and sales network. Although conditions eased off somewhat in recent months, the exchange rate structures in the US market continue to be critical for German suppliers, since Japanese suppliers are able to offer their products at more favorable prices.

In view of this situation, we are projecting a moderate growth in sales on a comparable basis for the current financial year. During the current financial year, we will surpass the previous year's result of operating activities of € 167 million as well as the after-tax result of € 61 million. We will benefit in full from our measures to enhance efficiency as well as our divestiture and deconsolidation of the loss-generating Digital and Web Systems operations. Furthermore, some of the agreed-upon staff cost reductions will already go into effect during the current financial year. However, the development of exchange rates and raw material prices could have a dampening effect. Our goal is to return our cost of capital during the current financial year, and in subsequent years generate a yield that is higher than the weighted cost of capital of 10 percent.



> THE 2ND QUARTER IN REVIEW

FINANCIAL YEAR 2005/2006

> THE 2ND QUARTER 2005/2006 IN REVIEW

July 20, 2005 Annual General Meeting

August 3, 2005 InterTech Award

July

August

7/2005

8/2005

Annual General Meeting of Heidelberger Druckmaschinen Aktiengesellschaft for Financial Year 2004/2005

July 20, 2005 +++ All items on the agenda approved with large majority of the votes; changes to the Supervisory Board announced +++

Around 1,250 shareholders participated in the Annual General Meeting of Heidelberger Druckmaschinen Aktiengesellschaft for the past financial year 2004/2005. Approximately 62 percent of Heidelberg's share capital were represented at the event. All items on the agenda were passed by over 97 percent of the shareholders entitled to vote. Furthermore, changes to the Employee Representatives on Heidelberg's Supervisory Board were announced at the Annual General Meeting.

InterTech Award for Stahlfolder TH/KH

August 3, 2005 +++ Award for modular and highly automated folder generation +++

This year the generation of Stahlfolder TH/KH folders from Heidelberger Druckmaschinen Aktiengesellschaft received the prestigious PIA/GATF InterTech Award for Innovation Excellence. Stahlfolder TH/KH folders require minimal makeready times, and are characterized by a high level of automation, flexibility and efficiency. Since the first presentation of the Stahlfolder TH/KH at drupa 2004, Heidelberg has sold over 800 of these machines.

2005/06

September 1, 2005 'manager magazin'

September 7, 2005 Free float increased

September 16, 2005 Print 05

September

9/2005

Dr. Herbert Meyer, Heidelberg's CFO, accepted the award.

Heidelberg's Annual Report Awarded Again

September 1, 2005 +++ MDAX winner of the 'manager magazin' contest for the fourth time +++

Heidelberg's annual report for financial year 2004/2005 is the MDAX winner in this year's assessment held by the business magazine 'manager magazin'. Heidelberg attained tenth place in the overall ranking of the 200 annual reports from the various indices. The contest is the most comprehensive rating of annual reports in Germany and one of the largest worldwide. In August, Heidelberg had been awarded the highest ranking in the MDAX segment in a corporate governance survey.

Free Float Increased to 67 Percent

September 7, 2005 +++ Commerzbank sells stake +++

Commerzbank AG placed its 10 percent share in Heidelberger Druckmaschinen Aktiengesellschaft through an accelerated bookbuilding in the market. Heidelberg's free float thus increased to 67 percent.

Print 05 in Chicago: Heidelberg Delivers 5,000th Speedmaster CD 74 Printing Unit

September 16, 2005 +++ Universal applicable machine for medium formats established in the market +++

The American printshop Phil Vedda & Sons Printing Company has taken delivery of the 5,000th Speedmaster CD 74 printing unit. During the Print 05 tradeshow in Chicago, Bernhard Schreier presented the certificate to Joe and Jim Vedda.
Overall, it became apparent on the tradeshow held from September 9 through 15 that the print media industry is showing signs of a slow upswing. Heidelberg is pleased with both the outcome of the tradeshow and the order intake achieved.

> CONSOLIDATED INTERIM FINANCIAL STATEMENTS

OF THE HEIDELBERG GROUP

FOR THE PERIOD
APRIL 1, 2005 TO SEPTEMBER 30, 2005

Interim income statement of the Heidelberg Group April 1, 2005 to September 30, 2005

> INTERIM INCOME STATEMENT[1)]

Figures in € thousands	Note	1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**
Net sales		1,524,214	1,528,536
– of which: discontinuing operations		(153,175)	(–)
Change in inventories		79,454	97,295
Other own work capitalized		30,951	20,638
Total operating performance		1,634,619	1,646,469
Other operating income	4	127,619	107,414
Cost of materials	5	746,296	721,415
Personnel expenses		586,139	530,683
Depreciation and amortization		58,483	62,836
Other operating expenses	6	405,324	367,844
Result of operating activities before restructuring expenses		– 34,004	71,105
Restructuring expenses	7	8,856	–
Result of operating activities after restructuring expenses		– 42,860	71,105
– of which: discontinuing operations		(– 42,009)	(–)
Result from the equity valuation		– 8,332	–
– of which: discontinuing operations		(– 8,236)	(–)
Financial income	8	13,817	17,987
Financial expenses	9	29,215	33,869
Financial result		– 23,730	– 15,882
Pre-tax income		– 66,590	55,223
– of which: discontinuing operations		(– 54,650)	(–)
Taxes on income		– 7,580	22,603
– of which: discontinuing operations		(7,626)	(–)
Net loss/profit		– 59,010	32,620
– of which: discontinuing operations		(– 62,276)	(–)
Minority interests		1,845	4,090
Net loss/profit – Heidelberg portion		– 60,855	28,530
Undiluted/diluted earnings per share according to IAS 33 (in € per share)[2)]	10	– 0.71	0.33
– of which: discontinuing operations		(– 0.73)	(0.00)

1) Previous year's figures were adjusted due to the initial application of IFRS 2 (see Note 1)

2) Earnings per share before restructuring expenses amount to € 0.33 (previous year: € – 0.61)

Interim income statement of the Heidelberg Group July 1, 2005 to September 30, 2005

> INTERIM INCOME STATEMENT[1)]

Figures in € thousands	1-Jul-2004 to 30-Sep-2004	**1-Jul-2005 to 30-Sep-2005**
Net sales	813,938	868,678
– of which: discontinuing operations	(44,712)	(–)
Change in inventories	23,397	– 8,076
Other own work capitalized	14,330	9,676
Total operating performance	851,665	870,278
Other operating income	45,808	42,111
Cost of materials	380,230	361,684
Personnel expenses	275,055	264,350
Depreciation and amortization	26,857	31,922
Other operating expenses	195,308	190,176
Result of operating activities before restructuring expenses	20,023	64,257
Restructuring expenses	3,443	–
Result of operating activities after restructuring expenses	16,580	64,257
– of which: discontinuing operations	(– 7,530)	(–)
Result from the equity valuation	– 96	–
– of which: discontinuing operations	(–)	(–)
Financial income	7,458	7,411
Financial expenses	16,132	17,164
Financial result	– 8,770	– 9,753
Pre-tax income	7,810	54,504
– of which: discontinuing operations	(– 8,428)	(–)
Taxes on income	3,813	22,162
– of which: discontinuing operations	(10,534)	(–)
Net profit	3,997	32,342
– of which: discontinuing operations	(– 18,962)	(–)
Minority interests	1,129	3,087
Net profit – Heidelberg portion	2,868	29,255
Undiluted / diluted earnings per share according to IAS 33 (in € per share)[2)]	0.03	0.34
– of which: discontinuing operations	(– 0.23)	(0.00)

1) Previous year's figures were adjusted due to the initial application of IFRS 2 (see Note 1)

2) Earnings per share before restructuring expenses amount to € 0.34 (previous year: € 0.06)

Interim income statement of the Heidelberg Group – Quarterly overview

> INTERIM INCOME STATEMENT

Figures in € thousands	1-Apr-2005 to 30-Jun-2005	1-Jul-2005 to 30-Sep-2005	**1-Apr-2005 to 30-Sep-2005**
Net sales	659,858	868,678	1,528,536
– of which: discontinuing operations	(–)	(–)	(–)
Change in inventories	105,371	– 8,076	97,295
Other own work capitalized	10,962	9,676	20,638
Total operating performance	776,191	870,278	1,646,469
Other operating income	65,303	42,111	107,414
Cost of materials	359,731	361,684	721,415
Personnel expenses	266,333	264,350	530,683
Depreciation and amortization	30,914	31,922	62,836
Other operating expenses	177,668	190,176	367,844
Result of operating activities before restructuring expenses	6,848	64,257	71,105
Restructuring expenses	–	–	–
Result of operating activities after restructuring expenses	6,848	64,257	71,105
– of which: discontinuing operations	(–)	(–)	(–)
Result from the equity valuation	–	–	–
– of which: discontinuing operations	(–)	(–)	(–)
Financial income	10,576	7,411	17,987
Financial expenses	16,705	17,164	33,869
Financial result	– 6,129	– 9,753	– 15,882
Pre-tax income	719	54,504	55,223
– of which: discontinuing operations	(–)	(–)	(–)
Taxes on income	441	22,162	22,603
– of which: discontinuing operations	(–)	(–)	(–)
Net profit	278	32,342	32,620
– of which: discontinuing operations	(–)	(–)	(–)
Minority interests	1,003	3,087	4,090
Net loss/profit – Heidelberg portion	– 725	29,255	28,530
Undiluted/diluted earnings per share according to IAS 33 (in € per share)	– 0.01	0.34	0.33
– of which: discontinuing operations	(0.00)	(0.00)	(0.00)

Interim balance sheet of the Heidelberg Group as of September 30, 2005

> ASSETS[1)]

Figures in € thousands

	Note	31-Mar-2005	**30-Sep-2005**
Long-term assets			
Intangible assets	11	239,943	235,043
Tangible assets	11	539,090	537,939
Financial assets	11	48,875	53,751
Receivables from customer financing	12	392,684	361,676
Other receivables and other assets	12	83,807	65,916
Deferred taxes		122,128	131,106
		1,426,527	1,385,431
Short-term assets			
Inventories	13	785,666	941,059
Receivables from customer financing	12	171,993	163,805
Trade receivables	12	575,766	568,518
Other receivables and other assets	12	183,138	174,039
Marketable securities		353,828	360,270
Cash and cash equivalents		131,376	96,535
		2,201,767	2,304,226
		3,628,294	3,689,657

[1)] Previous year's figures were adjusted due to the initial application of IFRS 2 (see Note 1)

>>>

> EQUITY AND LIABILITIES[1)]

Figures in € thousands

	Note	31-Mar-2005	30-Sep-2005
Shareholders' equity	14		
Subscribed capital		219,926	219,926
Capital and revenue reserves		922,793	953,996
Net profit – Heidelberg portion		54,075	28,530
		1,196,794	1,202,452
Minority interests		35,330	38,028
		1,232,124	1,240,480
Long-term liabilities			
Provisions for pensions and similar obligations	15	594,532	606,716
Other provisions	16	271,293	267,606
Financial liabilities	17	377,741	419,499
Other liabilities	18	37,378	43,601
Deferred income taxes		66,902	72,124
		1,347,846	1,409,546
Short-term liabilities			
Other provisions	16	378,573	345,209
Financial liabilities	17	237,689	248,439
Trade payables		211,430	186,173
Other liabilities	18	220,632	259,810
		1,048,324	1,039,631
		3,628,294	3,689,657

[1)] Previous year's figures were adjusted due to the initial application of IFRS 2 (see Note 1)

> CONSOLIDATED CASH FLOW STATEMENT OF THE HEIDELBERG GROUP[1)]

Figures in € thousands	1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**
Net loss/profit	– 59,010	32,620
Depreciation and amortization/write-ups to intangible assets, tangible assets, and financial assets	58,483	62,836
Change in pension provisions	12,126	11,791
Change in deferred taxes/tax provisions	– 25,050	12,177
Result from the equity valuation	8,332	–
Result from the disposal of fixed assets	– 5,835	– 558
Cash flow	– 10,954	118,866
– of which: discontinuing operations	(– 40,866)	(–)
Change in inventories	– 140,331	– 152,401
Change in customer financing	62,473	40,158
Change in receivables/trade payables	31,074	– 18,875
Change in other provisions	– 69,589	– 51,850
Change in other balance sheet items	– 44,114	58,446
Other operating changes	– 160,487	– 124,522
Net cash from operating activities	– 171,441	– 5,656
– of which: discontinuing operations	(– 88,958)	(–)
Intangible assets/tangible assets		
Investments	– 67,481	– 65,690
Proceeds from disposals	30,686	15,911
Financial assets		
Investments	– 9,096	– 3,266
Proceeds from disposals	5,948	93
Outflow of funds from investment activity	– 39,943	– 52,952
– of which: discontinuing operations	(– 12,579)	(–)
Free cash flow	– 211,384	– 58,608
– of which: discontinuing operations	(– 101,537)	(–)
Dividend payment	– 1,817	– 27,302
Change in financial liabilities	168,884	48,525
Cash inflow from financing activity	167,067	21,223
– of which: discontinuing operations	(104,116)	(–)
Net change in cash and cash equivalents	– 44,317	– 37,385
Cash and cash equivalents at the beginning of the quarter	120,092	131,537
Changes in the scope of the consolidation	– 2,877	–
Currency adjustments	– 1,528	2,548
Net change in cash and cash equivalents	– 44,317	– 37,385
Cash and cash equivalents at the end of the quarter	71,370	96,700

1) Previous year's figures were adjusted due to the initial application of IFRS 2 (see Note 1)

> CONSOLIDATED CASH FLOW STATEMENT OF THE HEIDELBERG GROUP[1)] – QUARTERLY OVERVIEW

Figures in € thousands	1-Apr-2005 to 30-Jun-2005	1-Jul-2005 to 30-Sep-2005	**1-Apr-2005 to 30-Sep-2005**
Net profit	278	32,342	32,620
Depreciation and amortization/write-ups to intangible assets, tangible assets, and financial assets	30,914	31,922	62,836
Change in pension provisions	6,584	5,207	11,791
Change in deferred taxes/tax provisions	– 5,725	17,902	12,177
Result from the equity valuation	–	–	–
Result from the disposal of fixed assets	– 369	– 189	– 558
Cash flow	31,682	87,184	118,866
– of which: discontinuing operations	(–)	(–)	(–)
Change in inventories	– 134,992	– 17,409	– 152,401
Change in customer financing	9,650	30,508	40,158
Change in receivables/trade payables	29,214	– 48,089	– 18,875
Change in other provisions	– 57,731	5,881	– 51,850
Change in other balance sheet items	40,465	17,981	58,446
Other operating changes	– 113,394	– 11,128	– 124,522
Cash outflow/inflow from operating activities	– 81,712	76,056	– 5,656
– of which: discontinuing operations	(–)	(–)	(–)
Intangible assets/tangible assets			
Investments	– 28,704	– 36,986	– 65,690
Proceeds from disposals	5,020	10,891	15,911
Financial assets			
Investments	– 254	– 3,012	– 3,266
Proceeds from disposals	54	39	93
Outflow of funds from investment activity	– 23,884	– 29,068	– 52,952
– of which: discontinuing operations	(–)	(–)	(–)
Free cash flow	– 105,596	46,988	– 58,608
– of which: discontinuing operations	(–)	(–)	(–)
Dividend payment	– 82	– 27,220	– 27,302
Change in financial liabilities	83,406	– 34,881	48,525
Cash inflow/outflow from financing activity	83,324	– 62,101	21,223
– of which: discontinuing operations	(–)	(–)	(–)
Net change in cash and cash equivalents	– 22,272	– 15,113	– 37,385
Cash and cash equivalents at the beginning of the quarter	131,537	112,630	131,537
Changes in the scope of the consolidation	–	–	–
Currency adjustments	3,365	– 817	2,548
Net change in cash and cash equivalents	– 22,272	– 15,113	– 37,385
Cash and cash equivalents at the end of the quarter	112,630	96,700	96,700

> DEVELOPMENT OF SHAREHOLDERS' EQUITY [1)]

Figures in € thousands

			Revenue reserves				
	Subscribed capital [2)]	Capital reserve	Other revenue reserves	Foreign currency translation	Market evaluation of hedging trans-actions	Market evaluation of other financial assets	Total retained earnings
April 1, 2004	219,926	2,645	1,777,316	– 84,155	– 13,894	– 1,461	1,677,806
Dividend payment	–	–	–	–	–	–	–
Net loss/profit	–	–	– 700,933	–	–	–	– 700,933
Foreign currency changes	–	–	–	– 5,144	–	–	– 5,144
Market evaluation of financial assets/cash flow hedges	–	–	–	–	18,505	– 7,995	10,510
Reversals booked to the income statement	–	–	–	–	– 7,541	– 786	– 8,327
Consolidations/other changes	–	770	– 3,633	– 47,519	–	–	– 51,152
September 30, 2004	219,926	3,415	1,072,750	– 136,818	– 2,930	– 10,242	922,760
April 1, 2005	219,926	2,645	1,073,008	– 151,297	– 2,902	1,339	920,148
Dividend payment	–	–	–	–	–	–	–
Net profit	–	–	28,302	–	–	–	28,302
Foreign currency changes	–	–	–	4,322	–	–	4,322
Market evaluation of financial assets/cash flow hedges	–	–	–	–	– 22,589	11,401	– 11,188
Reversals booked to the income statement	–	–	–	–	9,148	235	9,383
Consolidations/other changes	–	–	384	–	–	–	384
September 30, 2005	219,926	2,645	1,101,694	– 146,975	– 16,343	12,975	951,351

Total capital and revenue reserves	Net loss/ profit Heidelberg portion	Shares of the Heidelberg Group	Minority interests	Total
1,680,451	– 700,933	1,199,444	31,299	1,230,743
–	–	–	– 1,817	– 1,817
– 700,933	640,078	– 60,855	1,845	– 59,010
– 5,144	–	– 5,144	3	– 5,141
10,510	–	10,510	–	10,510
– 8,327	–	– 8,327	–	– 8,327
– 50,382	–	– 50,382	– 7	– 50,389
926,175	– 60,855	1,085,246	31,323	1,116,569
922,793	54,075	1,196,794	35,330	1,232,124
–	– 25,773	– 25,773	– 1,529	– 27,302
28,302	228	28,530	4,090	32,620
4,322	–	4,322	155	4,477
– 11,188	–	– 11,188	–	– 11,188
9,383	–	9,383	–	9,383
384	–	384	– 18	366
953,996	28,530	1,202,452	38,028	1,240,480

1) Previous year’s figures were adjusted due to the initial application of IFRS 2 (see Note 1)

2) Of Heidelberger Druckmaschinen Aktiengesellschaft

Segment information of the Heidelberg Group April 1, 2005 to September 30, 2005

> SEGMENT INFORMATION BY DIVISION[1)2)]

Figures in € thousands

	Press		Postpress		Financial Services	
	1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**	1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**	1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**
External sales	1,186,709	1,329,539	150,112	174,238	34,218	24,759
Scheduled depreciation	50,442	60,142	2,044	2,381	331	313
Non-cash expenses	94,431	132,984	10,876	11,837	25,572	16,872
Research and development costs	83,411	91,518	12,440	9,776	–	–
Result of operating activities before restructuring expenses	45	62,778	– 12,370	– 2,267	18,429	10,594
Restructuring expenses	6,741	–	214	–	–	–
Result of operating activities after restructuring expenses	– 6,696	62,778	– 12,584	– 2,267	18,429	10,594
Result from the equity valuation	– 96	–	–	–	–	–
Investments	58,817	62,167	4,245	3,426	502	97
Segment assets	2,134,143	2,237,854	254,563	258,193	590,557	553,208
Segment debt	1,346,893	1,371,174	100,755	76,604	162,030	181,128
Number of employees	16,653	16,737	1,946	1,955	80	82

> SEGMENT INFORMATION BY REGION

Figures in € thousands

	Europe, Middle East and Africa		Eastern Europe		North America	
	1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**	1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**	1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**
External sales by customer location	582,483	661,780	176,422	171,477	205,517	225,541
Investments	59,653	54,593	1,604	1,169	945	7,416
Segment assets	1,800,480	1,830,322	201,590	206,565	359,982	373,267

1) Previous year's figures were adjusted due to the initial application of IFRS 2 (see Note 1)

2) For additional explanations see Note 20

Continuing Operations		Discontinuing Operations		Heidelberg Group	
1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**	1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**	1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**
1,371,039	1,528,536	153,175	–	1,524,214	1,528,536
52,817	62,836	5,666	–	58,483	62,836
130,879	161,693	54,139	–	185,018	161,693
95,851	101,294	14,491	–	110,342	101,294
6,104	71,105	– 40,108	–	– 34,004	71,105
6,955	–	1,901	–	8,856	–
– 851	71,105	– 42,009	–	– 42,860	71,105
– 96	–	– 8,236	–	– 8,332	–
63,564	65,690	3,917	–	67,481	65,690
2,979,263	3,049,255	–	–	2,979,263	3,049,255
1,609,678	1,628,906	–	–	1,609,678	1,628,906
18,679	18,774	–	–	18,679	18,774

Latin America		Asia/Pacific		Continuing Operations		Discontinuing Operations		Heidelberg Group	
1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**	1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**	1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**	1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**	1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**
51,940	69,317	354,677	400,421	1,371,039	1,528,536	153,175	–	1,524,214	1,528,536
179	1,026	1,183	1,486	63,564	65,690	3,917	–	67,481	65,690
204,525	204,147	412,686	434,954	2,979,263	3,049,255	–	–	2,979,263	3,049,255

Notes

1 Accounting and valuation policies

We have prepared the consolidated interim financial report as of September 30, 2005 of Heidelberger Druckmaschinen Aktiengesellschaft in accordance with the International Financial Reporting Standards (IFRS), which became effective and binding at that time. The IFRS comprise the IFRS newly released by the International Accounting Standards Board (IASB), as well as the International Accounting Standards (IAS), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and of the Standing Interpretations Committee (SIC).

The initial application of changed or new IFRS provisions largely had the following impact on the interim financial statements of the Heidelberg Group as of September 30, 2005:

IAS 1 (2003): 'Presentation of Financial Statements'

IAS 1 (2003) calls for the balance sheet to be broken down by the maturity of the individual items. Assets and liabilities are therefore presented as either short-term or long-term in the consolidated balance sheet. Assets and liabilities are classified as short-term if their term to maturity is less than one year, or if they are received or paid out within the framework of a normal production cycle.

Due to the minor significance of investment property, rather than being shown separately, this item is included among tangible assets. Financial assets comprise shares in affiliated enterprises, long-term securities, and other participations. Loans are included in other receivables and other assets.

Trade receivables and liabilities are classified as short-term.

Shareholders' equity now includes minority interests.

Due to the nature of provisions for pensions and similar obligations, these items are shown under long-term debt.

In accordance with IASB provisions, deferred tax assets and liabilities are included, respectively, under long-term assets and long-term debt.

Prepaid expense and deferred income items are no longer shown separately. Rather, they are included either in other receivables and other assets or in other liabilities.

The result of the equity valuation is shown separately in the income statement. Interest and similar income, income from the specialized investment funds, income from financial assets, and income from profit transfer agreements are included under financial income. Interest and similar expenses, expenses arising from financial assets, the expenses of the specialized investment funds, and expenses arising from the assumption of losses are recorded under financial expenses.

IFRS 2: 'Share-based payment'

Due to the initial application of IFRS 2, we have accordingly adjusted the balances carried forward as per April 1, 2004 (deferred tax assets, capital reserve, other revenue reserves, and other provisions), the income statement of financial year 2004/2005 (personnel expenses and taxes on income), as well as the balances carried forward as per April 1, 2005.

In the consolidated interim financial statements, income that only occurs occasionally, or is subject to seasonal or cyclical factors during the financial year, is neither brought forward nor deferred. Expenses that arise sporadically during the financial year are deferred if they would also have been deferred at financial year-end.

Income taxes for the overall financial year are recorded based on the applicable weighted average income tax rate for the corresponding country.

2 Scope of the consolidation

Apart from Heidelberger Druckmaschinen Aktiengesellschaft, the consolidated interim financial statements include all domestic and foreign companies in which Heidelberger Druckmaschinen Aktiengesellschaft is in a position to exercise a controlling influence. Shares in subsidiaries that are of minor significance are not included.

The scope of the consolidation is broken down as follows:

	31-Mar-2005	**30-Sep-2005**
Wholly consolidated companies [1]	80	77
Non-consolidated companies due to their minor significance	34	33
Associated companies measured according to the equity method	–	–
Associated companies not measured according to the equity method due to their minor significance	3	3
Other participations	5	5
	122	118

[1] Including five specialized investment funds

Compared with the previous year, due to merger/liquidation the scope of the consolidation changed as follows:

As of April 1, 2005 HJP Services & Education Center Co. Ltd., Tokyo, Japan, was merged with Heidelberg Japan K.K., Tokyo, Japan, and Heidelberg Digital Finishing GmbH, Mühlhausen, was merged with Heidelberger Druckmaschinen Aktiengesellschaft, Heidelberg.

Furthermore, Heidelberg Asia Pacific Pte Ltd., Singapore, was liquidated.

The change of the scope of the consolidation had the following effects:

	2004/2005	**2005/2006**
Long-term assets	– 51,157	–
Short-term assets	– 285,322	–
Total assets	– 336,479	–
Shareholders' equity	– 7	–
Liabilities	– 336,472	–
Equity and liabilities	– 336,479	–
Sales	– 89,067	– 110,696
Net result	44,189	55,489

3 Foreign currency changes

Due to exchange rate differences, the translation of the financial figures drawn up in foreign currencies had the following effects on the consolidated interim financial figures:

	2004/2005	**2005/2006**
Long-term assets	– 16,271	11,928
Short-term assets	– 14,110	16,342
Total assets	– 30,381	28,270
Shareholders' equity	– 19,851	4,477
Liabilities	– 10,530	23,793
Equity and liabilities	– 30,381	28,270
Sales	– 27,702	6,377

4 Other operating income

	1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**
Reversal of other provisions	42,461	40,159
Hedging transactions/foreign-exchange profits	11,141	20,957
Income from written-off receivables	11,086	14,620
Income from operating facilities	9,458	12,502
Income from disposals of intangible assets and tangible assets	6,461	1,452
Other income	47,012	17,724
	127,619	107,414

Income from hedging transactions/foreign-exchange profits is offset by expenses from hedging transactions/foreign-exchange losses which are shown in other operating expenses (Note 6).

5 Cost of materials

	1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**
Expenses for raw materials, consumables and supplies, and for goods purchased	659,527	620,404
Costs of purchased services	77,002	96,079
Interest expenses Financial Services	9,767	4,932
	746,296	721,415

Proportionate interest expenses accrued in connection with the Financial Services Division are shown in the cost of materials. Interest income from customer financing totaling € 24,759 thousand (previous year: € 34,218 thousand) is included in net sales.

6 Other operating expenses

	1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**
Special direct sales expenses including freight charges	43,145	56,209
Other deliveries and services, not included in the cost of materials	74,893	54,361
Provisions for doubtful accounts and other assets	33,276	33,544
Rent and leases (excluding car fleet)	40,143	33,061
Travel expenses	37,304	27,359
Information technology	18,369	26,040
Hedging transactions/foreign-exchange losses	2,599	16,467
Additions to provisions (relates to several expense accounts)	16,338	12,308
Insurance expenses	11,332	9,470
Legal and consulting fees	13,611	9,329
Costs of mail and payment transactions	8,975	6,903
Car fleet costs	6,457	6,669
Other research and development costs	4,470	6,541
Operating facilities	5,771	5,169
Public-sector fees and other taxes	7,425	4,811
Commissions	3,371	2,830
License fees	3,444	2,204
Office supplies, newspapers, technical literature	2,386	2,152
Losses from disposals of intangible assets and tangible assets	665	949
Other overhead costs	71,350	51,468
	405,324	367,844

7 Restructuring expenses

	1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**
Personnel expenses	1,318	–
Other costs	7,538	–
	8,856	–

8 Financial income

	1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**
Interest and similar income	7,890	8,331
Income from financial assets / marketable securities	5,927	9,656
	13,817	17,987

Interest and similar income also include interest income from the specialized investment funds. The previous year's figures were adjusted accordingly (see Note 1).

9 Financial expenses

	1-Apr-2004 to 30-Sep-2004	**1-Apr-2005 to 30-Sep-2005**
Interest and similar expenses	24,908	26,581
Expenses from financial assets / marketable securities	4,307	7,288
	29,215	33,869

10 Earnings per share

The earnings per share are calculated by dividing the net profit to which the shareholders of Heidelberg are entitled by the weighted average number of outstanding shares during the period (first quarter 2005/2006: 85,908,480 shares). There is no difference between the diluted and undiluted earnings per share.

11 Intangible assets, tangible assets, and financial assets

	Intangible assets	Tangible assets	Financial assets
Cost of acquisition or manufacturing costs 31-Mar-2005	379,075	2,157,592	66,439
Cost of acquisition or manufacturing costs 30-Sep-2005	**368,553**	**2,176,979**	**68,301**
Accumulated depreciation 31-Mar-2005	139,132	1,618,502	17,564
Accumulated depreciation 30-Sep-2005	**133,510**	**1,639,040**	**14,550**
Book values 31-Mar-2005	239,943	539,090	48,875
Book values 30-Sep-2005	**235,043**	**537,939**	**53,751**

12 Receivables and other assets

			31-Mar-2005			**30-Sep-2005**
	Short-term	Long-term	Total	Short-term	Long-term	Total
Receivables from customer financing	171,993	392,684	564,677	163,805	361,676	525,481
Trade receivables	575,766	–	575,766	568,518	–	568,518
Other receivables and other assets						
Receivables from affiliated enterprises	27,020	–	27,020	17,268	–	17,268
Tax reimbursement claims	29,201	1,017	30,218	21,292	1,512	22,804
Loans	639	4,294	4,933	445	4,469	4,914
Derivative financial instruments	24,982	11,646	36,628	10,989	7,157	18,146
Deferred interest payments	5,497	–	5,497	4,668	–	4,668
Prepaid expenses	22,167	358	22,525	32,505	1,601	34,106
Other assets	73,632	66,492	140,124	86,872	51,177	138,049
	183,138	83,807	266,945	174,039	65,916	239,955

13 Inventories

	31-Mar-2005	30-Sep-2005
Raw materials, consumables and supplies	119,474	127,462
Work and services in process	275,136	326,242
Manufactured products and merchandise	387,225	472,092
Prepayments	3,831	15,263
	785,666	941,059

14 Shareholders' equity

As of the reporting date, Heidelberger Druckmaschinen Aktiengesellschaft does not hold any treasury stock.

15 Provisions for pensions and similar obligations

We maintain benefit programs for the majority of employees for the period following their retirement – either through the direct program or one financed by payments of premiums to private institutions. The level of benefit payments depends on the conditions in particular countries. The amounts are generally based on the term of employment and the salary of the employee. The liabilities include both those arising from current pensions as well as vested pension rights for pensions payable in the future. The pension payments expected following the beginning of benefit payments are apportioned over the employee's overall period of employment.

16 Other provisions

			31-Mar-2005			30-Sep-2005
	Short-term	Long-term	Total	Short-term	Long-term	Total
Tax provisions	7,015	165,791	172,806	9,175	168,782	177,957
Other provisions						
Liabilities from sales and services activities	117,337	17,148	134,485	114,434	21,029	135,463
Liabilities from the human resources area	108,776	75,554	184,330	105,890	63,306	169,196
Liabilities from restructuring measures	40,985	–	40,985	29,650	–	29,650
Other	104,460	12,800	117,260	86,060	14,489	100,549
	371,558	105,502	477,060	336,034	98,824	434,858
	378,573	271,293	649,866	345,209	267,606	612,815

17 Financial liabilities

	31-Mar-2005			30-Sep-2005		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Convertible bond	–	269,960	269,960	–	270,543	270,543
Private placement	7,259	94,500	101,759	7,252	91,000	98,252
To banks	208,801	6,846	215,647	218,164	51,275	269,439
From financial lease contracts	6,982	6,435	13,417	6,075	6,681	12,756
To affiliated enterprises	1,537	–	1,537	2,217	–	2,217
Other	13,110	–	13,110	14,731	–	14,731
	237,689	377,741	615,430	248,439	419,499	667,938

18 Other liabilities

	31-Mar-2005			30-Sep-2005		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Advance payments received on orders	58,973	–	58,973	96,055	–	96,055
To affiliated enterprises	1,525	–	1,525	2,127	–	2,127
From derivative financial instruments	11,993	8,715	20,708	19,203	11,644	30,847
From taxes	42,483	–	42,483	29,874	–	29,874
Within the scope of social security	24,046	–	24,046	23,717	–	23,717
Deferred income	24,993	23,245	48,238	21,156	27,895	49,051
Other	56,619	5,418	62,037	67,678	4,062	71,740
	220,632	37,378	258,010	259,810	43,601	303,411

19 Contingent liabilities and other financial liabilities

As of September 30, 2005 contingent liabilities arising from guarantees and warranties total € 303,918 thousand (March 31, 2005: € 362,591 thousand); they primarily include guarantees provided for the liabilities of third parties within the scope of long-term customer financing.

Other financial liabilities are broken down as follows:

	31-Mar-2005			30-Sep-2005		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Lease obligations (minimum lease payments)	55,278	377,797	433,075	55,165	379,678	434,843
Orders for investments	19,807	–	19,807	19,414	–	19,414
	75,085	377,797	452,882	74,579	379,678	454,257

20 Information concerning segment reporting

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

Non-cash expenses comprise the following:

	1-Apr-2004 to 30-Sep-2004	1-Apr-2005 to 30-Sep-2005
Provisions for doubtful accounts and other assets	33,276	33,544
Allocations to provisions	151,742	128,149
	185,018	161,693

Allocations to provisions exclude liabilities arising from restructuring, as these are shown separately under segment information.

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

Investments comprise investments in intangible assets and tangible assets.

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

	31-Mar-2005	30-Sep-2005
Gross assets per balance sheet	3,628,294	3,689,657
– financial assets	– 48,875	– 53,751
– securities	– 353,828	– 360,270
– finance receivables	– 93,982	– 72,471
– deferred tax assets	– 122,128	– 131,106
– tax claims	– 30,218	– 22,804
Segment assets	2,979,263	3,049,255

	31-Mar-2005	30-Sep-2005
Gross debt per balance sheet[1]	2,396,170	2,449,177
– tax provisions	– 172,806	– 177,957
– tax obligations	– 42,483	– 29,874
– financial obligations	– 504,301	– 540,316
– deferred tax liabilities	– 66,902	– 72,124
Segment debt	1,609,678	1,628,906

[1] Consolidated balance sheet total less shareholders' equity

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

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

The **number of employees** was recorded as of September 30, 2005 compared with March 31, 2005.

21 Supervisory Board / Management Board

The members of the Supervisory Board and the Management Board are listed on page 41.

22 Important events after the reporting date

There were no important events after the reporting date.

Heidelberg, November 2005

The Management Board

The Supervisory Board

Dr. Mark Wössner
Chairman of the Supervisory Board

Rainer Wagner*
Deputy Chairman of the Supervisory Board
since August 29, 2005

Josef Pitz*
Deputy Chairman of the Supervisory Board
– through July 31, 2005 –

Martin Blessing

Prof. Dr. Clemens Börsig

Wolfgang Flörchinger*

Martin Gauß*

Mirko Geiger*
– since August 1, 2005 –

Gunther Heller*

Dr. Jürgen Heraeus

Berthold Huber*

Johanna Klein*

Pat Klinis*
– through July 31, 2005 –

Robert J. Koehler

Uwe Lüders

Dr. Gerhard Rupprecht

Dr. Klaus Sturany

Peter Sudadse*
– since August 1, 2005 –

Committees of the Supervisory Board

Management Committee
Dr. Mark Wössner
Rainer Wagner
– since August 29, 2005 –
Josef Pitz
– through July 31, 2005 –
Martin Blessing
Martin Gauß
Berthold Huber
Dr. Gerhard Rupprecht

Mediation Committee under Article 27 Subsection 3 of the Codetermination Act
Dr. Mark Wössner
Rainer Wagner
– since August 29, 2005 –
Josef Pitz
– through July 31, 2005 –
Martin Blessing
Wolfgang Flörchinger

Committee on Arranging Personnel Matters of the Management Board
Dr. Mark Wössner
Rainer Wagner
– since August 29, 2005 –
Josef Pitz
– through July 31, 2005 –
Dr. Gerhard Rupprecht

Audit Committee
Dr. Klaus Sturany
Prof. Dr. Clemens Börsig
Mirko Geiger
– since August 29, 2005 –
Pat Klinis
– through July 31, 2005 –
Rainer Wagner

The Management Board

Bernhard Schreier
Chairman of the Management Board

Dr. Herbert Meyer

Dr. Jürgen Rautert

* Employee Representative

Financial Calendar 2005/2006

February 2, 2006	Publication of 3rd Quarter Figures 2005/2006
May 3, 2006	Publication of Preliminary Figures 2005/2006
June 7, 2006	Press Conference, Annual Analysts' and Investors' Conference
July 20, 2006	Annual General Meeting
August 1, 2006	Publication of 1st Quarter Figures 2006/2007

Subject to change

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