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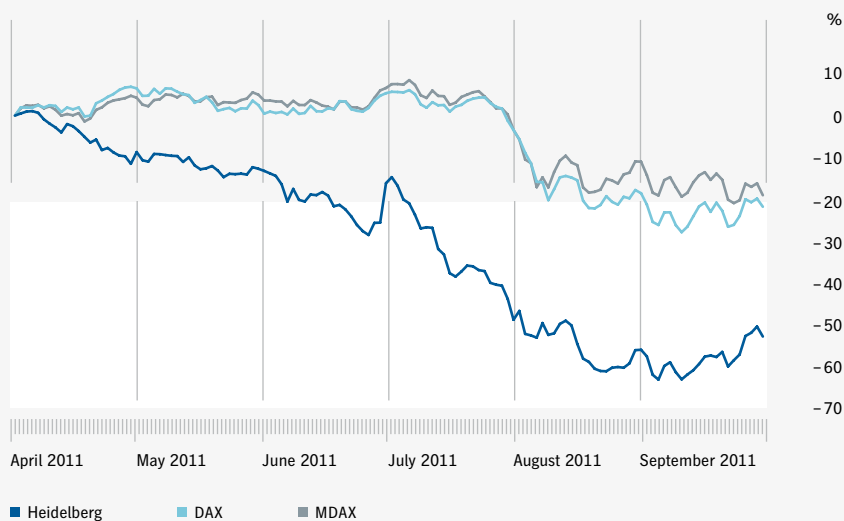
Q2 INTERIM FINANCIAL REPORT 2011 / 2012

HEIDELBERG

// Education & Consulting // Sys-
temservice // Saphira // Prinect
// Print Media Academy //

PERFORMANCE OF THE HEIDELBERG SHARE

compared with the DAX/MDAX (Index: April 1, 2011 = 0 percent)



KEY PERFORMANCE DATA

Figures in € millions

	Q1 to Q2 prior year	Q1 to Q2 2011/2012	Q2 prior year	Q2 2011/2012
Incoming orders	1,436	1,333¹⁾	650	668
Net sales	1,196	1,180²⁾	633	636
EBITDA³⁾	8	26	19	28
Result of operating activities⁴⁾	-41	-21	-6	5
- in percent of sales	-3.4%	-1.8%	-0.9%	0.8%
Net loss	-88	-66	-36	-20
- in percent of sales	-7.4%	-5.6%	-5.7%	-3.1%
Cash flow	-61	-13	-27	9
- in percent of sales	-5.1%	-1.1%	-4.3%	1.4%
Free cash flow	69	-19	7	-12
Research and development costs	60	69	30	32
Investments	30	34	15	17
Undiluted earnings per share in €⁵⁾	-1.11	-0.28	-0.44	-0.08

¹⁾ Including negative exchange rate effects totaling € -34 million (adjusted for exchange rate effects: € 1,367 million)

²⁾ Including negative exchange rate effects totaling € -29 million (adjusted for exchange rate effects: € 1,209 million)

³⁾ Result of operating activities excluding special items and before depreciation and amortization

⁴⁾ Excluding special items

⁵⁾ Determined based on the weighted number of outstanding shares

HEIDELBERG 2011/2012

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**KEY PERFORMANCE DATA
OF THE HEIDELBERG SHARE**

Figures in €

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	Q2 prior year	Q2 2011/12
Undiluted earnings per share ¹⁾	-0.44	-0.08
Cash flow per share ¹⁾	-0.33	0.04
Weighted number of shares in thousands	81,056	233,693
Share price – high	5.01	2.85
Share price – low	3.41	1.23
Share price – beginning of the quarter ²⁾	4.52	2.80
Share price – end of the quarter ²⁾	3.51	1.57
Market capitalization at the end of the quarter in € millions	819	368

¹⁾ Determined based on the weighted number of outstanding shares

²⁾ Xetra closing price; source for prices: Bloomberg

The Share

Whereas Germany's two most important share indices – the DAX and the MDAX – posted slight price increases, respectively, of approximately 5 percent and 6 percent during the first quarterly reporting period in 2011, a strong bearish tendency set in at the onset of the second reporting quarter. The debt crises in Europe and the US and the related uncertainty of investors led to considerable turbulence on the stock markets during the second reporting quarter, with the DAX declining by 25 percent and the MDAX by approximately 24 percent. The DAX suffered its biggest losses in nine years during the period July to September 2011, closing at 5,502 points on September 30, 2011. This downswing in the markets had an impact on the Heidelberg share, which again suffered a price adjustment of approximately 37 percent. The Heidelberg share closed at € 1.57 on September 30, 2011 and thereby recovered from the share's previous all-time low of € 1.23 that had been posted at the beginning of September.

Heidelberg held numerous discussions with institutional and private investors as well as with financial analysts at international road shows and conferences in order to present the Company and its equity story to existing and potential Heidelberg shareholders. The German financial publication manager magazin honored Heidelberg's 2010/2011 annual report for the high quality of its financial reporting. The annual report won third place honors in the MDAX segment in this year's overall competition for "Best Annual Report".

The Annual General Meeting of Heidelberger Druckmaschinen Aktiengesellschaft was held during the second reporting quarter, on July 28, 2011. Approximately 2,000 shareholders attended this year's presentation in the Rosengarten Congress Center in Mannheim, representing some 48 percent of Heidelberg's share capital. The Annual General Meeting approved all the items on the agenda by a large majority.

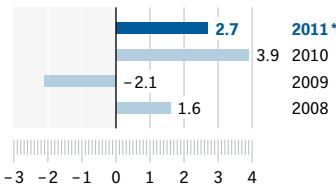
Interim Consolidated Management Report

Overall Picture

Compared with the first quarter, the distortions in the capital markets and the overall economic slowdown have considerably worsened uncertainties regarding further economic developments. Incoming orders totaled € 668 million – adjusted for exchange rate effects: € 677 million – during the second quarter, thereby matching the figure for the first quarter and slightly exceeding the € 650 million posted during the same quarter the previous year. Net sales amounted to € 636 million during the second quarter – the same level as in the previous year. Sales for the first half-year amounted to € 1,180 million – slightly higher than the previous year's figure adjusted for exchange rate effects. Heidelberg benefited during the second quarter not only from the profit contributions resulting from the higher volume, but also from the favorable product mix as well as the attained boosts in efficiency resulting from the reorganization. The result of operating activities excluding special items was thereby higher, totaling a positive figure of approximately € 5 million. The Heidelberg Equipment Division developed favorably during the second quarter thanks to expanding sales and the cost reductions achieved under the reorganization. Although the less cyclically dependent Heidelberg Services Division continued to operate on a solid basis, the high previous year's figures could not be reached. The special items during the first half of the year of € 3 million result largely from personnel-related expenses. The financial result totaled € -42 million – up over the previous year by € 45 million due to the decreased financing expenses under the successful refinancing operations during the first half of the year. The loss for the quarter improved during the second quarter from € -36 million during the same quarter the previous year to € -20 million. During the first half of the year, the loss improved from € -88 million to € -66 million. Free cash flow during the second quarter amounted to approximately € -12 million. Despite the loss for the first half of the year of € -66 million, thanks to consistent asset management, free cash flow totaled € -19 million during the first six months of the year. Heidelberg successfully undertook comprehensive refinancing during the first quarter with its successful issue of the high yield bond on April 7, 2011, as well as the simultaneous approval of the new credit facility. The success of our financial measures is reflected in the equity ratio and net financial debt. At the end of the reporting quarter, the equity ratio totaled approximately 30 percent and net financial debt amounted to € 279 million.

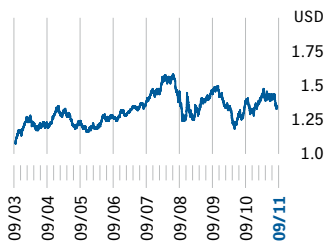
CHANGE IN GDP WORLDWIDE

Figures in percent

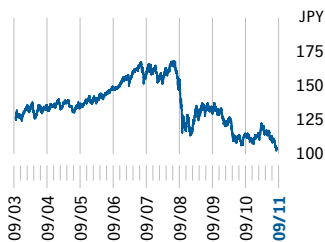


* Projected
Source: Global Insight (WMM);
calendar year

EUR/USD EXCHANGE RATE



EUR/JPY EXCHANGE RATE



Source: Bloomberg

Underlying Conditions

Growth of the **GLOBAL ECONOMY** slowed during the first half of 2011. Whereas the global gross domestic product grew by 3.9 percent in 2010, growth of only 3.1 percent was posted during the first half of 2011. The distortions in the capital markets and the weaker overall economic vigor once again caused uncertainty concerning economic developments to increase further compared to the first quarter. The outlook for the world economy during the second half of the year has worsened, with growth of only approximately 2.7 percent expected for 2011 as a whole. Because the above-mentioned sources of uncertainty will continue in the near future, a modest pace of growth can be expected in the industrialized countries. The newly industrializing countries – most importantly, China – have managed to distance themselves from the weak growth of the industrialized countries thanks to stronger growth in their domestic markets. These countries are expected to continue growing at high, single-digit percentage rates.

This development is reflected in the **EXCHANGE RATES** as well. The uncertainties in the financial markets are triggering a high degree of volatility in the US dollar/euro exchange rate, whereas the Chinese renminbi continues to strengthen relative to the US dollar. The Japanese yen overcame its weakness on the heels of the natural catastrophes and strengthened vis-à-vis the euro to a greater extent than at any time since 2001. These exchange rate structures served to improve the competitiveness of European suppliers.

Due to the uncertain situation in the US, growth of only 1.6 percent is expected in 2011. Private consumer spending is showing little vigor as a result of the efforts to consolidate government budgets as well as a high level of unemployment.

Following a gratifying first quarter, economic growth also continued to weaken in the **EURO ZONE**. Forecasts for annual economic growth have decreased to 1.7 percent. The fear that the public debt crisis may lead to a banking crisis is resulting in the paralysis of economic activity. The directly concerned countries – Greece, Spain, and Portugal – are not the only ones to already be subject to stagnant or even weakening economic performance. **GERMANY** is also unable to avoid this trend. Although growth during the first half of 2011 was a robust 3.5 percent, the fall in incoming orders makes the dependence on exports clear, and weakening indicators

of market sentiment in our industry are resulting in expectations of a slowing of the growth of investments. Economic growth of 2.8 percent is still expected in 2011 based solely on the order backlog cushion and the solid first half of the year.

ASIA excluding Japan succeeded in shielding itself from the weak growth of the industrialized countries. **CHINA** was particularly successful in reducing its dependency on exports. Domestic demand is becoming increasingly important due to vigorous investment activity and stable private consumer spending. An approximately 9 percent rise in GDP is thus again expected in 2011. In **JAPAN**, due to the catastrophe in the spring, the economy will contract on an annual basis as well.

Growth in **SOUTH AMERICA** continues to be strong, with an increase of approximately 4 percent expected in Brazil for 2011.

According to the German Printing and Media Industries Federation (bvdM), the business outlook of the **PRINT MEDIA INDUSTRY** picked up during the second quarter. Nevertheless, as the IFO index shows, for example, the business outlook of print shops is falling far behind the favorable outlook of the industry as a whole. For the upcoming quarters, the bvdM expects business developments to at best stagnate at the current level or even to decline slightly.

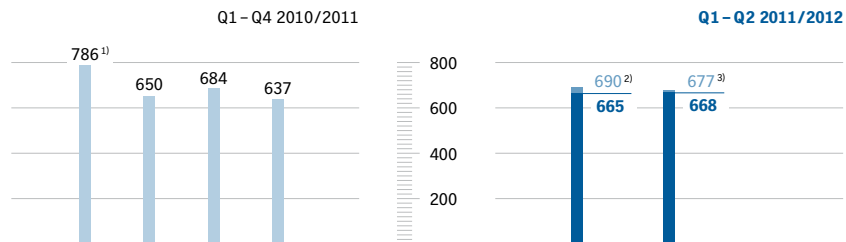
Growth in the newly industrializing countries is only partially compensating for the restrained development of the print industry in the industrialized countries. The export statistics for printing presses available from the Association of **PRINTING AND PAPER TECHNOLOGY**, which is part of the German Engineering Federation (VDMA), views China, which accounts for a 17 percent share of exports, as the biggest recipient country. Brazil, Turkey, and India have also established themselves as key markets. The overall development of sales of German printing press manufacturers was modestly favorable during the first half of the year, with growth of 2 percent posted over the previous year. Nevertheless, the 6 percent decline of incoming orders from the previous year points to a weakening in the economy. This trend intensified from June through August 2011, with incoming orders declining by 10 percent.

Business Development

INCOMING ORDERS PER QUARTER

Figures in € millions

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¹⁾ Includes special effects due to trade shows

²⁾ Adjusted for exchange rate effects of € - 25 million

³⁾ Adjusted for exchange rate effects of € - 9 million

As was indicated in an advance release to the press on October 25, 2011, **INCOMING ORDERS** during the second quarter amounted to € 668 million, or adjusted for exchange rate effects, € 677 million – up by € 18 million over the previous year's figure of € 650 million. Incoming orders thereby fell slightly behind our projections.

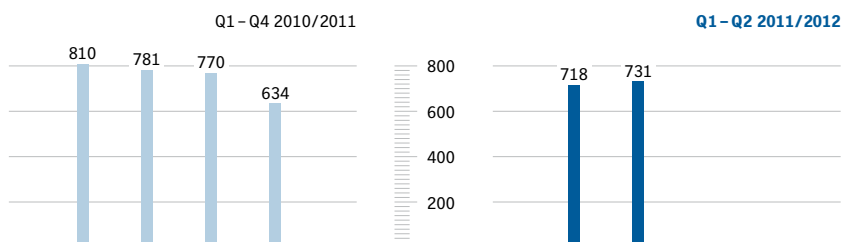
Although incoming orders during the first half of the previous year were heavily influenced by the IPEX and ExpoPrint trade shows, incoming orders of € 1,333 million during the first half of this year fell, adjusted for exchange rate effects, 5 percent short of the previous year's high figure. The weaker overall economic vigor has already been felt in the Europe, Middle East and Africa (EMEA), and the South America regions during the first six months of the year. Incoming orders in the Asia/Pacific and the Eastern Europe regions, adjusted for exchange rate effects, remained steady at the previous year's level. The North America region slightly exceeded the weak prior year level. The incoming orders during the second quarter of the more non-cyclical Heidelberg Services Division of € 257 million fell short of the previous year's figure. The incoming orders of the Heidelberg Equipment Division increased by 9 percent during the second quarter. The figures for the first half of the year of both divisions were below the previous year's figures.

The Heidelberg Group's **ORDER BACKLOG** of € 731 million as of September 30, 2011 was € 13 million higher than the previous quarter. As expected, the high previous year's figure was influenced by the IPEX and ExpoPrint trade shows and could not be matched.

ORDER BACKLOG PER QUARTER

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Figures in € millions



SALES of € 636 million during the second quarter were slightly higher than the previous year's figure. Net sales for the first half of the current financial year amounted to € 1,880 million, thereby matching the previous year's level when adjusted for exchange rate effects. While, adjusted for exchange rate effects, the North America, South America, and Asia/Pacific regions generated considerable growth during the first half of the year, sales declined from the previous year in the Europe, Middle East and Africa, and the Eastern Europe regions. The share of international sales remained unchanged at 85 percent for the first six months of the year compared with the previous financial year-end. Heidelberg Equipment recorded a 4 percent increase in sales to € 674 million for the first half-year compared with the previous year's figure; adjusted for exchange rate effects, growth of 7 percent was posted. In the Heidelberg Services Division, sales for the half-year decreased by 7 percent from the previous year to € 498 million; adjusted for exchange rate effects, a 6 percent decline was realized. This was attributable among others to declines in the sale of remarketed equipment.

SALES BY DIVISION

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Figures in € millions

	Q1 to Q2 prior year	Q1 to Q2 2011/2012	Q2 prior year	Q2 2011/2012
Heidelberg Equipment	649	674	352	374
Heidelberg Services	538	498	277	257
Heidelberg Financial Services	9	8	4	5
Heidelberg Group	1,196	1,180	633	636
(adjusted for exchange rate effects)		1,209		646

Results of Operations, Net Assets, and Financial Position

EBITDA excluding special items reached €28 million during the second quarter of the year, with the figure for the first half-year thereby increasing threefold from the €8 million posted during the first half of the previous year to €26 million. Heidelberg's result of operating activities excluding special items benefited from the profit contributions due to the higher volume and a favorable product mix. Ongoing consistent cost management within the framework of the reorganization also contributed to the improved result. Following a **RESULT OF OPERATING ACTIVITIES** excluding special items of €-25 million for the first quarter, our result was in the black for the second quarter and amounted to approximately €5 million. The figure for the half-year period thereby totaled €-21 million – in other words, we succeeded in reducing by half the loss of €-41 million that had been posted in the corresponding same period the previous year. The **SPECIAL ITEMS** totaling €3 million resulted largely from personnel-related expenses. Income of €22 million had been posted in the previous year.

RESULT OF OPERATING ACTIVITIES ¹⁾

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Figures in € millions

	Q1 to Q2 prior year	Q1 to Q2 2011/2012	Q2 prior year	Q2 2011/2012
Heidelberg Equipment	-87	-56	-39	-17
Heidelberg Services	37	28	27	18
Heidelberg Financial Services	9	7	6	4
Heidelberg Group	-41	-21	-6	5

¹⁾ Excluding special items

The **FINANCIAL RESULT** for the first half of the year of €-42 million was considerably improved, up by €45 million over the figure for the same period the previous year. This was attributable largely to the lower charges resulting from the successful refinancing as well as low financing costs due to the successful asset management.

INCOME BEFORE TAXES improved from €-50 million the previous year to €-19 million for the reporting quarter. We realized a substantial boost in this figure from the €-106 million generated the preceding year to €-66 million. The loss totaled €-20 million for the second quarter and €-66 million for the first half of the year. Undiluted **EARNINGS PER SHARE** amounted to €-0.28 during the half-year period, compared with €-1.11 the previous year.

INVESTMENTS in tangible and intangible assets again totaled € 17 million in the second quarter, thereby amounting to € 34 million for the first half of the year – some 14 percent higher than the previous year's figure. Despite the increase over the previous year, this figure continues to be low.

The Heidelberg Group's **TOTAL ASSETS** of € 2,674 million were stable compared with both the first quarter and the previous financial year-end. Total assets were down by € 125 million from the corresponding previous year's figure.

BALANCE SHEET STRUCTURE

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Figures in € millions

	31-Mar-2011	in percent of total assets	30-Sep-2011	in percent of total assets
Non-current assets	1,115	42.2	1,076	40.2
Current assets	1,527	57.8	1,596	59.7
Assets held for sale	1	0.0	2	0.1
Total assets	2,643	100.0	2,674	100.0
Equity	869	32.9	768	28.7
Non-current liabilities	763	28.9	1,109	41.5
Current liabilities	1,011	38.3	797	29.8
Total equity and liabilities	2,643	100.0	2,674	100.0

Among **ASSETS** inventories rose slightly from € 748 million at the end of the previous financial year to € 860 million. They are at about the same level as the corresponding previous year's figure. The reduction in trade receivables had an opposite effect.

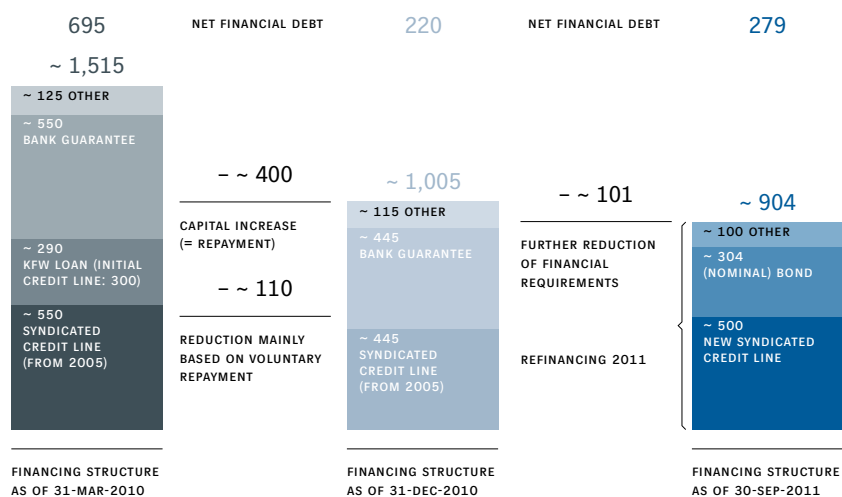
Among **EQUITY AND LIABILITIES**, due among other things to the loss for the half-year, equity fell to € 768 million as of September 30, 2011. Moreover, actuarial losses resulting from the calculation of the pension plan assets caused a reduction of the equity as well as higher pension provisions. The equity ratio remained stable at approximately 30 percent during the reporting quarter. Financial liabilities held steady at the previous quarter's level of € 442 million as of September 30, 2011.

The success of our financial measures is also reflected in our net financial debt, which was at the comparatively low level of € 279 million as at the end of the reporting quarter, compared to € 695 million at the beginning of the previous financial year. Detailed information concerning our refinancing can be found in the Annual Report 2010/2011 beginning on page 66.

DEVELOPMENT OF THE FINANCIAL STRUCTURE

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Figures in € millions



The considerably lower loss for the half-year compared with the previous year resulted in a € 48 million increase in CASH FLOW to € -13 million during the first half of the year.

CONSOLIDATED STATEMENT OF CASH FLOWS

13

Figures in € millions

	Q1 to Q2 prior year	Q1 to Q2 2011/2012
Cash flow	-61	-13
Net working capital	103	20
Receivables from customer financing	28	19
Other	-6	-22
Other operating changes	125	17
Cash used in investing activities	5	-23
Free cash flow	69	-19

In the area of OTHER OPERATING CHANGES, cash was generated during the first half of the year thanks in particular to the additionally optimized net working capital. Additional factors making a significant contribution to this development

were the lower trade receivables and higher trade payables. The further reduction in receivables from sales financing also had a favorable impact.

CASH USED IN INVESTING ACTIVITIES is attributable, among other factors, to the plant expansion at Qingpu. The outflow of funds from investment activity amounted to € -23 million during the half-year period, whereas during the previous year cash of € 5 million had been generated due to fixed-asset disposals.

FREE CASH FLOW was a negative, during the first half of the year, amounting to € -19 million. This resulted primarily from the loss for the half-year period as well as the cash used in China due to the plant expansion.

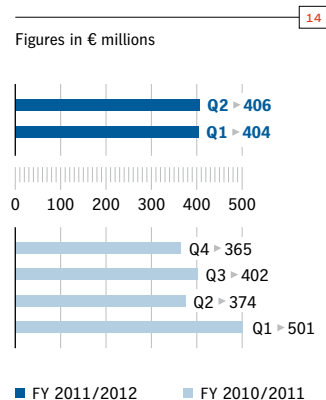
Divisions

The incoming orders of the **HEIDELBERG EQUIPMENT** Division continued to develop favorably during the second quarter, growing by € 32 million over the previous year to € 406 million. Incoming orders in the first half of the year of € 810 million were 8 percent lower than in the previous year – adjusted for exchange rate effects, 5 percent lower. The especially high incoming orders the previous year were attributable to the special effects of the IPEX and ExpoPrint trade shows. Despite the traditionally weaker vacation month of August, incoming orders held steady at the same level as in the previous quarter.

This division's net sales developed favorably compared with the previous year. Whereas net sales increased by 6 percent during the second quarter over the previous year – adjusted for exchange rate effects, by 8 percent – growth for the first half of the year over the same period the previous year to € 674 million represented an increase of 4 percent – adjusted for exchange rate effects, growth of 7 percent. This division accounted for a 57 percent share of Group sales during the first half of the year. Particular success was achieved in expanding the sales of large format sheetfed offset printing presses.

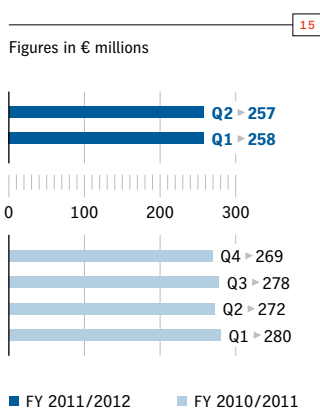
The boost in sales also had an impact on the result of this division's operating activities excluding special items. Heidelberg Equipment was successful in considerably reducing its loss for the half-year period from the previous year, which improved by € 31 million to € -56 million. Contributing to this development, among other factors, were the attained cost-reduction measures from the reorganization. The special items included expenses of € 1 million. Investments by this division of € 28 million were maintained at the low previous year's level.

**HEIDELBERG EQUIPMENT:
INCOMING ORDERS
PER QUARTER**



HEIDELBERG SERVICES: INCOMING ORDERS PER QUARTER

Figures in € millions



This division had a total of 10,308 employees as of September 30, 2011. The increase over the previous quarter was attributable for one to the startup of the new training year. Furthermore, the development of the number of employees of Heidelberg Equipment reflects the expansion of the production site in China. The number of employees increased by a total of 54 over the beginning of the financial year.

Although the incoming orders of the **HEIDELBERG SERVICES** Division decreased during the second quarter by 6 percent to € 257 million compared with the previous year – adjusted for exchange rate effects, by 5 percent – they remained at the same level as the previous quarter of the reporting year. The high figure for the first half of the preceding year could not be matched, with incoming orders of € 515 million down by 7 percent – adjusted for exchange rate effects, by 5 percent.

The net sales of the division developed in line with incoming orders. During the second quarter, they declined from the previous year by 7 percent to € 257 million – adjusted for exchange rate effects, by 6 percent. Compared with the same period the previous year, net sales fell during the first half of the year by 7 percent – adjusted for exchange rate effects, by 6 percent – to € 498 million. This development resulted primarily from a decline in sales in the remarketed equipment business. This division's sales accounted for a 42 percent share of overall consolidated sales during the first half of the year.

Primarily due to the development of sales, the result of operating activities excluding special items fell from € 37 million the previous year to € 28 million during the half-year period. The Heidelberg Services Division posted special items of € 2 million. The investments of the Heidelberg Services Division totaled € 6 million during the first half of the year.

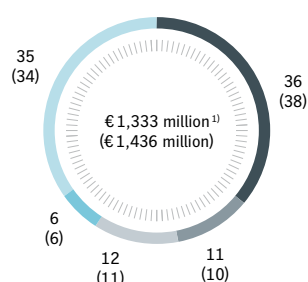
This division had a total of 5,421 employees during the reporting quarter – down by 101 from the beginning of the financial year.

Receivables from sales financing of the **HEIDELBERG FINANCIAL SERVICES** Division of € 162 million as of September 30, 2011 continued to be very low and were down from the figure posted at financial year-end of € 178 million – the result of customers largely financing their projects with outside financial providers. This division's result of operating activities excluding special items was again in the black during the second quarter, generating a gratifying result for the first half of the year of € 7 million. The division had a total of 53 employees as of September 30, 2011.

Regions

INCOMING ORDERS BY REGION

Shares in the Heidelberg Group in percent
(in parentheses: previous year)



Figures in € millions

	Q1 to Q2 prior year	Q1 to Q2 2011/2012
■ EMEA	547	476
■ Eastern Europe	147	149
■ North America	161	162
■ South America	91	81
■ Asia/Pacific	490	465

¹⁾ Including negative exchange rate effects totaling € - 34 million

The incoming orders of the **EUROPE, MIDDLE EAST AND AFRICA** region totaled €231 million during the second quarter, thereby holding steady at the previous year's level. The figure for the first half of the year of €476 million was 13 percent lower than during the same period the previous year. This was caused in particular by the low volume of incoming orders in the UK, because the previous year had included incoming orders generated at the IPEX trade show. In Germany, incoming orders remained stable during the first half of the year compared with the same period the previous year. Sales in this region generated during the second quarter totaled €220 million - 12 percent lower than during the same period the preceding year. The figure for the first half of the year of €438 million was also 7 percent below the previous year's figure.

The **EASTERN EUROPE** region was successful in generating incoming orders totaling €76 million during the second quarter - up by 20 percent over the previous year. The figure for the first half of the year of €149 million was at the previous year's level. Incoming orders in Poland developed favorably during the second quarter. During the second quarter, this region's net sales fell by approximately €5 million from the previous year to €70 million. The net sales of €130 million during the first half of the year held steady at the previous year's level.

During the second quarter, incoming orders adjusted for exchange rate effects in the **NORTH AMERICA** region grew by 13 percent over the previous year to €86 million. Incoming orders during the first half of the year increased by 9 percent adjusted for exchange rate effects to €162 million. Net sales were up by 22 percent over the previous year - adjusted for exchange rate effects, by 29 percent - to €82 million during the second quarter. Growth was also posted during the half-year period to

€ 149 million, up by 17 percent adjusted for exchange rate effects over the previous year. This favorable sales trend was attributable largely to business in Mexico and the US, whereas considerably lower sales were generated in Canada.

In the **SOUTH AMERICA** region, incoming orders amounted to € 46 million during the second quarter, thereby remaining stable at the previous year's level. The incoming orders in this region for the first half of the year fell from the previous year by € 10 million to € 81 million due to the ExpoPrint trade show the previous year, at which a considerable volume of orders had been generated. Sales in this region developed favorably, growing during the second quarter by 14 percent adjusted for exchange rate effects over the previous year's figure to € 35 million. Sales for the first half of the year totaled € 65 million – 11 percent higher than the previous year's figure.

The **ASIA/PACIFIC** region generated incoming orders totaling € 229 million during the second quarter, thereby continuing stable at the previous year's level. Incoming orders amounting to € 465 million were generated during the overall half-year period, thereby slightly exceeding Heidelberg's own forecast. Adjusted for exchange rate effects, this figure was stable at the previous year's level. During the second quarter, this region was successful in generating a 12 percent growth in sales over the previous year adjusted for exchange rate effects to € 229 million. Sales during the first half of the year, which totaled € 398 million, were stable at the previous year's level, whereas adjusted for exchange rate effects 6 percent growth over the preceding year was realized. The increase was generated nearly exclusively in China, whereas the development of sales in Japan has so far fallen short of our expectations.

SALES BY REGION

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Figures in € million

	Q1 to Q2 prior year	Q1 to Q2 2011/2012	Q2 prior year	Q2 2011/2012
Europe, Middle East and Africa	470	438	249	220
Eastern Europe	130	130	74	70
North America	139	149	67	82
South America	59	65	32	35
Asia/Pacific	398	398	211	229
Heidelberg Group	1,196	1,180	633	636
(adjusted for exchange rate effects)		1,209		646

Employees

The number of employees in the Heidelberg Group continued to decline during the first half of the current financial year. There were a total of 15,782 employees as of the quarterly reporting date of September 30, 2011 – down by 46 employees during the first half of the year, or 446 fewer than in the previous year. On the one hand, the increase over the previous quarter was attributable to the start of the new training year. On the other hand, the development of the number of employees in the Heidelberg Equipment Division reflects the expansion of the production site in China. Temporary overcapacities were absorbed by the implementation of short-time work. Cost-reduction measures continue to be realized through foregoing provisions of collective bargaining agreements, and Company bonuses, and the introduction of an additional working hour allotment.

The training quota of approximately 6 percent continues to be stable compared to preceding years. More than 170 young people began training programs at the German sites as of September 1.

Risk and Opportunity Report

Part of our management philosophy is to recognize risks as soon as possible, to assess them realistically, and to either systematically tackle them or to make appropriate provisions. We also intend to assess opportunities at the earliest possible time and make systematic use of them. The Management Board and Supervisory Board are kept regularly informed about Heidelberg's current risk environment. Please refer to page 127 of our Annual Report 2010/2011 for a complete version of our Risk and Opportunity Report.

There are no current or foreseeable future risks that could threaten the existence of the Heidelberg Group. Since the print media industry is especially strongly impacted by cyclical trends, the further development of the overall economy represents the Heidelberg Group's greatest risk factor. During the first quarter, the distortions in the capital markets as well as the weaker overall economic vigor resulted in a further substantial increase in uncertainties surrounding further cyclical trends. Our expansion of the business areas Services and Consumables, Packaging Printing, and Job Manufacturing serve to make the Group's result more non-cyclical in the medium term. We have the densest service and sales network in

EMPLOYEES BY DIVISION

	31-Mar-11	30-Sep-11
Number of employees 18		
HD Equipment	10,254	10,308
HD Services	5,522	5,421
HD Financial Services	52	53
Heidelberg Group	15,828	15,782

our industry, and we are the only European manufacturer to produce locally in China. Both of these factors give Heidelberg important competitive advantages.

Our financial environment risks decreased considerably from the previous year. The successfully completed refinancing in April 2011 secures the Group's liquidity in the medium term.

Other than the risk of a sluggish economic turnaround, there is, of course, also an opportunity for a more rapid and sustainable growth of the world economy than has so far been expected. Further opportunities may occur if we are able to benefit from the currently favorable exchange rate structures – in the medium term as well – which result in advantages for German manufacturers vis-à-vis their Japanese competitors.

Future Prospects

Heidelberg continues to believe that economic uncertainties will have a restraining influence on investment behavior in our industry during the second half of the financial year. The distortions in the capital markets and the weaker overall economic momentum have increased uncertainties respecting further cyclical trends compared with the first quarter. According to the German Engineering Federation (VDMA), the incoming orders of the printing and paper technology sector are in a general decline, with a 10 percent fall-off posted during the months June – August 2011 compared with the same period the previous year. The order backlog for Heidelberg is highly differentiated internationally, and is influenced on the one hand by the continuing uncertainties in the US, Japan, and the Mediterranean countries, and on the other hand by the favorable business trend in China and South America.

Due to the economic outlook, it can be expected that demand will be weaker than anticipated during the second half of the financial year, and that sales and the operating result will not reach the level aimed at by Heidelberg. As a consequence, the goal of a balanced pre-tax result will probably not be attained. We still believe that the share in total sales will continue to shift in favor of the **HEIDELBERG EQUIPMENT** Division during the current financial year. Heidelberg intends to keep

the directly financed portfolio in the **HEIDELBERG FINANCIAL SERVICES** Division as low as possible. In an endeavor to increase operating profitability in the current financial year, measures relating to non-personnel costs and the human resources area that can be implemented quickly have been introduced. The Company expects that the **OPERATING RESULT** excluding special items for financial year 2011/2012 will be noticeably better than that of the previous year. Thanks to the substantial reduction in debt, the **FINANCIAL RESULT** will have a considerably reduced dampening effect than in the previous year.

Heidelberg's medium-term profitability goals will continue in effect, even if the planned sales increase to over € 3 billion is delayed due to weak demand. In order to attain these profitability targets, Heidelberg is working on a program to ensure the already established target of a result of operating activities excluding special items of € 150 million within the next two financial years. Building on the reorganization of the Company that was implemented in 2010, the focus will be not only on further capacity and cost adjustments, but also on structural changes in order to create long-term profitability for this business model. In doing so, we closely examine all areas, products, and processes.

Heidelberg will prepare itself to effectively satisfy the requirements of a changing and more volatile environment of the market for professional advertising and packaging printing. Heidelberg will publish information immediately as soon as our examination is completed and measures have been approved.

Supplementary Report

No significant events occurred following the financial reporting date.

IMPORTANT NOTE:

This Interim Report contains forward-looking statements based on assumptions and estimations by the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft. Even though the Management Board is of the opinion that these assumptions and estimations are realistic, the actual future development and results may deviate substantially from these forward-looking statements due to various factors, such as changes in the macro-economic situation, in the exchange rates, in the interest rates, and in the print media industry. Heidelberger Druckmaschinen Aktiengesellschaft gives no warranty and does not assume liability for any damages in case the future development and the projected results do not correspond with the forward-looking statements contained in this Interim Report. Heidelberg does not intend, and does not assume any obligation, to update the forward-looking statements contained in this Interim Report to reflect events or developments that have occurred after this Interim Report was published.

SECOND QUARTER 2011/2012

In Review

JULY

- > **Shareholders:**
Annual General Meeting of Heidelberg Druckmaschinen Aktiengesellschaft
- > **Acquisitions:**
Heidelberg acquires CSAT GmbH

AUGUST

- > **Products:**
Enhanced functions for the Prinect print shop workflow
- > **Trade Shows:**
Bernhard Schreier new president of drupa 2012

SEPTEMBER

- > **Training:**
174 young people start professional career
- > **Plant Expansion:**
Heidelberg expands Chinese plant

In Review

Q2 2011

JULY

AUGUST

July 28, 2011 1

2 July 29, 2011

August 11, 2011 3

1 SHAREHOLDERS

Annual General Meeting of Heidelberg Druckmaschinen Aktiengesellschaft July 28, 2011

> Shareholders agree all items on the agenda with a clear majority



Around 2,000 shareholders participate as the Management Board discusses the balance sheet of the past financial year and the Company's strategy. The shareholders appoint two new members to the Supervisory Board until 2016: Lone Fønss Schrøder and Dr. Herbert Meyer. Robert J. Koehler is elected as the new Chairman of the Supervisory Board while Dr. Mark Wössner relinquishes his mandate as planned. Dr. Werner Brand steps down as a member of the Supervisory Board at his own request. Approximately 48 percent of the Heidelberg share capital is represented at the meeting.

2 ACQUISITIONS

Heidelberg acquires CSAT GmbH July 29, 2011

> Strategic acquisition expands the digital print portfolio in the growth market of packaging printing



Heidelberg takes over CSAT GmbH, a company specialized in the development, manufacture, and worldwide sales and service of digital printing systems, including consumables for the packaging industry. The digital printing experts based in Eggenstein near Karlsruhe employ some 70 staff. With this takeover, Heidelberg continues to expand its digital print strategy and gains access to technology and expertise in the areas of drop-on-demand inkjet (DoD) and electrophotography.

3 PRODUCTS

Enhanced functions for the Prinect print shop workflow August 11, 2011

> In future, Prinect will offer a fully integrated management information system (MIS)



Heidelberg extends the functions of its Prinect print shop workflow in four areas of growth driving the print media industry: management information systems (MIS), web-to-print solutions, as well as digital and packaging printing. MIS is based on the technology developed by software manufacturer CERM whom Heidelberg acquired at the beginning of the year. The solution is gradually being introduced worldwide under the name Prinect Business Manager. The Business Manager has a broad application spectrum and a modular design, which makes it ideal for various sizes of print shops.

4 TRADE SHOWS

Bernhard Schreier new president of drupa 2012

August 30, 2011

> Bernhard Schreier takes over from Martin Weickenmeier



Bernhard Schreier, CEO of Heidelberg Druckmaschinen Aktiengesellschaft, is the new president of drupa, the leading global trade show for the print media industry. In this role, he succeeds Martin Weickenmeier, managing director of sales, marketing, and service at Körber Paper-Link GmbH. The next drupa trade show takes place in Düsseldorf between May 3 and 16, 2012.

5 TRAINING

174 young people start professional career

September 1, 2011

> Heidelberg offers training in 13 different occupations and several degree programs



Heidelberg trains more than 170 young people at its production sites in Wiesloch-Walldorf, Amstetten, Brandenburg, Leipzig, and Ludwigsburg. The training quota remains stable at around 6 percent compared to previous years. Furthermore, Heidelberg presents itself as a partner for training cooperations. This year, 17 young people from other corporations are starting their training at Heidelberg – a procedure which enables these firms to benefit from Heidelberg’s highly awarded training concept.

6 PLANT EXPANSION

Heidelberg expands Chinese plant

September 28, 2011

> Third construction phase officially opened at Qingpu production site



The completion of the third construction phase at the Qingpu site in China extends the plant’s production area to some 45,000 square meters – a threefold increase in the area in just four years. At Qingpu, Heidelberg is producing all standard machines required by the Chinese market. Heidelberg is the only printing press manufacturer based in either Europe or Japan to have its own production facility in China. As a result, the Company is further consolidating its leading role on the world’s strongest growth market in the print media industry.

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THE SHARE

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* Cover

HEIDELBERG 2011/2012

Interim Consolidated Financial Statements

OF HEIDELBERGER DRUCKMASCHINEN AKTIENGESELLSCHAFT
FOR THE PERIOD APRIL 1, 2011 TO SEPTEMBER 30, 2011

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INTERIM CONSOLIDATED INCOME STATEMENT APRIL 1, 2011 TO SEPTEMBER 30, 2011

Figures in € thousands

	Note	1-Apr-2010 to 30-Sep-2010	1-Apr-2011 to 30-Sep-2011
Net sales		1,196,003	1,180,402
Change in inventories		22,917	80,990
Other own work capitalized		2,712	4,516
Total operating performance		1,221,632	1,265,908
Other operating income	3	74,026	55,114
Cost of materials	4	608,015	592,961
Personnel expenses	5	416,129	456,090
Depreciation and amortization		49,240	46,210
Other operating expenses	6	263,399	246,335
Special items	7	-21,952	3,276
Result of operating activities		-19,173	-23,850
Financial income	8	13,487	9,929
Financial expenses	9	100,457	52,094
Financial result		-86,970	-42,165
Income before taxes		-106,143	-66,015
Taxes on income		-18,441	-396
Consolidated net loss		-87,702	-65,619
Basic earnings per share according to IAS 33 (in €/share)	10	-1.11	-0.28
Diluted earnings per share according to IAS 33 (in €/share)	10	-1.11	-0.28

 INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME APRIL 1, 2011 TO SEPTEMBER 30, 2011

Figures in € thousands

	1-Apr-2010 to 30-Sep-2010	1-Apr-2011 to 30-Sep-2011
Consolidated net loss	-87,702	-65,619
Pension obligations	-117,828	-32,685
Currency translation	10,936	13,214
Financial assets available for sale	-557	-375
Cash flow hedges	4,695	-15,833
Deferred income taxes	30,796	-6,755
Total other comprehensive income	-71,958	-42,434
Total comprehensive income	-159,660	-108,053

INTERIM CONSOLIDATED INCOME STATEMENT JULY 1, 2011 TO SEPTEMBER 30, 2011

Figures in € thousands

	1-Jul-2010 to 30-Sep-2010	1-Jul-2011 to 30-Sep-2011
Net sales	633,241	636,246
Change in inventories	-7,062	10,689
Other own work capitalized	1,409	1,898
Total operating performance	627,588	648,833
Other operating income	21,036	23,934
Cost of materials	306,980	306,124
Personnel expenses	197,195	219,238
Depreciation and amortization	24,735	22,983
Other operating expenses	125,431	119,801
Special items	-7,388	3,370
Result of operating activities	1,671	1,251
Financial income	4,275	6,535
Financial expenses	56,280	26,803
Financial result	-52,005	-20,268
Income before taxes	-50,334	-19,017
Taxes on income	-14,869	491
Consolidated net loss	-35,465	-19,508
Basic earnings per share according to IAS 33 (in €/share)	-0.44	-0.08
Diluted earnings per share according to IAS 33 (in €/share)	-0.44	-0.08

 INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME JULY 1, 2011 TO SEPTEMBER 30, 2011

Figures in € thousands

	1-Jul-2010 to 30-Sep-2010	1-Jul-2011 to 30-Sep-2011
Consolidated net loss	-35,465	-19,508
Pension obligations	-64,396	-57,630
Currency translation	-52,992	15,448
Financial assets available for sale	-557	-458
Cash flow hedges	33,570	-16,534
Deferred income taxes	10,332	-69
Total other comprehensive income	-74,043	-59,243
Total comprehensive income	-109,508	-78,751

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2011

> ASSETS

Figures in € thousands

	Note	31-Mar-2011	30-Sep-2011
Non-current assets			
Intangible assets	11	266,667	253,831
Property, plant, and equipment	11	569,972	558,899
Investment property		5,664	5,401
Financial assets		19,547	26,862
Receivables from sales financing		90,419	78,976
Other receivables and other assets	12	42,920	39,777
Income tax assets		499	1,484
Deferred tax assets		118,927	110,666
		<u>1,114,615</u>	<u>1,075,896</u>
Current assets			
Inventories	13	747,680	859,702
Receivables from sales financing		87,582	83,002
Trade receivables		376,928	326,547
Other receivables and other assets	12	153,523	151,168
Income tax assets		13,862	13,126
Cash and cash equivalents	14	147,934	162,907
		<u>1,527,509</u>	<u>1,596,452</u>
Assets held for sale		<u>908</u>	<u>1,655</u>
Total assets		<u>2,643,032</u>	<u>2,674,003</u>

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2011

> EQUITY AND LIABILITIES

Figures in € thousands

	Note	31-Mar-2011	30-Sep-2011
Equity	15		
Issued capital		596,302	599,308
Capital reserves and retained earnings		401,180	234,398
Consolidated net loss		-128,890	-65,619
		<u>868,592</u>	<u>768,087</u>
Non-current liabilities			
Provisions for pensions and similar obligations	16	221,011	265,957
Other provisions	17	303,014	302,825
Financial liabilities	18	105,256	393,560
Other liabilities	19	127,670	137,106
Deferred tax liabilities		6,298	9,384
		<u>763,249</u>	<u>1,108,832</u>
Current liabilities			
Other provisions	17	291,239	258,766
Financial liabilities	18	289,361	48,340
Trade payables		129,726	179,337
Income tax liabilities		1,842	1,717
Other liabilities	19	299,023	308,924
		<u>1,011,191</u>	<u>797,084</u>
Total equity and liabilities		<u>2,643,032</u>	<u>2,674,003</u>

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AS OF SEPTEMBER 30, 2011 ¹⁾

Figures in € thousands

	Capital reserves		Pension obligations	Currency translation	Fair value of other financial assets
	Issued capital				
April 1, 2010	198,767	19,025	- 114,638	- 200,541	- 253
Capital increase	397,535	7,149	0	0	0
Loss carryforward	0	0	0	0	0
Total comprehensive income	0	0	- 85,707	10,936	- 331
Consolidation adjustments/ other changes	0	2,243	0	0	0
September 30, 2010	596,302	28,417	- 200,345	- 189,605	- 584
April 1, 2011	596,302	27,694	- 106,874	- 196,284	- 893
Capital increase	2,347	325	0	0	0
Loss carryforward	0	0	0	0	0
Total comprehensive income	0	0	- 39,427	13,214	- 375
Consolidation adjustments/ other changes	659	- 921	0	0	0
September 30, 2011	599,308	27,098	- 146,301	- 183,070	- 1,268

¹⁾ For further information see note 15

		Retained earnings	Total capital reserves and retained earnings	Consolidated net loss	Total
Fair value of cash flow hedges	Other retained earnings	Total retained earnings			
-6,685	911,782	589,665	608,690	-228,507	578,950
0	0	0	7,149	0	404,684
0	-228,507	-228,507	-228,507	228,507	0
3,144	0	-71,958	-71,958	-87,702	-159,660
0	3,364	3,364	5,607	0	5,607
-3,541	686,639	292,564	320,981	-87,702	829,581
5,840	671,697	373,486	401,180	-128,890	868,592
0	0	0	325	0	2,672
0	-128,890	-128,890	-128,890	128,890	0
-15,846	0	-42,434	-42,434	-65,619	-108,053
0	5,138	5,138	4,217	0	4,876
-10,006	547,945	207,300	234,398	-65,619	768,087

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS APRIL 1, 2011 TO SEPTEMBER 30, 2011

Figures in € thousands		
	1-Apr-2010 to 30-Sep-2010	1-Apr-2011 to 30-Sep-2011
Consolidated net loss	-87,702	-65,619
Depreciation and amortization, write-downs and reversals ¹⁾	49,638	48,726
Change in pension provisions	7,466	8,146
Change in deferred tax assets/ deferred tax liabilities/tax provisions	-24,118	-3,955
Result from disposals ¹⁾	-5,796	-680
Cash flow	-60,512	-13,382
Change in inventories	-10,344	-103,972
Change in sales financing	27,506	18,669
Change in trade receivables/payables	79,143	109,375
Change in other provisions	-77,333	-29,911
Change in other items of the statement of financial position	105,336	24,130
Other operating changes	124,308	18,291
Cash generated by operating activities	63,796	4,909
Intangible assets/property, plant, and equipment/ investment property		
Investments	-25,264	-31,280
Income from disposals	26,194	15,217
Financial assets/corporate acquisitions		
Investments	-137	-7,467
Income from disposals	3,928	48
Cash generated by/used in investing activities	4,721	-23,482
Income from capital increase	401,115	0
Change in financial liabilities	-459,280	29,042
Cash used in/generated by financing activities	-58,165	29,042
Net change in cash and cash equivalents	10,352	10,469
Cash and cash equivalents as of the start of the reporting period	120,696	147,934
Currency adjustments	2,617	4,504
Net change in cash and cash equivalents	10,352	10,469
Cash and cash equivalents as of the end of the reporting period	133,665	162,907
Cash generated by operating activities	63,796	4,909
Cash generated by/used in investing activities	4,721	-23,482
Free cash flow	68,517	-18,573

¹⁾ Relates to intangible assets, property, plant, and equipment, investment property, loans, and other securities

NOTES

1
ACCOUNTING POLICIES

The interim consolidated financial statements as of September 30, 2011 are consistent with and were prepared in line with the regulations of IAS 34 (Interim Financial Reporting). They should be read in conjunction with the consolidated financial statements as of March 31, 2011, which were prepared in line with the International Financial Reporting Standards (IFRS) as endorsed in the EU.

The interim consolidated financial statements were prepared using the same accounting policies as the consolidated financial statements for the 2010/2011 financial year. In accordance with the regulations of IAS 34, a condensed scope of reporting was chosen as against the consolidated financial statements as of March 31, 2011. All amounts are stated in € thousands.

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have issued the following new standards and interpretations as well as amendments to existing standards and interpretations, which are to be applied for the first time in financial year 2011/2012:

Standard	Publication by the IASB/IFRS IC	Date of adoption ¹⁾	Published in Official Journal of the EU	Effects
Amendments to standards				
IAS 24: Related Party Disclosures (Revised 2009)	4-Nov-2009	1-Jan-2011	20-Jul-2010	> None
Amendment to IFRS 1: Limited Exemption for First-time Adopters from IFRS 7 and to IFRS 7: Financial Instruments: Disclosures	28-Jan-2010	1-Jul-2010	1-Jul-2010	> None
Improvements to International Financial Reporting Standards 2010	10-May-2010	Various, 1-Jul-2010 at earliest	19-Feb-2011	> None ²⁾
Amendments to interpretations				
Amendments to IFRIC Interpretation 14: Prepayments of a Minimum Funding Requirement	26-Nov-2009	1-Jan-2011	20-Jul-2010	> None
New interpretations				
IFRIC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	26-Nov-2009	1-Jul-2010	24-Jul-2010	> None

¹⁾ For financial years beginning on or after this date

²⁾ Effects on accounting for business acquisitions and for transactions with non-controlling interests that did not occur in the reporting period and effects on disclosures on financial instruments at the end of the financial year that are currently being examined

The IASB and IFRSIC approved and amended the following standards and interpretations, whose application during financial year 2011/2012 is not yet compulsory or which have not yet been endorsed by the European Union (EU).

- > Amendments to IAS 1: Presentation of Financial Statements
- > Amendments to IFRS 12: Deferred Tax: Recovery of Underlying Assets
- > Amendments to IAS 19: Employee Benefits
- > IAS 27: Consolidated and Separate Financial Statements
- > IAS 28: Investments in Associates
- > Amendments to IFRS 1: Hyperinflation and Deletion of Fixed Date References for First-time Adopters
- > Amendments to IFRS 7: Financial Instruments: Disclosures: Transfers of Financial Assets
- > IFRS 9: Financial Instruments
- > IFRS 10: Consolidated Financial Statements
- > IFRS 11: Joint Arrangements
- > IFRS 12: Disclosure of Interests in Other Entities
- > IFRS 13: Fair Value Measurement
- > IFRIC Interpretation 20: "Stripping Costs in the Production Phase of a Surface Mine"

The effects of first-time adoption of the IFRS relevant to Heidelberg on the financial statements of the Heidelberg Group are currently being examined. Heidelberg is not currently planning to apply these standards at an early date.

Traditionally, Heidelberg generates more sales in the second half of the financial year than the first. Income that is generated due to seasonal reasons, economic reasons, or only occasionally within the financial year is not brought forward or deferred in the interim consolidated financial statements. Expenses that are incurred irregularly during the financial year are deferred in cases in which they would also be deferred at the end of the financial year.

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

2
SCOPE OF CONSOLIDATION

The interim consolidated financial statements of Heidelberger Druckmaschinen Aktiengesellschaft include a total of 75 (March 31, 2011: 75) domestic and foreign companies in which Heidelberger Druckmaschinen Aktiengesellschaft has a controlling influence as defined by IAS 27. Of these, 64 (March 31, 2011: 64) are located outside Germany. Subsidiaries that are of minor importance are not included.

3
OTHER OPERATING INCOME

	1-Apr-2010 to 30-Sep-2010	1-Apr-2011 to 30-Sep-2011
Reversal of other provisions/deferred liabilities	16,200	16,553
Recoveries on loans and other assets previously written down	15,226	11,233
Hedging/exchange rate gains	10,261	7,919
Income from operating facilities	7,065	5,744
Income from disposals of intangible assets, property, plant, and equipment, and investment property	7,935	1,349
Other income	17,339	12,316
	<u>74,026</u>	<u>55,114</u>

The income from hedging/exchange rate gains is offset by expenses for hedging/exchange rate losses reported under other operating expenses (see note 6).

4
COST OF MATERIALS

The cost of materials includes the pro rata interest expense in connection with the Heidelberg Financial Services segment of € 1,214 thousand (April 1, 2010 to September 30, 2010: € 2,439 thousand); the interest income from sales financing of € 8,461 thousand (April 1, 2010 to September 30, 2010: € 8,731 thousand) is reported in sales.

5
STAFF COSTS

The increase in staff costs is due, among others, to the reduction of short-time work at the German locations as against the previous year.

6

**OTHER OPERATING
EXPENSES**

	1-Apr-2010 to 30-Sep-2010	1-Apr-2011 to 30-Sep-2011
Special direct sales expenses including freight charges	51,973	56,437
Other deliveries and services not included in the cost of materials	53,472	55,125
Rent and leases	33,765	31,410
Travel expenses	20,234	21,224
Bad debt allowances and impairment on other assets	11,091	12,023
Hedging/exchange rate losses	17,793	10,864
Insurance expense	7,829	6,425
Additions to provisions and accruals relating to several types of expense	8,726	5,059
Costs of car fleet (excluding leases)	4,381	4,076
Other overheads	54,135	43,692
	263,399	246,335

The expenses for hedging/exchange rate losses are offset by income from hedging/exchange rate gains reported under other operating income (see note 3).

7

SPECIAL ITEMS

Special items include expenses and income in connection with both our Heidelberg 2010 program and our efficiency enhancement measures.

The expenses of € 3,276 thousand reported under special items in the period under review (April 1, 2010 to September 30, 2010: € 21,952 thousand) resulted predominantly from staff-related expenses which were partially compensated by the reversal of provisions in Germany due to the agreements between the management and employee representatives on the coordination of interests for German locations.

8
FINANCIAL INCOME

	1-Apr-2010 to 30-Sep-2010	1-Apr-2011 to 30-Sep-2011
Interest and similar income	9,089	7,499
Income from financial assets/loans/securities	4,398	2,430
	<u>13,487</u>	<u>9,929</u>

9
FINANCIAL EXPENSES

	1-Apr-2010 to 30-Sep-2010	1-Apr-2011 to 30-Sep-2011
Interest and similar expenses	99,352	50,446
Expenses for financial assets/loans/securities	1,105	1,648
	<u>100,457</u>	<u>52,094</u>

10
EARNINGS PER SHARE

Earnings per share are calculated by dividing the earnings for the period attributable to shareholders by the weighted number of shares outstanding in the period. The weighted number of shares outstanding in the period under review was 233,693,184 (April 1, 2010 to September 30, 2010: 79,349,883). The weighted number of shares outstanding was influenced by the capital increase to implement the court settlement with the former shareholders of Linotype-Hell Aktiengesellschaft (see note 15) and the holdings of treasury shares. In the reporting period, 257,081 treasury shares were issued to employees of Heidelberger Druckmaschinen Aktiengesellschaft and its subsidiaries as employee shares. As of September 30, 2011, the Company still held 142,919 treasury shares (March 31, 2011: 400,000).

11 INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT	<p>In the period from April 1, 2011 to September 30, 2011, there were additions to intangible assets of € 2,012 thousand (April 1, 2010 to September 30, 2010: € 1,819 thousand) and to property, plant, and equipment of € 32,323 thousand (April 1, 2010 to September 30, 2010: € 28,329 thousand). In the same period, the carrying amount of disposals from intangible assets was € 1 thousand (April 1, 2010 to September 30, 2010: € 4 thousand) and € 14,536 thousand (April 1, 2010 to September 30, 2010: € 12,574 thousand) for property, plant, and equipment.</p>
12 OTHER RECEIVABLES AND OTHER ASSETS	<p>The “Other receivables and other assets” item includes receivables from derivative financial instruments of € 40,159 thousand (March 31, 2011: € 38,818 thousand) and prepaid expenses of € 23,184 thousand (March 31, 2011: € 14,734 thousand).</p>
13 INVENTORIES	<p>Inventories include raw materials, consumables and supplies of € 125,707 thousand (March 31, 2011: € 113,572 thousand), work in progress of € 379,152 thousand (March 31, 2011: € 332,086 thousand), finished goods and goods for resale of € 350,068 thousand (March 31, 2011: € 299,160 thousand) and advance payments of € 4,775 thousand (March 31, 2011: € 2,862 thousand).</p>
14 CASH AND CASH EQUIVALENTS	<p>Restrictions on disposal of cash and cash equivalents due to foreign exchange restrictions amount to € 80,140 thousand (March 31, 2011: € 70,650 thousand).</p>
15 EQUITY	<p>As of March 31, 2011, the Company held 400,000 treasury shares (cost: € 13,258 thousand). These shares can only be utilized to reduce the capital of Heidelberger Druckmaschinen Aktiengesellschaft or for employee share participation programs and other forms of share distribution to the employees of the Company or a subsidiary or to individuals who are or were employed by Heidelberger Druckmaschinen Aktiengesellschaft or one of its associates.</p>

As part of the agreement reached at the start of the previous year between the management and employee representatives on the coordination of interests for German locations it was agreed to set up an employee share participation program. The issuance of shares is therefore free of charge for employees. In the first quarter of the 2011/2012 financial year, 257,081 treasury shares were used for this employee share program. As of June 30, 2011, the Company still held 142,919 treasury shares.

Please see note 26 of the consolidated financial statements as of March 31, 2011 for information on the contingent and authorized capitals as of March 31, 2011.

There were significant changes due to the capital increase to implement the court settlement with the former shareholders of Linotype-Hell Aktiengesellschaft and the resolutions of the Annual General Meeting of July 28, 2011.

Under the amicable settlement of the court dispute with the former shareholders of Linotype-Hell Aktiengesellschaft regarding the exchange ratio on March 30, 2011, it was agreed by way of court settlement to compensate the shareholders in shares of Heidelberger Druckmaschinen Aktiengesellschaft. 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. Shareholders' preemptive subscription rights were disappplied with the approval of the Supervisory Board. To create new shares, the Management Board partially exercised its authorization under 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 amicable settlement of the court dispute led to a derecognition increasing retained earnings in the reporting period.

As the authorization of the Executive Board to increase share capital by issuing new shares against contributions granted by the Annual General Meeting of July 18, 2008 expired on July 1, 2011, Authorized Capital 2008 has been irrelevant since July 2, 2011.

On July 28, 2011, the Annual General Meeting authorized the Management Board, with the approval of the Supervisory Board, to increase the share capital of the Company by up to a total of € 119,934,433.28 on one or more occasions against cash contributions until July 27, 2016 (Authorized Capital 2011). The Management Board was authorized, with the approval of the Supervisory Board, to determine the further content of the shares' rights and the conditions for their issue. This authorization takes place upon entry of the amendment to the Articles of Association in the commercial register, which was effected on August 5, 2011. In addition, the Annual General Meeting on July 28, 2011 revoked its authorization of the Management Board resolved on July 23, 2009, which allowed the Management Board, with the approval of the Supervisory Board, to increase the share capital of the Company by up to a total of € 39,958,236.16 on one or more occasions against cash contributions until July 1, 2014 (Authorized Capital 2009), effective from the date Authorized Capital 2011 is entered in the commercial register.

16
**PROVISIONS FOR PENSIONS
 AND SIMILAR OBLIGATIONS**

A discount rate of 5.00 percent (March 31, 2011: 5.00 percent) was used to calculate the actuarial gains and losses of German companies as of September 30, 2011.

17
OTHER PROVISIONS

Other provisions relate to tax provisions of € 196,564 thousand (March 31, 2011: € 203,677 thousand) and other provisions of € 365,027 thousand (March 31, 2011: € 390,576 thousand). Other provisions include staff obligations of € 89,407 thousand (March 31, 2011: € 109,436 thousand), sales obligations of € 132,536 thousand (March 31, 2011: € 134,622 thousand), and miscellaneous other provisions of € 143,084 thousand (March 31, 2011: € 146,518 thousand). Among other things, the latter include provisions for onerous contracts.

18

FINANCIAL LIABILITIES

	31-Mar-2011			30-Sep-2011		
	Current	Non-current	Total	Current	Non-current	Total
Borrower's note loans	4,518	50,000	54,518	0	50,000	50,000
Amounts due to banks	264,679	49,727	314,406	15,362	45,248	60,610
High-yield bond	0	0	0	11,957	291,263	303,220
From finance leases	2,152	5,529	7,681	2,445	7,049	9,494
Other	18,012	0	18,012	18,576	0	18,576
	<u>289,361</u>	<u>105,256</u>	<u>394,617</u>	<u>48,340</u>	<u>393,560</u>	<u>441,900</u>

On March 25, 2011, Heidelberg agreed a comprehensive refinancing of the credit lines due in summer 2012. Firstly, this included the high-yield bond of € 304 million with a term of seven years successfully issued on April 7, 2011. Heidelberg used the net proceeds for the early repayment of the two partially government-backed credit lines and for general refinancing of the Company. Secondly, the lines previously in place were replaced by a new revolving credit facility of € 500 million from a banking syndicate, maturing at the end of 2014. The agreement on the new credit facility contains standard financial covenants regarding the financial situation of the Heidelberg Group.

- 19
OTHER LIABILITIES
- Other liabilities include advance payments on orders of € 103,102 thousand (March 31, 2011: € 86,610 thousand), liabilities from derivative financial instruments of € 41,476 thousand (March 31, 2011: € 25,720 thousand), and deferred income of € 66,687 thousand (March 31, 2011: € 70,674 thousand).
- 20
**CONTINGENT LIABILITIES
AND OTHER FINANCIAL
LIABILITIES**
- As of September 30, 2011, the contingent liabilities for warranties and guarantees amounted to € 4,452 thousand (March 31, 2011: € 3,476 thousand).
- The other financial liabilities amounted to € 323,987 thousand as of September 30, 2011 (March 31, 2011: € 328,277 thousand). Of this, € 290,064 thousand (March 31, 2011: € 285,225 thousand) related to lease and rental obligations and € 33,923 thousand (March 31, 2011: € 43,052 thousand) related to investments and other purchase commitments.
- 21
**GROUP SEGMENT
REPORTING**
- The segment reporting is based on the management approach.
- The Heidelberg Group consists of the business segments Heidelberg Equipment, Heidelberg Services, and Heidelberg Financial Services. Heidelberg Equipment essentially comprises new machinery business. Services, consumables, and remarketed equipment business are bundled in the Heidelberg Services segment. The Heidelberg Financial Services segment comprises sales financing business. Further information on the business activities, products, and services of the individual segments can be found in the sections “Product Portfolio” and “Group Corporate Structure and Organization” in the Group management report as of March 31, 2011.

SEGMENT INFORMATION APRIL 1, 2011 TO SEPTEMBER 30, 2011 ¹⁾:

	Heidelberg Equipment		Heidelberg Services		Heidelberg Financial Services		Heidelberg Group	
	1-Apr-2010 to 30-Sep-2010	1-Apr-2011 to 30-Sep-2011	1-Apr-2010 to 30-Sep-2010	1-Apr-2011 to 30-Sep-2011	1-Apr-2010 to 30-Sep-2010	1-Apr-2011 to 30-Sep-2011	1-Apr-2010 to 30-Sep-2010	1-Apr-2011 to 30-Sep-2011
External sales	649,023	673,548	538,249	498,393	8,731	8,461	1,196,003	1,180,402
Result of operating activities (segment result)	-67,968	-57,416	39,624	26,263	9,171	7,303	-19,173	-23,850
Investments	26,748	27,674	3,400	6,649	0	13	30,148	34,336

The segment result is reconciled to earnings before taxes as follows:

	1-Apr-2010 to 30-Sep-2010	1-Apr-2011 to 30-Sep-2011
Result of operating activities (segment result)	-19,173	-23,850
Financial result	-86,970	-42,165
Income before taxes	-106,143	-66,015

External sales relate to the different regions as follows:

	1-Apr-2010 to 30-Sep-2010	1-Apr-2011 to 30-Sep-2011
Europe, Middle East and Africa		
Germany	174,628	181,254
Other Europe, Middle East and Africa regions	295,735	256,435
	470,363	437,689
Asia/Pacific		
China	195,125	215,227
Other Asia/Pacific regions	202,759	183,386
	397,884	398,613
Eastern Europe	130,448	129,727
North America	138,449	148,900
South America	58,859	65,473
	1,196,003	1,180,402

22 SUPERVISORY BOARD/ MANAGEMENT BOARD	The members of the Supervisory Board and the Management Board are presented on pages 46–47.
23 RELATED PARTY TRANSACTIONS	<p>As described in note 41 of the notes to the consolidated financial statements as of March 31, 2011, business relationships exist between numerous companies and Heidelberger Druckmaschinen Aktiengesellschaft and its subsidiaries in the course of ordinary business. This also includes associated companies, which are regarded as related companies of the Heidelberg Group.</p> <p>In the reporting period, transactions were performed with related parties that resulted in liabilities of € 8,826 thousand (March 31, 2011: € 5,101 thousand), receivables of € 15,839 thousand (March 31, 2011: € 14,157 thousand), expenses of € 8,010 thousand (April 1, 2010 to September 30, 2010: € 4,983 thousand) and income of € 8,490 thousand (April 1, 2010 to September 30, 2010: € 8,584 thousand), which essentially comprises sales. All transactions were again conducted as at arm's length and did not differ from relationships with other companies.</p> <p>Enterprises controlled by a member of the Supervisory Board of Heidelberger Druckmaschinen Aktiengesellschaft provided advisory services to Heidelberger Druckmaschinen Aktiengesellschaft and fully consolidated companies amounting to € 418 thousand (April 1, 2010 to September 30, 2010: € 120 thousand).</p>
24 SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD	There were no significant events after the end of the reporting period.
	Heidelberg, November 8, 2011
	<p>HEIDELBERGER DRUCKMASCHINEN AKTIENGESELLSCHAFT The Management Board</p>

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Interim Consolidated Financial Statements give a true and fair view of the assets, financial position, and profit or loss of the Group, and the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Heidelberg, November 8, 2011

HEIDELBERGER DRUCKMASCHINEN AKTIENGESELLSCHAFT

The Management Board



Bernhard Schreier



Dirk Kaliebe



Marcel Kiessling



Stephan Plenz

The Supervisory Board

Dr. Mark Wössner

Chairman of the Supervisory Board
– through July 28, 2011 –

Robert J. Koehler

Chairman of the Supervisory Board
– Chairman since July 28, 2011 –

Rainer Wagner*

Deputy Chairman of the
Supervisory Board

Dr. Werner Brandt

– through July 28, 2011 –

Edwin Eichler**Wolfgang Flörchinger*****Martin Gauss*****Mirko Geiger*****Gunther Heller*****Jörg Hofmann*****Dr. Siegfried Jaschinski**

Dr. Herbert Meyer
– since July 28, 2011 –

Dr. Gerhard Rupprecht**Beate Schmitt*****Lone Fønss Schrøder**

– since July 28, 2011 –

Prof. Dr.-Ing. Günther Schuh**Dr. Klaus Sturany****Peter Sudadse***

* Employee representative

Committees of the Supervisory Board

Management Committee

Dr. Mark Wössner (Chairman)
– through July 28, 2011 –
Robert J. Koehler (Chairman)
– since July 28, 2011 –
Rainer Wagner
Martin Gauss
Mirko Geiger
Dr. Gerhard Rupprecht
Dr. Klaus Sturany

Mediation Committee under Article 27 Paragraph 3 of the Codetermination Act

Dr. Mark Wössner, (Chairman)
– through July 28, 2011 –
Robert J. Koehler (Chairman)
– since July 28, 2011 –
Rainer Wagner
Wolfgang Flörchinger
Dr. Gerhard Rupprecht

Committee on Arranging Personnel Matters of the Management Board

Dr. Mark Wössner (Chairman)
– through July 28, 2011 –
Robert J. Koehler (Chairman)
– since July 28, 2011 –
Rainer Wagner
Dr. Gerhard Rupprecht
Beate Schmitt

Audit Committee

Dr. Klaus Sturany (Chairman)
Dr. Werner Brandt
– through July 28, 2011 –
Mirko Geiger
Dr. Herbert Meyer
– since July 28, 2011 –
Rainer Wagner

Nomination Committee

Dr. Mark Wössner (Chairman)
– through July 28, 2011 –
Robert J. Koehler (Chairman)
– since July 28, 2011 –
Dr. Klaus Sturany

The Management Board

Bernhard Schreier

Chief Executive Officer

Dirk Kaliebe

Marcel Kiessling

Stephan Plenz

Financial Calendar 2011/2012

FEBRUARY 8, 2012	Publication of Third Quarter Figures 2011/2012
JUNE 14, 2012	Annual Press Conference, Analysts' and Investors' Conference
JULY 26, 2012	Annual General Meeting

Subject to change

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