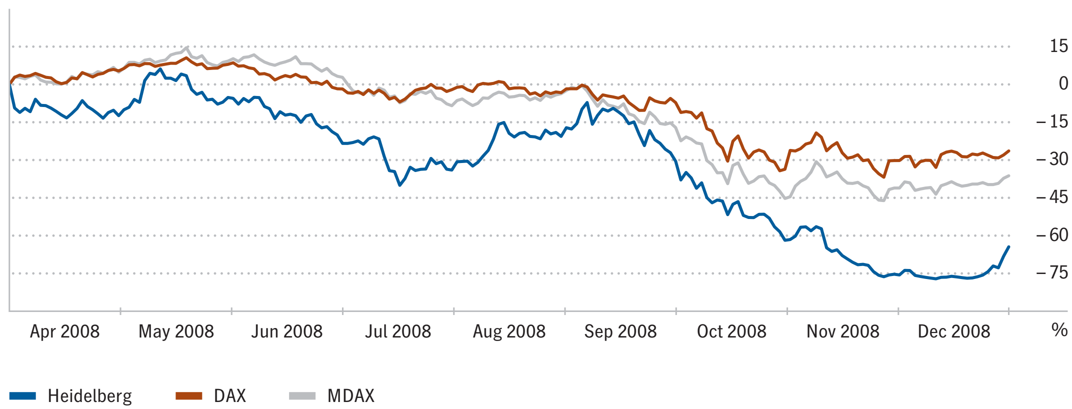
Q3

INTERIM FINANCIAL REPORT 2008/2009

HEIDELBERG

PERFORMANCE OF THE HEIDELBERG SHARE

compared with the DAX/MDAX (Index: April 1, 2008 = 0 percent)



KEY PERFORMANCE DATA

Figures in € millions

	Q1 to Q3 prior year	**Q1 to Q3 2008/2009**	Q3 prior year	**Q3 2008/2009**
Incoming orders	2,824	2,432	958	560
Net sales	2,568	2,211	929	750
Result of operating activities [1)]	177	– 77	81	8
– in percent of sales	6.9	– 3.5	8.7	1.1
Net profit/loss	87	– 119	43	– 24
– in percent of sales	3.4	– 5.4	4.6	– 3.2
Cash flow	180	– 71	83	4
– in percent of sales	7.0	– 3.2	8.9	0.5
Free cash flow	– 2	– 277	41	– 4
Research and development costs	163	151	52	49
Investments	146	139	50	48
Earnings per share in €	1.11	– 1.54	0.54	– 0.32

[1)] Includes special items totaling € –32 million on a cumulative basis, or € +8 million in the third quarter

HEIDELBERG SHARE 2

CONSOLIDATED INTERIM MANAGEMENT REPORT 3

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The Heidelberg Share

KEY PERFORMANCE DATA OF THE HEIDELBERG SHARE

Figures in €

	Q3 prior year	Q3 08/09
Earnings per share	0.54	– 0.32
Cash flow per share	1.05	0.05
Share price – high	32.65	10.70
Share price – low	19.71	3.89
Share price – beginning of the quarter[1]	30.76	10.70
Share price – end of the quarter[1]	23.00	6.05
Market capitalization at the end of the quarter in € millions	1,834	472
Number of shares in thousands[2]	78,286	77,643

[1] Xetra closing price; source of prices: Bloomberg
[2] Weighted number of outstanding shares

The German economy was also severely affected by the worsening global economic and financial crisis, especially during the last quarter of calendar year 2008. The development of the two major German share indexes – the DAX and the MDAX – clearly reflected this negative development during the reporting quarter. The announcement by the German Federal Government that support will be provided to Germany's financial sector in the form of a rescue package only resulted in temporary improvement, with the DAX nevertheless dropping by approximately 18 percent during the reporting quarter and the MDAX losing around 19 percent of its value in the same period.

The price of the Heidelberg share moved in line with the negative stock market trend, thereby showing a disappointing development during the third quarter of the financial year. Following publication of preliminary financial figures for the second quarter – which fell short of our expectations due to the impact of the economic situation on our customers' propensity to invest – early in October, the Heidelberg share declined considerably in value. The uncertain economic conditions and the fear of a permanent business downturn put further pressure on our share through mid-December. Heidelberg's share price was then able to recover slightly through the end of the stock market year, closing at € 6.05 on December 30, 2008.

As a result of the greater decline in sales and income expected for the current and following financial year, we decided to expand and accelerate implementation of the existing package of measures on October 30, 2008. More information on this topic can be found in the chapter 'Heidelberg 2010'.

Overall Picture

The poor underlying economic conditions are burdening our business, and resulted in a further decline in incoming orders to € 560 million during the third quarter. At the end of October, due to economic conditions we decided to expand and accelerate implementation of the 'Heidelberg 2010' package of measures. Despite the low level of sales of € 750 million, we achieved a break-even result of operating activities after adjusting for special items, compared with negative results in the two previous quarters. Due to changed conditions, during the third quarter we nearly fully released and booked directly to the income statement the provision that we had formed in the second quarter to cover implementation of the September 2008 collective bargaining agreement concerning partial retirement. We were able to prevent a further rise in financial liabilities during the third quarter, with working capital reduced thanks to our systematic measures. As a consequence, for the first time in the current financial year we attained nearly break-even free cash flow for the reporting quarter.

Underlying Conditions

The financial crisis reached its highest point so far during the last quarter of calendar year 2008. Now that the crisis has expanded into the real economy, the **global economy** has slipped into a recession. Entire branches of industry reacted to a dramatic downturn in demand with production cutbacks and deferment of investment projects. Falling raw material prices have at least held inflation at a modest level.

In addition to the real estate and financial market crisis, the **US** must now struggle with the difficult problems of its own auto industry as well. Consumer spending has declined in each of the past four quarters. There has not been a recession of this magnitude since the 1960s. It remains to be seen whether the new American President's massive economic stimulus package can bring about the desired favorable effects.

Heidelberg 2010	Expected improvement by financial year 2010/2011
Reduction of research and development expenses	**€ 35 million**
Restructuring Postpress	**€ 25 million**
Reduction of structural costs	**€ 90 million**
Globalization and optimization of production and purchasing	**€ 50 million**
Total improvement	**€ 200 million**

Despite fiscal-policy measures, banks in **Europe** are also facing the full extent of the financial crisis, with companies thereby confronted with very restrictive lending terms here as well. **Germany** has also been struggling with the effects of the recession since the second half of the year. Demand for exports is quite weak and consumer spending continues to be restrained despite declining consumer goods prices. The downturn in the incoming orders of the industry during the fourth quarter reflects across-the-board negative business forecasts. Opinions regarding the effect of the approved stimulus package differ. Some doubts have been expressed as to whether it can provide a significant economic boost.

With the outbreak of the crisis, large portions of the export-dependent industry in **Asia** as well as their sales markets plummeted. This has resulted in a considerable brake on overall economic growth in this region as well. So far, the impact of the financial crisis has been less serious in **Latin America.** This is because of two factors: On the one hand, that region's economy is only moderately dependent on foreign financial markets. And on the other hand, strong revenue has been generated from raw materials trading. By contrast, **Russia** is struggling with the falling price of oil, and the banking crisis led to considerable asset deteriorations in that country as well.

The indicators and business forecasts for the **print media industry** are the worst in over five years. The weakening in economic trends is being accompanied by a drastic reduction in advertising outlays, so that our customers are suffering from low capacity utilization. Restrictive lending terms and an uncertain outlook have reduced print shops' propensity to invest to nearly zero. The print industry is expecting stagnation and job reductions in 2009.

'Heidelberg 2010'

We launched a package of cost reduction measures as far back as the beginning of July 2008. The four pillars of the program are a reduction in research and development costs, the restructuring of the Postpress Division, a marked lowering of structural costs, and the globalization and optimization of production and purchasing.

Due to the economic situation, we expanded this 'Heidelberg 2010' package of measures at the end of October 2008, thereby including additional measures and accelerating their implementation. Overall, these measures will already generate cost reductions of € 150 million to € 180 million during the next financial year. Additional steps in the subsequent year, 2010/2011, will result in overall savings of approximately € 200 million. In order to achieve this goal, we will adapt our personnel capacity, our organizational structures in the areas of production, in research and development, and our global sales and service organization. Worldwide, we will reduce our personnel capacity on a sustained basis by a total of up to 2,500 jobs in a socially acceptable manner. It is expected that business-related terminations will occur in our German operations as well.

The expansion of the package of measures will result in an increase of € 110 to € 130 million in the overall cost of the program, most of which is expected to arise already in the current financial year 2008/2009. The reduction in the originally expected figure of € 130 million to € 150 million results from the release of the provision for partial retirement, which had been formed in September 2008.

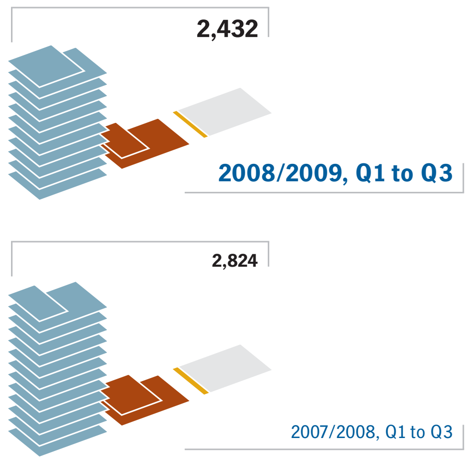
As part of the package of measures, in December we sold all our shares in the mailroom service provider IDAB WAMAC. And in order to quickly adjust the capacities of our German operations, short-time work was introduced at the end of the third quarter.

Business Development

The weak underlying economic conditions and the continuing less favorable lending terms resulted in a further weakening of our customers' propensity to invest. As a consequence, the third quarter volume of orders of only € 560 million was the lowest of any quarter of the current financial year. This figure also thereby fell considerably short of the previous year's figure. **Incoming orders** were especially burdened in the previous quarter by negative developments in the North America and Asia/Pacific regions. However, the downswing has meanwhile reached every region and market. During the first nine months of the financial year, the incoming orders of the Heidelberg Group thereby totaled € 2,432 million – down 14 percent from the same period the previous year.

INCOMING ORDERS BY DIVISION

Figures in € millions



Press	**2,131**	– 14 %
Postpress	**281**	– 11 %
Financial Services	**20**	– 13 %
Heidelberg Group	**2,432**	**– 14 %**

Q3

Press	**477**	– 44 %
Postpress	**76**	– 23 %
Financial Services	**7**	0 %
Heidelberg Group	**560**	**– 42 %**

Due to the disappointing volume of third quarter orders, the **order backlog** of the Heidelberg Group declined to € 978 million as of December 31, 2008 – considerably below the previous year's figure. The length of the order backlog now amounts to approximately 3.5 months.

The **sales** of the Heidelberg Group declined to € 750 million during the third quarter, thereby falling short of both the previous quarter's and previous year's figures. The restrained investment activity due to economic conditions has become noticeable here as well in recent months. The Heidelberg Group generated a sales volume of € 2,211 million during the first nine months of the financial year, thereby falling short of the previous year's figure by nearly 14 percent. Sales declined in every region.

SALES BY DIVISION

Figures in € millions

	Q1 to Q3 prior year	**Q1 to Q3 2008/2009**	Q3 prior year	**Q3 2008/2009**
Press	2,238	1,914	814	646
Postpress	307	277	108	97
Financial Services	23	20	7	7
Heidelberg Group	2,568	2,211	929	750

Results of Operations, Net Assets, and Financial Position

During the third quarter, the Heidelberg Group was successful for the first time during the current financial year in generating a break-even **result of operating activities** (excluding special items). We achieved this despite declining sales and the consequent lack of profit contributions. Initial success in the implementation of the 'Heidelberg 2010' package of measures resulted in savings in staff and material costs. On a cumulative basis, the result of operating activities (excluding special items) amounted to € –45 million for the first three quarters, compared with a positive result of € 177 million for the same period the previous year. Special items totaled € –32 million on a cumulative basis as of December 31, 2008. Release of the provision to cover implementation of the September 2008 collective bargaining agreement concerning partial retirement resulted in income of € 8 million on balance in the third quarter.

The **financial result** amounted to € –76 million for the first three quarters, of which € –30 million was accrued in the third quarter. For the first nine months of the current financial year through December 31, 2008, **income before taxes** amounted to € –154 million and the net loss to € –119 million; this compares with net profit of € 87 million for the same period the previous year. Earnings per share amount to € –1.54.

RESULT OF OPERATING ACTIVITIES

Figures in € millions

	Q1 to Q3 prior year	**Q1 to Q3 2008/2009**	Q3 prior year	**Q3 2008/2009**
Press	150	– 59	69	19
Postpress	– 2	– 31	2	– 13
Financial Services	29	13	10	2
Heidelberg Group	177	– 77	81	8
– of which: special items	–	– 32	–	8

Investments in tangible and intangible assets amounted to € 139 million as of December 31, 2008 – approximately 5 percent below the previous year's figure. A total of € 48 million in these investment outlays were made during the reporting quarter.

During the third quarter, the **total assets** of the Heidelberg Group decreased by € 89 million from the figure of € 3,435 million at the end of the second quarter.

Among **assets,** we were able to reduce working capital by means of active receivable management, as a result of which trade receivables were considerably cut back compared with the figure for September 30, 2008. Inventories decreased only slightly due to the disappointing sales trend. Over the next few quarters, the measures we have already introduced will also result in marked reductions in inventories. Despite the strained situation of the credit markets, receivables from sales financing were also down slightly.

BALANCE SHEET STRUCTURE

Figures in € millions

	31-Mar-2008	in percent of total assets	31-Dec-2008	in percent of total assets
Non-current assets	1,450	41.3	1,364	39.7
Current assets	2,057	58.7	2,071	60.3
Total assets	3,507	100.0	3,435	100.0
Shareholders’ equity	1,193	34.0	945	27.5
Non-current liabilities	1,229	35.0	1,211	35.3
Current liabilities	1,085	31.0	1,279	37.2
Total equity and liabilities	3,507	100.0	3,435	100.0

Among **liabilities,** due primarily to the quarterly loss, shareholders’ equity declined to € 945 million as of December 31, 2008. This was € 48 million below the figure for the end of the second quarter. The equity ratio amounts to 27.5 percent. We were successful in preventing a further growth in financial liabilities, which amounted to € 822 million compared with € 836 million at the end of the previous quarter.

For the first time this financial year, during the third quarter the Heidelberg Group generated positive **cash flow** of € 4 million, caused among other things by a lower quarterly loss than in the two previous quarters.

We were also able to generate an inflow of funds from working capital during the reporting quarter, which was due primarily to the reduction in trade receivables. An inflow of funds also results from **other operating changes** amounting overall to € 33 million during the third quarter, although the outflow of funds due to this item still amounted to € –66 million for the first nine months of the financial year.

Outflows of funds from investment activity amounted to € 140 million during the financial year to date. The outflow of funds due to the acquisition of Hi-Tech Coatings during the first quarter has been almost wholly compensated for by reduced investments in tangible and intangible assets, as a result of which this item remained at around the previous year’s level.

Overall, these developments resulted in nearly break-even **free cash flow** of € –4 million during the reporting quarter. Due to the high outflows of funds during the previous quarters, the cumulative figure for the first three quarters amounts to € –277 million. Free cash flow was € –2 million in the same period the previous year.

CONSOLIDATED CASH FLOW STATEMENT

Figures in € millions

	Q1 2008/2009	Q2 2008/2009	Q3 2008/2009	**Q1 to Q3 2008/2009**
Consolidated net loss	– 39	– 56	– 24	– 119
Other	13	8	28	48
Cash flow	– 26	– 48	4	– 71
Working capital	– 57	– 65	38	– 84
Receivables from customer financing	21	26	9	56
Other	– 88	63	– 13	– 37
Other operating changes	– 124	24	33	– 66
Outflow of funds from investment activity	– 60	– 39	– 41	– 140
Free cash flow	– 211	– 62	– 4	– 277

Divisions

Due to economic conditions, the **Press** Division's negative trend of incoming orders in the previous quarter worsened further during the reporting quarter, declining by 44 percent from the comparable previous year's figure to € 477 million. On a cumulative basis, incoming orders fell by 14 percent during the financial year to date compared with the same period the previous year. Nearly all areas and product lines were affected by the decline, with only the consumables business generating growth. Our acquisition of the printing ink specialists Ulrich Schweizer GmbH/IPS GmbH in mid-December served to further expand our offerings in this area. This division's sales for the quarter of € 646 million were down from the previous quarter. On a cumulative basis, the figure for the first three quarters therefore declined by approximately 14 percent from the previous year. Despite the disappointing sales trend, we generated a positive result of operating activities (excluding special items) of € 4 million during the third quarter. This development was favored by the initial successes of our package of measures and the savings thereby realized in staff and material costs. This division posted a loss of € –38 million for the three quarters on a cumulative basis. The reversal of the provision for partial retirement in the third quarter resulted on balance in income in special items. Adjusted for changes in the scope of the consolidation and for trainees, we were successful in reducing the number of employees by 252 during the financial year. As of December 31, this division had a total of 17,616 employees.

The orders of the **Postpress** Division amounted to € 76 million – the weakest quarter of the current financial year. This division is also suffering from the heavily restrained level of consumer spending in all regions as well as in all product lines with the exception of the adhesive bindings product area, whose orders improved over the previous year. The incoming orders of the division amounted to € 281 million for the three quarters, 11 percent below the previous year's figure. Sales reached € 97 million during the third quarter, thereby matching the level of the previous quarter. Sales for the first nine months of the financial year fell by 10 percent from the previous year. Due to the lack of profit contributions in connection with declining sales, the result of operating activities (excluding special items) of the Postpress Division was again negative in the third quarter, amounting to € – 6 million. An overall loss of € –20 million was posted for the first nine months. As part of the package of measures, in December we divested all our shares in the mailroom service provider IDAB WAMAC. The resulting loss from disposals is included in the special items for the reporting quarter. The sale of the IDAB WAMAC and the implementation of our package of measures resulted in a noticeable decline in the number of employees in this division, which had a total of 1,858 employees as of December 31, 2008.

The marked deterioration in the business environment and turbulence in financial markets also had an impact on the operations of the **Financial Services** Division during the third quarter. Initially, we were largely able to compensate for banks' restrictive general lending policy through cooperation with our longstanding financing partners. As a consequence, receivables from sales financing declined slightly. Nevertheless, our result of operating activities during the third quarter of € 2 million was considerably lower than in the past. As of December 31, 2008, this division had a total of 73 employees.

Regions

Due to the poor economic environment, incoming orders of the **Europe, Middle East and Africa** region fell off sharply, during the third quarter declining to half of the previous year's figure! Our customers' restrained investment activity is making itself felt in nearly all our markets with the sole exception of Switzerland, which, due to a large order, equaled the previous year's figure. On a cumulative basis, despite favorable developments during the first half of the year, orders in this region for the first three quarters of the financial year were down by 9 percent from the previous year's figure. Developments in the UK were especially unfavorable. Sales of € 370 million for the quarter were also disappointing. Sales in this region during the financial year so far of € 1,064 million are approximately 8 percent below the previous year's figure.

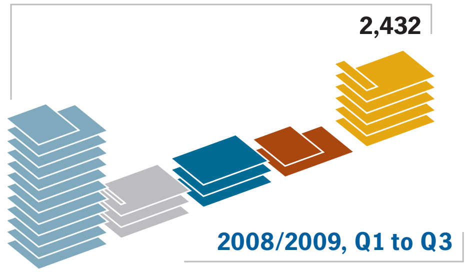
Whereas developments in the **Eastern Europe** region continued to be favorable during the first two quarters of the financial year, the overall downturn reached this region as well during the third quarter, during which period incoming orders fell by 44 percent from the previous year to € 77 million. Developments were especially disappointing in Poland. Third quarter sales figures also fell short of the previous year's figures, as a result of which sales for the region during the first nine months totaling € 269 million were down 17 percent from the previous year.

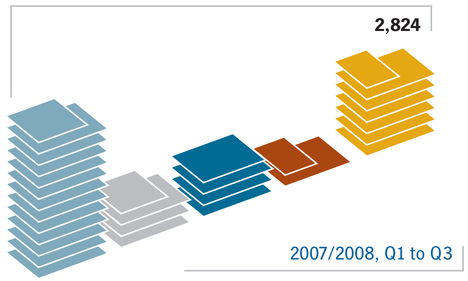
Our business in the **North America** region is heavily burdened by the critical general state of the economy. Incoming orders during the third quarter of € 82 million were 31 percent below the already low previous year's figure. Sales of € 99 million for the first nine months of the current financial year were also down considerably from the previous year. Sales in this region declined by nearly 28 percent against the previous year.

In the **Latin America** region, the negative impact of unfavorable business conditions has so far been less severe than in the other regions. Even though orders during the quarter fell considerably short of the previous year's figure, the 6 percent growth over the previous year posted for the first nine months of the year is nevertheless gratifying. Brazil, which has so far been a stable market, is a major pillar in this region. Our local sales and service company there celebrated its tenth anniversary during the third quarter. The sales of this region were slightly below the previous year's figures, both for the quarter as well as for the overall financial year to date.

INCOMING ORDERS BY REGION

Figures in € millions





Europe, Middle East and Africa	1,159	– 9 %
Eastern Europe	306	– 17 %
North America	294	– 25 %
Latin America	156	+ 6 %
Asia/Pacific	517	– 20 %
Heidelberg Group	**2,432**	**– 14 %**

Q3

Europe, Middle East and Africa	232	– 49 %
Eastern Europe	77	– 44 %
North America	82	– 31 %
Latin America	43	– 16 %
Asia/Pacific	126	– 37 %
Heidelberg Group	**560**	**– 42 %**

Our business in the **Asia/Pacific** region is also suffering from weak economic conditions. After a poor third quarter, the volume of orders on a cumulative basis declined for the three quarters by 20 percent from the previous year. The Chinese and Australian markets in particular are weak. Also in terms of sales, during the third quarter the region fell considerably short of the previous year's figure and of our forecast. Sales declined during the first nine months of the financial year by 16 percent. Of the various markets, only Japan posted a solid performance, with all the other markets marked by sales declines, some of which were considerable.

NET SALES BY REGION

Figures in € millions

	Q1 to Q3 prior year	**Q1 to Q3 2008/2009**	Q3 prior year	**Q3 2008/2009**
Europe, Middle East and Africa	1,161	1,064	434	370
Eastern Europe	323	269	116	92
North America	392	283	139	99
Latin America	129	123	43	41
Asia/Pacific	563	472	197	148
Heidelberg Group	2,568	2,211	929	750

Employees

The number of employees in the Heidelberg Group declined during the third quarter, with a total of 19,548 employees as of December 31, 2008. Excluding trainees and adjusting for the employees of companies that were newly consolidated during the financial year, Heidelberg Shanghai and Hi-Tech Coatings, the number of employees fell by 474 during the first nine months of the reporting year. Moreover, the number of temps hired by the Group was lowered by 390. Overall, the workforce at Heidelberg was reduced by 864 jobs compared to March 31, 2008. To adjust capacity in the short run, we introduced short-time work at the German operations at the end of the third quarter. In order to sustainably reduce capacities and structures, in line with the package of measures 'Heidelberg 2010', we will reduce our worldwide staff capacity in a socially acceptable manner by 2,500 jobs.

EMPLOYEES BY DIVISION

Number of employees

	31-Mar-2008	31-Dec-2008
Press	17,468	17,617
Postpress	2,050	1,858
Financial Services	78	73
Heidelberg Group	19,596	19,548
Excluding trainees as well as companies newly consolidated during the reporting year	18,939	18,465

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 deal with them or undertake appropriate provisions. We also assess opportunities as early on as possible and systematically take advantage of them. We provide detailed information concerning our risk management system on pages 41 to 42 of the 2007/2008 Annual Report.

In our view, due to the financial market crisis, the overall risk to the Heidelberg Group has increased. Nevertheless, there is no recognizable risk that could threaten the existence of the Heidelberg Group – either currently or for the foreseeable future.

Future overall economic developments continue to be our greatest risk. We do not see a turnaround on the horizon until calendar year 2010 at the earliest. This will have a corresponding impact on the print media industry. Since our industry depends on advertising expenditures, which, in turn, are influenced by business developments, the print media industry is highly vulnerable to economic uncertainties.

We continue to pursue a strategy of strengthening those business units that will make us less dependent on cyclical fluctuations in the future, including in particular packaging printing, the consumables business, and services for the print industry. Moreover, we are responding to the increasing cost burdens by means of our 'Heidelberg 2010' package of measures, whose implementation we already launched following the first quarter and which we expanded at the end of October.

Besides risks, opportunities also exist that could benefit our business. The global economy could recover again, at least in the medium term, and return to a stable course of development. A sustainable development of exchange rates in favor of suppliers from the euro region would have a favorable impact on our business development.

Future Prospects

The financial market crisis was a sharp blow to economic trends in the second half of 2008. Overall world economic growth of 2.2 percent is expected for the past calendar year (source: Global Insight from January 15, 2009). No turnaround is in sight for 2009 despite the various economic stimulus packages. GDP forecasts are as bad as they can be and assume a −0.7 percent downturn and a deep recession for the global economy. Especially in the industrialized countries, forecasts are negative across-the-board. The print media industry also faces a sustained downswing due to overall economic conditions, as weak cyclical trends are hampering print shops' propensity to invest.

Compared with the previous year, for the current financial year we anticipate a considerable decline in sales as well as a resulting substantially worsened result of operating activities and financial result. Overall, including the special items, this will result in a marked net loss for the current financial year.

Supplementary Report

No significant events occurred following the reporting date.

Disclaimer

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

Third Quarter 2008/2009 in Review

OCTOBER 2008

NOVEMBER 2008

1 **OCTOBER 6**
Anniversary Heidelberg Brazil

3 **OCTOBER 17**
Good Design Award 2008

OCTOBER 30
Package of measures extended

2 **OCTOBER 9 – NOVEMBER 8**
HEI Lights 2008

1

HEIDELBERG BRAZIL CELEBRATES 10TH ANNIVERSARY

October 10, 2008 +++ 10-year celebration in São Paulo +++

Some 300 customers, print buyers, and representatives from associations of the print media industry accepted the invitation to celebrate the 10th anniversary of the SSU in Brazil. Dr. Mark Wössner, Chairman of the Supervisory Board, and CEO Bernhard Schreier congratulated Dieter Brandt, Head of the SSU, and his team on the occasion of the 10-year existence of Heidelberg Brazil, wishing them all the best for the decade to come.

2

OPEN HOUSES IN GERMANY: HEI LIGHTS 2008

October 9 – November 8 +++ More than 4,000 visitors at three sites +++

Under the slogans ‘HEI Performance’ and ‘HEI Value’, the traditional Open House events were held at the three sales and service sites in Heidelberg, Munich, and Duesseldorf. More than 4,000 visitors used the opportunity, even during a drupa year, to catch up on Heidelberg’s comprehensive solution offerings.

3

‘GOOD DESIGN AWARD 2008’ FOR HEIDELBERG PRODUCTS

October 17, 2008 +++ Three drupa-product introductions awarded +++

The Heidelberg solutions Speedmaster XL 162, the Suprasetter 162, and the Prinect Press Center control station received the ‘Good Design Award 2008’. The competition awards products for their high quality, superior functionality, and user friendliness. Furthermore, the two large format solutions received the ‘red dot design award’ for high design quality in 2008.

DECEMBER 2008

12
08

4 DECEMBER 1
New Company Spokesman

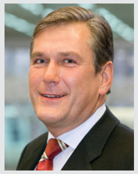
DECEMBER 10
Sale of IDAB WAMAC

MANAGEMENT BOARD DECIDES TO EXTEND AND ACCELERATE IMPLEMENTATION OF PACKAGE OF MEASURES

October 30, 2008 +++ Total savings of around € 200 million +++

Due to the current economic situation the Management Board decided to extend the 'Heidelberg 2010' package of cost-cutting measures and accelerate its implementation. The measures will result in total savings of around € 200 million by financial year 2010/2011. For this, personnel capacities and organizational structures will have to be adapted in all areas. To attain sustained adaptations, staffing levels will need to be reduced by about 2,500 jobs in a socially responsible manner.


Thomas Fichtl


Klaus Hofer

4

REALIGNMENT OF CORPORATE COMMUNICATIONS

December 1, 2008 +++ Additional changes in Human Resources +++

The realignment includes adjustments in the Corporate Communications department: Thomas Fichtl has become the new Head of Corporate Public Relations and successor to Dr. Friedmar Nusch as Corporate Spokesman. Hans-Dieter Siegfried now is the new Head of Internal Communications. Both functions will be integrated into the Marketing division under Adriana Nuneva.

Further changes were made in the Human Resources department: Klaus Hofer was appointed new Head of Personnel. His predecessor, Bernd Lang, will retire.

IDAB WAMAC

HEIDELBERG SELLS MAILROOM SUPPLIER IDAB WAMAC

December 10, 2008 +++ Sale in line with 'Heidelberg 2010' package of measures +++

Effective from December 10, 2008, Heidelberg has sold all shares in the Swedish company IDAB WAMAC International AB to Schur International a/s. The sale has been effected in line with the package of measures to improve Heidelberg's cost situation and optimize its business organization. It also underscores the company's focus on sheetfed offset solutions. With this acquisition, Schur International a/s will strengthen its position in the newspaper mailroom segment.

> CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD APRIL 1, 2008 TO DECEMBER 31, 2008

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Consolidated interim income statement April 1, 2008 to December 31, 2008

> INTERIM INCOME STATEMENT

Figures in € thousands

	Note	1-Apr-2007 to 31-Dec-2007	**1-Apr-2008 to 31-Dec-2008**
Net sales		2,567,651	2,210,682
Change in inventories		168,667	165,922
Other own work capitalized		48,895	61,597
Total operating performance		2,785,213	2,438,201
Other operating income	3	142,910	106,041
Cost of materials	4	1,246,197	1,118,591
Personnel expenses		889,070	822,780
Depreciation and amortization		89,385	93,671
Other operating expenses	5	526,576	554,169
Special items	6	–	32,399
Result of operating activities		176,895	– 77,368
Financial income	7	14,536	11,463
Financial expenses	8	67,763	87,778
Financial result		– 53,227	– 76,315
Income before taxes		123,668	– 153,683
Taxes on income		37,008	– 34,305
Consolidated net profit/loss		86,660	– 119,378
Minority interests		– 227	–
Consolidated net profit/loss – attributable to Heidelberg		86,887	– 119,378
Undiluted earnings per share according to IAS 33 (in € per share)	9	1.11	– 1.54
Diluted earnings per share according to IAS 33 (in € per share)	9	1.10	–

Consolidated interim income statement October 1, 2008 to December 31, 2008

> INTERIM INCOME STATEMENT

Figures in € thousands

	Note	1-Oct-2007 to 31-Dec-2007	**1-Oct-2008 to 31-Dec-2008**
Net sales		928,401	749,951
Change in inventories		42,151	– 11,240
Other own work capitalized		11,676	19,825
Total operating performance		982,228	758,536
Other operating income		54,657	36,705
Cost of materials		443,914	341,650
Personnel expenses		296,117	251,196
Depreciation and amortization		29,984	31,936
Other operating expenses		186,043	170,106
Special items		–	– 7,501
Result of operating activities		80,827	7,854
Financial income		4,949	3,680
Financial expenses		26,783	33,872
Financial result		– 21,834	– 30,192
Income before taxes		58,993	– 22,338
Taxes on income		16,695	2,040
Consolidated net profit/loss		42,298	– 24,378
Minority interests		–	–
Consolidated net profit/loss – attributable to Heidelberg		42,298	– 24,378
Undiluted earnings per share according to IAS 33 (in € per share)		0.54	– 0.32

Consolidated interim income statement – Quarterly overview

> **INTERIM INCOME STATEMENT**

Figures in € thousands

	1-Apr-2008 to 30-Jun-2008	1-Jul-2008 to 30-Sep-2008	1-Oct-2008 to 31-Dec-2008	**1-Apr-2008 to 31-Dec-2008**
Net sales	656,944	803,787	749,951	2,210,682
Change in inventories	161,207	15,955	– 11,240	165,922
Other own work capitalized	18,140	23,632	19,825	61,597
Total operating performance	836,291	843,374	758,536	2,438,201
Other operating income	35,189	34,147	36,705	106,041
Cost of materials	394,471	382,470	341,650	1,118,591
Personnel expenses	291,630	279,954	251,196	822,780
Depreciation and amortization	30,502	31,233	31,936	93,671
Other operating expenses	189,680	194,383	170,106	554,169
Special items	–	39,900	– 7,501	32,399
Result of operating activities	– 34,803	– 50,419	7,854	– 77,368
Financial income	4,448	3,335	3,680	11,463
Financial expenses	19,988	33,918	33,872	87,778
Financial result	– 15,540	– 30,583	– 30,192	– 76,315
Income before taxes	– 50,343	– 81,002	– 22,338	– 153,683
Taxes on income	– 11,042	– 25,303	2,040	– 34,305
Consolidated net loss	– 39,301	– 55,699	– 24,378	– 119,378
Minority interests	–	–	–	–
Consolidated net loss – attributable to Heidelberg	– 39,301	– 55,699	– 24,378	– 119,378
Undiluted earnings per share according to IAS 33 (in € per share)	– 0.51	– 0.71	– 0.32	– 1.54

Consolidated interim balance sheet as of December 31, 2008

> ASSETS

Figures in € thousands

	Note	31-Mar-2008	31-Dec-2008
Non-current assets			
Intangible assets	10	273,152	314,803
Tangible assets	10	580,187	600,469
Investment property	10	1,782	1,755
Financial assets	11	68,049	42,217
Receivables from customer financing	12	194,839	154,240
Other receivables and other assets	12	178,846	93,181
Income tax assets		76,045	68,277
Deferred tax assets		77,288	89,000
		1,450,188	1,363,942
Current assets			
Inventories	13	973,714	1,211,478
Receivables from customer financing	12	128,205	123,090
Trade receivables	12	596,473	436,194
Other receivables and other assets	12	171,153	195,668
Income tax assets		26,836	22,486
Marketable securities		2,075	340
Cash and cash equivalents		141,868	66,181
		2,040,324	2,055,437
Assets held for sale		16,645	15,688
Total assets		3,507,157	3,435,067

> EQUITY AND LIABILITIES

Figures in € thousands

	Note	31-Mar-2008	31-Dec-2008
Shareholders' equity	14		
Subscribed capital		198,767	198,767
Capital reserves and retained earnings		852,298	865,227
Consolidated net profit/loss – attributable to Heidelberg		141,770	– 119,378
		1,192,835	944,616
Non-current liabilities			
Provisions for pensions and similar obligations	15	115,969	128,304
Other provisions	16	360,374	389,667
Financial liabilities	17	493,512	433,631
Other liabilities	18	114,390	157,225
Deferred tax liabilities		144,661	102,869
		1,228,906	1,211,696
Current liabilities			
Other provisions	16	378,386	308,689
Financial liabilities	17	50,636	388,485
Trade payables		294,955	243,586
Income tax liabilities		3,546	3,468
Other liabilities	18	357,893	334,527
		1,085,416	1,278,755
Total equity and liabilities		3,507,157	3,435,067

> CONSOLIDATED CASH FLOW STATEMENT

Figures in € thousands

	1-Apr-2007 to 31-Dec-2007	**1-Apr-2008 to 31-Dec-2008**
Consolidated net profit/loss	86,660	– 119,378
Depreciation and amortization [1]	89,385	94,154
Change in pension provisions	– 8,229	12,244
Change in deferred tax assets/deferred tax liabilities/tax provisions	14,211	– 57,595
Result from disposals	– 2,377	– 80
Cash flow	179,650	– 70,655
Change in inventories	– 212,257	– 213,538
Change in sales financing	101,934	55,793
Change in trade receivables/trade payables	90,298	115,020
Change in other provisions	– 31,376	– 21,484
Change in other balance sheet items	6,536	– 1,760
Other operating changes	– 44,865	– 65,969
Inflow/outflow of funds from operating activities	134,785	– 136,624
Intangible assets/tangible assets/investment property		
Investments	– 146,056	– 139,286
Proceeds from disposals	22,577	29,900
Financial assets		
Investments	– 13,551	– 31,046
Proceeds from disposals	316	131
Outflow of funds from investment activity	– 136,714	– 140,301
Free cash flow	– 1,929	– 276,925
Change in treasury stock	– 57,082	–
Dividend payment	– 74,801	– 73,761
Change in financial liabilities	213,856	270,367
Inflow of funds from financing activity	81,973	196,606
Net change in cash and cash equivalents	80,044	– 80,319
Cash and cash equivalents at the beginning of the quarter	79,247	143,943
Changes in the scope of the consolidation	–	1,277
Currency adjustments	– 1,909	1,620
Net change in cash and cash equivalents	80,044	– 80,319
Cash and cash equivalents at the end of the quarter	157,382	66,521

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

> CONSOLIDATED CASH FLOW STATEMENT – QUARTERLY OVERVIEW

Figures in € thousands

	1-Apr-2008 to 30-Jun-2008	1-Jul-2008 to 30-Sep-2008	1-Oct-2008 to 31-Dec-2008	**1-Apr-2008 to 31-Dec-2008**
Consolidated net profit/loss	– 39,301	– 55,699	– 24,378	– 119,378
Depreciation and amortization[1)]	30,502	31,285	32,367	94,154
Change in pension provisions	4,252	4,212	3,780	12,244
Change in deferred tax assets/deferred tax liabilities/tax provisions	– 21,654	– 27,681	– 8,260	– 57,595
Result from disposals	15	– 119	24	– 80
Cash flow	– 26,186	– 48,002	3,533	– 70,655
Change in inventories	– 177,142	– 32,935	– 3,461	– 213,538
Change in sales financing	21,231	25,636	8,926	55,793
Change in trade receivables/trade payables	95,445	– 18,367	37,942	115,020
Change in other provisions	– 36,339	40,429	– 25,574	– 21,484
Change in other balance sheet items	– 27,240	9,693	15,787	– 1,760
Other operating changes	– 124,045	24,456	33,620	– 65,969
Outflow/inflow of funds from operating activities	– 150,231	– 23,546	37,153	– 136,624
Intangible assets/tangible assets/investment property				
Investments	– 43,832	– 47,515	– 47,939	– 139,286
Proceeds from disposals	11,328	11,952	6,620	29,900
Financial assets				
Investments	– 27,839	– 3,196	– 11	– 31,046
Proceeds from disposals	–	–	131	131
Outflow of funds from investment activity	– 60,343	– 38,759	– 41,199	– 140,301
Free cash flow	– 210,574	– 62,305	– 4,046	– 276,925
Change in treasury stock	–	–	–	–
Dividend payment	–	– 73,761	–	– 73,761
Change in financial liabilities	153,459	131,974	– 15,066	270,367
Inflow/outflow of funds from financing activity	153,459	58,213	– 15,066	196,606
Net change in cash and cash equivalents	– 57,115	– 4,092	– 19,112	– 80,319
Cash and cash equivalents at the beginning of the quarter	143,943	88,163	86,627	143,943
Changes in the scope of the consolidation	1,277	–	–	1,277
Currency adjustments	58	2,556	– 994	1,620
Net change in cash and cash equivalents	– 57,115	– 4,092	– 19,112	– 80,319
Cash and cash equivalents at the end of the quarter	88,163	86,627	66,521	66,521

> STATEMENT OF RECOGNIZED INCOME AND EXPENSE

Figures in € thousands

	1-Apr-2007 to 31-Dec-2007	**1-Apr-2008 to 31-Dec-2008**
Consolidated net profit/loss	86,660	– 119,378
Pension obligations [1]	81,922	– 54,158
Foreign currency translation	– 42,022	27,264
Financial assets		
Market valuation of financial assets	– 236	– 811
Cash flow hedges		
Fair value of cash flow hedges in equity	14,906	– 5,127
Cash flow hedges recognized in income	– 8,213	– 22,188
Deferred income taxes	– 29,850	5,209
Total recognized income and expense without effect on the income statement	16,507	– 49,811
Total recognized income and expense	103,167	– 169,189
– of which: Heidelberg Group	103,445	– 169,189
– of which: minority interests	– 278	–

[1] Changes in actuarial gains and losses and in asset ceiling due to IAS 19.58 b)

> DEVELOPMENT OF SHAREHOLDERS' EQUITY

Figures in € thousands

	2007	**2008**
Shareholders' equity as of April 1	1,201,671	1,192,835
Total recognized income and expense without effect on the income statement	16,507	– 49,811
Consolidated net profit/loss	86,660	– 119,378
Total recognized income and expense	103,167	– 169,189
Dividend payment	– 74,801	– 73,761
Treasury stock	– 56,798	–
Consolidations/other changes	336	– 5,269
Shareholders' equity as of December 31	1,173,575	944,616

Consolidated segment information April 1, 2008 to December 31, 2008

> SEGMENT INFORMATION BY DIVISION

Figures in € thousands

	Press		Postpress		Financial Services		**Heidelberg Group**	
	1-Apr-2007 to 31-Dec-2007	**1-Apr-2008 to 31-Dec-2008**	1-Apr-2007 to 31-Dec-2007	**1-Apr-2008 to 31-Dec-2008**	1-Apr-2007 to 31-Dec-2007	**1-Apr-2008 to 31-Dec-2008**	1-Apr-2007 to 31-Dec-2007	**1-Apr-2008 to 31-Dec-2008**
External sales	2,237,193	1,913,886	306,970	277,277	23,488	19,519	2,567,651	2,210,682
Depreciation[1)]	84,129	88,768	4,952	4,896	304	7	89,385	93,671
Non-cash expenses	249,570	198,547	24,410	21,777	14,329	16,329	288,309	236,653
Research and development costs	143,379	133,380	19,990	17,479	–	–	163,369	150,859
Result of operating activities (segment result)	149,789	– 59,523	– 2,107	– 30,769	29,213	12,924	176,895	– 77,368
Investments	140,433	134,228	5,595	5,053	28	5	146,056	139,286
Segment assets[2)]	2,601,739	2,609,001	247,936	249,357	328,952	283,997	3,178,627	3,142,355
Segment debt[2)]	1,148,455	1,135,660	100,172	86,871	77,834	93,903	1,326,461	1,316,434
Number of employees[2)]	17,468	17,617	2,050	1,858	78	73	19,596	19,548

> SEGMENT INFORMATION BY REGION

Figures in € thousands

	Europe, Middle East and Africa		Eastern Europe		North America		Latin America		Asia/Pacific		**Heidelberg Group**	
	1-Apr-2007 to 31-Dec-2007	**1-Apr-2008 to 31-Dec-2008**	1-Apr-2007 to 31-Dec-2007	**1-Apr-2008 to 31-Dec-2008**	1-Apr-2007 to 31-Dec-2007	**1-Apr-2008 to 31-Dec-2008**	1-Apr-2007 to 31-Dec-2007	**1-Apr-2008 to 31-Dec-2008**	1-Apr-2007 to 31-Dec-2007	**1-Apr-2008 to 31-Dec-2008**	1-Apr-2007 to 31-Dec-2007	**1-Apr-2008 to 31-Dec-2008**
External sales by customer location	1,160,556	1,063,544	322,553	269,051	392,370	283,505	128,860	122,836	563,312	471,746	2,567,651	2,210,682
Investments	132,001	127,294	1,166	2,416	7,676	5,470	507	493	4,706	3,613	146,056	139,286
Segment assets[2)]	2,208,753	2,220,816	168,449	163,070	230,070	207,482	192,078	155,473	379,277	395,514	3,178,627	3,142,355

For additional explanations see note 20

1) Including impairment losses in income of € 1,201 thousand (previous year: € 0 thousand)

2) Previous year's figures refer to March 31, 2008

Notes

1 Accounting and valuation policies

The consolidated interim financial report as of December 31, 2008 was prepared 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 consolidated interim financial report was strictly based on the same accounting and valuation policies as the consolidated Annual Report for the financial year 2007/2008, and complies with the provisions of IAS 34 (Interim financial reporting). Contingent liabilities resulting from recourse obligations used to be calculated based on the maximum contingency risk. Since the beginning of the reporting year, contingent liabilities from recourse obligations are recognized on the basis of IAS 37 (Provisions, contingent liabilities and contingent assets). This adjustment was required since, particularly with regard to issues for which a provision was recognized within the scope of our risk management, the need to report a contingent liability no longer exists. The previous year's figure was adjusted accordingly (see note 19).

By EU directive of October 15, 2008 (published in the Official Journal of the European Union on October 16, 2008) the amendments to IAS 39: 'Financial Instruments: Recognition and Measurement' and the amendments to IFRS 7: 'Financial Instruments: Disclosures', which were published on October 13, 2008, were incorporated into European Law. Basically, the changes shall apply retroactively as of July 1, 2008. The amended standard had no effect on the interim financial report of the Heidelberg Group as of December 31, 2008. The IASB and the IFRIC have issued the following standards and interpretations that are not mandatory in the financial year 2008/2009 and/or that have not yet been approved by the EU:

> Changes to IFRS 2: ‘Share-based Payment’
> Changes to IFRS 3: ‘Business Combinations’
> IFRS 8: ‘Operating Segments’
> Changes to IAS 1: ‘Presentation of Financial Statements’
> Changes to IAS 23: ‘Borrowing Costs’
> Changes to IAS 27: ‘Consolidated and Separate Financial Statements’
> Changes to IAS 32: ‘Financial Instruments: Presentation’ and IAS 1: ‘Presentation of Financial Statements’
> Changes to IAS 39: ‘Financial Instruments: Recognition and Measurement’: Designation as Hedged Items
> Changes to IAS 39: ‘Financial Instruments: Recognition and Measurement’: Reclassification of Financial Assets – Effective Date and Transition
> IFRIC 12: ‘Service Concession Arrangements’
> IFRIC 13: ‘Customer Loyalty Programs’
> IFRIC 14: ‘IAS 19 – The Limit on a Defined Asset, Minimum Funding Requirements and their Interaction’
> IFRIC 15: ‘Agreements for the Construction of Real Estate’
> IFRIC 16: ‘Hedges of a Net Investment in a Foreign Operation’
> IFRIC 17: ‘Distributions of Non-cash Assets to Owners’
> ‘Improvements to International Financial Reporting Standards’

The effects of a first-time application of the standards relevant for Heidelberg on the consolidated financial statements are being verified at present. Currently, Heidelberg is not planning to apply these standards at an early stage.

Revenues that are received seasonally, cyclically, or occasionally are not anticipated or deferred in the consolidated interim financial report. Costs incurred unevenly during the financial year were deferred if deferral would be appropriate at the end of the financial year.

2 Scope of the consolidation

Apart from Heidelberger Druckmaschinen Aktiengesellschaft, the consolidated interim financial statements include a total of 73 (March 31, 2008: 71) domestic and foreign companies in which Heidelberger Druckmaschinen Aktiengesellschaft is in a position to exercise control as defined by IAS 27. Of these companies, 65 (March 31, 2008: 64) are located outside Germany. Shares in subsidiaries that are of minor significance are not included.

In the first quarter of the financial year 2008/2009, Heidelberg Graphic Equipment (Shanghai) Co. Ltd., Shanghai, China, and Heidelberg Consumables Holding GmbH, Heidelberg, Germany, were included in the scope of the consolidation. Furthermore, Heidelberg HDU, Inc., Wilmington, Delaware, USA, and Heidelberg HNA, Inc., Wilmington, Delaware, USA, were liquidated.

On May 27, 2008 Heidelberg took over the British/Dutch coating manufacturer 'Hi-Tech Coatings', a corporate group consisting of four companies. Heidelberg acquired 100 percent of the shares in each corporation, namely Hi-Tech Coatings Limited, Aylesbury, Bucks, UK; Hi-Tech Coatings International Limited, Aylesbury, Bucks, UK; Hi-Tech Coatings B.V., Zwaag, the Netherlands; and Hi-Tech Coatings International B.V., Zwaag, the Netherlands.

The provisional purchase price amounting to € 42.2 million is composed of a performance-neutral component of € 34.4 million and two performance-based elements (earn-out) totaling € 7.8 million.

The performance-based components are to be paid at the end of the first and the second year following the date of purchase, respectively, if the earnings before interest and taxes (EBIT) exceed a particular amount. Additionally, the earn-out depends on the previous owners continuing to act for Hi-Tech Coatings until 2009 or 2010, respectively. Incidental acquisition expenses amount to € 1,145 thousand.

For Heidelberg, goodwill totaling € 22,631 thousand primarily reflects the opportunity to underpin its less cyclical consumables business and bolster its market position in this profitable growth market.

If the acquisition had been concluded completely at the beginning of the financial year, the Company would have reported consolidated net sales for the reporting period of € 2,214,435 thousand and a consolidated net loss for the year of € 119,044 thousand.

Since its first-time consolidation, the acquired company has contributed to the consolidated net loss with a positive result of € 1,218 thousand.

The present value of the provisional purchase price less goodwill breaks down as follows into the assets and liabilities acquired:

	Carrying amount according to IFRS previous to acquisition	Fair value of assets and liabilities acquired
Intangible assets	–	18,604
Tangible assets	1,810	1,810
Inventories	882	882
Trade receivables	4,916	4,916
Other receivables and other assets	39	39
Deferred tax assets	–	–
Cash and cash equivalents	3,896	3,896
Total assets	11,543	30,147
Other provisions	1,188	1,188
Trade payables	3,824	3,824
Deferred tax liabilities	–	4,869
Total liabilities	5,012	9,881

During the third quarter of the reporting year IDAB WAMAC International AB, Eksjö, Sweden, and Heidelberg Postpress Sweden AB, Eksjö, Sweden, were deconsolidated due to the sale of shares in these companies.

3 Other operating income

	1-Apr-2007 to 31-Dec-2007	**1-Apr-2008 to 31-Dec-2008**
Reversal of other provisions/accrued liabilities	45,373	33,909
Income from written-off receivables and other assets	18,689	14,407
Income from operating facilities	14,202	12,842
Hedging transactions/foreign-exchange profit	14,770	12,369
Income from disposals of intangible assets, tangible assets, and investment property	3,154	1,089
Other income	46,722	31,425
	142,910	106,041

Income from hedging transactions/foreign-exchange profits is offset by expenses from hedging transactions/foreign-exchange losses that are shown in other operating expenses (note 5).

4 Cost of materials

	1-Apr-2007 to 31-Dec-2007	**1-Apr-2008 to 31-Dec-2008**
Expenses for raw materials, consumables, and supplies, as well as for goods purchased	1,078,840	974,385
Costs of purchased services	166,017	143,653
Interest expenses of Financial Services	1,340	553
	1,246,197	1,118,591

Proportionate interest expenses accrued in connection with the Financial Services Division are shown in the cost of materials. Interest income from sales financing totaling € 19,519 thousand (previous year: € 23,488 thousand) is included in net sales.

5 Other operating expenses

	1-Apr-2007 to 31-Dec-2007	**1-Apr-2008 to 31-Dec-2008**
Other deliveries and services not included in the cost of materials	97,653	112,981
Special direct sales expenses including freight charges	99,353	87,386
Travel expenses	47,833	46,493
Rent and leases (excluding car fleet)	43,865	44,637
Costs of information technology	43,279	37,650
Additions to provisions (relates to several expense accounts)	14,385	26,695
Provisions for doubtful accounts and other assets	20,242	24,649
Legal, consulting, and audit fees	19,502	17,806
Hedging transactions/exchange rate losses	4,707	17,539
Costs of car fleet	15,070	16,996
Insurance expense	13,841	13,674
Expenses from operating facilities	11,033	11,515
Costs of mail and payment transactions	9,421	10,476
Other research and development costs	8,173	7,538
Public-sector fees and other taxes	7,321	6,823
License fees	4,506	4,454
Office supplies, newspapers, technical literature	2,948	2,646
Losses from disposals of intangible assets and tangible assets	952	1,009
Other overhead costs	62,492	63,202
	526,576	554,169

Expenses from hedging transactions/foreign-exchange losses are offset by income from hedging transactions/foreign-exchange profits that are shown in other operating income (note 3).

6 Special items

The special items include expenses totaling € 32,167 thousand relating to the package of measures 'Heidelberg 2010'. Furthermore, they comprise expenses from the allocation of provisions for the collective bargaining agreement on flexible transition to retirement (TV FlexÜ) concluded on September 3, 2008 amounting to € 232 thousand. As of September 30, 2008 provisions totaling € 22,476 thousand were formed for the obligations from partial retirement under TV FlexÜ. During November 2008, in line with this year's wage agreement the parties to the collective bargaining agreement settled on a financing payment only for the period January 2010 through April 2010. For the time following May 1, 2010, however, the collective bargaining agreement will only come into effect for an indefinite period after the parties have agreed on the counter-financing in line with a general rate increase during the bargaining round 2010. Consequently, the obligations from partial retirement under TV FlexÜ were reduced by € 22,244 thousand.

7 Financial income

	1-Apr-2007 to 31-Dec-2007	**1-Apr-2008 to 31-Dec-2008**
Interest and similar income	10,664	9,773
Income from financial assets/loans/marketable securities	3,872	1,690
	14,536	11,463

8 Financial expenses

	1-Apr-2007 to 31-Dec-2007	**1-Apr-2008 to 31-Dec-2008**
Interest and similar expenses	58,534	84,786
Expenses from financial assets/loans/marketable securities	9,229	2,992
	67,763	87,778

9 Earnings per share

Earnings per share are calculated by dividing the net profit to which the shareholders of Heidelberg are entitled by the weighted number of shares outstanding during the period (2008/2009: 77,643,434 no-par shares). The weighted number of outstanding shares was influenced by the purchase of treasury stock in the first six months of the financial year. As at December 31, 2008 the treasury stock comprised an unchanged number of 400,000 shares.

10 Intangible assets, tangible assets, and investment property

	Intangible assets	Tangible assets	Investment property
Acquisition or manufacturing cost 31-Mar-2008	476,535	2,038,491	6,650
Acquisition or manufacturing cost 31-Dec-2008	**540,534**	**2,050,661**	**6,650**
Accumulated depreciation 31-Mar-2008	203,383	1,458,304	4,868
Accumulated depreciation 31-Dec-2008	**225,731**	**1,450,192**	**4,895**
Book values 31-Mar-2008	273,152	580,187	1,782
Book values 31-Dec-2008	**314,803**	**600,469**	**1,755**

11 Financial assets

Financial assets include shares in affiliated companies totaling € 18,810 thousand (March 31, 2008: € 45,657 thousand) as well as other investments totaling € 15,472 thousand (March 31, 2008: € 14,326 thousand), and securities totaling € 7,935 thousand (March 31, 2008: € 8,066 thousand).

12 Receivables and other assets

			31-Mar-2008			31-Dec-2008
	Current	Non-current	Total	Current	Non-current	Total
Receivables from sales financing	128,205	194,839	323,044	123,090	154,240	277,330
Trade receivables	596,473	–	596,473	436,194	–	436,194
Other receivables and other assets						
Other tax refund claims	19,113	–	19,113	15,635	–	15,635
Loans	549	8,785	9,334	308	8,321	8,629
Derivative financial instruments	67,722	39,208	106,930	64,942	41,666	106,608
Deferred interest payments	242	–	242	117	–	117
Prepaid expenses	16,063	–	16,063	21,240	–	21,240
Other assets	67,464	130,853	198,317	93,426	43,194	136,620
	171,153	178,846	349,999	195,668	93,181	288,849

13 Inventories

	31-Mar-2008	31-Dec-2008
Raw materials, consumables, and supplies	136,812	138,548
Work and services in process	384,247	409,258
Manufactured products and merchandise	440,364	652,358
Prepayments	12,291	11,314
	973,714	1,211,478

14 Shareholders' equity

As was the case on March 31, 2008, the Company still held 400,000 shares (cost of the acquisition: € 13,258 thousand) as of December 31, 2008. The repurchased shares may only be utilized to reduce the Company's capital stock or for employee share participation programs, as well as other forms of share distribution to the employees of the Company or a subsidiary or to individuals who are or were employed by the Company or affiliated companies.

At the Annual General Meeting on July 18, 2008, the Management Board was authorized to acquire treasury stock for any permissible purpose in an amount of up to the lower of 10 percent – also by the use of derivatives in an amount of up to 5 percent – of either the capital stock as of July 18, 2008 or the capital stock at the time of the exercise of the authorization until January 15, 2010. Based on particular conditions specified in the resolution of the Annual General Meeting of July 18, 2008, the shares may furthermore be utilized while disapplying the subscription rights; this utilization is also applicable to treasury stock already held by the Company.

As court decisions give rise to doubts as to the legitimacy of the existing authorization of the company dating back to 2006 to issue convertible bonds and/or bonds with warrants under the Stock Corporation Act, two basically equivalent, yet divergent authorizations with regard to the defined option or conversion price were concluded to issue convertible bonds and/or bonds with warrants, profit participation rights and/or income bonds (or combinations of these instruments) and to exclude the subscription rights as well as to create the requirements for Contingent Capital 2008/I and 2008/II in a nominal amount of € 19,979,118.08, respectively. While these authorizations complement the authorization granted on July 20, 2006 to issue convertible bonds and/or bonds with warrants, they do not increase the amount of the capital stock up to which the Management Board is authorized to grant option rights or conversion rights and/or conversion obligations.

According to the resolution of the Annual General Meeting of July 18, 2008, the Management Board is authorized, with the approval of the Supervisory Board, to increase the capital stock of the Company by up to € 59,937,356.80 on one or several occasions against cash or non-cash contributions by July 1, 2011 (Authorized Capital 2008). Subscription rights of the shareholders may be disapplied with the approval of the Supervisory Board.

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 employees. 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. After deduction of deferred taxes, the actuarial gains and losses are offset to shareholders' equity without effect on the income statement. As of December 31, 2008, a discount rate of 6.25 percent (March 31, 2008: 6.0 percent) was applied for domestic companies.

16 Other provisions

			31-Mar-2008			**31-Dec-2008**
	Current	Non-current	Total	Current	Non-current	Total
Tax provisions	37,705	257,271	294,976	31,299	258,090	289,389
Other provisions						
Liabilities arising from human resources	91,365	51,747	143,112	76,638	56,599	133,237
Liabilities arising from sales and service activities	180,104	11,735	191,839	153,858	11,773	165,631
Other	69,212	39,621	108,833	46,894	63,205	110,099
	340,681	103,103	443,784	277,390	131,577	408,967
	378,386	360,374	738,760	308,689	389,667	698,356

17 Financial liabilities

	31-Mar-2008			31-Dec-2008		
	Current	Non-current	Total	Current	Non-current	Total
Convertible bond	–	295,055	295,055	–	301,631	301,631
Borrower's note loans	7,243	123,500	130,743	62,597	65,000	127,597
To banks	18,414	70,579	88,993	302,862	63,984	366,846
From finance lease contracts	4,487	4,106	8,593	3,634	2,860	6,494
Other	20,492	272	20,764	19,392	156	19,548
	50,636	493,512	544,148	388,485	433,631	822,116

18 Other liabilities

	31-Mar-2008			31-Dec-2008		
	Current	Non-current	Total	Current	Non-current	Total
Advance payments received on orders	81,912	–	81,912	95,881	–	95,881
Accrued liabilities from human resources	84,307	–	84,307	43,365	–	43,365
From derivative financial instruments	24,175	2,600	26,775	49,062	40,427	89,489
From other taxes	54,630	–	54,630	27,773	–	27,773
Relating to social security	6,041	2,704	8,745	7,215	2,083	9,298
Deferred income	49,381	35,116	84,497	54,098	34,116	88,214
Other	57,447	73,970	131,417	57,133	80,599	137,732
	357,893	114,390	472,283	334,527	157,225	491,752

19 Contingent liabilities and other financial liabilities

As of December 31, 2008 contingent liabilities for warranties and guarantees totaled € 17,194 thousand (March 31, 2008: € 20,664 thousand; previously € 179,962 thousand). Please refer to note 1 regarding the adjustment of the previous year's figure.

Other financial liabilities are broken down as follows:

			31-Mar-2008			**31-Dec-2008**
	Current	Non-current	Total	Current	Non-current	Total
Lease obligations	65,506	364,533	430,039	55,892	357,189	413,081
Investments	45,720	3,833	49,553	36,555	3,715	40,270
	111,226	368,366	479,592	92,447	360,904	453,351

20 Information concerning segment reporting

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

Non-cash expenses comprise the following:

	1-Apr-2007 to 31-Dec-2007	**1-Apr-2008 to 31-Dec-2008**
Provisions for doubtful accounts and other assets	20,242	24,649
Additions to provisions and accrued liabilities	268,067	212,004
	288,309	236,653

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

Investments comprise investments in intangible assets, tangible assets, as well as investment property.

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

	31-Mar-2008	**31-Dec-2008**
Assets per balance sheet	3,507,157	3,435,067
– financial assets	– 68,049	– 42,217
– marketable securities	– 2,075	– 340
– finance receivables	– 59,124	– 54,757
– deferred tax assets	– 77,288	– 89,000
– tax refund claims	– 121,994	– 106,398
Segment assets	3,178,627	3,142,355

	31-Mar-2008	**31-Dec-2008**
Liabilities per balance sheet	2,314,322	2,490,451
– tax provisions	– 294,976	– 289,389
– tax obligations	– 58,176	– 31,241
– financial obligations	– 490,048	– 750,518
– deferred tax liabilities	– 144,661	– 102,869
Segment liabilities	1,326,461	1,316,434

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 sales financing.

The **number of employees** was recorded as of December 31, 2008 compared with March 31, 2008.

21 Supervisory Board / Management Board

The members of the Supervisory Board and the Management Board are listed on page 43 ff.

22 Related party transactions

As described in our notes to the consolidated financial statements as of March 31, 2008 under note 40, Heidelberger Druckmaschinen Aktiengesellschaft and its subsidiaries undertake business dealings with numerous companies in the ordinary course of business. This also includes associated companies, which are regarded as related companies of the Heidelberg Group.

During the reporting period, transactions carried out with related parties resulted in liabilities of € 6,274 thousand, receivables of € 22,637 thousand, expenses of € 12,231 thousand and income of € 29,416 thousand, which essentially included sales. All business dealings were concluded at terms that are customary in the market and which as a matter of principle do not differ from delivery and service relationships with other companies.

Enterprises controlled by a member of the Supervisory Board of Heidelberger Druckmaschinen Aktiengesellschaft have provided advisory services to a non-German fully consolidated company amounting to € 337 thousand.

23 Events after the reporting date

No significant events occurred after the reporting date.

Heidelberg, February 3, 2009

Heidelberger Druckmaschinen Aktiengesellschaft
The Management Board

Supervisory Board

>>>

Dr. Mark Wössner
Chairman
of the Supervisory Board

Rainer Wagner*
Deputy Chairman
of the Supervisory Board

Martin Blessing
– through July 18, 2008 –

Dr. Werner Brandt
– since July 18, 2008 –

Edwin Eichler
– since July 18, 2008 –

Wolfgang Flörchinger*

Martin Gauß*

Mirko Geiger*

Gunther Heller*

Dr. Jürgen Heraeus
– through July 18, 2008 –

Jörg Hofmann*

Dr. Siegfried Jaschinski

Robert J. Koehler

Uwe Lüders
– through July 18, 2008 –

Dr. Gerhard Rupprecht

Beate Schmitt*

Prof. Dr.-Ing. Günther Schuh
– since July 18, 2008 –

Dr. Klaus Sturany

Peter Sudadse*

* Employee Representative

Committees of the Supervisory Board

Management Committee

Dr. Mark Wössner (Chairman)

Rainer Wagner

Martin Blessing
– through July 18, 2008 –

Martin Gauß

Mirko Geiger

Dr. Gerhard Rupprecht

Dr. Klaus Sturany
– since July 18, 2008 –

Mediation Committee under Article 27 Subsection 3 of the Codetermination Act

Dr. Mark Wössner

Rainer Wagner

Martin Blessing
– through July 18, 2008 –

Wolfgang Flörchinger

Dr. Gerhard Rupprecht
– since July 18, 2008 –

Committee on Arranging Personnel Matters of the Management Board

Dr. Mark Wössner

Rainer Wagner

Dr. Gerhard Rupprecht

Audit Committee

Dr. Klaus Sturany

Dr. Werner Brandt
– since July 18, 2008 –

Dr. Jürgen Heraeus
– through July 18, 2008 –

Mirko Geiger

Rainer Wagner

Nomination Committee

Dr. Mark Wössner

Dr. Klaus Sturany

Management Board

Bernhard Schreier
Chairman of the Management Board

Dirk Kaliebe

Dr. Jürgen Rautert

Stephan Plenz
– since July 1, 2008 –

Financial Calendar 2008/2009

May 5, 2009	Publication of Preliminary Figures 2008/2009
June 9, 2009	Press Conference, Annual Analysts' and Investors' Conference
July 23, 2009	Annual General Meeting
August 4, 2009	Publication of First Quarter Figures 2009/2010
November 3, 2009	Publication of Half-Year Figures 2009/2010

Subject to change

This report was published on February 3, 2009.

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