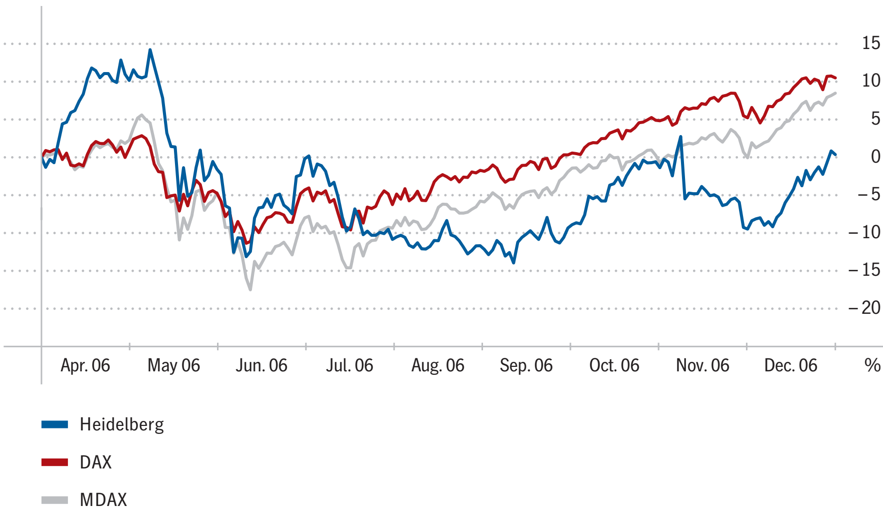
INTERIM FINANCIAL REPORT Q3

3rd QUARTER 2006/2007

HEIDELBERG

PERFORMANCE OF THE HEIDELBERG SHARE

compared with the DAX/MDAX (Index: April 1, 2006 = 0 percent)



KEY PERFORMANCE DATA

Figures in € millions

	Q1 to Q3 prior year	**Q1 to Q3 2006/2007**	Q3 prior year	**Q3 2006/2007**
Incoming orders	2,725	2,913	965	917
Net sales	2,437	2,589	908	961
Result of operating activities [1]	144	202	72	84
– in percent of sales	5.9	7.8	7.9	8.7
Net profit [1]	65	180 [2]	34	112 [2]
– in percent of sales	2.7	7.0	3.7	11.7
Cash flow [1]	212	262	95	168
– in percent of sales	8.7	10.1	13.0	17.5
Free cash flow [1]	– 29	12	31	37
Research and development costs	155	175	54	59
Investments	109	113	43	47
Earnings per share in €	0.76	2.21	0.40	1.38

1) Previous year’s figures were adjusted

2) Including positive one-time effect from corporate income tax credit totaling € 73 million

Contents

The Heidelberg Share

The DAX and the MDAX continued to develop favorably during the third quarter of the financial year. These two most important German share indexes reached their respective high points for the year, each posting growth of nearly 10 percent in the last three months of 2006.

The Heidelberg share also began the third quarter with a highly favorable price increase. Following a temporary price adjustment early in November, our share picked up again, finishing out the calendar year at € 35.88. Overall, the price of a Heidelberg share rose by over 10 percent during the third quarter – a slightly higher pace than either the DAX or the MDAX.

A second share buyback program was launched on November 7, 2006. A total of up to 5 percent of the share capital, or a maximum of 4,152,535 shares, is to be repurchased in the stock market through January 2008 at the latest. The corresponding authorization had been granted by the Annual General Meeting in July 2006. A total of 909,422 shares were bought back by the end of the quarter, with 1,384,424 shares still held by the Company under the first buyback program. A total of 81,188 shares were allotted within the framework of an employee share participation program during the reporting quarter, as a result of which we were still holding 2,212,658 shares as of December 31, 2006 for use under employee share participation programs as well as for capital retirement purposes.

We provide ongoing information concerning the further development of the share buyback program at www.heidelberg.com.

KEY PERFORMANCE DATA OF THE HEIDELBERG SHARE

Figures in €

	Q3 prior year	Q3 2006/2007
Earnings per share	0.40	1.38
Cash flow per share	1.11	2.05
Share price – high	32.91	36.75
Share price – low	25.40	32.30
Share price – beginning of the quarter [1]	28.30	32.60
Share price – end of the quarter [1]	32.32	35.88
Market capitalization at the end of the quarter in € millions	2,745	2,980
Number of shares in thousands [2]	85,816	81,794

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

Overall Picture

Both the overall economy as well as the print media industry continue to progress favorably. Developments during the current financial year have also been gratifying for us, with incoming orders, sales, and the result of operating activities for the first nine months of the financial year substantially exceeding the previous year's figures.

Underlying Conditions

The above-average pace of global economic growth continues unabated, with the global gross domestic product during the past calendar year 2006 expected to grow by 5.1 percent. The vigorous growth induced by increases in manufacturing in the industrialized countries as well as the economic integration of the rapidly developing emerging markets is only being slightly hampered by the high price of energy.

The economy of the European region is strong, with impetuses to growth being provided not only by exports but by domestic demand and a further rise in investments as well. The German economy grew at its greatest pace in six years, with gross domestic product up by 2.5 percent. Japan is also in an upward trend due to improved domestic economic conditions. The US economy is currently weakening somewhat due to a gradual softening in consumer demand and a tighter monetary policy.

Economic growth in China has so far not lost strength. India and Eastern Asia's other emerging markets are also showing favorable performance. In addition to capital investments, the strong economies of Latin America – and of Russia as well – are being strengthened by the continuing high prices for exported raw materials.

The gratifying development of the print media industry continued through 2006, with the overall economic environment favorable. The trend of both capacity utilization and production activity was favorable in the two key markets of Germany and the US. Moreover, business prospects for print shops are still considered to be favorable.

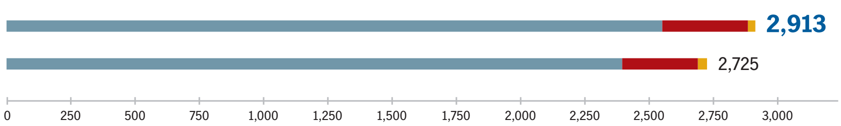
Business Development

INCOMING ORDERS BY DIVISION

2006/2007, Q1 to Q3

2005/2006, Q1 to Q3

Figures in € millions



Press	**2,551**	+ 7 %
Postpress	**333**	+ 13 %
Financial Services	**29**	– 19 %
Heidelberg Group	**2,913**	**+ 7 %**

Q3

Press	**789**	– 6 %
Postpress	**118**	+ 2 %
Financial Services	**10**	– 9 %
Heidelberg Group	**917**	**– 5 %**

The Heidelberg Group's **incoming orders** totaled € 917 million during the third quarter of the current financial year, thereby approaching the previous quarter's figure. Although incoming orders were 5 percent below the figure for the same quarter the previous year, our incoming orders for the first nine months of the financial year of € 2,913 million were 7 percent higher than the previous year's comparable figure. Supported by the printing industry's overall favorable climate for investment, the German and US markets developed especially favorably during the reporting quarter, with the Graph Expo trade show held in the latter country in October. The partial suspension of the import duty exemption in China is still hampering our business in the Asia/Pacific region.

As expected, the third quarter saw the highest level of quarterly **sales** during the current financial year. With sales amounting to € 961 million, we not only exceeded the previous year's figure by nearly 6 percent, but also generated the highest third quarter sales in a number of years. The Heidelberg Group's cumulative sales for the first three quarters totaled € 2,589 million, thereby surpassing the previous year's figure by 6 percent. Especially favorable was the development of the Postpress Division, whereas among the regions the Europe, Middle East and Africa region, which increased by 14 percent, contributed most to growth.

Due to the higher level of sales during the third quarter, the **order backlog** as of December 31, 2006 fell to € 1,280 million – € 63 million below the figure at the end of the previous quarter. The length of the order backlog slightly decreased to just over four months.

NET SALES BY DIVISION

Figures in € millions

	Q1 to Q3 prior year	**Q1 to Q3 2006/2007**	Q3 prior year	**Q3 2006/2007**
Press	2,130	2,251	800	828
Postpress	271	309	97	123
Financial Services	36	29	11	10
Heidelberg Group	2,437	2,589	908	961

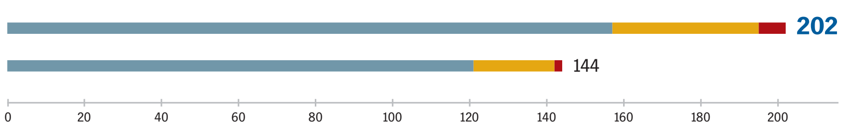
Results of Operations, Net Assets, and Financial Position

RESULT OF OPERATING ACTIVITIES

2006/2007, Q1 to Q3

2005/2006, Q1 to Q3

Figures in € millions



	2006/2007, Q1 to Q3	2005/2006, Q1 to Q3
Press	**157**	121
Postpress	**7**	2
Financial Services	**38**	21
Heidelberg Group	**202**	144

Q3

	2006/2007	2005/2006
Press	**61**	57
Postpress	**7**	4
Financial Services	**16**	11
Heidelberg Group	**84**	72

We were also successful in continuing the favorable course of development during the third quarter of the current financial year, with the Heidelberg Group earning a **result of operating activities** of € 84 million in the quarter. The increase in sales and related higher profit contributions, the strong result of the Financial Services Division, and our improved cost situation all contributed to the growth in earnings over the same period the previous year. The result of the Postpress Division was also especially favorable. The consolidated result was hampered compared with the same period the previous year by ongoing higher advance services in the R&D area as well as higher labor costs due to increases under the collective bargaining agreement.

We thereby generated a result of operating activities of € 202 million during the first nine months of the financial year. This figure, which was 40 percent higher than in the previous year, benefited, among other things, from the successful sale of Linotype GmbH in August 2006.

Income before taxes reached € 161 million during the three quarters. In the third quarter, due to a change of the corporate income tax law we realized additional tax income resulting from the recognition of a claim on the disbursement of the corporate income tax credit. The very high **net profit** of € 180 million for the three quarters resulted in part from this tax income totaling € 73 million. After adjusting for the special tax income effect as well as the sale of a participation in August, the tax rate for the nine months amounts to just under 41 percent. Earnings per share are € 2.21, of which € 0.89 result from the additional tax income.

We undertook **investments** in tangible and intangible assets amounting to € 113 million through December 31, 2006 – slightly higher than the previous year's figure. In terms of sales, the investment ratio for the period is slightly above 4 percent. One focus of attention of our investment activity is the construction of the new Assembly Hall 11 for the production of printing presses in our new 'very large format' category.

BALANCE SHEET STRUCTURE

Figures in € millions

	31-Mar-2006	in percent of total assets	**31-Dec-2006**	in percent of total assets
Non-current assets	1,389	42	1,429	42
Current assets	1,892	58	1,948	58
Total assets	3,281	100	3,377	100
Shareholders' equity	1,138	35	1,171	35
Non-current liabilities	1,134	35	1,094	32
Current liabilities	1,009	30	1,112	33
Total equity and liabilities	3,281	100	3,377	100

During the third quarter, the **total assets** of the Heidelberg Group grew by € 115 million to € 3,377 million as of December 31, 2006. Among **assets,** recognition of the corporate income tax credit made a decisive contribution to the increase in total assets. Trade receivables also rose. Furthermore, inventories grew further due to the development of deliveries; as in past years, however, we expect a marked reduction by financial year-end. We were also successful in decreasing receivables from customer financing during the third quarter – a development that was able to benefit from a greater willingness of banks to finance capital goods in view of the favorable economic environment.

Among **liabilities,** shareholders' equity increased considerably due to the substantially higher net profit – attributable in part to the above-mentioned change in the corporate income tax law. Nevertheless, the second share buy-back program, which was already launched during the third quarter, had a reducing effect. Under this program, through January 2008 we intend to buy back up to 5 percent of the share capital. The equity ratio amounted to 35 percent at the end of the quarter. Our financial liabilities declined slightly to € 708 million during the third quarter. Net financial debt totaled € 733 million as of December 31, 2006.

Cash flow posted strong growth during the third quarter, increasing to € 262 million. This amount includes the extraordinary income from the recognition of the corporate income tax credit.

Nevertheless, this favorable effect was compensated for by **other operating changes,** as a result of which the tax income has no impact on overall free cash flow. Net cash used for the increase in inventory was reduced compared with the previous year. The inflow of funds from trade receivables and payables was higher than in the previous year. The **outflow of funds from investment activity** during the three quarters reached € – 82 million – limited by the cash flow from the sale of a participation during the second quarter of the financial year.

Overall, this resulted in a **free cash flow** for the nine months of € 12 million – substantially in excess of the previous year's figures of € 50 million, despite the outsourcing of the funding of pension obligations that we implemented in July 2006. Free cash flow for the third quarter amounts to € 37 million.

CASH FLOW STATEMENT[1]

Figures in € millions

	Q1 to Q3 prior year	Q1 to Q3 2006/2007
Cash flow	212	262
Inventories	– 173	– 152
Receivables from customer financing	61	52
Trade receivables	– 12	41
Trade payables	– 36	– 5
Other	17	– 104
Other operating changes	– 143	– 168
Outflow of funds from investment activity	– 98	– 82
Free cash flow	– 29	12

1) Previous year's figures were adjusted

Divisions

Even though the incoming orders of the **Press** Division during the third quarter totaling € 789 million failed to reach the very high previous year's level, this division's incoming orders for the overall nine-month period are nevertheless substantially in excess of the previous year's figure. This is proof of the improved underlying conditions in our industry, particularly in the two biggest markets of Germany and the US. Demand still is very high for large format models – in particular for the Speedmaster XL 105, for which incoming orders continue to exceed our forecasts. We were also successful in boosting this division's sales over the previous year, with cumulative growth for the three quarters amounting to 6 percent. Although the ongoing higher advance services in the R&D area have had a dampening effect, we were nevertheless successful in improving the result of operating activities with respect to the same quarter the previous year to € 61 million – primarily due to an increase in sales. This division's result amounts to € 157 million on a cumulative basis for the nine-month period. As of December 2006, a total of 17,089 employees were working in the division.

The financial year has so far been highly successful for the **Postpress** Division, with incoming orders totaling € 118 million reflecting the solid volume of business in the third quarter. During the nine months of the financial year, this division was successful in boosting incoming orders by 13 percent over the same period the previous year. We have been successful in Germany, where we presented our newest trends and developments in the Postpress area at the Inforum, held in November in Ludwigsburg. The North American market continues to develop favorably, with a very large single order signed during the past quarter in Canada. Thanks to the considerably improved sales over the previous year, together with a more favorable cost situation, we realized quite a favorable result of operating activities of € 7 million during the third quarter. The number of employees in this division continues to grow moderately, with a total of 1,986 employees as of December 31, 2006.

The consistent cultivation of our financial providers and the government export credit insurer by our **Financial Services** Division continues to show success. Receivables and counter-liabilities arising from customer financing continued to decline during the past reporting quarter. The result of operating activities of € 16 million for the reporting quarter and € 38 million for the first nine months of the financial year was substantially in excess over the previous year. We benefited here from a further improvement in the risk environment in the principal financing markets. This division had a total of 81 employees as of December 31, 2006.

Regions

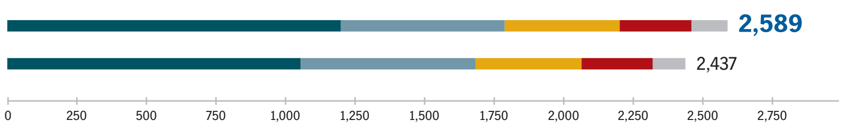
As expected, incoming orders in the **Europe, Middle East and Africa** region of € 384 million during the third quarter declined slightly, thereby falling short of the high level of the previous year. Developments continue to be highly favorable in Germany, our largest single market, where we recorded solid incoming orders during the third quarter as well. Our Open House event series, which is traditionally held in the fall, was characterized by a very high propensity to invest by the nearly 7,000 visitors. Overall, during the first nine months of the financial year we were able to boost the region's incoming orders by 13 percent over the previous year's figure. The region has so far surpassed our forecasts in terms of sales as well, with sales substantially in excess of the previous year's figures both in the third quarter and on a cumulative basis for the nine-month period.

NET SALES BY REGION

2006/2007, Q1 to Q3

2005/2006, Q1 to Q3

Figures in € millions



Europe, Middle East and Africa[1]	**1,199**	+ 14 %
Eastern Europe[1]	**258**	+ 1 %
North America	**413**	+ 8 %
Latin America	**130**	+ 11 %
Asia/Pacific	**589**	– 6 %
Heidelberg Group	**2,589**	**+ 6 %**
Q3		
Europe, Middle East and Africa[1]	**457**	+ 19 %
Eastern Europe[1]	**92**	0 %
North America	**159**	+ 3 %
Latin America	**47**	– 2 %
Asia/Pacific	**206**	– 10 %
Heidelberg Group	**961**	**+ 6 %**

[1] Previous year's figures were adjusted

The financial year in the **Eastern Europe** region was stable but unexceptional. Despite rather disappointing incoming orders for the quarter of € 82 million, cumulative sales for the nine months were 11 percent above the previous year's figure. Not only have incoming orders so far been very favorable in Poland, but business in Russia also improved compared with the weak previous year. Sales in the region have so far developed in line with the previous year.

The current upward trend in the **North America** region continued into the third quarter. Supported by the success achieved at the Graph Expo trade show, we generated incoming orders totaling € 174 million – an increase of nearly 35 percent over the same quarter the previous year! The figure for the first nine months of the financial year of € 455 million also represented considerable improvement over the previous year. The favorable developments are also reflected by sales, which surpassed the previous year's figures both for the quarter as well as overall for the financial year to date.

The vigorous developments of recent months continued in the **Latin America** region. The previous year's figure for incoming orders of € 50 million also improved considerably in the reporting quarter – on a cumulative basis for the first nine months, 20 percent above the previous year, or € 147 million. Brazil in particular has developed highly favorably so far during the current financial year. This region substantially exceeded the previous year's figure in sales for the first nine months of the financial year.

The incoming orders of the **Asia/Pacific** region fell short of our forecasts both for the quarter as well as for the overall financial year to date, failing to reach the previous year's figures. In addition to the primarily foreign currency-related decline in Japan, this was largely attributable to developments in China due to the temporary suspension of the import duty exemption, as a result of which Chinese print shops held back in their purchasing decisions. Recent months have not seen a change in this situation. This region fell short of the past year also in terms of sales, which declined by 10 percent for the quarter and 6 percent for the nine months of the financial year.

INCOMING ORDERS BY REGION

Figures in € millions

	Q1 to Q3 prior year	**Q1 to Q3 2006/2007**	Q3 prior year	**Q3 2006/2007**
Europe, Middle East and Africa[1]	1,188	1,345	440	384
Eastern Europe[1]	272	302	99	82
North America	384	455	129	174
Latin America	121	147	35	50
Asia/Pacific	760	664	262	227
Heidelberg Group	2,725	2,913	965	917

[1] Previous year's figures were adjusted

Research and Development

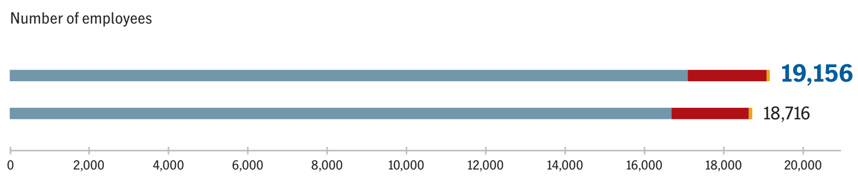
The Heidelberg Group's research and development costs totaled € 175 million during the first half-year, as a result of which the R&D rate was 6.8 percent in terms of sales. The R&D rate is expected to range between 6 and 7 percent for the year as a whole. The principal focus of investment continues to be on the development of a new generation of printing presses for the new 'very large format'.

Employees

EMPLOYEES

December 31, 2006

March 31, 2006



	December 31, 2006	March 31, 2006
Press	**17,089**	16,684
Postpress	**1,986**	1,946
Financial Services	**81**	86
Heidelberg Group	**19,156**	**18,716**

The Heidelberg Group had a total of 19,156 employees as of December 31, 2006 – up by only 63 people in the course of the third quarter. The number of employees has risen by 440 since the end of the previous financial year, with the production area accounting for most of the increase.

We continued to make available an employee share participation program in the current financial year. Employees entitled to participate were able to acquire up to eight Heidelberg shares at favorable terms.

Risk Report

The development of the global economy has had a major impact on our business development. However, the high energy prices have so far only had a slightly hampering effect on the vigor of the upswing of the global economy. We were successful in reducing our overall risk through a decline in our structural costs. Moreover, thanks to our considerable regional diversification, we are able to limit the impact of negative developments in individual markets – such as in China at present – through favorable developments in other markets.

There are currently no recognizable risks that could threaten the existence of the Heidelberg Group. The detailed presentation of corporate risks and the description of our system of risk management can be found in our Annual Report 2005/2006.

Future Prospects

With an expected 5.1 percent increase, the global economy has generated strong growth in the previous calendar year 2006. The IMF is currently projecting an increase of 4.9 percent for 2007. In our view, the print media industry will further recover and the printing volume will grow over the next three years. We believe that the greater demand for printed products and improved capacity utilization will be reflected in the print media industry by a higher propensity to invest in producer goods. However, as in recent years, the greatest contribution to growth in our industry will come from the emerging markets, although China's contribution has been lower than in the recent past during the current financial year as a result of its customs policy. Especially due to the rather weak Japanese yen and US dollar, exchange rate relationships will continue to have an impact on competition among European equipment suppliers to the print media industry.

Against this backdrop, we are budgeting an overall growth in sales for the current financial year of approximately 5 percent over the previous year. We intend to further boost the result of operating activities. We generated an operating return on sales of 7.7 percent during the previous year; this figure should amount to approximately 10 percent in the current financial year. The sales increase, our ongoing and unswerving cost reduction measures, the savings due to the agreement to secure the future, and more favorable conditions for currency hedging, will all have a positive impact. Earnings are being hampered by greater investments this financial year in such new technologies as Anicolor and a new generation of sheetfed offset printing presses (Speedmaster XL 142/162). The suspension of the import duty exemption in China in the second and third quarter of financial year 2006/2007 has had a delaying impact on incoming orders, sales, and profit contribution. The planned restoration of the customs exemption will not have any favorable impact on sales or earnings in the current financial year 2006/2007. Nevertheless, we believe that the situation for orders and deliveries will return to normal in the Chinese market during the next financial year. We are furthermore projecting our free cash flow during the current financial year at over 4 percent of sales, or € 150 million – excluding special effects resulting from the Contractual Trust Arrangement (CTA) as well as potential additional favorable contributions ensuing from asset management.

We have ambitious goals, especially vis-à-vis an increase in corporate value, for which we intend to again achieve a return on capital employed (ROCE) of over 16 percent. With a weighted average cost of capital of approximately 10 percent we will generate an economic value added of over 6 percent – probably during the current financial year, but otherwise beginning in financial year 2007/2008.

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.

> THE 3RD QUARTER 2006/2007 IN REVIEW

October 12 – November 18, 2006
Open House

October 15 – 18, 2006
Graph Expo

October 31, 2006
Share buyback program

October
November

10/2006
11/2006

Heidelberg at Graph Expo

October 15 – 18, 2006 +++ Slogan 'Connect for Success' +++

At the Graph Expo trade show, which was held in Chicago from October 15 – 18, Heidelberg offered the latest technologies and solutions for the print media industry under the slogan 'Connect for Success'. Among the exhibits presented for the first time on the US market at Graph Expo were the Anicolor short inking solution shown on a Speedmaster 52, the Prinect Inpress Control, the Stitchmaster ST 52, and the Speedmaster XL 105 in a configuration with eight printing units.

Management Board Approves a Further Share Buyback Program

October 31, 2006 +++ Second share buyback of up to 5 percent of share capital +++

The Management Board of Heidelberger Druckmaschinen Aktiengesellschaft approved the acquisition of its own shares accounting for up to 5 percent of its share capital by January 2008 at the latest. The repurchased shares are earmarked for capital retirement and employee share participation programs.

Inforum at Ludwigsburg

November 23 – 30, 2006 +++ Heidelberg presents full product range of Postpress solutions +++

More than 800 customers from 30 countries were interested in seeing the latest trends and developments in the finishing segment shown at the Postpress Inforum, which was held from November 23 – 30 in Ludwigsburg, Germany. Under the slogan 'Customized Postpress Solutions', Heidelberg presented the latest models, which had been introduced previously at the IPEX trade show in April 2006. Apart from product presentations, several technical lectures were held on current finishing topics.

2006/07

December 12, 2006
Corporate income tax credit

November 23 – 30, 2006
Inforum

December 7, 2006
Year-end trade press conference

December

12/2006

High Propensity to Invest Characterizes Open House

October 12 – November 18, 2006 +++ Nearly 7,000 visitors accept invitation to attend +++

Again this fall, Heidelberger Druckmaschinen Vertrieb Deutschland GmbH held its traditional Open Houses under the slogan 'Heidelberg Connects. Success with a Strong Partner'. Nearly 7,000 guests attended the events. They were shown the complete range of Heidelberg solutions at the German sales and services offices in Heidelberg, Hamburg, Dusseldorf, and Hanover. Current favorable market developments were reflected in increased customer interest and a high propensity to invest.

Year-end Trade Press Conference

December 7, 2006 +++ Trade press journalists from 14 countries +++

40 trade press journalists attended Heidelberg's year-end trade press conference from December 7 – 8, 2006. Following an overview of the current situation in the print media industry by Heidelberg's CEO, Bernhard Schreier, the Company's regional heads provided insights into their individual markets. In his subsequent speech, board member Dr. Jürgen Rautert (Engineering and Manufacturing) focused on the Speedmaster 52 Anicolor, Prinect, the Speedmaster XL 105's UV version and double coating model, as well as the new Star 3000 generation.

Heidelberg's regional heads answered questions from the trade press.

Increased Profits Resulting from Capitalized Corporate Income Tax Credit

December 12, 2006 +++ Capitalization of corporate income tax credit of € 73 million +++

Heidelberger Druckmaschinen Aktiengesellschaft posts additional earnings from the capitalization of a corporate income tax credit totaling € 73 million. The capitalization of this credit, which results from previous years, was made possible by a change in the German Corporate Income Tax Code.

> CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period April 1, 2006 to December 31, 2006

Consolidated interim income statement April 1, 2006 to December 31, 2006

> INTERIM INCOME STATEMENT[1)]

Figures in € thousands

	Note	1-Apr-2005 to 31-Dec-2005	**1-Apr-2006 to 31-Dec-2006**
Net sales		2,436,559	2,589,326
Change in inventories		125,800	111,359
Other own work capitalized		31,202	35,725
Total operating performance		2,593,561	2,736,410
Other operating income	3	149,219	159,899
Cost of materials	4	1,138,057	1,209,317
Personnel expenses		802,414	852,006
Depreciation and amortization		92,903	96,502
Other operating expenses	5	565,675	536,282
Result of operating activities		143,731	202,202
Result from the equity valuation		–	–
Financial income	6	27,070	24,767
Financial expenses	7	58,481	65,948
Financial result		– 31,411	– 41,181
Income before taxes		112,320	161,021
Taxes on income	8	47,409	– 19,099
Net profit		64,911	180,120
– of which: Heidelberg portion		(64,901)	(180,363)
– of which: minority interests		(10)	(– 243)
Undiluted/diluted earnings per share according to IAS 33 (in € per share)	9	0.76	2.21

1) Previous year's figures were adjusted (see Note 1)

Consolidated interim income statement October 1, 2006 to December 31, 2006

> INTERIM INCOME STATEMENT[1)]

Figures in € thousands

	1-Oct-2005 to 31-Dec-2005	**1-Oct-2006 to 31-Dec-2006**
Net sales	908,023	961,609
Change in inventories	28,505	28,184
Other own work capitalized	10,564	10,193
Total operating performance	947,092	999,986
Other operating income	41,456	40,445
Cost of materials	416,642	446,142
Personnel expenses	272,313	289,077
Depreciation and amortization	30,067	31,698
Other operating expenses	197,831	189,297
Result of operating activities	71,695	84,217
Result from the equity valuation	–	20
Financial income	9,083	10,089
Financial expenses	22,115	27,014
Financial result	– 13,032	– 16,905
Income before taxes	58,663	67,312
Taxes on income	24,913	– 45,220
Net profit	33,750	112,532
– of which: Heidelberg portion	(33,661)	(112,604)
– of which: minority interests	(89)	(– 72)
Undiluted/diluted earnings per share according to IAS 33 (in € per share)	0.40	1.38

1) Previous year's figures were adjusted (see Note 1)

> INTERIM INCOME STATEMENT – QUARTERLY OVERVIEW

Figures in € thousands

	1-Apr-2006 to 30-Jun-2006	1-Jul-2006 to 30-Sep-2006	1-Oct-2006 to 31-Dec-2006	**1-Apr-2006 to 31-Dec-2006**
Net sales	718,955	908,762	961,609	2,589,326
Change in inventories	89,329	– 6,154	28,184	111,359
Other own work capitalized	14,095	11,437	10,193	35,725
Total operating performance	822,379	914,045	999,986	2,736,410
Other operating income	46,974	72,480	40,445	159,899
Cost of materials	365,434	397,741	446,142	1,209,317
Personnel expenses	284,076	278,853	289,077	852,006
Depreciation and amortization	31,119	33,685	31,698	96,502
Other operating expenses	173,094	173,891	189,297	536,282
Result of operating activities	15,630	102,355	84,217	202,202
Result from the equity valuation	– 200	180	20	–
Financial income	7,470	7,208	10,089	24,767
Financial expenses	16,851	22,083	27,014	65,948
Financial result	– 9,581	– 14,695	– 16,905	– 41,181
Income before taxes	6,049	87,660	67,312	161,021
Taxes on income	1,459	24,662	– 45,220	– 19,099
Net profit	4,590	62,998	112,532	180,120
– of which: Heidelberg portion	(4,684)	(63,075)	(112,604)	(180,363)
– of which: minority interests	(– 94)	(– 77)	(– 72)	(– 243)
Undiluted/diluted earnings per share according to IAS 33 (in € per share)	0.06	0.77	1.38	2.21

Interim balance sheet of the Heidelberg Group as of December 31, 2006

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> ASSETS

Figures in € thousands

	Note	31-Mar-2006	31-Dec-2006
Non-current assets			
Intangible assets	10	258,531	251,282
Tangible assets	10	523,207	520,565
Investment property	10	26,506	21,695
Financial assets[1]	11	55,515	51,317
Receivables from customer financing	12	360,860	317,611
Other receivables and other assets	12	51,886	89,926
Income tax assets		–	73,375
Deferred taxes		112,540	102,613
		1,389,045	1,428,384
Current assets			
Inventories	13	844,738	986,672
Receivables from customer financing	12	135,071	111,254
Trade receivables	12	678,320	615,457
Other receivables and other assets	12	137,896	143,300
Income tax assets		12,262	4,777
Marketable securities		187	990
Cash and cash equivalents		79,492	85,812
		1,887,966	1,948,262
Assets held for sale		3,879	–
		3,280,890	3,376,646

[1] Of which: financial assets carried according to the equity method € 2,557 thousand (March 31, 2006: € 3,332 thousand)

> EQUITY AND LIABILITIES

Figures in € thousands

	Note	31-Mar-2006	**31-Dec-2006**
Shareholders' equity	14		
Subscribed capital		212,610	206,969
Capital and revenue reserves		787,975	781,885
Net profit – Heidelberg portion		134,752	180,363
		1,135,337	1,169,217
Minority interests		2,375	1,949
		1,137,712	1,171,166
Non-current liabilities			
Provisions for pensions and similar obligations	15	211,606	145,914
Other provisions	16	325,071	337,614
Financial liabilities	17	430,006	422,998
Other liabilities	18	96,316	102,032
Deferred income taxes		70,671	84,988
		1,133,670	1,093,546
Current liabilities			
Other provisions	16	353,971	360,754
Financial liabilities	17	140,159	284,914
Trade payables		228,242	219,133
Income tax liabilities		4,868	2,566
Other liabilities	18	276,437	244,567
		1,003,677	1,111,934
Liabilities held for sale		5,831	–
		3,280,890	3,376,646

> CONSOLIDATED CASH FLOW STATEMENT[1)]

Figures in € thousands

	1-Apr-2005 to 31-Dec-2005	**1-Apr-2006 to 31-Dec-2006**
Net profit	64,911	180,120
Depreciation and amortization[2)]	96,315	96,502
Change in pension provisions	16,290	– 8,854
Change in deferred taxes / tax provisions	34,640	41,465
Result from the equity valuation	–	–
Result from disposals	– 201	– 47,560
Cash flow	211,955	261,673
Change in inventories	– 172,784	– 152,382
Change in customer financing	61,122	51,987
Change in trade receivables / trade payables	– 47,829	35,494
Change in other provisions	– 73,068	– 16,135
Change in other balance sheet items	90,041	– 86,617
Other operating changes	– 142,518	– 167,653
Inflow of funds from operating activities	69,437	94,020
Intangible assets / tangible assets / investment property		
Investments	– 109,353	– 112,786
Proceeds from disposals	29,393	38,128
Financial assets		
Investments	– 5,483	– 8,716
Proceeds from disposals	106	51,710
Pension funding	– 13,011	– 50,000
Outflow of funds from investment activity	– 98,348	– 81,664
Free cash flow	– 28,911	12,356
Treasury stock	– 31,055	– 79,402
Dividend payment	– 25,858	– 53,275
Change in financial liabilities	48,523	129,616
Outflow of funds from financing activity	– 8,390	– 3,061
Net change in cash and cash equivalents	– 37,301	9,295
Cash and cash equivalents at the beginning of the quarter	131,537	79,679
Changes in the scope of the consolidation	–	–
Currency adjustments	3,482	– 2,172
Net change in cash and cash equivalents	– 37,301	9,295
Cash and cash equivalents at the end of the quarter	97,718	86,802

1) Previous year's figures were adjusted (see Note 1)

2) Relates to intangible assets, tangible assets, investment property, and financial assets

> CONSOLIDATED CASH FLOW STATEMENT – QUARTERLY OVERVIEW

Figures in € thousands

	1-Apr-2006 to 30-Jun-2006	1-Jul-2006 to 30-Sep-2006	1-Oct-2006 to 31-Dec-2006	**1-Apr-2006 to 31-Dec-2006**
Net profit	4,590	62,998	112,532	180,120
Depreciation and amortization[1)]	31,119	33,685	31,698	96,502
Change in pension provisions	– 1,440	– 4,086	– 3,328	– 8,854
Change in deferred taxes / tax provisions	– 4,169	19,051	26,583	41,465
Result from the equity valuation	200	– 180	– 20	–
Result from disposals	– 200	– 47,374	14	– 47,560
Cash flow	30,100	64,094	167,479	261,673
Change in inventories	– 129,411	5,400	– 28,371	– 152,382
Change in customer financing	24,418	2,419	25,150	51,987
Change in trade receivables / trade payables	119,346	– 49,109	– 34,743	35,494
Change in other provisions	– 41,383	20,270	4,978	– 16,135
Change in other balance sheet items	– 73,474	44,729	– 57,872	– 86,617
Other operating changes	– 100,504	23,709	– 90,858	– 167,653
Outflow / inflow of funds from operating activities	– 70,404	87,803	76,621	94,020
Intangible assets / tangible assets / investment property				
Investments	– 29,124	– 36,733	– 46,929	– 112,786
Proceeds from disposals	9,778	20,243	8,107	38,128
Financial assets				
Investments	– 4,165	– 4,462	– 89	– 8,716
Proceeds from disposals	–	51,710	–	51,710
Pension funding	–	– 50,000	–	– 50,000
Outflow of funds from investment activity	– 23,511	– 19,242	– 38,911	– 81,664
Free cash flow	– 93,915	68,561	37,710	12,356
Treasury stock	– 45,712	– 6,343	– 27,347	– 79,402
Dividend payment	– 163	– 53,112	–	– 53,275
Change in financial liabilities	141,747	608	– 12,739	129,616
Inflow / outflow of funds from financing activity	95,872	– 58,847	– 40,086	– 3,061
Net change in cash and cash equivalents	1,957	9,714	– 2,376	9,295
Cash and cash equivalents at the beginning of the quarter	79,679	80,500	89,985	79,679
Changes in the scope of the consolidation	–	–	–	–
Currency adjustments	– 1,136	– 229	– 807	– 2,172
Net change in cash and cash equivalents	1,957	9,714	– 2,376	9,295
Cash and cash equivalents at the end of the quarter	80,500	89,985	86,802	86,802

1) Relates to intangible assets, tangible assets, investment property, and financial assets

> STATEMENT OF RECOGNIZED INCOME AND EXPENSE

Figures in € thousands

	1-Apr-2005 to 31-Dec-2005	**1-Apr-2006 to 31-Dec-2006**
Net profit	64,911	180,120
Actuarial losses from pension obligations	– 60,169	19,758
Foreign currency translation	13,906	– 45,747
Financial assets	15,952	– 301
Cash flow hedges	– 13,355	10,789
Total recognized income and expense without effect on the income statement	– 43,666	– 15,501
Total income and expense	21,245	164,619
– of which: Heidelberg portion	(21,134)	(164,881)
– of which: minority interests	(111)	(– 262)

> DEVELOPMENT OF SHAREHOLDERS' EQUITY[1)]

Figures in € thousands

	2005	**2006**
Shareholders' equity as of April 1	1,166,453	1,137,712
Total recognized income and expense without effect on the income statement	– 43,666	– 15,501
Net profit	64,911	180,120
Dividend payment	– 25,858	– 53,275
Purchase of treasury stock	– 31,055	– 79,402
Consolidations/other changes	10,274	1,512
Shareholders' equity as of December 31	1,141,059	1,171,166

1) Previous year's figures were adjusted (see Note 1)

Consolidated segment information April 1, 2006 to December 31, 2006

> SEGMENT INFORMATION BY DIVISION[1)]

Figures in € thousands

	Press		Postpress	
	1-Apr-2005 to 31-Dec-2005	**1-Apr-2006 to 31-Dec-2006**	1-Apr-2005 to 31-Dec-2005	**1-Apr-2006 to 31-Dec-2006**
External sales	2,129,652	2,251,404	270,523	309,023
Depreciation[2)]	88,815	92,105	3,522	4,255
Non-cash expenses	206,579	263,871	16,364	22,809
Research and development costs	139,082	157,561	15,647	17,601
Result of operating activities (segment result)	121,124	157,364	1,933	6,675
Result from the equity valuation	–	–	–	–
Investments	102,600	109,345	6,560	3,276
Segment assets[4)]	2,255,041	2,353,638	251,275	271,161
Segment debt[4)]	1,108,044	1,024,292	86,522	90,060
Number of employees[4)]	16,684	17,089	1,946	1,986

> SEGMENT INFORMATION BY REGION

Figures in € thousands

	Europe, Middle East and Africa[3)]		Eastern Europe[3)]	
	1-Apr-2005 to 31-Dec-2005	**1-Apr-2006 to 31-Dec-2006**	1-Apr-2005 to 31-Dec-2005	**1-Apr-2006 to 31-Dec-2006**
External sales by customer location	1,053,680	1,199,266	256,143	257,454
Investments	88,384	99,863	1,232	2,525
Segment assets[4)]	1,836,968	2,003,467	186,522	173,804

For additional explanations see Note 20

1) Previous year's figures were adjusted (see Note 1)

2) Including non-scheduled depreciation totaling € 1,975 thousand (previous year: € 0 thousand)

3) Previous year's figures were adjusted due to the reassignment of affiliated companies within the regions

4) Previous year's figures refer to March 31, 2006

Financial Services		Heidelberg Group	
1-Apr-2005 to 31-Dec-2005	**1-Apr-2006 to 31-Dec-2006**	1-Apr-2005 to 31-Dec-2005	**1-Apr-2006 to 31-Dec-2006**
36,384	28,899	2,436,559	2,589,326
566	142	92,903	96,502
28,262	9,621	251,205	296,301
–	–	154,729	175,162
20,674	38,163	143,731	202,202
–	–	–	–
193	165	109,353	112,786
509,185	433,563	3,015,501	3,058,362
137,742	127,220	1,332,308	1,241,572
86	81	18,716	19,156

North America		Latin America		Asia/Pacific		Heidelberg Group	
1-Apr-2005 to 31-Dec-2005	**1-Apr-2006 to 31-Dec-2006**	1-Apr-2005 to 31-Dec-2005	**1-Apr-2006 to 31-Dec-2006**	1-Apr-2005 to 31-Dec-2005	**1-Apr-2006 to 31-Dec-2006**	1-Apr-2005 to 31-Dec-2005	**1-Apr-2006 to 31-Dec-2006**
381,009	413,344	116,493	130,336	629,234	588,926	2,436,559	2,589,326
15,704	8,476	1,367	633	2,666	1,289	109,353	112,786
389,633	308,640	190,624	182,403	411,754	390,048	3,015,501	3,058,362

Notes

1 Accounting and valuation policies

The consolidated interim financial report as of December 31, 2006 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).

Due to the initial application of the new IFRS provision on share-based payment (IFRS 2) as well as to the changed regulations regarding employee benefits (IAS 19 [2004]) and regarding the disclosure and presentation of financial instruments (IAS 32) in financial year 2005/2006, each of which came into effect retroactively, the previous year's figures were adjusted.

The standards and interpretations becoming initially effective and binding beginning in financial year 2006/2007 had no significant influence on the quarterly statement. The impact of standards already released but not yet applicable, particularly those of IFRS 7 'Financial instruments: Disclosures', are currently being analyzed. The initial application of IFRS 7 will result in an extension of the Notes to the Financial Statements.

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 all domestic and foreign entities in which Heidelberger Druckmaschinen Aktiengesellschaft is in a position to exercise a controlling influence as described in IAS 27. Shares in subsidiaries that are of minor significance are not included.

The scope of the consolidation is as follows:

	31-Mar-2006	**31-Dec-2006**
Wholly consolidated companies	72	70
Non-consolidated companies due to their minor importance	33	36
Associated companies measured according to the equity method	1	1
Associated companies not measured according to the equity method due to their minor importance	4	4
Other participations	4	3
	114	114

Compared with the previous year, the scope of the consolidation changed as follows:

> Deconsolidation:
  During the second quarter of the current financial year, Linotype GmbH, Bad Homburg, was deconsolidated as a result of the sale of the shareholding.
> Merger:
  During the current financial year, Heidelberg Boxmeer Participation B.V., Boxmeer, Netherlands, was merged with Heidelberg Boxmeer B.V., Boxmeer, Netherlands.

3 Other operating income

	1-Apr-2005 to 31-Dec-2005	**1-Apr-2006 to 31-Dec-2006**
Income from deconsolidation	–	37,594
Reversal of other provisions	46,648	29,120
Income from written-off receivables	31,064	21,230
Income from operating facilities	17,814	14,388
Hedging transactions / foreign-exchange profit	22,222	8,899
Income from disposals of intangible assets, tangible assets, and investment property	1,985	7,775
Other income	29,486	40,893
	149,219	159,899

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-2005 to 31-Dec-2005	**1-Apr-2006 to 31-Dec-2006**
Expenses for raw materials, consumables, and supplies, as well as for goods purchased	981,030	1,030,509
Costs of purchased services	149,049	175,745
Interest expenses of Financial Services	7,978	3,063
	1,138,057	1,209,317

Proportionate interest expenses accrued in connection with the Financial Services Division are shown in the cost of materials. Interest income from customer financing totaling € 28,899 thousand (previous year: € 36,384 thousand) is included in net sales.

5 Other operating expenses

	1-Apr-2005 to 31-Dec-2005	**1-Apr-2006 to 31-Dec-2006**
Special direct sales expenses including freight charges	93,781	98,771
Other deliveries and services not included in the cost of materials	87,456	95,622
Travel expenses	42,254	44,666
Rent and leases (excluding car fleet)	47,131	43,594
Costs of information technology	39,576	40,520
Provisions for doubtful accounts and other assets	52,822	22,853
Additions to provisions (relates to several expense accounts)	15,206	22,009
Legal, consulting, and audit fees	15,899	17,031
Other research and development costs	11,082	15,105
Costs of car fleet	13,350	14,736
Insurance expense	14,684	13,276
Costs of mail and payment transactions	10,504	9,968
Operating facilities	8,285	9,700
Public-sector fees and other taxes	7,627	7,721
Hedging transactions / exchange rate losses	17,774	7,521
Office supplies, newspapers, technical literature	3,221	3,073
License fees	2,912	3,047
Losses from disposals of intangible assets and tangible assets	1,728	510
Other overhead costs	80,383	66,559
	565,675	536,282

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 Financial income

	1-Apr-2005 to 31-Dec-2005	**1-Apr-2006 to 31-Dec-2006**
Interest and similar income	13,742	20,048
Income from financial assets/loans/marketable securities	13,328	4,719
	27,070	24,767

The decline in income from financial assets/loans/marketable securities is economically associated with the transfer of securities held in the specialized investment funds to the Heidelberg Pension-Trust e.V., Heidelberg, within the scope of a Contractual Trust Arrangement (CTA) at the end of financial year 2005/2006.

7 Financial expenses

	1-Apr-2005 to 31-Dec-2005	**1-Apr-2006 to 31-Dec-2006**
Interest and similar expenses	45,343	57,652
Expenses from financial assets/loans/marketable securities	13,138	8,296
	58,481	65,948

8 Taxes on income

Due to a change in the German Corporate Income Tax Code, the corporate income tax credit which is scheduled to be paid out in ten equal annual amounts over the period from 2008 to 2017 will be capitalized with effect on the income statement in the cash value of € 73,375 thousand.

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 outstanding shares during the period (first half-year 2006/2007: 81,794,482 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, 2006 the treasury stock comprised 2,212,658 shares. There is no difference between the diluted and undiluted earnings per share.

10 Intangible assets, tangible assets, and investment property

	Intangible assets	Tangible assets	Investment property
Acquisition or manufacturing costs 31-Mar-2006	409,050	2,095,087	71,557
Acquisition or manufacturing costs 31-Dec-2006	**421,333**	**2,089,006**	**55,704**
Accumulated depreciation 31-Mar-2006	150,519	1,571,880	45,051
Accumulated depreciation 31-Dec-2006	**170,051**	**1,568,441**	**34,009**
Book values 31-Mar-2006	258,531	523,207	26,506
Book values 31-Dec-2006	**251,282**	**520,565**	**21,695**

11 Financial assets

Financial assets primarily include shares in non-consolidated subsidiaries totaling € 23,702 thousand (March 31, 2006: € 16,967 thousand) as well as other participations totaling € 17,951 thousand (March 31, 2006: € 28,820 thousand) and marketable securities totaling € 9,664 thousand (March 31, 2006: € 9,728 thousand).

12 Receivables and other assets

			31-Mar-2006			**31-Dec-2006**
	Current	Non-current	Total	Current	Non-current	Total
Receivables from customer financing	135,071	360,860	495,931	111,254	317,611	428,865
Trade receivables	678,320	–	678,320	615,457	–	615,457
Other receivables and other assets						
Other tax refund claims	38,895	–	38,895	16,938	–	16,938
Loans	465	3,858	4,323	405	7,345	7,750
Derivative financial instruments	15,872	3,359	19,231	29,726	5,416	35,142
Deferred interest payments	3,740	–	3,740	3,062	–	3,062
Prepaid expenses	21,495	1,228	22,723	26,010	–	26,010
Other assets	57,429	43,441	100,870	67,159	77,165	144,324
	137,896	51,886	189,782	143,300	89,926	233,226

13 Inventories

	31-Mar-2006	31-Dec-2006
Raw materials, consumables, and supplies	109,315	126,194
Work and services in process	316,426	347,386
Manufactured products and merchandise	397,733	495,108
Prepayments	21,264	17,984
	844,738	986,672

14 Shareholders' equity

On November 8, 2005 the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft approved the launch of a share buyback program. Between November 9, 2005 and January 19, 2007 at the latest, the Company intends to acquire shares amounting to up to five percent of its capital stock (up to 4,295,424 shares). The Management Board thereby implemented the Annual General Meeting's decision of July 20, 2005 to authorize the buyback of shares amounting to up to ten percent of its capital stock (up to 8,590,848 shares) by January 19, 2007. The repurchased shares are earmarked solely for capital retirement and employee share participation programs, as well as other forms of an allotment of shares to staff members of the Company or an affiliate following the Annual General Meeting's authorization of July 20, 2005.

Overall, 4,295,424 shares were repurchased by July 26, 2006 of which 134,411 shares were used in the employee share participation program. Of the remaining shares, 2,857,777 were utilized for the capital retirement, which was approved by the Management Board on March 31, 2006. Share capital was thereby reduced by € 7,315,909.12 (= 2,857,777 shares) from € 219,925,708.80 (= 85,908,480 shares) to € 212,609,799.68 (= 83,050,703 shares). The remaining 1,303,236 shares were still held on stock at December 31, 2006.

The Management Board of Heidelberger Druckmaschinen Aktiengesellschaft approved the launch of a second share buyback program on October 31, 2006 thereby implementing the Annual General Meeting's decision of July 20, 2006. Within the framework of this share buyback program, the Company may acquire its own shares accounting for up to five percent of its capital stock (up to 4,152,535 shares) between November 7, 2006 and January 19, 2008 at the latest.

The repurchased shares are earmarked solely for capital retirement and employee share participation programs, as well as other forms of an allotment of shares to staff members of the Company or an affiliate. Additionally, they may be offered to current or past employees in the Company or of an enterprise affiliated with the Company.

By December 31, 2006 a total of 909,422 shares were repurchased within the framework of the second share buyback program and were still being held on December 31, 2006.

15 Provisions for pensions and similar obligations

For the majority of employees we maintain benefit programs for the period following their retirement – either through the direct program or one financed by payments of premiums to private institutions. The level of benefit payments depends on the conditions in particular countries. The amounts are generally based on the term of employment and the salary of the employee. The liabilities include both those arising from current pensions as well as vested pension rights for pensions payable in the future. The pension payments expected following the beginning of benefit payments are apportioned over the employee's overall period of employment. After deduction of deferred taxes, actuarial gains and losses are offset against shareholders' equity without effect on the income statement.

16 Other provisions

			31-Mar-2006			**31-Dec-2006**
	Current	Non-current	Total	Current	Non-current	Total
Tax provisions	9,246	195,745	204,991	25,391	222,145	247,536
Other provisions						
Liabilities arising from human resources	121,871	72,135	194,006	121,107	60,490	181,597
Liabilities arising from sales and service activities	129,874	26,735	156,609	137,426	16,362	153,788
Other	92,980	30,456	123,436	76,830	38,617	115,447
	344,725	129,326	474,051	335,363	115,469	450,832
	353,971	325,071	679,042	360,754	337,614	698,368

17 Financial liabilities

	31-Mar-2006			**31-Dec-2006**		
	Current	Non-current	Total	Current	Non-current	Total
Convertible bond	–	278,296	278,296	–	284,474	284,474
Private placement	7,256	137,500	144,756	7,511	134,000	141,511
To banks	109,004	8,034	117,038	247,646	–	247,646
From financial lease relationships	7,609	6,176	13,785	7,086	4,524	11,610
Other	16,290	–	16,290	22,671	–	22,671
	140,159	430,006	570,165	284,914	422,998	707,912

18 Other liabilities

	31-Mar-2006			**31-Dec-2006**		
	Current	Non-current	Total	Current	Non-current	Total
Advance payments received on orders	95,539	–	95,539	110,054	–	110,054
From derivative financial instruments	11,159	3,120	14,279	10,335	1,362	11,697
From other taxes	57,529	–	57,529	21,262	–	21,262
Relating to social security	17,171	–	17,171	11,236	–	11,236
Deferred income	27,618	24,552	52,170	32,488	27,288	59,776
Other	67,421	68,644	136,065	59,192	73,382	132,574
	276,437	96,316	372,753	244,567	102,032	346,599

19 Contingent liabilities and other financial liabilities

As of December 31, 2006 contingent liabilities for guarantees and warranties totaled € 223,492 thousand (March 31, 2006: € 291,018 thousand); these primarily include guarantees provided for the liabilities of third parties within the scope of long-term customer financing. Liability arising from the endorsement of bills of exchange totaled € 590 thousand (March 31, 2006: € 3,339 thousand) as of December 31, 2006.

Other financial liabilities are broken down as follows:

	31-Mar-2006			**31-Dec-2006**		
	Current	Non-current	Total	Current	Non-current	Total
Lease obligations	53,511	365,788	419,299	52,476	333,733	386,209
Orders for investments	25,423	–	25,423	67,749	13,905	81,654
	78,934	365,788	444,722	120,225	347,638	467,863

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-2005 to 31-Dec-2005	**1-Apr-2006 to 31-Dec-2006**
Provisions for doubtful accounts and other assets	52,822	22,853
Allocations to provisions	198,383	273,448
	251,205	296,301

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

Investments comprise investments in intangible assets and tangible assets.

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

	31-Mar-2006	**31-Dec-2006**
Gross assets per balance sheet	3,280,890	3,376,646
– financial assets	– 55,515	– 51,317
– marketable securities	– 187	– 990
– finance receivables	– 45,676	– 68,274
– deferred tax assets [1]	– 112,854	– 102,613
– tax claims	– 51,157	– 95,090
Segment assets	3,015,501	3,058,362

[1] Deviations from the balance sheet result from assets held for sale

	31-Mar-2006	31-Dec-2006
Borrowed funds per balance sheet [1]	2,143,178	2,205,480
– tax provisions	– 204,991	– 247,536
– tax obligations [2]	– 62,453	– 23,828
– financial obligations	– 472,755	– 607,556
– deferred tax liabilities	– 70,671	– 84,988
Segment debt	1,332,308	1,241,572

[1] Non-current and current borrowed funds including liabilities held for sale
[2] Deviations from the balance sheet result from liabilities held for sale

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

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

The **number of employees** was recorded as of December 31, 2006 compared with March 31, 2006.

21 Supervisory Board / Management Board

The members of the Supervisory Board and the Management Board are listed on page 38.

22 Information on events after the reporting date

No significant events occurred after the reporting date.

Heidelberg, January 2007

The Management Board

The Supervisory Board

Dr. Mark Wössner
Chairman of the
Supervisory Board

Rainer Wagner*
Deputy Chairman
of the Supervisory Board

Martin Blessing

Prof. Dr. Clemens Börsig

Wolfgang Flörchinger*

Martin Gauß*

Mirko Geiger*

Gunther Heller*

Dr. Jürgen Heraeus

Jörg Hofmann*

Robert J. Koehler

Uwe Lüders

Dr. Gerhard Rupprecht

Beate Schmitt*

Dr. Klaus Sturany

Peter Sudadse*

* Employee Representative

Committees of the Supervisory Board

Management Committee
Dr. Mark Wössner
Rainer Wagner
Martin Blessing
Martin Gauß
Mirko Geiger
Dr. Gerhard Rupprecht

Mediation Committee under Article 27 Subsection 3 of the Codetermination Act
Dr. Mark Wössner
Rainer Wagner
Martin Blessing
Wolfgang Flörchinger

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

Audit Committee
Dr. Klaus Sturany
Prof. Dr. Clemens Börsig
Mirko Geiger
Rainer Wagner

The Management Board

Bernhard Schreier
Chairman of the
Management Board

Dirk Kaliebe
– since October 1, 2006 –

Dr. Herbert Meyer
– through September 30, 2006 –

Dr. Jürgen Rautert

Financial Calendar 2006/2007

May 9, 2007	Publication of Preliminary Figures 2006/2007
June 13, 2007	Press Conference, Annual Analysts' and Investors' Conference
July 26, 2007	Annual General Meeting
August 2, 2007	Publication of 1st Quarter Figures 2007/2008
November 6, 2007	Publication of Half-Year Figures 2007/2008

Subject to change

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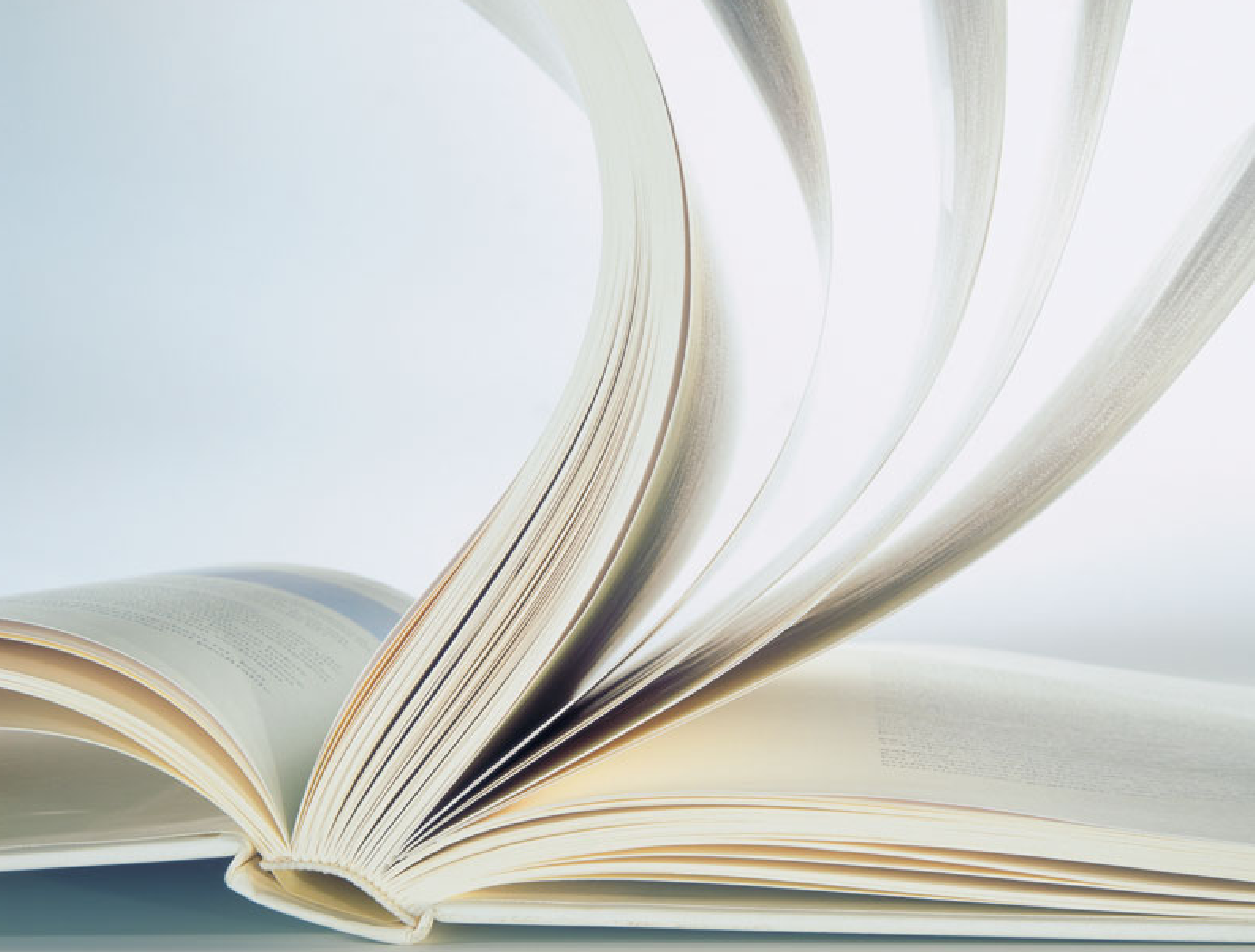

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