Q3

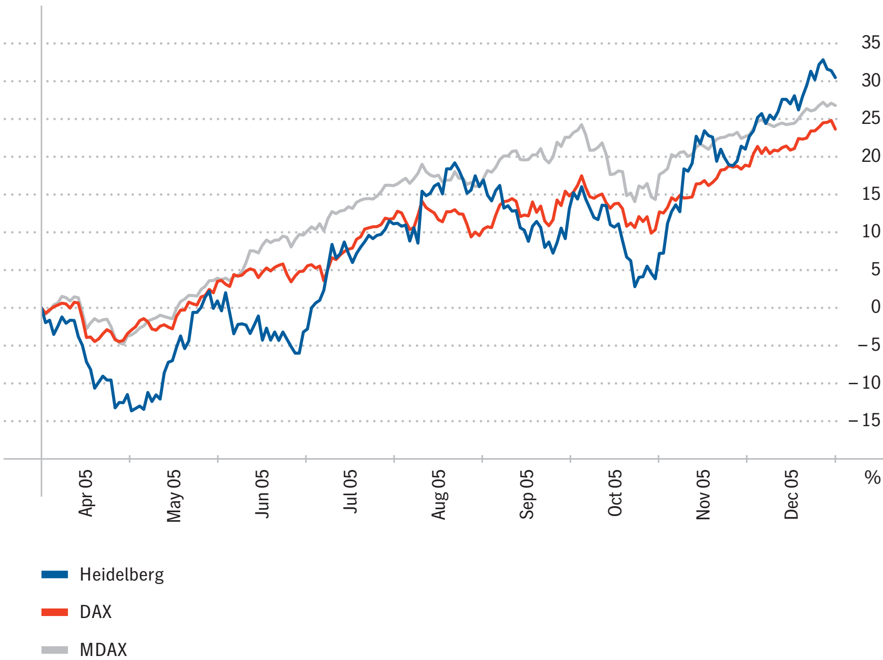
INTERIM FINANCIAL REPORT

3rd QUARTER 2005/2006

HEIDELBERG

PERFORMANCE OF THE HEIDELBERG SHARE

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



KEY PERFORMANCE DATA

Figures in € millions

	Q1 to Q3 prior year[2]	Q1 to Q3 2005/2006	Q3 prior year	Q3 2005/2006
Incoming orders	2,920	2,725	823	965
Net sales	2,384	2,437	860	908
Result of operating activities[1]	35	143	69	72
Restructuring expenses	11	–	2	–
Net loss/profit	– 18	67	41	34
– in percent of sales	– 0.8	2.7	4.8	3.7
Cash flow	85	215	96	96
– in percent of sales	3.6	8.8	11.2	10.6
Free cash flow	– 74	– 27	137	32
Investments	104	109	37	43
Earnings per share in €	– 0.26	0.71	0.45	0.38

[1] Before restructuring expenses

[2] Including discontinuing operations: incoming orders € 192 million (Q3: € 0 million); net sales € 153 million (Q3: € 0 million); result of operating activities € – 40 million (Q3: € 0 million)

Contents

The Heidelberg Share

REGIONAL SPLITTING OF IDENTIFIED FREE FLOAT

Share in percent

USA	44
UK	23
Germany	16
Others	17

Source: Thomson Financial Shareholder Identification Report November 2005

The two major German share indexes, the DAX and the MDAX, continued their favorable development during the third quarter of the financial year. Following initial losses at the beginning of the quarter, since November the German stock market has once again posted considerable gains. The Heidelberg share also successfully continued its upward trend, posting € 32.32 at the end of calendar year 2005. In other words, the price of a Heidelberg share rose by 14 percent during the last quarter and by 29 percent since the beginning of the financial year! The return on an investment in our share thereby exceeded the reference indexes DAX and MDAX.

The share's positive trend during the third quarter followed a favorable business development during the first six months of the financial year which we were able to confirm on the occasion of the publication of our financial figures for the first half-year on November 8, 2005. At the same time, the Management Board announced a share buyback program: All in all, the Company intends to repurchase shares amounting to up to 5 percent of its capital stock on the stock market through January 2007 at the latest. The Annual General Meeting approved a corresponding authorization. The repurchased shares are earmarked for capital retirement and for employee share participation programs. Heidelberg provides ongoing information concerning the course of the buy-back program at www.heidelberg.com.

The widespread international distribution of ownership of Heidelberg's shares is proof of its attractiveness: more than 80 percent of identified free float are held by institutional investors abroad.

KEY PERFORMANCE DATA OF THE HEIDELBERG SHARE

Figures in €

	Q3 prior year	**Q3 2005/2006**
Earnings per share	0.45	0.38
Cash flow per share	1.12	1.12
Price-cash flow ratio 1)	22.32	28.86
Share price – high	25.97	32.91
Share price – low	22.45	25.40
Share price – beginning of the quarter 2)	24.02	28.30
Share price – end of the quarter 2)	25.00	32.32
Market capitalization at the end of the quarter in € millions	2,148	2,745
Number of shares in thousands	85,908	84,938

1) Based on Xetra end-of-quarter closing price; source: Bloomberg
2) Xetra closing price

Underlying Conditions

Following a record year in 2004, the global economy is expected to have generated a brisk 4.2 percent growth in 2005 as well. The US and China continued to serve as the driving forces for economic growth, but following Japan's past stagnation, that country posted growth as well. The increase in energy prices – the price of crude oil in particular continued to reach new record levels – was less of a burden on the economy during the year than had been feared. This resulted, among other things, from continuing expansionary monetary policies in the industrialized countries as well as strong corporate earnings.

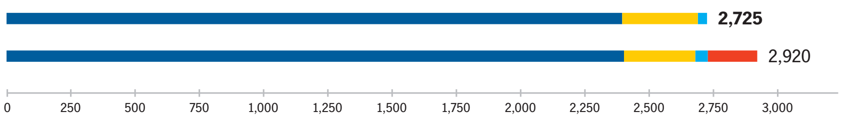
As in the past, the European economy was characterized by slow growth and sluggish consumer confidence. Only a slight boost in demand from abroad resulted in growth of 1.4 percent last year. The economic upswing is proceeding rather slowly in Germany as well. Nevertheless, restrained optimism is gradually becoming more noticeable. The emerging markets in Latin America and in the Far Eastern region continue to post stable growth. In Russia, continuing high growth rates are being overshadowed by difficult underlying political conditions.

The more favorable business environment is also having an impact on the print media industry. The German printing industry in particular is reporting an improved business outlook and a greater propensity to invest. Capacity utilization is also continually expanding in the US, albeit starting from a low level.

Business Development

INCOMING ORDERS BY DIVISION

Figures in € millions



	2005/2006, Q1 to Q3	2004/2005, Q1 to Q3
Press	**2,395**	2,402
Postpress	**294**	277
Financial Services	**36**	49
Continuing Operations	**2,725**	**2,728**
Discontinuing Operations	**0**	192
Heidelberg Group	**2,725**	**2,920**
Q3		
Press	**838**	710
Postpress	**116**	98
Financial Services	**11**	15
Heidelberg Group	**965**	**823**

Our **incoming orders** in the third quarter of the current financial year make clear that the print media industry is on track to overcome its deep crisis of recent years. The quarterly volume of orders of € 965 million again surpassed our expectations – the result in particular of the improved basic economic conditions in key markets of the euro zone as well as continuing strong demand in Asia. The US market was somewhat weaker, with third quarter incoming orders falling short of our projections. Consolidated incoming orders for the entire financial year to date of € 2,725 million even matched the previous year's high order volume (continuing operations), which included orders received at the drupa trade show.

The **order backlog,** which rose further due to the high order volume during the past few months, amounted to € 1,319 million as of December 31, 2005 – 6 percent higher than the previous year's figure. The length of orders of the Heidelberg Group thereby increased to 4.6 months.

With **sales** totaling € 908 million, as expected the third quarter posted the highest level of sales so far in the current year, with growth over the previous year at nearly 6 percent. On a cumulative basis through December 31, 2005, the Heidelberg Group generated a sales volume of € 2,437 million – a 9 percent increase over the same period the previous year! We achieved strong growth primarily in certain European markets – for example, in France, Italy, and Scandinavia – as well as in Latin America and Asia. We also anticipate high levels of sales in the fourth quarter of the financial year.

NET SALES BY DIVISION

Figures in € millions

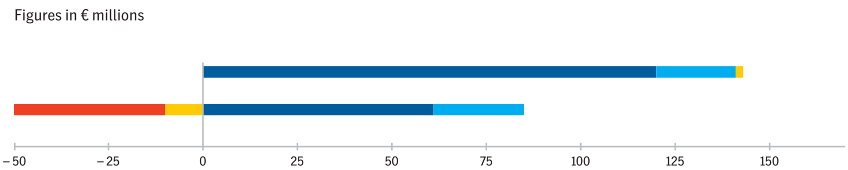
	Q1 to Q3 prior year	**Q1 to Q3 2005/2006**	Q3 prior year	**Q3 2005/2006**
Press	1,938	2,130	751	800
Postpress	244	271	94	97
Financial Services	49	36	15	11
Continuing Operations	2,231	2,437	860	908
Discontinuing Operations	153	0	0	0
Heidelberg Group	2,384	2,437	860	908

Net Assets, Financial Position, and Results of Operations

During the third quarter of the financial year, the Heidelberg Group earned a **result of operating activities** before restructuring expenses of € 72 million. The operating return on sales amounted to 7.9 percent. We consequently generated an overall result of operating activities of € 143 million during the first nine months of the financial year – nearly double the comparable previous year's figure! This development reflects not only our lower structural cost basis, but the greater profit contributions resulting from the growth in sales as well. Nevertheless, exchange rate developments and continuing high raw material prices had a dampening effect. The previous year's result had still been burdened by the costs of the drupa trade show.

In addition to the operating result, the financial result was also higher than in the previous year. **Pre-tax income** thus amounted to € 115 million through December 31, 2005. Third quarter **net profit** of € 34 million was slightly higher than the previous quarter's figure. For the three quarters overall, net profit amounted to € 67 million, compared with a negative result for the same period the previous year. Earnings per share of € 0.71 were generated for the current financial year to date.

RESULT OF OPERATING ACTIVITIES[1)]



	2005/2006, Q1 to Q3	2004/2005, Q1 to Q3
Press	**120**	61
Postpress	**2**	– 10
Financial Services	**21**	24
Continuing Operations	**143**	**75**
Discontinuing Operations	**0**	– 40
Heidelberg Group	**143**	**35**

Q3		
Press	**57**	61
Postpress	**4**	2
Financial Services	**11**	6
Heidelberg Group	**72**	**69**

[1)] Before restructuring expenses

The **total assets** of the Heidelberg Group again remained relatively unchanged through the end of the third quarter of the current financial year, amounting to € 3,692 million as of December 31, 2005. The increase to date during the current financial year thereby totals € 64 million – of which alone € 42 million was attributable to exchange rate fluctuations.

Among assets, long-term assets declined since the beginning of the financial year – a development that resulted primarily from the additional amortization of receivables from customer financing. Short-term assets rose, due mainly to the increase in trade receivables and inventories. Nevertheless, we anticipate a marked decline in inventories by financial year-end.

Among liabilities and net worth, shareholders' equity grew due to the greater earnings during the financial year to date. The share buyback program, which was launched in November, is having an opposing influence. Thus, through December 31, 2005 shareholders' equity fell by € 31 million. Our equity ratio continued to amount to 34 percent. Long-term liabilities rose during the financial year – due among other things to the capital requirement for the share buyback program as well as a modest increase in our pension provisions. Total short-term borrowed funds declined compared with the end of the previous financial year. Net financial debt at the end of the third quarter amounted to € 175 million, thereby not increasing despite the charges in connection with the share buyback program since the end of the last quarter.

Also due to the positive results, we generated a **cash flow** of € 96 million during the third quarter. Cash flow for the nine months of the financial year amounted to € 215 million, or 9 percent of sales. We have thereby achieved considerable improvement over the previous year – attributable among others to the partial charge for discontinuing operations in the previous year.

In the area of **other operating changes,** during the financial year to date we recorded a higher level of net cash used of € –144 million compared with the previous year. This is based primarily on the higher cash flow generated in the previous year due to the outplacement of customer financing. On the other hand, due to the solid order backlog, net cash used increased in the current financial year in connection with higher inventories and trade receivables.

BALANCE SHEET STRUCTURE

Figures in € millions

	31-Mar-2005	in percent of total assets	**31-Dec-2005**	in percent of total assets
Long-term assets	1,426	39	1,350	37
Short-term assets	2,202	61	2,342	63
Total assets	3,628	100	3,692	100
Shareholders' equity	1,232	34	1,266	34
Long-term liabilities	1,348	37	1,431	39
Short-term liabilities	1,048	29	995	27
Total assets	3,628	100	3,692	100

Cash used in investment activity was also greater than in the previous year. This is attributable not only to the increase in investment activity, but also to the significantly greater asset disposals in the previous year.

Overall, the favorable developments in the cash flow statement thereby continued. With **free cash flow** at € 32 million, we again achieved a positive figure for the quarter. For the first three quarters of the year, therefore, overall free cash flow improved. Nevertheless, it was still a negative figure of € –27 million.

CASH FLOW STATEMENT

Figures in € millions

	Q1 to Q3 prior year	**Q1 to Q3 2005/2006**
Cash flow	85	215
Other operating changes	– 97	– 144
– of which: inventories	(– 134)	(– 173)
– of which: receivables from customer financing	(160)	(61)
– of which: trade receivables	(85)	(– 12)
Net cash used in investing activities	– 62	– 98
Free cash flow	– 74	– 27[1)]
– of which: discontinuing operations	(– 102)	(–)

1) Includes an allocation to the pension fund of a foreign affiliate of € 13 million

Divisions

During the third quarter of the financial year, we were again successful in generating excellent incoming orders for the **Press** Division. This division benefited not only from the ongoing economic upswing in some markets, but from the Russian trade show Polygraphinter and from the 'Open Houses' in Germany as well. We continue to be highly pleased with the volume of orders for our Speedmaster XL 105, which has generated vigorous demand, particularly in Germany. This new printing press is also a significant factor in our sales growth over the previous year. We were also able to boost the volume of Prepress business. The Press Division's result of operating activities for the first three quarters increased to € 120 million, thereby doubling the previous year's figure. At the end of the third quarter, the division had a total of 16,692 employees.

The **Postpress** Division also was successful during the third quarter, generating incoming orders of € 116 million. Nevertheless, as in the previous quarters, the Packaging business still did not live up to our expectations. In terms of sales, in both the third quarter as well as during the overall financial year to date, this division surpassed its comparable previous year's figures. We are pleased that Postpress was again successful in achieving a favorable result during the third quarter, thereby exceeding the break-even point for three quarters on a cumulative basis. The construction of our new assembly line in China is proceeding according to plan. The total of 1,946 employees remained unchanged compared with the end of the previous financial year.

The measures introduced for the outplacement of the customer financing business of the **Financial Services** Division achieved further successes. Again during the third quarter, receivables from customer financing declined despite opposing exchange rate effects, amounting to € 508 million as of December 31, 2005. For this reason, both interest income and the result of operating activities remained below the previous year's figures. In December, we sold the remaining receivable portfolio of the ABS program, which we had launched in financial year 2000/2001. Following the planned reduction in volume, we were able to sell it off for the most part. The previous counter-liability was consequently terminated and the administrative expense for our receivables management declined considerably. This division had a total of 84 employees as of December 31, 2005.

Regions

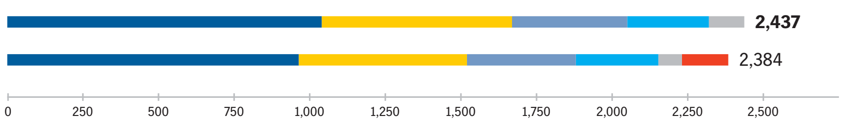
The **Europe, Middle East and Africa** region recorded a surprisingly high level of incoming orders of € 429 million during the third quarter. Particularly favorable were developments in the markets of the UK and Germany. We welcomed over 7,600 visitors to the traditional autumn 'Open Houses' in Germany. The success of this series of events was also reflected in the volume of sales contracts. On a cumulative basis, the volume of orders generated in this region for the first nine months of the year reached € 1,167 million. Sales in the third quarter remained at the previous year's level, whereas the figure for the entire financial year to date grew by 8 percent to € 1,040 million.

NET SALES BY REGION

Figures in € millions

2005/2006, Q1 to Q3

2004/2005, Q1 to Q3



	2005/2006, Q1 to Q3	2004/2005, Q1 to Q3
Europe, Middle East and Africa	**1,040**	964
Eastern Europe	**270**	273
North America	**381**	360
Latin America	**117**	78
Asia/Pacific	**629**	556
Continuing Operations	**2,437**	**2,231**
Discontinuing Operations	**0**	153
Heidelberg Group	**2,437**	**2,384**

Q3

	2005/2006	2004/2005
Europe, Middle East and Africa	**378**	382
Eastern Europe	**98**	96
North America	**155**	155
Latin America	**48**	26
Asia/Pacific	**229**	201
Heidelberg Group	**908**	**860**

The **Eastern Europe** region is currently not living up to our expectations. During the third quarter, however, due among other things to our successful presence at the Russian trade show Polygraphinter, incoming orders amounted to € 110 million. Nevertheless, the previous year's high volume of orders in this region could not be matched in the overall year to date. The printing industry appears to be especially strong in Poland at present. We installed among others a Speedmaster XL 105 in that country in October at the largest print shop in Eastern Europe. The sales in the region for both the individual quarter as well as for the first three quarters overall correspond approximately to the previous year's level.

Following the trade show Print 05, the incoming orders of the **North America** region were relatively weak during the third quarter, remaining considerably below the previous year's figure. Only our forecast for sales, which totaled € 155 million, was fulfilled during the third quarter. On a cumulative basis as well we were successful in generating 6 percent growth over the previous year to € 381 million.

The **Latin America** region remained stable following years of political and economic turmoil. This is also one of the reasons for the favorable development of our incoming orders and sales, which posted substantial growth for both the quarter as well as for the first nine months overall compared to the previous year's figures.

The **Asia/Pacific** region continued to be the mainstay of our growth in incoming orders and sales in the third quarter as well. With a third quarter order volume of € 262 million, the region was successful in posting growth over the same quarter the previous year in the three principal markets of China, Japan, and Australia, as well as in most of the smaller East Asian markets. Sales also posted healthy growth, for the first nine months of the financial year rising by 13 percent over the previous year's figure to € 629 million.

INCOMING ORDERS BY REGION

Figures in € millions

	Q1 to Q3 prior year	Q1 to Q3 2005/2006	Q3 prior year	Q3 2005/2006
Europe, Middle East and Africa	1,201	1,167	341	429
Eastern Europe	317	293	92	110
North America	440	384	169	129
Latin America	100	121	33	35
Asia/Pacific	670	760	188	262
Continuing Operations	2,728	2,725	823	965
Discontinuing Operations	192	0	0	0
Heidelberg Group	2,920	2,725	823	965

Research and Development

The Heidelberg Group's R&D rate in relation to sales amounted to 6.4 percent for the first nine months of the financial year. This necessitated expenses for research and development of € 155 million – 6 percent higher than the previous year's figure (continuing operations).

At its Year-End Trade Press Conference held on December 8, 2005, Heidelberg announced the start of a new development project: a new generation of printing presses in the larger format categories 6 [102 × 142 cm (40.2 × 55.9 inch)] and 7b [120 × 162 cm (47.2 × 63.8 inch)] will be launched at drupa 2008. This expansion of the product portfolio is designed to expand Heidelberg's market leadership in the Sheetfed Offset segment. These new printing presses, whose biggest market is currently package printing, will be assembled at the Company's main plant in Wiesloch in a specially constructed assembly hall.

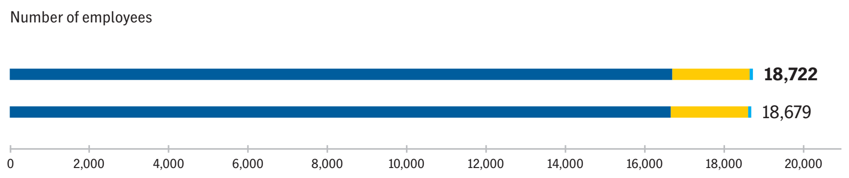
Investments

Consolidated cash expenditure in tangible and intangible assets amounted to € 109 million for the first three quarters of the financial year, with growth thereby of 9 percent over the comparable previous year's figure, which was in line with the increase in sales.

The significant driving forces underlying our investment activity are the production startup of our new products and the continuous enhancement of our competitiveness. Our demanding products necessitate the most modern manufacturing facilities.

Employees

EMPLOYEES



	December 31, 2005	March 31, 2005
Press	**16,692**	16,653
Postpress	**1,946**	1,946
Financial Services	**84**	80
Heidelberg Group	**18,722**	**18,679**

The Heidelberg Group had a total of 18,722 employees as of December 31, 2005. This figure again thereby changed insignificantly during the third quarter of the financial year, falling by 52 from the end of the second quarter. The number of employees rose slightly compared with the end of the previous financial year due to the startup of the new training year in September. The training quota at our German plants is just over 6 percent at present.

We again made available an employee share participation program in the current financial year. Eligible employees had the right to acquire up to five Heidelberg shares at favorable conditions.

Corporate Risks

The current economic turnaround is serving to reduce the dampening influences on the propensity to invest. Nevertheless, a deterioration in general economic conditions continues to represent the principal risk faced by the Heidelberg Group.

There are currently no recognizable risks that could threaten the existence of the Heidelberg Group. A detailed presentation of corporate risks as well as a description of our risk management system can be found in our Annual Report 2004/2005, beginning on page 71. The statements presented there are basically still applicable.

Outlook

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

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

> THE 3RD QUARTER IN REVIEW

FINANCIAL YEAR 2005/2006

> THE 3RD QUARTER 2005/2006 IN REVIEW

October 16, 2005
Heidelberg enjoys success at Polygraphinter in Moscow

November 8, 2005
Management Board decides to initiate share buyback program

November 18, 2005
'Heidelberg Remote Services' voted IT Application of the Year

October

November

10/2005

11/2005

Heidelberg Enjoys Success at Polygraphinter in Moscow

October 16, 2005 +++ Over 10,000 visitors and customers make themselves familiar with Heidelberg's range of solutions +++

At the Russian trade show Polygraphinter, which took place in Moscow from October 10 – 16, 2005, Heidelberg showcased its range of solutions to over 10,000 visitors and customers. The show saw the unveiling of a project to implement the first Speedmaster XL 105 in Russia. Heidelberg has been represented in Russia since 1996. Alongside its headquarters in Moscow, it has 17 sites in all major cities across the country.

Management Board Decides to Initiate Share Buyback Program

November 8, 2005 +++ Up to five percent of capital stock to be acquired +++

Along with the release of the half-year figures, Heidelberg's Management Board announced its decision to acquire shares amounting to up to five percent of its capital stock. The repurchased shares are earmarked for capital retirement and employee share participation programs. The share buyback shall be completed by January 2007 at the latest.

'Heidelberg Remote Services' Voted IT Application of the Year

November 18, 2005 +++ Judges praise project's forward-looking complete package +++

The 'Heidelberg Remote Services' (HEIRES) project from Heidelberger Druckmaschinen Aktiengesellschaft has won the 2005 IT application of the year competition organized by IT magazine Computerwoche and business consultants Gartner Deutschland. The global, web-based remote service concept records status and irregularities of the machines and makes this information available to the Heidelberg service engineers. Additionally, the system is able to report faults automatically to Heidelberg. This gives customers greater press availability at a lower cost.

Board member Dr. Jürgen Rautert – Engineering and Manufacturing

Year-End Trade Press Conference: Heidelberg Plans to Extend Product Portfolio with Larger Presses

December 8, 2005 +++ Lead on sheetfed market to be extended +++

At the year-end trade press conference Heidelberg announced plans to extend its existing product portfolio with the development of a new generation of presses for a larger format class. This new generation of presses in the 6 [102 × 142 centimeter (40.2 × 55.9 inch)] and 7b [120 × 162 centimeter (47.2 × 63.8 inch)] format classes will be showcased on the occasion of drupa 2008. With this new offering, Heidelberg intends to enhance its lead in the sheetfed sector. At present, the most important market for large-format sheetfed presses is in packaging, a relatively fast-growing market segment. The new presses are being developed in Heidelberg and assembled at the main German plant in Wiesloch in a specially constructed assembly hall.

Year-End Trade Press Conference: Cooperation Agreement with Saueressig Security International (SSI)

December 8, 2005 +++ Protection against brand piracy in packaging printing +++

At the year-end trade press conference, Heidelberg also announced the conclusion of a cooperation agreement with SSI aimed at developing an embossing unit for producing security features such as hidden graphics and images. This will provide end customers with effective protection against brand piracy. Demand is enormous: According to estimates from customs authorities, forgeries account for seven to ten percent of world trade.

Protection against brand piracy: On an apparently normal packaging a decoder is used to reveal the hidden image.

> CONSOLIDATED INTERIM FINANCIAL STATEMENTS

OF THE HEIDELBERG GROUP

FOR THE PERIOD
APRIL 1, 2005 TO DECEMBER 31, 2005

Interim income statement of the Heidelberg Group April 1, 2005 to December 31, 2005

> INTERIM INCOME STATEMENT[1)]

Figures in € thousands

	Note	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**
Net sales		2,384,206	2,436,559
– of which: discontinuing operations		(153,175)	(–)
Change in inventories		79,078	125,800
Other own work capitalized		48,062	31,202
Total operating performance		2,511,346	2,593,561
Other operating income	4	168,983	148,796
Cost of materials	5	1,111,039	1,138,057
Personnel expenses		857,593	803,208
Depreciation and amortization		86,494	92,903
Other operating expenses	6	590,700	565,675
Result of operating activities before restructuring expenses		34,503	142,514
Restructuring expenses	7	10,764	–
Result of operating activities after restructuring expenses		23,739	142,514
– of which: discontinuing operations		(– 42,009)	(–)
Result from the equity valuation		– 9,466	–
– of which: discontinuing operations		(– 8,236)	(–)
Financial income	8	20,204	27,070
Financial expenses	9	47,054	54,969
Financial result		– 36,316	– 27,899
Pre-tax income		– 12,577	114,615
– of which: discontinuing operations		(– 54,650)	(–)
Taxes on income		5,849	47,512
– of which: discontinuing operations		(7,626)	(–)
Net loss/profit		– 18,426	67,103
– of which: discontinuing operations		(– 62,276)	(–)
Minority interests		3,579	6,075
Net loss/profit – Heidelberg portion		– 22,005	61,028
Undiluted/diluted earnings per share according to IAS 33 (in € per share)[2)]	10	– 0.26	0.71
– of which: discontinuing operations		(– 0.73)	(0.00)

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

2) Earnings per share before restructuring expenses amount to € 0.71 (previous year: € – 0.13)

Interim income statement of the Heidelberg Group October 1, 2005 to December 31, 2005

> INTERIM INCOME STATEMENT[1)]

Figures in € thousands

	1-Oct-2004 to 31-Dec-2004	**1-Oct-2005 to 31-Dec-2005**
Net sales	859,992	908,023
– of which: discontinuing operations	(–)	(–)
Change in inventories	– 376	28,505
Other own work capitalized	17,111	10,564
Total operating performance	876,727	947,092
Other operating income	41,364	41,382
Cost of materials	364,743	416,642
Personnel expenses	271,454	272,525
Depreciation and amortization	28,011	30,067
Other operating expenses	185,376	197,831
Result of operating activities before restructuring expenses	68,507	71,409
Restructuring expenses	1,908	–
Result of operating activities after restructuring expenses	66,599	71,409
– of which: discontinuing operations	(–)	(–)
Result from the equity valuation	– 1,134	–
– of which: discontinuing operations	(–)	(–)
Financial income	6,387	9,083
Financial expenses	17,839	21,100
Financial result	– 12,586	– 12,017
Pre-tax income	54,013	59,392
– of which: discontinuing operations	(–)	(–)
Taxes on income	13,429	24,909
– of which: discontinuing operations	(–)	(–)
Net profit	40,584	34,483
– of which: discontinuing operations	(–)	(–)
Minority interests	1,734	1,985
Net profit – Heidelberg portion	38,850	32,498
Undiluted / diluted earnings per share according to IAS 33 (in € per share)[2)]	0.45	0.38
– of which: discontinuing operations	(0.00)	(0.00)

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

2) Earnings per share before restructuring expenses amount to € 0.38 (previous year: € 0.48)

> INTERIM INCOME STATEMENT – QUARTERLY OVERVIEW

Figures in € thousands

	1-Apr-2005 to 30-Jun-2005	1-Jul-2005 to 30-Sep-2005	1-Oct-2005 to 31-Dec-2005	**1-Apr-2005 to 31-Dec-2005**
Net sales	659,858	868,678	908,023	2,436,559
– of which: discontinuing operations	(–)	(–)	(–)	(–)
Change in inventories	105,371	– 8,076	28,505	125,800
Other own work capitalized	10,962	9,676	10,564	31,202
Total operating performance	776,191	870,278	947,092	2,593,561
Other operating income	65,303	42,111	41,382	148,796
Cost of materials	359,731	361,684	416,642	1,138,057
Personnel expenses	266,333	264,350	272,525	803,208
Depreciation and amortization	30,914	31,922	30,067	92,903
Other operating expenses	177,668	190,176	197,831	565,675
Result of operating activities before restructuring expenses	6,848	64,257	71,409	142,514
Restructuring expenses	–	–	–	–
Result of operating activities after restructuring expenses	6,848	64,257	71,409	142,514
– of which: discontinuing operations	(–)	(–)	(–)	(–)
Result from the equity valuation	–	–	–	–
– of which: discontinuing operations	(–)	(–)	(–)	(–)
Financial income	10,576	7,411	9,083	27,070
Financial expenses	16,705	17,164	21,100	54,969
Financial result	– 6,129	– 9,753	– 12,017	– 27,899
Pre-tax income	719	54,504	59,392	114,615
– of which: discontinuing operations	(–)	(–)	(–)	(–)
Taxes on income	441	22,162	24,909	47,512
– of which: discontinuing operations	(–)	(–)	(–)	(–)
Net profit	278	32,342	34,483	67,103
– of which: discontinuing operations	(–)	(–)	(–)	(–)
Minority interests	1,003	3,087	1,985	6,075
Net loss/profit – Heidelberg portion	– 725	29,255	32,498	61,028
Undiluted / diluted earnings per share according to IAS 33 (in € per share)	– 0.01	0.34	0.38	0.71
– of which: discontinuing operations	(0.00)	(0.00)	(0.00)	(0.00)

Interim balance sheet of the Heidelberg Group as of December 31, 2005

> ASSETS[1)]

Figures in € thousands

	Note	31-Mar-2005	31-Dec-2005
Long-term assets			
Intangible assets	11	239,943	233,676
Tangible assets	11	539,090	542,241
Financial assets	11	48,875	53,194
Receivables from customer financing	12	392,684	357,854
Other receivables and other assets	12	83,807	46,774
Deferred taxes		122,128	115,575
		1,426,527	1,349,314
Short-term assets			
Inventories	13	785,666	964,641
Receivables from customer financing	12	171,993	150,219
Trade receivables	12	575,766	594,276
Other receivables and other assets	12	183,138	167,777
Marketable securities		353,828	367,839
Cash and cash equivalents		131,376	97,541
		2,201,767	2,342,293
		3,628,294	3,691,607

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

> EQUITY AND LIABILITIES[1)]

Figures in € thousands

	Note	31-Mar-2005	31-Dec-2005
Shareholders' equity	14		
Subscribed capital		219,926	217,443
Capital and revenue reserves		922,793	946,721
Net profit – Heidelberg portion		54,075	61,028
		1,196,794	1,225,192
Minority interests		35,330	40,103
		1,232,124	1,265,295
Long-term liabilities			
Provisions for pensions and similar obligations	15	594,532	611,677
Other provisions	16	271,293	285,686
Financial liabilities	17	377,741	421,841
Other liabilities	18	37,378	39,804
Deferred income taxes		66,902	72,156
		1,347,846	1,431,164
Short-term liabilities			
Other provisions	16	378,573	312,585
Financial liabilities	17	237,689	249,111
Trade payables		211,430	179,884
Other liabilities	18	220,632	253,568
		1,048,324	995,148
		3,628,294	3,691,607

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

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

Figures in € thousands	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**
Net loss/profit	– 18,426	67,103
Depreciation and amortization/write-ups to intangible assets, tangible assets, and financial assets	86,306	96,315
Change in pension provisions	18,706	16,814
Change in deferred taxes/tax provisions	– 3,072	34,743
Result from the equity valuation	9,466	–
Result from the disposal of fixed assets	– 7,798	– 201
Cash flow	85,182	214,774
– of which: discontinuing operations	(– 40,866)	(–)
Change in inventories	– 133,514	– 172,784
Change in customer financing	160,141	61,122
Change in receivables/trade payables	– 12,700	– 47,829
Change in other provisions	– 72,374	– 73,980
Change in other balance sheet items	– 38,360	89,578
Other operating changes	– 96,807	– 143,893
Cash outflow/inflow from operating activities	– 11,625	70,881
– of which: discontinuing operations	(– 88,958)	(–)
Intangible assets/tangible assets		
Investments	– 103,852	– 109,353
Proceeds from disposals	45,169	29,393
Financial assets		
Investments	– 9,663	– 5,483
Proceeds from disposals	6,154	106
Funding of pensions[2)]	–	– 13,011
Outflow of funds from investment activity	– 62,192	– 98,348
– of which: discontinuing operations	(– 12,579)	(–)
Free cash flow	– 73,817	– 27,467
– of which: discontinuing operations	(– 101,537)	(–)
Treasury stock	–	– 31,055
Dividend payment	– 1,817	– 27,302
Change in financial liabilities	43,526	48,523
Cash inflow/outflow from financing activity	41,709	– 9,834
– of which: discontinuing operations	(104,116)	(–)
Net change in cash and cash equivalents	– 32,108	– 37,301
Cash and cash equivalents at the beginning of the financial year	120,092	131,537
Changes in the scope of the consolidation	– 2,877	–
Currency adjustments	– 3,202	3,482
Net change in cash and cash equivalents	– 32,108	– 37,301
Cash and cash equivalents at the end of the quarter	81,905	97,718

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

2) Relates to: allocation to reserves of a foreign affiliate

> CONSOLIDATED CASH FLOW STATEMENT OF THE HEIDELBERG GROUP – QUARTERLY OVERVIEW

Figures in € thousands	1-Apr-2005 to 30-Jun-2005	1-Jul-2005 to 30-Sep-2005	1-Oct-2005 to 31-Dec-2005	**1-Apr-2005 to 31-Dec-2005**
Net profit	278	32,342	34,483	67,103
Depreciation and amortization/write-ups to intangible assets, tangible assets, and financial assets	30,914	31,922	33,479	96,315
Change in pension provisions	6,584	5,207	5,023	16,814
Change in deferred taxes/tax provisions	– 5,725	17,902	22,566	34,743
Result from the equity valuation	–	–	–	–
Result from the disposal of fixed assets	– 369	– 189	357	– 201
Cash flow	31,682	87,184	95,908	214,774
– of which: discontinuing operations	(–)	(–)	(–)	(–)
Change in inventories	– 134,992	– 17,409	– 20,383	– 172,784
Change in customer financing	9,650	30,508	20,964	61,122
Change in receivables/trade payables	29,214	– 48,089	– 28,954	– 47,829
Change in other provisions	– 57,731	5,881	– 22,130	– 73,980
Change in other balance sheet items	40,465	17,981	31,132	89,578
Other operating changes	– 113,394	– 11,128	– 19,371	– 143,893
Cash outflow/inflow from operating activities	– 81,712	76,056	76,537	70,881
– of which: discontinuing operations	(–)	(–)	(–)	(–)
Intangible assets/tangible assets				
Investments	– 28,704	– 36,986	– 43,663	– 109,353
Proceeds from disposals	5,020	10,891	13,482	29,393
Financial assets				
Investments	– 254	– 3,012	– 2,217	– 5,483
Proceeds from disposals	54	39	13	106
Funding of pensions	–	–	– 13,011	– 13,011
Outflow of funds from investment activity	– 23,884	– 29,068	– 45,396	– 98,348
– of which: discontinuing operations	(–)	(–)	(–)	(–)
Free cash flow	– 105,596	46,988	31,141	– 27,467
– of which: discontinuing operations	(–)	(–)	(–)	(–)
Treasury stock	–	–	– 31,055	– 31,055
Dividend payment	– 82	– 27,220	–	– 27,302
Change in financial liabilities	83,406	– 34,881	– 2	48,523
Cash inflow/outflow from financing activity	83,324	– 62,101	– 31,057	– 9,834
– of which: discontinuing operations	(–)	(–)	(–)	(–)
Net change in cash and cash equivalents	– 22,272	– 15,113	84	– 37,301
Cash and cash equivalents at the beginning of the quarter	131,537	112,630	96,700	131,537
Changes in the scope of the consolidation	–	–	–	–
Currency adjustments	3,365	– 817	934	3,482
Net change in cash and cash equivalents	– 22,272	– 15,113	84	– 37,301
Cash and cash equivalents at the end of the quarter	112,630	96,700	97,718	97,718

> DEVELOPMENT OF SHAREHOLDERS' EQUITY[1)]

Figures in € thousands

			Revenue reserves				
	Subscribed capital[2)]	Capital reserve	Other revenue reserves	Foreign currency translation	Market evaluation of hedging trans-actions	Market evaluation of other financial assets	Total retained earnings
April 1, 2004	219,926	2,645	1,777,316	– 84,155	– 13,894	– 1,461	1,677,806
Dividend payment	–	–	–	–	–	–	–
Net loss/profit	–	–	– 700,933	–	–	–	– 700,933
Foreign currency changes	–	–	–	– 22,139	–	–	– 22,139
Market evaluation of financial assets/cash flow hedges	–	–	–	–	6,517	90	6,607
Reversals booked to the income statement	–	–	–	–	17,265	– 1,155	16,110
Consolidations/other changes	–	1,156	– 5,597	– 47,519	–	–	– 53,116
December 31, 2004	219,926	3,801	1,070,786	– 153,813	9,888	– 2,526	924,335
April 1, 2005	219,926	2,645	1,073,008	– 151,297	– 2,902	1,339	920,148
Dividend payment	–	–	–	–	–	–	–
Treasury stock (change)	– 2,483	–	– 28,572	–	–	–	– 28,572
Net profit	–	–	28,302	–	–	–	28,302
Foreign currency changes	–	–	–	13,657	–	–	13,657
Market evaluation of financial assets/cash flow hedges	–	–	–	–	– 29,655	16,800	– 12,855
Reversals booked to the income statement	–	–	–	–	16,300	– 848	15,452
Consolidations/other changes	–	–	7,944	–	–	–	7,944
December 31, 2005	217,443	2,645	1,080,682	– 137,640	– 16,257	17,291	944,076

Total capital and revenue reserves	Net loss/profit Heidelberg portion	Shares of the Heidelberg Group	Minority interests	Total
1,680,451	– 700,933	1,199,444	31,299	1,230,743
–	–	–	– 1,817	– 1,817
– 700,933	678,928	– 22,005	3,579	– 18,426
– 22,139	–	– 22,139	– 285	– 22,424
6,607	–	6,607	–	6,607
16,110	–	16,110	–	16,110
– 51,960	–	– 51,960	10	– 51,950
928,136	– 22,005	1,126,057	32,786	1,158,843
922,793	54,075	1,196,794	35,330	1,232,124
–	– 25,773	– 25,773	– 1,529	– 27,302
– 28,572	–	– 31,055	–	– 31,055
28,302	32,726	61,028	6,075	67,103
13,657	–	13,657	249	13,906
– 12,855	–	– 12,855	–	– 12,855
15,452	–	15,452	–	15,452
7,944	–	7,944	– 22	7,922
946,721	61,028	1,225,192	40,103	1,265,295

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

2) Of Heidelberger Druckmaschinen Aktiengesellschaft

Segment information of the Heidelberg Group April 1, 2005 to December 31, 2005

> SEGMENT INFORMATION BY DIVISION[1)2)]

Figures in € thousands

	Press		Postpress		Financial Services	
	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**
External sales	1,937,812	2,129,652	243,683	270,523	49,536	36,384
Scheduled depreciation	77,095	88,815	3,073	3,522	660	566
Non-cash expenses	184,512	206,579	21,138	16,364	26,277	28,262
Research and development costs	128,304	139,082	17,368	15,647	–	–
Result of operating activities before restructuring expenses	60,930	120,173	– 9,859	1,676	23,540	20,665
Restructuring expenses	8,649	–	214	–	–	–
Result of operating activities after restructuring expenses	52,281	120,173	– 10,073	1,676	23,540	20,665
Result from the equity valuation	– 1,230	–	–	–	–	–
Investments	91,844	102,600	7,527	6,560	564	193
Segment assets	2,134,143	2,269,974	254,563	269,867	590,557	522,720
Segment debt	1,346,893	1,349,546	100,755	76,861	162,030	153,816
Number of employees	16,653	16,692	1,946	1,946	80	84

> SEGMENT INFORMATION BY REGION

Figures in € thousands

	Europe, Middle East and Africa		Eastern Europe		North America	
	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**
External sales by customer location	964,207	1,039,853	272,716	269,970	360,270	381,009
Investments	89,446	88,190	2,364	1,426	4,897	15,704
Segment assets	1,800,480	1,884,847	201,590	189,511	359,982	350,911

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

2) For additional explanations see Note 20

	Continuing Operations		Discontinuing Operations		Heidelberg Group	
	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**
	2,231,031	2,436,559	153,175	–	2,384,206	2,436,559
	80,828	92,903	5,666	–	86,494	92,903
	231,927	251,205	54,139	–	286,066	251,205
	145,672	154,729	14,491	–	160,163	154,729
	74,611	142,514	– 40,108	–	34,503	142,514
	8,863	–	1,901	–	10,764	–
	65,748	142,514	– 42,009	–	23,739	142,514
	– 1,230	–	– 8,236	–	– 9,466	–
	99,935	109,353	3,917	–	103,852	109,353
	2,979,263	3,062,561	–	–	2,979,263	3,062,561
	1,609,678	1,580,223	–	–	1,609,678	1,580,223
	18,679	18,722	–	–	18,679	18,722

	Latin America		Asia/Pacific		Continuing Operations		Discontinuing Operations		Heidelberg Group	
	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**
	78,131	116,493	555,707	629,234	2,231,031	2,436,559	153,175	–	2,384,206	2,436,559
	1,259	1,367	1,969	2,666	99,935	109,353	3,917	–	103,852	109,353
	204,525	216,169	412,686	421,123	2,979,263	3,062,561	–	–	2,979,263	3,062,561

Notes

1 Accounting and valuation policies

We have prepared the consolidated interim financial report as of December 31, 2005 of Heidelberger Druckmaschinen Aktiengesellschaft in accordance with the International Financial Reporting Standards (IFRS), which became effective and binding at that time. The IFRS comprise the IFRS newly released by the International Accounting Standards Board (IASB), as well as the International Accounting Standards (IAS), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and of the Standing Interpretations Committee (SIC).

The initial application of changed or new IFRS provisions largely had the following impact on the interim financial statements of the Heidelberg Group as of December 31, 2005:

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

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

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

Trade receivables and liabilities are classified as short-term.

Shareholders' equity now includes minority interests.

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

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

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

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

IFRS 2: 'Share-based payment'

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

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

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

2 Scope of the consolidation

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

The scope of the consolidation is broken down as follows:

	31-Mar-2005	**31-Dec-2005**
Wholly consolidated companies [1)]	80	78
Non-consolidated companies due to their minor significance	34	35
Associated companies measured according to the equity method	–	–
Associated companies not measured according to the equity method due to their minor significance	3	4
Other participations	5	5
	122	122

1) Including five specialized investment funds

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

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

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

During the third quarter of the financial year, Heidelberger Druckmaschinen WEB-Solutions CEE Ges.m.b.H., Vienna, Austria, was newly established.

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

	2004/2005	**2005/2006**
Long-term assets	– 51,157	–
Short-term assets	– 285,322	–
Total assets	– 336,479	–
Shareholders' equity	– 7	–
Liabilities	– 336,472	–
Equity and liabilities	– 336,479	–
Sales	– 199,878	– 110,696
Net result	542,627	55,489

3 Foreign currency changes

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

	2004/2005	**2005/2006**
Long-term assets	– 16,271	18,802
Short-term assets	– 14,110	23,584
Total assets	– 30,381	42,386
Shareholders' equity	– 19,851	13,906
Liabilities	– 10,530	28,480
Equity and liabilities	– 30,381	42,386
Sales	– 11,811	40,372

4 Other operating income

	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**
Reversal of other provisions	52,198	46,510
Income from written-off receivables	17,501	31,064
Hedging transactions/foreign-exchange profits	14,316	21,937
Income from operating facilities	17,455	17,814
Income from disposals of intangible assets and tangible assets	8,758	1,985
Other income	58,755	29,486
	168,983	148,796

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

5 Cost of materials

	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**
Expenses for raw materials, consumables and supplies, and for goods purchased	977,919	981,030
Costs of purchased services	119,584	149,049
Interest expenses Financial Services	13,536	7,978
	1,111,039	1,138,057

Proportionate interest expenses accrued in connection with the Financial Services Division are shown in the cost of materials. Interest income from customer financing totaling € 36,384 thousand (previous year: € 49,536 thousand) is included in net sales.

6 Other operating expenses

	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**
Special direct sales expenses including freight charges	68,225	89,616
Other deliveries and services, not included in the cost of materials	100,553	87,456
Provisions for doubtful accounts and other assets	39,947	52,822
Rent and leases (excluding car fleet)	54,749	48,833
Travel expenses	51,973	42,254
Information technology	31,862	39,576
Hedging transactions/foreign-exchange losses	5,353	17,774
Legal and consulting fees	19,291	15,899
Additions to provisions (relates to several expense accounts)	28,807	15,206
Insurance expenses	16,010	14,684
Other research and development costs	6,913	11,082
Car fleet costs	9,479	10,679
Costs of mail and payment transactions	12,786	10,504
Operating facilities	8,141	8,285
Public-sector fees and other taxes	10,959	7,627
Commissions	5,100	4,165
Office supplies, newspapers, technical literature	3,473	3,221
License fees	4,816	2,912
Losses from disposals of intangible assets and tangible assets	1,074	1,728
Other overhead costs	111,189	81,352
	590,700	565,675

7 Restructuring expenses

	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**
Personnel expenses	1,791	–
Other costs	8,973	–
	10,764	–

8 Financial income

	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**
Interest and similar income	11,664	13,742
Income from financial assets / marketable securities	8,540	13,328
	20,204	27,070

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

9 Financial expenses

	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**
Interest and similar expenses	40,165	41,831
Expenses from financial assets / marketable securities	6,889	13,138
	47,054	54,969

10 Earnings per share

The earnings per share are calculated by dividing the net profit to which the shareholders of Heidelberg are entitled by the weighted average number of outstanding shares during the period (2005/2006: 85,816,436 shares). The weighted average number of outstanding shares was influenced by the purchase of treasury stock in the third quarter. As at December 31, 2005 the treasury stock comprised 970,000 shares. There is no difference between the diluted and undiluted earnings per share.

11 Intangible assets, tangible assets, and financial assets

	Intangible assets	Tangible assets	Financial assets
Cost of acquisition or manufacturing costs 31-Mar-2005	379,075	2,157,592	66,439
Cost of acquisition or manufacturing costs 31-Dec-2005	**372,800**	**2,175,506**	**70,840**
Accumulated depreciation 31-Mar-2005	139,132	1,618,502	17,564
Accumulated depreciation 31-Dec-2005	**139,124**	**1,633,265**	**17,646**
Book values 31-Mar-2005	239,943	539,090	48,875
Book values 31-Dec-2005	**233,676**	**542,241**	**53,194**

12 Receivables and other assets

			31-Mar-2005			**31-Dec-2005**
	Short-term	Long-term	Total	Short-term	Long-term	Total
Receivables from customer financing	171,993	392,684	564,677	150,219	357,854	508,073
Trade receivables	575,766	–	575,766	594,276	–	594,276
Other receivables and other assets						
Receivables from affiliated enterprises	27,020	–	27,020	21,303	–	21,303
Tax reimbursement claims	29,201	1,017	30,218	21,093	–	21,093
Loans	639	4,294	4,933	452	4,470	4,922
Derivative financial instruments	24,982	11,646	36,628	11,290	2,207	13,497
Deferred interest payments	5,497	–	5,497	4,192	–	4,192
Prepaid expenses	22,167	358	22,525	20,354	3,987	24,341
Other assets	73,632	66,492	140,124	89,093	36,110	125,203
	183,138	83,807	266,945	167,777	46,774	214,551

13 Inventories

	31-Mar-2005	31-Dec-2005
Raw materials, consumables and supplies	119,474	116,723
Work and services in process	275,136	339,446
Manufactured products and merchandise	387,225	491,891
Prepayments	3,831	16,581
	785,666	964,641

The increase in manufactured products and merchandise is linked to the expected volume of sales during the last quarter of the financial year.

14 Shareholders' equity

On November 8, 2005 the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft decided to initiate 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 is putting into effect 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. By December 31, 2005 we had repurchased 1,023,217 own shares, of which 53,217 shares were allotted to the employee share participation program.

15 Provisions for pensions and similar obligations

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

16 Other provisions

	31-Mar-2005			31-Dec-2005		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Tax provisions	7,015	165,791	172,806	9,238	174,426	183,664
Other provisions						
Liabilities from sales and services activities	117,337	17,148	134,485	117,851	20,260	138,111
Liabilities from the human resources area	108,776	75,554	184,330	93,426	62,138	155,564
Liabilities from restructuring measures	40,985	–	40,985	24,295	–	24,295
Other	104,460	12,800	117,260	67,775	28,862	96,637
	371,558	105,502	477,060	303,347	111,260	414,607
	378,573	271,293	649,866	312,585	285,686	598,271

17 Financial liabilities

	31-Mar-2005			31-Dec-2005		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Convertible bond	–	269,960	269,960	–	271,005	271,005
Private placement	7,259	94,500	101,759	7,614	91,000	98,614
To banks	208,801	6,846	215,647	217,086	53,155	270,241
From financial lease contracts	6,982	6,435	13,417	7,863	6,681	14,544
To affiliated enterprises	1,537	–	1,537	1,862	–	1,862
Other	13,110	–	13,110	14,686	–	14,686
	237,689	377,741	615,430	249,111	421,841	670,952

18 Other liabilities

	31-Mar-2005			31-Dec-2005		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Advance payments received on orders	58,973	–	58,973	95,344	–	95,344
To affiliated enterprises	1,525	–	1,525	1,519	–	1,519
From derivative financial instruments	11,993	8,715	20,708	17,882	8,453	26,335
From taxes	42,483	–	42,483	29,351	–	29,351
Within the scope of social security	24,046	–	24,046	24,812	–	24,812
Deferred income	24,993	23,245	48,238	23,095	24,373	47,468
Other	56,619	5,418	62,037	61,565	6,978	68,543
	220,632	37,378	258,010	253,568	39,804	293,372

19 Contingent liabilities and other financial liabilities

As of December 31, 2005 contingent liabilities arising from guarantees and warranties total € 300,387 thousand (March 31, 2005: € 362,591 thousand); they primarily include guarantees provided for the liabilities of third parties within the scope of long-term customer financing.

Other financial liabilities are broken down as follows:

			31-Mar-2005			**31-Dec-2005**
	Short-term	Long-term	Total	Short-term	Long-term	Total
Lease obligations (minimum lease payments)	55,278	377,797	433,075	51,253	375,807	427,060
Orders for investments	19,807	–	19,807	24,693	–	24,693
	75,085	377,797	452,882	75,946	375,807	451,753

20 Information concerning segment reporting

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

Non-cash expenses comprise the following:

	1-Apr-2004 to 31-Dec-2004	**1-Apr-2005 to 31-Dec-2005**
Provisions for doubtful accounts and other assets	39,947	52,822
Allocations to provisions	246,119	198,383
	286,066	251,205

Allocations to provisions in the same period of the previous year exclude liabilities arising from restructuring, as these are shown separately under segment information.

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

Investments comprise investments in intangible assets and tangible assets.

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

	31-Mar-2005	31-Dec-2005
Gross assets per balance sheet	3,628,294	3,691,607
– financial assets	– 48,875	– 53,194
– securities	– 353,828	– 367,839
– finance receivables	– 93,982	– 71,345
– deferred tax assets	– 122,128	– 115,575
– tax claims	– 30,218	– 21,093
Segment assets	2,979,263	3,062,561

	31-Mar-2005	31-Dec-2005
Gross debt per balance sheet [1]	2,396,170	2,426,312
– tax provisions	– 172,806	– 183,664
– tax obligations	– 42,483	– 29,351
– financial obligations	– 504,301	– 560,918
– deferred tax liabilities	– 66,902	– 72,156
Segment debt	1,609,678	1,580,223

[1] Consolidated balance sheet total less shareholders' equity

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

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

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

21 Supervisory Board / Management Board

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

22 Important events after the reporting date

There were no important events after the reporting date.

Heidelberg, February 2006

The Management Board

The Supervisory Board

Dr. Mark Wössner
Chairman of the Supervisory Board

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

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

Martin Blessing

Prof. Dr. Clemens Börsig

Wolfgang Flörchinger*

Martin Gauß*

Mirko Geiger*
– since August 1, 2005 –

Gunther Heller*

Dr. Jürgen Heraeus

Berthold Huber*

Johanna Klein*

Pat Klinis*
– through July 31, 2005 –

Robert J. Koehler

Uwe Lüders

Dr. Gerhard Rupprecht

Dr. Klaus Sturany

Peter Sudadse*
– since August 1, 2005 –

Committees of the Supervisory Board

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

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

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

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

The Management Board

Bernhard Schreier
Chairman of the Management Board

Dr. Herbert Meyer

Dr. Jürgen Rautert

* Employee Representative

Financial Calendar 2005/2006

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

Subject to change

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