Q1 INTERIM FINANCIAL REPORT 2013/2014

HEIDELBERG

Q1 2013/2014 at a Glance

> **Sales** of € 504 million in the first quarter, **incoming orders** of € 643 million

> **EBITDA** excluding special items improved by € 45 million compared with the previous year (€ – 47 million); still slightly negative at € – 2 million

> **Net loss for the period** halved to € – 38 million (previous year: € – 76 million)

> **Free cash flow** at break-even (previous year: € – 112 million)

> **Outlook confirmed:** Aiming for net profit in the 2013/2014 financial year

Note concerning prior-year figures (2012/2013 financial year):
The figures have been restated to reflect the effects of IAS 19 (2011).

Key performance data

Figures in € millions

	Q1 2012/2013	**Q1 2013/2014**
Incoming orders	890	**643**
Net sales	520	**504**
EBITDA [1]	– 47	**– 2**
Result of operating activities [2]	– 67	**– 20**
– in percent of sales	– 12.9 %	**– 4.0 %**
Net loss for the period	– 76	**– 38**
– in percent of sales	– 14.7 %	**– 7.6 %**
Research and development costs	31	**30**
Investments	14	**12**
Equity	460	**364**
Net debt [3]	346	**258**
Free cash flow	– 112	**0**
Earnings per share in €	– 0.33	**– 0.16**
Number of employees at the end of the quarter [4]	14,899	**13,669**

[1] Result of operating activities excluding special items and before depreciation, amortization and write-downs
[2] Excluding special items
[3] Balance of financial liabilities and cash and cash equivalents
[4] Employees including trainees

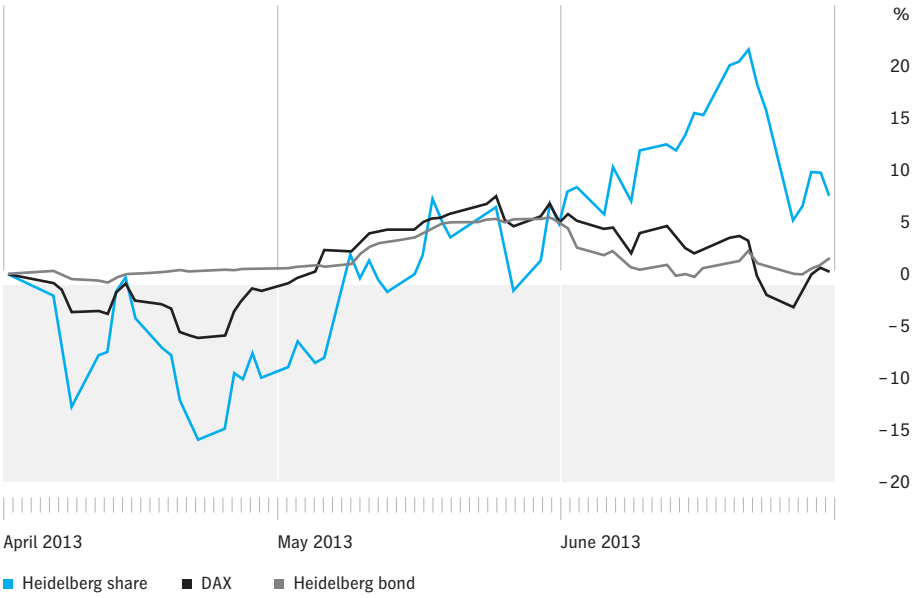
In individual cases, rounding could result in discrepancies concerning the totals and percentages contained in this interim report.

INTERIM CONSOLIDATED FINANCIAL REPORT Q1 2013/2014

HEIDELBERG ON THE CAPITAL MARKETS

Performance of the Heidelberg share and the Heidelberg bond

Compared to the DAX (Index: April 1, 2013 = 0 percent)



The Heidelberg Share and the Heidelberg Bond

Following losses at the start of the period under review, the **HEIDELBERG SHARE** recovered again after publication of the preliminary figures for the 2012/2013 financial year, enjoying significant price growth through the rest of the quarter. With the publication of the annual financial statements, the share price reached its high for the quarter of € 2.16 on June 19. After a subsequent price correction the share closed the quarter at € 1.94 at the end of June, up around seven percent on the start of the quarter.

All in all, the positive price performance of the **HEIDELBERG BOND** continued in the first quarter. The bond traded almost continuously at 100 percent and reached a high for the quarter of around 104 percent on May 28, 2013.

Key performance data of the Heidelberg share

Figures in €

ISIN: DE 0007314007	Q1 2012/2013	**Q1 2013/2014**
Basic earnings per share [1]	– 0.33	– 0.16
Cash flow per share [1]	– 0.24	– 0.06
High	1.45	2.16
Low	1.01	1.49
Price at beginning of quarter [2]	1.45	1.77
Price at end of quarter [2]	1.10	1.94
Market capitalization at end of quarter in € millions	258	454
Number of shares in thousands [3]	234,104	234,104

[1] Calculated on the basis of the weighted number of shares outstanding
[2] Xetra closing price, source for price information: Bloomberg
[3] Weighted number of shares outstanding

Key performance data of the Heidelberg bond

Figures in percent

Reg.S ISIN: DE 000A1KQ1E2	Q1 2012/2013	**Q1 2013/2014**
Nominal volume in € millions	304.0	304.0
High	78.4	104.2
Low	69.5	100.5
Price at beginning of quarter [1]	75.0	99.1
Price at end of quarter [1]	71.0	100.4

[1] Closing price, source: Bloomberg

German stock indices reach highs in May

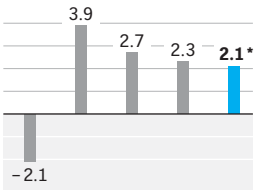
The DAX reached new highs in the first quarter on the back of hopes for a stabilization of the global economy and the sustained relaxation of monetary policy on the part of the central banks. On May 22, the index climbed to a new record level of around 8,530 points. The DAX was subsequently faced with price corrections following the announcement by the US Federal Reserve that it intended to wind up its treasury bond-buying program earlier than planned in the course of the year. The DAX closed the quarter at around 7,900 points, almost unchanged compared with the start of the quarter. The SDAX followed this trend and closed the quarter at around 5,800 points, up only slightly on the start of the quarter.

CORPORATE DEVELOPMENT

Underlying Conditions

Change in global GDP [1)]

Figures in percent
(2009 to 2013)



* Forecast

Source: Global Insight (WMM); calendar year; as of April 2013

[1)] Data calculated using the straight aggregate method. Using the chain weighted method would have resulted in the following amounts: 2009: – 1.9 %; 2010: 4.3 %; 2011: 3 %; 2012: 2.5 %; 2013: 2.5 %

The first six months of 2013 were characterized by weak economic growth in the emerging economies and a moderate upward trend in the industrialized nations, even though some of them are still caught in a recession. This led to an increase in global economic performance by 1.8 percent in the first half of 2013.

Despite a public spending cap the US economy remains very robust and is growing at a rate of 1.7 percent. To date consumer spending and company investments in machinery in particular enjoyed an extraordinarily strong development, forming a solid basis for an increase in growth.

After the fifth successive quarter of recession, real GDP growth in the euro zone should have reached the trough of the economic downturn in the region during the first quarter of 2013. Nevertheless, the fact that in the first quarter of 2013 the downward trend has spread to a number of Northern and Central European countries, including Finland, France and the Netherlands, remains a cause for concern. Even Germany only recorded quarter-on-quarter growth of 0.1 percent in the first three months of this year.

At 4.1 percent, Japan's growth rate in the first quarter was the highest among the G7 member states – driven by healthy export growth, investment in residential real estate and consumer spending.

The latest data for China shows a further drop in momentum in the second quarter following a marked slowdown in economic growth from 8.0 percent in the fourth quarter of 2012 to 7.7 percent in the first quarter of 2013.

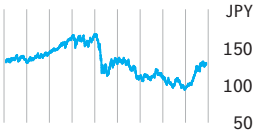
Many of the world's other major emerging economies reported disappointing growth rates over the course of 2013 to date. In India, for example, economic growth amounted to just 3.7 percent in the period from January to March. Data for the Brazilian economy also suggests a further phase of weakness, particularly in the area of manufacturing. With exports to China slowing and the boom in consumer spending losing momentum, the downturn that began in 2012 could so far not be stopped.

Over the past month, the euro has remained unchanged compared with the currencies of most trading partners.

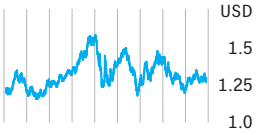
According to an assessment by the German Printing and Media Industries Federation (BVDM) of the current economic situation in the German printing industry, moderate growth in the first quarter of this year was followed by a slowdown. Despite a sharp reduction in the average figure over the course of the year to date, however, business expectations saw a considerable year-on-year improvement in June 2013.

Development of EUR/JPY

July 2004 to July 2013



Development of EUR/USD



Source: Global Insight

There are no signs of a recovery in the US printing industry, which has seen more or less stagnating capacity utilization at an extremely low level for the past three years.

According to statistics published by the German Engineering Federation (VDMA), sales of printing presses from German printing press manufacturers in the period from January to March 2013 were at exactly the same level as in the previous year. However, incoming orders for printing presses fell by 16 percent year-on-year as a result of the drupa trade show which took place in the previous year.

Business Development

As discussed in the 2012/2013 Annual Report, segment allocation was changed in the 2012/2013 financial year as part of the further adjustment of the organization to reflect the market environment. The first-time application of IAS 19 (2011) also resulted in the restatement of the prior-year figures.

Business performance by quarter

Figures in € millions

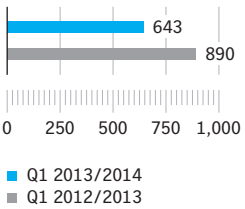
	Q1 2012/2013	**Q1 2013/2014**
Incoming orders	890	643
Sales	520	504

INCOMING ORDERS amounted to € 643 million in the first quarter. The higher figure of € 890 million in the comparable prior-year period is due to the drupa trade show. The positive impact of the China Print trade show in mid-May 2013 was offset by a reluctance to invest in the other regions, particularly Brazil.

As anticipated, incoming orders in the Heidelberg Equipment segment, which amounted to € 400 million, were less than the € 624 million achieved in the previous year, a figure that included the favorable effect of the drupa trade show. Orders in the Heidelberg Services segment also declined by around 9 percent as a result of the drupa effect, from € 263 million in the previous year to € 240 million in the period under review. In the Financial Services segment, we again largely managed to transfer the financing requirements of our customers to external partners, thereby further reducing the financing volume assumed by our own financing companies.

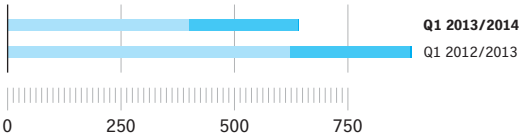
Incoming orders by quarter

Figures in € millions



Incoming orders by segment

Figures in € millions



	Q1 12/13	**Q1 13/14**
HD Equipment	624	400
HD Services	263	240
HD Financial Services	3	2
HD Group	890	**643**

Incoming orders in all regions were down on the same period of the previous year due to the aforementioned trade show factor. Moreover, economic growth in the SOUTH AMERICA region failed to meet expectations by some distance. Incoming orders fell by around € 15 million year-on-year.

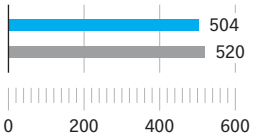
Incoming orders in the ASIA/PACIFIC region declined on the whole, while the share of regional orders attributable to the growth market of China increased due to the positive impact of the China Print trade show.

CONSOLIDATED SALES amounted to € 504 million in the first quarter of the current financial year, thereby falling in line with expectations. This figure was around 3 percent lower than in the same period of the previous year (€ 520 million).

At € 269 million, sales in the Heidelberg Equipment segment were down slightly year-on-year. The same was true in the Heidelberg Services segment, where sales amounted to around € 233 million. There was a further downturn in sales in the Financial Services segment; among other things, this was due to the lower level of interest income as a result of the growing externalization of financing business.

Sales by quarter

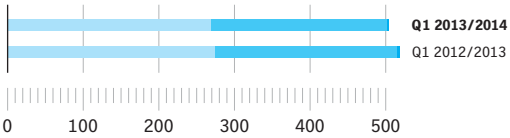
Figures in € millions



Q1 2013/2014
Q1 2012/2013

Sales by segment

Figures in € millions



	Q1 12/13	**Q1 13/14**
HD Equipment	275	269
HD Services	241	233
HD Financial Services	3	2
HD Group	520	**504**

Most markets saw sales development similar to the previous year. In the **SOUTH AMERICA** region the difficult economic situation in the key market of Brazil had a direct impact on sales. Sales in the growth region of **ASIA/PACIFIC** were up slightly year-on-year at € 182 million. Our largest individual market, China, accounted for more than half of sales in this region.

The Heidelberg Group's **ORDER BACKLOG** increased by around 20 percent, from € 502 million at the end of the financial year to € 602 million as of June 30, 2013.

Results of Operations, Net Assets and Financial Position

In the first quarter, both EBITDA and EBIT excluding special items improved significantly year-on-year. **EBITDA** excluding special items increased by € 45 million, from € – 47 million in the previous year, to almost € – 2 million in the period under review. The **RESULT OF OPERATING ACTIVITIES** excluding special items also rose significantly, up by around € 47 million, from € – 67 million in the previous year to € – 20 million in the period under review. This trend reflected the favorable impact of cost savings and of higher profit contributions for new machinery. Additionally, the previous year's figure had been burdened by trade show expenses. Special items in the reporting quarter amounted to € 1 million (same period of the previous year: € 6 million).

The **FINANCIAL RESULT** for the first quarter was on a level with the prior-year period at € – 12 million.

INCOME BEFORE TAXES improved significantly by € 52 million, from € – 85 million in the previous year to around € – 33 million. All in all, the **NET LOSS FOR THE PERIOD** amounted to € – 38 million after € – 76 million in the same period of the previous year.

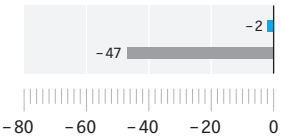
EARNINGS PER SHARE improved from € – 0.33 in the previous year to € – 0.16 in the period under review.

INVESTMENTS in property, plant and equipment and intangible assets totaled € 12 million in the first quarter (previous year: € 14 million).

The Heidelberg Group's **TOTAL ASSETS** declined by a further € 98 million compared with March 31, 2013, amounting to € 2,241 million at the end of the first quarter. Thanks to our comprehensive asset management and the continuation of our net working capital program, we have managed to substantially reduce our capital commitment over recent years.

EBITDA [1)]

Figures in € millions

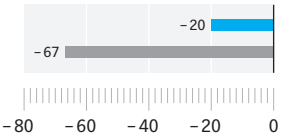


[1)] Excluding special items

■ Q1 2013/2014
■ Q1 2012/2013

Result of operating activities [1)]

Figures in € millions



[1)] Excluding special items

■ Q1 2013/2014
■ Q1 2012/2013

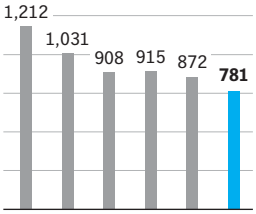
Assets

Figures in € millions

	31-Mar-2013	**30-Jun-2013**
Fixed assets	797	779
Inventories	700	753
Trade receivables	382	274
Receivables from sales financing	118	105
Other assets	184	186
Cash and cash equivalents	157	144
	2,338	**2,241**

Development of net working capital

Figures in € millions
(2008/2009 to Q1 2013/2014)



On the **ASSET SIDE**, inventories increased by € 54 million compared with March 31, 2013 to € 753 million as a result of orders. Following a strong fourth quarter of 2012/2013 in terms of sales, trade receivables declined by € 108 million to € 274 million as of June 30, 2013. Compared with financial year-end 2012/2013 (€ 872 million), net working capital fell by a further € 90 million to € 781 million.

The optimization of net working capital continues to enjoy a high priority at the Heidelberg Group. We have also succeeded in further externalizing customer financing. Receivables from sales financing reached a new low of € 105 million.

Equity and liabilities

Figures in € millions

	31-Mar-2013	**30-Jun-2013**
Equity	402	364
Provisions	998	909
Financial liabilities	419	401
Trade payables	139	149
Other liabilities	380	417
	2,338	**2,241**

On the **LIABILITY SIDE**, equity declined by around € 37 million compared with March 31, 2013, amounting to € 364 million as of June 30, 2013. This was due in particular to the net loss for the period. The equity ratio amounted to 16 percent compared with 17 percent as of March 31, 2013. We are aiming to improve the equity ratio in the medium term as part of our planned return to profitability.

PROVISIONS fell by € 89 million compared with March 31, 2013. Among other things, this development is due to the lower level of pension provisions following the increase in the discount rate in Germany from 3.50 percent to 3.75 percent, as well as the partial utilization of provisions for the Focus 2012 program.

FINANCIAL LIABILITIES amounted to € 401 million as of June 30, 2013. This represents a reduction of € 17 million since March 31, 2013.

NET DEBT amounted to € 258 million in the first quarter (previous year: € 346 million) and remained stable despite further expenses of € 31 million in connection with Focus 2012. In the 2012/2013 financial year, expenses on Focus 2012 totaled around € 62 million, while net debt amounted to € 261 million on March 31, 2013.

Overview of net assets

Figures in € millions

	31-Mar-2013	**30-Jun-2013**
Total assets	2,338	2,241
Net working capital	872	781
– in percent of sales [1]	31.9 %	28.7 %
Equity	402	364
– in percent of total assets	17.2 %	16.2 %
Net debt [2]	261	258

[1] Net working capital in relation to sales for the last four quarters
[2] Balance of financial liabilities and cash and cash equivalents

On June 30, 2013, our financing structure primarily included an unsecured bond and a revolving credit facility. The bond in the nominal amount of € 304 million with a term of seven years and a coupon of 9.25 percent annually was issued in early April 2011. The credit facility, which had an original volume of € 500 million and is available until the end of the 2014 calendar year, has been reduced to € 475 million since July 1, 2012. The syndicated loan decreased further with the issuance of a convertible bond amounting to € 60 million in July 2013. For additional information, please refer to the Supplementary Report on page 17.

FREE CASH FLOW was balanced in the first quarter, thereby enjoying a positive development. It improved by € 112 million year-on-year thanks to the increased result of operating activities and the freeing up of net working capital. The considerably lower net loss for the period of € – 38 million after € – 76 million in the previous year contributed to a substantial increase in **CASH FLOW** by € 43 million, from € – 57 million in the previous year to around € – 14 million in the period under review.

Statement of cash flows of the Heidelberg Group

Figures in € millions

	Q1 2012/2013	**Q1 2013/2014**
Net loss for the period	– 76	– 38
Cash flow	– 57	– 14
Other operating changes	– 50	20
of which: net working capital	– 18	77
of which: receivables from sales financing	10	9
of which: other	– 43	– 66
Cash used in investing activities	– 5	– 7
Free cash flow	– 112	0
– in percent of sales	– 21.5 %	– 0.02 %

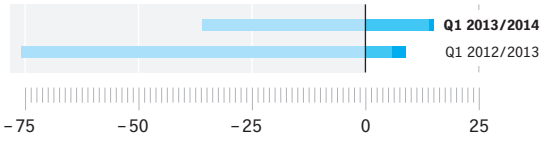
A cash inflow of € 20 million was reported in **OTHER OPERATING CHANGES**. This was primarily attributable to the changes in net working capital, which resulted in a cash inflow of around € 77 million. Receivables from sales financing were reduced, leading to a cash inflow of around € 9 million. The other balance sheet items saw a cash outflow of € – 66 million; among other things, this was due to the utilization of provisions for the Focus 2012 program.

At € – 7 million, **NET CASH USED IN INVESTING ACTIVITIES** in the first quarter remained at the low level reported in the same period of the previous year.

Segment Report

Result of operating activities by segment [1)]

Figures in € millions



	Q1 12/13	**Q1 13/14**
HD Equipment	–76	–36
HD Services	6	14
HD Financial Services	3	1
HD Group	–67	**–20**

[1)] Excluding special items

The **HEIDELBERG EQUIPMENT** segment generated incoming orders of € 400 million. This was down significantly on the prior-year figure, which had benefited from the effects of the drupa trade show. The launch of the newly introduced Speedmaster SX models and the new Speedmaster XL 106 was a success and attracted considerable interest among our customers. On the whole, orders for large-format sheetfed offset printing presses continued to increase, while orders for small-format printing presses declined.

Heidelberg Equipment

Figures in € millions

	Q1 2012/2013	**Q1 2013/2014**
Incoming orders	624	400
Sales	275	269
Order backlog	800	557
Result of operating activities [1)]	–76	–36
Employees	9,984	9,220

[1)] Excluding special items

The **HEIDELBERG EQUIPMENT** segment recorded sales of € 269 million in the first quarter after € 275 million in the same period of the previous year. At 53 percent, the proportion of sales attributable to the segment was on a level with the previous year.

Cost savings and improved profit contributions allowed us to significantly improve the result of operating activities excluding special items to € –36 million in the first quarter after € –76 million in the previous year. The prior-year figure was impacted

also by expenses incurred for the drupa trade show. In the first quarter, special items were recognized for the Focus 2012 efficiency program in the amount of € 1 million (previous year: € 4 million). Segment investments were down slightly year-on-year at € 9 million, while research and development costs at € 30 million remained on a level with the same prior-year period.

The segment had a total of 9,220 employees as of June 30, 2013. This means that the number of employees declined by a further 365 compared with March 31, 2013 as a result of the structural and flexibilization projects being implemented as part of Focus 2012.

Heidelberg Services

Figures in € millions

	Q1 2012/2013	**Q1 2013/2014**
Incoming orders	263	240
Sales	241	233
Order backlog	55	45
Result of operating activities [1]	6	14
Employees	4,863	4,405

[1] Excluding special items

Incoming orders in the HEIDELBERG SERVICES segment amounted to around € 240 million after € 263 million in the previous year. The orders received in the first quarter were unable to match the prior-year figure, which benefited from the effect of the drupa trade show.

The HEIDELBERG SERVICES segment generated sales of € 233 million, down slightly on the same period of the previous year. Due to the cost savings realized as part of the Focus 2012 program the result of operating activities excluding special items improved by around € 8 million to € 14 million. Investments in the Heidelberg Services segment were unchanged year-on-year at € 3 million.

As of June 30, 2013, the segment had a total of 4,405 employees, a reduction of 178 compared with March 31, 2013.

Heidelberg Financial Services

Figures in € millions

	Q1 2012/2013	**Q1 2013/2014**
Sales	3	2
Result of operating activities [1]	3	1
Employees	52	44

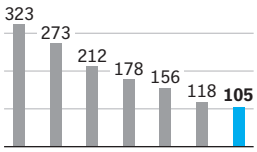
[1] Excluding special items

As of June 30, 2013, receivables from sales financing in the **HEIDELBERG FINANCIAL SERVICES** segment recorded a new low of € 105 million, down a further € 13 million compared with the end of the 2012/2013 financial year. Heidelberg has a tight-knit network of global financing partners, ensuring that our customers' projects can largely be handled by third-party financial service providers.

As expected, the planned strategic reduction in receivables from sales financing has been accompanied by a further decline in interest income. Consequently, the result of operating activities excluding special items is also lower than in the same period of the previous year. The segment had a total of 44 employees as of June 30, 2013.

Receivables from sales financing

Figures in € millions (2007/2008 to Q1 2013/2014)

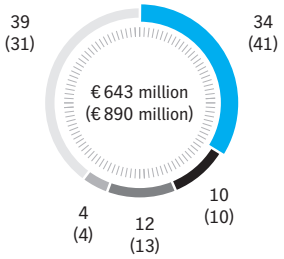


Report on the Regions

In the first quarter, the **EUROPE, MIDDLE EAST AND AFRICA** region reported incoming orders of € 222 million, thereby failing to repeat the prior-year figure of € 361 million that was achieved thanks to the effect of the drupa trade show. Sales remained unchanged year-on-year at € 182 million. At around 41 percent, Germany made the largest contribution to regional sales. The region accounted for approximately 36 percent of consolidated sales, after 35 percent in the previous year.

Incoming orders by region

Share in the Heidelberg Group in percent; in parentheses: previous year



Figures in € millions

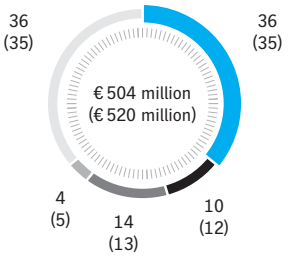
	Q1 2012/2013	**Q1 2013/2014**
Europe, Middle East and Africa	361	222
Eastern Europe	92	67
North America	117	77
South America	39	24
Asia/Pacific	280	253
Heidelberg Group	890	**643**

Heidelberg generated incoming orders of around € 67 million in the **EASTERN EUROPE** region in the first quarter of the current financial year. Regional sales amounted to around € 52 million, after € 63 million in the previous year.

Incoming orders in the **NORTH AMERICA** region amounted to € 77 million in the first quarter. The propensity of our customers in the USA to make investments remained stable. Sales improved year-on-year to € 69 million, while the proportion of consolidated sales attributable to the region increased slightly to around 14 percent.

Sales by region

Share in the Heidelberg Group
in percent; in parentheses: previous year



Figures in € millions

	Q1 2012/2013	**Q1 2013/2014**
Europe, Middle East and Africa	182	182
Eastern Europe	63	52
North America	67	69
South America	26	20
Asia/Pacific	181	182
Heidelberg Group	520	**504**

The economic growth in Brazil, which fell short of expectations by some distance, led to a downturn in both sales and orders in the **SOUTH AMERICA** region. Incoming orders fell by around € 15 million year-on-year, while sales decreased by € 6 million. The difficult economic situation in Brazil is curbing our customers' propensity to invest.

We generated incoming orders of € 253 million in the growth region of **ASIA/PACIFIC**. China in particular continued to experience a high investment volume, thanks among other things to the China Print trade show. The country remains Heidelberg's largest individual market. All in all, the region accounted for around 39 percent of incoming orders (previous year: 31 percent). In the first quarter, regional sales increased slightly year-on-year to € 182 million. The growth region contributed approximately 36 percent of total sales for the quarter.

Employees

In line with planning, the number of employees at the Heidelberg Group was reduced further in the first quarter of the 2013/2014 financial year. As of June 30, 2013, the Heidelberg Group had 13,669 employees – 546 fewer than as of March 31, 2013. The Heidelberg Group reduced its workforce by 1,230 compared with the same period of the previous year. In conjunction with the intensification of individual measures forming part of the Focus 2012 program, the number of employees throughout the Group will be cut further to less than 13,500 by mid-2014 at the latest. This represents a targeted adjustment that reflects the changes in market conditions. We remain committed to finding socially responsible solutions for achieving this.

Employees by segment

Number of employees including trainees

	31-Mar-2013	**30-Jun-2013**
Heidelberg Equipment	9,585	9,220
Heidelberg Services	4,583	4,405
Heidelberg Financial Services	47	44
Heidelberg Group	14,215	**13,669**

Risk and Opportunity Report

In the first quarter of 2013/2014, there were no material changes in the assessment of the risks and opportunities of the Heidelberg Group compared with the presentation in the 2012/2013 Annual Report.

The economic uncertainty resulting from the euro zone and sovereign debt crisis remains in place.

No risks that could jeopardize the Heidelberg Group's continued existence, either individually or together with other risk factors, are discernible at present or for the foreseeable future.

Future Prospects

In 2013, global GDP growth is expected to increase by 2.1 percent on the back of the moderate economic recovery in the advanced economies. In the emerging countries, where the pace of growth slowed successively in the first half of the calendar year, economic risks have increased significantly. China in particular is unlikely to see anything more than macroeconomic stabilization in the second half of the year, while the economic situation in Brazil remains highly uncertain following the largely ineffective government support measures implemented to date.

As a result, the economic and market risks for global development between now and the end of the year remain unchanged. Future prospects depend to a large extent on the duration and intensity of the crisis in the euro zone and the possibility of a further deterioration in the economic situation in the emerging economies, as well as the resulting impact on demand and the financial markets.

In light of this situation, we still expect the overall level of demand for printing presses to remain essentially stable, providing that there is not a significant deterioration in macroeconomic development over the coming months. In early 2013, the German Engineering Federation (VDMA) forecast moderate sales growth for the current year; this serves to reinforce our position.

The global printing industry itself is being driven by growth in the emerging and developing economies. Digital and packaging printing will continue to see moderate growth even if the influence of electronic media is becoming apparent in the industrialized nations, particularly when it comes to publishing and commercial printed materials.

Outlook unchanged

The outlook for the 2013/2014 financial year and the subsequent years as published in the 2012/2013 Annual Report remains unchanged. Economic uncertainties and risks persist, particularly in the emerging economies of China and Brazil, which are important to our business. The developments on the global markets and the individual submarkets will differ structurally in line with global economic trends. Customers in the INDUSTRIALIZED NATIONS are facing competitive and consolidation pressure on account of the stagnant to slightly contracting market development there. In the EMERGING ECONOMIES, we are forecasting an increase in investments as a result of the growth in printed products.

We expect sales for the current 2013/2014 financial year to match the level recorded in the previous year. We forecast that the share of sales will again be significantly higher in the second half of the year.

Earnings development in the 2013/2014 financial year: Aiming for net profit

The forecast sales breakdown between the first and second halves of the year will also influence the result of operating activities over the course of the year. As expected, earnings for the first quarter were still negative, albeit significantly improved compared with the same period of the previous year. We expect the RESULT OF OPERATING ACTIVITIES EXCLUDING SPECIAL ITEMS to continue to improve over the coming quarters and, on the whole, to be considerably higher than in the previous year.

We are anticipating additional extraordinary expenses in the current financial year in connection with Focus 2012. The financial result will improve slightly compared with the previous year. With the help of the measures that have been initiated, we intend to achieve our most important goal in the 2013/2014 financial year: We are aiming to generate a net profit for the first time since the crisis year of 2008/2009.

For a detailed version of the chapter on the Future Prospects of the Heidelberg Group, please refer to pages 99 to 101 in our Annual Report 2012/2013.

Supplementary Report

On July 10, 2013 (issue date), Heidelberger Druckmaschinen Aktiengesellschaft issued an unsecured, unsubordinated convertible bond with a total issue volume of € 60 million, a term of four years (final maturity: July 10, 2017) and an annual coupon of 8.50 percent that is payable in arrears on a quarterly basis. The initial exercise price is € 2.62 per underlying share based on an initial conversion ratio of 38,167.9389. In this context, the revolving credit facility was reduced to around € 416 million. With the issue of the convertible bond, Heidelberg has further diversified its financing structure in terms of both financing sources and the maturity of the instruments involved while leaving the overall financing volume largely unchanged.

Following the Annual General Meeting on July 23, 2013, the Supervisory Board is composed of 12 members in accordance with the provisions of the Articles of Association and the German Codetermination Act. The shareholder representatives were elected by the shareholders at the Annual General Meeting. At the constituent meeting of the Supervisory Board that followed, Mr. Robert Koehler was reelected as

Chairman of the Supervisory Board. The employee representatives were elected by the Group's employees in Germany and their delegates in a dedicated electoral process in accordance with provisions of the German Codetermination Act.

IMPORTANT NOTE

This interim report contains forward-looking statements based on assumptions and estimates by the management of Heidelberger Druckmaschinen Aktiengesellschaft. Even though the management is of the opinion that these assumptions and estimates are accurate, the actual future development and results may deviate substantially from these forward-looking statements due to various factors, such as changes in the overall economic situation, exchange and interest rates, and changes within the print media industry. Heidelberger Druckmaschinen Aktiengesellschaft provides no guarantee and assumes no liability for future development and results deviating from the assumptions and estimates made in this interim report. Heidelberg neither intends nor assumes any obligation to update the assumptions and estimates made in this interim report to reflect events or developments occurring after the publication of this interim report.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD APRIL 1, 2013 TO JUNE 30, 2013

Interim consolidated income statement April 1, 2013 to June 30, 2013

Figures in € thousands

	Note	1-Apr-2012 to 30-Jun-2012 [1]	**1-Apr-2013 to 30-Jun-2013**
Net sales		520,073	504,173
Change in inventories		95,005	66,632
Other own work capitalized		1,943	2,622
Total operating performance		617,021	573,427
Other operating income	3	22,816	28,584
Cost of materials	4	303,137	269,416
Staff costs		250,162	229,011
Depreciation and amortization		20,803	18,456
Other operating expenses	5	133,064	105,390
Special items	6	5,776	1,043
Result of operating activities		– 73,105	– 21,305
Financial income	7	6,065	4,813
Financial expenses	8	18,089	16,840
Financial result		– 12,024	– 12,027
Income before taxes		– 85,129	– 33,332
Taxes on income		– 8,709	5,145
Consolidated net loss		– 76,420	**– 38,477**
Basic earnings per share according to IAS 33 (in €/share)	9	– 0.33	**– 0.16**
Diluted earnings per share according to IAS 33 (in €/share)	9	– 0.33	**– 0.16**

[1] Figures of the previous year were restated due to first-time adoption of IAS 19 (2011), see note 1

Interim consolidated statement of comprehensive income April 1, 2013 to June 30, 2013

Figures in € thousands

	1-Apr-2012 to 30-Jun-2012 [1]	**1-Apr-2013 to 30-Jun-2013**
Consolidated net loss	– 76,420	– 38,477
Other comprehensive income not reclassified to the income statement		
Pension obligations	– 45,886	13,846
Deferred income taxes	1,182	454
	– 44,704	14,300
Other comprehensive income which may subsequently be reclassified to the income statement		
Currency translation	10,690	– 15,091
Available-for-sale financial assets	– 353	56
Cash flow hedges	– 8,327	1,104
Deferred income taxes	76	15
	2,086	– 13,916
Total other comprehensive income	– 42,618	384
Total comprehensive income	– 119,038	**– 38,093**

[1] Figures of the previous year were restated due to first-time adoption of IAS 19 (2011), see note 1

Interim consolidated statement of financial position as of June 30, 2013

> Assets

Figures in € thousands

	Note	31-Mar-2013	**30-Jun-2013**
Non-current assets			
Intangible assets	10	234,676	231,055
Property, plant and equipment	10	530,517	520,195
Investment property		6,988	5,204
Financial assets		23,590	23,450
Receivables from sales financing		63,215	58,675
Other receivables and other assets	12	19,225	13,860
Income tax assets		345	344
Deferred tax assets		36,145	34,442
		914,701	887,225
Current assets			
Inventories	11	699,692	753,374
Receivables from sales financing		55,049	46,278
Trade receivables		381,842	273,880
Other receivables and other assets	12	110,257	114,912
Income tax assets		17,120	16,655
Cash and cash equivalents	13	157,492	143,949
		1,421,452	1,349,048
Assets held for sale		2,049	4,322
Total assets		2,338,202	**2,240,595**

> Equity and liabilities

Figures in € thousands

	Note	31-Mar-2013 [1]	**30-Jun-2013**
Equity	14		
Issued capital		599,308	599,308
Capital reserves and retained earnings		– 80,720	– 196,753
Consolidated net loss		– 117,067	– 38,477
		401,521	364,078
Non-current liabilities			
Provisions for pensions and similar obligations	15	415,361	406,896
Other provisions	16	246,834	222,555
Financial liabilities	17	331,235	331,542
Other liabilities	18	121,509	121,504
Deferred tax liabilities		8,282	8,102
		1,123,221	1,090,599
Current liabilities			
Other provisions	16	336,147	279,671
Financial liabilities	17	87,628	69,933
Trade payables		139,134	148,722
Income tax liabilities		3,086	2,537
Other liabilities	18	247,465	285,055
		813,460	785,918
Total equity and liabilities		2,338,202	**2,240,595**

[1] Figures of the previous year were restated due to first-time adoption of IAS 19 (2011), see note 1

Statement of changes in consolidated equity as of June 30, 2013 [1]

Figures in € thousands

	Issued capital	Capital reserves		
			Currency translation	Fair value of other financial assets
April 1, 2012	599,308	27,098	– 160,836	– 1,158
Changes in accounting policies [2]	0	0	0	0
April 1, 2012, restated [2]	599,308	27,098	– 160,836	– 1,158
Profit (+)/loss (–) carryforward	0	0	0	0
Total comprehensive income [2]	0	0	10,690	– 353
Consolidation adjustments/other changes	0	0	0	0
June 30, 2012	599,308	27,098	– 150,146	– 1,511
April 1, 2013	599,308	27,098	– 150,044	– 946
Changes in accounting policies [2]	0	0	0	0
April 1, 2013, restated [2]	599,308	27,098	– 150,044	– 946
Profit (+)/loss (–) carryforward	0	0	0	0
Total comprehensive income	0	0	– 15,091	56
Consolidation adjustments/other changes	0	0	0	0
June 30, 2013	**599,308**	**27,098**	**– 165,135**	**– 890**

[1] Please see note 14 for further information
[2] Figures of the previous year were restated due to first-time adoption of IAS 19 (2011), see note 1

		Retained earnings	Total capital reserves and retained earnings	Consolidated net loss	Total
Fair value of cash flow hedges	Other retained earnings	Total retained earnings			
–2,059	343,437	179,384	206,482	–230,093	575,697
0	2,874	2,874	2,874	0	2,874
–2,059	346,311	182,258	209,356	–230,093	578,571
0	–230,093	–230,093	–230,093	230,093	0
–8,251	–44,704	–42,618	–42,618	–76,420	–119,038
0	347	347	347	0	347
–10,310	71,861	–90,106	–63,008	–76,420	459,880
3,733	30,313	–116,944	–89,846	–109,867	399,595
0	9,126	9,126	9,126	–7,200	1,926
3,733	39,439	–107,818	–80,720	–117,067	401,521
0	–117,067	–117,067	–117,067	117,067	0
1,119	14,300	384	384	–38,477	–38,093
0	650	650	650	0	650
4,852	**–62,678**	**–223,851**	**–196,753**	**–38,477**	**364,078**

Interim consolidated statement of cash flows April 1, 2013 to June 30, 2013

Figures in € thousands

	1-Apr-2012 to 30-Jun-2012 [1]	**1-Apr-2013 to 30-Jun-2013**
Consolidated net loss	– 76,420	– 38,477
Depreciation and amortization, write-downs and reversals [2]	23,003	18,456
Change in pension provisions	8,202	6,201
Change in deferred tax assets/deferred tax liabilities/tax provisions	– 11,405	666
Result from disposals [2]	55	– 402
Cash flow	– 56,565	**– 13,556**
Change in inventories	– 113,210	– 60,491
Change in sales financing	10,198	9,121
Change in trade receivables/payables	60,618	109,080
Change in other provisions	– 46,274	– 72,742
Change in other items of the statement of financial position	38,504	35,390
Other operating changes	– 50,164	**20,358**
Cash used in/generated by operating activities	– 106,729	**6,802**
Intangible assets/property, plant and equipment/investment property		
Investments	– 13,156	– 11,657
Income from disposals	8,129	4,767
Cash used in investing activities	– 5,027	**– 6,890**
Change in financial liabilities	43,177	– 9,766
Cash generated by/used in financing activities	43,177	**– 9,766**
Net change in cash and cash equivalents	– 68,579	**– 9,854**
Cash and cash equivalents at the beginning of the reporting period	194,556	**157,492**
Currency adjustments	3,523	– 3,689
Net change in cash and cash equivalents	– 68,579	– 9,854
Cash and cash equivalents as of the end of the reporting period	129,500	**143,949**

Cash used in/generated by operating activities	– 106,729	6,802
Cash used in investing activities	– 5,027	– 6,890
Free cash flow	– 111,756	**– 88**

[1] Figures of the previous year were restated due to first-time adoption of IAS 19 (2011), see note 1
[2] Relates to intangible assets, property, plant and equipment, investment property as well as financial assets

NOTES

1 Accounting policies

The interim consolidated financial statements as of June 30, 2013 are consistent with and were prepared in line with the regulations of IAS 34 (Interim Financial Reporting). They should be read in conjunction with the consolidated financial statements as of March 31, 2013, which were prepared in line with the International Financial Reporting Standards (IFRS) as endorsed in the EU.

The interim consolidated financial statements were generally prepared using the same accounting policies as the consolidated financial statements for the 2012/2013 financial year. In accordance with the regulations of IAS 34, a condensed scope of reporting was chosen as against the consolidated financial statements as of March 31, 2013. All amounts are generally stated in € thousands.

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have approved and amended the following standards and interpretations, which are to be applied for the first time in financial year 2013/2014:

Standards	Publication by the IASB / IFRS IC	Effective date [1]	Published in the Official Journal of the EU	Effects
Amendments to standards				
Amendments to IAS 1: Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income	16-Jun-2011	1-Jul-2012	6-Jun-2012	The statement of comprehensive income was restated accordingly
Amendments to IAS 12: Income Taxes: Deferred Tax: Recovery of Underlying Assets	20-Dec-2010	1-Jan-2013	29-Dec-2012	None
Amendments to IAS 19: Employee Benefits	16-Jun-2011	1-Jan-2013	6-Jun-2012	Anticipated effects are shown on page 28
Amendments to IFRS 1: First-time Adoption: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	20-Dec-2010	1-Jan-2013	29-Dec-2012	None
Amendments to IFRS 1: Government Loans	13-Mar-2012	1-Jan-2013	5-Mar-2013	None
Amendment to IFRS 7: Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities	16-Dec-2011	1-Jan-2013	29-Dec-2012	No material effects
Improvements to International Financial Reporting Standards for 2009 – 2011 Cycle	17-May-2012	1-Jan-2013	28-Mar-2013	No material effects
New standards				
IFRS 13: Fair Value Measurement	12-May-2011	1-Jan-2013	29-Dec-2012	Extension of disclosures in the notes to the financial statements (see note 19)
New interpretations				
IFRIC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	19-Oct-2011	1-Jan-2013	29-Dec-2012	None

[1] For financial years beginning on or after this date

In accordance with the mandatory adoption of the AMENDMENTS TO IAS 19: EMPLOYEE BENEFITS in financial year 2013/2014, the return on plan assets will no longer be offset against staff costs at individual entity level up to the amount of expenses for pension claims. In addition, the net interest approach will replace the concept of an expected return on plan assets; accordingly, interest on plan assets will be calculated using the discount rate for pension obligations. Furthermore, the amendments to IAS 19: Employee Benefits affect the recognition and measurement of top-up payments within the scope of partial retirement obligations in Germany. The notes to the consolidated financial statements for the period ended March 31, 2014 will also include additional disclosures.

As a result of the retrospective application of the amendments to IAS 19: Employee Benefits, the amounts carried forward as of April 1, 2012 and April 1, 2013 were adjusted as follows: Capital reserves and retained earnings increased by € 2,874 thousand and € 9,126 thousand respectively. The consolidated net loss carried forward as of April 1, 2012 remained unchanged, while the figure as of April 1, 2013 increased by € 7,200 thousand. The provisions for pensions and similar obligations declined by € 80 thousand and € 385 thousand respectively. Other provisions declined by € 2,794 thousand and € 1,541 thousand respectively.

In the interim income statement for the period from April 1, 2012 to June 30, 2012, the retrospective application of the amendments to IAS 19: Employee Benefits resulted in an increase of € 9,209 thousand in staff costs and of € 222 thousand in special items, and hence a reduction in the result of operating activities of € 9,431 thousand, as well as an increase of € 6,579 thousand in the financial result and € 179 thousand in taxes on income. Accordingly, the consolidated net loss for the period increased by € 2,673 thousand. As a result of the retrospective application of the amendments to IAS 19: Employee Benefits, total comprehensive income decreased by € 571 thousand in the interim consolidated statement of comprehensive income for the period from April 1, 2012 to June 30, 2012.

The IASB and the IFRS Interpretations Committee (IFRS IC) have approved and amended the following standards and interpretations, whose application during financial year 2013/2014 is not yet compulsory or which have not yet been endorsed by the European Union (EU).

- IAS 27: Separate Financial Statements
- IAS 28: Investments in Associates and Joint Ventures
- Amendments to IAS 32: Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 36: Recoverable Amount Disclosures for Non-financial Assets
- Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting
- IFRS 9: Financial Instruments
- Amendments to IFRS 9 and IFRS 7: Mandatory Effective Date and Transition Disclosures
- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosure of Interests in Other Entities
- Amendments to IFRS 10: Consolidated Financial Statements, IFRS 11: Joint Arrangements, and IFRS 12: Disclosure of Interests in Other Entities: Transition Guidance
- Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities
- IFRIC 21: Levies

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

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

2 Scope of consolidation

The interim consolidated financial statements of Heidelberger Druckmaschinen Aktiengesellschaft include a total of 69 (March 31, 2013: 72) domestic and foreign companies in which Heidelberger Druckmaschinen Aktiengesellschaft has a controlling influence as defined by IAS 27. Of these, 58 (March 31, 2013: 61) are located outside Germany. Subsidiaries that are of minor importance are not included.

3 Other operating income

	1-Apr-2012 to 30-Jun-2012	**1-Apr-2013 to 30-Jun-2013**
Reversal of other provisions/ deferred liabilities	9,088	11,710
Recoveries on loans and other assets previously written down	4,269	6,244
Hedging/exchange rate gains	1,717	3,216
Income from operating facilities	3,329	1,948
Income from disposals of intangible assets, property, plant and equipment and investment property	74	583
Other income	4,339	4,883
	22,816	**28,584**

The income from hedging/exchange rate gains is offset by expenses for hedging/exchange rate losses reported under other operating expenses (see note 5).

4 Cost of materials

The cost of materials includes the pro rata interest expense in connection with the Heidelberg Financial Services segment of € 471 thousand (April 1, 2012 to June 30, 2012: € 577 thousand); the interest income from sales financing of € 2,361 thousand (April 1, 2012 to June 30, 2012: € 3,372 thousand) is reported in sales.

5 Other operating expenses

	1-Apr-2012 to 30-Jun-2012	**1-Apr-2013 to 30-Jun-2013**
Other deliveries and services not included in the cost of materials	38,157	25,815
Special direct sales expenses including freight charges	23,547	20,673
Rent and leases	17,672	13,634
Travel expenses	10,698	10,292
Bad debt allowances and impairment on other assets	3,708	5,065
Insurance expense	3,024	3,001
Additions to provisions and accruals relating to several types of expense	1,683	1,976
Costs of car fleet (excluding leases)	2,006	1,913
Hedging/exchange rate losses	3,902	1,088
Other overheads	28,667	21,933
	133,064	**105,390**

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

6 Special items

Expenses recognized under special items in the reporting period of € 1,043 thousand (April 1, 2012 to June 30, 2012: € 5,776 thousand) predominantly result from staff-related outlays in connection with our Focus 2012 efficiency program.

7 Financial income

	1-Apr-2012 to 30-Jun-2012	**1-Apr-2013 to 30-Jun-2013**
Interest and similar income	1,515	2,488
Income from financial assets/loans/securities	4,550	2,325
	6,065	**4,813**

8 Financial expenses

	1-Apr-2012 to 30-Jun-2012	**1-Apr-2013 to 30-Jun-2013**
Interest and similar expenses	17,650	15,835
Expenses for financial assets/loans/securities	439	1,005
	18,089	**16,840**

9 Earnings per share

Earnings per share are calculated by dividing the earnings for the period attributable to shareholders by the weighted number of shares outstanding in the period. The weighted number of shares outstanding in the period under review was 234,104,021 (April 1, 2012 to June 30, 2012: 234,104,021). The weighted number of shares outstanding was influenced by the holdings of treasury shares. As of June 30, 2013, the Company held 142,919 (March 31, 2013: 142,919) treasury shares.

10 Intangible assets and property, plant and equipment

In the period from April 1, 2013 to June 30, 2013, there were additions to intangible assets of € 1,447 thousand (April 1, 2012 to June 30, 2012: € 3,406 thousand) and to property, plant and equipment of € 10,521 thousand (April 1, 2012 to June 30, 2012: € 10,611 thousand). In the same period, the carrying amount of disposals from intangible assets was € 33 thousand (April 1, 2012 to June 30, 2012: € 23 thousand) and € 4,352 thousand (April 1, 2012 to June 30, 2012: € 8,161 thousand) for property, plant and equipment.

In the first quarter of the 2013/2014 financial year we partly adjusted the useful lives of intangible assets and of property, plant and equipment. Assuming unchanged useful lives over the reporting period, amortization of intangible assets would have been € 241 thousand higher while depreciation of property, plant and equipment would have been € 1,373 thousand higher.

11 Inventories

Inventories include raw materials and supplies totaling € 114,145 thousand (March 31, 2013: € 115,364 thousand), work and services in progress amounting to € 324,265 thousand (March 31, 2013: € 292,132 thousand), finished goods and goods for resale of € 312,761 thousand (March 31, 2013: € 289,964 thousand), and advance payments of € 2,203 thousand (March 31, 2013: € 2,232 thousand).

12 Other receivables and other assets

The Other receivables and other assets item includes receivables from derivative financial instruments of € 9,676 thousand (March 31, 2012: € 11,771 thousand) and prepaid expenses of € 29,175 thousand (March 31, 2013: € 12,949 thousand).

13 Cash and cash equivalents

Restrictions on disposal of cash and cash equivalents due to foreign exchange restrictions amount to € 77,610 thousand (March 31, 2013: € 61,562 thousand).

14 Equity

As at March 31, 2013, the Company still held 142,919 treasury shares on June 30, 2013. The repurchased shares can only be utilized to reduce the capital of Heidelberger Druckmaschinen Aktiengesellschaft or for employee share participation programs and other forms of share distribution to the employees of the Company or a subsidiary or to individuals who are or were employed by Heidelberger Druckmaschinen Aktiengesellschaft or one of its associates.

Please see note 26 in the notes to the consolidated financial statements as of March 31, 2013 for information on the contingent and authorized capitals as of March 31, 2013. There were no significant changes compared to March 31, 2013 as a result of the resolutions of the Annual General Meeting of July 23, 2013.

15 Provisions for pensions and similar obligations

A discount rate of 3.75 percent (March 31, 2013: 3.50 percent) was used to calculate the actuarial gains and losses of German companies as of June 30, 2013. Assuming an interest rate of 3.50 percent, the present value of the defined benefit obligation for employees would have increased by € 37,923 thousand.

16 Other provisions

Other provisions relate to tax provisions of € 93,815 thousand (March 31, 2013: € 95,176 thousand) and other provisions of € 408,411 thousand (March 31, 2013: € 487,805 thousand). Other provisions include staff obligations of € 74,797 thousand (March 31, 2013: € 104,214 thousand), sales obligations of € 112,602 thousand (March 31, 2013: € 124,131 thousand) and miscellaneous other provisions of € 221,012 thousand (March 31, 2013: € 259,460 thousand). The latter predominantly include provisions in connection with our Focus 2012 efficiency program.

17 Financial liabilities

	31-Mar-2013			**30-Jun-2013**		
	Current	Non-current	Total	Current	Non-current	Total
High-yield bond	12,966	292,844	305,810	5,936	293,240	299,176
Amounts due to banks	57,355	32,420	89,775	47,325	32,694	80,019
From finance leases	2,035	5,971	8,006	2,042	5,608	7,650
Other	15,272	0	15,272	14,630	0	14,630
	87,628	331,235	418,863	69,933	331,542	**401,475**

For details concerning the financing, please refer to the explanations in note 29 of the consolidated financial statements as of March 31, 2013.

18 Other liabilities

Other liabilities include advance payments on orders of € 97,159 thousand (March 31, 2013: € 70,570 thousand), liabilities from derivative financial instruments of € 3,055 thousand (March 31, 2013: € 4,097 thousand), and deferred income of € 63,989 thousand (March 31, 2013: € 67,724 thousand).

19 Additional information on financial instruments

Financial assets and financial liabilities are allocated to the three levels of the fair value hierarchy as set out in IFRS 13 depending on the availability of observable market data.

The individual levels are defined as follows:

LEVEL 1: Financial instruments traded on active markets whose quoted prices can be used to measure fair value without adjustment.

LEVEL 2: Measurement on the basis of measurement procedures whose inputs are derived from observable market data, either directly or indirectly.

LEVEL 3: Measurement on the basis of measurement procedures whose inputs are not derived from observable market data.

The Heidelberg Group is exposed to market price risks in the form of interest rate and exchange rate fluctuations. In general, DERIVATIVE FINANCIAL INSTRUMENTS are used to limit these risks. Their fair values correspond to changes in value arising from a notional revaluation taking into account the market parameters applicable at the end of the reporting period. The fair values are calculated using standardized measurement procedures (discounted cash flow and option pricing models). This corresponds to level 2 of the fair value hierarchy set out in IFRS 13, as only input data observable on the market, such as exchange rates, exchange rate volatilities and interest rates, is used.

SECURITIES are classified as financial assets available for sale. In line with IAS 39, these financial instruments are also carried at fair value. The underlying quoted prices for the measurement of the vast majority of securities correspond to level 1 of the fair value hierarchy set out in IFRS 13, as only quoted prices observed on active markets are used in measurement. If the fair value of securities cannot be reliably determined, they are carried at cost.

The following table provides an overview of financial assets and financial liabilities measured at fair value in accordance with the IFRS 13 fair value hierarchy as of June 30, 2013:

				30-Jun-2013
	Level 1	Level 2	Level 3	Total
Securities	2,774	0	0	2,774
Derivative financial assets	0	9,676	0	9,676
Financial assets measured at fair value	2,774	9,676	0	**12,450**
Derivative financial assets	0	3,055	0	3,055
Financial liabilities measured at fair value	0	3,055	0	**3,055**

SHARES IN SUBSIDIARIES in the amount of € 16,765 thousand (March 31, 2013: € 16,800 thousand) and OTHER INVESTMENTS in the amount of € 3,460 thousand (March 31, 2013: € 3,461 thousand) are classified as financial assets available for sale and carried at cost, as their fair values cannot be reliably determined due to the lack of a market for these items.

As a matter of principle, the fair value of RECEIVABLES FROM SALES FINANCING corresponds to the reported carrying amount. This fair value is based upon expected cash flows, which are discounted using interest rates with matching maturities and the customer-specific credit rating.

The carrying amount of TRADE RECEIVABLES, other financial receivables reported in other receivables and other assets, and CASH AND CASH EQUIVALENTS is generally assumed as an appropriate estimate of the fair value.

The fair value of the HIGH-YIELD BOND – which is reported in financial liabilities – as calculated on the basis of the quoted price is € 304,030 thousand (March 31, 2013: € 298,832 thousand), while the carrying amount is € 299,176 thousand (March 31, 2013: € 305,810 thousand).

In connection with the arranging of a long-term loan of € 38,898 thousand (March 31, 2013: € 40,739 thousand), which is also reported in financial liabilities, the lender was granted usufructuary rights to three developed properties. The basis of this is a sale (usufructuary rights) and leaseback transaction in accordance with SIC 27, which provides for a fixed basic term for the lease agreement of ten years and two renewal options of four years each. The usufructuary rights each have a term of 18 years. The usufructuary rights can be commuted after ten years. As a result of the first-time application of IFRS 13 in the financial

year 2013/2014, the fair value of this loan calculated on the basis of the discounted cash flow method using market interest rates with matching maturities declined from € 44,689 thousand (March 31, 2013) to € 36,959 thousand.

The fair value of a noncurrent financial liability reported in other liabilities calculated on the basis of the discounted cash flow method using market interest rates is € 58,538 thousand (March 31, 2013: € 60,246 thousand), while the carrying amount is € 78,405 thousand (March 31, 2013: € 78,880 thousand).

The carrying amount of other financial liabilities, trade payables and miscellaneous other liabilities is generally assumed as an appropriate estimate of the fair value.

20 Contingent liabilities and other financial liabilities

As of June 30, 2013, the contingent liabilities for warranties and guarantees amounted to € 4,979 thousand (March 31, 2013: € 7,325 thousand).

The other financial liabilities amounted to € 260,872 thousand as of June 30, 2013 (March 31, 2013: € 282,175 thousand). Of this amount, € 220,034 thousand (March 31, 2013: € 234,478 thousand) related to lease and rental obligations and € 40,838 thousand (March 31, 2013: € 47,697 thousand) related to investments and other purchase commitments.

21 Group segment reporting

Segment reporting is based on the management approach.

The Heidelberg Group consists of the business segments Heidelberg Equipment, Heidelberg Services and Heidelberg Financial Services. Heidelberg Equipment essentially comprises new machinery business. Services, consumables, service parts and remarketed equipment business are bundled in the Heidelberg Services segment. The Heidelberg Financial Services segment comprises sales financing business. Further information on the business activities, products and services of the individual segments can be found in the sections “Management and Control” and “Segments and Business Areas” in the Group management report as of March 31, 2013.

During the fourth quarter of the previous year, our organization was adjusted in line with the changed market environment (see note 37 of the notes to the consolidated financial statements as of March 31, 2013). The previous year’s figures were restated accordingly.

Segment information April 1, 2013 to June 30, 2013:

	Heidelberg Equipment		Heidelberg Services		Heidelberg Financial Services		**Heidelberg Group**	
	1-Apr-2012 to 30-Jun-2012 [1]	**1-Apr-2013 to 30-Jun-2013**	1-Apr-2012 to 30-Jun-2012 [1]	**1-Apr-2013 to 30-Jun-2013**	1-Apr-2012 to 30-Jun-2012 [1]	**1-Apr-2013 to 30-Jun-2013**	1-Apr-2012 to 30-Jun-2012 [1]	**1-Apr-2013 to 30-Jun-2013**
External sales	275,347	268,717	241,354	233,095	3,372	2,361	520,073	504,173
Result of operating activities (segment result)	– 80,654	– 36,499	4,108	13,697	3,441	1,497	– 73,105	– 21,305
Investments	11,467	9,297	2,550	2,670	0	1	14,017	11,968

[1] Figures of the previous year were adjusted (see explanations on page 34)

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

	1-Apr-2012 to 30-Jun-2012	**1-Apr-2013 to 30-Jun-2013**
Result of operating activities (segment result)	– 73,105	– 21,305
Financial result	– 12,024	– 12,027
Income before taxes	– 85,129	**– 33,332**

External sales relate to the different regions as follows:

	1-Apr-2012 to 30-Jun-2012	**1-Apr-2013 to 30-Jun-2013**
Europe, Middle East and Africa		
Germany	81,021	74,732
Other Europe, Middle East and Africa regions	101,204	106,859
	182,225	181,591
Asia/Pacific		
China	83,375	97,019
Other Asia/Pacific regions	97,576	84,516
	180,951	181,535
Eastern Europe	63,405	52,446
North America	67,493	68,795
South America	25,999	19,806
	520,073	**504,173**

22 Supervisory Board/Management Board

The members of the Supervisory Board and the Management Board are presented on pages 38 to 39.

23 Related party transactions

As described in note 41 of the notes to the consolidated financial statements as of March 31, 2013, business relationships exist between numerous companies and Heidelberger Druckmaschinen Aktiengesellschaft and its subsidiaries in the course of ordinary business. This also includes associated companies, which are regarded as related companies of the Heidelberg Group.

In the reporting period, transactions were performed with related parties that resulted in liabilities of € 4,244 thousand (March 31, 2013: € 6,879 thousand), receivables of € 18,578 thousand (March 31, 2013: € 15,846 thousand), expenses of € 3,121 thousand (April 1, 2012 to June 30, 2012: € 5,034 thousand) and income of € 1,921 thousand (April 1, 2012 to June 30, 2012: € 3,990 thousand), which essentially comprises sales. All transactions were again conducted as at arm's length and did not differ from relationships with other companies.

Members of the Supervisory Board have received a remuneration of € 181 thousand (April 1, 2012 to June 30, 2012: € 147 thousand) from Heidelberger Druckmaschinen Aktiengesellschaft in line with services rendered under consulting, service and employment contracts in the reporting period.

24 Significant events after the end of the reporting period

On July 10, 2013 (issue date), Heidelberger Druckmaschinen Aktiengesellschaft issued an unsecured, unsubordinated convertible bond with a total issue volume of € 60 million, a term of four years (final maturity: July 10, 2017) and an annual coupon of 8.50 percent, payable quarterly in arrears. The initial exercise price is € 2.62 per underlying share based on an initial conversion ratio of 38,167.9389. In this context, the revolving credit facility was reduced to around € 416 million. The Company's funding framework thus remains virtually unchanged.

Following the Annual General Meeting on July 23, 2013, the Supervisory Board is composed of 12 members in accordance with the provisions of the Articles of Association and the German Codetermination Act. With regard to the appointment of new members to the Supervisory Board, please refer to the Supplementary Report on page 17.

Heidelberg, August 13, 2013

HEIDELBERGER DRUCKMASCHINEN AKTIENGESELLSCHAFT
The Management Board

THE SUPERVISORY BOARD

Robert J. Koehler
Chairman of the Supervisory Board

Rainer Wagner*
Deputy Chairman of the Supervisory Board

Edwin Eichler

Wolfgang Flörchinger*
– through July 23, 2013 –

Martin Gauß*
– through July 23, 2013 –

Mirko Geiger*

Gunther Heller*
– through July 23, 2013 –

Jörg Hofmann*

Dr. Siegfried Jaschinski

Dr. Herbert Meyer

Dr. Gerhard Rupprecht
– through July 23, 2013 –

Beate Schmitt*

Lone Fønss Schrøder

Prof. Dr.-Ing. Günther Schuh

Peter Sudadse*

Christoph Woesler*
– since July 23, 2013 –

* Employee representative

Committees of the Supervisory Board

MANAGEMENT COMMITTEE

Robert J. Koehler (Chairman)
Rainer Wagner
Martin Gauß **
Mirko Geiger
Dr. Gerhard Rupprecht **
Lone Fønss Schrøder ***
Prof. Dr.-Ing. Günther Schuh
Peter Sudadse ***

MEDIATION COMMITTEE UNDER ARTICLE 27 PARAGRAPH 3 OF THE CODETERMINATION ACT

Robert J. Koehler
Rainer Wagner
Wolfgang Flörchinger **
Dr. Herbert Meyer ***
Dr. Gerhard Rupprecht **
Peter Sudadse ***

COMMITTEE ON ARRANGING PERSONNEL MATTERS OF THE MANAGEMENT BOARD

Robert J. Koehler (Chairman)
Rainer Wagner
Dr. Gerhard Rupprecht **
Beate Schmitt
Prof. Dr.-Ing. Günther Schuh ***

AUDIT COMMITTEE

Dr. Herbert Meyer (Chairman)
Dr. Siegfried Jaschinski
Mirko Geiger
Rainer Wagner

NOMINATION COMMITTEE

Robert J. Koehler (Chairman)
Dr. Gerhard Rupprecht **
Edwin Eichler ***
Lone Fønss Schrøder ***

STRATEGY COMMITTEE

Robert J. Koehler (Chairman)
Rainer Wagner
Edwin Eichler
Mirko Geiger
Dr. Siegfried Jaschinski
Dr. Herbert Meyer
Dr. Gerhard Rupprecht **
Lone Fønss Schrøder
Prof. Dr.-Ing. Günther Schuh

THE MANAGEMENT BOARD

Dr. Gerold Linzbach
Chief Executive Officer and
Chief Human Resources Officer

Dirk Kaliebe

Marcel Kiessling

Stephan Plenz

** through July 23, 2013
*** since July 23, 2013

FINANCIAL CALENDAR 2013/2014

NOVEMBER 5, 2013	Publication of Half-Year Figures 2013/2014
FEBRUARY 5, 2014	Publication of Third Quarter Figures 2013/2014
JUNE 11, 2014	Press Conference, Annual Analysts' and Investors' Conference
JULY 24, 2014	Annual General Meeting

Subject to change

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