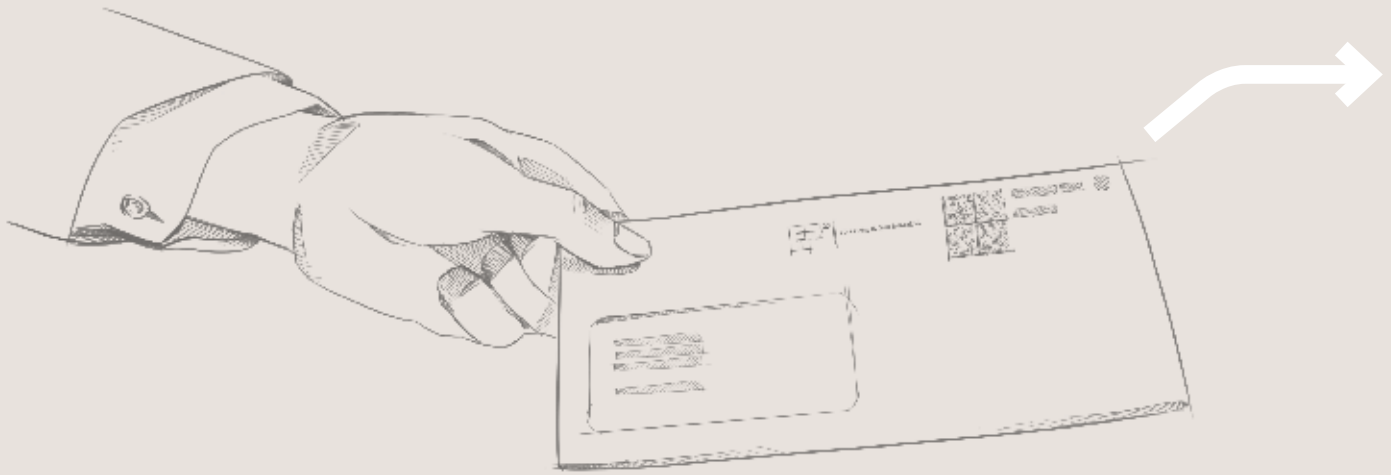




YOUR MAIL IS OUR BUSINESS



CLEAR DIRECTIONS – CLEAR OBJECTIVES

ALL MAIL COMMUNICATION PROCESSES FROM A SINGLE SOURCE

KEY FIGURES TO THE 3RD QUARTER

Figures in accordance with consolidated financial statements in EUR million	1.1.– 30.9.2011	1.1.– 30.9.2010	Change in %	Q3 / 2011	Q3 / 2010	Change in %
Revenue	118.9	105.8	12.4	38.0	39.8	-4.5
Increase in revenue (%)	12.4	-11.0		13.8	4.7	
Recurring revenue	92.7	79.5	16.6			
EBITDA	8.4	18.9	-55.3	4.6	6.1	-24.6
in percentage of revenue	7.1	17.8		12.1	15.3	
EBITA	-0.8	10.7	n/a	1.5	3.3	-54.6
in percentage of revenue	-0.7	10.1		3.9	8.3	
EBIT	-2.9	4.9	n/a	0.7	2.1	-63.6
in percentage of revenue	-2.4	4.6		2.1	5.5	
Net income	-5.1	0.8	n/a	-0.8	1.6	n/a
in percentage of revenue	-4.3	n/a				
Free cash flow w/o corporate acquisitions	0.7	10.9				

Figures in accordance with consolidated financial statements in EUR millions	30.9.2011	31.12.2010	Change in %
Subscribed capital	14.7	14.7	
Shareholders equity	14.7	19.6	-25.0
in percentage of balance sheet total		11.4	14.4
Return on equity in percent		-34.7	4.1
Debt capital	114.2	116.3	-1.8
Net debt	32.0	34.2	-6.4
Net gearing in percent		217.7	174.5
Balance sheet total	128.9	135.9	-5.2
Earnings per share	-0.32	0.09	n/a
Employees	1,140	1,074	6.2
Share price end of the quarter	2.79	2.50	11.6

CONTENTS

2 LETTER FROM THE MANAGEMENT BOARD

5 CONSOLIDATED INTERIM REPORT

- 6 Business and general environment
 - 6 Operating activities
 - 6 General environment
 - 6 Employees
 - 7 Research and development
 - 8 Net assets, financial and earnings position
 - 8 Earnings position
 - 11 Course of business by segments
 - 13 Financial position
 - 15 Asset situation
 - 16 Events after the balance sheet date
 - 16 Risk and opportunity report
 - 16 Forecast
-

18 CONSOLIDATED INTERIM FINANCIAL STATEMENTS

- 19 Consolidated statement of recognised income and expense
 - 20 Consolidated balance sheet
 - 22 Consolidated cash flow statement
 - 23 Consolidated statement of changes in equity
-

24 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 24 General principles
 - 24 General information
 - 24 Accounting principles
 - 26 Developments in the reporting period
 - 26 New financing arrangements
 - 27 Setting up of a new production site
 - 27 Restructuring measures at the Dutch subsidiary
 - 27 Closure of the production site in Singapore
 - 27 Other developments
 - 27 Explanatory notes
 - 27 Notes to cash flow statement
 - 28 Employees
 - 28 Significant events occurring after the reporting date
 - 28 Segment information
-

33 RESPONSIBILITY STATEMENT

34 FINANCIAL CALENDAR & IMPRINT

LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders, Ladies and gentlemen,

In the first nine months of 2011, the FP Group has taken decisive steps toward becoming a multi-channel provider of mail communication. We would like to highlight three topics in this area: restructuring production, preparations to introduce our new Phoenix franking system and entering the market of fully electronic mail communication.

At the beginning of the year, we resolved to focus production at a new location in Wittenberge in the German State of Brandenburg, meaning closing current production in Birkenwerder and transferring pre-assembly work previously based in Singapore back to Germany. The new manufacturing site in Wittenberge is the essential precondition for producing our franking machines not only under optimal conditions in the future but especially for offering them at competitive conditions. The decision was a necessary step towards optimising our cost structures. After production in Birkenwerder has ceased definitively, we expect to save costs of around EUR 3 million per year starting in the second quarter of 2012. We will thus more than offset last year's savings of around EUR 2.5 million generated by the site continuation agreement.

Already in October, we started the production of the mymail franking machine in Wittenberge. Production of the first prototypes of the new Phoenix franking machine will also begin in the next few weeks before series production starts in the first quarter of 2012. Expanding the new production line and moving the existing ones is happening at the same time as continuing production in Birkenwerder. Due to an exceptionally high rate of illnesses, we had to increase the number of temporary employees at the old site in recent months, to ensure the punctual delivery of the franking systems.

We are thoroughly convinced that these measures are investments in the future of the FP Group. The Phoenix has great potential because it is much more than just a franking machine. The new franking system sets itself apart with numerous innovations in the areas of mechatronics, navigation software and the distribution process and will replace our current offering in the mid-segment product range – the optimail 30, ultimail franking machines. Changing postal markets demand innovative products. We developed such a product with the Phoenix, allowing us to thrive in a competitive market and secure the future of the FP Group.

However, the measures introduced and the end of the site continuation agreement will result in some one-off expenses initially. With revenue of EUR 118.9 million, the FP Group generated EBITDA of EUR 8.4 million, compared with EUR 18.9 million in the prior-year period. EBITDA adjusted from restructuring costs amounted to EUR 17.3 million. Against this background, as well as the rapid economic slowdown in some industrialised countries that was not foreseen at the beginning of the year, negative exchange rate effects of EUR 1.6 million in total and the corresponding negative effects on our margin, we expect revenue of between EUR 160 million and EUR 165 million for 2011 as a



Management Board: Andreas Drechsler (left) and Hans Szymanski (right)

MANAGEMENT BOARD

HANS SZYMANSKI

Member of the Management Board of Francotyp-Postalia Holding AG (CFO & CTO)

Born in 1963 and an economics graduate, he is responsible for Finance, Production, IT, Research and Development, Human Resources and Legal Affairs.

ANDREAS DRECHSLER

Member of the Management Board of Francotyp-Postalia Holding AG (CSO)

Born in 1968, Andreas Drechsler studied and graduated in banking and business studies, and is responsible for Sales, Marketing and Investor Relations.

whole and EBITDA before restructuring costs of EUR 22 million to EUR 23 million instead of the previous figure of EUR 25 million to EUR 27 million.

Assuming that depreciation and amortisation this year will total roughly EUR 14.9 million, the consolidated net result before restructuring costs would be EUR 2.5 million to EUR 3.0 million, resulting in adjusted earnings per share of EUR 0.17 to EUR 0.20. This result shows that even in a challenging market environment, the FP Group has the potential to generate profits.

The strength of our business model can be seen most of all in our investment strength: After nine months, the FP Group recorded total cash flow from investing activities of EUR -11.4 million. For example, we were able to expand production in Wittenberge, work on the Phoenix and make numerous other forward-looking investments in this financial year, like certifying our franking machines in France, the largest European market. We also significantly reduced our financial liabilities in the current year. EUR 10.0 million are being spent on payments and special payments of a bank loan alone over the full year. With all of these measures, we have laid the key foundations beyond the production restructuring to increase our operating earnings and financial clout sustainably from 2012 on.

However, our future as a multi-channel provider for mail communication is not based solely on this promising franking system. A key investment in the FP Group's future is the majority takeover of Mentana-Claimsoft AG, a specialist in electronic signatures that will be one of the first De-Mail providers in Germany. The authorisation process for it is ongoing. Set to launch in 2012, De-Mail will be legally binding, confidential and legally enforceable delivery of documents over the Internet. According to experts, about ten percent of all mail will be routed via De-Mail within five years. Based on this, the FP Group can develop a tailored solution for each company for its mail communication needs. We took important steps this year towards attaining this position and thus gaining a significant competitive advantage. 2011 is the year of the FP Group's transition to a multi-channel provider with strong earnings and finances.

In conclusion, I would like to thank you, dear shareholders, for your continued trust in the FP Group. Your trust is the foundation of our business activities.

Sincerely



Hans Syzmanski
CEO & CFO



Andreas Drechsler
CSO

CONSOLIDATED INTERIM REPORT AS OF 30 SEPTEMBER 2011

6 BUSINESS AND GENERAL ENVIRONMENT

- 6 Operating activities
 - 6 General environment
 - 6 Employees
 - 7 Research and development
-

8 NET ASSETS, FINANCIAL AND EARNINGS POSITION

- 8 Earnings position
 - 11 Course of business by segments
 - 13 Financial position
 - 15 Asset situation
-

16 EVENTS AFTER THE BALANCE SHEET DATE

16 RISK AND OPPORTUNITY REPORT

16 FORECAST

BUSINESS AND GENERAL ENVIRONMENT

Operating activities

Francotyp-Postalia Holding AG (FP Group), based in Birkenwerder near Berlin, is a complete service provider for mail communication. As postal markets have become increasingly liberalised, the company has moved from being a producer of franking machines to being a multi-channel provider. The company covers the entire letter post distribution chain – from franking and inserting physical letters to mail consolidation and even hybrid and fully electronic mail. In this way, the FP Group can offer all products as well as services for easy, cost-efficient mail communication to corporate customers of all sizes.

The company divides its business into three product segments: Franking and Inserting, Software Solutions, and Services.

General environment

While many industrial countries are threatening to fall back into recession, the economic situation in the emerging nations of Asia was robust in the last quarter.

The German economy grew in the third quarter of 2011, due in particular to increased private consumer spending. In the domestic market of the FP Group from July to September gross domestic product (GDP) climbed slightly by 0.5% on the previous quarter. Thus, the third quarter developed as experts expected. However, many economists fear an economic slowdown in Germany in the months to come.

The continuing Euro crisis contributed significantly to the further weakening of growth in Europe. In the third quarter of 2011, GDP in the eurozone was up only 0.2% on the previous quarter. Economic indicators such as the German Ifo Index are falling month by month and reflect growing pessimism and thus lower investment propensity in broad segments of the economy.

Likewise, growth in the US economy was weaker than expected. In the third quarter of 2011, GDP grew more strongly than in the previous quarters, but still remained far below experts' expectations. According to an initial publication by the Department of Commerce, GDP increased between July and September 2011 at a projected rate for the year of 2.5%. In the second quarter, US GDP had grown by 1.3% and in the first quarter by 0.4%.

In comparison, the Asian economies are continuing to grow at high rates. In the third quarter of 2011, China grew by 9.1%; in India growth in this period is likely to be 7.5%.

Employees

As of 30 September 2011, the FP Group employed a total of 1,140 people worldwide, compared with 1,074 employees the previous year. This rise is a direct consequence of personnel increases in the foreign and German subsidiaries and relates to the acquisition of a majority shareholding in Mentana-Claimsoft. As at 30 September 2011, 733 employees were attributable to the German companies (previous year: 687) and 407 to foreign subsidiaries (previous year: 387).

In Germany, a total of 469 employees belonged to the Franking and Inserting segment (previous year: 466) and 264 to the Software Solutions and Services segments (previous year: 221). As at 30 September 2011, 186 people were employed at freesort compared with 166 in the previous year. The number of employees at iab remained unchanged at 55. As at 30 September 2011, Mentana-Claimsoft employed 23 people. The increase in personnel in these segments underlines the increasing significance of the Software and Services business for the entire company.

In January 2011, the Supervisory Board of Francotyp-Postalia Holding AG extended the existing Management Board contract with Head of Sales Andreas Drechsler until 22 February 2015. Mr Drechsler has been Head of Sales for the FP Group's global operating business since February 2009. Together with his colleague Hans Szymanski, he is the driving force behind the strategic development of the company into a complete service provider for mail communication.

Research and development

In its research and development, the FP Group concentrates on developing the Phoenix franking system. This comprises a basic unit, which comes in four different speed variations, automatic letter feeder and a filing system. This franking platform is distinguished by numerous innovations in mechatronics, software management and the distribution process. Series production is set to begin in the first quarter of 2012.

The Research and Development department is also working on new solutions for networking franking systems and the further processing of data recorded by franking systems. It is also advising many postal companies on ways to develop their security requirements further and implements these into the international server infrastructure of the FP Group.

All of our product innovations are aimed at better supporting our customers' changing communication processes, which translates into an increase in productivity for the customer. As the Group continues to develop into a complete service provider, the integration of software and server concepts and the development of outsourcing interfaces become increasingly important.

In the months from July to September 2011, research and development expenses remained unchanged at EUR 2.3 million. In the first nine months of the current financial year, research and development expenses amounted to EUR 7.1 million, compared to EUR 6.4 million in the first nine months of 2010. The R&D ratio therefore remained unchanged at 6.0% of revenue. Of this, the FP Group capitalised EUR 3.4 million in accordance with IFRS and recognised EUR 3.7 million in expenses.

NET ASSETS, FINANCIAL AND EARNINGS POSITION

Earnings position

REVENUE

In the first nine months of the 2011 financial year, the FP Group increased revenue to EUR 118.9 million, against EUR 105.8 million for the previous year. The significant 12.4% increase in revenue compared with the same quarter of the previous year partly resulted from a change in the reporting logic as part of the new regulations for sales tax on postal services in Germany as at 1 July 2010. The Group also benefitted from its success in becoming a complete service provider. Adjusted for the above one-off effects, revenue increased in the first nine months of the current year by 2%. In the third quarter of 2011, the Group generated revenue of EUR 38.0 million, compared with EUR 39.8 million in the same quarter of the previous year.

In the first nine months of the current financial year, revenue from product sales remained almost stable compared with the same period of the previous year at EUR 26.1 million. In the same period, recurring revenue increased to EUR 92.7 million, against EUR 79.5 million in the previous year. Its share of total revenue climbed to 78.0% after 75.2% in the same period of the previous year. Recurring revenue derives from service agreements, rental, teleporto, the sale of consumables, mail services and software solutions.

In the first nine months of the current financial year, revenue in the Mail Services segment increased from EUR 15.5 million to EUR 25.7 million. The Software segment also increased its revenue considerably, from EUR 4.2 million in the first nine months of 2010 to EUR 7.3 million. Primary reasons for this include changes to the reporting logic as part of the new regulations for sales tax and the acquisition of new customers.

Since 1 July 2010, iab and freesort no longer recognise postal charges solely in the balance sheet with no effect in the consolidated statement of comprehensive income, but instead report the sale of discounted postal charges in revenue and the cost of postal charges in costs of materials. This was a necessary change in line with the sales tax reform as part of the liberalisation of postal markets. As a result of the reform in the sales tax law, freesort no longer provides its services ("Consolidation" and "Consolidation Plus Franking Service") as a third party, but on its own account and this is thus fully recognised in revenue. This effect is also being exhibited by iab. Overall, a revenue effect of EUR 17.6 million was incurred for the first nine months of 2011.

Revenue by product and service *

EUR million	1.1.–30.9. 2011	1.1.–30.9. 2010	Third Quarter 2011	Third Quarter 2010
Recurring revenue	92.7	79.5	30.2	30.8
Leasing	15.9	16.7	5.3	5.8
Services / customer service	19.8	18.6	5.8	6.2
Consumables	15.0	15.5	4.7	4.9
Teleporto	9.0	9.0	3.0	2.9
Mail services	25.7	15.5	8.8	9.0
Software	7.3	4.2	2.5	2.1
Income from product sales	26.1	26.2	7.8	8.9
Franking	20.2	19.6	6.0	6.1
Inserting	5.1	6.0	1.4	2.4
Other	0.8	0.7	0.4	0.3
Total	118.9	105.7	38.0	39.7
Recurring revenue in %	78.0	75.2	79.5	77.6
Non-recurring revenue in %	22.0	24.8	20.5	22.4
Natural hedges	0.0	0.1	0.0	0.1
Total	118.9	105.8	38.0	39.8

* Revenue in accordance with IFRS without inter-segment revenue

OPERATING EXPENSES

The cost of materials rose in the first nine months of 2011 to EUR 46.9 million against EUR 32.5 million in the same period of the previous year. This rise is, in essence, due to the new reporting logic as part of the new regulations for sales tax, as the FP Group now recognises the purchase of postal charges in cost of materials. Accordingly, the cost of services purchased, also as a result of increased development services performed by third parties and logistics costs, soared to EUR 26.5 million, compared with EUR 12.3 million in the same period of the previous year. In the first nine months of 2011, expenses for raw materials, consumables and supplies amounted to EUR 20.4 million, compared with EUR 20.2 million in the previous year.

In the first three quarters of 2011, staff costs rose to EUR 47.3 million compared with EUR 39.4 million in the prior-year period. The rise is primarily due to an increase in employee numbers in the USA and Sweden. It can also be explained by the restructuring costs of EUR 5.8 million set aside for measures in production in Germany and EUR 0.3 million earmarked for the Netherlands. The measures taken in the third quarter of 2011 in the Netherlands predominantly affected employees in the Service segment. Staff costs also rose by around EUR 0.9 million on account of the site continuation agreement which expired July 2011.

In the first nine months of 2011, other operating expenses increased to EUR 27.2 million from EUR 22.5 million. This increase can also be explained by restructuring production in Wittenberge and the associated closure of the production site at Birkenwerder. Since the production plant cannot presumably be leased out again straight away, provisions were made for onerous contracts of EUR 1.5 million. In addition, EUR 0.5 million was set aside in connection with the redundancy scheme. In addition, there were expenses of EUR 0.4 million for the employment of contract workers in production to ensure the punctual delivery of the franking systems and consultancy fees in connection to the restructuring of EUR 0.3 million.

EBITDA

In the first nine months of 2011, the FP Group generated EBITDA (earnings before interest, tax, net financial income, depreciation and amortisation) of EUR 8.4 million, against EUR 18.9 million in the same period of the previous year. This decrease can be explained by increased staff costs and the provisions for the restructuring measures in production in Germany and the subsidiary in the Netherlands. Over the nine month period, the restructuring costs totalled EUR 8.5 million in Germany and EUR 0.3 million in the Netherlands. EBITDA adjusted for restructuring costs thus amounted to EUR 17.3 million.

In the third quarter of 2011, EBITDA stood at EUR 4.6 million, against EUR 6.1 million in the same period of the previous year.

DEPRECIATION AND AMORTISATION

Owing to a decline in amortisation on intangible assets, depreciation and amortisation fell significantly in the first nine months of 2011 to EUR 11.3 million after EUR 13.9 million in the corresponding period of the previous year.

NET INTEREST INCOME/EXPENSE

In the first nine months of 2011, net interest income improved to EUR -2.0 million as against EUR -2.3 million in the previous year. Interest income remained almost unchanged at EUR 0.9 million because of the low level of interest rates. Interest expenses fell accordingly to EUR 2.9 million, compared with EUR 3.3 million in the previous year.

NET FINANCIAL INCOME/EXPENSE

In the first three quarters of the current year, the net financial income/expense of the FP Group remained unchanged at EUR -0.2 million. Financial income amounted to EUR 1.0 million, as in the same period of the previous year. Financial expenses remained unchanged at EUR 1.2 million.

NET TAXES

The tax result consists of tax income of EUR 4.0 million and tax expenses of EUR 4.0 million. In total, the company achieved a break-even tax result over the nine month period. This was EUR -1.7 million in the same period of the previous year.

CONSOLIDATED NET INCOME

In light of the restructuring provisions, consolidated net income before non-controlling interests in the first nine months of 2011 came to EUR -5.1 million, compared with EUR 0.8 million in the prior-year period. Earnings per share came to EUR -0.32, compared with EUR 0.09 for the first nine months of 2010.

In the third quarter of 2011, the FP Group achieved an overall result of EUR -0.9 million, compared with EUR 1.6 million in the same period of the previous year.

Course of business by segments

The company is divided into four segments, namely Production, Domestic Sales, International Sales and Head Office Functions. This segmentation corresponds to the FP Group's internal reporting.

Since the segments report in accordance with the local financial reporting framework, both the adjusting entries in accordance with IFRS and the Group consolidation entries are included in the reconciliation with the consolidated financial statements. The Group consolidation entries comprise the consolidation of business relationships between the segments. Intra-Group transactions are effected at market prices. As the figures in the separate financial statements are added up to form total segment results, total segment amounts also include inter-segment figures and intra-group profits.

Revenue amounts reported in this section correspond to the section on revenue with external third parties in the segment report.

SALES GERMANY SEGMENT

In the first nine months of 2011, the FP Group achieved overall revenue of EUR 64.7 million in its German domestic market, compared with EUR 53.3 million in the previous year. In Germany, the company essentially benefited from a change in the reporting logic as part of the new regulations for sales tax on postal services. In the Services segment, revenue generated by the consolidation specialist freesort thus increased significantly to EUR 25.7 million, compared with EUR 15.5 million in the same period of the previous year. The positive effect on revenue generated by the change in the reporting logic therefore amounted to EUR 13.8 million. In the Software Solutions segment, revenue climbed to EUR 7.0 million in the first nine months of 2011, compared with EUR 4.2 million in the first nine months of 2010. This segment also exhibited a positive revenue effect generated by the change in the reporting logic of EUR 3.8 million.

Francotyp-Postalia Vertrieb und Service (VSG), together with its subsidiaries, which is responsible for franking and inserting, achieved revenue of EUR 31.2 million, compared with EUR 33.6 million in the previous year. The drop in revenue in the first nine months of the year is attributable to weaker revenue generated by the Service segment and the consumables business as well as to lower product sales. In addition to the declining economic situation, corporate customers deferred new orders in view of the new franking platform that the FP Group will launch in the new year.

In the Germany segment, the FP Group generated an EBITDA result of EUR 4.8 million in the first nine months of 2011, against EUR 7.2 million in the previous year.

In Germany, the company is market leader in franking machine business with a market share of 42.7%.

In the third quarter of 2011, the FP Group announced that it would merge national sales in Germany under one roof. In future, Francotyp-Postalia Vertrieb und Service GmbH will be responsible for all of the Group's national sales activities. The company thus wishes to connect products relating physical, semi-electronic and fully electronic mail communication more closely.

Furthermore, the FP Group has been offering the advance reservation of De-Mail addresses for several months. The authorisation processes of the individual providers are ongoing. Included in this process is also the FP subsidiary, Mentana-Claimsoft, through which the FP Group will offer its customers access to De-Mail.

The company freesort won a tender from the German government and, since April of this year, has been consolidating a large part of the mail from state institutions. In the third quarter, freesort won a further well-known customer in a company of the Sparkassen-Finanzgruppe.

In September 2011, the company displayed both its franking and inserting machines and its innovative software solutions and postal services at POST-EXPO in Stuttgart. The trade exhibition is a leading world event for the international post, mail and express industries.

SALES INTERNATIONAL SEGMENT

In its International segment, in which all activities by the foreign subsidiaries are combined, the FP Group generated nine-month revenue with external third parties of EUR 52.3 million, compared with EUR 49.8 million in the same period in the previous year. The increase in revenue is essentially attributable to one-off effects in the USA and the acquisition of the Swedish franking machine business in 2010.

In the first nine months of 2011, revenue rose in the USA, the company's most important foreign market, to EUR 23.3 million, against EUR 22.1 million in the previous year. The rate changes introduced by the USPS based postal companies this year had a noticeably positive impact on revenue in this segment, totalling around EUR 0.8 million. The first-time consolidation of the new Swedish subsidiary in the Sales International segment had a positive effect on revenue amounting to EUR 2.5 million. By contrast, revenue in the UK fell slightly to EUR 9.8 million, against EUR 9.9 million in the same period of the previous year. In the third major foreign market, the Netherlands, nine-month revenue likewise declined from EUR 6.8 million to EUR 6.4 million. In addition, the company posted negative exchange rate effects totalling EUR 1.6 million.

Due to the persistent difficult market situation in the Netherlands, the decision was made in the first quarter to carry out relevant cost adjustments at the Dutch subsidiary. The associated restructuring costs amounted to EUR 0.3 million.

Despite an increase in revenue, the company's EBITDA result in the International segment declined to EUR 11.0 million compared with EUR 13.3 million in the first nine months of 2010. The negative effect on income can be attributed to provisions made for the restructuring measures in the Netherlands, negative exchange rate effects and higher personnel costs in the USA and Sweden.

PRODUCTION

The FP Group consolidates its production activities in Germany in the Production segment. In the first three quarters of 2011, revenue in the Production segment came to EUR 3.9 million, against EUR 4.1 million in the same period of the previous year. The decline in revenue is solely attributable to the absorption of the Group's former Swedish dealer business by the Sales International segment.

While EBITDA of EUR 1.6 million was reported in the Production segment in the first nine months of 2010, EBITDA in the current financial year came to EUR -6.7 million. This effect resulted from the provisions of EUR 7.1 million made for the upcoming transfer of production and the provisions made for Christmas bonuses, which were not made in the previous year due to the wage waiver as part of the site continuation agreement.

At the beginning of this year, the Management Board of the FP Group took the decision to establish a new production line in Wittenberge, Brandenburg for production of the new Phoenix franking system. With the start of the establishment of production in Wittenberge, production in Singapore was discontinued in the first quarter of 2011 and relocated to Germany. Production still taking place at company headquarters in Birkenwerder will be shut down by the first quarter of 2012.

Summary of results per segment

EUR million	Revenues			EBITDA		
	Third Quarter 2011	Third Quarter 2010	Change	Third Quarter 2011	Third Quarter 2010	Change
Sales Germany	21.0	22.3	-6.0%	1.8	2.5	-26.2%
Sales International	16.1	16.6	-2.9%	3.4	4.6	-25.2%
Production	1.3	1.3	3.4%	-0.8	-0.5	60.9%
FP-Group*	38.0	39.8	-4.6%	4.6	6.1	-24.7%

EUR million	Revenues			EBITDA		
	1.1.–30.9. 2011	1.1.–30.9. 2010	Change	1.1.–30.9. 2011	1.1.–30.9. 2010	Change
Sales Germany	64.3	53.3	20.5%	4.8	7.2	-33.9%
Sales International	52.3	49.8	4.9%	11.0	13.3	-17.7%
Production	3.9	4.1	-5.9%	-6.7	1.6	-531.0%
FP-Group*	118.9	105.8	12.4%	8.4	18.9	-55.3%

* The segment "Head Office Functions" is also shown in the segment reporting. The segment achieves no revenue with external third parties. Revenue was generated from services for subsidiaries. Further information on this segment and on the Group reconciliation can be found in the notes to the consolidated financial statements.

Financial position

INVESTMENT ANALYSIS

The FP Group is pursuing a focused investment strategy and concentrating particularly on investments that will facilitate the company's ongoing development into a complete service provider for mail communication.

Investments picked up slightly in the first nine months of 2011 to EUR 11.4 million, compared with EUR 10.4 million in the previous year. Capitalised development costs increased to EUR 3.4 million in this period from EUR 3.1 million in the previous year. Investments in intangible assets remained at the same level. Investments in other property, plant and equipment increased to EUR 3.0 million from EUR 1.7 million in the first nine months of 2010 due to the establishment of production in Wittenberge. By contrast, investment in leased products increased to EUR 3.7 million from EUR 1.9 million in the previous year. Investments in enterprise value decreased to EUR 1.0 million, compared with EUR 3.5 million in the previous year. In March 2011, the FP Group acquired a 51% stake in Mentana-Claimsoft AG, whereas in 2010 it took over the franking machine business of Ricoh in Sweden.

Investment

EUR million	11.–30.9.2011	11.–30.9.2010
Capitalised development costs	3.4	3.1
Investment in other intangible assets	0.2	0.1
Investment in property, plant and equipment	3.0	1.7
Investment in leased products	3.7	1.9
Investment in financial assets	0.0	0.0
Investment in enterprise value	1.0	3.5
Investment	11.4	10.4

LIQUIDITY ANALYSIS

In the first nine months of 2011, cash flow from operating activities amounted to EUR 11.1 million, compared with EUR 17.8 million in the previous year. This decline is due to the negative changes in working capital and the consolidated net result.

In the first nine months of 2011, cash outflows from investing activities amounted to EUR 11.4 million, against EUR 10.4 million in the previous year. In the result, free cash flow, the sum of cash inflows from operating activities and cash outflows from investing activities, decreased to EUR -0.3 million from EUR 7.4 million in the same period in the previous year. In the first nine months of 2011, cash flow from financing activities amounted to EUR -8.2 million as against EUR -8.7 million in the previous year. This development is essentially due to a special payment as part of early refinancing and a change to the payment structure, whereby payments are now made semi-annually.

In the first quarter of 2011, the FP Group concluded a comprehensive extension of Group financing for a further 3 to 5 years with a banking consortium headed by Commerzbank. The current financing agreement, originally due to run until the end of November 2011, with a current standing balance of EUR 38.9 million and USD 6.9 million was repaid prematurely and reduced by approximately EUR 5 million through a special payment. The total volume of the new syndicated loan is split into EUR 30.1 million and USD 12.0 million.

Because the new loan extension and loan repayment came at the same time as the first planned principal payments, on 15 June 2011 a supplementary agreement to the syndicated loan agreement was concluded, with the aim of simplifying processing. In this agreement, the loan was reduced by the repayment instalments due. Loan A1 (amortising loan) was fixed at a figure of up to EUR 5,000,000 and loan A2 (amortising loan) at a figure of USD 10,125,000.

Cash and cash equivalents shown are produced from the balance sheet items "cash" and "securities" less "current liabilities from postage credit balances managed" (teleporto funds). At the end of the first nine months of 2011, cash and cash equivalents declined to EUR 5.0 million from EUR 11.3 million in the previous year.

Liquidity analysis

EUR million	1.1.–30.9.2011	1.1.–30.9.2010
1. Cash flow from operating activities		
Cash flow from operating activities	11.1	17.8
2. Cash flow from investing activities		
Cash flow from investing activities	-11.4	-10.4
Free cash flow	-0.3	7.4
3. Cash flow from financing activities		
Cash flow from financing activities	-8.2	-8.7
Cash and cash equivalents		
Change in cash and cash equivalents	-8.5	-1.3
Change in cash and cash equivalents due to currency translation	0.0	0.2
Cash and cash equivalents at beginning of period	13.4	12.4
Cash and cash equivalents at end of period	5.0	11.3

Asset situation

The balance sheet as of 30 September 2011 is characterised by a decrease in non-current assets and non-current liabilities. Compared with 31 December 2010, total assets fell by EUR 7.0 million to EUR 128.9 million. The share of current assets dipped accordingly from 51.7% to 48.4%. The ratio of current assets to current liabilities was 96.4%. The share of non-current liabilities in total assets was reduced to 38.3% against 38.7% at the end of 2010. Due to the negative consolidated net result, the equity ratio fell to 11.4% from the 31 December 2010 equity ratio of 14.4%.

On the assets side of the balance sheet, intangible assets decreased slightly to EUR 31.1 million as against EUR 31.3 million on the balance sheet date of 31 December 2010. Property, plant and equipment increased slightly to EUR 18.7 million, compared with EUR 18.4 million at the end of 2010. Other non-current assets declined by EUR 0.8 million to EUR 2.2 million as at 30 September 2011. As at 30 September 2011, deferred tax assets amounted to EUR 14.5 million, compared with EUR 12.9 million as at 31 December 2010.

Within current assets, cash was reduced and this is reported under “cash and cash equivalents”. At 30 September 2011, cash and cash equivalents totalled EUR 23.2 million, against EUR 31.4 million at the end of 2010 (see “Liquidity analysis”).

Securities reported separately in the amount of EUR 0.7 million are used by freesort as a cash deposit for a guarantee with Deutsche Post AG. Inventories increased to EUR 12.3 million, compared to EUR 10.9 million at the end of 2010. There was a slight decline in trade receivables at EUR 14.2 million as at 30 September 2011, compared with EUR 14.9 million as of 31 December 2010. Other current assets amounted to EUR 11.9 million, compared with EUR 12.4 million at the end of 2010.

On the equity and liabilities side, equity decreased from EUR 19.6 million as at 31 December 2010 to EUR 14.7 million. Owing to reduced financial liabilities, non-current liabilities declined substantially to EUR 49.4 million, compared with EUR 52.7 million as at 31 December 2010. Current liabilities rose slightly to EUR 64.8 million on 30 September 2011 from the 2010 year-end figure of EUR 63.6 million. This was the result of the significant increase in provisions, while current financial liabilities declined considerably.

EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the interim reporting date (30 September 2011).

RISK AND OPPORTUNITY REPORT

The company discussed its opportunities and risks in detail in the consolidated financial statements dated 31 December 2010.

The discontinuation of production at the Birkenwerder site is scheduled for the end of the first quarter of 2012 at the latest. A transfer affects only production and the company's headquarters will remain in Birkenwerder.

In August 2011, negotiations concerning the redundancy scheme were concluded with a decision from the conciliation proceedings against the company's vote. Accordingly, the redundancy scheme will total around EUR 7.5 million. EUR 7.0 million of this amount will be set aside for the redundancy scheme and EUR 0.5 million will be set aside for other operating expenses. In the third quarter of 2010 and in the first quarter of 2011, provisions in the amount of EUR 3.6 million had been formed, of which EUR 2.1 million for the redundancy scheme and EUR 1.5 million for onerous contracts. Additionally, the difference of EUR 5.4 million was set aside in the second quarter of 2011.

FP appealed against the conciliation committee's decision, because in the view of the Managing Board it exceeds the limit of what can be expected from the company financially. The labour court will first deliberate the legality of the decision in mid-November.

No further risks and opportunities of significant importance for the further development of business are currently discernible.

FORECAST

In the third quarter of 2011, there has been an unexpectedly rapid downturn in the general environment. The threat of a return to recession in the industrialised nations and the continuing euro crisis both mean that companies are delaying their investment decisions. The FP Group is feeling the effects of the weaker investment climate in the German domestic market in particular. This is aggravated by the fact that some customers are waiting to make franking machine orders until the FP Group launches its new franking platform in 2012.

The weakening economic situation and flagging investment propensity in the franking business in Germany especially are also encroaching on results. The situation at the Birkenwerder site is marked by the upcoming discontinuation of production. The company is currently using temporary employees there to ensure the punctual delivery of the franking systems. Following the decision of the conciliation proceedings regarding a redundancy scheme amounting to EUR 7.5 million, provisions were made totalling EUR 9.0 million. Of this amount, EUR 7.0 million was set aside for the redundancy scheme, EUR 1.5 million for onerous contracts, and EUR 0.5 million for provisions for other operating expenses. As the Management Board believes the redundancy scheme exceeds the limit of what can be expected financially, it has instituted legal proceedings. The labour court will first deliberate the legality of the decision of the conciliation proceedings.

In view of these developments, the FP Group now expects EBITDA before restructuring costs for 2011 as a whole of EUR 22 million to EUR 23 million in place of the previous EUR 25 million to EUR 27 million. The current financial year has thus been more strongly influenced by the FP Group's transformation from a franking machine manufacturer to a complete service provider than was expected at the start of the year. With the numerous measures taken in the current year, the company is yet well positioned for the expected market development.

In a challenging international market environment, the FP Group will continue to focus its energies on high-margin products and services and thus strengthen its earnings power in the medium and long term. The new manufacturing site in Wittenberge is a crucial requirement for offering Phoenix and other products at competitive prices. After the completed restructuring of production in Wittenberge, the FP Group expects cost savings amounting to approximately EUR 3 million annually from the second quarter of 2012.

At the same time, the FP Group is continuing its international expansion. At the beginning of October, the company obtained approval from La Poste, the French postal service, for mymail, a franking machine for low mail volume. Therefore, the FP Group can begin launching franking machines in the largest European franking machine market. According to legal provisions, franking machines in France may only be leased. Therefore, the Managing Board does not expect any major impact on revenue and results for 2011, as leasing business pays off through recurring revenue in the medium and long term. In the years to come, France is to become an important market for the FP Group.

The markets in which the FP Group operates will change further in the years to come, as the liberalisation of postal markets marches onwards and the digitalisation of processes continues. The company will therefore continue to move forwards consistently with its strategic alignment as a complete service provider for mail communication. In this respect, the FP Group is increasingly dovetailing its Franking and Inserting segments with its Software Solutions and Services segments to ensure that customers can obtain products and services from one source.

Moreover, the FP Group is preparing intensively for De-Mail. The authorisation processes of the individual providers are ongoing. This also includes the FP subsidiary Mentana-Claimsoft. De-Mail is scheduled to start from 2012. Companies will then be able to send all legally binding documents over the internet in compliance with data protection.

The cost of a De-Mail sent via FP will be considerably less than the cost of a standard letter. Employees in the company can handle De-Mails in exactly the same way as normal E-mails: write, choose recipient, send. The gateway technology of FP subsidiary Mentana-Claimsoft works in the background and automatically selects the correct dispatch method. It will be distributed as software that the customer can license.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2011

**19 CONSOLIDATED STATEMENT OF RECOGNISED
INCOME AND EXPENSE**

20 CONSOLIDATED BALANCE SHEET

22 CONSOLIDATED CASH FLOW STATEMENT

23 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

24 NOTES

- 24 Generell Principles
 - 26 Developments in the reporting period
 - 27 Explanatory notes
 - 28 Segment information
-

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2011

EUR thousand	1.1.–30.9.2011	1.1.–30.9.2010	1.7.–30.9.2011	1.7.–30.9.2010
Revenue	118,853	105,783	37,990	39,809
Changes in inventories of finished goods and work in progress	658	672	-310	121
	119,511	106,455	37,680	39,930
Other capitalised own work	6,191	5,330	2,033	2,333
Other income	4,161	1,465	1,575	129
Cost of materials				
a) Cost of raw materials, consumables and supplies	20,440	20,222	5,934	7,257
b) Cost of services purchased	26,485	12,256	9,064	8,224
	46,925	32,478	14,998	15,481
Staff expenses				
a) Wages and salaries	40,387	33,262	10,759	11,995
b) Social security contributions	6,198	5,451	2,114	1,719
c) Expenses for pensions and other benefits	762	730	107	247
	47,347	39,443	12,980	13,961
Depreciation, amortisation and impairment losses	11,277	13,940	3,854	3,982
Other expenses	27,156	22,474	8,742	6,881
Net interest income/expense				
a) Interest and similar income	938	964	314	375
b) Interest and similar expenses	2,927	3,260	895	932
	-1,989	-2,296	-581	-557
Other financial results				
a) Other financial income	976	1,030	84	564
b) Other financial expenses	1,176	1,232	951	-677
	-200	-202	-867	1,241
Net taxes				
a) Tax income	3,982	2,755	1,213	48
b) Tax expenses	4,016	4,370	1,337	1,234
	-34	-1,615	-124	-1,186
Consolidated net income	-5,065	802	-858	1,585
Other comprehensive income				
Translation of financial statements of foreign entities	-176	1,513	1,378	-2,602
of which taxes	140	-209	39	299
of which reclassified to consolidated net result	-55	0	-55	0
Cash flow hedges	21	-117	0	686
of which taxes	0	-66	0	-50
of which reclassified to consolidated net result	21	0	0	0
Other comprehensive income after taxes	-155	1,396	1,378	-1,916
Comprehensive income	-5,220	2,198	520	-331
Consolidated net income, of which:				
– consolidated net profit attributable to shareholders of FP Holding	-5,065	802	-858	1,585
– consolidated net profit attributable to minority interests	-4,525	1,279	-639	1,755
– consolidated net profit attributable to minority interests	-540	-477	-219	-170
Comprehensive income, of which:				
– comprehensive income attributable to shareholders of FP Holding	-5,220	2,198	520	-331
– comprehensive income attributable to shareholders of FP Holding	-4,680	2,675	739	-161
– comprehensive income attributable to minority interests	-540	-477	-219	-170
Earnings per share (basic and diluted) in EUR:	-0.32	0.09	-0.04	0.12

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2011

ASSETS

EUR thousand	30.9.2011	31.12.2010
Non-current assets		
Intangible assets		
Intangible assets including customer lists	11,489	16,465
Goodwill	10,132	8,494
Development projects in progress	9,494	6,369
	31,115	31,328
Property, plant and equipment		
Land, land rights and buildings	735	160
Technical equipment and machinery	1,171	1,321
Other equipment, operating and office equipment	2,775	2,972
Leased products	8,004	9,673
Advance payments and assets under development	2,180	109
Assets under finance leases	3,855	4,175
	18,720	18,410
Other assets		
Associates	59	69
Other equity investments	163	163
Finance lease receivables	1,784	2,408
Other non-current assets	175	318
	2,181	2,958
Deferred tax assets	14,472	12,894
	66,488	65,590
Current assets		
Assets held for sale	180	0
Inventories		
Raw materials, consumables and supplies	4,646	4,304
Work / services in progress	1,250	1,130
Finished products and merchandise	6,349	5,509
	12,245	10,943
Trade receivables	14,160	14,895
Other assets		
Finance lease receivables	1,820	2,010
Income tax assets	296	1,071
Derivative financial instruments	50	128
Other current assets	9,779	9,226
	11,945	12,435
Securities	676	672
Cash	23,240	31,377
	62,446	70,322
	128,934	135,912

LIABILITIES

EUR thousand	30.9.2011	31.12.2010
Shareholders Equity		
Equity attributable to shareholders of the parent company		
Subscribed capital	14,700	14,700
Capital reserves	45,708	45,708
Stock option reserve	289	89
Treasury shares	-1,829	-1,829
Loss carried forward	-39,860	-43,200
Consolidated net income after minority interests	-4,525	3,340
Other comprehensive income	-809	-654
	13,674	18,154
Minority interests	1,020	1,431
	14,694	19,585
Non-current liabilities		
Provisions for pensions and similar obligations	12,151	12,088
Other provisions	2,215	2,196
Financial liabilities	32,950	36,292
Other liabilities	791	19
Deferred tax liabilities	1,324	2,095
	49,431	52,690
Current liabilities		
Tax liabilities	992	810
Provisions	14,833	8,791
Financial liabilities	5,837	10,724
Trade payables	5,190	6,365
Other liabilities	37,957	36,947
	64,809	63,637
	128,934	135,912

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2011

EUR thousand	1.1.–30.9.2011	1.1.–30.9.2010
Cash flow from operating activities		
Consolidated net income	-5,065	802
Income tax result recognised in profit or loss	34	1,615
Net interest income recognised in income	1,989	2,295
Depreciation and amortisation of non-current assets	11,277	13,940
Changes in provisions	5,514	1,632
Losses on the disposal of non-current assets	1,034	232
Changes in inventory, trade receivables and other assets not attributable to investing or financing activities	1,222	-2,353
Changes in trade payables and other liabilities* not attributable to investing or financing activities	-982	2,857
Other non-cash expenses and income	243	1,114
Government assistance not yet received	-980	-273
Interest received	938	965
Interest paid	-1,981	-2,587
Income tax paid	-2,130	-2,453
Cash flow from operating activities	11,113	17,786
Cash flow from investing activities		
Cash paid for internally generated intangible assets	-73	-114
Cash payments for the capitalisation of development costs	-3,443	-3,096
Proceeds from the disposal of non-current assets	105	257
Cash paid for investments in intangible assets	-222	-358
Cash paid for investments in property, plant and equipment	-6,714	-3,575
Cash paid for financial investments	-28	0
Cash payments for business combinations	-999	-3,500
Cash flow from investing activities	-11,374	-10,386
Cash flow from financing activities		
Cash paid to repay bank loans	-7,464	-7,900
Cash payments to repay finance leases	-723	-777
Cash flow from financing activities	-8,187	-8,677
Cash and cash equivalents*		
Change in cash and cash equivalents	-8,448	-1,277
Change in cash and cash equivalents due to currency translation	-22	178
Cash and cash equivalents at beginning of period	13,423	12,377
Cash and cash equivalents at end of period	4,953	11,278

* Cash and cash equivalents and other liabilities exclude the postage credit balances managed by the FP Group (EUR 18,963 thousand; EUR 18,086 thousand in Q3 / 2010). Included in cash and cash equivalents

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2011

EUR thousand	Subscribed capital	Capital reserves	Stock option reserve	Treasury shares	Unappropriated surplus	Other comprehensive income	Equity attributable to FP Holding	Minority interests	Total
Balance at 1 January 2010	14,700	45,708	0	-1,829	-43,200	-2,174	13,205	2,081	15,286
Consolidated net income 1.1.–30.9.2010	0	0	0	0	2,735	0	2,735	-477	2,258
Translation of financial statements of foreign entities	0	0	0	0	0	1,513	1,513	0	1,513
Cash flow hedges	0	0	0	0	0	-117	-117	0	-117
Other earnings 1.1.–30.9.2010	0	0	0	0	0	1,396	1,396	0	1,396
Comprehensive income 1.1.–30.9.2010	0	0	0	0	2,735	1,396	4,131	-477	3,654
Capital increase from stock options	0	0	21	0	0	0	21	0	21
Balance at 30 September 2010	14,700	45,708	21	-1,829	-40,465	-778	17,357	1,604	18,961
Balance at 1 January 2011	14,700	45,708	89	-1,829	-39,860	-654	18,154	1,431	19,585
Consolidated net income 1.1.–30.9.2011	0	0	0	0	-4,525	0	-4,525	-540	-5,065
Translation of financial statements of foreign entities	0	0	0	0	0	-176	-176	0	-176
Cash flow hedges	0	0	0	0	0	21	21	0	21
Other earnings 1.1.–30.9.2011	0	0	0	0	0	-155	-155	0	-155
Comprehensive income 1.1.–30.9.2011	0	0	0	0	-4,525	-155	-4,680	-540	-5,220
Capital increase from stock options	0	0	200	0	0	0	200	0	200
Changes in the group of consolidated companies	0	0	0	0	0	0	0	129	129
Balance at 30 September 2011	14,700	45,708	289	-1,829	-44,385	-809	13,674	1,020	14,694

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1 January to 30 September 2011

I. GENERAL PRINCIPLES

GENERAL INFORMATION

Francotyp-Postalia Holding AG, Birkenwerder (also referred to hereafter as FP Holding), is a German stock corporation (Aktien-gesellschaft) registered under HRB 7649 of the Commercial Register at Neuruppin District Court. The company's registered office is at Triftweg 21–26, 16547 Birkenwerder, Germany. The interim consolidated financial statements for FP Holding for the reporting period ending on 30 September 2011 include FP Holding and its subsidiaries (also referred to hereafter as the FP Group).

The FP Group is an international company in the outbound mail processing sector, with a heritage going back over 85 years. The focus of its activities is the traditional product business, which consists of developing, manufacturing and selling franking machines in particular, but also inserting machines and conducting after-sales business. The FP Group also offers its customers in Germany sorting and consolidation services as well as hybrid mail and fully electronic mail communication products via its subsidiary freesort and its majority shareholdings in iab and Mentana-Claimssoft.

The Management Board of Francotyp-Postalia Holding AG drew up the 2010 consolidated financial statements on 7 April 2011 and submitted them to the Supervisory Board. The Supervisory Board examined the consolidated financial statements and Group management report and adopted them on 13 April 2011. The 2010 consolidated financial statements and Group management report of Francotyp-Postalia Holding AG were published on 28 April 2011.

The interim consolidated financial statements as of 30 September 2011 were approved by the Management Board of FP Holding for publication on 21 November 2011.

ACCOUNTING PRINCIPLES

Principles for the preparation of the financial statements

The interim consolidated financial statements – comprising the balance sheet, statement of recognised income and expense, cash flow statement, statement of changes in equity and selected explanatory notes – of FP Holding for the period from 1 January to 30 September 2011 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable and binding in the EU on the reporting date and the

interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). These are condensed interim consolidated financial statements in accordance with IAS 34 (interim financial reporting) for the interim period from 1 January to 30 September 2011. The same accounting methods were applied in preparing these interim financial statements as in the preparation of the 2010 consolidated financial statements. The interim financial statements should be read together with these audited financial statements.

The interim consolidated financial statements have been prepared in euro. For greater clarity and to facilitate comparison, all amounts are presented in thousands of euro (EUR thousand) unless otherwise stated. The rounding of figures may result in minor arithmetical differences.

The interim consolidated financial statements and the Group interim management report have not been audited or reviewed in accordance with section 317 of the German Commercial Code (HGB).

The requirements of all IFRS s applicable as at 30 September 2011 and the interpretations by IFRIC were complied with without exception and give a true and fair view of the net assets, financial position and results of operations of the Group.

Consolidated companies

Francotyp-Postalia Holding AG acts as the parent company for the Group, under which FP Group companies are consolidated. The interim consolidated financial statements for FP Holding include all companies where the opportunity exists to govern the financial and operating policies in such a way that companies in the FP Group derive benefits from the activities of these companies (subsidiaries).

Subsidiaries are included in the interim consolidated financial statements from the time FP Holding gains the power of control. If this possibility ends, the corresponding companies are removed from the companies included in the consolidated financial statements.

The following transactions resulted in a change in the consolidated companies in the reporting period:

As of 18 January 2011, Franco Frankerings Intressenter AB, Stockholm, Sweden was merged with Francotyp-Postalia Sverige AB, Stockholm, Sweden.

FP Produktionsgesellschaft mbH was founded in February 2011. The company's headquarters are in Wittenberge. In accordance with the company's Articles of Association (as at February 2011), the purpose of the company is the development, manufacture and assembly of electronic devices, their individual components and modules and advising third parties with engineering services. All shares in the new company are held by Francotyp-Postalia Holding AG.

On 3 March 2011, FP Holding acquired 51% of shares in Mentana-Claimsoft AG, headquartered in Hartmannsdorf, with effect from 1 January 2011. This acquisition allows the company to press ahead with short-term entry to the De-Mail market, created by the law adopted by the Bundesrat (upper house of the German Federal Parliament) on 3 May 2011 regarding the regulation of De-Mail services.

FP Holding also has a long-term pre-emption right for the remaining 49% of shares in Mentana-Claimsoft AG. This right can be exercised in the period from 1 March 2015 to 1 March 2017. The purchase price is based on the proportionate amount of five times the adjusted EBITDA attributable to the option shares in relation to the share capital plus all consolidated results of the Mentana-Claimsoft Group recorded or carried forward between 1 January 2011 and 31 December of the financial year before the options were exercised.

The purchase price for the 51% of shares in Mentana-Claimsoft AG already acquired comprises fixed and variable components. The fixed portion amounts to EUR 1,000 thousand and was paid in cash as of 3 May 2011. The variable component of the purchase price consists of half the amount of the proportionate balance in relation to the entire share capital of the consolidated results of the Mentana-Claimsoft Group carried forward or recorded in the period from 1 January 2011 to 31 December 2014. It also comprises the proportionate amount of five times the consolidated and adjusted EBITDA for the financial year ending on 31 December 2014, whereby this proportionate fivefold amount is restricted to EUR 1,000 thousand. The variable component of the purchase price is also to be paid in cash. The purchase price to be paid may be between EUR 1,000 thousand and EUR 2,000 thousand; no upper limit is defined due to the dependency on the consolidated results.

At the time these interim consolidated financial statements were prepared, the Mentana-Claimsoft Group's financial assets, debts and contingent liabilities acquired had not been identified precisely for accounting purposes and the associated fair values had not been determined. For this reason, accounting for the company acquisition is based on provisional values only. The following provisional values were used for the initial consolidation of the Mentana-Claimsoft Group on 3 March 2011 in accordance with IFRS 3: provisional purchase price established (EUR 1,772 thousand), provisional net assets and equity identified and remeasured (EUR 264 thousand; of which EUR 129 thousand is attributable to minority interests) as well as the value of goodwill (EUR 1,638 thousand). The minority interests in the company were valued for the corresponding portion of the identified and remeasured net assets.

EUR thousand	Carrying amount at time of acquisition	Remeasurement*	Fair value at time of acquisition
Assets			
Intangible assets	711	0	711
Property, plant and equipment	59	0	59
Inventories	1	0	1
Receivables	222	0	222
Cash	1	0	1
	994	0	994
Liabilities			
Other provisions	103	0	103
Financial liabilities	342	0	342
Trade payables	52	0	52
Other liabilities	233	0	233
	730	0	730
Net assets			
Of which share of the FP Group (51%)			134
Goodwill			1,638
Purchase price of the company acquisition			1,772
Less existing purchase price liabilities			-772
Less cash acquired			-1
Net cash flow from company acquisition			999

* The measurement of the fair values and the determination of the disclosures in accordance with IFRS 3.B64 (h) are not yet complete.

The information required in accordance with IFRS 3.B64 (q) (ii) cannot be provided as the data is not available.

The amounts from the Mentana-Claimsoft Group included in the consolidated revenue and net income for the reporting period are EUR 367 thousand (revenue) and EUR 103 thousand (income). Incidental costs of acquisition amounted to EUR 51 thousand and are treated as expenses for the reporting period.

On 7 October 2011, it was published in the Commercial Register of Mentana-Claimsoft AG that the subsidiaries MENTANA GmbH, Laatzen and Govmail.de UG, Bad Salzdetfurth would be merged entirely with Mentana-Claimsoft AG through the transfer of assets by dissolution without winding up. Furthermore, on 25 August 2011 the conversion of Mentana-Claimsoft AG as a limited liability company entered in the Commercial Register under the company Mentana-Claimsoft GmbH was registered.

Francotyp-Postalia France SARL was established as at 1 May 2011 and has since been included in the consolidated companies.

Frankierversand UG, Maintal, which was only recognised at cost in the 2010 consolidated financial statements, was fully consolidated in these interim consolidated financial statements.

No further changes took place in the consolidated companies or business combinations in the first nine month of the 2011 financial year.

Currency translation

Currencies have been translated at the following rates:

	Rate on the reporting date			Average rate	
	30.9.2011	31.12.2010	30.9.2010	1.1.2011–30.9.2011	1.1.2010–30.9.2010
1 EURO =					
US dollar (USD)	1.3497	1.3386	1.3652	1.4072	1.3162
Pound sterling (GBP)	0.8658	0.8618	0.8581	0.8715	0.8578
Canadian dollar (CAD)	1.4100	1.3360	1.4072	1.3754	1.3630
Swedish krona (SEK)	9.2610	8.9800	9.1460	9.0098	9.5028*
Singapore dollar (SGD)	1.7550	1.7165	1.7943	1.7545	1.8202

* This is the average rate for the period from 1 April 2011 to 30 September 2011.

Management estimates and discretions

Preparing the interim consolidated financial statements requires a certain number of assumptions and estimates to be made which affect the amount and the recognition of assets and liabilities in the balance sheet as well as income and expenses for the reporting period. The assumptions and estimates are based on premises which rely on current knowledge. The expected future business performance in particular is based on the conditions present at the time the interim consolidated financial statements were prepared and the future development of the global and sectoral environment considered to be realistic. The actual amounts may vary from the estimates originally expected as a result of changes in these underlying conditions which diverge from the assumptions and are beyond the control of management. If actual performance varies from the expected performance, the premises and, if necessary, the carrying amounts of the assets and liabilities concerned are adjusted accordingly.

One significant change was made to the estimation of amounts presented in the consolidated financial statements as at 31 December 2010. The restructuring provision in connection with the transfer of production from Birkenwerder to Wittenberge was adjusted to EUR 9,060 thousand.

II. DEVELOPMENTS IN THE REPORTING PERIOD

The activities of the FP Group are generally not affected by seasonal influences.

Please see the comments in the interim Group management report for information on economic cycles significant to the activities of the FP Group in the interim reporting period.

NEW FINANCING ARRANGEMENTS

A syndicated loan agreement dated 21 February 2011 for EUR 30,149,665 and USD 12,000,000 was concluded between Francotyp-Postalia Holding AG as the borrower and a banking consortium as the lender. The loan consists of loan A 1 (amortising loan of up to EUR 6,000,000), loan A 2 (amortising loan of USD 12,000,000), loan A 3 (maturity loan of EUR 2,832,332.89) and loan B (loan of up to EUR 21,317,332.11 on a revolving basis). According to the loan agreement, loans A 1, A 2 and A 3 are to be used to refund the existing syndicated loan; loan B will initially be used to refund the existing syndicated loan and then for the financing of general working capital.

Because the new loan extension and loan repayment came at the same time as the first planned principal payments, on 15 June 2011 a supplementary agreement to the syndicated loan agreement was concluded, with the aim of simplifying processing. In this agreement, the loan was reduced by the repayment instalments due. Loan A1 (amortising loan) was fixed at a figure of up to EUR 5,000,000 and loan A2 (amortising loan) at a figure of USD 10,125,000.

SETTING UP A NEW PRODUCTION SITE

FP Produktionsgesellschaft mbH was founded in February 2011. The company's headquarters are currently in Weisen. There are plans to relocate the headquarters to Wittenberge in the near future. The purpose of the company is "the development, manufacture and assembly of electronic devices, their individual components and modules and advising third parties with engineering services". All shares in the new company are held by Francotyp-Postalia Holding AG.

Contrary to the company's expectations, the negotiations commenced in 2010 by Francotyp-Postalia GmbH and Francotyp-Postalia Vertrieb und Service GmbH with the Works Council regarding the preservation of the production site in Birkenwerder have not been successfully concluded in 2010. On 5 January 2011, the company representatives decided to withdraw the offers that had been put forward and to end negotiations without a result.

In a letter dated 25 February 2011, the Works Council of the joint works of Francotyp-Postalia GmbH, Francotyp-Postalia Vertrieb und Service GmbH and FP Direkt Vertriebs GmbH was informed of the plans of management to discontinue production activities in Birkenwerder and the associated closure of the production site in Birkenwerder, and was invited to consultations regarding this. The necessary proceedings relating to a redundancy scheme and reconciliation of interests were thus officially commenced. The negotiating parties agreed upon the procedure for the conciliation proceedings and a chairman. In the meeting on 23 August 2011, the redundancy scheme was fixed with the agreement of the employee representatives and an announcement was made by the head of the conciliation body, thus bringing the conciliation proceedings to a close.

The total volume of provisions for the fixed redundancy scheme amounts to around EUR 7,500 thousand. Of this amount, EUR 7,000 thousand relates to the redundancy scheme and EUR 500 thousand to other operating expenses. Provisions were already made in the third quarter of 2010 and the first half of 2011.

A total of EUR 9,060 thousand has been set aside overall in connection with the discontinuation of production in Birkenwerder. This amount also includes a provision for onerous contracts of EUR 1,560 thousand.

The discontinuation of production at the Birkenwerder site is also scheduled for the end of the first quarter of 2012 at the latest. In March 2011, Francotyp-Postalia Holding AG acquired a property in Wittenberge/Prignitz, Brandenburg, for a purchase price of EUR 410 thousand. The property comprises land and a production plant. From autumn 2011, this site is to replace the production site in Birkenwerder. The company's headquarters will remain in Birkenwerder.

RESTRUCTURING MEASURES AT DUTCH SUBSIDIARY

Restructuring measures at the Dutch subsidiary were agreed in March 2011 and employees were informed. The forthcoming measures affected mainly employees in the service division. Expenses of EUR 345 thousand were expected to arise from this and had been recognised in profit and loss in the reporting period.

CLOSURE OF THE PRODUCTION SITE IN SINGAPORE

The production site in Singapore was closed on 28 April 2011. Sales activities at the site are not affected by the closure. The closure is not expected to incur any costs that are not recognised on the balance sheet already.

OTHER DEVELOPMENTS

Please see the comments in the interim Group management report for information on other developments at the FP Group.

III. EXPLANATORY NOTES

NOTES TO CASH FLOW STATEMENT

The cash flow statement of the FP Group shows cash inflows and outflows from ongoing operating, investing and financing activities.

The cash and cash equivalents were calculated as follows:

EUR thousand	30.9.2011	30.9.2010
Cash	23,240	28,693
Plus securities	676	671
Current liabilities from postage credit balances managed	-18,963	-18,086
Cash and cash equivalents	4,953	11,279

Postage credit balances are deducted when cash and cash equivalents are calculated because the funds in question can be drawn down by customers at any time. The corresponding offsetting item is included in other current liabilities.

EMPLOYEES

The employees of the FP Group are distributed as follows across regions and functions:

Regional distribution

	30.9.2011	30.9.2010
Germany	733	687
USA	120	109
United Kingdom	94	85
The Netherlands	55	63
Canada	38	35
Belgium	29	24
Austria	21	22
Italy	20	15
Sweden	20	15
Singapore	8	19
France	2	0
Total	1,140	1,074

Functional distribution

	30.9.2011	30.9.2010
Production	251	259
Sales Germany	479	439
Sales International	399	368
Central functions	11	8
Total	1,140	1,074

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING DATE

No significant events occurred after the balance sheet date of 30 September 2011 other than those shown in the financial statements for the interim period.

IV. SEGMENT INFORMATION

Since the segments report in accordance with the local financial reporting framework (level I financial statements), both the adjusting entries in accordance with IFRS and the interim Group consolidation entries are included in the reconciliation with the consolidated financial statements. The Group consolidation entries relate to business relationships between the segments. As the figures in the level I financial statements are added up to form total segment results, total segment amounts also include intra-segment figures and intra-group profits. Consolidation takes place in the reconciliation column.

SEGMENT INFORMATION

1.1.–30.9.2011	A	B	C	D		
EUR thousand	Production	Sales Germany	Sales International	Central functions	Reconciliation to Group	Total
Revenue	40,564	66,064	52,369	2,674	-42,818	118,853
– with external third parties	3,899	64,283	52,283	0	-1,612	118,853
– inter-segment revenue	36,665	1,781	86	2,674	-41,206	0
EBITDA	-6,736	4,786	10,972	-1,246	659	8,435
depreciation and impairment	707	2,577	6,376	25	1,591	11,277
net interest result	-2,758	943	-196	-391	412	-1,989
– of which interest expense	4,251	777	810	1,341	-4,251	2,927
– of which interest income	1,493	1,720	614	950	-3,839	938
Other financial results	-146	1	0	-321	266	-200
Net taxes	-61	-153	-2,375	2,679	-124	-34
Net income	-10,409	2,999	2,025	697	-377	-5,064
Segment assets (at 30 September)	119,109	77,675	80,467	115,684	-264,002	128,934
Investment	2,959	1,025	4,952	477	3,447	12,859
Segment liabilities (at 30 September)	128,692	65,866	56,813	50,759	-187,891	114,239
1.1.–30.9.2010	A	B	C	D		
EUR thousand	Production	Sales Germany	Sales International	Central functions	Reconciliation to Group	Total
Revenue	41,347	55,676	50,041	1,531	-42,812	105,783
– with external third parties	4,145	53,336	49,831	1	-1,530	105,783
– inter-segment revenue	37,202	2,340	210	1,530	-41,282	0
EBITDA	1,563	7,236	13,300	-926	-2,319	18,855
depreciation and impairment	2,196	2,759	5,983	22	2,980	13,940
net interest result	-3,673	461	100	676	140	-2,296
– of which interest expense	4,519	798	495	275	-2,826	3,260
– of which interest income	846	1,259	594	949	-2,685	964
Other financial results	965	-109	81	-67	-1,072	-202
Net taxes	-133	-75	-2,592	-72	1,257	-1,615
Net income	-3,474	4,754	4,900	-411	-4,967	-802
Segment assets (at 30 September)	115,961	67,308	85,381	68,785	-201,362	136,072
Investment	425	940	4,187	19	6,343	11,913
Segment liabilities (at 30 September)	118,356	55,580	59,904	21,350	-136,923	118,567

1.7.–30.9.2011	A	B	C	D		
EUR thousand	Production	Sales Germany	Sales International	Central functions	Reconciliation to Group	Total
Revenue	12,371	21,683	16,187	974	-13,225	37,990
– with external third parties	1,344	20,990	16,147	0	-491	37,990
– inter-segment revenue	11,027	693	40	974	-12,734	0
EBITDA	-822	1,809	3,433	-315	464	4,568
depreciation and impairment	233	830	2,014	9	768	3,854
net interest result	-547	349	-60	-501	177	-581
– of which interest expense	1,068	258	257	818	-1,505	895
– of which interest income	521	607	197	317	-1,328	314
Other financial results	-843	0	0	-281	257	-867
Net taxes	-38	-82	-494	848	-357	-124
Net income	-2,481	1,246	864	-259	-230	-859

1.7.–30.9.2010	A	B	C	D		
EUR thousand	Production	Sales Germany	Sales International	Central functions	Reconciliation to Group	Total
Revenue	14,034	23,069	16,633	697	14,624	39,809
– with external third parties	1,300	22,325	16,623	1	-440	39,809
– inter-segment revenue	12,734	744	10	696	-14,184	0
EBITDA	-511	2,452	4,587	-451	-8	6,069
depreciation and impairment	730	904	2,081	7	259	3,982
net interest result	-1,002	194	55	225	-29	-557
– of which interest expense	1,292	256	187	92	-895	932
– of which interest income	290	450	242	317	-924	375
Other financial results	91	0	11	-67	1,206	1,241
Net taxes	-36	-14	-814	76	-398	-1,186
Net income	-2,188	1,729	1,754	-225	515	1,585

RECONCILIATION IN EUR THOUSAND

Revenue	1.1.–30.9.	
	2011	2010
Revenue of segments A–C	158,998	147,065
Revenue of “Head Office Functions” segment	2,674	1,531
Effects of finance lease adjustment	-1,612	-1,585
Effects with cash flow-hedge due to loan repayment	0	111
Other IFRS adjustments	0	-57
	160,059	147,065
Less inter-segment revenue	41,206	41,282
Revenue according to financial statements	118,853	105,783

EBITDA	1.1.–30.9.	
	2011	2010
EBITDA of segments A–C	9,023	22,100
EBITDA of “Head Office Functions” segment	-1,246	-926
	7,777	21,174
Effects at consolidation level	-812	-3,570
Measurement effects of reconciliation (IFRS)	1,469	1,251
Consolidated EBITDA	8,435	18,855
Depreciation, amortisation and impairment losses	-11,277	-13,940
Net interest income/expense	-1,989	-2,296
Other financial results	-200	-202
Consolidated net profit before taxes	-5,031	2,417
Net taxes	-34	-1,615
Consolidated net income	-5,065	802

Assets	30.9.2011	30.9.2010
Assets of segments A–C	277,253	268,649
Assets of “Head Office Functions” segment	115,684	68,785
Capitalisation of development costs under IFRS	13,674	13,231
Effects of goodwill remeasurement	5,039	4,204
Effects of customer list amortisation	-1,387	-3,433
Effects of amortisation of internally generated software	-1,476	-1,476
Other IFRS reconciliation	-26	6,897
	408,761	356,857
Effects at consolidation level (incl. elimination of intra-group balances)	-279,478	-220,785
Assets according to financial statements	128,934	136,072

Assets by region	30.9.2011	30.9.2010
Germany	300,758	243,402
USA and Canada	35,844	39,354
Europe (except Germany)	44,623	46,027
Other regions	11,710	8,651
	392,937	337,434
Effects of IFRS remeasurement	18,687	24,332
Effects of customer list amortisation	-1,387	-3,433
Effects of amortisation of internally generated software	-1,476	-1,476
Effects at consolidation level (incl. elimination of intra-group balances)	-279,828	-220,785
Assets according to financial statements	128,934	136,072

RECONCILIATION IN EUR THOUSAND

Revenue	1.7.–30.9.	
	2011	2010
Revenue of segments A–C	50,240	53,736
Revenue of “Head Office Functions” segment	974	697
Effects of finance lease adjustment	-491	-494
Effects with cash flow-hedge due to loan repayment	0	111
Other IFRS adjustments	0	-57
	50,724	53,993
Less inter-segment revenue	12,734	14,184
Revenue according to financial statements	37,990	39,809

EBITDA	1.1.–30.9.	
	2011	2010
EBITDA of segments A–C	4,420	6,528
EBITDA of “Head Office Functions” segment	-315	-451
	4,104	6,077
Effects at consolidation level	-84	-939
Measurement effects of reconciliation (IFRS)	547	931
Consolidated EBITDA	4,567	6,069
Depreciation, amortisation and impairment losses	-3,854	-3,982
Net interest income / expense	-581	-557
Other financial results	-867	1,241
Consolidated net profit before taxes	-734	2,771
Net taxes	-124	-1,186
Consolidated net income	-858	1,585

The goodwill of EUR 10,132 thousand (previous year: EUR 8,494 thousand) shown on the consolidated balance sheet is assigned solely to the Sales Germany segment.

The accounting provisions modified through BilMoG (German Accounting Law Modernization Act), a German omnibus bill for reforming accounting law, mainly concern the recognition of two items at level I. In accordance with the regulations of the current version of the German Commercial Code, the treasury shares were adjusted to the respective market price and reported as current assets. This reversal or write-down is omitted in BilMoG. The treasury shares reacquired are deducted from equity. This change in accounting is reflected in the recognition of the “Central Functions” segments. It also impacts the net tax result and the way that deferred taxes are recognised in the balance sheet. Tax-related increased / decreased capital was changed and the loss and interest carryforwards are being adjusted in the level I financial statements. This change in presentation affects the “Central Functions” and “Sales Germany” segments.

RESPONSIBILITY STATEMENT

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

Birkenwerder, 21 November 2011

Management Board of Francotyp-Postalia Holding AG



Hans Szymanski
(CEO & CFO)



Andreas Drechsler
(CSO)

FINANCIAL CALENDAR

Presentation 3rd Quarter Results 2011 at the German Equity Forum 2011,
Frankfurt

21 November 2011

IMPRINT

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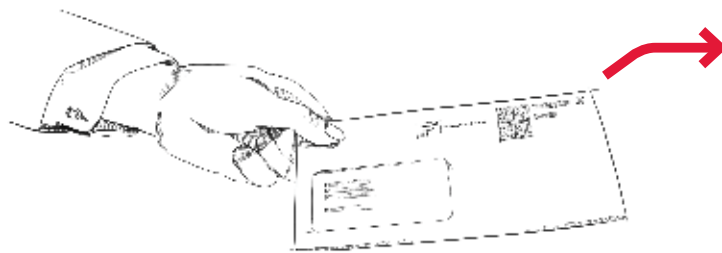
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STATEMENTS RELATING TO THE FUTURE

This interim financial report contains statements that relate to the future and are based on assumptions and estimates made by the management of Francotyp-Postalia Holding AG. Even if the management is of the opinion that these assumptions and estimates are appropriate, the actual development and the actual future results may vary from these assumptions and estimates as a result of a variety of factors. These factors include, for example, changes to the overall economic environment, the statutory and regulatory conditions in Germany and the EU and changes in the industry. Francotyp-Postalia Holding AG makes no guarantee and accepts no liability for future development and the actual results achieved in the future matching the assumptions and estimates stated in this interim financial report. It is neither the intention of Francotyp-Postalia Holding AG nor does Francotyp-Postalia Holding AG accept a special obligation to update statements related to the future in order to align them with events or developments that take place after this report is published.

The interim financial report is available in English. If there are variances, the German version has priority over the English translation. It is available for download in both languages at <http://www.francotyp.com>.



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