

# **GROUP QUARTERLY FINANCIAL REPORT I/2009**

Francotyp-Postalia Holding AG



**YOUR MAIL MANAGEMENT COMPANY**

## OVERVIEW FRANCO TYP-POSTALIA-GROUP

Figures in accordance with the consolidated financial statements	1 <sup>ST</sup> QUARTER 2009	1 <sup>ST</sup> QUARTER 2008
<b>Revenues (Mio. EUR)</b>	34.2	36.8
Increase in revenue (%)	-7.1	-2.4
<b>EBITDA (Mio. EUR)</b>	5.3	6.8
in percentage of revenues	15.5	18.5
<b>EBITA (Mio. EUR)</b>	2.3	4.4
in percentage of revenues	6.7	12.0
<b>EBIT (Mio. EUR)</b>	-0.8	0.4
in percentage of revenues	-2.3	1.1
<b>Net income for the year (Mio. EUR)</b>	-2.0	-1.8
in percentage of revenues	-5.8	-4.9
<b>Cashflow from operating activities (Mio. EUR)</b>	4.3	12.5
in percentage of revenues	12.6	34.0
<b>Shareholders Equity (Mio. EUR)</b>	32.8	51.5
in percentage of balance sheet total	19.6	27.1
Return on equity (%)	-6.1	-3.5
<b>Debt capital (Mio. EUR)</b>	134.9	138.4
<b>Balance sheet total (Mio. EUR)</b>	167.6	189.9
<b>Earnings per share (Mio. EUR)</b>	-0.13	-0.11
<b>Employees</b>	1,082	1,095

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**Hans Szymanski**, CFO  
and CTO-Member of the  
Management Board of  
Francotyp-Postalia  
Holding AG responsible  
for Finance, Production, IT,  
Research and Development,  
Human Resources and Legal.



## LETTER FROM THE MANAGEMENT BOARD

### **Dear Shareholders,**

The economic situation has become considerably bleaker in the last few months. According to the International Monetary Fund (IMF), the global economy is experiencing its most severe downturn for 50 years. The IMF is now anticipating a decline in worldwide economic output of 1.3% in the current year. In January this year, experts had forecast slight growth of 0.5%.

Francotyp-Postalia Holding AG can not escape this development: in the first quarter of 2009, our revenue reached EUR 34.2 million, compared with EUR 36.8 million in the same quarter of the previous year. Compared with the drop in the order intake and revenue of many machinery manufacturers, however,



**Andreas Drechsler, CSO**  
Member of the Management  
Board of Francotyp-Postalia  
Holding AG responsible for  
Sales, Marketing and Investor  
Relations.

this was a moderate decline. The main reason for this is the FP Group's business model: around two thirds of total revenue is recurring in nature, which constitutes an important stabilising factor. This revenue comes mainly from service contracts for over 267,000 franking machines in use worldwide, the corresponding consumables and the rental business. This high proportion of recurring revenue, which does - mainly - not depend on the state of the economy, means that the FP Group is well equipped for a lasting recession, even if business with new franking and inserting machines is struggling, owing to worldwide restraint in investment.

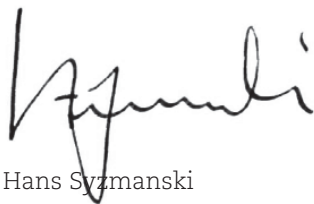
Another reason for stability is the recurring revenue that the company achieves with its Mailstream business. Both subsidiaries, freesort and iab, sign service contracts with corporate clients and thus generate lasting revenue.

However, freesort in particular is feeling the effects of the economic slump in the field of consolidation. Developments in the last year have shown that there is a need for corporate clients to make the processing of their inbound and outbound mail more professional and thus to minimise significant cost blocks. However, we were unable to repeat the high rate of growth in the consolidation business in the first quarter of 2009. There are two main reasons for this: firstly, fewer letters are generally written during periods of negative economic development, which leads to a reduction in the overall volume of letters. This is then reflected in the quantity of letters to be consolidated. Secondly, although new customers are very interested in making their mail processes more professional, they are being extremely cautious in signing contracts. We are encountering the phenomenon that causes companies to reduce costs in existing structures first during times of economic uncertainty, before setting up new processes.

With the integration of our traditional Mailroom business and the up-and-coming Mailstream business, we have created the right conditions in our largest market, Germany, to be able to offer companies of all sizes a tailored solution. In the current year, we will therefore focus in our sales activities on convincing new and existing customers of the advantages of our efficient and above all cost-saving mail management solutions for mail processing.

A crucial requirement for successful development as a mail management provider is the restructuring of the FP Group, parts of which we have already completed. The streamlining of research and development and of administrative activities has already led to a reduction in costs in the first quarter of 2009. This development is also reflected in the results; the EBITDA before restructuring costs was down only EUR 1.0 million year-on-year in the first quarter of 2009. Revenue fell by EUR 2.4 million in the same period. Despite the difficult environment, the FP Group is therefore still achieving a double-digit margin in its operating business.

These positive effects from restructuring, the potential of the mail management business and the high proportion of recurring revenue justify our confidence that the FP Group is well equipped for even a lasting recession. Even if, as is to be assumed at present, new business in both the Mailroom and the Mailstream segment remain difficult at least in the current year. However, we are convinced that the FP Group's consistent focus on the mail management business will pay off in future.



Hans Szymanski  
Management Board



Andreas Drechsler  
Management Board

## GROUP QUARTERLY FINANCIAL REPORT FOR THE FP GROUP

### 1. BUSINESS ACTIVITY

Francotyp-Postalia Holding AG (FP Group), based in Birkenwerder near Berlin, is a global service provider for the outbound mail market. As postal markets are increasingly liberalised, the FP Group has moved from being a producer of franking machines to becoming a mail management provider for outbound mail, although the manufacture and sale of franking and inserting machines remains the core business. With new services such as the consolidation of outbound mail and electronic hybrid mail solutions, the company has expanded its range of services and now covers the entire value chain in the outbound mail market. The FP Group can thus offer tailored mail management solutions to corporate clients of all sizes. The company divides its business into two segments: Mailroom and Mailstream.

### 2. GENERAL CONDITIONS

The situation in the worldwide economy deteriorated further in the first few months of the current financial year, as shown by the current World Economic Outlook, published by the International Monetary Fund (IMF) in April: the IMF is now anticipating a decline of 1.3% in global economic output in 2009, the first decline in the worldwide economy since the end of the Second World War. The original forecast from January 2009 of growth of 0.5% has therefore been lowered significantly again. In 2008 and 2007, global growth rates were 3.2% and 5.2% respectively.

According to experts, Germany's gross domestic product (GDP) fell by around 3.8% in the first quarter of 2009. In the final quarter of the previous year, economic output had already fallen by 2.1% compared with the preceding quarter. For the whole of 2009, Germany's leading economic research institutions are predicting a drop in German GDP of 6.0%.

In the USA, the FP Group's largest foreign market, economic indicators are also pointing downwards. In the first quarter of the current year, the GDP dropped at a rate equivalent to 6.1% for the year as a whole, according to initial calculations. US exports alone fell by 30%.



In Europe and Germany, the focus in the current year will continue to be on the liberalisation of the postal markets: the German market was fully liberalised in 2008. At the same time, the Federal Network Agency noted in its annual report, published at the beginning of April, that functioning competition with equal opportunities has not yet arrived in Germany. However, the gradual reduction in the area covered by a monopoly and the innovative services offered by new market operators are reported to have led to steadily increasing competition on the German letter market.

### 3. COURSE OF BUSINESS

#### Revenue

In the first three months of the 2009 financial year, the FP Group recorded revenue of EUR 34.2 million, compared with EUR 36.8 million in the same period of the previous year.

In detail, revenue developed as follows in the major foreign subsidiaries:

#### Revenue according to regions

in EUR million	First quarter 2009	First quarter 2008
Germany	15.3	15.6
Rest of Europe	9.1	11.6
USA/Canada	9.4	9.3
Rest of the world	0.4	0.3
<b>Revenues</b>	<b>34.2</b>	<b>36.8</b>

In Germany, the company's domestic market, revenue for the first three months of 2009 amounted to EUR 15.3 million, almost the same as the previous year's figure of EUR 15.6 million. Revenue in the Mailroom segment remained relatively stable at EUR 11.3 million in Germany in the first quarter, compared with EUR 11.7 million in the same quarter of the previous year, despite the slump in the economy. With a market share of 44.0% in Germany, the FP Group reinforced its leading position on its domestic market. Revenue in the Mailstream segment rose slightly to EUR 4.1 million, compared with EUR 3.9 million in the previous year.

In the USA, the FP Group's biggest foreign market, the company recorded quarterly revenue of EUR 8.1 million and thus reached the previous year's level of EUR 8.0 million.

While revenue in the USA remained stable, a significant drop in revenue was seen in the UK. In the first three months of 2009, revenue dropped to EUR 2.8 million, compared with EUR 3.7 million in 2008. This decline is essentially due to the weakness of the pound against the euro, which led to a negative exchange rate effect of EUR 0.6 million.

In the Netherlands, revenue dropped from EUR 3.9 million in 2008 to EUR 3.0 million in 2009; in the previous year, the FP Group had achieved revenue of EUR 0.7 million in business with large inserting systems.

In addition to the ongoing weakness of the economy, business was made more difficult by continuing pressure on prices for franking and inserting machines. Revenue from product sales totalled EUR 9.4 million in the first three months of the current year, compared with EUR 12.1 million in the same period of the previous year. Recurring revenue remained at the same level as the first quarter of the previous year, however, at EUR 20.8 million. In total, the share of recurring, sustainable revenue in total revenue rose to 69.0%, compared with 63.4% in the same period of the previous year.

**Revenue by products and services**

in EUR million	First quarter 2009	First quarter 2008
<b>Mailroom</b>		
Franking	7.1	9.1
Inserting	2.0	3.0
Other	0.2	0.0
<b>Income from product sales</b>	<b>9.4</b>	<b>12.1</b>
Rental	5.2	5.2
Teleporto	3.1	3.0
Services/customer service	6.6	6.5
Consumables	5.9	6.1
<b>Recurring revenue</b>	<b>20.8</b>	<b>20.8</b>
<b>Mailroom revenue</b>	<b>30.1</b>	<b>32.9</b>
Income from machine sales (in % Mailroom revenue)	31.0	36.6
Recurring revenue (in % Mailroom revenue)	69.0	63.4
Exchange rate effect of USD loan		
<b>Total Mailroom revenue</b>	<b>30.1</b>	<b>32.9</b>
<b>Mailstream</b>		
<b>Mailstream revenue</b>	<b>4.1</b>	<b>3.9</b>
<b>Revenues</b>	<b>34.2</b>	<b>36.8</b>

**Operating expenses**

In the first three months of 2009, the cost of materials and services fell significantly to EUR 8.8 million, compared with EUR 11.5 million in the same period of the previous year. There were two main reasons for this drop: falling revenue from product sales and a reduction in capitalised own work. At 25.7%, the ratio of cost of materials and services to revenue is at a much lower level than in the previous year (31.2%).

Personnel costs were reduced to EUR 13.6 million in the first quarter, compared with EUR 14.4 million in the same period of the previous year, which reflected the initial success of the completed restructuring measures in the field of administration. The ratio of personnel costs to revenue remained unchanged at 39.8%.

Other operating expenses rose slightly to EUR 8.2 million in the first three months, after EUR 7.8 million in the same period of the previous year. This slight increase can be attributed to one-off expenses in connection with the restructuring programme, which amounted to EUR 0.5 million in the first quarter of 2009.

#### **EBITDA**

Falling revenue led to a reduction in earnings before interest, taxes, depreciation and amortisation (EBITDA) in the first quarter of 2009: it totalled EUR 5.3 million, compared with EUR 6.8 million in the same period of the previous year. With adjustments for restructuring costs, it amounted to EUR 5.8 million.

#### **Depreciation and amortisation**

Depreciation and amortisation fell slightly in the first quarter of 2009 to EUR 6.1 million, compared with EUR 6.3 million in the corresponding period of the previous year. One important reason for this is a reduction in write-downs on intangible assets.

#### **Net financial income/expense**

The net financial income/expense of the FP Group amounted to EUR –0.5 million in the first quarter of 2009, compared with EUR –1.5 million in the same period of the previous year. The high net financial expense in the same quarter of the previous year reflects the strong devaluation of receivables from the Canadian subsidiary, owing to currency effects.

#### **Consolidated net income**

In the first three months of 2009, consolidated net income before minority interests came to EUR –2.0 million, compared with EUR –1.8 million in the same period of the previous year.

#### 4. COURSE OF BUSINESS BY SEGMENTS

##### **Mailroom segment**

In the first three months of 2009, the FP Group recorded revenue of EUR 30.1 million in its traditional Mailroom business, compared with EUR 32.9 million in the same period of the previous year. Along with the extremely difficult economic environment, the decline in revenue can be attributed to ongoing pressure on prices for standard products in Germany and other European countries. The loss of revenue in business with large inserting systems in the Netherlands depressed FP revenue by EUR 0.7 million. The proportion of recurring and therefore sustainable revenue in the FP Group was 69.0% in the first quarter of 2009.

In the first quarter, the FP Group attended important trade fairs such as CeBIT and KOMCOM in Hanover, Germany's largest specialist fair for public administration. At both fairs, the FP Group presented its tailored solutions in the field of outbound mail and received a large amount of interest, particularly with its services to improve efficiency.

At the same time, the FP Group strengthened its activities in the Asia/Pacific region in January this year through the now wholly owned subsidiary Franco-type-Postalia Asia Pte. Ltd., formerly FP/GPS Pte Ltd, in Singapore. From there, the company will expand its network of dealers, in order to be able to take advantage of growth potential in the medium and long term.

In the first quarter of 2009, the slump in the worldwide economy, pressure on prices for standard products and restructuring expenses weighed on the earnings of the FP Group. In the Mailroom segment, the company achieved EBITDA of EUR 5.1 million, compared with EUR 6.3 million in the corresponding period of the previous year.

##### **Mailstream segment**

In the first quarter of 2009, the Mailstream segment recorded a slight increase in revenue from postal services such as consolidation and digital letter processing to EUR 4.1 million, compared with EUR 3.9 million in the same period of the previous year.

Of this total, the subsidiary freesort achieved revenue of EUR 2.9 million (previous year EUR 2.8 million) and the subsidiary iab recorded revenue of EUR 1.2 million, compared with EUR 1.1 million in the first quarter 2008.

While a strong growth trend was observed in 2008, the severe restraint of customers in signing contracts in view of the current economic situation had a noticeable impact at the start of 2009, particularly in the field of consolidation. Nevertheless, interest in the services offered is very high. Business with existing customers was not affected.

In the first three months of 2009, the FP Group recorded EBITDA in this segment of EUR 0.2 million, compared with EUR 0.4 million in the same period of the year before. This result was achieved solely by iab. While the consolidation specialist freesort recorded EBITDA of EUR 0.3 million in the first three months of 2008, the company showed EBITDA of only EUR 0.0 million in the first quarter of 2009.

#### Revenue and EBITDA

In Mio. Euro	First quarter 2009	Revenue First quarter 2008	Change %	First quarter 2009	EBITDA First quarter 2008	Change %
Mailroom	30.1	32.9	-8.2	5.1	6.3	-19.0
Mailstream	4.1	3.9	2.6	0.2	0.4	-50.0
freesort	2.9	2.8	0	0.0	0.3	-100.0
iab	1.2	1.1	9.1	0.2	0.2	0
FP Group	34.2	36.8	-7.1	5.3	6.8	-22.1

## 5. NET ASSETS AND FINANCIAL POSITION

### Financial position

Cash flow from operating activities amounted to EUR 4.3 million in the first three months of 2009, compared with EUR 12.5 million in the same period of the previous year, which was essentially due to a contrary development in trade payables in the two quarters (first quarter of 2009: EUR –1.5 million; first quarter of 2008: EUR 4.8 million).

In the first quarter of the current financial year, the cash outflow from investing activities totalled EUR 2.4 million. In the first three months of 2008, this figure was EUR 3.4 million.

### Capital expenditure

In EUR million	1 Jan – 31 Mar 2009	1 Jan – 31 Mar 2008
Capitalised development costs	0.5	1.4
Investment in intangible assets	0.1	0.9
Investment in property, plant and equipment	0.7	0.3
Investment in leased products	0.9	0.8
Investment in financial investments	0.2	0.0
<b>Capital expenditure</b>	<b>2.4</b>	<b>3.4</b>

Cash paid for capitalised development costs totalled EUR 0.5 million in the first three months of 2009, below the previous year's level of EUR 1.4 million. This development is due to the structure of projects and the change of processes in the field of research and development. In addition, investment in intangible assets dropped to EUR 0.1 million in comparison with EUR 0.9 million in the first three months of 2008. In the previous year, there had been capitalisation in connection with the acquisition of the customer base of Direkt Express Brief AG by freesort GmbH.

**Net asset situation**

The balance sheet as of 31 March 2009 is characterised by an increase in current assets and liabilities and a decrease in non-current liabilities, with a simultaneous slight reduction in non-current assets and equity.

Compared with 31 December 2008, the total assets rose by EUR 3.0 million or 1.8% to EUR 167.6 million. The share of non-current assets in total assets fell from 59.4% to 56.8% and the equity ratio dropped from 20.4% to 19.5%.

Intangible assets were reduced from EUR 61.3 million to EUR 57.8 million. This is primarily due to the amortisation of assets that were capitalised in the consolidated accounts in connection with company acquisitions. As at 31 March 2009, property, plant and equipment increased from EUR 22.1 million to EUR 22.6 million. One reason for this is the increase in leased products from EUR 11.4 million to EUR 12.1 million. Owing to the slight increase in receivables from finance leases, other assets rose from EUR 4.6 million to EUR 4.8 million.

Within current assets, trade receivables increased from EUR 18.7 million to EUR 19.5 million. Securities held at EUR 0.7 million are used by freesort GmbH as a cash deposit for a guarantee towards Deutsche Post AG. Cash and cash equivalents rose from EUR 21.9 million to EUR 24.5 million.

On the liabilities side, the equity was reduced from EUR 33.6 million to EUR 32.8 million as at 31 March 2009. This was mainly due to the negative consolidated net income.

Non-current liabilities were reduced to EUR 71.6 million compared with EUR 73.4 million as at 31 December 2008, owing to lower deferred tax liabilities. Current liabilities increased from EUR 57.6 million to EUR 63.2 million. While trade payables were reduced from EUR 7.5 million to EUR 6.0 million, other liabilities rose from EUR 34.3 million to EUR 38.3 million, owing to service contracts that are invoiced in advance at the beginning of the period. There was also an increase in other provisions. Current financial liabilities increased from EUR 4.2 million to EUR 4.9 million.

As at 31 March 2009, the ratio of current assets to current liabilities was 114.4%.



## 6. RESEARCH AND DEVELOPMENT

In the first three months of the current financial year, expenditure on research and development amounted to EUR 2.2 million, compared with EUR 2.8 million in the first quarter of 2008; this represents about 6.4% of total revenue, compared with 7.6% in the same period of the previous year. The FP Group capitalised EUR 0.5 million of this in accordance with IFRS and recognised EUR 1.7 million in expenses.

## 7. EMPLOYEES

As at 31 March 2009, the FP Group employed 1,082 (previous year: 1,095) people worldwide. Of this total, 373 employees were attributable to foreign subsidiaries (previous year: 393) and 709 to German companies (previous year: 702). 501 of the staff employed in Germany belong to the FP Holding company and to FP GmbH and its subsidiaries (previous year: 523). In particular, VS GmbH reduced the number of staff. The subsidiaries freesort GmbH and iab GmbH gained 29 new employees compared with the same quarter of the previous year; in total, the Mailstream segment employs 208 staff (previous year: 179).

## REPORT ON OPPORTUNITIES AND RISKS

In the annual financial statements as at 31 December 2008, the company explained opportunities and risks in detail. No further risks and opportunities are currently discernible.

## OUTLOOK

The severe recession is continuing on the FP Group's most important markets. It is therefore still not possible to give a quantitative forecast for the current financial year. In the current year, sales will focus on convincing new and existing customers of the efficient and above all cost-saving mail management solutions for outbound mail. At the same time, the FP Group is laying the foundations for sustainable strengthening of its operating business in the medium term with these measures and the ongoing restructuring programme. The fact that two thirds of the FP Group's revenue is recurring plays a large part in ensuring that the group remains stable even in the current environment.

## CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated income statement and statement of recognised income and expense for the quarter from 1 January to 31 March 2009

EUR thousand	1 Jan–31 Mar 2009	1 Jan–31 Mar 2008
Revenues	34,233	36,830
Decrease in work in progress and finished goods	-61	722
	<b>34,172</b>	<b>37,552</b>
Other capitalised own work	1,067	2,128
Other operating income	565	769
<b>Cost of materials and services</b>		
a) Cost of raw materials, consumables and supplies	6,605	8,550
b) Cost of services purchased	2,209	2,927
	<b>8,814</b>	<b>11,477</b>
<b>Personnel costs</b>		
a) Wages and salaries	11,427	12,250
b) Social security contributions	1,953	1,946
c) Pensions and other benefits	192	170
	<b>13,572</b>	<b>14,366</b>
Depreciation and amortisation	6,059	6,332
Other operating expenses	8,154	7,844
Net interest income/expense		
a) Interest and similar income	437	529
b) Interest and similar expenses	1,450	1,208
	<b>-1,013</b>	<b>-679</b>
<b>Other net financial income</b>		
a) Other financial income	416	545
b) Other financial expenses	957	2,045
	-541	-1,500
<b>Net taxes</b>		
a) Tax income	1,382	963
b) Tax expenses	1,056	997
	<b>326</b>	<b>-34</b>
<b>Consolidated net income</b>	<b>-2,023</b>	<b>-1,783</b>
Minority interests	-134	-128
<b>Consolidated net income after minority interests</b>	<b>-1,889</b>	<b>-1,655</b>
<b>other complete income</b>		
Exchange rate effects	1,637	-1,124
Natural hedges	-413	575
Derivatives	97	-390
Income tax expense	-104	0
Other complete income after tax	1,217	-939
<b>Complete income for the financial year</b>	<b>-672</b>	<b>-2,594</b>
Earnings per share (EUR)	-0,13	-0,11

**Consolidated balance sheet as of 31 March 2009 – Assets**

EUR thousand	31 March 2009	31 December 2008
<b>A. NON-CURRENT ASSETS</b>		
<b>I. Intangible assets</b>		
Intangible assets including customer lists	30,412	34,208
Goodwill	23,534	23,534
Development projects in progress and payments made on account	3,807	3,514
	<b>57,753</b>	<b>61,256</b>
<b>II. Property, plant and equipment</b>		
Land, land rights and buildings	38	33
Technical equipment and machinery	1,610	1,650
Other equipment, operating and office equipment	4,137	4,149
Leased products	12,099	11,445
Payments made on account and assets under construction	1	24
Assets under finance leases	4,710	4,827
	<b>22,595</b>	<b>22,128</b>
<b>III. Other assets</b>		
Equity investments	318	318
Loans to third parties	0	0
Finance lease receivables	4,179	4,048
Other non-current assets	265	255
	<b>4,762</b>	<b>4,621</b>
<b>Deferred tax assets</b>	<b>10,163</b>	<b>9,733</b>
	<b>95,273</b>	<b>97,738</b>
<b>B. CURRENT ASSETS</b>		
<b>I. Inventories</b>		
Raw materials, consumables and supplies	5,154	5,475
Work/services in progress	2,219	2,059
Finished products and merchandise	8,766	8,506
Payments made on account	110	93
	<b>16,249</b>	<b>16,133</b>
<b>II. Trade receivables</b>	<b>19,471</b>	<b>18,656</b>
<b>III. Securities</b>	<b>669</b>	<b>666</b>
<b>IV. Cash and cash equivalents</b>	<b>24,539</b>	<b>21,946</b>
<b>V. Other assets</b>		
Finance lease receivables	2,239	2,078
Receivables from related parties	6	14
Derivative financial instruments	2	17
Other current assets	9,197	7,381
	<b>11,444</b>	<b>9,490</b>
	<b>72,372</b>	<b>66,891</b>
	<b>167,645</b>	<b>164,629</b>

**Consolidated balance sheet as of 31 March 2009 – Equity and liabilities**

EUR thousand	31 March 2009	31 December 2008
<b>EQUITY</b>		
<b>I. Equity attributable to shareholders of the parent company</b>		
Subscribed capital	14,700	14,700
Capital reserves	45,708	45,708
Treasury shares	-1,829	-1,829
Loss carried forward	-27,176	-13,393
Consolidated net income/loss after minority interests	-1,889	-13,783
Accumulated other income	-1,810	-3,027
	<b>27,704</b>	<b>28,376</b>
<b>II. Minority interests</b>	<b>5,056</b>	<b>5,190</b>
	<b>32,760</b>	<b>33,566</b>
<b>NON-CURRENT LIABILITIES</b>		
<b>I. Provisions for pensions and similar obligations</b>	<b>12,190</b>	<b>12,228</b>
<b>II. Other provisions</b>	<b>1,466</b>	<b>1,514</b>
<b>III. Financial liabilities</b>	<b>59,493</b>	<b>56,030</b>
<b>IV. Other liabilities</b>	<b>80</b>	<b>42</b>
<b>V. Deferred tax liabilities</b>	<b>2,258</b>	<b>3,600</b>
	<b>75,487</b>	<b>73,414</b>
<b>CURRENT LIABILITIES</b>		
<b>I. Current income tax liabilities</b>	<b>2,381</b>	<b>1,389</b>
<b>II. Other provisions</b>	<b>11,768</b>	<b>10,297</b>
<b>III. Financial liabilities</b>	<b>1,017</b>	<b>4,172</b>
<b>IV. Accounts payable</b>	<b>5,974</b>	<b>7,471</b>
<b>V. Payments received on account</b>	<b>2</b>	<b>2</b>
<b>VI. Other liabilities</b>	<b>38,256</b>	<b>34,318</b>
	<b>59,398</b>	<b>57,649</b>
	<b>167,645</b>	<b>164,629</b>

**Statement of changes in equity**

	Subscribed capital	Capital reserves	Treasury shares	Net income/loss	Accumulated other shareholders' equity	Shares of other shareholders	Total
<b>EUR thousand</b>							
<b>Balanced on 1 Januar 2008</b>	<b>14,700</b>	<b>45,708</b>	<b>-552</b>	<b>-10,892</b>	<b>-712</b>	<b>7,148</b>	<b>55,400</b>
Share buy-backs	0	0	-1,163	0	0	0	-1,163
Exchange rate differences	0	0	0	0	-1,124	0	-1,124
Natural Hedge	0	0	0	0	575	0	575
Derivatives	0	0	0	0	-390	0	-390
<b>Net income 1.1.-31.3.2008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,655</b>	<b>0</b>	<b>-132</b>	<b>-1,787</b>
<b>Balanced on 1 Januar 2009</b>	<b>14,700</b>	<b>45,708</b>	<b>-1,829</b>	<b>-27,176</b>	<b>-3,027</b>	<b>5,190</b>	<b>33,566</b>
Share buy-backs	0	0	0	0	0	0	0
Exchange rate differences	0	0	0	0	1,533	0	1,533
Natural Hedge	0	0	0	0	-413	0	-413
Derivatives	0	0	0	0	97	0	97
Net income 1.1.-31.3.2009	0	0	0	-1,889	0	-134	-2,023
<b>Balances on 31 March 2009</b>	<b>14,700</b>	<b>45,708</b>	<b>-1,829</b>	<b>-29,065</b>	<b>-1,810</b>	<b>5,056</b>	<b>32,760</b>

**Consolidated cash flow statement for the period 1 January to 31 March 2009**

EUR thousand	1 Jan–31 Mar 2009	1 Jan–31 Mar 2008
<b>1. Cash flow from operating activities</b>		
Consolidated net income	-2,023	-1,783
Income tax expense recognised in income (previous year: income)	-326	34
Net interest income recognised in income	1,013	679
Depreciation and amortisation of non-current assets	6,059	6,332
Increase (+) / decrease (-) in provisions	1,366	2,215
Losses on the disposal of non-current assets	122	660
Increase (-) / decrease (+) in inventories, trade receivables and other assets not attributable to investment or financing activities	-3,546	-4,768
Increase (+) / decrease (-) in trade liabilities and other liabilities <sup>1</sup> not attributable to investment or financing activities	2,011	10,521
Other non-cash expenses and income	552	969
Interest paid	-779	-1,317
Income tax paid	-149	-1,066
<b>Cash flow from operating activities</b>	<b>4,300</b>	<b>12,476</b>
<b>2. Cash flow from investing activities</b>		
Cash paid for development costs	-511	-1,425
Proceeds from the disposal of non-current assets	10	2
Cash paid for investment in intangible assets	-148	-826
Cash paid for investment in property, plant and equipment	-1,582	-1,127
Cash paid for company acquisitions	-200	0
<b>Cash flow from investment activities</b>	<b>-2,431</b>	<b>-3,376</b>
<b>3. Cash flow from financing activities</b>		
Cash paid to shareholders to buy back treasury shares in the company	0	-1,163
<b>Cash flow from financing activities</b>	<b>0</b>	<b>-1,163</b>
<b>Cash and cash equivalents<sup>2</sup></b>		
Change in cash and cash equivalents	1,869	7,937
Change in cash and cash equivalents due to currency translation	59	-1,386
Cash and cash equivalents at beginning of period	6,998	7,284
<b>Cash and cash equivalents at end of period</b>	<b>8,926</b>	<b>13,835</b>

<sup>1</sup> The postage credit balances managed by the FP Group (EUR thousand 16,282; previous year: EUR thousand 17,224) have been deducted from cash and cash equivalents and other liabilities. The figures for the previous year have been adjusted accordingly. Cash and cash equivalents include current securities held at EUR thousand 669 (previous year EUR thousand 2,610)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### GENERAL INFORMATION

#### 1. General information on the company

Francotyp-Postalia Holding AG, Birkenwerder (hereafter also referred to as 'FP Holding') is a German stock corporation (Aktiengesellschaft). The company's registered office is at Triftweg 21 – 26, Birkenwerder. The interim financial statements for FP Holding for the quarter ending on 31 March 2009 include FP Holding and its subsidiaries (also known here as FP Group).

Francotyp-Postalia is an international company in the outbound mail processing sector, with a heritage going back over 80 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. Francotyp-Postalia Group also offers its customers in Germany sorting and consolidation services and hybrid mail products via its subsidiary freesort and its majority shareholding in iab.

The consolidated financial statements for the previous year were approved by the Management Board for publication within the meaning of IAS 10.17 on 28 April 2009.

#### 2. Accounting principles

##### 2.1 Principles for preparing the financial statements

The interim financial statements for FP Holding as of 31 March 2009 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable and binding in the EU on the reporting date, and with the interpretations issued on them by the International Financial Reporting Interpretations Committee (IFRIC). These are abbreviated financial statements in accordance with IAS 34 for the interim period from 1 January to 31 March 2009.



The requirements of all standards applicable up to 31 March 2009 were fulfilled without exception and give a true and fair view of the net assets, financial position and results of operations of the Group. In the interim financial statements as of 31 March 2009, the same accounting principles apply as in the consolidated financial statements for the 2008 financial year. The consolidated income statement was supplemented in accordance with IAS 1.81 by a list of total income (statement of recognised income and expense). As the interim financial statements do not contain all the notes and information required for the annual financial statements, they should be read in conjunction with the consolidated financial statements as of 31 December 2008. The interim financial statements and the interim management report have not been audited or reviewed in accordance with § 317 German Commercial Code (HGB).

The interim financial statements have been drawn up in euros. For greater clarity and to facilitate comparison, all amounts are in thousands of euros (EUR 000) unless otherwise stated. Rounding of individual items and percentages may result in minor arithmetic differences.

## 2.2. Currency translation

Currencies have been translated at the following rates

### Currency translation

1 Euro =	Spot rate			Average rate	
	31 Mar 2009	31 Dec 2008	31 Mar 2008	Q1/2009	Q1/2008
US dollar (USD)	1.3208	1.3977	1.5800	1.30799	1.49777
Pound sterling (GBP)	0.9296	0.9600	0.7924	0.91012	0.75727
Canadian dollar (USD)	1.6504	1.7160	1.6166	1.62509	1.50465
Singapore dollar (SGD)	2.0085	2.0176	2.1824	1.97549	2.11195

## 2.3. Management estimates and assessments

No significant changes were made to estimated amounts presented in the consolidated financial statements as of 31 December 2008.

## DEVELOPMENTS IN THE REPORTING PERIOD

### 1. Seasonal influences

The activities of the FP Group are in principle not marked by seasonal influences.

### 2. Report on the economy

The traditional activities of Francotyp-Postalia are characterised by a high proportion of recurring revenue, which accounts for around 60% of consolidated revenue. The main factor in this revenue stability is the installed base (i.e. the units installed with customers) of over 267,000 franking machines worldwide. This also generates stable after-sales business. The rental of franking machines, which is particularly common in the US, also contributes to recurring revenue.

However, this is precisely where the recession on the US market is affecting the revenue and earnings situation of the FP Group. The fact that Germany, FP's biggest market, and all other important sales markets for FP have now also entered a recession has also had an impact. Nevertheless, Francotyp-Postalia sees major opportunities in the complete liberalisation of the letter market in Germany as of 1 January 2008 and the repositioning of the FP Group as a service provider in the outbound mail market.

## EXPLANATORY NOTES

### 1. Notes to the cash flow statement

The cash flow statement for the FP Group shows positive and negative changes in cash flows from operating, investing and financing activities.

Postage credit balances managed by the FP Group (restricted cash) are subtracted from cash and cash equivalents. The corresponding offsetting item is included in other liabilities. This means that cash and cash equivalents are made up as follows:

#### Cash and cash equivalents

EUR thousand	31 Mar 2009	31 Mar 2008
Cash and cash equivalents	24,539	28,449
Securities held as current assets	669	2,610
Less postage credit balances managed	-16,282	-17,224
<b>Total</b>	<b>8,926</b>	<b>13,835</b>

### 2. Employees

#### Employees

	31 Mar 2009	31 Mar 2008
<b>of which in</b>		
Germany	709	702
USA	110	113
Netherlands	69	103
UK	85	81
Austria	20	21
Canada	35	31
Belgium	18	16
Italy	15	15
Singapore	21	13
<b>Total</b>	<b>1,082</b>	<b>1,095</b>

### 3. Changes in the Management Board

The Supervisory Board of Francotyp-Postalia Holding AG terminated Dr Heinz-Dieter Sluma's mandate as Chairman of the Management Board and as a member of the Management Board with immediate effect from 16 February 2009.

On 23 February 2009, Mr Andreas Drechsler was appointed as an additional member of the Management Board for one year. Mr Drechsler was previously responsible for Foreign Sales and Investor Relations at the company. Within the Management Board, he has assumed responsibility for Sales, Marketing and Investor Relations. At the same time, Mr Szymanski assumed additional responsibility for Research and Development, as well as Human Resources and Legal.

### 4. Events after the balance sheet date

No significant events occurred after the balance sheet date.

### SEGMENT INFORMATION

The FP Group is divided into the segments Germany, USA and Canada and Rest of the World, in accordance with the regional sites of its assets.

**period from 1 Jan – 31 Mar 2009**

	Germany	USA/ Canada	Europe (except Germany)	Other regions	Group
<b>EUR thousand</b>					
<b>Revenue</b>					
External revenue	15,319	9,367	9,128	420	34,234
Internal revenue	6,511	1,453	2,524	179	10,667
Total revenue	21,830	10,820	11,652	599	44,901
Reconciliation					
Total Group revenue					44,901
./. intersegment revenue					10,667
Revenue according to profit and loss					34,234
<b>Operating earnings</b>					
Segment earnings	-1,415	1,278	2,034	-158	1,739
Reconciliation					
Group operating earnings					1,739
./. intersegment earnings					2,534
Operations earnings					-795
Net financial income/expense					-541
Net interest income/expense					-1,013
Net taxes					326
Revenue according to profit and loss					-2,023

**period from 1 Jan – 31 Mar 2008**

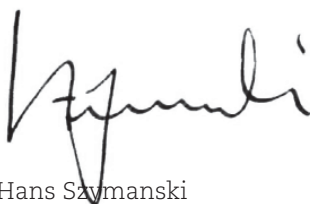
	Germany	USA/ Canada	Europe (except Germany)	Other regions	Group
<b>EUR thousand</b>					
<b>Revenue</b>					
External revenue	15,633	9,291	11,567	338	36,830
Internal revenue	6,727	2,895	3,779	89	13,489
Total revenue	22,360	12,186	15,346	427	50,319
Reconciliation					
Total group revenue					50,319
./. intersegment revenue					13,489
Revenue according to profit and loss					36,830
<b>Operating earnings</b>					
Segment earnings	-1,450	1,520	1,407	42	1,519
Reconciliation					
Group operating earnings					1,519
./. intersegment earnings					1,089
Operating earnings					430
Net financial income/expense					-1,500
Net interest income/expense					-679
Net taxes					-34
Revenue according to profit and loss					-1,783

### RESPONSIBILITY STATEMENT

We hereby affirm, to the best of our knowledge and in accordance with the applicable principles of correct interim Group reporting, that the consolidated interim financial statements convey a true and fair view of the company's net assets, financial position and results of operations, and that the consolidated interim report sets out the company's business progress, performance and current position in a way that accurately reflects its true circumstances, as well as describing the principal opportunities and risks associated with the Group's prospective developments in the remainder of the financial year.

Birkenwerder, 28 May 2009

Management Board of Francotyp-Postalia Holding AG



Hans Szymanski  
Management Board



Andreas Drechsler  
Management Board

**Financial calendar**

Q1 Results 2009	28. May 2009
Annual General Meeting	23. June 2009
H1 Results 2009	27. August 2009
Q3 Results 2009	November 2009
FY 2009	April 2010

**IMPRINT****Editor and Contact**

Francotyp-Postalia Holding AG  
Investor Relations  
Triftweg 21–26  
16547 Birkenwerder  
Germany

Phone: +49 (0)3303 52 57 77  
Fax: +49 (0)3303 53 70 77 77  
Email: [ir@francotyp.com](mailto:ir@francotyp.com)  
[www.francotyp.com](http://www.francotyp.com)

**Concept and layout**

double com GmbH  
Unternehmensberatung für Marketing und Kommunikation, Munich  
relatio PR GmbH, Munich

**Translation**

EVS GmbH, Offenbach

**Photography**

Andreas Ridder, Stuttgart

**Francotyp-Postalia Holding AG**

Triftweg 21-26  
16547 Birkenwerder  
Germany

Phone: +49 (0)3303 52 57 77  
Fax: +49 (0)3303 53 70 77 77  
Email: [ir@francotyp.com](mailto:ir@francotyp.com)  
[www.francotyp.com](http://www.francotyp.com)



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