FRANCOTYP-POSTALIA

Francotyp-Postalia Holding AG

QUARTERLY FINANCIAL REPORT

QUARTERLY FINANCIAL REPORT FOR Q1 2008

Q1 2008

OVERVIEW

FRANCOTYP-POSTALIA GROUP

	1ST QUARTER 2008	1ST QUARTER 2007
Figures in accordance with consolidated financial statements		
Revenues (million euros)	**36.8**	**37.7**
Increase in revenues (%)	–2.4%	0.1%
EBITDA[1] (million euros)	**6.8**	**6.3**
in percentage of revenues	18.4%	16.9%
EBITA (million euros)	**4.4**	**3.9**
in percentage of revenues	10.3%	11.9%
EBIT[1] (million euros)	**0.4**	**–0.8**
in percentage of revenues	1.2%	–2.0%
Consolidated net profit for the period (million euros)	**–1.8**	**–0.3**
in percentage of revenues	–4.8%	–0.7%
Earnings per share (euros)	**–0.11**	**–0.01**
Cash flow from operating activities[2] (million euros)	**12.5**	**4.9**
in percentage of revenues	33.9%	13.0%
Employees	**1,095**	**1,088**
	MARCH 31, 2008	**DEC. 31, 2007**
Equity capital (million euros)	**14.7**	**14.7**
Shareholders' equity (million euros)	**51.5**	**55.4**
in percentage of balance sheet total	27.1%	29.8%
Debt capital (million euros)	**138.4**	**130.5**
Balance sheet total (million euros)	**189.9**	**185.9**

1) Adjusted for financial result; previous-year figure restated.

2) Adjusted for postage credit balances managed by the FP Company.

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LETTER TO THE SHAREHOLDERS

Dear Shareholders,

After two weak quarters at the end of 2007, Francotyp-Postalia Holding AG greatly increased its operating result for the first quarter of 2008, up 45% to 6.8 million euros, compared to 4.7 million euros at the end of the fourth quarter of 2007. I see this development as a success in view of the latent recession in the US and greater competition among standard products.

For the first time, the FP Group is showing its EBITDA results in financial year 2008 separately from the financial result – thus excluding any effects resulting from currency translation. Here we are following what has become general practice among stock market-listed companies, as it provides for greater transparency in terms of the Company's profitability and operating business. In the first quarter of 2008, our EBITDA margin developed positively, rising to 18.5%. This compares with just 13.1% in the fourth quarter of 2007 and 17.0% in the first quarter of 2007.

The new services we opened up at the end of 2006 have contributed to this, as planned. In the Mailstream segment, in the first quarter of 2008 the FP Group posted a positive EBITDA of 0.4 million euros, compared to –0.2 million euros for the previous year's quarter. The consolidation business by our subsidiary freesort developed particularly dynamically. By March 2008, this company had processed around 43 million letters. That corresponds in just three months to half the volume achieved in the full twelve months of 2007 of letters collected, sorted and handed over to the Deutsche Post for delivery.

On the other hand, the FP Group was unable to improve the EBITDA results for its classic franking and inserting machine business. Compared to the first quarter of 2007 at 6.4 million euros, this figure came to just 6.3 million euros in the first quarter of 2008, a shortfall of 1.6%. A major factor here was the currency translation effect, accounting for 1.0 million euros. When adjusted for currency translation, EBITDA came to 7.3 million euros, a plus of 14.1% and an EBITDA margin of 21.2%. But even when we adjust out the negative currency translation effect, we see the need for greater profitability in our classic business. The measures we have introduced at the start of the year will result in a sustained increase in earnings and must be pushed forward relentlessly. In the first phase, we are systematically improving the processes in research and development, in administration and in supply chain management. As a result, we expect a sustained improvement in margins from the coming year.

At the same time, we are vigorously extending added value through our higher margin solution-finding areas of business – our Mailstream services. Currently, we are starting to position the FP Group in our domestic market in Germany as a solutions provider for business customers and are receiving very positive reactions. Clearly, businesses in a liberalised mail market like Germany are very interested in seeing the efficiency of their mail processing increase – and that is exactly what the FP Group offers.

The progress we have made in our operative business and in extending added value are therefore focal points in our communications with the capital market. While our share price proved disappointing in the first quarter of 2008, the FP share has gained in value since April. However, we are still not satisfied with its level. I am convinced that over time increasing profitability will awaken the interest of investors and provide new potential for the share. After my first 100 days in office, since April I have had intensive rounds of talks with existing and potential investors and will be continuing this dialogue over the coming quarters. At the same time, I would like to use our General Meeting in Berlin on June 18, 2008 to give you a personal insight into your Company's strategy.

DR. HEINZ-DIETER SLUMA

Chairman of the Management Board of Francotyp-Postalia Holding AG

1. FRANCOTYP-POSTALIA HOLDING AG INTERIM MANAGEMENT REPORT

1.1 OPERATING ACTIVITIES

Francotyp-Postalia Holding AG (FP Group) is the parent company of the Francotyp-Postalia Company (FP Company or FP). Operating activities of the FP Company are focused on the development, manufacture, and distribution of franking machines, as well as the distribution of inserters (Mailroom).

In addition to the FP Company, the FP Group's Mailstream business, conducted by the subsidiaries freesort GmbH (freesort) and iab – internet access GmbH (iab), offers innovative postal processing services to both new and existing customers.

1.2 BUSINESS DEVELOPMENT

In the first three months of the fiscal year, the FP Group generated revenues of 36.8 million euros. Machine sales in the Mailroom business segment accounted for 36.6% of this amount, the other 63.4% representing recurring revenues. The Mailstream business segment generated revenues of 3.9 million euros or approximately 10.7% of FP Group revenues (previous year approximately 5.3%).

Summary of results by business segment

	Revenues			EBITDA [1]		
(million euros)	1ST QUARTER 2007	1ST QUARTER 2008	y/y change %	1ST QUARTER 2007	1ST QUARTER 2008	y/y change %
Mailroom	35.7	32.9	–7.8	6.4	6.3	–1.6
Mailstream	2.00	3.94	97.0	–0.17	0.44	n/a
of which freesort	0.98	2.85	190.8	–0.28	0.25	n/a
of which iab	1.02	1.09	6.9	0.11	0.19	72.7
FP Group total	**37.7**	**36.8**	**–2.4**	**6.3**	**6.8**	**7.9**

1) EBITDA adjusted to reflect financial result. Previous-year values were restated accordingly.

Mailroom

The FP Company is Germany's clear market leader in the franking machines business. The FP Company has the third-highest sales worldwide, behind US company Pitney Bowes Inc. and French company Neopost.

Revenues for the first three months of fiscal year 2008 declined 7.8% to 32.9 million euros versus the previous-year quarter (35.7 million euros). This decline primarily reflected one-time effects in the Netherlands (NetSet) in the first quarter of 2007. Revenues in the Netherlands for Q1 2008 came in 1.1 million euros lower than in Q1 2007. Revenues were further impacted in the amount of 1.6 million euros by unfavourable exchange rate movements in the first three months of fiscal year 2008.

Mailstream

The business segment in which acquired subsidiaries freesort and iab operate contributed 3.9 million euros to consolidated revenues in the first three months of fiscal year 2008 (Q1 previous year 2.0 million euros). These two companies' revenues nearly doubled from 2.0 million euros to 3.9 million euros. While iab revenues were only up slightly by roughly 7%, freesort GmbH revenues jumped, up 190% year-on-year.

freesort GmbH acquired the customer base of Direct Express Brief AG with registered office in Ulm effective January 1, 2008. The seller was a subsidiary of Direct Express Holding AG, a PIN company likewise active in mail consolidation.

Consolidated net profit for the period

Consolidated net profit for the first quarter of 2008 was sharply impacted by currency exchange rates, resulting in charges responsible for a –1.5 million euro year-on-year decline from –0.3 million euros for Q1 2007 to –1.8 million euros in 2008.

For the first time, the FP Group is posting EBITDA without the financial result in the 2008 fiscal year – thus without the impact of changes in currency rates. This decision was made in order to improve transparency in reporting, i.e., in favour of comparing EBITDA and the development of the operating result and profitability.

EBITDA excluding the financial result rose to 6.8 million euros despite a 2% or 0.4 million euro decline in revenues versus the first three months of last year. The 9% decline in costs of materials by 1.1 million euros and the decline in other operating expenses by 2.3 million euros boosted earnings. The costs of materials ratio decreased from 33.4% to 31.2% of revenues. An opposite effect had the 38% or 1.3 million euro decrease in own work down from the extremely high figure for Q1 last year due to the replacement of leased equipment in Canada in combination with an increase in inventories lower by 1.1 million euros.

Personnel expenses were nearly unchanged year-on-year, rising from 38.0% to 39.0% of revenues.

EBITDA declined year-on-year by 1.0 million euros as a result of unfavourable exchange rate movements.

1.3 REVENUES AND RESULTS OF OPERATIONS

Revenues

Revenues by product group and region broke down as follows:

REVENUES BY PRODUCT AND SERVICE

(in million euros)	1ST QUARTER 2008	1ST QUARTER 2007
Mailroom		
Franking	9.1	10.4
Inserting	3.0	2.9
Other	0.0	0.2
Revenues from product sales	**12.1**	**13.6**
Rental	5.2	5.8
Teleporto	3.0	3.1
Services/customer service	6.5	6.9
Consumables	6.1	6.3
Recurring revenues	**20.8**	**22.1**
Mailroom revenues	**32.9**	**35.6**
Revenues from machine sales (% of Mailroom revenues)	36.6%	38.0%
Recurring revenues (% of Mailroom revenues)	63.4%	62.0%
Mailstream		
Mailstream revenues	**3.9**	**2.0**
Currency exchange effects from US dollar-denominated loans	0.0	0.0
Revenues	**36.8**	**37.7**

Revenues from franking machine sales declined versus Q1 last year due particularly to the lack of a positive effect from conversion to NetSet in the Netherlands. Product sales in the inserting segment remained stable at the previous year's level.

Recurring rental income decreased by 0.6 million euros versus Q1 2007 due to the negative impact of exchange-rate movements. Adjusted for this effect, rental income was stable at last year's level. The decline in revenues from services/customer service was likewise primarily due to declines in the Netherlands.

REVENUES BY REGION

(in million euros)	1ST QUARTER 2008	1ST QUARTER 2007
Germany	15.6	14.1
Other European countries	11.6	13.1
US/Canada	9.3	10.1
Other countries	0.3	0.3
Revenues	**36.8**	**37.7**

Depreciation and amortisation

Depreciation and amortisation was lower in Q1 2008 at 6.3 million euros, down by 0.8 million euros versus Q1 of the previous year. The completed amortisation of capitalised expenditures in connection with non-compete clauses expiring at the end of 2007 accounted for 0.6 million euros of this decline.

Other operating expenses

Other operating expenses fell from 10.2 million euros to 7.8 million euros, this reduction only affecting the Mailroom segment. In the Mailstream segment other operating expenses came to 0.9 million euros.

Net interest income

Net interest income was roughly unchanged at the previous year's level.

Financial result

The financial result deteriorated to –1.5 million euros in Q1 2008, down from 1.1 million euros in Q1 2007, due primarily to unfavourable exchange rate movements.

1.4 ASSETS AND FINANCIAL POSITION

As of March 31, 2008 the balance sheet showed a substantial increase in short-term assets and liabilities, while fixed assets and shareholders' equity were lower. The balance sheet total increased 2.2% since December 31, 2007, up 4.0 million euros to 189.9 million euros. Long-term assets decreased from 59.9% to 56.6% of the balance sheet total, and the equity ratio fell from 29.8% to 27.1%.

Intangible assets declined from 76.7 million euros on December 31, 2007 to 74.5 million euros. This was mainly due to amortisation of assets in connection with company acquisitions carried at Group level totalling 3.3 million euros. The 1.9 million euro decrease in the book value of rented products was attributable to the declining inventories in Canada with some equipment being reclassified as inventories. This resulted in the 0.9 million euro increase in work in progress to 2.6 million euros.

Securities of 2.6 million euros are being utilised by freesort GmbH as cash collateral for DPAG.

Shareholders' equity declined by 3.9 million euros, chiefly as a result of the consolidated net profit for the period of a negative 1.7 million euros (loss), share buybacks of 1.2 million euros and currency translation differences of 1.1 million euros (see statement of change in equity).

The 7.8 million euro increase in short-term debt consisted of a 4.8 million euro increase in trade payables and other liabilities in connection with service agreements billed in advance amounting to 3.7 million euros.

Short-term financial debt declined by 1.9 million euros as a result of interest payments and currency effects.

Short-term asset coverage of short-term debt was 126% (129% as of December 31, 2007).

Investments

(in million euros)	1ST QUARTER 2008	1ST QUARTER 2007
Capitalisation of development costs	1.4	1.0
Investments in intangible assets	0.9	0.3
Investments in property, plant and equipment	0.3	0.5
Investments in rented products	0.8	2.5
Investments in financial assets	0.0	0.0
Investments	**3.4**	**4.4**

Capitalised development costs and investments in intangible assets in Q1 were sharply higher year-on-year. The increase in intangible assets principally reflected acquisition of the Direct Express Brief AG customer base by freesort GmbH. The significant decline in investments in rented products reflected the one-time impact of decertification in Canada in the first quarter of 2007.

1.5 RESEARCH AND DEVELOPMENT

During the quarter under review, Francotyp-Postalia Holding AG expended 2.8 million euros on research and development (previous year: 2.2 million euros), equivalent to roughly 5.9% of revenues (previous year: 5.8%). Costs thus remained roughly in line with previous years, with 1.4 million euros capitalised and 1.4 million euros expensed in line with IFRS.

1.6 WORKFORCE

The FP Company workforce consisted of an average 1,095 employees worldwide at the end of the period under review. A total of 383 were employed at the Birkenwerder location and 702 nationwide as of March 31, 2008, including 179 Mailstream employees.

2. REPORT ON RISKS AND OPPORTUNITIES

The Company provided a detailed report on risks and opportunities as part of the December 31, 2007 annual financial statements.

Even though there are opinions which see increasing signs of a downturn in the euro zone and consider that the euro has peaked at what remains a very high EUR/USD level, the Francotyp-Postalia Holding AG Management Board continues to see the US dollar remaining weak against the euro.

No additional risks or opportunities are perceived at this time.

3. OUTLOOK

The first quarter of 2008 was in line with expectations. During the rest of the year, FP anticipates a positive development for the franking machine business due to the change in the postage tables and the decertification of B-segment machines pending in the US in the second quarter of 2008. For its consolidation and outsourcing business, FP expects ongoing revenues growth.

As the market situation has not changed in any material fashion, particularly in the US, and the US dollar remains weak against the euro, and as additional costs for the restructuring measures which have been planned are anticipated, the Management Board retains its conservative planning for 2008 and anticipates an EBITDA result of 22 million euros to 26 million euros on revenues of between 150 million euros and 160 million euros.

The Francotyp-Postalia Holding AG Management and Supervisory Boards for the first time have proposed distribution of a dividend for 2007 in the amount of 0.15 euros.

4. CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2008

ASSETS		
(thousand euros)	**March 31, 2008**	**Dec. 31, 2007**
A. LONG-TERM ASSETS		
I. Intangible assets		
1. Intangible assets including customer lists	44,427	47,699
2. Goodwill	26,034	26,034
3. Development projects in progress and advance payments	4,075	3,004
	74,536	**76,737**
II. Property, plant, and equipment		
1. Land, land rights, and buildings	32	34
2. Technical equipment and machinery	1,537	1,631
3. Other equipment, operating, and office equipment	5,157	5,970
4. Leased products	10,371	12,305
5. Advance payments and assets under construction	11	0
6. Assets under finance leasing	3,261	3,356
	20,369	**23,296**
III. Other assets		
1. Participations	337	337
2. Finance leasing receivables	3,649	3,284
3. Other long-term assets	210	203
	4,196	**3,824**
IV. Deferred tax assets	**8,388**	**7,560**
	107,489	**111,417**
B. SHORT-TERM ASSETS		
I. Inventories		
1. Raw materials and supplies	7,679	8,451
2. Work/services in progress	2,570	1,640
3. Finished products and goods	9,682	9,510
4. Advance payments	225	94
	20,156	**19,695**
II. Trade receivables	**19,891**	**18,289**
III. Securities	**2,610**	**0**
IV. Cash and cash equivalents	**28,449**	**26,593**
V. Other assets		
1. Finance leasing receivables	1,774	1,577
2. Receivables from related parties	6	6
3. Derivative financial instruments	422	482
4. Other short-term assets	9,140	7,862
	11,342	**9,927**
	82,448	**74,504**
	189,937	**185,921**

LIABILITIES

(thousand euros)	March 31, 2008	Dec. 31, 2007
A. SHAREHOLDERS EQUITY		
I. Shareholders equity attributable to subsidiaries of the parent company		
1. Subscribed capital	14,700	14,700
2. Capital reserves	45,708	45,708
3. Treasury stock	–1,715	–552
4. Loss carryforward	–10,892	–8,314
5. Consolidated net profit for the period	–1,655	–2,578
6. Accumulated other equity	–1,651	–712
	44,495	**48,252**
II. Minority interests	**7,016**	**7,148**
	51,511	**55,400**
B. LONG-TERM DEBT		
I. Accruals for pensions and similar obligations	12,114	12,070
II. Other accruals	1,630	1,663
III. Financial debt	52,959	52,941
IV. Other liabilities	61	65
V. Deferred tax liabilities	6,263	6,202
	73,027	**72,941**
C. SHORT-TERM DEBT		
I. Current income tax liabilities	1,262	989
II. Other accruals	10,897	9,922
III. Financial debt	4,189	6,062
IV. Trade payables	9,319	4,568
V. Advance payments received on orders	2	2
VI. Other liabilities	39,730	36,037
	65,399	**57,580**
	189,937	**185,921**

5. CONSOLIDATED INCOME STATEMENT FOR THE PERIOD January 1 through March 31, 2008

(thousand euros)	Jan. 1– March 31, 2008	Jan. 1– March 31, 2007
1. Revenues	36,830	37,652
2. Changes in inventory	722	1,781
	37,552	**39,433**
3. Other own work capitalised	2,128	3,447
4. Other operating income	769	541
5. Costs of materials		
a) Costs of raw materials and supplies	8,550	10,307
b) Costs of purchased services	2,927	2,281
	11,477	**12,588**
6. Personnel expenses		
a) Salary and wages	12,250	12,059
b) Social security contributions	1,946	1,971
c) Pensions and other benefits	170	281
	14,366	**14,311**
7. Depreciation and amortisation	6,332	7,100
8. Other operating expenses	7,844	10,174
9. Net interest income		
a) Interest and similar income	529	642
b) Interest and similar expenses	1,208	1,347
	–679	**–705**
10. Other financial results		
a) Other financial income	545	1,301
b) Other financial expenses	2,045	190
	–1,500	**1,111**
11. Tax results		
a) Tax income	963	2,210
b) Tax expense	997	2,140
	–34	**70**
12. Consolidated net profit for the period	–1,783	–276
13. Minority interests	–128	–123
14. Consolidated net profit for the period		
after minority interests	**–1,655**	**–153**
EARNINGS per share:	Euros **–0.11**	Euros **–0.01**

6. STATEMENT OF CHANGE IN EQUITY

	Subscribed capital	Capital reserves	Treasury stock	Net profit	Accumulated other equity	Minority interests	Total
	thousand euros	thousand euros	thousand euros	thousand euros	thousand euros	thousand euros	thousand euros
Balance on January 1, 2007	**14,700**	**45,768**	**0**	**–8,314**	**1,377**	**7,354**	**60,885**
Currency translation differences	0	0	0	0	–213	0	–213
Natural hedges	0	0	0	0	278	0	278
Derivatives	0	0	0	0	6	0	6
Result Jan. 1–March 31, 2007	0	0	0	–153	0	–123	–276
Balance on March 31, 2007	**14,700**	**45,768**	**0**	**–8,467**	**1,448**	**7,231**	**60,680**
Balance on January 1, 2008	**14,700**	**45,768**	**–552**	**–10,892**	**–712**	**7,148**	**55,400**
Share buybacks	0	0	–1,163	0	0	0	–1,163
Currency translation differences	0	0	0	0	–1,124	0	–1,124
Natural hedges	0	0	0	0	575	0	575
Derivatives	0	0	0	0	–390	0	–390
Result Jan. 1–March 31, 2008	0	0	0	–1,655	0	–123	–1,787
Balance on March 31, 2008	**14,700**	**45,708**	**–1,715**	**–12,547**	**–1,651**	**7,016**	**51,511**

7. CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD January 1 through March 31, 2008

(thousand euros)	Jan. 1– March 31, 2008	Jan. 1– March 31, 2007
1. Cash flows from operating activities		
Consolidated net profit for the period	–1,783	–276
Income tax expense taken to income (previous year – income)	34	–70
Net interest income taken to income	679	705
Depreciation of fixed assets	6,332	7,100
Increase (+)/decrease (–) in accruals and deferred taxes	2,215	1,518
Losses on the disposal of fixed assets	660	173
Increase (–)/decrease (+) in inventories, trade receivables, and other assets not attributable to investment or financing activities	–4,768	–3,567
Increase (+)/decrease (–) in trade payables and other liabilities not attributable to investment or financing activities	10,521	1,237
Other non-cash expenses and income	969	–267
Interest paid	–1,317	–638
Income tax paid	–1,066	–1,012
Cash flow from operating activities	**12,476**	**4,903**
2. Cash flows from investing activities		
Capitalisation of development costs	–1,425	–975
Cash received from disposal of fixed assets	2	1
Cash paid for investments in intangible assets	–826	–323
Cash paid for investments in property, plant and equipment	–1,127	–3,035
Cash paid for investments in financial assets	0	–22
Cash paid for corporate acquisitions	0	–5,544
Cash flow from investing activities	**–3,376**	**–9,898**
3. Cash flows from financing activities		
Cash paid to shareholders to buy back Company shares	–1,163	0
Cash paid in connection with IPO	0	–961
Cash flow from financing activities	**–961**	**–961**
Cash and cash equivalents [1)]		
Change in cash and cash equivalents	7,937	–5,956
Change in cash and cash equivalents due to currency translation	–1,386	–135
Cash and cash equivalents at start of period	7,284	40,985
Cash and cash equivalents at end of period [1)]	**13,835**	**34,894**

1) Postage credit balances managed by the FP Company were excluded from cash and cash equivalents and other liabilities (17,224 thousand euros; previous year 18,166 thousand euros). Previous-year values were restated accordingly. Short-term securities in the amount of 2,610 thousand euros (previous year 0 thousand euros) were included in cash and cash equivalents.

8. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD January 1 through March 31, 2008

8.1 GENERAL INFORMATION

8.1.1 General information on the company

Francotyp-Postalia Holding AG, Birkenwerder, (hereinafter also referred to as "FP Holding") is organised as a stock corporation. The headquarters of the corporation are located in Birkenwerder at Triftweg 21–26. FP Holding interim financial statements for the quarter ended March 31, 2008 include Francotyp-Postalia Holding AG and its subsidiaries (hereinafter also referred to as the FP Group).

Francotyp-Postalia has an eighty-year history as an organisation operating internationally in the field of outgoing postal processing. The corporation operates a traditional product business involving primarily the development, production, and distribution of franking machines and inserters in combination with after-sales business. The subsidiary freesort and the majority stake in iab, both acquired in November 2006, give the Francotyp-Postalia Group the capability to offer customers in Germany sorting and consolidation services as well as hybrid mail products.

The Management Board approved last year's consolidated financial statements for release on April 24, 2008 in accordance with IAS 10.17.

8.1.2 Accounting standards

Standards for preparing the financial statements
The FP Group produced its interim financial statements dated March 31, 2008 in accordance with International Financial Reporting Standards (IFRS) and relevant interpretations released by the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the EU as mandatory. These were abbreviated financial statements in line with IAS 34 for the interim reporting period January 1 through March 31, 2008.

The requirements pursuant to standards effective through March 31, 2008 have been fulfilled without exception, thus conveying a true and fair view of the net assets, finances, and earnings of the Group. The same accounting principles were applied for the interim financial statements for the period ended March 31, 2008 as for the consolidated financial statements for fiscal year 2007. The interim financial statements should be evaluated in relation to the consolidated financial statements dated December 31, 2007, as the former do not contain all notes and disclosures required for fiscal year-end financial statements.

The interim financial statements are produced in euros. All amounts are quoted in thousands of euros unless specified otherwise to afford better clarity and comparability. Minor differences may result from rounding of figures for individual positions and percentages.

Currency translation

The exchange rates listed below have been applied for currency translation:

1 EURO =	RATE ON STATEMENT DATE			AVERAGE EXCHANGE RATE	
	March 31, 2008	Dec. 31, 2007	March 31, 2007	1ST QUARTER 2008	1ST QUARTER 2007
US dollar (USD)	1.5800	1.4729	1.3335	1.49777	1.31044
British pound (GBP)	0.7924	0.7379	0.6796	0.75727	0.67075
Canadian dollar (CAD)	1.6166	1.4464	1.5414	1.50465	1.53586
Singapore dollar (SGD)	2.1824	2.1308	2.0236	2.11195	2.00787

Management estimates and assessments

There were no major restatements of estimated amounts presented in the consolidated financial statements dated December 31, 2007.

8.2 DEVELOPMENT IN THE REPORTING PERIOD

8.2.1 Seasonal influences

The business operations of the FP Group are not affected by seasonal influences.

8.2.2 Economic factors

The business of Francotyp-Postalia is characterised by a high proportion of recurring revenues, accounting for roughly 60% of consolidated revenues. This revenue stability is chiefly due to our installed base (i.e., number of units installed on customer premises) of over 260,000 franking machines worldwide, in combination with stable after-sales business. The traditional franking machine rental business also generates recurring revenues, especially in the US.

Business remains stable due to our focus on the market segment of low-to-medium mail volume customers. Negative effects from the increase in private delivery services, alternative franking methods (e.g., computerised franking), and innovative mailing systems (e.g., hybrid mail) are expected to be limited to the high-volume franking machine segment.

8.3 EXPLANATORY INFORMATION

8.3.1 Notes on the cash flow statement

The FP Company cash flow statement shows cash flow changes broken down by cash received and cash paid in operating, investment, and financing activities.

Postage credit balances managed by the FP Company (restricted cash) were excluded from cash and cash equivalents. The corresponding offsetting position is shown under other liabilities. A breakdown of cash and cash equivalents is provided in the table below.

(thousand euros)	**March 31, 2008**	**March 31, 2007**
Cash and cash equivalents	28,449	53,060
Short-term securities	2,610	0
less postage credit balances managed	–17,224	–18,166
Total	**13,835**	**34,894**

As of March 31, 2007, cash and cash equivalents also included 8,996 thousand euros in cash pledged to BNP Paribas to secure the remaining purchase price payment for freesort.

8.3.2 Employees

	March 31, 2008	March 31, 2007
of which in		
Germany	702	660
US	113	109
Netherlands	103	113
Great Britain	81	82
Austria	21	24
Canada	31	56
Belgium	16	14
Italy	15	15
Singapore	13	15
Total	**1,095**	**1,088**

8.3.3 Share buyback programme

On November 20, 2007 the Francotyp-Postalia Holding AG Management Board resolved to implement a share buyback programme for Company stock pursuant to a October 16, 2006 shareholder resolution, for the purpose of facilitating acquisition share deals.

A maximum 500,000 Company shares may be repurchased on the stock exchange pursuant to the October 16, 2006 shareholder authorisation, the equivalent of 3.40% of share capital.

Through the end of Q1 2008, 334,667 shares had been repurchased, which were deducted against shareholders' equity at cost in line with IAS 12.33 in an amount of 1,715 thousand euros. Treasury stock represented 2.28% of share capital as of March 31, 2008.

Another 35,777 shares were repurchased in April 2008, so that FP Holding held a total 370,444 shares of treasury stock, representing 2.52% of share capital, as of expiration of the share buyback programme on April 15, 2008.

8.3.4 Events after the statement date

There were no major events after the statement date.

8.4 SEGMENT INFORMATION

The FP Group is organised regionally into the segments Germany, US/Canada, Europe (excluding Germany), and other regions.

Jan. 1–March 31, 2008 (thousand euros)	GERMANY	US/CANADA	EUROPE (EXCLUDING GERMANY)	OTHER REGIONS	GROUP
Revenues					
External revenues	15,633	9,291	11,567	338	36,830
Intercompany revenues	6,727	2,895	3,779	89	13,489
Total revenues	**22,360**	**12,186**	**15,346**	**427**	**50,319**
Reconciliation					
Total revenues					50,319
Less intercompany revenues					13,489
Revenues per income statement					**36,830**
Operating result					
Segment result	**–1,450**	**1,520**	**1,407**	**42**	**1,519**
Reconciliation					
Consolidated operating result					1,519
Less intercompany revenues					1,089
Operating result					**430**
Financial result					–1,500
Net interest income					–679
Tax results					–34
Result per income statement					**–1,783**

Jan. 1–March 31, 2008 (thousand euros)	GERMANY	US/CANADA	EUROPE (EXCLUDING GERMANY)	OTHER REGIONS	GROUP
Revenues					
External revenues	14,125	10,094	13,127	305	37,651
Intercompany revenues	7,486	5,960	5,642	1,201	20,289
Total revenues	**21,611**	**16,054**	**18,769**	**1,506**	**57,940**
Reconciliation					
Total revenues					57,940
Less intercompany revenues					20,289
Revenues per income statement					**37,651**
Operating result					
Segment result	**1,815**	**1,097**	**1,551**	**–25**	**4,438**
Reconciliation					
Consolidated operating result					4,438
Less intercompany revenues					5,191
Operating result					**–753**
Financial result					1,111
Net interest income					–705
Tax results					70
Result per income statement					**–276**

9. RESPONSIBILITY STATEMENT

We affirm that to the best of our knowledge a true and fair view of the net assets, finances, and earnings of the corporation is conveyed in accordance with accounting standards applicable to consolidated interim reporting, and that the consolidated interim management report provides a true and fair view of business developments, business results and the position of the company, presenting salient opportunities and risks with regard to the corporation's business over the remainder of the fiscal year.

Birkenwerder, May 20, 2008

The Management Board of Francotyp-Postalia Holding AG

DR. HEINZ-DIETER SLUMA	HANS CHRISTIAN HIEMENZ	MANFRED SCHWARZE
Management Board Chairman	Management Board member	Management Board member

10. FINANCIAL CALENDAR

EVENT	DATE
2008 Annual Shareholders' Meeting	June 18, 2008
Q2 2008 Results	August 28, 2008
Q3 2008 Results	November 27, 2008
FY 2008 Results Press Conference	April 23, 2009
FY 2008 Results Analysts' Conference	April 24, 2009

11. CREDITS/CONTACT

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