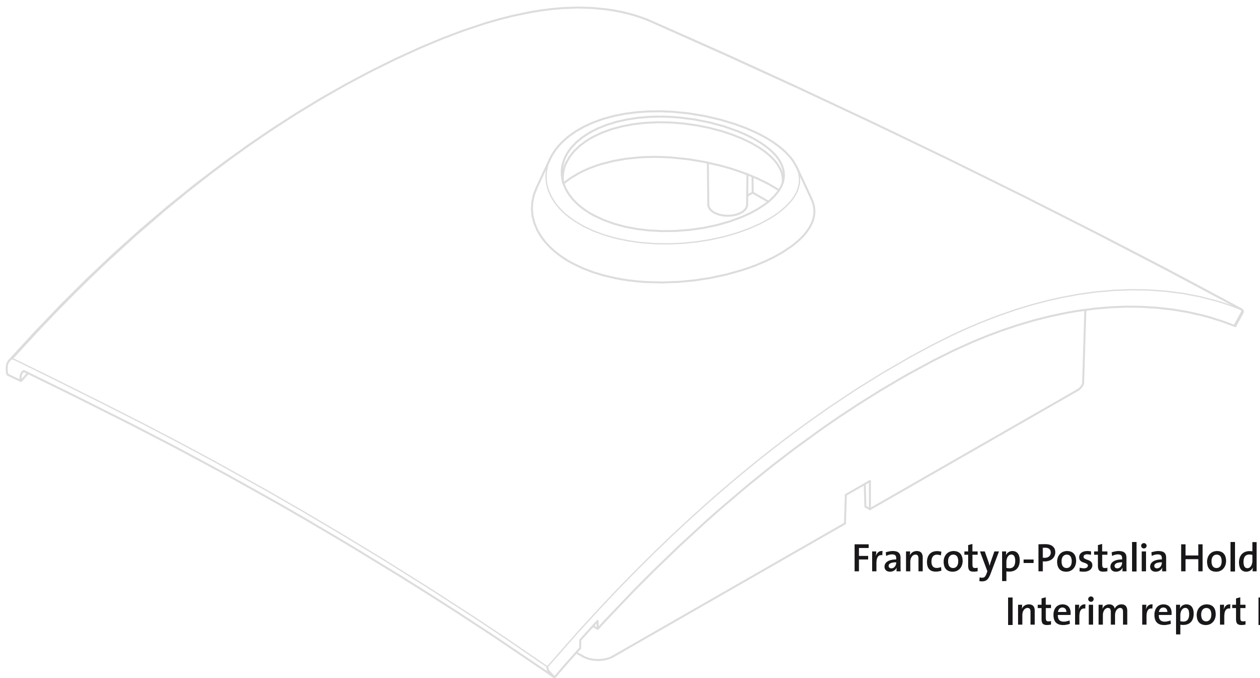
YOUR MAIL IS OUR BUSINESS



Francotyp-Postalia Holding AG
Interim report I / 2010

FRANKING
INSERTING
SOFTWARE SOLUTIONS
MAIL SERVICES
OUR EXPERTISE FOR YOUR MAIL

Key figures to the 1st quarter 2010

Figures in accordance with consolidated financial statements in EUR millions	1st quarter 2010	1st quarter 2009	Changes in %
Revenues	**33.6**	34.2	-1.8
EBITDA	**7.1**	5.3	34
in percentage of revenues	21.1	15.5	
Recurring revenues	**24.7**	24.9	-0.8
EBITA	**4.6**	2.3	100
in percentage of revenues	13.7	6.7	
EBIT	**1.5**	-0.8	n/a
in percentage of revenues	4.5	-2.3	
Net income	**-0.7**	-2.0	-65
in percentage of revenues	-2.1	-5.8	
Free cash flow	**5.0**	2.1	138.1
in percentage of revenues	14.9	6.1	
Sharesprice end of period	**2.31**	0.51	352.9
Earnings per share	**-0.04**	-0.13	69.2
Employees	**1,067**	1,082	-1.4

	1st quarter 2010	31.12 2009	Changes in %
Subscribed capital	**14.7**	14.7	0.0
Shareholders' Equity	**16.1**	15.3	5.2
in percentage of balance sheet total	11.1	11.4	
Return on equity in percent	-4.3	-13.1	
Debt capital	**128.8**	119.0	8.2
Net debt	**36.4**	41.1	-11.4
Net gearing in percent	226.1	268.6	
Balance sheet total	144.8	134.3	7.3

Segments

SOFTWARE SOLUTIONS

The FP Group provides software solutions for digital mail processing. With hybrid mail products, the entire process can be outsourced and thus more efficiently executed.

FRANKING AND INSERTING

In the traditional Franking and Inserting segment, the FP Group concentrates on developing, manufacturing, selling and leasing franking and inserting machines.

SERVICES

Consolidation services include collecting mail from clients, sorting it by postcode and delivering it, in bundled form, to a mail centre. By availing themselves of this service, even small companies can benefit from postage discounts.

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Letter from the Management Board

Dear Shareholders, Ladies and Gentlemen,

In the first quarter of 2010, both the earnings power and the financial strength of the FP Group continued to improve. While sales declined by EUR 0.6 million to EUR 33.6 million, both EBITDA – the decisive figure reflecting the profitability of operations – and free cash flow improved. EBITDA improved by EUR 1.8 million to EUR 7.1 million, while free cash flow rose by EUR 2.9 million to EUR 5.0 million.

But we cannot and must not let this success serve as an excuse to rest. The environment in which we operate remains challenging. The economies of the industrial countries are only recovering slowly from the recession. This is causing businesses to hold back on investment, something being felt in all sectors of the economy. So while we are receiving numerous enquiries about our products, showing that companies want to professionalize their mail processes, that interest has not yet materialized into increasing sales, as our figures for the first quarter show. However, the advantages of the FP Group's business model have proved themselves once again - around three-quarters of our business is based on recurring sales which are largely independent of the state of the economy.

In our traditional franking machines segment, we are still feeling pressure on prices. In view of this, we want to continue optimizing cost structures in 2010 and beyond to maintain and increase the Group's competitive ability. This way, we are sure that we will return to bottom line profit in the future: in the first quarter of 2010, consolidated net income improved to EUR -0.7 million, compared to EUR -2.0 million in the same period of the previous year.

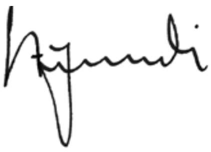
With attention now directed at our Mail Management business, the FP Group is on the right track. Given appropriate cost structures, we can now participate in growth opportunities as they present themselves in the coming years. This is particularly true for the gradual professionalization of outbound mail processes taking place in the emerging economies. Our franking machines received certification for India at the beginning of the year, so we have achieved an early entry into a market with strong potential for the future. We also see growth potential in other Asian countries, such as Malaysia and Indonesia.

"We also see considerable growth potential in other Asian countries, such as Malaysia and Indonesia."

Currently, we are directing our software solutions mainly at the markets of the industrialized countries, where increasing parts of the outbound mail process are being digitalized. Online-Brief – our online mail service – enables the customer to send a document to our server center at the click of a mouse. We then take over the process of printing, inserting, franking and transferring the letter to a delivery service. Following its successful introduction in Germany, we will be offering this service in Great Britain as from June this year. This will be followed rapidly by its introduction in other European countries, but also in the USA. This move will secure our position in the future market for online mail, which is gaining ground worldwide as postal markets become more and more liberalized.

This potential, together with our high percentage of recurring revenues business and improved costs structures, means that we can now make an initial forecast for the current year: For the full financial year 2010, we expect total revenues to reach between EUR 130 to EUR 135 million, with EBITDA between EUR 22 to EUR 24 million. In other words, we expect to increase both our sales and EBITDA results.

This shows that the FP Group is making progress towards further improving the Company's earnings power and financial strength, both in the medium and long term. It now only remains for us to thank you for the trust you have placed in the FP Group.



Hans Szymanski
(CFO & CTO)

Andreas Drechsler
(CSO)

Management Board

Andreas Drechsler (left)
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.

Hans Szymanski (right)
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.

Consolidated Interim Report

BUSINESS AND GENERAL ENVIRONMENT

Business activity

Francotyp-Postalia Holding AG ("FP Group"), based in Birkenwerder near Berlin, is a global service provider for professional mail management. In line with the liberalisation of postal markets, the FP Group has been growing in strength and developing from being a manufacturer of franking machines into a mail management supplier.

With new services, such as the collection of business post, and innovative software solutions for outbound mail, such as hybrid mail, the company has expanded its traditional product portfolio of franking and inserting machines. Now, the FP Group covers the entire process chain for mail processing and can therefore offer corporate clients of any size tailor-made mail management solutions.

General conditions

The global economy stabilised during the first quarter of 2010. This has manifested itself in two somewhat different ways: while many developing countries, particularly in Asia, have enjoyed strong economic growth, this remains moderate in the industrial countries.

In Germany, the domestic market of the FP Group, the gross domestic product increased by only 0,2% in the first quarter. The International Monetary Fund recently lowered its expectations for German economic growth for this and the following year: in its latest global economic forecast, experts predicted only 1.2% growth this year and 1.7% next year.

The US economy continued its course of recovery at the beginning of the year at a slower pace. The gross domestic product increased at a rate of 3.2% projected for the year. Growth was 5.6% in the previous quarter.

In contrast, China's gross domestic product increased by 11.9% in the first quarter of 2010 in comparison to the same period in previous year, according to information from the National Statistical Office. During the first quarter of 2010, Singapore's economy achieved growth as high as 13.1% in comparison to the previous year. The Indian economy also performed very well. The Asian Development Bank anticipates growth of 8.2% during 2010.

The growth in the Asian-Pacific region has provided the FP Group with a good environment to drive ahead with its growth strategy in these markets of the future.

Employees

As of 31st March 2010, the FP Group employed 1,067 members of staff around the world, in comparison with 1,082 members of staff at the same point in the previous year. This reduction is mainly the result of the measures taken to increase efficiency. Following the realisation of these measures, 693 members of staff (previous year 709) were employed at the German companies and 374 members of staff (previous year 373) worked at foreign subsidiaries as of 31st March.

In Germany, 468 members of staff were in the franking and inserting division (previous year 501) and 225 in the software solutions and services division (previous year 208). 172 members of staff were employed at freesort GmbH as of 31st March 2010, in comparison to 158 one year previously. The number of employees at iab internet-access GmbH increased to 53, from 50 in the previous year. The increase in personnel in this division highlights the increasing importance of the mail management business for the entire group.

The FP Group has suspended its reduced working hours policy at the headquarters in Birkenwerder until the end of July this year in view of the improved order situation. The company introduced reduced hours for employees working in Birkenwerder in August 2009 as part of a site continuation agreement. Important elements of this agreement also include the waiver by employees and management of significant portions of their salary, associated with a job guarantee for employees for a total duration of 24 months. Further explanations regarding the site site continuation agreement are available in the 2009 financial report.

RESEARCH AND DEVELOPMENT

In research and development, the FP Group concentrates on the new and further development of products, the ongoing optimisation of security aspects and the networking of the machines with corresponding server and software solutions. The FP Group ensures that all innovations can be integrated into customers' existing processes as smoothly as possible and that they help to increase efficiency. The integration of software and server components and the development of interfaces for outsourcing are becoming increasingly important as the FP Group develops into a supplier of mail management solutions.

Over the past few quarters, the FP Group has restructured its research and development activities in order to significantly increase the efficiency. As a result, the costs for research and development were consequently only 2.1 million euros during the first three months of 2010, compared to 2.2 million euros in the first quarter of 2009. The R&D quota fell to 6.3% of the business volume in comparison with 6.4% the year before. Of this, the FP Group activated 1.0 million euros (0.5 million euros last year) according to IFRS, so costs of 1.1 million euros (1.7 million euros last year) were exhibited.

NET ASSETS, FINANCIAL AND EARNINGS POSITION

Earnings position

DEVELOPMENT OF TURNOVER

During the first three months of the 2010 business year, the FP Group achieved revenues of 33.6 million euros, compared to 34.2 million euros in the previous year. The economic recovery has led to a stabilisation of the FP Group's business performance.

The recurring revenues, originating from service contracts, the rental business, teleporto and the sale of consumables for the 260,000 franking machines around the world, remains stable. During the first quarter of 2010, these revenues were 24.7 million euros, compared to 24.9 million euros in the previous year. As a result, the proportion of sustainable recurring revenues increased to 73.6% of the overall turnover, compared to 72.7% in the previous year. The service, rental and teleporto businesses developed steadily. During the first quarter of 2010, revenue from sales totalled 14.7 million euros, compared to 14.9 million euros in the previous year. In the area of consumables, revenue from sales fell to 5.4 million euros, compared to 5.9 million euros in the previous year

Revenues from product sales were 8.9 million euros in comparison to 9.4 million euros in the previous year. In this area of business, tangible price pressure and trend towards smaller machines were restricting factors.

Revenue by products and services

EUR million	1st quarter 2010	1st quarter 2009
Recurring revenues	**24.7**	**24.9**
Rental	5.1	5.2
Service / customer service	6.5	6.6
Consumables	5.4	5.9
Teleporto	3.1	3.1
Mail services	3.5	2.9
Software	1.1	1.2
Revenues from product sales	**8.9**	**9.4**
Franking	7.0	7.1
Insertions	1.7	2.0
Other	0.2	0.2
Total	**33.6**	**34.2**
Recurring revenues	73.6%	72.7%
Non-recurring revenues	26.4%	27.3%
Natural hedge	0.0	0.0
Total	**33.6**	**34.2**

OPERATING EXPENSES

The cost of materials increased slightly during the first three months of 2010 to 9.2 million euros, compared to 8.8 million euros in the previous year. Of these costs, those for raw materials, consumables and supplies rose in particular increased, to 7.0 million euros compared to 6.6 million euros in the previous year. The cost of materials ratio was consequently 27.4%, compared to 25.7% in the same period in the previous year.

The FP Group was able to reduce its personnel costs in the first quarter of 2010 to 12.7 million euros, compared to 13.6 million euros in the previous year. The personnel cost ratio fell correspondingly to 37.7%, compared to 39.6% in the first three months of 2009. The site continuation agreement concluded in August 2009 also gave rise to savings of 0.7 million euros.

Other operational expenses fell slightly during the first three months of 2010, to 7.9 million euros in comparison to 5.3 million euros in the previous year, as no noteworthy restructuring costs were incurred in 2010.

EBITDA

The FP Group was able to further increase its profitability during the first three months of 2010. Its EBITDA, earnings before interest, taxes, depreciation and amortisation, increased to 7.1 million euros in comparison to 6.1 million euros in the same period during the previous year. The company benefited from its improved cost structure and the restructuring measures introduced during the previous year.

DEPRECIATION AND AMORTISATION

Due to falling depreciations relating to intangible assets, depreciation fell to 5.6 million euros during the first three months of 2010 in comparison to 8.2 million euros during the same period in the previous year.

INTEREST RESULT

The interest result remained unchanged at -1.0 million euros during the first quarter of 2010. Due to very low interest rates, interest income fell to 0.3 million euros in comparison to 0.4 million euros during the same period in the previous year. The interest paid however fell to 1.3 million euros in comparison to 1.5 million euros one year previously.

NET FINANCIAL INCOME

During the first three months of the current year, the FP Group achieved a financial result of -0.5 million euros, the same level as the previous year.

NET TAXES

The tax result is comprised of tax revenue of 1.3 million euros and tax expenses of 2.0 million euros. In total, the tax result for the first quarter of 2010 was -0.6 million euros, while a positive result of 0.3 million euros was reported for the previous year.

NET INCOME

The group result before shares held by other associates improved significantly in the first quarter of 2010 and was -0.7 million euros, compared to -2.0 million euros in the previous year. The result per share is now -0.04 euros in comparison to -0.13 euros in the previous year.

Business performance by segment

Francotyp-Postalia is divided into the four segments Production, Domestic Sales, Foreign Sales and Central Functions. These segments correspond to the internal reporting system of the FP Group and also take into account the further development of the company as a mail management supplier.

As the segments report in accordance with local accounting regulations, both the standardising entries pursuant to IFRS and the group consolidation entries are used for the transfer to the consolidated financial statement. The group consolidation entries include the consolidation of business relationships between the segments. Transactions within the company are made at market prices. As the figures from the individual accounts are added together for an overall company result, the total segment amounts include both intra-segment figures and interim results.

GERMAN SALES SEGMENT

During the first quarter of 2010, the FP Group achieved revenues of 16.4 million euros within its German domestic market in comparison with 15.3 million euros in the previous year.

Revenues in the services division with consolidation specialist freesort increased significantly to 3.5 million euros in comparison with 2.9 million euros in the previous year. In the software solutions division, revenues were 1.1 million euros, in comparison with 1.2 million euros in the previous year.

The German companies responsible for the franking and inserting divisions achieved revenues of 11.8 million euros in comparison with 11.2 million euros in the previous year and in particular benefited from stable recurring revenues. In terms of new business, the increasing demand for franking machines has not yet been reflected in revenues.

Despite a continued challenging new business environment, the FP Group was able to substantiate its market leadership in Germany with a market share of 43.6% in the franking machine sector.
In the German segment, the EBITDA result improved slightly in the first quarter of 2010 to 2.5 million euros in comparison with 2.4 million euros in the previous year.

INTERNATIONAL SALES SEGMENT

In its international sales segment, which includes all activities of the foreign subsidiaries with the exception of Singapore, the FP Group achieved revenues of 16.4 million euros during the first quarter of 2010, in comparison with 17.4 million euros in the previous year. As a consequence of the economic and financial crisis, companies are still hesitant to invest and this is not offset by the stable recurring revenues.

In this environment, the FP Group achieved revenues of 7.1 million euros during the first quarter of 2010 in comparison with 8.1 million euros in the previous year in the USA, the company's largest foreign market. In Great Britain, revenues increased to 3.2 million euros in comparison with 2.8 million euros in the previous year. In the Netherlands, revenues fell during the first quarter of the current year to 2.7 million euros in comparison with 3.0 million euros a year earlier.

After taking over RICOH's franking machine business, the FP Group can now directly sell franking machines in Sweden and push ahead with the development of the Swedish market. As the acquisition was not concluded until the end of the first quarter, there is not yet any change to revenues as a result.

Despite a fall in revenues of 1.0 million euros, the company achieved EBITDA of 4.9 million euros in the international segment in comparison with 5.1 million euros in the previous year. The FP Group also benefited from restructuring and strict cost management in its international business segment.

The FP Group had opportunities to grow in the Asian region. The company successfully entered the Indian franking machine market at the beginning of the year. Certification formed the basis for participation in the Indian market, which is expected to grow over the next few years and thus support the company's global expansion.

PRODUCTION SEGMENT

In the production segment, the FP Group combines its production activities in Germany and Singapore. Revenues in this segment were 1.3 million euros in the first quarter of 2010 in comparison with 1.6 million euros in the previous year. The fall in earnings was mainly caused by FP GmbH's reduced retail business.

Although EBITDA of -1.4 million euros was reported for the first quarter of 2009, the company was able to achieve a positive EBITDA of 0.8 million euros during the first quarter of the current year. The increase in stock prices in the production segment and the site continuation agreement had a positive effect. It should also be taken into account that no further restructuring costs were incurred during the 1st quarter of 2010 and fewer members of staff were employed by production than in the 1st quarter of 2009.

Summary of results by segment

EUR million	Revenues: 1st quarter 2010	Revenues: 1st quarter 2009	Revenues: Change in %	EBITDA: 1st quarter 2010	EBITDA: 1st quarter 2009	EBITDA: Change in %
German sales	16.4	15.3	+7.2	2.5	2.4	+4.2
International sales	16.4	17.4	-5.7	4.9	5.1	-3.9
Production	1.3	1.6	-18.8	0.8	-1.4	n/a
FP-Group[1]	33.6	34.2	-1.8	7.1	5.3	+34.0

[1] The segment "Central functions" is also shown in the segment report. The segment achieves no revenues relating to external third parties. Revenues in this segment are generated from services provided to subsidiaries. Further information about this segment and transfers within the group is available in the Group notes.

Financial situation

INVESTMENT ANALYSIS

Following the restructuring, the FP Group is pursuing a focused investment strategy and is in particular concentrating on investments which further develop the company as a mail manager supplier. The investments increased during the first quarter of 2010 to 3.4 million euros in comparison with 2.4 million euros in the previous year. The activation of development costs increased during the first quarter of 2010 to 1.0 million euros in comparison with 0.5 million euros in the previous year. Investments in company value also rose to 1.5 million euros in comparison with 0.2 million euros in the previous year.

In the case of investments in property, plant and equipment, there was a fall to 0.5 million euros after 0.7 million euros in the previous year as a result of strict cost management. Investments in immaterial assets also fell.

Investments

EUR million	1 Jan–31 Mar 2010	1 Jan–31 Mar 2009
Activation of development costs	1.0	0.5
Investment in intangible assets	0.0	0.1
Investments in property, plant and equipment	0.5	0.7
Investments in hired products	0.4	0.9
Investments in company values	1.5	0.2
Investments	**3.4**	**2.4**

LIQUIDITY ANALYSIS

Cash flow from operational business activities totalled 8.4 million euros during the first three months of 2010 in comparison to 4.5 million euros in the previous year. This was mainly due to the significantly improved company result and the significant increase in liabilities. The cash outflow from investment activities totalled 3.4 million euros in the first quarter of 2010 in comparison to 2.4 million euros in the previous year

As a result, the free cash flow, the accounting balance for cash inflow from business activities and cash outflow from investment activities, increased to 5.0 million euros in comparison to 2.1 million euros in the previous year. The cash flow from financing activities remained almost unchanged in the first quarter of 2010 at -0.3 million euros. This resulted from payments for the liquidation of bank loans and financing leasing.

The financial funds displayed have been calculated from the balance sheet items "Cash and cash equivalents" and "Securities" minus "Teleporto funds". At the end of the first quarter of 2010, the cash and cash equivalents increased significantly, to 17.3 million euros in comparison to 8.9 million euros in the previous year

Liquidity analysis

EUR million	1 Jan – 31 Mar 2010	1 Jan – 31 Mar 2009
1. Cash flow from operational business activities		
Cash flow from operating activities	8.4	4.5
2. Cash flow from investment activities		
Cash flow from investment activities	-3.3	-2.4
Free cash flow	5.1	2.1
3. Cash flow from financial activities		
Cash flow from financing activities	-0.3	-0.2
Cash and cash equivalents		
Cost-affecting change to cash and cash equivalents	4.8	1.9
Interest rate-based changes to cash and cash equivalents	0.1	0.0
Cash and cash equivalents at beginning of period	12.4	7.0
Cash and cash equivalents at end of period	**17.3**	**8.9**

Asset situation

The balance sheet for 31st March 2010 shows an increase in short-term asset values and short-term debts. In comparison to 31st December 2009, the balance sum increased by 10.5 million euros to 144.8 million euros. The proportion of short-term assets increased from 48.2% to 50.1%. The short-term assets cover 117.7% of the short-term liabilities. The proportion of long-term liabilities in the balance sum fell to 46.4%, while the equity ratio also fell to 11.1%.

On the assets side of the balance sheet, the immaterial assets increased to 34.6 million euros in comparison to 32.7 million euros on the balance sheet date 31st December 2009. Property, plant and equipment remained almost unchanged at 19.8 million euros. Deferred tax claims increased as of 31st March 2010 to 13.9 million euros, in comparison to 12.8 million euros on 31st December 2009.

In the case of the short-term asset values, the FP Group was in particular able to significantly increase its liquid funds, shown under cash and cash equivalents: they amounted to 33.5 million euros on 31st March 2010, compared to 29.6 million euros at the end of 2009. freesort has paid separately issued securities amounting to 0.7 million euros to Deutsche Post AG as a cash collateral guarantee. Stock has increased to 12.2 million euros in comparison to 11.0 million euros at the end of 2009. Trade receivables also increased to 15.5 million euros as of 31st March 2010 in comparison with 13.9 million euros on 31st December 2009.

On the liabilities side, equity increased slightly to 16.1 million euros from 15.3 million euros on 31st December 2009. Mainly due to increased deferred tax liabilities, long-term debts increased to 67.2 million euros in comparison to 65.9 million euros on 31st December 2009. Short-term debts also increased to 61.6 million euros on 31st March 2010 in comparison with 53.1 million euros at the end of 2009. The reserves, trade payables, short-term financial liabilities and other liabilities increased.

RISK REPORT

In the annual financial report of 31st December 2009, the company provided a detailed explanation of risks and opportunities.

New regulations regarding VAT on postal services were issued by both chambers of the German parliament on 26th March 2010. The law will therefore come into force on 1st July 2010. These new regulations have clarified several issues about how to apply VAT for partial services such as consolidation, a service provided by freesort GmbH. It has not been possible to make a conclusive assessment of any possible resulting risks before the publication of this consolidated interim financial statement.

No further risks or opportunities can currently be identified.

FORECAST

Taking into account changing markets, the strategic redirection of the FP Group as a provider of mail management solutions has become of crucial importance. The Group is increasingly integrating its franking and inserting divisions into the software solutions and services divisions.

In this difficult market environment, the company will focus on products and services with strong margins in order to continue improving profitability in the medium and long term. Stable recurring sales and improved cost structures have allowed the FP Group to make an initial forecast for the entire year: The company anticipates revenues of between 130 and 135 million euros and EBITDA of 22 to 24 million euros, which is comparable to EBITDA in the previous year, before restructuring.

In March this year, the subsidiary FP Sverige AB acquired the franking machine business of Ricoh in Sweden. As a result of this transaction, the FP Group has approximately 10,000 machines in Sweden, corresponding to a market share of approximately 20%. A decertification process is currently running in Sweden in order to replace previously installed franking machines with machines of a new technological standard. The FP Group regards this acquisition as bringing good opportunities to the company to again increase market share in Sweden in the medium and long term.

The FP Group predicts strong growth in the Asian region. The approval for ultimail in the Indian market at the beginning of the year is an important step in the planned expansion of the business in Asia. The internationalisation of the software business is also opening up new key markets. The hybrid mail product FP webpost was introduced to the British market in May 2010. This will be followed by markets in the USA, Canada, Belgium, Italy and the Netherlands.

Consolidated Financial Statements as of 31 March 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 1ST JANUARY TO 31ST MARCH 2010

EUR thousand	1 Jan – 31 Mar 2010	1 Jan – 31 Mar 2009
Revenues	33,574	34,233
Increase / reduction of work in progress and finished goods	977	-61
	34,551	**34,172**
Other capitalised own work	1,868	1,067
Other income	392	565
Cost of materials		
a) Cost of raw materials, consumables and supplies	7,017	6,605
b) Cost of services purchased	2,180	2,209
	9,197	**8,814**
Staff expensed		
a) Wages and salaries	10,590	11,427
b) Social security contributions	1,829	1,953
c) Pensions and other benefits	237	192
	12,656	**13,572**
Amortisation	5,594	6,059
Other expenses	7,867	8,154
Interest income		
a) Interest and similar income	317	437
b) Interest and similar expenses	1,311	1,450
	-994	**-1,013**
Other financial results		
a) Other financial income	2,135	416
b) Other financial expenses	2,682	957
	-547	**-541**
Tax result		
a) Tax income	1,320	1,382
b) Tax expenses	1,962	1,056
	-642	**326**
Net income	**-686**	**-2,023**
Other income		
Conversion of financial statements of foreign partial entities	1,709	1,533
Cash flow hedges	-246	-316
Other income after taxes	**1,463**	**1,217**
Total income	**777**	**-806**
Consolidated net income, of which:	-686	-2,023
– consolidated net income attributable to the shareholders of FP Holding	-522	-1,889
– consolidated net income attributable to minority interests	-164	-134
Comprehensive income, of which:	777	-806
– comprehensive income attributable to the shareholders of FP Holding	941	-672
– comprehensive income attributable to minority interests	-164	-134
Earnings per share; basic and diluted	**-0.04**	**-0.13**

CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2010

ASSETS

EUR thousand	31 Mar 2010	31 Dec 2009
Non-current assets		
Intangible assets		
Intangible assets including customer lists	21,227	19,104
Business or company value	8,494	8,494
Development projects in progress	4,916	5,069
	34,637	**32,667**
Property, plant and equipment		
Land, land rights and machinery	33	34
Technical equipment and machinery	1,406	1,473
Other equipment, operating and office equipment	3,546	3,485
Leased products	10,492	10,316
Assets under finance leases	4,309	4,406
	19,786	**19,714**
Other assets		
Equity investments	318	318
Finance lease receivables	3,406	3,748
Other non-current assets	304	295
	4,028	**4,361**
Deferred tax assets	**13,863**	**12,815**
	72,314	**69,557**
Current assets		
Supplies		
Raw materials, consumables and supplies	4,196	4,733
Work and services in progress	1,966	1,392
Finished products and merchandise	5,989	4,907
	12,151	**11,032**
Trade receivables	**15,496**	**13,883**
Securities	**671**	**670**
Cash and cash equivalents	**33,527**	**29,587**
Other assets		
Finance lease receivables	2,050	2,085
Income tax reimbursement claims	508	617
Derivative financial instruments	1	9
Other current assets	8,115	6,874
	10,674	**9,585**
	72,519	**64,757**
	144,833	**134,314**

LIABILITIES

EUR thousand	31 Mar 2010	31 Dec 2009
Equity		
Equity attributable to shareholders of the parent company Stake in equity		
Subscribed capital	14,700	14,700
Capital reserves	45,708	45,708
Treasury shares	-1,829	-1,829
Loss carried forwards	-43,200	-27,176
Consolidated net income after minority interests	-522	-16,024
Other comprehensive income	-711	-2,174
	14,146	**13,205**
Minority interests	**1,917**	**2,081**
	16,063	**15,286**
Non-current liabilities		
Provisions for pensions and similar obligations	12,280	12,265
Other provisions	1,135	1,152
Financial liabilities	50,996	51,256
Other liabilities	0	41
Deferred tax liabilities	2,752	1,165
	67,163	**65,879**
Current liabilities		
Tax liabilities	853	881
Provisions	9,538	8,479
Financial liabilities	4,479	3,935
Trade payables	5,793	4,829
Other liabilities	40,944	35,025
	61,607	**53,149**
	144,833	**134,314**

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD 1ST JANUARY TO 31ST MARCH 2010

EUR thousand	1 Jan – 31 Mar 2010	1 Jan – 31 Mar 2009
Funds inflow and outflow from operational activities		
Group result	-686	-2,023
Documented income tax income affecting net income	-642	-326
Documented interest revenue affecting net income	994	1,013
Depreciation of non-current assets	5,594	6,059
Increase in provisions	2,037	1,366
Losses on the disposal of non-current assets	80	122
Change in trade payables and other assets not attributable to investment or financing activities	-3,305	-3,546
Decrease in trade payables and other assets not attributable to investment or financing activities	5,604	2,011
Other non-cash expenses and income	797	793
Interest received	317	437
Interest paid	-1,087	-1,216
Income tax paid	-1,286	-149
Cash flow from operational activities	***8,417***	***4,541***
Cash flow from investment activities		
Cash paid for internally generated intangible assets	-16	-6
Proceeds from the disposal of non-current assets	-1,001	-505
Cash paid for investments in property, plant and equipment	64	10
Cash paid for investment in intangible assets	-28	-148
Cash paid for investments in property, plant and equipment	-894	-1,582
Cash paid for company acquisitions	-1,500	-200
Cash flow from investment activities	***-3,375***	***-2,431***
Cash flow from financing activities		
Cash paid to repay finance leases	-259	-241
Cash flow from financing activities	***-259***	***-241***
Cash and cash equivalents*		
Change in cash and cash equivalents	4,783	1,869
Change in cash and cash equivalents due to currency translation	110	59
Cash and cash equivalents at beginning of period	12,377	6,998
Cash and cash equivalents at end of period	**17,270**	**8,926**

* Postage credit administrated by the FP Group (EUR 16,928 thousand; in Q1 / 2009 EUR 16,282 thousand) is not included in the cash and cash equivalents and the other liabilities. The current asset securities amounting to EUR 671 thousand (in Q1 / 2009 EUR 670 thousand) are included in the cash and cash equivalents

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1ST JANUARY TO 31ST MARCH 2010

EUR thousand	Subscribed capital	Capital reserves	Treasury shares	Balance result	Accumulated other equity capital:	FP Holding: allocated equity capital	Holdings of other associates	Total
As of 1st January 2009	**14,700**	**45,708**	**-1,829**	**-27,176**	**-3,027**	**28,376**	**2,650**	**31,026**
Company results 1.1.–31.3.2009	**0**	**0**	**0**	**-1,889**	**0**	**-1,889**	**-134**	**-2,023**
Foreign currency conversion for foreign partial entity accounts	0	0	0	0	1,533	1,533	0	1,533
Cash flow hedges	0	0	0	0	-316	-316	0	-316
Other income	**0**	**0**	**0**	**0**	**1,217**	**1,217**	**0**	**1,217**
Total income	**0**	**0**	**0**	**-1,889**	**1,217**	**-672**	**-134**	**-806**
As of 31st March 2009	**14,700**	**45,708**	**-1,829**	**-29,065**	**-1,810**	**27,704**	**2,516**	**30,220**
As of 1st January 2010	**14,700**	**45,708**	**-1,829**	**-43,200**	**-2,174**	**13,205**	**2,081**	**15,286**
Company result 1.1.–31.3.2010	**0**	**0**	**0**	**-522**	**0**	**-522**	**-164**	**-686**
Foreign currency conversion for foreign partial entity accounts	0	0	0	0	1,709	1,709	0	1,709
Cash flow hedges	0	0	0	0	-246	-246	0	-246
Other income	**0**	**0**	**0**	**0**	**1,463**	**1,463**	**0**	**1,463**
Total income	**0**	**0**	**0**	**-522**	**1,463**	**941**	**-164**	**777**
As of 31st March 2010	**14,700**	**45,708**	**-1,829**	**-43,722**	**-711**	**14,146**	**1,917**	**16,063**

Notes to the consolidated financial statements

I. GENERAL BASIS

GENERAL INFORMATION

Francotyp-Postalia Holding AG, Birkenwerder (also referred to as "FP Holding" in the following) is a stock corporation registered under HRB 7649 of the Commercial Register at Neuruppin District Court in Germany. The company's registered office is located Triftweg 21 - 26, 16547 Birkenwerder, Germany. FP Holding's interim financial statement for the quarter ending on 31st March 2010 includes FP Holding and its subsidiaries (also referred to as "FP Group" in the following).

Francotyp-Postalia is an internationally active company in the outbound mail processing sector with over 85 years of history. The focus of the company's activities is its traditional product business, which consists of the development, manufacturing and distribution of franking machines, inserting machines and after-sales business. The FP Group also offers its clients in Germany sorting and consolidation services and hybrid mail products via its subsidiary freesort and its majority shareholding in iab.

The Management Board of Francotyp-Postalia Holding AG approved the CFS on 17th March 2010 for submission to the Supervisory Board. The Supervisory Board is responsible for examining the consolidated financial statements and declaring whether they are to be accepted. The consolidated financial statement 2009 of Francotyp-Postalia Holding AG was published on 29th April 2010.

The consolidated balance sheet was released for publication by the Management Board on 28th May 2010.

ACCOUNTING PRINCIPLES

Principles applied when drawing up the consolidated financial statement

The consolidated financial statement – consisting of the balance sheet, statement of income and accumulated earnings, cash flow statement, statement of changes in equity and selected explanatory notes – of FP Holding for the period from 1st January to 31st March 2010 has 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). It constitutes an abbreviated consolidated interim statement in accordance with ISA 34 (Interim Reporting) for the interim reporting period 1st January to 31st March 2010. When producing this interim statement, the same balance sheet and evaluation methods were applied as for the production of the 2009 consolidated financial statement. The interim statement should be read in conjunction with the audited consolidated financial statement.

The consolidated financial statement has been drawn up in euros. For greater clarity and to facilitate comparison, all amounts are presented in thousands of euros unless otherwise stated. Rounding of individual items and percentages may result in minor arithmetic differences.

The consolidated interim balance sheet and the consolidated interim financial statement have not been reviewed by an auditor or audited pursuant to Section 317 of the German Commercial Code (HGB).

The requirements of all IFRS applicable as of 31st March 2010 and the interpretations by the IFRIC have been fulfilled without exception, resulting in a depiction of the company's assets, financial situation and earnings position corresponding to the actual circumstances.

Scope of consolidation

Francotyp-Postalia Holding AG operates as a parent company of the group, under which the FP Group is consolidated. All companies with the option of determining their financial and business policies in such a way that the other companies in the FP Group benefit from the activities of these companies (subsidiaries) are included in the consolidated interim financial report of FP Holding.

Subsidiaries are included in the consolidated interim report from the moment the FP Group has the opportunity to take control. If this state of affairs ends, the corresponding companies leave the consolidation group.

In February 2010, Francotyp-Postalia GmbH acquired all the shares in the extensively impecunious company Aktiebolag Grundstenen 122257, Stockholm / Sweden. Immediately after acquisition, this company was renamed as “Francotyp-Postalia Sverige AB”. On 31st March 2010, this new subsidiary acquired all the shares in Carl Lamm Personal AB, Stockholm / Sweden from Ricoh Sverige AB, Stockholm / Sweden. Francotyp-Postalia Sverige AB currently has no further business activities to date.

The reason for the acquisition of shares in both cases is the commitment of the FP Group to the Swedish market. With this regard, Ricoh Sverige AB transferred its existing Swedish customer relationships in the franking business, along with various assets and liabilities, to Carl Lamm Personal AB immediately prior to the acquisition of the shares in Carl Lamm Personal AB. As a result, the FP Group took over Ricoh’s franking machine business in Sweden by acquiring Carl Lamm Personal AB. The FP Group thus now has a customer portfolio in Sweden relating to approximately 10,000 franking machines, which equates to a market share of about 20%.

The assets and liabilities of Carl Lamm Personal AB identifiable at the time of acquisition were insignificant apart from the identifiable customer relationships. These relationships have been allocated a fair value (at the time of acquisition) of 4,751,000 euros (book value immediately prior to merger: 0 euros). Otherwise, the book values of the identifiable assets and liabilities equate to their fair values.

The respective participations entered into during the interim reporting period resulted in indirect control being gained by Francotyp-Postalia GmbH and Francotyp-Postalia Sverige AB. All voting rights were acquired in both cases. Both new companies were included in the scope of consolidation for the first time.

Due to insufficient data, the purchase price allocation pursuant to IFRS 3 associated with the acquisition of the stake in Carl Lamm Personal AB has not been fully completed, mainly in terms of the customer relationships that need to be valued. On the basis of current calculations, an insignificant profit in the sense of IFRS 3.34 will result from the acquisition of the shares. This is shown in the statement of income and accumulated earnings under the item “Other earnings”.

The purchase price for the shares in Carl Lamm Personal AB is 3.5 million euros (= the valid fair values identified at the time of acquisition for the total transferred equivalent) and is to be paid by 1st July 2010 exclusively in the form of cash. At the time this consolidated interim financial statement went to print, 1.5 million euros had already been paid.

The information required for IFRS 3.B64 (q) (ii) could not be provided due to the unavailability of data.

No further changes to the scope of consolidation and no other company mergers took place in the first quarter of the 2010 business year.

Cash conversion

The conversion of currencies is based on the following exchange rates:

1 Euro =	Period-end exchange rate			Average exchange rate	
	31 Mar 2010	31 Dec 2009	31 Mar 2009	Q1 / 2010	Q1 / 2009
US Dollar (USD)	1.3455	1.4333	1.3208	1.38559	1.30799
British Pound (GBP)	0.8930	0.9000	0.9296	0.88791	0.91012
Canadian Dollar (CAD)	1.3714	1.5041	1.6504	1.44309	1.62509
Swedish Krona (SEK)	9.7703	10.3165	10.9644	9.96730	10.95374
Singapore Dollar (SGD)	1.8826	2.0144	2.0085	1.94435	1.97549

Assessments and discretion of the management

While drawing up the consolidated interim financial statement, a number of assumptions and assessments were made which had an effect on the level and identification of the asset values and liabilities shown in addition to the earnings and expenses registered during the reporting period. The assumptions and assessments are based on premises made in accordance with the currently available knowledge. The circumstances existing at the time the consolidated interim financial statement was drawn up and the realistic future development of the global and sector-relevant environment were the foundations for predicting future business developments. The actual amounts that arise may deviate from the originally expected estimated values due to developments in framework conditions that are different to those assumed and which are beyond the management's sphere of influence. If the actual development deviates from that which is expected, the assumptions and, if required, the accounting values of the affected asset values and debts will be adjusted accordingly.

No significant changes to the assessments and amounts shown in the financial statement of 31st December 2009 have been made.

II. DEVELOPMENTS DURING THE REPORTING PERIOD

In general, the activities of the FP Group are not affected by seasonal influences.

With regards to significant economic influences on the business activities of the FP Group occurring in the interim reporting period, we draw attention to our statements in the consolidated interim management report.

III. EXPLANATORY NOTES

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.

The funds for financing purposes are as follows:

EUR thousand	31 Mar 2010	31 Mar 2009
Cash and cash equivalents	33,527	24,539
Securities held as current assets	671	669
less postage credit balances held	-16,928	-16,282
Total	**17,270**	**8,926**

The postage credit balances are deducted when calculating the cash and cash equivalents, as the relevant funds could be withdrawn by customers at any time. A corresponding amount is included in the short-term other liabilities.

STAFF

The members of staff in the FP Group can be regionally and functionally categorised as follows:

Regional distribution

	31 Mar 2010	31 Mar 2009
Germany	693	709
USA	109	110
Netherlands	64	69
Great Britain	80	85
Austria	19	20
Canada	34	35
Belgium	28	18
Italy	13	15
Singapore	18	21
Sweden	9	0
Total	**1,067**	**1,082**

Functional distribution

	31 Mar 010	31 Mar 2009
Production	257	283
German sales	445	440
International sales	356	352
Central functions	9	7
Total	**1,067**	**1,082**

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING DATE

No significant events occurring after the period-end date of 31st March 2010 and not included in the interim reporting period statement have arisen.

IV. SEGMENT INFORMATION

EUR thousand	Segment A		Segment B		Segment C	
	Production		Sales Germany		Sales outside Germany	
	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Revenues	12.638	11,106	17,181	16,427	16,571	17,376
– from external third parties	1.255	1,558	16,393	15,327	16,429	17,356
– inter-segment revenues	11,383	9,548	788	1,099	142	20
EBITDA	**782**	**-1,426**	**2,457**	**2,384**	**4,917**	**5,135**
Depreciation	734	767	928	981	1,890	1,836
Net interest income	-1,366	-1,388	133	-59	16	22
of which interest expenses	1,653	1,579	280	333	201	208
of which interest income	287	191	413	273	218	230
Financial result	982	-46	0	0	17	3
Tax result	-47	125	-26	-576	-1,014	-1,181
Net income	-384	-3,503	1,636	768	2,046	2,143
Segment assets (31.03.)	117,411	107,643	58,485	48,670	81,629	77,792
Investments	78	198	253	628	1,054	1,641
Segment liabilities (31.03.)	116,706	110,037	50,175	39,811	58,616	50,093

EUR thousand	Segment D					
	Central functions		Reconciliations Group		FP Group	
	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Revenues	285	207	-13,101	-10,882	33,574	34,233
– from external third parties	0	0	-503	-8	33,574	34,233
– inter-segment revenues	285	207	-12,598	-10,874	0	0
EBITDA	**-231**	**-733**	**-833**	**-96**	**7,091**	**5,264**
Depreciation	7	0	2,034	2,475	5,594	6,059
Net interest income	195	368	28	45	-994	-1,013
of which interest expenses	122	7	-946	-678	1,311	1,450
of which interest income	317	375	-918	-633	317	437
Financial result	0	0	-1,546	-498	-547	-541
Tax result	-58	506	502	1,453	-642	326
Net income	-102	141	-3,883	-1,572	-686	-2,023
Segment assets (31.03.)	64,664	73,947	-177,356	-140,407	144,833	167,645
Investments	18	0	5,306	-226	6,709	2,241
Segment liabilities (31.03.)	16,921	14,786	-113,647	-79,840	128,770	134,887

RECONCILIATIONS

EUR thousand	Q1 2010	Q1 2009
Revenues		
Revenues for segments A–C	46,390	44,908
Revenues for central functions segment	285	207
Effects from the financial leasing adjustment	-503	-108
Other adjustments for IFRS	0	100
	46,171	**45,108**
Minus inter-segment revenues	12,598	10,874
Consolidated revenues	**33,574**	**34,233**
EBITDA		
EBITDA for segments A–C	8,155	6,093
EBITDA for central functions segment	-231	-733
	7,924	**5,360**
Effects on consolidation level	-969	-347
Valuation effects from transition to IFRS	136	252
Consolidated EBITDA	**7,091**	**5,264**
Depreciation	-5,594	-6,059
Net interest income	-994	-1,013
Other financial result	-547	-541
Consolidated pre-tax profit	**-43**	**-2,349**
Tax result	-642	326
Consolidated net profit	**-686**	**-2,023**
Assets		
Assets of segments A–C	257,525	234,105
Assets for central functions segment	64,664	73,947
Activation of development costs under IFRS	12,608	12,391
Effects from the revaluation of goodwill	3,787	2,952
Effects from depreciation of customer lists	-2,140	-2,140
Effects from depreciation of proprietary software	-492	-491
Other reconciliations to IFRS	5,966	10,635
	341,918	**331,399**
Effects on consolidation level (e.g. consolidation of debts)	-197,085	-163,755
Consolidated assets	**144,833**	**167,645**

EUR thousand	Q1 2010	Q1 2009
Assets by regions:		
Germany	234.604	227,071
USA and Canada	37,865	40,921
Europe (without Germany)	43,765	36,871
Other regions	5,955	3,189
	322,189	**308,052**
Effects of revaluation in accordance with IFRS	22,361	25,978
Effects from depreciation of customer lists	-2,140	-2,140
Effects from depreciation of proprietary software	-492	-491
Effects on consolidation level (e.g. consolidation of debts)	-197,085	-163,755
FP Group	**144,833**	**167,645**

The reporting format for segment information has been adjusted to fit the reporting format presented in the 2009 consolidated financial statement. The adjustment also affects the segment information as of 31st March 2009 and for the first quarter of the 2009 business year.

V. CONFIRMATION BY LEGAL REPRESENTATIVES

To the best of our knowledge, we confirm that the consolidated interim financial statement reflects the actual circumstances of the company's assets, financial situation and earnings position pursuant to the applicable principles of correct consolidated interim financial statement reporting, that the consolidated interim management report represents the business performance including the business results and the company's position in such a way that it reflects the actual circumstances and that the significant opportunities and risks of the expected development of the Group for the remainder of this business year have been described.

Birkenwerder, Germany 28th May 2010

Management Board of Francotyp-Postalia Holding AG

Hans Szymanski
Member of the Management Board

Andreas Drechsler
Member of the Management Board

Financial Calendar

1st Quarter Report	28 May 2010
Annual General Meeting 2010, Ludwig Erhard Haus, Berlin	1 July 2010
Half-yearly results	26 August 2010
3rd Quarter Results	18 November 2010
Veröffentlichung Jahresabschluss 2010	April 2011

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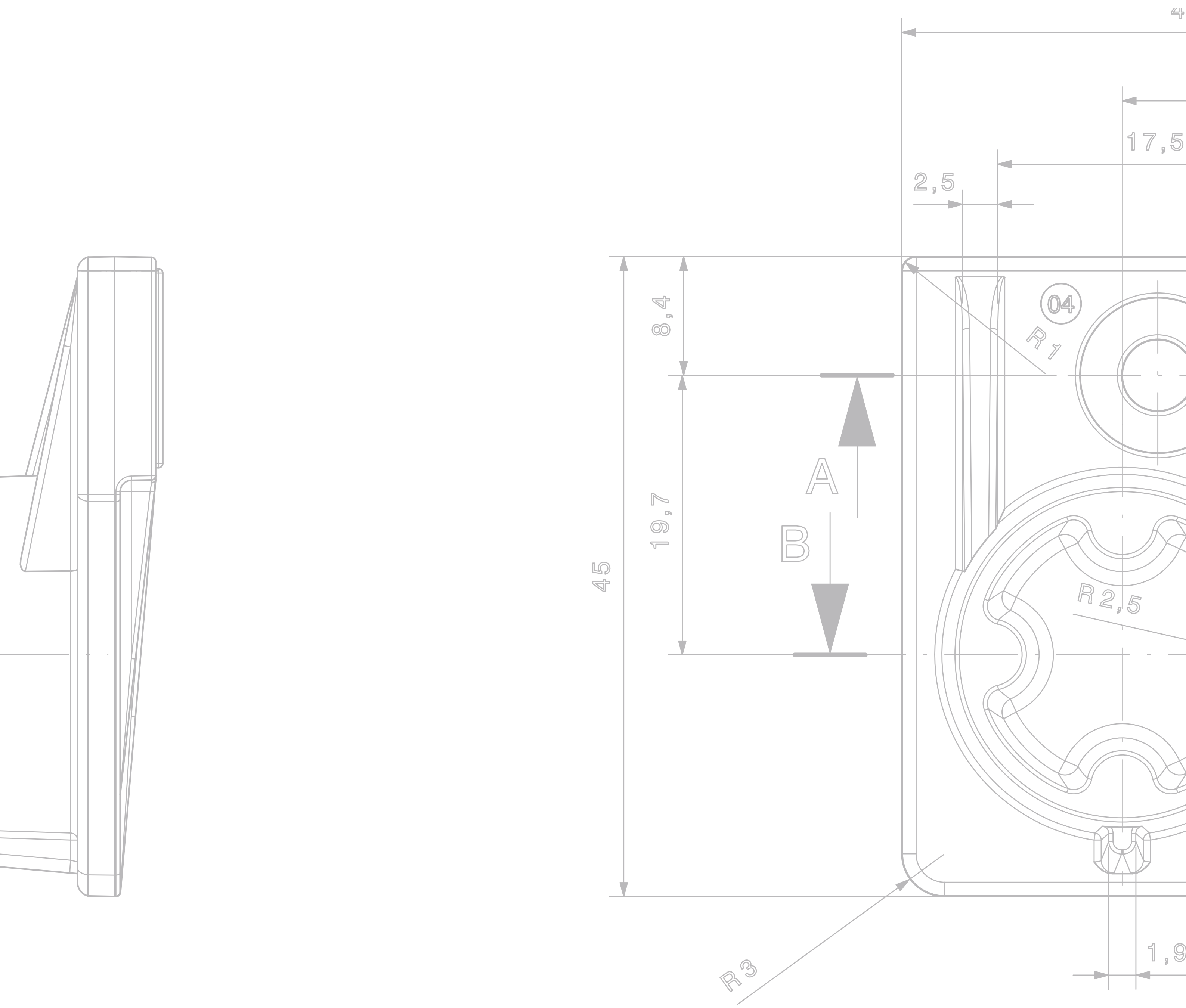

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