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**FP – EXCELLENCE
IN COMMUNICATION**

Half-yearly Financial Report 2013

FP 
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KEY FIGURES OF THE 1ST HALF OF 2013

Figures in accordance with consolidated financial statements in EUR million

	1.1.-30.6.2013	1.1.-30.6.2012	Changes %	1.4.-30.6.2013	1.4.-30.6.2012	Changes %
Revenue	85.5	82.7	3.3	42.0	40.9	2.6
Recurring Revenue	67.5	65.8	2.6	33.2	32.0	3.8
EBITDA	11.5	8.6	34.0	5.3	4.5	18.0
as percentage of revenue	13.5	10.4		12.6	10.9	
EBIT	5.9	4.0	47.1	2.5	2.3	10.5
as percentage of revenue	6.9	4.9		5.9	5.5	
Net profit / lost	3.2	1.7	86.5	1.0	1.0	-2.0
as percentage of revenue	3.8	2.1		2.4	2.6	
Free Cash flow	-0.1	-6.0	n/a			
Earnings per share in EUR	0.21	0.11	90.9	0.07	0.07	0.0
Employees (end of period)	1.064	1.095	-2.8			

	1.1.-30.6.2013	31.12.2012	Changes %
Equity capital	16.2	16.2	0.0
Shareholders equity	24.5	21.6	13.3
as percentage of balance sheet total	17.0	15.8	
Return on equity (%)	13.2	8.0	
Debt capital	119.4	115.1	3.8
Net debt	33.5	33.3	0.6
Net indebtedness percent	137	154	
Balance sheet total	143.9	136.7	5.3
Share price (End of periode in EUR)	3.54	2.3	51.9

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Business mail communication is multifaceted. We ensure that our business and private customers can send their letters professionally, reliably, and simply in a cost-effective and environmentally friendly manner—using physical, hybrid, and fully electronic channels.

LETTER FROM THE MANAGEMENT BOARD

**Dear Shareholders,
Ladies and Gentlemen,**

With the successful launch of PostBase and the start-up of the new production facilities in Wittenberge, we have achieved key milestones in our strategy and are generating profitable growth once again. In the first half of 2013, revenue climbed by 3.3% as against the same period of the previous year to EUR 85.5 million. Over the same period, EBITDA improved by 34% to EUR 11.5 million and EBIT by as much as 47% to EUR 5.9 million.

In particular, the profitable growth results from the successes in our established business with franking machines. We are gradually introducing the new PostBase franking system in all our most important markets; after the UK, Canada and Italy the launch is scheduled for the Netherlands and Denmark.

Our company is also growing continuously in software business. In light of the current debate over data protection and e-mail security, in digital business there is tangible growth in interest in De-Mail with its state-of-the-art cryptographic encryption processes. The greater a company's sensitivity to the subject of data security, the greater its need for this innovative solution – especially as the FP Group even offers end-to-end encryption if so desired. While private persons and companies are still probing the possibilities of De-Mail communication, the German government and its associated authorities are already one step ahead. In accordance with the E-Government Act approved by Germany's upper house of parliament in June 2013, all federal agencies must offer citizens communication with De-Mail or another secure process by the middle of next year. The agencies are now starting to issue invitations to tender.

At the beginning of June, our subsidiary Mentana-Claimsoft already secured Deutsche Rentenversicherung (DRV), one of the country's biggest government agencies, as a new customer in an invitation to tender. The DRV will initially send and receive De-Mails via our gateway for three and a half years. Further clients such as Süddeutsche Krankenversicherung have also recently been added.

These initial successes show that we are on the right path in digital communication. And there are signs of growth in franking machine business as well. However, we do not intend to stop there – and nor can we. We have set ourselves ambitious goals for 2015. We have therefore bundled several projects in the "Aufbruch 2015" initiative to help us achieve our goals and consolidate our growth course. A central issue of this is to step up our marketing activities. We will achieve this firstly through better qualification of incoming inquiries and a more efficient organisation of the sales process, and secondly with our new industry-specific customer approach strategy. The focus moving ahead will be on solutions and product packages. Our experts will no longer just be selling a franking machine, they will be designing and optimising the communications processes of their customers – with the aid of franking machines, outsourcing services (hybrid mail) and fully electronic solutions (De-Mail). One pilot project has already shown that we can reach more potential customers and generate more orders with this approach.

With more than 3.6 million companies in Germany alone, we cannot speak to all of them directly. Hence, the development of a specialist channel in addition to direct and partner sales is also an important component of Aufbruch 2015. We will provide these partners in Germany and other countries with solution packages tailored to individual industries and customer groups. This will give us more opportunities to attract new customers.

We believe that there is still the potential to optimise our costs. Our lease at the Birkenwerder location, where production space is no longer required following the shutdown, will expire at the end of 2014. Here we intend to cut our operating costs by around EUR 1 million per year.

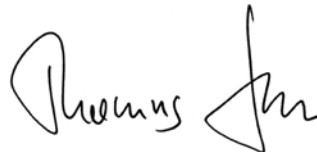
The projects described above and other initiatives will play their part in helping the FP Group to achieve its ambitious growth targets for 2015. These are for revenue of at least EUR 178 million and EBITDA of at least EUR 30 million.

The results of the first half of 2013 show that we are on the right track. The Emergence 2015 initiative will help the FP Group unleash its full potential.

Sincerely,



Hans Szymanski
CEO & CFO



Thomas Grethe
CSO

MANAGEMENT BOARD

Hans Szymanski
Chairman of the Management Board

Born 1963, economics graduate, responsible for Finance, Accounting, Controlling, Human Resources, Legal and Compliance, IT, Research and Development, Quality Management, Production, Purchasing, Logistics, and Strategic Business Development.

Thomas Grethe
Member of the Management Board

Born 1959, banking and economic graduate (WHA), responsible for Sales International and Germany, Business Development and Product Management, Internal Audit, Marketing and Corporate Communications.

GROUP MANAGEMENT REPORT

FOR THE FIRST HALF OF 2013

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BUSINESS AND GENERAL ENVIRONMENT

OPERATING ACTIVITIES

Francotyp-Postalia Holding AG (FP Group or the company), based in Birkenwerder near Berlin, is a complete service provider for mail communication. In view of the changing postal markets, the company has moved from being a producer of franking machines to being a multi-channel provider. The FP Group is therefore able to cover the entire letter-post distribution chain – from franking and inserting physical letters to mail consolidation and even hybrid and fully electronic mail via De-Mail. The target group is corporate customers of all sizes, which can obtain all products and services for simple and cost-effective mail communication from Francotyp-Postalia.

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

In its Franking and Inserting segment, the FP Group concentrates on developing, manufacturing, selling and leasing franking and inserting machines. The Group's most important revenue generator in the franking machine segment is its after-sales business with its recurring revenue. This includes the automatic electronic loading of postage into the franking machine (teleporto), the sale of consumables, the creation of printing plates, services and software solutions for cost centre management.

The FP Group currently offers two types of innovative software solutions to customers: hybrid mail and a fully electronic solution via De-Mail. The specialist for hybrid mail is the FP subsidiary internet access GmbH (iab), in which the FP Group acquired a majority stake at the end of 2006. The FP Group secured its entry into the sector of fully electronic communication in spring 2011 with the acquisition of a majority shareholding in Mentana-Claimsoft GmbH. In March 2012 at the CeBIT, Mentana-Claimsoft was the first company to receive De-Mail accreditation.

The Mail Services segment comprises the consolidation of business mail, which was made possible by the deregulation of the postal market. The company acquired freesort GmbH at the end of 2006. With nine branches throughout Germany, freesort is one of the leading independent consolidators of business mail on the German market. Its mail

consolidation services include collecting letters from clients, sorting them by postcode and delivering them in batches to a sorting office of Deutsche Post or an alternative postal distributor.

EMPLOYEES

As at 30 June 2013, the FP Group employed a total of 1,064 people worldwide as against 1,095 employees the previous year. This decline is due to the headcount reduction in production as a result of the closure of the old production in Birkenwerder and the start-up of the new, state-of-the-art production at Wittenberge. Accordingly, as at 30 June 2013, there were 681 employees at the German companies (previous year: 699) and 383 at foreign subsidiaries (previous year: 396).

As at the end of the first half of the year, 434 employees in Germany were in the Franking and Inserting segment (previous year: 443) and 247 in the Software Solutions and Mail Services segments (previous year: 256). Of these employees, 171 worked at freesort, 52 at iab and 24 at Mentana-Claimsoft as at 30 June 2013.

On 3 June 2013 the Supervisory Board appointed Thomas Grethe as the new Chief Sales Officer effective 15 June 2013. Mr. Grethe, a banking graduate with a degree in business administration, has more than 27 years of marketing experience in the IT and telecommunications industry. He was most recently the chairman of Utax GmbH, which was acquired by the Kyocera Corporation in 2010. Here he provided key stimulus for the successful expansion of national and international business with specialist dealers and distributors and in brand development. In the FP Group, Mr. Grethe will be responsible for Business Development, Product Management, Sales Germany and International, Marketing, Corporate Communications and Internal Audit. The previous Chief Sales Officer Andreas Drechsler left the company on 3 June 2013 to seek new professional challenges.

RESEARCH AND DEVELOPMENT

In the second quarter of 2013, research and development expenses amounted to EUR 2.4 million and were therefore slightly below the level in the same quarter of the previous year (EUR 2.7 million). Research and development expenses as a percentage of revenue declined to 5.7% in the second quarter of 2013 as against 6.6% in the same period of the previous year. R&D expenses for the first six months amounted to EUR 4.8 million. EUR 1.9 million of this was capitalised in accordance with IAS 38; EUR 2.9 million was reported as an expense.

One focus of development activities in recent months was the country-specific adaptation of the new PostBase franking system to prepare for further internationalisation. PostBase was launched in Italy in the second quarter. Other countries are set to follow.

Another focus was the ongoing development of the De-Mail systems, specifically with regard to systems for the back end (computer centre) and interfaces with customers. The new De-Mail Gateway for businesses contains many enhancements demanded by the market, such as a hybrid interface to iab, cost centre billing and increased client capability. The FP Group's research and development activities also include long-term archiving solutions and signature products.

GENERAL CONDITIONS

In Germany, the FP Group's home market, gross domestic product (GDP) grew by 0.7% in the second quarter of 2013. Growth in the first three months had been only 0.1%. The prospects for economic growth in Germany improved. The ifo business climate index, one of the most important indicators for the German economy, climbed for the fourth time in a row in July 2013.

The stronger growth in Germany was a key contributing factor to the improved situation in the euro area in the second quarter of 2013. According to figures from the Eurostat Statistical Office, GDP climbed by 0.3% as against the previous quarter, meaning that the euro zone has escaped the recession after six quarters.

In the US, the FP Group's largest export market, GDP rose by 1.7% in the second quarter of 2013 according to the Bureau of Economic Analysis. Growth had amounted to 1.1% in the first quarter.

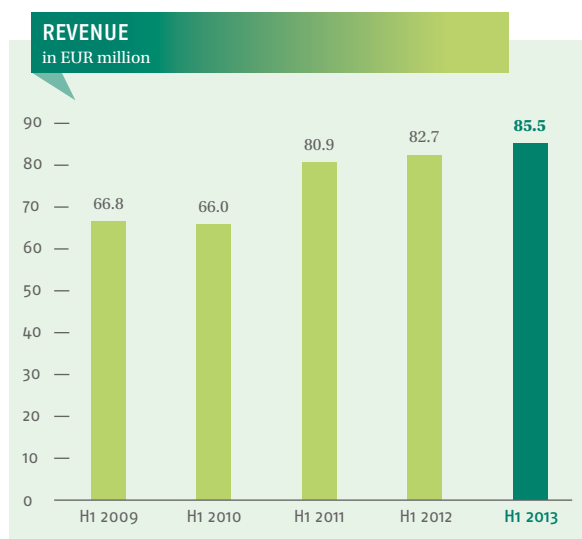
The euro/US dollar exchange rate plays an important role for the FP Group's exports. Overall, the euro appreciated slightly in the second quarter. Having begun the quarter at USD 1.28, there followed a volatile performance with a high of USD 1.34 in the middle of June. The euro depreciated again slightly by the end of the quarter and closed at USD 1.30.

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Revenue

In the second quarter of 2013, total revenue in the FP Group increased to EUR 42.0 million after EUR 40.9 million in the same period of the previous year. This growth essentially resulted from higher product sales. In the first half of the year, revenue improved to EUR 85.5 million as against EUR 82.7 million in the first six months of 2012. Germany was again the FP Group's biggest market: Revenue here climbed to EUR 44.5 million after EUR 43.5 million in the first half of 2012, while international revenue rose slightly to EUR 41.0 million after EUR 39.2 million in the same period of the previous year despite negative exchange rate effects.



Product sales were up on the previous year's level in the first half of 2013. As a result of the strong demand for the innovative PostBase franking system, revenue climbed to EUR 18.0 million after EUR 16.9 million in the same period of the previous year. Over the quarter, product sales declined slightly to EUR 8.8 million after EUR 8.9 million in the same period of the previous year on account of negative exchange rate effects.

Recurring revenue from the Mail Services and Software business and from service agreements, leasing/rental, teleporto and the sale of consumables for approximately 240,000 franking machines worldwide increased to EUR 33.2 million in the second quarter as against EUR 32.0 million in the prior-year period. In the first half of 2013 there was a rise to EUR 67.5 million after EUR 65.8 million in the same period of the previous year. Revenue in the Software segment climbed to EUR 6.2 million in the first six months as against EUR 5.7 million one year previously. Revenue was also on the rise in Mail Services, increasing to EUR 20.0 million after EUR 19.5 million in the first half of 2012.

REVENUE BY PRODUCT AND SERVICE¹⁾

in EUR million	1st half 2013	1st half 2012	2nd quar- ter 2013	2nd quar- ter 2012
Recurring revenue	67.5	65.8	33.2	32.0
Leasing/ rental	11.4	11.6	5.8	5.9
Services / cus- tomer service	13.2	12.9	6.2	5.8
Consumables	10.7	10.2	5.2	4.9
Teleporto	5.9	5.9	3.0	3.0
Mail Services	20.0	19.5	10.1	9.7
Software	6.2	5.7	3.0	2.7
Revenue from product sales	18.0	16.9	8.8	8.9
Franking	13.4	12.5	6.5	6.6
Inserting	3.4	3.4	1.7	1.7
Other	1.3	1.0	0.7	0.6
Total	85.5	82.7	42.0	40.9
Recurring revenue	78.9%	79.6%	79.0%	78.3%
Non-recurring revenue	21.1%	20.4%	21.0%	21.7%
Total	85.5	82.7	42.0	40.9

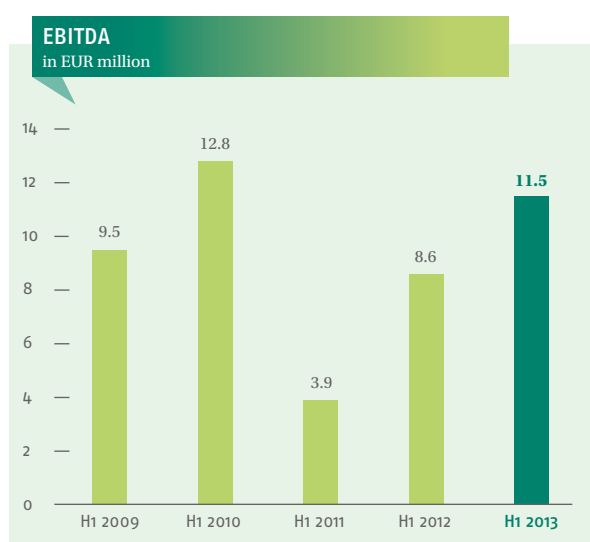
1) Revenue in accordance with IFRS not including inter-segment revenue

Earnings

The FP Group increased its earnings power in the second quarter of 2013 thanks to its higher revenue: EBITDA climbed to EUR 5.3 million as against EUR 4.5 million in the same period of the previous year. In the first six months of the current financial year, EBITDA improved to EUR 11.5 million as against EUR 8.6 million in the first half of 2012. EBITDA was squeezed by the recognition of a provision for a departed member of the Management Board in the amount of EUR 0.5 million. Adjusted for this effect, EBITDA amounted to EUR 5.8 million in the second quarter of 2013 and EUR 12.0 million in the first half of 2013.

EBIT rose to EUR 2.5 million in the second quarter of 2013 as against EUR 2.3 million in the in the second quarter of 2012. It was EUR 5.9 million in the first half of the year after EUR 4.0 million in the same period of the previous year.

As in the same quarter of the previous year, consolidated earnings amounted to EUR 1.0 million. Over the first six months, the company posted an increase in consolidated earnings to EUR 3.2 million in the first half of 2013 as against EUR 1.7 million in the same period of the previous year.



Changes in material items in the Group statement of comprehensive income

in EUR million	1st half 2013	1st half 2012	2nd quarter 2013	2nd quarter 2012
Sales revenue	85.5	82.7	42.0	40.9
Change in inventories	1.9	-0.1	1.2	0.5
Other own work capitalised	7.0	5.5	3.3	3.0
Overall performance	94.3	88.1	46.5	44.5
Other income	0.6	1.6	0.3	0.8
Cost of materials	40.0	35.4	19.7	18.2
Staff costs	27.7	28.4	13.8	13.6
Depreciation, amortisation and impairment losses	5.6	4.6	2.8	2.2
Other operating expenses	15.7	17.4	8.0	9.0
Operating income before special income and expenditure	5.9	4.0	2.5	2.3
Net interest expense	-1.0	-1.1	-0.5	-0.5
Other net finance costs	0.1	-0.6	-0.1	-0.8
Tax result	-1.8	-0.6	-0.8	0.1
Consolidated net result	3.2	1.7	1.0	1.0
EBIT	5.9	4.0	2.5	2.3
EBITDA	11.5	8.6	5.3	4.5

Cost of materials

In the second quarter of 2013, the cost of materials rose to EUR 19.7 million as against EUR 18.2 million in the same period of the previous year owing to higher production figures for PostBase. As a result, the cost of materials ratio rose to 47.8% after 44.5% in the same quarter of the previous year. In the first half of the year, the cost of materials was EUR 40.4 million as against EUR 35.4 million in the previous year. Further information on the cost of materials due to adjustments can be found in the notes on page 26.

Expenses for raw materials, consumables and supplies climbed to EUR 10.0 million compared to EUR 7.9 million in

the second quarter of 2012. By contrast, the cost of purchased services declined to EUR 10.1 million after EUR 10.3 million in the same quarter of the previous year. The cost of purchased services was EUR 20.4 million in the first six months of the year compared to EUR 20.1 million in the same period of the previous year. Expenses for raw materials, consumables and supplies climbed to EUR 19.6 million in the first half of 2013 as against EUR 15.3 million one year previously.

Staff costs

On account of provisions for a departed member of the Management Board, staff costs rose slightly to EUR 13.8 million in the second quarter of 2013 as against EUR 13.6 million in the previous year. The staff costs ratio fell to 32.9% as against 33.2% in the prior-year period. Over the first six months, staff costs fell from EUR 28.4 million to EUR 27.7 million – a consequence of savings in connection with the start-up of production in Wittenberge. Thus, the staff costs ratio for the first six months declined from 34.3% to 32.4%.

Other operating expenses

Other operating expenses decreased to EUR 8.0 million in the second quarter of 2013 as against EUR 9.0 million in the same period of the previous year, when there had been expenses relating to the closure of production in Birkenwerder. In the first six months of 2013, these expenses amounted to EUR 15.7 million as against EUR 17.4 million in the prior-year period.

EBITDA

In the second quarter of 2013, the FP Group generated EBITDA (earnings before interest, taxes, net financial income, depreciation and amortisation) of EUR 5.3 million after EUR 4.5 million in the same period of the previous year. EBITDA for the first six months climbed to EUR 11.5 million as against EUR 8.6 million in the previous year. The EBITDA margin rose accordingly to 13.5% as against 10.4% in the first half of the previous year.

Depreciation, amortisation and impairment losses

In the second quarter of 2013, depreciation, amortisation and impairment losses increased as planned to EUR 2.8 million as against EUR 2.2 million in the same period of the

previous year. In particular, this was due to higher write-downs on capitalised development projects. Depreciation, amortisation and impairment losses rose from EUR 4.6 million to EUR 5.6 million in the first six months.

Net interest expense

Net interest expense amounted to EUR –0.5 million in the second quarter of the current year and in the second quarter of the previous year. Interest income was unchanged at EUR 0.3 million. Interest expenses also matched the prior-year figure of EUR 0.8 million in the second quarter of 2013. Over the first six months, net interest expense amounted to EUR –1.0 million and therefore improved by EUR 0.1 million as against the same period of the previous year (EUR –1.1 million).

Net finance costs

The FP Group had net finance costs of EUR –0.1 million in the second quarter of 2013 as a result in particular of lower finance expenses. Net finance costs of EUR –0.8 million were incurred in the same period of the previous year. Over the first six months, net finance income amounted to EUR 0.1 million as against net finance costs of EUR –0.6 million in the same period of the previous year.

Tax result

Net taxes consisted of tax income of EUR 0.0 million and tax expenses of EUR 0.9 million in the second quarter of 2013. Overall, the tax result amounted to EUR –0.8 million compared with EUR 0.1 million in the same period of the previous year. The net tax result for the first six months amounted to EUR –1.8 million as against EUR –0.6 million in the prior-year period. The tax rate of 36.0% for earnings for the first half of the year was higher than the expected rate in particular as no deferred tax assets were recognised for individual companies with losses.

Consolidated net income

The FP Group generated consolidated net income before non-controlling interests of EUR 1.0 million in the second quarter of 2013. It had also reported a profit of EUR 1.0 million in the same period of the previous year. Earnings per share therefore amounted to EUR 0.07 in the second quarter of both years.

Over the first half of the year, consolidated net income climbed from EUR 1.7 million to EUR 3.2 million. Earnings per share amounted to EUR 0.21 in the first six months of 2013 as against EUR 0.11 in the first six months of 2012.

BUSINESS PERFORMANCE BY SEGMENT

The company is divided into the four segments of Sales Germany, International Sales, Production and Central Functions. This segmentation corresponds to the FP Group's internal reporting.

As the segments report in accordance with the local financial reporting framework, both the adjusting entries in accordance with IFRS and the Group consolidation entries are included in the reconciliation to the consolidated financial statements. The Group consolidation entries comprise the consolidation of business relationships between the segments. Intragroup transactions are effected at market prices. As the figures from the separate financial statements must be aggregated to produce total segment earnings, the segment totals include both intra-segment figures and intragroup profits.

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

Sales Germany segment

In the first half of 2013, the FP Group generated revenue of EUR 44.5 million with third parties on its German domestic market as against EUR 43.5 million in the same period of the previous year.

Revenue in the Mail Services segment increased to EUR 20.0 million as against EUR 19.5 million in the previous year. In Software Solutions, revenue improved to EUR 6.2 million as against EUR 5.7 million in the first half of 2012.

Francotyp-Postalia Vertrieb und Service (VSG), which is responsible for franking and inserting, generated revenue of EUR 18.3 million in the first six months of 2013, as was also the case in the same period of the previous year.

At the same time, the company confirmed its market leadership in Germany with a market share of 42.1% in franking machine business.

The FP Group generated EBITDA of EUR 3.0 million in the Sales Germany segment in the first half of 2013 as against EUR 1.9 million in the same period of the previous year.

Sales International segment

In the Sales International segment, which comprises all activities by the foreign subsidiaries, the FP Group generated revenue of EUR 37.8 million with third parties in the first half of 2013 as against EUR 38.1 million in the same period of the previous year. The drop in revenue is due to negative exchange rate effects. EBITDA amounted to EUR 8.2 million as against EUR 8.3 million one year previously.

Production segment

The Production segment comprises the FP Group's production activities in Germany. Revenue in this segment amounted to EUR 3.1 million in the first half of 2013 as against EUR 2.2 million in the prior-year period.

Since the start of April 2012, the FP Group has been producing its franking machine systems exclusively at the new Wittenberge location as old production in Birkenwerder was shut down as at 31 March 2012.

The end of parallel operations allowed a significant increase in EBITDA to EUR 3.5 million as against EUR 0.5 million in the same period of the previous year. In the current financial year there have been positive economies of scale from the significant increase in intersegment revenue (H1 2013: EUR 40.2 million as against EUR 27.3 million in same quarter of previous year) and cost reductions as a result of the successfully implemented restructuring.

TABELLE: SUMMARY OF RESULTS PER SEGMENT

in EUR million	Revenue ¹⁾			EBITDA		
	2nd quarter 2013	2nd quarter 2012	Change in %	2nd quarter 2013	2nd quarter 2012	Change in %
Sales Germany	21.5	21.4	0.5	1.2	1.1	9.1
Sales International	18.3	18.8	-2.7	3.8	3.8	0.0
Production	1.8	1.3	38.5	2.1	1.4	50.0
FP Group ²⁾	42.0	40.9	2.7	5.3	4.5	17.8

in EUR million	Revenue ¹⁾			EBITDA		
	1st half 2013	1st half 2012	Change in %	1st half 2013	1st half 2012	Change in %
Sales Germany	44.5	43.5	2.3	3.0	1.9	57.9
Sales International	37.8	38.1	-0.8	8.2	8.3	-1.2
Production	3.1	2.2	40.9	3.5	0.5	600.0
FP Group ²⁾	85.5	82.7	3.4	11.4	8.6	32.6

1) Sales revenue with external third parties

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

FINANCIAL POSITION

Principles and objectives of financial management

The central goal of financial management is to avoid financial risks and ensure the financial flexibility of the FP Group. The company achieves this goal through the use of various financial instruments. These are chosen on the basis of flexibility, types of covenants, the existing maturity profile and financing costs. The longer-term liquidity forecast is based on operating planning. A significant portion of the FP Group's liquidity comes from its segments' operating activities and the cash flows they generate. The company also utilises finance leases and bank loans.

New syndicate agreement

On 19 April 2013 a new syndicated loan agreement for EUR 45,000,000 was concluded between Francotyp-Postalia Holding AG and Francotyp-Postalia GmbH (borrower and guarantor) and a syndicate of banks (lender). The loan consists of loan A (amortising loan of up to EUR 15,000,000) and loan B (loan of up to EUR 30,000,000 on a revolving basis). In accordance with the loan agreement, the loans, primarily loan A, are initially intended to replace the old syndicated loans. Beyond this they are intended for general operational purposes, while loan B can be used to finance the further expansion of the rental business of Francotyp-Postalia Inc. (USA) in particular.

The loans mature three years and six months after the date the loan agreement is signed. There is a prolongation option of a further 18 months for both loans.

By way of letter dated 10 June 2013, FP cancelled the old syndicated loan agreement of 21 February 2011 and on 25 June 2013, using the new syndicated loans, replaced the financial obligations from the old syndicated loan agreement of EUR 29,535 thousand and USD 4,953 thousand.

Liquidity analysis

In the first half of 2013, cash flow from operating activities climbed to EUR 7.2 million as against EUR 1.1 million in the previous year. This reflected the improved earnings situation. Net working capital, i.e. inventories plus trade receivables less trade payables, amounted to EUR 23.4 million after EUR 21.9 million in the previous year, particularly as a result of the rise in business and production volumes.

The cash used in investing activities amounted to EUR 7.3 million in the first half of 2013 as against EUR 7.1 million in the same period of the previous year.

As a result, free cash flow – the net total of cash from operating activities and cash used in investing activities – improved to EUR –0.1 million after EUR –6.0 million in the same period in the previous year.

Cash flow from financing activities amounted to EUR 2.6 million in the first half of 2013 after EUR 6.7 million in the previous year. In particular, this was due to proceeds from the borrowing of finance lease liabilities in the amount of EUR 3.2 million and proceeds from the borrowing of bank loans of EUR 4.4 million less payments for reverse repo transactions and payments to repay bank loans.

The cash and cash equivalents shown are derived from the items "Cash and cash equivalents" plus "Securities" less "Teleporto funds".

LIQUIDITY ANALYSIS

in EUR million	1.1.-30.6.2013	1.1.-30.6.2012
1. Cash flow from operating activities		
Cash flow from operating activities	7.2	1.1
1. Cash flow from investing activities		
Cash flow from investing activities	-7.3	-7.1
3. Cash flow from financing activities		
Cash flow from financing activities	2.6	6.7
Cash and cash equivalents		
Change in cash and cash equivalents	2.5	0.8
Change in cash and cash equivalents due to currency translation	-0.1	0.1
Cash and cash equivalents at beginning of period	5.6	6.3
Cash and cash equivalents at end of period	8.1	7.1

Financing analysis

To finance its business, the FP Group primarily used cash flow from operating activities, existing loan arrangements with banks and finance leasing in the first half of 2013. These liabilities rose to EUR 43.4 million as at the end of the second quarter of 2013 as against EUR 40.7 million as at 31 December 2012. Cash and cash equivalents rose to EUR 27.7 million in the first half of 2013 compared to EUR 26.0 million as at 31 December 2012.

Liabilities include loan liabilities of EUR 37.2 million and finance lease liabilities of EUR 6.2 million. Cash and cash equivalents include treasury shares of EUR 1.8 million and securities of EUR 0.7 million, and exclude postage credit balances managed by the FP Group in the amount of EUR 20.3 million.

The resulting net debt ratio is monitored on an ongoing basis. As at the end of the first half of 2013, the figure was as follows:

CHANGES IN NET DEBT

in EUR million	30.6.2013	31.12.2012
Liabilities	43.4	40.7
Funds	9.9	7.4
Net debt	33.5	33.3
Equity	24.5	21.6
Net debt ratio	137%	154%

Investment analysis

The FP Group is pursuing a focused investment strategy and concentrating particularly on investments that will facilitate the company's ongoing development into a complete service provider for mail communication. In the first half of 2013, investments amounted to EUR 7.3 million after EUR 7.1 million in the same period of the previous year. Capitalised development costs decreased to EUR 1.9 million in the first half of 2013 after EUR 2.6 million in the same period of the previous year, when investments for the new PostBase franking system were incurred and development costs for De-Mail were capitalised at the same time.

Investment in intangible assets amounted to EUR 0.1 million in the first half of 2013 compared to EUR 0.5 million in the previous year. Investments in property, plant and equipment not including leased products decreased to EUR 0.4 million in the first half of 2013 after EUR 1.2 million in the first half of 2012, when investments in the relocation of production were made. Investment in leased products rose to EUR 5.0 million on account of US rental business as against EUR 3.0 million in the previous year. There were no investments in company acquisitions in the first half of 2013.

INVESTITIONEN

in EUR million	1.1.-30.6.2013	1.1.-30.6.2012
Capitalised development costs	1.9	2.6
Investment in other intangible assets	0.1	0.5
Investment in property, plant and equipment (excluding leased products)	0.4	1.2
Investment in leased products	5.0	3.0
Investment in company acquisitions	0.0	0.0
Proceeds from the disposal of non-current assets	0.1	0.2
Investments	7.3	7.1

NET ASSETS

As against 31 December 2012, total assets increased by EUR 7.1 million to EUR 143.9 million. The share of non-current assets in total assets fell from 51.7% to 50.1%. As at 30 June 2013, the ratio of current assets to current liabilities was 110.8% as against 89.9% as at 31 December 2012.

Within non-current assets, intangible assets were down slightly from EUR 33.9 million to EUR 33.7 million. This includes goodwill, intangible assets including customer lists and development projects in progress.

Property, plant and equipment increased from EUR 21.2 million at the end of 2012 to EUR 23.0 million as at 30 June 2013. This was due to the rise in assets in finance leases from EUR 5.9 million to EUR 8.2 million. This increase mainly resulted from US leasing business as franking systems can only be leased in the US. The current exchange of these leased franking machines is being refinanced partly by way of sale-and-lease-back.

Deferred tax assets remained at EUR 13.8 million. It is likely that tax assessments that are not yet effective will be adjusted with regard to transfer prices as part of a tax assessment conducted for the years 2005 to 2008. One significant consequence of adjusted transfer prices would be the transfer of profits from abroad to Germany. In connection with arbitration or settlement proceedings, however, there may be corresponding adjustments abroad with corresponding tax benefit effects.

In current assets, inventories rose from EUR 10.8 million to EUR 14.2 million. Trade receivables were unchanged as against 31 December 2012 at EUR 17.6 million. Other current assets increased slightly from EUR 11.0 million to EUR 11.6 million. Securities in the amount of EUR 0.7 million are used by freesort GmbH as a cash deposit for a guarantee issued to Deutsche Post AG. Cash and cash equivalents increased from EUR 26.0 million to EUR 27.7 million.

As a result of the reduced loss carryforward, equity improved to EUR 24.5 million as at 30 June 2013 as against EUR 21.6 million at the end of 2012. The equity ratio climbed to 17.0% as against 15.8% as at the end of 2012.

The share capital of Francotyp-Postalia Holding AG amounts to EUR 16.16 million, divided into 16,160,000 no-par-value bearer shares. As at 30 June 2013, the company held a total of 370,444 treasury shares, corresponding to 2.29% of its share capital.

As a result of the adoption of amendments to IAS 19 accounting, other comprehensive income includes a retro-active effect of EUR -1.7 million as at 31 December 2012 with a corresponding subsequent effect as at 30 June 2013.

As at 30 June 2013, current liabilities decreased to EUR 64.8 million after EUR 73.5 million at the end of 2012. Current financial liabilities fell to EUR 6.1 million as against EUR 16.8 million at the end of 2012. Provisions fell from EUR 4.4 million to EUR 3.5 million, while trade payables declined slightly EUR 8.3 million to EUR 8.2 million. Similarly, other current liabilities increased from EUR 41.9 million to EUR 44.5 million.

Non-current liabilities rose from EUR 41.6 million to EUR 54.6 million as at 30 June 2013, due primarily to the increase in financial liabilities from EUR 23.9 million to EUR 37.3 million.

SUPPLEMENTARY REPORT

There were no significant events after the interim reporting date (30 June 2013).

RISK AND OPPORTUNITY REPORT

The company discussed its opportunities and risks in detail in the consolidated financial statements as at 31 December 2012. No further risks and opportunities are currently discernible.

FORECAST

In light of its good operative performance in the first half of 2013, the FP Group is confirming its forecast for the year as a whole: The company is anticipating revenue of at least EUR 168 million, EBITDA of at least EUR 22 million and EBIT of at least EUR 9 million, each not including the cost of provisions in connection with the change in the Management Board.

In particular, the company is generating rising revenue with its innovative PostBase franking system. Following its launch in 2012, marketing is being rolled out in more and more countries in the current year. 2012 also saw the market launch of De-Mail. Its marketing is opening up new revenue potential for the FP Group in the medium to long term. The revenue effect will primarily depend on how quickly the market accepts the new technology.

The strong position in the traditional franking machine market and the opportunities for growth in new business areas offer good conditions for further growth and continuing consolidation of the FP Group's operating financial and earnings power. In 2013 and 2014, the company is expected to benefit from its development into a complete service provider for mail communication. The company expects stable development in the traditional markets for the Franking and Inserting segments and positive growth momentum in new markets. The FP Group therefore sees further potential for growth in 2014 and plans to increase revenue organically. Accordingly, EBITDA and EBIT will develop positively. In the medium and long term, the company sees great potential in the field of digital communication.

The statements are based on current knowledge as at the end of the second quarter of 2013. Please note that the planning data presented here may differ from the actual values achieved.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEARLY FINANCIAL REPORT 2013

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CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2013

in EUR thousand	1st half 2013 1.1. - 30.6.2013	1st half 2012 1.1. - 30.6.2012	2nd quarter 2013 1.4. - 30.6.2013	2nd quarter 2012 1.4. - 30.6.2012
Revenue	85,466	82,702	41,977	40,932
Changes in inventories of finished goods and work in progress	1,877	-91	1,218	530
	87,343	82,611	43,195	41,462
Other capitalised own work	6,962	5,459	3,295	3,038
Other income	607	1,643	317	799
Cost of materials				
a) Cost of raw materials, consumables and supplies	19,610	15,266	9,584	7,936 ¹⁾
b) Cost of services purchased	20,397	20,106	10,122	10,278 ¹⁾
	40,007	35,372	19,706	18,214
Staff expenses				
a) Wages and salaries	23,397	23,839	11,680	11,420
b) Social security contributions	3,778	4,201	1,861	2,005
c) Expenses for pensions and other benefits	549	349	287	163
	27,724	28,389	13,828	13,588
Depreciation, amortisation and impairment losses	5,622	4,587	2,792	2,223
Other expenses	15,655	17,352	7,989	9,018
Net interest income / expense				
a) Interest and similar income	528	587	277	340
b) Interest and similar expenses	1,498	1,656	784	834
	-970	-1,069	-507	-494
Other financial results				
a) Other financial income	1,125	992	331	351
b) Other financial expenses	1,028	1,584	446	1,125
	97	-592	-115	-774
Tax result				
a) Tax income	815	2,115	31	1,443
b) Tax expense	2,626	2,740	876	1,385
	-1,811	-625	-845	58
Consolidated net income	3,220	1,727	1,025	1,046
Other comprehensive income				
Translation of financial statements of foreign entities	84	207	-202	1,096
of which taxes	78	-47	97	-27
of which reformatted in the consolidated net income	-479	167	-348	167
Cash flow hedges	0	0	0	0
of which taxes	0	0	0	0
of which reformatted in the consolidated net income	0	0	0	0
Other comprehensive income after taxes	84	207	-202	1,096
Comprehensive income	3,304	1,934	823	2,142
Consolidated net income for the year	3,220	1,727	1,025	1,046
– of which attributable to the shareholders of FP Group	3,285	1,684	1,001	1,056
– consolidated net profit attributable to minority interests	-65	43	24	-10
Comprehensive income	3,304	1,934	823	2,142
– of which attributable to the shareholders of FP Group	3,369	1,891	799	2,152
– of which attributable to minority interests	-65	43	24	-10
Earnings per share (basic and diluted, in EUR):	0.21	0.11	0.07	0.07

1) Changes are explained under "Notes to the consolidated statement of comprehensive income"

CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2013

ASSETS

in EUR thousand	30.6.2013	31.12.2012
NON-CURRENT ASSETS		
Intangible assets		
Intangible assets including customer lists	15,383	17,727
Goodwill	10,016	10,016
Development projects in progress	8,330	6,135
	33,729	33,878
Property, plant and equipment		
Land, land rights and buildings	2,233	2,284
Technical equipment and machinery	1,048	1,152
Other equipment, operating and office equipment	3,817	4,072
Leased products	7,778	7,732
Advance payments and assets under construction	21	3
Assets under finance leases	8,092	5,929
	22,989	21,172
Other assets		
Associated companies	13	13
Other equity investments	163	163
Finance lease receivables	1,220	1,393
Other non-current assets	206	182
	1,602	1,751
Tax assets		
Deferred tax assets	7,062	7,127 ¹⁾
Current tax assets	6,689	6,689
	13,751	13,816
	72,071	70,617
CURRENT ASSETS		
Inventory		
Raw materials, consumables and supplies	4,638	4,584
Work in progress	863	760
Finished products and merchandise	8,721	5,428
	14,222	10,772
Trade receivables	17,617	17,648
Other assets		
Finance lease receivables	1,179	1,342
Income tax assets	317	1,446
Derivative financial instruments	0	11
Other current assets	10,143	8,160
	11,639	10,959
Securities	680	680
Cash	27,691	26,028
	71,849	66,087
	143,920	136,704

1) Changes are explained under "Selected notes for the periode (IAS 19 – Employee Benefits)"

PASSIVA

in EUR thousand	30.6.2013	31.12.2012
SHAREHOLDERS' EQUITY		
Equity attributable to shareholders of the parent company		
Subscribed capital	16,160	16,160
Capital reserves	35,312	35,312
Stock option reserve	657	636
Treasury shares	-1,829	-1,829
Loss carried forward	-27,051	-31,171
Consolidated net income after minority interests	3,285	4,120
Other comprehensive income	-2,431	-2,115 ¹⁾
	24,103	21,113
Minority interests	378	492 ¹⁾
	24,481	21,605
NON-CURRENT LIABILITIES		
Provisions for pensions and similar obligations	14,387	14,584 ¹⁾
Other provisions	1,505	1,750 ¹⁾
Financial liabilities	37,327	23,917
Other liabilities	376	376
Deferred tax liabilities	1,009	948 ¹⁾
	54,604	41,575
CURRENT LIABILITIES		
Tax liabilities	2,505	2,141
Provisions	3,541	4,409
Financial liabilities	6,092	16,829
Trade payables	8,181	8,277
Other liabilities	44,516	41,868
	64,835	73,524
	143,920	136,704

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2013

in EUR thousand	1.1. - 30.6.2013	1.1. - 30.6.2012
Cash flow from operating activities		
Consolidated net income	3,285	1,727
Income tax result recognised in profit or loss	1,811	476
Net interest income recognised in profit or loss	970	1,069
Depreciation and amortisation of non-current assets	5,625	4,587
Decrease (-)/increase (+) in provisions and tax liabilities	-2,172	-3,764
Changes in deferred taxes	126	-795
Loss (+)/gain (-) on the disposal of non-current assets	55	-17
Decrease (-)/increase (+) in inventory, trade receivables and other assets not attributable to investing or financing activities	-3,829	-3,783
Increase (+) in trade payables and other liabilities ¹⁾ not attributable to investing or financing activities	3,238	3,304
Other non-cash expenses and income	-211	323
Government assistance not yet received	-121	-814
Interest received	528	587
Interest paid	-1,285	-946
Income tax paid	-798	-878
Cash flow from operating activities	7,222	1,076
Cash flow from investing activities		
Cash paid for internally generated intangible assets	0	0
Cash payments for the capitalisation of development costs	-1,912	-2,566
Proceeds from the disposal of non-current assets	118	175
Cash paid for investments in intangible assets	-97	-453
Cash paid for investments in property, plant and equipment	-5,402	-4,215
Cash paid for financial investments	0	0
Cash paid for company acquisitions	0	0
Cash flow from investing activities	-7,293	-7,059
Cash flow from financing activities		
Cash outflows from reverse repo transactions	-2,037	109
Dividend payments to shareholders	49	0
Cash paid to repay bank loans	-1,848	-1,176
Cash payments to repay finance leases	-1,164	-486
Cash inflows from taking out finance leases	3,207	0
Cash inflows as a result of issuing shares	0	3,663
Cash inflows from taking out bank loans	4,379	4,629
Cash flow from financing activities	2,586	6,739
Cash and cash equivalents¹⁾		
Change in cash and cash equivalents	2,515	756
Change in cash and cash equivalents due to currency translation	-51	54
Cash and cash equivalents at beginning of period	5,620	6,307
Cash and cash equivalents at end of period	8,084	7,117

1) Cash and cash equivalents and other liabilities do not include the postage credit balances managed by the FP Group (EUR 20,287 thousand). Cash and cash equivalents include current financial instruments of EUR 680 thousand (H1/2012: EUR 679 thousand).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2013

in EUR thousand	Subscribed capital	Capital reserves	Stock option reserve	Treasury shares	Net income / loss	Other comprehensive income					Total	
						Difference from currency translation	Net investments in foreign operations	Difference from amendments of IAS 19 (rev, 2011) ¹⁾	Derivative financial instruments	Equity attributable to FP Holding		Minority interests
Balance at 1 January 2012¹⁾	14,700	33,181	346	-1,829	-31,171	-607	633	380 ¹⁾	0	15,633	666	16,299
Consolidated net income 1.1. - 30.6.2012	0	0	0	0	1,684	0	0	0	0	1,684	53	1,737
Translation of financial statements of foreign entities	0	0	0	0	0	86	120	0	0	206	0	206
Other earnings 1.1. - 30.6.2012	0	0	0	0	0	86	120	0	0	206	0	206
Comprehensive income 1.1. - 30.6.2012	0	0	0	0	1,684	86	120	0	0	1,890	53	1,943
Capital increase	1,460	2,203	0	0	0	0	0	0	0	3,663	0	3,663
Capital increase from stock options	0	0	130	0	0	0	0	0	0	130	0	130
Balance at 30 June 2012¹⁾	16,160	35,384	476	-1,829	-29,487	-521	753	380 ¹⁾	0	21,316	719	22,035
Balance at 1 January 2013¹⁾	16,160	35,312	636	-1,829	-27,051	-1,344	885	-1,656 ¹⁾	0	21,113	492	21,605
Consolidated net income 1.1. - 30.6.2012	0	0	0	0	3,285	0	0	0	0	3,285	-65	3,220
Translation of financial statements of foreign entities	0	0	0	0	0	84	-400	0	0	-316	0	-316
Other earnings 1.1. - 30.6.2012	0	0	0	0	0	84	-400	0	0	-316	0	-316
Comprehensive income 1.1. - 30.6.2012	0	0	0	0	3,285	84	-400	0	0	2,969	-65	2,904
Dividend	0	0	0	0	0	0	0	0	0	0	-49	-49
Capital increase	0	0	0	0	0	0	0	0	0	0	0	0
Capital increase from stock options	0	0	21	0	0	0	0	0	0	21	0	21
Balance at 30 June 2013	16,160	35,312	657	-1,829	-23,766	-1,260	485	-1,656	0	24,103	378	24,481

1) Explanation of adjustments: see "Selected explanatory notes - General Principles - IAS 19 - Employee Benefits".

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2013

I. GENERAL PRINCIPLES

GENERAL INFORMATION

Francotyp-Postalia Holding AG, Birkenwerder (also referred to hereafter as FP Holding), is a German stock corporation (Aktiengesellschaft) registered in the Commercial Register of Neuruppin District Court under HRB 7649. The company's registered office is at Triftweg 21-26, 16547 Birkenwerder, Germany. The interim consolidated financial statements of FP Holding as at 30 June 2013 include FP Holding and its subsidiaries (also referred to hereafter as the FP Group).

The FP Group is an international company in the outbound mail processing sector with a history dating back 90 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 aftersales business. The FP Group also offers its customers in Germany sorting and consolidation services in addition to hybrid mail and fully electronic mail communication products via its subsidiary freesort and its majority shareholdings in iab and Mentana-Claimssoft

The Management Board of Francotyp-Postalia Holding AG prepared the 2012 consolidated financial statements and Group management report on 28 March 2013 and submitted them to the Supervisory Board. The Supervisory Board examined the consolidated financial statements and Group management report and adopted them on 9 April 2013. The 2012 consolidated financial statements and Group management report of Francotyp-Postalia Holding AG were published on 25 April 2013.

These interim financial statements are condensed financial statements in accordance with IAS 34. They do not include all disclosures in connection with complete financial statements as per IAS 1. The financial statements were approved for publication by the Management Board of FP Holding on 28 August 2013.

PRINCIPLES OF ACCOUNTING

Principles for the preparation of the financial statements

The interim consolidated financial statements – comprising the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity and selected explanatory notes – of FP Holding for the period from 1 January to 30 June 2013 have been submitted to and published in the Electronic Federal Gazette. These are condensed interim consolidated financial statements in accordance with IAS 34 (Interim Financial Reporting) for the interim period from 1 January to 30 June 2013. The same accounting policies were applied in preparing these interim financial statements as in the preparation of the 2012 consolidated financial statements. The interim financial statements should be read together with these audited financial statements.

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

In accordance with IAS 1, the consolidated statement of financial position follows the principle of current/non-current presentation. The statement of financial position therefore presents non-current and current assets and liabilities separately. Assets and liabilities are classified as current if their remaining term or useful life is less than one year, or they are turned over in less than one year in the course of normal operations. Assets and liabilities are classified as non-current if they remain in the company for more than one year.

The consolidated statement of comprehensive income is prepared using the nature of expense method.

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

The accounting policies applied have not changed since the previous year with the following exceptions:

Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income

This amendment changes the presentation of other comprehensive income. In future, items of other comprehensive income that are subsequently reclassified to the income statement (“recycled”) must be presented separately from items of other comprehensive income that are never reclassified. If the items are reported gross, i.e. without netting effects of deferred tax, deferred taxes should no longer be reported as a total figure but instead should be assigned to the two groups of items.

IAS 19 – Employee Benefits (revised 2011)

In addition to more extensive disclosure obligations for employee benefits, the revised standard resulted in the following changes in particular:

In the past there was an option as to how unexpected fluctuations in pension obligations, known as actuarial gains and losses, can be presented in the financial statements. It was permitted to recognise them

- (a) in profit or loss,
- (b) in other comprehensive income or
- (c) on a delayed basis using the corridor method.

The revision of IAS 19 eliminated this option in order to ensure more transparent and comparable presentation, meaning that such items must be recognised directly and in full in other comprehensive income. Furthermore, past service cost must now be recognised directly in profit or loss in the year in which it arises. No actuarial reports are prepared during the year. As such, actuarial gains and losses do not arise and therefore are not deferred during the year.

In addition, the expected return on plan assets was determined at the beginning of the accounting period in the past on the basis of management expectations of the development of the investment portfolio. Under IAS 19 (revised 2011), only standardised interest on plan assets in the amount of the discount rate for pension obligations at the beginning of the period is permitted.

The expected amount of administrative costs for plan assets was previously included in net interest. The amendments stipulate that administrative costs for plan assets must be

recognised in other comprehensive income as part of the remeasurement component, whereas other administrative costs are allocated to operating profit at the time they are incurred.

The amended definition of termination benefits affects accounting for supplementary amounts committed to as part of phased early retirement agreements. In the past, the supplementary amounts were classified as termination benefits and were accordingly recognised as a provision at their total amount when a phased early retirement contract was concluded. As a result of the change in the definition of termination benefits, the supplementary amounts no longer fulfil the requirements for classification as termination benefits when applying IAS 19 (revised 2011). Instead, they represent other non-current employee benefits, which must be accumulated in instalments over the employees’ service period.

Amendments to IAS 32 und IFRS 7 – Offsetting Financial Assets and Financial Liabilities

The addition to IAS 32 clarifies the requirements for offsetting financial instruments. It explains the significance of the current legal right to offsetting and clarifies which methods can be considered gross or net settlement within the meaning of the standard. The provisions on disclosures in the notes in IFRS 7 were also extended together with these clarifications.

The amendment to IAS 32 is effective for the first time for financial years beginning on or after 1 January 2014. The amendment to IFRS 7 is effective for the first time for financial years beginning on or after 1 January 2013.

IFRS 13 – Fair Value Measurement

This standard provides uniform regulations for fair value measurement in IFRS financial statements. In future, fair value measurement as required in all other standards will have to be applied in line with the uniform provisions of IFRS 13; separate regulations also apply to IAS 17 and IFRS 2 only.

Fair value under IFRS 13 is defined as the exit price, i.e. the price that would be received to sell an asset or paid to transfer a liability. As currently known from the fair value measurement of financial assets, there is a three-level

hierarchy graded according to the dependence on observed market prices. New fair value measurement has not resulted in significantly different values as compared to the previous provisions.

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

This interpretation is intended to provide uniform provisions for accounting for stripping costs in the production phase of a surface mine. If income is generated from continued use of mine waste materials, as expected, the costs attributable to stripping must be accounted for as inventory in accordance with IAS 2. In addition, an intangible asset is created that is to be capitalised together with the surface mine asset if access to additional mineral resources is improved and the requirements defined in the interpretation are fulfilled. This asset must be amortised over its expected useful life. The new regulation does not affect the FP Group.

Amendments to IFRS 1 – Government Loans

This amendment relates to the accounting for government loans at a below-market interest rate by a first-time adopter of IFRS. Measurement in line with the previous accounting may be maintained for existing government loans at the transition date. The measurement regulations under IAS 20.10A in conjunction with IAS 39 therefore apply only to government loans granted after the transition date. The new regulation does not affect the FP Group.

Consolidated group

Francotyp-Postalia Holding AG acts as the parent company for the Group, under which FP Group companies are consolidated. The consolidated financial statements of FP Holding include all companies where it has the ability to control financial and operating policies (subsidiaries). Subsidiaries are included in the consolidated financial statements from the time FP Holding acquires control. If this control ends, the corresponding companies are removed from the companies included in the consolidated financial statements.

There were no changes to the consolidated group as against the consolidated financial statements as at 31 December 2012 in the period under review.

CURRENCY TRANSLATION

Currencies have been translated at the following rates:

EUR 1 =	Closing rate			Average rate	
	30.6.2013	31.12.2012	30.6.2012	1st half 2013	1st half 2012
US dollar (USD)	1.3067	1.3185	1.2579	1.3134	1.2966
British pound sterling (GBP)	0.8579	0.8155	0.8063	0.8510	0.8226
Canadian dollar (CAD)	1.3698	1.3116	1.2876	1.3341	1.3042
Swedish krona (SEK)	8.7867	8.5844	8.7740	8.5314	8.8823
Singapore dollar (SGD)	1.6537	1.6110	1.5960	1.6330	1.6388

MANAGEMENT ESTIMATES AND DISCRETION

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

II. DEVELOPMENTS IN THE REPORTING PERIOD

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

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

STATUS OF PRODUCTION EXPANSION AT THE WITTENBERGE LOCATION / RESTRUCTURING

Since 2012, the FP Group has been manufacturing at the new production facilities in Wittenberge, Brandenburg.

In connection with the restructuring measures carried out, 120 production jobs were eliminated in Birkenwerder. All associated labour law issues have been resolved. The payments required in connection with this have been paid.

NEW SYNDICATE AGREEMENT

On 19 April 2013 a new syndicated loan agreement for EUR 45,000,000 was concluded between Francotyp-Postalia Holding AG and Francotyp-Postalia GmbH (borrower and guarantor) and a syndicate of banks (lender). The loan consists of loan A (amortising loan of up to EUR 15,000,000) and loan B (loan of up to EUR 30,000,000 on a revolving basis). In accordance with the loan agreement, the loans, primarily loan A, are initially intended to replace the old syndicated loans. Beyond this they are intended for general operational purposes, while loan B can be used to finance the further expansion of the rental business of Francotyp-Postalia Inc. (USA) in particular.

The loans mature three years and six months after the date the loan agreement is signed. There is a prolongation option of a further 18 months for both loans.

By way of letter dated 10 June 2013, FP cancelled the old syndicated loan agreement of 21 February 2011 and on 25 June 2013, using the new syndicated loans, replaced the financial obligations from the old syndicated loan agreement of EUR 29,5 thousand and USD 5,0 thousand.

Changes in the Management Board of Francotyp-Postalia Holding AG

Effective 15 June 2013, the Supervisory Board of Francotyp-Postalia Holding AG appointed Mr. Thomas Grethe as the new Chief Sales Officer of Francotyp-Postalia Holding AG. Mr. Andreas Drechsler left the company on 3 June 2013. Mr. Grethe assumed Mr. Drechsler's responsibilities, which include Business Development, Product Management, Sales Germany and International, Marketing, Corporate Communications and Internal Audit.

Changes in the Supervisory Board of Francotyp-Postalia Holding AG

The Deputy Chairman of the Supervisory Board Felix Hölzer stepped down from his position on the Supervisory Board of FP Holding as at 31 March 2013 in accordance with Article 10(5) of the company's Articles of Association. Felix Hölzer had been a member of the Supervisory Board of FP Holding since June 2012.

The Management Board and Supervisory Board submitted a request to the Neuruppin District Court to appoint Mr. Klaus Röhrig as a new member of the Supervisory Board for the transitional period until the election of FP Holding Supervisory Board members at the Annual General Meeting on 27 June 2013. The Neuruppin District Court had appointed Mr. Röhrig as a Supervisory Board member effective 1 April 2013.

At the Annual General Meeting on 27 June 2013, Mr. Klaus Röhrig, Mr. Robert Feldmeier and Mr. Botho Oppermann were appointed as new Supervisory Board members until the end of the Annual General Meeting that rules on the official approval of the actions of Supervisory Board members for the 2015 financial year.

Other developments

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

III. EXPLANATORY NOTES

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Changes in reporting

A) The reporting of the items "Cost of materials" (cost of raw materials, consumables and supplies) and "Other expenses" was amended as at 31 March 2013. In the report as at 31 March 2013, EUR 791 thousand was reported as other expenses instead of cost of raw materials, consumables and supplies.

The amounts reported were amended as follows:

in EUR thousand	31.3.2013 as reported	Changes from ad- justment as per IAS 8	31.3.2013
Raw materials, consumables and supplies	9,247	+779	10,026
Other expenses	8,445	-779	7,666

B) A further adjustment in reporting relates to the comparative period 1 April to 30 June 2012. Owing to incorrect account allocation within cost of materials (distinction between "Raw materials, consumables and supplies" and "Purchased services") at one subsidiary in the first quarter of the previous year, the amount reported for expenses for raw materials, consumables and supplies was too high by EUR 1,939 thousand, while the cost of purchased services was too low by the same amount. However, a correct cost of materials was reported overall.

The change in reporting as at 30 June 2012 was only applied to the cumulative amount of raw materials, consumables and supplies and purchased services as at 30 June 2012:

in EUR thousand	30.6.2013 before adjust- ment	Changes from ad- justment as per IAS 8	30.6.2013 as reported
Raw materials, consumables and supplies	17,205	-1,939	15,266
Purchased services	18,167	1,939	20,106
Total	35,372	0	35,372

However, the amount reported for the quarter 1 April to 30 June 2012 was not adjusted, and this is done now as follows:

in EUR thousand	30.6.2012 as reported	Changes from ad- justment as per IAS 8	30.6.2012
Raw materials, consumables and supplies	5,997	1,939	7,936
Purchased services	12,217	-1,939	10,278
Total	18,214	0	18,214

C) Measurement in accordance with the percentage-of-completion method in accordance with IAS 11 was applied in the second quarter of 2013. The item measured was a production order for the complex, customer-specific manufacture of franking machinery including technical infrastructure. The percentage of completion of the order was calculated in accordance with IAS 11.30 a) using the cost-to-cost method and income from the order of EUR 634 thousand was reported under revenue.

NOTES TO THE STATEMENT OF CASH FLOWS

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

The cash and cash equivalents were calculated as follows:

in EUR thousand	30.6.2013	30.6.2012
Cash	27,691	27,590
plus securities	680	679
Current liabilities from postage credit balances managed	-20,287	-21,152
Cash and cash equivalents	8,084	7,117

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

EMPLOYEES

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

Regional distribution

	30.6.2013	30.6.2012
Germany	681	699
USA	110	114
United Kingdom	92	94
Netherlands	54	53
Canada	36	37
Italy	21	23
Austria	21	20
Sweden	19	20
Belgium	18	23
Singapore	8	8
France	4	4
Total	1,064	1,095

Functional distribution

	30.6.2013	30.6.2012
Production	184	198
Sales Germany	483	493
Sales International	375	388
Central Functions	22	16
Total	1,064	1,095

CONTINGENT LIABILITIES

By its nature as a market participant in a contested market, the FP Group is involved in a range of legal disputes. Francotyp-Postalia Vertrieb und Service GmbH is particularly affected by this, and is involved in a number of court and out-of-court competition disputes with rival companies, both as a claimant and a defendant. The subject of these disputes is methods of customer advertising and market positioning. These proceedings intend the discontinuation of anti-competitive behaviour and are not economically significant. If a case is lost, alternative advertising measures can be used. Francotyp-Postalia GmbH is also involved in a number of proceedings relating to trademark and patent law, which are not currently expected to pose a major risk to the company.

However, the lawsuit of SBW Vermögensverwaltungs GmbH of 9 March 2011, in which claims have been made against FP Holding, could prove significant. The alleged claims are the result of the purchase agreement concluded by FP Holding regarding shares in the iab Group. The amount claimed is EUR 1,518,750. The amount claimed is based on claims to the increased purchase price arising from the company purchase agreement and the alleged unreliability of the partial payment with shares on the part of the defendant. In its judgement of 8 November 2011, the Neuruppin District Court threw out the suit. SBW Vermögensverwaltungs GmbH has appealed and substantiated its claim within the period prescribed. The Brandenburg Higher Regional Court has not yet decided whether the appeal is legitimate. The Group still considers the risk presented by the proceedings to be low.

FP Holding is reviewing claims for damages from former Management Board member Dr. Heinz-Dieter Sluma. Dr. Sluma is alleged to have awarded contracts for supply chain optimisation (SCO) and application service providing (ASP) with a value of several million euro in 2008 without

the necessary approval of the Supervisory Board, even though neither the SCO project nor the ASP contract were economically advantageous and the decision to award the contracts was not made on the basis of proper information. In addition, there are indications that Dr. Sluma tolerated or retroactively approved budget overruns, even though no usable work results were achieved as a consequence despite payments totalling approximately EUR 2.5 million (net). The events were reviewed by an auditing company and a law firm and examined with regard to possible D&O liability claims. The law firm Waldeck Rechtsanwälte of Frankfurt/Main was engaged by the Supervisory Board to pursue the claims. The complaint is currently being prepared.

On 3 March 2011, FP Holding acquired a 51% equity interest in mentana-claimsoft AG (now Mentana-Claimsoft GmbH). The purchase agreement for these shares included an equity guarantee under which the Mentana Group was required to have consolidated equity of EUR 500 thousand as at the date when the shares were acquired by FP Holding. There are indications that this guarantee was not complied with. The breach of this guarantee may result in claims by FP Holding or Mentana-Claimsoft GmbH against the seller.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events occurred after 30 June 2013 other than those shown in the financial statements for the interim period.

IV. SEGMENT INFORMATION

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

1.1. – 30.6.2013	A	B	C	D		
in EUR thousand	Production	Sales Germany	Sales International	Central Functions	Reconciliation to Group	Total
Sales revenue	43,282	47,508	38,826	2,343	-46,493	85,466
- with external third parties	3,151	44,477	37,777	81	-20	85,466
- intersegment	40,151	3,031	1,049	2,262	-46,473	0
EBITDA	3,476	3,047	8,166	-1,642	-1,521	11,526
Depreciation, amortisation and impairment losses	535	1,326	4,308	37	-584	5,622
Net interest income	-298	-369	-141	-266	104	-970
- of which interest expense	974	488	420	1,141	-1,525	1,498
- of which interest income	676	119	279	875	-1,421	528
Other net finance costs	-113	0	80	309	-179	97
Tax result	-65	-3	-1,619	-641	517	-1,811
Net income	2,465	1,349	2,178	-2,277	-495	3,220
Segment assets (30.6)	116,127	92,537	84,102	134,197	-283,042	143,920
Investments	126	288	7,674	16	-586	7,518
Segment liabilities (30.6)	112,631	83,447	62,586	74,642	-213,868	119,438

1.1. – 30.6.2012	A	B	C	D		
in EUR thousand	Production	Sales Germany	Sales International	Central Functions	Reconciliation to Group	Total
Sales revenue	29,544	45,430	39,201	1,857	-33,330	82,702
- with external third parties	2,248	43,485	38,089	0	-1,120	82,702
- intersegment	27,296	1,945	1,112	1,857	-32,210	0
EBITDA	473	1,943	8,346	-1,423	-739	8,600
Depreciation, amortisation and impairment losses	555	1,413	4,151	26	-1,557	4,587
Net interest income	-544	-164	-193	-389	222	-1,067
- of which interest expense	1,383	496	443	1,452	-2,117	1,656
- of which interest income	839	332	250	1,062	-1,895	588
Other net finance costs	-342	0	43	-249	-45	-594
Tax result	-39	30	-1,309	683	10	-625
Net income	-1,007	396	2,735	-1,404	1,005	1,726
Segment assets (30.6)	140,724	81,962	83,771	128,984	-293,317	142,124
Investments	1,147	449	4,959	35	876	7,467
Segment liabilities (30.6)	141,125	73,220	59,601	69,474	-222,914	120,506

At the end of the year there is an earnings adjustment between **FP GmbH** and the international sales companies in accordance with standard international tax laws. This adjustment essentially affects the segment sales and segment EBITDA/net income shown. Based on the current margins of the international sales companies, sales and EBITDA in the Production segment would increase by EUR 825 thousand (previous year: EUR 1,456 thousand) for the reporting period 1 January 2013 to 31 March 2013. The EBITDA of the Sales International segment would decrease by the same amount.

in EUR thousand	Production	Sales Germany	Sales International	Central Functions	Reconciliation to Group	Total
1.1. - 30.6.2013						
Provisions for restructuring	-1,250	-173	0	0	0	-1,423
Income from the reversal of provisions	55	108	2	3	0	168
1.1. - 30.6.2012						
Provisions for restructuring	-3,309	-635	0	0	0	-3,944
Income from the reversal of provisions	319	37	0	0	0	356

Reconciliation in EUR thousand

Revenue	1.1. - 30.6	
	2013	2012
Revenue of segments A-C	129,616	114,175
Revenue of Central Functions segment	2,343	1,857
Effects of finance lease adjustment	-653	-1,120
Effects of POC measurement	633	-1,120
	131,939	114,913
Less intersegment revenue	46,473	32,210
Revenue according to financial statements	85,466	82,702

EBITDA	1.1. - 30.6	
	2013	2012
EBITDA of segments A-C	14,689	10,762
EBITDA of Central Functions segment	-1,642	-1,423
	13,048	9,339
Measurement effects of reconciliation (IFRS)	1,912	1,373
Effects at consolidation level	-3,434	-2,112
Consolidated EBITDA	11,526	8,600
Depreciation, amortisation and impairment losses	-5,622	-4,587
Net interest income	-970	-1,067
Other net finance costs	97	-594
Consolidated net profit before taxes	5,031	2,352
Tax result	-1,811	-625
Consolidated net income	3,220	1,727

Assets	30.6.2013	30.6.2012
Assets of segments A-C	292,766	306,457
Assets of Central Functions segment	134,197	128,984
	426,963	435,441
Capitalisation of development costs under IFRS	17,495	16,099
Effects of goodwill remeasurement	6,500	5,665
Effects of customer list amortisation	9	123
Effects of amortisation of internally generated software	-28	-15
Other IFRS reconciliation	4,407	4,691
	454,347	462,004
Effects at consolidation level (incl. elimination of intragroup balances)	-311,426	-319,880
Assets according to financial statements	143,920	142,124

Assets by region	30.6.2013	30.6.2012
Germany	342,862	351,671
USA and Canada	41,821	38,016
Europe (excl. Germany)	41,637	44,006
Other regions	643	1,748
	426,963	435,441
Effects of IFRS remeasurement	28,403	26,455
Effects of customer list amortisation	9	123
Effects of amortisation of internally generated software	-28	-15
	455,346	462,004
Effects at consolidation level (incl. elimination of intragroup balances)	-311,426	-319,880
Assets according to financial statements	143,920	142,124

1.4. – 30.6.2013	A	B	C	D		
in EUR thousand	Production	Sales Germany	Sales International	Central Functions	Reconciliation to Group	Total
Sales revenue	22,488	23,318	18,811	1,232	-23,872	41,977
– with external third parties	1,869	21,512	18,319	1	276	41,977
– intersegment	20,619	1,806	492	1,231	24,148	0
EBITDA	2,066	1,168	3,846	-1,230	-566	5,284
Depreciation, amortisation and impairment losses	266	647	2,226	18	-365	2,792
Net interest income	-135	-179	-91	-160	59	-507
– of which interest expense	503	240	228	594	-780	784
– of which interest income	368	61	136	434	-721	277
Other net finance costs	20	0	17	68	-220	-115
Tax result	-37	61	-780	481	-570	-845
Net income	1,648	403	766	-859	-933	1,025
Segment assets (30.6)	116,127	92,537	84,102	134,197	-283,042	143,920
Investments	52	161	3,407	9	-218	3,412
Segment liabilities (30.6)	112,631	83,447	62,586	74,642	-213,868	119,438
1.4. – 30.6.2012	A	B	C	D		
in EUR thousand	Production	Sales Germany	Sales International	Central Functions	Reconciliation to Group	Total
Sales revenue	18,364	22,503	19,441	1,078	-20,453	40,932
– with external third parties	1,291	21,409	18,789	0	-556	40,932
– intersegment	17,073	1,094	652	1,078	-19,897	0
EBITDA	1,391	1,097	3,753	-740	-1,022	4,479
Depreciation, amortisation and impairment losses	241	664	2,058	13	-752	2,224
Net interest income	-60	-107	-68	-387	129	-492
– of which interest expense	473	247	220	721	-827	833
– of which interest income	414	139	152	334	-698	341
Other net finance costs	-804	0	100	-249	179	-775
Tax result	128	-2	-550	685	-203	58
Net income	414	325	1,176	-704	-165	1,046
Segment assets (30.6)	140,724	81,962	83,771	128,984	-293,317	142,124
Investments	548	186	3,014	1	126	3,875
Segment liabilities (30.6)	141,125	73,220	59,601	69,474	-222,914	120,506

Reconciliation in EUR thousand

Revenue	1.4. - 30.6.	
	2013	2012
Revenue of segments A-C	64,617	60,307
Revenue of Central Functions segment	1,232	1,078
Effects of finance lease adjustment	-357	-556
Effects of POC measurement	633	0
	66,125	60,828
Less intersegment revenue	24,148	19,897
Revenue according to financial statements	41,977	40,932

EBITDA	1.4. - 30.6.	
	2013	2012
EBITDA of segments A-C	7,080	6,241
EBITDA of Central Functions segment	-1,230	-740
	5,850	5,501
Measurement effects of reconciliation (IFRS)	1,292	396
Effects at consolidation level	-1,859	-1,418
Consolidated EBITDA	5,284	4,479
Depreciation, amortisation and impairment losses	-2,792	-2,224
Net interest income	-507	-492
Other net finance costs	-115	-775
Consolidated net profit before taxes	1,869	988
Tax result	-845	58
Consolidated net income	1,025	1,046

The goodwill of EUR 10,016 thousand (previous year: EUR 10,016 thousand) reported in the consolidated statement of financial position is assigned solely to the Sales Germany segment.

RESPONSIBILITY STATEMENT

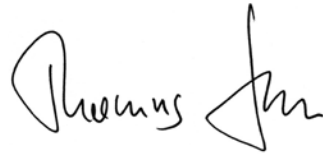
To the best of our knowledge and in accordance with the applicable reporting principles for interim consolidated financial reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and profit or loss of the Group, and the interim management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

Birkenwerder, 28 August 2013

Management Board of Francotyp-Postalia Holding AG



Hans Szymanski
(CEO & CFO)



Thomas Grethe
(CSO)

FINANCIAL CALENDAR / IMPRINT

Presentation Half-year Report 2013	28 August 2013
Presentation 3rd Quarter Results 2013 / Equity Forum 2013 Frankfurt	November 2013

EDITOR AND CONTACT

Investor Relations
Triftweg 21 – 26
16547 Birkenwerder
Germany

Telephone: +49 (0)3303 52 57 77
Fax: +49 (0)3303 53 70 77 77
E-mail: ir@francotyp.com
Internet: www.fp-francotyp.com

CONCEPT AND LAYOUT

IR-One AG & Co., Hamburg
www.ir-1.com

TRANSLATION

EVS Translations GmbH, Offenbach
www.evs-translations.com

STATEMENT RELATING TO THE FUTURE

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

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

FRANCOTYP-POSTALIA HOLDING AG

Triftweg 21 – 26
16547 Birkenwerder

Telefon: +49 (0)3303 52 57 77
Telefax: +49 (0)3303 53 70 77 77
E-Mail: ir@francotyp.com
Internet: www.fp-francotyp.com