

FP-HALF-YEARLY FINANCIAL REPORT

2016



Francotyp-Postalia demonstrates strength in the first six month of 2016 with further growth in revenue and EBITDA

100.3 EUR MILLION
Revenue up 5.4%

14.6 EUR MILLION
EBITDA rises by 2.5%

6.3 EUR MILLION
Free cash flow improves significantly

Growth against the market trend:

Franking machine revenue rose by 1.5% in the first half of 2016 despite the increased impact of exchange rate effects. The innovative PostBase family enjoyed particular success. Two new PostBase systems were introduced in 2016.

Double-digit revenue growth in new business areas:

The FP Group continued on its growth path in the Mail Services and Software segments, with revenue rising by 12.6% in the first half of 2016.

Earnings power strengthened:

The FP Group increased its EBITDA by 2.5% to EUR 14.6 million. In recent months, the company has successfully implemented the first operational excellence measures in earnings growth power.

Financial scope extended:

The long-term improvement of the FP Group's financial strength is one of the key operational excellence measures. In June 2016, the Group concluded a new, significantly extended loan agreement with a volume of EUR 120 million at improved terms and conditions.

Greater financial strength:

Free cash flow improved significantly to EUR 6.3 million in the first half of 2016 thanks to the planned reduction in investments in leased products as well as an improvement in working capital. Non-recurring cash inflows of EUR 1.7 million also had a positive effect.

Forecast confirmed:

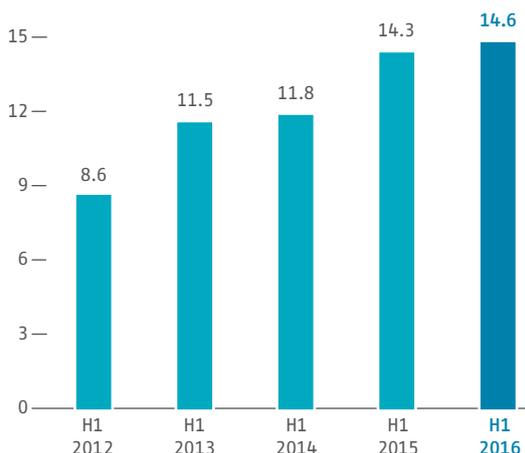
On the assumption that exchange rates remain unchanged, the Management Board continues to anticipate a slight year-on-year increase in revenue and EBITDA as well as a positive free cash flow for 2016 as a whole.

FP remains on growth course

REVENUE in EUR million



EBITDA in EUR million



Management Board sees GROWTH POTENTIAL



RÜDIGER ANDREAS GÜNTHER
CEO & CFO

"As a start, I am satisfied with our performance in the first six months of 2016. We recorded growth and demonstrate our strength in all business areas as expected. Revenue and EBITDA are both on the rise – and the FP Group is generating a positive free cash flow once again. This means we are well on course. In the medium term, however, our company has a great deal more profitable growth potential to offer. We can benefit from future trends to a greater extent while continuing to significantly improve our operating margin. To achieve this, we are currently enhancing our growth strategy and initiating operational excellence measures. The first signs of success are visible after just a few months: Measures aimed at reducing tax rate have been implemented and will start to have an effect in the 2016 fiscal year. The new syndicated loan agreement gives us the necessary scope to finance our planned growth over the coming years, including the possibility of acquisitions.

The FP Group intends to – and will – continue to grow in future. We will present our enhanced strategy and information about the next steps in the autumn. I am confident that we will leverage our company's potential."



THOMAS GRETHE
CSO

"With its current growth, the FP Group is bucking the trend in the market for franking machines. The main reason: We have a young and innovative product portfolio. The PostBase family combines technological excellence with award-winning design and is synonymous with quality made in Germany. With its expansion to include two systems for larger volumes, the PostBase success story is continuing in 2016. Step by step, we are strengthening our position in our core business. We will benefit from this development over the coming years, because franking machines ensure recurring revenue over a long timeframe. It is no coincidence that this recurring business accounts for more than two-thirds of our total revenue."



SVEN MEISE
CDO

"Mail Services are breaking sales record after sales record. This is a huge achievement in a highly competitive market. And we are on the right track in our software business. Revenue is growing as existing customers make greater use of our services than was the case two years ago. But it is still early days, and business may take on an entirely different momentum over the coming years. This is one of the issues at the heart of our current strategic enhancement. The future of the economy is digital, and the FP Group will supply essential components for smooth digital communication."

Interim Group

MANAGEMENT REPORT

FOR THE FIRST HALF OF 2016

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GROUP PRINCIPLES

BUSINESS ACTIVITIES

Francotyp-Postalia Holding AG (FP Group, Francotyp-Postalia or the company), which has its headquarters in Berlin, is a provider for Digital Mailrooms and an expert for communication and document processes. The FP Group covers the entire letter distribution chain – from franking and inserting analogue letters to hybrid mail and digital distribution. The target group encompasses business customers of every size. The company's activities are divided into three product segments: Franking and Inserting, Mail Services, and Software Solutions.

In its **Franking and Inserting** segment, the FP Group concentrates on developing and manufacturing franking machines and selling and leasing franking and inserting machines. FP also offers complementary services and generates recurring revenue from after-sales business. The **Mail Services** segment comprises the consolidation of business mail in Germany. This includes collecting letters from companies, sorting them by postcode region and delivering them in batches to a sorting office of Deutsche Post or an alternative postal distributor. The Group's services in the **Software** segment include hybrid mail, where the sender dispatches a letter electronically and the recipient receives a physical letter. The FP Group takes on the entire production process – from printing, franking and inserting to handing over letters to mail delivery companies. The FP Group also offers products for long-term archiving, the protection of electronic documents and legally binding communication.

RESEARCH AND DEVELOPMENT

In the first half of 2016, research and development costs amounted to EUR 4.4 million compared with EUR 4.2 million in the same period of the previous year. Of this figure, EUR 2.6 million was capitalised and EUR 1.8 million was expensed. The ratio of research and development expenses to revenue was 4.4% in the first half of 2016 (previous year: 4.5%).

Among other things, research and development activity focused on PostBase One and PostBase 100, machines for larger mail volumes that can process up to 100 and 150 letters per minute respectively. Marketing of the new franking systems began in Germany, the USA and the United Kingdom in the first half of 2016. Additional countries and adaptations to local conditions will follow throughout the year.

The FP subsidiary Mentana-Claimsoft's HashSafe software component was certified by the German Federal Office for Information Security (BSI) in line with the TR-ESOR technical standard for the long-term storage of digitally signed documents. Products were also developed in the area of eSignature solutions. The FP subsidiary iab is focusing on potential new applications for the output and input management systemservices.

EMPLOYEES

Employees play a vital role in the FP Group's success. In May 2016, Francotyp-Postalia agreed collective wage agreements until 2020 for a total of 190 employees in Germany. The agreements include an employment guarantee to 31 December 2020 for three-quarters of these employees.

As of 30 June 2016, the FP Group employed a total of 1,041 people worldwide. They are broken down by segment as follows:

SEGMENT	30.6.2016	30.6.2015
Sales Germany	451	475
International Sales	392	393
Production	158	156
Central Functions	40	31
Sub-total	1,041	1,055
International Sales (Singapore)	0	9
Total	1,041	1,064

ECONOMIC CONDITIONS

The economic environment in the FP Group's home market of Germany was robust in the second quarter of 2016. Following growth in the German economy of 0.7% in the first quarter of 2016, gross domestic product (GDP) increased moderately by 0.4% in the second quarter. The Ifo Business Climate Index, an important indicator for the German economy, also enjoyed robust development.

The US economy slowed in the second quarter of 2016. According to preliminary figures, GDP in the FP Group's largest foreign market increased by 1.2% on an annualised basis; observers had anticipated growth of 2.6%. The growth rate for the first quarter of 2016 was also downwardly revised from 1.1% to 0.8%. In FP's second-largest foreign market, the United Kingdom, GDP increased by 0.6% in the second quarter of 2016. However, experts believe that the British decision to leave the European Union will have a significant negative impact on development in the coming months.

The conditions within the industry are challenging, particularly in the franking machine business. While various post office statistics report that around 330 billion letters continue to be sent worldwide every year – mostly in Europe and North America – the global mail volume has been in decline for a number of years, and the installed base of franking machines is also declining as a result. In the Mail Services and Software segments, the FP Group is operating in highly competitive markets.

The euro/US dollar exchange rate plays an important role when it comes to the FP Group's exports to the USA and other markets. The euro appreciated against the US dollar shortly after the start of 2016, trading at USD 1.14 at the end of the first quarter. However, it then lost ground in the second quarter of 2016 to close at USD 1.11. The exchange rate remained essentially unchanged as against the previous year. The pound sterling had already depreciated significantly against the euro since the start of 2016. The outcome of the Brexit referendum put it under even greater pressure, with a euro buying GBP 0.83 at the end of the second quarter of 2016 compared with GBP 0.74 at the start of the year.

BUSINESS DEVELOPMENT

Following a good start to the fiscal year, the FP Group enjoyed positive development in the second quarter of 2016. Despite unfavourable exchange rate development, this meant that the company generated growth in its traditional franking machine business as well as its new business areas in the first half of the year. Revenue from franking machines increased to EUR 63.1 million after EUR 62.2 million in the previous year, with sales success recorded in Germany, the USA, France, Italy and Sweden in particular.

The FP Group can thank the PostBase family for this growth against the market trend. In recent months, the company has launched the innovative PostBase franking system in retailer countries including Switzerland, Japan, Australia and Ireland with great success.

PostBase Mini, the sister system for smaller mail volumes, has already obtained approval in Canada, Austria, Belgium, France and Denmark in 2016, while the approval procedure in Switzerland is currently in progress.

The product portfolio has also been supplemented by systems for larger mail volumes, with PostBase One and PostBase 100 rounding off the PostBase family. PostBase One has already been launched in Germany and the United Kingdom in 2016, and the approval procedure in the USA is underway. PostBase 100 is already available in the two key markets of Germany and the USA, with further approvals planned.

The new business areas also enjoyed positive development in the first six months of 2016, with revenue in the Mail Services and Software segments increasing by 12.6% to EUR 37.2 million. The Mail Services provider freesort exceeded 100 million consolidated letters in a six-month period for the first time. In the same period, the mail volume rose to 108.1 million compared with 98.8 million in the first six months of 2015. Revenue increased to EUR 30.1 million compared with EUR 26.1 million in the first half of 2015. Software business also enjoyed growth in the first half of 2016, with revenue rising to EUR 7.1 million after EUR 6.9 million in the same period of the previous year. Existing and new customers are using iab's services to a far greater extent, leading to a substantial upturn in the transaction volume.

Another key factor for the FP Group's future is the conclusion of a new syndicated loan agreement with effect from 24 June 2016 with an international syndicate of banks

consisting of Commerzbank Aktiengesellschaft, Deutsche Postbank AG, Landesbank Baden-Württemberg and Uni-Credit Bank AG. The agreement has a total volume of EUR 120 million thousand with an option for an additional EUR 30 million, and is concluded for a term of five years plus two one-year extension options.

This improvement to the Group's financing is one of the initial operational excellence measures aimed at positioning the FP Group even better for the future and bringing it to the next level in terms of growth. Measures to optimise the tax rate have also already been implemented. The company expects the tax rate for 2016 as a whole to be considerably lower than in the previous year as a result of organisational and structural measures.

FINANCIAL PERFORMANCE INDICATORS

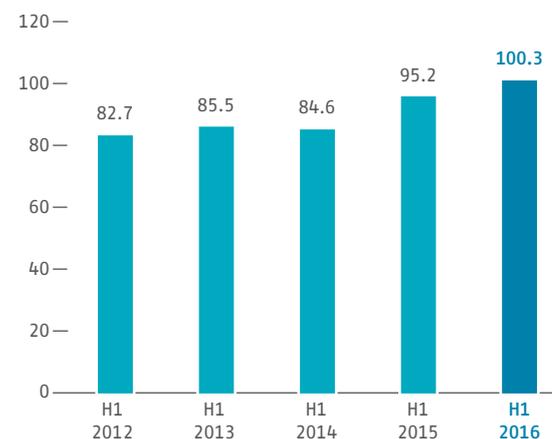
The FP Group's financial performance indicators are revenue, EBITDA and free cash flow. These are the value-driving parameters of the conflicting priorities that the company faces: growth, profitability and liquidity.

Revenue development

Revenue increased to EUR 100.3 million in the first half of 2016 after EUR 95.2 million in the same period of the previous year. On a quarterly basis, it increased from EUR 45.7 million to EUR 49.0 million. Even stronger growth was prevented by the weakness of the pound sterling in particular. The cumulative effect of negative exchange rate effects on revenue in the first six months of 2016 was EUR 0.8 million.

In the Group's largest market Germany, revenue increased by 8.8% to EUR 54.8 million in the first half of 2016, with all segments contributing to this growth. In the USA, the Group's largest foreign market, revenue rose to EUR 21.8 million after EUR 20.9 million in the same period of the previous year. Following the end of decertification, new business with PostBase and the newly launched PostBase Mini enjoyed particularly positive performance. In the United Kingdom, revenue in the first six months of 2016 remained unchanged year-on-year at EUR 9.1 million due to exchange rate effects.

REVENUE
in EUR million



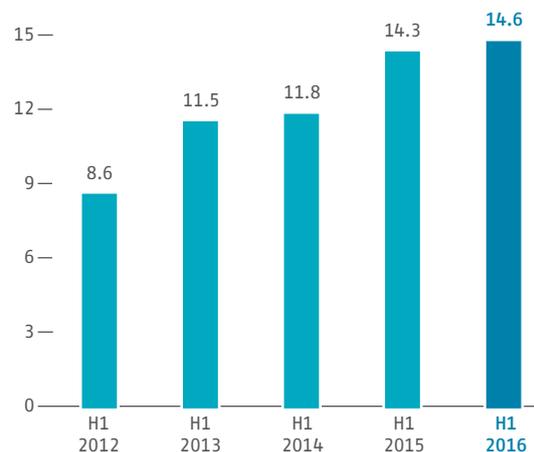
Revenue from product sales increased by 14.9% to EUR 19.8 million in the first half of 2016 thanks to sales success in Germany, the USA and France and with international dealers in particular, meaning that the FP Group bucked the market trend and improved its position significantly. Recurring revenue from the Mail Services and Software segments and service agreements, leasing business, Teleporto and the sale of consumables rose by 3.3% to EUR 80.6 million in the same period. Revenue from the leasing of franking machines enjoyed above-average growth of 4.7% to EUR 16.4 million. By contrast, revenue from services and Teleporto declined. Service revenue in the previous year was boosted by postage changes in Austria and the Netherlands. The high quality of PostBase generally means there are fewer ad hoc servicing incidents. With all-in contracts increasingly being concluded in the USA, a shift between Teleporto and leasing revenue is being observed. Teleporto revenue, which was previously charged separately, is now reported in leasing.

REVENUE BY PRODUCT AND SERVICE

in EUR million	1st half year 2016	1st half year 2015	2nd quarter 2016	2nd quarter 2016
Recurring revenue	80.6	78.0	39.3	37.7
Equipment hire	16.4	15.6	8.2	8.4
Service / customer service	10.7	12.5	4.9	5.4
Consumables	11.8	11.7	5.8	5.5
Teleporto	4.5	5.1	2.3	2.6
Mail Services	30.1	26.1	14.9	12.9
Software	7.1	6.9	3.2	3.0
Product sales income	19.8	17.2	9.8	8.0
Franking	15.7	12.9	7.9	5.7
Inserting	3.7	3.7	1.9	1.8
Other	0.3	0.6	0.0	0.5
Total	100.3	95.2	49.0	45.7
Recurring revenue	80.3%	81.9%	80.1%	82.5%
Non-recurring revenue	19.7%	18.1%	19.9%	17.5%

Earnings development (EBITDA)

Earnings before interest, taxes, depreciation and amortisation (EBITDA) improved to EUR 14.6 million in the first half of 2016 compared with EUR 14.3 million in the previous year. This corresponds to an EBITDA margin of 14.6%. The negative exchange rate effect in the first half of 2016 was EUR 0.4 million. On a quarterly basis, the FP Group increased its EBITDA to EUR 6.5 million compared with EUR 6.2 million in the previous year.

EBITDA
in EUR million

Free cash flow

Free cash flow – the balance of cash inflows from operating activities (EUR 14.7 million) and cash outflows from investing activities (EUR 8.5 million) – improved significantly to EUR 6.3 million in the first six months of 2016 compared with EUR –0.6 million in the previous year. In addition to positive operating performance, this was attributable to the planned reduction in investments in leased products as well as the improvement in working capital. This was supplemented by a non-recurring payment of EUR 1.7 million from the successful conclusion of mutual tax agreement procedures in accordance with the EU Arbitration Convention between the Federal Republic of Germany and the United Kingdom.

Net debt

The FP Group's net debt decreased from EUR 20.4 million at the end of 2016 to EUR 16.9 million as of 30 June 2016. Accordingly, the net debt ratio fell from 58% to 47%.

In light of the newly concluded syndicated loan agreement, the FP Group is harmonising and tightening its reporting of net debt and the corresponding definition of cash and cash equivalents as of 30 June 2016. Under the new, uniform definition, cash and cash equivalents comprise cash less restricted funds (postage credit managed by the FP Group) and securities. Treasury shares are not included in cash and cash equivalents. This applies to the calculation of the net debt ratio as a management parameter for the FP Group's capital structure as well as the presentation in the cash flow statement.

DEVELOPMENT OF NEW DEBT UNDER THE NEW DEFINITION

in EUR million	30.6.2016	New		Old
		31.12.2015	31.12.2015	31.12.2015
Financial liabilities	36.9	36.3	36.3	
Cash and cash equivalents	20.0	15.9	16.7	
Net debt	16.9	20.4	19.6	
Shareholders equity	35.7	35.2	35.2	
Net debt ratio	47%	58%	56%	

Net debt is calculated as financial liabilities minus cash and cash equivalents. Financial liabilities include liabilities to banks and finance lease liabilities. Cash and cash equivalents comprise cash, less postage credit managed by the FP Group, and securities.

DEVELOPMENT OF OTHER MATERIAL ITEMS OF THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR million	1st half year 2016	1st half year 2015	2nd quarter 2016	2nd quarter 2015
Revenue	100.3	95.2	49.0	45.7
Change in inventories	-0.2	0.2	0.3	-0.1
Other own work capitalised	6.5	7.5	3.0	3.7
Overall performance	106.6	102.8	52.2	49.2
Other income	1.6	2.0	1.0	1.7
Cost of materials	47.8	44.4	23.9	21.8
Staff costs	28.7	28.4	14.4	14.3
Amortisation, depreciation and write-downs	8.3	8.2	4.1	4.2
Other expenses	17.0	17.7	8.5	8.5
Operating result	6.3	6.1	2.3	2.1
Net interest income	-0.3	-0.6	-0.1	-0.3
Net other finance costs	0.1	0.6	0.0	-1.2
Income taxes	-2.2	-2.1	-0.8	0.0
Profit or loss for the period	4.0	4.0	1.5	0.5
EBIT	6.3	6.1	2.3	2.1
EBITDA	14.6	14.3	6.5	6.2

Other own work capitalised

Other own work capitalised declined from EUR 7.5 million in the previous year to EUR 6.5 million in the first half of 2016 as planned. The decertification in the USA that ran until the end of 2015 led to a particularly pronounced upturn in demand for the PostBase franking system in the previous year, as many customers opted to exchange their old franking machines. The additions to leased products reported in own work capitalised amounted to EUR 3.9 million in the first six months of 2016 compared with EUR 5.6 million in the same period of the previous year.

Other income

Other income also decreased from EUR 2.0 million in the previous year to EUR 1.6 million in the first half of 2016 as planned. In 2015, other income was positively impacted by deconsolidation effects from intra-year changes in the consolidated group (EUR 0.4 million).

Cost of materials

The cost of materials increased to EUR 47.8 million in the first half of 2016 compared with EUR 44.4 million in the previous year. Reflecting the higher level of revenues, expenses for raw materials, consumables and supplies rose to EUR 18.5 million (previous year: EUR 17.5 million). The cost of purchased services climbed by EUR 2.3 million to EUR 29.2 million; this was due to the growth in Mail Services business. With revenue also increasing, the cost of materials ratio rose to 47.6% after 46.7% in the same period of the previous year.

Staff costs

Staff costs amounted to EUR 28.7 million in the first half of 2016, up slightly on the prior-year figure of EUR 28.4 million. General salary increases around the world served to drive up costs. This was partially offset by a slight downturn in the number of employees, as well as exchange rate effects. The staff cost ratio declined to 28.6% in the first half of 2016 after 29.9% in the same period of the previous year.

Other expenses

Other expenses fell from EUR 17.7 million in the first half of 2015 to EUR 17.0 million in the period under review. The prior-year figure still included expenses for the operation of the location in Singapore that has since closed. Exchange rate changes compared with the previous year also had a positive effect in the first half of 2016.

Amortisation, depreciation and write-downs

As forecast, amortisation, depreciation and write-downs again increased slightly to EUR 8.3 million in the first half of 2016 compared with EUR 8.2 million in the previous year. For the year as a whole, the FP Group is still anticipating a slight increase in amortisation and depreciation compared with the 2015 fiscal year.

EBIT

Despite the higher level of amortisation and depreciation, EBIT for the first half of 2016 increased by EUR 0.2 million year-on-year to EUR 6.3 million. On a quarterly basis, EBIT amounted to EUR 2.3 million compared with EUR 2.1 million in the previous year.

Net interest income

In the first half of 2016, net interest income amounted to EUR –0.3 million compared with EUR –0.6 million in the previous year. Interest income from finance leases increased by EUR 0.2 million.

Net other finance costs

The FP Group posted a positive financial result of EUR 0.1 million in the first half of 2016 compared with EUR 0.6 million in the same period of the previous year. This development is primarily due to exchange rate effects affecting the remeasurement of statement of financial position items at the reporting date.

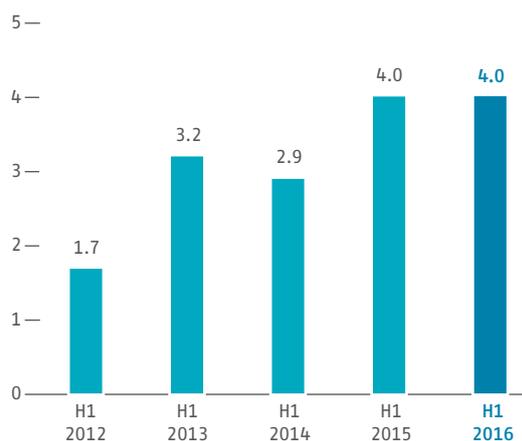
Income taxes

Income taxes amounted to EUR –2.2 million in the first half of 2016 after EUR –2.1 million in the previous year. This corresponds to a tax rate of 35.1% (previous year: 34.2%).

Consolidated net income

At EUR 4.0 million, the FP Group's consolidated net income was at the same level as in the previous year. Earnings per share remained unchanged year-on-year at EUR 0.24. On a quarterly basis, consolidated net income increased substantially from EUR 0.5 million to EUR 1.5 million.

CONSOLIDATED NET INCOME
in EUR million



Business performance by segment

The company is divided into four segments: Sales Germany, International Sales, Production, and Central Functions. This segmentation is in line with the FP Group's internal reporting.

As the segments report in accordance with local financial reporting provisions, both the adjustments in accordance with IFRS and the Group consolidation entries are included in the reconciliation with the consolidated financial statements. The Group consolidation entries comprise the consolidation of intrasegment business. Intragroup transactions are conducted at arm's-length conditions. Since the figures from the separate financial statements must be aggregated to produce total segment earnings, the segment totals include both intra-segment figures and interim profits.

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

Sales Germany segment

Overall, the FP Group generated revenue of EUR 54.8 million with third parties on its German domestic market in the first half of 2016, compared with EUR 50.4 million in the same period of the previous year. Revenue from Mail Services enjoyed particularly strong development, rising by EUR 4.0 million to EUR 30.1 million. In the traditional franking business, revenue in Germany increased by EUR 0.2 million to EUR 17.6 million. Segment EBITDA improved significantly to EUR 5.1 million after EUR 3.3 million in the previous year.

Sales International segment

In its Sales International segment, which combines all activities of foreign subsidiaries, the FP Group generated revenue of EUR 43.3 million with third parties in the first half of 2016 after EUR 42.6 million in the same period of the previous year. Sales success in the USA, France, Italy and Sweden had a positive impact. This was offset by a negative exchange rate effect of EUR 0.8 million.

Despite the strong operating performance, segment EBITDA fell from EUR 11.0 million in the previous year to EUR 8.6 million in the first half of 2016. The prior-year figure benefited from additional service revenue due postage changes in Austria and the Netherlands, positive exchange rate effects and deconsolidation effects following the intra-year change in the consolidated group.

Production segment

All FP Group production activities in Germany are reported in the Production segment. Segment revenue with third parties increased to EUR 2.4 million in the first half of 2016 compared with EUR 2.0 million one year previously. EBITDA amounted to EUR 4.3 million after EUR 4.0 million in the previous year.

SUMMARY OF RESULTS PER SEGMENT

in EUR million	Revenue ¹⁾			EBITDA		
	1st half 2016	1st half 2015	Change in %	1st half 2016	1st half 2015	Change in %
Sales Germany	54.8	50.4	8.8	5.1	3.3	56.4
International Sales	43.3	42.6	1.6	8.6	11.0	-21.5
Production	2.4	2.0	20.5	4.3	4.0	7.9
FP Group ²⁾	100.3	95.2	5.4	14.6	14.3	2.5

in EUR million	Revenue ¹⁾			EBITDA		
	2nd quarter 2016	2nd quarter 2015	Change in %	2nd quarter 2016	2nd quarter 2015	Change in %
Sales Germany	26.9	24.3	10.6	2.5	1.1	130.0
International Sales	21.0	20.3	3.3	3.8	5.4	-29.7
Production	1.2	1.1	9.0	1.8	1.9	-3.4
FP Group ²⁾	49.0	45.7	7.2	6.5	6.2	4.0

1) Revenue with third parties

2) The "Central Functions" segment is also included in segment reporting. It does not generate any revenue with external third parties. Revenue is generated from services to subsidiaries. Further information on this segment and on the Group reconciliation can be found in the notes to the consolidated financial statements.

FINANCIAL POSITION

LIQUIDITY ANALYSIS

Cash flow from operating activities increased to EUR 14.7 million in the first six months of the current fiscal year after EUR 8.5 million in the previous year. This was due to the further improvement in consolidated EBITDA and, in particular, the positive development of working capital. This was supplemented by a non-recurring payment of EUR 1.7 million from the successful conclusion of mutual tax agreement procedures in accordance with the EU Arbitration Convention between the Federal Republic of Germany and the United Kingdom.

As expected, cash outflows from investing activities decreased to EUR 8.5 million compared with EUR 9.1 million in the same period of the previous year. Further information can be found under "Investment analysis" below. As a result, free cash flow – the balance of cash inflows from operating activities and cash outflows from investing activities – improved significantly to EUR 6.3 million in the first six months of the current fiscal year compared with EUR –0.6 million in the previous year. This development will not continue in the same form in the second half of the year, particularly since it was exacerbated by non-recurring effects. FP is forecasting a positive free cash flow for the year as a whole.

Cash flow from financing activities amounted to EUR –1.2 million in the first six months of the current fiscal year after EUR 2.6 million in the previous year. This was due to the reorientation of Group financing, which required cash outflows for the repayment of the old syndicated loan. The reported cash and cash equivalents consist of cash, less postage credit managed by the FP Group, and securities.

LIQUIDITY ANALYSIS

in EUR million	1.1.- 30.6.2016	1.1.- 30.6.2015
1. Net cash from/used in operating activities		
Cash flow from operating activities	14.7	8.5
2. Cash flow from investing activities		
Cash flow from investing activities	-8.5	-9.1
3. Cash flow from financing activities		
Cash flow from financing activities	-1.2	2.6
Cash and cash equivalents		
Change in cash and cash equivalents	5.1	2.0
Change in cash and cash equivalents due to currency translation	-1.0	0.7
Cash and cash equivalents at beginning of period	15.9	14.4
Cash and cash equivalents at end of period	20.0	17.1

CASH AND CASH EQUIVALENTS

in EUR million	30.6.2016	30.6.2015
Cash	27.2	19.1
plus securities	0.7	0.7
less restricted funds (postage credit held)	-7.9	-2.7
Cash and cash equivalents	20.0	17.1

FINANCING ANALYSIS

To finance itself in the first six months of the current fiscal year, the FP Group primarily used the positive cash flow from operating activities, finance leases and loan agreements with financial institutions.

Cash increased from EUR 18.2 million as of 31 December 2015 to EUR 27.2 million at the end of the first half of 2016. Financial liabilities include liabilities to banks of EUR 34.6 million (end of 2015: EUR 33.1 million) and finance lease liabilities of EUR 2.3 million (end of 2015: EUR 3.2 million).

INVESTMENT ANALYSIS

The FP Group pursues a focused investment strategy and concentrates in particular on investments that serve the company's further development.

As expected, investments declined from EUR 9.1 million in the first six months of 2015 to EUR 8.5 million in the period under review. In line with planning, investments in leased products decreased to EUR 3.9 million after EUR 5.6 million in the first half of the previous year. Investments in property, plant and equipment (excluding leased products) fell from EUR 1.6 million to EUR 1.3 million in the same period. By contrast, capitalised development costs increased to EUR 2.6 million after EUR 1.8 million in the previous year. This reflects the additional costs incurred in connection with the development and launch of the PostBase 100 and PostBase One systems and their adaptation in line with local conditions.

INVESTMENTS

in EUR million	1.1.- 30.6.2016	1.1.- 30.6.2015
Capitalised development costs	2.6	1.8
Investments in other intangible assets	0.7	0.1
Investments in property, plant and equipment (excluding leased products)	1.3	1.6
Investments in leased products	3.9	5.6
Investments in financial assets	0.0	0.0
Investments	8.5	9.1

NET ASSETS

Total assets increased to EUR 163.5 million as of 30 June 2016 compared with EUR 156.2 million at year-end 2015. Non-current assets accounted for 53.7% of total assets compared with 57.4% as of 31 December 2015. In current assets, cash increased by EUR 9.0 million to EUR 27.2 million; this was largely attributable to the higher level of postage credit held in Italy. On the liability side, equity improved as a result of the consolidated net income for the period. The growth in total assets meant that the equity ratio as of 30 June 2016 was down on the previous year. Current liabilities increased in line with the higher level of cash.

NON-CURRENT AND CURRENT ASSETS

Intangible assets increased to EUR 34.2 million as of 30 June 2016 compared with EUR 33.0 million as of 31 December 2015. This was due to the rise in the volume of development projects in progress and advance payments from EUR 10.7 million to EUR 13.6 million (see "Investment analysis").

Property, plant and equipment declined from EUR 42.0 million at year-end 2015 to EUR 39.8 million at the end of the first half of 2016. This was attributable to the EUR 1.5 million reduction in finance lease assets to EUR 3.8 million and the EUR 0.6 million decrease in leased products to EUR 24.0 million as of 30 June 2016. Tax assets also fell by EUR 2.3 million to EUR 6.3 million. Of this figure, EUR 1.7 million relates to the conclusion of the mutual tax agreement procedures in the United Kingdom. By contrast, finance lease receivables increased by EUR 1.6 million to EUR 7.2 million as of 30 June 2016.

In current assets, inventories decreased from EUR 11.7 million as of 31 December 2015 to EUR 10.2 million as of 30 June 2016, while trade receivables increased to EUR 17.7 million compared with EUR 16.9 million as of 31 December 2015.

EQUITY

Boosted by the consolidated net income for the first six months of 2016, total equity increased to EUR 35.7 million as of 30 June 2016 compared with EUR 35.2 million as of 31 December 2015. By contrast, the dividend for 2015, which was paid in June 2016, and currency translation for foreign subsidiaries impacted equity in the amount of EUR 3.8 million. At 21.8%, the equity ratio was down on the level of 22.6% as of 31 December 2015. Equity also includes treasury shares. As of 30 June 2016, the company had a total of 91,944 treasury shares, corresponding to 0.6% of the share capital; by comparison, it had 163,944 treasury shares as of 31 December 2015. Further information about authorised and contingent capital and conversion and option rights can be found in the 2015 annual report.

NON-CURRENT AND CURRENT LIABILITIES

Non-current liabilities increased to EUR 53.3 million as of 30 June 2016 compared with EUR 48.8 million at year-end 2015. This was due to the rise in non-current financial liabilities following the successful reorientation of Group financing in June 2016 as well as the higher level of deferred tax liabilities.

Current liabilities increased to EUR 74.5 million as of 30 June 2016 after EUR 72.2 million at year-end 2015, with the significant decrease in current financial liabilities offset by the higher level of trade payables and other current liabilities.

LEASES

The FP Group offers both operating and finance leases. These business models are reflected in the company's statement of financial position. Non-current assets comprise machines leased under operating leases with FP Group clients. EUR 27.7 million is reported in leased products and finance lease assets accordingly. Finance leases with customers are reported in finance lease receivables; the non-current and current amounts totalled EUR 9.7 million as of 30 June 2016.

EVENTS AFTER THE END OF THE REPORTING PERIOD

The Annual General Meeting of Francotyp-Postalia Holding AG on 7 June 2016 approved the settlement in the legal proceedings against the former Management Board member Dr Heinz-Dieter Sluma. The company received the settlement payment of EUR 0.5 million on 27 June 2016. The proceedings have therefore been terminated.

There were no further significant events after the end of the interim reporting period (30 June 2016) that would have had a notable effect on the net assets, financial position and results of operations of the FP Group.

RISK AND OPPORTUNITY REPORT

The company's risks and opportunities are discussed in detail in the consolidated financial statements for the year ended 31 December 2015. No additional risks or opportunities are currently identifiable.

FORECAST

In 2016, the FP Group will focus on strengthening its earning power, continuously developing its traditional business with franking machines and expanding its new business areas. The company is also implementing operational excellence measures in order to improve efficiency in all areas. At the same time, it is working to enhance the existing growth strategy. It will present the results in autumn 2016.

In light of the positive development in the first half of 2016, the FP Group is currently reiterating its forecast for 2016 as a whole. The company expects to record a slight increase in revenue compared with the previous year, a similar slight increase in EBITDA and a positive free cash flow. This is based on the assumption that exchange rates for foreign currencies will remain constant.

All of these disclosures are based on the information available at the end of the first half of 2016. The FP Group wishes to point out that the planning data as stated may differ from the actual figures subsequently recorded.

Consolidated

FINANCIAL STATEMENTS

FOR THE FIRST HALF OF 2016

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2016

in thousand euro	1st half 2016 1.1.-30.6.2016	1st half 2015 1.1.-30.6.2015	2nd quarter 2016 1.4.-30.6.2016	2nd quarter 2015 1.4.-30.6.2015
Revenue	100,317	95,187	49,015	45,707
Increase / decrease in inventories of finished goods and work in progress	-213	162	256	-127
	100,104	95,349	49,271	45,580
Other own work capitalised	6,489	7,485	2,975	3,660
Other income	1,562	1,993	1,028	1,659
Cost of materials				
a) Raw materials and consumables used	18,542	17,461	9,532	8,669
b) Cost of purchased services	29,226	26,949	14,396	13,162
	47,768	44,410	23,928	21,831
Staff costs				
a) Wages and salaries	24,298	23,910	12,212	12,060
b) Social security contributions	3,913	4,050	1,944	2,030
c) Expenses for pensions and other benefits	521	462	217	236
	28,732	28,422	14,373	14,326
Amortisation, depreciation and write-downs	8,322	8,172	4,146	4,155
Other expenses	17,010	17,711	8,493	8,513
Net interest income				
a) Interest and similar income	656	270	421	157
b) Interest and similar expenses	947	903	479	497
	-291	-633	-58	-340
Net other finance costs				
a) Other financial income	3,659	4,020	1,419	-210
b) Other finance costs	3,517	3,424	1,409	1,021
	142	596	10	-1,231
Income taxes	-2,166	-2,076	-810	6
Consolidated net income	4,008	3,999	1,476	509
Other comprehensive income				
Foreign currency translation of financial statements of foreign entities	-1,874	2,391	7	286
of which taxes	-2	-17	6	-41
of which reclassified to consolidated net income	7	56	-21	93
Adjustment of provisions for pensions and partial retirement obligations in accordance with IAS 19 (rev. 2011)	0	3	0	2,153
of which taxes	0	0	0	-3
of which reclassified to consolidated net income	0	0	0	0
Other comprehensive income after taxes	-1,874	2,394	7	2,439
Total comprehensive income	2,134	6,393	1,483	2,948
Consolidated net income, of which:	4,008	3,999	1,476	509
attributable to the shareholders of FP Holding	3,775	3,822	1,417	531
attributable to non-controlling interests	233	177	59	-22
Total comprehensive income, of which:	2,134	6,393	1,483	2,948
attributable to the shareholders of FP Holding	1,901	6,216	1,424	2,970
attributable to non-controlling interests	233	177	59	-22
Earnings per share (basic, in EUR)	0.24	0.24	0.09	0.04
Earnings per share (diluted, in EUR)	0.23	0.24	0.09	0.04

CONSOLIDATED BALANCE SHEET OF 30 JUNE 2016

ASSETS

in thousand euro	30.6.2016	31.12.2015
NON-CURRENT ASSETS		
Intangible assets		
Intangible assets including customer lists	12,037	13,821
Goodwill	8,494	8,494
Development projects in progress and advance payments	13,619	10,715
	34,150	33,030
Property, plant and equipment		
Land, land rights and buildings	3,172	3,285
Technical equipment and machinery	4,621	4,944
Other equipment, operating and office equipment	3,757	3,764
Leased products	23,980	24,602
Finance lease assets	3,758	5,299
Advance payments and assets under construction	462	96
	39,750	41,990
Other assets		
Associates	36	36
Other equity investments	163	163
Finance lease receivables	7,200	5,567
Other non-current assets	265	251
	7,664	6,017
Tax assets		
Deferred tax assets	1,297	1,901
Current tax assets	4,997	6,689
	6,294	8,590
	87,858	89,627
CURRENT ASSETS		
Inventories		
Raw materials and supplies	3,821	5,956
Work in progress	567	710
Finished goods and merchandise	5,847	5,025
	10,235	11,691
Trade receivables	17,702	16,937
Other assets		
Finance lease receivables	2,539	2,829
Income taxes receivable	1,567	1,914
Derivative financial instruments	376	992
Other current assets	15,275	13,287
	19,757	19,022
Securities	685	681
Cash and cash equivalents	27,246	18,214
	75,625	66,545
	163,483	156,172

LIABILITIES

in thousand euro	30.6.2016	31.12.2015
EQUITY		
Equity attributable to shareholders of the parent company		
Issued capital	16,160	16,160
Capital reserves	34,761	34,937
Stock option reserve	1,112	1,046
Treasury shares	-454	-810
Loss carried forward	-20,794	-22,414
Consolidated net income after minority interests	3,775	3,543
Total other equity	-623	1,251
	33,937	33,713
Non-controlling interests	1,752	1,519
	35,689	35,232
NON-CURRENT LIABILITIES		
Provisions for pensions and similar obligations	15,428	15,454
Other provisions	758	911
Financial liabilities	35,618	31,698
Other liabilities	152	0
Deferred tax liabilities	1,377	687
	53,333	48,750
CURRENT LIABILITIES		
Tax liabilities	3,715	3,899
Provisions	4,680	5,899
Financial liabilities	1,264	4,631
Trade payables	11,434	9,850
Other liabilities	53,368	47,911
	74,461	72,190
	163,483	156,172

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2016

in thousand euro	1.1.-30.6.2016	1.1.-30.6.2015
1. Cash flow from operating activities		
Consolidated net income	4,008	3,999
Net income tax recognised in profit or loss	2,166	1,925
Net interest income recognised in profit or loss	291	633
Amortisation, depreciation and write-downs on non-current assets	8,322	8,172
Decrease (-)/increase (+) in provisions and tax liabilities	-1,539	-1,593
Loss (+)/gain (-) on the disposal of non-current assets	86	262
Decrease (+)/increase (-) in inventories, trade receivables and other assets not attributable to investing or financing activities	525	-7,691
Decrease (-)/increase (+) in trade payables and other liabilities* not attributable to investing or financing activities	2,229	6,401
Other non-cash income	377	-1,112
Public grants not yet received	-675	-1,092
Interest received	656	270
Interest paid	-966	-761
Income taxes paid	-745	-882
Cash flow from operating activities	14,735	8,532
2. Cash flow from investing activities		
Payments for the capitalisation of development costs	-2,522	-1,685
Payments for capitalised interest for development costs**	-68	-91
Payments for investments in intangible assets	-726	-132
Payments for investments in property, plant and equipment	-5,166	-7,210
Cash flow from investing activities	-8,482	-9,118
3. Cash flow from financing activities		
Payments for distributions to shareholders	-1,923	-2,559
Bank loan repayments	-33,126	-1,491
Repayments of finance lease liabilities	-949	-1,208
Proceeds from the assumption of finance lease liabilities	0	252
Proceeds from the sale of treasury shares	180	93
Proceeds from the assumption of bank loans	34,629	7,471
Cash flow from financing activities	-1,190	2,557
Cash and cash equivalents*		
Change in cash and cash equivalents	5,064	1,971
Change in cash and cash equivalents due to currency translation	-991	743
Cash and cash equivalents at beginning of period	15,928	14,396
Cash and cash equivalents at end of period	20,000	17,109

* Postage credit balances managed by the FP Group (EUR 7,931 thousand; previous year: EUR 2,803 thousand) are deducted from cash and other liabilities. Securities held as current assets are included in cash and cash equivalents in the amount of EUR 685 thousand (previous year: EUR 680 thousand).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2016

in thousand euro	Issued capital	Capital reserves	Stock option reserve	Treasury shares	Consolidated net income	Total other equity			Equity attributable to FP Holding	Non-controlling interests	Total
						Currency translation adjustment	Net investments in foreign operations	Adjustment due to IAS 19			
As at 1.1.2015	16,160	35,032	977	-1,002	-19,855	628	254	-3,508	28,686	1,365	30,051
Consolidated net income 1.1.-30.6.2015	0	0	0	0	3,822	0	0	0	3,822	177	3,999
Foreign currency translation of financial statements of foreign entities	0	0	0	0	0	2,353	38		2,391	0	2,391
Adjustment of provisions for pensions and partial retirement obligations in accordance with IAS 19	0	0	0	0	0	0	0	3	3	0	3
Other comprehensive income 1.1.-30.6.2015	0	0	0	0	0	2,353	38	3	2,394	0	2,394
Total comprehensive income 1.1.-30.6.2015	0	0	0	0	3,822	2,353	38	3	6,216	177	6,393
Capital increase	0	0	0	0	0	0	0	0	0	0	0
Stock option settlement	0	-90	15	183	0	0	0	0	108	0	108
Dividend	0	0	0	0	-2,559	0	0	0	-2,559	0	-2,559
Other changes	0	0	0	0	0	0	0	0	0	0	0
As at 30.6.2015	16,160	34,942	992	-819	-18,592	2,981	292	-3,505	32,451	1,542	33,993
As at 1.1.2016	16,160	34,937	1,046	-810	-18,871	3,425	178	-2,352	33,713	1,519	35,232
Consolidated net income 1.1.-30.6.2016	0	0	0	0	3,775	0	0	0	3,775	233	4,008
Foreign currency translation of financial statements of foreign entities	0	0	0	0	0	-1,880	6		-1,874	0	-1,874
Other comprehensive income 1.1.-30.6.2016	0	0	0	0	0	-1,880	6	0	-1,874	0	-1,874
Total comprehensive income 1.1.-30.6.2016	0	0	0	0	3,775	-1,880	6	0	1,901	233	2,134
Dividend	0	0	0	0	-1,923	0	0	0	-1,923		-1,923
Other changes	0	0	0	0	0	0	0	0	0		0
Stock option settlement	0	-176	66	356	0	0	0	0	246	0	246
As at 30.6.2016	16,160	34,761	1,112	-454	-17,019	1,545	184	-2,352	33,937	1,752	35,689

Notes

FOR THE FIRST HALF OF 2016

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I. GENERAL INFORMATION

1. GENERAL INFORMATION ON THE COMPANY

Francotyp-Postalia Holding AG, Berlin (hereinafter also referred to as "FP Holding"), is a stock corporation and is entered in the commercial register of the Charlottenburg Local Court under HRB 169096 B. Its registered office is in Berlin, Germany. Its business address is Prenzlauer Promenade 28, 13089 Berlin. The interim financial statements of FP Holding for the reporting period ended 30 June 2016 comprise FP Holding and its subsidiaries (hereinafter also referred to as the "FP Group", "FP" or "Francotyp").

The FP Group is a Digital Mailroom provider and an expert for communication and document processes. As an international company with a history dating back more than 90 years, FP covers the entire letter distribution chain – from franking and inserting analogue letters to hybrid mail and digital distribution. The target group encompasses business customers of every size. The company's activities are divided into three product segments: Franking and Inserting, Mail Services, and Software Solutions.

Its business activities focus on traditional product business, which consists of the development, manufacture and distribution of franking machines, as well as inserting machines and after-sales business. Through its subsidiaries, freesort and Mentana-Claimsoft, and its majority interest in iab, the FP Group also offers its customers in Germany sorting and consolidation services in addition to products for fully electronic communication and hybrid mail products.

The Management Board of Francotyp-Postalia Holding AG approved the 2015 consolidated financial statements and Group management report for submission to the Supervisory Board on 31 March 2016. The Supervisory Board examined the consolidated financial statements and the Group management report and approved them on 12 April 2016. The 2015 consolidated financial statements and Group management report of Francotyp-Postalia Holding AG were published on 13 April 2016.

These interim financial statements are prepared as condensed financial statements in accordance with IAS 34. They do not contain all the disclosures required of full financial statements in accordance with IAS 1. The financial statements were approved for publication by the Management Board of FP Holding on 25 August 2016.

2. ACCOUNTING PRINCIPLES

2.1. Basis of preparation of the financial statements

The interim financial statements – consisting of the statement of financial position, the statement of comprehensive income, the cash flow statement, the statement of changes in equity and selected explanatory notes – of FP Holding for the period from 1 January to 30 June 2016 are submitted to the electronic Federal Gazette and published. The interim financial statements are condensed financial statements in accordance with IAS 34 (Interim Financial Reporting) for the interim reporting period from 1 January to 30 June 2016. As a matter of principle, the interim financial statements were prepared using the same accounting policies as the 2015 consolidated financial statements. The interim financial statements should be read in conjunction with the audited consolidated financial statements.

The interim financial statements have been prepared in euro (EUR). For the purposes of clarity and comparability, all amounts are shown in thousands of euro (EUR thousand) unless otherwise stated. Commercial rounding can result in minor arithmetic differences.

In accordance with IAS 1, the consolidated statement of financial position is structured by maturity. Its items are therefore divided into current and non-current assets and liabilities. Assets and liabilities are classified as current if they have a remaining term of less than one year or are turned over within one year in the ordinary course of business. Accordingly, assets and liabilities are classified as non-current if they remain in the company for longer than one year.

The consolidated statement of comprehensive income has been prepared in line with the nature of expense method.

2.2. Adjustments to accounting policies and new standards and interpretations

The accounting policies applied are fundamentally unchanged compared with the reporting date 31 December 2015.

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

2.3. Consolidated group

Francotyp-Postalia Holding AG acts as the parent company under which the FP Group is consolidated. The consolidated financial statements of FP Holding include all companies whose financial and operating policies it can control (subsidiaries). Subsidiaries are included in the consolidated financial statements from the date on which FP Holding obtains control. If control ends, the respective companies are deconsolidated.

There were no changes to the consolidated group compared with the consolidated financial statements for the year ended 31 December 2015.

2.4. Currency translation

Currency translation is based on the following exchange rates:

1 Euro =	Closing rate			Average rate	
	30.6.2016	31.12.2015	30.6.2015	1st half year 2016	1st half year 2015
US dollar (USD)	1.1146	1.0893	1.1180	1.1161	1.1160
Pound sterling (GBP)	0.8264	0.7351	0.7114	0.7790	0.7326
Canadian dollar (CAD)	1.4410	1.5130	1.3842	1.4848	1.3777
Swedish krona (SEK)	9.4211	9.1820	9.2157	9.3016	9.3400

2.5. Management estimates and discretion

When preparing interim financial statements, assumptions and estimates affecting the amount and reporting of assets and liabilities and income and expenses in the period under review are made to a certain extent. Estimates and assumptions are based on premises that reflect the most recent information. In particular, the circumstances at the time of preparing the interim financial statements and realistic assumptions of the future development of the global and industry environment were used as the basis

for determining expected future business developments. The actual amounts may deviate from the original estimates due to developments that differ from the assumptions made and that are beyond management control. If the actual developments differ from those forecast, the premises and – if necessary – the carrying amounts of the relevant assets and liabilities are adjusted accordingly.

II. DEVELOPMENTS IN THE REPORTING PERIOD

As a matter of principle, the FP Group's business activities are not affected by seasonal factors.

Information on the significant economic factors affecting the FP Group's business activities in the interim reporting period can be found in the interim Group management report.

The Annual General Meeting on 7 June 2016 resolved a dividend payment of EUR 0.12 per share for the 2015 fiscal year. The total amount distributed for dividend-bearing shares was EUR 1,923 thousand, which was paid in the second quarter of 2016. The remaining net retained profits were carried forward to new account. The FP Group paid a dividend of EUR 2,559 thousand in the previous year.

A settlement was agreed in the legal proceedings against the former Management Board member Dr Heinz-Dieter Sluma. The Annual General Meeting of FP Holding AG approved the settlement on 7 June 2016. The settlement payment of EUR 500 thousand was received by FP on 27 July 2016. The proceedings have therefore been terminated.

On 14 June 2016, a new syndicated loan agreement between FP Holding as the borrower and a syndicate of banks as the lender was concluded at improved terms and conditions. The agreement has a total volume of EUR 120,000 thousand with an option to increase the volume by a further EUR 30,000 thousand, and is concluded for a term of five years plus two one-year extension options. The loan consists of a term facility (bullet loan of up to EUR 30,000 thousand), an acquisition/CAPEX facility (bullet loan of up to EUR 30,000 thousand) and a revolving facility (loan of up to EUR 60,000 thousand on a revolving basis).

By way of a letter dated 21 June 2016, FP cancelled the old syndicated loan agreement dated 19 April 2013 (as occasionally amended and revised, most recently by way of an amendment agreement dated 30 December 2015) and used the new syndicated loan to replace the financial obligations under the old syndicated loan agreement in the amount of EUR 30,106 thousand on 30 June 2016. Liabilities to banks reported in the consolidated statement of financial position were derecognised in the same amount, resulting in a negative earnings effect of EUR 283 thousand. The disbursement conditions under the syndicated loan agreement were met as of 24 June 2016; the new syndicated loan was recognised after transaction costs at its fair value of EUR 34,628 thousand as of 30 June 2016.

The utilisation of the syndicated loan totalled EUR 37,087 thousand as of 30 June 2016, including guarantee loans in the amount of EUR 1,256 thousand; accordingly, the FP Group had unutilised credit facilities in the amount of EUR 82,913 thousand as of 30 June 2016.

In accordance with the new syndicated loan agreement, the FP Group must comply with two defined financial covenants. Firstly, it must not exceed a defined debt ratio (leverage). This is calculated as the ratio of total net debt to adjusted EBITDA (EBITDA adjusted for any non-recurring effects) as reported in

the consolidated financial statements. Secondly, it must comply with a defined level of interest cover. This is calculated as the ratio of adjusted EBITDA (EBITDA adjusted for any non-recurring effects) to net interest income less borrowing costs for inventories (IAS 23) as reported in the consolidated financial statements.

Tax loss carryforwards were utilised in connection with intragroup restructuring. This resulted in a non-recurring positive tax effect of EUR 1,422 thousand in the second quarter of 2016. All in all, the tax rate improved significantly from 34.2% in the previous year to 26.2% in the period under review.

The EU arbitration procedures concluded between the Federal Republic of Germany and the United Kingdom have reduced the level of tax receivables as well as the corresponding tax receivables within the Group. Having amounted to EUR 6,689 thousand as of 31 March 2016 and 31 December 2015, tax receivables declined by EUR 1,692 thousand to EUR 4,997 thousand.

OTHER DEVELOPMENTS

Information on other developments at the FP Group can be found in the interim Group management report.

III. EXPLANATORY NOTES

1. NOTES TO THE CASH FLOW STATEMENT

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

Cash and cash equivalents are broken down as follows:

in thousand euro	30.6.2016	30.6.2015
Cash	27,246	19,133
plus securities	685	680
less restricted funds (postage credit held)	-7,931	-2,704
Cash and cash equivalents	20,000	17,109

2. EMPLOYEES

The FP Group's employees are broken down by region and function as follows:

DISTRIBUTION BY REGION		
	30.6.2016	30.6.2015
Germany	649	662
United States	115	116
UK	95	101
The Netherlands	52	51
Canada	44	40
Italy	26	22
Austria	18	17
Sweden	18	20
France	16	18
Belgium	8	8
Sub-total	1,041	1,055
Singapore	0	9
Total	1,041	1,064

DISTRIBUTION BY FUNCTION		
	30.6.2016	30.6.2015
Production	158	156
Sales Germany	451	475
International Sales	392	393
Central Functions	40	31
Sub-total	1,041	1,055
International Sales (Singapore)	0	9
Total	1,041	1,064

3. CONTINGENT LIABILITIES AND ASSETS

Please refer to the information in the 2015 annual report.

4. SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

The settlement payment of EUR 500 thousand resulting from the legal proceedings against the former Management Board member Dr Heinz-Dieter Sluma was received by FP on 27 July 2016. The proceedings have therefore been terminated.

There were no other significant events after the end of the reporting period on 30 June 2016 that are not reflected in the interim financial statements.

IV. SEGMENT INFORMATION

Segment reporting is based on the single-entity financial statements prepared in accordance with the respective local GAAP. The figures from the individual single-entity financial statements are aggregated to produce segment totals and also include intra-segment figures and interim profits. Consolidation and reconciliation to the interim financial statements is performed using the reconciliation column, which also contains adjusting entries under IFRS.

1.1.-30.6.2016

	A	B	C	D		
in thousand euro	Production	Sales Germany	International Sales	Central Functions	Group reconciliation	Total
Revenue	44,381	57,016	43,432	1,025	-45,537	100,317
- from third parties	2,366	54,818	43,334	0	-201	100,317
- inter/intra-segment revenue	42,015	2,198	98	1,025	-45,336	0
EBITDA	4,303	5,086	8,613	-3,495	138	14,645
Amortisation, depreciation and write-downs	710	1,133	7,831	62	-1,413	8,322
Net interest income	-823	-265	467	79	251	-291
- of which interest expense	1,014	267	127	886	-1,346	948
- of which interest income	191	2	594	965	-1,096	656
Net other finance costs	-797	0	14	-214	1,139	142
Income taxes	-45	319	918	460	-3,818	-2,166
Net income	1,928	4,007	2,181	-3,232	-876	4,008
Segment assets (as at 30.6.)	118,535	58,523	112,793	111,138	-237,506	163,483
Investment	753	270	6,825	67	567	8,482
Segment liabilities (as at 30.6.)	115,068	31,352	70,349	43,345	-132,319	127,794

1.1.-30.6.2015

	A	B	C	D		
in thousand euro	Production	Sales Germany	International Sales	Central Functions	Group reconciliation	Total
Revenue	45,860	52,704	42,928	958	-47,263	95,187
- from third parties	1,963	50,393	42,645	0	186	95,187
- inter/intra-segment revenue	43,897	2,311	283	958	-47,449	0
EBITDA	3,989	3,251	10,978	-1,362	-2,572	14,284
Amortisation, depreciation and write-downs	622	1,348	7,121	45	-964	8,172
Net interest income	-836	-374	-138	668	48	-633
- of which interest expense	1,243	399	343	472	-1,554	903
- of which interest income	407	25	205	1,140	-1,506	270
Net other finance costs	455	0	-228	-43	412	596
Income taxes	0	-122	-720	-1,319	84	-2,076
Net income	2,986	1,407	2,771	-2,101	-1,064	3,999
Segment assets (as at 30.6.)	128,195	37,420	106,161	99,510	-215,296	155,991
Investment	553	819	9,940	116	-2,360	9,068
Segment liabilities (as at 30.6.)	123,670	29,466	82,604	36,785	-150,525	121,998

An earnings adjustment between FP GmbH and the foreign sales companies is recognised at the end of the year in accordance with standard tax rules for cross-border intragroup transfer pricing. This adjustment primarily affects the reported segment revenue and segment EBITDA/net income between the segments. Based on the current earnings margins of the foreign sales companies, revenue and EBITDA for the Production segment would increase by EUR 280 thousand for the reporting period from 1 January to 30 June 2016 (previous year: EUR 1,453 thousand). EBITDA for the Sales segment would decrease by the same amount.

in thousand euro	Production	Sales Germany	International Sales	Central Functions	Group reconciliation	Total
1.1.–30.6.2016						
Restructuring provisions	0	0	0	0	0	0
Income from the reversal of provisions	27	399	0	75	-501	0
1.1.–30.6.2015						
Restructuring provisions	0	0	0	0	0	0
Income from the reversal of provisions	20	107	0	43	-171	0

RECONCILIATION IN EUR THOUSAND

REVENUE

in thousand euro	1.1.–30.6.2016	1.1.–30.6.2015
Revenue from segments A–C	144,829	141,492
Revenue from Central Functions segment	1,025	958
Effects of finance lease adjustment	-201	186
	145,653	142,636
Less inter-segment revenue	45,336	47,449
Revenue according to financial statements	100,317	95,187

EBITDA

in thousand euro	1.1.–30.6.2016	1.1.–30.6.2015
EBITDA from segments A–C	18,002	18,218
EBITDA from Central Functions segment	-3,495	-1,362
	14,507	16,856
Measurement effects of IFRS reconciliation	2,702	1,300
Effects at consolidation level	-2,562	-3,872
Consolidated EBITDA	14,645	14,284
Amortisation, depreciation and write-downs	-8,322	-8,172
Net interest income	-291	-633
Net other finance costs	142	596
Consolidated earnings before taxes	6,175	6,075
Income taxes	-2,166	-2,076
Consolidated net income according to financial statements	4,008	3,999

ASSETS

in thousand euro	30.6.2016	30.6.2015
Assets of segments A-C	289,852	271,777
Assets of Central Functions segment	111,138	99,510
	400,990	371,287
Capitalised development costs in accordance with IFRS	21,160	19,074
Effects of remeasurement of goodwill	8,915	8,140
Effects of write-downs on customer lists	-124	-131
Effects of write-downs on internally generated software	0	-30
Other reconciliation adjustments to IFRS	8,344	9,683
	439,286	408,023
Effects at consolidation level (including elimination of intragroup balances)	-275,802	-252,032
Assets according to financial statements	163,483	155,991

ASSETS BY REGION

in thousand euro	30.6.2016	30.6.2015
Germany	288,197	265,126
USA and Canada	54,484	54,147
Europe (not including Germany)	58,309	52,014
Other regions	0	0
	400,990	371,287
Effects of IFRS remeasurement	38,420	36,897
Effects of write-downs on customer lists	-124	-131
Effects of write-downs on internally generated software	0	-30
	439,286	408,023
Effects at consolidation level (including elimination of intragroup balances)	-275,802	-252,032
Assets according to financial statements	163,483	155,991

The goodwill of EUR 8,494 thousand (previous year: EUR 9,147 thousand) reported in the consolidated statement of financial position relates exclusively 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 financial statements give a true and fair view of the net assets, financial position, and profit or loss of the Group, and the interim Group management report 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 fiscal year.

Berlin, 25 August 2016

The Management Board of Francotyp-Postalia Holding AG



Rüdiger Andreas Günther
CEO & CFO



Thomas Grethe
CSO



Sven Meise
CDO

More INFORMATION

INFORMATION ABOUT THIS QUARTERLY REPORT

This document complies with new guidelines for quarterly reporting in accordance with section 51a of the Regulations of the Frankfurt Stock Exchange. As a result of amendments to European law, the legal obligation for listed companies to issue quarterly financial reports was revoked in Germany in 2015 effective from 2016. In future, companies will have the possibility to publish a condensed quarterly report in this way for the first and third quarters of a fiscal year.

INFORMATION ABOUT THE COMPANY FRANCOTYP-POSTALIA HOLDING AG

The FP Group, which has its headquarters in Berlin, is a Digital Mailroom provider. This global company offers all products and solutions for communication and document processes and thus focuses on business and private customers. In addition to traditional machinery to frank and insert mail, the company's range comprises services such as the collection of business mail and innovative software solutions such as De-Mail. The FP Group is now present in many developed countries with its own branches and has a global market share of more than 10% in the area of franking machines. Having existed for over 90 years, the FP Group now benefits – on all markets – from the willingness of companies to digitise business processes and outsource their business mail to a professional service provider. In the 2015 fiscal year, the company generated EUR 191.1 million in revenue. The FP Group employs over 1,000 people worldwide.

Financial calendar

Presentation Results for the Half-year 2016	25 August 2016
Presentation Results 3rd Quarter 2016	17 November 2016

Imprint

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