

QUARTERLY FINANCIAL REPORT III/2009

Francotyp-Postalia Holding AG



YOUR MAIL MANAGEMENT COMPANY

OVERVIEW FRANCO TYP-POSTALIA-GROUP

Figures in accordance with the consolidated financial statements	1.1. – 30.9. 2009	1.1. – 30.9. 2008	3 RD QUARTER 2009	3 RD QUARTER 2008
Revenues (Mio. EUR)	97.3	106.1	30.4	33.4
Increase in revenue (%)	-8.3	-2.6	-9.2	-1.5
EBITDA (Mio. EUR)	14.2	14.3	4.7	4.5
in percentage of revenues	14.6	13.5	15.4	13.5
EBITA (Mio. EUR)	5.7	6.9	1.8	1.9
in percentage of revenues	5.9	6.5	5.9	5.7
EBIT (Mio. EUR)	-3.6	-4.8	-1.3	-2.0
in percentage of revenues	n/a	n/a	n/a	n/a
Net income for the year (Mio. EUR)	-6.0	-6.4	-1.5	-2.1
in percentage of revenues	n/a	n/a	n/a	n/a
Cashflow from operating activities (Mio. EUR)	10.7	20.7	3.9	6.1
Earnings per share	-0.42	-0.45	-0.10	-0.15
Employees	1,046	1,124		

	30.9.2009	31.12.2008
Shareholders Equity (Mio. EUR)	27.2	33.6
in percentage of balance sheet total	18.2	20.4
Return on equity (%)	-22.1	-46.7
Debt capital (Mio. EUR)	122.7	131.0
Balance sheet total (Mio. EUR)	149.9	164.6

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



LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders,

With the passing of each quarter, the benefits of our restructuring and realignment strategy become more and more apparent. Despite the global economic and financial crisis, the FP Group achieved the same level of operating profit as the previous year, with a double-digit EBITDA margin. Over the first nine months of 2009, our Company achieved an EBITDA result of 14.2 million euros, compared to 14.3 million euros for the same period last year – that corresponds to a margin of 14.6 percent. In the third quarter of 2009, we actually improved on EBITDA, which reached 4.7 million euros, compared to 4.5 million euros for the same quarter last year.



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

Regarding sales, we are also feeling the effects of the very weak global economy. In the first three quarters of the current year, the FP Group achieved sales of 97.3 million euros. That is a downturn of 8.3 percent compared to the same reporting period last year. Many commercial customers are currently postponing the purchase of new machines and are moving very cautiously when making investment decisions.

In view of the present business climate, it is a major advantage that our solutions generate recurring sales. In our classic franking machine business, companies regularly order consumables such as colour tape cassettes or ink-jet cartridges. Regarding our digital solutions, our customers integrate FP software into their outbound mail processes, also resulting in a constant flow of sales. In fact, recurring sales currently account for more than two-thirds of the FP Group's revenues and are a major factor in making our business model attractive.

This attractiveness increased in 2009, thanks to greatly improved cost structures. Lower material and personnel expenses are decisive for margin growth in the FP Group, and we expect even more big savings in personnel expenses over the next few quarters. The site continuation agreement signed with the workforce in August 2009 will result in cost savings of up to 9 million euros over the next two years.

Research and development work is also running much more efficiently today. We have streamlined our processes, creating the right conditions for getting innovations faster to market. Right now, we are focussing on the development of a new generation of franking machines. Even in this Internet age, franked mail will maintain its place in the everyday business world. This is proven by the stable worldwide volume of mail recorded over the last decade. Every year, more than 400 billion letters are sent out. Our aim is to capture and process an increasing proportion of that volume using FP solutions.

With our three business fields, franking/inserting, software solutions and mail services, we offer every company a tailored solution ideally suited to its particular outbound mail situation. Our range of products and services are fully future-orientated, placing the FP Group in a good position in this difficult economic environment. At the same time, a much leaner organisation and more efficient cost structures ensure that we continue to achieve double-digit EBITDA margins, even under the most adverse operating conditions.

Yours sincerely



Hans Szymanski
Management Board



Andreas Drechsler
Management Board

GROUP QUARTERLY FINANCIAL REPORT FOR THE FP GROUP

1. BUSINESS ACTIVITY

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

2. GENERAL CONDITIONS

In the wake of the most serious recession since the Second World War, the global economy is recovering slowly. Economic experts are forecasting a downturn in production of 2.5% over the year as a whole, while global trade is expected to slump by some 10.5%.

In Germany, the FP Group's domestic market, the leading economic research institutions are predicting a decline in GDP of 5.0%. In their autumn report, however, they projected moderate growth for 2010, with GDP rising by 1.2%.

At the same time, economists have warned about the possibility of a slowdown in this growth trend. According to their assumptions, the expansion in the global economy is slow at best, hence the delayed economic recovery. Domestic demand is also likely to increase at an extremely slow rate according to the report. In light of these developments, the economic climate remains difficult.

Experts also see the strength of the euro as a negative factor, fearing that it could hinder the economic recovery. The single European currency has appreciated significantly over recent months, reaching a peak of USD 1.48 in September. This could have an adverse effect on future economic development in export-oriented countries like Germany.

3. DEVELOPMENT OF BUSINESS

Revenue

In the first nine months of 2009, the course of business of the FP Group was impacted by the global economic and financial crisis. As a result, revenue declined to EUR 97.3 million from EUR 106.1 million in the same period of the previous year. In the third quarter of the current financial year, revenue amounted to EUR 30.4 million as against EUR 33.4 million in the previous year. Revenue in the rest of Europe in particular fell short of the prior-year level, as shown by the following overview of regions

Revenue according to regions

In Mio. Euro	1.1. – 30.9. 2009	1.1. – 30.9. 2008	Third quarter 2009	Third quarter 2008
Germany	44.6	46.6	14.7	15.5
Rest of Europe	25.3	32.1	7.8	9.8
USA/Canada	26.7	26.5	7.7	7.8
Rest of the world	0.7	0.9	0.2	0.3
Revenue	97.3	106.1	30.4	33.4

Revenue in Germany, the Group's largest sales market, declined to EUR 44.6 million in the first nine months of 2009 from EUR 46.6 million in the previous year. Revenue in the Mailroom segment decreased slightly year-on-year from EUR 35.3 million to EUR 32.7 million as a result of the weak economic environment, whereas revenue in the Mailstream segment climbed to EUR 11.9 million in the first nine months of 2009 compared with EUR 11.3 million in the same period of the previous year.

In the USA – FP's most important foreign market – revenue of EUR 23.3 million is on the previous year's level (EUR 23.6 million). This development was driven by a positive exchange rate effect of EUR 2.4 million.

By contrast, the Group saw a downturn in revenue in the rest of Europe. In the Netherlands alone, revenue fell from EUR 10.3 million to EUR 7.3 million year-on-year. In the first nine months of 2008, the company had generated revenue of EUR 2.0 million from large inserting systems. This business was discontinued as of 31 December 2008.

Revenue by products and services

In Mio. Euro	1.1. – 30.9. 2009	1.1. – 30.9. 2008	Third quarter 2009	Third quarter 2008
Mailroom				
Franking	18.0	24.0	5.1	7.0
Inserting	5.8	9.2	1.9	2.8
Other	0.7	0.8	0.3	0.6
Income from product sales	24.5	34.0	7.3	10.4
Rental	15.6	14.5	5.1	4.8
Teleporto	8.9	8.8	2.8	2.9
Services/customer service	20.2	19.6	6.0	5.7
Consumables	15.8	17.5	4.8	5.5
Recurring revenue	60.5	60.4	18.7	18.9
Mailroom revenue	85.1	94.5	26.1	29.3
Income from machine sales (in % of Mailroom revenue)	28.8	36.0	28.0	35.4
Recurring revenue (in % of Mailroom revenue)	71.2	64.0	72.0	64.6
Exchange rate effect of USD loan	0.3	0.3	0.3	0.3
Total Mailroom revenue	85.4	94.8	26.4	29.6
Mailstream				
Mailstream revenue	11.9	11.3	4.0	3.8
Recurring income from Mailroom and Mailstream	72.4	71.7	22.7	22.7
Recurring revenue (in % of revenue)	74.4	67.6	74.4	68.0
Revenue	97.3	106.1	30.4	33.4

The economic and financial crisis has had a particularly pronounced impact on sales of new franking and inserting machines in the current financial year. Accordingly, revenue from product sales totalled EUR 24.5 million in the first nine months of the current year compared with EUR 34.0 million in the same period of the previous year. In addition to this downturn in product sales, unfavourable exchange rate effects from the pound sterling resulted in an adverse effect of EUR 1.2 million. At EUR 60.5 million, however, the FP Group's recurring revenue remained essentially unchanged after EUR 60.4 million in the previous year. This meant that the share of sustainable recurring revenue attributable to total revenue rose to 71.2%, compared with 64.0% in the same period of the previous year.

Operating expenses

The cost of materials fell significantly in the first nine months of 2009 to EUR 24.5 million as against EUR 34.1 million in the same period of the previous year. In particular, the cost of raw materials, consumables and supplies declined from EUR 25.8 million to EUR 17.0 million year-on-year as a result of lower revenues from product sales and less own work capitalised. By contrast, the decline in purchased services from EUR 8.3 million to EUR 7.5 million represents a positive saving as a result of the restructuring programme. Accordingly, the cost of materials ratio fell to 25.7% from 32.1% in the first nine months of 2008.

The FP Group significantly reduced personnel costs to EUR 37.7 million in the first nine months of 2009 as against EUR 42.2 million in the same period of the previous year. As a result, the personnel cost ratio declined from 39.8% to 38.7% year-on-year. There was a particularly pronounced reduction in personnel costs in the third quarter of 2009, from EUR 13.3 million in the previous year to EUR 10.8 million. This was due to the initial impact of the measures initiated with a view to safeguarding the company's locations. In particular, the contract concluded by employee representatives and IG Metall in August includes a salary sacrifice on the part of the workforce in Germany and reduced working hours in exchange for a 24-month job guarantee. The decline in personnel costs can also be attributed to the non recurrence of the expenses for the restructuring programme in the amount of EUR 1.2 million that were incurred in 2008: in the first nine months of 2009, these amounted to only EUR 0.5 million.

Other operating expenses fell slightly in the first nine months of 2009 to EUR 24.4 million as against EUR 25.5 million in the same period of the previous year; this was due to lower sales-based costs and cost adjustments.

EBITDA

Despite the difficult overall economic environment and the resulting downturn in revenues, the FP Group's earnings before interest, taxes, depreciation and amortisation (EBITDA) remained essentially unchanged in the first nine months of 2009 at EUR 14.2 million compared with EUR 14.3 million in the same period of the previous year. Adjusted for restructuring costs of EUR 1.2 million, EBITDA amounted to EUR 15.4 million.

In the third quarter of 2009, the FP Group increased its EBITDA to EUR 4.7 million as against EUR 4.5 million in the same period of the previous year despite generating lower revenue. The company benefited from its improved cost structure and the restructuring measures initiated in 2008. EBITDA for the same period of the previous year was impacted by restructuring costs in the amount of EUR 0.5 million compared with EUR 0.5 million in the third quarter of 2009.

Depreciation and amortisation

The reduction in amortisation of intangible assets from the acquisition of the FP Group in 2005 and the acquisition of the subsidiaries freesort und iab meant that total depreciation and amortisation declined to EUR 17.9 million in the first nine months of 2009 compared with EUR 19.1 million in the same period of the previous year.

Net financial income/expense

In the first nine months of the current financial year, the FP Group generated a positive financial result of EUR 0.6 million as against a loss of EUR 0.7 million in the previous year. This was primarily due to the devaluation of receivables from the Canadian subsidiary as a result of exchange rate developments.

Consolidated net income

Despite the difficult economic environment, consolidated net income before minority interests improved to EUR 6.5 million in the first nine months of the current financial year compared with EUR 7.0 million in the previous year. In the third quarter of 2009, the FP Group generated consolidated net income of EUR 1.6 million after EUR 2.4 million in the previous year.

4. COURSE OF BUSINESS BY SEGMENTS

Mailroom segment

The FP Group's traditional business in the Mailroom segment, which involves the sale and rental of franking and inserting machines, was characterised in particular by the downturn in product sales in the first nine months of the current financial year. This was primarily attributable to two factors: a number of companies have postponed their investments in state-of-the-art franking and inserting machines, while the recession has also increased price pressure among standard products in Europe, and in Germany in particular. As a result, revenue in the Mailroom segment fell to EUR 85.4 million in the first nine months of 2009 as against EUR 94.8 million in the same period of the previous year. However, recurring revenue in this segment – such as for rentals of equipment, teleporto and consumables – remained stable.

Despite this downturn in revenue, the FP Group's earnings in the Mailroom segment exceeded the level recorded in the previous year. Thanks to the substantially improved cost structure, EBITDA improved from EUR 13.4 million to EUR 13.8 million year-on-year. On a quarterly basis, the company improved its EBITDA to EUR 4.4 million after EUR 4.0 million in the third quarter of 2008.

In late September, the company's participation in the POST EXPO in Hanover, one of the leading global trade fairs for the international post, express delivery and mail order segment, provided new impetus for its product business. At the trade fair, the FP Group displayed the highlights of efficient postal processes, from franking and inserting machines through to digital mail management.

Since the third quarter, the FP Group has also supported its customers in Germany in their participation in the GOGREEN CO₂ reduction programme initiated by Deutsche Post. Using a revised version of its centormail franking machine, the necessary logo can be printed on every envelope that is franked. This means that centormail is the only FRANKIT franking system to allow environmentally-aware companies to transport letters that are franked appropriately in a climate-neutral manner.

Mailstream segment

In the Mailstream segment, the FP Group increased its revenue from postal services such as consolidation and digital letter processing to EUR 11.9 million in the first nine months of 2009 as against EUR 11.3 million in the same period of the previous year. In the third quarter of 2009, revenue improved slightly to EUR 4.0 million compared with EUR 3.8 million in the same quarter of the previous year.

Of this figure, the subsidiaries freesort and iab reported nine-month revenue of EUR 8.6 million and EUR 3.3 million, respectively. freesort in particular is continuing to see reluctance among investors to take out new contracts due to the difficult economic situation. Nonetheless, the continuing high level of interest gives the company grounds for optimism that this is only a temporary phenomenon. This is supported by the extremely stable business with existing customers. Accordingly, the planned opening of a new sorting centre in Munich was conducted in the current financial year as scheduled. The slightly higher costs as a result of this measure meant that the Mailstream segment's EBITDA was down from EUR 0.9 million in the previous year to EUR 0.4 million.

In the first three quarters of 2009, iab improved its EBITDA to EUR 0.6 million after EUR 0.4 million in the same period of the previous year.

Revenue and EBITDA

In Mio. Euro	Revenue			EBITDA		
	1.1 – 30.9. 2009	1.1 – 30.9. 2008	Change %	1.1 – 30.9. 2009	1.1 – 30.9. 2008	Change %
Mailroom	85.4	94.8	-9.9	13.8	13.4	3.0
Mailstream	11.9	11.3	5.3	0.4	0.9	-55.6
freesort	8.6	8.3	3.6	-0.2	0.5	n/a
iab	3.3	3.0	10.0	0.6	0.4	50.0
FP Group	97.3	106.1	-8.3	14.2	14.3	-0.7

Revenue and EBITDA

In Mio. Euro	Third quarter 2009	Revenue		Third quarter 2009	EBITDA	
		Third quarter 2008	Change %		Third quarter 2008	Change %
Mailroom	26.4	29.6	-10.5	4.4	4.0	10.0
Mailstream	4.0	3.8	5.3	0.3	0.5	-40.0
freesort	2.9	2.7	7.4	0.0	0.4	n/a
iab	1.1	1.1	0.0	0.3	0.1	200.0
FP Group	30.4	33.4	-8.7	4.7	4.5	4.4

5. FINANCIAL POSITION AND NET ASSETS

Financial position

The cash flow from operating activities amounted to EUR 10.7 million in the first nine months of 2009 after EUR 20.7 million in the same period of the previous year. This was attributable to the significant reduction in accounts payable in 2009. In addition, fewer finance lease agreements were concluded in 2009, leading to a slower rise in liabilities accompanied by a lower level of investments. The cash flow from investing activities declined to EUR 5.9 million in the first nine months after EUR 12.7 million in the same period of the previous year.

Capital expenditure

In EUR million	1.1 – 30.9.2009	1.1 – 30.9.22008
Capitalised development costs	1.9	2.9
Investments in intangible assets	0.4	3.3
Investments in property, plant and equipment	1.1	2.9
Investments in leased products	2.1	3.6
Investments in financial assets	0.4	0.0
Capital expenditure	5.9	12.7

The decline in capital expenditure in the first nine months of 2009 is due in part to the lower level of capitalised development costs, which amounted to only EUR 1.9 million as against EUR 2.9 million in the same period of the previous year. This change is partly due to the structure of current development projects, but also reflects the success of the restructuring and the FP Group's focus on research and development in previous quarters. However, it should be noted that the initial development costs for the development of a new generation of franking machines were capitalised in the third quarter. Investments in intangible assets were down to EUR 0.4 million in the first half of 2009 as against EUR 3.3 million in the same period of the previous year, during which period the acquisition of the Direkt Express Brief AG customer base by freesort GmbH was capitalised. As mentioned previously, a smaller number of finance lease contracts were concluded at freesort compared with the previous year, resulting in a lower level of investments in property, plant and equipment. Investments in leased products also declined significantly.

Net assets

Compared with 31 December 2008, total assets declined by EUR 14.7 million to EUR 149.9 million. The share of non-current assets decreased from 59.4% to 57.7%, largely as a result of depreciation, amortisation and write-downs. At 42.3% of total assets, current assets covered current liabilities as of 30 June 2009 in spite of the latter's sharp increase to 114.1%. The share of non-current liabilities in total assets remained unchanged at 44.7%, while the equity ratio fell to 18.2% on account of the consolidated net loss.

On the asset side of the FP Group's balance sheet, intangible assets decreased to EUR 50.9 million as of 30 September 2009 compared with EUR 61.3 million at the reporting date 31 December 2008, as the company continued to recognise depreciation and amortisation for assets capitalised in conjunction with company acquisitions. The slight reduction in property, plant and equipment to EUR 20.3 million as of 30 September 2009 after EUR 22.1 million in the previous year was attributable to the reduced level of investment in technical and other equipment and the reduced investment in leased equipment outside Germany.

With regard to current assets, the FP Group significantly increased its cash and cash equivalents in particular, with this item amounting to EUR 24.6 million at 30 September 2009 after EUR 21.9 million at year-end 2008. Securities, which are reported separately and have a carrying amount of EUR 0.7 million, are used by freesort as a cash deposit for a guarantee with Deutsche Post AG.

On the liability side, equity declined from EUR 33.6 million at 31 December 2008 to EUR 27.2 million due to the consolidated net loss reported by the FP Group in the first nine months of 2009. The repayment of loans in the third quarter of 2009 meant that long-term financial liabilities decreased from EUR 56.0 million at year-end 2008 to EUR 51.6 million. Accordingly, non-current liabilities also fell from EUR 73.4 million to EUR 67.0 million in the same period, while current liabilities declined from EUR 57.6 million to EUR 55.6 million. This development was driven by the reduction in accounts payable, current financial liabilities and other provisions, although there was an increase in other liabilities as a result of deferred income from rental and service contracts invoiced in advance at the beginning of their term and the higher level of postage credit managed for customers.

6. RESEARCH AND DEVELOPMENT

The FP Group has restructured its research and development activities in recent quarters, thereby substantially enhancing its efficiency. As a result, expenses for research and development amounted to only EUR 6.5 million in the first nine months of 2009 after EUR 8.5 million in the same period of the previous year, while the R&D ratio fell to 6.6% of revenue compared with 8.0%. The FP Group capitalised EUR 1.9 million of this figure in accordance with IFRS and expensed the remaining EUR 4.6 million.

7. EMPLOYEES

As at 30 September 2009, the FP Group employed a total of 1,046 people worldwide (previous year: 1,124). 351 of these employees are allocated to foreign subsidiaries (previous year: 406) and 695 to German companies (previous year: 718). 478 of the staff employed in Germany belong to the FP Holding company and to FP GmbH and its subsidiaries (previous year: 521). In particular, the German sales company VS GmbH has reduced its headcount. By contrast, the subsidiaries freesort and iab have recruited employees, meaning that the Mailstream segment now employs 217 people (previous year: 197).

8. SAFEGUARDING LOCATIONS

On 7 August, the FP Group announced the conclusion of an agreement with its employee representatives and IG Metall on a far-reaching package of measures to safeguard its locations. According to current estimates, this extensive programme will allow the FP Group to generate savings of up to EUR 9 million in the next two years, in return for which it will guarantee employees' jobs for a period of 24 months.

The package includes the following provisions:

- the conclusion of a works agreement on the introduction of reduced working hours for a maximum period of two years starting on 1 August 2009
- a salary sacrifice of around 10% by wage scale employees by way of collective agreements to safeguard the companies Francotyp-Postalia GmbH, Francotyp-Postalia Vertrieb und Service GmbH and FP Direkt Vertriebs GmbH
- a salary sacrifice of 15% by non-scale office employees
- a 20% reduction in Management Board remuneration
- no compulsory redundancies within the next 24 months

The implementation of these measures began in August. The majority of the savings in the third quarter of 2009 were generated from the waiver of Christmas bonuses. All in all, the FP Group recorded savings of around EUR 1.5 million from the package of measures aimed at safeguarding its locations in August and September.

REPORT ON OPPORTUNITIES AND RISKS

The company discussed its opportunities and risks in detail in the annual financial statements for the year ending 31 December 2008.

On 31 March 2009, the former member of the Management Board Dr. Heinz-Dieter Sluma brought an action to establish his dismissal as the Chairman of the Management Board and the extraordinary termination of his employment contract with the Management Board as invalid. Dr. Heinz-Dieter Sluma also brought a claim for invalidity in accordance with sections 246 (4) sentence 1 and 249 (1) sentence 1 of the German Stock Corporation Act against the resolution passed by the Annual General Meeting on 23 June 2009 on agenda item 3 (resolution on the vote of no confidence in the former member Dr. Heinz-Dieter Sluma). This action has been filed with the Chamber for Commercial Disputes of the Neuruppin Regional Court under 6 O 26/09.

On 9 April 2009, mSE GmbH, Munich and PointOut GmbH, Munich filed an action for payment in relation to services rendered.

No further risks and opportunities are currently discernible.

OUTLOOK

The FP Group has significantly improved its cost structures over recent quarters. Additional savings effects will be generated by the safeguarding package concluded at the beginning of August.

The FP Group's substantially improved cost structures and stable recurring revenue allowed it to issue an initial forecast for 2009 as a whole after the first six months: the company expects to generate revenue of between EUR 133 and 136 million and EBITDA before restructuring costs of between EUR 19 and 21 million in 2009, with restructuring costs limited to just under EUR 2.0 million.

The company is maintaining this forecast but now expects its results to correspond to the lower end of the ranges outlined above.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement and statement of other comprehensive income for the period 1 January to 30 September 2009

EUR thousand	1.1. – 30.9.2009	1.7. – 30.9.2009	1.1. – 30.9.2008	1.7. – 30.9.2008
Revenue	97.285	30.445	106.106	33.415
Decrease in work in progress and finished goods	-2.226	-1.432	1.752	339
	95.059	29.013	107.858	33.754
Own work capitalized	4.181	1.449	6.290	2.058
Other operating income	1.587	207	1.965	695
Cost of materials and services				
a) Cost of raw materials, consumables and supplies	17.037	4.567	25.761	8.007
b) Cost of purchased services	7.470	2.390	8.307	2.380
	24.507	6.957	34.068	10.387
Staff costs				
a) Wages and salaries	31.850	9.140	36.143	11.400
b) Social security contributions	5.306	1.481	5.671	1.816
c) Expenses for pensions and other benefits	550	214	386	112
	37.706	10.835	42.200	13.328
Depreciation, amortisation and write-downs	17.863	5.959	19.128	6.529
Other operating expenses	24.378	8.185	25.545	8.308
Net interest income/expense				
a) Interest and similar income	1.216	408	1.777	553
b) Interest and similar expenses	3.876	1.189	4.055	1.535
	-2.660	-781	-2.278	-982
Other financial income/expense				
a) Other financial income	1.165	596	555	392
b) Other financial expenses	579	7	1.278	-348
	586	589	-723	740
Tax result				
a) Tax income	3.240	946	5.310	1.235
b) Tax expenses	3.994	1.113	4.529	1.318
	-754	-167	781	-83
Consolidated net income	-6.455	-1.626	-7.048	-2.370
Minority interests	-428	-125	-602	-233
Consolidated net income after minority interests	-6.027	-1.501	-6.446	-2.137
Other comprehensive income				
Exchange rate effects	-19	-952	135	1.306
Natural hedge	92	57	-364	-939
Derivatives	256	98	-79	-96
Income tax expense	-220	-70	0	0
Other comprehensive income after tax	109	-867	-308	271
Comprehensive income for the financial year	-5.918	-2.368	-6.754	-1.866
Earnings per share:	-0,42	-0,10	-0,45	-0,15

Consolidated balance sheet as of 30 September 2009 – Assets

EUR thousand	30 September 2009	31 December 2008
A. NON-CURRENT ASSETS		
I. Intangible assets		
Intangible assets including customer lists	22.801	34.208
Goodwill	23.534	23.534
Development projects in progress and advance payments	4.543	3.514
	50.878	61.256
II. Property, plant and equipment		
Land, land rights and buildings	35	33
Technical equipment and machinery	1.510	1.650
Other equipment, operating and office equipment	3.715	4.149
Leased products	10.519	11.445
Advance payments and assets under construction	13	24
Assets under finance leases	4.514	4.827
	20.306	22.128
III. Other assets		
Equity investments	318	318
Loans to third parties	0	0
Finance lease receivables	4.163	4.048
Other non-current assets	284	255
	4.765	4.621
Deferred tax assets	10.460	9.733
	86.409	97.738
B. CURRENT ASSETS		
I. Inventories		
Raw materials, consumables and supplies	4.907	5.475
Work in progress	1.707	2.059
Finished goods and goods for resale	6.289	8.506
Advance payments	134	93
	13.037	16.133
II. Trade receivables	15.058	18.656
III. Securities	670	666
IV. Cash and cash equivalents	24.572	21.946
V. Other assets		
Finance lease receivables	2.381	2.078
Receivables from related parties	6	14
Derivative financial instruments	2	17
Other current assets	7.722	7.381
	10.111	9.490
	63.448	66.891
	149.857	164.629

Consolidated balance sheet as of 30 September 2009 – Equity and liabilities

EUR thousand	30 September 2009	31 December 2008
EQUITY		
I. Equity attributable to shareholders of the parent company		
1. Issued capital	14.700	14.700
2. Capital reserves	45.708	45.708
3. Treasury shares	-1.829	-1.829
4. Loss carried forward	-27.176	-13.393
5. Consolidated net loss after minority interests	-6.027	-13.783
6. Total other equity	-2.918	-3.027
	22.458	28.376
II. Minority interests	4.761	5.190
	27.219	33.566
NON-CURRENT LIABILITIES		
I. Provisions for pensions and similar obligations	12.249	12.228
II. Other provisions	1.255	1.514
III. Financial liabilities	51.566	56.030
IV. Other liabilities	79	42
V. Deferred tax liabilities	1.879	3.600
	67.028	73.414
CURRENT LIABILITIES		
I. Current income tax liabilities	1.977	1.389
II. Other provisions	8.687	10.297
III. Financial liabilities	3.754	4.172
IV. Trade payables	5.145	7.471
V. Advance payments received on orders	2	2
VI. Other liabilities	36.045	34.318
	55.610	57.649
	149.857	164.629

Statement of changes in equity

EUR thousand	Issued capital	Capital reserves	Treasury shares	Net income/loss	Total other equity	Minority interests share-	Total
As of 1 January 2008	14.700	45.708	-552	-10.892	-712	7.148	55.400
Acquisition of treasury shares	0	0	-1,277	0	0	0	-1,277
Exchange rate differences	0	0	0	0	135	0	135
Natural hedge	0	0	0	0	-364	0	-364
Derivatives	0	0	0	0	-79	0	-79
Dividend	0	0	0	-2,150	0	0	-2,150
Net result 1.1. – 30.9.2008	0	0	0	-6.446	0	-602	-7.048
As of 1 January 2009	14.700	45.708	-1.829	-27.176	-3.027	5.190	33.566
Acquisition of treasury shares	0	0	0	0	0	0	0
Exchange rate differences	0	0	0	0	-239	0	-239
Natural hedge	0	0	0	0	92	0	92
Derivatives	0	0	0	0	256	0	256
Net result 1.1. – 30.9.2009	0	0	0	-6.027	0	-429	-6.456
As of 30 September 2009	14.700	45.708	-1.829	-33.203	-2.918	4.761	27.219

Consolidated cash flow statement for the period 1 January to 30 September 2009

EUR thousand	1 Jan – 30 Sep 2009	1 Jan – 30 Sep 2008
1. Cash flow from operating activities		
Consolidated net loss	-6.455	-7.048
Income tax expense recognised in income (previous year: income)	754	-781
Net interest income recognised in income	2.660	2.278
Depreciation and amortisation of non-current assets	17.863	19.128
Increase (+)/decrease (-) in provisions	-970	6.791
Losses on the disposal of non-current assets	359	364
Increase (-)/decrease (+) in inventories, trade receivables and other assets not attributable to investment or financing activities	4.933	-6.245
Increase (+)/decrease (-) in trade payables and other liabilities not attributable to investment or financing activities	-1.489	8.804
Other non-cash expenses and income	-1.786	2.924
Interest paid	-1.959	-2.447
Income tax paid	-3.197	-3.053
Cash flow from operating activities	10.713	20.715
2. Cash flow from investing activities		
Cash paid for development costs	-1.906	-2.874
Proceeds from the disposal of non-current assets	78	39
Cash paid for investments in intangible assets	-448	-3.278
Cash paid for investments in property, plant and equipment	-3.196	-6.465
Cash paid for financial investments	0	0
Cash paid for company acquisitions	-400	0
Cash flow from investment activities	-5.872	-12.578
3. Cash flow from financing activities		
Cash paid to shareholders to buy back treasury shares	0	-1.277
Dividend payments to shareholders	0	-2.150
Cash repayments of bank borrowings	-3.570	-3.595
Cash proceeds from bank borrowings	0	4.000
Cash flow from financing activities	-3.570	-3.022
Cash and cash equivalents*		
Change in cash and cash equivalents	1.271	5.115
Change in cash and cash equivalents due to currency translation	33	-1.310
Cash and cash equivalents at beginning of period	6.998	7.284
Cash and cash equivalents at end of period	8.302	11.089

* The postage credit balances managed by the FP Group (EUR 16,940 thousand; previous year: EUR 17,848 thousand) have been deducted from cash and cash equivalents and other liabilities. The figures for the previous year have been adjusted accordingly. Cash and cash equivalents include current securities in the amount of EUR 670 thousand (previous year: EUR 661 thousand)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

1. General information on the company

Francotyp-Postalia Holding AG, Birkenwerder (hereafter also referred to as “FP Holding”) is a stock corporation under German law (Aktiengesellschaft). The company’s registered office is at Triftweg 21-26, Birkenwerder, Germany. The interim financial statements for FP Holding for the quarter ending 30 September 2009 include FP Holding and its subsidiaries (hereinafter also referred to as the “FP Group”).

Francotyp-Postalia is an international company in the outbound mail processing sector with a heritage dating back over 80 years. The focus of its activities is the traditional product business, which consists of developing, manufacturing and selling franking machines in particular, as well as inserting machines, and conducting after-sales business. The Francotyp-Postalia Group also offers its customers in Germany sorting and consolidation services and hybrid mail products via its subsidiary freesort and its majority shareholding in iab, both of which were acquired in November 2006.

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

2. Accounting principles

2.1 Principles for the preparation of the financial statements

The interim financial statements for FP Holding as of 30 September 2009 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable and binding in the EU on the reporting date and with the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). These are abbreviated financial statements in accordance with IAS 34 for the interim period from 1 January to 30 September 2009.

The requirements of all standards applicable up until 30 September 2009 were met without exception and give a true and fair view of the net assets, financial position and results of operations of the Group. In the interim financial statements as of 30 September 2009, the same accounting principles apply as in the consolidated financial statements for the 2008 financial year. The consolidated income statement was supplemented by a list of comprehensive income (statement of recognised income and expense) in accordance with IAS 1.81. As the interim financial statements do not contain all the notes and information required for the annual financial statements, they should be read in conjunction with the consolidated financial statements as of 31 December 2008. The interim financial statements and the interim management report have not been audited or reviewed in accordance with section 317 of the German Commercial Code (HGB).

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

2.2. Currency translation

Currencies have been translated at the following rates:

Currency translation

1 Euro =	Spot rate			Average rate	
	30.9.2009	31.12.2008	30.9.2008	Q3/2009	Q3/2008
US dollar (USD)	1.4592	1.3977	1.4449	1.36685	1.5225
Pound sterling (GBP)	0.9166	0.9600	0.7951	0.88723	0.7817
Canadian dollar (USD)	1.5848	1.7160	1.5001	1.59533	1.5502
Singapore dollar (SGD)	2.0697	2.0176	2.0672	2.01316	2.1168

2.3. Management estimates and assessments

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

DEVELOPMENTS IN THE REPORTING PERIOD

1. Seasonal influences

As a matter of principle, the activities of the FP Group are not affected by seasonal influences.

2. Report on the economy

The traditional activities of Francotyp-Postalia are characterised by a high share of recurring revenue, which accounts for around two thirds of consolidated revenue. The main factor in this revenue stability is the installed base (i.e. the units installed with customers) of over 265,000 franking machines worldwide. This also generates stable after-sales business. The rental of franking machines, which is particularly common in the US, also contributes to recurring revenue.

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

EXPLANATORY NOTES**1. Notes to the cash flow statement**

The cash flow statement for the FP Group shows positive and negative changes in cash flows from operating, investing and financing activities. Postage credit balances managed by the FP Group (restricted cash) are subtracted from cash and cash equivalents. The corresponding offsetting item is included in other liabilities. This means that cash and cash equivalents are made up as follows:

Cash and cash equivalents

EUR thousand	30.9.2009	30.9.2008
Cash and cash equivalents	24,572	28,276
Securities held as current assets	670	661
Less postage credit balances managed	-16,940	-17,848
Total	8,302	11,089

2. Employees**Employees**

	30.9.2009	30.9.2008
of which in		
Germany	695	718
USA	106	118
UK	79	87
Netherlands	65	99
Canada	32	33
Austria	19	22
Belgium	18	16
Italy	13	15
Singapore	19	16
Total	1,046	1,124

3. Development of loans payable

At the end of the quarter, existing bank loans in the amount of USD 3,750 thousand (EUR 2,570 thousand) and EUR 1,000 thousand were repaid as planned. No amounts have been drawn down under the existing credit facility in the current financial year.

4. Safeguarding locations

On 7 August 2009, the FP Group announced the conclusion of an agreement with its employee representatives and IG Metall on a far-reaching package of measures to safeguard its locations. According to current estimates, this extensive programme will allow the FP Group to generate savings of up to EUR 9 million in the next two years, in return guaranteeing employees' jobs for a duration of 24 months.

Among other conditions, the package includes the following regulations:

- the conclusion of a works agreement on the introduction of reduced working hours for a maximum period of two years, starting from 1 August 2009
- a salary sacrifice of around 10% by wage scale employees by way of collective agreements to safeguard the companies Francotyp-Postalia GmbH, Francotyp-Postalia Vertrieb und Service GmbH and FP Direkt Vertriebs GmbH
- a salary sacrifice of 15% by non-scale office employees
- a 20% reduction in Management Board remuneration
- no compulsory redundancies within the next 24 months

- in the event of insolvency, the provisions of this programme will cease to apply with immediate effect
- in the event of the disposal of one of the companies or parts of companies participating in this agreement, all special collective agreement regulations and salary sacrifice regulations for the Management Board, non-scale employees and executives will no longer apply with future effect.

The members of the Supervisory Board will also sacrifice portions of their remuneration.

5. Changes to the Supervisory Board

Mr. Georg Marton, one of the three members of the Supervisory Board of Francotyp-Postalia Holding AG since 11 August 2006, has stepped down from his position.

On 12 August 2009, Dr. Claus Gerckens was appointed as his successor by way of a court ruling; this appointment is limited until the next Annual General Meeting, which is scheduled to be held in June 2010. Dr. Gerckens is also a member of the Supervisory Board of EUROKAI KgaA, Hamburg, and the Administrative Board of Waltershof-Peute Hafen Betriebs G.m.b.H., Hamburg.

6. Events after the balance sheet date

In October 2009, the Supervisory Board resolved on the early extension of the Management Board contract of Mr. Andreas Drechsler. The contract, which was scheduled to run until February 2010, has now been extended by an additional two years. Since February this year, Mr. Drechsler has been the Management Board member responsible for Sales, Marketing and Investor Relations.

SEGMENT INFORMATION

The FP Group is divided into the segments of Germany, the US, Canada and the rest of the world, in accordance with the regional locations of its assets. The figures for the previous year have been restated in line with the form of presentation in the reporting year.

period from 1 Jan – 30 Sep 2009

	Germany	USA/ Canada	Europe (except Germany)	Other regions	Group
EUR thousand					
Revenue					
External revenue	44.569	26.669	25.301	747	97.286
Internal revenue	17.059	3.006	6.394	858	27.317
Total revenue	61.628	29.675	31.695	1.605	124.603
Reconciliation					
Total consolidated revenue					124.603
./. intersegment earnings					27.317
Revenue according to income statement					97.286
Operating earnings					
Segment earnings	-5.143	6.089	2.396	-125	3.217
Reconciliation					
Consolidated operating earnings					3.217
./. intersegment earnings					6.844
Operating earnings					-3.627
Net financial income					586
Net interest income					-2.660
Tax result					-754
Earnings according to income statement					-6.455

period from 1 Jan – 30 Sep 2008

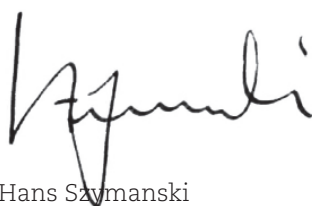
	Germany	USA/ Canada	Europe (except Germany)	Other regions	Group
EUR thousand					
Revenue					
External revenue	46.559	26.492	32.106	949	106.106
Internal revenue	19.910	8.620	9.150	390	38.070
Total revenue	66.469	35.112	41.256	1.339	144.176
Reconciliation					
Total group revenue					144.176
./. intersegment revenue					38.070
Revenue according to profit and loss					106.106
Operating earnings					
Segment earnings	-5.032	4.734	3.066	-286	2.482
Reconciliation					
Group operating earnings					2.482
./. intersegment earnings					7.310
Operating earnings					-4.828
Net financial income					-723
Net interest expense					-2.278
Net taxes income					781
Earnings reported in income statement					-7.048

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, 10 November 2009

The Management Board of Francotyp-Postalia Holding AG



Hans Szymanski
Management Board



Andreas Drechsler
Management Board

Financial calendar

Q3 Results 2009	November 2009
FY 2009	April 2010

IMPRINT

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