FRANCOTYP-POSTALIA HOLDING AG

The Digital Mailroom

INTERIM REPORT 1 / 2015

fp-francotyp.com

KEY FACTS

FIGURES IN ACCORDANCE WITH CONSOLIDATED FINANCIAL STATEMENTS IN EUR MILLION

	Quarter 1 2015	Quarter 1 2014	Change in %
Revenue	49.5	44.4	11.4
Recurring revenue	40.3	36.6	10.1
EBITDA	8.1	6.7	21.1
as percentage of revenue	16.3	15.0	
EBIT	4.0	3.7	9.5
as percentage of revenue	8.2	8.3	
Net profit	3.5	1.9	85.0
as percentage of revenue	7.1	4.2	
Free cash flow	2.6	1.6	57.6
Earnings per share (EUR)	0.21	0.11	81.6
Employees (end of period)	1,070	1,057	1.2

	31.3.2015	31.12.2014	Change in %
Equity capital	16.2	16.2	
Shareholders equity	36.4	30.1	21.2
as percentage of balance sheet total	23.6	21.1	
Return on equity (%)	9.6	6.3	
Debt capital	117.8	112.1	5.1
Net debt	12.8	16.0	-20.2
Net debt-equity ratio	35	53	-34.2
Balance sheet total	**154.2**	**142.1**	**8.5**
Share price end of year (EUR)	**4.38**	**3.98**	**10.0**

CONTENT

Efficiency. For customers' communication.

*

WHETHER IT'S ANALOGUE, HYBRID OR DIGITAL, MAIL COMMUNICATION TODAY USES A WIDE RANGE OF CHANNELS. PROFESSIONAL MAIL MANAGEMENT HAS TO LOOK AT THIS VARIETY OF CHANNELS AS A WHOLE – THE DIGITAL MAILROOM.

HANS SZYMANSKI (*1963)
CEO & CFO of Francotyp-Postalia Holding AG

Economics graduate, responsible for strategic business development, production, logistics and purchasing, quality management, research and development, information technology, compliance, human resources and legal, and finance, controlling and accounting.

THOMAS GRETHE (*1959)
CSO of Francotyp-Postalia Holding AG

Banking and economics graduate (WHA), responsible for sales – Germany / International, strategic business development and product management, marketing and brand management, corporate communication and internal audit.

SVEN MEISE (*1971)
CDO of Francotyp-Postalia Holding AG

Degree in business administration (BA), responsible for the business areas of Mail Services and Software offered by the subsidiaries freesort GmbH, iab GmbH and Mentana-Claimsoft GmbH. His responsibilities include expanding the solution and outsourcing business as well as the implementing and developing of the De-Mail business.

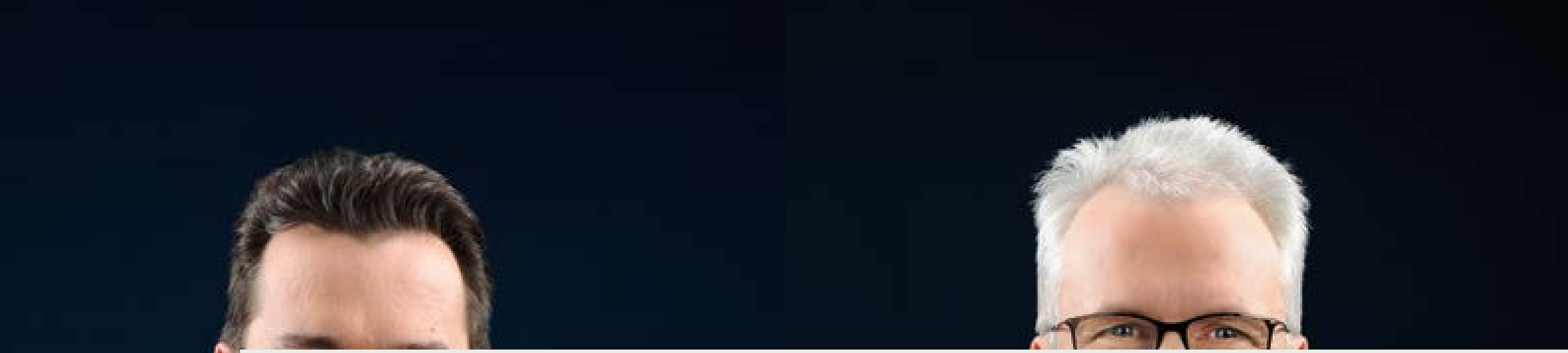
Letter from the Management Board

Dear Shareholders,
Ladies and Gentlemen,

The FP Group is off to a good start in the 2015 financial year. Revenue in the first quarter of 2015 increased 11.4 percent to EUR 49.5 million and EBITDA improved 21.1 percent to EUR 8.1 million. In the traditionally strong first quarter several factors contributed to the strong growth momentum: A growing mail services and software business at home, rising revenues in major foreign markets, and the weaker euro. In particular, in our largest foreign market, the United States, we are benefiting from an exchange rate that is favourable from Francotyp-Postalia's perspective.

But that's not all: During the ongoing decertification in the US, which will continue until the end of 2015, we were able to replace a large part of the installed machine base located there in the field, thus securing the base for several years. The FP Group was also able to continue its growth path in Great Britain, Italy and our newest market France. This year we are also planning to enter the market in Switzerland where until now we have only marketed inserting machines and in Ireland, a completely new market for FP. In these countries we see good opportunities to gain market share and to grow organically. Nevertheless, global competition – especially in the franking machine market – remains challenging. In addition, our markets are changing. The advancing digitalisation is also reflected in the communication and document processes of our customers, i.e., from incoming mail / documents and processing to outgoing mail / documents. Our Group anticipated this development early on and started to expand our service and product spectrum accordingly. Even if we are only at the beginning, this strategy is already bearing fruit.

With our renewed FP 2020 strategy we seek to leverage the opportunities offered by the changing markets. In the coming years we aim to transform the FP Group into an integrated solution provider for the digital mailroom. The FP 2020 strategy placing emphasis on "Focus – Build – Grow" will boost the company's growth potential significantly. By 2020 we aim to increase revenue to EUR 225–250 million, with an EBITDA margin of around 15 percent.



Today, our customers communicate over a host of channels such as post, e-mail, fax and De-Mail, exhibiting a wide range of specifications. Digitalisation and increasing networking is having ever more profound effects on our customers' processes. They demand products and solutions primarily in the context of an integrated solution approach. Here we can offer, sell or lease more than just a franking system or a De-Mail Gateway. Our digital mailroom will provide our customers with integrated solutions in their communication and document processes – from incoming mail/documents and processing to outgoing mail / documents. We already feature many components of the digital mailroom in our product portfolio: The spectrum extends from services for collection and processing of mail to hybrid outsourcing services, fully-digital solutions for all aspects of secure digital communications (long-term archiving, encryption, electronic signatures, De-Mail) to traditional but technologically advanced and innovative franking systems. We will continue to expand our portfolio of products and solutions and create added value by moving forward with the integration of our business units. Our targeted expansion strategy achieved through organic and inorganic growth will allow us to continue to develop the FP Group as a provider of integrated solutions and sustain profitable growth.

By 2020 solutions in Mail Services and Software are expected to account for at least 50 percent of FP Group's total revenue, up from today's roughly 30 percent. At the same time, we are continuing to secure our market position in the traditional franking machine business.

The FP 2020 strategy is a growth strategy. We want to continue the profitable growth we have achieved in the recent past, thus establishing the conditions necessary for attractive dividends. In early March the Management Board and Supervisory Board proposed to double the dividend to EUR 0.16 per share for the 2014 financial year. Moving forward, we intend to pay out 35 to 50 percent of our adjusted annual net income each year. We are confident of the success the FP group will achieve and are committed to letting our shareholders participate in their company's development in a way that reflects that success.

Sincerely,

Hans Szymanski Board Chairman	Thomas Grethe Board Member	Sven Meise Board Member

Francotyp-Postalia Holding AG
Group Management Report for the 1st quarter of 2015

GROUP PRINCIPLES

OPERATING ACTIVITIES

Francotyp-Postalia Holding AG ("FP Group", "Francotyp-Postalia" or "the Company"), which has its headquarters in Berlin, is a provider of Digital Mailrooms and offers integrated solutions for all aspects of communication and document processes. The FP Group serves the entire letter post distribution chain – from franking and inserting physical letters to hybrid mail and digital transmission via De-Mail. Francotyp-Postalia targets its services at corporate clients of all sizes. The Company's activities are divided into three product segments: Franking and Inserting, Mail Services, and Software Solutions.

Franking and Inserting segment

In this segment, the FP Group concentrates on developing and manufacturing franking machines, selling and leasing franking and inserting machines and providing related services.

Franking machines enable clients to frank their mail automatically and quickly. Outbound mail can then be processed much more efficiently, as the appropriate postage is digitally programmed into the machine and each item is franked at the correct value. Clients in some countries can also save postage, as national postal organisations grant a discount when postage is applied by franking machines. All franking machines are certified by national, licensed state-owned or private postal companies.

The company's product range extends from the small, innovative PostBase Mini franking machine to the large CentorMail machine. The Group's main revenue generator in the franking machine segment is the after-sales business, which generates recurring revenues. This includes the Teleporto (electronic downloading of postage) business, the sale of consumables, the creation of printing plates, services and software solutions for cost centre management.

Mail Services segment

The Mail Services segment encompasses business mail consolidation in Germany, which is now an option following the liberalisation of the postal services market. With eight sorting centres throughout Germany, its subsidiary freesort is one of the leading independent consolidators of outbound business mail on the German market. Their services include collecting letters from clients, sorting them by postcode and delivering them in batches to a sorting office of Deutsche Post or an alternative postal distributor.

Software Solutions segment

The FP Group offers fast, simple innovative software solutions. A letter can be sent electronically efficiently and easily, while guaranteeing the highest possible security standards. Clients can essentially choose from two options: hybrid mail and the digital solution via De-Mail.

The specialist in hybrid mail is the FP subsidiary internet access GmbH lilibit Berlin Gesellschaft für Kommunikation und Digitaltechnik, Berlin, Germany (iab). Hybrid mail is a combination of electronic and physical mail: The sender dispatches the letter electronically and the recipient receives a physical letter. The FP Group takes on the entire production process – from printing out, franking and inserting to handing over the letter to a mail delivery company.

The FP Group secured its entry into the digital communication sector in spring 2011 with the acquisition of a majority stake in Mentana-Claimsoft GmbH. The FP Group has held a 100% stake in Mentana-Claimsoft GmbH since July 2014. The company specialises in electronic signatures, and offers products for securing electronic documents and for legally binding communication in addition to products for long-term archiving. Mentana-Claimsoft is also the first accredited De-Mail provider in Germany. De-Mail offers a simple, traceable and confidential communication infrastructure for both businesses and authorities, as well as for private customers. De-Mail is binding, as both sender and recipient are identified in the initial registration process before they can use the communication standard.

RESEARCH AND DEVELOPMENT

In the first quarter of 2015, research and development costs came to a total of EUR 1.8 million, EUR 0.4 million lower than the same quarter of the previous year. Of this amount, EUR 0.9 million was capitalised, EUR 0.9 million was included in expenses.

The PostBase Mini, a machine for handling small volumes of mail, is still the main focus of research and development activities at present. Following its launch in the UK, the product will be introduced on other markets over the course of the year and adapted accordingly to meet local requirements. At the same time, the FP Group is working on a higher-performance version of the PostBase family which will also include a dynamic scale.

The FP subsidiary Mentana-Claimsoft is constantly improving the existing De-Mail system and in March 2015 became the first De-Mail service provider to complete re-accreditation. The FP subsidiary iab focuses on new applications of the output management system. The existing Webmail product will be developed to include Webmail Plus, which allows users to process PDF documents.

EMPLOYEES

Our employees are a key factor in the success of the FP Group. The Company's long-term success is dependent on employees identifying with it and being committed to its objectives. Their potential is developed by granting them a high degree of autonomy.

As at 31 March 2015, the FP Group employed a total of 1,070 people worldwide, compared with 1,057 in the previous year. While employment increased by 25 to 409 at the foreign companies (particularly in France, the US, Canada and the UK), it decreased by 12 at the German companies to a total of 661. Segment breakdown of employees as at 31 March:

SEGMENT

	31.3.2015	31.3.2014
Sales Germany	478	478
Sales International	409	384
Production	154	167
Central functions	29	28
Total	**1,070**	**1,057**

ECONOMIC CONDITIONS

The upturn on the German domestic market of the FP Group slowed down at the start of the year. While gross domestic product (GDP) rose by 0.3% in the first quarter of the year, German economic growth had been twice as high in the fourth quarter of 2014. Nonetheless, the Ifo business climate index, an important indicator for the German economy, improved continuously in the first three months of the year.

The economic trend in the US was also subdued. Based on preliminary figures, the FP Group's largest foreign market posted annualised GDP growth of just 0.2% during the first quarter of 2015. The long, hard winter and stronger US dollar prevented a greater increase.

The euro / US dollar exchange rate is of paramount importance for FP Group exports to the US and for other markets too. The euro dropped sharply in value in the first quarter of 2015, slipping from USD 1.21 to USD 1.08 at the end of the quarter.

INCOME SITUATION

The new financial year got off to a strong start for the FP Group. Business in important markets developed well during the first quarter of 2015. This holds particularly true in the UK following the launch of the PostBase Mini, and machine sales and leasing enjoyed successes in both Italy and the US. The significance of the leasing business continues to grow unabated. Although this requires significant investment in the short term, it will provide a solid base (US) in the medium and long term and lead to expansion (Italy, UK, France) of the installed base and hence to recurring income. Revenues from rate changes in Austria and Belgium also gave the company a boost during the past quarter. The decline of the euro, particularly against the US dollar, had a positive impact on the international business as well. In Germany, the FP Group increased its revenues from the Software and Mail Services product segments.

FINANCIAL PERFORMANCE INDICATORS

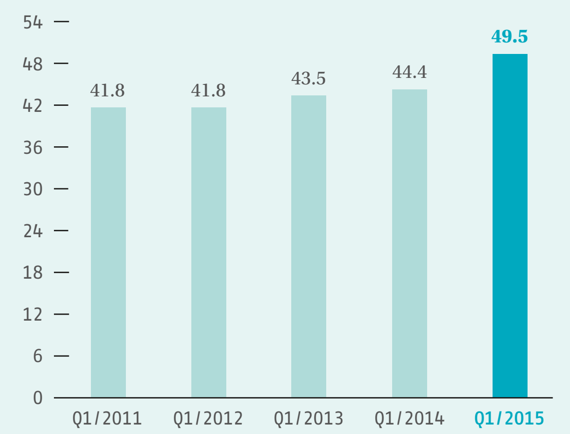
The FP Group's financial performance indicators are revenue, EBITDA, EBIT, free cash flow and net debt. These value-driving parameters define the conflicting priorities that the Company faces: profitability, growth and liquidity.

Revenue

In the first quarter of 2015, revenues rose to EUR 49.5 million, compared with EUR 44.4 million for the prior-year period. The positive exchange rate effect attributable to the weaker euro amounted to EUR 2.5 million during this period.

In Germany, revenues rose in the first three months of 2015 from EUR 25.8 million in the previous year to EUR 27.2 million, thanks to progress made in the Software and Mail Services product segments. The US remained the biggest foreign market in the first three months of 2015, where revenues increased to EUR 10.3 million from EUR 8.6 million during the same period of the previous year, which was also currency driven. In the UK, the FP Group benefited from the country-wide "Mailmark" incentive programme which offers a postage discount of 34% on franked letters.

REVENUE
in EUR million



Successes in the UK and Italy drove up revenues from product sales to EUR 9.2 million during the first quarter of 2015 compared with EUR 7.8 million in the same period of the previous year. Recurring revenues from the Mail Services and Software business and from service contracts, leasing/rental, Teleporto and the sale of consumables for approximately 231,000 franking machines worldwide increased to EUR 40.3 million during the quarter, compared with EUR 36.6 million during the same period of the previous year. Revenues increased in particular in the areas of Leasing, which was up 26.3% from EUR 5.7 million to EUR 7.2 million, and Mail Services, which grew 12.6% from EUR 11.8 million to EUR 13.3 million.

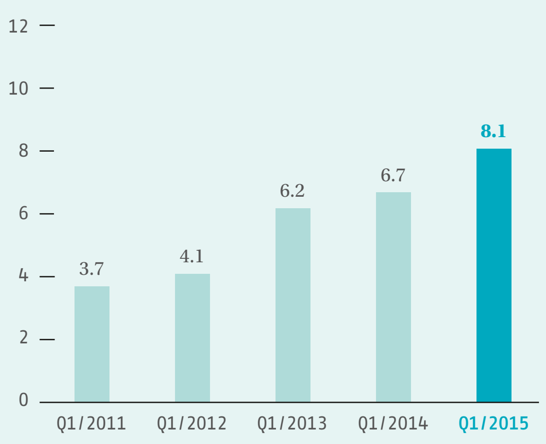
REVENUE BREAKDOWN BY PRODUCT AND SERVICES

in EUR million	Quarter 1 2015	Quarter 1 2014
Recurring revenues	**40.3**	**36.6**
Equipment hire	7.2	5.7
Service / customer service	7.1	7.2
Consumables	6.2	5.6
Teleporto	2.6	2.7
Mail Services	13.3	11.8
Software	3.9	3.6
Non-recurring revenues	**9.2**	**7.8**
Franking	7.2	5.7
Inserting	1.9	1.8
Other	0.2	0.3
Total	**49.5**	**44.4**
Recurring revenues	81.4%	82.4%
Non-recurring revenues	18.6%	17.6%

Earnings development (EBITDA, EBIT)

Operating earnings before interest, taxes, depreciation and amortisation, otherwise known as EBITDA, rose in the first quarter of 2015 to EUR 8.1 million, compared with EUR 6.7 million in the year before. This figure includes a currency effect of EUR 1.1 million. Despite the sustained high level of depreciation, EBIT grew to EUR 4.0 million after EUR 3.7 million in the same period of the previous year.

EBITDA
in EUR million



Free cash flow

Free cash flow – the difference between cash inflows from operating activities (EUR 7.6 million) and cash outflows from investment activities (EUR 5.0 million) – rose to EUR 2.6 million in the first three months, after EUR 1.6 million in the previous year.

Net debt

In the first three months of 2015, the FP Group's net debt fell to EUR 12.8 million, compared with EUR 16.0 million at the end of 2014.

CHANGE IN NET DEBT

in EUR million	31.3.2015	31.12.2014
Liabilities	29.7	31.4
Funds	16.9	15.4
Net liabilities	**12.8**	**16.0**
Equity	36.4	30.1
Net debt ratio	**35%**	**53%**

Net debt is calculated as debt minus cash and cash equivalents. Debt includes borrowing and liabilities from finance leases. Cash and cash equivalents comprise liquid assets, treasury shares and securities, and also include the postage credit balances in the UK managed by the FP Group, but exclude the respective postage credit balances in Canada and Austria.

NON-FINANCIAL PERFORMANCE INDICATORS

The FP Group uses non-financial performance indicators alongside financial performance indicators for management purposes. Quality and improvement indicators are used to measure product and service quality. A consistently high quality is crucial for the Group's long-term success. Further information on non-financial performance indicators can be found in the 2014 annual report.

CHANGES IN MATERIAL ITEMS IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR million	Quarter 1 2015	Quarter 1 2014	Change in %
Revenues	**49.5**	**44.4**	**11.4**
Changes in inventory	0.3	1.0	-70.5
Other own work capitalised	3.8	3.8	1.5
Total output	**53.6**	**49.1**	**9.0**
Other income	0.3	0.3	14.4
Materials expenses	22.6	21.8	3.7
Personnel expenses	14.1	13.7	3.2
Depreciation, amortisation and impairment losses	4.0	3.0	35.5
Other expenses	9.2	7.4	24.9
Operating income before special income and expenditures	**4.0**	**3.7**	**9.5**
Net interest income / expense	-0.3	-0.6	-47.5
Other financial result	1.8	-0.1	n/a
Tax result	-2.1	-1.1	82.5
Result for year	**3.5**	**1.9**	**85.0**
EBIT	**4.0**	**3.7**	**9.5**
EBITDA	**8.1**	**6.7**	**21.1**

Revenue performance

The FP Group generated revenues of EUR 49.5 million in the first quarter of 2015, after EUR 44.4 million in the prior-year period. This growth is mainly attributable to higher revenues from the Mail Services and Software segments, a growing leasing business and a positive currency effect.

Other own work capitalised

At EUR 3.8 million, other own work capitalised for the first quarter of 2015 remained on a par with the prior-year period. This is the result of the unchanged high number of franking systems manufactured for the leasing business in the US. The decertification process in the US will last until the end of 2015, boosting nationwide demand for the PostBase franking system, as many clients are replacing their old machines. The FP Group capitalises the new lease machines and depreciates them over a useful life of 5 years. Increases in leased products included in capitalised own work amounted to EUR 3.1 million in the first three months of 2015, compared with EUR 2.6 million in the previous year.

Other income

Other income for the first quarter of 2015 amounted to EUR 0.3 million, remaining unchanged over the same period of the previous year.

Materials expenses

In the first quarter of 2015, the cost of materials rose just slightly to EUR 22.6 million, compared with EUR 21.8 million for the prior-year period. Expenditure on raw materials, consumables and supplies fell to EUR 8.8 million compared with EUR 9.0 million in the previous year. Expenses for services purchased, on the other hand, increased to EUR 13.8 million compared with EUR 12.7 million in the previous year; these figures reflect the growing Mail Services business. All in all, the cost of materials ratio dropped from 49.0% in the prior-year period to 45.6%.

Personnel expenses

In the first quarter of 2015, personnel costs climbed slightly to EUR 14.1 million (Q1 2014: EUR 13.7 million). The personnel cost ratio fell from 30.8% in the prior-year period to 28.5%.

Other expenses

Other expenses rose to EUR 9.2 million in the first quarter of 2015, compared with EUR 7.4 million in the prior-year period. This figure specifically includes expenditure for commission, advertising and legal and other advisory services.

EBITDA

The FP Group posted an EBITDA of EUR 8.1 million in the first quarter of 2015 (previous year: EUR 6.7 million). This figure includes a currency effect of EUR 1.1 million. The EBITDA margin improved quarter on quarter to 16.3% (previous year: 15.0%).

Depreciation and impairments

Depreciation and impairments continued to rise to EUR 4.0 million in 2015, from EUR 3.0 million in 2014. The increase in depreciation primarily resulted from the exchange (decertification) of old franking machines against new machines in the US. So far the FP Group was already able to place over 32,000 new PostBase systems on the market, thus securing a large proportion of the installed systems being replaced.

Net interest income / expense

In the first quarter of 2015, net income expense / income stood at EUR -0.3 million compared with EUR -0.6 million in the year before. Owing to falling interest rates, interest income remained unchanged over the previous year at EUR 0.1 million. Interest expenses decreased to EUR 0.4 million, compared with EUR 0.7 million in the first quarter of 2014.

Other financial result

The FP Group posted a positive financial result of EUR 1.8 million in the first three months of 2015 (same period of previous year: EUR -0.1 million). This increase is attributable to exchange rate effects on the revaluation of balance sheet items on the reporting date.

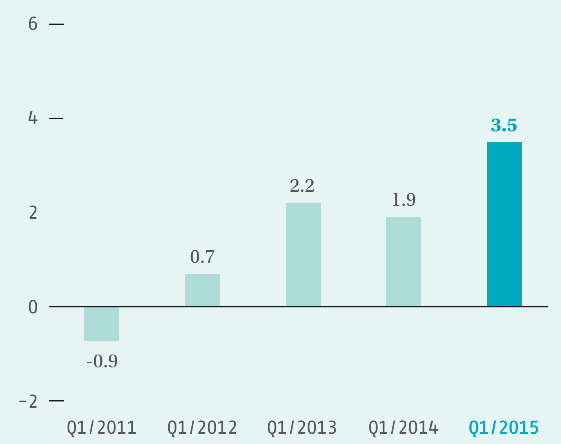
Tax result

The tax result consists of tax income of EUR 0.3 million and ongoing tax expenses totalling EUR 2.4 million. The net tax result came to EUR -2.1 million on the back of growing profits, compared with EUR -1.1 million in the prior-year period.

Consolidated net income

The FP Group boosted its consolidated net income during the first three months of 2015 to EUR 3.5 million (Q1 2014: EUR 1.9 million). Earnings per share improved to EUR 0.21 compared with EUR 0.11 in the first quarter of 2014.

CONSOLIDATED NET INCOME
in EUR million



Business performance by segment

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

As the segments report in accordance with the local financial reporting framework, both the 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 intra-segment business. Intra-group transactions are effected at market prices. 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 revenues with external third parties in the segment report.

Sales Germany segment

Overall, the FP Group generated revenues of EUR 26.1 million with third parties in its German domestic market in the first three months of 2015, compared with EUR 24.8 million in the same period of the previous year. Revenues from Mail Services with consolidation specialist freesort alone increased to EUR 13.3 million, compared with EUR 11.8 million in the previous year. Segment EBITDA rose to EUR 2.2 million compared with EUR 1.7 million in the previous year.

Sales International segment

In its Sales International segment, which combines all activities of the foreign subsidiaries, the FP Group generated revenues of EUR 22.3 million with third parties in the first three months of 2015, compared with EUR 18.8 million in the same period of the previous year. Positive currency effects, the two rate changes in Austria and Belgium as well as growth in the UK had a noticeably positive impact here. This resulted in a higher EBITDA in this segment for the first three months of 2015, which climbed to EUR 5.5 million from EUR 4.5 million in the same quarter of the previous year.

Production segment

All FP Group production activities in Germany are reported under the Production segment. Segment revenues from external third parties came to EUR 0.9 million in the first three months of 2015 (Q1 2014: EUR 1.1 million). EBITDA was EUR 2.1 million (EUR 1.7 million).

SUMMARY OF RESULTS PER SEGMENT

in EUR million	Revenues [1]			EBITDA		
	Quarter 1 2015	Quarter 1 2014	Change in %	Quarter 1 2015	Quarter 1 2014	Change in %
Sales Germany	26.1	24.8	5.2	2.2	1.7	29.4
Sales International	22.3	18.8	18.6	5.5	4.5	22.2
Production	0.9	1.1	-18.2	2.1	1.7	23.5
FP Group [2]	49.5	44.4	11.4	8.1	6.7	21.1

1) Sales to third parties.
2) The Central Functions segment is also shown in the segment reporting. The segment generates no revenues with external third parties. Revenues were generated from services rendered 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

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

The main aim of financial management is to avoid financial risks and ensure the financial flexibility of the FP Group. The Company achieves this by employing a variety of financial instruments. Various factors are taken into account when selecting the instrument, such as flexibility, loan terms, the existing maturity profile and finance costs. The long-term liquidity forecast is based on operational planning. A significant part of the FP Group's liquidity comes from segment operating activities and the resultant cash flow. The Company also uses finance leases and loans from financial institutions. The net debt ratio is an important management parameter for the FP Group's capital structure. The net debt ratio represents net debt over equity and is constantly monitored. As at 31 March 2015 the ratio improved to 35%, compared with 53% as at 31 December 2014.

LIQUIDITY ANALYSIS

The cash flow from operating activities amounted to EUR 7.6 million in the first three months of the current financial year compared with EUR 5.7 million in the same period of the previous year. This is largely attributable to the considerable improvement in consolidated net income. For the same reason, the outflow of funds from investment activities rose slightly to EUR 5.0 million, compared with EUR 4.1 million in the previous year. Please refer to the section "Investment analysis" for further explanations about the change. Free cash flow – the balance of cash flow and the outflows of funds from investment activities – improved to EUR 2.6 million in the first three months of the financial year, compared with the previous year's figure of EUR 1.6 million.

The cash flow from financing activities amounted to EUR -1.7 million in the first three months of the current financial year compared with EUR 0.5 million in the same period of the previous year. Cash and cash equivalents comprise the balance sheet item "liquid assets" plus "securities" minus "Teleporto balances". The FP Group was able to meet its payment obligations at all times. Since summer 2014, the figure for cash and cash equivalents reflects the change in recognition of postage advances in the UK, which are now freely available to the FP Group.

LIQUIDITY ANALYSIS

in EUR million	Quarter 1 2015	Quarter 1 2014
1. Cash flows from current operating activities		
Cash flow from current operating activities	7.6	5.7
2.Cash flows from investment activities		
Cash flow from investment activities	-5.0	-4.1
3.Cash flows from financing activities		
Cash flow from financing activities	-1.7	0.5
Cash and cash equivalents		
Net change in cash and cash equivalents	0.9	2.2
Currency translation-related change in cash and cash equivalents	0.7	0.1
Cash and cash equivalents at beginning of the period	14.4	27.1
Cash and cash equivalents at end of the period	**16.0**	**29.3**

FINANCING ANALYSIS

For financing purposes, the FP Group primarily used the positive cash flow from operating activities, existing loan agreements with financial institutions and finance leases in the first three months of the current financial year.

At the end of the first quarter of 2015, cash and cash equivalents stood at EUR 18.6 million, compared with EUR 16.5 million as at 31 December 2014. Liabilities include financial liabilities to banks of EUR 24.5 million (year-end 2014: EUR 25.9 million) and liabilities from finance leases of EUR 5.2 million (year-end 2014: EUR 5.5 million). Cash and cash equivalents include liquid assets, treasury shares totalling EUR 0.9 million (year-end 2014: EUR 1.0 million) and securities of EUR 0.7 million (year-end 2014: EUR 0.7 million); this excludes postage credit balances of EUR 3.3 million (year-end 2014: EUR 2.6 million) which are administered by the FP Group.

INVESTMENT ANALYSIS

The FP Group has a focused investment strategy with a clear emphasis on investments that will facilitate the Group's ongoing development as a Digital Mailroom provider.

In the first three months of 2015, investments rose as expected to EUR 5.0 million from EUR 4.1 million in the same period of the previous year. The Company has continued to invest heavily in future growth in 2015 too, in development, production and a large number of franking machines for the major leasing markets of the US and France, among other things.

In response, investments in leased products and in leased products in finance lease relationships rose to EUR 3.1 million, up from EUR 2.6 million in the first quarter of 2014. Investments in property, plant and equipment (excluding leased products and leased products in finance lease relationships) rose to EUR 0.9 million during the same period, up from EUR 0.3 million in the first three months of the previous year. The capitalisation of development costs, on the other hand, declined slightly from EUR 1.1 million in the same quarter of the previous year to EUR 0.9 million.

INVESTMENTS

in EUR million	Quarter 1 2015	Quarter 1 2014
Capitalised development costs	0.9	1.1
Investments in other intangible assets	0.1	0.1
Investments in property, plant and equipment (excluding leased products)	0.9	0.3
Investments in leased products	3.1	2.6
Investments	**5.0**	**4.1**

FINANCING ANALYSIS

The expansion of the leasing business and the associated increase in both property, plant and equipment and receivables played a decisive role in the increase in total assets as at 31 March 2015 to EUR 154.2 million, up from EUR 142.1 million at the end of 2014. The share of non-current assets in total assets was 57.8% compared with 58.7% as at 31 December 2014. On the liabilities side, equity benefited from consolidated interim profit. As a result, the equity ratio, the ratio of equity to non-current assets and long-term liabilities all increased.

NON-CURRENT AND CURRENT ASSETS

While the value of intangible assets was virtually unchanged compared with 31 December 2014, there was a clear increase in the value of tangible assets, which rose to EUR 41.9 million, compared with EUR 37.0 million at the end of 2014. This was due primarily to success in the leasing business, where the item "Leased products" rose by EUR 4.1 million from 31 December 2014 to EUR 23.0 million as at 31 March 2015; the figure also reflects exchange rate effects. The value of assets in finance leases as at 31 March was EUR 7.1 million, up EUR 0.7 million from the end of 2014. Receivables from finance leases rose by EUR 0.8 million to EUR 3.4 million as at the balance sheet date of 31 March 2015.

Within current assets, the value of the inventories as at 31 March 2015 was EUR 10.5 million, compared with EUR 10.0 million as at the balance sheet date at year-end 2014. Stronger operations in the US and the Mail Services segment boosted trade accounts receivable to EUR 20.8 million, compared with EUR 17.3 million at the end of 2014. Other current assets increased from EUR 14.2 million to EUR 14.5 million as at 31 March 2015, and cash and cash equivalents rose from EUR 16.5 million to EUR 18.6 million.

EQUITY

As a result of consolidated net income, shareholders' equity as at 31 March 2015 increased to EUR 36.4 million compared with EUR 30.1 million at the end of 2014. The equity ratio increased to 23.6% from 21.1% as at the balance sheet date at year-end 2014. As at 31 March 2015, the Company held a total of 181,944 treasury shares, corresponding to 1.1% of the share capital. Please refer to the latest annual report for more information about authorised and contingent capital as well as conversion and option rights.

NON-CURRENT AND CURRENT LIABILITIES

Non-current liabilities declined to EUR 44.0 million as at 31 March 2015, down from EUR 45.0 million at the end of 2014. The ratio of net debt to equity as at 31 March 2015 was 35%, compared with 53% at year end-2014.

Current liabilities increased to EUR 73.8 million as at 31 March 2015, compared with EUR 67.1 million at the end of 2014. This is mainly due to an increase in other current liabilities to EUR 54.4 million, compared with EUR 44.9 million as at 31 December 2014. Material items in current liabilities include Teleporto funds from the UK and liabilities related to service contracts invoiced in advance. A positive exchange rate effect of EUR 1.7 million was attributable to Teleporto funds. Service contracts invoiced in advance increased by EUR 2.2 million.

LEASING

The FP Group offers both operating and finance leases. These business models are also reflected in the FP balance sheet. Non-current assets comprise machines leased under operating lease agreements to FP Group clients. Accordingly, EUR 28.3 million is contained in the "Leased products" and "Assets under finance lease relationships" items. Finance lease agreements with clients are recognised under "Receivables from finance lease"; non-current and current items came to EUR 4.9 million as at 31 March 2015.

EVENTS AFTER THE BALANCE SHEET DATE

No other significant events occurred after the interim reporting date (31 March 2015) that could have a material effect on the net assets, financial position and results of operations of the FP Group.

RISK AND OPPORTUNITY REPORT

The Company discussed its opportunities and risks in detail in the consolidated financial statements dated 31 December 2014. No further risks and opportunities are currently identifiable.

FORECAST

The strong position in traditional franking machines and growth opportunities in new business areas offer good conditions for further profitable growth and the sustained strengthening of the Group's operating financial and earning power.

The FP Group confirmed its forecast for the 2015 financial year. The Company expects an increase in revenues of between EUR 173 million and EUR 177 million as well as an increase in EBITDA to EUR 24–25 million and an EBIT below last year's level, as a consequence of the increased depreciation due to higher investment. The Group also expects a significant improvement in the positive free cash flow and a slight decline in net debt. This forecast does not yet include any non-recurring expenses of around EUR 1 million for the realignment of customer services in Germany. The FP Group will realign its German customer service in 2015. Given the decline in repairs and the growing importance of remote maintenance, the modernisation of the service should proceed this year as planned.

All the statements made here are based on the knowledge available at the end of the first quarter of 2015. The FP Group wishes to point out that the projected targets may differ from the values actually reached later.

Consolidated Financial Statements for the 1st quarter of 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2015

in thousand euro	1.1.–31.3.2015	1.1.–31.3.2014
Revenue	49,480	44,402
Changes in inventories of finished goods and work in progress	289	980
	49,769	**45,382**
Other capitalised own work	3,825	3,767
Other income	334	292
Materials costs		
a) Cost of raw materials, consumables and supplies	8,792	9,043
b) Costs for purchased services	13,787	12,722
	22,579	**21,765**
Personnel costs		
a) Wages and salaries	11,850	11,522
b) Social security contributions	2,020	1,921
c) Expenditure on pension schemes and other benefits	226	215
	14,096	**13,658**
Depreciation and impairments	4,017	2,965
Other expenses	9,198	7,365
Net interest income / expense		
a) Interest and similar income	113	128
b) Interest and similar expenses	406	686
	–293	**–558**
Other financial result		
a) Other financial income	4,230	159
b) Other financial expenses	2,403	262
	1,827	**–103**
Tax result		
a) Tax income	307	471
b) Tax expense	2,389	1,612
	–2,082	**–1,141**
Consolidated net income	**3,490**	**1,886**
Other comprehensive income		
Currency translation for financial statements of foreign entities	2,105	–138
of which taxes	24	–44
of which reclassified in consolidated net income	–37	–21
Adjustment of provisions for pensions and partial retirement as per IAS 19 (revised 2011)	–2,150	0
of which taxes	3	0
of which reclassified in consolidated net income	0	0
Other comprehensive income after taxes	**–45**	**–138**
Total comprehensive income	**3,445**	**1,748**
Consolidated net income for the year:	3,490	1,886
of which attributable to the shareholders of the FP Holding	3,291	1,791
of which attributable to non-controlling interests	199	95
Comprehensive income:	3,445	1,748
of which attributable to the shareholders of FP Holding	3,246	1,653
of which attributable to non-controlling interests	199	95
Earnings per share (undiluted, in EUR):	0.21	0.11
Earnings per share (diluted, in EUR):	0.20	0.11

CONSOLIDATED BALANCE SHEET OF 31 MARCH 2015

ASSETS

in thousand euro	31.3.2015	31.12.2014
NON-CURRENT ASSETS		
Intangible assets		
Intangible assets including customer lists	15,340	16,199
Goodwill	9,147	9,147
Development projects and payments in progress	8,267	7,557
	32,754	**32,903**
Property, plant and equipment		
Land, land rights and buildings	3,189	3,145
Technical equipment and machinery	3,719	3,852
Other equipment, operating and office equipment	4,262	4,288
Leased products	22,979	18,862
Investments in finance lease relationships	7,068	6,387
Advance payments and assets under construction	714	508
	41,931	**37,042**
Other assets		
Associated companies	36	36
Other equity investments	163	163
Receivables from finance leases	3,443	2,612
Other non-current assets	229	223
	3,871	**3,034**
Tax assets		
Deferred tax assets	3,888	3,724
Current tax assets	6,689	6,689
	10,577	**10,413**
	89,133	**83,392**
CURRENT ASSETS		
Inventories		
Raw materials and supplies	4,104	4,324
Work in progress	1,168	875
Finished products and merchandise	5,204	4,835
	10,476	**10,034**
Trade accounts receivable	**20,819**	**17,318**
Other assets		
Receivables from finance leases	1,448	1,231
Income tax reimbursement rights	1,450	1,429
Derivative financial instruments	1,488	292
Other current assets	10,129	11,238
	14,515	**14,190**
Securities	**680**	**680**
Liquid assets	**18,607**	**16,519**
	65,097	**58,741**
	154,230	**142,133**

LIABILITIES

in thousand euro	31.3.2015	31.12.2014
EQUITY		
Attributable to shareholders of the parent company		
Subscribed capital	16,160	16,160
Capital reserves	34,981	35,032
Stock option reserve	982	977
Treasury shares	-898	-1,002
Loss carried forward	-19,855	-24,949
Consolidated net income after minority interests	3,290	5,094
Other comprehensive income	183	-2,626
	34,843	**28,686**
Non-controlling interests	**1,565**	**1,365**
	36,408	**30,051**
NON-CURRENT LIABILITIES		
Provisions for pensions and similar obligations	17,295	17,354
Other provisions	669	909
Financial liabilities	24,117	25,915
Other liabilities	157	157
Deferred tax liabilities	1,762	659
	44,000	**44,994**
CURRENT LIABILITIES		
Tax liabilities	2,960	2,564
Provisions	4,110	4,624
Financial liabilities	5,551	5,503
Trade payables	6,823	9,466
Other liabilities	54,378	44,931
	73,822	**67,088**
	154,230	**142,133**

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2015

in thousand euro	1.1–31.3.2015	1.1.–31.12.2014
Cash flow from operating activities		
Consolidated net income	3,490	1,791
Income tax result recognised in profit or loss	2,082	1,141
Net interest income recognised in profit or loss	293	558
Depreciation and amortisation of non-current assets	4,011	2,965
Decrease (–)/increase (+) in provisions and tax liabilities	–1,048	194
Loss (+)/gain (–) on the disposal of non-current assets	54	–69
Decrease (+)/increase (–) in inventories, trade receivables and other assets not attributable to investing or financing activities	–5,084	–4,070
Decrease (–)/increase (+) in trade payables and other liabilities* not attributable to investing or financing activities	6,312	4,741
Other non-cash income	–1,672	–170
Interest received	113	128
Interest paid	–335	–562
Income tax paid	–604	–919
Cash flow from operating activities	**7,612**	**5,727**
Cash flow from investing activities		
Cash paid for capitalisation of development costs	–881	–1,090
Cash paid for capitalised interest for development costs	–42	–57
Proceeds from the disposal of non-current assets	0	17
Cash paid for investments in intangible assets	–69	–64
Cash paid for investments in property, plant and equipment	–4,024	–2,886
Cash paid for financial investments	0	0
Cash flow from investing activities	**–5,016**	**–4,080**
Cash flow from financing activities		
Cash paid from reverse repo transactions	0	0
Dividend payments to non-controlling interests	0	0
Cash paid for profit distributions to shareholders	0	0
Cash paid to repay bank loans	–1,484	–36
Cash paid to repay liabilities from finance leases	–526	–490
Cash inflows from taking up liabilities from finance leases	254	723
Cash inflows from disposal of treasury shares	53	0
Cash inflows from taking out bank loans	1	316
Cash flow from financing activities	**–1,702**	**514**
Cash and cash equivalents*		
Change in cash and cash equivalents	894	2,160
Change in cash and cash equivalents due to currency translation	702	94
Cash and cash equivalents at beginning of period	14,396	27,060
Cash and cash equivalents at end of period	**15,992**	**29,314**

* Cash and cash equivalents and other liabilities exclude the postage credit balances managed by the FP Group (3,295 thousand euro; previous year 2,803 thousand euro adjusted). Cash and cash equivalents include current securities totalling 680 thousand euro (previous year: 680 thousand euro).

Further information about the consolidated cash flow statement can be found in Section III of the Notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2015

						Other comprehensive income					
in thousand euro	Subscribed capital	Capital reserves	Stock option reserve	Treasury shares	Net result	Difference from currency translation	Net investments in foreign business operations	Difference from adjustment of IAS 19 (revised 2011)	Equity attributable to FP Holding	Minority interests	Total
Balance as at 1.1.2014	16,160	35,312	781	-1,829	-22,719	-1,517	294	-1,372	25,110	764	25,874
Consolidated net income 1.1.–31.3.2014	0	0	0	0	1,791	0	0	0	1,791	95	1,886
Currency translation of financial statements of foreign entities	0	0	0	0	0	-25	-113	0	-138	0	-138
Adjustment of provisions for pensions and partial retirement as per IAS 19 (revised 2011)	0	0	0	0	0	0	0	0	0	0	0
Other comprehensive income 1.1.–31.3.2014	0	0	0	0	0	-25	-113	0	-138	0	-138
Total comprehensive income 1.1.–31.3.2014	0	0	0	0	1,791	-25	-113	0	1,653	95	1,748
Capital increase	0	0	0	0	0	0	0	0	0	0	0
Capital increase from stock options	0	0	67	0	0	0	0	0	67	0	67
Dividends	0	0	0	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	0	0	0	0	0	0	0
Balance as at 31.3.2014	16,160	35,312	848	-1,829	-20,928	-1,542	181	-1,372	26,830	858	27,688
Balance 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.–31.03.2015	0	0	0	0	3,290	0	0	0	3,290	200	3,490
Currency translation of financial statements of foreign entities	0	0	0	0	0	2,751	55	0	2,806	0	2,806
Adjustment of provisions for pensions and partial retirement as per IAS 19 (revised 2011)	0	0	0	0	0	0	0	3	3	0	3
Other comprehensive income 1.1.–31.03.2015	0	0	0	0	0	2,751	55	0	2,809	0	2,809
Total comprehensive income 1.1.–31.03.2015	0	0	0	0	3,290	2,751	55	3	6,099	200	6,299
Dividends	0	0	0	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	0	0	0	0	0	0	0
Capital increase from stock options	0	-51	5	104	0	0	0	0	58	0	58
Balance as at 31.3.2015	16,160	34,981	982	-898	-16,565	3,379	309	-3,505	34,843	1,565	36,408

I. GENERAL PRINCIPLES

1. GENERAL DISCLOSURES

Francotyp-Postalia Holding AG, Birkenwerder ("FP Holding"), is a German stock corporation (Aktiengesellschaft) registered in the Commercial Register of Neuruppin District Court under HRB 7649. The company's registered office is in Birkenwerder, Germany. The business address of the company is Prenzlauer Promenade 28, 13089 Berlin. The interim consolidated financial statements for FP Holding for the reporting period ending on 31 March 2015 include FP Holding and its subsidiaries (also referred to hereafter as the "FP Group" or "Francotyp").

The FP Group is an international(ly operating) company in the outbound mail processing sector with a history dating back 90 years. The focus of the Group's activities is on the traditional product business, which primarily consists of developing, manufacturing and selling franking machines, but also inserting machines and after-sales business. The FP Group offers clients in Germany sorting and consolidation services, together with hybrid mail and fully electronic mail communication products via its subsidiaries freesort and Mentana-Claimsoft and its majority shareholding in iab.

The Management Board of Francotyp-Postalia Holding AG drew up the 2014 consolidated financial statements and Group management report at 26 March 2015 and submitted them to the Supervisory Board. The Supervisory Board examined the consolidated financial statements and Group management report and adopted them on 13 April 2015. The 2014 consolidated financial statements and Group management report of Francotyp-Postalia Holding AG were published on 30 April 2015.

These interim financial statements are condensed interim consolidated financial statements in accordance with IAS 34, and do not contain all the information required for annual financial statements prepared in accordance with IAS 1. The financial statements were approved by the Management Board of FP Holding for publication on 28 May 2015.

2. ACCOUNTING PRINCIPLES

2.1 Principles for the preparation of the financial statements

The interim consolidated financial statements – comprising the balance sheet, statement of comprehensive income, cash flow statement, statement of changes in equity and selected explanatory notes – of FP Holding for the period from 1 January to 31 March 2015 have been submitted to the electronic Federal Gazette and published. These are condensed interim consolidated financial statements in accordance with IAS 34 (interim financial reporting) for the interim period from 1 January to 31 March 2015. The accounting methods used to prepare these interim financial statements are / were essentially the same as those used to prepare the 2014 consolidated financial statements. The interim financial statements should be read in conjunction with the audited 2014 financial statements.

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

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

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

2.2 Adjustments to accounting methods and new standards and interpretations

The accounting methods used are essentially unchanged from those applied on the 31 December 2014 balance sheet date.

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

2.3 Company group

Francotyp-Postalia Holding AG acts as the ultimate parent company for the group under which the FP Group companies are consolidated. All companies for which the Group exercises control over the financial and business policies (subsidiaries) are included in the consolidated financial statements of FP Holding. Subsidiaries are included in the consolidated financial statements from the time from which FP Holding acquires the option to control. The companies in question will separate from the consolidated group when the scope for control ceases.

Compared with the consolidated financial statements as of 31 December 2014, there were no changes to the consolidated group in the reporting period.

2.4 Currency translation

Currencies have been translated at the following rates:

	Closing rate			Average rate	
1 Euro =	**31.3.2015**	31.12.2014	31.3.2014	**1.1.–31.3.2015**	1.1.–31.3.2014
US dollar (USD)	1.0742	1.2155	1.3798	1.12061	1.3699
Pound sterling (GBP)	0.7258	0.7788	0.8290	0.74333	0.8279
Canadian dollar (CAD)	1.3690	1.4075	1.5259	1.39553	1.5112
Singapore dollar (SGD)	1.4764	1.6059	1.7381	1.52739	1.7383
Swedish krona (SEK)	9.2850	9.3982	8.9486	9.37790	8.8574

2.5 Management estimates and discretions

Preparing the interim consolidated financial statements requires a certain number of assumptions and estimates to be made which affect the amount and the recognition of assets and liabilities in the balance sheet and income and expenses for the reporting period. The assumptions and estimates are based on premises which rely on current knowledge. The expected future business performance in particular is based on the conditions when the interim consolidated financial statements were prepared and on realistic projected global and sectoral developments. The actual amounts may vary from the estimates that were originally expected; this is due to changes in the underlying conditions that diverge from these assumptions and are outside the management's control. If actual performance deviates from the expected performance, the premises and, if necessary, the carrying amounts of the assets and liabilities concerned, will be adjusted accordingly.

II. DEVELOPMENTS IN THE REPORTING PERIOD

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

Please see the comments in the Group management report for information on how significant economic developments have affected the activities of the FP Group in the reporting period.

Sven Meise joined the Management Board of Francotyp-Postalia Holding AG with effect from 1 February 2015. Mr Meise is responsible for the business units freesort GmbH, iab GmbH and Mentana-Claimsoft GmbH. His responsibilities include expanding the solution and outsourcing business and establishing and expanding the De-Mail business.

OTHER DEVELOPMENTS

Please see the comments in the Group management report for information about other developments concerning the FP Group.

III. EXPLANATORY NOTES

1. NOTES TO THE CASH FLOW STATEMENT

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

Cash and cash equivalents are calculated as follows:

in thousand euro	**31.03.2015**	31.03.2014 Adjusted*
Liquid assets	18,607	16,519
Plus securities	680	680
Current liabilities in respect of postage credit balances held	-2,803	-2,610
Cash and cash equivalents	**16,484**	**14,589**

* Notes to the amendment: See Section I "Disclosure Requirements in Accordance with IAS 8.41" in the notes to the audited 2014 consolidated financial statements.

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

2. EMPLOYEES

Breakdown of the employees of the FP Group by region and function:

REGIONAL DISTRIBUTION

	31.03.2015	31.03.2014
Germany	661	673
USA	122	112
UK	98	92
Netherlands	53	53
Canada	39	35
Italy	22	21
Sweden	20	18
France	17	8
Austria	16	18
Belgium	13	17
Singapore	9	10
Total	**1,070**	**1,057**

FUNCTIONAL DISTRIBUTION

	31.03.2015	31.03.2014
Sales Germany	478	478
Sales International	409	384
Production	154	167
Central functions	29	28
Total	**1,070**	**1,057**

3. CONTINGENT LIABILITIES AND ASSETS

As a participant in a competitive market it is not surprising that the FP Group is involved in a series of legal disputes. This affects Francotyp-Postalia Vertrieb und Service GmbH in particular; it is involved in several competition disputes with competitors, in court and out of court, both as claimant as well as respondent. The substance of these disputes is customer advertising methods and market operations. These proceedings are focused on refraining from anti-competitive practices and have no significant commercial relevance. If a case is lost, there are other promotional activities to fall back on. Francotyp Postalia GmbH is also involved in several disputes with competitors concerning infringements of trade-mark and patent rights. These cases are not currently believed to pose any great risk to the company.

The lawsuit brought by SBW Vermögensverwaltungs GmbH on 9 March 2011, in which it made claims against FP Holding, could be significant, however. The alleged claims arise from the iab Group share purchase contract concluded by FP Holding. The amount claimed is 1,518,750.00 euro. The claim is based on demands for the higher purchase price from the company purchase contract and the alleged unlawfulness of the partial payment with shares by the respondent. In its judgment of 8 November 2012, the Neuruppin District Court dismissed the case. SBW Vermögensverwaltungs GmbH lodged and substantiated an appeal against the judgment within the time limit. The Higher Regional Court of

Brandenburg rejected the appeal in the hearing of 24 March 2015. Based on indications received from the Higher Regional Court of Brandenburg, the litigation risk is regarded by the Group as being very low.

A court action is pending at the U.S. District Court for Eastern District of Missouri against our subsidiary in the USA (Case No. 4:14-cv-01161-HEA). In the putative class action it is claimed that Francotyp-Postalia Inc. violated the Telephone Consumer Protection Act of 1991 by unsolicited advertising. It has not yet been clarified whether the approach in question (advertising by fax) is recognised in the statutory provisions. The outcome of the action against Francotyp-Postalia Inc. is uncertain and could result in potential damages estimated at up to EUR 1 million. FP does not currently expect any obligation to be incurred or that any outflow of resources is likely. No provisions have been set aside for this situation.

4. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

In its verdict of 21 April 2014, the Higher Regional Court dismissed the lawsuit brought by SBW Vermögensverwaltung GmbH as inadmissible. Since no appeal was allowed, the claimant's only remaining option is a complaint of disallowance of appeal.

No other significant events occurred after the balance sheet date of 31 March 2015 other than those shown in the financial statements for the interim period.

IV. SEGMENT INFORMATION

Segment reporting is based on the financial statements in accordance with the local financial reporting framework (level I financial statements). The figures in the individual level I financial statements are added up to form segment amounts and also include intersegment figures and intragroup profits. Consolidation and reconciliation to the interim consolidated financial statements takes place using the reconciliation column, which also includes the adjusting entries in accordance with IFRS.

1.1.–31.3.2015	A	B	C	D		
in thousand euro	Production	Sales Germany	Sales International	Central functions	Group reconciliation	**Total**
Revenue	21,823	27,241	22,541	479	-22,605	49,480
with third parties	863	26,095	22,302	0	-220	49,480
intersegment	20,960	1,146	239	479	-22,824	0
EBITDA	**2,128**	**2,154**	**5,530**	**-839**	**-920**	**8,055**
Depreciation and impairments	312	688	3,471	21	-475	4,017
Net interest income / expense	-416	-207	-97	346	83	-293
of which interest expense	624	221	183	228	-850	406
of which interest income	208	13	85	574	-767	113
Other financial result	2,028	0	-16	0	-184	1,827
Tax result	0	67	-402	-1,602	-145	-2,082
Net income	3,427	1,327	1,543	-2,116	-691	3,490
Segment assets (as at 31.3.)	124,911	48,762	109,020	94,703	-223,166	154,230
Investment	355	450	5,170	64	-1,023	5,016
Segment liabilities (as at 31.3.)	119,944	40,887	86,217	29,474	-158,699	117,823

1.1.–31.3.2014	A	B	C	D		
in thousand euro	Production1)	Sales Germany	Sales International	Central functions1)	Group reconciliation	**Total**
Revenue	21,446	25,753	19,135	622	–22,554	44,402
with third parties	1,113	24,796	18,754	0	–261	44,402
intersegment	20,333	957	381	622	–22,293	0
EBITDA	**1,725**	**1,731**	**4,474**	**–529**	**–748**	**6,653**
Depreciation and impairments	274	647	2,336	5	–298	2,965
Net interest income / expense	–114	–148	–144	–110	–42	–558
of which interest expense	381	219	203	404	–521	686
of which interest income	267	71	59	295	–563	128
Other financial result	–97	0	0	–7	0	–103
Tax result	9	–113	–573	–770	306	–1,141
Net income	1,250	822	1,421	–1,420	–186	1,886
Segment assets (as at 31.3.)	116,937	43,526	86,661	114,314	–217,110	144,328
Investment	83	162	3,912	2	–63	4,097
Segment liabilities (as at 31.3.)	114,148	34,562	66,978	48,000	–147,047	116,641

1) FP International GmbH was merged into FP GmbH as at 1 January 2014. In the report from the same period last year, FP International GmbH was still included in the "Central Functions" segment; with the merger, reporting of assets and liabilities that have been transferred to FP GmbH will be recorded in the "Production" segment. The following values were assigned to FP International GmbH in the same period last year or on 31 March 2014; Sales revenue EUR 0 thousand; EBITDA EUR –2 thousand; Segment assets EUR 17,636 thousand and segment liabilities EUR 11,136 thousand.

At the end of the year, the income of FP GmbH and its foreign sales companies is adjusted in accordance with standard fiscal rules for cross-border intragroup transfer pricing. The adjustment primarily affects the reported intersegment revenue and segment EBITDA and net income. Based on the current profit margins of the foreign sales companies, the Production segment's revenue and EBITDA for the reporting period 1 January to 31 March 2015 would increase by 1,080 thousand euro (5 thousand euro in previous year). EBITDA for the Sales International segment would decrease by the same amount.

in thousand euro	Production1)	Sales Germany	Sales International	Central functions1)	Group reconciliation	**Total**
1.1.–31.3.2015						
Provisions for restructuring	0	0	0	0	0	0
Income from the reversal of provisions	0	0	0	0	0	0
1.1.–31.3.2014						
Provisions for restructuring	–200	0	0	0	0	–200
Income from the reversal of provisions	0	59	0	0	–59	0

1) FP International GmbH was merged into FP GmbH as at 1 January 2014. In the report from the same period last year, FP International GmbH was still included in the "Central Functions" segment; with the merger, reporting of assets and liabilities that have been transferred to FP GmbH will be recorded in the "Production" segment. The following values were assigned to FP International GmbH in the same period last year or on 31 March 2014; Sales revenue EUR 0 thousand; EBITDA EUR –2 thousand; Segment assets EUR 17,636 thousand and segment liabilities EUR 11,136 thousand.

RECONCILIATION

REVENUE

in thousand euro	1.1.–31.3.2015	1.1.–31.3.2014
Sales revenue of segments A–C 1)	71,605	66,335
Sales revenue of the Central functions segment 1)	479	622
Effects from the adjustment of finance leases	220	–261
	72,304	**66,696**
Minus intersegment revenue	22,824	22,293
Revenue as per financial statement	**49,480**	**44,402**

1) FP International GmbH was merged into FP GmbH as at 1 January 2014. In the report from the same period last year, FP International GmbH was still included in the "Central Functions" segment; with the merger, reporting of assets and liabilities that have been transferred to FP GmbH will be recorded in the "Production" segment. The following values were assigned to FP International GmbH in the same period last year or on 31 March 2014; Sales revenue EUR 0 thousand; EBITDA EUR –2 thousand; Segment assets EUR 17,636 thousand and segment liabilities EUR 11,136 thousand.

EBITDA

in thousand euro	1.1.–31.3.2015	1.1.–31.3.2014
EBITDA of the segments A–C 1)	9,812	7,929
EBITDA of the Central functions segment 1)	–839	–529
	8,973	**7,401**
Assessment effects from the reconciliation to IFRS	669	311
Effects at the consolidation level	–1,588	–1,059
EBITDA Group	**8,055**	**6,653**
Depreciation and impairments	–4,017	–2,965
Net interest income / expense	–293	–558
Other financial result	1,827	–103
Group earnings before taxes	**5,571**	**3,026**
Tax result	–2,082	–1,141
Consolidated net income	**3,490**	**1,886**

1) FP International GmbH was merged into FP GmbH as at 1 January 2014. In the report from the same period last year, FP International GmbH was still included in the "Central Functions" segment; with the merger, reporting of assets and liabilities that have been transferred to FP GmbH will be recorded in the "Production" segment. The following values were assigned to FP International GmbH in the same period last year or on 31 March 2014; Sales revenue EUR 0 thousand; EBITDA EUR –2 thousand; Segment assets EUR 17,636 thousand and segment liabilities EUR 11,136 thousand.

ASSETS

in thousand euro	31.3.2015	31.3.2014
Assets of Segments A–C [1]	282,693	247,124
Assets of the Central functions segment [1]	94,703	114,314
	377,396	**361,438**
Capitalisation of development costs under IFRS	19,092	18,148
Effects from the reassessment of goodwill	7,946	7,126
Effects of amortisation of customer lists	–66	–69
Effects from depreciation of software created in house	–14	–16
Remaining reconciliations to IFRS	2,238	3,218
	406,592	**389,845**
Effects at the consolidation level (including debt consolidation)	–252,362	–245,517
Assets as per financial statement	**154,230**	**144,328**

1) FP International GmbH was merged into FP GmbH as at 1 January 2014. In the report from the same period last year, FP International GmbH was still included in the “Central Functions” segment; with the merger, reporting of assets and liabilities that have been transferred to FP GmbH will be recorded in the “Production” segment. The following values were assigned to FP International GmbH in the same period last year or on 31 March 2014; Sales revenue EUR 0 thousand; EBITDA EUR –2 thousand; Segment assets EUR 17,636 thousand and segment liabilities EUR 11,136 thousand.

ASSETS BY REGION

in thousand euro	31.3.2015	31.3.2014
Germany	268,376	274,777
USA and Canada	55,005	42,177
Europe (without Germany)	52,900	43,776
Remaining regions	1,115	708
	377,396	**361,438**
Germany	29,276	28,492
USA and Canada	–66	–69
Europe (without Germany)	–14	–16
Remaining regions	**406,592**	**389,845**
Effects at the consolidation level (including debt consolidation)	–252,362	–245,517
Assets as per financial statement	**154,230**	**144,328**

The goodwill of 9,147 thousand euro (9,147 thousand euro in the previous year) shown in the consolidated balance sheet is exclusively assigned to the Sales Germany segment.

Responsibility statement by legal representatives

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 Group management report includes a fair review of the development and performance of the business and the Group's position, together with a description of the principal opportunities and risks associated with the expected deve-lopment of the Group for the remaining months of the financial year.

Berlin, 28 May 2015

Management Board of Francotyp-Postalia Holding AG

Hans Szymanski CEO & CFO	Thomas Grethe CSO	Sven Meise CDO

Financial calendar

Presentation Financial Results 1st Quarter 2015	28 May 2015
Annual General Meeting 2015	11 June 2015
Presentation Financial Results 2nd Quarter 2015	27 August 2015
Presentation Financial Results 3rd Quarter 2014 / Equity Forum Frankfurt 2015	23 November 2015

Imprint

EDITOR AND CONTACT

Corporate Communications
Prenzlauer Promenade 28
13089 Berlin
Germany

Telephon: +49 (0)30 220 660 410
Fax: +49 (0)30 220 660 425
E-mail: ir@francotyp.com
Internet: www.fp-francotyp.com

CONCEPT AND LAYOUT

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

TRANSLATION

CLS Communication AG, Basel
www.cls-communication.com

PHOTOGRAPHY

Daniel Möller, Hannover
www.fotodanielmoeller.de

Andreas Preuss
www.preussmedia.com

STATEMENT RELATING TO THE FUTURE

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

The annual report is available in English. If there are variances, the German version has priority over the English translation. It is available for download inboth languages at www.fp-francotyp.com.

FRANCOTYP-POSTALIA HOLDING AG

Prenzlauer Promenade 28
13089 Berlin
Germany

Telephon: +49 (0)30 220 660 410
Fax: +49 (0)30 220 660 425
E-Mail: ir@francotyp.com
Internet: www.fp-francotyp.com